

## International Business News

## IMF approves release of \$1.2b to Pakistan

AFP, Washington

The International Monetary Fund said Wednesday its executive board approved the release of 1.2 billion dollars to Pakistan under a 11.35 billion dollar loan program to the cash-starved nation.

With the release following a review of the country's economic performance, total disbursements under the program amounted to about 6.54 billion dollars, the IMF said in a statement.

The executive board also approved Pakistan's request for a waiver for not meeting budget deficit targets, the statement said.

Pakistan approached the IMF last year for a rescue package as it grappled with a 30-year high inflation rate and fast-depleting reserves that were barely enough to cover nine weeks of import bills.

The insurgency-wracked South Asian nation was also promised 5.7 billion dollars in aid over two years at a donors conference in April.

Nuclear-armed Pakistan, which has suffered a wave of Islamist bombings since July 2007, has been rocked by a spike in bloodshed killing recently.

Militants have recently stepped up attacks on civilians as part of a bombing campaign against the Pakistani government's alliance with the United States in the war on Islamist extremists.

## India airline market seen set for fastest global growth

AFP, New Delhi

India's airline passenger market could emerge as the world's fastest growing, an aviation consultancy said Thursday, as it forecast the nation's private carriers would return to profit next year.

"India could be the strongest growth market in terms of passenger numbers globally for the next 10 to 15 years," Kapil Kaul, India chief of the Singapore-based Centre for Asia-Pacific Aviation, told AFP.

His comments came as the Singapore-based consultancy said in a report India's private airlines should return to profit in the next financial year after bruising losses.

With India's economy rebounding, private carriers are expected to post a total profit of 250 million dollars to 300 million dollars in the fiscal year which starts in April, the report said.

"After a turbulent couple of years, 2010 should be a more positive year for Indian aviation, provided that the airlines can remain disciplined on costs, capacity and pricing," the consultancy said.

"Now we are entering the profitable phase," Kaul said.

The private carriers include Jet Airways, SpiceJet, Kingfisher and Indigo, part of a clutch of new airlines which took flight earlier in the decade after India liberalised the sector.



Christmas shoppers walk along 57th Street in Manhattan, New York, on Wednesday. Just before Christmas, some last-minute holiday shoppers faced disappointment as stores ran out of key holiday items.

## Obama 'entirely dissatisfied' with jobless rate

AFP, Washington

US President Barack Obama said Wednesday he is "entirely dissatisfied" with the level of US unemployment and cannot congratulate himself on his first year in office between the jobless rate is so high.

"I am entirely dissatisfied with where we are right now in terms of jobs, and the fact that families out there on the eve of Christmas are still really worried," Obama said in an interview with public television station PBS.

"And so I don't pat myself on the back at the end of this year," the US leader said after 11 months in office.

"But what I do have confidence in is that we've made good decisions, that we've applied sound judgment to some very difficult situations," added Obama.

The president noted that his administration faced an unusually tough set of challenges.

## Pharmaceuticals drag down Singapore factory output

AFP, Singapore

A sharp drop in pharmaceuticals production pulled down Singapore's manufacturing sector as overall output shrank 8.2 percent in November from a year ago, government data showed Thursday.

On a seasonally adjusted month-on-month basis, the sector's output fell 3.6 percent, the Economic Development Board (EDB) said in its monthly report.

Excluding the biomedicals industry, which includes pharmaceuticals, manufacturing output actually increased 7.4 percent from a year ago, the EDB said.

Analysts polled by Dow Jones Newswires were expecting an average 3.3 percent rise in output from the manufacturing sector, a key pillar of Singapore's trade-oriented economy.

## CHRISTMAS SHOPPING

## French go for 'green' gifts



The picture taken on December 18 in Paris shows the Christmas tree of the Galeries Lafayette department store. French holiday shoppers are opting in larger numbers for "green" gifting this Christmas, as hard economic times coupled with a new green awareness are changing attitudes about gift-giving in France.

AFP, Paris

A used book or nearly-new kitchen gadget may not be at the top of every Christmas wish list, but hard economic times coupled with a new green awareness are changing attitudes about gift-giving in France.

French holiday shoppers are opting in larger numbers for "green" gifting this Christmas, studies show.

About 30 percent of French consumers will give second-hand items as gifts to stretch out their tight budgets but also to do their little bit for recycling, according to a study by international consulting firm Deloitte.

The survey of Christmas consumer behaviours in 18 European countries found the French were more than twice as likely as other

Europeans to give second-hand items, making France a pioneer in the trend.

Paris office worker Flavi Verrey said she found holiday happiness online by buying second-hand gifts such as an old DVD of Charlie Chaplin's "The Great Dictator" for her husband along with used copies of his favourite comic strips.

For her nieces, she chose old jewellery, spending a grand total of 20 euros.

"I like the idea that things that once belonged to someone can be of use to someone else," said Verrey.

