

# StanChart optimistic about Bangladesh's potential

The bank's regional CEO says they are not nervous about the recent political developments

MD FAZLUR RAHMAN

**S**TANDARD Chartered Bank has been able to sail through difficult times in different markets across the globe with distinctive features as it has continued to play its dual role of an international bank and local bank successfully.

"In many ways, we are more local than any international bank, and we are more international than any local bank. That is where our real strength lies," said Sunil Kaushal, regional chief executive officer of the UK-based bank for South Asia, which includes markets such as India, Bangladesh, Sri Lanka and Nepal.

"If you want to pursue an international business, you will normally come to a bank like us, because we have got the network, experience and clients. At the same time, we have the local expertise. This is a very unique proposition."

Standard Chartered is the oldest and largest foreign bank in Bangladesh and has been operating in the country for more than 100 years. It has 17 branches in major cities.

"It (Bangladesh) is one of our fastest growing markets, and clearly a very important market, not only for the present but also for the future," he told The Daily Star during an interview in Dhaka recently.

He said the bank has been a consistent performer in the country with a strong double digit growth in the last five years. "If you look at the banking sector, the double digit growth for any bank is a very good story."

"It is a classic emerging market. It has large population. In terms of growth prospect, there is a lot of locally generated demand. There is good positioning on the export side. There is a lot of requirement for investment that creates opportunities for the banks."

The banker visited Dhaka at a time when the country has been witnessing serious political unrest for more than a year. Political uncertainty has hit the economy very hard, with the banking sector's profitability on the declining trend following



**Sunil Kaushal**

years of higher profits.

Elections and their anticipated results sometimes might defer or slow down investments, as investors prefer to avoid risks. But Kaushal said emerging markets are quite different when it comes to that.

"I have met a bunch of clients in Dhaka, and I asked them the same question. Everybody said their plans are very much on track in terms of investment and they continue to invest in."

When asked whether the bank is nervous about the political developments, he answered negatively.

"We are not nervous. We have been in this country for 105 years. We have seen many ups and downs, and elections are something you have got to expect in a democratic country."

Kaushal said his bank does not slow down business whenever elections come in the country. "We have not done that in the past. We do what our customers and clients want us to do. Currently, our clients are continuing to invest and grow."

He said his bank is also optimistic about recovering global economic climate.

"The simple reason is that for the first time in about seven years we have seen all major markets grew at the same time. The last time it happened in 2006-07."

"It is a good piece of news for businesses in general, particularly for the export-oriented industries. There will be more demand from the developed world. I think we are going to see the same in the case of Bangladesh."

He also sees the recent twin disasters -- the Tazreen Fashions fire and the Rana Plaza building collapse -- in the garment sector rather positively.

"I think it is a process of evolution; as the industry matures, there will be a need for raising the standards further. It is all about raising the standards. It is about doing the right thing in many ways in terms of health and safety."

The SCB senior official said Bangladesh would continue to remain a top market for the bank.

"It is one of the top 11 markets for the bank in terms of growth rate globally."

The UK-based bank is growing at double digits when other local banks are suffering from falling profits this year.

"Our focus has been and will continue to be on the basics of banking. That gave us very good results even during the crisis. In 2008-09 and thereafter, most banks either slowed down or curtailed their business and reduced the scope of business they were doing."

"We have remained open for businesses. In fact, during those years, we had recorded top line growth and profits."

Like all other banks in the country, SCB also faces criticism about the level of customer services.

But Kaushal said: "We take complaints very, very seriously. We are in a service industry. Complaints are feedback for us to improve our services."

He ascribes the higher spread -- the difference between the deposit rates and the lending rates -- to the bank's ability to collect funds at the most efficient rates.

According to Kaushal, 2014 looks fairly positive in terms of global scenario.

"The rise in demand will have immediate impact on all export-oriented countries such as Bangladesh, Taiwan, Korea and Malaysia."

The bank plans to hold its third investment summit exclusively on Bangladesh to showcase what the country can offer, following two such events in Singapore late last year and in London this year.

"The summit was well-attended. There are a lot of enquiries about the business potential in Bangladesh. We hope we can do it again next year," he said.

"I was in Japan a few weeks ago. They showed a lot of interest about investment in Bangladesh. We keep saying that this is a very attractive market."

