

International Business News

Goldman Sachs profits slump

AFP, Washington

Goldman Sachs earnings slumped 40 percent in the third quarter versus the same period a year ago, the company said on Tuesday.

Profits hit 1.9 billion dollars, down from the 3.2 billion dollars seen last year, as revenue slowed in the firm's trading and fix income businesses.

Revenues from trading were 36 percent lower than the third quarter of 2009, while revenues for fixed income, currency and commodities were 37 percent lower.

The figures reflected "a challenging environment during the quarter, as activity levels were significantly lower compared with the third quarter of 2009," the firm said.

"Our third quarter results reflect solid performances across our businesses," said CEO Lloyd Blankfein.

"While economic conditions continue to be challenging in a number of important markets, our focus is on helping our clients achieve their goals. In doing this, we benefit from the strength of our balance sheet, our robust business model and the continuing breadth and depth of our global client franchise."

Chevron spoofed in 'candid' campaign ads

AFP, Washington

It might have been a first: a large multi-national oil company launching an ad campaign in which it admits to "abuses that companies usually try to hide."

Not so fast. In an elaborate hoax, pranksters on Monday preempted Chevron's latest advertising campaign "we agree" with an elaborate series of spoofs that fooled some news outlets.

"Chevron is making a clean break from the past by taking direct responsibility for our own actions," an official was quoted as saying on a mock Chevron website.

"For decades, oil companies like ours have worked in disadvantaged areas, influencing policy in order to do there what we can't do at home. It's time this changed."

The hoax, which was reportedly carried out by environmental lobbyists and the Yes Men group, also lampooned Chevron's rival, BP.



AFP

A Kashmiri woman empties a basket full of dried red chillies in a field on the outskirts of Srinagar on Monday. The Kashmiri chilli is commonly seen drying on the rooftops of houses in the Kashmir Valley and is in high demand across India due to its dark crimson colour.

Google reaffirms commitment to China

AFP, Beijing

Google Vice President John Liu on Tuesday reaffirmed the firm's commitment to China, the world's largest web community, after its harsh battle this year with Beijing over censorship and cyberattacks.

Liu described China as a "very important market for Google" at a technology conference in Beijing, adding that the company would "continue to provide the best products and services for users in China as in other markets."

China had huge potential for digital marketing as fewer than two million out of its 30-40 million small- and medium-sized companies were currently able to sell their wares online, he said.

"Google, together with our team and partners, will spare no effort in helping China users and companies in digital marketing," Liu said at the China 2.0 conference sponsored by Stanford University.

Basel chief says 'excellent progress' on bank reform

AFP, Seoul

The Basel Committee on Banking Supervision has made "excellent progress" on finalising a reform programme for the world's banks in the wake of the economic crisis, its chairman said Tuesday.

Nout Wellink was speaking at a press conference after the committee held a day-long meeting to put finishing touches to a package announced last month.

The new rules, known as Basel III, are scheduled to be phased in from 2013 with banks asked to hold higher reserves by January 1, 2015.

The key element known as core Tier 1 capital will be raised to 4.5 percent from two percent.

In addition, by January 1, 2019, banks will be required to set aside an extra buffer of 2.5 percent to "withstand future periods of stress", bringing the total reserves required to 7.0 percent.

ENVIRONMENT

Carbon tax on the horizon

MD FAZLUR RAHMAN

Industrialists and businessmen have welcomed the government's plan to introduce green tax for the factories that emit excessive carbon, but sought time and necessary support to introduce green technology measures.

They said the government should not sit idle just by enacting laws; it should put in place mechanisms to avail of a share in the global billion-dollar carbon credit trading.

Their comments come as the government, for the first time in Bangladesh, unveils plans for revising existing taxation laws to impose tax on individuals and organisations for emitting excessive carbon into the atmosphere.

A carbon tax is an environmental tax that is levied on the carbon content of fuels. The tax can be implemented by taxing the burning of fossil fuels -- coal, petroleum products such as gasoline and aviation fuel, and natural gas -- in proportion to their carbon content.

