



**Third from right, Industries Minister Dilip Barua attends the launch of the D-8 Meeting of the Working Group on Industrial Cooperation at Ruposhi Bangla Hotel in Dhaka yesterday. State Minister for Industries Omor Faruk Chowdhury, Industries Secretary Mohammad Moinuddin Abdullah, FBCCI President AK Azad and DCCI President Asif Ibrahim were also present.**

# Call for more cooperation among D-8 nations

**STAR BUSINESS REPORT**  
THE lack of cooperation among the Developing 8 (D-8) nations is holding the alliance back from contributing to the textile and readymade garment sector, a leading exporter said yesterday. "We could better use such a good small forum as the D-8, since the World Trade Organisation has failed in many areas -- for its large size and unilateral decisions," said Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

But the D-8 member countries are not serious about boosting trade within themselves, according to Mohiuddin. "The D-8 has failed to contribute to the textile and garment business, although we have the opportunities." The D-8 nations' overseas trade stands at \$400 billion annually, but only \$60 billion is owed to trade within the alliance. Among the nations, only Turkey was showing healthy interests in garment imports from Bangladesh. But last year, the Turkish

government imposed a safeguard duty of nearly 18 percent on import of garment from Bangladesh, to save their years-old garment factories, Mohiuddin said. "So, we should work together to minimise the trade barriers and increase the trade volume. All of us should think seriously about better coordination," Mohiuddin said. Mohiuddin spoke at a seminar on 'Textile and Garment', part of the third D-8 Ministerial Meeting on Industry being held at the capital's Ruposhi Bangla Hotel. Although the publication of a

booklet on the garment textile business of the D-8 nations was assigned in the previous summit, when the issue was brought up, it was met with an air of surprise by the representative from Turkey. "We are good Muslim brothers, but we do not have good business among us," said Syed Moazzem Hossain, former president of Bangladesh-Malaysia Chamber of Commerce and Industry. The seminar was attended by representatives from eight member countries, experts from home and abroad and businessmen.

# Tourism fair begins Thursday

**STAR BUSINESS REPORT**  
THE government needs to act fast to ensure rapid growth in domestic tourism with better services and road communication, said an association of the tour operators yesterday. "The number of domestic tourists is increasing at 10 percent a year. Now the government should provide them with better accommodation, security, transport and food," said Hasan Mansur, president of Tour Operators Association of Bangladesh. "We have a national policy, but the government should act fast to implement the guideline," he added. He spoke at a press conference at the National Press Club in Dhaka to announce the schedule of a three-day Bangladesh Travel and Tourism Fair 2012 on Thursday at Bangabandhu International Conference Centre. Mansur also urged the government to set a guideline for the organisers of tourism fairs, which he said will create an impact on the overall tourism. "Along with many other problems, we are now struggling with unplanned and untimely tourism fairs in the city. The government should have a clear guide-

line in this regard," said A total of 209 stalls from Bangladesh, India, Nepal, Bhutan, Malaysia, Greece, Sri Lanka and the Philippines will display their products and services at the show. Tour operators, travel agents, hotels, airlines, resorts, guest houses, cruise operators, theme parks, transport operators, banks and insurance companies will take part in the fair. The show will remain open for visitors from 10am to 8pm with an entry fee of Tk 30 per person. During the fair, the association will also organise three seminars on business opportunities for micro-enterprises involved in natural tourism; the role of banks in developing tourism, and the role of foreign missions and their economic wings in developing tourism. The City Bank and American Express are the title sponsors of the event. At the press conference, Akhtaruzzaman Khan Kabir, the chief executive of Bangladesh Tourism Board, said the government is working to prepare a calendar, which will have details of all the annual tourism events. Nazmul Karim Chowdhury, vice president and head of brands at The City Bank, also spoke.



