

International Business News

Slow stimulus spending brings out complaints

AFP, Washington

The slow impact of a massive US economic stimulus program approved earlier this year has prompted renewed talk about another effort to stem rising unemployment and jolt the economy from recession.

Only a small portion of the 787 billion dollars authorized for economic stimulus in February has been pumped into the economy, failing to prevent a rise in joblessness to a 26-year high of 9.5 percent.

"I don't think it is moving as quickly as anybody would have hoped," said Joel Naroff, an independent economist who heads Naroff Economic Advisors.

"I've been expecting to see ribbon cuttings all over the place on projects but we're not getting that."

US administration officials argue that the program needs time to be implemented but is already having an impact.

"The stimulus package is on its expected path in terms of the rate of change and in terms of putting money in the pockets of taxpayers," Treasury Secretary Timothy Geithner said Friday.

"There are very substantial investments in infrastructure products that have already started to take effect and will have their maximum impact on the economy in the second half of this year."

German exporters say world trade picking up

AFP, Berlin

The slump in global trade has already hit its lowest ebb and German trade should also begin to perk up in the coming months, a press report said Sunday, citing a study from a major German industry body.

According to the survey by employers' federation BDI, exports in Europe's biggest economy and one of the world's leading exporters should begin to rise again from low levels in the coming months, the Welt am Sonntag paper reported.

"German firms are looking more positively to the future: the BDI believes that the fall in world trade has reached its lowest point," the paper said.

"The recent figures point to a stabilisation of exports at these low levels. After the positive export figures in May, we expect further consolidation," Werner Schnappauf from the BDI told the paper.

Data released on July 9 showed that German exports posted a slight rise of 0.3 percent from April, despite being 24.5 percent lower than in May 2008.

But Schnappauf warned against getting carried away by the figures.

"One swallow does not make a summer," he said.

"There is still a long way to go with many risks both here and abroad, one of the dangers being growing protectionism in the world," he said.



AFP

A garbage collector walks past a residential complex under construction in New Delhi yesterday. Indian Prime Minister Manmohan Singh has defended his government's economic growth target of between eight and nine percent, despite the global recession. India's economy grew by 6.7 percent in the year ended March 31, the slowest rate since 2003.

Swatch expects sales to improve in second half

AFP, Zurich

The world's biggest watchmaker Swatch Group is expecting sales to improve in the second half of this year after a difficult start to the year, group's CEO Nick Hayek said in remarks published Sunday.

"After a difficult start this year, we are now experiencing a substantial month to month improvement," Hayek told Swiss newspaper NZZ am Sonntag.

He added that he expected a "positive development in comparison to the same time a year ago, which was already hit by the crisis. I'm even expecting an improvement compared to the first six months."

"We will see a real stimulus in the second half," he said.

Even for its three subsidiaries which had trimmed working hours since last September amid a plunge in orders, Hayek said he expects production to take off again by the end of October.

He pointed out that the group's business in China, in particular, had grown significantly.

"The Swatch Group grew extraordinarily strongly in China. In June, we grew in double-digits, above all with Omega, Longines and Tissot."

CIT Group plans to hire bankruptcy adviser

AP, New York

CIT Group Inc is working with a premier bankruptcy firm as the troubled commercial lender awaits word on whether it will receive funds from a federal program designed to help banks, the company confirmed Saturday.

The New York-based company has engaged Skadden, Arps, Slate, Meagher & Flom LLP, which has a prominent bankruptcy practice. The hiring was first reported in The Wall Street Journal Saturday.

However, according to the company CIT has worked with Skadden for "several years."

"Skadden is one of the principal law firms representing CIT," company spokesman Curt Ritter said in an e-mail response to an AP query. "They represent the firm on a wide variety of corporate matters. CIT will not comment on any specific aspect of their engagement."

Skadden did not return calls for comment.

LABOUR MIGRATION

Visa trading should go Says Bangladeshi expat in Saudi Arabia

PORIMOL PALMA

Bangladesh should impose a total ban on visa trading by brokers to restore migration of workers to Saudi Arabia and bring discipline to the lucrative labour market in the Gulf region, said TAM Fakhruul Basher, a Bangladeshi expatriate in the kingdom.

