

## Stocks

DGEN ▲ 2.11%  
3,123.23

CSCX ▼ 0.06%  
6,734.97  
(Week-on-week)

## Asian Markets

MUMBAI Closed

TOKYO ▼ 2.47%  
9,731.87

SINGAPORE ▼ 1.99%  
2,604.53

SHANGHAI Closed  
(Friday closings)

## Commodities

Gold ▼ \$1,003.50  
(per ounce)

Oil ▼ \$69.77  
(per barrel)  
SOURCE: AFP

(As of Friday)

## News in Brief

### World Bank sees oil at \$63 in 2010

AFP, Istanbul

Oil prices are expected to average 63 dollars in 2010, after 55.5 dollars in 2009, the World Bank said in a report on the Middle East and North Africa released in Istanbul on Saturday.

Those prices are "sufficient to avoid a major crisis in oil-producing countries, but much lower than the boom of 2008," said the "Economic Development and Prospects" report.

The World Bank said that oil prices in 2009 were unlikely to be significantly affected by the factors that had contributed to high prices before mid-2008.

"Global demand is likely to remain low," said the report, released in the run-up to the World Bank and International Monetary Fund annual meetings in the Turkish financial capital.

The IMF did not provide oil price projections for 2010 in its semi-annual World Economic Outlook report, published Thursday.

### Palestinian economy minister resigns

AFP, Ramallah (West Bank)

Palestinian economy minister Bassem Khuri resigned on Saturday, an official close to him said, becoming the second minister to step down since the government was formed earlier this year.

The official, who spoke on condition of anonymity, declined to comment on Khuri's reasons for stepping down.

Khuri, a political independent, was a new face in the government formed by Western-backed Palestinian prime minister Salam Fayyad in May. The team does not include any members of the Islamist Hamas movement which rules Gaza.

The Palestinian Authority's minister for Jerusalem affairs, Hatem Abdel Qader, resigned in July over what he said was the government's failure to aid residents in battling Israeli housing demolitions.

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)



Jobless workers flock to Padma Poly Cotton, a garment factory in Tejgaon in Dhaka, in search of employment yesterday. Some apparel factories resumed their operations after the Eid-ul-Fitr vacation, as winter orders peaked. Earlier, many garment workers lost their jobs after a number of troubled companies had put production on hold.

## Airlines under scanner

SOHEL PARVEZ

The government moves to frame a policy soon to set eligibility criteria for local carriers to fly on international routes, officials said.

The policy is also aimed at bringing transparency and discipline to traffic right distribution process.

The policy, after introduction, is expected to bar less than two-fleet carriers' operations to the global destinations. Aircraft should be procured through outright purchase or on dry lease basis for a period of minimum three years.

It will also enable the government to cancel the traffic rights of local carriers for keeping frequencies on a particular international route unutilised, the officials added.

The draft policy will be submitted to the civil aviation ministry on October 15 and may be finalised within this month, they added.

"We are framing a policy to ensure transparency in selecting airlines for operation on global routes and ensure travellers' safety," said Hedayetullah Al Mamoon, secretary to Ministry of Civil Aviation and Tourism.

The government has taken the initiative to frame the 'Policy for operation of Bangladeshi carriers on international routes' considering the rising number of domestic carriers in the recent years.

At present there are five local passen-

gers carriers of which three airlines -- United, Best Air and Aviana -- began operation in the last two years to fly on global routes.

The rise in the number of local airlines has also increased the demand for flying rights on international routes, the officials said.

"The rise in the number of local carriers has encouraged us to frame a policy for operation on international routes," Hedayetullah said.

In the last couple of years, permission to local airlines to fly abroad was given based on the discretion of the authorities such as Civil Aviation Authority of Bangladesh (CAAB).

The aviation ministry secretary said introduction of the policy will help reduce discretionary power of the government officials responsible for awarding permission to airlines to fly on global routes and allocating frequencies as it will offer a mandatory guideline to all.

According to the draft of the policy, airlines interested to fly on international routes must have adequate arrangement for ground handling, and passenger and cargo handling facilities.

The draft policy also focuses on distribution of frequencies among airlines and it would be done based on availability of frequencies for Bangladesh on that particular route.

It said if the total traffic rights remain

below the requirements of eligible carriers, inter-allocation will be considered on the basis of previous performance of the airlines already using the rights or keeping the allotted frequencies unutilised.

"For this purpose, review of the utilisation of the allotted frequencies in the given sector would be conducted twice a year at the beginning of the first quarter and third quarter each year," the draft policy said.

"We are framing the policy to ensure maximum utilisation of frequencies that we enjoy based on bilateral air service agreements with different countries," said CAAB Chairman Sakeb Iqbal Khan Majlis.

He said following the finalisation of the policy within this month, airlines that have kept their flying rights unutilised or underutilised will lose their rights on those respective routes.

"We will take back frequencies from those airlines that remained unutilised. We will later reallocate those to the carriers that have the capacity to utilise," added Majlis.

The draft policy also said traffic rights allotted to a particular carrier for a specific period such as summer or winter must be used by the carrier within the time.

"Failure to utilise traffic rights once granted would lead to a cancellation at least for two years on that route," it said.

[sohel@thedailystar.net](mailto:sohel@thedailystar.net)

## Crisis far from over

Finance chiefs warn as they meet in Istanbul

AFP, Istanbul

Finance chiefs on Saturday said the global economic crisis was far from over as ministers from the Group of Seven (G7) leading rich economies met in Istanbul amid concern about the weak US dollar.

