Nepal's GDP growth slowed to 1.9%: WB

The World Bank has stated that Nepal's GDP growth slowed to 1.9% in the year 2006.

The growth of economic activity in 2006 is estimated to have slowed down in Nepal because of the intensified conflict, a weather-related decline in agricultural production and a decline in clothing, says World Bank.

As per the WB's announcement on December 2006, GDP growth as a whole in South Asia is estimated to have expanded at a very rapid pace of 8.2 per cent in 2006, despite Nepal's slowing growth. India has topped in GDP growth among SAARC member countries, which is estimated at 8.7 per cent, backed by non-agricultural growth in excess of 10 per cent, according to WB.

Similarly, output in Pakistan is estimated to have slowed from 7.8 per cent to 6.6 per cent, following a return to a more normal agricultural production in the wake of a bumper harvest in 2005.

In Bangladesh, growth rebounded to 6.7 per cent owning to stronger remittance inflows, vibrant services and manufacturing sector output and the waning impact on agricultural output of last year's floods.

In Sri Lanka, growth picked up to an estimated seven per cent, thanks to a good harvest, and post tsunami recovery and reconstruction activity.

Strong growth in the South Asia region is fuelled by economic reforms that have promoted private sector-led growth, sound macro management and greater integration with the global economy, Shantayanan Devarajan, WB's Chief Economist for South Asia was quoted as saying.

“But the region faces several risks. Unless policymakers act early and decisively to control rising macro-economic imbalances, inflation outturns will be higher, current account deficits larger and subsequent slowdown more pronounced.”
News & News

Garment exports decrease

The export of readymade garment to US has decreased in the month of November by 16 per cent, making it fifth consecutive month presenting downward trend. Garment Association Nepal has said the export of the product to Canada has also decreased by 11 percent.

The November, Nepal exported garment worth US$ 1,956,000 to US, whereas, it had exported the product worth US$ 2,325,000 to the destination, within same period of last year.

Nepal has exported the product worth US$ 44,366,000 up to the month of November, within the period of 11 months in current fiscal year to US.

Similarly, Nepal exported garment worth US$ 170,638 to Canada in the month of November, whereas, it had exported the product worth US$ 192,000 to the destination, within same period of last year.

Nepal has exported the product worth US$ 1,261,894 up to the month of November, within the period of 11 months in the current fiscal year to Canada.

Nepal, Israel sign air service deal

Israeli Ambassador, Dan Stav and Madhav Prasad Ghiwire, secretary at the Ministry of Culture, Tourism and Civil Aviation signed an Air Services Agreement between Nepal and Israel.

According to a press release both the countries have entitled top designate airline to operate air services between Nepal and Israel, four passenger and three cargo flights per week.

Nepal has been one of the popular destinations for Israeli tourists and around 7,000 Israelis visit the country annually. So the direct flights between the two countries would encourage boost bilateral visits.

The agreement opens avenues for future activities for the private sectors of both countries in the area of trade, tourism and aviation. It is also hoped that they would explore the new areas of economic cooperation for mutual benefit.

The agreement was initiated earlier on November 19, 2002 by the representatives of the two government to facilitate their operation of air services.

Nepal ranked 110 by WEF

World Economic Forum (WEF), which included Nepal for the first time in its economic rating, has ranked the country in the 110th position in the global competitiveness index (GCI) among 125 countries.

The GCI is a WEF developed indicator, which deals with the set of institutions, policies and factors that set sustainable current and medium level economic prosperity, and not about country's share in the global market.

"Nepal falls under the economies, which are at the preliminary state of development in terms of competitiveness, and its competitive edge depends on prices rather than economic efficiency and innovation," said Dr Jennifer Blanke of WEF, Geneva.

WEF in collaboration with Centre for Economic Development and Administration (CEDA) unveiled the report Global Competitiveness Report 2006/07 in Kathmandu recently.

The report shows that Nepal is least competitive among countries of South Asia, Bangladesh ranked 99th being the second least competitive country in the region.

The report places India (43rd rank) as the most competitive South Asian economy and more competitive than China (54th).

