

Economist urges structural changes to capitalism

STAR BUSINESS REPORT

Noted economist Rehman Sobhan yesterday called for structural changes to the malfunctioning capitalist system to provide new opportunities to the country's common people that have actually built the nation.

"The younger generation and leftist politicians will have to find structural solutions to the malfunctioning capitalist system to offer a new order of opportunity to the ordinary people," Prof Sobhan said during a discussion meeting in Dhaka.

He said the ordinary people have built the country over the years through agriculture, sending remittance from abroad, and toiling at garment factories.

Sobhan spoke at the re-launch of the publication "Shomaj Orthonity and Rashtia (Society, Economy and State) in the RC Mazumder auditorium at Dhaka University.

Shomaj Gobeshona Kendra (Social Research Centre) launched the publication in the 1980s, but the publication stopped in the 1990s.

Sobhan, chairman of Centre for Policy Dialogue (CPD), a local think-tank, said the global capitalist system, rooted in the USA, is now inherently weak and unsustainable system and does not yield economic benefit.

"It is no longer in a position to transform the global economic system, it is now in a deep crisis. But the capitalists don't have answers to correct the weakness. So, you need to rethink about it."

The economist said Bangladesh would have to rethink how it can fit in the global transformation, as the global economic balance of power is increasingly moving towards Asia, with China leading the shift.

"We will have to see how we can build a just society, as it has become deeply unequal over the years," he said.

Serajul Islam Choudhury, a professor emeritus of Dhaka University, said Bangladesh's astounding success of achieving an average of 6 percent economic growth is mainly due to the working class people.

"This has happened despite deep-rooted corruption. The industrial

capitalists have very little contribution to the economic success of the country," he said.

He said unemployment is increasingly becoming a serious problem for the country and has become a breeding ground for militancy.

"The major two political parties are busy in annihilating each other, which is actually creating ground for fundamentalists to thrive."

Choudhury also said the economic inequality has reached an impossible point, stoking dissatisfaction and anger among people.

"The common people now don't trust politicians. Besides, we have never seen the level of deep influence a number of foreign governments are exerting over the country. "Now, Washington or Delhi are deciding which parties would win the elections."

"As a result, the country is moving towards a tragedy. Now, the leftists would have to come forward and stand against the capitalists."

MM Akash, a professor of economics at Dhaka University, moderated the discussion.

India-backed group wins Philippine airport project

AFP, Manila

A consortium that includes India's GMR Group has won a 17.52-billion-peso (\$389.33-million) contract to upgrade the passenger terminal of the Philippines' second airport, the Filipino government said Saturday.

The GMR-Megawide consortium has been awarded a 25-year concession to the Mactan airport that serves the central city of Cebu, the country's second-largest metropolis after Manila, the transportation and communication department said.

"This project should have been done at least a decade ago, so there is no more time to waste," the department's spokesman Michael Arthur Sagcal said in a statement.

Over the next three to four years, GMR and its local partner will renovate Mactan's passenger terminal.



Muklesur Rahman, managing director of NRB Bank, opens the first offsite ATM booth of the bank at Dhanmondi, Dhaka recently.

Chittagong trade fair abuzz with visitors, but sales unflattering

ARUN BIKASH DEY and MINHAJ UDDIN, Chittagong

Visitors from all around the port city and the nearby upazilas thronged the Chittagong International Trade Fair (CITF) to browse through a large variety of local and international products on display.

More than 2 million showed up from the beginning of the fair on March 8 till yesterday, said Mafuzul Hoque Shah, director of Chittagong Chamber of Commerce and Industry and a co-chairman of the fair organising committee. This is the 22nd edition of the fair.

But shop owners said most members of the overwhelming crowd are just window-shoppers.

SA Mamun, a staff of Thailand Gift Shop, said their daily sales this year is worth around Tk 12,000, compared to Tk 60,000 to Tk 80,000 last year. His shop sells Thai showpieces within the price range of Tk 150 and Tk 7,000.

"If we find anything unique at a reasonable price, we will buy that," said Nurul Karim Zubair, a government official, who visited the fair with his family yesterday.

Many visitors claimed that most items on display are readily available in the markets and lack uniqueness.

Didarul Alam, a private university student, said people come to the fair hoping to find something new every year, but most shops are displaying clothes shoes, kitchen items, furniture and plastic items that are available.

Foreign pavilions have some unique items but prices are high, he added.

Some shops are even selling local items saying that those are imported, alleged

some visitors.

There are several stalls that are displaying goods made in Iran, but most are made locally, said Naznin Sultana, a visitor looking to buy melamine products and carpets.

"If anyone brings products from Iran, they must have the necessary documents," said Khosrabi Abbas, an Iranian businessman and owner of the Irani Mela pavilion. He is a CITF regular for fifteen years and said all of his products like carpets, crockery, showpieces, and detergents are original Irani items.

Mezbah Uddin Sagar, a staff at Irani Item Gallery, admits that some items they sell as Irani are actually made locally but based on Irani patterns. He said seven to eight shops at the fair are selling locally made 'Irani' products.

Many visitors preferred the handicraft shops that offer wooden items.

Khairul Islam Santu, owner of SH Karukarma, said his products range from wooden clocks to miniature Taj Mahals, key holders, mirrors, boxes, trays, flower vessels, bangles, and kitchen items, all made from Mahogany and Babla timber at his factory in Khulna.

He bagged several orders from wholesalers and received positive feedback from the retail buyers.

This year the fair has accommodated 38 pavilions and 239 booths of 350 enterprises.

Although the fair is scheduled to end on April 8, organisers are planning to keep it running till Pehela Baishakh or the Bengali New Year on April 14, said Shah. They are expecting the number of visitors to cross 3 million this year.



