

International Business News

Malaysia's exports slump 22.6 pc in June

AFP, Kuala Lumpur

Malaysia's exports, the mainstay of the economy, fell 22.6 percent year on year in June, official data showed Wednesday.

The trade ministry said in a statement that shipments slumped to 45.1 billion ringgit (12.9 billion dollars) year-on-year while imports fell 20.8 percent to 35.99 billion ringgit.

Total trade from January to June was worth 250.53 billion ringgit, a decrease of 23.4 percent from a year ago, but Malaysia did manage to record a trade surplus of 59.23 billion ringgit in that period.

However, the latest exports figures showed a recovery from April's 26.3 percent fall and the 29.7 percent dive recorded in May, which was the lowest since 2001.

"Manufactured exports in June 2009 increased by 2.5 percent compared with the preceding month," the ministry said in the statement.

"This was due mainly to higher exports of electrical and electronic products, machinery, appliances and parts, optical and scientific equipment, chemicals and chemical products as well as manufactures of metal," it added.

Electrical and electronic products account for one-third of Malaysia's total exports to key markets in China, Japan, Thailand, Europe and the United States.

Lloyds bank posts huge loss as bad debts surge

AFP, London

Britain's state-controlled Lloyds Banking Group said Wednesday that it plunged into a first-half net loss of 3.124 billion pounds, rocked by soaring bad debts that stemmed from the takeover of HBOS.

The loss, equivalent to 3.7 billion euros, 5.3 billion dollars, contrasted with a net profit of 1.954 billion pounds in the first half of 2008, LBG said in a results statement.

The group, which is 43-percent owned by the state after a massive bailout, also announced a pre-tax loss of 3.957 billion pounds in the six months to the end of June, compared with a profit of 2.775 billion last time around.

Total impairment charges rocketed to 13.4 billion pounds, compared with 2.5 billion previously.

Assets of HBOS, which Lloyds bought in January in a government-brokered deal, accounted for around 80 percent of the impairments.

"Our first half loss was driven by the high levels of impairment. The core business delivered a resilient performance, despite the weak economy," Chief Executive Eric Daniels said in the earnings release.

He added: "We are successfully managing the short-term issues and are well positioned to outperform over the medium term, providing value to our customers and shareholders."



A view of United Overseas Bank (UOB) head office is seen in Singapore yesterday. Singapore's United Overseas Bank (UOB) announced on August 5 that their second quarter net profit plunged 21.7 percent year on year but said it was upbeat about the future as the global economy picks up.

JAL mulling 10pc cut in passenger services

AFP, Tokyo

Japan Airlines (JAL) is considering slashing its passenger services by about 10 percent as it struggles to return to profit with financial help from the government, a newspaper reported Wednesday.

Asia's biggest carrier may cut jobs and unprofitable flights while downsizing to smaller planes on some routes, the Yomiuri Shimbun said in its evening edition, without naming its source.

The flight reductions would mainly affect international routes, while cost reductions for domestic trips would likely come from greater use of smaller planes, the newspaper said.

JAL, which forecast in May a net loss of 63 billion yen (662 million dollars) for the business year to March 2010, said it was considering cutbacks, but denied they would be as drastic as reported.

"Our discussions have tended to focus on reductions, but there has never been an idea about a 10 percent cut," a JAL spokesman told AFP.

ECB interest rate fixed at 1pc for now

AFP, Frankfurt

The eurozone's key interest rate will stay at a record low of 1.0 percent Thursday while the European Central Bank assesses the effects of previous moves to reboot the 16-nation economy, analysts say.

Bank president Jean-Claude Trichet "will probably mention that the first effects of the ECB's monetary easing are visible and that the full effects are yet to come," Citi economist Michael Saunders said.

The central bank has cut its main lending rate from 4.25 percent in October and has supplied huge amounts of cash to commercial banks to get credit flowing to businesses and households, with mixed results.

It expects quarterly growth to return in mid-2010, but economists warn that an economic recovery is likely to be a weak one.

Signs the bloc's first recession is tapering off have increased however, the latest being a key measure of manufacturing activity that rose to its highest level for 11 months in July.

