

# Allocate separate funds for post-MDG agenda

## Bangladesh urges developed nations

STAR BUSINESS REPORT

Bangladesh has called upon rich nations to allocate a separate fund, along with their official development assistance (ODA), to help least developed countries focus on their post-2015 agenda.

Bangladesh officials pushed for the fund during a three-day "Asia workshop on global partnership for effective development cooperation: links to the post-2015 development agenda" at Sonargaon Hotel in Dhaka.

After two years, the deadline to meet the UN's Millennium Development Goals will end. "So, the LDCs have to focus on the post-MDG agenda," Finance Minister AMA Muhith said at the concluding session of the workshop yesterday.

From an economic perspective,

Bangladesh will need 4-5 years to come out of the LDC status, and another three years to make preparations to become a middle-income country, Muhith said.

However, the minister said the country will not be deprived of the ODA when it graduates from the LDC status.

Around \$130 billion worth of aid is generated worldwide a year, of which the US alone provides \$30 billion, said Md Abul Kalam Azad, secretary to the Economic Relations Division under the finance ministry.

The workshop also came up with some recommendations from the Asia-Pacific region that call for deepening of the MDGs in the remaining two years to address a set of issues.

The issues include income and non-income inequalities, the need

for quality education outcomes, youth unemployment, gender inequality and social exclusion, health and environment risks, governance, trade, technology and affordable medicines.

The workshop also stressed putting the ODA in a broader landscape for financing development priorities including MDGs and post-2015 development agenda.

Discussants at various sessions in the workshop called upon the emerging countries such as Brazil, Russia, India, China and South Africa, to enhance their engagement in development financing and cooperation.

ERD officials said the workshop was important as it generated common standpoints from the Asian region on development cooperation ahead of the first global part-

nership ministerial meeting to be held in Mexico next year.

The workshop also made recommendations on three broad strategies at the country level and will actively seek regional cooperation in a practical and feasible way.

The ERD organised the event with support from the United Nations Development Programme in Bangladesh.

Government representatives from 26 countries in the Asia Pacific region, including Indonesia, South Korea, Cambodia, Laos, Nepal, Mongolia, Myanmar, Afghanistan, the Maldives, Fiji, Papua New Guinea and East Timor, took part in the programme.

Cabinet Secretary M Musharraf Hossain Bhuiyan, and ERD Additional Secretary Arastoo Khan were also present.

## German business confidence rises: Ifo

AFP, Berlin

German business confidence rose for a fourth consecutive month in August, data showed Tuesday, boosted by a stronger export outlook and adding to signs of a pickup in Europe's top economy.

The Ifo economic institute's closely watched business climate index rose to 107.5 points this month from 106.2 in July, in a move likely to provide a boost to Chancellor Angela Merkel a month before general elections.

Analysts polled by Dow Jones Newswires had predicted an increase, albeit slightly lower, to 107 points.

"Companies are more satisfied with their current business situation. Their optimism regarding future business developments -- although slightly cautious -- also grew," the think tank's economist Kai Carstensen said in a statement.



Mohd Safwan Choudhury, chairman of Bangladesh Tea Association, attends its 53rd annual general meeting in Chittagong yesterday. M Shah Alam, vice chairman, was also present.

## Govt, BGMEA seek to be part of factory inspection team

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Now the government and Bangladesh Garment Manufacturers and Exporters Association seek membership of the steering committee of the building and fire safety accord. However, IndustriALL, the initiator of the agreement, wants to keep them in the advisory council.

In the six-member steering committee, Monica Campbell from IndustriALL, John Hoffman from UNI Global Union, and Roy Ramesh Chandra, general secretary of IndustriALL Bangladesh Council, have been named under the unions category.

The rest three representatives were selected from the international brands and retailers -- Inditex, PVH and C&A, Roy Ramesh Chandra said.

The IndustriALL Global Union initiated the accord to inspect 800 factories after the deadline Rana Plaza building collapse in Savar that claimed 1,132 lives in April.

The other members of the advisory council of the factory inspection team will be representatives from the civil society and trade union leaders, Chandra said. The BGMEA and the government will remain in the focal point in the implementation process of the accord, he added.

But, Chandra could not exactly say when the factory inspection will begin. The government and the garment makers' platform endorsed the legally binding accord in Geneva in presence of the representatives of the International Labour Organisation on July 8.

BGMEA President Atiqul Islam said they have already requested the IndustriALL to include them in the steering committee. "We will talk to them (IndustriALL) again," Islam said.

North American Alliance, a platform of 20 US-based retailers and brands for worker safety that will separately inspect 1,200 factories, has already made Islam a member of their agreement implementing committee.

## Time to decide on coal extraction method

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Muhith also said despite the huge expectations, the government would not be able to bring liquefied natural gas from Qatar in its current term due to internal reasons. He, however, said it might be brought within the next two years.

