

## World Bank projects fail to cut poverty Speakers tell roundtable

STAR BUSINESS REPORT

The projects, funded by the World Bank and other multinational donor agencies, have failed to achieve significant success in poverty reduction in the last 30 years in Bangladesh, speakers at roundtable observed yesterday.

Termining all the World Bank projects in Bangladesh as 'mass destructive', they also said the bank should take the responsibility of the projects.

They were speaking at the roundtable on 'World Bank in Bangladesh' held at the Jatiya Press Club in Dhaka. NGO Unnayan Onneshan organised the roundtable, moderated by Rashed Masud Titumir, chief of the NGO.

The speakers also protested WB President Paul Wolfowitz's visit to Bangladesh. Wolfowitz is due in Dhaka today.

They said the WB president would put pressure on the government to pass the immunity bill for WB-supported projects in the Jatiya Sansad.

In 1972, the speakers explained, about 30 million people lived under poverty line. Despite aid projects of the donor agencies, about 60 million people live under poverty in 2005.

Economist Anu Mohammad said the WB took a project of Tk 1,500 crore in 1994 to reform the jute

sector of Bangladesh. In the name of reforms, the WB prescribed the government to close down jute mills, including the country's largest Adamji Jute Mills, he added.

But 30,000 workers lost their jobs at a time and their family members, estimated two lakhs, fell into an uncertain situation following the lay-off in 2002, said the professor of Economics of Jahangirnagar University.

The WB prescriptions suggest privatising the public sector industries and restructuring the financial sector, Anu observed adding the bank's aim is to take hold of total national economy.

The donor agencies also influenced the government to appoint foreign companies to explore natural resources in Bangladesh, he said.

"But following the WB strategy, we lost gas worth about Tk 20,000 crore in two incidents at Magurchhara gas field in 1997 and at Tengraita gas field this year. Now, the donors are also pressuring the government to export gas, Anu went on.

"Unfortunately, following the disasters, the WB or other donors have not raised any demand to close down the projects or take compensations from the responsible multinational companies. Neither did they ask for a revised

proposals for those projects," Anu said.

Pointing to the recent government decision to reduce taxation on some import-oriented products, he said, "We don't need the finance ministry as it acts in accordance with the WB directives."

However, the WB is not the main problem in development, observed M M Akash, professor of Economics Department of Dhaka University.

"Basically, we create problems by extending our hands to the WB's activities," he added.

With the same WB-aided projects, which made Bangladesh to close down jute mills, the government of India established three jute mills in West Bengal, Akash cited an example.

"It will be impossible as well to attain millennium development goals (MDGs) if we follow projects of the donors."

Those projects are neither homegrown nor prepared assessing people's needs, he said.

"However, we can avoid the donors' aids if we can stop making black money," said Abul Barakat, general secretary of Bangladesh Economic Association.

In this country, some people are making around Tk 70,000 crore black money every year, he said.

## Lottery of Grameen One Mutual Fund today

STAR BUSINESS REPORT

Successful applicants for Grameen One Mutual Fund will be chosen through a lottery in Dhaka today.

Bangladesh University of Engineering and Technology will conduct the lottery at the BIAM Foundation Auditorium, 63 New Eskaton at 9am. Grameen Bank officials along with representatives from the asset management company, AIMS Bangladesh, will be present at the lottery.

With a ten-year initial tenure, the Tk 170 million closed-end-balanced mutual fund is the second privately managed mutual fund in Bangladesh. The first one was also launched by AIMS in early 2000.

Refund warrants to unsuccessful applicants will be distributed between 10am and 5pm on August 27 and 28, 2005 from the Sports Council Auditorium at 62/3 Purana Paltan, Dhaka.

The Fund prospectus was published on June 29, 2005 and public subscription was closed on August 7, 2005.

The public offer has been over-subscribed by more than nine times against Tk50 million offer, including Tk 5 million for the non-resident Bangladeshis.

Yawer Sayeed, managing director of AIMS, expressed satisfaction over the arrangements for starting trading of the Fund at the secondary market from the first week of next month.

## FBCCI Polls Arbitration board to hear appeal of 7 today

STAR BUSINESS REPORT

Although the biennial election of the country's apex trade body ended Thursday, the hearing of petitions of seven business leaders, who appealed to the FBCCI arbitration board to allow them to contest the FBCCI polls, will be held today.

Earlier, the election board of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) rejected the petitions of those business leaders who sought permission to submit nomination papers afresh.

