

International Business News

Nokia posts loss of \$832m in Q3

AP, Helsinki

World-leading mobile phone maker Nokia Corp on Thursday reported a loss of euro559 million (\$832 million) in the third quarter, taking hits from a 20 percent drop in sales and a large one-time charge at its network unit.

Nokia made a profit of euro1.09 billion in the same quarter of 2008.

Net sales in the July-September period dropped to euro9.81 billion, down from euro12.2 billion in the same period last year, partly due to a shortage of components across its product portfolio, Nokia said.

The Finnish company also booked a 908 million euros goodwill impairment at Nokia Siemens Networks, a joint network infrastructure unit with Siemens AG of Germany.

The mobile phone industry has been hit hard by the financial crisis, but Nokia said the market outlook is improving. It raised its 2009 forecast for mobile phone volumes, saying it now expects a 7 percent decline from the previous year, rather than the 10 percent fall it had earlier predicted.

Nokia also upgraded its estimates for the network infrastructure market, predicting a 5 percent fall in euro terms in 2009, compared to an earlier estimate of a 10 percent decline.

Dubai state firms due to repay \$50b

AFP, Dubai

State-related companies in Dubai are due to repay nearly 50 billion dollars in debt -- 70 percent of the Gulf emirate's estimated GDP -- within the next three years, Standard and Poor's said in a study published on Thursday.

There is a "significant" likelihood the government of the Gulf emirate will have to give financial support to at least some of the companies, the credit ratings agency said, estimating that the government and the various companies owe 80 to 90 billion dollars in total.

The companies include finance group DIFC Investments, ports operator DP World, Jebel Ali Free Zone (JAFZ), Dubai Multi Commodities Centre Authority (DMCC), Emaar Properties and Dubai Holding Commercial Operations Group (DHCOCG).

It is "almost certain" DIFC and DHCOCG will next special government help, while the likelihood of JAFZ and DP World needing support is "very high," the report said, adding that a lack of official statistics means there is a significant margin of error in the figures and this generates uncertainty.



AFP

Indian customers buy gold jewellery at a shop in New Delhi yesterday on the occasion of Dhanteras -- the first day of the five-day Diwali Festival -- traditionally when Hindus buy precious metals like gold in the belief it would invoke prosperity. Gold prices have jumped by 34 percent to Rs 16,200 (\$355) per ten-gramme.

Philippines overseas remittances keep rising

AFP, Manila

Remittances back home from millions of Filipinos working abroad rose 2.8 percent year-on-year in August, the central bank said on Thursday, bolstering expectations for economic growth.

The total of 1.4 billion dollars in August brought remittances for the first eight months of the year to 11.34 billion dollars, a 3.7 percent increase from the same period last year, the central bank said in a statement.

"Remittances from Filipino workers overseas continued to underpin the resilience of the economy, remaining a stable source of foreign exchange for the country," the statement said.

It credited the remittances to the steady deployment of workers abroad and the improved services and channels for sending the money home, particularly through local banks.

India inflation rises less than forecast

AFP, New Delhi

India's inflation accelerated at a much slower rate than expected, government data showed Thursday, easing pressure on the central bank to tighten monetary policy.

Annual inflation rose to 0.92 percent in the week ended October 3 from 0.70 percent a week earlier, according to the Wholesale Price Index, India's most-watched cost-of-living benchmark.

Analysts had expected a figure close to 1.5 percent with food prices stoked by the worst monsoon in nearly four decades. But the cost of food items declined during the week.

The central bank's monetary policy committee meets October 27 to make a decision on interest rates.

COLUMN

A new approach to food security

HILLARY RODHAM CLINTON

For a billion people around the world, the daily effort to grow, buy, or sell food is the defining struggle of their lives. This matters to them, and to all of us.

Consider the daily life of the world's typical small farmer.

She lives in a rural village in Sub-Saharan Africa, Asia, or Latin America, and farms a piece of land that she does not own. She rises before dawn and walks miles to collect water. She works all day in a field, sometimes with a baby strapped on her back.

If she's lucky, drought, blight, or pests don't destroy her crops, and she raises enough to feed her family. She may even have some left over to sell. But there's no road to the nearest market and no one there who can afford to buy from her.

