

International Business News

Time Warner buys India's NDTV Imagine for \$126.5m

AFP, New Delhi

Time Warner Inc said Thursday its board had approved the acquisition of Indian entertainment channel NDTV Imagine Ltd for 126.5 million dollars.

The purchase from NDTV Networks Plc will be made through unit Turner Asia Pacific Ventures, Inc and will see it gain a 92 percent stake in Imagine, and includes 50 million dollars to fund business after the sale has closed.

"This acquisition marks another significant milestone in Turner's business in India," said Steve Marcopoto, president of Turner Broadcasting System Asia Pacific Inc, in a statement.

"Our accelerated pace of investment here underscores both our commitment to this dynamic market and our view of India's compelling long-term potential," he added.

NDTV Imagine, a Hindi-language general entertainment channel launched last year, operates in the competitive reality television and drama market.

"Time Warner's experience, expertise and resources will ensure that Imagine achieves its full potential in the near future," said Prannoy Roy, chairman of NDTV Limited, of which NDTV Networks Plc. is an indirect subsidiary.

US Fed stays course, sees record low rates

AFP, Washington

The US Federal Reserve extended its record low interest rates Wednesday and reaffirmed this policy would remain in place "for an extended period" to support a still-precious economic recovery.

The central bank, concluding a two-day policy meeting, maintained the federal funds base rate of a range of zero to 0.25 percent, which has been in place for the past year under a plan to revive economic activity.

The Federal Open Market Committee headed by chairman Ben Bernanke did acknowledge some improvement in economic conditions, notably in the troubled labor market, but indicated this was not enough to shift away from a massive stimulus effort.

The FOMC statement said that recent data "suggests that economic activity has continued to pick up and that the deterioration in the labor market is abating."

It noted that the housing sector "has shown some signs of improvement over recent months" and that consumer spending is growing "a moderate rate" but is constrained by a weak labor market and tight credit.



AFP

Customers use ATMs outside the headquarters of the National Australia Bank (NAB) in Sydney yesterday. NAB unveiled a \$11.9 billion bid for financial services group AXA Asia Pacific's Australian and New Zealand businesses, trumping a rival offer by fund-manager AMP.

Philippine economy survives storms to post growth

AFP, Manila

The Philippines will avoid recession and post growth of at least 0.8 percent this year, despite the effects of the global economic slump and a series of killer storms, the government said Thursday.

"At the very least, the Philippine economy will exhibit positive growth this year. We are definitely not going into recession," said Socio-economic Planning Secretary Augusto Santos.

Gross domestic product (GDP) growth in 2009 was forecast to be within a range of 0.8 to 1.8 percent.

"We think 0.8 percent is likely but we are not discounting a figure higher," Santos told reporters.

The growth was attributed to the strong performance of both the agriculture and services sectors and the better-than-expected remittances from millions of Filipinos working abroad, which in turn fuelled local consumption.

GDP growth in 2010 was forecast at 2.6 to 3.6 percent, Santos added, citing the twin effects of a recovering global economy and the anticipation of huge domestic spending in the run-up to national elections in May next year.

BMW says 8,800 workers will face shorter hours in January

AFP, Frankfurt

The German luxury car maker BMW will put 8,800 workers on shorter working hours in January as it anticipates a slump in the sales of some models, a spokesman said on Thursday.

The move affects in particular around 8,300 workers of the 19,000 at a plant in Dingolfing, southeastern Germany that makes the Series 5 model, of which a new version is to be launched in March.

Sales of the current model are therefore expected to slow sharply.

Many German companies have resorted to short work hours for staff, with around 1.1 million workers currently involved by the scheme.

The government pays part of the difference to keep people in jobs and trained for when the economy picks up again.

LIVELIHOOD

Handlooms in the hills



STAR

Workers make handicrafts at a recent fair organised by CHT Development Facility and UNDP in Dhaka to mark the 12th anniversary of CHT peace accord. The marketing of tribal garments takes place in different ways. In most cases, indigenous people sell products directly to tourists from their homes.