The 32-year-old mother did not list budget concerns as a major reason for re-gifting but rather sees herself adopting a new consumer attitude that does not need to buy new and wants to reduce waste.

"I do feel that we are at a turning point. People are more aware about how they spend and the choices they make," said Verrey.

Websites promoting re-gifting and green gifting are flourishing in France, with many reporting a rise in business.

"Concerns about the ecology and the economy have come together and are now seeing people who accept the types of gifts that were not appreciated just a short time ago," said Sébastien Ravut, who runs a website promoting eco-friendly consumerism.

His site lists shops in France that offer fair trade products, bio-friendly goods and recycled items. Over the Christmas holidays, the number of visits to the site has doubled from last year, reaching 60,000 per month.

Second-hand gifts may be more

widely accepted in France because the French are accustomed to garage sales and second-hand stores, Ravut said.

He also suggested they may be more resistant to North American-style shop-until-you-drop consumerism.

Online retailer PriceMinister is tapping into the re-gifting market in a big way, selling everything from year-old flat screen TVs to Michael Jackson CDs.

"Over the past two years, there has been a strong increase in the trend to give second-hand items as gifts," said PriceMinister's director for marketing, Olivier Mathiot.

"Many of the psychological barriers have fallen."

A study by online survey firm Vivodi for PriceMinister showed eight out of 10 people would be happy to receive a used item as a

gift and that younger consumers were more open to the idea.

But Gilles Goldenberg, author of the Deloitte study, cautioned that environmental concerns are not the overriding consideration when buying used goods.

"The number one concern is getting the lowest possible price," said Goldenberg. "Eco-friendly products are drawing a lot of interest, but not if that means paying more."

Theatre tickets and other low-carbon gifts are in vogue, and eco-friendly websites are also encouraging gift givers to offer time and services instead of stuff.

"The order of the day is to spend less time shopping and more time connecting" over the holidays, said Florence de Monclin from the Nicolas Hulot foundation for Nature and Humanity.

## ECONOMIC RECOVERY

## Citi returns \$20b in bailout money

AP, Washington

Citigroup Inc yesterday repaid \$20 billion in bailout money and received a government ruling that it's no longer covered by the pay restrictions imposed on companies receiving the most rescue money.

Kenneth Feinberg, the Obama administration's pay czar, said in a letter to the company that the repayment removes Citigroup from restrictions on executive pay and bonuses that were imposed on companies receiving exceptional assistance from the \$700 billion bailout fund.

Those restrictions will now cover only insurance giant American International Group and auto companies Chrysler and General Motors and their financing arms.

Citigroup last week sold common stock to raise the cash it needed to repay \$20 billion of the \$45 billion stake the government held in Citigroup. But the Treasury postponed its own plans to begin selling its 34 percent stake in the company because it decided Citi's stock price was too low.

In his letter to the company, Feinberg said that because of the repayment, his approval would not be needed for pay packages received by the company's top executives in 2010. But he said compensation those executives



received in 2009 would still be subject to the tighter restrictions.

In October, Feinberg had ruled that the top 25 executives at companies receiving exceptional assistance from the bailout fund, known as the Troubled Asset Relief Program, would have their pay capped in most cases at \$500,000 for 2009. They were required to receive additional compensation in the form of company stock paid

out over three years, to try to tie their performance to the fate of their companies.

Even before Feinberg's decision, banks that had received billions in government aid to cope with the worst financial crisis since the Great Depression had been scrambling to repay the government so they could escape the TARP restrictions.

In a related announcement, the

government is ending an agreement it had with Citigroup under which Treasury, the Federal Reserve and the Federal Deposit Insurance Corp. agreed to share losses on a pool of assets originally valued at \$300 billion.

Treasury said the agencies had not had to pay any losses under the agreement. It said they would keep \$5.2 billion of the \$7 billion in preferred securities received as

compensation for putting up the loan guarantees.

Treasury also confirmed that it received a \$25 billion payment Wednesday from Wells Fargo & Co. That company had not been covered by the "exceptional assistance" pay restrictions.

Treasury said that with the \$45 billion in repayments received Wednesday from Citigroup and Wells Fargo, the government has now been repaid \$164 billion in TARP funds.

It forecast that the government would receive an additional \$11 billion in repayments over the coming year. Treasury also said the government would earn a profit on its investments to shore up the banking system, rather than incurring a loss that it had once projected would total \$76 billion.

The Obama administration is still forecasting a loss for the total TARP program. But it has trimmed the loss estimate to under \$141 billion, down from an estimate of \$341 billion it made in August. The reduction stems from less use of the TARP funds than expected and a quicker recovery by the financial system.

The bulk of the losses will occur in support of TARP has provided to AIG, the auto companies and a \$50 billion program that's providing incentives to banks to refinance mortgages for homeowners at risk of foreclosure.