

International Business News

Nokia urges mobile developers to focus on poor nations

AFP, Las Vegas, Nevada

Nokia chief executive Olli-Pekka Kallasvuo praised the mobile phone on Friday as a history-changing tool and challenged developers to create programs for poor countries.

"These little devices have done more to improve people's lives than perhaps any technology in history," the head of the Finnish mobile phone giant said in a keynote address at the Consumer Electronics Show (CES) here.

The Nokia CEO said relatively cheap mobile phones had done much to improve the lives of people in developing nations.

"Here is the Nokia 1616, nothing to get too excited about," he said. "(But) it includes a built-in flashlight, a dust resistant keypad, an FM radio, a speaking alarm clock.

"Farmers in India and Indonesia can use it to get the latest information on crops," Kallasvuo said. "The mobile device has become a necessity for upward mobility.

"For the majority of the world's people, their first and only access to the Internet will be through a mobile device -- not a PC," he said. "And this access is spreading very, very fast."

Britain faces toughest spend cuts for 20 years: Darling

AFP, London

Finance minister Alistair Darling warned on Saturday that Britain faces its toughest spending cuts in two decades if the ruling Labour party wins this year's general election.

Darling also confirmed to The Times newspaper that there would be a budget before the election, which must take place by June.

That will quash speculation that Prime Minister Gordon Brown is preparing to call an early election.

Darling, the Chancellor of the Exchequer, said in an interview that severe spending restraints were "non-negotiable" if he is to bring down the 178 billion pound (198 billion euro, 285 billion dollar) budget deficit.

"My priority is to get borrowing down. Once recovery is established, we have to act," he said.

"The next spending review will be the toughest we have had for 20 years... to me, cutting the borrowing was never negotiable. Gordon accepts that, he knows that."

Darling told the newspaper that voters supported his effort to balance the books.

"Most people know that public spending has doubled over the last 10 to 12 years, so we are coming off a much higher base," he said.

Financial regulators issue new guidelines to tighten oversight

AFP, Geneva

International financial regulators on Friday issued new recommendations to toughen up regulation of the industry, including the mortgage sector, in a bid to prevent a repeat of the global credit crisis.

"There are some key recommendations in this report that, once implemented, will reduce those gaps and strengthen regulation of the financial system," said John Dugan, who chaired the group of regulators until the end of 2009.

The list of 17 recommendations covers the banking, insurance, securities, mortgage and hedge fund sectors.

Under the new guidelines, lenders offering "teaser-rate mortgages" -- home loans that allow very low initial monthly payments -- should no longer use the lower rates as the basis when calculating borrowers' ability to pay.

Chavez devalues Venezuela's currency, first time since 2005

AFP, Caracas

Venezuelan President Hugo Chavez devalued the bolivar Friday for the first time since 2005, creating a dual foreign currency system.

The move will favour some sectors of the economy the government considers priorities, with the bolivar pegged at 2.6 per dollar, down from 2.15 per dollar.

Non-essential imports will be subject to a rate of 4.3 bolivars per dollar.

The leftist leader said that the health, food import, machinery, books and technology sectors, as well as public sector imports and remittances would benefit from the preferential rate.

The higher exchange rate would apply to items such as automobiles, telecommunications, tobacco, beverages, chemicals, petrochemicals and electronics.



The chip of a German debit card by German bank Sparkasse is pictured on Friday in Leipzig. A New Year's technical glitch that rendered 30 million German bank cards unusable for shopping payments has been resolved, the country's retail association said. The problem, which initially also left card holders unable to use cash machines, was caused by microchips in around a quarter of all cards in circulation in Germany being unable to cope with the changeover to 2010.

REAL ESTATE

Home, of one's own

Curtain comes down on five-day REHAB housing fair

SOHEL PARVEZ

It was the need for a home of his own that prompted 34-year-old Riaz Ahmed, a lawyer, to come to a housing fair.

He has no permanent residence in Dhaka and has been shifting from one place to another over the years to match his income with the house rent that is rising every year.

One option left for Ahmed is to buy an apartment.

But the prices of apartments inside Dhaka do not match his budget. He said it is better to look for a flat below 1,000 square feet (sft) with two bed rooms, one dining cum drawing room, kitchen and two baths.

After browsing the stalls at the show, Ahmed, who earns around Tk 50,000 a month, finally found one such apartment, down payment for which appeared affordable for him.

"I was told that I would get the key of the apartment after paying Tk 5 lakh as down payment. It will relieve me of paying house rent," he said, referring to an apartment built by Rupayan Real Estate.

It is the Rupayan Town in Bhuigar off the Dhaka-Narayanganj link road, he said emerging from the fair at Dhaka Sheraton Hotel.

The size of the apartment is 760sft and the lawyer is now planning to seek for bank loan to pay instalments.

"If their promises are true, I will become the owner of an apartment," said Ahmed as he has decided to make a booking call to the realtor.

But young couple Rubaiyat and Farzana who came to the fair to get an idea about apartment or plot prices in their preferred locations - Eskaton, Zigatala or Mohammadpur -- were upset as



Visitors crowd a stall at the REHAB fair at Dhaka Sheraton Hotel. More than 250 real estate companies took part in the fair.

prices of flats were beyond their reach.

