Debt waiver needed to achieve MDGs

UN official asks for political consensus also

STAR BUSINESS REPORT

A strong voice should be raised by common masses, political leaders and policy makers to put pressure on the donors community so that they waive Bangladesh's loan liability, speakers at a campaign launching ceremony said yesterday.

If the foreign loans are not waived, the millennium development goals (MDG) of the United Nations cannot be achieved in the country, they argued.

"The reality about foreign loans here is: if anyone is given Tk 100 in one hand, Tk 150 is taken back by other hand," Salil Shetty, director, Millennium Campaign, United Nations, said addressing the launching of the international campaign on 'Bangladesh Debt Write-off: Implementation of MDGs' held at the National Press Club.

Supro (Campaign for Good Governance) organised the function in association with Jubilee Netherlands and German Debt Cancellation Coalition.

Shetty urged the people to work together for raising voice against conditionalities of the foreign loans.

Rezaul Karim Chowdhury, secretary, Supro, presented the keynote paper mentioning that until May 2006, each Bangladeshi citizen has a liability of Tk 11000 foreign loan.

He said the accumulated foreign loan of the country stood at US\$20.3 billion in 2004 while the country has been paying back \$710 million every year on an average since 2000.

Chowdhury suggested putting in place a mechanism to ensure that funds released by debt relief would benefit the poor.

He said when 70 million people, half of the country's population, are still living in poverty, half of the children below the age of five suffer from hunger, only two thirds of the children go to school and 56 percent of the children aged 6-10 complete their primary education, then the loan liability is irrational.

Shoaib Siddique, country director, Action Aid, Monoranjan Shill Gopal, former member of parliament and Sabbir bin Shams of APIT and Abdul Awal of Noakhali Rural Development Society also spoke on the occasion.

In a separate function, speakers said in perusing the targets of Millennium Development Goals (MDGs) Bangladesh could not achieve the goals in many areas so far.

However, it is still possible to achieve the targets if proper financial and policy support is given, they told the 'meet the press programme' on 'Achieving MDGs and Eradicating Poverty: Bangladesh Context' in Dhaka.

Campaign for Popular Education (CAMPE), People's Forum on MDGs (PFM) Bangladesh and GCAP South Asia Regional Secretariat jointly organised the programme to mark the visit of Salil Shetty, director of UN Millennium Campaign, to Bangladesh.

All the major political parties must reach a consensus on MDGs and the government has to provide budgetary allocation for achieving the MDG targets, said Professor Muzaffer Ahmed, Trustee Board chairman of Transparency International Bangladesh (TIB).

The MDGs were set in 2000 and the gaols are supposed to be achieved by 2015.

Shetty said Bangladesh has enormous potential of economic development in next eight to ten years but to achieve the goals political consensus is a must. He also said widespread corruption is a threat to achieving the goals.

The targets of MDGs include halving extreme poverty and hunger, promoting universal primary education, gender equality and women empowerment, reducing child mortality, improving maternal health, ensuring environmental sustainability and developing partnership for global development.

In a bid to halve poverty by 2015, Bangladesh requires reducing poverty by two percentages while the present rate is mere 0.52 percent per year. Thus, if the poverty is reduced at the current pace, it would require about 81 years to achieve the first target of MDGs, a review of MDG progress revealed.

The target has been fixed to achieve primary education for all children, although some 3.5 million children aged between six and 10 are still not enrolled, said the paper, jointly prepared by the government of Bangladesh and UN country team in Bangladesh.

"If we want to see every children complete primary level by 2015 we have to ensure the enrolment of all children in primary schools by 2010," Rasheda K Choudhury, convenor of People's Forum on MDGs, said.

Bangladesh-born Siddiqi named MD at Barclays Capital

UNB, Dhaka

Bangladesh-born Lutfey Siddiqi has been named managing director at Barclays Capital, the investment banking arm of Barclays Bank.

Currently based in Singapore, Siddiqi is regional head of Risk Advisory and Corporate Foreign Exchange for Asia-Pacific at the British bank. Concurrently, he is a part-time postgraduate lecturer at the National University of Singapore.

Previously, Lutfey was Global Head of FX Structuring at Barclays London and prior to that, a director at Deutsche bank. He is an alumnus of the London School of Economics, University of York, Atlantic College in the UK and Scholastica in Dhaka.

