

LANDMARK CLIMATE REPORT

Humanity must rescue oceans to rescue itself: UN

AFP, Monaco

Two days after a climate summit failed to deliver game-changing pledges to slash carbon emissions, the United Nations warned yesterday that global warming is devastating oceans and Earth's frozen spaces in ways that directly threaten a large slice of humanity.

Crumbling ice sheets, rising seas, melting glaciers, ocean dead zones, toxic algae blooms -- a raft of impacts on sea and ice are decimating fish stocks, destroying renewable sources of fresh water, and incubating superstorms that will ravage some megacities every year, according to a landmark assessment approved by the 195-nation Intergovernmental Panel on Climate Change (IPCC).

Some of these impacts are irreversible. The report, a digest of 7,000 peer-reviewed studies, is a sobering reminder that record greenhouse gas emissions, mostly from burning fossil fuels, are driving the planet towards a hothouse climate our species could find intolerable.

But it also raises more clearly than ever before a red flag on the need to confront changes that can no longer be averted.

For some island nations and coastal cities, that will almost certainly mean finding new places to call home.

CRUMBLING ICE SHEETS

"Even if we manage to limit global warming, we will continue to see major changes in the oceans," said Valerie Masson-Delmotte, a researcher at the Laboratory for Climate and Environmental Sciences and an IPCC co-chair.

"But it will at least buy us some time, both for future impacts and to adapt."

The underlying 900-page scientific report is the fourth such UN tome in less than a year, with others focused on a 1.5-Celsius cap on global warming, the decline of biodiversity, as well as land use and the global food system.

All four conclude that humanity must overhaul how it produces, distributes and consumes almost everything to avoid the worst ravages of global warming and environmental degradation.

By absorbing a quarter of manmade CO2 and soaking up more than 90 percent of the heat generated by greenhouse gases, oceans have kept the planet livable -- but at a terrible cost, the report finds.

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PWD additional chief engineer made OSD

STAFF CORRESPONDENT

The Housing and Public Works Ministry on Tuesday made an additional chief engineer of the Public Works Department an officer on special duty (OSD) in the wake of the ongoing crackdown on the "casino" business in the capital and a bribery controversy in the department.

Additional Chief Engineer Utpal Kumar Dey was made OSD in the face of a bribery controversy involving SM Golam Kibria Shamim, an influential PWD contractor,

who is currently in police custody, PWD Chief Engineer Md Shahadat Hossain told this paper yesterday.

The controversy, which involves Dey's name, gave a negative impression of the department, he said.

Dey was additional chief engineer of PWD's Dhaka metropolitan zone.

As an OSD, Dey has been relieved of any duty, said Shahadat Hossain.

The National Board of Revenue yesterday asked banks to freeze the accounts of Dey and his spouse and provide details of the accounts, said

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Bad loans twice as large

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annual meetings, due to be held in Washington from October 14 to 20, to discuss the contents of the report and decide on the next plan of action.

At the end of June, the banking sector's total defaulted loans stood at Tk 112,425 crore, which is 11.69 percent of the total outstanding loans, according to BB data.

But not all sources of problem assets are captured by the central bank's definition of defaulted loans, the report said.

Some 675 large borrowers reported as defaulters by the Credit Information Bureau have obtained stay order from the High Court, as a result of which their defaulted loans no longer appear in the CIB database and banks can report them as non-classified.

There are Tk 79,242-crore such loans as of January 10, according to BB.

Those loans should be counted as problem assets as well as those in the Special Mention accounts, which is the precursor to classified category.

A large number of the Special Mention loans are rescheduled or restructured many times and in so doing mask the problem loans, it said.

As of June, loans amounting to Tk 27,192.17 crore are held in Special Mention accounts, according to BB data.

Then the central bank's granting of non-objection certificates to banks to reschedule defaulted loans on a case-by-case basis means those are often categorised back as regular loans.

In the first six months of this year, loans of Tk 21,308 crore were rescheduled.

Subsequently, the computation of problem assets should also include stay orders, Special Mention loans, and the rescheduled loans, the report said.

Accordingly, the total amount of problem assets in Bangladesh's banking sector as of June stands at Tk 240,167.17 crore, which is more than double the reported amount of defaulted loans.

And the IMF mission, which visited Bangladesh twice in the last six months for assessment, felt a large number of defaults were by choice and not due to any unexpected financial hardship. "There seems to be a deep-seated pattern of non-payment of loans by certain segments of the population."

Technical discussions with the authorities have led the mission to believe that certain well-connected and rich businessmen have understood clearly that "there is no palette to enforce repayment of their loans", the report said.

