

International Business News

Eurozone growth slows again: Survey

AFP, Brussels
Growth across the 16-nation eurozone slowed for the second straight month in June, led by a slowdown in new orders, well-watched research showed Wednesday.
Euro area business activity was still higher but the purchasing managers' index (PMI) compiled by data and research group Markit fell to 56.0 in June, down slightly from May and the post-recession peak of 57.3 in April.
Any score above the 50-point line indicates economic growth.
Such results will feed fears that the unpopular austerity measures being introduced by European government are failing to boost growth.



AFP
An Indonesian student weaves in an exhibition of small and medium-scale industries in Jakarta yesterday. Such industries have potential to create employment and generate foreign currencies through export. In 2008 there were 7.7 million people who work in the sectors and contributed 7.52 percent of the country's total exports.

Greek official payments deficit is stable in April

AFP, Athens
Greece, fighting on all fronts to stabilise its economy, held a deficit on its current payments account steady in April, official data showed on Wednesday.
Greece has received huge inflows of financial support to enable it to avert insolvency and obtain a breathing space while it fights overspending and a debt mountain.
The current account measures all current payments into and out of a country, and is watched as a fundamental indicator of the long-term capacity of a nation to pay its way in the world.
The current account registers such items as payments for imports and exports, for investment flows, income and debt interest, and repatriated earnings and wages.
The Greek current account deficit remained stable at just over 2.95 billion euros (3.6 billion dollars) in April compared with the figure for April last year, the Bank of Greece said.

British finance minister defends emergency budget

AFP, London
Britain's finance minister George Osborne defended his deficit-slashing emergency budget yesterday, arguing that the previous government had left the public finances in a "massive mess".
Osborne, a key member of the government's Conservative-Liberal Democrat coalition, had unveiled an emergency package of higher taxation and spending cuts on Tuesday, amid intense concern about sky-high debt levels in Europe.
Chancellor of the Exchequer Osborne slapped a levy on banks, ramped up taxation on goods and services, froze public sector pay and cut welfare spending in an attempt to curb the public deficit.

China's central bank sets weaker yuan exchange rate

AFP, Beijing
China's central bank said it had let the yuan exchange rate weaken against the dollar Wednesday, after authorities pledged to relax controls over the currency.
The People's Bank of China announced the central parity rate -- the centre point of the currency's allowed trading band -- at 6.8102 to the dollar, 0.18 percent weaker than Tuesday's rate of 6.7980.
In China trading Wednesday, the yuan strengthened slightly to 6.8070 on light volume in China's main foreign exchange market before closing weaker at 6.8124, Dow Jones Newswires said.
Policymakers promised at the weekend to let the yuan trade more freely against the dollar but ruled out any dramatic shifts in the currency or a one-off adjustment in its value.

REAL ESTATE

Undertaking projects in suburbs

ARSHI HAIDER
Dhaka is now a city in disarray. The slum population is increasing at an alarming rate.
There is a need for 150,000 new residential units a year, while developers are able to build only up to 7,000 units.

Due to the exorbitant price of land, the cost of apartments in the city has skyrocketed to a point where it is just not affordable to a middle-income person.
Add to this, the payments that need to be made to local hooligans at every site and the speed money that needs to be paid for plan approval and utility connections -- such as gas, water, and electricity -- you have a grossly overpriced product. This is being borne by the hapless customers.

A rhetoric often used is that developers build only for the rich and not for the middle or lower middle-income groups. From the above, it is obvious why it is not possible to develop anything for the mid-income families in the cities.

Self-contained projects need to be undertaken in the suburbs for the middle and lower middle-income people. Now, this also poses many problems. Most outlying areas do not have proper infrastructure to sustain a planned residential community. For this, the government is responsible.

Considering the dire housing crisis, should a developer still wish to take chances and undertake a project in the outlying areas?

Almost all the land in the suburbs is either classified as flood or sub-flood zones or agricultural land. And this means that a developer will not get permission to build on the land. The fact that there are hundreds of houses built in the vicinity of the said land makes a greater mockery of zoning. So the door is shut and the developer is barred from undertaking any apartment development projects in the suburbs.

The next option for the apartment developer would be to buy land in a project developed by a land developer. There are many such projects that have been developed and individual plots sold by land developer over



Picture shows apartments under construction. The demand for taking up such projects in the suburbs now comes to the fore to make housing affordable to the middle and lower middle-income people.

the last 10-15 years. But the travesty here is that while thousands of acres of land have been developed by scores of developers and sold for billions of taka to thousands of buyers, none of these projects have not got any approval from the government.

And yet, these developers are carrying on their activities right under the nose of the authority. The buyers of the plots in these projects are also investing their life savings in these projects, knowing fully that these projects are not approved.

Until these projects get formal approval, no building plans will be approved on these lands and thus, while Dhaka is choking, thousands of acres of developed land that is ready to be built upon is lying vacant or people are being compelled to make unauthorised construction.

