

International Business News

EU, China to focus on trade, economy at summit

AFP, Brussels

EU and Chinese leaders are on Wednesday to steer clear of tough issues at a fence-mending summit focused on trade and the economic crisis after Beijing cancelled their last meeting over the Dalai Lama.

The summit, to be held in Prague, was originally set for last December but China called it off in protest at a meeting between Tibetan spiritual leader the Dalai Lama and French President Nicolas Sarkozy in Poland.

France held the rotating presidency of the 27-nation European Union at that time until Paris handed the baton over to the Czech Republic at the start of the year.

Czech President Vaclav Klaus will host China Premier Wen Jiabao at Prague Castle along with European Commission president Jose Manuel Barroso and EU foreign policy chief Javier Solana.

"It's certainly a fence-mending summit and the problem is that it is only a fence-mending summit," said analyst John Fox with the European Council on Foreign Relations, lamenting that tough political issues and the environment are on the backburner.

"The best thing that can happen is that the summit goes ahead and that it won't be prevented by the Chinese being angry at Czech politicians making statements on Taiwan, or Tibet or the Dalai Lama," he added.

He noted that the Czech republic's outspoken and euroskeptic president had a propensity for making "wild remarks".

HOUSING

Rupayan takes Dhaka outside Dhaka



Sadat Hossain Salim, managing director of Rupayan Housing Estate, left. A model of Rupayan Town, a project that is a catalyst to setting up an extended capital city downtown, after Uttara.

SARWAR A CHOWDHURY

"Home! Sweet Home!" Not only a famous song, but it also describes the hopes and dreams of many who aspire to own a home.

Such aspirations are more reflected in the hearts of people who reside in rental homes, wishing to own a permanent address. But it is difficult for a member of the middle of lower-middle income group to purchase an abode, owing to high property prices and prolonged payback periods.

Rupayan Housing Estate, one of the leading realtors in Bangladesh, has come forward with such a housing project that will fulfil the dreams of the middle and lower-middle class people.

Rupayan's latest project in Narayanganj, adjacent to Dhaka, is a catalyst to setting up an extended capital city downtown, after Uttara, which is now considered a part of the capital.

Uttara is the outcome of an initiative taken by the then government in 1974. The then government also planned that some five downtowns or suburbs will be set up surrounding Dhaka. However, such plans were not re-initiated by the successive governments.

"There is not even a hint of such a development in the present Dhaka Metropolitan

Development Plan or Detailed Area Plan," says Sadat Hossain Salim, managing director of Rupayan Housing Estate.

"Dhaka is no longer a liveable city. It is one of the most densely populated cities in the world, with around two crore people inhabitants at present," he says. "People are restricted to this one city for work, residence, shopping needs and entertainment."

"The civic facilities required for a human being to live in a society are limited in Dhaka," he says.

If the city is not decentralised or several downtowns established in and around 50 kilometres of Dhaka, the view of the city will be unimaginable in the days to come, Salim says.

"We have set up the satellite town with these concepts in mind, where all housing and social facilities such as shopping malls, schools, mosques, hospitals, playgrounds and community centres are available," he says. "My goal is to take Dhaka outside Dhaka."

However, he says, the government will have to facilitate the private sector to invest outside Dhaka.

The project, 'Rupayan Town' at Bhuigar, off the Dhaka-Narayanganj link road, stretches over 19 bighas of land.

Rupayan is now offering ready flats in

different sizes ranging from a minimum of 660 square feet to a maximum of 1,120 square feet at Tk 2,990 a square foot.

A customer can avail the key to a flat with an initial down payment of just Tk 4.14 lakh.

"We have designed the project for the middle and lower-middle class people, who mostly live in rented flats. They spend a substantial amount on monthly rent," Salim says.

"Following the down payment, buyers can pay the rest of the money through instalments. They can make the payments with the amount they previously spent on rent," he says.