Petrobangla Chairman Hossain Monsur called for exploring potentials offshore and alternative energies, as the reserves of natural gas are not infinite.

Eunusur Rahman, chairman of Bangladesh Petroleum Corporation (BPC), urged the government to increase manpower as the state-run lone oil importer has been running with almost the same staff count since 1977. He also said BPC could not become an efficient organisation because of weak financial management, although it handles businesses worth Tk 50,000 crore a year.

Emdadul Huq, chairman of Bangladesh Energy Regulatory Commission, said the country would have to ensure alternative supplies of energy before domestic resources run out.

Subid Ali Bhuiyan, chairman of parliamentary standing committee on the energy and power ministry, said the government took a number of steps over the last four years to ensure energy security. "But those steps are not enough. We have to take some more steps to ensure long-term energy security."

He also called for economic gas pricing to lure in international companies to explore energy potential in the Bay of Bengal and diversify energy resources.

The ruling party lawmaker also said there is no alternative to coal for producing electricity. "The people of the northern region are in favour of extracting coals—they just want compensation."

"But a vested quarter is against the extraction of the indigenous resources," he said, calling on the government to expand renewable energy across the country.

Md Quamruzzaman, a director at Petrobangla, said Bangladesh's per capita energy consumption is one of the lowest in the region, with India, Nepal and Pakistan positioned ahead of it.

He said Bangladesh would have to produce 26.5 million tonnes of coal annually in 2030 from the 1 million tonne it now produces to meet its targets.

Quamruzzaman also called for involvement with the proposed Trans-Afghanistan Pipeline, also known as the Turkmenistan-Afghanistan-Pakistan-India Pipeline or TAPI, to ensure future energy security.

The government declared August 9 National Energy Security Day, as on this day in 1975 Bangabandhu Sheikh Mujibur Rahman bought five gas fields from Shell Oil Company at only £4.4 million -- a decision that is largely credited for meeting the country's energy needs over the last four decades.

The day could not be observed this year as it coincided with the Eid-ul-Fitr holidays.

## Grameenphone secures \$345m to widen rural network

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IFC has supported the growth of the telecom sector in Bangladesh through a long-term engagement with Grameenphone since 1998.

Grameenphone, which was listed on the bourses in 2009, traded at Tk 209.30 per share yesterday. The company also featured in the top turnover chart with its transaction of 23.76 lakh shares worth Tk 50 crore.

## Stockbroker fined Tk 5 lakh

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The firms whose share prices rose abnormally were: Mithun Knitting, CVO Petrochemical, Tallu Spinning and Bangas.

The regulator also asked the panel, comprising BSEC Deputy Director Shamsur Rahman and Assistant Director Rakibur Rahman, to submit a probe report in 15 days.



Helal Ahmed Chowdhury, managing director of Pubali Bank, receives a plaque awarded by the Centre for Non-Resident Bangladeshis (NRBs) for support to inward remittances, from Kazi Akram Uddin Ahmed, president of Federation of Bangladesh Chambers of Commerce and Industry, at Sonargaon Hotel in Dhaka recently.



Khondker Fazle Rashid, managing director of Dhaka Bank, and DS Faisal Hyder, chief executive of Qubee, attend the signing of two agreements between their organisations recently. The bank's cardholders will get 10 percent discounts on postpaid and prepaid connections of Qubee and on advance payment of 6-12 months bill, whereas, Qubee Ace Club subscribers will be offered Dhaka Bank's VISA dual currency credit cards with the first year's annual fee fully waived.

## US consumer confidence ticks higher

AFP, Washington

US consumers grew slightly more confident in August as they viewed economic conditions and job prospects improving in the future, the Conference Board said Tuesday.

The consumer confidence index rose to 81.5 last month, up from 81.0 in July but still below the five year high of 82.1 reached in June.

The improvement in confidence, a partial predictor of consumer spending that drives the economy, surprised analysts, who generally had forecast the index would drop to 77.0.

But the overall stronger sentiment number was entirely due to expectations for conditions six months ahead; the reading jumped to 88.7 from 86.0 in July.

Consumers' views of current conditions deteriorated to 70.7 from 73.6 last month.

"Consumers were moderately more upbeat about business, job and earning prospects," Lynn Franco, director of economic indicators at the Conference Board.

Franco noted income expectations, which had fallen after the January payroll tax hike, rebounded to their highest level in two and a half years.

# Indian rupee suffers biggest fall in 18 years

REUTERS, Mumbai/New Delhi

The Indian rupee hit a record low and posted its biggest percentage fall in 18 years on Tuesday after parliament's approval of a \$20 billion plan to provide cheap grain to the poor renewed doubts about government resolve to control spending ahead of elections due next year.