**Centre, Hasan Mansur, president of Tour Operators Association of Bangladesh, announces a three-day tourism fair, in a media briefing at the National Press Conference in Dhaka yesterday.**

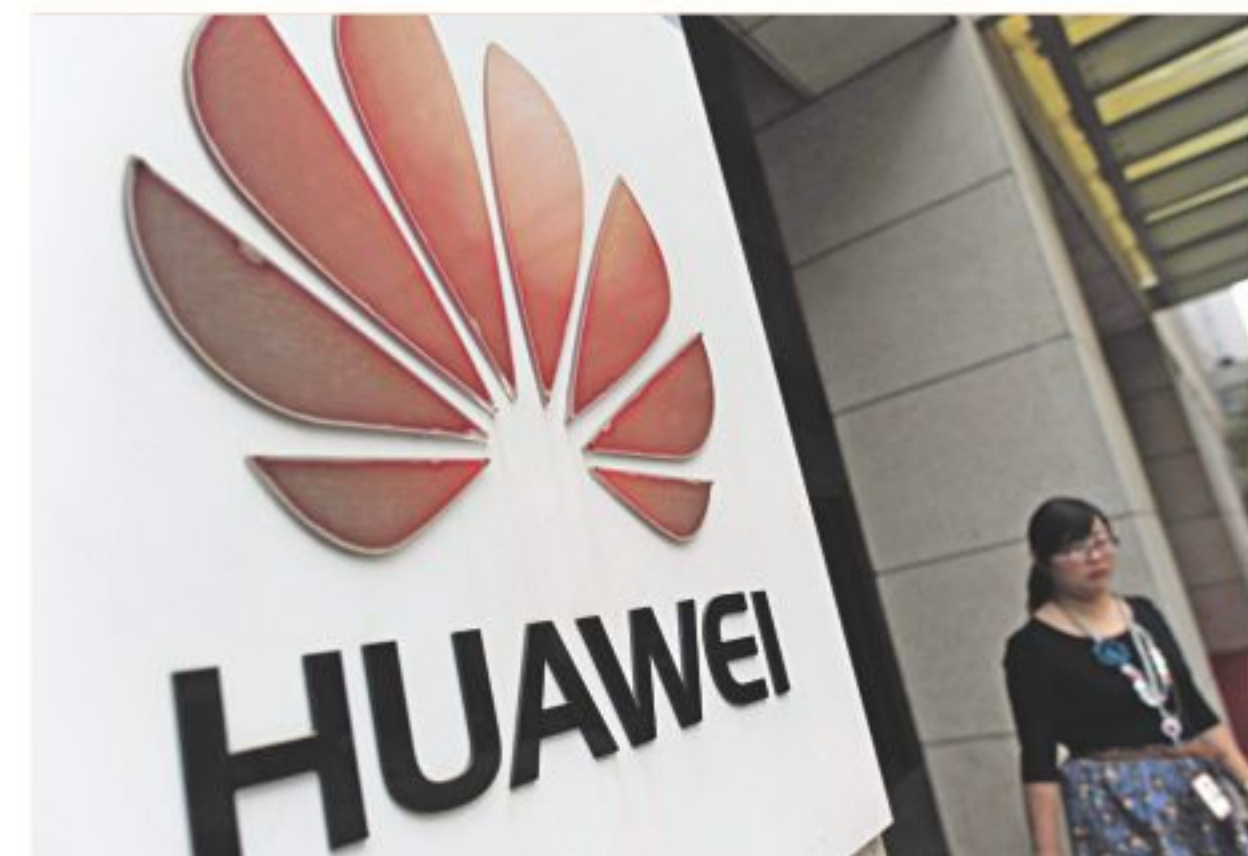
# Crisis, what crisis?

**HUGO DIXON**  
THE credit crisis burst into the open five years ago. The euro crisis has been rumbling for over two years. The term "crisis" isn't just on everybody's lips in finance. Wherever one turns -- politics, business, medicine, ecology, psychology, in fact virtually every field of human activity -- people talk about crises. But what are they, how do they develop and what can people do to change their course? The first thing to say is that a crisis is not just a bad situation. When the word is used that way, it is devalued. The etymology is from the ancient Greek: krisis, or judgment. The Greek Orthodox Church uses the term when it talks about the Final Judgment -- when sinners go to hell but the virtuous end up in heaven. The Chinese have a similar concept: the characters for crisis represent danger and opportunity. A crisis is a point when people have to make rapid choices under extreme pressure, normally after something unhealthy has been exposed in a system. To use two other Greek words, one path can lead to chaos; another to catharsis or purification. A crisis is certainly a test of character. It can be scary. Think of wars; environmental disasters that destroy civilisations of the sort charted in Jared Diamond's book Collapse; mass unemployment; or individual depression that triggers suicide. But the outcome can also be beneficial. This applies whether one is managing the aftermath of Lehman Brothers' bankruptcy, the current euro crisis, the blow-up of an oil rig in the Gulf of Mexico or an individual's mid-life crisis. Much depends on how the protagonists act. Students of crises are fond of dividing them into phases. For example, Charles Kindleberger's Manias, Panics, and Crashes identifies five phases of a financial crisis: an exogenous, normally positive, shock to the system; a bubble when people exaggerate the benefits of that shock; distress when some financiers realise that the game cannot last; the crash; and finally a depression. While there is much to commend in Kindleberger's system, it is too rigid to account for all crises in all fields. It also downplays the possibility that decision-makers can change the course of a crisis. A more flexible scheme that leaves space for human agency to affect how events turn out has two just phases: the bubble and the crash. The bubble is typically characterised by mania and denial. Things are going well -- or, at least, appear to be. Feedback loops end up magnifying confidence. In corporations or politics, bosses surround themselves with lackeys who tell them how brilliant they are. In finance, leverage plays a big part. This is not healthy. Manic individuals don't know

