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nepal

43rd AGM of FNCCI concluded emphasizing on Business-Friendly Environment in the country

The 43rd Annual General Meeting (AGM) of the Federation of Nepalese Chambers of Commerce & Industry (FNCCI) was held on April 10-11, 2009 in Kathmandu. The AGM deliberated on various issues and passed resolutions inviting government attention on them.

The AGM was inaugurated by the Prime Minister Puspa Kamal Dahal 'Prachanda'.

Addressing the inaugural ceremony Prime Minister Prachanda told that building a prosperous Nepal was possible only through a qualitative progress of the economic sector.

Stating that the government embarked on the Public-Private Partnership as per its policy to work with the private sector for a sustainable development of industries, Prime Minister Prachanda said the government was eager to introduce effective policies for economic development.

Prachanda informed that the government was in consultation with other political parties to form an industrial security force. The parties were positive, he said.

Prime Minister Prachanda pledge public land for building an International Economic Convention Centre and urged the industrialists and businessmen to help create an environment for framing the new statute.

Special programs would be there for the sick industries, he said, adding that the coming cabinet meeting would address the problems of entrepreneurs.

Delivering a welcome speech President of FNCCI Kush Kumar Joshi asked the government for an investment friendly climate, flexibility in labour policies including provision of 'no work no pay' and termination of employment.

He added that there should be no provision for property tax until the new constitution was made and some of the Rs. 25 billion which is lying unused in the treasury should be used to provide a relief fund. "The government must guarantee security of person and property to the private sector" he said adding FNCCI has been demanding the creation of an industrial security force since long.

Proposing the vote of thanks Senior Vice President of FNCCI Suraj Vaidya urged the government to introduce a stimulus package.

At the 1st special session held on 11th April in connection with 43rd AGM, FNCCI has demanded for a provision in the new constitution that will bar the state from nationalizing private property.

Presenting its suggestions for new constitution, FNCCI has asked law-makers to ensure that no limitation is imposed on property earning and every citizen is given liberty to earn and make use of private property.

The suggestion also include a demand that there should be a constitutional provision that ensures the entrepreneurs their right to get

proportionate compensation for the losses they incur due to strikes and bandas.

The suggestions presented by advocate Bimarjaun Acharya on behalf of FNCCI.

Similarly, presenting its views of private sector "impact on the economy from economic transformation" FNCCI asked the government to bring the culture of impunity to an end in order to create a congenial environment for business. It also sought constitutional guarantee of an economically free society and market oriented economy.

Presenting the paper on behalf of FNCCI Dr. Shanker Sharma Pointed out that impunity was a major obstacle in the development of commerce and industries. "The government must end impunity first to insure investment" he said, He urged the government to strengthen the law and order situation first to create business-friendly environment.

The participants from all over the country participated the AGM.

Nepal's economic growth forecasts

According to a recent analysis by Asian Development Bank, Nepal's performance is relatively good and it might see a tentative 3.5% growth this year, said Barry

J Hitchcock, country director of the Nepal Resident Mission of ADB in Kathmandu recently.

"However, Nepal's growth depends on the agriculture

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Joint cooperation agreement between FNCCI and the Central Chamber of Finland

During the official visit of the Prime Minister Puspa Kamal Dahal 'Prachanda' the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and The Central Chamber of Commerce of Finland have signed a joint cooperation agreement on April 2, 2009 in Helsinki, Finland

Kush Kumar Joshi President of FNCCI and Dr. Kari Jalas Director General of the Central Chamber of Commerce of Finland signed the agreement on their respective organizations.

As per the agreement both the parties will promote to strengthening and expansion of trade, economic and other business relations between Nepalese

enterprise members of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and Finnish companies members of the Central Chamber of Commerce of Finland and will undertake all possible steps to further develop cooperation and ensure a wide range of participants there in including small and medium sized enterprises.

Both parties have agreed to exchange on a parity basis economic, technical, Juridical and other mutually valuable and relevant information that may be relevant or important to the establishment of better foreign economic relations and agreements between the Parties or their member firms.

Similarly they have agreed to carry out the dissemination of business information in its own jurisdictional area to promote the interests of the other party, and will also help in the dissemination of catalogues, prospectuses and other materials relating to the products of Nepalese and Finnish exporters, both parties would assist the enterprises businesses, organizations and firms found within the jurisdictional areas of both parties in organizing meetings for their representatives, in establishing and developing mutually beneficial forms of cooperation and in the establishment of joint ventures.

sector," he said adding that ADB has decided to increase its assistance to Nepal to around \$200 million from the earlier \$100 million, half as soft loan and half as grant.

