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Bangladesh can benefit from Chinese, Indian economies

Speakers at CPD dialogue observe

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Bangladesh should consider rise of Chinese and Indian economies from global perspective instead of bilateral point of view to gain benefits from the emergence of these two economic superpowers, speakers at a dialogue observed yesterday.

Immediate measures need to be taken to develop infrastructure, improve overall business environment, address political instability and remove bureaucratic bottlenecks, they said, adding that cross border communication is key to being beneficiaries of the two economies' growth on the part of Bangladesh and other low-income Asian countries.

The Centre for Policy Dialogue (CPD) organised the dialogue on 'Rise of China and India: Economic Implications for their Low Income Neighbours' at Cirdap auditorium in Dhaka.

Syed Manzur Elahi, member of CPD board of trustees and a former adviser to the caretaker government presided over the dialogue.

Speaking at the dialogue, Prof Rehman Sobhan observed China and India are markets with unlimited potentials.

India imports amounted to around US\$ 150 billion and different countries are exporting to this market, he said asking why Bangladesh is not in a position to export its product.

In his speech, Syed Manzur Elahi stressed the need for maintaining political stability and congenial business environment in the country, saying Bangladesh has ample scopes to augment exports to India and China.

"We need to get infrastructure running, see that corruption is not badly affecting business," he said, emphasising diversification of exportable products.

Presenting the findings of a study on the topic, Dr Debapriya Bhattacharya, executive director of CPD, said increasing Chinese and Indian exports may crowd out exports of their low income neighbours in third markets, help grow their domestic markets and access to it provide new opportunities.

Growth capacity and increased demand can make other developing countries more attractive as platforms to produce for the Chinese and Indian markets integrating their supply chains that produce goods for the global economy and make the exporting industries of the low income Asian countries (LIAC) more competitive by providing them with low-priced intermediate goods, he explained.

Increase in Chinese and Indian exports have not reduced exports of the LIACs and rise in the FDI inflow to China and India is not reducing



PHOTO: STAR

Syed Manzur Elahi, member of CPD board of trustees, speaks at a CPD dialogue on economic rise of China and India in Dhaka yesterday. Tofail Ahmed (2-R), former commerce and industries minister, Mushfiqur Rahman (2-L), chairman of the Parliamentary Standing Committee on Finance Ministry, Indian High Commissioner Veena Sikri (L), and Chinese Ambassador Chai Xi (R) are also seen.

FDI inflow to the LIACs, he said, adding that cooperation with China and India could be helpful in facilitating strengthened global integration of these countries.

Debapriya said integrated infrastructure facilities are essential for the regional and horizontal integration of the low-income Asian countries with China and India.

Bangladesh has potential to be the hub of industrial activities in the South Asian region, covering Nepal, Bhutan, seven northeast Indian states and resource-rich northern part of Myanmar, he pointed out.

Debapriya stressed the need for improving overall business environment in attracting foreign direct investment (FDI), de-politicisation of FDI related economic decisions and efficient and transparent processing of FDI proposals.

Speaking at the dialogue as guest of honour, Veena Sikri, the outgoing Indian high commissioner, said Bangladesh's strategic location enables it to be a bridge between India and South-East Asia, and India and China as well.

Yet the key to benefiting Bangladesh and other low-income Asian countries from China and India's economic growth lies in connectivity, be it through road, rail, river or ports, she mentioned.

Bangladesh can play a useful role as a bridge for India-China economic cooperation in facilitating movement of goods and services and enhancing cooperation in areas like civil aviation and tourism between India and China, she added. "In particular, Bangladesh can help link Kunming and Myanmar with India's Northeast."

India and Bangladesh can try operationalisation of proposals like

Sealdah-Joydevpur train service, Akhaura-Agartala rail link and access to Chittagong port for goods from India's northeast, Sikri made a suggestion.

Another guest of honour Chai Xi, the Chinese ambassador in Dhaka, said his government takes seriously with the issue of trade imbalance with certain countries, especially the least developed countries (LDCs) in the region, and has made substantial efforts to raise import from these countries, including according tariff-free access and preferential tariff treatment and providing government subsidies.

As China has given Bangladesh duty free access of 162 items to its market, he said, the Chinese government would continue to take into positive consideration the duty-free access for more categories of commodities from relevant countries.

Chinese people are yet to live a well-off life and China still faces many difficulties and challenges, he went on.

"We will work to strike a proper balance between urban and rural development, development among regions, economic and social development," Chai Xi said, adding that China's sustainable development requires harmonious and prosperous neighbouring environment.

Mushfiqur Rahman, chairman of the Parliamentary Standing Committee on Finance Ministry, said there is a scope for increasing Bangladesh exports to China and India if business environment is improved.

"We talk about trade deficit with India but don't talk about trade imbalance with other countries. There is a psychological barrier and

it needs to be removed," he noted.

