News & News

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nepal

Government honors 33 business leaders as Commercially Important Persons (CIPs)

The government of Nepal recently honored 33 leading exporters, overseas importers and heads of private sector institutions as Commercially Important Persons (CIPs).

Home Minister Krishna Prashad Sitaula, who was also looking after the Ministry of Industry, Commerce and Supplies, conferred the awards and special two-year passes which entitle them to receive special state facilities such as use of the CIP lounge at Tribhuvan International Airport.

Promoters of Cotton Comfort, JD Apparels and Rara Apparels bagged the CIP awards under the readymade garment category. The executive chiefs of Sampling Carpet, Paramount Carpet and Pioneer Carpet, The top three woolen carpet exporting firms, won CIP awards under the woolen carpet category.

Exclusive Fabrics bagged the CIP award under the category of pashmina, while Shree Krishna Oil Refinery received the award for being the largest exporter of vegetable ghee.

Arihanta Multifibers and Dabur Nepal received the honors under the Jute and toiletry categories respectively. Arati Strips was awarded the CIP honor under metal items exports.

The government also conferred representatives of The Gap, Inc, USA, Wal-Mart Stores, Inc, USA, Ludwig Wissenbach GmbH and Peppich Kibek-GmbH, Germany and The Cashmere Co, Uk with CIP awards for being the leading importers of Nepali readymade garments, woolen carpets and pashmina items.

Likewise, promoters of New Himalayan Akash Exports, Krishna Pashmina Art, Asiatic Traders and Exports, Narayani Leather Manufacturing, Yak and Yeti Enterprise and HLK Private Limited were conferred with the CIP award for being the leading exporters under different categories.

Representatives of Plum Traders, Inc, Canada, Leather M Trading, China, Mac McCoy (dZi The Tibet Collection), US, Protolano Products Inc. and Canada and Nature ET Decouvertes were also conferred with CIP awards as important importers.

Chandi Raj Dhakal President: Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Surendra Bir Malakar President: Nepal Chamber of Commerce, Binod Kumar Choudhary President: Confederation of Nepalese Industries, Kiran Prakash Sakha President: Garment Association Nepal (GAN), Kabindra Nath Thakur President: Nepal Carpet Exporters Association and President: Central Carpet Industries Association also received the awards.

GDP growth decelerates

The growth of gross domestic product (GDP) decelerated to 2.5% at producer's price in 2006/07 compared to a growth of 2.8% in 2005/06. Agriculture and non-agriculture production was estimated to grow by 0.7% and 3.6% respectively in the review year. The respective growths were 1.1% and 4.6% in 2005/06, according to the Nepal Rastra Bank.

The decline in the production of food grains on account of a significant decrease in the production of paddy as a consequence of insufficient rainfall at the time of paddy plantation and the decrease in the production of cash crops as a result of fall in the production of potato and oil seeds resulted in a lower growth of agriculture compared to that of the preceding year.

Of the source of GDP, services sector increased by 4.1% on the back of growth of the real estate, rent and commercial services sector and financial inter-mediation sector by 8.6%

Transportation, storage and communication sector witnessed a growth of 8.1% while education sector increased by 5.6%. Mining and quarrying sector and electricity, gas and water sector, which increased by 6.0% and 3.2% respectively, contributed to the growth industrial sector at a low level of 2.2%. Last year services and industries sector had increased by 4.7% and 4.3% respecitively.

The fiscal year 2006/07 was the final year of the Tenth Plan. The Plan had set on optimistic economic growth target of 6.2% and the normal growth target of 4.3%

However the actual average growth remained at 3.4 %, a far less than the targerts normal growth rate during the Plan period. The lower than expected economic growth was on account of less than satisfactory peace and security situation in the country, lower growth of private sector investment, hindrance in supply of goods due to strikes, a low level of capital expenditure by the GON and an adverse weather condition.

Government expenditure rises

Government spending in the first quarter of the current fiscal year has grown by 58.7% compared to the same period last year.

According to a data of Ministry of Finance (MoF), the total government expenditure during the period touched Rs 27.65 billion. The expenditure soared mainly due to a sharp rise in recurrent spending.

Of the total Rs 27.65 billion, Rs. 21.40 billion was expended as recurrent budget, says a press release. The growth in recurrent expenditure has been sharp, said concerned officials. They attributed it to the rise in the salary of civil servants and also to the other administrative costs.

