

# Global economic climate brightens

## Bangladesh situation is favourable: ICC/Ifo survey

### STAR BUSINESS REPORT

The global economic climate is at its brightest since 2007, but there may be trouble ahead, according to the latest quarterly World Economic Survey by the International Chamber of Commerce (ICC) and the Munich-based Ifo Institute for Economic Research.

The survey put Bangladesh alongside major Asian economies such as Hong Kong and Malaysia, news agency BSS reports. "In Bangladesh, Hong Kong and Malaysia and Sri Lanka, the present economic situation is assessed as favourable according to WES results," the survey said.

Topping the last quarter's four-year high, the ICC/Ifo world climate indicator reached 107.7 points in April, far above its 1995-2010 average of 96.9.

The figure, based on a survey of over 1,000 economists in 120 countries, combines respondents' increasingly positive appraisals of their countries'

economic situation with their outlook for the next six months, which dips slightly while remaining confident.

Emerging economies such as China, Turkey and some Latin American countries are particularly concerned by high inflation as prices soar, the report said.

Survey respondents from Brazil were especially worried that their strong currency could lead to a loss of competitiveness or a process of deindustrialisation.

On average, worldwide consumer prices are expected to rise by 3.8 percent over the year, up from 3.4 percent forecast in early 2011, the report said.

"The upswing of the world economy continues, but one should nevertheless be aware of the risks," said Gernot Nerb, Ifo director of Business Surveys.

Downward risks for positive development have gained weight during the last months. If downside risks do not materialise, this could be a sustainable

track for the world economy."

ICC Secretary General Jean-Guy Carrier said: "The ICC/Ifo findings are an encouraging sign that the global economy is still recovering. But they also show growing anxiety about public deficits that have built up since the financial crisis."

"And if governments struggling to reduce their debts resort to increasing protectionism -- there's a real danger that further global economic recovery could stall. Governments must work together and encourage a multi-lateral trading system that can allow the global economy to continue regaining strength."

Among the risks that could hit the world economy in the next six months, pushing it off the road to recovery, the ICC/Ifo report cited excessive international capital movements and potential oil price shocks driven by tensions in supply.

World economic growth is expected to reach 3.2 percent in 2011, up slightly on last year's

level. Experts cite the main growth engines as China, India and Latin American countries such as Peru and Argentina, the report said.

In North America, waning optimism for the next six months dampened the overall economic climate slightly. But indications are still above their long-term average, and experts predict a strong rebound in employment in the US, as the pronounced imbalance between recent productivity growth and reluctant hiring is redressed.

In Asia, although the economic climate remains brighter than average, the survey shows deterioration in both economic situation and six-month expectations.

"The picture is particularly favourable in Hong Kong, India, Indonesia, Singapore and South Korea, whereas Japan's economists are pessimistic following its tsunami, earthquake and nuclear disaster."

In China, experts are cautious

about future economic development, and expect capital expenditures and growth in private consumption and exports to weaken over the next six months, the report said.

Most expect trade surplus to decrease, and almost one in 10 predicts a trade deficit, the report said. "But they say China's key economic problem is inflation, as in most Asian countries."

About two-thirds of the North American economists surveyed support a stronger G20 role in redressing global economic imbalances, a figure that reaches at least 75 percent in all other regions. Around 90 percent of respondents worldwide agreed on encouraging the promotion of regulatory convergence.

Economists in Africa, the Near East and Latin America showed strong support for the G20 to engage with the private sector to strengthen corporate efforts in combating corruption.



WESTERN MARINE

Saiful Islam, chairman of Western Marine Shipyard, and Ebbe Prins, managing director of Grona Shipping GmbH, Germany, attend the launch of Emswave and Emstide, the third pair of vessels built by Western Marine from a series of 12 for the German company, on Tuesday.

## Unilever appoints new director

### STAR BUSINESS DESK



Mohsin Uddin Ahmed has recently been appointed customer development director of Unilever Bangladesh.

A postgraduate in applied physics and electronics from Dhaka University, Mohsin has over 18 years of experience in sales and distribution in leading multinational companies. Prior to joining Unilever Bangladesh, he was the regional sales development manager.

## Sell-offs pull down stocks

### CSE leaders met new SEC chief

### STAR BUSINESS REPORT

Top leaders of Chittagong Stock Exchange (CSE) yesterday called on the newly appointed chairman of the Securities and Exchange Commission Professor M Khairul Hossain.

CSE President Fakhor Uddin Ali Ahmed, Senior Vice President AL Maruf Khan and other directors were present at the meeting at the SEC in Dhaka.

"We discussed how to restore investors' dented confidence," said CSE president.

"How to reshuffle the book building method to increase share supply in the market was also discussed," he added.

Ahmed said the delegates also requested the commission to amend the Securities and Exchange Ordinance, 1969 for the greater interest of the investors. "How to increase the surveillance on the market was also discussed in the meeting."

The issue of budget was a major part of the discussion with the new chairman, Ahmed told to The Daily Star.

Share prices at the bourses declined as the investors went for sell-offs to pocket profits yesterday.

The benchmark general index of Dhaka Stock Exchange slumped 30 points, 0.52 percent, to close at 5,760 points.

