

International Business News

Sri Lankan markets bank on early military victory

AFP, Colombo

Sri Lanka has downgraded its growth forecast for 2009 in line with a global meltdown, but the local markets are hoping a quick end to the drawn-out separatist war will restore confidence.

The Central Bank of Sri Lanka said Friday it was revising GDP projections by a full percentage point to five percent in 2009 compared to the forecasted six percent in 2008, when fighting between troops and Tiger rebels escalated.

But Geeth Balasuriya, of privately run HNB Stockbrokers, said the government's capture of the Tamil Tiger political capital Kilinochchi on Friday had made the market bullish. It had lost 40 percent of its value during 2008.

"We can expect the positive sentiment to get a boost with stronger volumes next week," Balasuriya said.

People partied in the streets of capital Colombo and elsewhere, while the tiny stock market roared to life as news of the military capture of Kilinochchi was announced.

The All Share Price Index gained 5.02 percent on Friday.

Brokers said investors are hoping a military victory will boost investor confidence and attract foreign investment into the war-hit island, which has been battling the insurgency since 1972.

Russia, Ukraine in EU lobbying blitz over gas fight

AFP, Prague

Envoys from Russia and Ukraine fanned out across Europe on Saturday in a lobbying tug-of-war for EU backing in their gas dispute that has already produced supply shortfalls in some EU states.

The number two official of Russian gas giant Gazprom, Alexander Medvedev, was due in the Czech Republic, the current holder of the EU presidency, where he was expected to meet top political leaders to discuss the crisis, media said.

Gazprom officials said late Friday they were working on an itinerary for Medvedev that could also take in Berlin, Paris and London, though they could not be reached Saturday to confirm Medvedev's whereabouts.

The dispatch of the Russian team came a day after a Ukrainian delegation led by Energy Minister Yuri Prodan held talks in Prague and Bratislava before travelling on to Berlin for meetings with German officials.

The Slovak economy ministry published a statement after the meetings in Bratislava saying the Ukrainian team was lobbying for EU support in their standoff with Russia in a gas payment and pricing dispute.

"The Ukrainian representative said they expect EU support in their negotiations with Russia," the Slovak statement said.



New Year's shoppers pick up the lucky bags which contain items worth four times as much as the price tag to celebrate the New Year business at Tokyo's Mitsukoshi department store on Friday. People buy "lucky bags" for the New Year during Japan's biggest holiday of the year.

Dutch flower market wilts amid economic downturn

AFP, The Hague

Dutch flower auction house FloraHolland, the world's largest, said Friday that its 2008 annual turnover growth had dropped from a projected 2.7 percent to 0.25 percent amid the world economic crisis.

"2008 was no fantastic year," said a FloraHolland statement, even as director Timo Huges expressed optimism that the effects had been "limited".

The company reported a turnover of just over four billion euros (5.6 billion dollars) for the year in sales of flowers and plants.

The number of traded plants and flowers grew by 1.3 percent to 12.4 billion.

"Even in economically difficult times, consumers in Europe seem to be brightening their homes with a colourful flower or a plant," said the statement.

FloraHolland said it expected 1.0 percent growth in turnover for 2009.

US Treasury finalises \$4b loan to Chrysler

AFP, New York

The US Treasury said Friday it has finalized a 4-billion-dollar loan to troubled cash-strapped carmaker Chrysler.

"Treasury today finalized the loan transaction for Chrysler car company and funded the full amount of 4 billion dollars," Brooklyn McLaughlin, a Treasury spokeswoman, said in a statement.

Chrysler Chairman and CEO Bob Nardelli said the loan would help the company "bridge the current financial crisis."

"This initial loan will allow the Company to continue an orderly restructuring, while pursuing our vision to build the fuel-efficient, high-quality cars and trucks people want to buy, will enjoy driving and will want to buy again," he added in a statement.

The loan is part of a 13.4-billion-dollar rescue package the US government approved in December for General Motors and Chrysler to stave off collapse amid tight credit and dismal sales.

AVIATION

Biman poised for new take-off

CA's special assistant for civil aviation speaks to The Daily Star

SOHEL PARVEZ

It may be a gloomy year for global airline industry as it is feared to post losses on the back of recession. But local carriers like Biman Bangladesh Airlines is expected to remain immune from the meltdown since it has an ethnic passenger market where Bangladeshi workers abroad are the main travellers.

Mahbub Jamil, who recently stepped down from the chairman post of Biman's reconstituted board, thought this way as he shared his views with The Daily Star recently.