their limitations and end up taking excessive risks -- whether on a personal level or in managing an organisation or an entire economy. As the ancient Greeks said, hubris comes before nemesis. But before that, there is denial. People do not wish to recognise that there is a fundamental sickness in a system, especially when they are doing so well. For example, back in 2007 at the World Economic Forum in Davos, the greed was palpable. Market participants had such a strong interest in keeping the game going that they turned a blind eye to the unsustainable buildup of leverage. The ethical imperative in this phase is to burst the bubble before it gets too big. That, in turn, means both being able to spot a bubble and having the courage to stop the party before it gets out of hand. Neither is easy. It's hard to recognise a sickness given that there is usually some ideology which explains away the mania as a new normal. The few naysayers can be ridiculed by those who benefit from the continuation of the status quo. What's more, politicians, business leaders and investors rarely have long-term horizons. So even if they have an inkling that things aren't sustainable, they may still have an incentive to prolong the bubble. The crash, by contrast, is characterised by panic and scapegoating. People fear that the system could collapse. Negative feedback loops are in operation: the loss of confidence breeds further losses in confidence. This is apparent on an individual level as much as a macro one. Events move extremely fast and decisions have to be taken rapidly. Witness the succession of weekend crisis meetings after Lehman went bust or the endless euro crisis summits. The key challenge is to take effective decisions that avoid vicious spirals while not embracing short-term fixes that fail to address the fundamental issues. With the euro crisis, for example, it is important to improve competitiveness with structural reforms not just rely on liquidity injections from the European Central Bank. In this phase, there is no denial that there is a problem. But there is often no agreement over what has gone wrong. Protagonists are reluctant to accept their share of responsibility but, instead, seek to blame others. Such scapegoating, though, prevents people from reforming a system fundamentally so that similar crises don't recur. Crises will always be a feature of life. The best that humanity can do is to make sure it doesn't repeat the same ones. And the main way to evolve -- both during a bubble and after a crash -- is to strive to be honest about what is sick in a system. That way, crises won't go to waste. Hugo Dixon is the founder and editor of Reuters Breakingviews.

# China warns of 'prejudice' in US telecom report

**AFP, Beijing**  
BEIJING on Monday urged Washington to "set aside prejudices" after a draft Congressional report said Chinese telecom firms Huawei and ZTE were security threats that should be banned from business in the US. "We hope the US Congress will set aside prejudices, respect the facts, and do things that will benefit China-US economic cooperation instead of the contrary," said foreign ministry spokesman Hong Lei. The draft report by the US House Intelligence Committee, obtained by AFP, said an investigation has concluded that the two firms "cannot be trusted" to be free of influence from Beijing and could be used to undermine US security. It said US authorities



"must block acquisitions, takeovers or mergers involving Huawei and ZTE given the threat to US national security interests". The panel launched its probe over concerns that China could use the fast-growing firms for economic or military espionage, or cyber attacks. Hong, however, defended the Chinese telecom firms. "China's telecom enterprises have been engaged in international cooperation according to market

forced to back away from several investments amid pressure from Washington. Both Huawei and ZTE have previously denied any ties with the Chinese government. Huawei reiterated that position in response to queries. "The integrity and independence of Huawei's organisation and business practices are trusted and respected across almost 150 markets," Huawei vice president William Plummer said in an emailed statement. "Purporting that Huawei is somehow uniquely vulnerable to cyber mischief ignores technical and commercial realities, recklessly threatens American jobs and innovation, does nothing to protect national security, and should be exposed as dangerous political distractions." ZTE did not immediately respond to requests for comment.

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