ENTREPRENEURSHIP

Cane shaping lives in Sylhet

MADAN SHAH

Sylhet has a name for cane furniture. The natural and main reason for this is the better growth of cane in the region. Over the years people have started earning their livelihood utilising and exploiting whatever they found growing or available in their surroundings. Over time, the ways of utilising and exploiting evolved and they acquired expertise in the skill of trade. Certain areas gained name and fame for certain trade or craft.

In case of Sylhet, it is perhaps cane after tea. Of course there is a little logic of any comparison with tea, which has been a big industry from the very beginning. Cane is logically not produced on such a large scale. Whether it is the cool mats or baskets, bags and cases or furniture, cane has remained as a popular cottage or small industry. However, this cottage or small industry, whatever you like to call it, is not where it was say, 70 years ago. Over these years, its qualitative standard, design and product innovation -- all have certainly advanced, if not very fast, but as much as for survival. And now it is overcoming the versatile challenges of plastic and synthetic age.

However, to face the competition of standard, especially in case of furniture, it is no more a sole reliance on local canes. Special quality cane also has to be imported from far away Kenya and neighbouring Myanmar. And this requires additional investment.

Sylhet is generally considered affluent than other areas of the country. The basis of such surmise is that every alternative household is supposed to have a bread earner abroad. At the fag end of the British rule and when the rulers were leaving, some people from Sylhet went with them to Britain as workers. That was the beginning. Then one responded to his kin's call, following him some others, and this way many went there and were engaged in various jobs. Over the time some even opened shops, especially curry shops and restaurants. Among the Bangladeshi expatriates in Britain, people from Sylhet dominate by number. At present, besides Britain, the number of workers and expatriates from Sylhet is also not very insignificant in the Middle East countries.



Cane furniture has become a hit over the years. But local makers need to import high-quality cane from Kenya and Myanmar. And this requires additional investment. Microcredit is not enough to help the industry flourish.

Remittances from these sources are believed to be the basis of affluence of the people of Sylhet. But not for all. Poverty is also here, if not so acute. And microcredit is helping the poor here too in their efforts to come out of the vicious circle. Such a microcredit beneficiary is cane furniture maker Leema Begum.

Sylhet is a sprawling city. Very often the extending city area mingles with the outskirts diminishing demarcation. Such a locality is Ghasitola where lies Leema Begum's sort of cane furniture workshop and abode.

Some eight years ago she became a member of non-government organisation ASA's Osmany Medical College branch and took her first loan of Tk 6,000.

Her husband Mohammad Dildar Hossain is a cane worker. He started a factory much earlier taking a business loan of Tk 20,000 from the same branch of ASA. Now his wife has joined hands. She has learned the craft by closely observing her husband and others working over the years.

Since then Leema is running the factory along with her husband. Meanwhile Dildar's business loan was repaid. Leema also paid previous loans and took enhanced new loan each year and after eight years she is now repaying her eighth loan of Tk 28,000. With the returns from this cane furniture manufacturing, they have repaid the loans, renovated homestead and taken service connections. They have two sons and a daughter. Both the sons work with their parents.

In addition, there are 5/6 day labourers. Meeting all expenses, Leema and Dildar now have an earning of more or less Tk 20,000 a month.

There might arise natural curiosity about whether microcredit could meet the capital need of even small-scale cane furniture manufacturing unit, especially when it requires use of costly Myanmar and Kenyan canes side by side with Sylhet and Chittagong canes in the face of competition. In fact Dildar and Leema started the business with comparatively small investment and greater input of their labour and skill. Leema enhanced her amount of loan each year, repaying the previous loans that gradually increased their capital and capacity. They now can supply furniture according to market demand, procuring

all necessary raw materials. They believe microcredit has helped them attain this level. Then, should they advance with microcredit in case of expansion also?

No. This time Leema will take a bigger amount of loan. She is very much interested in expansion and modernisation of their factory, because, she believes, it is a prerequisite for survival in the competition.

