

International Business News

Malaysia 'well-positioned' to weather global crisis: IMF

AFP, Washington

The International Monetary Fund on Friday said that Malaysia has been hit hard by the global economic crisis but that sound policies had positioned the country to cope with the downturn.

The IMF said the Malaysian authorities' fiscal response to the crisis "has been appropriately large."

However, there was "some limited room" for additional stimulus if the downturn proves longer or deeper than expected, the IMF said following a review with Malaysian officials on July 16.

"Executive directors commended the Malaysian authorities for sound macroeconomic management in difficult circumstances, and observed that Malaysia is well-positioned to weather the severe impact of the global downturn," the report said.

"A strong external position, robust balance sheets of household and corporate sectors, and sound financial system should lessen the blow from adverse external shocks," it said in a statement.

The Article IV consultation is a review usually held annually with each of the IMF's 186 member nations.

The IMF said that economic activity and inflation have slowed considerably since mid-2008, putting the economy on track to contract for the first time in 10 years.

Geithner to attend G20 finance chiefs meeting in London

AFP, Washington

US Treasury Secretary Timothy Geithner will attend a Group of 20 finance chiefs meeting in London early next month, the government said Friday.

Geithner will participate in the September 4-5 meeting in the British capital, where finance ministers and central bank governors of the G20 developed and developing countries will "discuss a range of issues including the state of the global economy and progress made since the G20 leaders meeting in London earlier this year," the Treasury Department said in a statement.

The trip "will provide the secretary with an opportunity to consult with key partners in preparation for the upcoming G20 summit in Pittsburgh," it added.

Leaders of the G20, which represents 85 percent of the world's economy, will meet in the Pennsylvania city on September 24-25, at the invitation of President Barack Obama.



AFP

Men walk past a shop's advertisement for skin care products in Hong Kong yesterday. Hong Kong began to pull out of recession in the second quarter, government figures showed, but officials warned against complacency.

Russian, German leaders want to boost economic ties

AFP, Sochi, Russia

Chancellor Angela Merkel and President Dmitry Medvedev called Friday for stronger Russian-German economic ties as they held talks focusing on a bilateral investment and industrial cooperation deals.

"We should think how, by strengthening our bilateral economic strategic ties, we could help our economies and people overcome consequences of this difficult global crisis and emerge stronger from it," Medvedev said.

Speaking to journalists as he greeted Merkel at his palm-lined residence at the Black Sea resort of Sochi, Medvedev congratulated the chancellor on news Thursday that Germany had emerged from recession.

"We were also very happy to hear that, though it was at a very low level, we saw small economic growth in the previous quarter," Merkel replied.

Cash-for-clunkers programmes lift Europe car sales

AFP, Berlin

New car sales in western Europe rose for the second month in a row in July driven by cash-for-clunkers government bonus programmes, the German auto federation said Friday.

Sales of new cars in western Europe rose five percent last month in a year-on-year comparison to 1.22 million vehicles, VDA said in a statement, as state subsidies helped to offset the global recession.

However eastern Europe continued to suffer. Turnover in the former communist states of the European Union fell 21 percent compared to July 2008 as the economic crisis continued to whipsaw through the region.

Those losses dragged on total car sales in the European Union, leading to an only three-percent rise year-on-year to a total of 1.297 million vehicles.

US BANKING

Colonial goes under

AP, Washington

Real estate lender Colonial BancGroup Inc has been shut down by federal officials in the biggest US bank failure this year.

The Federal Deposit Insurance Corp, which was appointed receiver of the Montgomery, Ala.-based Colonial and its about \$25 billion in assets, said the failed bank's 346 branches in Alabama, Florida, Georgia, Nevada and Texas will reopen at the normal times starting on Saturday as offices of Winston-Salem, NC-based BB&T.

The FDIC has approved the sale of Colonial's \$20 billion in deposits and about \$22 billion of its assets to BB&T Corp.

Regulators also closed four other banks: Community Bank of Arizona, based in Phoenix; Union Bank, based in Gilbert, Ariz; Community Bank of Nevada, based in Las Vegas; and Dwelling House Savings and Loan Association, located in Pittsburgh.

The closures boosted to 77 the number of federally insured banks that have failed in 2009.

The agency established a temporary government bank for Community Bank of Nevada to give depositors about 30 days to open accounts at other financial institutions. The failed bank had assets of \$1.52 billion and deposits of \$1.38 billion as of June 30.

