

International Business News

Bank of America posts \$1b loss

AFP, New York

Despite early signs of a fledgling recovery in the US financial sector, Bank of America Friday highlighted ongoing economic struggles posting a net quarterly loss of 1.0 billion dollars.

Amid hefty write-downs and growing consumer loan problems, the total loss for shareholders in the third quarter was even larger, at 2.24 billion dollars, or 26 cents per share, five cents worse than expected by most analysts.

The news came just after three other major US banks reported healthy third quarter results, suggesting the US financial sector may be slowly recovering from its worst crisis in decades even as the US economy has yet to emerge from recession.

Citigroup, which was drowning in losses in 2008 stemming from the collapse of the US housing bubble and the worldwide financial squeeze, topped expectations, posting a profit of 101 million dollars on Thursday.

While Goldman Sachs announced a profit of 3.19 billion dollars in the third quarter, more than triple the amount from a year earlier.

These results came on the heels of JPMorgan Chase, which said on Wednesday its quarterly profit had jumped to 3.6 billion dollars.

Germany to rebound from slump in 2010

AFP, Berlin

Germany is poised to rebound next year from its worst slump in over 60 years, the government said on Friday, sharply revising higher its forecast for output in Europe's economic powerhouse.

The economy should grow 1.2 percent in 2010, Economy Minister Karl-Theodor zu Guttenberg told reporters -- a considerably more positive projection than the 0.5 percent given six months ago.

Unveiling twice-yearly forecasts, zu Guttenberg also said Berlin was less pessimistic for this year, with the economy set to slump by five percent, compared to the dire projection of minus six percent given in April.

"Germany has the strength for a clear upswing," he said.

The minister said an anticipated revival in exports in 2010 would help put the country -- one of the world's top exporters -- back on its feet.

The economy reached its lowest point during the summer and is now climbing out of the trough, he said, adding that the recent strength of the euro against the dollar was "not a reason for concern" as far as exports were concerned.



AFP

A homeless man sleeps among his possessions under a road bridge in the Admiralty district of Hong Kong yesterday. According to government figures, Hong Kong's latest unemployment rate stands at 5.4 percent, the same as the previous period, showing signs of stabilisation in the labour market.

India's richest man wins govt praise for pay cut

AFP, New Delhi

India's government has praised a decision by India's richest businessman Mukesh Ambani to take a 66 percent pay cut after it called for firms to avoid "vulgar" executive salaries, a report said Saturday.

The government said the decision by the Reliance Industries Ltd (RIL) chief and the world's seventh richest man to accept a lower remuneration package displayed "remarkable sensibility to the prevailing thought process" in India.

"What Mukesh Ambani has done is laudable," Corporate Affairs Minister Salman Khurshid told reporters Friday, according to the Press Trust of India.

The two-thirds pay cut means Ambani will now receive 150 million rupees a year (3.2 million dollars) in wages along with a share of the profits of Reliance Industries Ltd, or RIL, the country's biggest private sector company.

Before the announcement, Ambani would have taken home 440 million rupees.

RIL, which has interests from petrochemicals to retail, said the pay cut reflected Ambani's "desire to set a personal example of moderation in executive compensation."

Russia's Avtovaz workers protest mass layoffs

AFP, Tolyatti, Russia

Several hundred people on Saturday took to the streets in Tolyatti, home to Russia's largest carmaker Avtovaz, to protest against mass layoffs at the ailing maker of the trademark Lada car.

Saturday's demonstration is the latest in a series of protests to shake the company town of 700,000 people on the Volga River in central Russia and comes as the carmaker is gearing up to lay off thousands of workers.

Protesters, including Avtovaz employees and their supporters, carried placards with slogans such as "No to Avtovaz bankruptcy" and "Those who will shut down Avtovaz will not be loved by us."

US ECONOMY

Lobbyists influence financial reform

AP, New York

Get over it, America. Wall Street bankers make too much money. The latest example: Goldman Sachs says it has set aside \$16.7 billion so far this year for compensation -- or about \$530,000 per employee. Not bad for a company that a year ago received \$10 billion in federal money as well as \$12.9 billion from the government's bailout of American International Group Inc.

