

Ageing Europe needs the migrants it doesn't want

REUTERS, Paris

Europe is ageing faster than any other region of the world. It badly needs immigrants. But many Europeans don't want them.

The "old continent" may be able to offset the impact of a greying workforce until around 2020 by bringing more women and elderly people into work, encouraging mobility within Europe and making better use of existing migrants, EU and OECD experts say.

But in the medium to long term, the European Union will need to attract significant numbers of skilled workers from beyond its borders - and overcome growing public opposition highlighted by the rise of populist anti-immigration parties.

"If you close the door (to immigration), you will pay an economic price," says Jean-Christophe Dumont, an expert on migration at the Organisation for Economic Cooperation and Development, a Paris-based intergovernmental think-tank.

"For now, we can make better use of migrants who are already here, matching their skills better to labour market needs. In the longer term, it will not only be about matching skills, it will also be about numbers," he said.

Going by current trends, Europe's industrial powerhouse Germany, along with Spain and Poland, will see its population shrink from now on, slowing potential economic growth.

Germany's 82 million residents will dwindle to 74.7 million by 2050 and their average age will rise to nearly 50, assuming unchanged levels of migration, according to EU statistics agency Eurostat. Some projections are even more dire,



putting the German population as low as 65 million by 2060.

That will mean "serious labour supply constraints" in some of the strongest EU economies - Austria, the Netherlands and Finland as well as Germany - according to a European Commission study by Joerg Peschner and Constantinos Fotakis that took a baseline economic recovery of just 1 percent.

By contrast, Britain, France, Ireland and to a lesser extent Italy can expect healthy expansion. Britain will have overtaken the Germans by 2050 as the EU's most populous nation with 77.2 million - if it stays in the bloc - while France will have caught up with Germany on 74.3 million.

Regardless of their place on the scale, many European countries still recovering from six years of economic crisis are being tugged in the opposite direction from demographic realities by a tide of anti-immigration political rhetoric.

Marine Le Pen in France, Nigel

Farage in Britain and Geert Wilders in the Netherlands are attracting working-class voters by raging against freedom of movement of workers within the EU, from the poorer east and south to the wealthier north.

They accuse the EU of opening the flood gates to "job stealing" migrants, driving down wages and living standards and raising crime rates.

The backlash against immigration prompted Pope Francis to appeal in the European Parliament for an "elderly and haggard" continent to show a more welcoming face to those who cross the Mediterranean Sea in search of a better life.

Another pressing argument for rational debate is the growing impact of the demographic reversal on the funding of pensions and healthcare, especially in countries such as Germany and Spain which will have the oldest populations.

As the post-World War Two baby

boom generation retires, the ratio of over-65-year-olds to the working age population is set to rise dramatically, while the number of under-15s declines by nearly 15 percent by 2060, according to projections by Eurostat.

At present, the age dependence rate is 27.5 on average in the 28-nation EU, but Germany and Italy are well above that level. The rate is projected to jump to 49.4 in 2050, when there will be only two people of working age for every retiree.

Most EU countries have raised their retirement age to 65 or beyond and are making citizens contribute longer for a full pension - but further increases lie ahead.

Meanwhile there's the impact on Europe's economy of having a big chunk of the population focused on "needs, rather than wants," to consider, as Paul Hodges, co-author of the e-book "Boom, Gloom and The New Normal", explains.

"Demographics drive demand," he said. "Older people have less need for houses, cars and consumer goods and have to make do on lower incomes as they move on to pension age, slowing the wheels of the economy."

Before the financial crisis erupted in 2008, economic growth in the euro zone averaged 2 percent a year, roughly made up of a 1 percent gain in employment and 1 percent in productivity.

That growth potential, regarded as necessary to maintain the current level of European welfare provision, collapsed during the crisis and has yet to return in most countries.

Without employment gains from migration, Europe will need an improbably big boost in productivity to sustain its living standards - or see them decline.

Migrants flock to prosperous Germany: OECD

AFP, Paris

An oasis of prosperity in struggling Europe, Germany is now the favoured location for immigrants on the continent, who continue to skirt crisis-hit southern states, the OECD said in a report on Monday.

Germany has become the main destination for people freely moving between European Union nations and is also the world's largest recipient of new asylum seekers.

In its latest migration outlook report, the 34-nation Organisation for Economic Cooperation and Development said countries needed to see migrants "as a resource rather than a problem" and invest in integration policies to harness their skills.