"Besides, we have arrangements with some financiers that will provide loan to our customers," he says.

Delta Brac Housing, IDLC Finance, National Housing, Phoenix Finance, Bay Leasing, Southeast Bank and Pubali Bank are proving housing loans to prospective customers.

Although the real estate and housing sector witnessed a 35 percent drop in sales in the first three months of 2009 as a consequence of the global financial crunch, Rupayan is optimistic about its new township project.

It held a single company fair in the first week of this month to showcase the ready

flats under the Tk 300 crore Rupayan Town, which comprises 28 eight-storied buildings with 784 flats in the first phase.

The Rupayan Town includes facilities like a full-time generator for electricity backup, and its own water supply and sewerage system.

Around 200 flats have been sold so far and many prospective customers are contemplating purchase.

Although most buyers are based in Narayanganj, Rupayan is optimistic about selling flats to Dhaka-based customers. A good number of people from Motijheel and its adjacent Basabo and Mugda areas have booked some flats.

"We will begin the second and third phase of the town after the sales of first phase flats. In the second phase 1,100 flats will be built, and 800 flats in the third phase," Salim says.

He says if the government reduces land registration fees and allows investment of undisclosed money in the real estate and housing sector, the sector will witness a boom.

"Besides, our success in the construction of readymade flats outside Dhaka will encourage other realtors to invest in the suburbs," he concludes.

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Porsche, BMW consider state loans

AFP, Berlin

German car makers Porsche and BMW have discussed the possibility of state loans as they navigate the global economic crisis that has taken a heavy toll on demand, Der Spiegel magazine reported.

"The two companies have not yet made an official request," the magazine reported in its edition due out on Monday.

The financial director (of Porsche) Holger Haerter visited the headquarters of public bank KfW in Frankfurt ... to sound out the possibilities of Porsche obtaining state credit."

The magazine reported the amount to be about one billion euros (1.4 billion dollars).

BMW also made inquiries with KfW, the German government's financing arm, in April, according to Der Spiegel.

Porsche, which announced its merger with Volkswagen earlier this month, has seen its debt climb to some 10 billion euros.

BMW, meanwhile, has been hard hit by the economic crisis and cut more than 900 jobs in the first quarter.

The German government has created a 100-billion-euro fund to assist companies hit by the crisis.



Job seekers check out an employment fair in Hefei in east-central China's Anhui province on Saturday, as turnout was low due to a storm in the city. China's central bank warned that the nation's economic recovery was still not on solid ground as the global financial crisis continued to hit.

Dubai's 7-star hotel escapes crisis discounting

AFP, Florianopolis, Brazil

Dubai's Burj Al Arab Hotel -- billed as the first seven-star hotel in the world -- has escaped a room-discounting move by owner the Jumeirah Group to shore up demand during the global downturn.

As a result, occupancy in the imposing 321-meter (1,053-foot) high building is "less than last year but within our expectations," Jumeirah chief executive Gerald Lawless told AFP Saturday on the sidelines of a world tourism conference in Brazil.

He declined to give occupancy rates. But he said for the rest of Jumeirah's properties, steep price cuts were being offered to maintain demand.

"At the end of November, bookings were slowing down, so we started offering healthy discounts up to 30 percent for our source markets in the UK, Germany and Russia to stimulate demand," he said.

Despite the crisis, the group was maintaining client numbers from those three key markets, he said, though he noted that reservations were increasingly coming later in a bid to secure cheaper prices.

Commerzbank shareholders approve government stake

AFP, Berlin

Commerzbank shareholders on Saturday approved the German government's acquisition of more than 25 percent of the country's second-largest bank in connection with state aid, the bank said.

The government has injected more than 18 billion euros (24 billion dollars) into Commerzbank and its entry into the bank's capital was adopted almost unanimously, the company said in a statement.

A two-thirds vote was required for the 25 percent plus one share stake.

The bank would issue 295 million new shares at a price of six euros per share, the statement said.