"Visa trading is illegal in the kingdom, but widely practised. This increases the migration cost sharply and is the root of all problems in the overseas recruitment process," said Basher who has been living there for 25 years.

"Workers should not pay a single penny to go to Saudi Arabia. It is the employers who, as per Saudi laws, are supposed to bear the cost for hiring them. But, our people spend Tk 2 lakh to Tk 3 lakh to go there," he told The Daily Star when he joined the NRB Manpower Development and Opportunities Conference in Dhaka recently.

Basher works as implementation manager of Madaf Trading & Contracting Company Limited in Riyadh.

Since 1976 around 25 lakh Bangladeshis, mostly semi- and less-skilled workers, went to Saudi Arabia, but the oil-rich Arab nation imposed a partial ban on hiring workers from Bangladesh early last year.

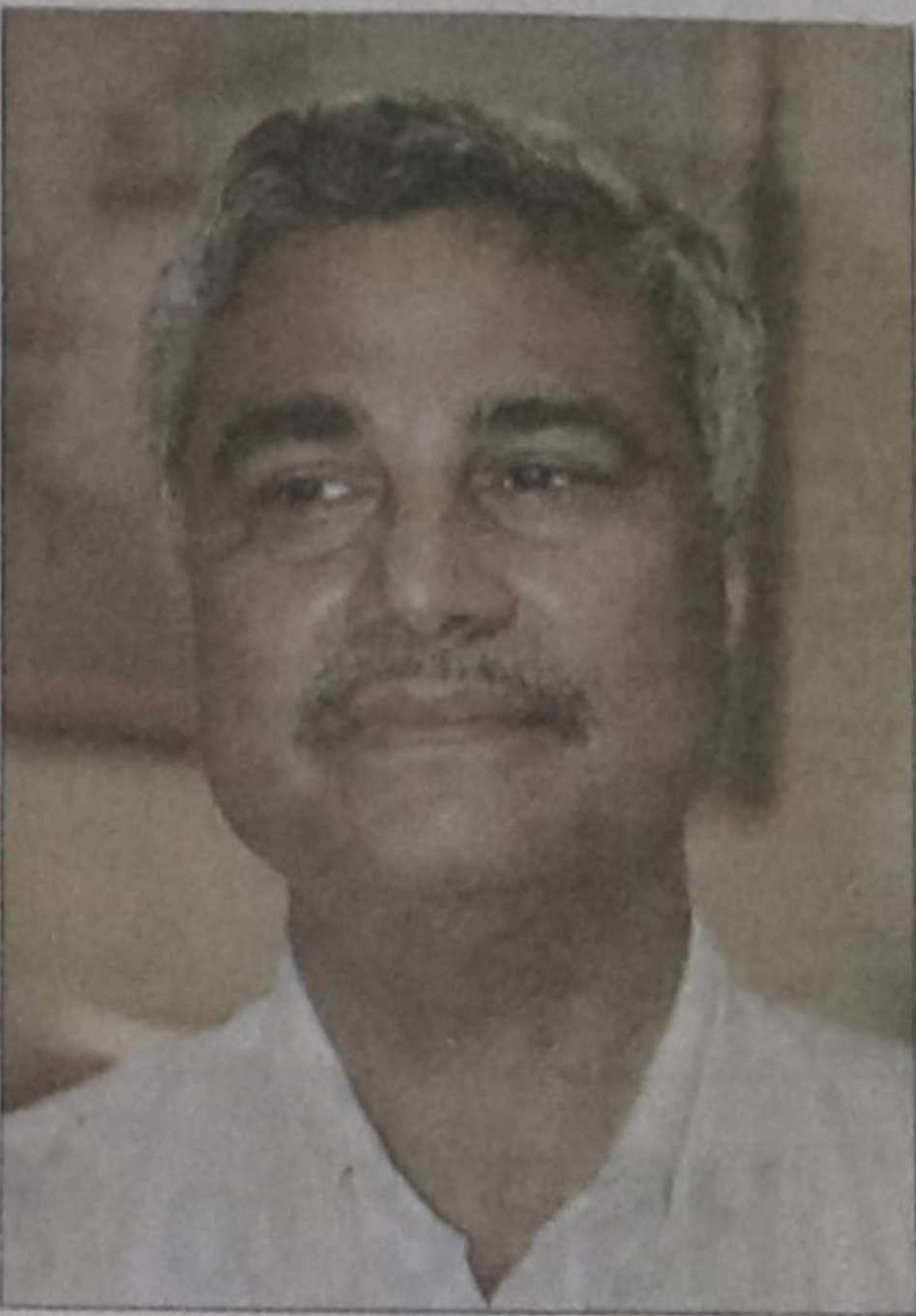
Explaining the background of the ban, Basher said it all started with a section of Bangladeshis' engagement with scrap business. They used to steal those and sell to others. They were caught several times that resulted in a bad image for the Bangladeshis.