"We are absolutely convinced that our carrier will not face shortage of traffic even though airlines worldwide are facing stormy weather for global recession," said Jamil, also the chief adviser's special assistant for civil aviation.

His estimate contrasts sharply with IATA's (International Air Transport Association) bleak outlook at \$2.5 billion losses for 2009 due to a slump in consumer spending and business confidence amid gloom economy worldwide after the industry dated with oil price spiral until mid last year.

IATA also feared that traffic would decline by 3 percent this year after a 2 percent growth last year.

Jamil however said: "We have our nationals working in the Middle East, South Korea, Malaysia and in other countries. All want to travel on their own national carrier. We don't think there will be a passenger crunch for Biman in the next couple of years."

"There are also demands from NRBs (non-resident Bangladeshis) in the USA and Canada," he said.

Presently around 25 local and foreign carriers depend mainly on thousands of Bangladeshi jobseekers and workers in the Middle East and other parts of the world, rather than tourists and businesspeople.

Jamil, referring to airlines in Singapore and Thailand, said these are dependent mainly on the tourists and businesspersons. "Our people love to fly on national carrier to get native feeling -- talking in Bangla and tasting local cuisine," he said.

"In addition, the size of our fleet and number of routes are too limited to face any passenger crunch or encounter losses due to shrink in world economy," said Jamil.

He headed Biman's board, which was reconstituted in February last year since Biman was turned into a public limited company (PLC) in July 2007 to bring efficiency and dynamism in the activities of the



Mahbub Jamil

national carrier.

Turning into a PLC also helped clip Ministry of Civil Aviation's wings to direct Biman's decision. Rather the Biman board, comprised of representatives from public and private sectors, began acting as supreme authorities and fixing the carrier's course of action.

When the new board took over, it reviewed the previous track of Biman, marked by huge loss, decade-old aircraft, unrest among pilots, flight engineers and cabin crew.

"Our aim was to transform Biman and its management into a company, not in the way it was running earlier. There was no procurement or purchase policy, and the authority of the managing director and other officials was not defined," Jamil said.

The board also encountered the issue of retaining the pilots leaving amid uncertainty due to aircraft shortage. The result: A deal worth \$2.5 billion with US plane maker Boeing to procure 10 new aircraft -- four 777-300ERs (Extended Range), four 787-8 Dreamliners and two 737-800s. The new aircraft will start joining Biman fleet from 2013.

Biman was also awarded the authority to purchase six more planes -- two 777-300ERs, two 787-8s and two 737-800s -- through the deal.

"We felt the urge to manage aircraft faster. Otherwise nothing is possible," he said, citing the steps the board followed before deciding to ink a deal with Boeing.

"We got two benefits -- reduced prices for some aircraft and some other non cash benefits such as free training for the pilots,"

said Jamil.

Biman paid Tk 82 crore in confirmation fees from its own fund for the purchase of Boeing aircraft.

According to Jamil, the aircraft like Boeing-777 will operate on such long-haul routes as London, New York, Toronto and Australia.

Boeing-787 and Boeing-737 are expected to fly to Middle Eastern and short-range as well as the regional destinations, he added.

Jamil hoped Biman would not need to look back from 2013 after it start getting delivery of the aircraft. In the interim period, the carrier will lease aircraft with the assistance from Boeing.

"We hope to get two Boeing-777s by April 2009 on lease. We will also get two more Boeing-777s by the end of 2009 or early 2010. All these leased aircraft will continue until we get the delivery of four aircraft," he said.

Apart from this move, Jamil said, Biman has also taken steps to maintain flight schedule on majority of its routes. "Except for aircraft's technical or weather-related difficulties, we have been able to maintain majority of Biman's flight schedule in the last three months. In the past, passengers had to wait for hours for delay," he said.

The carrier also reduced the number of flights on unprofitable routes to bring down losses. These all helped Biman return to profitability. In fiscal year 2007-08, Biman's profit stood at around Tk 19 crore, up from the estimated loss of Tk 98 crore in its budget, Jamil said.

"It's a remarkable job. The main thing behind the success is improvement in total management," he said.

"If there is a proper planning and a proper strategy, I believe Biman's bad reputation will be wiped out as soon as it gets new aircraft," he said. "Biman has reached a level of progress. I believe we will be able to carry forward this advancement."

Jamil however said some jobs need to be done like restructuring the management to infuse dynamism into the activities of the carrier. "When the whole restructuring is done, Biman will run more efficiently with its accounts to be audited monthly," he said.