The selective price index of CSE lost 95 points, or 0.59 percent, to close at 16,042 points.

Prof Mahmood Osman Imam, who teaches finance at Dhaka University, said: "Profit-taking selling pressure from investors pushed down the market."

A member of the DSE index development committee, Imam said: "The market will behave rationally after completing the full restructuring process."

He also said the SEC should develop the surveillance system perfectly.

Most of the share prices of all major sectors went down, such as banks lost 0.72 percent, non-bank financial institutions 0.35 percent, while the cement sector rose by 1.54 percent and telecommunication closed flat on the day.

Of the total 250 issues traded on the DSE floor, 87 advanced, 153 declined and 10 remained unchanged.

Turnover on the DSE stood at Tk 455 crore, down by Tk 154 crore from the previous day.

Beximco topped the turnover leaders with 12.87 lakh shares worth of Tk 21.90 crore.

Beach Hatchery was the biggest gainer of the day, posting a 9.94 percent rise in share prices, while Ibn



## India, US start \$50m fund for clean technology

REUTERS, New Delhi

The United States and India announced a joint \$50 million fund to promote research in clean energy technologies on Wednesday, a step seen as part of efforts to whittle down their differences over how to fight climate change.

The fund will help establish the Indo-US Joint Clean Energy Research and Development Centre, which will finance academia, institutions and industry from both countries to undertake the research.

"This is the first collaborative research effort of its kind, where Indian and US researchers will be jointly selected," US Ambassador to India Timothy J. Roemer said in a statement.

"It elevates the US-India clean energy cooperation to a new level and is a testament to the strength of our continued strategic partnership."

In the global fight against climate change, two of the world's most populous democracies sit on the opposite end of the debate, their differences a major hindrance in achieving an international agreement on curbing global warming.

Under existing rules, only rich countries have to meet binding emissions targets and report actions regularly. But developed nations led by the United States, which never ratified Kyoto, want emerging economies such as China and India to take on a greater share of climate actions.

## Business leaders demand easy Saarc visas

### STAR BUSINESS REPORT

Business leaders yesterday demanded an increase in the number of Saarc visas for Bangladeshis to boost regional trade.

At a seminar in Dhaka, they also stressed removal of all visa related complexities and simplification of customs clearance procedures to expedite and foster socio-economic uplift of South Asian countries.

The business leaders placed the demand at the seminar, "Economic Freedom and Business Environment in South Asia" at Ruposhi Bangla Hotel.

Saarc Chamber of Commerce and Industry in collaboration with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) organised the event.

AK Azad, president of the FBCCI, stressed the need for taking immedi-

ate steps to resolve the visa-related hassles in the Saarc (South Asian Association for Regional Cooperation) region.

"We are getting only 100 Saarc visas a year. This number should be increased to at least 500," he said. Saarc visas facilitate businessmen to travel hassle-free in eight Saarc nations -- Bangladesh, India, Pakistan, Sri Lanka, Bhutan, Nepal, the Maldives and Afghanistan.

Azad said South Asia has an immense potential for using economic integration to reduce poverty and move to unique prosperity.

"But it is not flourishing due to some major reasons such as tariff and non-tariff barriers, lack of appropriate level of trade facilitation, slow progress towards the development of connectivity and weak infrastructure," he said.

Saarc Chamber President Annisul Huq said the number of Saarc visas

for Bangladeshi businesspeople should be increased to 1,000 for easy mobility within the region to boost regional trade and commerce.

"The share of South Asia in the world economy is dismally less than 2 percent because all eight nations of the region contribute only 1.7 percent to the global trade."

The former FBCCI chief urged the respective governments to liberalise economy, which will help augment intra-regional trade, consequently contributing to creating enormous job opportunities and alleviating poverty.

Speaking as chief guest, Commerce Minister Faruk Khan also felt the need for increasing the Saarc visas for Bangladeshi businesspeople.

Khan said he would discuss the issue in the upcoming ministerial meeting in Male next month.



Syed Mahbubur Rahman, managing director of BRAC Bank, inaugurates the 10th "Apon Shomoy" centre, a customer service centre of the bank, at Ibrahimpur in Dhaka on Sunday. Mohammad Mamdudur Rashid, deputy managing director, was also present.



Nabab Siraj Ud Dawla, director of Kabir Steel Re-Rolling Mills (KSRM), and Tanvir Hossain, executive creative director of Ogilvy & Mather Bangladesh (O&M), exchange documents of a deal under which O&M will provide the strategic brand planning and marketing communication services to KSRM. Enamul Haque, KSRM head of marketing, was also present.

APF, Tokyo

Japan Airlines (JAL) said Wednesday annual operating profit reached 2.3 billion dollars, more than a year after its spectacular collapse prompted a government bailout.

JAL, which recently completed bankruptcy proceedings, said operating profit for the year to March stood at 188.4 billion yen, tripling an original target of 64 billion yen, a company statement said.

Its annual sales reached 1.36 trillion yen, the brief statement said.

JAL went bust in January 2010 with debts of about 2.32 trillion yen -- one of Japan's biggest-ever corporate failures.

The company continued flying during a rehabilitation process that included massive job and route cuts, while under court protection.

In addition to the reform measures, a higher yen contributed to the latest earnings, JAL officials told