

Stocks

DGEN ▲ 0.52%
2,598.11

CSCX ▲ 0.82%
5,300.14

Asian Markets

MUMBAI ▼ 2.43%
9,686.75

TOKYO Closed

SINGAPORE ▼ 1.21%
1,724.54

SHANGHAI ▼ 4.55%
1,897.23

Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	94.21	98.95
GBP	99.83	104.80
JPY	0.75	0.80

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼
\$845.15
(per ounce)

Oil ▼
\$39.31
(per barrel)

SOURCE: AFP
(Midday Trade)

More News

Microphone business looks to sunny days



Microphone operator Joyanal Abedin seldom takes part in political gossip. Even today, his interest in political affairs appears diminutive although Bangladesh is all set to return to democracy after the caretaker government's two-year rule. But somebody speaks to him about 1971, the year of Liberation War, it piques the 55-year-old man's interest.

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International

Crisis could put 25m people out of work: OECD

The world economic crisis could put 25 million people out of work, the OECD warned on Monday, as Japan's iconic Toyota auto company forecast its first ever operating loss and European stocks slipped.

German bank IKB gets 5b euros in loan guarantees

The troubled German bank IKB, which was saved from bankruptcy with huge amounts of state aid, has received another five billion euros (seven billion dollars) in public loan guarantees, it said on Tuesday. The 36-month guarantee is aimed at allowing IKB to obtain financing and has been approved by the European Commission, a statement said.

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If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Hasina sees shine for private sector

STAR BUSINESS REPORT

Awami League (AL) President Sheikh Hasina at a business meeting yesterday promised more opportunities for the private sector if her party is voted to power.

At the meeting organised by American Chamber of Commerce in Bangladesh (AmCham), the former prime minister stressed the need for urgent installation of power plants, where, she said more private companies should be involved.

"I believe a business-friendly environment and investment are preconditions for development," she said.

Hasina said: "Three-year-long crash programmes will be undertaken to complete urgently 100-150 megawatt (MW) power plant projects, which are being implemented or have already been accepted."

"We will also resume programme to help the private sector set up small power plants having 10, 20 and 30 MW generation capacities," she said.

Hasina said electricity generation would be increased by repair, maintenance and rehabilitation of the old plants. The AL will take steps to resume the Rooppur Power Project in Pabna, she said.

At the AmCham luncheon meeting the AL chief reiterated her polls pledges, saying electricity generation will be raised to 5,000MW by 2011, to 7,000MW by 2013, and to 20,000MW by 2021.

She stressed exploration of new gas and oil fields and said a coal policy will be made if her party comes to power.

When asked how she would bring down the prices of basic food items, Hasina said: "We have experience. We were able to do it when we were in power. We want Bangladesh to be self-sufficient in food. That means the supply has to be increased."

She also spelled out a plethora of pledges for the development of the capital market, Board of Investment, Export Promotion Bureau, and modernisation of Foreign Exchange Regulatory Act, and the office of the Registrar of Joint Stock Companies and Firms.

Hasina said she would work for protecting the intellectual property rights for the development of IT, medicine and other industries.



Awami League President Sheikh Hasina speaks at the AmCham meeting in Dhaka yesterday.

She also talked of the risks stemming from the global financial meltdown for the development of the readymade garment and textile industries.

"Priority will be given to shipbuilding, food processing, medicine, toys, jewellery and furniture industries. Special steps will be taken for finding alternative uses of jute and making jute industry profitable. Development of tourism, export of manpower and investment of remittance will be ensured," Hasina said.

For the development of Bangladesh's tourism industry, she suggested better cooperation with the neighbouring countries.

Setting a vision for a digital Bangladesh within 2021, Hasina said she would try to include IT in Bangladesh Civil Service (BCS) examination, and

assist young entrepreneurs for the development of software industry.

She said she would construct Padma Bridge, Karnaphuli Bridge and Dhaka-Chittagong Four-Lane Expressway, and expand the railways.

Hasina also promised development of sea ports, land ports, making the state-owned airline profitable, policy help for expansion of private airlines, and setting up new airports of international standard.

She said she would seek a good relationship with the neighbouring countries and expand relationship with the US, EU, Japan, Canada and other developed countries to boost economy.

The AL leader estimated it is possible to lift 2 crore of 6.5 crore people out of poverty by 2013, and 4.3 crore by 2021. It will need a double-digit growth

to get rid of poverty, she said.

US Ambassador James F Moriarty, among others, was present at the meeting presided over by AmCham President Syed Ershad Ahmed.

At a separate meeting earlier in the day with the business leaders Hasina asked the businessmen whether they were well and there was a huge economic development in the last two years when there was no hartal or politics of confrontation, businesspeople came up negative.

