

International Business News

Maldives gets \$92.5m bailout from IMF

AFP, Colombo

The IMF has approved a \$92.5-million-dollar bailout package to help the Maldives weather the global financial crisis, the international lender announced Saturday.

The Indian Ocean nation's economy has been hard hit by a fall in tourism, lower fish exports and a drop in capital inflows, the International Monetary Fund (IMF) said in a statement released in the Sri Lankan capital Colombo.

"The programme aims to rebuild international reserves to prudent levels," IMF deputy managing director Takatoshi Kato said.

The country's foreign reserves fell to over just two months of imports this year, the IMF said.

Kato said the 36-month economic programme approved by the Washington-based lender on Friday aims to reduce the country's fiscal deficit and ensure that social programmes are not reduced.

He said the atoll nation had agreed to reduce the size of its government, cut civil servants' salaries, introduce corporate taxes and privatise loss-making enterprises while protecting the poor through targeted subsidies.

Since the 2004 Asian tsunami, which swamped many of the low-lying nation's resorts, the Maldives' external debt has soared to 91.6 percent of gross domestic product (GDP) from 55.2 percent in 2004.

Yahoo!, Microsoft ink web search agreement

AFP, San Francisco

Yahoo! and Microsoft announced Friday that they have finalised the details of their planned Internet search and advertising partnership.

The companies hope to implement the deal next year with the approval of anti-trust regulators.

"Yahoo! and Microsoft welcome the broad support the deal has received from key players in the advertising industry and remain hopeful that the closing of the transaction can occur in early 2010," the companies said in a joint statement.

"Microsoft and Yahoo! believe that this deal will create a sustainable and more compelling alternative in search that can provide consumers, advertisers and publishers real choice, better value and more innovation."

Yahoo! and Microsoft had originally planned to complete their agreement by October 27 but extended talks "given the complex nature of the transaction."

The plan to ink a 10-year Web search and advertising pact was unveiled in July and promises to set the stage for a Yahoo!-Microsoft offensive against Google, the king of the lucrative search and advertising market.



A woman walks past a clothes shop in Jakarta on Friday. Indonesia's central bank signalled its concern on Wednesday that the recent rise in the rupiah is hurting exporters in Southeast Asia's biggest economy.

GE to buy \$345m of ads from NBC Universal

AP, Philadelphia

General Electric Co. has promised to buy at least \$345 million in advertising from NBC Universal over five years after selling a controlling stake in the entertainment company to Comcast Corp., according to a regulatory filing Friday.

GE pledged to buy at least \$59 million worth of ads in the new NBC Universal each year for five years after the sale of a 51 percent stake to Comcast, expected to close in about a year. In addition, GE is required to buy \$50 million worth of ads in connection with the 2012 Olympic Games, whose rights NBC holds.

Comcast disclosed the details in a Securities and Exchange Commission filing that also covered terms of GE's divestiture rights for NBC Universal, tax matters, intellectual property and others.

In 2008, GE spent \$1.2 billion on advertising across all media outlets, but most of the money went toward marketing of NBC Universal's movies, said TNS Media Intelligence. The regulatory filing did not say whether the \$59 million represents an increase or decrease over what it would have spent outside the movie ads.

Taiwan aims to create 99,000 jobs next year

AFP, Taipei

Taiwan aims to create 99,000 jobs next year to bring down unemployment numbers lingering near record highs as a result of the global financial crisis, the government said Friday.

The island will focus on labour-intensive industries such as tourism and healthcare in its efforts to help those unable to find work, an official at the Government Information Office told AFP.

"Endeavours to improve the domestic job market are at the top of the cabinet's agenda," he said.

Figures from the Council of Labour Affairs show 73,000 jobs have been created in 2009.

Taiwan's trade-dependent economy took a severe hit from the global downturn, with the jobless rate hitting an all-time high of 6.13 percent in August. It had fallen to 5.96 percent as of October.

INTERVIEW

No hidden cost: StanChart

Bank's regional boss explains to The Daily Star

SAJJADUR RAHMAN

Standard Chartered Bank believes in competition. It does not price any product out of the market.

So says Neeraj Swaroop, chief executive for India and South Asia of Standard Chartered, in an interview with The Daily Star at the bank's local headquarters in Gulshan during his recent visit to Bangladesh.

"Pricing is an important strategic issue for any business. It (pricing) depends on market demand and it cannot go out of the market," Swaroop says.

He has responded to a complaint that the bank charges high commissions, fees and interest rates for its services in Bangladesh.

The official categorically denied it. "We offer competitive prices as clients are not willing to pay higher than other operators' charges."

If any product is priced high, he says, there must be value addition. He also says the bank does not place any hidden cost. However, he admits that he and other senior officials have received complaints of high charges and fees.

Swaroop, who looks after the bank's operations in South Asia, has also talked about the global financial crisis, credit cards and other forms of plastic money, Bangladesh's economy and its potential, the central bank's emphasis on agriculture and SME credit and entrepreneurship in the region.

StanChart is one of the nine foreign banks operating in Bangladesh. It is the oldest and the top foreign bank in the coun-



Neeraj Swaroop

try. The bank's total assets were over Tk 10,527 crore at the end of 2008 from nearly Tk 9,302 crore in 2007.

The bank's loans and advances stood at Tk 6,736 crore on December 31, 2008, from Tk 5,763 crore a year ago.