In addition, there are some Bangladeshi manpower suppliers who woo the legal workers to leave their sponsors for higher salaries. When their work permits expire, they become irregular, he said, adding: "This practice is illegal and has irritated the Saudis very much."

"Workers tend to flee their employers or steal scraps for a better income as their salary is generally low. When they pay high to go there but get low wages, it is almost natural for them to resort to such wrong doings," Basher said.

Before 1990s, the Saudi employers or their agents used to come to Bangladesh to hire workers and pay fees to the recruiting agencies for arranging workers, he said. But since 1991 the practice became just the reverse when the brokers started trading visas.

A section of Bangladeshis, including some workers in Saudi Arabia, started buying visas



TAM Fakhruul Basher

from the Arab employers, offering workers low wages, he said.

"For example, if one broker offers 10,000 riyals to an employer for a worker at 500 riyals, another offers 15,000 riyals to the same employer for the worker at 300 riyals," he said, adding thus the total Saudi labour market for the Bangladeshis has got spoiled.

"So the Bangladesh government should urgently impose a total ban on visa trading. There should be no middlemen in hiring workers."

The government should frame rules that anyone charging money from the workers should be punished, Basher said.

"I found that the visa traders have close links with the missions. This must end," he said.

Of course, he said, there is anti-Bangladeshi propaganda by some people of a neighboring country. So Bangladesh mission should have its press wing strengthened to counter such propaganda, he noted. Bangladesh's foreign policy towards the Middle East should be reformed, he suggested.

He said although the government claims that the Bangladeshis now can change employers, that has not happened until now. Even applications for family visas are also turned down.

TOURISM

Better than Bali

AFP, China Beach, Vietnam

Investors are lining up for a piece of Vietnam's "China Beach", once a wartime R&R playground for US soldiers, which industry players say could become a tourism hotspot to rival Bali or Phuket.

Stretching about 30 kilometres (19 miles) from the mountain-fringed central Vietnam city of Danang to the heritage town of Hoi An, the white sand beach -- known locally by other names -- has been relatively undeveloped despite its beauty.

But foreign and local investors have staked their claims, walling off areas of the beach in preparation for development, even though some sites remain little more than sand-blown scrub beside the glistening sea.

"I think our beach is better than Bali," says Nguyen Duc Quynh, executive assistant manager of the Furama Resort Danang, which opened 12 years ago as the beach's lone five-star resort and is preparing to build 134 adjacent residential villas with private pools.

"Actually we wanted to start at the beginning of the year," he said. "The real estate market was not there. Now, I think the market's already back."

Tourism and investment officials in Danang list several other developments under way along the beach, despite a global economic and financial crisis that affected some projects and reduced the number of overseas tourists.

They say a shortage of direct international flights to the area and insufficient promotion of its attractions have also hindered development, but express faith in its longer-term potential.

"Over the next 10 years we'll fully develop that strip," said Truong Hao, vice-director of the Danang Investment Promotion Centre.

"We have to go step by step."

Some developers are not waiting.

Vietnam's Indochina Land, the real estate arm of financial services firm Indochina Capital, began on April 30 selling condominiums and villas at its Hyatt Regency Danang Residences on the beach.

Major construction had not yet begun but by late June more than 60 percent of units were sold, mostly to local investors, said Phan Thi Y Nhi, a sales executive for Savills, the agent.

"All the project will be finished in 2011," she said at a model condominium unit on the site, where foundation stones were piled on the beach.

