International Business News

Britain's StanChart reports record profits, income

AFP, *London*

Standard Chartered, a British bank focused on emerging markets, said Thursday that it enjoyed record revenues and profits during the first five months of 2009.

"Standard Chartered has continued to deliver another strong performance in the first five months of the year, with record levels of income and profit," chief executive Peter Sands said in a trading update.

"Although there are tentative signs of improving economic conditions in some of our markets, equally there are signs of continuing stress," he said without giving specific figures.

"It is still too early to forecast a sustained recovery and we therefore remain cautious on the outlook," he added.

After the update, Standard Chartered's share price was unchanged at 1,195 pence in late morning trade on London's FTSE 100 index, which was down 0.27 percent.

In March, the bank announced a 20-percent jump in 2008 net profit to 3.41 billion dollars (2.69 billion euros), leaving it well-placed to face the global economic slowdown.

The vast majority of Standard Chartered's business is in Asia, Africa and the Middle East.

Airlines struggle as swine flu adds to woes: IATA

AFP, *Geneva*

Airlines need to tackle a "dramatic" plunge in revenues in the industry's "worst" crisis ever, IATA said Thursday as international air travel continued to drop in May partly due to swine flu.

Despite signs that the slump in passenger traffic since late last year may be tailing off, the International Air Transport Association (IATA) said there were still significant excess capacity in the airline industry.

"We may have hit bottom but we are a long way from recovery," IATA Director General Giovanni Bisignani said in a statement.

Passenger traffic fell 9.3 percent last month following a year-on-year decline of 3.1 percent in April, a month traditionally buoyed by holiday travel over the Easter period.

Swine flu probably depressed air travel by about one percent globally in May, the first full month to feel the impact of the pandemic, IATA said.

However, the decline in air passenger traffic slowed in April and May compared to March, indicating "that a floor may now have been reached."

Nonetheless, average passeenger loads per flight continued to decline as the industry failed to cut capacity as quickly as demand slumped, while air freight fell by 17.5 percent in May.

AFP

Men speak on mobile phones in front of a stand selling black market phones at the Adjame market in Abidjan on Wednesday. The African market for mobile telephones has since 2002 shown the "fastest growth rate in the world", according to a survey conducted by business consultancy Ernst Young and published Monday. "Since 2002, the African market has seen a growth rate of 49.3 percent, where the French market has only seen 7.5 percent a year, compared with 28 percent in Brazil and 27.4 percent in Asia, said the report released in Abidjan.

Number of millionaires shrank in 2008

AP, *New York*

The world's population of millionaires shrank dramatically last year, as the global economic crisis took its toll on the wealthy, according to a report by Merrill Lynch Global Wealth Management and consulting firm Capgemini.

The number of people with assets of between $1 million and $30 million fell 14.9 percent to 8.6 million, according to the World Wealth Report released Wednesday. The former parent of the wealth management unit, Merrill Lynch & Co -- which reported more than $35 billion in losses in 2007 and 2008 -- was acquired by Bank of America Corp this year.

The steep reduction in millionaires represented the largest decline in the report's 13-year history, said Ileana van der Linde, a principal with Capgemini. It also brought the number of millionaires and their wealth below 2005 levels.

"We've never seen such a decline in all the years we've been doing the report," she said in an interview with The Associated Press. "This market was really unprecedented."

Hong Kong exports down 14.5pc

AFP, *Hong Kong*

Hong Kong exports plunged 14.5 percent year-on-year in May, but the rate of decline eased from April, showing some signs of recovery, government figures showed Thursday.

The total value of exports fell to 204.4 billion Hong Kong dollars (26.2 billion US), the Census and Statistics Department said in a statement.

Hong Kong's exports had plunged 18.2 percent year-on-year in April.

For the first five months of the year, the value of exports dropped 19.5 percent compared to 2008 as the global slowdown hit southern China's manufacturing heartland, which ships many of its products through Hong Kong.

LIFESTYLE

Downturn dashes retirees' dreams

SAN MIGUEL DE SALINAS, *Spain*
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Gill Burden, centre, and Michael Trump, left, who moved to southern Spain about three years ago, attend one of their weekly Spanish lessons. The falling pound, collapsing house prices and dwindling pension income have virtually trapped the two British retirees.

Sunlight was the main reason Gill Burden left Britain to retire in Spain.

"I always intended to come here because of the weather," the 68-year-old says in her house in San Miguel de Salinas, a town on the southeastern coast. "I like being able to get up in the morning and the sun is shining, and to go out and not have to wear a coat."

So about three years ago Burden and her partner of ten years, Michael Trump, 73, packed their belongings, sold their homes in Bristol, England, and moved to Spain's Costa Blanca in search of a comfortable but affordable retirement.

