

International Business News

Lear files for Chapter 11 bankruptcy protection

AP, New York

Struggling automotive parts supplier Lear Corp said it has filed for Chapter 11 bankruptcy protection after receiving the support it needed from lenders and bondholders.

The company, which makes automotive seating systems and electronics, had been negotiating with its lenders and bondholders for additional support for its restructuring plan. It previously received a commitment for \$500 million in loans to finance its bankruptcy from a group of lenders led by JP Morgan and Citigroup.

Lear said it filed for Chapter 11 bankruptcy protection in the US Bankruptcy Court for the Southern District of New York. Subsidiaries outside the US and Canada are not part of the filings, the company said.

Lear has asked the bankruptcy court to allow it to continue to provide pay and benefits for its workers without interruption and to continue to allow it to provide payments for its US and Canada pensions.

It plans to present its restructuring plan to the court within 60 days.

The Southfield, Mich.-based company's filing, which had been expected since last week, makes it the first major automotive parts maker to seek court protection since Visteon Corp, the former parts arm of Ford Motor Co, filed for Chapter 11 in May. Parts suppliers have been hammered by the recession as consumers continue to shun new car purchases and automakers slash production.

Borrowers must be protected from ignorance: OECD

AFP, Paris

Most consumers have little understanding of basic financial concepts and must be given increased protection and guidance when they take out loans, the OECD said on Tuesday.

New OECD guidelines, intended to prevent a repetition of the sub-prime loan crisis and its fallout, also say that lenders should be made legally responsible for checking how much money a customer needs to borrow and whether borrowers "will be able to meet their payments."

The Organisation for Economic Cooperation and Development, a research and policy forum for the 30 most advanced economies, said that even discounting the global economic crisis, it was evident that consumer protection in financial services should be strengthened.

"Financial services firms must make sure their customers understand what they are letting themselves in for when they sign up for mortgages, consumer loans and other products," the OECD said, presenting new guidelines on Tuesday.

These had been designed to avoid a repetition "of the sub-prime mortgage crisis and ensuing credit crunch that sent the world economy into recession."



AFP

Managing Director of Hyundai Motor India H S Lheem, (L), President of Hyundai Motor India Ashok Jha (C) and Senior Vice President (marketing and sales) Arvind Saxena pose with the Hyundai 'i20' Diesel during the launch in New Delhi yesterday. Hyundai's i20 Diesel and i20 Automatic are available in five variants at prices ranging from 619,800-772,301 Indian rupees (\$12,772-\$15,915).

US may need a second stimulus, says Obama adviser

AFP, Singapore

The United States may need a second stimulus package focusing on infrastructure projects to put the world's biggest economy firmly on the path to recovery, a top White House adviser said here Tuesday.

Laura Tyson, a member of US President Barack Obama's Economic Advisory Panel, said the first stimulus package included "a significant amount of investment in long-term growth."

She also said the country's budget deficit -- already at its widest since World War II -- will likely be bigger than expected this year and could surpass an earlier projection of around 12 percent of gross domestic product.

Her comments come after Obama last month said US unemployment would likely climb above 10 percent but that a new injection of government money was "not yet" needed.

However, she said her remarks represent her own views and not the administration's official position.

Tyson, speaking at the Nomura Asia Equity Forum in Singapore, said it was too early to quantify the size of a second package, adding that "we'll have a much better idea towards the end of the year."

Chinese growth would pull up Africa: AfDB chief

AFP, Geneva

African Development Bank chief Donald Kaberuka on Tuesday said he was "confident" that if China's economy were to return to double-digit growth, it would lift African growth to pre-crisis levels.

"The growth of Africa... is very much driven by China's demand for commodities," Kaberuka told journalists in Geneva.

The latest Chinese growth figures "are around seven-nine percent, I think that's very promising," he added.

China in April said its economy grew 6.1 percent in the first quarter, while for the full year, it has set a growth target of 8.0 percent, a figure that it deemed necessary to maintain stable employment and social order.

