

Star BUSINESS

E-mail: business@thedailystar.net

China set to become second largest exporter this year

ANN/ CHINA DAILY

China may overtake the United States to become the world's second largest exporter this year if its current export growth speed continues, said a senior government official Saturday.

Yu Guangzhou, vice minister of commerce, told the China Economic Development Forum that for now China ranks the third after Germany and the US in terms of export volume, but it is highly possible that China will surpass the US to be next to only Germany within this year.

In 2006, China's export volume trailed that of the US only by less than US\$70 billion, while its export growth speed was seven percentage points higher than that of the US. Calculated with the current growth rate, China's export may possibly exceed that of the US by US\$50 billion this year.

Observers in Beijing estimated that if China maintains its foreign trade growth rate, it will replace Germany to become the world's top exporter next year. In terms of total foreign trade volume, China will possibly surpass Germany to become world's no 2 this year or by next year, with the US ahead only.

India targets 10m tourists in 2010

AFP, New Delhi

India aims to double its tourist numbers to 10 million in 2010 when it hosts the Commonwealth Games, a report said Saturday.

Indian Tourism Minister Ambika Soni said the numbers visiting the country had grown steadily with 3.92 million tourists in 2005 and 4.43 million in 2006, according to the Press Trust of India.

Soni forecast the inflow would touch the five million mark in 2007.

"We want a 10 million tourist inflow in 2010," Soni said while inaugurating the Travel and Tourism Fair in the eastern city of Kolkata.

New Delhi is playing host to the Commonwealth Games in 2010.

"We are looking at the hotel industry to come up to the challenge," she said, adding that at least 150,000 more rooms in all categories of hotels were needed to cater for the increased tourist inflow.

The World Travel and Tourism Council earlier this year placed India among the top 10 countries in terms of tourism sector growth over the next few years.

The number of tourists to India has been growing sharply but the flow is still paltry compared with much smaller countries in Southeast Asia.

Malaysia, for instance, draws around 17 million tourists annually while Thailand is expected to get around 15 million this year.

While India has mountains, beaches, palaces, culture and other attractions, experts say tourists are deterred by India's poor infrastructure and lack of high class service.

Tokyo bourse suffers worst drop in 7 yrs

ANN/ THE YOMIURI SHIMBUN

Tokyo stocks nosedived for a third day Friday with the key Nikkei index falling more than 870 points - its largest drop since April 2000 - against the backdrop of the falling dollar that briefly entered the 111 yen level in Tokyo as the US subprime mortgage loan problem continued to shock the financial market.

The 225-issue Nikkei Stock Average fell 874.81 points, or 5.42 per cent, ending at 15,273.68, breaking its record lowest close this year for three days in a row.

It was the first time the Nikkei index fell below 15,300 since Aug 7 last year.

With other major Asian stock markets also tumbling, the global stock market turmoil likely will continue next week, observers said.

The Topix index of all First Section issues was down 87.07 points, or 5.55 per cent, at 1,480.39. It was the first time the Topix ended below 1,500 since July 19 last year.

In addition to the uncertainty of the US economy due to the worsening problems with subprime mortgage loans, the surging yen cooled market sentiment.

CA's office asks finance ministry to update forex trading policy

UNB, Dhaka

Amid allegations from foreign currency traders that huge such currencies are being smuggled out through unofficial channels due to loopholes in the official procedures, the Chief Adviser's Office has asked the finance ministry to take steps to update the existing rules and policy.

The moneychangers, however, could not exactly say how much money is annually being sent out through the unofficial channels.

Following the directive, official sources said, the policy wing of the finance ministry has started work on updating the existing rules and policy for the foreign currency business.

Against this backdrop, the Moneychangers' Association of Bangladesh (MCAB), an organisation of the country's foreign currency traders, submitted an 11-point recommendation to the Bangladesh Bank on August 16 for making the existing policy on foreign currency trading more pragmatic.

When contacted, MCAB President Mostafa Khan confirmed that his organisation has put forward the recommendations to the central bank.

"We want a transparent and flexible business policy so that all kinds of unofficial or illegal currency trading being done taking advantage of the present loopholes must come to an end," he said.

In its recommendations, the MCAB urged the central bank to strengthen its monitoring system over the businesses of the currency traders.

It said the present provision for mandatory annual trading of at least US\$ 5,00,000 or equivalent amount in other currency should go. "Because this provision often forces the currency traders to do illegal business to protect its license."

