International Business News

Asia leading world out of downturn: Bush

AFP, *Seoul*

Former US president George W. Bush praised Asian economies Wednesday for leading the global economy out of its slump, while warning against a rise in trade protectionism.

"One thing I am certain of is that the Asian economies are leading the world out of the economic duress. That's an amazing statement to make," Bush said in a keynote speech to the World Knowledge Forum in Seoul.

China, South Korea, Singapore, Hong Kong, Taiwan, Japan and Thailand were performing well thanks to clever stimulus policies, he said.

"The Asian economies are going to be a powerful engine for growth for the future," Bush said. "I'm optimistic that things are getting better."

But he cautioned against a rise in protectionism.

"In times of economic difficulties... people tend to want to throw up walls and barriers to trade. I'm deeply concerned about protectionism," he said.

"I believe strongly that the best way to not only encourage growth but deal with global poverty is free trade."

Bush repeated his support for US free trade accords with South Korea and Panama, which were both signed under his leadership but have yet to be ratified by Congress.

AFP

A Kuwaiti jeweller arranges golden bracelets for display in his shop's window in downtown Kuwait City yesterday. The price of gold leapt to a record peak above $1,070 per ounce on the London Bullion Market as the dollar slid in value against the European single currency.

Malaysia's economy to shrink 3.3pc in 2009: Think tank

AFP, *Kuala Lumpur*

Malaysia's economy is showing signs of a slow recovery, a leading think tank said Wednesday as it raised its 2009 forecast to a 3.3 percent contraction from 4.2 percent tipped earlier.

However, the Malaysian Institute of Economic Research (MIER) said Southeast Asia's third-largest economy may need a third stimulus package worth 8.0 billion ringgit (2.4 billion dollars) next year to spur the recovery process.

The MIER also upgraded its 2010 growth forecast to a 3.7 percent expansion from 2.8 percent forecast in July, in anticipation of a modest economic recovery worldwide.

"There are glimmer signs that the global downturn has stabilised somewhat, but the recovery is expected to be sluggish and uneven," the influential institute said in a report.

"Malaysia may not regain more strength until the global economy is back on track, which is going to be at a disappointingly slow pace," it added.

South Korea's jobless rate falls to nine-month low

AFP, *Seoul*

South Korea's unemployment rate fell to its lowest level in nine months in September amid signs its economy is recovering fast, official data showed Wednesday.

The rate was 3.4 percent last month, down from 3.7 percent the previous month, the National Statistical Office said.

The number of employed people surged to 23.8 million in September, up 71,000 from a year earlier, it said.

Asia's fourth-largest economy has rebounded quickly, growing 2.3 percent in the second quarter from three months earlier thanks to the impact of stimulus packages.

But Tine Olsen, an economist with Moody's Economy.com, cautioned there could be some signs of weakness in South Korea's labour market, citing a cut in manufacturing and mining jobs in August and September.

"Lower employment in these industries could reduce workers' willingness to spend and the demand for services," Olsen said in a commentary.

Ford adds 4.5m vehicles to defective switch recall

AP, *Detroit*

Ford Motor Co said Tuesday it will add 4.5 million older-model vehicles to the long list of those recalled because a defective cruise control switch could cause a fire.

The latest voluntary action pushes Ford's total recall due to faulty switches to 14.3 million registered vehicles over 10 years, capping the company's largest cumulative recall in history involving a single problem.

The recall covers 1.1 million Ford Windstar minivans that had a small risk of fire due to internal leaking from the switches. Ford said in a letter to federal regulators that it found a small number of reported fires linked to the problem during an internal investigation that began last year, but did not specify how many.

MEDIA

Bloomberg to buy BusinessWeek

AP, *San Francisco*

Bloomberg LP is buying BusinessWeek magazine in a deal that brings together a financial news service specialising in rapid-fire updates with a print publication struggling to adapt to the Internet's information whirlwind.

Terms of the sale announced Tuesday were not disclosed. Citing unnamed people privy to the negotiations, BusinessWeek pegged the acquisition price at $2 million to $5 million in cash. Bloomberg also would be responsible for paying other costs, such as severance pay to any of the roughly 400 BusinessWeek employees who might be laid off, the magazine's Web site reported.

Bloomberg LP, a privately held company started by New York Mayor Michael Bloomberg, expects to take control of BusinessWeek by the end of the year. That ends BusinessWeek's 80-year run as part of McGraw-Hill Cos., which also owns the Standard & Poor's credit rating agency.

New York-based McGraw-Hill put BusinessWeek on the auction block in July, apparently fed up with the losses that have been mounting at the magazine as its advertising revenue plunged.

The acquisition represents one of Bloomberg's boldest and riskiest attempts to extend its audience beyond its main mode of communication the roughly 300,000 electronic terminals that it has set up in the offices of money managers, traders, bankers and other financial services professionals around the world.

"BusinessWeek helps better serve our customers by reaching into the corporate suite and corridors of power in government, where news that affects markets and business is made by CEOs, CFOs, deal lawyers, bankers and government officials who typically are not terminal customers," said Daniel L. Doctoroff, Bloomberg's president.

