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FDI in limited sectors does a little for Bangladesh economy

UNCTAD LDC Report 2007 says

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A UN report on least developed countries has pointed out that maximum foreign direct investments in Bangladesh now concentrates on some sectors like telecommunications, banking service or oil and gas exploration, which contribute a little to its economy.

Debapriya Bhattacharya, executive director, Centre for Policy Dialogue (CPD), released the report titled UNCTAD LDC Report 2007 : Knowledge, Technological Learning and Innovation for Development at the CPD office in Dhaka yesterday.

The report said FDI received in Bangladesh like other LDCs neither contributes to any major technology transfer nor generates significant employment, rather it makes separate enclaves into the host country.

"The limited contribution is due to the type of integration of trade negotiation capacity into host countries' economies, the sectoral composition of FDI, the priorities of policies enacted by LDCs and the low absorptive capacity of those countries," it said.

Bangladesh ranked 5th in attracting FDI among the 50 LDCs in value term but in term of per capita income Bangladesh ranked 34.

The United Nations Conference on Trade and Development suggested that Bangladesh and other



PHOTO:

Debapriya Bhattacharya, executive director of Centre for Policy Dialogue (CPD), gestures as he speaks while releasing 'UNCTAD's Least Developed Countries Report 2007' in Dhaka yesterday. Mustafizur Rahman (R), research director of CPD, is also seen.

LDCs should adopt new policies to narrow the technology gap between LDCs and the rest of the world to escape the current trap of poverty, underdevelopment and marginalisation.

The report said rapid technological advances in the developed countries and the relatively slow advancement in most of the least developed countries have caused such a huge technological gap.

On intellectual property rights (IPRs), the report said an LDC like Bangladesh is lagging behind in IPRs as patenting tendency has decreased remarkably in the lest developed countries.

Due to the negative trend in patent Bangladesh will be bound to

import technology from developed countries in a long term, it said, pointing to the fact that IPRs, particularly patents, promotes innovation only where profitable markets exist and firms posses the required capital, human resources and managerial capabilities.

Similarly licensing is out of reach for firms without a certain level of absorptive capacity, particularly in the countries with low GDP, the UNCTAD report said.

It said Bangladesh lags behind in all three indicators: Per Capita Income, Human Resource Development and Economical Strength.

Bangladesh's per capita income is still at US\$ 400 level where the

average income to determine a country as LDC is \$750, according to the report.

It further said Bangladesh's investment in primary and secondary education is still very poor and its export market is dependent largely on readymade garments (RMG), which proves the country's poor strength in economy.

The report, however, noted that the country had made progress in FDI inflow in value term, garment export and in value of remittance.

At the report launching ceremony, the CPD executive director hailed the caretaker government for enhanced allocation in information technology and research sector, but expressed caution about implementation.

Pointing to Bangladesh's good potential in developing human resources and applying information technology, the CPD hoped that the country would be able to fulfil the Millennium Development Goals (MDGs), if the resources could be used properly for human resource development.

Professor Mustafizur Rahman, research director, Dr Uttam Kumar Deb, senior research fellow, Anisatul Fatema Yousuf, additional director (Dialogue & Communications), and Khondaker Golam Moazzem, research fellow, also attended the function.

Independent body to protect coal suggested

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Speakers at a discussion yesterday in Dhaka urged the government to form an organisation, namely 'Coal Bangla', which will be responsible for mining, producing, distributing and preserving the country's coal resources.

They said in lieu of handing over the coalmines to the foreign or multinational companies, the government can extract coals on its own through forming such an organisation.

The discussion on energy policy of Bangladesh was organised by Oil-Gas, Mineral Resources and Power-Port Protection National Committee at the National Press Club.

"In least developed countries, 75 percent foreign direct investments are made in mineral resources sector which can not lead a country's overall development," said Prof Anu Muhammad, member-secretary of the national committee, referring to Nigeria and Venezuela.

He said mineral resources should be used only in the country, as the constitution says people are the ultimate owners of all resources.