"There are many ways for migrants to contribute to economic growth," said the report. In Germany, the OECD said immigration had contributed to employment growth, the lack of which is a key problem for many European nations.

"After the United States, Germany is now the OECD's second most important destination country, up from eighth position in 2009," said the report.

In 2013, the country welcomed over 400,000 immigrants, many of them from other EU nations. Britain and France were third and fourth respectively.

The topic of immigration is hotly debated in both countries, where the UK Independence Party (UKIP) and the far-right Front National (FN) are flying high in the polls.

Last week, British Prime Minister David Cameron promised tough curbs on welfare for EU migrants and warned European leaders that resistance could put Britain's EU membership in doubt.

The report said that migration flows to Italy and Spain had declined "rather markedly", reflecting the ongoing economic situation. "These countries, which were second or third largest immigration countries in the OECD from 2007 to 2011, now hold seventh and eighth positions."

While China remains the biggest contrib-

utor of migrants, according to latest figures from 2012, the origins of others tend to wax and wane. Romania, Poland and India were the next biggest contributing nations.

The report noted that the economic crisis had hit immigrants "disproportionately hard" but that despite the downturn most foreigners were still employed.

"Of the additional 15 million unemployed in the OECD since 2007, about one in five is foreign-born."

The report urged member states to harness the skills of immigrants, who often struggle to land jobs because of language skills or different qualifications which are often undervalued.

"Today's migrants are better educated than their predecessors. The number of foreign-born who are highly-educated has grown by 70 percent over the past decade to exceed 31 million in the OECD area," said the report. "The underutilisation of immigrants' skills is a waste of resources that OECD countries can scarcely afford."

The OECD said that discrimination also made it tough for immigrants to get ahead, with studies showing candidates applying for an interview with an immigrant-sounding name "have to submit twice as many applications as people who have similar qualifications and experience but a name with a native ring to it."

For the first time, Syria has overtaken Afghanistan as the main origin country of asylum seekers, the report said.

The dragging war in that country pushed the number of asylum seekers in 2013 to 556,000, an increase of 20 percent from the previous year.

Turkey experienced a dramatic increase of asylum seekers mainly from Iraq, Afghanistan and Iran.

"At the same time, the number of asylum seekers from the Russian Federation, Iraq, Afghanistan and Serbia (and Kosovo) has increased considerably," said the OECD.

Russians were one of the top three nationalities seeking asylum in Germany.



BANK ASIA

Finance Minister AMA Muhith hands over the second prize for the best presented annual reports in 2013 in private banks category to Md Mehmood Husain, managing director of Bank Asia, at the ICAB National Awards 2014, organised by the Institute of Chartered Accountants of Bangladesh at Sonargaon Hotel in Dhaka on Sunday. Showkat Hossain, president of ICAB, was also present.

Indonesian inflation up

AFP, Jakarta

Indonesia's inflation rate jumped and manufacturing activity sank to a record low after the country's new president raised the price of fuel in Southeast Asia's top economy, data showed Monday. The 30-percent increase in the price of diesel and petrol, announced last month, was aimed at cutting government subsidies that gobble up a huge chunk of the state budget and have sparked investor alarm.

But, as expected, the move caused an immediate spike in the cost of transportation as well as basic goods, which are now more expensive to deliver.

November inflation surged to 6.23 percent year on year from 4.83 percent in October, official data from the statistics agency showed. Economists expect inflation to rise further in coming weeks but then drop back next year.

The fuel price hike also contributed to a slowdown in manufacturing activity, which had already been weakening in recent months due to falling demand, HSBC said in its Purchasing Managers' Index for Indonesia.



TRAIDCRAFT

Shahed Ferdous, country director of Traidcraft Exchange, speaks at a two-day workshop organised by the organisation to assess the progress of its two projects on poverty alleviation--ALO and Apone--in Bangladesh, at The Daily Star Centre in Dhaka yesterday.

Samsung 's mobile chief keeps his job

AFP, Seoul

Samsung said Monday the head of its faltering mobile business would keep his job despite an alarming decline in profits, as the electronics giant announced a year-end personnel reshuffle.

A number of leading executives were moved or promoted, but the three co-CEOs of Samsung Electronics all retained their posts, including J.K. Shin, components unit chief Kwon Oh-Hyun and the head of the consumer electronics division B.K. Yoon.

Shin's position had been seen as particularly vulnerable, as the mobile unit that was responsible for Samsung's extraordinary run of record profits in recent years was also behind the slump in the past two quarters.