Burden's own love of sun is obvious her skin is tanned dark brown, something she tends to accentuate by wearing clothes the colour of ripe lemons. That the two former members of the Royal Navy are house-proud is also clear -- their orderly home is full of mementos from their travels, such as a Turkish prayer rug and old snapshots of them with friends. Carefully tended trees and flowers sprout and wind up the walls of their tiled garden.

What is not obvious from Burden's sunny exterior and Trump's toothy smile is how the global economic meltdown has conspired with issues related to growing old, pushing the couple to the financial tipping point.

"I have now gotten to the position where I don't make plans," Burden says. "I never know what's around the corner -- I just live from day to day."

The plight of retirees like Burden and Trump underscores the global nature of the current economic contagion, with expatriates in the open-bordered European Union squeezed between fluctuating currencies, the collapse of national housing markets and the dissipation of the dreams of millions who thought that financial security during their Golden Years was possible.

In the decade or so until 2008, when Britain's economy roared and the pound and U.K. housing prices soared, thousands of Britons fled their country's gray skies for the sunnier climes of Europe's Mediterranean. More than 350,000 now live permanently in Spain, about 135,000 reside in France, and tens of thousands in Greece, Cyprus and elsewhere, according to statistics from the EU and the British government.

But since the boom times came screeching to a halt last year, the pound's depreciation against the Euro -- the currency used in Spain and most of Europe -- has sliced about a quarter off the income from UK-based pensions, retirement and savings accounts.

"This means people paid in sterling, such as pensioners, have seen their income fall by 30 percent," says Barry Davis, a financial adviser at Spectrum IFA Group, which caters to English-speakers in Europe.

To add insult to injury, "interest rates have fallen to near zero, which has decimated the income from their savings in their bank accounts," he adds.

Spain's property market has worsened people's woes. After years of being fed by easy credit and high demand, the real estate bubble burst with a mighty bang in 2007. Prices are expected to slump by 10 percent this year, after falling about 30 percent from their peak, Spanish bank BBVA says.

Meanwhile, rampant building around towns and cities and along Spain's coasts -- the sort of area where Burden and Trump live -- have left about 1.2 million unsold new homes, according to the bank.

The worsening economy has left many British expatriates in dire straits and in need of help, says Tony Aldous of the Spanish branch of UK charity Age Concern.

"The cost of living in Spain is increasing dramatically and Age Concern has seen a doubling in the number of referrals since June last year," he says.

Meanwhile, the UK government has set up workshops in communities throughout the country to help people navigate the changing times.

Britons in Spain aren't the only ones facing problems -- about a million UK retirees have chosen to settle abroad when counted by those who receive state pensions. That is close to 10 percent of the total, with hundreds of thousands living in countries like Australia, the United States, France and Italy, according to the British Department of Work and Pensions.

David David Cornthwaite, the chairman of the United Kingdom Citizens Association in Paphos, Cyprus, another haven for British expatriates, has also seen the effects of the economic downturn on retirees in his community.

"Some Brits are trapped because they sold up (in Britain), bought out here, and now can't sell," says Cornthwaite. "And the money they are bringing over in pensions is drastically reduced," he adds, saying that the average UK pension income alone has gone down by around 30 percent thanks to currency fluctuations.

"We have people in the club who have started to go back to the UK now -- people are doing the maths and are having to make a choice."

Back in Spain, Craig Clements, 38, who runs an Internet café and shop selling everything from local wine to refrigerator magnets in the British-dominated foreign enclave of Torrevieja says he's seen the downturn's impact.

"The people most affected are the people who are retired and are having to bring their money over from Britain," he says. "They are struggling to make ends meet," he says.

While Burden and Trump planned their move to Spain carefully, they have recently been forced to change their habits and now keep a careful eye on what they buy at the grocery store, have put-off fixing or replacing their car, and visit family and friends in Britain infrequently.

These extra-frugal habits came about after life handed the couple two bits of bad luck soon after arriving three years ago. First, they lost their 60,000-pound-deposit (equal to about $110,000 at the time) when their builder declared bankruptcy before finishing a house with a view of the mountains that they had hoped to move into.

And when things seemed like they could hardly get worse, Trump was diagnosed with dementia, after they moved into their current home, which means he may be forced to return to Britain to get treatment.

In order to move to Britain again, Burden and Trump would have to do to sell their home in Spain -- a house they went into debt to buy and one that is now close to impossible to sell in the current market.

Burden says she knows many fellow expatriates who, faced with issues like theirs, have dropped everything and returned to Britain.

"I'd say probably 25 percent are going back and some of them are not bothering to sell their house, they're just giving the keys to the banks," she says. "They just can't afford to be here."

This is not an option for her, though.