Likewise, capital expenditure, which covers investments made in development activities, totaled Rs. 2.76 billion during the first three months of the current fiscal year. The spending is lower than what the government had projected for the period.

Officials said that unrest in tarai, slow disbursement process and weak implementation of development projects in the other parts of the country amid preparation of constituent assembly polls were the major reasons behind low development spending.

The government also served debt worth Rs. 348 billion during the period, says the release.

Despite unrest, frequent strikes and bandas, the government has registered a healthy growth in revenue collection during the first two months of the current fiscal year.

MoF has said that its revenue mobilization during the period grew by about 19 percent compared to that of the same period last year. According to the release, the government collected revenue worth Rs. 19.25 billion during the period.

The release of MoF further says that the government had disbursed Rs 33.42 billion in total for public spending. Breakdown of this disbursement shows, Rs.25.23 billion was released under recurrent expenditure, Rs. 4.39 billion under development expenditure and Rs. 3.78 billion under principal repayment.

The disbursement was 45.1% higher than that of released amount in the same period last year.

Export trade declines

The overall balance of payments (BOP) recorded a surplus of Rs. 5.88 billion in 2006/07. The current account surplus of Rs. 3.50 billion and the capital and financial account surplus of Rs. 2.38 billion summed the BOP surplus at Rs 5.88 billion.

The BOP surplus was at a higher level of Rs. 25.60 billion in 2005/06. The current account had recorded a surplus of Rs.14.22 billion in 2005/06. Remittance inflows recorded an increase of 2.5% in 2006/07 compared to a significant upsurge of 49.0% in the previous year. However, the increase in remittance in flows was mainly responsible for such a current account surplus, according to Nepal Rastra Bank.

Total exports rose marginally by 0.9% in 2006/07 compared to a growth of 2.6% in the previous year. A number of factors accounted for the deceleration in the growth of exports. Among them, the major ones included the problem in peace and security, frequent bandhs and power shortages.

While exports to India went up by 2.8% in 2006/07 in comparison to a higher growth of 4.6% in 2005/06, exports to other countries declined by 3.1% in comparison to a decrease of 1.4% in the preceding year.

Total imports rose by 10.3% in 2006/07 in comparison to a higher growth of 16.3% in the previous year. Imports from India increased by 9.9% in the review period compared to a significant growth of 20.8% in the previous year. Likewise, imports from other countries rose by 11.0% in the review year in comparison to a growth of 9.6% in the preceding year.

Owing to the higher rate of growth of imports relative to exports, the trade deficit expanded by 15.3% in 2006/07. The trade deficit had widened by 25.1% in 2005/06. Relatively lower rate of growth in imports contributed to the compression in trade deficit compared to that of the preceding year, according to press release issued by the NRB.

Pakistan becomes largest Nepali Tea importer

Pakistan, which started importing, Nepali tea on trial basis some five years ago, has grown into the largest importer of Nepali Tea in the last fiscal year.

The latest report of the Eastern Trade and Export Promotion Center shows that Pakistan imported 75% of the total tea that Nepal exported from the eastern region, the tea production hub of the country.

According to the report, Pakistani consumers have showed their liking to Nepali orthodox as well as cut-twist-curl. (CTC) teas. Pakistan has also provided a dutyfree import quota to Nepali tea in accordance to a bilateral agreement the two governments signed a few years ago. The ETPC report says Nepal exported a total of 473 tons of tea from the region in the last fiscal year. During the year, Nepal had exported a total of 661 tons of tea overseas. In monetary terms, the exports to Pakistan stood at Rs 95 million for the year. Beside Pakistan, Nepal exported tea to Germany, Malaysia, the Czech Republic, the United States and Dubai. Of these major markets, Germany has been importing Nepali tea giving it a special priority.

Tourist arrivals up

Tourist arrivals in Nepal in September this year increased by 27%, up by 6,847 as compared to the figure of the corresponding month of last year.

The American and European markets showed a robust growth of 33.1% and 38.5% respectively, followed by a significant growth from other major tourist generating markets.

The number of tourists from the United Kingdom grew by 32.1% Likewise, arrivals from Germany, Franch, Italy, Spain, Japan and the United States increased by 25.2% 18.6%, 33.6%, 49.1%, 29% and 38.9% respectively. Moreover, Chinese and Korean markets shot up by 158.8% and 98.4% respectively. This is because of the operation of direct flights of Kathmandu from these destinations. But arrivals from India went down.

