

International Business News

Malaysia's exports plunge 29.7pc in May

AFP, Kuala Lumpur

Malaysia's exports slumped 29.7 percent in May from a year earlier, hitting their lowest level since 2001 with demand evaporating, according to official data released Friday.

The trade ministry said in a statement that exports plunged to 42.95 billion ringgit (12.19 billion dollars) year-on-year while imports fell 27.8 percent.

Total trade from January to May was worth 360.78 billion ringgit, a decrease of 25.3 percent from a year earlier, but Malaysia did manage to record a trade surplus of 10.02 billion ringgit for May.

Yeah Kim Leng, chief economist at ratings agency RAM Holdings, said the sharp contraction was the worst for Malaysia since the dot com bubble burst in 2001.

"This is worse than expected given that we were expecting some improvements," he told AFP, noting that export figures however improved slightly by 4.5 percent month-on-month from April.

"What we can infer from this is the stabilisation in global demand will only be reflected in Malaysia's export performance in the third quarter," he added.

The trade ministry said the steep decline in exports was mostly due to lower demand from key trading partners, especially for electrical and electronic products which account for one-third of Malaysia's total exports.

British Airways will slash spending

AFP, London

Troubled British Airways said Friday that it would slash capital expenditure by one fifth in the current financial year after posting another sharp drop in monthly passenger numbers.

"Market conditions continue to be very challenging with trading at levels well below last year," the struggling airline said in a trading update.

"In response to the challenging economic conditions British Airways has reviewed its business plan.

"Forecast capital expenditure has been reduced from 725 million pounds to 580 million pounds for 2009-2010 and is likely to remain at that level in 2010-2011."

The airline also announced it carried 2.93 million passengers last month, 4.9 percent fewer than in June 2008.

And BA repeated that it wanted to slash 3,700 jobs in the current financial year, which runs until March 2010. It has already axed 2,500 jobs worldwide over the past year.

BA also revealed that it would delay the delivery of its fleet of Airbus A380 superjumbos and announced more reductions to its summer 2009 and winter 2009-2010 flight schedules.

"The delivery schedule for the first six Airbus A380 aircraft has been extended by an average of five months with the first delivery still due in 2012," the carrier said.



This picture taken on July 2 shows a woman riding past new high-rise developments in Beijing's Central Business District (CBD) at the break of day. Chinese real estate prices have risen fast recently as the government has eased curbs on the sector in a bid to boost the economy, sparking fears that new bubbles are forming. Prices of residential property in Beijing's CBD rose by 6.5 percent in the past week and demand for second-hand houses in some other areas is four times the supply.

Sri Lanka's need for IMF wanes: Central Bank

AFP, Colombo

Sri Lanka's central bank chief said Saturday that the island could live without a major IMF bailout that had been delayed by the final stages of the government's fight with Tamil Tiger rebels.

The government had requested the 1.9-billion-dollar loan in March to help stave off its first balance of payments deficit in four years after foreign currency reserves fell to around six weeks' worth of imports.

The loan was delayed under political pressure from the United States, Britain and other countries who felt the government was not doing enough to avoid civilian casualties as it closed in on the remnants of the once-powerful Tamil Tiger army.

Central Bank of Sri Lanka Governor Nivard Cabraal said the final defeat of the Tigers had helped alleviate the island's balance of payments concerns.

"Things are looking good after the war. The urgency for an IMF loan is not there anymore," Cabraal told AFP.

German lawmakers approve 'bad bank' scheme

AFP, Frankfurt

The German lower house of parliament approved on Friday a bill that provides for the creation of "bad banks" to help commercial and state-owned banks recover from the financial crisis.

Bank owners are to pay for costs of the measures, which let them transfer risky and non-core assets to a separate institution, cleaning up their balance sheets and paving the way for fresh lending to the recession-hit economy.

The plan involves exchanging complex items such as asset-backed securities and collateralised-debt obligations for state-guaranteed bonds, with banks paying a fee for the guarantees.

Up to 230 billion euros (320 billion dollars) worth of such so-called toxic assets held by private banks could be concerned by the law.

AID FOR TRADE

Debunking economic connotations



The photo taken on June 2 shows the Yangshan container port in Shanghai. The scene where Shanghai's river meets the sea is a snapshot of China's battle against the financial crisis. In recent times, the spillover effect of recession has been exacerbated by Asia's export specialisation.