The alarm over India's fiscal deficit eclipsed an announcement by Finance Minister P. Chidambaram that the government had approved infrastructure projects worth 1.83 trillion rupees (\$28.38 billion), a step aimed at reviving economic growth and shoring up investor confidence.

Instead, the rupee plummeted new depths while shares plunged after Chidambaram spoke as his promise that the government will meet its fiscal deficit target failed to turn sentiment.

"I have already said that 4.8 percent of GDP and the absolute number that was indicated in the budget is a red line. The red line will not be breached," Chidambaram told a news conference. "I think we'll simply have to be patient, be firm, do whatever is required to be done, and the rupee will find its appropriate level."

Traders said the currency market was working in a climate of fear as repeated efforts by authorities to

turn the markets around failed to have a holding impact.

The rupee has lost 17 percent against the dollar so far this year—making it the worst performer by far among Asian emerging market currencies tracked by Reuters - despite frantic attempts by the government and central bank to support it and repeated comments by the finance minister that the rupee is oversold.

The partially convertible rupee slumped to a record low of 66.30 to the dollar, despite central bank intervention to ease the pace of the decline, surpassing its previous all-time low of 65.56 hit last Thursday.

The currency fell 2.9 percent on the day to close at 66.24/25, its biggest single-day percentage fall since October 1995 according to Thomson Reuters data and its biggest fall ever in absolute terms.

Shares also slumped, sending the benchmark BSE index down more than 3 percent and benchmark 10-year bond yields up 44 basis points.

Indian markets have been caught in a downward spiral since May as the prospect for a tapering off in the Federal Reserve's period of cheap money exposes India's vulnerability among emerging markets - marked by a record high current account deficit, a troubling

fiscal deficit and the weakest economic growth in a decade.

Yet, despite measures to address these concerns, including a slew of steps to attract dollar inflows, Indian policymakers are struggling to instil confidence.

"It's not out of choice, but out of compulsion that the finance minister is announcing so many things," said G Chokkalingam, managing director and chief investment officer of Centrum Wealth Management in Mumbai.

"The trinity of the fiscal deficit, slowing growth and an unstable currency is hitting us badly. In addition to these, the government has passed the food security bill which may put fear in the mind of rating agencies."

Worries are growing that Prime Minister Manmohan Singh's coalition government will be tempted into a populist spending splurge ahead of the general elections due by May and so will struggle to meet the fiscal deficit target.

The 1.35 trillion rupees (\$20.94 billion) Food Security Bill is a key part of the ruling Congress party's strategy to win re-election, with its focus on selling subsidised wheat and rice to 67 percent of India's population of 1.2 billion.

Kotak Institutional Equities said there would be "no free lunch", estimating India's subsidy burden

would reach 827 billion rupees from the budgeted 606 billion rupees.

"There are substantial challenges in procurement, logistics and identification of beneficiaries," the brokerage said in a note to clients.

The bill also comes at a time when the government is showing signs of having increased spending since the start of the fiscal year in April, reversing an earlier tight grip, while tax revenues could stagnate amidst a slowing economy.

That is raising concerns about a potential ratings downgrade, although Standard & Poor's is the only one of the three major credit agencies to have a negative outlook on India's BBB-minus sovereign credit rating.

Fitch Ratings analyst Art Woo warned on Monday that India was finding it more challenging to meet its fiscal deficit target as revenues slow.

Chidambaram sought to address concerns about the economic slowdown by pledging to kickstart 36 stalled projects in sectors ranging from oil, gas and power to roads and railways.

"The message that we are sending is that the investment cycle has restarted, and we are pushing it. It is gathering pace," he said.

However, analysts say these projects will not take off quickly, while the government has little to show from recent economic reforms.



Muhammed Ali, managing director of UCB, poses with meritorious children of the bank's employees that were awarded certificates and cash prizes for achieving brilliant results in examinations at the bank's Learning and Development Centre in Dhaka yesterday.

## Syngenta, Bayer challenge EU bee-saving pesticide ban

AFP, Geneva

Swiss agrichemical giant Syngenta and German chemicals group Bayer on Tuesday said they were taking legal action against the European Commission over its suspension of the use of an insecticide it blames for killing bees.

The two companies, which announced their challenges separately, said they were bringing their cases before the European Court of Justice in Luxembourg.

"We would prefer not to take legal action but have no other choice given our firm belief that the Commission wrongly linked

thiamethoxam to the decline in bee health," Syngenta chief operating officer John Atkin said in a statement.

In neighbouring Germany, a spokesman for Bayer said its agrochemical division Bayer CropScience had submitted its legal complaint in the middle of this month and wanted clarity for the sake of future investment.

The European Commission announced in May that it was temporarily banning the use of Syngenta's thiamethoxam, which is also sold under the name Cruiser. The product is used to treat seeds and is applied to the soil or sprayed on bee-attractive plants and cereals.