In the first nine months of 2007, tourist arrivals went up by 32.3%. During the period, a total of 252,407 visitors came to Nepal.

SAARC

India's industrial growth slows

India's industrial growth slowed to 6.4% in September the government said recently, stoking fears that the central bank's tight money policy and a stronger rupee was hurting the broader economy.

The expansion in industrial output compared to out put in the same month last year was down from growth of 10.7% in August this year, and much slower than growth of 12% in September a year ago.

The deceleration cut across most sectors.

The manufacturing sector grew 6.6% in September, down from 12.7% in the same month year earlier, the Commerce and Industry Ministry said in a statement. Electricity generation rose 4.5% in September compared with 11.3% growth a year ago, it said.

Mining output expanded faster, however, rising 6% this September compared with 4.3 % growth in the same month last year, it said. The numbers are provisional and often undergo significant revisions.

Asked if the slowdown was expected to get worse, Finance Minister P. Chidambaram said he would not draw such conclusions from one month's data.

"My own feeling is that both industry and services could record growth rates close to 10% (this year). That means about 83% of the economy is going to grow between 9 and 10 %," he said.

Analysts said a slowdown was expected but that the latest numbers appeared to have overstated it.

Trade deficit in India mounts

India's trade deficit widened in August as companies stepped up imports of oil and machinery to meet demand in the world's second fastest growing major economy. The trade deficit jumped to $6.8 billion from $5 billion in July, the ministry of commerce and industry said in a statement in New Delhi recently. Imports rose 32.6% to $19 billion. Exports in August grew 18.9% to $12.6 billion.

Imports are climbing as General Motors Corp, Honda Motor Co. and other automakers build new factories in India to cash in on the nation's auto demand, while refiners are buying more crude oil to fuel power generation. Exports have been hurt by the fastest gain in the nation's currency in at least 33 years.

Pak economy may face steeper downturn

The growing political instability and cautiousness of investors in the wake of imposition of emergency in Pakistan could adversely impact its economy which has averaged 7% annual growth over the last five years. Noting that the economy has continued to hum despite some of the country's worst unrest in years, leading financial daily the Wall Street Journal said the outlook is no longer rosy now because of uncertainty about foreign aid and investors' growing anxiety.

One of the potential problem, it said, is foreign investors could be more cautious about pumping money into a country that is apparently becoming less stable and more authoritarian.

Bangladesh garment exports down

Bangladesh's garment exports were down nearly a quarter in July as political turmoil and labour unrest wreaked havoc on the sector, which is crucial to the impoverished nation's economy, data showed. Bangladesh exported garments worth 692 million dollars in July, down almost 24% from the same month a year earlier, the Bangladesh Garments Manufacturers and Exporters Association said recently.

"We've had months of political turmoil and labour unrest since the middle of last year, which prompted the top global buyer's to place export orders elsewhere," association president Anwarul Alam Chowdhury Parvez Said. "We couldn't escape it (the slowdown)," Chowdhury told AFP.

For the first seven months of this calendar year, exports totaled 5.17 billion dollars, virtually unchanged from last year's total of 5.11 billion dollars during the same period.

Garment export growth in the January to July period slowed sharply to 1.27% from 16% in the same period in 2006. The sector has been buffeted by labour unrest since mid-2006 over low wages and poor working conditions.

Sri Lanka to boost sugar imports

Sri Lanka, South Asia's biggest sugar importer, may boost purchases next year after the government cut import tax to stem inflation and drough damaged the local crop.

Imports may exceed the government's estimate of 550,000 metric tons for this year, said Chaminda Nawarathne, manager at CW Mackie & Co., The nation's biggest supplier of the sweetener to industrial customers.

Higher purchases may help India, the world's second biggest sugar producer, cut record reserves that have made the sweetener the worst-performing agricultural commodity in the past year. Sri Lanka can save freight by buying from neighbour India than form traditional suppliers in Brazil, Australia and Thailand.

Bangladesh seeks fund to develop gas field

Bangladesh has sought $51 million in funding assistance from the World Bank (WB) to drill a gas field and construct a pipeline, a news report stated. The move is a part of government's effort to find more sources of natural gas since experts have warned that the country's current gas reserves may run out in a decade the business newspaper Financial Express reported.

The field, Samutang, in the country's southeastern region of chittagong was discovered decades ago with proven reserves of about 150 billion cubic feet of gas, it reported, quoting documents of an official agency.