"It's more than Tk 4,500 per sft now. But we were looking for a Tk 3,500-sft apartment. In case of well known developers, prices go beyond Tk 5,000," said Rubaiyat Rahman, a doctor, who came to the fair with his wife Farzana Mahmuda.

Married two years ago, the doctor couple had a budget of around Tk 40 lakh.

"We will have to spend more than Tk 50 lakh now. If we together give extra efforts to manage the additional money, it's possible. But for many, it will be difficult," said Farzana who found the prices higher this year from a year ago.

The high price was also a concern for Masudul Haq, who runs an event management firm. Upset by the prices of apartments in his preferred area Uttara, he opted for a plot in Ashulia. But land prices were also beyond his budget.

"Now I will look for an apartment in Mohammadpur," said Haq.

Officials at the stalls admitted the rise in prices but transferred the blame to landowners, who, they said are charging high for land.

"It's obvious that price is higher because the landowners are now demanding 50 percent of the apartments to be developed in their land. They also want higher

prices for land," said Muhammad Kawsar, executive (sales) of Dom-Inno Developments Ltd.

"Earlier they (the landowners) demanded 40 percent flats," he said.

There are also concerns whether the projects offered by the realtors have approval from the government agencies. Delayed handover of apartments or plots is also a cause of anxiety for many.

"Apart from prices, I found many projects displayed in the fair have no approval from the authorities concerned," said Md Abu Hannan, a bank executive.

Mohammad Farhaduzzaman, manager (marketing) of Eastern Housing Ltd, said reliability and

quality of apartments have become a major issue, as most of the visitors were looking for reliable and quality apartments.

"We have witnessed very specific demands from the visitors. All of them wanted suitable and sustainable home," he said, adding that most visitors were looking for flats between 1,000sft and 1,400sft.

"They are also looking for other amenities such as an open space," said the executive of Eastern Housing, which expected to receive a booking order for 50 units of apartments from the five-day housing show that ended yesterday.

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FINANCIAL CRISIS

US job cuts highlight sluggish recovery



A woman walks past a sign announcing seasonal sales along Fifth Avenue in New York on Friday. Following a better than expected end of the year retail sales in the US, as December sales rose 2.8 percent compared with a year ago, ending a year that averaged a two percent drop, consumer spending is expected to remain muted early 2010 amid high unemployment and tight credit.

AFP, Washington

The US economy lost 85,000 jobs in December while the unemployment rate held at 10.0 percent, the government said Friday in a report highlighting a slow and painful recovery from recession.

The Labor Department report on nonfarm payrolls was a disappointment to those hoping for job growth, which is critical to economic recovery.

The figure was far worse than the consensus expectation for no change in overall employment levels, and came amid a wide array of predictions ranging from steep losses to modest gains.

The unemployment rate meanwhile was in line with expectations, remaining near its highest level since the 1980s.

In revising data for prior months, the data showed a net gain of 4,000 jobs in November instead of a loss of 11,000 previously reported, the first positive month after 22 months of losses.

But the agency also revised its October estimate to show a loss of 127,000 jobs in October instead of 111,000.

Christina Romer, head of President Barack Obama's Council of Economic Advisors, called the latest figures "a setback" but said they were "consistent with the gradual labour market stabilization we have been seeing over the last several months."

"As the president has said for a year, the road to recovery will not be a straight line," Romer added.

"The monthly employment and unemployment numbers are volatile and subject to substantial revision. Therefore, it is important not to read too much into any one monthly report, positive or negative."

Private economists said the news was disappointing but consistent with a gradually healing economy.

"We're getting a steady but very slow improvement in the job market," said Robert MacIntosh, economist at Eaton Vance.

"On the surface this was a disappointing report, especially since we did finally have a positive number in November," said Joel Naroff at Naroff Economic Advisors.

"But the seasonal adjustments are difficult in this type of cautious environment and I wouldn't be surprised if in January there was another job increase."

Cary Leaha, senior economist at the research firm Decision Economics, called the data consistent with a still-sluggish economy.

"The labour market is struggling and is stuck in the water," he said.

"You are seeing gains in output and manufacturing because of liquidation of inventories... but we haven't seen a decisive turn in the labour market."

The world's biggest economy expanded at a 2.2 percent pace in the third quarter after four quarters of decline in the worst recession in decades. Most analysts expect continued growth for the fourth quarter and 2010 but say recovery could be held back by unemployment, which hurts consumer spending and confidence.

"It is starting to look like those in the U-shaped recovery camp are in better shape than those in the V-shaped recovery camp," said Ian Pollick, economics strategist at TD Securities.

"While the worst of the recession is likely over, the fact that the duration of unemployment remains rigid is a concern, though a silver lining is that we are likely to see net job creation assisted by census hiring in the first quarter of 2010."

The December report showed the goods-producing sector shed 81,000 jobs including 27,000 in manufacturing and 53,000 in construction.

The services sector lost a modest 4,000 jobs, with a loss of 10,000 in retail offset by gains in education, health care and professional services. Government sector employment fell by 21,000.

Average hours worked, sometimes seen as a proxy for economic activity, was unchanged in December. Average hourly earnings meanwhile rose 0.2 percent.

The civilian labour force fell by 661,000 in the month, suggesting that more people are stopping their search for employment.

"The unchanged unemployment rate of 10 percent understates labor market slack, since labour force participation fell sharply," said Sophia Koropecjy at Moody's Economy.com.