"You could not be well in the last two years, as an environment of apprehension had been created and for this none could do business properly," she said.

She asked the business leaders to stop giving extortion and bribe for winning business. "You stop giving, and then you will see none is asking for bribe or extortion," she added.

Hasina said: "We want that the private sector entrepreneurs work as the key machine of the economic development."

About hartal she said, "Even after the then opposition (BNP) enforced 308 days of hartal during our regime, we brought development."

Saying that they want to make the country developed by 2021, the AL chief sought cooperation from the business community to implement the vision.

"If we can make Bangladesh prosperous with infrastructure development, it will bridge the gap between the west and east," Hasina said.

She urged private sector to come forward for infrastructure development.

She also instructed businessmen to find out new international markets, produce new items to meet their demands and stop depending on garment-related products only.

"We can export food and agricultural products and fish through setting up processing industries for those," she said.

Hasina instructed businessmen to generate power from wind, water and sunshine.

She said they would set up gas-based industries after exploring the country's natural gas internally, and encourage foreign investment in exploring gas.

FBCCI President Anisul Huq, former FBCCI president Yusuf Abdullah Haroon and Women's Chamber of Commerce President Selima Ahmed also spoke. AL leaders Syed Ashraf Islam and Salman F Rahman organised the programme.

10 economic challenges for next govt: CPD

Focuses on food security, tamed inflation

STAR BUSINESS REPORT

The Centre for Policy Dialogue sees ten economic challenges for the next elected government, which include farm input costs cut for a better boro harvest to ensure food security and tamed inflation.

"We feel ten major challenges are ahead. From its first day in office, the newly elected government will have to move on to ensure a good boro output, through taking measures to reduce prices of inputs like fertiliser and diesel," CPD Executive Director Mustafizur Rahman told a press briefing in Dhaka yesterday.

The local think tank organised this briefing session just six days ahead of the ninth parliamentary polls, through which the country eyes a transition to democracy two years after a rule of the military-backed caretaker government.

CPD, which usually conducts a review of the state of Bangladesh economy in every six months, said it had unveiled its analysis to alert the next elected government about the challenges it would face from the first day of assuming power.

Taking notes of the manifestos placed by the political parties to woo voters in the December 29 elections, it also expressed its desire for a continued monitoring of the pace of implementation of these manifestos.

"Promises offered by the political parties are feasible and they will have to make sure that those are implemented to boost economic growth," said Rahman.

The CPD laid bare its analysis at a time when the global economic turmoil causes massive joblessness and slump in consumption spending. But Bangladesh is yet to be hit, as its exposure to global financial



CPD Executive Director Mustafizur Rahman speaks at a press briefing in Dhaka yesterday.

market is low, it said, adding that Bangladesh focuses on low-end products, so its main export item apparels remain uptick.

"Till date, signs are fine. It appears that we may be able to achieve the targeted export growth," said CPD official. "But we will have to be watchful on the Christmas sales. There are chances of accumulation of inventory if sales are down. It may lead to deferred orders," Rahman went on.

The global crisis would also make the fight against inflation easier because of a downturn in the prices of almost all commodities like fuel, fertiliser and edible oil.

On point-to-point basis, inflation sank to 6.12 percent in November from 7.26 percent in October.

"But global economic crisis will deepen and the situation will be critical in 2009. We need to prepare ourselves to counter any knock-on effects of the crisis," warned Rahman.

The CPD also recommended measures to address the energy crisis including diversification of sources and framing of a coal policy. It also suggested a cut in inflation, continuation of the current accommodative monetary policy and maintenance of the pace of institutional reforms.

The CPD observes that some economic indicators, such as growth in agricultural output are favourable. Driven by buoyant credit

expansion, industrial production, which lost momentum in FY 2007-08, has also regained.

"But the low level of investment is going to be a major concern for achieving the required level of growth," said Rahman, although he observed that both local and foreign investment proposals have rebounded during the January-October period of 2008.

Referring to the power sector, the CPD executive director said power problem will worsen in the coming boro and summer season despite the fact that the generation of electricity has marked a marginal rise since the last fiscal.

He suggested that the new government should prioritise the framing of a National Coal Policy that addresses both investment and environmental concerns.

He also felt it urgent to resolve the offshore block issue with neighbouring India and Myanmar.

On FY 09 growth projection, Mustafizur Rahman said macroeconomic performance will depend on how the economic scenarios evolve in the second half of the current fiscal and how financial crisis and recession impacts on export, remittance, domestic resource mobilisation etc are tackled.

"But considering the ongoing trend of the economy, achieving 6.0 percent growth rate target will be a pragmatic one," he said.

Govt rejects fresh plan to privatise Rupali

STAR BUSINESS REPORT

The government yesterday rejected a proposal to privatise Rupali Bank through the Privatisation Commission (PC) as it is in a "poor financial condition" and requires restructuring.

