

# Wealth gap, debt top risks ahead of Davos

REUTERS, London  
Fragile economies and extreme weather have combined to crank up the global risk dial in the past year, creating an increasingly dangerous mix, according to the World Economic Forum.

Despite Europe's avoidance of a euro break-up in 2012 and the United States stepping back from its fiscal cliff, business leaders and academics fear politicians are failing to address fundamental problems.

That is the conclusion of the group's Global Risks 2013 report, which surveyed more than 1,000 experts and industry bosses and found they were slightly more pessimistic about the outlook for the decade ahead than a year ago.

"It reflects a loss of confidence in leadership from governments," said Lee Howell, the WEF

managing director responsible for the report.

Severe wealth gaps and unsustainable government finances were seen as the biggest economic threats facing the world, as they were last January. There was also a marked increase in focus on the dangers posed by severe weather.

The 80-page analysis of 50 risks for the next 10 years comes ahead of the World Economic Forum's (WEF) annual meeting in the Swiss ski resort of Davos from January 23 to 27, where the rich and powerful will ponder the planet's future.

Bringing together business leaders, politicians and central bankers, Davos has come to symbolise the modern globalised world dominated by successful multinational corporations.

Chief executives arriving on

their private jets may still ooze confidence but "Davos man" -- and most delegates are male -- has plenty to worry about these days.

"Most of the risks have gone in the wrong direction in the past year," Howell told reporters on Tuesday.

On the economic front, eurozone instability will continue to shape global prospects in the coming years and the "associated risk of systemic financial failure, although limited, cannot be completely discarded," the report said.

Concerns about rising greenhouse gas emissions have grown notably in the past 12 months. The issue is ranked as the third biggest worry overall, while failure to adapt to climate change is viewed as the biggest single environmental hazard.

Superstorm Sandy, which

wreaked havoc on the US east coast in October, was a wake-up call for many. But it was not an isolated event in a year that also saw droughts, floods and the Arctic sea ice melting to a record low level.

Extreme weather was on display again this week as Australia grappled with fires and heatwave conditions, while temperatures in China plunged to a 28-year low.

"Two storms -- environmental and economic -- are on a collision course," said John Drzik, chief executive of Oliver Wyman, a unit of insurance broker Marsh & McLennan.

"If we don't allocate the resources needed to mitigate the rising risk from severe weather events, global prosperity for future generations could be threatened."

This year's Davos meeting

takes as its theme "resilient dynamism", in recognition of the need for governments and businesses to develop strategies to ensure critical systems continue to function in the face of such threats.

Outside the interlinked areas of the environment and the economy, the WEF identified other dangers, including increasing resistance of bacteria to antibiotics and the danger of "digital wildfires" created by the rapid spread of misinformation online.

More outlandish risks, dubbed "X-Factors," include the rogue deployment of geo-engineering to counter climate change, for example by injecting particles into the stratosphere, or the discovery of alien life, which would challenge many assumptions underpinning religion.

## New MD for Mercantile Bank

STAR BUSINESS DESK

M Ehsanul Haque has joined Mercantile Bank Ltd as managing director and chief executive officer, the bank said in a statement yesterday.

Haque has 33 years of diverse experience in the finance industry, including consultative, advisory and banking fields. He started his career with Grindlays Bank (now Standard Chartered Bank) and has since served both national and international banks.

Haque has been managing director of Prime Bank Ltd, IDCOL, BRACA Afghanistan Bank and BRAC Bank.



## SIBL gets new MD

STAR BUSINESS DESK

Md Shafiqur Rahman took the reins of Social Islami Bank Ltd as managing director on January 3, the bank said in a statement yesterday.

Rahman joined SIBL as deputy managing director in 2010. He has a banking career of more than three decades, starting with Sonali Bank Ltd in 1977. He has since worked with Agrani Bank, Jamuna Bank and Southeast Bank in



DBBL  
Sayem Ahmed, chairman of the executive committee of Dutch-Bangla Bank, presents the keys of an ambulance to Md Zihadul Islam, president of Diabetic Samity of Laxmipur, at a ceremony at the bank's head office in Dhaka on Monday.



IIFDC  
Md Asaduzzaman Khan, managing director of Industrial and Infrastructure Development Finance Company Ltd, and Dilip Chand Dugar, managing director of Infinity Data and Power Ltd, attend the signing of an agreement at a ceremony on Sunday to raise syndicated term loans and working capital.

## Samaras tells Merkel Greeks making 'great sacrifices'

AFP, Berlin

Greek Prime Minister Antonis Samaras assured German Chancellor Angela Merkel on Tuesday that his people were making "great sacrifices" to beat their debt crisis and restore confidence.

Samaras, who was in Berlin to attend a business conference, told reporters ahead of talks with Merkel at her chancellery that his country was implementing crucial reforms, even as average Greeks bear the brunt of the transition.

"I would like to make clear from the start that our country is making an enormous effort, which goes hand-in-hand with great sacrifices, to get things on the right track," he said, flanked by the German leader.

"We are trying to win back credibility -- credibility on the part of the peoples of Europe and on the part of the markets."

Samaras trumpeted a "series of systematic measures" to "guarantee that we do the best possible to put things right, above all to ensure liquidity, which is the life's blood of a healthy economy".

"Those are, together with investments, the two elements that are crucial for our country -- a country that is truly suffering a lot, above all in the grips of

unemployment, especially among young people," he said.

Merkel said she and Samaras would discuss what kind of headway Athens was making on putting its fiscal house in order, as well as challenges faced by Germany, Europe's top economy.

