International Business News

Healthier Ford focuses on new product line production

AFP, *Detroit, Michigan*

Ford Motor Company, the only one of the country's Big Three automakers to avoid bankruptcy, has pledged to accelerate its new product lines as it tries to consolidate a four-year turnaround effort.

"Within five years, Ford expects to have reduced the age of its global product portfolio by 20 percent," the company said this week.

In July, Ford reported a 2.3 percent increase in auto sales -- the first month it has posted a year-over-year gain since November 2007.

The company acknowledged that the positive movement was mostly due to the government's "cash for clunkers" program, which subsidised the cost of new cars for some Americans, but analysts are upbeat about Ford's overall health.

"We think Ford could be profitable (on a sustained basis) by the end of 2009," said Deutsche Bank analyst Rod Lache.

In an attempt to capitalise on that momentum, Ford is preparing to wheel out several new and revived lines, including the 2010 Ford Taurus.

"This isn't about staying the course. It's about prospering after the downturn," said Lewis Booth, Ford's chief financial officer.

"My job is to make sure we have the proper balance of resources to protect our future," he said.

Ford officially launched its new advertising campaign for the 2010 Ford Taurus bolstered by a positive safety rating from Insurance Institute for Highway Safety.

Clinton on oil mission to Angola

AFP, *Luanda*

US Secretary of State Hillary Clinton on Sunday shifts the focus of her Africa trip to business as she works to ensure a steady oil supply from key producer Angola and counter China's growing influence.

The top US diplomat was due to make a one-day visit to the southern African nation, which vies with Nigeria as the continent's biggest oil producer but where two-thirds of the population lives on less than two dollars a day.

Clinton was going to Angola "to strengthen that relationship with one of Southern Africa's emerging countries, a country which has enormous economic potential," said Johnnie Carson, her top Africa aide.

He dismissed talk of rivalry with China, saying that was a "Cold War paradigm."

China, hungry for resources to fuel its rapidly growing economy, has been ramping up investment in Angola and other African nations, often raising controversy as Beijing puts little focus on human rights and good governance.

Angola is now China's largest supplier of crude oil. But it is also a key provider to the United States; Angola sold 19 billion dollars in exports to the US market last year, 90 percent of it oil.

Obama in first summit with Mexico, Canada leaders

AFP, *Guadalajara, Mexico*

US President Barack Obama attends his first North American leaders summit in Mexico on Sunday with the economic crisis and swine flu on an agenda overshadowed by Mexican drug violence.

Hundreds of Mexican soldiers and police deployed in the western city of Guadalajara for the summit in which Obama, Mexican President Felipe Calderon and Canadian Prime Minister Stephen Harper were due to touch on a wide range of topics affecting the region of almost 450 million inhabitants.

Measures to help recovery in the three major economies that have been tied by the North American Free Trade Agreement (NAFTA) for 15 years were a top priority.

Like the United States, Mexico has sunk deep into recession, with much of its industry tied to the worst-affected areas of the US economy -- cars and construction -- and migrant workers north of the border sending less money home.

In the two-day meeting, Canada and Mexico -- the first and third-largest US trading partners -- were expected to pressure Obama over a "Buy American" clause in the US economic stimulus plan.

World pins recovery hopes on rising house prices

AFP, *London*

For homeowners around the world struck by the collapse of property markets, figures showing the downward spiral may be halting are the most meaningful signs yet of a possible economic recovery.

As battered banks and stocks rally again, news that US house prices are finally rising after nearly three years of traumatic decline offers the greatest hope to hard-pressed homeowners from California to Krakow.

The sub-prime home loan crisis in America was the pressure-point that exposed underlying global financial chaos -- and many economists say property prices there are the linchpin for confidence in broader economic recovery.

AFP

This photo taken on July 27 shows foreign journalists looking at a cut out of a BYD (Build Your Dreams) electric car in Shenzhen, China. Formed in 1995, BYD has enjoyed huge success providing batteries for mobile phones, exactly the kind of low-end manufacturing that helped Shenzhen transform from a fishing village to a gleaming city of 12 million in 30 years.

INTERVIEW

Give migrant workers incentives

RMMRU chief suggests in an interview with The Daily Star

PORIMOL PALMA

Migration expert Dr Tasneem Siddiqui has suggested that incentives for the workers sending money home through official channels could give a boost to remittance, which ultimately will create scope for productive investments.

Initially, incentives at a rate of five percent, now meant for garment exporters, will encourage migrant workers to a great extent in this regard, she points out.

