

Oxfam report exposes hidden social costs of high food prices

STAR BUSINESS REPORT

Despite a rise in wages, many people in countries such as Bangladesh experience a reduced standard of living due to high food prices and living costs, Oxfam and Institute of Development Studies (IDS) of the UK said in a joint study yesterday.

The report titled 'Squeezed: Life in a Time of Food Price Volatility' is the first from the four-year study, conducted by Oxfam and IDS in 10 countries, including Bangladesh.

It finds that income of most people increased in many cases much more, in nominal or cash terms over the previous year. But cumulative effects of price rises and insecurity are compelling people to live on low incomes.

"Despite the spike, people did

not feel their income had increased with the rate of inflation; few people could demonstrate that they were materially better off, and most ate less and experienced a reduced standard of living compared with those of previous years," the report said.

"Many people had changed jobs, often to meet the rising costs of living, and there were several reports of increased migration."

The pressures to earn a living were compelling some people to resort to less secure and sometimes dangerous work, according to the study which aims at investigating the impacts of food price volatility on well-being and development.

It said global food price did not increase sharply despite harvest failures in 2012.

"But global food prices remained at, or close to, record levels," said the report adding that prices were less volatile in 2012 than in recent years and there was no evidence of a crisis on the scale of that witnessed in 2007-2008.

In 2012, the impacts of global food price movements were relatively muted in the countries under its study.

On Bangladesh, it says that wages of farm workers soared between the year 2010 to 2012 along with construction workers and domestic helpers. Wages of garment workers also increased.

"Many people are earning more, but this is often illusory: wage rises rarely match rises in the cost of living. People have to cope in time-honoured ways by cutting back, substituting, shopping

around, and growing and gathering more," it observes.

"The impacts are felt in homes, relationships, communities, and workplaces, changing the way people think about themselves and others."

Noting the year 2012, the report says prices of the staple rice were stable in Bangladesh throughout the year compared to the previous year when food prices were very high.

However all other items became more costly in Bangladesh in 2012, added the report which conducted the study in Bangladesh in Dhaka, Koyra, Khulna and Dhamurhat of Naogaon.

Many people in the cyclone Aila affected areas of Koyra ventured out to risky jobs like fishing in the

tiger and pirate-infested Sundarbans due to price spirals and a lack of alternative options, the report said.

Many also had to cut back on costly or preferred foods, it says and adds people affected by cyclones such as the Aila were also found to be eating too little and substandard meals.

High food prices have increased migration in all 10 countries and women have become more involved in paid work than in the past, according to the report.

People's worries also deepened about food safety as people were compelled to buy cheap stuff regardless of quality.

"While pesticides in vegetables are a major concern, more affluent people also express fears about contaminated fish, poultry and



PROTHOM ALO

Students attend the first event of BRAC University-Prothom-alojobs Career Fair-2013 at the university campus recently. Mohammad Nazrul Islam, deputy general manager of human resource at Pacific Bangladesh Telecom, was the key resource person.



ROBI

Dilip Barua, industries minister, visits a stall of 'Robi Presents - Showcase Malaysia 2013' co-organised by Malaysian High Commission in Dhaka and Bangladesh High Commission in Kuala Lumpur, at a hotel in the capital yesterday. Story on B1.

EU lawmakers back French push to limit US trade talks

REUTERS, Brussels

European Union lawmakers voted on Thursday to limit the scope of a proposed free-trade deal between Europe and the United States, backing French demands to leave out culture and potentially irritating Washington.

The European Parliament, which can veto EU trade accords, voted 460 in favour and 105 against with 28 abstentions to limit Brussels' room for manoeuvre in talks on a deal that would encompass almost half the world's economic output.

"It is crucial not to consider culture as a pure commodity," said Helga Truempel, a member of the parliament from the German Greens party.

Although non-binding, the parliament's vote provides support for French demands to exclude the cultural sector from a deal. It will likely establish the parameters of the EU's negotiating mandate, which will be finalised on June 14.

EU-US negotiations are expected to start in July and to take two years.

Washington and Brussels say the broadest deal possible is the best way to unleash billions of dollars in new business, and EU trade chief Karel De Gucht told lawmakers in the parliament on Wednesday that he needs flexibility to win US concessions.

