



News & News

(Feb./March - 2009)

nepal

22nd CACCI Conference and 74-75th Council Meeting concluded with fruitful decisions

The Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) issued a press communiqué at the end of its 22nd Conference and 74-75th Council Meeting held recently in Manila, Philippines. CACCI called on regulators to set in place a regulatory framework that is able to protect public interest and maintain market confidence, while at the same time facilitating the ability of a financial market to provide competitive financial products and services. The regional body urged national, regional and international organizations in charge of trade, development, financial-related issues and market regulations and economic policymakers to strongly consider the different measures and initiatives.

The measures and initiatives are; to formalize and intensify cooperation and interaction in coming up with solutions that cut across regulators and borders; to improve regional macroeconomic surveillance premised on Asia-Pacific Economic Cooperation (APEC) agenda and work toward the creation of regional institutions to undertake surveillance and related matters; to strengthen the regulatory and supervisory role of Central Banks to enable them to promote an efficient and effective banking system; to promote training and sharing of knowledge through the forging of stronger links between regulators in the region with established regulators such as the Bank for International Settlements (BIS), the International Organization of Securities Commissions (IOSC), and the International Association of Insurance Supervisors (IAIS), to establish regional monetary policy mechanism to make available adequate liquidity in times of crisis and provide contingency financing for countries in difficulties and build

credibility by pursuing a sound macroeconomic policy, enforcing prudential regulations, and discouraging short-term external borrowings through price-based or quantitative capital controls.

Similarly CACCI called for intensified advocacy to adopt risk management as a strategic discipline and not merely a regulatory compliance, particularly for financial institutions. CACCI expressed confidence that in the face of challenges arising from the financial crisis and threats of inflation, concerted efforts taken at the national and international levels would restore confidence in the market and sustain development not only at the regional but at the global level as well.

Established in 1966, CACCI aims to serve as a forum for promoting the vital role of the businessmen in the region, increasing regional business interaction and enhancing regional economic growth.

This year's Manila gathering, which was attended by some 200 delegates from 22 Asia-Pacific countries, carried the theme "Enhancing the Global Economic Role of the Asia-Pacific Region." It featured Philippine President Gloria Macapagal-Arroya, who addressed delegates of the Conference which was hosted and organized by the Philippine Chamber of Commerce and Industry.

Pradeep Kumar Shrestha Former President of the Federation of Nepalese Chambers of Commerce & Industry (FNCCI) and leader of the Nepalese delegation chaired the session "Sustaining Asia-Pacific Economic Dynamism Through Public-Private Partnerships" and gave an opening remarks. Mr. Shrestha on his remarks urged to all Asia-

Pacific members to invest in Nepal and exploit the comparatively advantageous market.

During this year's gathering, the CACCI Council, which is the organization's governing body, also elected the office bearers for the term 2009-2010. Harvey Chang, President and CEO of Taiwan Mobile Co. was re-elected as President for a second term.

During the meeting CACCI announced the winners of the 3rd Local Chamber Awards, namely, the Cebu Chamber of Commerce and Industry from the Philippines under the Large Chamber category, and the Quezon-Lucena Chamber of Commerce and Industry from the Philippines under the Small Chamber category. The two finalists under the Large Chamber category were Darkhan Chamber of Commerce and Industry from Mongolia and Birgunj Chamber of Commerce and Industry from Nepal, and the two finalist under the Small Chamber category included the Selenge Chamber of Commerce and Industry from Mongolia and Paranaque Chamber of Commerce and Industry from the Philippines.

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CACCI will hold its next annual gathering - the 76th CACCI Council Meeting - in Yokohama, Japan in 2009 and also agreed to hold the 2010 Conference in Colombo, Sri Lanka.