"No way can we say that the crisis is over" because unemployment is rising and the financial sector is weak, International Monetary Fund managing director Dominique Strauss-Kahn said in a BBC World debate ahead of the talks.

French Finance Minister Christine Lagarde, who will be at the G7 talks along with counterparts from Britain, Canada, Germany, Italy, Japan and the United States, said: "I have my eyes riveted on the unemployment rate."

Russian Finance Minister Alexei Kudrin will also attend the meeting and the talks will be the first for Japan's new finance minister, Hirohisa Fujii, seen as an experienced bureaucrat lacking in international experience.

The meeting in Turkey's biggest city comes after the United States -- the world's biggest economy -- this week reported higher than expected unemployment figures and a setback in the recovery of its battered manufacturing sector.

US President Barack Obama on Friday said the job losses were "a sobering reminder that progress comes in fits and starts."

"We're going to need to grind out this recovery step by step," he added.

The IMF has said that a tentative global economic recovery has begun and the G7 talks will discuss "the next steps and implementation" of a roadmap agreed at the G20 summit last week for recovery, a US Treasury official said earlier.

The IMF has also warned however that many economic risks remain and on Saturday it urged the European Union to ensure bank balance sheets are cleansed of the



French Finance Minister Christine Lagarde (L) speaks with International Monetary Fund's Managing Director Dominique Strauss-Kahn (R) at the Istanbul Congress Centre in Turkey's biggest city yesterday.

toxic assets that helped precipitate the crisis.

"It's time to clean the banks," Marek Belka, head of the IMF's European department, told reporters ahead of the G7 meeting after the European Union said stress tests on 22 top banks had shown they were stable.

"We need a more resolute approach to addressing the balance sheet risks faced by banks and to take action for recapitalisation or to restructure viable institutions and dissolve others as necessary," he said.

European finance ministers have meanwhile put pressure on the US to

support a weak dollar, with Lagarde saying on Friday: "Everyone needs a strong dollar."

A US Treasury official said the G7 finance chiefs were to discuss implementation of a roadmap for recovery agreed at the G20 summit last week.

The G7 grouping of rich global economies has now been eclipsed by the G20 which includes major emerging markets such as Brazil, China, India and Russia.

Leaders at a G20 summit in the US city of Pittsburgh last week agreed the wider grouping was the main forum for international economic cooperation. **RELATED STORY ON B4**

## Belonia-Feni land port opens today

BSS, Dhaka

Belonia-Feni land port will be inaugurated today to open a new avenue for Bangladeshi entrepreneurs for exporting more commodities to the northeastern region of India.

The new land port will help Bangladesh increase its exports to India amounting to \$1 billion by 2011, reducing its trade deficit with India.

India-Bangladesh Chamber of Commerce and Industry (IBCCI), Feni Chamber of Commerce and Industry and Tripura Chamber of Commerce and Industry have jointly been organising the inauguration ceremony.

IBCCI President Abdul Matlub Ahmad made the announcement at a press briefing at the FBCCI auditorium in Dhaka yesterday.

Shipping Minister M Shahjahan Khan will inaugurate the port as the chief guest. Finance Minister of Tripura Badal Chowdhury, Commerce and Industry Minister Jitendra Chaudhury will also attend the function.

The operations of the land port will benefit Bangladeshi exporters and importers as entrepreneurs, especially from Feni, Noakhali and Chittagong, have better access to the market of northeast India, the IBCCI chief said.

"This will help promote bilateral trade and investment between India and Bangladesh in the backdrop of existing huge trade imbalance which is at present in favour of India," he said.

## Banks link credit rating to loans

SAJJADUR RAHMAN

Banks will ask its respective individual corporate clients to conduct credit rating of their enterprises before getting any loan sanctioned.

The Association of Bankers Bangladesh (ABB), a forum of chief executive officers of 30 private banks, took the decision Wednesday at a meeting on the central bank's rigidity that banks go for Basel II implementation from January.

"We have to ask clients to do credit rating, otherwise we'll be in trouble as per the directive of the Bangladesh Bank (BB)," said K Mahmood Sattar, chairman of ABB and chief executive officer and managing director of The City Bank.

However, bankers seek B's intervention in this regard. Otherwise, it will be difficult for them to pressure corporate clients for credit rating, they say.

They demand the central bank's direct involvement in making such rating mandatory like what it has done with the CIB (Credit Information Bureau) report. CIB report is a must for bank borrowing at an amount of at least Tk 50,000.

"We will request BB to make credit rating mandatory for corporate clients," said Shahjahan Bhuiyan, ABB's vice chairman and managing director of United Commercial Bank who chaired the forum's Wednesday meeting.

Credit rating for corporate client is one of the conditions, as Basel II imposed. It is an internationally deal agreed by central banks of different countries. Under the Basel II framework, banks have to comply with international standards including capital adequacy, risk management and greater disclosures of bank business data.

A bank has to keep 125 percent provision for a loan without credit rating, while it is 50 percent for rated firms.

For BB's continuous pressure, however, some banks have already started issuing letters to its big corporate clients to rate their enterprises. Pubali Bank is one of those.

"We have been issuing letters to our borrowers to do credit rating," said Helal Ahmed Chowdhury, Pubali's managing director.

Chowdhury said the move will place both the lenders and borrowers in a comfortable position.

[sajjad@thedailystar.net](mailto:sajjad@thedailystar.net)

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