State Minister for Environment and Forests Hasan Mahmud has said the government seriously plans to revise the existing taxation laws to levy more taxes on those who will add excessive carbon to the air, and pollute environment.

The minister, however, did not say how the government intends to materialise its green concepts.

Bangladesh, despite being the poster child of climate change, is yet to set targets for slashing own carbon emissions, whatever they amount to, to help manage global warming.

"No doubt, we all have to improve the scenario for the greater interest of the country," said Aameir Alihussain, director of Bangladesh Steel Re-rolling Mills (BSRM) Group, the largest steel maker of the country.

He said the government should not hurry in introducing such taxes, as Bangladesh is still one of the lowest emitters. "We should be given one or two years so that all industries can introduce carbon cutting measures."

Alihussain said the government should not be content just by introducing the carbon tax. "The environment ministry should develop mechanisms to help all cut carbon emission, and at the same time benefit from carbon trading."

"It will have to convince local polluting factories to behave positively," the BSRM director said.

"The government should approach the international community and persuade the advanced nations to help us develop renewable energy generation systems by giving us technical know-how and other necessary resources."

Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said they have agreed in principle on the initiative.

"The industries should be given a deadline to take necessary measures for cutting



RASHED SHUMON

A woman walks past a re-rolling mill at Shyampur on the outskirts of the capital. The government plans to slap carbon tax on polluters.

carbon emissions. Then it should be made mandatory for all to follow the global trends and necessities," he said.

Hoque said many factories here have already introduced various carbon reduction measures to abide by the environment laws. "But some of the pioneers have again backtracked, as they are losing their competitiveness in business due to cost differences."

He said the issue needs further discussion and debates.

Many countries have formulated a 'polluter pays' policy in the last couple of years to realise revenue from the polluting organisations to be redistributed among the yet-not-polluting firms.

Some industrialists, however, said the planned carbon taxes might hurt the businesses as production costs would go up.

"If the government introduces green tax, it will certainly increase the cost of business. As a result, the end-consumers will bear the additional cost," said Payar Ahmed Tushar, brand manager of Akij Cement.

However, Alihussain of BSRM said green business will pay dividends in the long run.

Bahrin Khan, a member of Bangladesh Environmental Lawyers Association, welcomed the move, but said there is need to specify how the taxation laws would be put into work.

"It's a global concept and the minister has initiated the idea as part of the global response to curb emission of harmful carbon. But we still don't know how the initiative is going to function," she said.

Khan urged the government to sit with all stakeholders.

Industrialists and businessman stressed 'across-the-industry' implementation to ensure a level playing field.

Experts suggested a strong policy.

"Due to policy weakness, we could not introduce green products, which are already available in the market -- be it a welding machine, a jute mill or a packaging factory," said Mostaq Ahmmed, managing director of Green Housing and Energy Ltd.

The ever-expanding use of electrical and electronic gadgets is also another factor responsible for carbon emissions, he said. Even the power plants use petroleum products that are responsible for carbon emission.

Although there are no government statistics available at the moment on the precise amount of carbon Bangladesh emits annually, Ahmmed said the figure could be two trillion tonnes.

He said the government should make it mandatory for the factories to install solar panels. "Tax exemptions could be given as incentives and easy access to bank credit has to be made available."

He said over half of Bangladesh's 160 million people still depend on kerosene lamps, another source of pollution. On an average, each person emits one tonne carbon each year.

The success in cutting carbon emission will also help Bangladesh receive carbon credit facility from the global climate change fund, he said.

AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), however, said the government should sit with the stakeholders before introducing any fiscal measure on carbon emission.

"Before revising taxation laws, the government should unveil the tax genres and how those will impact business," he said.

Azad said there is no way but to shift to green technology.

He urged the government to set a deadline for the factories so they can introduce measures to cut carbon emission. "Steps should be taken to create awareness among the industries instead of formulating laws hastily."

MA Rashid Bhuiyan, chairman of Bangladesh Finished Leather, Leather goods and Footwear Exporters Association, said the government should take decision on the basis of the current situation of the country.

Bhuiyan said the government has to take steps to set up clusters for every sector -- as has been done for the tanneries of the capital by deciding to shift those to Savar -- to cut pollution.