Echoing Mushfiqur Rahman, Tofail Ahmed, a former commerce and industries minister, said trade deficit with China is not mentioned but that with India is frequently raised, terming it a politicised environment. "Politicians of Bangladesh and India cannot trust each other."

"We should try how much we can increase our exports to China and India," he noted. "China has given duty-free access of 162 products to its market but we could not avail of the opportunity."

Farooq Sobhan, president of Bangladesh Enterprise Institute, observed that Asia is changing at a very faster pace but Bangladesh has not been a part of this process.

"We now need to see how it can fit into the evolving scenario in the region. There has been a major setback in the power sector in the recent years and we cannot afford luxury of a corrupt country any more," he added.

Abdur Razzak, a member of the parliament, said while Bangladesh has a serious mistrust with India and many people in India also believe that there are anti-Indian activities going on here, adding that mistrust between the two countries should be removed.

Commerce minister calls for increased trade with Iran

BSS, Dhaka

Commerce and Water Resources Minister Hafiz Uddin Ahmed yesterday called upon all concerned to increase the volume of trade between Bangladesh and Iran.

He urged the Regional Center for Urban Water Management (RCUWM) to provide financial and technical assistance to Bangladesh to ensure arsenic and pollution-free drinking water.

The commerce minister said this when Iranian Ambassador Mohammad Beheshti Monfared called on him at his office, an official handout said.

Hafiz emphasised the need for taking steps for trade expansion after reviewing the related matters. He called upon the envoy to increase visits by trade delegations to both the countries and to find out new avenues of trade in private and public sectors.

A five-year term trade agreement was signed in 2005 between the two countries and a Preferential Trade Agreement (PTA) signed in 2006 according to the interest of the Iranian government.

Bangladesh mainly exports jute and jute goods, chemicals, knitwear and woven garments to Iran. On the other hand, Iran exports minerals, chemicals, plastic goods, textiles, base metals and machinery to Bangladesh.

Bangladesh exported commodities worth \$48.73 million to Iran in 2004-2005 and imported \$23.41 million.

General Pharma to enter Philippines market

General Pharmaceuticals Limited is going to enter the Philippines market as Golden Harvest Marketing and Services Internationale Corporation, Philippines will initially import 50 products of the local medicine maker.

An agreement to this effect was signed between the two organisations at Dhaka on Monday, says a press release.

Dr Momenul Haq, managing director of General Pharmaceuticals, and Rosaro C Bernardo, director of Golden Harvest Marketing and Services Internationale Corporation of Philippines, inked the deal on behalf of their organisations.

Dr Ziad Rahman, manager-international marketing of General Pharmaceuticals, and Jabi Ullah, director of Golden Harvest, were also present.

Pakistan says no to \$600m conditional pledges

XINHUA, Islamabad

Pakistani government has refused to accept offers of 600 million US dollars due to unfavorable terms and conditions out of the total 6.7 billion dollars pledged by the international donors for earthquake relief, local newspaper Dawn reported Tuesday.

Prime Minister Shaukat Aziz made the remarks while presiding over the 39th meeting of Pakistan-controlled Kashmir Council at the Prime Minister's House.

Aziz said of the total 6.7 billion dollars pledged by international donors, 2.7 billion dollars was as grants of which 1.7 billion dollars had already been spent by donors themselves mostly in relief and rescue phase and the remaining one billion dollars would be spent in rehabilitation and rebuilding phase.

The remaining 4 billion dollars was loan, of which 2 billion dollars had been negotiated and 1.4 billion dollars was being negotiated while 600 million dollars had been declined because of unfavorable terms and conditions.

Poor financing remains core obstacle to SMEs

ERF discussion told

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Speakers at a discussion yesterday identified poor financing as the core obstacle to developing small and medium enterprises (SMEs) in the country.

Private commercial banks (PCBs) feel discouraged to finance the SME sector, rather they favour lending to the traders, they lamented while discussing 'SME Development in Bangladesh-Special Reference to Budgetary Measures'.

Organised by the Economic Reporters Forum (ERF) at the National Press Club conference lounge, the discussion, chaired by ERF President Zakaria Kajol, was attended by Bangladesh Bank Governor Salehuddin Ahmed as chief guest.

Mir Nasir Hossain, president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Dr Ayub Mia, additional secretary, Ministry of Industries, and Hossain Zillur Rahman, executive chairman, Power and Participation Research Centre (PPRC), also spoke.

Salehuddin Ahmed said the BB is active in accelerating development of the SME sector by providing working

capital through popularising the Domestic Factoring System (DFS).

DFS is a new measure by which the SME entrepreneurs can get collateral free loan and by which the risk of the lenders will decrease, the BB governor said.

He further said the central bank with the assistance of UK Department for International Development (DFID) and Asian Development Bank (ADB) has recently undertaken several new financing schemes for the SMEs.