As for Nepal, the report reads that the country's macroeconomic environment is the greatest strength as it has relatively higher national savings than other countries.

"Its greatest weaknesses are infrastructure (ranked 122nd among 125 countries) due to underdeveloped transportation infrastructure, electricity supply and other business supporting services," said Blanke.

The report notes institutional environment as an area of concern, with public trust of politicians remaining low and business cost of terrorism being the highest among 125 countries.

While the report cites goods market efficiency as Nepal's main strength, it seeks the country to focus more on higher education and training. "Nepal is not harnessing new technology for productivity improvement, and innovation is low in the country," states the report.

Moreover, it says that the companies in Nepal are not characterized by sophistication, and are placed low on global value chain.

According to the report, Switzerland is the most competitive country in the world followed by Finland, Sweden and Denmark. Likewise, Singapore, US and Japan are ranked 5th, 6th and 7th most competitive economies in the world.

Tourism Master Plan soon

The government is going to introduce Nepal Tourism Master Plan, 2006 aimed at maintaining regional balance and alleviating poverty by developing Nepal as a destination of natural beauty and quality tourism facilities.

The 15-year Master Plan, targeted to be completed by 2020, stresses the integrated development of tourism by utilising the historical, cultural, religions and archaeological heritages of the country.

The participants of a discussions programme on the draft of the Master Plan organised at the Ministry of Culture, Tourism and Civil Aviation recently stressed the need of marketing and product diversification for sustainable tourism development.

The Master Plan has projected that the total tourist arrivals which were 375,398 in 2005 would reach the minimum of 517,982 by 2010, to 525,702 in the mid-term period and to a maximum of 545,622. It is expected that the figures would reach to 606,659, to 690, 690 and 793, 281 respectively by 2015. Similarly, the figures would reach to 710, 518 to 1,297,526 and 1,595,572 respectively by 2020.

It is estimated that 24.6 per cent of total tourists coming to Nepal in 2020 would come for the purpose of spending holidays, 29.5 per cent for trekking and mountainneering, 19.8 per cent for pilgrimage, 7.2 percent for business, 5.4 per cent for other purposes.

At present, 42.7 per cent of the total tourists come on holidays, 16.4 per cent for trekking and mountainneering, 12.7 per cent for pilgrimage, 5.9 per cent for business purpose, and 4.5 per cent for government works 18 per cent for other purposes.

The Master Plan has suggested constituting Tourism Committees at the local and the district levels, upgrading of the airports, exploring and strengthening of new tourism routes and increasing the access to information, sanitation, electrification and alternative energy.

Tourists inflow by air increases

Visitors' inflow to Nepal by air for the month of November 2006 recorded to the same period last year.

Indian visitors' number increased by 1.5%, while the arrivals from rest of the world contributed the remaining growth. This was stated in the figures released by the Ministry of Culture, Tourism and Civil Aviation quoting immigration Office, Tribhuvan International Airport.

Out of 29, 407 visitors entering Nepal during November, the major market segments for the month were Indians (23%), Japanese (11%), British (8%), Americans (6.8%) and Germans (5.9%).

Tourism is gaining momentum in Nepal as witnessed not only from the increased arrival figures but also with the establishment of peace and stability in the destination. Travel trade sources in Nepal predict that with the signing of peace accord and a way forward for permanent peace and settlement, there will be encouraging increase in booking for next month as well as next season.

SAARC

India’s growth forecast raised to 8.6 percent

Indian economy's buoyant performance in the first half of the current fiscal has led the Confederation of Indian Industry (CII) to raise its growth forecast to 8.6 per cent from
eight per cent projected earlier and the growth prospects will be largely insulated from the current global slowdown.

In its latest State of the Economy (SoE) quarterly bulletin issued recently, the leading Industry lobby has stated that India recording 9.1 per cent economic growth in the first half of 2006-07 has "set the stage for GDP crossing 8.6 per cent growth mark for the current fiscal." CII has pointed out that industry and services sector have both grown much faster than expected in the first two quarters.

During the first half (H1) of 2006-07 fiscal, industry recorded a growth of 10.3 per cent while services grew by 10.9 per cent. In both cases the growth was higher than corresponding performance of 7.8 per cent and 10.3 per cent, respectively, in the previous year.