"We have streamlined Biman. Now the new government will bring it to further level of advancement. I hope anyone who is going to take the charge of the aviation ministry will take care of Biman to make it profitable and help it improve the image of the country."

sohel@thedailystar.net

COLUMN

HABIBULLAH N KARIM

Towards a digital Bangladesh

With the landslide win of the Awami League in the election held on December 29, the making of an ICT-driven society in Bangladesh is now a real possibility.

The AL election manifesto, to the credit of the AL policy planners, is strewn with ICT commitments that cut across a whole range of social, economic and governance development issues, some of which I addressed in my last column.

As in many other fields, in ICTs also Bangladesh was an early adopter (as early as 1963) but then it fell behind most countries in the region as evidenced by various indices of ICT readiness such as PC penetration rate, internet penetration rate, and others. In fact in the latest network readiness index published by the World Economic Forum, Bangladesh ranked behind India, Pakistan and Sri Lanka. So the clarion call of the AL-led grand alliance for building a 'digital Bangladesh' could not have come a moment sooner.

This is especially so because in the last 12 years Bangladesh has pushed the ICT agenda on the national platform with great fanfare but with not-too-great a progress except on the telecommunications front. The great euphoria in Bangladesh surrounding the explosive growth in global software and IT services business in the mid-nineties, specially the dot com boom in the Silicon Valley (California, USA) could not be translated into real achievements. Even then the previous AL-led government must be given credit for initiating a series of programmes in 1997 to kick-start the software industry with specific focus on exports of software and IT services.

This is especially significant since the software development and IT services industry in Bangladesh was not recognized either inside or outside the country at the time and such exports were virtually non-existent in spite of the fact that a decade earlier a company by the name of Machine Dialogue had developed and sold software to Volvo Motor Company of Sweden.

In 1997 the government formed a committee led by the then Buet professor and the founder director of Buet Computer Centre, Dr. Jamilur Reza Choudhury (now vice chancellor of BRAC University) to study the meteoric rise of India as one of the largest exporters of software and IT services and thereafter submit a plan to emulate their success in Bangladesh. The committee visited the Indian IT capital Bangalore and then submitted a report containing a set of 26 recommendations to get the software



IT professionals at work in a firm in Dhaka.

industry in Bangladesh off the ground. In the backdrop of all this the software and IT services companies of the country organized themselves under the banner of BASIS the national association for this fledgling industry.

Because of the initial thrust given by the JRC committee and the incessant efforts of BASIS, the exports from this sector has risen steadily from almost nil in 1996-97 to more than 25 million dollars in 2007-08.

On the domestic front there are now more than 300 dedicated software and IT services companies catering to a market of around Tk350 crore. Of course we still have a long way to go before we can claim a sizable piece of the global software & IT services pie but the foundation is already there.

A lot of work has gone into creating an enabling environment for the development of this industry, which is mostly invisible to the general masses. For example, EPB started supporting participation in IT exhibitions for software exports in 1998, the copyrights law was amended in the year

2000 to recognize software and other intellectual properties in the electronic medium, ICT Task Force was instituted in 2001, an ICT policy was approved in 2002, and an ICT incubator was established and an e-govt programme under the ICT Task Force were started in 2003.

To build on this the government, the industry and the academia now need to get their heads together in forging a concrete plan to take the country forward in realizing the mandate of the people for a 'digital Bangladesh'. A 'digital nation' can have many different meanings to different people but generally speaking it would mean reaching an information technology enabled environment where all national information and knowledge are available electronically and on-line.

However, such a situation can bring its own dangers if we do not carefully plan to include the socially marginalised sections, the so-called have-nots of the 'digital divide'.

In Digital Nation, Tony Wilhelm of the US

Department of Commerce talks about these issues and shows how to build a more inclusive information society avoiding the pitfalls of social exclusion.

He argues, forcefully, that the use of information technology can empower or control, unite or divide depending on how we use it.

However, our ultimate goal as a digitally empowered nation is to become what is known as a 'Knowledge Society' a society where knowledge is the primary production resource instead of capital and labour. A Knowledge Society "creates, shares and uses knowledge for the prosperity and well-being of its people" (Wikipedia).

When that happens AL will win the hearts of the people and the whole country will win as a digital nation marching in sync with the developed world.

The writer is the founder CEO of Technohaven Company Ltd and is the current president of Bangladesh Association of Software and Information Services (BASIS). He welcomes feedback at hnkarim@gmail.com.