

International Business News

Sri Lanka eyes peace dividend

AFP, Colombo

Conflict-torn Sri Lanka is banking on foreign cash to rebuild shattered infrastructure as the island emerges from decades of ethnic civil war, officials say.

Analysts are expecting a large investment peace dividend in the country where bomb attacks and fighting dented investor confidence and kept high-spending tourists away from the tropical South Asian island.

There will be plenty of opportunities for investment once the former war zone in the north and east is open for business, said Chinthaka Ranasinghe, head of Research at John Keells Stock Brokers in Colombo.

"These areas have been virtually bombed out. This throws up enormous potential" for investment, Ranasinghe told AFP in an interview.

"A large number of houses need to be built" along with "new roads, schools, telephone and electricity lines... the investment rebound will be spectacular," he said.

Three months after the end of the war against the Tamil Tiger rebels, the government has yet to announce a timetable for when the once-embattled region will be fully open for business.

But the government hopes to resettle at least 80 percent of the nearly 300,000 people in the north who were displaced during the last stages of the conflict by the end of 2009 as mine clearing work progresses.

The treasury estimates nearly three billion dollars will be spent by international donors and the government over the next three years to rebuild roads, bridges, electricity, water and sewer lines in the once troubled regions.

Japan PM frontrunner vows to cut public debt

AFP, Tokyo

Japan's opposition leader Yukio Hatoyama, seen as the likely next prime minister, said Sunday he would strive to cut soaring public debt amid criticism that his party is adopting free-spending policies.

Hatoyama was appearing in a television debate with Prime Minister Taro Aso and other political leaders one week before a general election that is widely expected to end the ruling party's long reign.

"I won't let it increase. The country would go belly up if it increases from the current level," Hatoyama said on a television show when asked about Japan's ballooning public debt.

"We must make efforts to reduce it," he said, adding the government would review public spending.

Japan's state coffers are ridden with debt but the government has recently stepped up issuing bonds to finance a series of pump-priming measures amid the worst recession since World War II.

More than 44 trillion yen (460 billion dollars) in central and local government bonds and other public debt is to be issued in the current fiscal year to March 2010, up from 25 trillion in the previous year.



AFP

Indian school students wave to greet a Kolkata Metro coach during its inaugural run in Kolkata on Saturday. A 5.8-kilometre metro rail stretch from Tollygunge to Garia Bazar, which is an overhead extension of a 25-year old 16.5km stretched underground Kolkata Metro railway network, was inaugurated by Railway Minister Mamata Banerjee.

Homes of former Porsche executives searched

AFP, Berlin

Anti-corruption officers have searched the homes and offices of two former Porsche chiefs and not only the German automaker's headquarters, news magazine Der Spiegel reported.

The company had said Thursday prosecutors with search warrants raided the headquarters of the luxury carmaker and opened a probe against former chief executive Wendelin Wiedeking on insider trading charges.

Quoting a spokeswoman for the Stuttgart prosecutor Der Spiegel said in its issue to be published Monday that the private apartments of Wiedeking and former financial director Holger Haerter had also been searched.

It did not say when the searches were carried out.

Wiedeking resigned as Porsche's chief executive officer last month after failing in his bid to acquire Volkswagen, Europe's biggest carmaker. Haerter stepped down at the same time.

The Welt newspaper said the probe by Stuttgart prosecutors was linked to information provided by German banking regulator BaFin after Volkswagen shares soared last October, following reports of its expected acquisition by Porsche.

Germany ramps up pressure on GM over Opel

AFP, Berlin

With just five weeks until German elections, leading politicians on Sunday cranked up the pressure on General Motors and the US authorities to choose a candidate to take over GM's troubled Opel unit.

After the company failed on Friday to select between two rival bids, Chancellor Angela Merkel called for a decision to be taken urgently and preferably as soon as next week.

"The sooner the better. I wanted it to come on Friday evening. Now, I hope it will be next week," she told ZDF television in an interview to be broadcast later Sunday.

"Every day counts, for the workers and for the company's economic situation," she said, according to a transcript of the interview released in advance by ZDF.

Meanwhile, Foreign Minister Frank-Walter Steinmeier, who hopes to unseat Merkel in September 27 elections, said in a statement he had telephoned his American counterpart Hillary Clinton to press Berlin's case.

EMPLOYMENT

Firms seek to shed 'sweatshop' label

AFP, Narsingdi

In the small town of Narsingdi, Suria Begum sits in a small hut, a short walk from her house, with two dozen other women where she knits children's hats, mittens and blankets.

Like 2.5 million others in impoverished Bangladesh, Suria works in the textile business, making items exported to the US and Europe, but unlike most other workers she has not had to leave her rural home for a job.

"I have a five-year-old son so I can't work in Dhaka, but having this job gives my family a bit of extra money. Plus, it's nice to sit around and chat with the other workers. It's very relaxed here," the 30-year-old said.

Most of Bangladesh's 4,200 garment factories, some of which come under fire from rights groups for shabby health and safety standards, are in cities like Dhaka or Chittagong, meaning workers have to move to urban areas for work.

But British woman Samantha Morshed, who created the centre where Suria works and 31 other centres like it across Bangladesh, has a different vision for the country of 144 million people, 40 percent of whom live below the poverty line.

"I wanted to prove that it's not impossible to create employment in rural areas in Bangladesh," says Morshed, who started her business four years ago by teaching a dozen women to knit and crochet in her living room in Dhaka.

Morshed represents a growing number of businesses pushing to channel Bangladesh's cheap labour into ethical, fair trade labels.

She now employs more than 3,500 women in rural areas who make 30,000 items a month that are exported to developed countries and fashionable shops, including London-based retailers JoJo Maman Bebe and TopShop.