The MCAB advocated for allowing the currency traders to buy up to US\$ 5,000 from an expatriate after his return in the country without asking any question about the earning sources. This will help

increase the volume of the country's foreign exchange reserves.

Similarly, the currency traders should be allowed to endorse up to US\$ 3,000 for a traveller instead of US\$ 1,000 for the Saarc region apart from allowing them (currency traders) to buy all kinds of foreign notes and coins, the MCAB said.

Urging for permitting the money changing firms to open their respective branches in other districts, the MCAB said this would help official trading of foreign currencies flourish outside the capital.

The MCAB also suggested that any traveller while going abroad should be allowed to carry up to Tk 10,000 (Bangladesh currency) instead of the presently allowed Tk 5,000 so that he could meet his necessary expenses like paying his duties against goods when he returns home.

Pakistan urges Brunei to import more workers

APP, Islamabad

Pakistan has offered to export skilled manpower to Brunei Darussalam.

This offer was made by Minister for Labour, Manpower and Overseas Pakistanis, Ghulam Sarwar Khan in a meeting with the Sultan of Brunei Darussalam, Hassanal Bolkiah Friday.

The Minister, who is on a two-day official visit to Brunei, briefed the Sultan about the efforts and plans of his government for the welfare of working force.

Ghulam Sarwar Khan said, "We have taken concrete steps to train manpower in the country," said a message received here.

The Labour Minister said the Pakistan is a big manpower exporter in the region.

"More than 7.5 million Overseas Pakistanis are working abroad in different countries including the United States, Canada, Europe, Middle East and Far East," he added.

Presently, Sarwar Khan said that there are over 1000 Pakistanis working in Brunei Darussalam and offered the export of its skilled and semi-skilled workers to Brunei Darussalam.

Ghulam Sarwar Khan hoped that his visit would open new channels of development for human resource.

High interest rates weigh on Korean market

ANN/ THE KOREA HERALD

The recent interest rate hike by the Bank of Korea is weighing on the faltering stock market as concerns over the US subprime debacle turned out to be legitimate, experts said Friday.

The benchmark KOSPI fell nearly 7 percent on Thursday alone, the largest one day drop among the world's major stock markets, which also suffered from big losses.

"In retrospect, the BOK's decision was inappropriate," Sung Jin kyung, an analyst at Daishin Securities Co., said in a telephone interview. "The BOK did not seem to expect the subprime problem to turn out to be a significant crisis."

The central bank unexpectedly raised the benchmark interest rate last week by a quarter point to 5 percent, in a move to cap the country's fast expanding money supply and ease inflationary pressures.

The increase, the second in a row and the seventh in the current rate hike rally, pushes borrowing costs to the highest level since July 2001.

Central bankers said the rate hike was "a preventative measure" to deflate a possible bubble in the economy.

Critics say it now poses too much a burden on investors and the equity market.

ACME Overseas markets products of Indian EVA Cosmetics

ACME Overseas Trading Ltd has started marketing products of EVA Cosmetics of Indian TTK Group in Bangladesh market.

The products including talcum powder, deodorant and baby soap were launched at a function in Dhaka recently, says a press release.

Afzalur Rahman Sinha, deputy managing director of ACME Group, and I Ravindran, director of TTK Group, unveiled the products, while directors of ACME Group, among others, were present.

Ad firm Lemon gets awards

Advertising firm Lemon Communications has received 'Sangbad Pratidin Srijon Samman 2007' awards in silver and bronze categories, says a press release.

The silver award was given away for 'Best Media Innovation in Print and Outdoor' for GMG Airlines, while the bronze award was for 'Best Single Black & White Advertisement' for Siemens Bangladesh Ltd.

The award giving ceremony was held in Kolkata, India recently.

Starvation in N-region feared if anti-Monga steps not taken

STAR BUSINESS REPORT

The northern region people may face starvation if the government does not take proper measures to immediately combat the ongoing Monga, a famine like situation fueled by the recent flood, said economist Dr Qazi Kholiqzaman Ahmad.

He said people in the Monga affected area are passing their days without having any food, as relief materials are yet to be reached that region.

He said Monga, which is caused by adverse natural conditions and political and social mismanagement, could not be eliminated through charity.