Government revenue up 35%

The government revenue in the first four months of the year 2008/09 grew by 35.4% to Rs. 33.0 billion compared to an increase of 13.2% in the corresponding period of the previous year, according to Nepal Rastra Bank (NRB). The central bank report claimed that such impressive revenue mobilization was attributed to high growth of income tax, Value Added Tax (VAT), Customs, excise vehicle tax and registration fee as well as a high growth of non-tax revenue. Of the total revenue mobilization, VAT revenue grew by 31.2% to Rs. 2.0 billion in mid-November 2008. It had increased by 13.4% in the corresponding period of the previous year. The growth in VAT revenue was due to increased imports and consumption induced by the rise in remittances and reforms in VAT administration. The customs revenue rose by 22.7% to Rs. 7.2 billion compared to an increase of 9.4% in the same period of the previous year. Reforms in customs administration and the increase in imports of high tax yielding vehicles and spare parts contributed to such a high growth of customs revenue.

Exports-Imports up

Exports have gone in the first four months of the current fiscal year 2008-09 by 39.9% compared to the same period last year Nepal Rastra Bank said recently.

Exports to other countries rose significantly by 70.8% and exports to India went up by 24.4% in this period. The major products that helped in the increase in the exports to India were readymade garments, shoes and sandals, G I Pipes, to the paste and cooper wire rods. Last year export to India had decreased by 7.4% while exports to third countries had risen by 6.2% compared to the same period the previous year.

Imports on the other hand from India went up by 22.1% in comparison to a growth of 8.9% last year during the same time. Imports from third countries went up by 65.3% compared to a growth of just 2.3% a year earlier. In the reporting period, the overall balance of payment (BOP) recorded a surplus of Rs. 11.86 billion the central bank said. Last year there was a deficit of Rs. 3.63 billion during the same period.

This was due in part to transfers including workers remittances which soared by 65.9% in the first four months of 2008-09 as compared to the growth of 20.8% in the corresponding period of the previous year.

Nepal Pavilion at World Expo

Keeping in mind for next 60 year's development, Nepal will set up the Nepal National Pavilion that would highlight magical mystical traditional outlooks and picturesque natural setting of Nepal at the World Expo-2010 to be held in Shanghai, China from May 1 to 31 October, 2010.

This pavilion will highlight Kathmandu as the center of art, architecture and cultural excellence. There will be an exploration and speculation of all Nepalese socio-economic cultural and geographical heritages that Nepal is proud of in order to attract the visitors and convey message of peace.

Nepal will focus rapid urban development that is taking place in the ancient capital city Kathmandu and the consequent impact on nature at the country's artistic national pavilion at this Shanghai World Exposition 2010, the organizers of the Nepal Pavilion.

Having the theme 'Tales of Kathmandu City-seeking the soul of a city: exploration and speculation', the pavilion would walk down the paths of history in search of the soul of mystical city Kathmandu the Implementing Exports Group (IEG) official said.

The Nepalese presentation at the Expo will highlight effort to protect environment and for renewable energy and also present green architecture as the way of the future architecture direction.

Age-old hierarchical harmony between two major world philosophies-Buddhism and Hinduism that flourished hand in hand in Nepal will also be reflected in the architectural grandeur of Nepalese pavilion, they said.

The pavilion landscape and garden will resemble the essence and contents of picturesque natural setting embedded with the highest peak Mt. Everest and the Lord Buddha birth place. Spiral of green mountains and valleys and tranquil peaceful glacier lakes and rivers will give an ultimate joy for the visitors in the Nepal's pavilion, they added. IEG appointed by the Government of Nepal in the organizer of Nepal National Participation Expo 2010 Shanghai. Nepalese Pavilion will be designed and built by IEG.

Nepal, India sign railway agreement

Commerce and Supplies Secretary Purushottam Ojha and Indian Ambassador Rakesh Sood signed letters of exchange to effect amendments to the Rail Services Agreement between Nepal and India recently.

The amendments to the agreement will open up the rail traffic in tank wagons for liquid cargo and flat wagons for bilateral break-bulk cargo to and from the dry port at Birgunj of Nepal and establish links with the dry ports of all major cities of India. It will be easy for transporting goods between the two countries.