The seven business leaders from the association group are Enayet Hossain Chowdhury, Anwar Hossain, Liakot Ali Bhuiyan Milon, Mohammad Mohabbat Ullah, ANM Mizanur Rahman Patwari, Syed Moazzem Hossain and AHM MonzurAlam.

Incumbent President of FBCCI Abdul Awal Mintoo is the chairman of the five-member arbitration committee.

However, on August 16, all the 24 candidates from the chamber and the association groups were elected directors unopposed to the executive committee of the FBCCI.

On August 18, Mir Nasir Hossain from Faridpur chamber, Mohammad Ali from Bangladesh Re-Rolling Mills Association and Dewan Sultan Ahmed from Laxmipur chamber were elected president, first vice-president and vice-president unopposed for two-year term.

The FBCCI election board will finally publish the executive committee list on Tuesday.

## Green Delta Ins embarks on Takaful

Green Delta Insurance Company Limited has recently embarked on Islamic insurance-Takaful.

The Shariah Council, in this regard, has already been formed with Obaidul Haque, khatib of Baitul Mukarram National Mosque, as chairman.

Besides, the company earlier sent Shuabur Rahman, executive director (Technical), and Papia Rahman, senior vice president, to Malaysia to establish associateship with Islamic Insurance organisations there and acquire knowledge about Takaful operation, says a press release.

## Correction

In a news item headlined 'Supermarkets boom on robust sales growth' published on this page yesterday, it was inadvertently printed that PQS, the first chain supermarket in Bangladesh, was established in September 2005 in Dhaka. In fact, it started operation in September 2000. We regret the typo.

## Healthy politics key to high GDP growth

### FBCCI president-elect talks to The Daily Star

SARWAR A CHOWDHURY

A healthy political environment is badly needed to expedite the country's GDP growth, said the newly elected president of the apex trade body.

"It is possible to increase the gross domestic product growth by another 2 percent or more, if the country enjoys political stability," said Mir Nasir Hossain, who was elected unopposed FBCCI president on Thursday.

Termining the political confrontation as the main obstacle to the country's economy, the 55-year-old businessman said Wednesday's serial blasts across the country have again dented Bangladesh's image abroad.

"The political parties should stop blaming one another and take steps to take stern action against the masterminds of the incident," Hossain said while talking to The Daily Star in an interview yesterday.

About yesterday's countrywide strike called by the opposition parties protesting the blasts, Hossain, who hails from Faridpur, said hartal cannot be a solution to this problem. "It's a national issue and all of us including the government, oppositions, civil society and business community should tackle it collectively," said the business leader, a master's in commerce from the University of Dhaka.

Moreover, the recent unrest is enough to discourage foreign direct investment, said Hossain, who has business mainly in construction, ceramics, insurance, information and communication technology and housing sectors.

During his two-year tenure in the Federation of



Mir Nasir Hossain

Bangladesh Chambers of Commerce and Industry (FBCCI) his principal mission will be to turn the FBCCI into an apex body in a true sense through enhancing the capacity of the body.

As an apex trade body, the FBCCI has the responsibility to play a vital role for the development of the country's trade and economy, but unfortunately the FBCCI has not been able to carry out its real job, said Hossain, who has been involved with the FBCCI since 1979.

Seeking co-operation from all quarters to make the FBCCI a body for all businesspeople, he said, "The government should offer financial

support to the trade body to increase its capacity."

Presently, membership fee and fare from the Federation building are the only sources of income of FBCCI, which are not enough to expedite the activities of the trade body, Hossain said.

About the post-MFA era, he said Bangladesh has to be more competitive to face the challenges of the open market regime. "And quality will be key to enhancing competitiveness."

On the trade pacts, the FBCCI president-elect favoured multilateral or regional trade agreements instead of bilateral deals to boost international trade.

"Multilateral pacts will help Bangladesh to reduce its trade gap with other countries," said Hossain, also an executive committee member of Saarc chamber.

He also urged the government to ensure private sector's representation in negotiations with the World Bank or the International Monetary Fund on various issues.

Talking on the issue of various hurdles to business in Bangladesh, he said cost of doing business here is very high due to bureaucratic complexity and inadequate infrastructure facilities.

About his future plan as chief of the FBCCI, he said small and medium enterprise sector will get highest priority as the sector can play a vital role for the betterment of the country's overall development.

