International Business News

Australia declares strength against Greece shocks

AFP, *Sydney*

Australian Treasurer Wayne Swan said Saturday the nation was well positioned to weather economic shocks emanating from Greece, after the central bank warned that world jitters could intensify.

Swan said he had been briefed by Treasury officials on developments in the eurozone, where leaders launched plans to create a new crisis fund for troubled countries as Greece grappled with debt chaos.

"There is obviously intense activity internationally over the weekend between national governments, particularly European governments and international financial institutions," Swan told reporters.

"Australia is in a strong position relevant to other advanced economies," he added. "Of course, we take these events seriously."

Australia's central bank Friday warned that the situation in Greece was weighing on public sentiment and posed an ongoing downside risk for the global economy.

"It is possible that the fiscal problems in Europe could intensify, prompting a retreat from risk-taking by investors and a sharp slowing in the world economy, although, to date, the impact has been largely confined to Europe," the Reserve Bank of Australia said in its quarterly statement on monetary policy.

Spain scrapes out of recession but dark clouds remain

AFP, *Madrid*

Spain scraped out of recession in the first quarter, the central bank said Friday, becoming the last major world economy to return to growth but analysts warned any upturn could be short lived.

The Spanish economy, which is struggling to rein in a ballooning public deficit, grew by 0.1 percent during the first three months of the year over the previous quarter, its first rise since the second quarter of 2008, the bank said in a preliminary estimate. It contracted on a yearly basis by 1.3 percent.

Stimulus measures enacted by the Spanish government including a cash-for-clunkers scheme "have triggered a recovery in some aspects of spending, particularly household spending," it said.

The government predicts the economy, Europe's fifth largest, will shrink by 0.3 percent overall this year, after contracting by 3.6 percent last year, before returning to growth of 1.8 percent in 2011 and 2.9 percent in 2012.

Spain entered its worst recession in decades during the second half of 2008 as the global financial meltdown compounded a crisis in the Spanish property market, which had been a major driver for growth in previous years.

AFP

Indian Bollywood actor Mahima Choudhary unveils Nick India and Zapak Games' "Roary the Racing Car" toy cars in Mumbai on Friday.

Goldman Sachs plans 'review' of practices: CEO

AFP, *New York*

Facing accusations of fraud, storied Wall Street firm Goldman Sachs will undertake a review of its business practices, the company's chief executive Lloyd Blankfein said Friday.

Speaking at a shareholders meeting, the embattled chief said the company would "undertake a comprehensive review of all our business practices."

Goldman faces civil fraud charges filed by the Securities and Exchange Commission (SEC), which accuses the company of having defrauded investors "by misstating and omitting key facts" about a financial product based on subprime mortgage-backed securities.

Canada sees strong job growth in April

AFP, *Ottawa*

Canada's economy added 109,000 jobs in April in the largest percentage monthly gain since August 2002 and four times what analysts had expected, pointing to a successful recovery.

The Bank of Canada is thus likely to start increasing interest rates again from their current historic low at its next meeting in June, said analysts.

The job creation figure significantly exceeded analysts' expectations that 24,000 new jobs would be created in the month, after 17,900 new jobs were created in March.

"The gain in April was of a similar magnitude to some of the monthly losses observed in the most recent employment downturn, which began in the fall of 2008," Statistics Canada said in a statement.

GARMENT

Tale of two compliant factories

REFAYET ULLAH MIRDHA

Faruk Hossain, a garment worker at Iris Fabrics, an export-oriented garment factory at Zirani in Savar, feels excitement on the seventh of any month as he receives his salary on this specific date.

Hossain is happy with such regularity in payment, which he thinks is a sine qua non to smooth operation of a factory. This ultimately averts any labour unrest stemming mainly from workers' grievances.

"I haven't experience any deferred payment after I joined here 26 months back," the line quality controller told this correspondent, who visited the factory that has gained excellence in workers-management relations.

Iris Fabrics, established in 2005, is the factory where Hossain has set in, leaving his previous three jobs, mainly because of the low and irregular payments. Also, misbehaviour of the bosses in his former workplaces prompted him to quit.

Hossain also pointed to the unique example set by his present organisation in maintaining compliances.

Iris' care for worker welfare is an imitable matter that won the BKMEA award on May Day.

The knitwear sector's trade body also honoured nine other factories for their labour-friendly policies.

Like Hossain, his colleague Shamim Sheikh has all the praises for Iris Fabrics.

"Here I can lodge my complaints and demands, as top bosses try to show respect to our demands," Sheikh points out.

He also made another point that the factory was never faced with labour unrest, except an incident that was created due to misunderstanding in 2008.

In September of that year, the factory was forced to suspend its operations by pressure some aggrieved workers put on the management for early payment of festival bonus as Eid was then only two or three days away.

Medical facilities for workers and regular promotion system have also contributed a lot in developing a healthy workers-owners relationship, Shamim Sheikh said.

AMRAN HOSSAIN

Workers pass a busy day at a factory of Iris Fabrics in Savar. The company is a recipient of BKMEA's labour compliance award.

When asked, Managing Director of Iris Group Rasheed Alam said he has a strong cell in human resources (HR) department for dealing with workers.

"One of our directors looks after workers' day-to-day problems. Any worker can approach him to get their problems addressed," he said.