The traditional cane industry is surviving bracing many odds and competitions. In the enterprising hands of such entrepreneurs as Leema and Dildar and many others like them, however small they may be, this craft is set to survive with repute.

The writer is a senior assistant editor of The Daily Star.

LIFESTYLE

Starbucks goes undercover with local café

AFP, Seattle, Washington

From Hong Kong to Paris to Miami to Seattle, if you have visited one Starbucks, you have visited them all.

Similar menus of coffee-based beverages served in paper cups. Identical furnishings that ensure a standardized coffee experience the world over.

Now, the Seattle-based coffee giant is trying to break the mold by establishing a "stealth" cafe in the city's trendy Capitol Hill, an apparent experiment in going back to basics to attract new customers.

In a neighborhood dotted with one-off coffee houses with unique charm and established baristas familiar to loyal customers, Starbucks last week opened "15th Avenue Coffee and Tea," a corporate version of its independent neighbors.

The building -- the former site of a traditional Starbucks -- is now a plain-looking structure with minimal signage.

The only time the company is mentioned is on a small sign etched on the entrance that says "inspired by Starbucks."

Inside, there are no baristas in green aprons, no Formica counter tops, not even the standard menu board. Instead the walls are of weathered wood, the tables and chairs unmatched. Coffee is served in ceramic cups and many utensils look like they were purchased in a second-hand store.

The chalkboard menu of familiar drinks and food are without prices.

Imported and handcrafted beer and wine are available. There is piped in music and wi-fi; there are promises of live music and poetry readings in the future.

The branch, apparently designed to lure a more discerning coffee-drinking customer, comes as Starbucks is shutting the doors on hundreds of stores worldwide and shedding thousands of jobs.

Yet whether the "stealth Starbucks" experiment works remains to be seen. Despite crowds filling the tables, local aficionados seemed unimpressed.

"I have been through this with them before," said Kismet Kaine, who was walking along the street drinking coffee from nearby Café Ladro.

"I used to get coffee at Terrafazione before Starbucks bought them up," she said. "The coffee was never as good after that. I



The 15th Avenue Coffee and Tea in Seattle, Washington, is a Starbucks like no other. It is a concept experiment by the coffee company to enter the neighbourhood coffee house culture. This coffee house operates without using the standard Starbucks logo or other signs of the corporation. It is labelled as "inspired by Starbucks" while serving the same coffee.

can't see why I would go to this place. I found just what I like at Café Ladro."

Less than a block from the 15th Avenue Coffee and Tea location, sits "Victrola Coffee Roasters," a funky neighborhood haunt filled with art deco furnishings, art, wi-fi, and music as well as coffee, pastries and sandwiches.

Manager Tonya Wagner says she finds it interesting that her corporate competitor would attempt this concept in a neighborhood that has a full complement of unique coffee houses.

"There are a lot of places in the Seattle area that would readily accept a place like the 15th Avenue Coffee House," she said. "They have attempted to reinvent themselves like this before and it didn't work."

Starbucks, which has declined interviews about the concept, has said it is planning to open two more coffee shops without its name in the Seattle area.

Wagner, who has been at Victrola since 2000, thinks Starbucks may be trying to find its place in a market that is squeezing it from above and below.

"They went for the middle ground," she said. "They wanted to serve a lot of people a good cup of coffee quickly. That worked for a long time."

Then the economy went sour and along came McDonalds serving coffee drinks cheaply and quickly. A lot of customers have gone there."

According to Wagner, higher-end customers have gravitated to small coffee houses specializing in gourmet coffees and

unique ambience.

"Even in this economy, our sales are running 15 percent ahead of a year ago," she said. She also thinks Starbucks doesn't understand the concept of a neighborhood coffee house.

"This is a culture that comes from the bottom up," she said. "We know the customers, we use local talent and art that fit the community. I don't think you can do that from a corporate headquarters."

Down the street a few hundred meters, Courtney Howard, the manager of Café Ladro, is not worried about the new competition.

"In today's economy, everybody's trying to stay afloat," said Howard. "If they're trying to go back to the neighborhood feel, I say more power to them."