

## Emirates to begin Stockholm flights

STAR BUSINESS DESK

Emirates Airline will begin operating a daily flight to Stockholm, Sweden from September 4, the carrier said in a statement yesterday.

The service operated by a Boeing 777-300ER will offer three cabin classes.

With over 130 destinations in its international network, Emirates customers in Sweden will benefit from convenient flight schedules that reach 40 destinations in the Far East, West Asia and Australasia.

"Following our successful launch into Copenhagen, Denmark in 2011, we have been closely evaluating options for further expansion in Scandinavia," said Tim Clark, president of Emirates Airline.

"Sweden with its stable and growing economy is the perfect location to extend our regional presence."

Emirates SkyCargo will also offer 19 tonnes of cargo capacity in the area, according to the statement.

The airliner already successfully operates a thrice-weekly service to Gothenburg in Sweden, and the addition of Stockholm is expected to further boost the airline's cargo operations in the region.

# How worrying is India's current account deficit?

ROBIN BANERJEE

What happens when a country's total imports become vastly greater than its total exports?

The country is saddled with a yawning current account deficit (CAD).

Just when it seemed that things were looking up for India's slowing economy, here comes a shocker: its CAD touched an eye-popping \$33bn (£22bn) in the quarter ending December 2012, reaching a historical record level of 6.7 percent of gross domestic product (GDP).

A deficit is not such a bad thing when a country is growing and requires imports to fuel growth - India believes it is comfortable with a CAD which is about 2.5 percent of the GDP.

Anything more is a reason for concern.

No wonder then that Finance Minister P Chidambaram has said that the soaring deficit is "worrying".

An increasing CAD can affect the

foreign exchange rate of the country, suggesting in this case, India will have a higher demand for foreign currencies to settle its import liabilities.

This will put pressure on the rupee and weaken its value, meaning the country will need to pay more for imports.

Until about 2003, India had a more or less balanced CAD with imports matching exports.

Since then the deficit has spiralled, peaking at \$33bn during the October-December quarter, up from \$20bn (£13bn) during the same period the previous year.

India is a \$1.8 trillion (£1.2 trillion) economy. Imports account for a quarter of its GDP.

Inability to pay for imports can stall the economy, and a very high CAD increases risk of non-payment.

What has led to India's uncomfortably high CAD?

Basically imports are increasing and exports are unable to keep pace.

Oil accounts for 30 percent of

India's import bill, but the country produces only 25 percent of its domestic requirement.

Demand for oil continues to rise in a growing economy with annual imports rising by 10 percent but domestic production up by only 2 percent over the last seven years.

The next big contributor to India's swelling import bill is gold.

India consumes a quarter of the global gold demand of 4,000 tonnes, and spends about 12 percent of its import bill on the metal.

Despite a doubling of import duty on the metal recently, the purchase of gold continues unabated: India imported a whopping 850 tonnes of the yellow metal in 2012.

Exports, on the other hand, have slowed down, leading to the deficit.

Robin Banerjee has served as a senior corporate executive with several multi-nationals including Hindustan Unilever, Arcelor Mittal and Suzlon Energy



MTB  
Md Ahsan-uz Zaman, additional managing director of Mutual Trust Bank, speaks at the bank's branch anti-money laundering compliance officers' conference 2013 at the Bangladesh Academy for Rural Development in Comilla recently.

## Viyellatex MD stresses role of entrepreneurs in development at Harvard seminar



David Hasanat

STAR BUSINESS REPORT

David Hasanat, managing director of Viyellatex Group, a leading garment maker, joined a seminar on "environment-development relationship in Bangladesh" at Harvard University in the US yesterday.

Hasanat highlighted the role of private sector entrepreneurs in development and protecting environment while speaking at the daylong event where people from the US and non-resident Bangladeshis took part.

The participants in the seminar also discussed the issues like natural disasters, climate and weather, water sharing, public health, climate change refugees, government policies and the role of international organisations and development partners.