Shin "made many contributions in making Samsung Electronics the world's top mobile handset maker", Samsung

Group spokesman Lee June told reporters.

"We believe he would have a chance to help (Samsung) make another jump in this changing environment in the future," Lee said.

Shin, 58, has led Samsung Electronics' mobile unit since 2012 and played a key role in the South Korean giant's rise to become the world's top smartphone maker.

But the firm recently saw profits squeezed by escalating competition with Apple's iPhones in the high-end market and cheap handsets of Chinese rivals like Xiaomi in the low-end segment.

Samsung posted a 50-percent drop in third-quarter net profit, following a 20 percent drop in the previous quarter.

The net profit for the July-September period was the lowest for nearly three years.

Samsung produces a range of products from handsets to memory chips and TVs but the mobile business comprises the lion's share of its overall sales.

Inside Takata, tantrums, but little sense of crisis over air bags

REUTERS, Tokyo

Shigehisa Takada, the third-generation head of Takata Corp, shows little sense of the crisis engulfing the Japanese air bag maker at the center of one of the auto industry's biggest safety recalls, according to three people who have met him recently.

Just days before a Nov 21 US congressional hearing on defective Takata air bags that have been linked to at least five deaths, Takada told business associates he was personally dealing with the quality issues, and his company had identified and fixed the main cause of the defect -- which he said was mainly a flawed manufacturing process, the people said.

He told them that Takata had significantly improved its air bag propellant chemistry for bags it is using to replace defective ones, and the company now just has to step up and replace all suspect air bags as quickly as possible.

"He acts like this recall is going to blow by in due time and harbors little sense of crisis," said one of the associates, none of whom wanted to be named given the sensitive nature of their comments.

More than 16 million vehicles have been recalled worldwide since 2008 over Takata's air bag inflators, which can explode with too much force and spray metal fragments into the car.

Takata's handling of the massive



REUTERS

A billboard advertisement of Takata Corp is pictured in Tokyo.

safety recall has frustrated US politicians and regulators and has confused drivers as to whether their cars need fixing or not.

Takada, the Tokyo-based company's 48-year-old chairman and CEO, apologised at the annual shareholders' meeting in late-June, which was closed to the media, but has otherwise not been seen in public.

"He's a nice man, very sincere and seemingly capable, but he doesn't view this as a crisis spiraling out of control," said another of the business associates.

The scale of the recalls looks certain to escalate after US safety regulators ordered Takata last

Wednesday to expand piecemeal regional recalls of driver-side air bags to cover the entire United States, not just hot and humid areas where the inflators are thought to become more volatile.

Takada did not explain to the business associates exactly what Takata had done to improve the propellant chemistry and manufacturing process, and they said he should be explaining these changes publicly.

They said his reluctance or inability to do so may in part be due to the influence his 74-year-old mother retains at Takata, which was founded by his grandfather more

than 80 years ago as a textile mill.

Shigehisa joined the family firm straight from university, became president in 2007, aged 41, and moved to the top executive post after the death in 2011 of his father, Juichiro, who built Takata into Japan's leading auto safety manufacturer.

Juichiro, known in the US as "Jim Takada", was a rolled-up sleeves executive who donned a hard hat on site visits and once was spotted down on his hands and knees checking a faulty machine in a noisy textile plant in South Carolina, recalled a former colleague of the current CEO.

His son, he added, is very different - "painfully shy, bookish and into computers ... very good with statistics."

His mother Akiko, a former Takata executive, now heads the non-profit Takata Foundation, but remains vocal as a special adviser to the company. Some managers call her "O-okusan", or "big wife", underscoring her influence, while Shigehisa is referred to as "the son", or "Shige-chan" -- a familiar, short form of his name with a suffix normally reserved for children.

"In a business situation, she could be very forceful and tries to impose her way in just about every way possible," said one of Shigehisa's business associates who has worked with Akiko on a project. Two of the three associates recalled how she once engaged in a tit-for-tat negative campaign with a rival.



NDB CAPITAL

Kanti Kumar Saha, managing director of NDB Capital; Darshan Perera, chief executive of NDB Investment Bank; Ravindra Kumar Pitigalage, managing director of Lakdhanavi Bangla Power; and Ajith Naranpanawe, country manager of Commercial Bank of Ceylon Bangladesh, attend the signing of a syndicated loan agreement that will arrange \$35 million for Lakdhanavi Bangla Power, at a local hotel recently.