Obviously there is something seriously

wrong somewhere for this bizarre scenario.

Two of the evident problems are -- the so-called environmental experts who seem to have a problem with development taking place anywhere and the so-called experts who have created a flawed policy in the form of the 'Bhumi Unnayan Bidhimala 2004' (regulations for land development).

Since its inception, not a single land development project has been approved under the Bhumi Unnayan Bidhimala 2004. Due to space constraints, it is not possible to analyse the flaws of the regulations in this article but it is quite obvious that in its present form, it is an obstacle to development.

The once beautiful Dhaka city is now an urban catastrophe.

Water tables are falling by up to 3 metres a year, the lakes and rivers have been killed, the level of pollution is one of the highest in the

world, traffic jams are a major drain on our national economy, the sewerage system is on the verge of collapse and there is no open green space for environmental harmony.

Urgent steps are needed to save the city. A pragmatic policy needs to be developed and implemented with the help of qualified foreign experts and also with the input of the leaders of the real estate sector.

This responsibility can no longer be given to the same authorities who have for so long been entrusted with the duty of ensuring the growth and development of Dhaka and who have failed miserably to take any effective measures. These are the ones, and not the realtors, who must be held accountable for the present sorry state of our beloved city.

The writer is the managing director of Building Technology and Ideas Ltd.

WEALTH

Asian millionaires outshine European peers

AFP, Singapore
Asia-Pacific millionaires are collectively worth more than their European counterparts for the first time, with the rich in China and India leading the way, a study said yesterday.

More millionaires are expected to mint in a region that has produced some of the world's richest people, including Hong Kong's Li Ka-shing and India's Mukesh Ambani, as Asia leads the recovery from the global recession.

The report on high-net worth individuals (HNWIs) -- defined as anyone with investible assets of at least one million US dollars -- was issued by Merrill Lynch Global Wealth Management and consultancy firm Capgemini.

The world's population of HNWIs returned to 10 million in 2009 after the global slump, with the largest concentrations still found in the United States, Japan and Germany.

"The Asia-Pacific HNWI population rose 25.8 percent overall to three million, catching up with Europe for the first time, after falling 14.2 percent in 2008," the World Wealth Report said.

They saw their total wealth grow nearly a third to 9.7 trillion dollars, more than erasing 2008 losses and surpassing the 9.5 trillion dollars held by their European counterparts, it said.

The super-rich, or those with investible assets of 30 million dollars or more, represented only 0.9 percent of the global HNWI population, but accounted for more than a third of the wealth, the report said.

These "ultra-HNWI's" raised their collective wealth by 21.5 percent, after seeing an aggregate decline of 24 percent in 2008.

North America had the highest concentration of mega-rich individuals with over 36,000, compared with Europe's 20,700 and 19,600 from the Asia-Pacific region.

In 2009, eight of the 10 economies with the highest growth in HNWI population were from the Asia-Pacific region, led by



The photo taken on May 24 shows the financial business district in Singapore. Asia-Pacific millionaires outshine their European counterparts, and the rich in China and India are leading the way, according to a study.

Hong Kong where their numbers doubled as the stock exchange climbed 73.5 percent, the report said.

The other Asia-Pacific economies on the global top 10 growth list were India, Taiwan, Australia, Singapore, Indonesia and Vietnam, in that order.

Israel, the third highest gainer globally, and Norway, which was in ninth place, were the only countries outside the region on the top 10 growth list.

Ong Yeng Fang, a managing director at Merrill Lynch Wealth Management, told reporters the number of Asia-Pacific millionaires was likely to rise further, given expectations for robust economic growth.

In a separate study by Forbes Magazine, China has passed India in having the most

billionaires in Asia, but India remains home to the region's wealthiest individuals.

Ten of Asia's top 25 billionaires are from India, led by oil and gas tycoon Ambani with an estimated wealth of 29 billion dollars and steel magnate Lakshmi Mittal with 28.7 billion dollars.

Hong Kong, led by rags-to-riches tycoon Li, has five billionaires in the Forbes top 25 list -- the same number as Japan.

Mainland China has only one -- beverage king Zong Qinghou, who is worth seven billion dollars. But overall, it leads Asia with 64 billionaires.

The World Wealth Report said the rich have nearly recouped the losses of 2008 and total assets are now approaching levels last seen in 2007, before a US housing crisis triggered the global slump.

"The rebound has been, and will continue to be, driven by emerging markets -- especially India and China, as well as Brazil," said Bertrand Lavayssiere, managing director for global financial services at Capgemini.

Following massive losses during the 2008-2009 crisis, the world's rich have become more cautious and are taking a more hands-on role in their investments, the report said.

"However, their investment decisions are driven much more from emotional than intellectual factors," said Foong Lai Kium, Asia-Pacific director for financial services at Capgemini.

The world's rich favoured luxury collectibles like private jets, supercars and yachts as "passion investments", she said.

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