

International Business News

Indian exports dive for ninth successive month

AFP, New Delhi

India's exports plunged by more than a quarter in June, marking the ninth straight month that overseas sales have fallen due to the global economic slump, official data showed Monday.

Shipments slid 28 percent to 12.8 billion dollars from 17.73 billion dollars in the same month a year earlier as demand for made-in-India goods continues to shrink.

The figures came ahead of an announcement planned later this month of the government's annual trade policy for the fiscal year to March 2010, which is expected to offer more assistance to hard-pressed exporters.

India's imports also fell, by 29.3 percent to 19 billion dollars, reflecting the decline in global oil prices and a slowdown in domestic demand.

As a result, India's trade deficit narrowed to 6.16 billion dollars in June from 9.12 billion dollars in the same month a year earlier.

The World Trade Organization has forecast that global trade will shrink by nine to 11 percent this year because of the recession in developed countries like the United States, Europe and Japan.

HSBC says profit slumps 57pc as bad debts leap

AFP, London

HSBC, Europe's biggest bank, said on Monday that first-half net profits slumped by 57 percent to 3.35 billion dollars (2.35 billion euros) as bad debts ballooned to nearly 14 billion dollars.

Impairment charges and other credit provisions soared by 39 percent to 13.9 billion dollars in the six months to June, compared with the figure in the same period of last year, HSBC said in a results statement.

The bank added that it was "strongly positioned for the upturn" but warned that the "economic outlook remains uncertain".

Pre-tax profits sank by 51 percent to 5.019 billion dollars in the reporting period, while group net operating income fell 12 percent to 34.741 billion dollars.

"Our performance proves our ability to deliver profit, generate capital and make distributions to our shareholders throughout the business cycle -- even in challenging market conditions," HSBC Chairman Stephen Green said in the earnings release.



A construction worker walks past a giant advertising billboard in Jakarta yesterday. Southeast Asia's biggest economy will grow at five percent next year after another round of stimulus spending worth more than \$6 billion, according to a draft budget released yesterday in Indonesia.

Ford to post 1st monthly sales increase in 2 years

AP, Chicago

Surging demand from the government's "cash for clunkers" program has helped lift Ford Motor Co to its first monthly increase in two years, the company's top sales analyst says.

July sales results mark the first year-over-year gain for Ford since November 2007 and apparently the first uptick by any of the six biggest carmakers since last August, George Pipas said Sunday.

He declined to disclose a specific total before sales results are officially reported on Monday. Dearborn, Michigan-based Ford sold a total of 161,071 vehicles in July 2008, down 15 percent from a year earlier.

The increase further testifies to the successful reception of the government rebate program, which President Barack Obama signed into law June 24 as part of a broad \$106 billion spending bill.

Dubai house prices slump: Consultancy

AFP, Dubai

House prices in former boomtown Dubai tumbled in the second quarter as the market in the Gulf emirate continues to reel from the global economic downturn, a UAE-based consultancy firm said on Monday.

Colliers International's Dubai House Price Index slumped 48 percent in the three months ended June from the same period in 2008 on concerns over financing, expatriate job security and lack of transparency on project delays.

However, the rate of decline eased to nine percent in the second quarter compared with a 42-percent plunge in the first quarter, according to Colliers.

RECESSION

Shattered lives plague US rust belt

AFP, Detroit, Michigan

Weeds have not yet had time to overtake the factories shuttered in the wake of recent bankruptcies at General Motors, Chrysler and a host of their suppliers.

But the signs of shattered lives are spreading as the economically devastated region, dubbed "the rust belt" after its steel industry, failed to absorb the collapse of the auto industry.

Long lines at the unemployment offices. Empty shelves at the food banks. Boarded up businesses. Homes lost to foreclosure, their contents strewn on the street.

Michigan, the birthplace and home of the US auto industry, is the hardest hit.

"There's just no doubt that region has faced an incredible tsunami of events," said Mark Partridge, an economist at Ohio State University.