"I am saying this not only on the banking sector perspective, but also about the whole business perspective."

fazlur.rahman@thedadlystar.net

**Trade policies shouldn't ignore human rights: analysts**

ASJADUL KIBRIA, from Bali

**T**HE formulation and implementation of trade policies should not ignore the impact on human rights in general.

While ensuring human rights is a responsibility of the government, businesses should also show respect and take responsibility, said discussants at an event on the sidelines of the ongoing WTO ministerial conference.

Organised by the Friedrich Ebert Stiftung (FES), the discussion focused on the impact of trade policies on human rights.

The ninth ministerial meeting of WTO is taking place at the Bali Nusa Dua Convention Centre in Bali, the island province of Indonesia.

FES Jakarta Office Resident Director Daniel Reichard moderated the event while Valeska Hesse of FES Jakarta made the welcome remark.

Experts discussed the importance and implication of links between trade policies and human rights. They said there are misperceptions that human rights treaties are not necessarily binding, but this is not true.

They also said human rights comprise political, economic, social and cultural rights and a violation of one is a violation of human rights. Presenting the negative impact of trade policies in Africa, Jane Nalunga from Uganda said neo-liberal policies forced massive liberalisation of African trade regimes and forced many domestic industries to disappear with huge job losses.

Marina Durano from the University of the Philippines said trade policies foster economic growth and it is necessary to study the impact of policies on human rights.

Esther Busser, International Trade Union Confederation representative, said trade policies usually pay little attention to labour rights, although they stress labour market deregulation.

Robert Howse, a professor of New York University School of Law, who joined the session via Skype, said food security is linked to human rights and is now taking centre stage in the ongoing WTO conference upon India's insistence. India is seeking subsidy rules reformation, which is not to benefit exports, but for food security.

FES Geneva Office Director Matthes Buhbe also spoke at the event and stressed the private sector's responsibility in regards to human rights.

# Sombre mood as hope fades for WTO deal in Bali

AFP, Nusa Dua, Indonesia

**I**NDIA Wednesday rejected a proposed World Trade Organisation package, casting a cloud over a high-stakes conference tasked with reviving the WTO's faltering efforts to liberalise global commerce.

The package, which New Delhi fears could endanger its efforts to subsidise food in the huge nation, "cannot be accepted", commerce minister Anand Sharma said.

"Agriculture sustains millions of subsistence farmers. Their interests must be secured. Food security is essential for four billion people of the world," he told his counterparts on the Indonesian resort island of Bali.

"Yes, we have rejected it," he later told reporters, calling it a "final decision".

His comments appeared to torpedo WTO chief Roberto Azevedo's hopes that delegates can agree on a modest package of measures to keep alive the multilateral organisation's stumbling 12-year-old drive to slash trade barriers.

"I am an optimist by nature, but today I must admit I am in a somewhat sombre mood," EU Trade Commissioner Karel De Gucht told reporters.

**'Debilitating blow' for WTO**

One by one, delegates to the four-day conference warned Bali could be the last chance to rescue the WTO's vision of an open trading environment fair to both rich and poor countries.

"Leaving Bali this week without an agreement would deal a debilitating blow to the WTO as a forum for multilateral negotiations," said US Trade Representative Michael Froman.

"And if that happens, the unfortunate truth is that the loss would be felt most heavily by those members who can least afford it."

The WTO launched the "Doha Round" of talks in Qatar in 2001, seeking to overhaul the world trading system by setting a global



**India's Minister for Commerce and Investment Anand Sharma, centre, attends the plenary session of the ninth WTO Ministerial Meeting in Nusa Dua yesterday.**

framework of rules and tearing down barriers.

But protectionist disputes between rich and poor countries, and the WTO's insistence that an accord be unanimous, have made progress frustratingly elusive.

Meanwhile, alternative regional pacts between major trading nations including the 12-nation Trans-Pacific Partnership pushed by Washington have emerged, threatening the WTO with obsolescence.

Azevedo has said it would be "tragic" if such arrangements carry the day as they cannot protect the interests of the world's poorest countries -- a key WTO objective.

Chances for success in Bali have increasingly centred on India's position on food security.

India passed a landmark National Food Security Act in August that will expand the buying of grain from farmers at subsidised rates, and sell it to consumers at

prices reduced even further.

Facing tough elections next year and pressure from powerful farm unions and opposition parties, the Congress Party government has dug in its heels.

It fears that a WTO rule limiting subsidies to no more than 10 percent of agricultural production could threaten its efforts to provide cheap food for its hundreds of millions of poor.