Bangladesh has proven natural gas reserves of up to 425 billion cubic meters. Foreign companies have invested millions of dollars to explore and produce gas alongside the state run company, Petrobangla.

Bhutan's economy grows

The remote Himalayan Kingdom of Bhutan, which is undergoing a historic shift to democracy, logged 8.5% economic growth in 2006, official figures show.

The performance was driven by the power sector which grew by 35% following the partial commissioning of a 1,020 megawatt Tala hydroelectric project, state run news paper Kuensel reported on its website recently.

"The high growth" was mainly due to the completion of Tala which "increased the contribution of the electricity sector to GDP," the nation's chief statistical officer Jamyang Gaylay told Kuensel.

Mining and quarrying expanded by 63%, hotels and restaurants grew by 32.3% while finance, insurance and real estate logged 17% growth.

Inflation was 4.5% for the year. The report provided no year earlier data. Quarterly figures for 2007 were unavailable.

ASIA

China's economy grows 11.5%

China's economy expanded at a blistering pace in the third quarter, the government said recently, even as it declared the immediate overheating risk had receded thanks to a series of control measures.

The world's fourth largest economy grew by 11.5% in the third quarter and the first nine months of 2007, compared with the same periods a year earlier, the National Bureau of Statistics said.

"We have prevented the economy shifting from speedy growth to overheating," Bureau spokesman Li Xiaochao told a briefing. " Bottleneck problems have been eased."

As evidence of a slight slowdown, Li pointed out that economic growth in the second quarter had been 11.9%, while inflation in September was 6.2%, down from 6.5% in August.

However, concerns lingered about possible policy responses to the growth data, with Shanghai stock prices closing the day 4.80% lower as investors worried about monetary tightening.

No matter what the government does, China is all but certain to experience its fourth consecutive year of double digit growth in 2007 and is expected to soon overtake Germany as the world's number three economy.

China to remove few export subsidies

Bowing to American pressure on the eve of high-level talks to reduce economic tensions, China agreed recently to terminate a dozen different subsidies and tax rebates that promote its own exports and discourage imports of steel, wood products, information technology and other goods.

The action mostly affects exports by Chinese companies that have foreign investors or are joint ventures with foreign companies. Nearly 60% of Chinese exports are produced by these businesses. Also affected were tax breaks that China gives its own companies if they do not import goods themselves.

Malaysia to maintain growth forecast

Malaysia is sticking to its forecast of 6% growth for the economy in 2007 and 6 to 6.5% next year even as oil prices surge, a Cabinet minister said.

Rising oil price help and hurt Malaysia. As a net exporter of crude oil, the country stands to gain 250 million ringgit (US$71 million; euro49 million) for every US$1 (euro0.7) rise in prices, said Scond Finanace Minister Nor Mohamed Yakcop.

At the same time, the government will have to pay higher subsidies for retail fuel.

But the net effect is a positive gain, he said.

"In the immediate term, there is no impact on our 2007 forecast of 6%," Nor Mohamed told reporters.

He said he is confident that the 2008 growth target could also be achived as the government had forecast a range of 6-6.5% to factor in uncertainties such as high oil prices.

Malaysia heavily subsidized fuel prices, which are among the lowest in South east Asia. It last raised prices in February 2006, which prompted a series of public protests.

Singapore growth seen slowing

Singapore's economic growth, tipped at 7.0-8.0% in 2007, is expected to slowdown next year reflecting a weaker US economy the central bank said recently.

The Monetary Authority of Singapore (MAS) said in it's semi-annual review economic growth in 2008 is projected at 4.0-6.0%.

"the outlook for next year is more uncertain, as it hinges on the severity of the weakness in the US housing sector," the MAS said.

Vietnam economy grows

Vietnam said recently its economy had grown by more than 8% so far in 2007, which counted as its best performance for nearly 10 years.

The economy had expanded by 8.16% over the first nine months of the year, the highest rate compared with similar periods since 1998, an official said.

If growth over the rest of 2007 was more than 9%, then economic expansion over the year "would be at 8.4 and 8.5%, reaching the set target," Do Manh Hung the General Statistics Office's chief, said in a statement.

Vietnam has set an economic growth target of 8.2% to 8.5% this year compared with 8.2% last year. Consumer prices rose by 7.5% over the nine month period.

WORLD

US economy is robust; dollar will be stronger

US president George W. Bush predicted in an interview recently that the battered US dollar will get stronger because the US economy is robust.