US lawmakers say they will not support a deal unless it tears down barriers that have long blocked US exports. One US official said the talks risked "death by a thousand cuts" if a policy of tit-for-tat exemptions were to take over.

France's Trade Minister Nicole Briq welcomed the European Parliament's vote but said she wanted to see public procurement for defence contracts exempted too,

something De Gucht wants to include in the talks.

De Gucht and EU ministers cannot ignore the European Parliament. Last year an overwhelming majority of its lawmakers vetoed ACTIA, an international trade agreement intended to clamp down on fake goods and illegal Internet downloading.

France, Europe's second largest economy, has threatened to block the start of US talks unless it retains a "cultural exception" that allows the government to limit foreign programmes on French airwaves and to subsidise French films.

French Culture Minister Aurelie Filippetti sent a letter to EU lawmakers on Wednesday calling on them to back exempting culture from the talks, and said France has the support of other EU member states.

France's support for a transatlantic deal is crucial. A British push for an EU-US trade agreement collapsed in the 1990s in the face of French resistance.

Creative industries in other European countries have also lobbied against including culture in trade negotiations, fearing that a deal would allow US filmmakers to take advantage of shrinking European cultural subsidies, for example.

"We have fought laboriously to create humane working conditions for our writers, but that is now in peril," said Jochen Greve, a screenwriter for the German TV show Tatort.

De Gucht supports leaving cultural subsidies out of any pact. He wants to leave room for talks on digital technology but the French and lobbyists in the creative sector say this could still unfairly benefit American companies.

Malaysia: a destination for medical tourism

FROM PAGE B1

He also stressed joint-ventures to boost foreign direct investment in Bangladesh.

Malaysian High Commissioner in Dhaka Norlin Binti Othman said there is a lot of potential for joint-investment between the countries for which the business communities need to closely interact with each other.

The exhibition will provide opportunities for the business communities of both countries to mingle and extend relations further, she added.

About 40 Malaysian manufacturers, exporters and service providers are showcasing products, related to telecoms, banking, information technology, tourism, education and healthcare.

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EU trade official warns retailers on supply chain

FROM PAGE B1

"I will be very strict on this. If things do not go better, I will ask to launch an investigation," he said.

So far 39 retailers, mostly European, including Hennes & Mauritz, Inditex, Marks & Spencer, Loblau and Associated British Foods' Primark, each pledged to contribute \$2.5 million over five years (\$500,000 a year) under the agreement announced by IndustriALL, a global union.

The contribution will help improve work condition and ensure workers' rights at around 2,000 readymade garment factories in the country.

Global giants like Wal-Mart and Gap, however, have not signed the safety accord yet.

Mumbai drugmaker hit by FDA import alert

REUTERS, Mumbai

The US Food and Drug Administration imposed an "import alert" on a plant operated by generic drugmaker Wockhardt Ltd, sending its shares down 20 percent on Thursday to their lowest level in seven months.

An "import alert", effectively a ban, results in detention without physical examination of drugs from firms that have not met so-called good manufacturing practices, according to the FDA website.

Wockhardt said that the FDA's action potentially affects \$100 million in revenue on an annualised basis, but said it should be able to restore most of that within 6 to 9 months by shifting production to other facilities.

The company generated revenue of \$908 million in the fiscal year that ended in March 2012.

Wockhardt Chairman Habil Khorakiwala said the \$100 million figure was a "worst-case scenario," and said it was not clear how long the ban would be in place.

"We have to interact with the FDA and deal with those issues," he said on a conference call with reporters.

"We are making all kinds of effort to satisfy FDA with the GMP (good manufacturing practices) compliance in that particular facility," he said.

In April, Wockhardt said that the FDA had carried out an inspection at its injectables plant in Aurangabad in Maharashtra, and had issued form 483s to the company. A form 483 is issued when inspectors see conditions that they believe may violate US rules, according to the FDA.

The company's shares fell 20 percent, their daily limit, to close at 1,313.80 rupees in Nifty that dropped 2.1 percent.