"Any mineral resource cannot be exported," he said.

Anu Muhammad, also a professor of Jahangirnagar University, urged the government to nullify all agreements regarding mineral resources that it signed with foreign companies in the past.

He also recommended for increasing the capacity of Bapex and Petrobangla.

Speaking at the function, Akmal Hossain of Dhaka University said extraction and management of mineral resources such as coal and gas should be in the control of a nation.

"The mineral resources are considered as strategic commodity with a strategic value and the western countries always eye to take away the resources from our country," he said.

Presenting a keynote paper at the discussion, Nuruddin Mahmud Kamal, former chairman of Power Development Board, said the government should publish a 'White Paper' on energy and mineral resource ministry's activities during 2001-06 tenure.

Shiekh Mohammad Shahidullah, convener of the national committee, moderated the discussion, while Gias Karim of Brac University spoke among others.

AB Bank, Euronet for joint venture on e-payment system

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Arab Bangladesh Bank Ltd and Euronet Worldwide, the world's third biggest money transfer company, have expressed their intention to set up a joint venture company in Bangladesh to establish ATM and POS network infrastructure in a bid to introduce an electronic payment system.

Officials of both the companies said expansion of ATM (Automated Teller Machine) and POS (point-of-sale) services at thana level will enable people in sub-urban and rural areas to use this fast growing electronic payment system, which is currently used by 8,00,000 card holders living mainly in city corporation areas.

The network of ATMs and POS will also offer various value added services such as cell phone recharge, bill payment, credit card payment and ready credit, the officials said.

To make usage of the card easier, entrepreneurs will introduce the biometric technology, a method of recognising people through biological data such as fingerprints, eye retinas and irises, voice patterns, facial patterns and hand measurements.

Inclusion of the biometric technology will also relieve card users of remembering the password or PIN number of their cards.

"This venture will create a new horizon ensuring electronic financial payment convenience for million of people of Bangladesh who have not had it before," said Kaiser A Chowdhury, president and managing director of AB Bank, at a press meeting at Dhaka Sheraton Hotel yesterday.

Various local and foreign banks have also expressed interest to join this venture, the bank's top official said.

He said such venture will also encourage the non-resident Bangladeshis (NRBs) to remit their money through a legal channel as the proposed company will also have special product for them.

"We will bring in biometric technology to enable rural people to use the ATM services. We are

looking forward to reaching thana level to bring more people under the ATM network," said Loney Antony, managing director of Euronet Worldwide (India).

Euronet Worldwide serves clients in about 100 countries.

Antony said Bangladesh holds huge potential for ATM growth. Currently, he said, there are only 340 ATM booths and all are located in big cities. The number of cardholders is also less than one million, although Bangladesh's total population is about 150 million.

"If we can make 30-40 million people eligible to use the technology, about 10,000 ATM booths will be needed," he said.

He said they will work to set up 500 ATM booths and 10,000 POS terminals initially, adding "we will also issue facilitate issuing and managing cards".

Atab president reelected



MA Muhaimin Saleh, managing director of Saimon Overseas Ltd, has been elected president of Association of Travel Agents of Bangladesh (Atab) for the third term, says a press release.

Besides, AKM Bari, managing director of MB Travels Ltd, has been elected secretary general of the travel agents' central body at the biennial polls held on Sunday.

Meanwhile, the polls for the 2007-2009 term of the zonal committees of Dhaka, Chittagong and Sylhet were also held on the same day.

IIDFC arranges Tk 168cr for Warid Telecom

Industrial and Infrastructure Development Finance Company (IIDFC) Ltd with the help of nine banks has arranged a Tk 168 crore syndicated working capital facility for Warid Telecom International Ltd, which launched its operations as the sixth cellphone operator of the country on May 10, 2007.

An agreement to this effect was signed on Wednesday in Dhaka between IIDFC, Warid Telecom and the banks, says a press release.

