

# Prospects Bright for Relocation of Industries in Bangladesh

After a long and distinguished career spanning over 38 eventful years, first as a diplomat and finally as the Executive Secretary of ESCAP, Mr Shah A M S Kibria has returned to Bangladesh. It was during his stewardship of the highest UN body in Asia-Pacific, that this region underwent dramatic changes, making it the most dynamic growth area in the world. In a long and candid interview with the Daily Star he shares with our readers some of his experiences and perception, regarding what he saw and learnt and what, if anything, Bangladesh can learn from the countries of the region. The interview was conducted by Mahfuz Anam, the paper's Executive Editor, at the ESCAP headquarter in Bangkok during Mr Kibria last few days in office.

Mr Shah A M S Kibria was born on 1 May 1931 in Sylhet. After completing his B A (Hons) and M A in Economics, he joined Pakistan Foreign Service in 1954. From 1957-70 he served in Pakistan Embassies in Calcutta, Cairo, New York and Jakarta and also as Director of the RCD secretariat in Tehran. During the Liberation War he severed connection with Pakistan while serving as Political Counsellor in Washington. He helped organise the Bangladesh Mission in Washington and worked for promoting the cause of independence. In March 1972 he was promoted to the rank of secretary and organised the Ministry of Foreign Affairs including Bangladesh Embassies abroad. From 1972 to '76 he served as High Commissioner in Australia, New Zealand and Fiji and finally as the Ambassador and Permanent Representative to the United Nations in Geneva.

Mr Kibria served as Foreign Secretary from 1978 to 1981. During his tenure as Secretary he was involved in preparing the groundwork for SAARC and participated in the first meeting of Foreign Secretaries held in Colombo, Sri Lanka, in April 1981.

Mr Kibria served as the Executive Secretary of the Economic and Social Commission for Asia and the Pacific (ESCAP) from May 1, 1981 to March 31, 1982.

Daily Star (DS) - In view of your long presence in the Asia-Pacific region as the head of ESCAP, what lesson do you think Bangladesh can learn from some of the dynamic economies of the region?

A - Let me tell you I am very optimistic about Bangladesh. Ours is a very homogeneous country in every aspect - cultural, ethnic and geographical. I think given the right kind of policies Bangladesh can join the mainstream of the development process now going on in the rest of the Asia Pacific region. Due to widespread poverty in our country, we have to directly invest in alleviating poverty and in introducing modern technology. In other words it has to be a two-pronged effort. We simply cannot focus on only one. We cannot say forget about poverty and let us industrialize nor can we say let us forget about industrialisation till we can overcome poverty. Wealth creation is a vital factor. We must add to wealth in order to raise the standard of living.

We must open up all possibilities of increasing investment. Right now opportunities are knocking at our door for relocation of industries. Garments is nothing but an example of relocation of industries. There are many others. Electronics is another where relocation in Bangladesh can easily take place. Another is shoe manufacturing. Thailand exports more than US\$500 million worth of shoes, more than US\$1 billion worth of furniture. All labour intensive industries are waiting to be relocated in countries that have cheap labour. In the past foreign investment used to follow a certain classical pattern. They used to be based on local factors such as availability of raw materials, local markets and infrastructure. But now all this is no longer necessary. Relocation of industries have very little to do with the domestic market. Some argument can be made that the value added part is very little and that we are not gaining much. I say given our condition, let us take what we can get. The value added part will increase in time. The Korean (ROK) people started like this. The Thais also. They started with basic things like shirts and other items. Later they moved into the sophisticated fields. So my humble suggestion to Bangladesh would be to create conditions where these industries would be relocated in Bangladesh. I have talked to many Japanese people. They said that Bangladesh is an ideal country for them. Only things we must assure is stability and a peaceful atmosphere. We must have patience. We cannot start to demand higher wages before the factory starts making profit. The message must be brought home that you can only enjoy what you earn, not what you don't earn. Our wealth gap cannot be expected to be met by the savings of donor countries. Why should they? For a few years we have to have patience. The wages will eventually rise. But they cannot start rising before the process is firmly afoot. The Germans after the war, or the Japanese after the war had long periods of industrial peace. People worked very hard, over long hours, without compensation and protest.

I think there is a wave of

possible relocated industries are waiting for us to take advantage of. Not only the Japanese, also the Koreans are waiting to relocate a large number of their industries, because labour cost has gone up there.

DS - What about the low level of our labour productivity?

Kibria - That can be overcome with six to eight months training. The main problem is creating the right type of entrepreneurial class. They are still too much interested in short term gains. We have to create an entrepreneurial class like those in Taiwan, Korea (ROK), Thailand or Indonesia. This is vital for our success. Only if the economy as a whole is on a dynamic growth mode then attack on poverty will be meaningful. It is then that new wealth is generated and employment opportunities are created. Rural development projects are also more successful when the country is in a dynamic growth mode. This is due to the fact that surplus labour from rural sector is syphoned off by the industries which helps to reduce the burden on rural economy. So the combination that we need is industrialisation on one hand and poverty alleviation activities on the other, with specific projects for particular target groups. I do not believe that poverty will disappear automatically if we go only for industrialisation.

