

## International Business News

## On UN mission, Bill Clinton promotes tourism in Haiti

AFP, Cap-Haitien, Haiti

Former US president Bill Clinton, visiting Haiti in his capacity as a United Nations special envoy, wrapped up a two-day trip with a call for tourists to visit the Caribbean country.

"I love this place. It's wonderful. I see the potential," he said as he visited Cap-Haitien, on the country's north coast.

With infrastructure improvement, such as better roads, visitors from the United States and elsewhere would be able to experience what Haiti has to offer, he added.

Haitian children would benefit too, he added, by being able to "learn about the greatness of their country's history."

Clinton, who was appointed in June to serve as a special envoy for United Nations Secretary General Ban Ki-moon, has been visiting Haiti in a bid to boost investments in the Americas' poorest nation.

He called on Haiti's government to build a national airport in the north of the country, home to most of the nation's touristic and historic sights.

Clinton noted the success of Haiti's neighbor on the island of Hispaniola -- the Dominican Republic -- which attracts around two million tourists a year.

He encouraged Haiti to carefully preserve its monuments and historic sites, while working to protect the country's environment.

## IMF hails Japan's plan to boost social spending

AFP, Istanbul

The International Monetary Fund welcomed on Sunday the new Japanese government's plan to use stimulus funds to boost social spending, saying it would bolster much-needed private demand.

"We certainly welcome the government's intentions to improve public sector efficiency in a way that will allow them to reform social spending in a way that's going to raise imports and demand," Anoop Singh, director of the IMF's Asia Pacific department, said at a news conference in Istanbul ahead of annual meetings of the IMF and the World Bank.

Japan's centre-left Prime Minister Yukio Hatoyama, who took office last month after his Democratic Party of Japan won a landslide election victory that rejected the long-dominant conservative Liberal Democratic Party, pledged to freeze part of his predecessor's supplemental budget to put more money into the pockets of ordinary people.

Former premier Taro Aso in May pushed a supplementary budget through parliament to fund economic stimulus measures.



Turkish protesters perform during an anti-International Monetary Fund and World Bank protest in Taksim square in Istanbul, on Saturday. Finance chiefs from the Group of Seven richest world economies gathered in Istanbul for talks on the economic crisis as doubts swirled about the health of the global economy.

## VW seeks to cut ties with Magna after Opel takeover

AFP, Berlin

German car maker Volkswagen is seeking to end or sharply reduce its ties with car parts maker Magna after the Canadian group's takeover of VW rival Opel, according to a report to be published Monday.

VW purchasing chief Francisco Garcia Sanz will be meeting Magna boss Siegfried Wolf in the next few days, Der Spiegel says.

Volkswagen, which buys two billion euros (2.8 billion dollars) worth of parts from Magna every year, does not want its rival dicing from VW's orders what might feature in future models, it adds.

The threat to halt orders from Magna would also apply to luxury sports car maker Porsche, which now belongs to the Volkswagen group.

The development follows Chrysler's decision reported on Wednesday not to renew its contracts with Magna for the production of vehicles for the European market.

A spokesman for Fiat, which recently bought Chrysler, said that in future the cars would be built at the Fiat-owned Bertone plant in Italy.

The Opel takeover has raised concern among competitors who do not want to see a key supplier transformed into a direct rival.

## China's XAC takes over Austrian aircraft components builder

AFP, Vienna

China's Xian Aircraft Industry group (XAC) has taken over Austrian aircraft components builder FACC, an announcement said Saturday.

FACC said XAC, which provides the wings for Chinese-made Airbus airliners, had taken a 91.25 percent stake in FACC.

"After the completion of the acquisition, a share capital increase will be carried out, raising shareholders' equity from the current 40 million euros (56 million dollars) up to no less than 80 million euros," an FACC statement said. "This primary equity capital raising will assure the planned business development of FACC."

FACC specialises in parts for wings, engines and cabin furnishings, and employs 1,580 people in Austria, Slovakia, Canada and the United States.

Turnover in 2008-9 was 264.2 million euros.

## ASIAN TEXTILES

## No longer a fading industry

AFP, Singapore

Asian textiles, once considered a fading industry, are now showing strong growth prospects thanks to technology and demand from expanding middle classes, a leading industry player said.

Known in the past for back-alley shops churning out cheap material, many Asian firms are shedding their sweatshop image as they move to compete in the global market, said Paul Hulme, president of Huntsman Textile Effects (HTE).

Stricter environmental standards required by Western countries are also prompting consolidation and innovation in the industry, said Hulme, whose firm is one of the world's top suppliers of textile dyes and chemicals.

It moved its headquarters from Basel, Switzerland to Singapore in March to be closer to its Asian customer base.

"These sweatshops and poor facilities -- that is changing," Hulme told AFP in an interview at the company's corporate offices overlooking Singapore's central business district.

"When I visit our customers, I'm impressed with the facilities in terms of the equipment, in terms of the housekeeping standards and the way they treat their employees," he said.

"I would not pretend that sweatshops don't exist and I'm sure you can go to parts of India and China where that very much is the case... But I think that image will change."

A key driver for the industry's modernisation is Asia's growing middle class, whose clothing tastes are becoming more sophisticated.

Hulme said the global textile dyes and chemicals market is worth 16 billion dollars, and Asia accounts for some 45 percent of the total consumption, much of it destined for export markets outside the region.

One year after the global financial crisis exploded, Asian economies are rebounding faster than the West, boosting the textile industry's hopes.

The Asian Development Bank (ADB) recently upgraded its forecast for the region's 2009 economic growth to 3.9 percent. China is forecast to grow 8.2 percent this year and 8.9 percent in 2010.

