International Business News

Airlines to suffer $5.6b loss in 2010: IATA

AFP, *Geneva, Switzerland*

Airlines are set to suffer bigger than expected losses of 5.6 billion dollars in 2010 despite a recovery in passenger traffic, the air transport industry association IATA said on Tuesday.

"The International Air Transport Association revised its financial outlook for 2010 to an expected 5.6 billion dollar global net loss, larger than the previously forecast loss of 3.8 billion dollars," the association said in a statement.

The figure nonetheless marked a halving of the 11-billion-dollar losses airlines are expected to suffer this year, as a patchy economic recovery slowly gained ground.

"We are ending an Annus Horribilis that rings to a close the 10 challenging years of an aviation Decennus Horribilis," said IATA Director General Giovanni Bisignani.

"Between 2000 and 2009 airlines lost 49.1 billion, which is an average of 5.0 billion dollars per year," he added.

Passenger demand was expected to grow by a stronger than expected 4.5 percent, following a decline of 4.1 percent in 2009, as passenger numbers return to the 2007 peak and 2.28 billion people fly next year.

British inflation jumps

AFP, *London*

Annual inflation in recession-hit Britain climbed to a higher-than-expected 1.9 percent in November owing to rising fuel prices, official data showed on Tuesday.

Consumer Prices Index (CPI) inflation increased by 0.3 percent in November from October, the Office for National Statistics said in a statement.

"CPI annual inflation -- the government's target measure -- was 1.9 percent in November, up from 1.5 percent in October," the ONS said.

Analysts' consensus forecast had been for a rise in annual inflation to 1.8 percent.

"By far the largest upward pressure affecting the change in the CPI annual rate came from transport," noted the ONS.

"Within the transport category the largest upward effect came from fuels and lubricants, where prices rose by 2.8 percent between October and November this year but fell by a record 8.3 percent a year ago.

"The large fall in 2008 was due to sharp falls in petrol and diesel prices, reflecting the falling price of crude oil in the latter half of 2008," added the statistics office.

AFP

Chinese shoppers select clothes at a shop in Beijing on Monday. China said on December 11 it had ended an almost yearlong bout of deflation in November while factory output picked up as the world's third-largest economy powered ahead following the global crisis.

Last US banking giants to repay state bailouts

AFP, *New York*

Citigroup and Wells Fargo struck deals Monday to repay a total of 45 billion dollars in state aid, winding down a year-long US government effort to save the banking sector from wholesale collapse.

The firms were the last banking giants to repay loans from state bailouts that totaled over 300 billion dollars across the sector under the Troubled Asset Relief Program (TARP).

Facing a global economic meltdown not seen since the Great Depression of the 1930s, the US Treasury at the end of 2008 stepped in with the series of bailouts to stabilize the financial system and keep credit flowing.

Citigroup unveiled their plans to repay 20 billion dollars in state aid and outlined plans to emerge from their massive bailout, while Wells Fargo said it would return the 25-billion-dollar TARP loan.

Philippine unemployment rises to 7.1pc

AFP, *Manila*

Unemployment in the Philippines rose to 7.1 percent in October, up from the 6.8 percent posted for the month last year, the government's National Statistics Office said Tuesday.

However this rate was down from the 7.6 percent posted in July, the last jobless figure released by the statistics office.

Underemployment, defined as those working fewer than 40 hours a week, rose to 19.4 percent in October, down slightly from the rate posted in July.

However, this was sharply up from the 17.5 percent posted in October 2008.

The size of the labour force increased to 38.2 million, up from 37.8 million in April. Only 22 million of the total labour force were working full-time.

No reason was given for the rise in unemployment but the country's economic growth has been sluggish in recent months, with the gross domestic product rising by only 0.8 percent in the three months to September.

Road to prosperity

LGED

A girder bridge built by LGED through Jhagrabil Rangamati stretches over Kaptai Lake, connecting hilly parts of the region.

REFAYET ULLAH MIRDHA, *back from Rangamati and Khagrachhari*

It is a road that has changed the financial condition and lifestyle of a major segment of the population in the hilly parts of Bangladesh, beneficiaries said.

The Asian Development Bank (ADB) and Bangladesh government funded construction of the 18.36-kilometre long road from Kaptai to Rangamati that helped increase incomes of the locals because of improvements in transportation and communication systems.

The road linked many scattered valleys and small hills in the land locked Rangamati regions that immensely benefited inhabitants, locals say.

They say children in the area can now commute to school easily as they do not have to go by boat or walk.

"We can now easily market our agricultural produce as transportation in the hill areas has improved due to construction of the road," said Amarendra Chakma, a resident of Jibtoli Bazar, a point on the road from Kaptai to Rangamati Sadar.

"Middlemen can no longer eat up a chunk of our profits as farmers can easily go to the large wholesale markets," he said.