He also said he will try to reform the constitution of the FBCCI to ensure the sector-wise representations on the member list of the trade body.

"BGMEA and BTMA are the executive members of the FBCCI but BKMEA is not getting the same status," he explained.

## Imported furniture stymie local industry growth

### Say local entrepreneurs

STAR BUSINESS REPORT

The country's furniture manufacturers, who are now showcasing their products at a five-day fair in Dhaka, said the imported low-priced furniture are hindering the growth of local industry.

Imposing high tax on locally manufactured home appliance and comparatively low tariff and tax on imported furniture are stymieing the growth of this sector, they said on Friday during furniture fair in Dhaka.

The second version of the national furniture fair began on August 16 at Bangladesh-China Friendship Conference Centre. The fair is due to conclude today. Navana furniture is the event partner of the show, while The Daily Star, ATN Bangla and munshigi.com are the media partners.

As Friday was a weekly holiday, a huge number of visitors flocked to the fair venue with their family members. But most of them said costs of the furniture are so high and are beyond the reach of middle class people.

"You see the price of a dining table is between Tk 18,000 and Tk 20,000. So how can a person of mediocre income buy it?" Monjurul Islam, who came to the fair from Mohammadpur, questioned.

About the high price of furniture, manufacturers said in spite of cheap labour, costs of locally made furniture still remain high because of the lack of essential raw materials, most of which are imported paying high tariff.

The market of readymade furniture is new in Bangladesh and the price will come down only when

the sale will increase and local companies will be able to produce raw materials at home, producers said.

Although imported furniture look lucrative, those are less durable compared to locally manufactured ones, they said. "We provide home service and customers can get the facilities of warranty," said Salim H Rahman, managing director of doors and furniture maker Hatil.

According to official figure, Bangladesh earned Tk 15.47 crore by exporting wooden furniture in 2003-04 while the amount was Tk 1.36 crore in 2002-03.

At the last year's fair, furniture making companies received orders worth Tk 2 crore. Officials of participant companies said they are not satisfied yet with the volume of orders placed by the customers. But they hoped for more orders.

## DSE to upgrade automated trading system today

STAR BUSINESS REPORT

In a bid to streamline stock trading in the secondary market, the Dhaka Stock Exchange (DSE) is going to upgrade its automated trading system today.

The move will increase the DSE automated trading workstations to 1500 from previous 450 and enable trading up to 1,00,000 per day, sources said.

Science, Information and Communication Technology Minister Abdul Moyeen Khan will inaugurate the system today, while Dhaka City Corporation Mayor Sadeque Hossain will be also present at the inauguration.

The upgradation will facilitate online real-time data generation, which will enable the DSE to host brokers in its web site and electronic billboard along with the market

ticker. The system will also facilitate better risk management and surveillance software.

The DSE officials hope that the upgraded system will help the market grow in more systematic way and give much flexibility to brokers and investors for trade settlement through the central depository system.



PHOTO: STAR

Prof MM Akash speaks at a roundtable on 'World Bank in Bangladesh' yesterday in Dhaka. Economist Anu Mohammad, and Abul Barakat, general secretary of Bangladesh Economic Association, are also seen.

## WB chief talks with Indian leaders on helping rural poor

AFP, New Delhi

World Bank president Paul Wolfowitz met top Indian leaders Friday to discuss ways of scaling up infrastructure development to improve the lives of millions of rural poor.

The bank agreed as a first step to provide a loan of 325 million dollars for a water management project in the western state of Maharashtra, which was devastated by floods this month that killed more than 1,000 people.

"One of the most important things I have been discussing with my hosts is how the World Bank can do more to support the critical challenge of scaling up rural infrastructure," Wolfowitz said.

The World Bank chief, who arrived in New Delhi Friday after a stopover in the southern state of Andhra Pradesh, met Indian Prime

Minister Manmohan Singh, Finance Minister P. Chidambaram and Montek Singh Ahluwalia, deputy chairman of India's Planning Commission economic thinktank.

Ahluwalia told reporters he sought a one billion dollar loan from the bank for an ambitious 174-billion-rupee (four-billion-dollar) rural infrastructure programme called Bharat Nirman (Build India).

"We have mentioned that India could easily absorb something of the order of a billion dollars in the Bharat Nirman programme," Ahluwalia said after meeting Wolfowitz.

The Planning Commission sets five- to 10-year goals for economic and social development programmes, and works with the federal and state governments and domestic and multilateral agencies

to achieve them.