"Authorities can make arrangements that part of any remitted amount along with incentives be saved so that banks provide better loan facilities for productive investments to the expatriates when they return home," Siddiqui told The Daily Star in an exclusive interview yesterday on the eve of a remittance fair.

The fair begins at Bangabandhu International Conference Centre in Dhaka today.

Best service providers in remittance, recruitment and best remittance users will be awarded at the fair, aimed at strengthening banks-migrant workers ties.

Professor Siddiqui is founder chair of the Refugee and Migratory Movements Research Unity (RMMRU) of Dhaka University.

Siddiqui, who teaches political science at the university, has a number of research books on labour migration, remittance and its utilization to her credit.

"I put it like this: our migrant workers send annually around $25 billion. They send $5 billion in terms of goods, $10 billion in hundi (unofficial channel) and the rest through official channels," she said.

According to official data, $9.2 billion was sent home last year by more than 60 lakh Bangladeshis working abroad.

Migrants use unofficial channels mainly because they get better rates, and of course they find it cumbersome to follow banking procedures, Siddiqui said.

Dr Tasneem Siddiqui

In this context, the expert points to some negative aspects of hundi. She said if the expatriates send money this way, the government will be deprived of benefits of the huge amount of foreign currencies that strengthen the central bank's reserve and help maintain balance of account.

Besides, traders use hundi money to import products, showing low prices of imported goods in invoice, she said. "Thus, the government is also deprived of huge import duty. With hundi, the recruiting agencies or manpower brokers buy work visas, which is totally illegal and the root of major problems in recruitment system."

"Who knows that the hundi would not be used for illegal activities like arms trading and smuggling?" she raised the question.

The RMMRU chief also pointed to the fact that the money that the families of migrants get through hundi is used in a very unplanned manner.

"They spend a major portion of the money in buying food and land besides building houses, and partly for luxuries. Finally, when the migrants return, they don't find a little remaining to be utilised for income-generating activities," Siddiqui said.

This trend must change, the migration veteran said, adding: "We suggest that a worker should have two bank accounts before going abroad for job. One account will be personal and the other is for his or her family. The first one may be used for saving money and the latter for sending money for the family."

When migrants return home, banks can offer various investment products for them, which will ultimately lead to income-generating schemes turning them into entrepreneurs, Siddiqui said.

"Thus migrants' hard-earned money will help them upgrade their financial status," she said.

The banks, therefore, will also have to come forward to make banking procedures flexible and the government has to take the policy decision on migrant incentives.

"It's a migration decade, so we have to make the best use of it. This needs innovative approaches," Tasneem Siddiqui said.

Global downturn hits Asia's foreign workers

AFP

Potential Nepalese migrant workers queue up to collect their new passports at the Foreign Ministry in Kathmandu on August 7. A Nepalese economist has said remittances from workers abroad accounted for around 20 percent of the country's gross domestic product (GDP) and were its single most vulnerable source of income.

AFP, *Kathmandu*

When Anita Gimmi was unable to find work in her native Nepal last year, she borrowed 1,300 dollars and travelled to Qatar to take up a two-year contract with a cleaning company there.

Less than a year later, the 26-year-old has been forced to return home still heavily in debt after becoming one of thousands of foreign workers to be laid off as the economic downturn hits Southeast Asia and the Middle East.

"I had no choice but to go abroad because there are no employment opportunities here in Nepal," said Gimmi, whose parents, husband and son all depended on her monthly salary of 155 dollars.

"The family had quite a decent life for a while, but now our situation is miserable. Even getting two proper meals a day is becoming difficult as I don't have any income at present."

Millions of families in poor Asian countries rely on remittances from relatives working in unskilled jobs such as construction or as domestic servants in Southeast Asia and the Middle East.

But the World Bank last month forecast a 7.3 percent fall in remittance flows to developing nations in 2009 as the recession hits jobs in richer countries that have traditionally employed large numbers of foreign workers.

Nepalese economist Shankar Sharma said remittances from workers abroad accounted for around 20 percent of the country's gross domestic product (GDP) and were its single most vulnerable source of income.

"Nepal escaped the immediate impact of the global financial crisis, but its effects are slowly becoming visible," he told AFP.

"The growth of remittances declined to 28 percent in 2008/9, from 42 percent the previous year. So the recession has started showing some impact."

Many Asian countries including Nepal, Bangladesh, the Philippines and Pakistan have registered increases in foreign remittances this year.