Analyzing the present global meltdown and its impact on Nepal he said the global economic recession had not yet widely affected Nepal but that eventually it would. "There will be a drop in demand in the tourism sector but till India the major trading partner of Nepal is doing well, there will not be a major impact," Hitchcock said adding that if needed ADB was prepared to help Nepal Fight recession. The new country director, while giving a brief performance evaluation of ADB financed projects during the year 2008, said the bank had approved grant assistance of \$8 million for the education sector and \$25 million for information and communication development.

Similarly, \$106.3 million was approved for the development of local governance and community development, according to bank, By end of December 2008, the ADB portfolio comprised 18 loans worth \$586 million net, 10 investment grants worth \$332 million and 33 ongoing technical assistance projects totaling \$ 29 million.

Though the year 2008 was not without challenges it was a good year for ADB in terms of assistance, Hitchcock said." No projects were considered at risk till the end of 2008, a remarkable achievement compared to 14% in 2007 and 17% in 2006," he added.

Government budget at Rs. 7.4 billion surplus

In the first 6 months of the current fiscal year, the government budget remained at a surplus of Rs 7.4 million in contrast to a deficit of Rs 3.3 billion in the corresponding period the last fiscal year.

"An increase in revenue and foreign cash grants account for such a budget surplus," said a macroeconomic report of the first 6 months of this fiscal year published by Nepal Rastra Bank in Kathmandu recently.

Not only that, total government spending has also increased by a mere 12.3% to Rs. 65.5 billion in comparison to an increase of 30.2% in the same period the last year. However, the capital expenditure development expenses declined by 23.4% to Rs 7.9 billion in contrast to an increase of 66.3% in the corresponding period of the last year, said the central bank. It was due to the fact that the government has not started any development work till date.

In the first half of the current fiscal year revenue grew by 25.5% to Rs 59.5 billion compared to an increase of 25.4% in the same period last year due to the rise in revenue mobilization ascribed to the increase in income tax, VAT revenue, excise, vehicle tax and registration fee as well as high growth of non tax revenue.

Website to link the labour market with potential employers

Beth S. Paige, the Director of the U.S. Agency for International Development in Nepal (USAID/Nepal) and Kush Kumar Joshi, the President of Federation of Nepalese Chambers of Commerce and Industry (FNCCI), on April 13 in Kathmandu launched a website, 'www.jobsfirst.org.np' designed to increase youth's access to quality jobs by linking training providers, employers, and youth. The website is part of USAID/Nepal's Education for Income Generation (EIG Program, which seeks to train disadvantaged and conflict affected youth for employment in fifteen Midwestern districts of Nepal.

USAID's EIG program is providing integrated training on literacy, life skills, vocational education, agriculture and targeted scholarships for up to 70,000 youth over a five year period.

After receiving basic training in reading, record keeping, simple arithmetic, life skills and entrepreneurship, the trainees can choose to receive advanced level training in vocational education or agriculture or leave for jobs/self employment. Vocational education includes trainings in masonry, electrical wiring, motorcycle repairing and beautician services.

"USAID is providing this free training for disadvantaged youth under the age of 30 from conflict affected communities. As enrollment of students is tailored to meet market demands, almost 80% of the trainees in the vocational education program are hired upon graduation. A significant number of the trainees are women.

The Jobsfirst website is expected to support USAID's EIG program by providing a tool for youth to find suitable jobs or become entrepreneurs. "The 'jobfirst' website was developed in collaboration with FNCCI and is reflective of USAID's commitment to work with the private sector to stimulate economic growth, develop businesses and workforces, and expand access to education and technology.

The website will accept vacancy notices for jobs requiring minimal education levels of up to but below a School Level Certificate (SLC), The types of jobs advertised include furniture makers, electricians, plumbers, masons, and jewelry makers. The website also contains space for listing occupational trainings and categorizes job market opportunities by area, job/position, training needs and training courses per specific program area.

USAID's five year \$14.6 million EIG program began in 2008 and is being implemented by Winrock International and its partner organizations.

Nepal/Norway sign MoU to increase hydropower

Nepal and Norway signed a new Memorandum of Understanding (MoU) on March 29 pledging to build peace and democracy and increase hydropower investment. The MoU replaces the one signed in 1996.

Foreign Secretary Gyan Chandra Acharya and his Norwegian counterpart Atle Leikvoll signed the MoU in the presence of Prime Minister Pushpa Kamal Dahal and Norway's Minister for Environment and International Development Eirik Solheim.

Nepali officials said the MoU opens door for increased Norwegian investment in hydropower development, education sector reform and good governance. The MoU states that Nepal Norway cooperation will contribute to building peace and democracy, both at local and national level, and also the enhancement of constitutional process, rule of law and human rights, with due emphasis on gender equality and youth and the inclusion of marginalized groups including indigenous and peoples and sexual minorities.

