

WB to raise grant aid to poorest countries

REUTERS, Washington

The World Bank is set to dramatically increase the amount of aid it issues in grants to its poorest borrowers, the lender said Friday, amid US pressure and concerns over countries' debt burdens.

The United States -- the bank's largest shareholder -- has urged replacing loans with grants to help impoverished countries break a gnawing "debt cycle" of paying down loans and needing to borrow more funds.

WB Vice President Geoffrey Lamb told a forum on Thursday that major donors were close to an agreement on boosting grants to 30 per cent of the bank's poor country aid

from a current 19 per cent.

The WB said the proposal would increase the grant allocation of its International Development Association (IDA), that provides aid to 81 development countries including 39 in Africa. IDA commitments totaled \$7 billion in 2003.

The change would be effective on July 1.

"The bank as an institution has come to the judgment that it is very important to ensure debt sustainability while preserving IDA's financial strength over time," WB spokesman David Theis said, responding to a question about the financial impact of shifting to grants. The proposed increase in grant aid, if approved, is not

showing a high risk of debt distress then it makes sense to provide them funding on grant terms," she said.

While both non-governmental organizations and the United States have pressed for a major shift toward grants, some bank insiders fear it could bleed the institution's finances.

"The WB's view is that the use of grants should be anchored in the assessment of countries' debt sustainability while preserving IDA's financial strength over time," WB spokesman David Theis said, responding to a question about the financial impact of shifting to grants. The proposed increase in grant aid, if approved, is not

expected to drain funds available for lending.

Donors, who gather every three years to replenish the IDA funds, agreed at a December meeting in Greece to boost overall funding to IDA by 30 per cent.

In addition to increasing the share of grants in IDA, the WB said it was also possible that some countries could receive all of their funding in grants.

There is currently a 40 per cent cap on how much countries can receive in grants instead of loans, which have a very low interest rate.

Negotiations over changes to IDA's grant allocation are expected to conclude in late February.

'Marshall Plan' may cost Africans jobs

REUTERS, Maputo

Free trade may sound like a great way to boost Africa's fledgling exports and tackle poverty, but it could end up putting tens of thousands of Africans out of their jobs.

British Finance Minister Gordon Brown arrived in Mozambique on Friday -- the third leg of a four-nation tour -- to tout his three-pronged "Marshall Plan" for poverty, which includes smashing trade barriers to give poor nations a fair shot at export markets.

But business leaders and politicians in the southern African country said while they welcomed Brown's push to remove farm subsidies in the West, unbridled liberalisation could wreak havoc on their economies by removing much-needed protection for their own less-developed industries.

"There needs to be a level playing field, but we also need protection -- we don't have the capacity for full free trade yet," Trade and Industry Minister Carlos Morgado told Reuters in an interview in the capital Maputo.



Md Rafiqul Haque, director and chief executive officer of Talu Spinning Mills Ltd, speaks at the 15th annual general meeting of the company held in Chuadanga recently. Md Mozammel Haque MP, chairman and managing director, Md Rabiul Haque, Md Mahub-Ul-Haque, and Md Atiqul Haque, directors of the company, among others, are seen in the picture.



Kazi Akramuddin Ahmed, chairman of Standard Bank Ltd, speaks at the inauguration of the 18th branch of the bank at New Market in Rajshahi recently. Among others, Kamal Mostafa Chowdhury, Ferozur Rahman, directors, and Mosharrat Hossain, managing director of the bank, were present at the function.



Managing Director of Dhaka Bank Ltd Shahed Noman speaks at the Customers' Evening of Narayanangal branch recently in Dhaka. Khondker Fazle Rashid and Mohammad Abu Musa, deputy managing directors, Khan Shahadat Hossain, senior vice-president and manager of Narayanangal Branch, among others, attended the function.

CURRENCY

Table showing currency exchange rates for various countries including USD, EUR, GBP, AUD, JPY, CHF, SEK, CAD, HKD, SGD, AED, SAR, DKK, and KWD.

Table showing exchange rates of some currencies against US dollar, including Indian rupee, Pak rupee, Lankan rupee, Thai baht, New Korean, NZ dollar, and Malaysian ringgit.

Local Interbank FX Trading: Local interbank FX market was subdued on Saturday, dollar eased slightly against Bangladeshi taka in the market. Local Money Market: Money market was active. Call money rate was almost unchanged and ranged between 9.00 and 10.00 percent.

ReadyCash Raffle Draw Winners

Table listing ReadyCash Raffle draw winners with columns for Prizes, Name of Winners, and Card No.

Winners can collect their prizes from the Executive, Promotion of ReadyCash within 30 days of this news circulation by producing their ReadyCash card transaction vouchers. ReadyCash encourages its cardholders to read The Daily Star and The Daily Prothom Alo on every Sunday or call our Customer Service at: 8123850, 8130497, 8125294-7.

IMF concerned over India's fiscal deficit

AFP, New Delhi

The International Monetary Fund (IMF) Friday expressed concern over India's high fiscal deficit and urged the government to carry out far-reaching reforms to sustain high growth rates, a report said.

The IMF's First Deputy Managing Director Anne O. Krueger urged the government to improve the tax to Gross Domestic Product (GDP) ratio by pushing up revenues and phasing out tax exemptions.

"Fiscal deficit is an area of concern that the government needs to give more attention to," Krueger was quoted as saying by the Press Trust of India news agency.

"In India, tax-GDP ratio is very low due to lot of exemptions in personal income tax. The tax base needs to be broadened," she said after delivering a lecture in New Delhi.

In July, the government implemented a law binding it to slash the

Canada ready to retaliate against US on lumber row

AFP, Geneva

Canada told the World Trade Organisation on Friday it was ready to take 200 million Canadian dollars (166 million dollars, 126 million euros) in retaliatory action against the United States in a long running dispute over lumber, a trade source said.

The move came as Canada accused its neighbour of failing to comply with a WTO ruling last year, that had found US duties on Canadian softwood exports violated global trade rules, the source close to the WTO added.

"Canada considers that the United States has failed to comply with the rulings and recommendations of the Disputes Settlement Body," a Canadian delegate told a meeting of the WTO's principal disputing body.

"The United States continues to impose countervailing duties based on the presumption, rather than demonstration, of the existence of

alleged subsidies," he added. The meeting agreed to set up a review panel, which now has 90 days to report back on whether Washington has complied with the ruling, the source said. Canada asked for authorisation to levy the retaliatory duties against the US imports, but said it had agreed with Washington to suspend the move until the compliance review panel releases its findings, the source said. The US said it had fully implemented the February 2004 ruling by a December 17 deadline and rejected the accusation. The dispute is one of series between the North American neighbours on timber. Washington has claimed that Canadian softwood is subsidised and that an alleged flood of Canadian imports has been injurious to the United States. The 20-year-old US-Canada softwood dispute reemerged in 2001 after the expiration of a trade deal.

STOCK

TODAY'S TRADED ISSUES January 15, 2005

Large table containing stock market data for January 15, 2005. It includes sections for 'DSE', 'CSE', 'Financial Performance', 'Day's Market - January 15, 2005', and 'Non Traded Issues'. The table lists various companies, their stock prices, and other financial metrics.

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