

International Business News

Facebook IPO likely after late 2012

REUTERS, San Francisco
Facebook, the world's largest online social network, is likely to go public sometime after late 2012, a board member said, satisfying investors' appetite for a slice of one of the Internet's biggest growth stories.

A stock market debut by a company valued in the tens of billions of dollars would be one of the most highly anticipated initial public offerings of the decade.

But Facebook board member, venture capitalist and PayPal co-founder Peter Thiel stressed on Monday that will not happen until after late 2012, and would depend on the company hitting certain revenue targets and how its business model develops.

"It probably will IPO at some point. The lesson from Google seems to be that you don't go public until very late," Thiel told Reuters on the sidelines of the TechCrunch Disrupt conference in San Francisco on Monday.

Palo Alto, California-based Facebook, the booming social networking site dreamed up by Mark Zuckerberg and his buddies in a Harvard dorm room in 2004, is privately held and has released only nuggets of financial information.



A woman walks through the business district in Taipei on Monday. Asia's developing economies should make long-term growth their top priority, the Asian Development Bank said as it lifted its 2010 growth forecast for the region.

Toyota to enter minicar market in Japan

AFP, Tokyo
Toyota Motor said Tuesday it will enter Japan's competitive mini-car market in a collaboration with its Daihatsu unit.

Small car specialist Daihatsu will supply Toyota three "mini-vehicle" models, with the first due to be available from autumn 2011, Toyota said in a statement.

The vehicles will be the first such models to carry a Toyota badge, and the auto giant is aiming for 60,000 sales annually in market that accounts for nearly one third of all new vehicle registrations in Japan each year.

By procuring diminutive models from Daihatsu and selling them under its own nameplate, Toyota is set to broaden its product line, while Daihatsu will expand its sales network and ensure stable production.

Toyota said the move was made in response to increased consumer demand for such cars, adding it would continue to focus on full size models.

AOL chief launches ad system

REUTERS, New York
AOL Inc launched a new online advertising system that it hopes will transform the way advertisers reach consumers on the Internet, its top executive told Reuters on Monday.

AOL launched "Project Devil," a system that offers advertisers cleaner ad formats than before and more utility like the locations of local auto dealers, at the Interactive Advertising Bureaus MIXX conference in New York.

Project Devil is the latest development from AOL and part of a broader strategy to resurrect the 25-year-old company once synonymous with dial up Internet access into one of the web's main online entertainment and news destinations.

"Right now this is the first step, you can expect us to innovate for the next decade in brand advertising," said AOL Chief Executive Tim Armstrong.

RIM unveils PlayBook tablet to compete with iPad

REUTERS, San Francisco
Research In Motion unveiled a tablet computer aimed at its core business customers, as it tries to gain a foothold in a fast-growing market dominated by Apple's consumer-friendly iPad.

The BlackBerry PlayBook has a seven-inch (18 cm) touchscreen, dual high-definition cameras and boasts support from corporate IT departments. It has WiFi and Bluetooth but needs to link with a BlackBerry smartphone to access a cellular network.

RIM on Monday emphasized the PlayBook's "uncompromised" Web browsing experience -- which, unlike the iPad, supports Adobe's widely-used Flash multimedia software -- as well as the tablet's security.

COLUMN

Cuba's reform dilemma

SAZZADUL HASSAN

On September 13, the Cuban government, through the mouth of its official trade-union confederation, dropped a bombshell: More than 1 million people -- a fifth of the workforce -- will be fired from state jobs, half of them by April 1. It is the biggest shake-up of the economy since the state expropriated Cuba's small businesses in 1968. And signs suggest this may be just the first wave of state job losses.

Cuba maintained centrally planned economic orthodoxy even after its collapse in the Soviet empire, which seemed rational to its leaders given the first decades of progress under Fidel Castro. Prior to the revolution of 1959, the country had a backward, one-crop economy with severe unemployment and massive poverty.

- Two of every five Cuban workers were either underemployed or unemployed in 1958.
- One third of the population lived in poverty.
- Most of the children were unschooled.
- Nearly half of the rural population was illiterate, which was 25 percent of the country's total population.
- Disparity in the living standards between urban and rural population saw 87 percent of urban homes with electricity, while rural areas had just 10 percent.
- Only 15 percent of the rural population had water service.
- Schools for Afro-Cubans and mulattoes -- who typically held the lowest-paid jobs -- were vastly inferior to those for Latinos.