Siddiqi is the son of former secretary and IGP AYBI Siddiqi.

Air India changes schedule

Anticipating probable flight disruptions due to fog in New Delhi, Air India will fly from Mumbai to Dhaka instead of New Delhi to Dhaka between December 23, 2006 and February 5, 2007, says a press release.

The flights will take off from Mumbai at 6:15am and arrive in Dhaka at 9:30am on Tuesdays, Thursdays and Saturdays.

However, Air India will continue to fly directly from Dhaka to New Delhi on Wednesdays, Fridays and Sundays, departing Dhaka at 4:30pm and arriving into New Delhi at 6:30pm. The flight will then continue onwards to Mumbai and reach Mumbai at 9:25pm.

Meanwhile, the non-stop flight from New Delhi to Dhaka will resume on February 7, 2007 as per the original schedule, departing New Delhi at 7:00am and arriving in Dhaka at 930am.

Citibank holds workshop on uniform customs and practices

Citibank NA Bangladesh organised a workshop on "UCP 600-What's Waiting" on Tuesday, says a press release.

The objective of this workshop was to disseminate among the banks the changes that will come into effect with the introduction of UCP (Uniform Customs and Practices) 600 in 2007.

Mahbubur Rahman, president of International Chamber of Commerce-Bangladesh, inaugurated the workshop. Mamun Rashid, Citigroup Country Officer - Bangladesh, was also present.

While sharing his views with the participant bankers, Mahbubur Rahman stressed the need for proper awareness of changes that will take place with the introduction of UCP 600.

Moinul Huq, trade product & GSS manager of Citibank Bangladesh, conducted the workshop.

Saudi posts \$70b budget surplus

AFP, Riyadh

Oil powerhouse Saudi Arabia said on Monday it will post a record budget surplus of 70 billion dollars in 2006 on the back of high crude prices and announced a budget plan for 2007 forecasting a much smaller surplus of 5.3 billion dollars.

During a meeting chaired by King Abdullah, the cabinet approved the 2007 budget projecting spending of 380 billion riyals (101.3 billion dollars) and revenues of 400 billion riyals (106.6 billion dollars), the state SPA news agency reported.

Projected expenditure "is the highest ever in the kingdom," Abdullah said.

Around 140 billion riyals (37.3 billion dollars) have been earmarked for education, health and other projects aimed at "achieving balanced development in various regions" of the vast desert kingdom, the monarch said.

The Saudi government had projected a surplus of 14.7 billion dollars in 2006 when it passed the year's budget.

Infrastructure investment key to high growth

Says ADB country director

STAR BUSINESS REPORT

The country director of Asian Development Bank (ADB) yesterday reiterated that Bangladesh is strongly in need of investment for its infrastructure development, which, she described as prerequisite to a significant economic growth in near future.

"If Bangladesh is to reach an average annual GDP (gross domestic product) growth of 8 percent over the medium-term, investment must rise to more than 28 percent of GDP from the present 25 percent of GDP," said Hua Du.

She was speaking at a seminar on 'Awareness Creation on Private Sector Infrastructure Guidelines'.

The Federation of Bangladesh Chambers and Commerce and Industry (FBCCI) in association with Infrastructure Investment Facilitation Center (IIFC) organised the seminar at FBCCI conference room.

Presided over by FBCCI President Mir Nasir Hossain, the meeting was attended by Nazrul Islam, executive director and chief executive officer, and Md Bazlul Kadir, manager (Transaction) of IIFC, and Chowdhury Md Feroz Alam, joint director of Bangladesh Bank.

The ADB top official in Dhaka further said infrastructure in this country is grossly inadequate compared to other competing countries and has been identified as one of the critical reasons for constraining rapid economic growth.

Seeing tremendous prospects and potentials for Bangladesh, she said, "Over \$1000 per capita income and bringing down poverty level to below 25 percent are achievable in near future. But the country needs to upgrade its infrastructure, improve governance and undertake critical reforms".

Hua Du in her written speech said over the past decades, there has been underinvestment in infrastructure assets by the government, while private sector investment in infrastructure has also been found limited.

She suggested that a strong public-private partnership can bridge such a gap to gain higher economic growth aiming to reduce poverty rapidly.