IIDFC is the lead arranger in the phase one of the arrangement of the working capital facility, while the participating banks are

Bank Asia Ltd, Brac Bank Ltd, Dutch-Bangla Bank Ltd (DBBL), Eastern Bank Ltd, Jamuna Bank Ltd, Mutual Trust Bank Ltd, National Credit and Commerce (NCC) Bank Ltd, Pubali Bank Ltd and United Commercial Bank (UCB) Ltd.

Syed Anisul Huq, managing director of Bank Asia, Khwaja Shahriar, head of Corporate Banking of Brac Bank, Md Yeasin Ali, MD of DBBL, Ali Reza Iftekhar, MD of Eastern Bank, Mahmood Malik, MD of IIDFC, Mohammed Lakiotullah, MD of Jamuna Bank, Kazi Md Shafiqur Rahman, MD of Mutual Trust Bank, Nurul Amin, MD of NCC Bank, Helal Ahmed Chowdhury, MD of Pubali Bank, Hamidul Huq, MD of UCB, and Muneer Farooqui, CEO of Warid Telecom International, signed the deal on behalf of their sides.

M Matiul Islam, chairman of IIDFC Ltd, was also present at the signing ceremony.

Oil above \$75

AP, Vienna

Oil prices extended their rise above \$75 a barrel on Thursday as the market reacted to an unexpected decline in U.S. gasoline inventories.

Light, sweet crude for August delivery on the New York Mercantile Exchange gained 57 cents to \$75.65 a barrel in electronic trading by noon in Europe.

The contract rose \$1.03 Wednesday to settle at \$75.05 a barrel on the Nymex, the first time a front-month contract closed over \$75 since Aug. 9.

Over Tk27cr tax on undeclared assets realised so far

STAFF CORRESPONDENT, Ctg

The National Board of Revenue realised Tk 27 crore 39.50 lakh taxes on undeclared assets till yesterday, the board chairman, Badiur Rahman, told a conference in the port city yesterday.

"Clear taxes on undeclared properties by July 31 since the time for paying such taxes with five per cent fine would be extended in no way", he said.

The Business and Society Conference 2007 was organised by Southern University at Hotel Agrabad.

Badiur Rahman said as per the present government's assurance, all sorts of cooperation would be extended to those who are running business with honesty and principles.

Chaired by Sarwar Jahan, the conference was addressed by Southern University Vice Chancellor Professor AJM Nuruddin Chowdhury, among others.

A CSR (corporate social responsibility) award was given to Dutch Bangla Bank Foundation, which Md Yeasin Ali, managing director of the bank, received.

World Bank to help expand EPZs

World Bank (WB) will finance to expand the country's export processing zones (EPZs) as a part of special economic zone, says a press release.

A six-member high profile delegation of World Bank met Bangladesh Export Processing Zones Authority (Bepza) in Dhaka on Tuesday to discuss the issues regarding expansion of EPZs.

Eric D Manes, senior private sector development specialist of Finance & Private Sector Development Unit of South Asia Region of WB, proposed private-public partnership with Bepza for

EPZs' expansion while he was talking to Brig Gen Ashraf Abdullah Yussuf, executive chairman of Bepza.

In the meeting the issue of fast completion of the expansion works of Comilla EPZ project as a part of special economic zone was discussed. The WB delegation lauded the success of EPZs and suggested that the EPZs conceive innovative and attractive ideas to help grow the country's economy.

Other senior officials of WB, International Finance Corporation and Bepza were present at the meeting.



PHOTO: IIDFC

Senior officials of IIDFC, Warid Telecom, Bank Asia, Brac Bank, Dutch-Bangla Bank, Eastern Bank, Jamuna Bank, Mutual Trust Bank, National Credit and Commerce Bank, Pubali Bank and United Commercial Bank, among others, are seen at a syndicated financing agreement signing ceremony on Wednesday in Dhaka. Under the deal, IIDFC with the help of the banks has arranged a Tk 168 crore syndicated working capital facility for Warid Telecom.