Mostafa Kamal Pasha, spokesman for the Ministry of Environment and Forests, said formulation of the law will take some time, as it will require elaborate discussion and Bangladesh does not have information on the number of factories that emit carbon.

"So, we will have to conduct a nationwide assessment," he said.

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ASIAN ECONOMY

Rising currencies a risk: WB

AFP, Tokyo

East Asia is leading the global recovery, but its success has attracted a surge of capital that has inflated currencies, posing a risk to exports and future growth, the World Bank said Tuesday.

While the rebound is sluggish in the United States, EU and Japan, emerging East Asia, led by China, is growing at near pre-2008 global crisis levels, with expected real economic growth of 8.9 percent this year, it said.

"East Asia remains the fastest growing world region," said the bank, pointing out that sales of flatscreen TVs, automobiles and even Bordeaux wines in East Asia are now the largest of any region in the world.

The report on East Asia's developing economies -- which excludes Japan, South Korea, Singapore, Hong Kong and Taiwan -- said China remains the region's economic powerhouse, with projected growth of 9.5 percent in 2010.

However, confidence in developing East Asia has triggered a flood of liquidity in search of higher yields, said the World Bank in its latest East Asia and Pacific Economic Update report.

Foreign cash has flooded into East Asian bonds, real estate and equity, with the Agricultural Bank of China posting the world's largest initial public offering to date at 22.1 billion dollars, the bank said.

In addition to China, the report covers Mongolia, the Southeast Asian economies of Cambodia,

East Timor, Indonesia, Laos, Malaysia, the Philippines, Thailand and Vietnam, as well as Papua New Guinea and islands in the Pacific.

Last week Thailand moved to rein in its currency with a package of measures aimed at easing the pain of exporters as the baht hovers near a 13-year high. The measures included a tax for foreigners investing in Thai bonds.

"The large increase in inflows, driven by abundant global liquidity and low yields in advanced countries... has been mainly responsible for a substantial appreciation of exchange rates" in the region, the report said.

The surge in capital has "caused exchange rates to appreciate strongly," it added, pointing out that in real effective terms, regional exchange rates are 10-15 percent stronger than before the crisis.

"So far, export growth has remained robust, but with continued real appreciation of East Asian currencies, this growth could slow."

However, in China -- the world's top exporter, which has come under growing pressure to let its currency appreciate at a faster rate -- a World Bank economist said a stronger yuan "is probably in China's interest".

"It can at the margin help in dealing with inflation by lowering the price of imported goods... and can be part of the arsenal in dealing with capital inflows," the lead economist for China, Ardo Hansson, said in Beijing.

Rise against the dollar

Asian currencies strengthening against the US dollar since the 2008 financial crisis

Percentage rise

Sept 2008 - Sept 2010

Indonesia rupiah 5.09

Malaysia ringgit 11.97

Philippines pesos 6.88

Thailand baht 11.9

Singapore dollar 8.33

Japan yen 24.96

Source: WorldBank

AFP

The yuan has increased "more modestly" than other units in the region, the World Bank said -- far weaker language than that used by critics in the United States and Europe who claim the currency is grossly undervalued.

The World Bank report came as fears are rising of a "currency war", in which nations, seeking to export their way out of the downturn, are trying to cap or lower their currencies to make their exports more competitive.

While the dollar, the global reserve currency, has fallen, Japan, Switzerland and other countries have sold their local units to keep them from strengthening, while Brazil had also intervened, the report pointed out.

Group of 20 finance ministers and central bankers, meeting in South Korea Friday, are expected to discuss the issue ahead of a G20 summit next month.

The report also urged debate at a Hanoi summit this month, saying "the issues need to be discussed in the context of ASEAN and ASEAN+6, where member countries could fashion a common approach to these regional challenges."

The bank's East Asia chief economist Vikram Nehru also said there is now "an effort by developing East Asia to deal with large amounts of liquidity, driven in very large part by monetary easing in the United States".

The average real estate property price index for eight East Asian countries is about 17 percent above its level in early 2007, it said.