She, however, mentioned that the government of Bangladesh has initiated new policies to foster private sector participation in infrastructure development.

"In Bangladesh, there are infrastructure deficiencies, practically in all sub-sectors. Chronic underinvestment in infrastructure, with the infrastructure stock per capita growing at only 1.2 annually, results in a tremendous over-hang of unmet infrastructure demand, she continued.

Citing an example, she said power sector alone needs investments of about \$15billion by 2020. Requirements in sectors like gas, ports, roads, railway, ICT and water supply and sanitation are of a similar size, she added.

"Unless the infrastructure development is accelerated, it will be difficult for Bangladesh to boost competitiveness, to build regional trade linkage, to diversify new sources of growth and to attract much-needed foreign investment," she said.

Public investments are and will remain the most important source of financing, Hua Du said, but public funds are under serious strain.

The government, on its own, cannot achieve the levels of investment needed to support continued rapid growth, she observed.

"So, private sector participation, including foreign investment, is needed to meet these enormous needs," she added.

The FBCCI president said capacity building facility for infrastructure development by private sector is needed.

He said, "Such projects usually attract foreign investment. Therefore, our private investors may invite foreign direct investment or join ventures to implement such projects. Foreign investors may also come forward in joint ventures to run and implement the projects".

It is logical that the government should exercise adequate care and maintain transparency in awarding the state's right or royalty in favour of a particular company to protect public interests, Mir Nasir said, lamenting that project appraisal and sanctioning award take long time.

"So we must see that project sanctioning does not suffer from unnecessary bureaucratic maneuver and at the same time no investor gets undue favour at the cost of public interest. We must strike a balance between the interests of public and private sectors," the FBCCI chief said.

Bank Asia opens 24th branch in Khulna

Bank Asia inaugurated its 24th branch at Shib Bari Mor in Khulna on Monday, says a press release.

Vice Chairman of the bank A Rouf Chowdhury inaugurated the first branch of the bank in Khulna region.

Vice Chairman Arifur Rahman Sinha, directors Mohd Safwan Choudhury, Jahir Uddin, M Shamsul Alam and Mir Shahjahan, and President and Managing Director of the bank Syed Anisul Huq were present on the occasion.

Speaking at the function, A Rouf Chowdhury focused on the economic growth in Khulna region and regretted that despite vast potential, the area remains neglected.

He said the new branch of the bank will contribute to the economic betterment in Khulna.

Dwelling on the bank's social responsibility, he said the bank has launched a programme to provide full financial assistance for operation of born-blind children of the country.

President and Managing Director Syed Anisul Huq described the wide range of financial services that are available to the clients of the bank.

PHOTO: BANK ASIA

A Rouf Chowdhury, vice chairman of Bank Asia, inaugurates the 24th branch of the bank in Khulna on Monday. Shaharuzzaman Mortuza, president of Khulna Chamber of Commerce & Industry, Vice Chairman of the bank Arifur Rahman Sinha, directors Mohd Safwan Choudhury, Jahir Uddin, Mir Shahjahan and President and Managing Director Syed Anisul Huq are seen in the picture.

Ogilvy starts journey in Bangladesh

Ogilvy & Mather Worldwide and Marka yesterday signed an agreement to establish a full-service brand communications and advertising agency in Bangladesh, says a press release.

O&M will own majority shares in the new agency, which will operate as Ogilvy & Mather Communications Private Limited.

Ogilvy & Mather Communications' clients will include Ogilvy's worldwide and regional clients as well as companies currently being serviced by local company Marka.

"This new Bangladesh agency completes the foundation to our South Asia strategy," says Miles Young, chairman of Ogilvy & Mather Asia Pacific. "We have a strong network in India and we just established fully owned operations in Pakistan. At the same time, Marka is well known as a nimble, solutions-oriented player in the local market."

Commenting on the merger, Pratap Bose, CEO of Ogilvy & Mather India, said "Ogilvy would bring in its fully armoury of specialised skills into the Bangladesh market and provide a quantum difference to what clients have traditionally been used to."

Fahima Choudhury, managing partner of Marka, said, "We at Marka are looking forward to our new venture with Ogilvy & Mather."

Global takeover frenzy fuelled by debt

AFP, London

Frenetic global takeover activity this year has been driven partly by an over-reliance on debt and this could cause problems if economic growth slows or interest rates rise, analysts say.