While speaking about the latest labour unrest in the garment sector, he said one of the main reasons of such unrest is delayed payment.

In his factory he pays to the workers within the seventh of any month and in case of Friday or any other holiday their salaries are paid a day ahead of the date, Alam said.

Deputy Managing Director MA Mazed said on receipt of a survey team reports, the factory staffers are provided with different financial benefits and medical treatment.

"Our doctors go even to workers' residences to provide medical facilities. However, the workers' dependants, or family members, are also entitled to these benefits," he said.

David Hasanat, chairman and managing director of Viyellatex Group, also the BKMEA awardee, also points to the labour-friendly measures he had taken. He said he pays 20 percent extra to the minimum wage set by the government and shares 5 percent of profit with workers. Besides, workers in his group's factories get free lunches and enjoy a provident fund where money is deposited from the owners' side.

Hasanat further said his group provides some added medical facilities like free ultrasonogram for the female workers during their pregnancy. These females are also entitled to maternity leaves.

"There is a good arrangement for lodging complaints by the workers. I take immediate action to mitigate their grievances. Most probably I did not face labour unrest in my factory as a sense of belonging among workers has grown up for good corporate policies," he said.

Eight other factories that received awards from Bangladesh Knitwear Manufacturers and Exporters Association are Aboni Knitwear, Interstoff Apparels, Grameen Knitwear, Ragadi Textile, Knit Concern, Fakir Apparels, Four H Lingerie and Benetex Industries.

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EUROZONE BANKING

Europe races to flesh out new crisis fund

AFP, *Brussels*

European officials scrambled on Saturday to fix the size and scope of a new crisis fund designed to head off market predators threatening eurozone banks and wider economic recovery.

"The European Commission is working today on the proposal it will make to the council for the European Stabilisation Mechanism to preserve financial stability in Europe," a Brussels spokesman said.

The EU executive's cabinet will meet at 1:00 pm (1100 GMT) on Sunday "to discuss and adopt that proposal" ahead of an emergency meeting of finance ministers from the 27-nation bloc at 1300 GMT.

While bailouts are banned by EU treaties, sources say Brussels wants to use powers in "exceptional circumstances" that previously allowed it to help non-euro members like Hungary, Latvia or Romania, by borrowing on the bond market.

Diplomats said that 70 billion euros (90 billion dollars) could be raised in this way.

Italian Prime Minister Silvio Berlusconi said meanwhile that European Central Bank chief Jean-Claude Trichet was not ruling out a so-called nuclear option, introducing emergency provisions for the buying of government debt.

Trichet himself remained coy on the issue, saying only that "this mechanism is the responsibility of the EU council (of leaders) and of the European Commission."

Leaders of the 16 euro currency countries ordered that a new fighting fund be ready for Monday trading, after a chain of debt running through continental Europe sent shares tumbling across the globe last week.

European banks are in the firing line as investors flee amid growing fears that eurozone governments will be unable to balance their books over coming years.

"Between now and Sunday night we will have a watertight line of defence," euro finance chief Jean-Claude Juncker said, as EU officials stepped up efforts to mobilise "all available means" behind the fund.

In a bid to calm agitated markets, commission chief Jose Manuel Barroso also insisted in the early hours of Saturday that these efforts "will be done under the existing financial possibilities in the community budget."

However, diplomats were still eagerly awaiting sight of the details later in the day, with non-euro countries particularly eager to learn of the likely longer-term impact on their share of EU funding.

While a French diplomat said that qualified majority voting would see them passed by the

AFP

French President Nicolas Sarkozy (L) walks with German Chancellor Angela Merkel prior to an extraordinary European Union summit at the European Council headquarters on in Brussels on Friday. Eurozone leaders opened an emergency summit called to sign off on an unprecedented bailout for debt-ridden Greece, but with global markets suffering a rout.

EU ministers, some could have deep qualms should the potential increase for taxpayers to face future bills.

Another EU diplomat said that Conservative leader David Cameron, expected to lead a new government in London, would still have to consider whether risks to Britain's economy, given that the eurozone is its biggest trading partner, would not outweigh that fear.

According to analysts, as the major EU buyer of European governmental debt, the danger is most keenly felt in Germany, which had been accused of foot-dragging over Greek aid.

Its Chancellor Angela Merkel said the fund would send "a very clear signal" to markets to back off.

"Europe is faced with the same challenge from the Greek crisis as it faced in October 2008 after Lehmann Brothers fell," Christian de Boissieu, an economics professor at the Sorbonne in Paris, told AFP.

Daniel Gros, of the Brussels-based Centre for European Policy Studies, told La Libre Belgique newspaper that "German banks would collapse immediately" and the cost to the public purse in Berlin would be "unheard of" if the crisis deepened.

The ramped-up defence of the eurozone comes as its governments ready to send billions of euros in loans to debt-laden Greece within days.

Euro leaders also agreed to impose new curbs on speculators blamed for sustained and deliberate attacks, "accelerate" public deficit reduction plans across the board and "reinforce" rules limiting room for manoeuvre on broken budgets.

Portugal, for whom the cost of borrowing has also risen sharply like Greece, was first to announce a quickened pace of cuts on Saturday.

Currently 13 of the 16 currency partners are under excessive deficit surveillance, having breached set guidelines.