**India's economy to boom more slowly**

India's economy will continue to boom in 2007 but analysts say demand will slow as its central bank hikes interest rates to curtail consumer spending and higher prices.

India's one-billion-plus population are buying more cars, phones, homes and goods than ever before and its companies have expanded quickly to meet demand domestically and to tap overseas business through acquisitions.

But the pace of domestic demand has surprised the government and the central bank, which have moved quickly to quell a rise in the general level of prices caused in part by higher food and raw material costs.

**Pakistan sells 10% oil first stake**

The Pakistani government said recently it has sold a 10 percent stake in the country's biggest oil company, Oil and Gas Development Co., to international investors for US$ 813 million in a deal it said highlighted global confidence in the country.

Some 95 per cent of the stake was bought by institutional investors from the United States, Britain, Asia and the Middle East, the country's Privatization Commission said in a release. Pakistani investors bought the remainder.

Oil and Gas Development is the biggest player in Pakistan's oil and gas sector and the largest company, by market value, on the country's Karachi Stock Exchange 100 index.

Its privatization marks a milestone of economic reform in South Asia, where Pakistan and India have deregulated in recent years to trans from themselves into darlings of foreign investment.

**Bangladesh revises growth forecast**

Bangladesh's central bank recently revised up its forecast for economic growth this fiscal year to as much as 7.1 per cent as manufacturing and services boomed despite frequent nationwide strikes.

The economy of the impoverished delta nation of 140 million people for the year ending on June 30 is expected to expand in the range between 6.6 per cent and 7.1 per cent, the Bangladesh Bank, the central bank, said in its mid-year monetary policy review.

The new forecast topped a July estimate of 6.5 to 6.8 per cent that came ahead of almost daily strikes from September to December by opposition parties calling for electoral reform.

Last fiscal year, the economy grew a record 6.71 per cent. The central bank said the upward revision came as the mainstay of the country, textiles, showed strong export growth and Bangladeshi workers abroad sent home more of their earnings.

Bangladesh's textile exports rose more than 30 per cent in the first three months of this fiscal year, compared to the same period a year ago, the central bank said.

**ADB loan for Sri Lanka**

A water supply project for tsunami - devastated Sri Lanka is to get an extra $60 million loan from the ADB after project costs doubled initial estimates. "Without additional loans, the project would be unable to meet its objectives," ADB urban development specialist Tatiana Lizon said. The package included a $46.5 million soft loan and a $13.5 million loan at commercial rates.

**China to be second largest car seller in world**

Chinese car sales are expected to top 7 million vehicles in 2006, the world's second biggest following the United States, state-run media reported recently.

The People's Daily also said that the number of cars to be sold in the domestic market is expected to exceed 10 million in 210.

"The fast-paced growth in the automobile market is making almost all multinational companies to place their focus on China," the report said. As a reflection of the interest in the Chinese market, a total of about 1,500 companies from over 20 countries and regions participated in a recent motor show in Beijing, the paper said.

**Japan projects real 2.08 growth**

Japan's economy is forecast to grow a real 2.0 per cent in fiscal 2007 for the sixth consecutive year of expansion, with strength in the corporate sector expected to spill over into the household sector, the government said recently.

The government, however, cut its growth projection for fiscal 2006, which ends next March, to a real 1.9 per cent from the earlier projection of 2.1 per cent due to weak personal consumption.

On a nominal basis before adjustment for inflation, Japan's economy, measured by gross domestic product, is expected to grow 2.2 per cent in fiscal 2007, according to the government's economic outlook report endorsed at a Cabinet meeting.

The projected growth rates will serve as a policy target for the government in fiscal 2007.

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(Dec - 2006/Jan-2007)
Japan's current surplus grows

Japan's current account surplus expanded 5.2 per cent in October from a year earlier to 1,514.6 billion yen for the fourth straight month of increase as a surge in the income account more than offset a shrinkage in the trade surplus, the Finance Ministry said recently.

The surplus in goods and services trade narrowed 36.0 per cent to 419.9 billion yen for the first fall in three months, the ministry said in a preliminary report.

