

Global recovery gaining momentum: ICCB

STAR BUSINESS DESK

Gross world product (GWP) is forecast to grow by 3 percent in 2014 and 3.3 percent in 2015 amid global economic recovery building up some steam, International Chamber of Commerce-Bangladesh said in a bulletin yesterday. Growth of world exports is projected to be 4.6 percent in 2014 and 5.1 percent in 2015, with trade in services recovering faster than merchandise trade, and is expected to continue growing over the forecast period after a noticeable improvement in mid-2013, it said.

Growth is strongest in developing countries, even though it is still slower than the pre-crisis period, and business confidence is still tepid in the EU, signalling caution and ongoing aversion to risk, it said.

The euro area is finally emerging out of a protracted recession, with gross domestic product starting to grow again; the US economy continues to recover; and China's slowdown is coming to a stop—these are some global indicators of recovery.

The prospects for a durable and

sustained recovery hinge on national governments demonstrating commitment to substantive structural reforms suggested by experts, ICCB said.

Inflation remains tame worldwide, partly reflecting excess capacity, high unemployment, fiscal austerity and a continued financial deleveraging in major developed economies, according to the bulletin.

Deflationary concerns are rising in the euro area while Japan has managed to end its decade-long deflation among the developed countries while inflation is above 10 percent in only about a dozen developing and transitioning economies scattered across different regions, particularly in South Asia and Africa, it said.

Long-lasting effects from the financial crisis continue to weigh on labour markets making global unemployment dire, with the Euro area being most troubled in the developed world suffering unemployment rates as high as 27 percent in Greece and Spain, with youth unemployment rates surging to more than 50 per cent, it said.

The unemployment rate has declined in the United States, but remains elevated, and the unemployment situation is mixed in the developing and transitional economies, with extremely high structural unemployment in North Africa and Western Asia, particularly among youth, ICCB report found. Also, pronounced gender gaps in employment continue to dominate labour markets in numerous developing countries, it said.

Global trade is improving over the plateau it reached in 2008, but is still trending at or below the average for the previous few decades, it said. However, the prospects for world trade are expected to improve driven by a modest increase in demand in Europe and further recovery in the United States and a return to more dynamic trade in East Asia, the report said.

Uncertainties and risks for global economic growth and stability are inextricably associated with the unconventional monetary policies, such as quantitative easing (QE) adopted in major developed coun-

Air Arabia launches Dhaka-Ras Al Khaimah route

STAR BUSINESS DESK

Air Arabia, the award winning low-cost carrier of UAE, started operations on the Dhaka-Ras Al Khaimah-Dhaka route with the first flight on the route landing at Hazrat Shahjalal International Airport in Dhaka on Tuesday.

Bikramjit Ghosh, country manager of Air Arabia, and Md Abdur Rahim, director of Air Arabia GSA - One World Aviation Ltd, greeted the passengers of the maiden flight.

At present, Air Arabia is operating double daily flights on the Dhaka-Sharjah-Dhaka route and weekly 11 flights in Chittagong-Sharjah route.



Khaled Yusuf Farazi, chief executive of BRAC EPL Investments (BEIL), attends a roadshow programme on 'Dhaka Elevated Expressway PPP Project' to give local banks and financial institutions a complete overview of the project and its key features and help raise local term loans at Sonargaon Hotel in Dhaka recently.

Second leasehold Boeing joins Biman fleet

STAR BUSINESS REPORT

The second leasehold Boeing 777-200 ER aircraft from Egypt Air joined the fleet of Biman, the national flag carrier of Bangladesh, on Tuesday.

Biman earlier signed a deal with Egypt Air, the national flag-carrier of Egypt, to give two Boeing 777-200s—each having 319 seats on lease to Bangladesh for five years. The first aircraft arrived in Dhaka on March 21.

The second aircraft arrived at Hazrat

Shahjalal International Airport in Dhaka, the Egyptian embassy said in a statement yesterday.

Egyptian Ambassador to Dhaka Mahmoud Ezzat, Chairman of Biman Bangladesh Airlines Air Marshal Jamal Uddin Ahmed and Deputy Head of Mission of Egyptian Embassy Omar Shoeb were present at the occasion.

Biman now has 10 aircraft in its fleet: four Boeing 777-300ERs and two each B 777-200ER, Airbus A 310s and B 737s.



Erlend Prestgard, head of strategy of Grameenphone, and Rezwanul Haque, director of Edison Group (Symphony Mobile), pose at the launch of the Symphony D51i handset worth Tk 1,490 with a free internet data package from GP recently.

Court stays IPO of Khulna Printing

STAR BUSINESS REPORT

The High Court yesterday stayed the initial public offering of Khulna Printing and Packaging Ltd (KPPL). The court also issued a rule as to why the IPO will not be cancelled.

The HC bench of Justice Mirza Hussain Haider and Justice Muhammad Khurshid Alam Sarkar came up with the order and the rule after hearing a writ petition.