It will open the potential for transportation of crude and edible oils, petroleum products and similar other cargo to and from ICD Birgunj in tank wagons and iron and steel products etc. on flat wagons.

FNCCI Interactive CD with its Directory of Members

FNCCI is initiating an ICT drive by publishing FNCCI Interactive CD with its Directory of Members 2008-2011. It is being published in technical collaboration with an IT firm Dreams & Ideas Pvt. Ltd. Further, FNCCI is not taking any financial liability for this project. FNCCI requests all members to support the initiative by providing advertisements in the Interactive CD. The project details can be found at www.dreamsandideas.com/fnccicd/

Tourist arrival up

The total number of visitors in 2008 has reached to 374,661, representing an increase of 4% in comparison to the year 2007. The figures released by Immigration Office, Tribhuvan International Airport (TIA) reveal that arrival figures in the month of December 2008, compared to the same month last year, have increased by 0.6% to 30,062.

The entire South Asian region has gained overall growth except for arrivals from Sri-Lanka, Bangladesh and Pakistan have registered robust growth of 37% and 23.4% respectively. India the largest market for Nepal, witnessed growth of 1.9% in December.

As compared to 2007, the total visitor arrivals from South Asian Countries registered growth except India.

European Countries such as UK, Germany, the Netherlands, Belgium and Sweden have also maintained the increasing trend in the arrival figures in the month of December 2008, compared to the same month last year.

SAARC

Indian economy to grow at 7.5%

India is set to grow at 7.5% this fiscal despite the global slowdown and can also very well aspire for a 10% growth rate in the long run, according to ICICI Bank chief KV Kamath.

"Now there is a dispute that are we going to grow at 7.5 to 8%, 7%, 7 to 8%. I believe we will grow at 7.5% and we can honestly aspire for 10%," the bank's managing director and CEO KV Kamath said in New Delhi while addressing a function to celebrate the National Consumers' Day.

"We have moved from the mantra of 5% growth to an aspiration of 10% growth," said Kamath, who has been designated to be the chairman of the largest private lender in the country from May 2009.

Kamath noted that the consumer is helping drive the growth. "Who is making it (growth) possible, the consumer is making it possible. Because what you buy is driving growth and what you save is driving growth," he said.

Kamath said if the country grows between 8% and 10%, 10 million more Indians would get jobs and they will raise consumption levels and there by drive growth. "So 10 million youngsters coming into the job market is creating 10 million consumers. And those consumer will drive our economy."

Palm oil imports up in Pakistan

Pakistan has embarked on a spree of buying palm oil in the first quarter of 2009, with shipments expected to surge 40% to 350,000 tonne, as traders exploit cheap prices to make up for poor domestic oilseed output, a top industry official said recently. The South Asian nation the world's forth largest buyer of vegetable oils, usually slows down on its palm oil purchases in the January-March period to about 250,000 tonnes, due to high domestic reserves and strong buying in the previous quarter.

"But the sharp price swings in 2008 that prompted traders to delay purchases mean that these need to be made in 2009 amid initial expectations of a strong cottonseed crop," said Rasheed Janmohammad, vice-chairman, Pakistan Edible Oil Refiners Association. "We are short of soft oils, especially since the cottonseed harvest was dismal and

traders were playing the wait and see game last year," Janmohammad told Reuters from the port city of Karachi.

Private sector credit in Bangladesh

In a bid to ease pressure on inflation, Bangladesh Bank (BB) recently fixed the target of private sector credit growth at 18.5% bringing it down by 6.44% points.

The BB took the decision at a time when different countries have taken steps to increase credit flow amid global financial crisis.

Central Bank Governor Dr. Salehuddin Ahmed recently announced the monetary policy for January to June period and said, "As the Bangladesh economy has not faced large capital inflows or credit crunch amid the ongoing global financial turmoil, there is no need for any blanket economy-wide stimulus."