The Cabinet Committee on Economic Affairs rejected the proposal at a meeting.

The bank will remain in the same position as it is now as the meeting has decided that it will not be appropriate to take a decision for now, Finance Adviser AB Mirza Azizul Islam told reporters after the meeting at the Cabinet Division, UNB reports.

An official with the Cabinet Division said the Finance Division had made a proposal to list Rupali Bank for privatisation through the PC.

The official also said the proposal had been rejected due to an objection by the central bank.

Bangladesh Bank thinks the financial condition of the bank is not up to the mark and it needs a deep overhaul to bring the bank to normalcy.

Rupali was put on the PC list for privatisation in 2003.

The authorities had marked the troubled bank for handover to Saudi prince Bandar Bin Mohammad Bin Abdul Rahman Al-Saud as part of an agreement. But the move fell apart because of Bandar's refusal to accept the deal at high prices.

The Saudi buyer offered \$450 million to buy a 93.26 percent government stake in Rupali.

But the government later scrapped the agreement following long dithering by the Saudi buyer.

The financial health of Rupali has remained poor for long. The bank is now facing an acute manpower shortage because of voluntary retirement of some officials and employees under a World Bank's financed separation programme.

Britain edges to recession, Great Depression in sight



British Prime Minister Gordon Brown speaks during his monthly press conference at Downing Street in London.

AFP, London

Britain edged ever closer to a recession on Tuesday and the IMF's top economist warned of a second Great Depression, as stock markets awaited fresh US growth data in the hope of some Christmas cheer.

Britain's economy shrank by 0.6 percent in the three months to September compared with the previous quarter, against a previous estimate of 0.5-percent contraction given last month, the Office for National Statistics said.

Britain will officially be in recession if the economy contracts again in the fourth quarter after already screeching to a halt in the second quarter during which this key European Union economy recorded zero growth.

News of weakening growth sent the British pound sliding under 1.06 euros, nearing a record low of 1.0463 reached last week, as dealers bet on more interest rate cuts from the Bank of England and forecast parity with the euro.

The dollar also dipped against the euro and the yen in morning trading.

"Contraction of 0.6 percent in the third quarter was even sharper than previously anticipated, highlighting the serious downturn in the economy," said Howard Archer, an economist at the IHS Global Insight consultancy in London.

The IMF's top economist, Olivier Blanchard, meanwhile said governments around the world should boost domestic demand in order to avoid a Great Depression similar to the downturn that shook the world in the 1930s.

"Consumer and business confidence indexes have never fallen so far since they began. The coming months will be very bad," Blanchard said in an interview with the French newspaper Le Monde.

"It is imperative to stifle this loss of confidence, to restart household consumption, if we want to prevent this recession developing into a Great Depression," he added.

New data out in France offered some respite from the gloom, however, showing that household consumption of manufactured goods -- a key growth indicator -- rallied 0.3 percent last month after slumping in October.

"It is a first small Christmas present for the French economy," said Alexander Law, an economist at the Xerfi research centre in Paris.

But in Italy, retail sales figures went down 0.3 percent in October.

Denmark's economy contracted 0.4 percent in the third quarter and the Dutch economy showed zero growth, official data showed. Finland's unemployment rate rose to 6.0 percent in November from 5.8 percent a month earlier.

The European Central Bank issued some heartening pre-Christmas data showing that the eurozone's current account deficit narrowed to 6.4 billion euros (9.0 billion dollars) in October from 8.8 billion euros in September.

European stocks were slightly up in midday trading ahead of the release of US third-quarter growth data, with the FTSE index in London up 0.46 percent, the Frankfurt Dax up 0.37 percent but the CAC 40 in Paris dipping 0.04 percent.

"UK and US GDP readings will be closely watched and with expectations low for both, any positive surprises could help provide some festive cheer," said Jimmy Yates, a dealer at CMC Markets in London.

Asian stocks closed mostly down, with the Hong Kong stock market shedding 2.8 percent and Shanghai sinking 4.55 percent as a smaller-than-expected Chinese interest rate cut failed to boost market moods.

Oil prices also fell further to below 40 dollars a barrel in Asian trade, with New York's main futures contract, light sweet crude for delivery in February, shedding 60 cents to 39.31 dollars a barrel.

The contract had fallen to 39.91 dollars in New York on Monday.

Energy analysts were also keeping a close eye on a meeting of key world gas exporters in Moscow amid fears of a "gas OPEC" similar to the Vienna-based oil cartel that could raise natural gas prices.

In a keynote speech, Russian Prime Minister Vladimir Putin told the conference that the "era of cheap gas" for consumers was coming to an end because of the expense of developing new fields.