

New compass needed for global economy

The Bank for International Settlements in its annual report stresses countries to focus more on fighting debt

AFP, Geneva

Countries must dramatically rethink strategies for avoiding and dealing with financial crises, the Bank for International Settlements said Sunday, urging far more focus on fighting debt.

The Swiss-based BIS -- dubbed the central bankers' central bank -- warned in its annual report that while the global economy was showing some encouraging signs of recovery from the crushing 2008 financial crisis, the factors that sparked it were still very much in play.

If governments fail to make the necessary policy adjustments to ward off similar crises and crashes, "the global economy may be set on an unsustainable path," the report said, warning that "at some point, the current open global trade and financial order could be seriously

threatened."

BIS voiced deep concern over the stark contrast between the euphoria currently seen in many financial markets and the continued weak investments being made in the real economy, especially at a time when the geopolitical outlook remains "highly uncertain."

"A new compass is badly needed," Claudio Borio, who heads BIS's monetary and economic unit, insisted to reporters ahead of the report launch.

Central banks' bid to help spark growth by among other things slashing interest rates has helped create more appetite for short-term, high-risk investments on stock markets, and froth in property and corporate bond markets, the report found.

But at the same time, economies that had been hard-hit by the crisis had not done enough to sanitise

balance sheets and root out the debt-dependency that got them in trouble, while countries spared last time were showing growing signs of financial vulnerability, the report found.

- Ditch debt as key growth engine -

This was especially true in emerging markets that have seen their economies boom amid an abundance of cheap credit in recent years, it said, stressing that clear policy shifts were needed "in all major economies, whether or not they were hit by the crisis."

As a clear sign of the troubled road, Borio warned that both private and public sector debt was rising steadily "even as the capacity to pay for it is diminishing."

"It is essential to move away from debt as the main engine of growth," he insisted.

To overcome the legacy of the global financial crisis,

policymakers need to go beyond their traditional narrow focus on business cycles, and take on financial cycles, which are far longer but also cause far more damage when they contract, according to BIS.

"Focusing our attention on the shorter-term output fluctuations is akin to staring at the ripples on the ocean and losing sight of the more threatening underlying waves," Borio warned.

The BSI report called for policies aimed at aggressively warding off financial booms, but also at dishing out fewer growth incentives during busts to avoid inspiring more debt-taking.

"The road ahead is long," Borio acknowledged, saying it was all the more important to "start the journey sooner rather than later."

"The current upturn in the global economy is a precious window of opportunity that should



AFP

Honda Motor's aviation subsidiary Honda Aircraft workers celebrate the first test flight of the HondaJet at the Piedmont Triad International Airport in Greensboro, United States on Friday.

Honda's first jet takes to the skies

AFP, Tokyo

Honda's first business jet has logged its maiden flight ahead of its expected certification and delivery next year, the Japanese company said in a weekend press release.

The 84-minute flight of the first production HondaJet took place on Friday near the world headquarters of Honda Aircraft, the aviation subsidiary of the automobile giant, in Greensboro in the US state of North Carolina, the statement said.

"With this first flight, the HondaJet programme has entered the next exciting phase as we prepare for delivery," Honda Aircraft president and CEO Michimasa Fujino said.

"Today's celebration is the culmination of extensive engineering and production efforts, and this is an important achievement in bringing the world's most advanced light jet to market."

Would-be entrepreneurs of India flock to Mumbai

BBC NEWS, Mumbai

Riding a sleek black Harley-Davidson motorbike and wearing a smart jacket and biking gloves, 27-year-old Arjun Bafna looks every bit the wealthy young man that he is. He comes from a family that owns one of India's oldest and biggest automobile dealerships.

He has taken the business one step forward though. Arjun runs Seven Islands Harley-Davidson, the only Harley-Davidson franchise in Mumbai.

"I love automobiles, it's my passion, because I've been brought up around cars and bikes all my life," he says.

"I just kept on thinking that I don't want to be a person who has a family lineage, but want to make a mark of their own."

Arjun graduated five years ago and has opened a company each year.

