

International Business News

China says foreign direct investment up 32pc in Nov

AFP, Beijing

Foreign direct investment in China leapt 32 percent year-on-year in November for the fourth straight monthly increase, the commerce ministry said Wednesday.

China attracted 7,023 billion dollars in foreign investment last month, ministry spokesman Yao Jian told reporters.

The increase compared with a 5.7 percent rise in October, an 18.9 percent jump in September, and a seven percent rise in August, which ended 10 straight months of declines.

Foreign direct investment in the first 11 months of 2009 fell 9.9 percent year on year to 77.9 billion dollars.

Yao said growth in foreign direct investment was expected to rebound at a stable pace "in the coming several months" -- roughly at a margin of seven to eight billion dollars per month.

China is still attractive to foreign firms because it is an increasingly important market for multinational companies, particularly as consumption in the West remains weak following the global slump, he said.

According to a poll carried out by the American Chamber of Commerce in China earlier this year, 62 percent of the firms surveyed said their top goal in China was to produce or source goods or services for the local market.

Dell to lay off 700 workers in Malaysia

AFP, Kuala Lumpur

US computer giant Dell will cut 700 jobs in Malaysia as it looks to slash costs, newspaper reports said Wednesday.

The company said the affected workers from its plant in northern Penang state would leave Dell between January and June next year, through a voluntary separation scheme (VSS), the Star and New Straits Times reported.

The move will see Dell's workforce in Malaysia reduced to 3,800. The company has another support centre in Cyberjaya, a high-tech hub south of Kuala Lumpur.

Spokeswoman Jasmine Begum said the layoffs were a result of the Penang plant stopping production of notebooks for Latin America, Canada and US markets, the reports said.

The company will continue making products for South Asian and Australian markets.

Affected workers "will be given competitive VSS packages. We will also provide them with career counselling and outplacement services," the Dell official told the Star.

Company officials could not be reached for comment.

Dell began operating in Malaysia in 1995 with a manufacturing and direct-sales business but now produces desktops, workstations, notebooks, servers and storage products in Penang.



US President Barack Obama holds a meeting with labour, manufacturing, and small business leaders to discuss the economic impact of energy saving home retrofits at a Home Depot in Alexandria, Virginia, on Tuesday.

CreditSuisse to pay \$536m for US sanctions

AFP, New York

Swiss banking giant Credit Suisse on Tuesday said it expects to pay a 536 million dollar fine to end a probe by US authorities over Iran sanctions violations.

Credit Suisse said it was in settlement talking that involved US bank regulators, the US Justice Department and New York state officials.

"The discussions relate to a previously disclosed investigation into US dollar payments during the period 2002 to April 2007," the banking firm said.

"As part of the settlement, Credit Suisse is likely to pay a total of \$536 million dollars combined."

Credit Suisse said it had already made policy changes to come into compliance with US sanctions including closing its representative office in Tehran.

"Credit Suisse has previously disclosed the investigation by US authorities and that it was conducting an internal review into certain US dollar payments involving countries, persons or entities that may be subject to US economic sanctions," the firm said.

YouTube leads Google charge in display ad market

AFP, San Francisco

Google on Tuesday outlined a strategy for seizing a bigger share of online display advertising that has long been a key stronghold for rival Yahoo!

Google said the home pages of its globally-popular video-sharing website YouTube have become hot venues for display ads.

Google has been masterful at pumping revenue out of "pay-per-click" link advertising paired with results of Internet searches.

An unrelenting boom in video, television and film being delivered online offers opportunity to make cash by weaving in advertising targeted to the interests of viewers.

Google executives said that ad-targeting technology from DoubleClick, which it bought in 2007 for 3.1 billion dollars, is at the core of its online display advertising strategy.

ENTREPRENEURSHIP

Beyond the box

REFAYET ULLAH MIRDHA

In an about-turn in career choice, Monira Parvin Mony has moved from home tutoring to running a boutique and a brand of garments. She now boasts a business worth Tk 40 lakh, growing at a commendable rate.

Mony found her niche with hard work and a creative entrepreneurial mindset. In a humble beginning, she home-tutored and sold hand-written economics notes to students in Dinajpur town.

At the same time, she supplied some boutique items to shops in Dhaka and Dinajpur to meet basic expenditure. She saved money to start something of her own and began her business later with Tk 50,000 in working capital. Now her monthly income is Tk 50,000.

With a master's in economics from Dinajpur College, Mony runs her boutique and garments showroom, Trikon, at Aziz Super Market in Shahbagh, Dhaka.

Unwilling to confine her business to Dinajpur alone, Mony set up her factory at East Monipur in Sengpara in 2007, the first step towards her venture in Dhaka.

"I mainly produce T-shirts, short kameez, fatusas for men and women, bed sheets, three piece suits for women, cushion covers and saris."

She supplies clothing items to shops in Dinajpur and Dhaka, besides her own showroom. She employs 15 workers, paying them on the basis of the number of units produced.