Farmers in the hill districts mainly produce ginger, turmeric, paddy and banana on the slopes, he said.

Similarly, the construction of a kilometre long Amina Pahar Road helped directly link at least 50,000 people from eight detached small valleys and hills in the Rangamati Sadar district.

Several irrigation projects under the Chittagong Hill Tracts Development Project, with financial assistance from ADB, helped enhance crop productivity in the hilly areas.

Many single-crop paddy fields were turned into double-crop ones because of the irrigation facilities in the hilly areas like Modhumangal Karbari Para and the Manju Adam irrigation projects of Panchhari upazila under Khagrachhari district.

Under the move, several kilometres of irrigation canals were built to properly channel water from the nearby Chengi river to the farmlands.

"I can cultivate both aman and boro paddy in my field because of the available irrigation facilities in the area," said Madhu Chakma, a farmer at Modhumangal Karbari Para village.

The Local Government Engineering Department (LGED) built roads and other infrastructure and improved the civic amenities in three hill districts under two separate projects -- Chittagong Hill Tracts Rural Development Project (CHTRDP) and Urban Governance and Infrastructure Improvement Project (UGIIP).

Under the CHTRDP, LGED upgraded basic rural infrastructure and union roads of the three hill districts, the ADB officials said. At a cost of Tk 17499.14 lakh, the project initiated 56 kilometres of five upazila roads with 1390 metres of bridges and culverts, and 197 kilometres of 32 union roads with 2950 metres of bridges and culverts, the ADB official said.

The main components of the UGIIP were urban infrastructure improvements (roads, bridges, drainages, sanitation, solid waste management, water supply, municipal facilities and slum improvement).

Urban governance improvement including citizens' awareness, women's participation, integration of urban poor, financial accountability and sustainability, administrative transparency, capacity building and implementation assistance were some other components of the UGIIP.

"Hundreds and thousands of people will directly be benefited by construction of basic infrastructure like roads in the hilly parts of Bangladesh," said ADB Country Director Paul J Heytens during a recent visit to two hill districts -- Rangamati and Khagrachhari.

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EMERGING ECONOMIES

Growth takes tech boost

Says Goldman Sachs

STAR BUSINESS DESK

Technology, particularly the use of mobiles and internet, has seen the largest gains across the BRICs and N-11 countries, and was the main category that consistently offset the deterioration in other components, finds a research conducted by US investment bank Goldman Sachs.

N-11 (Next Eleven) countries actually benefited more than the BRICs, posting the highest improvement among the major groupings, and well above the developing-country average.

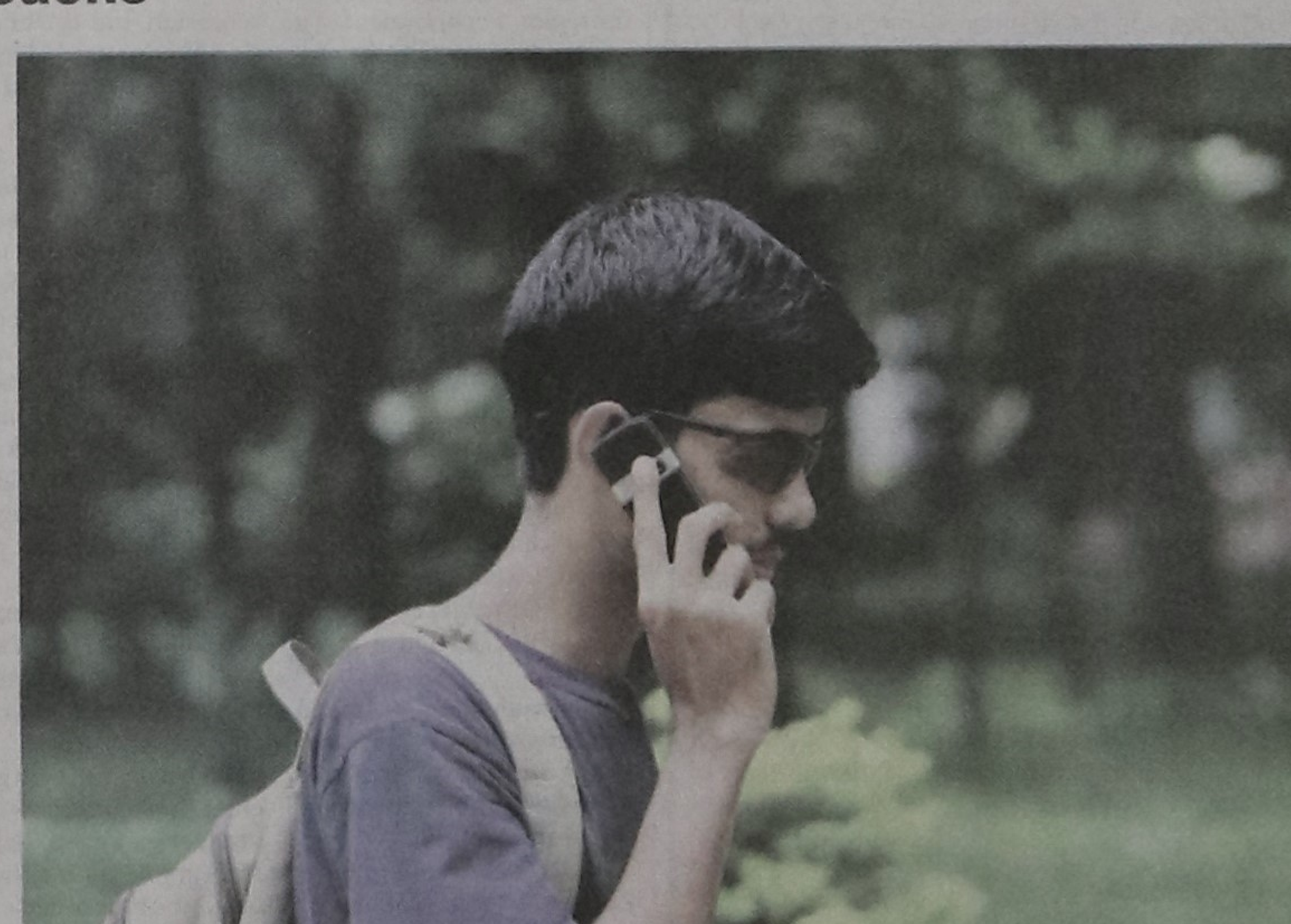
Macroeconomic conditions, which include gross fixed capital formation and openness, have also improved in the BRICs (Brazil, Russia, India and China) and N-11 countries (Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam).