The surplus in merchandise trade skidded 18.9 percent to 756.2 billion yen, also for the first drop in three months.

By contrast, the income surplus, the net income from Japanese investments overseas, jumped 36.3 per cent to 1,179.8 billion yen, up for the 22nd month in a row, as interest income and stock dividends from Japanese investments overseas increased, a ministry official said.

The size of the income account surplus surpassed that of the merchandise trade surplus for the fourth consecutive month. Observers say this structural change suggests that the Japanese economy has matured, depending more on returns from overseas investments than earnings from exports.

Takju Aida, chief economist at Barclays Capital Japan Ltd., said recent falls in crude oil prices are expected to deflate the value of the imports, while a surplus in the current account will likely keep rising partly helped by the weak yen against the U.S. dollar.

Korea's economic growth revised

South Korea's economy grew a revised 1.1 per cent in the third quarter from the previous three months, faster than the 0.9 per cent estimated by the Bank of Korea in late October, the central bank said recently.

Gross domestic product expanded 4.8 per cent in the three months ended Sept. 30, compared with the earlier estimate of 4.6 per cent.

The central bank attributed the increase in GDP growth to improved performance in the manufacturing, construction and service sectors.

South Korea's full-year economic growth may turn out better than the central bank's existing forecast, a Bank of Korea official said.

"There is a possibility that the GDP could outpace the 5 per cent growth target," Ahn Kil-hyo, head of the national income team at the BOK's economic statistics department, said after the BOK released revised third-quarter growth numbers.

WORLD

US revises GDP growth

The US economy held up better than expected in the third quarter, expanding at a 2.2 per cent pace, according to a new official estimate recently that supports the notion of a "soft landing".

The Commerce Department figure compared with October's estimate of a 1.6 per growth pace over July-September, and was stronger than the average Wall Street estimate of 1.8 per cent growth.

It was, however, the weakest growth pace since late 2005, and a deceleration from the second quarter's 2.6 per cent growth rate for gross domestic product (GDP). But analysts said the report offered further evidence of the "soft landing" hoped for the US economy as a result of 17 interest rate hikes by the Federal Reserve aimed at cooling inflation.

Australian economy grows at slowest rate

Australia's economy grew just 0.3 per cent in the third quarter from the previous quarter, the slowest rate in more drought and a dropoff in business investment, the government said recently.

The sluggish growth suggests that two interest rate increases earlier this year are already biting into the economy before the central bank raised the official cash rate another quarter percentage point to 6.25 per cent in November, in a bid to keep the inflation rate below 3 per cent.

Reserve Bank of Australia said recently its board had decided at its latest monthly meeting to keep interest rates on hold.

Economists had forecast 0.5 per cent growth in the third quarter. Compared to the same quarter a year ago, gross domestic product rose 2.2 per cent.

Crop production fell by more than a third in the July-September quarter as the worst drought in a century, some say 1,000 years, struck a third in the July-September quarter as the worst

drought in a century, some say 1,000 years, struck a third of the nation's agricultural land in over a century, some say 1,000 years,

The Commerce Department reported recently that the current account deficit increased 3.9 per cent to a record $225.6 billion (euro 172.3 billion) in the July-September quarter. That represented 6.8 per cent of the total economy, up from 6.6 per cent of the gross domestic product in the spring quarter.

The current account is the broadest measure of trade because it tracks not only the flow of goods and services across borders but also investment flows. The figure is closely watched by economists because it represents the amount of money that must be borrowed from foreigners to make up the difference between what America imports and what it sells overseas.

The current account deficit is expected to hit a new record for the full year, far surpassing last year's $791.5 billion (euro604.4 billion) imbalance even though the shortfall for the fourth quarter is likely to show an improvement, reflecting the drop in oil prices after hitting records this summer.

"Lower oil prices, robust export growth and some cooling in import growth should bring the deficit down, beginning in the fourth quarter," said Nigel Gault, an economist with Global Insight, a private forecasting firm.