"I am interested in hearing about progress on the implementation of the Greek reform programme and on the other hand to report what kind of economic situation we in Germany expect because we too must do everything we can to ensure economic growth and thus job security," she said.

Merkel is a widely hated figure in Greece for championing painful budget cuts in exchange for European aid and faced sometimes violent protests during a visit to Athens in October to meet Samaras.

Last month, European Union leaders agreed to provide 49.1 billion euros (\$63.9 billion) in aid in return for more austerity measures.

Greece has already received 34.3 billion euros of this package and is poised to obtain another 9.2 billion euros at the end of this month if key fiscal reforms are carried out, followed by two more slices of 2.8 billion euros in February and March.

## Anglo American picks Anglo Gold Ashanti boss as new CEO

AFP, London

Global miner Anglo American named AngloGold Ashanti boss Mark Cutifani on Tuesday as its new chief executive to succeed Cynthia Carroll.

"Anglo American plc announces the appointment of Mark Cutifani as chief executive, with effect from 3 April 2013," the London-listed group said in an official statement.

Australian Cutifani, 54, has been chief executive officer of South Africa-based gold producer AngloGold Ashanti since 2007, during which time he has led a major restructuring of the business.

Anglo had announced in October that US citizen Carroll had decided to step down after seven years at the helm of the mining giant, which was hit by violent strike action in South Africa last year.

Carroll's tenure has also taken in the global financial crisis and a massive boom in demand for commodities particularly from Asian powerhouse China, which is the world's second-biggest economy.

Anglo Chairman John Parker described Cutifani as a "highly respected leader" in the sector.

"Mark Cutifani is an experienced listed company chief executive with a focus on creating value," Parker said in the statement.

"He is a seasoned miner, with broad experience of mining operations and projects across a wide range of commodities and geographies, including South Africa and the Americas.

"Mark is a highly respected leader in the global mining industry, with values strongly aligned to those of Anglo American. We look forward to welcoming him as our chief executive."

Cutifani will stay on as chief executive of AngloGold Ashanti until the end of March.

"Anglo American has some of the highest quality mining operations and projects amongst its diversified peer group, bound together within a company with a deep sense of responsibility," added Cutifani in the statement.

"I am delighted to have the opportunity to lead Anglo American at this important stage in its journey, to unlock the company's very considerable value potential."

Carroll, 55, will step down from the board in April and leave the company at the end of that month.

"Cynthia Carroll is an inspirational leader who has had a transformational impact on Anglo American," added Parker.

"Among many other things, her legacy will include a step change improvement in safety, sustainability and the quality of our engagement with stakeholders."



DBH  
Employees of Delta Brac Housing Finance Corporation (DBH) along with the volunteers from USA, New Zealand, Australia and China recently took part in the volunteers-sponsorship home building activities launched by Habitat for Humanity International Bangladesh in Doluchhara village of Srimangal in Sylhet.

## Regulator approves stock dividends for mutual funds

FROM PAGE B1

The market watchdog also approved a rights offer for Phoenix Finance.

The company will issue 92.04 lakh ordinary shares of Tk 10 each, to rake in Tk 9.20 crore which would increase its capital base to Tk 100 crore; one rights share will be offered for every existing 10 shares.

Also, the regulator reduced the size of RN Spinning Mills' rights issue to Tk 120 crore from Tk 278 crore for failure to pay subscription fees in time.

The commission asked the company to remove its company secretary, and banned him from stockmarket-related activities for five years.

For violating securities rules, RN Spinning was fined Tk 10 lakh. Shirin

Faruk, a director, was fined Tk 25 lakh, and all other directors were fined Tk 50 lakh each. Siraj-Ud-Daulah, an investor, was fined Tk 30 lakh.

Separately, investors Abu Sadat Sayem, Abdul Mobin Mullah, Mahmuda Yasmin and Dream Holdings were fined Tk 6 lakh, Tk 12 lakh, Tk 40 lakh and Tk 15 lakh respectively for breaching securities rules to trade shares of Fuwang Foods.

For the same offence, Legacy Footwear's investors Mahbubur Rahman and Mojibul Haque were fined Tk 15 lakh and Tk 2 lakh respectively, while Ratan Kumar Saha got away with a warning.

Legacy Footwear was fined Tk 5 lakh for not publishing the company's earnings per share.

## Falling prices pull down inflation

FROM PAGE B1

The increase in average non-food inflation in 2012 appears to have been primarily underpinned by strong remittance growth (nearly 22 percent), which boosted aggregate demand, Hussain said.

Cost push factors such as around 14 percent depreciation of the exchange rate during 2012 and administered price adjustments also played some role, he added.

The decrease in non-food inflation on a year-on-year basis in December 2012 indicates that the demand effect of remittances is probably wearing out, Hussain said.

However, on the rise in non-food inflation, Zaid Bakht of the BIDS said it was due to a hike in energy prices.

Bakht said a hike in energy prices puts both direct and indirect impacts on the cost of living, which also fuels non-food inflation.

Bangladesh Bank has been following a tight monetary policy, which has led to lower imports. A fall in import created pressures on non-food inflation amid a supply shortage.

A BB official said remittance receipts were more than \$14 billion last year, which is also a cause of higher non-food inflation.

The government again increased fuel prices last week, and the electricity prices will also be adjusted. These will create further pressures on the price level both directly and indirectly.

The CPD said the government' target of bringing down inflation to 7.5 percent in the current fiscal year is unlikely to be achieved though inflation fell in December last year.

However, according to BBS data, the overall inflation on a point-to-point basis rose by 0.28 percentage point in December and stood at 7.69 percent.

In December, food inflation went up by 0.88 percentage point and stood at 7.33 percent and non-food inflation fell by 0.87 percentage point and