The cooperation will focus on effective implementation of Nepal's School Sector Reforms programme with special emphasis on gender inclusion of disadvantaged groups and quality of service delivery. Norway will zero in on hydropower development and rural electrification with the emphasis on environmental management.

The MoU states that Norway will align its overall support with Nepal's development strategies. Norway will also cooperate with other development partners to harmonies arrangements for planning, funding disbursement, monitoring, evaluation and reporting to Nepal.

Tourist arrival declines

Just over 33,000 visitors flew into Nepal in March 2009, registering a decline by 17.6% in the arrival figures compared to the same month last year, according to Immigration Office, Tribhuvan International Airport.

The global recession is responsible for the decline in tourist arrivals worldwide as traveling is determined by disposable incomes, travel budgets and consumer confidence a Nepal Tourism Board said. "United Nations World Tourism Organization

(UNWTO) expects international tourism to stagnate of decline by 2% throughout 2009.

SAARC

Per capita income in India doubles

The average Indian's income in 2007-08 had nearly doubled since the turn of the millennium and even adjusting for inflation rose over 50% in this period, according to official figurers released recently.

The quick estimates of per capita income for 2007-08 put out by the Central Statistical Organization peg per capita 33,283 in current prices, In 2001-01, per capita income was only Rs. 16,688.

If the 7% growth projected officially does materialize we could have a sixth successive year of 10% plus growth in nominal per capita income and 5% plus increase in the inflation adjusted average income level.

FDI proposals worth Rs. 616 crore in India

The centre has cleared 29 FDI proposals worth Rs 616 crore, more than half of which will be brought in by AAPC of Singapore in the hotel business in India.

AAPC Singapore Pte Ltd will invest Rs 365.78 crore in an Indian company for constructing and managing low-budget hotels as per the proposals cleared on the recommendation of the Foreign Investment Promotion Board (FIPB).

However, the government has deferred as many as 19 proposals including those of Hiranandani Realtors, Yamaha Motor India, BNP Paribas Securities Services and Quippo Telecom. It also rejected a proposal by ICP Investments (Mauritius) Ltd. Besides, AAPC, apropos al by cargo handling company ABG Bulk Handling was approved, involving FDI of Rs 90 crore for making downstream investment. India's first regulated entertainment venture fund Cinema Capital Ventures Fund will bring in Rs 50 crore for investment in the fund.

Global telecom leader Telcordia Technologies of USA will invest Rs 45 crore in buying equity in Indian companies to carry out mobile be portability solutions.

Furniture design company Poltrona Frau's proposal for single brand retail trading has also been cleared and it will bring in Rs. 21.5 crore. The government also cleared Astra Microwave Product's proposal for investment in a company for manufacturing licensed defense items,

which will, however, not result in any FDI inflows.

A proposal by What's on India Media was also approved for holding a TV channel license for up linking a non news and current affairs TV channel from India, which will also not lead to any FDI inflows. On a proposal by Goldman Sachs Investments for seeking ex-post facto approval for its 7% investment in commodity exchange NCDEX, the government said it has taken note of the fact.

Sri Lanka tea exports hit record high

Sri Lanka, one of the world's top tea exporters, earned a record 1.23 billion dollars from overseas tea sales in 2008, the Sri Lanka Tea Board said recently.

The figure was up from 1.02 billion dollars the previous year.

"We benefited from the global commodity boom, which saw our teas fetch some of the highest prices, till early September," Tea Board Chairman Lalith Hettiarachchi said.

Tea is the island's biggest agricultural export and third biggest money spinner behind foreign remittances and clothing shipments.

Colombo, which conducts the world's biggest tea auctions, saw prices hit 4-26 dollars per kilogram (2.2 pounds) between January and September.

However, prices collapsed to about 2.20 dollars a kilogram thereafter with the onset of the global economic crisis, tea board figures showed.

Russia and former Soviet republics are the largest markets for Sri Lankan tea, accounting for nearly a fifth of total exports followed by the Middle East and North Africa.

ASIA

China industrial output up 8.3%

China's industrial output rose 8.3% in March, in a sign that huge stimulus package is kicking in, Premier Wen Jiabao said in an interview published recently.

In last March growth accelerated from the 3.8% rise in January and February as domestic demand continued to improve, Wen said, according to the China Securities Journal. Fixed asset investment and retail sales, which measure spending on infrastructure and consumption respectively, also increased quickly in the first quarter, he said in an interview while in Thailand for the Asian summit at the weekend.

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All this showed the economy was performing "better than expected" thanks to Beijing's measures to tackle the international financial crisis he said.

China in November unveiled an unprecedented four-trillion-Yuan (580 billion dollar) stimulus package to ward off the worst effects of the global crisis.

Fast, forceful policies for China growth

Chinese central bank governor Zhou Xiaochuan pledged fast and forceful policies to restore confidence and prevent the global financial crisis from deepening the nation's economic slump.