Supreme Court lawyer Md Raihanul Mostofa filed the petition challenging the legality of the IPO.

He said in the petition that KPPL provided false information in its IPO prospectus to raise capital.

KPPL got the market regulator's clearance on March 4 this year to raise Tk 40 crore by issuing four crore shares. Subscriptions for the IPO opened on May 4 and ended the next day. Its IPO prospectus said the firm's revenue was Tk 34 crore in fiscal 2009-2010. But, the following year it surged to Tk 119 crore, up by a staggering 247 percent.

Then, between July 2011 and June 2012, the company's sales shot up to Tk 208 crore before dipping somewhat in July 2012-June 2013 to Tk 191 crore. Industry insiders, however, found KPPL's claim as

Tourism sector demands more budgetary funds for infrastructure

STAR BUSINESS REPORT

Tour operators and hotel owners yesterday demanded more budgetary funds for infrastructure development for the tourism sector.

The tourism sector contributes 1 percent to the country's gross domestic product, said Md Rafeuzzaman, first vice president of Tour Operators Association of Bangladesh.

The government should take special care of the sector to increase its contribution to the GDP, he said.

Tourism could be the next big sector after garments, said HM Hakim Ali, president of Bangladesh International Hotel Association.

They spoke at a seminar on how to overcome the hindrances to tourism devel-

opment, organised by Bangladesh Foundation for Tourism Development, at La Vinci Hotel in the city.

Cox's Bazar and Kuakata sea beaches need to be upgraded on priority basis to attract larger number of tourists both from home and abroad, Ali said.

Companies operating in the tourism sector could be provided with soft loans, he said.

Hotels in Bangladesh charge 15 percent VAT, while the rate hovers around 7 percent in the neighbouring countries, he said.

He called for withdrawing such duties to help the hotel industry grow faster.

Ali also stressed the need for introducing easy fund transfer services for outbound tourists.

US official praises progress in garment sector

DIPLOMATIC CORRESPONDENT

US Deputy Assistant Secretary of State for South Asia Fatema Sumar yesterday praised Bangladesh for making improvements in the garment sector after the Rana Plaza collapse, the nation's worst industrial disaster.

Sumar spoke during a courtesy call on State Minister for Foreign Affairs Shahrar Alam at Ruposhi Bangla Hotel in the capital.

Alam briefed her on the progress Bangladesh has made so far after the Rana Plaza collapse, saying it took a lot of dedication and commitment from all stakeholders to bring such changes.

The government is in the process of amending the EPZ law to match it with the amended labour law in the country, he said.

Sumar said: "Although there are some challenges in the relationship between Bangladesh and USA, these should not impede the advancement of our relationship; rather we should explore other potential and work on those."

Bangladesh is pursuing multimodal connectivity with India which spans from

physical connectivity for transportation of goods to energy cooperation, Alam said, replying to Sumar's query on regional connectivity with India and Myanmar.

The interlinking electric grid of Bangladesh and India is a success story of energy cooperation, and the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor initiative is aimed at connecting Kunming, China in the east with Kolkata, India in the west with Mandalay of Myanmar as well as Dhaka and Chittagong of Bangladesh, Alam said.

He also remarked that Bangladesh is engaged with Myanmar despite refugee and undocumented nationals of Myanmar issue and expressed concern for not registering Rohingyas as citizens of Myanmar.

US Ambassador Dan Mozena and Director General (Americas) Mahfuzur Rahman were present at the meeting.

Sumar earlier praised the success of the shipbuilding industry in Bangladesh, during a visit to the Western Marine Shipyard in Chittagong on Tuesday.

Oman extends ban on hiring foreign workers for construction

STAR BUSINESS REPORT

Oman has extended a ban on the hiring of foreign workers for construction and housekeeping by private companies by six months. The restriction came into effect on Sunday, AKM Rabiul Islam, labour counsellor at the Bangladesh embassy in Muscat, the capital of Oman, told The Daily Star by phone yesterday.

The latest move will affect Bangladesh's manpower outflow, as the Arab state has emerged as the largest destination for migrant workers in the last one year, Islam said.

The restriction was originally introduced for six months in last November for construction and housekeeping sectors, which hire foreign workers mostly from Bangladesh, India and Pakistan.

Oman took the decision as it plans to cut the number of expatriates by 1 lakh in the next few years to ensure available jobs for its own citizens, he said.

Islam, however, hoped Bangladeshi jobseekers will not face any difficulty as there are some other promising sectors such as services and hospitality which need many foreign workers. Around five lakh Bangladeshi workers are currently working in different sectors in Oman, according to the statistics of the Bureau of Manpower,



Fatema Sumar, deputy assistant secretary of US Department of State, and Dan Mozena, US ambassador, visit Western Marine Shipyard in Chittagong on Tuesday.