For her, a fund crunch was a setback. Mony approached several banks and financial institutions to expand operations. But no-one responded, as she could not submit sufficient documentation to qualify for a loan. She was undaunted and continued to run her boutique and later proved herself a successful small and medium



Monira Parvin Mony

enterprises entrepreneur.

Last week, she signed an agreement with Sonali Bank at the SME Financing Fair 2009, in front of Prime Minister Sheikh Hasina at Sonargaon Hotel, to receive Tk 6 lakh in loans to expand her business.

Mony said she had demanded a Tk 10 lakh loan, but the bank agreed on less, taking her business portfolio into account.

SME Foundation and Dhaka Chamber of Commerce and Industry co-organised the fair, where nine SME entrepreneurs signed deals with their banking

partners in front of the prime minister.

She believes Trikon will one day make headlines. "This is why I supervise everything myself, to maintain quality and win the hearts of my customers."

Mony says quality control is a must to sustain competition.

Talking on the sidelines of the bankers and entrepreneurs' loan matchmaking programme at the SME Financing Fair, Mony says she goes to dyeing factories in Narayanganj to dye fabrics, according to customer demands.

Mony is innovative in fashion designs and is assisted by her husband, who is a freelance television programme maker. The creative duo works towards developing the brand.

"I am now doing business with local partners. But I have abundant queries for orders from overseas buyers."

"I have a plan to sign a deal with foreign companies in future," Mony says.

She is now preparing to take part in two upcoming fairs in Dhaka -- at the Officers' Club and the Business and

Professional Women's Club.

She said a woman entrepreneur faces several difficulties in doing business in Bangladesh, as the facilitating institutions and families do not always support them adequately.

"The banking sector and other financial institutions should ease the terms and conditions for providing loans to women entrepreneurs so that more and more women are encouraged to engage themselves in business."

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ECONOMIES

Australian fast rebound hopes dented

AFP, Sydney

Australian hopes of a quick rebound from the global downturn were dented on Wednesday when official figures showed the economy had not grown as much as expected in the third quarter.

Data showed the economy, dubbed the "wonder from Down Under" as it led advanced world in recovering from the slump, grew just 0.2 percent quarter on quarter, well down from the previous three months when it expanded 0.6 percent.

Economists had expected an expansion of 0.4 percent. The year-on-year growth figure was 0.5 percent, according to the Australian Bureau of Statistics.

Treasurer Wayne Swan said the figures were "pretty stunning" after the worst global slowdown in decades, but warned the recovery was still relying on government stimulus.

"Conditions are improving but I think the accounts today provide a cautionary reminder that there's some time to go before our growth momentum becomes sustainable," he told reporters.

"What we're seeing is a growth figure which is quite remarkable given the circumstances we were in a year ago," he added. "We've put in the hard yards to do that but we understand there's much, much more to do."

Australia was the only major Western economy to avoid a recession in the global downturn -- thanks to strong resources exports and huge emergency spending. And in October it became the first to ease monetary stimulus.

Unemployment fell to 5.7 percent last month, reinforcing hopes of a rapid recovery with both business and consumer confidence buoyant, the stock market high and the Australian dollar approaching parity with the greenback.