"If we act slowly and less decisively, we're likely to see what happened in other countries: a slide in confidence," Zhou said at briefing in Beijing. The central bank has "ample room" to fine tune monetary policy after a record surge in lending in January, he said.

The Central banker said he saw "signs of stabilization and recovery" in the world's third biggest economy echoing Premier Wen Jiabao's confidence that the nation's 8% growth target for 2009 remains within reach. Collapsing exports because of the global recession have dragged growth to the weakest pace in seven years and cost the jobs of 20 million migrant workers.

Japan's economy set for double-digit

Japan's economy is expected to suffer another double-digit contraction in the first quarter of 2009 because of collapsing exports, according to a survey of analysts published recently.

The economy is seen shrinking by an annualized 10.41% in the three months through March, according to a poll of 36 senior Japanese economists by the government affiliated Economic Planning Association.

Asia's biggest economy is expected to contract for six straight quarters through the three months to September 2009, the survey said.

It forecast that the unemployment rate would rise above 5% later this year, up from 4.1% in January, as firms slash jobs to stay afloat.

Finance Minister Kaoru Yosano vowed to "take every possible economic measure" to fight the recession as the Nikkei stock index fell to a new 26 year low. Japan's export-dependent economy has been hammered by a worldwide drop in demand for the cars, high-tech goods and machinery for which it is famous,

putting it on course for its worst recession since World War II.

ASEAN sings FTA with Australia, NZ

Southeast Asian nations signed a free trade pact with Australia and New Zealand recently one of the few concrete economic measures to emerge from the region's annual summit as it grapples with the worst global slump in decades.

The free trade agreement between the 10-member Association of Southeast Asian Nations cloud boost the combined gross domestic product of all 12 nations by more than \$48 billion by 2020 but will do little to ease the current economic pain. The gross domestic product of all Asian countries combined is about \$1.2 trillion.

The pact will "facilitate business activities at a time of global slump," said Malaysia's International Trade and Industry Minister Tan Sri Muhyiddin Yassin. Regional integration is essential to buoy export-dependent economies in ASEAN. Leaders and top officials from ASEAN- a region of more than 500 million people – are gathered in the Thai resort town of Cha-Am, 200 kilometers (120- miles) south of the capital Bangkok, for the grouping's 14th summit.

WORLD

US budget deficit

US budget deficit could hit 1.845 trillion dollars this year under the budget proposed by President Barack Obama quadrupling the 2008 record shortfall. a new forecast showed recently.

The nonpartisan Congressional Budget Office (CBO) said its latest budget deficit estimate for fiscal 2009, which ends on September 30, would amount to 13.1% of the country's total economic output.

Since its early January estimate of a 1.2 trillion dollar gap, the CBO said the enactment of the 787 billion dollar stimulus plan, other measures to revive the economy and additional factors had hike deficit projections for 2009 and 2010 by over 400 billion dollars.

Republicans grabbed the ammunition to push back against Obama's Massive budget package that teams tax cuts and heavy spending.

"It's worse than even the most pessimistic predications for this budget," said Senate Republican Leader Mitch McConnell.

"If there was ever any doubt that the administration's budget spends too much taxes too much and borrows too much, it's gone." The new projections were

based on sweeping 3.55 trillion dollar multiyear budget proposed by President Barack Obama's administration to Congress in February.

Obama has acknowledged the size of his budget's 1.752 billion dollar deficit in 2009 would require "some hard choices" on spending priorities.

UK to grow in 2009

The recession hit economy could return to growth in late 2009 and recover further in 2010, Bank of England chief economist Spencer Dale told the Financial Times recently.

"A substantial amount of the total contraction (in the economy) we're going to see has come through," Dale was quoted as saying, adding that the was a "possibility of some signs of recovery by the turn of the year."

The BoE had forecast on last February that the economy which entered recession in the second half of 2008 risked shrinking 4.0-6.0% later this year on a 12 months basis, before possibly returning to growth in 2010.

Australia growth shrinks to 0.5%

Australia's economy shrank by 0.5% in the last quarter of 2008 the first time in eight years, leading to fears the country may be caught in the global downturn, for the first time in eight years, raising fears that the country may be heading for a recession. Expectations were that it would grow by 0.2%. Australia has fallen much less than western countries, but has been hit hard by a downturn in commodities. Australia had hoped to avoid being dragged down in the crisis, given its closer ties with the Asia Pacific region.

Elsewhere in Asia, the World Bank approved a \$2 billion contingency facility for Indonesia to support government spending and external funding in the largest ever loan the World Bank has given to Indonesia, as also to a country which is not in crisis. Japan is to contribute \$1.5 billion while the Asian Development Bank and Australia have each indicated they will contribute \$1 billion.

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