"Creating employment opportunity in the Monge-hit area round the year, emphasising health and education and reorganising the agriculture sector are some effective measures to get rid of this menace," he told yesterday the

launching of a project titled 'Monga Free Bangladesh Campaign' in Dhaka jointly initiated by Bangladesh Ummayyeh Parishad (BUP) and Action Aid Bangladesh.

The BUP chairman, Dr Qazi Kholiqzaman Ahmad, further said any single organisation could not eliminate the Monga.

"A comprehensive effort comprising public-private partnership is needed to be free from the famine-like situation," he observed.

Under the three-year project, the BUP and Action Aid Bangladesh will conduct a study on Monga-hit area to find out ways for a Bangladesh free from hunger and famine-like situation.

The study will be conducted in six northern districts -- Kurigram, Gaibandha, Lalmonirhat, Joypurhat, Jamalpur and Sherpur.

Besides, the two organisations will also carry out a campaign on rights to food, women access to land

and creating employment opportunity.

An office for Monga-free campaign was also launched yesterday and a National Advisory Committee on Monga formed which Khandaker Ibrahim Khaled, former deputy governor of Bangladesh Bank, would head.

Every year people in the northern region become victim to Monga with the advent of Bangla months Ashwin, Kartik, Chaitra and Boishakh due to adverse natural condition.

Farah Kabir, country director of Action Aid Bangladesh, Anisur Rahman, former professor of Economics of Dhaka University, Syed Yusuf Hossain, former comptroller and auditor general, and KB Sajjadur Rasheed, professor of Geography and Environment of Dhaka University, also spoke at the function.

West Bengal okays plan for Durgapur SEZ

ANN/ THE STATESMAN

Braving the recent turmoil against establishing Special Economic Zones (SEZ) across West Bengal, the state-backed statutory agency, Asansol Durgapur Development Authority (ADDA), has opted for a SEZ in Durgapur.

The ADDA board approved the SEZ project on Friday, which will house a number of branded IT companies and be set up adjacent to the centre's Software Technology Park in Bidhannagar area. Real estate developer Saporji Palanji will prepare infrastructure for the Rs 100 crore project on 25 acres.

"The company will be following the land utilisation pattern fixed by the ADDA and the unique feature of the project is that we shall be earning revenue at the rate of 5 per cent of the total IT business turnover of the company in the long term," said Chowdhury, ADDA chairman.

He said Saporji Palanji is experienced in setting up similar infrastructure in some of the largest cities in the country and that the entire feasibility market study for the project will be shouldered by the developer, ADDA will not bear any financial responsibility.

"The project shall have to be completed in the next five years and Saporji Palanji shall have to deposit a sum worth Rs 30 lakh per acre prior to the MoU to be signed between the parties," said ADDA's chief executive officer, NS Nigam.

While SEZs have given anxiety to some quarters in West Bengal, why did ADDA opt for a SEZ?

"SEZ for IT has never been challenged by the opposition and this was inevitably essential as we

are trying to woo the big IT giants here. The private partner shall have brand compulsion to help popularising the SEZ," said Chowdhury.

He said the SEZ would generate at least 4,000 new jobs. The Durgapur Municipal Corporation has asked the ADDA and its proposed private partner for the project to maintain approved land use patterns for the project. DMC mayor Rathin Roy was also present in the ADDA board meeting on Friday to monitor the perspective guidelines for the proposed SEZ. Besides 7.5 acres for offices, Roy stressed that five acres should be reserved for greenery, refreshment and commercial plazas inside the SEZ.

Infrastructure growth dips to 5.3pc in India

ANN/ THE STATESMAN

A negative growth in production of crude oil coupled with a slowdown in output of other products pulled back the growth of six key infrastructure industries to 5.3 per cent in June compared to 7.7 per cent in the same month a year ago.

The growth of the six infrastructure industries, which have a combined weight of 26.7 per cent in the index of industrial production (IIP), during the April-June quarter was also slower at 6.9 per cent as against 7.4 per cent in the first quarter of 2006-07, according to government data released on Friday.

Strong dollar worries Hanoi importers

ANN/ VIET NAM NEWS

The US dollar gained strength against the Vietnamese dong in the last two weeks, putting pressure on Vietnamese importers.

Independent market watchdogs said that in the last two weeks the US dollar increased against the dong between 0.4 and 0.9 per cent compared with the beginning of the year.

At the beginning of the year, the exchange rate was VND16,048 to US\$1, which rose to VND16,200 Friday.