He predicted the deficit would average around $866 billion (euro661.3 billion) in 2006 but shrink to $816 billion (euro623.14 billion) next year.
Following Business Opportunities have been received in the Federation of Nepalese Chambers of Commerce & Industry (FNCCI). Interested Parties may contact with parties concerned.

**EXPORT**

1. Great Arain surgical co.
   Propi Araiyan P/O Khrota syedian
   Sialkot Pakistan.
   Tel: 92 52 4290608
   Email: info@greatarain.com
   Web page: www.greatarain.com
   - A Surgical/Dental Instruments Scalpels & Knives
   - Scissors of all sorts as well as Beauty Instruments.

2. Lal Dried Nuts Ltd.
   Yzmit / Kocaeli / Turkey
   Tel: +90 505 821 25 19
   Fax: +90 262 335 47 78
   Email: bilgi@lalaritma.com
   - Hazelnuts in three parts; Broken, Roasted, Puree hazelnuts, sunflower seed-Poured seed and Package seed

3. Al-Hatim Impex
   Mr-2/43, Marriott Road,
   Karachi-74000 Pakistan
   Tel: 92-21-2433867, 21-2437614, Fax: 92-21-2413827
   Mobile: 92-300-9223490
   Email: alhatim@cyber.net.pk
   - Products - Thread lockers, Thread Sealants, Gasket and Sealing, Retaining and Super Bonders

5. Creative and Marketing Suppliers.
   Min Bhawan, New Baneshwor, Kathmandu, Nepal
   Tel: 09977-1-4465817, 2011933.
   Cell: 09977 9851096496, 9803046608, 9841201778.
   Fax:09977-1-4460268.
   E-mail: packaging@info.com np sarita_bhandari67@yahoo.com

6. Bharatkumar & Company
   Mumbai, India
   Tel: 91 22 6639794/67438150
   Fax: 91 22 22428479
   Email: pravin@bharatkumar.in
   Website: www.bharatkumar.in
   - Stainless Plaates, Pipes, Pipe Fittings, Round Rod, Wires and Welding Electrodes.

7. Musaed Bader Al-Sayer Gen. Trading, Graphics Division
   Dubai (United Arab Emirates)
   Tel : 00971 4 2693304
   Fax: 00971 4 2684006
   Mob: 00971 50 3521093
   E-mail: ansarda@mbs-group.net
   - Complete solution (machines, consumables and spare parts) for the printing industry

9. Imran Dent mirror Company
   23 C, Small Industries Estate
   Sialkot 51310, Pakistan.
   Web page: www.idcinstruments.com
   - Dental Instruments, Surgical Instruments and Manicure, Pedicure Instruments

10. FahimUddin Cotton Industries
    Add: Plot # 89 Sector 27, Korangi Industrial Area,
    Karachi, Pakistan – 74900
    Tel: + 92 21 5061399
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    Mob: + 92 300 7000578
    E-mail: fahimuddincottonind@cyber.net.pk
    URL: www.fahimuddincottonind.com
    - Terry Towels, Wash Cloth, Hand Towel, Bath Mats, Bath Robes, Bar mops, Terry Toweling Fabric etc

11. Food and Beverage, Minerals Water Plants and Raw Materials & Chemicals etc.

12. JSC “Volzhsky Himkompleks”
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    Fax: 7-8443-5888-43; 7-8443-58-88-44
    E-mail: vh1999@mail.ru
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    - Asbestos goods, tyres, Products of organic synthesis, manmade fiber and fabrics, Pipes, abrasive goods, Bearings, general mechanical rubber goods, latex goods etc.

13. Scharck Energietechnik GmbH
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**JOINT VENTURE**

14. Pakistan Export Corporation, Progressive Plaza, M.T. Khan Road, Karachi-Pakistan
    Tel. No: ++92-21- 5221278-9
    Cell Phone: ++ 92 -300-8264667
    E-mail: t_tariq sayeed@yahoo.com.
    - Offering Joint venture collaboration with Pakistani companies in the sector of supplying turbines and other equipments, equipments to produce electricity from waste material and garbage offering Biotechnology & related equipments, Solar Cells, modules and other equipments for installation of Solar Energy Projects, turbines and other equipments for installation of windmill energy project.