"The market is changing, customer taste and demand is changing. For example, as you go into the provinces in China, the spending power is increasing," said Hulme.



People check rolls of textile at a shopping centre in Singapore. Asian textiles, once considered a fading industry, are now showing strong growth prospects thanks to technology and demand from expanding middle classes.

"In this business, the future is in Asia. It's going to be driven from Asia, not from Europe and America," said Hulme. "You've got to be part of the region."

China, Bangladesh and India are the world's top textile producers and are also major consumers. Pakistan and Southeast Asia are important and growing players as well.

HTE is moving to further gain market share after sales totalled one billion dollars in 2008.

The company's patented products give fabrics used in clothing and industrial materials such as car seats and garden parasols special properties like sharper, deeper and more lasting colours.

They can also make clothing resistant to ultra-violet rays and easier to wash, requiring less use of environmentally polluting detergents.

"We supply the colours and also the special effects," said Rohit Aggarwal, global vice president for apparel and home textiles at HTE. "You may have something that is wrinkle-free, something which is very soft."

Holding up a China-made T-shirt, Aggarwal said: "This one uses a type of chemical that allows the fabric to breathe. You don't get the sweat coming out, but you still get the fresh air going into your body."

Apart from apparel, a major driver for the industry is demand for "technical textiles" or fabrics used in cars, mattress covers, bags, tents and parachutes, among others, Hulme said.

Car fabrics that do not fade easily even in extreme heat enhance the vehicle's resale value, and there is rising demand for fire-resistant materials in the construction

sector as well, he said.

In the medical field, chemicals are incorporated in surgeons' gowns to repel blood and dirt, raising the hygiene level.

HTE spends about four percent of its total annual sales for research and development, according to Hulme.

Its dye production is carried out in facilities in India, Thailand, China, Switzerland and Mexico. Textile chemicals are produced from factories in Germany and China.

As Asia's spending power rises, "people want to buy different products and that's going to lead to the development of a whole new market for technical textiles which didn't exist before," said Hulme.

The market for technical textiles is likely to grow by 20 percent per year over the next decade, he said, urging Asian firms to ride the growth by moving up to higher value-added products.

## INFLATION

## South Asia frets over high food prices

AFP, New Delhi

Ambika Biswas looks at her grocery bag and winces. She is buying food for her family in one of New Delhi's cheapest markets -- yet her grocery costs are far higher than last year.

Her maid's income of 5,000 rupees (104 dollars) a month supports her two teenage children and jobless husband.

"These prices go up and up," Biswas, 54, said disbelievingly as she was shopping for India's most important Hindu festival season.

Across South Asia, the refrain is the same. "We're getting less and paying more," Biswas said.

Biswas, at least, is relatively well-off in Indian terms with a regular job and employers that help her with extra food and clothes.

But hundreds of millions of India's poorer masses are struggling with having to pay more for food.

"They substitute two meals for one or go without," said Devinder Sharma, who chairs the New Delhi-based Forum for Biotechnology and Food Security.

Hit by the lowest monsoon rains since 1972 that have left rice, sugar cane and groundnut crops to shrivel under a hot sun, food prices have soared.

Prices for food basics have shot up as a result of the drought which has reduced farm yields, leading to hoarding and speculation, experts say.

"Only 40 percent of India's farm land is irrigated -- 60 percent of farmers rely on the benevolence of the rain gods," said Deepak Lalwani, India director at stockbrokers Astaire and Partners Ltd in London.

Last week's inflation numbers underscored the impact of the poor rains.

Raw food items were up by more than 16 percent on an annual basis, driven mainly by a 50-percent rise in vegetable prices.

Prices of potatoes were up by 81 percent, sugar was up by 44 percent, pulses were 20 percent higher and rice had risen by 19 percent.

Food inflation "is messing up family budgets because if you spend so much on food you have to cut back on other things," Indian credit rating agency Crisil economist D.K. Joshi said.

The government in its effort to support India's 235 million farmers has pushed up so-called "minimum support prices" to give them better incomes and this too has pushed prices higher.

The government has food distribution programmes to shelter the very poor from



Indian workers load bags onto a truck at a market in New Delhi. Hundreds of millions of India's poorer masses are struggling with having to pay more for food. Hit by the worst monsoon rains since 1972 that have left rice, sugar cane and groundnut crops to shrivel under a hot sun, food prices have soared - raw food items were up by 16.32 percent on an annual basis.

the ravages of inflation but massive corruption means a major portion gets siphoned off before it reaches the intended recipients.

India has also raided food commodities hoarders and the government has appealed to consumers not to panic about shortages.

"We're in a situation we can handle" thanks to successive bumper harvests, said Finance Minister Pranab Mukherjee.

But the Food Security Risk Index, prepared by Maplecroft, a British firm that provides risk intelligence for businesses, puts South Asia's three most populous countries -- India, Bangladesh and Pakistan at high risk of food shortages -- and consequently even higher food prices -- down the road.

"India may be one of the world's key emerging economies, but it is finding itself under increasing pressure from food security issues," a Maplecroft report said, citing

tributary University.

"These are early warning signs that large numbers of people will go hungry."

The food price shock hit nearby Bangladesh in 2008 when food costs almost doubled after the country's grain output was devastated by major flooding and a catastrophic cyclone the previous year.

"The number of people unable to meet their minimum food needs rose by 7.5 million in 2008, bringing the total number to 65 million people," said World Food Programme country head John Ayliffe.

"So 65 million people in this country cannot even make up their minimum food needs," he said.

And it's not going to get any better.

"High food prices are the harsh new reality," said the Food and Agriculture Organisation, which projects the world will need 70 percent more food by 2050 due to higher populations and rising incomes.