Community Bank of Arizona had assets of \$158.5 million and deposits of \$143.8 million as of June 30, while Union Bank had assets of \$124 million and deposits of \$112 million as of June 12. The FDIC said that MidFirst Bank, based in Oklahoma City, has agreed to assume all the deposits and \$125.5 million of the assets of Community Bank of Arizona, as well as about \$24 million of the deposits and \$11 million of the assets of Union Bank. The FDIC will retain the rest for eventual sale.

Dwelling House had \$13.4 million in assets and \$13.8 million in deposits as of March 31. PNC Bank, part of Pittsburgh-based PNC Financial Services Group Inc, has agreed to assume all of Dwelling House's deposits and about \$3 million of its assets; the FDIC will retain the rest for eventual sale.

The failure of Colonial is expected to cost the deposit insurance fund an estimated \$2.8 billion and that of Community Bank of Nevada, \$781.5 million; Union Bank, \$61 million; Community Bank of Arizona, \$25.5 million; and Dwelling House, \$6.8 million.

The 77 bank failures nationwide this year compare with 25 last year and three in 2007.

As the economy has soured - with unemployment rising, home prices tumbling and loan defaults soaring - bank failures have cascaded and sapped



AFP

Employees lock the doors to a branch of the Colonial Bank on in Montgomery, Alabama on Friday. According to reports, BB&T Bank of Winston-Salem, North Carolina, will buy the troubled Colonial Bank's assets after the bank is seized by the FDIC.

billions out of the deposit insurance fund. It now stands at its lowest level since 1993, \$13 billion as of the first quarter.

While losses on home mortgages may be levelling off, delinquencies on commercial real estate loans remain a hot spot of potential trouble, FDIC officials say. If the recession deepens, defaults on the high-risk loans could spike. Many regional banks hold large numbers of them.

The number of banks on the FDIC's list of problem institutions leaped to 305 in the first quarter - the highest number since 1994 during the savings and loan crisis - from 252 in the fourth quarter. The FDIC expects U.S. bank

failures to cost the insurance fund around \$70 billion through 2013.

The May closing of struggling Florida thrift BankUnited FSB is expected to cost the insurance fund \$4.9 billion, the second-largest hit since the financial crisis began. The costliest was the July 2008 seizure of big California lender IndyMac Bank, on which the insurance fund is estimated to have lost \$10.7 billion.

The largest U.S. bank failure ever also came last year: Seattle-based thrift Washington Mutual Inc. fell in September, with about \$307 billion in assets. It was acquired by JPMorgan Chase & Co. for \$1.9 billion in a deal brokered by the FDIC.

COLUMN

Colour your cotton

Anything that is good is either illegal, immoral or fattening, and so is it with biotechnology, Dr Hasina Khan, professor, department of biochemistry, Dhaka University, wryly explained to fifteen privileged students.

They had gathered for the first local Novartis BioCamp, held last week at the Jamuna Resort, hugging the approach road to the Bangabandhu Bridge. As a member of the jury board which included Ashfaqur Rahman, managing director, Novartis, Dr Ferhat Anwar, professor, IBA, Dr Imran Ahmed, pro-vice chancellor, ULAB, and Dr Hasina Khan, we had to select two top notch students who would take on the mantle to the Novartis global BioCamp, to be held in the USA in October this year.

Dr Hasina's easy-to-understand presentation on what is biotechnology and its contribution to society was like having a cup of tea, sprinkled with a sense of humour that tickled you to appreciate the vast opportunities of how biotechnology will benefit the mankind. Just back from a visit to China, she explained how stem cell research had advanced to a point that it was almost scary when she saw a cell under a microscope that was behaving like a pumping heart!

Ashfaqur explained to the assembled students of advances in biotechnology in providing more nutritious food to an increasing global population in diminishing arable lands, of medical solutions to crippling diseases both in humans and animals, and of course golden rice with its beta-carotene contents that will give



NOVARTIS

Jury board members and students gather for the first local Novartis BioCamp at the Jamuna Resort last week.

enough Vitamin A to prevent night blindness in children in poor rice societies who cannot afford vitamin-rich diets.

What is the purpose of BioCamp? Ashfaqur explained that it is a pioneering seminar conceived by Novartis that brings young talents from universities closer to the biotechnology sector. It is about meeting students from all over the world where they work together from different schools and cultures.

The BioCamps also help students to get insights on current and future challenges in biotechnology. They get to understand the relationship between biotech academia and its relationship to business.

After this introduction, Dr

Imran then went on to explain that in the next twenty hours, the students who were grouped in threes, were to produce a presentation on a given topic related to biotechnology. Explaining what a business plan is, he elaborated on the time, discipline and quality of the presentation that would be the basis for judging the outcome.

