

Political unrest may slow down GDP growth: WB

BDNEWS, Dhaka

The World Bank (WB) in its annual Global Economic Prospects (GEP) report for 2006 has said that increased political instability and flooding could decelerate Bangladesh's GDP growth this year.

The GEP, entitled 'The Economic Implications of Remittances and Migration', taking notes of contribution of remittances to growth and poverty reduction, said that economic growth in developing countries would slow to 5.9 percent this year, and to 5.7 percent in 2006, down from 6.8 percent in 2004.

On South Asia, the bank forecasts that GDP (gross domestic product) growth in the region is estimated at 6.9 percent in 2005, up from 6.8 in 2004,

which reflects stable growth of about 7 percent in India, and a 6.6 percent growth in Pakistan.

This strong growth can be attributed to increased consumption, investment, exports and industrial production in both countries, the report said adding that the overall economic impact due to earthquake in Pakistan is expected to be small. However, it said, regional gross domestic product is expected to slow to 6.4 percent in 2006.

"Growth in the region's other countries is expected to decelerate from 5.9 percent in 2004 to 5.1 percent this year," the GEP report said.

The report, referring to Bangladesh and Nepal, indicated that the growth would be slowed down due to

increased political instability, and flooding in Bangladesh. The growth of the Maldives and Sri Lanka would also be affected due to tsunami, it said.

In addition, the WB on the second day of the three-day meeting of the Poverty Reduction Strategy (PRS) Implementation Forum disclosed that the country loses 1.0 to 2.0 percent of its GDP due to political unrest. The PRS Forum meet concluded Thursday.

Andrew Burns, one of the chapter authors of the report, noting the oil price hike, said, "Until recently, strong global demand and rising non-oil commodity prices have mitigated the impact of rising oil prices on oil-importing developing countries."

"However, increase in the oil price since 2004 is expected to generate

substantial economic costs for oil-importing poor economies that are not fully captured in the GDP numbers," he added.

The GEP also noted that the oil-importing low-income countries would face nearly three percent loss due to negative terms-of-trade impact of high oil prices.

"Unless steps are taken to assist the most vulnerable of these countries, they may be forced to cut essential non-oil imports," the GEP said.

The GEP attributed the recent strong economic performance of developing countries to various reforms programmes that were undertaken over the past decades. "These have had a positive impact on growth trends," it said.

MICROENTREPRENEURSHIP AWARDS Prize giving ceremony Nov 21

The Global Microentrepreneurship Awards (GMA) programme launched by Citigroup Foundation, the philanthropic arm of Citigroup, and the United Nations Capital Development Fund (UNCDF) in Bangladesh will finally hold the prize giving ceremony on the 21st November '05 at Dhaka Sheraton Hotel.

The four award winners in the category for Best Micro Finance Institution (MFI) of the Year, Most Innovative Business of the Year, Best Woman Microentrepreneur of the Year and Best Microentrepreneur of the Year will be formally announced and the awards shall be conferred on them by Finance and Planning Minister M Saifur Rahman, says a press release.

The year 2005 has been announced as the International Year of Microcredit for building inclusive financial sectors to achieve the millennium development goals. To mark this special year, the GMA programme in Bangladesh organised and managed by Citibank NA along with Palli Karma Shahayak Foundation (PKSF) as the local NGO partner has attempted to recognise the entrepreneurial skills of the underprivileged, who have exhibited their resilience to emerge from below the poverty line, create jobs and add value to the society.

China signs landmark trade pact with Chile

AFP, Busan, South Korea

China ended tariffs on nearly all Chilean exports Friday with the signing of its first free trade agreement with a Latin American country after year-long negotiations.

The treaty will free 92 percent of Chile's exports to China from customs tariffs although some exports will remain subject to ongoing levies for between five and 10 years.

Chinese President Hu Jintao and his Chilean counterpart Ricardo Lagos witnessed the signing of the deal by China's Trade Minister Bo Xilai and Chile's Foreign Minister Ignacio Walker hours before the opening of the Asia-Pacific Economic Cooperation (APEC) summit.

Paid up capital of Ins cos to be made equal

JASIM UDDIN KHAN

Minimum paid up capital requirement of all the insurance companies will be raised to a uniform level in a bid to remove the disparity in the sector.

A total of 60 insurance companies are now operating in the country and 35 of them have been registered after 1996 with increased paid up capital requirement of Tk 7.5 crore for life insurance and Tk 15 crore for general insurance companies.

The rest 25 firms registered before 1996 had paid up capital requirement of Tk 3.0 crore for life and Tk 6 crore for general insurance companies.

A company with higher paid up capital has to make more profit to declare same dividend than another firm having less paid up capital. If a

company listed with the bourses can't declare at least 10 percent dividend, it is downgraded and identified as a poor performer.

A leader of the Bangladesh Insurance Association said insurance sector has been facing an unhealthy situation for the last nine years.

"This disparity is badly affecting the sector and several companies were forced to cut their profit margin in some cases to woo more business," he explained preferring not to be named.

He blamed the situation on some influential leaders who prefer to continue the inequality for their personal gain.

"The disparity has created an unhealthy competition among the insurance companies and it should not continue any more," a top com-

merce ministry official told this correspondent on Thursday.

Shareholders of those companies registered after 1996 are getting less dividends than those registered before 1996 because of this inequality, he said.