"If the Chinese economy continues on this trend, that would signal growth for African economies in the coming year," said Kaberuka.

TECHNOLOGY

MD HASAN

Sorry debates follow every natural calamity over how early warning could have reduced the intensity of a damage caused. Sometimes, it is a matter of irony that weather forecasts a sunny warm day, while in reality it rains cats and dogs.

This is the reason why no one takes weather forecasts seriously, and therefore, the damage exceeds estimation.

Natural disasters are common to this country of 150 million, mainly because of its geographical location.

A total of 6,31,396 people died from 15 cyclones and 23 floods that hit the country since 1970, according to the Disaster Management Bureau (DMB). The figure shows nature compromises with nothing and appears with no prior notice.

However, advanced warnings could reduce the extent of any damage, as people could prepare themselves and take shelter.

The radio and television are the basic means to caution people, but when there is no electricity, warning signals reach out to fewer people.

The Ministry of Food And Disaster Management (MOFDM) has taken an initiative to disseminate early warning signals for the people of disaster prone areas through cell phones, using cell broadcasts.

The former Chief Advisor's Office organised four workshops on e-governance for the secretaries of all government ministries in May-June 2008, aiming to formulate a strategy to extend any service under the citizen charter (array of services to be received by citizens from their respective offices) to people's doorsteps, quickly and easily, by using information and communication technology.

These workshops primarily identified 53 services -- QuickWin Services -- to be implemented by December 2009. The Early Warning Dissemination through Cell Broadcast is such a project of the MOFDM, under the national e-governance, Quick Win Roadmap.

The government requested all the cell phone operators in August 2008 to assist them in implement-



ANISUR RAHMAN

The picture shows people wading through river water for relief in the wake of Cyclone Aila. The government has taken an initiative to broadcast early warning signals for the people of disaster prone areas by mobile phone.

ing the project by providing technological support and bearing the cost under their CSR (corporate social responsibility).

However, even after eight months, no consensus was reached among the operators because of technical inabilities and unwillingness to bear the cost.

The project later gained momentum after a push from the Prime Minister's Office (PMO). The MOFDM, in a meeting with the cell phone operators in April, informed that it is to revive the project and the pilot operation will initially start in the cyclone-prone areas of Cox's Bazar and the flood-prone areas of Sirajganj. It requested Grameenphone to be a partner by providing technological support under its CSR.

Initially, a pilot project will run till December 2009. Even though, the ministry sought support from all the operators, Grameenphone and TeleTalk were the only two to sign a memorandum of understanding (MoU) with the government.

By using its own mobile phone networks, Grameenphone and the state run TeleTalk are going to launch an early warning service to the natural disaster prone areas. Under the programme directed by the Disaster Management Bureau (DMB), people would be informed about natural disasters through SMS cell broadcast services.

Experts said even though it is a noble idea, language could prove to be a bar to its effectiveness.

"This is definitely a good initiative. But the message should be delivered in a language that recipients can easily understand," said Ainun Nishat, country representative of International Union for Conservation of Nature-Bangladesh.

However operators are expecting that the Early Warning Dissemination through Cell Broadcast could be extended to include an IVR (interactive voice response) generated voice-based warning, so that recipients can listen to the instructions, just like they hear music on their mobiles.

Farhaduddin, director general of DMB, said, "Our goal is to save lives and manage calamity risks by disseminating warnings in a short notice."

Technically, the service is similar to providing a SMS, or voice through base station controllers (BSC). Like other value added services, early warnings would reach people automatically.

"The early warning service has a tremendous possibility to save lives, if it can successfully be implemented. Through digital technology, it would be a fast, effective and economical means to disseminating critical information to people of the coastal areas. It would also represent a new dimension to private-public initiatives that can take social service benefits to the mass," said Raihan Ahmed Shamsi, chief corporate affairs officer of Grameenphone.