A 75-square-metre (807 square feet)



AFP

Traditional bamboo fishing boats are seen lying on China Beach in the central coastal province of Da Nang. Investors are lining up for a piece of Vietnam's "China Beach", known more as a wartime R&R spot for US soldiers, which industry players say could become a tourism hotspot to rival Bali (Indonesia) or Phuket (Thailand).

apartment was selling for 180,000 dollars, she said, adding that a Hyatt hotel is to be part of the development.

Indochina Land is also developing the Montgomerie Links Vietnam golf course and villas further along the strip towards Hoi An, not far from a similar project by Vietnamese asset management and real estate firm VinaCapital.

VinaCapital's Greg Norman-designed golf course is taking shape on one side of the road while, on the beach side, a sign promotes The Ocean Villas, starting from 320,000 dollars.

Even before the project's formal launch in August, about 20 villas were reserved by Vietnamese buyers over a three-week period, said Nguyen Ngoc Thuyen, Savills' project manager.

He foresees Hanoi and Ho Chi Minh City residents buying the villas as second homes because "it's 10 times cheaper than Hanoi... It's a good investment."

Thuyen also touts the area's appeal for tourists, saying: "It's safer for you to come here than Thailand."

JW Marriott is to manage a hotel on the

WORLD ECONOMY

Ready to roll or still on the rocks?

AFP, Frankfurt

Some hard data is now underpinning prospects for a global economic recovery, but world leaders urge caution and at least one says the worst is still to come for some.

So should we perk up and head for the high street, keep cash ready under the bed, or prepare for long, hard times?

Some sample figures released this week gave reason for hope.

In the United States, the world's biggest economy, key jobless claims fell to a six-month low point, and a four-week average seen as a better indicator also declined.

In Germany, the biggest European economy and a top global exporter, industrial orders and output soared in May, catching analysts by surprise.

And the International Monetary Fund raised forecasts for growth in China, the world's third-biggest economy, to 7.5 percent this year from 6.5 percent, as well as those for the US and Japan, number two worldwide.

Germany, Japan and the US are all believed to be at the bottom of their worst recessions since the bitter battles of World War II.

That's the good news.

But leaders of the Group of Eight agreed meanwhile that a full economic recovery was not waiting around the corner, US President Barack Obama said on Friday.

"We agreed that full recovery is still a way off, that it would be premature to begin winding down our stimulus plans," Obama told a post-summit press conference.

And World Trade Organisation chief Pascal Lamy said: "The worst of the crisis in social terms is still to come, which means that the worst of the crisis in political terms is still to come."

Other examples of seeing the glass half-empty or half-full were provided by two Paris-based groups, the International Energy Agency and the Organisation for Economic Cooperation and Development.

The IEA said: "Over the past two weeks the mood has suddenly changed, as many leading economic and energy indicators continue to show very weak readings."

Growth forecasts			
	GDP in percent		
	2009	2010	
World	-1.4	2.5	
Advanced economies	-3.8	0.6	
United States	-2.6	0.8	
Japan	-6.0	1.7	
Euro zone	-4.8	-0.3	
Germany	-6.2	-0.6	
Britain	-4.2	0.2	
France	-3.0	0.4	
Developing countries	1.5	4.7	
China	7.5	8.5	
India	5.4	6.5	
L. America	-2.6	2.3	
Mideast	2.0	3.7	

Source: IMF

But the OECD reported the same day that some leading global economies showed signs of improvement in May, raising the chances of recovery.

For many analysts, the key factor in determining how things will go is a single word: credit.

"The credit outlook is the main threat that may yet turn the scant recovery we expect into a worst-case credit nightmare," UniCredit economists wrote.

Barclays Capital economist Thorsten Polleit told AFP: "Credit is drying up and it's very unlikely that it starts flowing again as easily around the globe as it did a couple of years ago," a phenomenon now seen as a principal cause of the crisis.

Germany's finance minister warned of a "very serious" threat of a credit crunch later this year and its economy minister added: "We must prepare for difficult times and we must do it very soon."

The European Central Bank will invest 60 billion euros (84 billion dollars) into low-risk corporate bonds to boost business finance, and banks have been warned they could be sidestepped later if necessary to ensure more credit got to the overall economy.