REFAYET ULLAH MIRDHA, back from Rangamati

In the morning chill in the hills, Malati Chakma was knitting a Pinon, a traditional shawl, on her house premises.

The tribal housewife in Rangamani village under Rangamati district was looking to her halcyon days ahead.

Now she can easily earn a handsome amount a month as her business is going fine following an increase in demand and prices of the clothes she makes.

"I don't face any problem in paying the tuition fees of my college-going son and a school-going girl, as my income is good now," Malati says.

She says she can earn Tk 10,000-Tk 15,000 a month from the sales of the clothes -- mainly shawls, t-shirts, scarfs and skirts.

The amount is enough to manage a four-member family in the remote hilly area, she says.

Malati is one of many such knitters of traditional clothes in Rangamani village, a few kilometres away from Rangamati Sadar, where most are dependent on this business.

In the village, almost all the 750 families have handlooms, as this is their main business for livelihood.

The villagers say the demand for such tribal textile products is increasing now, thanks to the media hype, aggressive marketing, improved infrastructures, and of course development of the tourism sector that attracts a flock of tourists to the scenic Rangamati.

It takes 10-15 days to work on a Pinon, as it needs some fine-tuning.

The makers say they have to spend Tk 6,000-Tk 7,000 for pur-

chasing raw materials to earn Tk 10,000-Tk 15,000.

But doing business in such a remote area is not so easy, as they have to face the troubles of inadequate raw materials and absence of a big market near the villages.

The manufacturers buy raw materials, mainly white yarn from Chittagong and Rangamati districts, and later dye the yarn with their indigenous set-up.

Sometimes individual knitters work for the suppliers when any showroom owner places orders for a big quantity of tribal clothes.

The marketing of the tribal garments takes place in different ways. In most cases they sell their products directly to the tourists from their houses.

Almost all the knitters keep some extra products in their houses so they can instantly sell those to the tourists.

Some of the indigenous people have their own showrooms in Dhaka, Rangamati and Chittagong. They supply the products to their showrooms or work for others' showrooms on contract basis.

"The media have played a pivotal role to make the products popular to the people across the country," says Rani Chakma in Rangamani village.

She says they can make new designs from the ideas they get from the television channels' programmes as cable TV and electricity are there.

Recently a lot of showrooms have opened around the tourist spots of Rangamati due to a higher demand for such tribal clothes among the fashion conscious people.

The people in the hilly regions now can easily travel to remote big wholesale markets to sell their

products because of the roads and other communication infrastructures developed recently.

Financing the tribal people remains a big challenge till now, as many of the knitters cannot go for big venture despite having both capacity and higher demand for their products.

Sometimes they take loan from local non-government organisations at high interest rate, or borrow from their relatives to run the businesses. Bank credit is still far away.

A showroom owner at Tabalchhari, a market mainly for the tourists in Rangamati town, said the sales of traditional tribal garments peak up in November, December and January as the number of tourists increases during this period.

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US ECONOMY

Treasury backs out of Citi plans

AP, Washington

In a striking reversal of its attempts to unwind the government's financial stakes in big banks, the US Treasury Department has backed out of plans to sell its 34 percent stake in Citigroup.

The move came after investors responded tepidly to a massive stock offer by the New York-based bank. Citi said Wednesday it will sell 5.4 million common shares at a steep discount to raise the cash it needs to repay \$20 billion of the \$45 billion in government support it received to weather the financial crisis.

Citi is the last remaining Wall Street bank in which the government still owns a major stake. Treasury's move underscores the Obama administration's halting progress in drawing back the tens of billions of dollars it invested to stabilise the banking sector.

In what it called the largest equity offering in history, Citi is selling the common stock at \$3.15 apiece, an 8.7 percent discount to Wednesday's closing stock price. The bank also is selling 35 million tangible equity units, which can be converted into common stock at a later date, for \$100 each.