The Bali package would exempt India from any WTO challenges on subsidies for about four years, but New Delhi wants a blanket exemption until a permanent solution can be negotiated.

Pulling back from the Doha Round's lofty goals, the "Bali package" being considered this week focuses on a handful of specific issues including agriculture, simplifying customs procedures and measures to help least-developed countries.

The WTO hopes a modest deal in those areas can keep Doha on life-support for a later push.

"Right now I fear the opposite is true. The storm clouds of failure are right on us. Ladies and gentlemen, this is crunch time for the WTO," said De Gucht.

Ministers, however, stressed that hope for an eleventh-hour deal in Bali still flickered and delegation sources indicated diplomacy was gearing up behind closed doors.

Azevedo, Brazil's former envoy to the WTO who took over as director-general in September from France's Pascal Lamy, declined to address the Indian minister's statement.

"Right now, no comments on anything. We are working," he said.

Various estimates say the broader Doha Round could create tens of millions of jobs and perhaps \$1 trillion in new economic activity.

# Indian food fight highlights WTO deadlock

AFP, Nusa Dua, Indonesia

**B**RANDISHING a banner reading "WTO kills farmers", Indian farmer Nandini Kharadahalli Singarigowda travelled thousands of kilometres to the Indonesian island of Bali to vent her anger at global trade liberalisation.

"Before the WTO we had a peaceful life," Nandini said as she and other farmers from southwest India protested against a World Trade Organisation conference.

But the world body's efforts since 1995 to reduce trade barriers have put pressure on already impoverished Indian growers, she added.

"We have had more than enough. Enough is enough!" she said, dressed in a traditional Indian tunic under a hot Balinese sun.

The politically combustible issue of farm protectionism has long bedevilled WTO plans for liberalised trade, and Indian passions on the issue threaten to scupper that vision for good at the pivotal four-day conference.

WTO chief Roberto Azevedo is pushing trade ministers from around the world to reach a modest agreement on trade issues including agriculture in Bali.

He hopes that it could be the basis for a renewed push to salvage the faltering 12-year-old Doha Round of talks on slashing international trade barriers.

But while there are also other areas of discord, India's refusal to budge on subsidies for its millions of poor farmers to keep food prices low has emerged as perhaps the key stumbling block.

Hopes were already low for success after negotiators failed to agree on a limited package last week in Geneva to present at the gathering.

In Geneva, India appeared to have agreed to a compromise deal including a so-called "peace clause" allowing it to hand out subsidies above a WTO cap for around four years without challenge.

But following resistance from powerful farmers' unions and opposition parties, New Delhi hardened its stance.

And India's Anand Sharma told his fellow commerce ministers in Bali Wednesday that the "peace clause" as it stands in the draft Bali deal "cannot be accepted".

"Agriculture sustains millions of subsistence farmers. Their interests must be

secured. Food security is essential for four billion people of the world," he said.

With the governing Congress Party facing tough elections next year, India wants to put no time limit on the exemption but leave it open pending a negotiated solution.

However, the United States and others are expected to baulk at this.

India's agricultural sector remains highly protected but Nandini, who grows rice and other vegetables, said imported produce like sugar is putting pressure on Indian growers.

"Everybody is so fed up with farming that they are migrating and many are selling off their lands," she said.

"For the Congress party, this is one of the most important things on the agenda, particularly when there are going to be polls next year," said D.H. Pai Panandiker of RPG Foundation, a Delhi-based economic think-tank.

Congress fears the current WTO rule limiting subsidies to no more than 10 percent of agricultural production could threaten the landmark National Food Security Act passed in August.

The law will expand the buying of grain from farmers at subsidised rates, and sell it to consumers at prices reduced even further.

It will increase the existing food distribution system -- already the world's largest -- to cover two thirds of the population, or 800 million people, when fully in force next year.

Rahul Gandhi, a member of parliament and son of Congress leader Sonia Gandhi, trumpeted the legislation in recent campaigning.

"After the Food Security Bill, for the first time in India no one will be hungry. Who guaranteed this? It is the Congress party because we understand your hunger," he said in central Madhya Pradesh state.

Starvation deaths are rare but still a reality in India, where images of malnourished children are a source of shame for an aspiring superpower.

But developed economies fear subsidised grain from India and other developing countries could enter world markets and skew prices.

Others blame developed economies like the United States, saying Washington is more interested in protecting its own subsidised farmers and focusing on regional trade deals rather than sealing a WTO agreement.