"The mission understood that important and connected borrowers default because they can."

Those borrowers entertain expectations, based on experience, that being late in meeting their commitments will put pressure on the lenders and allow them to renegotiate their obligations downward.

The general thrust of the current search for solutions to defaulted loans seems aimed at providing relief to

delinquent borrowers, it said, while citing the rescheduling facilities extended to 11 large borrowers last month for the second time to further its point.

Back in 2015, the 11 businesses had committed to meet a number of conditions under a special package to get their loans amounting to Tk 15,180 crore restructured.

One of the conditions was that they would be marked as defaulters if they failed to pay two consecutive instalments. If that happened, the benefit would be cancelled and they would be barred from any loan rescheduling benefit in future.

But four years later the central bank walked back on the stance.

The move rewarded non-compliance with commitments and also undermined credit discipline throughout the economy, the IMF mission said.

"The BB had originally planned to allow banks to pursue these defaulters under the Bankruptcy Act of 1997, which indeed would have created a powerful deterrent and demonstrated that defaulting would have serious consequences."

Subsequently, the IMF mission called for new and creative solutions to the defaulted loan issue, which can hold back the economy from reaching the next stage of growth.

"They should foster incentives for the delinquent borrowers to service their obligations rather than the opposite as is currently the case."

The solutions should also be in line with the country's strong macroeconomic performance and resigned in such a way that a fair share of the wealth that the corporate sector is accumulating reaches the financial sector to enable it to further support growth while at the same time strengthening credit discipline, the mission said.

One option worth exploring could be a publicly supported mechanism to allow debt to equity swaps, unilaterally imposed on delinquent corporate borrowers and complemented by a facility for the banks to dispose of the equity holdings so acquired.

"Whatever the solution selected, delinquent borrowers in particular when they are rich and connected should not be provided with any relief, but on the contrary subjected to increasingly elevated rates, so that their liabilities toward the lenders rise at an accelerating pace with time."

The IMF report also called for bringing down the single party exposure limit for banks to 25 percent of Tier 1 capital -- which is the primary funding source of banks and consists of shareholders' equity and retained earnings -- from 35 percent of the total capital at present.

"Currently, default by only three large borrowers could render a bank insolvent."

And the risks are actually higher due to the current exemptions from the limit for interbank and energy sector exposures and the preferential treatment of export financing -- all of which should be eliminated, it added.



Prime Minister Sheikh Hasina, her Indian counterpart Narendra Modi, New Zealand PM Jacinda Ardern, and UN Secretary-General Antonio Guterres among others posing for a photo during a session at the UN headquarters in New York City yesterday.

PHOTO: PID

PM to place four proposals at UN

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high-level side event on Situation of Rohingya Minority in Myanmar at a conference room of the UN headquarters on Tuesday. The programme was jointly organised by the Permanent Mission of Bangladesh to the UN and the OIC secretariat.

At the 72nd UNGA, the PM had placed a 5-point proposal, which included the full implementation of recommendations of the Kofi Annan Commission, and the establishment of a "civilian monitored safe zone" in Rakhine.

The premier on Tuesday said the Rohingya crisis is a political one deeply rooted in Myanmar and thus its solution has to be found inside Myanmar.

She categorically said the Rohingyas must be able to return to their homes where they lived for centuries.

Hasina said it was regrettable that yet another year passed by without any solution to the Rohingya crisis.

According to UN reports, Rohingyas have been victims of atrocity crimes.

She said Bangladesh has been hosting 1.1 million forcibly displaced Myanmar nationals. "We opened our borders for these people in the spirit of humanitarianism, which is a pervading moral fiber of Islam."

"We will continue to do everything possible to ensure the basic needs of

the Rohingyas pending their return to their homeland. We have allocated over 6,800 acres of forest land for sheltering them incurring huge ecological hazard and environmental destruction," the PM said.

Hasina said Bangladesh has extended all kinds of humanitarian assistance, including shelter, food, health, water, and sanitation, to the Rohingyas.

She mentioned that a considerable number of public sector employees were deployed to coordinate management and law and order in the camps. New and additional physical infrastructures had to be built on a regular basis. Some 219 medical facilities were set up, out of which 50 are being operated by the government.

In terms of financial assistance, around \$120 million has been released as of now from Bangladesh's national exchequer for direct assistance to the Rohingya. Among additional measures, by instance, the social welfare ministry took charge of the 39,841 Rohingya orphans registered so far.

Hasina said she has sanctioned more than \$2.5 million from her special relief fund in support of the host community.