"They have significantly exceeded the developed- and developing-country average in this category," the research report released on December 4 says.

Bangladesh was the only country in the BRICs and N-11 where macro stability components improved. Like others, it also benefited from higher mobile penetration, while political conditions took a step back, says the report styled "Long-Term Outlook for the BRICs and N-11 Post Crisis".

"The main setback occurred in the macroeconomic stability category, which includes inflation, external debt and government deficit. Both the BRICs and N-11 lost out by the same magnitude, far below the declines in developed and developing countries on average," the report says.

The research focussed more on global trade, current accounts, auto market and energy demand.



AMRAN HOSSAIN

Bangladesh like other emerging economies benefits from higher mobile penetration.

GLOBAL TRADE

The BRICs' share of global trade has continued to rise sharply and now stands at 13 percent, almost 2 percentage points higher than two years ago. China accounts for almost two-thirds of the BRICs' share. While the share of the N-11 countries is not rising as fast, these countries are still more important for global trade than the BRICs excluding China.

Korea and Mexico together account for more than half of the N-11 trade, while other countries (such as Turkey, Indonesia and Vietnam) are becoming increasingly important too.

REBALANCING CURRENT ACCOUNTS

Although the BRICs' aggregate current account remains in surplus, having peaked at over 6 percent of GDP, it has been on a declining trend since 2006 and is expected to fall further to 2.7 percent in 2011. The N-11 aggregate current account swung into deficit in 2008 for the first time since the mid-1990s, but is expected to return to positive territory in 2009 and hover around zero in 2010-2011.

Beyond the aggregates, the decline in the BRICs' current account surplus has mainly been driven by China and Russia. Both Brazil and India already had moderate deficits. Within the N-11, commodity producers Iran and Nigeria stand out in terms of their persistent and relatively large current account surpluses.

Other surplus countries include Bangladesh, Indonesia and the Philippines.

AUTO MARKET

The global car market will grow at around 5.7 percent annually, or 73 percent in total, over the next decade. China will be the main force driving the global car market, when it is likely to account for almost 42 percent of global car sales growth, with the BRICs together accounting for 70 percent.

Projections suggest that India and Brazil could deliver even higher car penetration by 2050. India has seen the biggest upward revision in the path, particularly in the last two decades of the horizon. By 2050 India's car penetration could leap to around 490 cars per 1,000 people. This is over 100 cars per 1,000 people higher than estimated before, and 30 times its current penetration level.

India could become the biggest auto market of the four by 2050, while updated projections for Brazil also show higher car penetration.

GLOBAL ENERGY DEMAND

The energy market (crude oil in particular) is likely to be influenced greatly by Chinese and Indian demand within the overall picture -- especially in the next 20 years.

These days, energy markets are often dominated by the importance of China.

Partly because of the Copenhagen summit on climate change, but increasingly for domestic goals, Chinese policymakers had announced a major new framework to improve energy efficiency and reduce energy consumption.