The total value of takeovers across the world in 2006 stood at 3.427 trillion dollars (2.619 trillion euros) on December 10, according to Canadian financial information provider Thomson Financial.

That was higher than during the height of the dotcom Internet bubble in 2001.

In 2006, an increasing number of mergers and acquisitions (M and As) have been financed largely by debt, in particular via the increasingly popular method known as a leveraged buy-out (LBO).

LBOs are usually based on a relatively small amount of actual capital or cash, with high levels of borrowing, and are often orchestrated by investment funds.

"Volatility is at all-time lows, valuations are close to their richest levels... and LBOs and M and A deals abound," said Barclays Capital analyst Robert McAdie in a report published last week.

"Clearly, liquidity is the overriding factor in spite of higher interest rates."

However, McAdie issued a stern warning over the global economic outlook, despite the high level of credit quality, or the capacity of individuals or companies to repay credit.

McAdie said that although credit quality remained "robust", he questioned the increased trend towards high-risk borrowing.

Recent research from London-based finance house Close Brothers suggested that the credit cycle could be about to change.

Close Brothers calculated that the total amount of so-called high-yield credit bonds, the riskiest category, would reach 30 billion euros in Europe this year, compared with just 17 billion euros in 2003.

PHOTO: MARKA

Senior officials are seen at an agreement signing ceremony to launch Ogilvy & Mather Communications Private Limited. The agreement was signed by Miles Young, chairman of Ogilvy & Mather Asia Pacific, Fahima Choudhury, managing partner of Marka, and Pratap Bose, CEO of Ogilvy & Mather India.

Chinese shoe makers give up the fight against EU tariffs

AFP, Beijing

Nearly all of the 1,200 Chinese shoe makers hit by European Union anti-dumping tariffs have decided against taking legal action despite remaining opposed to the measure, state media said Tuesday.

Just four of the 1,200 companies affected by the tariffs plan to proceed with legal action in Europe in an effort to overturn the ruling, with most of the rest opting out due to the high cost of litigation, the China Daily said.

"Most enterprises are turning to other strategies such as adjusting product structure and changing their export market," Guo Weiwen, an official with Apach Footwear, based in China's southern Guangdong province, told the newspaper.

"Some of them even plan to recede (leave) from the EU market."

The EU imposed a 16.5 percent anti-dumping tariff on imports of Chinese shoes with leather uppers begining October 7.

The step provoked strong opposition from Chinese shoe makers and the Chinese government, which said the measures did not conform with EU and World Trade Organization regulations.

The four companies that plan to proceed with legal action are Aokang Group and Taima Shoes Group, two of the biggest shoe makers in eastern Zhejian province, and Guangdong-based Golden Step Industrial Co and Xinsheng Gangyuan Shoes Group, the newspaper said.

"The European Union's action does not follow the rules of the World Trade Organization and the convention of the industry," said Liao Yue, chairman of Taima Shoes Group, in comments quoted by the newspaper.

"They imposed tariffs on us without investigating my company," Liao said.

Last year China exported 1.2 billion pairs of shoes to EU countries.

Indian economy surges 9.1pc in half year

AFP, New Delhi

India's economy grew 9.1 percent in the first half of the financial year to September led by strong manufacturing growth, the government said Tuesday.

"An important and favourable development in recent times is the growing sign of an industrial resurgence, particularly in manufacturing," junior finance minister S.S Palanimanickam told parliament while presenting a mid-year economic review.

Industry recorded growth of 10.9 percent during April to September, while services grew at 10.7 per cent.

The telecommunications sector saw an annual average growth of 27.1 percent from 2000 to 2005, according to the review figures.

Last month, official data showed that the economy grew a higher-than-expected 9.2 percent in the second quarter to September, prompting the central bank to tighten monetary policy in December.

Prime Minister Manmohan Singh has set a target of nine percent annual growth.

Lifting annual growth to nine percent from eight percent over the next five years was "ambitious but feasible", Singh said on December 9.

PHOTO: CITIBANK

Citibank NA Bangladesh on Saturday published calendar for the year 2007 portraying the sector commanders of the War of Liberation. The calendar was formally launched by Dr Akbar Ali Khan, former adviser to the caretaker government. US Ambassador in Dhaka Patricia A Butenis was also present.