Salehuddin Ahmed expressed his disappointment about the gap between the cost of fund and the lending rate for the SME financing saying that the BB sometimes has directed the private banks to narrow the gap.

The FBCCI president said the government should take anti-dumping and countervailing measures against the imported products hampering growth of the local industries.

"Tariff Commission and National Board of Revenue (NBR) can work together to provide necessary information to the businessmen about the anti-dumping and countervailing measures under the WTO provision," Mir Nasir

Hossain said.

He criticised the SME definition prepared by the SME Foundation saying that such definition will create confusion among the entrepreneurs.

Dr Ayub Mia said the government has undertaken an initiative to sign a memorandum of understanding with the PCBs so that the banks can disburse SME loans through remote branches of the nationalised commercial banks (NCBs).

He said a meeting with the NBR and stakeholders will be held soon to assess the implementation status of various incentives offered by the government.

Khondaker Golam Moazzem, research fellow, Centre for Policy Dialogue, presented a keynote paper in the discussion where he said the SMEs in the country are in need of budgetary support as well as improvement in infrastructure.

He suggested a public-private partnership approach towards improving the backwardness of different components of the value chain of SME products.

'WTO deal unlikely under current rules'

AFP, Washington

French junior trade minister Christine Lagarde said Monday that an "ambitious conclusion" to the latest round of WTO talks to free up global trade is unlikely under existing rules of the organization.

Lagarde, speaking to AFP on the sidelines of a global business symposium in Washington, said the stalled Doha Round of World Trade Organization talks have little chance of reaching a breakthrough

under the current system, which requires a consensus of the 149 WTO members.

"I believe it will be difficult, without changing the rules, to reach an ambitious conclusion," Lagarde said.

The talks were suspended after the so-called Group of Six -- Australia, Brazil, the European Union, India, Japan and the United States -- failed to settle their spats.

The Doha Round of multilateral trade talks began in the Qatari

capital at the end of 2001, with the goal of reducing subsidies, tariffs and other barriers to commerce and raising living standards in developing countries.

But the talks have consistently been dogged by disputes between rich and poor nations, as well as among wealthy players such as the United States and the European Union, over the concessions required.



PHOTO: GENERAL PHARMA

Dr Momenul Haq, managing director of General Pharmaceuticals Limited, and Rosaro C Bernardo, director of Golden Harvest Marketing and Services Internationale Corporation, Philippines, sign a deal on behalf of their organisations in Dhaka on Monday. Under the deal, General Pharmaceuticals products will be exported to the Philippines. Other senior officials were also present.

Iran, Venezuela voice concern on 'unstable oil market'

AFP, Tehran

The oil ministers of Iran and Venezuela on Tuesday expressed concern over the "instability of the oil market" amid growing calls from OPEC members for production quota cut, state television reported.

Iran's Kazem Vaziri-Hamaneh and Venezuela's Rafael Ramirez in telephone talks backed holding an emergency meeting of OPEC to decide a cut in the output quota of 28 million barrels per day to shore-up slumping crude prices.

Vaziri-Hamaneh had earlier this week said Iran, OPEC's second largest producer, would back moves by OPEC to cut production and also supported holding an emergency meeting to make such a decision.

The two OPEC ministers thanked efforts by OPEC President Edmund Daukoru to "increase coordination among the members for taking a decision and a practical measure to stabilize the market

situation", the report said.

The OPEC president has proposed to OPEC members that they should cut their oil output by one million barrels per day (bpd) but no agreement on this has been reached, a spokesman of the cartel told AFP on Monday.

Daukoru made the proposal in a letter sent to ministers of the Organization of Petroleum Exporting Countries, and consultations continued, he added, though for now, no meeting of OPEC ministers was planned.

New York's main contract, light sweet crude for delivery in November, added 42 cents to 60.18 dollars per barrel in electronic deals before the official opening of the US market.

In London, Brent North Sea crude for November delivery rose by 53 cents to 60.36 dollars per barrel in electronic trading.

US ANTI-DUMPING STEPS Japan seeks WTO decision

AFP, Tokyo

Japan, seeking to protect its steel industry, said Tuesday that it will appeal a World Trade Organization finding that certain US anti-dumping measures are not in breach of its rules.

"We will appeal to the WTO's Appellate Body on Wednesday, protesting against its report that zeroing, a US anti-dumping measure, is not against the WTO rules," said trade ministry official Mitsuru Nomura.

Japan challenged the so-called "zeroing" methodology used by the United States in its investigations into dumping -- the selling of items abroad at lower prices than in the domestic market.

But a WTO panel in September largely found in favor of the United States.

"Over the past five years the Japanese steel industry has been badly hurt by zeroing, particularly in exports of bearings," said the Japanese official.

Critics say the "zeroing" methodology allows officials to ignore cases of foreign firms charging prices over fair value, rather than offsetting them against instances of undercharging.