South Asian students and professionals at the Harvard Medical School, Harvard Law School and Harvard College organised the seminar in collaboration with the South Asia Institute at Harvard University and

## Eurozone approves problematic Cyprus bailout

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Irish Finance Minister Michael Noonan said Ireland "will be back in the markets by the end of this year," the ultimate aim of the bailout.

Noonan said he could not say how much money the extension would save but noted that Ireland's borrowing costs have fallen steadily in recent months and "we hope that the trajectory will come down" further. "Our objective is to get back into the market... and we are well on the way," he said, adding: "It is all part of getting out of the bailout."

All 27 EU finance ministers continue their talks in Dublin on Saturday, with efforts to clamp down on tax fraud topping the agenda.

The EU's biggest states -- Germany, France, Britain, Italy, Spain and Poland -- are coordinating moves they hope will culminate in a deal at a May EU leaders' summit on automatic bank data shar-

## BlackBerry to ask regulators to probe report on returns

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Since 2007, the Financial Industry Regulatory Authority, the industry body that oversees broker-dealers, has fined Detwiler over \$250,000 and has cited it for several compliance violations over the past decade.

In December 2011, FINRA sanctioned Detwiler for failing to properly supervise its employees and for allowing its brokers to make more trades than necessary in clients' accounts to boost commissions during a period between 2006 and 2009.

In 2007, the firm, which was then called Detwiler Mitchell Fenton & Graves, settled administrative proceedings that the SEC brought against it for failing to supervise Bradford Bleidt, a former employee who had been simultaneously running a \$30 million Ponzi scheme.

BlackBerry is attempting to claw back market share lost to rivals such as Apple Inc's iPhone and Samsung Electronics Co's Galaxy line of smartphones with its new line of devices, powered by the revamped BlackBerry 10 operating system.

The new Z10 touchscreen smartphone, the first of its new devices, hit store shelves earlier this year. And the Q10, with BlackBerry's famed physical keyboard, will go on sale in Canada and the United Kingdom before the end of April.

BlackBerry, which has changed its name from Research In Motion, has yet to prove to the market that its new devices can trigger a turnaround. The company expects to report break-even results in the current quarter, but a true picture will not emerge until later this year.

BlackBerry stock has remained highly volatile as analysts are split on whether the turnaround plan will succeed. Research reports often bring major



STANCHART

Tarek Reaz Khan, general manager for retail banking products and wealth management of Standard Chartered Bank, and Avishek Sinha, director for operations at Khazana Mithai, exchange documents of a deal at a programme recently. The bank's priority clients will get 20 percent discount on all Khazana Mithai purchases.



OCEAN PARADISE

Md Ruhul Amin, deputy commissioner of Cox's Bazar, inaugurates the three-day Baishakhi Mela organised by Ocean Paradise Hotel & Resort at its premises in Cox's Bazar on Friday. Khandaker Shafiul Alam, additional general manager of Ocean Paradise, was also present.

# Economy in double jeopardy: CPD

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Due to the political culture, the GDP (gross domestic product) growth rate fell 0.2 to 0.9 percentage points during the last year of an elected government's tenure, Bhattacharya said.

The CPD analyst said export performance over the past nine months of this fiscal year was way behind its target.

Rehman Sobhan, chairman of the CPD, said the shutdowns in Bangladesh are taking place at a time when the country has so many economic opportunities on the global fronts.

Industries are moving out of China as the world's second largest economy is opting to manufacture high-end products. As a result, opportunities have opened up for countries like Bangladesh, he said.

"But there are many other countries than Bangladesh to capture the potential."

Tofail Ahmed, a ruling party lawmaker, said shutdowns have lost its effectiveness

nowadays. Amir Khasru Mahmud Chowdhury, a former commerce minister, said the economy is growing only because of the private sector.

He said they, too, do not support shutdowns. "But there will be protest when constitutional rights are curbed amid repression. If protests are barred there will be resistance," said the leader of BNP.