HASANUZZAMAN and KAZI MAHMUDUR RAHMAN

Amid the ongoing turbulence in the global financial system, the World Trade Organisation, its members and key international aid and development organisations are scheduled to conduct the Second Global Review (SGR) for the Aid for Trade (AFT) initiative -- aimed at expanding the trade capacity of developing countries -- on July 6-7, 2009, in Geneva.

The SGR will evaluate progress made since the First Review, which was held in November 2007, and scrutinise how AFT is being put into operation in the field.

Progress in securing additional and predictable financing will be discussed and views will be exchanged on how aid flows can be maintained against the backdrop of global recession.

Before proceeding with discussion on the SGR agenda, it is imperative to take note of the previous review and more particularly, set the background under which the meeting will take place. In essence, the First Global Review registered infrastructure as top priority for South Asian countries. It is worth mentioning that physical infrastructure was also accorded top priority by CPD's survey respondents, who participated in the recently completed 'Needs Assessment' of the country.

In South Asia, there are two faces that represent the trading regime -- newly industrialised economies, like China and India, and low income Asia. From 1980 to 2008, while the former increased its world

trade share (in terms of exports) by 0.6 percent (from 2 percent in 1980 to 2.6 percent in 2008), the low income Asian countries' shares increased by only 0.1 percent (from 0.2 percent in 1980 to 0.3 percent in 2008).

In recent times, the spillover effect of recession has been exacerbated by Asia's export specialisation in sectors hit by the crisis and its reliance on high and medium technology manufacturing exports -- motor vehicles, electronic goods, and capital machinery -- that have witnessed a dip in demand.

Whilst Bangladesh has been successful in weathering off the first wave of global financial crisis, the full impact of the downturn is now trickling through the country's external sector.

Indeed, recent estimates show that during first quarter of fiscal 2008-09, though a positive export growth of 6.91 percent for the country's leather industry was recorded, export figures for the first nine months revealed an alarming decline in leather exports. Leather exports during this period fell by nearly 35 percent compared to the corresponding period of fiscal 2008.

Two issues of concern that need to be articulated is the growth and recovery prospects for low-income Asian countries. Excluding least developed countries (LDC) and small states, the Asian Development Bank expects all other groups in Asia to see some recovery before the start of 2011. For this respective group, GDP growth has been estimated to contract further in 2010 to 4.9

percent from 5.2 percent in 2009.

The SGR of the AFT initiative is meant to fulfil four objectives -- moving from commitment to implementation, integrating trade in national and regional development strategies, sustaining aid flows during global economic downturn and assessing the effectiveness of AFT.

In case of the first two objectives, the meeting will assess how far AFT is progressing in terms of fulfilling its promise and analyse how trade can be better integrated into core national and regional development strategies and what are the obstacles and how this process can be encouraged.

In this regard, Bangladesh's latest version of the PRSP has made a bold attempt to establish special economic zones and provide concessionary services to new entrepreneurs with new products in order to make trade work for development.

Thanks to Bangladesh's highly skewed export basket (concentrated RMG exports), the country has been able to weather some off the effects of the ongoing global financial crisis though it is slowly starting to feel the bite of the global credit crunch (foreign grants have gone down significantly in proportion to loans).

With regard to the third agenda, the SGR will study the impact that the global economic downturn is having on AFT flows and put forward recommendations with regard to how donors can be engaged for a longer term through additional and predictable financing, and what role can emerging South-South donors play in fertilising the initiative.

In case of the last agenda, the Geneva gathering will attempt to enquire about the conclusions emerging from the results and effectiveness of AFT. The second joint OECD/WTO monitoring report 'Aid for Trade at a Glance', whose publication is coinciding with the Second Global Review, highlights that the AFT initiative has already made commendable progress on the ground, especially in Africa though its outreach and depth is still not at the satisfactory level for the Asian LDCs.

Trading underperformance among the South Asian LDCs can be attributed to high trade costs resulting from inadequate infrastructure facilities and a severe dearth of economic competitiveness. To conclude, the depth, scope, and more crucially, duration of the economic crisis are not easy to predict.

Findings from the First Global Review, CPD's Needs Assessment and other official documents amply bear out the urgency for aid targeted towards meeting infrastructure related needs.