An official of the State Bank of Viet Nam predicted that the interbank exchange rate between the dong and US dollar would continue to slightly increase for the rest of the year to VND16,262/\$1.

The central bank has a policy of regulating the dong-US dollar exchange rate in ways that would make the dong depreciate by about 1 per cent so as to encourage export activities.

Meanwhile, the interbank exchange rate has increased by 0.45 per cent, which is far from the targeted 1 per cent level, he said.

A representative of a HCM City-based foreign bank also said that the value of the US dollar would continue to go up until the year-end since banks did not want to fall into a shortage of US dollars when the market needs foreign currency for importer and exporter payments.

Other economists disagreed with these predictions, saying that the dong-US dollar exchange rate would fall to a level equal to the figure recorded earlier this year because supplies of the greenback would still be plentiful.

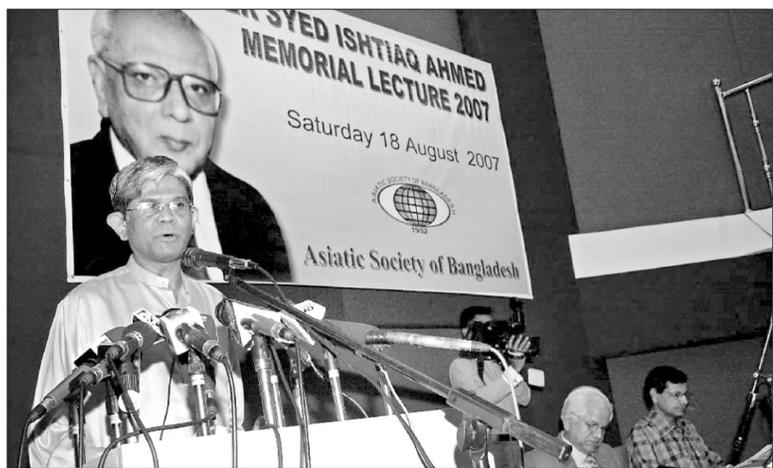


PHOTO: STAR

Bangladesh Bank Governor Dr Salehuddin Ahmed speaks on 'The Road Map to Financial System Standards for Middle Income Bangladesh' in 'Barrister Syed Ishtiaq Ahmed Memorial Lecture 2007' organised by Asiatic Society of Bangladesh in Dhaka yesterday. Chief Editor of Banglapedia Sirajul Islam and Secretary to Asiatic Society of Bangladesh Dulal Bhoumik are also seen. (Story on page 16)

Food shortages pose threat to flood-hit South Asian economy

Says FAO report

AFP, New Delhi

Food shortages loom in South Asian nations hit by torrential rains, floods and landslides affecting more than 28 million people, the United Nations said on Saturday.

The food situation gives "serious cause for concern" due to loss of animals and unfavourable crop prospects following damage to recently planted crops, the UN Food and Agriculture Organisation (FAO) said on its website.

"Opportunities for replanting once the water has fully receded are limited as the sowing period of the main cereal season normally ends in July in India and Bangladesh and by mid-August in Nepal," it said.

In India, where the three worst

flood-affected states of Bihar, Uttar Pradesh and Assam account for roughly a quarter of the nation's total rice production, preliminary reports indicate about one million hectares (2.47 million acres) of cereal land have been submerged in Bihar alone, the FAO said.

The statements came in the FAO's latest update on the flood situation.

Meanwhile, the UN Children's Fund (UNICEF) expressed "deep concern" about the continuing threat from hunger, disease and malnutrition for millions of children and women affected by the flooding which has killed almost 2,800 people in the three countries and Pakistan.

While this year's cereal produc-

tion is likely to be reduced in these three northeastern states, output at the national level will depend on weather conditions in the coming months, the FAO reported.

Nepal's Terai plains which serve as the country's grain basket - accounting for over 70 per cent of rice production - have also been hard hit.

Although water levels have receded from the second week of August, thousands of hectares of agricultural land have been destroyed at the peak of the planting season and the outlook for production has worsened, the FAO said.

Food shortages in the Terai, which was also affected by drought and floods in 2006, are likely to worsen, the food agency added.



PHOTO: AFP

A passer-by looks at a stocks price index board at the window of a security company headquarters in central Tokyo Friday. Japanese share prices plummeted over five percent, the biggest one-day point drop since April 2000 as US housing worries battered Asian markets.