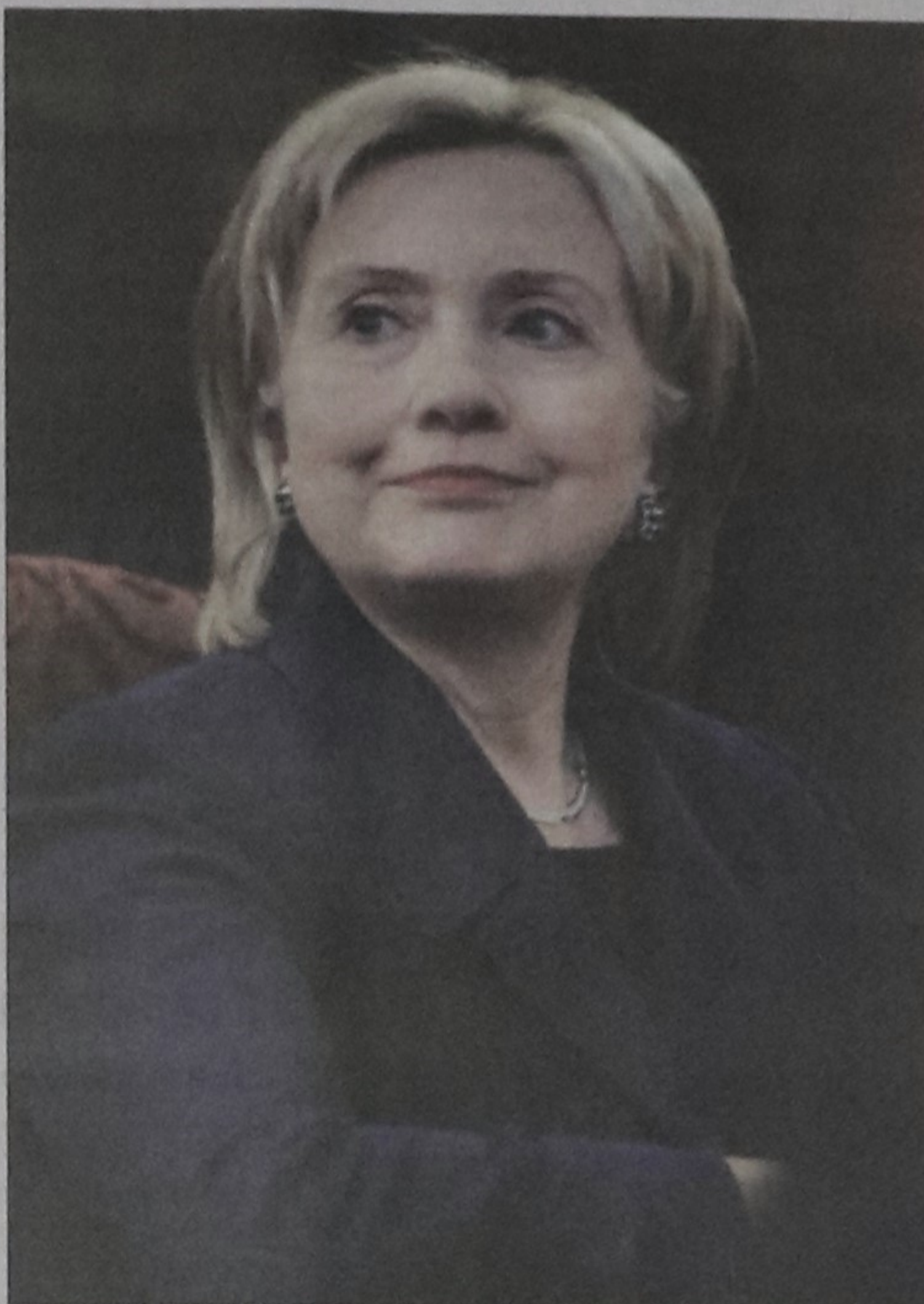
Now let's consider the life of a young man in a crowded city 100 miles from that farmer. He has no job -- or a job that pays pennies. He goes to the market, but the food is rotting, or priced beyond reach. He is hungry and often angry.

She has extra food to sell and he wants to buy it. But that simple transaction can't take place because of complex forces beyond their control.

Meeting the challenge of global hunger is at the heart of what we call "food security" -- empowering the world's farmers to sow and harvest plentiful crops, effectively care for livestock or catch fish -- and then ensuring that the food they produce reaches people most in need.

Food security is not only about food. It represents the convergence of complex issues -- droughts and floods caused by climate change, swings in the global economy that affect food prices and threaten the fate of vital infrastructure projects and spikes in the price of oil that increase transportation costs.

But food security is all about security. Chronic hunger poses a threat to the stability of governments, societies and borders. People, who are starving or undernourished, have no incomes and can't care for their families, are left with feelings of hopelessness and despair. That desperation can lead to tension, conflict and even violence.



Hillary Rodham Clinton

Since 2007, there have been riots over food in more than 60 countries.

And the failures of farming in many parts of the world -- the obstacles that separate that small farmer and that hungry young man -- have a powerful impact on the global economy. Farming is the only or primary source of income for more than three-quarters of the world's poor. When so much of humankind works hard every day but still can't support their families, the whole world is held back.

The Obama administration sees chronic hunger as a key priority of our foreign policy. Other countries are joining us in this effort. Major industrialised nations have committed more than \$22 billion over three years to spur agriculture-led economic growth. And on September 26, UN Secretary General Ban Ki-moon and I co-hosted a gathering of

leaders from more than 130 countries to build international support.