"It's really tough on the psyche... they've had one failure after another."

In the past ten years, Michigan has lost half its manufacturing jobs as the Detroit Three saw their share of US auto sales slide from 70 to 45 percent.

That's more than 543,000 people forced out of plants where the wages were usually good enough to pay for a nice house, a college fund for the kids and maybe even a cottage.

Most blame management for pumping out ugly, unreliable cars people simply didn't want to buy.

Some blame the union and its gold-plated benefits, while others say it's the government's fault for shifting the burden of healthcare costs to employers.

But simply put, GM, Ford and Chrysler had been losing market share to Asian automakers for decades.

They managed to post record profits in the 1990s by developing gas-guzzling sport utility vehicles, but were slow to match the smaller crossovers introduced by Toyota and Honda.

When fuel prices soared, the Big Three tanked.

The plant closures started in 2005 and the restructuring plans deepened as the economy slowed in 2007. The union made historic concessions. Management got focused on fuel efficiency and quality.

And then -- just when it looked

like they might pull through -- the credit crunch and financial crisis hit in the fall of 2008. US auto sales fell to lows not seen in decades.

Ford survived with the help of massive loans it secured before credit dried up, but GM and Chrysler were forced into bankruptcy protection and a 50-billion-dollar government bailout.

Michigan went from having one of the lowest unemployment rates in the country -- 3.3 percent in June of 2000 -- to topping the list every single month for over three years.

More than 740,000 people here were actively looking for work in June as the unemployment rate hit 15.2 percent. An untold number have moved away or simply given up.

-- "There's a lot of hope" --

"I think there's a lot of hope," said Andy Levin, deputy director for Michigan's department of energy, labor and economic growth.

Governor Jennifer Granholm -- a charismatic and energetic speaker with close ties to President Barack Obama -- has been traveling the globe to pitch the state's resources to prospective employers.

She's making a major push to draw alternative energy jobs, touting the state's experience with advanced manufacturing and engineering its easy access to the shipping lanes and wind power of the Great Lakes.

State officials have also devoted millions of dollars to an innovative retraining program for unemployed and low-income residents and have launched a major tourism campaign promoting Michigan's miles of pristine shorelines.

"It's an incredibly beautiful place and we have all these incredible water resources and our manufacturing process and know-how," Levin said in a telephone interview.

"We can make things cheaper, faster, better than other places because we have the highest concentration of engineering talent."

The success stories fill 12 pages of a website set up by the state's economic development corporation to tout the "Michigan Advantage."

A 2.9-million-dollar investment by a medical device firm (108 jobs). An 84-million-dollar expansion by an insurance company



Machinist Tom Slocum operates a milling machine at Dowding Industries in Eaton Rapids, Michigan on July 22. The auto parts supplier built the \$10 million facility a year ago in the hopes of drawing orders from the wind industry.

(1,600 jobs). A new, 220-million-dollar plant to build batteries for hybrid cars (498 jobs).

They pale in comparison to the 337,600 jobs Michigan has lost in

the past year alone.

"The fallout from the shrinkage of the auto industry -- even in the best scenario -- we will be feeling that for years," said Charles Ballard, an economics professor at

Michigan State University.

"The downward trend has been going on for 60 years, so it's not going to be fixed by Thursday. Even if they do the right things it'll take years before they bear fruit."

COLUMN

SARWAR AHMED

Media magic

It was one of the rare occasions when I got to hear Mahfuz Anam, The Daily Star editor, speaking about the responsibilities of the media. Bangladesh Brand Forum organised a discussion on the role of the media and businesses. Like a fresh breeze, and without much ado, he told the audience of how he, a socialist oriented student, has become a capitalist entrepreneur, thanks to running The Daily Star.