Officials of Banglalink and Huawei pose at a press conference recently to announce the commencement of 'Banglalink-Huawei International Youth Camp' under Huawei's global telecom seeds for the future programme scheduled to take place in China from April 6-18.

Impose property tax to banish social injustice: economist

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He also criticised the scope to legalise black money, as it is illegal as per the constitution. It is also unfair as businesspeople and high-income individuals mainly use the facility.

"On the other hand, the taxpayers, who pay tax on their honestly earned money, always remain vulnerable. But those who make money illegally and evade, runs a decent life. This is the tax system in our country."

Citing NBR data, he said large taxpayers and companies evade Tk 20,000-25,000 crore in taxes a year. Some 137 firms out of 158 under the Large Taxpayer Unit have allegedly evaded Tk 10,000-12,000 in VAT and duties.

Iftekharuzzaman also blamed lawmakers for selling the cars after importing them through the duty-free route. "It is a major source of tax dodging."

Wealthy people dodge tax at national level and send them off to rich countries, enriching their banking system along the way, he said, while citing a study that found \$6 trillion were siphoned off from developing countries to the markets of developed countries between 2001 and 2010.

"The most attractive destinations for stolen money are Switzerland, United States, United Kingdom, Luxembourg, Singapore, Hong Kong and our neighbouring India. Evaded tax is the main source of money in their financial market."

Now, \$30 trillion of siphoned off money remain as deposits in the financial markets of developed countries, he said.

"Global tax injustice also has to be stopped. Supply will stop if you block demand."

M Hafizuddin Khan, former adviser to the caretaker government, chaired the discussion where ActionAid Bangladesh Country Director Farah Kabir, Centre for Policy Dialogue Research Fellow Towfiqul Islam Khan also spoke.

Tofail calls for meaningful duty-free access

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"Unfortunately, LDCs are yet to receive the complete duty-free and quota-free market access from developed countries," Ahmed said.

While some progress has been made in Bali, it will only be of significance when the expansion of product coverage is done in a way that ensures meaningful market access for all LDCs, he added.

Ahmed also called for making the services waiver clause for LDCs operational and in a substantial way such that Bangladesh can manage better market access for its less- and semi-skilled manpower.

Correction

In a report headlined "CEPZ workers demand dues" published on B2 on March 23, the word "dues" was inadvertently printed instead of "overtime work". We regret the error.

Lafarge, Holcim in \$50b merger talks

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Holcim and Mexican rival Cemex also announced plans in August to exchange some assets and combine others in Europe. European Union antitrust regulators are investigating aspects of the deal and whether it will reduce competition and result in higher prices for consumers.

Lafarge, whose cement helped build the Suez Canal in the 1860s and the Nazi bunkers that dot France's Atlantic coast, employs around 65,000 workers in 64 countries. Holcim, which was founded in 1912, now has about 71,000 employees in 70 countries.

Both companies have significant and overlapping capacity in countries such as France, Germany, Spain, Czech Republic, Romania and Serbia, said Morningstar analyst Elizabeth Collins.

Lafarge estimates in its annual report that it has a cement market share of 40 percent in the UK, 34 percent in France, 33 percent in Canada and 12 percent in the United States. It goes above 30 percent in several east European and African countries.

Both Lafarge and Holcim took on a big pile of debt in the past decade to expand in emerging markets, where rampant urbanisation has fed demand for building materials.

Then came a perfect storm. The US housing bubble burst, Europe sank into a sovereign debt crisis, and demand collapsed. Lafarge further suffered when the Arab Spring sparked unrest in the very markets it had banked on with its 8.8-

billion-euro (\$12-billion) takeover of Egypt's Orascom Cement in 2008.

Meanwhile, energy prices spiked and many plants in this power-hungry business are now running at a loss or well below their capacity.

Lafarge and Holcim have since embarked on a cost-cutting drive and shed assets to trim debt. At Holcim the belt-tightening even affects the CEO, Bernard Fontana, known to stick to economy class on short-haul flights.

Natixis's Benchiha estimates a merger would help Lafarge nearly halve its fixed and variable costs. Holcim has a better credit rating than Lafarge and the group could benefit from lower borrowing costs, he said.

Lafarge, whose debt pile has drawn "junk" ratings from credit rating agencies Standard & Poor's and Moody's, aims to regain an investment grade by year-end.

Shares in Lafarge jumped 8.9 percent and were the top gainers on the French blue-chip CAC 40 index. Holcim stock rose 6.9 percent. Holcim stock trades at 16.3 times forecast earnings, a discount to Lafarge's 18.0 times.

Shares across the sector rose on news of the merger talks, on anticipation that the groups may have to divest assets that could boost smaller players.

Germany's HeidelbergCement closed up 4.3 percent, the leading gainer on the DAX top-30 index. Shares in Ireland's CRH and Italy's Buzzi Unicem and Italcementi also rose. Shares in Cemex were 3.8 percent higher in Mexico City.



Mustafizur Rahman Shazid, director for sales and marketing at Butterfly Marketing; Michael Lee, managing director of LG Electronics; and John D Clemens, executive director of International Centre for Diarrhoeal Disease Research Bangladesh, attend a press meet to launch LG Mosquito Away AC fitted with ultrasonic wave technology, in the capital recently.



Shusmita Anis, managing director of ACI Formulations, poses with the year's best performing officials of the company, at a day-long conclave of ACI Crop Care, at Brac CDM in Savar on Friday.



Atiur Rahman, governor of Bangladesh Bank, launches Rupali Bank's banking facilities for street urchins and working children, at a conference on school banking in Khulna yesterday.