The government in an order in 1996 raised the minimum paid up capital requirement to the present level, creating an inequality between the new and old companies. Presently 43 general and 17 life insurance companies are in operation.

The Controller of Insurance (CoI) in a letter in July this year sought permission from the commerce ministry to remove disparity in the paid up capital requirement. The ministry at a meeting held recently asked the CoI to carry out a study on business impact on such difference.

IMSL job fair rescheduled for January 9

Inpace Management Service Limited (IMSL) will organise a job fair on January 9, 2006 at the Public Plaza of Bangladesh-China Friendship Conference Centre in Dhaka. The fair was previously scheduled for November 19, 2005.

IMSL provides management and marketing services including logistic services, administrative services, media buying and PR management for HP, Microsoft and other reputed global brands, says a press release.

To create awareness among the target visitors, the job fair will arrange promotion and information campaign at such leading educational institutions as IBA, Faculty of Business Studies, BUET and NSU to reach the entry-level job seekers.

Set up separate ministry for SME sector: DCCI Chamber presents business awards tomorrow

STAR BUSINESS REPORT

Dhaka Chamber of Commerce and Industry (DCCI) yesterday urged the government to set up a separate ministry for promoting small and medium enterprises (SMEs) considering their importance in the economy.

"SMEs generate 87 percent of the total industrial employment and contribute 95 percent of the country's total export earnings. We need a separate ministry or at least a division under the commerce ministry to promote SMEs," Sayeeful Islam, president of DCCI, told a press briefing.

He said the chamber introduced 'DCCI Business Award' in 2002 to bring about public recognition for the efforts, accomplishments, and positive contributions of the business people and SMEs in particular.

DCCI is going to present the award tomorrow for the year 2005 and Prime Minister Khaleda Zia is expected to attend the award giving ceremony to be held at Bangladesh-China Friendship Conference Centre.

Finance and Planning Minister M Saifur Rahman, Commerce Minister Ataf Hossain Choudhury, and President of the Federation of

Bangladesh Chambers of Commerce and Industry (FBCCI) Mir Nasir Hossain will also attend the event.

DCCI earlier published advertisements regarding the business award in the national and local dailies so that entrepreneurs at the rural areas can become aware of the award and participate in the event. DCCI president told the briefing held at its auditorium in Dhaka.

A total of nine entrepreneurs will be awarded in three categories. Each category will have awards for the most innovative entrepreneur, the best women entrepreneur, and the best young entrepreneur.

The first prize is a gold medal with Tk 100,000 prize money, the second is a silver medal with Tk 50,000 while the third is a bronze medal with Tk 25,000 prize money.

Bangladesh Bank Governor Dr Salehuddin Ahmed, former advisor to a caretaker government Rokia A Rahman, former president of American Chamber of Commerce in Bangladesh (AmCham) Aftabul Islam were among the 14-member jury board for finalising the winners for 2005.



Sayeeful Islam (C), president of the Dhaka Chamber of Commerce and Industry (DCCI), speaks at a press conference on 'DCCI Business Award-2005' in Dhaka yesterday.

C'wealth leaders to warn rich states on world trade

REUTERS, London

Commonwealth leaders will warn rich nations next week that failure to reach a new global trade deal would signal to developing countries they do not care about poverty and could undermine democracy in poorer nations.

The heads of government of the 53-member association of mostly former British colonies will gather in Malta for a summit next week, just

three weeks before global trading powers meet in Hong Kong to try to thrash out a deal to boost world trade.

In an interview with Reuters, Commonwealth Secretary-General Don McKinnon said the challenge was to "put some muscle" into the four-year-old trade talks, aimed at boosting poor nations' access to world markets but deadlocked over agriculture.

"The US and European Union must step up to the plate much more

formidably and show they are prepared to give ground," McKinnon said.

"Not to do so would be a signal that we don't really care about poverty, and I think our leaders will want to be quite powerful on that issue ... When 53 countries say quite emphatically this must happen, you hope it creates momentum elsewhere in the world," he added.

World's big oil players meet in Riyadh today

REUTERS, London

The West's big oil consumers, producers from the Middle East and Africa and industry bosses meet in Saudi Arabia today to discuss how to satisfy the world's thirst for oil and keep energy supplies secure.

Saudi Arabia's King Abdullah, Oil Minister Ali al-Naimi, US Energy Secretary Sam Bodman, British and French finance ministers and several Opec ministers are among those taking part. Oil prices are up a third this year and the West is increasingly reliant on the volatile Middle East for its oil.

"They are meeting at a time when oil prices and energy security are at the top of the international agenda," said Arne Walther, secretary general of the International Energy Forum (IEF) whose Riyadh headquarters opens on Saturday.

US crude oil hit a record \$70.85 a barrel on August 30. The price has since slipped but on average this year oil has cost 36 percent more than last year. Spiralling energy costs have slowed economic growth and piled on inflationary pressure.

Supplying the energy for future economic growth is going to require massive investment. Global supply needs to rise to meet demand of around 115 million barrels per day (bpd) in 2030 from around 82 million bpd last year, according to the International Energy Agency, adviser to 26 industrialised nations.

The bulk of that increase in output will come from North African and Middle Eastern producers, which sit on most of the world's untapped oil reserves.