Apart from the motorbike showroom, he runs a logistics company, a travel firm and even a small business that helps you customise your vehicle's look.

But it has not all been smooth sailing. Arjun had to close down a chartered airline business because he could not afford it, and while he is ambitious, he is also aware that things do not always go to plan.

"Last year, when the economy was better, I was aiming to be in the billionaire club by 30 but that's going to push to 32 now, because of the whole last year going not very good," Arjun says. "You never know though, there are still three years left, right?"

India's billionaire count is expected to double in the next 10 years, according to Knight Frank's annual Wealth Report, and Mumbai is the city that is drawing people who want to make their fortune.

In a list of cities ranked by how many billionaires live in them, Mumbai features among the top 10 in the world.

But it is a city of contrasts. It is also where many of India's poorest people live.

Tall, luxury apartment blocks overlook sprawling slums. Swanky air-conditioned sedans get stuck in traffic alongside buses that often have people spilling out of them.

It is a hard place to live in, yet no matter who you speak to here, you find optimism and ambition. Everywhere you see people aspiring to make more money and to live a better life.

Not everybody makes it, but most believe that what sets Mumbai apart from other places in the country is that it will at least give you a chance to try.

Thirty-nine-year-old Sudheer Nair grabbed that chance with both hands and has never looked back.

Twenty-five years ago he was a cargo loader at the Mumbai airport earning less than \$2 (£1.18) a day. Today he runs eresource Infotech, an IT company that employs 140 people and is worth more than \$1m.

"It's been an awesome journey," Sudheer says. "There are so many lessons that I've learnt."

Sudheer had to quit school in the ninth grade because his family could not afford it, but he taught himself how to write computer code.

As India opened up to the world in the early 1990s, he found a flood of opportunities coming his way.

In the past two decades, Sudheer has had the chance to live in other parts of the world, but it is Mumbai where he finally decided to start his own business.

Carlos Slim buys out AT&T's \$5.6b stake in America Movil

AFP, New York

Mexican tycoon Carlos Slim has bought out US telephone operator AT&T's \$5.6 billion stake in telecommunications firm America Movil, the companies announced Friday.

The acquisition of AT&T's shares in the company represents 8.27 percent of America Movil's capital stock, according to a company statement.

"Upon consummation of the transaction authorized today by the board of directors, AT&T will no longer be a shareholder of America Movil," it added.

The transaction involved selling all of AT&T's 72,822,656 Series L shares of America Movil and its 5,739,341,928 Series

AA shares of the company to Slim's holding company Inmobiliaria Carso.

AT&T had gradually reduced its stake in America Movil in recent years.

Last year, the American group sold more than 1.5 million shares.

The latest operation comes as AT&T seeks to acquire satellite television operator DirecTV for \$48.5 billion.

The tie-up announced in May would create a potent rival to cable TV giant Comcast, which, itself, hopes to expand its coverage with the pending takeover of Time Warner Cable.

DirecTV has about 20 million customers, making it the number-two pay-TV company in the United States. It also has more than 18 million customers in Latin America.

Alibaba chooses New York Stock Exchange over Nasdaq

BBC NEWS

The Chinese online retailer, Alibaba, will list its shares on the New York Stock Exchange (NYSE), rather than on the technology focused Nasdaq.

Alibaba, which handles more than 80 percent of online retail transactions in China, plans to go public in the US this summer.

Some analysts say the public listing could be worth more than \$20bn.

The decision to float on the NYSE is a blow to the rival Nasdaq exchange, which had hoped to host the stock.

"We participated in a comprehensive and deliberate exchange selection process, and we are pleased to welcome Alibaba Group to the New York Stock Exchange," an NYSE spokesman said.

Alibaba will be the largest Chinese company to list in the United States.

Founded in 1999 by a former English teacher, Jack Ma, it was reported to have more than 231 million active buyers across its three virtual marketplaces last year.

The NYSE and Nasdaq have been competing to attract technology firms and last year the NYSE recorded an important win by listing Twitter.