Not only that, he sounded more like a business professor, expounding the importance of brand and the trust a brand carries. I was amazed at the simplicity of how he explained what a brand is. Taking a bottled water in his hand, he explained what was simply plain water is now a promise carried by the brand. The promise is now of pure hygienic water that will not impair our health. The brand is synonymous to trust. Over a period of time, the brand conveys trust and that is what brings back customers again and again.

Explaining the symbiotic relationship in the growth of any business, he said it is through the media, consumers get to know what businesses have to offer. The credibility and reputation of the media also rub on the message being advertised.

He was quite astute about the need to make profit to ensure the long-term sustainability of any business. He qualified his statement by adding the element of ethics in business. Ethics is what makes a business trustworthy, and this convergence of profit and ethics is what makes a business sustain well into the future. Ethics in business without profit is empty and profit without ethics is evil, Mahfuz Anam emphasised.

So where is the divide between



Amitabha Datta, former president of India's Ananda Bazar Patrika Group, speaks at a discussion organised by Bangladesh Brand Forum in Dhaka on July 29 with a focus on relations between the media and business.

the media and business? Business folks summoned their courage to speak out. If you do not appease even a small bit newspaper, you can be assured of a jaundiced story the next day. It is that bad. To that, most media personalities present acquiesced of the drawbacks within their community and that was what made businesses shy away from the media.

The discussion was also graced by Amitabha Datta, just recently retired as the president from the Ananda Bazar Patrika Group. It was fascinating to hear his experience of thirty-four years career during the gradual transformation of West Bengal from a Marxist-socialist to a business oriented state and the role of the media in this transformation. The transitioning of West Bengal from

a profit-is-evil to a liberal economy was nudged on by the media. Profit in those days was a dirty word, as is profiteering now. However, people do understand the need for business and profit and West Bengal is now alluring big name IT groups to set up their base.

Who educates the media? Journalists lack knowledge in specific fields and are prone to write shallow reports without going in-depth. Amitabha felt it was the businesses' responsibility in their own interest, to make sure they educate the journalists in their specific fields.

To build trust between the media and businesses, it requires clear and transparent communication. Amitabha highlighted the example of Tata where a fire acci-

dent in an internal company function led to unfortunate deaths and burns of employees. Tata did not hide the fact. They opened the doors to the media, keeping them informed of what had happened, how many died, what they were doing with the injured. This clear communication and transparency brought media sympathy and heightened Tata's reputation as a responsible corporate house.

A pertinent question arose on how can the media be independent of the owner-shareholders, especially now that the media has taken a turn to be more than a cottage industry? The formula to be so was spelled out by Motiur Rahman, editor of the Prothom Alo. He reminisced about the point in time when Prothom Alo was launched with three objectives: 1.

To be the number one newspaper in Bangladesh, 2. To be independent of shareholders by becoming a viable business so that there would be no recourse to taking financial help and lead to questions of compromise, and 3. To be non-partisan, impartial and objective, thereby win the hearts and minds of their readers. In his own quiet and suave way, Motiur Rahman had all the pride to tell us of how well Prothom Alo had achieved all the three objectives and is what a newspaper should be, the conscience of the people.

Should we, should we not call the media for a heart to heart talk, and build up relationship with the media? This was a dilemma -- Rubaba Dowla of Grameenphone questioned. Mahfuz Anam in his sharp and simple way explained that the relationship between the media and businesses is like a doctor-patient relationship. You can have the best of relationship with your doctor, however the doctor has the responsibility to tell you the bad news if you are in that shape. Similarly, you can be good friends with the media, however, if the media needs to tell a sorry story about you, please don't interfere. This of course gives you the opportunity to better yourself too.

It was a wonderful dialogue that left us a lot wiser. As Ferhat Anwar, professor of IBA, summed up, the media has a catalysing role in the development of the country. Trust is a factor that grows business and its absence can make giants fall. A media-business partnership based on the principles of trust and transparency will lead to even more economic growth of our country.

The writer is the managing director of Syngenta Bangladesh Ltd.