Maddening? Sure. But forcing Goldman or any other Wall Street firm to pay employees less won't help a single unemployed American find a job. It won't help a single homeowner who can't afford his mortgage. It won't help a single credit card user whose fees keep getting jacked up.

If you want something to really make you angry, though, consider this number: \$224 million. It's a lot less than \$16.7 billion but it could pack far more punch. That's the amount the financial industry spent in the first half of this year to lobby Congress to water down regulations aimed at preventing another financial meltdown. And more money is expected to be on the way.

"There is so much happening in the financial sector to be upset about. The bonuses are the least of it," said Barry Ritholtz, who writes the popular financial blog "The Big Picture" and is the author of the new book "Bailout Nation." "More importantly, we can't let the banks own Congress."

The worry is that the money used for lobbying could lead lawmakers to back down on their promises for reform.

The Obama administration and many members of Congress have told the public repeatedly



Goldman Sachs' headquarters in New York. Goldman Sachs again showed its trading prowess, helping the Wall Street firm earn more than \$3 billion in the third quarter.

over the last year that a regulatory overhaul was needed to protect us from another financial disaster, and their constituents back home are counting on them. Trillions of dollars in taxpayer funds have been pumped into the financial system to stabilize markets and prevent big institutions from failing.

But the lobbyists' influence can already be seen.

Some potential powers have been stripped from the proposed Consumer Financial Protection Agency, which would be a federal watchdog to oversee areas such as mortgages and credit cards.

One requirement that was dropped would have forced banks to make standardized and straightforward "plain vanilla" mortgages available to customers

along with other products. For instance, lenders would have had to offer borrowers mortgages with 30-year fixed rates if they also were going to sell adjustable-rate or interest-only loans.

Lenders also would have had to take additional measures to ensure that their communications with customers are not deceptive.

The House Financial Services Committee is overseeing the creation of the consumer agency. It also has made certain exemptions in a bill focused on tougher oversight of derivatives.

Derivatives are contracts between two or more parties, the value of which is determined by fluctuations in underlying assets like stocks, bonds, commodities and interest rates.

Companies use derivatives to hedge against risk, such as when airlines cover themselves against surging fuel prices. But they are also a means for financial speculation. A form of derivative known as a credit-default swap was partly blamed for the crisis that hit Wall Street last year.

The House bill would impose restrictions on derivatives, forcing companies for the first time to conduct what had been private transactions on regulated exchanges. That's a positive.

But the bill also grants regulatory exemptions to companies that use derivatives for commercial use, which weakens the transparency of those transactions. Big industrial associations, including the Business Roundtable and U.S. Chamber of Commerce, had

lobbied for those kinds of exemptions.

The House Financial Services Committee is one target of financial industry lobbyists, which have given more than \$6 million to its members in 2009.

In fact, 27 of that House committee's 71 members have received more than one-quarter of their total political contributions from the financial industry, according to a study by the Sunlight Foundation, a nonpartisan group that promotes government openness.

"It's wrong to draw any cause and effect from that," said committee spokesman Steven Adamske, who pointed to other actions taken by the committee this year in areas like credit-card reform and predatory lending.

But there is certainly lots more lobbying money being put to work in Congress. The pace that the financial, insurance and real estate industries spent on lobbying during the first half of the year puts them on pace to meet last year's record spending of nearly \$460 million, according to the Center for Responsive Politics, a political watchdog group.

Employees and political action committees in those same industries have contributed more than \$53 million this year to members of Congress and the political parties.

Lobbyists for financial industry have defended their actions, saying it is within their constitutional right to petition government leaders. That's certainly true.

It's also crucial for lawmakers not to falter when it comes to reforming a financial system that broke last fall.

COLUMN

SARWAR AHMED

Trade and Traidcraft

It was one of those telephone calls that made me wary. A non-governmental organisation, Traidcraft, wanted to talk to us.

The experience as a commercial organisation working with an NGO had in the past been bitter-sweet, with an after taste more bitter than sweet. Should we take the plunge again? My colleagues coaxed me into talking with them. So we got together one morning and heard them out. Leading the team was Shahed Ferdous, country director for Traidcraft, a British NGO with its branch office in Bangladesh. Of course Shahed being an IBA graduate also helped somewhat to assuage the disconcerting feelings. His willowy lanky figure and a big smile managed to whittle away whatever misgivings I had.