The new shares would be acquired by the Financial Market Stabilisation Fund (SoFFin) -- the government's rescue fund -- at issue price, said the statement.

Now "Commerzbank is weatherproof and will implement its new strategy without delay," said Commerzbank's chairman Martin Blessing.

ANALYSIS

India's new chance to push reform

AFP, New Delhi

The re-election of India's Congress party should provide five years of political stability to push vital reforms and growth that could help lift millions out of abject poverty, economists say.

The centre-left Congress won its biggest mandate since 1991, confounding expectations the polls would throw up a fragile coalition that would be unable to take any controversial steps to further open up the economy.

"These are the best election results in nearly two decades," said Rajeev Malik, economist at Australia's Maquarie Securities after the Congress-led alliance captured a projected 255-260 seats against 160 for the main opposition bloc led by the Hindu nationalist Bharatiya Janata Party.

"They're good news from both the aspect of a continuation of economic policies and an emphasis on much-needed economic reforms," Malik told AFP.

More liberalisation to pull in foreign investment has long been prescribed by economists as the best way to boost growth in India and alleviate poverty in a country where more than 40 percent of the 1.1 billion population live on less than 1.25 dollars a day.

But moves such as privatisation, introducing flexible hire-and-fire laws, opening up the retail and financial sectors to foreign investors and the creation of special economic zones have proved highly contentious.

In some instances, such as the creation of sprawling duty-free business enclaves to spur industrial growth, there have been deadly clashes over land rights.

Economic reforms were bitterly opposed by the communists, who propped up the last Congress-led coalition led by Prime Minister Manmohan Singh for most of its five-year term.

He is known as India's "eco-



Indian Congress Party supporters from Rajasthan celebrate as Congress takes the lead, in front of Congress President Sonia Gandhi's residence in New Delhi yesterday. The re-election of Congress should provide five years of political stability to push vital reforms and growth that could help lift millions out of abject poverty, economists say.

nomical liberator" for initiating the first wave of reforms in 1991 when he was finance minister.

The so-called "dream team" of Singh and another arch reformer, P. Chidambaram, who held the finance portfolio for nearly all the government's most recent five-year mandate, soft-pedalled on major structural reforms.

They focused instead on populist measures such as a national rural jobs scheme and massive farm loan waivers as they walked the tricky tightrope of coalition politics.

However, with the communists having suffered a major reversal and Congress firmly in the driver's seat, analysts say the government will have no excuse not to press

ahead with liberalisation.

"They can't say any more the communists are blocking their reform agenda," said political risk analyst Subhash Agrawal.

India's stock market was expected to soar Monday on the election results.

"The rout of the Left is good news for investors," said Deepak Lalwani, India director of Astatic and Partners.

Analysts said they expected the government to give an indication of its reform intentions in the budget due in the next couple of months.

Whatever it does, the government must improve India's antiquated ports and roads, power shortages and other infrastructure

woes that are major restraints to stronger growth, industrialists said.

"Our infrastructure is a disaster compared to the Chinese," said Rahul Bajaj, chairman of leading Indian motorcycle maker Bajaj Auto.

At the same time, economists stressed the government could not afford any fiscal blowout in spurring India's growth, which is slowing for the first time in close to a decade as a result of the global recession.

Authorities estimate growth for the fiscal year just ended in March was about 6.5 percent after expansion of nine percent the previous year. They expect it lose more traction this year, slowing to

around 6.0 percent.

Congress has promised more fiscal stimulus but global ratings agencies say too much spending could jeopardise India's already precarious investment grade credit rating, which is just one notch above "junk."

The national fiscal deficit for last year was six percent of GDP -- more than double the target -- and around 11 percent if the states' deficits are included, making it among the world's highest.

"India faces considerable challenges in balancing the need for short-term stimulus measures" and putting its public finances in order, said James McCormack, head of Asia Sovereigns at Fitch Ratings.