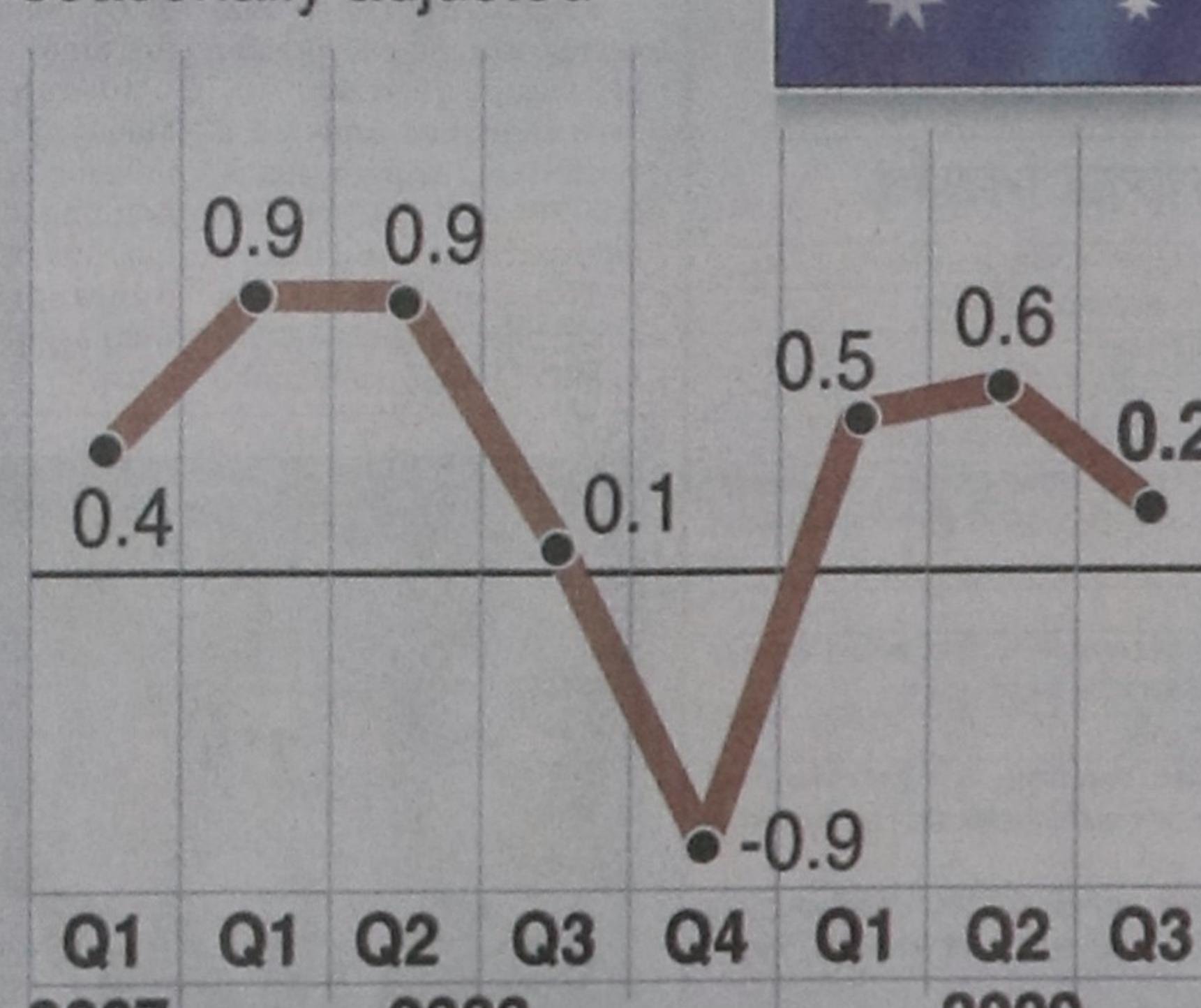
The commodities-based Aussie took a battering from Wednesday's news, closing down 1.39 US cents at 89.87 US cents. Stocks dipped 0.25 percent, with the benchmark S&P/ASX 200 index shedding 11.6 points to close at 4,661.9.

Analysts said the sluggish new growth figure was a reminder that the recovery might not be as straightforward as previ-

Australia economy

GDP growth rate

Quarterly changes, seasonally adjusted



AFP 161209

Source: ABS

ously hoped.

"The critical point is we're not slipping back towards anything representing recession," The Australian newspaper's business writer Andrew Main told Sky News.

"It's a reminder that all graphs don't go in a straight line -- they go up, they go down. What we're looking at is a reminder that the economic recovery in Australia is not going to be a straight-line exercise."

Economists also said the figure made Australia's central bank less likely to raise

interest rates for the fourth time in a row in its next announcement in February.

Reserve Bank of Australia deputy governor Ric Battellino said rates, pulled off 50-year lows of 3.00 percent to 3.75 percent in consecutive months, showed monetary policy was back in "normal range".

"It would be reasonable to conclude that the overall stance of monetary policy is now back in the normal range, though in the expansionary segment of that range," Battellino told a banking conference.

Fed to strike upbeat note

AFP, Washington

The US Federal Reserve concludes a two-day meeting Wednesday expected to pledge ongoing stimulus for a recovering US economy amid what is likely to be a heated debate on a so-called exit strategy.

The Federal Open Market Committee (FOMC) is widely expected to keep its near-zero interest rate policy and a range of programs to flood the financial system with money to restore credit flows.

The central bank has held its base federal funds rate in a range of zero to 0.25 percent since last December, and is in the process of carrying out a pledge to pump more than one trillion dollars into the financial system to keep credit flowing.

But Fed officials have acknowledged that they have an exit plan and can implement it when needed, while dampening speculation about any imminent change of policy.

A statement is expected around 1915 GMT Wednesday.

Fed chairman Ben Bernanke last week went out of his way to quash the notion that the Fed was closer to rate hikes in view of better economic news, especially in the labor market, analysts noted.

"With the sustainability of recovery still in doubt, we do not see why the Fed would make any changes at this point, especially with year end approaching, when financial markets are notoriously illiquid -- perhaps significantly more so this year," said Joseph LaVorgna, chief US economist at Deutsche Bank.

"We expect only slight tinkering with the statement. In fact, the only substantive change we are looking for from the FOMC is a mild improvement in the committee's assessment of the economic outlook."

Markets will be watching to see if the Fed keeps language indicating rates would be held low for an "extended period." Any significant change could signal the exit strategy is underway.

Donald Ratajczak, consulting economist at Morgan Keegan, said that the Fed may be shifting its criteria for when it begins to hike rates because much of economic activity is still supported by stimulus efforts, even though unemployment has come off a peak of 10.2 percent to 10.0 percent.