"Bangladesh has huge potential. It's not the sad, flooded, charity-prone place it's made out to be. It's full of dignified people who want the opportunity to progress," Morshed said.

The textile trade is Bangladesh's biggest export earner, with garments sent abroad totalling a record 12.35 billion



A woman works in a garment factory in Narsingdi. Most of Bangladesh's 4,200 garment factories, some of which come under fire from rights groups for shabby health and safety standards, are in cities like Dhaka or Chittagong, meaning workers have to move to urban areas for work.

dollars in the year to June 30, 2009, but poor factory working conditions frequently hit the headlines.

An 18-year-old woman was last year "overworked to death" in the factory where she made jeans supplied to German-based retail giant Metro Group, according to a US rights group, the National Labor Committee.

Metro Group issued a state-

ment saying it was "deeply saddened" by the death and had immediately terminated its contract with the Bangladeshi supplier that used the factory.

Last year Spanish fashion firm Zara forced the closure of a supplier's factory in the capital Dhaka after workers said they were being abused.

According to Bangladeshi-

based ECOTA Fair Trade Forum, products from its 39-member companies are worth about 29 million dollars -- or less than one percent -- of those exports.

David Mayor, who owns a garment factory on the outskirts of Dhaka, set up a training centre for garment workers 18 months ago in rural northeastern Bangladesh.

The three-month course

teaches 12 women how to sew, as well as basic mathematics, English and life skills, and once they complete the training they get an internship in Mayor's factory, with most landing jobs there afterwards.

"We wanted to be practical with the objective of giving them a job," said Mayor, originally from Spain.

While on the course, workers make designer clothing pieces that are sold online and where customers -- from Japan, Canada, France and Spain -- can see the entire "DNA" of the product, including details about the woman who makes it.

Run completely separately from Mayor's factory, the products have a huge profit margin, which goes back into the training centre.

"We are a factory. Prices are tight. Every single cent is important. We are not an NGO, but in addition we have this social concern," Mayor said.

Stories like this are encouraging, said Rodney Reed, who moved to Bangladesh three years ago to set up a consultancy firm that encourages corporate social responsibility.

"If you have fit, healthy, well-paid workers they will make better products," said Reed, from Britain.

"I think the private sector has the potential to solve the poverty problems here and I think there's an opportunity to have fair-trade in big factories."

With signs that the runaway growth in the garment trade is beginning to slow because of the global financial crisis, Reed said Bangladesh could set itself apart from other garment-producing countries by becoming a fair-trade hub.

"In the same way we see organic coffee and organic vegetables in the UK, people pay more money for products if they are environmentally sustainable," Reed said, adding that fair trade could become vital to the country's survival as a leading garment production nation.

"At the moment Bangladesh's only advantage is its cheap labour, but that may not always be the case. Somewhere else will come along offering cheaper labour, most likely sub-Saharan African countries, and shops will send their orders there instead," he said.

TOURISM

AFP, Paris

Empty terrace tables at Parisian cafes. Fewer sunbathers scattered along Italian and Spanish beaches: The global economic crisis has cast a dark cloud over Europe's top tourist destinations.

France, the world's tourism champion with 79.3 million visitors last year, has been hit hard by the drop in foreign travellers.

The number of international visitors in France has fallen by nearly one-third in the heat of summer -- July and August -- after sinking by 15.5 percent in the first five months of the year, government figures show.

Spain, which fell to third place among the world's favourite tourist destinations last year, has suffered a 10 percent drop in visits this summer following an 11.4 percent fall in the first half of the year.

And Italy's tourism industry is forecasting an 8.3 percent reduction in foreign visitors between May and October.

As frugal foreigners stay in their home countries, Europe's top tourist destinations are looking at their compatriots to compensate for the drop in visitors.

According to a Gallup poll, 48 percent of Europeans plan to spend their holidays in their own countries this year, compared to 43 percent in 2008.

Britons, the continent's top travellers next to Germans, have reduced their European trips by 10 percent amid a drop in the value of the pound.

As a result, the beaches of Spain, usually crowded with British and German tourists, are emptier than usual.

"It's the worst summer that I have ever seen. There's no one at the beach," said Pedro Hervas, who sells drinks in Torremolinos on southern Spain's Costa del Sol.

Spain already lost its spot as the world's second most visited country last year, as the United States took its place with 58 million visitors compared to 57.3 million for the European country.

The Spanish government has released one billion euros to support the country's tourism industry.



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As in other European countries, tourists are drinking and eating less in Spain's usually bustling bars and restaurants.

The consumption of beer is expected to fall by 13.5 percent in August compared to last year, according to Spanish brewers.

Tourists are also doling out less cash in neighbouring Portugal and Greece, where spending by foreign visitors has dropped by 13.2 percent and 14.7 percent, respectively, in the first half of the year.

Tourists have been more frugal on Italian beaches too.

"People rent a parasol, but they bring sandwiches," said a spokesman for the union of Italian beach businesses.

There were 1.5 million fewer tourists on the beaches of Italy in June and July compared to last year.

Hit by a drop in demand, hotels have begun to cut their prices in Italy. In the second quarter, room rates fell by 8.3 percent on average, while three- and four-star hotels reduced their prices by nearly 30 percent.

Only Rome, the "Eternal City," seems to

have escaped the crisis. "Tourism is going well in Rome, but it is lower in Florence, Venice and the coast," said the city's deputy mayor in charge of tourism, Mauro Cutrufo.

Despite this summer of discontent, France should remain the world's top tourist choice since travel is down in every country at "about the same rate," said Christian Mantei, president of tourism development agency Atout France.

France depends less on summer tourism, Mantei said, adding: "We have visitors all year long in France."