The bank considers Bangladesh as a very important market as it has a significantly large market. The bank has more presence here than some other regional markets. It has various deposit and loan products in addition to technology driven services such as ATMs and credit

cards. It is also one of the largest consumer banks in the country.

"Standard Chartered Bangladesh is performing quite consistently for the past five years and giving us double digit growth figures," Swaroop says. "We will continue to consider Bangladesh as a very positive market."

The official is also optimistic the bank will perform well in 2010, once the recession is over.

StanChart pioneered in the credit card business in Bangladesh and currently, it is the market leader. The bank

holds nearly a 50 percent share of the market of five-lakh credit card users.

"The credit card is a risky business, so the interest rate will be high."

The use of plastic money is still at nascent stages in Bangladesh, said Shah Masud Imam, head of corporate affairs, South Asia. Bangladesh has 12 million bank accounts, he adds.

"There is enough for all of us to look at. We are offering more and more premium services to our customers," says Imam.

On agriculture and SME

credit, Swaroop says: "We are a responsible bank and we will follow the directives of the central bank." The official said all banks should comply with orders from the central bank.

He hails Bangladeshi entrepreneurs and their relentless efforts to improve. "First generation entrepreneurs are coming up with great ideas. We just help them to make things happen."

He also talks about the impacts of global recession on the banks. Swaroop blames the western countries for the crisis.

The bank was one of the few global banks that were able to sustain business during the severe global economic slowdown. It was not directly affected by the crisis.

"Clarity of business models has helped the bank perform strongly amid recession," Swaroop says.

"We are consistent and disciplined in pursuing business."

The bank's regional chief however considers the bank's business concentration, because of which, it was able to keep away from the impacts of recession.

"Nearly 95 percent of our business is concentrated in Asia and Africa," he reasons. The economic slowdown, which surfaced as a result of the sub prime mortgage crisis in the US, later spread to Europe. But most Asians and Africans were out of any large impacts, Swaroop says.

The bank's presence in the EU and the US is to support the business in other regions, he adds.

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US EMPLOYMENT

Obama hails jobs hope

AFP, Allentown, Pennsylvania

US President Barack Obama said rare good news on jobs Friday came just in time for the "season of hope" but added millions of Americans still felt the "gut punch" of unemployment.

During a tour of economically-blighted Pennsylvania, Obama said surprise figures showing unemployment dropped to 10 percent last month were a sign his policies were working but warned of "bumps in the road" to recovery.

"This is good news, just in time for the season of hope," Obama said, in a town hall-style meeting on the first leg of a tour designed to offer empathy to out-of-work Americans.

"I've got to admit my chief economist, Christy Romer, she got about four hugs when she handed us the report," Obama said, describing the Labor Department figures as "modestly encouraging."

But Obama, who is making job creation a priority of his administration, appealed for perspective, saying that while only 11,000 people lost their jobs last month, millions of Americans were still out of work.

"Too many members of our American family have felt the gut punch of a pink slip," Obama said, adding it was only a few years since his own family had faced hard choices of paying off student loans and other bills.

"There may be gyrations in the months ahead. There are going to be some months where the reports are a little better, some months where the reports are worse, but the trend line right now is good. The direction is clear."

Labor Department figures saw a dramatic improvement in November as the number of jobs lost narrowed to 11,000 and the unemployment rate dipped to 10.0



Unemployed people talk with a prospective employer at a job fair organised by the Opportunities Industrialisation Centres in Los Angeles on Friday. The US labour market witnessed a dramatic improvement in November as the number of job losses narrowed to 11,000 and the unemployment rate dipped to 10.0.

percent from 10.2 percent in October.

Obama held a "jobs summit" at the White House on Thursday and plans a speech on the economy Tuesday in Washington to unveil new job creation measures.

White House spokesman Robert Gibbs said Friday that Obama could endorse the use of remaining funds of a 700-billion-dollar bailout for the financial industry to fund job creation programs.

Speaker of the House of Representatives Nancy Pelosi said this week that untapped Troubled Asset Relief Program (TARP) money could fund infra-

structure investments like water projects, rapid transit, high-speed rail, and expanding Internet access and helping small businesses.

Critics of the scheme however have suggested using unspent TARP funds to pay down part of the huge US budget deficit projected by the White House to hit 1,502 trillion dollars in fiscal 2010.

According to a report to Congress in October, 317 billion dollars remains to be spent under the fund, including 70 billion repaid by financial institutions bailed out under the program.

Obama said at Thursday's jobs summit that he was not prepared

to wait to push job creation measures -- but warned that government cash was limited given the size of the deficit so he called on the private sector to help.

Other possible approaches include offering small businesses a tax break to take on new workers for job-intensive energy projects.

Republicans on Friday stepped up their assault on Obama, blaming him for "job killing" policies, including his backing for a cap-and-trade system to cut greenhouse gas emissions.

House minority leader John Boehner said any decrease in the unemployment rate was "encouraging" but he warned of a "jobless recovery" and double-digit unem-

ployment.

In one moment of light relief Friday, Obama made clear that one idea for job creation will not be in his plans -- legalizing prostitution and drugs.

"I appreciate the boldness of your question... that will not be my job strategy," a smiling Obama told a Pennsylvania student who suggested the unorthodox move.

"Part of what you're supposed to do in college is question conventional wisdom."

"You're doing exactly what you're supposed to be doing, which is, you know, thinking in new ways about things," the president joked.