PRIME BANK

Tabarak Hossain Bhuiyan, deputy managing director of Prime Bank, and Anisul Islam, chief operating officer of SSL Wireless, sign an agreement in Dhaka recently. The deal enables customers of the bank to recharge their mobile phones through internet banking service 'Altitude'.

Emirates offers time-bound discounts

STAR BUSINESS DESK

Emirates offers discounts of up to 12 percent on travels to European, US and Saudi Arabian destinations, valid until July 31, the airline said in a statement.

Passengers can enjoy the offer for travel to Rome, Milan, London, Paris, Frankfurt, Amsterdam, Istanbul, Zurich, Geneva, Lisbon, New York, Dallas, Houston, San Francisco, Washington, Jeddah and Medina.

"During this time of the year, a large number of Bangladeshis visit the USA and Europe either to meet their friends and relatives or on business. Many also travel to perform Umrah," said Satish Sethi, Emirates's area manager for Bangladesh.

"This promotion offers our valued Bangladeshi travellers even more value for money whilst enjoying Emirates' award winning services on board and on the ground."

The offer is valid for purchase of tickets between May 20-26 from any travel agency in Bangladesh or online at www.emirates.com/bd. Tickets can also be purchased from Emirates offices in Dhaka, Chittagong and Sylhet.

In April, Emirates increased the range of flight options for its Bangladeshi passengers by two additional flights from Dhaka to Dubai on Tuesdays and Fridays.

The airline now operates 21 flights a week from the city, to more than 130 destinations in 77 countries worldwide.

Islami Bank announces 25pc dividends

STAR BUSINESS DESK

Islami Bank Bangladesh Ltd (IBBL) announced 17 percent stock and 8 percent cash dividends for the bank's shareholders for 2012 at the annual general meeting held on Wednesday.

Abu Nasser Muhammad Abdus Zaher, chairman of the bank, presided over the meeting at Bangabandhu International Conference Centre in Dhaka.

The AGM approved the balance sheet up to December 31, 2012, profit and loss accounts, reports of the directors and auditors of the bank and minutes of the last annual general meeting.

Imports look upward with Ramadan in sight

FROM PAGE B1

The central bank also said the overall imports have increased in recent months.

"The number of LCs has gone up, but it is not for Ramadan only," said Kazi Sayedur Rahman, general manager of foreign exchange and treasury management department of the BB.

Rahman said the import cost for Ramadan items will not exceed \$10 million.

Import LCs worth \$36.93 billion were opened in fiscal 2011-12 against \$38.58 billion a year ago, with the major items being petroleum products and oil, machinery and parts, soybean and palm oil, raw cotton, iron and steel and wheat. Bangladesh's major import partners are China and India, accounting for a combined 30 percent of the total imports.

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Padma bridge to get highest allocation

FROM PAGE B1

Meanwhile, Communications Minister Obaidul Quader yesterday said they will invite bids by June for the construction of the main bridge.

However, a finance ministry official said, if experienced and internationally reputed contractors do not participate in the bidding, they may invite fresh bids.

The official said uncertainty still remains whether the construction work would begin by December.

Another official from the same ministry said the government has an alternative funding plan too.

If the present government comes back to power again, it will send fresh proposals to the Asian Development Bank and Japan International Cooperation Agency to join the funding.

The finance minister has already got a signal from the ADB and Jica, the official said.

However, in that case, the Anti-Corruption Commission will have to take action against the persons found involved in corruption in the bridge project based on the findings of its investigations, the official added.



SMC

Delwar Hossain, divisional director of family planning, poses with rural medical practitioners recognised by Social Marketing Company, at a workshop in Dhaka on Wednesday. Gregory J Adams, acting director, OPHNE of USAID, and Ashfaq Rahman, managing director of SMC, were also present.



ICB ISLAMIC BANK

Mohammed Nurul Amin, managing director of NCC Bank, and Mamoon Mahmood Shah, managing director of ICB Islamic Bank, attend the signing of a remittance agreement between their banks in Dhaka on Tuesday.



SHWAPNO

Sabbir Hasan Nasir, executive director of Shwapno chain store of ACI Logistics, opens their 39th outlet for Khilgaon, Bashabo and Shobujbagh yesterday. Sohel Tanvir Khan, head of international business, was also present.