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RECESSION

AFP, Rome

The world's most powerful leaders gathered in Italy Tuesday on the eve of a G8 summit aimed at finding common ground on how to tackle the global economic crisis, climate change and turmoil in Iran.

Leaders of the group of eight (G8) industrialised nations and a host of emerging powers will meet on July 8-10 in the city of L'Aquila, which was devastated in April by an earthquake that killed nearly 300 people.

The build-up to the summit has been marred by increasingly lurid reports about Italian Prime Minister Silvio Berlusconi's private life and by safety fears in L'Aquila, north east of Rome, where aftershocks are still being felt.

Officials have drawn up plans to evacuate the leaders in the event of a tremor measuring over four points on the Richter scale.

Only last Friday, a 4.1 magnitude quake struck just one kilometre (half a mile) from the military academy where the gathering is to take place.

G8 talks traditionally bring together the eight leading economies -- Britain, Canada, France, Germany, Italy, Japan, Russia and the United States.

But much of the discussion over the course of the week will be expanded to include emerging powers such as China, India and Brazil.

Chinese President Hu Jintao is among the leaders who have already arrived and others were expected to land throughout Tuesday. US President Barack Obama will arrive on Wednesday morning at the end of a trip to Moscow.

The bulk of the summit is likely to focus on efforts to shore up the



AFP

Members of the Christian organisation World Vision wear masks of G8 leaders as they stage an action to call G8 leaders to keep their promises, two days ahead of a G8 summit in Rome on Monday. World leaders will gather in L'Aquila, central Italy, where they are expected to thrash out a common strategy on how to absorb the tremors of global recession, climate change and Iran.

global economy since London hosted a G20 summit in April where world leaders committed one trillion dollars to help struggling economies and revive global trade.

"It's a time when the leaders can get together and assess where they are in the economic recovery effort, what further steps need to be taken to restore the balance of economic growth, expand and restore exports, and create jobs," senior White House official Michael Froman said in a pre-

summit briefing.

Ahead of the talks the OECD urged G8 nations to enforce a code of financial ethics including by cracking down on bribery, preventing protectionism and cutting out banking secrecy to ensure a full recovery from the economic crisis.

Integrity in public bodies and business is the keystone of a 12-point charter put forward by the Organisation for Economic Cooperation and Development for stable market-driven growth after

the crisis.

In their own mini summit on Monday, British Prime Minister Gordon Brown and French President Nicolas Sarkozy said they would soon put forward proposals for talks to address the volatility of the oil market.

On climate change, Sarkozy and Brown said they would press their G8 partners to redouble efforts toward a deal on cutting greenhouse gas emissions at the Copenhagen conference in December.

The G8 has prepared a draft communique calling for global emissions to peak by 2020 and then to be "substantially reduced" to cap the rise in temperatures to two degrees Celsius (3.6 degrees Fahrenheit) over pre-industrial levels.

UN chief Ban Ki-moon, who will also be in L'Aquila, plans to press the G8 to live up to previous pledges on climate change and aid for Africa, telling journalists "the time for good rhetoric and half measures is over."

According to a report in the Financial Times, the G8 will commit 12 billion dollars (8.6 billion euros) over three years for agricultural development in the developing world with the US and Japan stumping up most of the cash.

Italian Foreign Minister Franco Frattini said in an interview on Tuesday he would also propose cutting bank transfer charges that migrants pay on their remittances sent back home in order to help developing countries.

Western leaders have made clear that they plan to push the post-election crisis in Iran to the top of the agenda at the summit but China and Russia are cool towards internationalising the issue.

"The issue of Iran will be front and centre" of the G8, said Denis McDonough, one of Obama's top foreign policy aides.

"The Iranian authorities are trying to blame 'foreign powers' for their violent and abusive campaign against peaceful protesters," said Kenneth Roth, Human Rights Watch's executive director.

"The G8 needs to make it clear to Tehran that it cannot shift the blame and that human rights concerns will be at the forefront of future G8 engagement with Iran," he added.