"It people would look at the strength of our economy, they'd realize why, you know, I believe that the dollar will be stronger." Bush told the Fox Business Network.

"We have a strong dollar policy, and it's important for the world to know that. We also believe it's important for the market to set the value of the dollar relative to other currencies," the president said.

Bush cited low US inflation figures, modest interest rates, job growth, and gross domestic product growth and declared "the underpinnings are strong,"

Asked whether he was satisfied with current exchange rates, Bush replied, " I am satisfied with the fact that we have a strong dollar policy and know that the market ought to be setting the exchange rate."

British economy shows symptoms of slowdown

Evidence is mounting that the credit crunch and higher borrowing costs are damaging Britain's economy, with surveys recently showing service sector growth at a four year low and the manufacturing recovery faltering.

Fears have grown in recent months that the global lending squeeze which forced the first run on a British bank in more than 140 years will strangle economic growth and could even have direr consequences. The US federal Reserve has slashed borrowing costs by 75 basis points to 4.5% since the onslaughter of the credit turmoil to help shore up the world's biggest economy but the Bank of England has held rates steady at 5.75% . Economists believe the BoE's softly-softly approach is unlikely to last much longer. A no-change decision at its policy meeting is no longer a sure bet and money markets are priching in at least two rate cuts by the end of 2008.

Economic confidence in Europe falls

Confidence in the European economy worsened more than expected in October amid growing signs a recovery is losing pace, a European Union survey released recently showed.

The European Commission's euro zone economic sentiment indicator retreated in October to 105.9 points in the single currency bloc from 106.9 in September and against economists' expectations for 106.5.

The outlook also darkened in the broader 27 member European Union, where the indicator slumped to 109.5 points in October from 110.6 in September, the EU's executive arm said.

Although the growing pessimism was widespread confidence was only slightly weaker in regional powerhouses Germany and Italy and even improved marginally in France.

A separate euro zone business climate indicator from the European Commission also worsened, dropping to 0.87 points in October from 1.08 points in September.

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BUSINESS OPPORTUNITIES

Following Business Opportunities have been received in the Federation of Nepalese Chambers of Commerce & Industry (FNCCI). Interested Parties may contact with parties concerned.

IMPORT

1. **Aslan Hargoli**
   CFR Bandar Abbas, Iran.
   Mobile: 0098-914-301-8755
· *Wet Blue Chrome Tanned Buffalo hides*

2. **Federation of West African Chambers of Commerce & Industry Republlc of Beni Lot 586 Zone Des Ambassade, 03**
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   Tel: +229 939 38421,
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   E-mail: fwaccl@africamall.com; fwaccl@gmall.com
· *All kinds of exportable products*

JOINT VENTURE

3. **Oswal Knit India Limited Oswal Road, Industrial Area 'A',**
   Ludhiana - 141 003, Punjab State - INDIA
   Tel Nos. 0091 161 2224201 to 209
   Fax No. 0091 161 2224212
   Mob No. 0091-9814900576
· *Looking for an associate partner in Nepal for opening up an exclusive retail store of "Pringle" brand premium quality winter wears in Kathmandu.*

4. **Lianshen Equipment & Supplies Singapore**
   Contact Person: Teddy Wong
   Email: lianshen@singnet.com.sg
· *Looking for an associate partner in Nepal for opening up an organic fertilizers plant*

5. **Nirvana Bangladesh C/o Shoe Marketing Co.**
   Darling Point Super Market
   125, Elephant Road, Dhaka- 1205 Bangladesh
   Mobile: 0088 01819498802
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· *Offering investment proposal on the sector of jute, leather and agro-processing industry in Bangladesh*

EXPORT

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· *GECA 28-2006 - "Furniture and Fittings" standard*

2. **Shruti Natural Products**
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7. **Bangladesh Indenting Agent's Association**
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   E-mail: biaa@msnbd.net
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· *Indenting business; representing overseas manufacturers/exporters in Bangladesh*

8. **Ansab Impex"**
   Sialkot - Pakistan
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   Tel: - 0092-523-556461
   Wireless: - 0092-52-6908388
   Web site: - www.ansabimpex.com
· *Balls & GK gloves*

9. **Azam international**
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   Ph 92+51+5537073, 5774453
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· *Crushing and Mining Machinery Jaw Crusher, Hammer Crusher, Coal and powder Crusher, Conveyers, Screen and Air Compressor and specially Mobile Jaw Crusher*

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