"To address the congestion problem in the camps as well as to facilitate humanitarian services to the displaced Rohingyas, we have been developing Bhasan Char with all provisions to

protect the displaced Rohingyas. In Bhasan Char, the Rohingyas will be provided with better housing facility and also livelihood opportunity until they return to Myanmar."

The PM said the issue of accountability for human rights violations against Rohingyas would be another crucial factor to ensure sustainable, safe and voluntary return. "Bangladesh is following the ongoing proceedings of the International Criminal Court. We believe that OIC can also play a major role in fulfilling the need to ensure accountability through the Ad-Hoc Ministerial Group on Accountability," she said.

Foreign Minister AK Abdul Momen delivered the welcome address at the programme, joined by Chairperson of Bangladesh National Advisory Committee for Autism and Neurodevelopmental Disorders Saima Wazed Hossain, Minister of Environment, Forest and Climate Change Md Shahab Uddin and State Minister for Foreign Affairs Md Shahriar Alam.

Briefing reporters after the event, the foreign minister said the participants gave stronger support to Bangladesh on the Rohingya issue. They also want safe, secure and dignified repatriation of the Rohingyas from Bangladesh, Momen said.

We need to end crisis now

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the high-level side event on Situation of Rohingya Minority in Myanmar at a conference room of the UN headquarters on Tuesday. The programme was jointly organised by the Permanent Mission of Bangladesh to the UN and the OIC secretariat.

For a start, the UN should play its role in taking into account that it was established in hopes of preventing future human made miseries, Mahathir said.

Without the UN Security Council's action, others must do their part to resolve the crisis and bring the perpetrators to justice, the Malaysian PM said.

"Malaysia will continue to insist that the repatriation be done in a safe, voluntary and dignified manner. This can only be done by granting full citizenship to the Rohingyas."

The situation in Myanmar is not any better and many Rohingyas have become internally-displaced persons (IDPs) languishing in camps in Rakhaine.

"When the world likened the IDP camps to those notorious concentration camps of the past, the Myanmar government had been quick to deny."

Yet the Myanmar authorities have denied some UN officials and humanitarian aid workers access, Mahathir said.

"If Myanmar has nothing to hide, then why it bars others from seeing the situation in Rakhine? Let these officials and aid workers visit, inspect and assist those living in the camps. Myanmar should demonstrate that it is serious about alleviating the crisis."

He mentioned that two attempts were made to repatriate some of the refugees, but both failed. "Reasons for these are obvious. No one would return if they do not feel that their safety is guaranteed."

He said the Myanmar authorities had manipulated the Rohingya issue to incite fear, hatred and violence. "Thus, merely considering the idea of granting citizenship is unacceptable. It is obvious that Myanmar's attempt on ensuring accountability has failed. How would

such an attempt work if the perpetrators responsible for the atrocities are part of the system?"

Mahathir lauded the positive efforts of the OIC in addressing the Rohingya issue at the international fora. "And for the decision to bring the matter to the International Court of Justice, we hope other countries would support the OIC to ensure that the perpetrators do not get away with the heinous crimes that they have committed."

Highlighting Malaysia's humanitarian assistance for the Rohingyas, he said they would continue helping the Rohingyas.

Terming the atrocities on Rohingyas genocide, he said, "Let's start by calling a spade a spade. What happened in Rakhine state is genocide." "What took place were mass killings, systematic rape and other gross violation of human rights. These resulted in Rohingyas fleeing the country en masse -- most ended up in Cox's Bazar. On this, we commend Bangladesh for all it has done in hosting more than 1.2 million Rohingya refugees," Mahathir said.

Reforms to fall flat if defaulters spared

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challenges for the banking sector, he told The Daily Star in an interview recently.

He went on to criticise the host of changes that Finance Minister AHM Mustafa Kamal ushered in to the banking sector soon after taking charge at the beginning of the year.

It started with the relaxation of loan write-off policy in February and loan classification rules in April and crescendoed with the offer of fresh rescheduling facility for defaulters with favourable terms.

"Could we term those as reforms?" questioned Khaled.

As per the new loan write-off policy, banks can write off from their balance sheet the defaulted loans that have been hovering in the bad category for three years, down from five years previously.

And under the loan classification policy, borrowers across the board will be given more time to pay back their instalments before they are marked as troubled.

As per the new rescheduling policy, defaulters would be allowed to reschedule their classified loans by providing only 2 percent down payment, instead of the existing 10-50 percent.

A maximum of 9 percent interest rate would be levied on the rescheduled loans, which is lower than the existing 12-16 percent. The time for repayment was also generously set at 10 years with a grace period of another year.