The BB in its monetary policy statement said private sector credit growth, which was 24.94% in last fiscal year, rose to 26.5% in September 2008 and was brought down to 24.31% in November. There is a plan to bring in down to 18.5% by June, the statement said.

However, target has been fixed to increase public sector credit growth including net government credit by 15.38% point to 27.25% by June 2009. In the last fiscal the growth was 11.87%. In November the public sector credit growth increased to 23.02%.

The BB governor also said, "Specific sectors and their financiers may however face difficulties if the slowdown in global economy hurts our export growth drastically. If and when that happens, the affected sectors will need to be provided with timely monetary and fiscal support as appropriate."

The BB monetary policy conforms to the policy of the new government, Salehuddin said, adding that unnecessary loan would be discouraged to avert in inflationary pressure, and for this monetary tools will be used in such a way that the growth is not affected.

The monetary policy statement said: "BB will continue to support adequate credit growth for activities facilitating production and supply of goods and services, providing refinance against lending in the priority sectors such as SME, agriculture and low-cost housing underserved by the market."

However the central bank will discourage excessive expansion of non-essential consumer credit and similar demand side lending.

Sri Lanka's First Yacht Marine at Galle

The ports Authority of Sri Lanka (SLPA) will construct Sri Lanka's first yacht marine zone at the Galle Port premises at a cost of Rs. 125 million to attract tourism in the area, its sources said.

"The purpose of this new concept was to promote the Galle area as a major tourist designation in the country" said SLPA Deputy Chief Manager Nalin Aponso to the Daily News Business.

He said the government has taken steps to develop all regional ports in the country and this will be the first such initiative. Therefore, they are planning to complete it in one and a half years in two stages. The phase one of the project will cost Rs. 125 million.

This port zone will be able to anchor 43 yachts at once. It will be improved to anchor more than 150 yachts with the construction of the berth following the completion of the phase two of the project, he said.

The phase two of the project is expected to be launched in middle of this year and the estimated would be around Rs. 325 million.

Under the phase two of the project, it will build a shipping yard and a berth at the Port to attract cruises for tourists, he said. The phase two of the project is expected to complete in 24 months.

ASIA

China's economic slowdown is deepening

China's economic slowdown is deepening, with overcapacity in almost all industries, and won't bottom out until after the first quarter of 2009, two senior officials said recently.

The international financial crisis is having a severe domestic impact," Li Yizhong, head of the Ministry of Industry and Information Technology, said at a press briefing in Beijing. "We don't think we've bottomed out yet, and the impact will broaden further in December."

Exports fell for the first time in seven years on last November, imports plunged and manufacturing contracted by records the global recession pushed the world's fourth biggest economy in to a slump.

The slowdown will deepen before a 4 million yuan (\$585 billion) stimulus package kicks in from the second quarter of the year 2009, Liu He, a senior economic policy official, said at a conference in Beijing.

China will support nine industries, including steel, telecommunications and automotive by cutting taxes, offering subsidies for technological upgrades and helping smaller companies yet credit, Li, the industry minister, said.

China's industrial production growth cooled in October to 8.2%, the weakest pace in seven years.

China becomes third largest economy

China has overtaken Germany to become the world's third largest economy earlier than expected, after estimates for the country's gross domestic product (GDP) were revised higher. The National Bureau of Statistics of China reported recently it now believes the Chinese economy grew by 13% in 2007, up from an earlier estimate of 11.9% and China's highest annual growth rate since 1993.

Applying the revision to previous calculations carried out by the World Bank shows that China's gross national income reached \$3.218 trillion in 2007, compared with \$3.197 trillion for Germany.

Economists were already confident that China overtook Germany during 2008, but it now seems that the change occurred in a year earlier. China took fourth place from Britain in 2005, and now has Japan and the US in its sights.

China's rapid economic growth began to tail off last year as the manufacturing powerhouse felt the impact of the woes sweeping the global economy. GDP growth fell to 9% in the third quarter of 2008, down from 10.1% in the second quarter and the fifth straight quarter of slowing growth.