US companies controlled the Cuban economy, and 90 percent of the country's raw sugar and tobacco exports went to the USA. More than 80 percent of farmland was occupied by giant estates of sugarcane and livestock, known as latifundia. US-owned monopolies held 25 percent of the best land. Companies such as Bethlehem Steel Corp and Speyer and Co gained control over its national resources. The entire financial system, all electricity production, and most industries were dominated by US capital.

After the revolution, Cuba made steady economic progress until the late 1990s. From 1960-85, real income per capita grew by 3.1 percent a year on average, compared with just 1.8 percent in the rest of Latin America. Cuba's per capita income in 1987 exceeded \$3,500, compared with only \$2,200 in the rest of Latin America. In 2009, per capita GDP reached \$9,700. Low-income groups experienced a rise in wages while state-set prices remained stable for all Cubans. Unemployment was minimal.

Industrial growth was strong. Machinery and transport equipment's share of manufacturing output rose from less than 2 per-



A watchmaker reads the newspaper in Havana on September 24. Cuba will allow some houses to be rented in US dollars for the first time in 50 years and open up small businesses as it seeks to shed 500,000 public jobs.

cent in 1961 to more than 20 percent in 1986. The ratio of agriculture to GDP fell from 1:4 to only 1:10 by 1985, and to 1:25 now. The service sector now contributes nearly three-quarters of the GDP, followed by industry's 21 percent.

Cuba reduced poverty and equalised the distribution of wealth. The latter is often measured by the "decile ratio" -- the share of total income for the top 10 percent of wage earners divided by that of the bottom 10 percent. According to the United Nation's Economic Commission for Latin America, Cuba's decile ratio was 65:1 before the revolution. And while Latin America still averages 45:1, Cuba is now an impressive 4:1.

But the economy experienced a decline in GDP of at least 35 percent between 1989 and 1993, after it lost Soviet subsidies and 80 percent of its trading partners. The collapse of the Soviet Union and other countries of the Eastern bloc forced a Cuban think-tank to propose market-oriented reforms. These included allowing foreign investment,

opening to tourism, legalising the US dollar and authorising self-employment for some 150 occupations. Reforms in agriculture sector introduced in 1994 allowed farmers to sell above-quota production at free-market prices. The government lowered subsidies to unprofitable enterprises.

The economy recovered. In 1994, when Cuba reported 0.7 percent GDP growth, followed by 2.5 percent in 1995 and 7.8 percent in 1996. Growth in 1997-98 dropped but picked up again in 1999, with a rate of 6.2 percent, courtesy of booming tourism. Cuba saw a record 11.8 percent growth in 2005.

Until 2007, the economy grew better than most of Latin America. But the 2008 hurricane season caused \$10 billion in damage to buildings, roads and power lines. The global recession and steep declines in commodity prices in 2009 aggravated the problem.

Analysts believe that the reforms of the '90s need to be strengthened to face the current crisis in Cuba. When Raul Castro,

the brother of the great leader, took over the reins of power in 2006, he hinted that he wanted change. Since taking over for his ailing brother, he has begun to overhaul and modernise Cuba's stalled economy.

His plan began with streamlining big government, loosening the state's control over some commercial activity and, finally, to the shifting of a million jobs to the private sector. This summer, Raul Castro spoke a hard truth that few before him ever dared to acknowledge officially: "Cuba is the only country in the world where people can live without working." He vowed this would end.

The dilemma in which the Cuban government is caught is this: how to reform its economic model while preserving the gains of the revolution in health, education, medical technology and other industrial fields, as well as in social equity and solidarity.

Sazzadul Hassan is marketing director, Syngenta Bangladesh Ltd.

Austerity whips up anger in Europe

AFP, Brussels

Painful cuts by overspending EU countries come head to head with mounting social anger on Wednesday when labour leaders call angry workers onto streets right across the continent.

Set for its largest Europe-wide protest for a decade is Brussels where labour leaders are planning to bring 100,000 people from 30 countries to say "No to austerity!"