RSPL HEALTH BANGLADESH

Rakibul Matin, head of marketing of RSPL Health Bangladesh, and Syeda Shamima Baly, vice president of Havas Media BD, attend the signing of an agreement for media and strategic planning, at Mohakhali DOHS in Dhaka recently.

Nike's marketing costs soar on World Cup

BBC NEWS

Heavy spending on marketing weighed on Nike's performance in its fourth quarter which ended 31 May.

Spending on marketing soared 36 percent to \$876m (£514m) as Nike boosted promotion ahead of the 2014 Fifa World Cup.

That curbed profits which rose 1 percent to \$698m, compared to the same quarter in 2013.

Between March and May Nike launched a number of new shoes including the Mercurial Superfly, worn by Portugal's

Cristiano Ronaldo.

On Thursday, Portugal became one of the latest teams to be knocked out of the World Cup finals.

The outlook appears to be bright for Nike as it said orders for its footwear and sports kit for June to November are \$13.3bn - 11 percent higher than the same period last year.

Nike sales rose 11 percent in the fourth quarter to \$7.4bn.

For the first time Nike is sponsoring more national teams in the World Cup than rival Adidas.



BGIC

Towhid Samad, chairman of Bangladesh General Insurance Company, presides over the 29th annual general meeting of the company in Dhaka on Thursday. BGIC announced 12 percent cash dividend for 2013. Ahmed Saifuddin Chowdhury, managing director, was also present.

Google execs visit Cuba for first time to promote open Internet

REUTERS, Miami

A team of top Google executives is visiting Cuba to promote open Internet access, according to a dissident blogger who says she met the group in Havana.

The team, led by Executive Chairman Eric Schmidt, met with Cuban officials as well as independent people in the technology and digital field, according to a report on the independent news website 14ymedio.com, which was started last month by blogger Yoani Sanchez.

Google is on an official two-day visit "to promote the virtues of a free and open Internet," the report said.

Schmidt appeared to confirm the report when he retweeted a message on Twitter posted by Sanchez about the visit.

Neither Google nor the Cuban government made any official statement about the executives' presence in Cuba.

Cuba does not allow open Internet access. Only 2.6 million out of a population of 11.2 million have Internet access, almost entirely limited to government-run centers, foreign companies and tourist hotels. Most of those who do have access are only been able to explore a limited, state-controlled basket of approved websites.

Schmidt, who was Google's chief executive from 2001 to 2011, is becoming more visible on issues involving technology and world affairs. His mandate as executive chairman involves government outreach, thought leadership and building partnerships and business relationships, according to the company.

Schmidt was accompanied by Jared Cohen, director of Google Ideas, as well as two other staff, Sanchez said.

Google Ideas describes itself as a "think/do tank that explores how technology can enable people to confront threats in the face of conflict, instability or repression," according to its website.

Schmidt and Cohen are the coauthors of The New Digital Age, published last year, and have a track record of speaking with leaders of countries that restrict free speech to advocate for a free and open Internet.

Schmidt was the first high-profile tech executive to visit Myanmar last year in the wake of reforms that prompted Western nations to ease sanctions following decades of military dictatorship.



BANANI CLUB

Shawkat Ali Bhuiyan, president of Banani Club, and Rubel Aziz, adviser, attend the second land purchase agreement signing ceremony for the club in Gulshan, Dhaka on Wednesday.



APOLLO HOSPITALS

Prasad Muglikar, director for medical services at Apollo Hospitals Dhaka; Chua Yeow, senior consultant for cardio-thoracic surgery of SingHealth, and Tay Boon Keng, consultant of orthopaedic surgery, attend the signing of an agreement for training and technological exchange between the two organisations, at a programme in Dhaka yesterday.



GREEN DELTA

Nasir A Choudhury, adviser of Green Delta Insurance, and Md Quddus Khan, acting chairman of Insurance Development and Regulatory Authority, pose with the participants of an anti-money laundering workshop organised by the Professional Advancement Bangladesh Ltd in Dhaka recently. Farzana Chowdhury, managing director of Green Delta Insurance, was also present.