"We own this house and nobody wants to buy houses now," she says. "And we don't have a place to live in the UK"

Trump and Burden would likely have coped with the worst global economic downturn since the 1930s, the financial hiccup brought on by their builder's bankruptcy or the effects of aging, but all three at the same time have driven them to the edge.

Their future hangs on an upcoming appointment with a specialist who will tell them if Trump's dementia can be treated in Spain or if he will have to return to Britain, which would dash the dreams of them both.

So the two tough, self-sufficient people, who did everything "right" feel like they have been thrown to the wolves. One option is that Trump move in with one of his sons, a prospect he does not relish, not only because it would mean living separately from Burden.

"I think they have their own lives, they don't want my interfering with it," he says.

Burden, on the other hand, never had children and has no familial safety net.

"If Michael goes back, I will have to sell this place because he will have to have some money to see him into a home," she says. "But I have no one I can go back to, there is no one who can help me, except perhaps an ex-servicemen's organisation. I could maybe go into one of their homes."

She pauses before gesturing at a glassed-in patio that looks onto a small swimming pool.

"But this is my home, this is my house."

JOBS

Philippine free port reinvents itself

AFP, *Subic Bay, Philippines*

AFP

Filipinos who formerly worked in electronics companies in Subic Bay free port, located north of Manila, receive training on March 13 to work in the hotel industry as chambermaids, waiters and chefs.

May de los Santos used to make laptops and mobile phones at a high-tech Taiwanese electronics factory in Subic Bay free port, near Manila.

She joined the ranks of the laid off as the global financial crisis kicked in, but the 31-year-old has since been training to work as a chambermaid in a local hotel.

"I don't mind going to these classes. I am used to hard work and the hotel industry is the one with demand for workers," she told AFP.

She is one of an army of laid-off workers who are being retrained to meet the demands of the free port, said Severo Pastor, an official of the Subic Bay Metropolitan Authority, the government agency that oversees the enclave.

And these days, he said, that demand is coming from tourism.

Like de los Santos, the port is adapting to the times -- transforming from a light industrial zone to a tourism zone and regional logistics hub.

Free port administrator Armand Arreza says Subic's manufacturing future had been in question even before the crisis hit its electronics companies.

For years, low-wage competition from China and Vietnam has been luring companies away and a recent upgrade of Clark, just 75 kilometres (47 miles) from here rendered many of Subic's facilities redundant.

Both Subic and Clark were once US military bases that employed thousands of Filipinos. But a 1992 US military pullout left the Philippines scrambling to find alternative uses for the facilities and jobs for the locals.

Amazingly, Subic adapted swiftly and efficiently, transforming from a naval base into a 13,600-hectare (33,600-acre) free port with an international airport and factories that turned out electronics, garments, shoes, armoured vehicles and medical equipment.

Special "techno-parks" were set up for Taiwanese and Japanese manufacturers.

Federal Express (FedEx) established its Asian courier hub in 1996, using the former base's military airport while South Korea's Hanjin Heavy Industries built a shipyard in 2006 that is now the world's fourth largest.

This year however low-wage rivals abroad and the economic crisis have forced Subic factories to retrench more than 4,000 workers or place them on "forced leave," said Arreza.

FedEx shut its Subic hub in February, moving to China with its larger market and attractive perks.

Arreza said the situation is improving and some workers may be re-hired but he doubts that Subic will ever return to the days of the 1990s.

"Low-cost manufacturing is not the area where Subic is competitive," he said. "Most of our land area is protected forests and protected seas. We don't have any space to accommodate large industrial parks."

Only 4,000 hectares of Subic can be developed compared to 30,000 hectares in nearby Clark.

The future lies in tourism, medical care, ship building and logistics, using the ample space still available for warehouses especially around the largely unused Subic airport, said Arreza.

Hanjin is staying put and companies that require skilled labour may also find it more economical to remain in Subic, he said.

For displaced workers, the government is offering re-training for positions in Subic's tourism industry or even abroad.

Its well-preserved forests, wide seafront and recreational facilities and hotels have always made it popular with tourists and a new highway has made the area even more accessible to day-trippers.

There are no figures on Subic tourist arrivals but Arreza notes that between 8,000 and 10,000 cars of non-free port workers enter Subic everyday, presumably many of them carrying tourists.

Zenaida Pineda, 40, a former electronics worker here, said she now earns as much working as a chambermaid in a Subic hotel as she did at her factory job.

"I like housekeeping more because you can move around, not just stay at your work station. Besides, working on electronics hurt my eyes," she said.

Danny Piano, president of the local chamber of commerce, said: "Subic manufacturers can survive. The Philippines has the capability to do good high-end work," due to workers' better education, communication and English skills.

Subic exported 977.8 million dollars worth of goods last year.

"There needs to be a balance between industry and tourism. After all, this is a free port," Piano said.