Chidambaram told the World Bank chief that one of the priorities of development was the restoration, renovation and repair of water storage facilities such as reservoirs and ponds as it could boost output in the farm sector, which employs two-thirds of India's workforce.

Wolfowitz, on his first swing through the impoverished South Asian region in his new post, said he discussed the progress of World Bank-funded development projects in India and infrastructure projects including water.

He hailed India as a "rapidly emerging country of global importance," but lamented that poverty remained rampant despite the country's success in information technology, industry and commerce.

## High oil poses risk, but dollar may weather it well

### Expect US analysts

REUTERS, New York

High oil prices have the potential to squeeze consumers and crimp global economic growth, but the dollar could still cope better than the euro and the yen, US currency analysts expect.

While expensive oil may eventually slow the US economy and stay the Federal Reserve's hand on rate increases that have helped to boost the dollar, it may hurt Europe and Japan's economies even more.

Record US gasoline and crude oil prices have grabbed attention in currency markets lately. Investment

bank Goldman Sachs forecast this week that crude will stay around \$60 per barrel for the next five years. However, Merrill Lynch said on Friday that US light crude prices would likely stay around \$42 from 2009.

A few months ago, "People were thinking that these significantly higher prices were not going to stay with us. That is starting to shift," said David Solin, a partner at FX Analytics in Essex, Connecticut.

"We are getting to the point where it could start to cause some problems," as US retailers feel the pressure from some lower-income

consumers hurt by energy costs, Solin said.

Even so, Japan's extreme reliance on imported crude and the euro zone's sluggish economic growth make both areas-- and by extension their currencies -- more vulnerable to sustained high energy prices than the dollar, strategists argued.

US gross domestic product is expanding at about 3.5 percent, compared with expectations of around 1.3 percent in the euro zone this year and an annualized 1.1 percent in Japan in the second quarter.

## Talks on Indian loan for railway schemes start Aug 22 in Delhi

BDNEWS, Dhaka

A six-member government delegation will leave for New Delhi today to attend a negotiation on the terms of a US\$ 150 million loan offered by India to develop railway infrastructure in Bangladesh.

The two-day talks will begin on August 22.

"The government will take its decision following the report of the negotiating team," Economic Relations Division (ERD) Secretary Ismail Jabillah told BDNEWS.

Joint Secretary (Asia) of ERD Mohammad Mesbahuddin will lead the six-member delegation.

To determine Bangladesh's position in the forthcoming negotiation, ERD held an inter-ministerial meeting on July 17 with representatives from communication ministry, railway, Bangladesh Bank and Planning Commission.

Bangladesh has plans to implement four railway projects with the \$150 million Indian loan, although the ERD officials did not disclose those.

Official sources said there is no major difference between the two parties on the loan's interest rate, grace period and repayment period.

"The problem lies with the procurement, management and commitment fees," a senior ERD official said.

On the mode of procurement, India wants procurement from Indian companies, which Bangladesh disagreed.

Bangladesh has also expressed interests to supply a portion of the goods and services required for implementation of the projects.

India agreed to give Bangladesh a loan of US\$ 150 million to develop railway infrastructure during the 6th Joint Economic Commission meeting in Dhaka in 2003.

## AP Moller-Maersk finishes acquisition of Royal P&O Nedlloyd

Denmark-based shipping firm AP Moller-Maersk A/S completed the acquisition of Royal P&O Nedlloyd, its Netherlands-based competitor.

All conditions to the offer have been fulfilled and payment for the tendered shares were made recently, says a press release.

Philip Green, CEO, and David Robbie, CFO of Royal P&O Nedlloyd, will step down. However, Green will assist and work with AP Moller-Maersk A/S for a period during the integration.

Eric Sisco, managing director of Maersk Espafia SA and area manager of Maersk's Iberia and Morocco area (Spain, Portugal, and Morocco), will assume the position as CEO of Royal P&O Nedlloyd NV, the release added.

Until February 2006, P&O Nedlloyd and Maersk Sealand will continue to operate as separate shipping lines.



PHOTO: COMMERCIAL BANK OF CEYLON

S Renganathan, country manager of Commercial Bank of Ceylon Ltd, and Iqbal U Ahmed, managing director of The Trust Bank Ltd, sign an agreement on behalf of their companies recently in Dhaka. Under the deal, the two banks will go for trading on repo/reverse repo against T-bills/bonds and other government securities.