The central bank of the Philippines -- fourth-largest recipient of overseas remittances in the developing world after India, China and Mexico -- said such payments reached a record 1.48 billion dollars in May.

But experts say this may reflect a growing number of workers returning home for good, bringing their savings and severance packages with them.

"Such a phenomenon would lead to a sharp reduction in remittances in the following months," said the World Bank in a recent report on the Philippines.

Pakistan's economy relies heavily on its roughly four million expatriates -- around two million of them in the Gulf -- and registered a record 7.81 billion dollars in remittances for the 2008/9 financial year.

But economist A.B. Shahid said this was "due mainly to the transfer of settlement dues by Pakistani expatriates whose services have been terminated in recession-suffering Gulf countries."

This is a worrying development for Maimoona Ayub, a housewife and mother of four in Karachi who relies completely on money wired home by her plumber husband in Dubai.

"His support helps me raise and educate our children, but now his job is also in danger," she told AFP. "He told me many of his co-workers have been fired and he was prepared for the same fate."

In impoverished Bangladesh, where in the past year alone remittances contributed 11 percent to GDP, government figures show a huge drop in the number of people going abroad to seek work.

Almost 251,000 people left the country between January and June -- a 50 percent drop on the same period last year, according to the Bureau of Manpower and Employment Training (BMET).

BMET director general Masud Ahmed said the slowing of economies in the Gulf region, where many Bangladeshis are employed, was a key reason for the downturn.

"Unless their economies pick up, we don't see any major boost in the country's manpower export," Ahmed told AFP.

Vietnam's state news agency reported in July that the government was unlikely to meet its target of sending 90,000 people to work abroad this year because of the economic crisis.

Many workers have had to return home before their contracts expired in recent months because of the global recession and steps are being taken to help them, it quoted a labour ministry official as saying.

Vietnamese welder Tran Trung Hieu left for Slovakia last November on a three-year contract, but was expelled in May after his company terminated the contract citing the economic downturn.

The 22-year-old said his family had borrowed more than 11,000 dollars to send him.

IMF loan insufficient for Pakistan problems, say economists

AFP, *Karachi*

Pakistani economists on Saturday said an additional 3.2 billion dollar loan from the IMF would have little impact on the economic problems facing the cash-starved South Asian country.

The International Monetary Fund on Friday said it had approved an additional 3.2 billion dollar loan to Pakistan after it asked for more help to weather the global economic crisis.

The IMF said the extra funds for its Pakistan loan programme would "help the country address increased balance of payment needs" and raise the total loan to 11.3 billion dollars.

Independent economists said it wasn't enough to solve Pakistan's economic woes though.

"It is just a temporary relief for our economy given the fact that we have to return the loan in a brief two-year period while our economy needs a decade or so to attain stability," economist A.B. Shahid told AFP.

He noted that the Pakistani currency the rupee has already depreciated against the dollar by about a third in the last 18 months and continues to dwindle.

Pakistan's state bank says total liquid foreign reserves currently held by the country stand at 11.71 billion dollars. They dipped to around six billion dollars last year, triggering a balance of payment crisis and forcing Islamabad to seek the IMF's help.

The IMF has already given Pakistan four billion dollars from the 7.6 billion dollar Stand-By Arrangement agreed in November.

Mohammed Sohail, chief of Topline Securities, said the IMF's additional loan would support Pakistan's external account problems.

"This will provide the much needed support to Pakistan's external accounts which came under pressure due to a slowdown in exports and foreign investment," he said, adding that he expected the country's foreign exchange reserves to stabilise at between 12 and 13 billion dollars.

Sohail said that though some stability was expected in the currency market in the short run, the rupee would remain vulnerable to external flows because of the global recession.

He added that news of the extra money would likely help the Pakistani equity market, currently the most under-performing one in Asia, to rise above the key 8,000 point level.

Economist Rauf Nizamani said the IMF's loan actually risked creating new challenges for the government and the country as a whole, by forcing it to withdraw subsidies for utilities.

Islamabad "will find itself sandwiched between its people and the IMF if it withdraws subsidies on oil, gas and power as per (the) IMF's guidelines," he said, adding that this could create political unrest.

The country is already battling an insurgency in the northwest by Taliban and Al-Qaeda-linked extremists whom the United States has accused of posing an existential threat to nuclear-armed Pakistan.

It approached the IMF last year for the rescue package as it grappled with a 30-year high inflation rate and fast-depleting reserves that were barely enough to cover nine weeks of import bills.