The US approach to food security will be informed by our experience with development. The truth is, we have spent too many years and too much money on development projects that have not yielded lasting results. But we have learned from these efforts. We know that the most effective strategies emanate from those closest to the problems, not foreign governments or institutions thousands of miles away. And we know that development works best when it is seen not as aid but as investment.

With those lessons in mind, our food security initiative will be guided by five principles, which will help us get to the roots of the problem and pursue lasting change.

First, we understand that there is no one-size-fits-all model for agriculture. So we will work with



partner countries to create and implement their plans.

Second, we will address the underlying causes of hunger by investing in everything from better seeds to risk-sharing programmes to protect small farmers. And since the majority of the world's farmers are women, it's critical that our investments in agriculture leverage their ambition and perseverance.

Third, no one entity can eradicate hunger on its own. But if stakeholders work together -- coordinating on the country, regional and global levels -- our impact can multiply.

Fourth, multilateral institutions have the reach and resources that extend beyond any one country. By supporting their efforts, we will benefit from their expertise.

Lastly, we pledge long-term commitment and accountability. To prove it, we will invest in monitoring and evaluation tools that

will allow the public to see what we have done.

This effort may take years, even decades, before we reach the finish line. But we pledge our full resources and energies.

While we pursue this effort, we will maintain our deep commitment to emergency food assistance, to answer the urgent cry for help when tragedies and disasters take their toll -- as is happening now in the Horn of Africa, where drought, crop failures, and civil war have caused the worst humanitarian crisis in 18 years.

Revitalising global agriculture will not be easy. In fact, it is one of the most ambitious and comprehensive diplomacy and development efforts our country has ever undertaken. But it can be done. It is worth doing. And if we succeed, our future will be more prosperous and more peaceful than our past.

The writer is the US Secretary of State.

FINANCIAL CRISIS

Iceland's vilified bankers keep their distance

AFP, Reykjavik

A year after Iceland's stunning economic collapse, most of the directors of its failed banks have fled abroad, tired of angry verbal attacks and the red paint daubed on their homes and cars.

A year ago, the small North Atlantic nation saw its oversized financial sector crumble amid the global credit crisis, as the government took over the three biggest banks and the stock market suspended all financial shares.

With the country on the brink of bankruptcy, Icelanders took to the streets to vent their fury over having lost their savings and their jobs -- while inflation soared and the currency plunged -- all because of the actions of what they saw as a few overly-aggressive and out-of-control bankers.

According to Iceland's special prosecutor investigating the collapse of the banks, 50 to 60 people from the banks' top layers of management have been taken in for questioning so far -- but no charges have been pressed to date.

Up to the crash, Iceland had experienced more than a decade of prosperity as its financial groups invested heavily abroad and those who ran the banks were seen as wizards.

Now, a year later, with the economy expected to shrink 9.0 percent this year and household consumption down by 20 percent, most of the bank directors have moved abroad to work as financial consultants for undisclosed employers.

Birgitta Jonsdottir, a frontline protester turned MP, is surprised the bankers' personal wealth has not been frozen.

"It would have been very normal to freeze their assets," she said, predicting a return of last year's weekly protests and describing the situation as a "ticking bomb."

A group called "Skapofsi", or "Rage" in



AFP

Up to the crash, Iceland had experienced more than a decade of prosperity as its financial groups invested heavily abroad and those who ran the banks were seen as wizards.

English, has taken it upon itself to remind the former heroes that they are no longer welcome in Iceland, splashing red paint on their houses and cars.

In interviews AFP conducted with bankers ahead of the one-year anniversary, most requested anonymity and were hesitant to describe the effect the financial and economic collapse has had on their personal lives.

They refused to discuss the threats they are subjected to, the risk of lawsuits they face and their fears that their new employers will be inundated with angry emails if anyone finds out where they are working.

But they were more willing to discuss

what lay behind the collapse.

The bankers agree that Iceland's financial system had grown too big, at 11 times annual gross domestic product, which meant the central bank and the government had limited options when it came to helping save the banks.

The government took control of the first bank, Glitnir, on September 29, 2008.

"Once Glitnir was nationalised, the situation was pretty much hopeless. I see that now, even though I did not realise it at the time," Armann Thorvaldsson, the former CEO of Kaupthing Singer & Friedlander, a London subsidiary of Iceland's biggest bank Kaupthing, told AFP.

The bankers at the time accused the government, and the US and Europe, of turning their backs on the banks.

"Almost every country was supporting its banks with liquidity and capital," London-based Thorvaldsson said.

Yet, he acknowledged, it was uncertain whether Iceland's central bank would have had the financial means to help.

"Looking back, I also question whether it would have been justifiable to pour such large amounts into the financial system."

Hallor J. Kristjansson, the former chief executive of the second-biggest bank Landsbanki and who now works as a consultant abroad, agreed.