Before this latest revision, analysts had predicted that Chinese economy would grow by around 7.9% in 2009. This compares to the UK where the recession could slice 2% off GDP.

Japan industrial output skids 3.1%

Japanese industrial production dropped sharply in October and manufacturers warned of record falls in coming months, prompting warnings that growing global gloom means Japan's recession will be even deeper and longer.

The bleak news on Japanese factory output may point to a longer and deeper global recession, with the euro zone and US economies also contracting and growth slowing in China. With household spending also sliding Japan is now formally caught up in the financial crisis, with its big exporters such as Toyota and other car makers facing tumbling orders

from key customers in Western markets and increasingly across Asia.

Falling oil prices point to the risk of a return to deflation, although economists are divided on this and whether the Bank of Japan will return to a zero interest rate policy.

Finance minister Shoichi Nakagawa called for more action by the BOJ to deal with the worsening economy.

Exporters have the main engine of growth for Japan's economy but manufacturers forecast their biggest ever quarterly fall in output in the fourth quarter.

WORLD

Global economy to grow at 0.9%

In a sombre report, the World Bank has predicted that global economy will grow by a mere 0.9% in 2009, compared to 2.5% in 2008. This steep decline in growth of global gross domestic product (GDP) will take place because most of the advanced countries are in the grip of recession, with their growth rates projected to go into negative territory next year.

The hope that developing countries will somehow resist the downturn is also shot down by the report, which says that their growth will dip from 7.9% to 4.5% in the year 2009.

The report has a special focus on commodity prices which saw a long period of unprecedented increases between 2003 and 2008 but then have started falling this year. Oil prices climbed 320% and food prices rose 138% in this period. The report says that the boom is over but current prices are still substantially higher than 2003. Food prices are expected to remain 25% higher than the level of 1990's, the report says.

Between 130 million to 155 million people were pushed into poverty by the zooming prices of food items between 2005 and 2007. In 2008, consumers in developing countries had to bear an additional burden of \$680 billion due to the inflated food prices. The World Bank report, called Global Economic Prospects 2009, also foresees a sown turn of 2.1% in world trade in 2009, driven by falling demand and reduced availability of credit. This is the first time since 1982 that world trade is set to shrink. It will affect all countries, says the report.

225000 New York jobs under threat

As many as 225,000 jobs could be lost in New York city and state due to the Wall Street crisis, state comptroller Thomas Di-Napoli has said.

"Total private sector job losses during this two year period could reach 225,000 in New York state, including 175,000 in New York city," Di-Napoli said in a report on the crisis recently.

The report, covering period Oct. 2007 to Oct. 2009 warned that "job losses could be even greater if the downturn is longer and deeper than currently forecast."

The report underlines alarming budget shortfalls facing both New York city Mayor Michael Bloomberg and state Governor David Paterson. Di-Napoli said that both city and state rely so heavily on Wall Street for tax revenues that they might need "federal assistance to navigate these uncharted waters."

The report predicts 48,000 job cut in New York city's financial services sector, 38,000 of them in the securities industry. Before crisis, which has seen collapse of major banks and wiping out of trillions of dollars worth of investments, Wall Street was engine of NY revenues.

Securities industry accounted for just 5% city jobs but 25% of income.

Russian economy plunges

The Russian economy has entered recession, a deputy minister of economic development said recently according to the Inter fax and RIA Novosti news agencies.

"The recession in Russia has begun. There will be two quarters" of economic contraction the minister, Andrei Klepach, was quoted as saying by RIA Novosti.

A recession is defined as at least two consecutive quarters of economic contraction.

Klepach said Russian growth for 2008 would fall short of the previously forecast 6.8%, citing setbacks in industrial production and the wider economy that began in October, along with the full onset of the global financial crisis.

"A major drop began in October and there will also be in November-December," he said, according to RIA Novosti.

The Russian economy has been hit hard by the global economic crisis despite initial claims by officials that it would be an island of stability amid the turmoil.

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