"We will demonstrate to voice our concern over the economic and social context, which will be compounded by austerity measures," John Monks, general secretary of the European Trade Union Confederation.

The protest, the biggest such march since 2001 when 80,000 people spilled into the EU capital, is being held to coincide with a plan to fine governments running up deficits.

Detailed proposals are due to be released that day by the 27-nation bloc's executive arm, the European Commission, with the continent's finance ministers also gathering in Brussels this week.

Millions of jobs fell off the European map in the global downturn and many more look set to be squeezed as governments axe public spending.

"This is a crucial day for Europe," said Monks, "because our governments, virtually all of them, are about to embark on solid cuts in public expenditures.

"They're doing this at a time where the economy is very close to recession, and almost certainly you'll see the economy go back into recession as the effect of these cuts take place."

In Spain, where trade unions have called a general strike on



Union members shout anti-government slogans on Friday during a protest in front of the Cotroceni Palace, the Romanian presidential headquarters in Bucharest. The protesters demanded that the austerity measures be halted.

The human cost of the crisis

AFP, Brussels

Belt-tightening is sending protestors onto streets with a massive demonstration planned Wednesday in Brussels, capital of the European Union, and protests in Spain, Greece, Italy, Latvia, Poland, Portugal and Serbia.

In BRITAIN unemployment hit a 15-year record early this year but is on the wane. (7.8 percent in June 2010, 5.1 at a low in winter 2007-2008).

FRANCE saw a record surge in joblessness (10 percent in July 2010, 7.6 percent in spring 2008).

The conservative government plans to slice spending, cut health benefits, target niche tax benefits and progressively push up retirement age.

GERMANY is the only European nation to have avoided massive unemployment thanks notably to the government's "Kurzarbeit" scheme. Unemployment increased slightly in 2009 and has since dropped (6.9 percent in July 2010, 7.1 percent in winter 2008).

In GREECE unemployment is at an 11-year high (11 percent in March 2010, 7.5 percent at its low point in spring-summer 2008).

The EU and the International Monetary Fund in April rescued Greece from imminent default with a massive three-year loan, but exacted a pledge of tough austerity reforms in return.

IRELAND was the first eurozone nation to enter recession in early 2008. Unemployment there is at a 16-year high (13.6 percent in July 2010, 4.4 percent at its lowest point in 2007).

ITALY joblessness has sharply increased since mid 2009 but is back on the decline since June this year (8.4 percent in July 2010, 5.8 percent at its lowest point in 2007).

POLAND, though the only European country to see growth in 2009 also recorded an increase in unemployment (9.4 percent in July 2010 against 6.9 percent in autumn 2008).

In SPAIN, unemployment has more than doubled (20.3 percent in July 2010, 7.9 percent in spring 2007). The country's labour laws are currently under review to ease flexi-time and hiring and firing.

Wednesday, unemployment has more than doubled, with one in five workers jobless in July.

Madrid in consequence is looking at a drastic overhaul of its labour legislation to ease flexi-time and hiring and firing. Penalties are frozen, wages cut for civil servants and VAT taxes on the rise.

But elsewhere labour leaders are equally concerned.

Portugal's leading labour confederation, the CGTP, which is close to the communists, has called protests in Lisbon and Porto and hopes for more than 10,000 participants.

Poland's main unions, Solidarity and OPZZ, expect "several thousand" at a protest outside government headquarters.

Similar marches are scheduled in Greece, Ireland, Italy, Latvia and Serbia, with labour leaders across the board clamouring for growth and protesting the injustice of workers paying for the errors of the financial sector.

"Those responsible for this crisis, the banks, the financial markets and the ratings agencies are all too quick in asking for help from states and public budgets and today want the workers to pay for their debts," said French labour leader Jean-Claude Mailly, who heads the FO union.

But while Europe tries to clean up its post-recession books, a backlash has begun among voters focused on vast anticipated numbers of public sector job cuts.

The worker backlash was clearly seen in Britain, where Labour unions, lawmakers and party members handed their leadership to left-leaning Ed Miliband -- in a surprise, last-minute defeat for his better-known, centre-right brother and former foreign secretary David.