The policy said the accrued interest

on the defaulted loans could be waived based on the bank's relationship with the client, and the defaulter could only pay the principal amount and the new 9 percent interest rate.

"No country in the world has an instance of rescheduling defaulted loans with only 2 percent down payment," said Khaled, who served as the BB deputy governor from 1998 to 2000.

The banking sector's troubles will only get worse when the changes come to full effect, he pointed out.

The changes were initiated to coax defaulters to eventually pay back their loans, but China succeeded in bringing down its loan defaults by taking on the exact opposite approach, he said.

China took the stick approach and Bangladesh is going for the carrot approach.

The Chinese government seized the passports of bank defaulters or cancelled their travel documents. Bank defaulters were not allowed to be part of any state committee, mentioned Khaled.

"The approach of the Chinese government, in fact, brought good results as the amount of defaulted loans declined significantly."

This proves that punishment helps bring down defaulted loans, and any kind of support increases defaulted loans, he said.

"We are walking in reverse. The finance minister needs to understand it."

The biggest problem in the banking sector is defaulted loans, and it was created because of the unholy nexus among bank sponsors, board of

directors and higher-ups of bank managements, he noted.

"It is not possible to curb the default loan culture when this unholy nexus is allowed in the banking sector," said Khaled, who previously served as managing directors of Pubali Bank, Sonali Bank, Agrani Bank and Bangladesh Krishi Bank.

If the board of any bank is good, then the employees follow their lead, he said, citing the example of Pubali Bank to further his point.

The bank used to be in all sorts of problems, but once the right set of people took charge it straightened up. Today, it is one of the best run banks in the country.

But to get the right people, the central bank will have to play its role, mentioned Khaled.

"It must ensure professional people come to the bank board and carry out their responsibilities sincerely," he said, calling for BB's vetting before appointing a director.

But for that, the BB must be given a lot of autonomy, he pointed out.

"With the given situation, the central bank cannot exercise its power properly," he said, adding that the finance ministry often drafts notices and forwards them to BB for execution.

Khaled urged the government to take the International Monetary Fund up on its recommendations for the banking sector.

"But the government's reform decisions are always influenced by a few rich people," he added.

Army man hurt in gunfight in Khagrachhari

STAFF CORRESPONDENT

A gunfight between an army patrol team and a group of criminals in Barudolu area of Khagrachhari's Laxmichhari yesterday afternoon left an army personnel injured, said an ISPR press release.

The press statement of Inter-Services Public Relations (ISPR) said on information that a group of criminals was in Barudolu area, the patrol team went there around 5:10pm.

Gunfire was exchanged between the two parties during which a patrol team member was shot in his right leg.

One suspect was detained with firearms and 26 bullets but the others managed to flee.

ISPR said they had evidence that some members of the group were also injured.

Cop suspended as JS whip sues him for Facebook post

STAFF CORRESPONDENT

Jatiya Sangsad whip Shamsul Hoque Chowdhury yesterday filed a case against police Inspector Mahmud Saiful Amin under the Digital Security Act for making derogatory remarks about him on Facebook.

Police Headquarters yesterday suspended the policeman.

Shamsul, a lawmaker of Chattogram-12, in his complaint before the cyber tribunal in Dhaka alleged that Amin circulated false and fabricated information about him in a Facebook post on September 20.

After a hearing, Dhaka Cyber Tribunal Judge Ash Sams Joglul Hossain took the case into cognisance.

The court also instructed the Counter Terrorism and Transnational Crime (CITC) unit to investigate the matter and submit a report by October 30.

The Police Headquarters yesterday suspended the police officer who had been on duty at the Armed Police Battalion (APBn) in Uttara of Dhaka.

The PHQ said the action was taken against Inspector Amin for breaching discipline, misconduct, and damaging the image of the force.

He has been attached to the office of Deputy Inspector General (DIG) of Rangpur range.

S Korean leader proposes peace zone buffering North

AFP, United Nations

South Korean President Moon Jae-in on Tuesday proposed that the United Nations create an "international peace zone" to replace the peninsula's divide, saying the idea would both reassure the North and inspire the world.

The left-leaning leader, whose diplomacy paved the way for historic summits between President Donald Trump and North Korean strongman Kim Jong Un, laid out his rosy vision for the last Cold War frontier in an address to the UN General Assembly. He asked the international community to commit to designating the international peace area to replace the 250-kilometer (155-mile) Demilitarized Zone that has split the two Koreas for more than 60 years.

Moon said the zone would offer an added incentive for Kim to give up nuclear weapons, the focus of more than a year of on-again, off-again talks between North Korea and the United States.