CPD Executive Director Mustafizur Rahman said the hit on the economy has come at a time when a new vista of opportunities is opening for Bangladesh internationally.

If the situation continues then trade and commerce and investment will be affected and potential buyers and investors will hesitate to come to the country, he said.

MM Akash, a professor of economics at Dhaka University, said there is no doubt about the negative impact of shutdowns.

"There are two costs of shutdowns in the areas of image and repositioning of

global resources."

Anis Ud Dowla, a former president of Metropolitan Chamber of Commerce and Industry, said shutdowns are a setback for the country, as these are used to reap individual benefits.

He said decisions within the party are also taken by one person, which is also a setback for democracy.

Abdul Awal Mintoo, a former president of the Federation of Bangladesh Chambers of Commerce and Industry, said resolving the political problems should get priority, as politics controls everything.

M Syeduzzaman, a former finance minister, said the nation is not divided; it is the diehard supporters of the political parties who are divided.

Hafiz Ahmed Mazumder, a ruling party lawmaker and chairman of Pubali Bank, and Osman Farruq, a former education minister, also spoke.

## Work to become next China must start now: WB

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The Bangladesh Bank (BB) needs to put in place the conditions to reduce the cost of trade finance, currently limited and very expensive.

"In addition to removing regulations that are an impediment, the finance ministry and BB should explore the feasibility of creating an Exim Bank to kick start a competitive trade finance market in Bangladesh, following the successful formulas of other countries, including India and China."

The WB also called for a more proactive role of the Board of Investment in promoting the country to investors from high-growth economies, particularly to those from China who are looking for more convenient locations for outsourcing their manufacturing.

"East Asia is more expensive, Pakistan too risky, India too regulated, and Africa -- which also has a competitive labour force -- does not yet have the production capacity and track record to be a major competitor. With the right moves, Bangladesh should top foreign investors' list."

The WB also said Bangladesh could become "the next China" if it can more properly utilise its large pool of underemployed labour and effectively implement the four action plans needed to break the infrastructure, energy and land bottlenecks.

# Taka continues its climb against dollar

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A steady appreciation of the local currency is making the country's exports more expensive as exporters are receiving 5 percent less returns now than six months ago.

Like exporters, the central bank is also apprehensive of a steady appreciation of the taka and has been trying to restrain the local currency by mopping up dollars from the banking sector.

In the first nine months of the fiscal year, BB bought \$3.6 billion from the mar-

ket to stop the greenback from sliding further. BB bought \$407 million in March and \$500 million in February.

Exporters said they are facing multifaceted troubles with political violence, disruption in the supply chain, inadequate power, gas and infrastructure and global economic slowdown.

"We are facing further challenges for a nonstop fall of the dollar against the taka," said Abdus Salam Murshedy, managing director of Envoy Textiles and a former president of Bangladesh Garment Manu-

facturers and Exporters Association.

Murshedy said he wants a fixed rate for the dollar for exporters to avoid the impacts of price fluctuation.

Monzur Hossain, research fellow of Bangladesh Institute of Development Studies, said an increase in supply and a fall in demand have been devaluing the dollar against the local currency.

"The exchange rate may fall further in the days to come."

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BANK ASIA

Rumee A Hossain, vice chairman of the board audit committee of Bank Asia, inaugurates the bank's 73rd branch at Mohadevpur in Naogaon recently. Md Mehmood Husain, managing director, was also present.



IBBL

Mohammad Abdul Mannam, managing director of Islami Bank Bangladesh, speaks at a client conference organised to mark the 30th anniversary of the bank at its Agrabad branch in Chittagong on Friday. Mohammed Khalilur Rahman, president of Chittagong Metropolitan Chamber of Commerce and Industry, was also present.



PUBALI BANK

Mohiudddin Ahmed, general manager of the principal branch of Pubali Bank, and SM Shamsul Arefin, managing director of Uttara Finance and Investments Ltd, exchange documents of a Tk 20 crore term loan agreement at the bank's head office in Dhaka recently.