Stanley Goh, in-charge of Bridgestone Asia Pacific, and Matiuur Rahman, director in-charge of Eastern Motors, pose at the launch ceremony of the Eco-friendly Bridgestone Ecopia Tyre at Uttara Club in Dhaka recently.

Danish firm shows way to avoid losses from currency swings

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Firms from countries with less currency volatility will bear lower percentage of the losses, while firms from countries with higher currency volatility will bear most of the burden.

In other words, the GCU Report allows firms to forget about the risk of big currency losses, one of the most prominent barriers to international trade, and focus on doing business with each other, Toft told The Daily Star in an interview.

Toft is currently touring Bangladesh to promote the service among Bangladeshi companies trading internationally.

The team met a number of officials from the central bank and Bangladesh Association of Foreign Exchange Dealers Association and a host of chief executives of banks.

Some 33 percent of all exchange rate deviations can be taken out by this system, which corresponds to a minimum economic core value of \$100 billion annually globally, he said.

Toft said with their services companies can agree on how to divide the remaining risk of deviation until the time of settlement—in a fair way.

"This means the parties to a transaction

can share the reduced currency risk and at the same time avoid the unproductive zero-sum game which often arises in negotiations and can ultimately result in the trade not taking place."

The system will provide higher predictability for the final price, and as a result increase financial stability for companies using it, he added.

In most countries, currencies easily swing 7 to 14 percent a year, due to which the profits of most companies in the Western world are less than 7 percent, Toft said.

He said the version of the system is now based on spot rate. Forward rate will also be available later.

The service will cost will charge \$10 to \$20 for every transaction, Toft said.

Asked if the service would be of much help for Bangladeshi businessmen as the dollar-taka rate has been going steady for awhile, he said: "But you conduct trade with other countries like China, Japan and so on, and currencies of those countries are subject to fluctuations."

"Due to lack of a calculation mechanism, Bangladeshi exporters and importers lose a significant amount of money due to changes in currency fluctuations. So this service would benefit them greatly."

HSBC profits fall

AFP, London

Bank giant HSBC said on Wednesday that its net profit slid 18 percent in the first quarter as lower revenues offset cost-cutting, but added that bad debt charges fell.

Profit after tax stood at \$5.069 billion (3.64 billion euros) in the three months to the end of March.

That compared with \$6.211 billion in the first quarter of 2013, the British bank said in an earnings statement.

"In the first quarter we maintained control of costs," HSBC chief executive Stuart Gulliver said in the statement.

He added that "revenue was lower than the previous year's first quarter, which benefited from a number of specific items" and said that "loan impairment charges fell".

Revenue dropped 8.0 percent to \$15.71 billion, while pre-tax profit was down 20 percent at \$6.785 billion.

The Asia-focused lender is pushing on with its savings programme, having announced last year plans to cut costs by a further \$2.0 billion to \$3.0 billion between 2014 and 2016.

HSBC shares were trading down 1.13 percent at 597.3 pence in the wake of the earnings update on London's benchmark FTSE 100 index, which was showing a loss of 0.36 percent at 6,774.15 points by mid-morning.

"With the exception of Commercial Banking, all (HSBC) units have found the going tough as has been the case for many of its global competitors," Richard Hunter, head of equities Hargreaves Lansdown Stockbrokers said following the update.

Inflation cooled by political stability

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Zahid Hussain, lead economist of World Bank's Dhaka office, attributed the stable inflation scenario to the steady food and non-food inflation.

He said the overall political stability certainly helped and that the impact of cost-push as a result of the political disruptions in the last quarter of 2013 appears to be dissipating.

The WB economist also credited the sound monetary policy stance announced by Bangladesh Bank in January, as it has succeeded in containing inflationary expectations and bringing stability in non-food inflation.

Stable nominal exchange rate and international food grain prices also contributed to stability in food inflation, he added.

Singer joins hands with Bank Asia to disburse remittances

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Singer integrated its data system -- Singer Information System -- with Bank Asia and Western Union. Bank Asia will work as a settlement bank by being a principle agent of Western Union.

"We want to create an opportunity of easy access to funds at any time, in any corner of Bangladesh." People can withdraw money between 9am and 8pm, 365 days a year, he said.

"I hope the system will get a good response from the expatriates, who send money from different parts of the world through Western Union."

The expatriates' families can meet their immediate demands for money during holidays through Singer, he added.

"Being a non-financial institute, we have started this service as part of product diversification," said Raziur Rahman, marketing communication manager at Singer Bangladesh.

"Financial services have a huge potential in Bangladesh. We want to reach more clients through the services. It will add extra value to our services because our network is very big."

Singer has a presence in every corner of the country, which will help people collect money easily, Rahman said.

Bank Asia accounted for 3 percent of \$14.46 billion in remittances received in fiscal 2012-13.

In 2013, Bank Asia disbursed remittances worth \$345 million, registering a growth of 16.38 percent from the previous year. The bank has a target to receive remittances worth \$600 million in 2014.

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