The government converted \$25 billion of its Citi bailout into a 34 percent equity ownership stake in the bank earlier this year. The government paid \$3.25 a share for its stake, which means it would have lost 10 cents a share in the offering.

"Based on today's offering price, Treasury has decided not to participate in the equity offering," said a department official familiar with the matter who spoke on condition of anonymity because she wasn't authorised to discuss it.

Citigroup's shares dropped 24 cents, or nearly 7 percent, to \$3.21 in after-hours trading after closing at \$3.45.

The discount reflected investors' continued uncertainty about Citi's financial strength. Analysts believe the bank has benefited from one-time sales and government subsidies but may not yet have repaired its balance sheet and returned to profitability.



The Treasury Department agreed to wait 90 days after the completion of the offering to sell any of the 7.7 billion common shares that it owns. The government has said it plans to sell the entire stake next year.

Treasury Secretary Geithner reiterated this week that the US does not want to be a shareholder in companies. But Treasury's decision to hold its stake shows that the government, too, believes Citi may not be strong enough to stand on its own. It also preserves one of the administration's few remaining bits of leverage in negotiations with the banks.

President Barack Obama called the CEOs of major banks to the White House Monday to press them to lend more and support his overhaul of financial regulation. He said the banks benefited from taxpayer bailouts, and should do their part to support economic recovery.

Obama and the bankers called the meeting productive, but Obama failed to extract any concrete promises on the issues he raised. A day earlier, he had gone on TV to call the bankers "fat cats" who "don't get it."

Citi was the only one of the 12 banks whose CEO did not attend the meeting. It said CEO Vikram Pandit was tied up with the announcement about repaying the first \$20 billion of its bailout. Chairman Richard Parsons was to attend the meet-

ing, but ended up dialing in from New York because of inclement weather.

Citigroup announced the offering on Monday, shortly before Wells Fargo & Co announced plans to raise capital through a public stock offering to pay back its own government bailout loan. The San Francisco-based bank priced a \$12.25 billion offering of common stock on Tuesday.

The offerings followed a share sale by Bank of America Corp earlier this month. The Charlotte, N.C.-based bank, which named its consumer banking chief as CEO Wednesday evening, raised \$19.29 billion to help pay back \$45 billion in government bailout funds.

Citigroup said once the offerings are complete and it repays the \$20 billion, it will no longer be deemed a recipient of "exceptional financial assistance" under TARP, and therefore won't be subject to some of the strict executive compensation rules attached to its bailout.

The repayment may boost Citigroup's image. It also will save the bank \$1.7 billion a year in dividend payments. However, the capital raise significantly dilutes current shareholders' stakes.

The Washington Post reported late Tuesday that Citi had received a special tax break to help it exit the bailout. The tax change saved Citi \$38 billion.

Top central banks aim for tougher financial rules

AFP, Zurich

Leading central bankers and national regulators said Thursday they were aiming to introduce proposals to strengthen international financial requirements on banks by the end of 2012.

The agreed reforms, which have been in the offing for several months, are part of a "comprehensive response" to the financial crisis, the Basel Committee on Banking Supervision said in a statement.

"The capital and liquidity proposals will result in more resilient banks and a sounder banking and financial system," said Dutch central bank chief Nout Wellink, chairman of the Basel Committee.

However, the Committee said it was still reviewing possible additional measures on "systemically important institutions," banks that are big enough to have an impact on whole economies and the rest of the financial system if they run into trouble.

It will also assess the potential impact of its package of measures and refine them next year.

"The fully calibrated set of standards will be developed by the end of 2010 to be phased in as financial conditions improve and the economic recovery is assured, with the aim of implementation by end-2012," the statement said.

"The Committee is mindful of the need to introduce these measures in a manner that raises the resilience of the banking sector over the longer term, while avoiding negative effects on bank lending activity that could impair the economic recovery," it added.

The group of central bankers and national financial regulators from 27 leading economies had already approved strengthened regulation and supervision and revised "Basel II" capital requirements in July and September.