AFP

A man reads a BusinessWeek magazine as he stands in line with other people looking for jobs in March 2009, in Miami, Florida. Bloomberg announced Tuesday it has agreed to buy BusinessWeek magazine from McGraw-Hill Cos in a move that allows the news agency to expand beyond its core business of supplying financial data to professionals.

Like many print publications, BusinessWeek has been reeling from a one-two punch: the longest U.S. recession since World War II and a massive shift in media consumption that has driven more advertising online, where prices are generally much lower than in print.

BusinessWeek also has been trying to figure out how a weekly magazine can remain relevant at a time when financial and corporate news is plastered all over the Web around the clock. As part of its coping mechanism, BusinessWeek has sharpened its focus on its corporate audience and trimmed its coverage of general-interest topics, such as sports and culture.

Bloomberg didn't immediately discuss how it might reshape the magazine's coverage or how its takeover will affect the publication's staff.

It appears those decisions will left to Norman Pearlstine, a former managing editor for The Wall Street Journal and Time Inc.'s former editor-in-chief. Currently Bloomberg's chief content officer, Pearlstine will become BusinessWeek's chairman.

"It's kind of an old fashioned idea but I still very much believe that a rich and smart weekly can find an audience in this space," Pearlstine said in an interview.

Although Bloomberg spent weeks poring over BusinessWeek's books and operations, Pearlstine said he still hasn't had time to talk to the magazine's editors to get a better idea on what to do next.

"The first thing I want to do is sit down with them and try to learn from them," he said. Pearlstine described BusinessWeek's current top editor, Stephen Adler, as an old friend. The two men worked together for several years while they were both still at The Wall Street Journal.

With a circulation of about 921,000, BusinessWeek has been doing a better job retaining subscribers than advertisers. The total number of advertising pages sold by the magazine has plummeted from a peak of 6,000 in 2000 to fewer than 1,900 last year, according to the Publishers Information Bureau.

The ad decline has deepened this year with the volume falling another 37 percent through June. The deterioration is expected to saddle the magazine with about $40 million in losses for the second consecutive year, including office rent and other overhead, according to internal figures cited by BusinessWeek.

Despite BusinessWeek's woes, the magazine attracted interest from several private equity firms and other media investors, including Bruce Wasserstein, the owner of New York magazine, and Joe Mansueto, the owner of two business publications, Fast Company and Inc. The other bidders were reported by BusinessWeek.

Other struggling magazines haven't even had a chance to turn around under new owners. Just last week, Conde Nast Publications decided to close Gourmet magazine, ending a 68-year run to the dismay of food connoisseurs. Earlier in the year, Conde Nast pulled the plug on a BusinessWeek rival, Portfolio magazine.

Besides distributing stories generated from Bloomberg's staff of 2,200 reporters, editors and photographers, Bloomberg terminals also display a wide range of market and economic data that help shape investment decisions. The service is the main reason Michael Bloomberg ranks among America's richest people, with a fortune of $17.5 billion, according to Forbes magazine estimates.

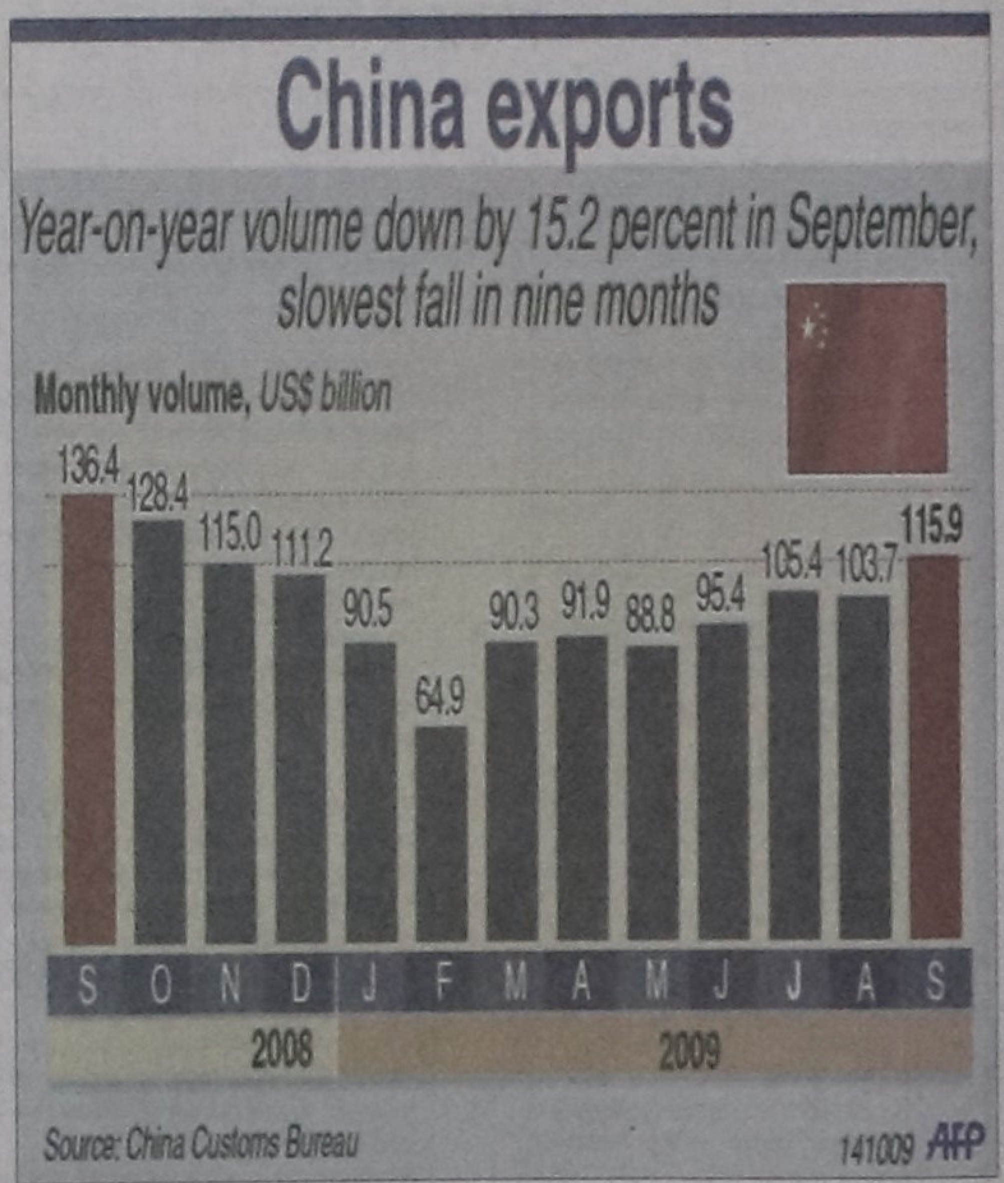
This is the second deal announced this month that gives Bloomberg a new springboard to reach a wider audience. It is also joining forces with The Washington Post in a partnership that will put Bloomberg stories in the Post's print edition and Web site and include a jointly operated news service targeting other newspapers.