Armed with notebook computers and internet modems, and a hearty dinner tucked in their famished stomachs, the student groups melted away into the night, seeking answers and business models to their question related to the new world of biotechnology.

We jury members tucked ourselves in the secluded cottage rooms, trying to get some sleep in the noisy air-conditioned bed-

rooms or trying our luck to watch cricket on television sets which worked in some rooms and not in others.

Catching up at breakfast with the Novartis team steering the event, Mekhola Haque, head of corporate affairs, explained that some of them including students took a break to clear their heads around midnight by swimming in the pool. The very thought was so refreshing in the warm morning as we helped ourselves to luchi, omelet and halwa.

Flanked by her colleagues, Kazi Ali Tahzeeb, Rasidul Hasan, both winners from the last global BioCamp, and Faisal Mahmood providing IT support, Mekhola led her team in ensuring the discipline required to finish the event

Madoff victim reveals secret 20-year affair

AP, New York

A new book says that an investor who claims she was devastated by Bernard Madoff's multibillion-dollar Ponzi scheme had a two-decade affair with the disgraced financier.

The memoir, "Madoff's Other Secret: Love, Money, Bernie, and Me," was written by Sheryl Weinstein, whose relationship with Madoff spanned more than 20 years while both were married, said John Murphy, a spokesman for publisher St Martin's Press. It goes on sale Aug 25.

Madoff, 71, is serving 150 years in prison for defrauding investors. Weinstein says she met him at a business meeting when she was chief financial officer for the charitable women's organisation Hadassah, where she had a role in investment decisions.

Madoff attorney Ira Sorkin said he hopes the author "was more discreet with her investment obligations than she has allegedly been with her sex life."

An attorney for Madoff's wife, Ruth Madoff, said his client did not know about the "alleged affair." The attorney, Peter Chavkin, said the allegations were a powerful reminder to those who claim Ruth Madoff knew about her husband's massive Ponzi scheme "that there are some things that some spouses -- however close they are -- do not share with each other."

At Bernard Madoff's June sentencing, Weinstein was among investors to urge a long prison sentence for the financier, who admitted ripping off thousands of investors for billions of dollars for at least two decades. She said she viewed meeting him 21 years ago "as perhaps the unluckiest day of my life."

Weinstein said her investment losses had forced her to sell her Manhattan home and devastated her, her husband of 37 years, her son, her parents, her in-laws and everyone who depended on them. She called Madoff "that terror, that monster, that horror, that beast... an equal-opportunity destroyer."

In her correspondence with the court, Weinstein made no mention of the affair, though she did write in a request to speak at sentencing that she wanted to address Madoff and the court because "I think the personal connection may be more difficult for him to ignore."

Her husband, Ron Weinstein, said in a June letter to the court that all the money the couple had saved was lost by Madoff and that their marriage was strained.

"My wife has been a basket case," he said, "and we are both very depressed."

The book has drawn fresh attention to Hadassah, the Women's Zionist Organisation of America.

The organisation has said its principal investment with Madoff totalled about \$33 million, while another \$7 million had been entrusted to Madoff after it was donated by a French backer in 1988. Hadassah did not return a telephone call for comment Friday.

SARWAR AHMED

by late afternoon, on time. She made sure the gentlemen in the jury were dressed up proper in ties for the media interviews that followed. And of course the jubilant elation of Ahmed Shakir Ashfaqur, completing his MBA from IBA, and Shahnoor Hasan, completing her Master's on Environment Science from IUB, as they were declared first and second, and Bangladesh's ambassadors to the global BioCamp, was well deserved.

More than a century ago, people thought of Jules Verne's fictional books, Twenty Thousand Leagues under the Sea (1870) or, Around the World in Eighty Days (1873) to be flights of imagination. His submarine and flying ship are realities today. We are similarly at that stage of biotechnology where we have skeptics, cynics and moralists who want us to stay away from the advances of science and biotechnology. However, like always, the tide will be against them as soon as the benefits outweigh the imagined horror of what biotechnology will unleash on earth.

For instance, scientists have already bio-engineered naturally coloured cotton which can eliminate the need for dyes and chemicals required today to colour cotton. Wouldn't that be a blessing for our toxic rivers? In the near future, cotton will bloom in the colours we want right in the fields, not in the worryingly polluting textile plants that are choking our rivers to death. Now, isn't this a pleasant thought of biotechnology helping us live in this beautiful world?

The writer is managing director of Syngenta Bangladesh Ltd.