Bangladesh can be conceptualised to be poised on a decisive double-edged sword where the twin shocks emanating from the ongoing global financial crisis and the constraints restraining smooth operations of businesses in Bangladesh, if left unchecked, have the potential to reverse the gains that the country has recently accrued from the process of globalisation and trade liberalisation.

The authors are researchers at Centre for Policy Dialogue (CPD).

COLUMN

SARWAR AHMED

Values

When an employee steps into an organisation, he treads carefully, feeling his way through the first couple of months, understanding the ropes, norms and values by which the organisation gets its work done.

Each organisation has its own value system, felt through its culture. Each one of us is brought up with our own values learnt from our immediate family, and as we grow, society at large also influences the way we live our lives.

It was an unexpected surprise meeting Shamim Akhtar from the 15th MBA batch of the Institute of Business Administration, whose worldview seems just the opposite of what we are used to.

As we mingled in the foyer of the BCFCC waiting for events to start at the IBA Alumni Reunion over a recent weekend, a shake of hands and quick introductions got me to talk to Shamim.

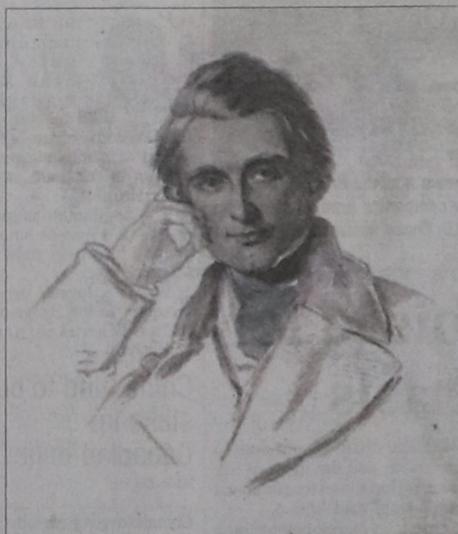
So what do you do? I asked. What I do is I don't work for money, Shamim replied. Taken aback, I stammered, I mean, are you employed? No, I am not, was his smiling reply. Getting more confused, I was not sure anymore of what to ask.

Shamim worked with UN agencies in war torn countries for several years, with the last two years being in Afghanistan. Shamim's views on life changed when he was holed up between office and home and beholden to the ravages of war.

He decided to take control of his life and the first decision was never to work for money again. Of course you need money to live a decent life and support your family. But really, how much do you need, he asked.

He quoted John Ruskin's Unto This Last (1860): There is No Wealth But Life. He referred to life that includes the power of love, joy, and admiration.

The country that nourishes the greatest number of noble and happy human beings is the richest. That man, who having perfected the functions of his own life and has also had the widest helpful influence over the



John Ruskin: There is no wealth but life.

lives of others, is the richest.

Just this decision not to lead his life to make money, Shamim says, has been a liberating experience. He can now pace his life the way he wants to live and not be sandwiched in a nine-to-five time slot to earn the necessities of life. This liberating experience has given him a wider vision on how to live his life and not being restricted to just earn money.

So what does he do? He picks consultancy jobs that

adds value to his life and gives meaning to others. He teaches Innovation Management at IBA and shares his wisdom on life and innovation with students.

Explaining Ruskin's theory on life, Shamim says that as long as you live well, physically and mentally, it is the greatest wealth anyone can have. It is not the material world or money that is your wealth. Any detriment to your physical or mental well being is your loss of wealth.

Look around you, he continues. Once afflicted with debilitating diseases like diabetes, the wealthiest, in terms of money, cannot buy back natural health. So what is the purpose of wealth that cannot keep you well? Isn't it more important to preserve this wealth of life by living simply, helping others and without the worries of pleasing your boss against your principles?

Shamim explains that he had an American mentor who shaped his views on life. He worked with his guru in Cambodia. Collective experiences over years of living in the world's most pillaged places and meeting different people has helped shape his vision of life. You could see the contentment on his face as he says he now lives life to its fullest, enjoying every bit of it, every breath of it.

As drums rolled in to welcome the alumni into the hall, we parted from the soul searching discourse with a promise to meet up again.

We sat through the various programmes with friends and reminisced our days at IBA. Of course our seniors had stories to tell of how IBA came into existence and our venerable Prof Rahim B Talukdar reminded us of the great family we were a part of.

A reminder of the numbered days that lie ahead, the programme ended with questions of whether we lived our lives with a purpose and if we have a legacy for the future.

The writer is the managing director of Syngenta Bangladesh Ltd.