Right at the outset, we laid our cards on the table, given the sad experience we had in the past. We would be willing to cooperate as long as both of us were clear of expectations. In our earlier foray, what we had assumed as a non-written gentleman's agreement backfired on us. This time we were not making the same mistake -- gentleman's agreement is for fools, I can assure you.

Shahed explained about the challenges small scale producers face in the developing world. As such, Traidcraft's vision is a world free from the scandal of poverty, where trade is just and people and communities can flourish. Based on this, their mission is to fight poverty through trade, practising and promoting approaches that help the poor in developing countries transform their lives.

At the pinnacle of a corporate career that spanned stints in capital and money markets as well as private businesses, Shahed had his calling. With all the poverty around, he quit his corporate job and found himself in a development organisation that took him to Boston, Massachusetts, USA. Three years in the head office was more than enough. Much to the consternation of friends and family, Shahed wanted to be where the reality was, packed his bags and returned to Bangladesh. This is where finally matchmakers got him with Traidcraft in 2004, a dream came true as this was where his passion was.

Working with marginal farmers in Mymensingh, Netrokona, Shahed's NGO implementation partner found that these farmers not only needed inputs but proper agricultural guidance. Farmers come to input sellers asking for help but these input sellers threw stones in the dark, as they do not have the right knowledge or training to



SYNGENTA BANGLADESH

The photo shows a team of Traidcraft. The vision of the NGO is to fight poverty through trade, practising and promoting approaches that help the poor in developing countries transform their lives.

provide this guidance. Even their own staff lacked the necessary knowledge and skills to assist farmers.

Could we partner with them in training the input sellers in those areas and eventually their staff? Training is our passionate forte and we have quite a positive reputation. Our commitment to training is our Learning and Development Centre in Bogra, specifically built for training input sellers on modern agricultural practices.

There is a direct correlation of poverty alleviation with agriculture. Increasing agricultural productivity succeeds in decreasing poverty. So working with marginal farmers to improve their agricultural productivity was the right thing to do. We chipped in and have successfully completed the training mandate we set up with Traidcraft.

What is the impact of our training? Shahed had this anecdote to share. The sales of trained input sellers is increasing and trained farmers too are also getting benefits by reducing cost, better productivity and increased revenue. In Boira, Mymensingh, one such farmer, Habibur Rahman, bought Syngenta's okra seed at Tk

1,400 per kg, whereas other not so adventurous farmers bought local varieties at Tk 200-300/kg. Despite the high cost of seed, but following instructions of farming like soil testing, right dose of fertilisers, Habib made almost Tk 20,000 more profit than others from the same size of land. Just because of using better seeds, Habib harvested okra for a further month and a half than the other amazed farmers.

Traidcraft has a whole basket of wares in Bangladesh. They are working towards improving livelihoods of poor craft producers, promoting small-holding tea growers, reviving the lost glory of jute and impacting positively the livelihood of jute farmers and producers through consumption of jute domestically and globally, and improving livelihood of rural marginal producers by developing rural business development services and markets. As Shahed explained, they chose these activities because charity cannot change the fate of the downtrodden but only a just trading system can, where self-reliant primary producers get the right benefits of their production engaging themselves in mutually beneficial and enduring relationship

with other actors of the value chain, both forward and backward.

Shahed continued, we want to see qualitative and quantitative changes in our target beneficiaries. When we hear stories like that of Anwara Begum, an underprivileged woman of Bottala, Netrakona, who could not contain her exhilaration because her ducks which support her family, are now laying eggs for four months instead of 2 after getting a simple training from our service providers, we know we are doing things right.

Soon after setting up office, Shahed vividly recalls the day when he received a call from his UK colleague Abby of the Fundraising Department. Yes, they were granted their first project in Bangladesh, funded by EU. Shahed smiles at that first event, which got the ball rolling for Traidcraft in Bangladesh. A doting father of an only teenage daughter Upoma, it seems Shahed's world circles around her and the success and smiles he sees his team is bringing in to the lives of our simple rural folk.

The writer is managing director of Syngenta Bangladesh Limited.