TRADE

China exports in recovery

AFP

A Chinese vendor (L) serves a foreigner at a textile wholesale market in Beijing yesterday. China's exports fell at the slowest pace in nine months in September, customs data showed, indicating demand for Chinese goods was improving and helping the government sustain the recovery.



AFP, *Beijing*

China's exports fell at the slowest pace in nine months in September, customs data showed Wednesday, indicating demand for Chinese goods was improving and helping the government sustain the recovery.

The better-than-expected data -- which sent stocks up in Shanghai -- was positive for the world's third-largest economy and may help give the government impetus to next year start unwinding massive stimulus measures, said analysts.

Exports fell 15.2 percent to 115.9 billion dollars on-year in September, customs authorities said. It was the best result since exports fell by 2.8 percent in December as the global crisis began to set in.

In the first nine months of 2009, the trade surplus stood at 135.5 billion dollars, down 26 percent compared with the same period a year ago, the General Administration of Customs said in a statement on its website.

"Today's export numbers are encouraging and in line with recent PMI (Purchasing Managers Index) survey data showing improved export orders," said Brian Jackson, a Hong Kong-based senior strategist at the Royal Bank of Canada.

"Some of the recent US data also point to stronger demand for China's exports in the months ahead."

Jackson said improving demand for Chinese goods would give the government confidence to start reining in massive stimulus measures from next year.

"Chinese growth this year has been heavily reliant on government-directed investment, which is why senior officials have continued to characterise the recovery as not broadly based or firmly established," Jackson said.

"Stronger external demand will provide an alternative source of support for growth and provide scope for Beijing to start tightening policy gradually from early 2010."

China unveiled a four-trillion-yuan (585-billion-dollar) stimulus package last November aimed at propping up the export-dependent economy as demand for Chinese goods plunged amid the deepening global financial crisis.

The massive government-backed investment in infrastructure projects, combined with very low interest rates, appears to be bearing fruit.

China has said it was on track to achieve its target of eight percent growth in 2009 after the economy expanded by 6.1 percent in the first quarter and 7.9 percent in the second quarter.

Before the crisis struck, the country had experienced double-digit annual growth from 2003 to 2007 and again in the first two quarters of last year.

Su Chang, an economist at Beijing research firm CEB Monitor Group, said he expected exports in the current quarter to fall by less than 10 percent compared with the more than 20 percent decline posted in the third quarter.

"(The recovery in foreign demand) would be sustainable -- at least it can sustain for several quarters," Su said.

But Su noted that the trade figures were helped by the fact there were more working days in September this year than in 2008 due to the timing of the National Day holiday.

Imports slipped 3.5 percent to 103 billion dollars in September -- the slowest pace of decline since imports began to fall in November last year.

Exports fell a seasonally adjusted 20.1 percent in September on-year and imports dropped 11.4 percent.

Moody's Economy.com associate economist Nikhilesh Bhattacharyya said the pick up in imports was being driven by stockpiling.

"Commodity stockpiling appears to have been the major factor behind the improvement in imports, reflected by a record amount of iron ore imports during September," Bhattacharyya said.