DS - Do you think Bangladesh benefitted sufficiently from its cooperation with ESCAP during your tenure as its Executive Secretary?

Kibria - Bangladesh has certainly benefitted. But I would have been happier if Bangladesh benefitted more from the services that ESCAP could and did offer. The reasons are very complex. In some cases the secretariat did not have the means to meet the needs of the country. In some other instances the country was not alert enough to come with requests in time and use better the opportunities that were available. So it is a mixed feeling that I have. EACAP is not a funding agency like the World Bank, the IMF, the ADB. What we can do well is to trigger a process of change, of evolution of a new idea, the starting of a new method or concept. But the country has to take it up from there. If they don't then there nothing ESCAP can do.

DS - What are the most outstanding achievements of ESCAP during the eleven years that you have led it?

Kibria - The emergence of the ESCAP Commission as the most important regional forum is, in my opinion, the most important development of the last decade. Asia-Pacific regional does not have any regional forum like Africa which has OAU (Organisation of African Unity), Latin American which has OAS (Organisation of American States), Europeans have very many strong regional bodies, even the Arabs have their Arab League. Only our region does not have such a body. ESCAP has been there for a long time but it is only recently that it has emerged as the central forum for regional co-operation. More and more the new initiatives are mooted in the Commission sessions.

There are some other achievements as well. The secretariat is today a very efficient body. This fact is recognised throughout the UN system and also by the member countries. This was achieved by adopting a variety of very specific measures. The secretariat was streamlined for better economy and better management. We thoroughly revamped our project approval and project implementation procedure. When I first came here I found excessive emphasis on sectorial approaches. Today there are large number of projects which are being implemented by two or more divisions jointly. Over the years there has been a vast improvement of ESCAP documents which are not only in demand in our region but are wanted through out the UN system.

During the period in question ESCAP continued, as before, providing technical assistance. But we were also able to

crystallize certain regional priorities. In 1982-83 we had Food Security as the theme of ESCAP Commission. Today most countries have been able to achieve food security. Then ESCAP moved to the question of technology. So we had for two years, "Technology for Development" as the theme of our Commission sessions. This promoted all ESCAP countries to draw up plans for technological development. Actual technology transfer takes place through industry. But in many countries there is an absence of institutional framework, of research institution, of qualified personnel who are trained to evaluate competing technologies to assist the industries in making the right choice. Every country, especially the developing ones, must have trained people and proper institutions who can examine, evaluate and choose the right technology for the country. So that investment is channelled to the most efficient ones. Some countries - like Malaysia - have done extremely well in the area of technology adaptation. Some least developed countries have not done well at all. But overall ESCAP has been able to sensitise the member countries and their issue. Later on ESCAP moved to the area of "Human Resource Development". The Jakarta Plan of Action during the Commission session in Indonesia was a landmark achievement. In the most recent years we have focused on "Industrial Restructuring" in order to avail of the opportunities in global trade and investment. The idea of restructuring being that economies of the member countries must be geared to take full advantage of the new opportunities. Here again some countries were dynamic and as such able to take full advantage. So the ESCAP Commission, by moving from one broad theme to another, has been able to focus the attention of the countries to these high priority areas and acted as a catalytic force in moving the governments to take effective steps in those very fields.

DS - You do not consider the growth of bodies like the ASEAN, APEC, SAARC and reversal of the trend towards regional integration that ESCAP brought about?

Kibria - Not at all. On the contrary these are evidence of the success of ESCAP. These sub-regional groups are emerging because the barriers have broken down. Take ASEAN for example. It consists of British Empire countries like Malaysia, Singapore, Brunei, the Dutch colonial country like Indonesia. The Philippine was under US domination and Thailand was independent. These countries had very little communication between them except through ESCAP or ECAFE, the original name of our body. ESCAP was not the only body, but it was the most important institutional framework which brought these countries and these peoples together.

DS - There is a feeling that



S. A. M. S. Kibria

the new groupings are being formed on the basis of rich and poor. In other words the rich Asian countries are getting together and leaving the poor outside.

Kibria - No. I don't think it is occurring on such a basis at all. There is nothing consciously being done to leave the poor countries behind. I think the countries get together on the basis of self interest. Thailand for example is taking a lot of initiatives to forge closer links with Laos, Cambodia and even Viet Nam. The partner countries - Laos, Cambodia and Viet Nam - obviously find it to their self-interest to forge closer ties with Thailand. So I would say there is no deliberate attempt to exclude any country. Some countries are economically not dynamic enough to join some of the others. Take for example the South Asian countries. They have such a low volume of trade - even the largest South Asian country, India, has a low level of trade compared to that of Thailand - that they really do not figure very much in the new regional groupings that you referred to earlier.

DS - Let us now look at things from the opposite side. During the period of your stewardship of ESCAP what would you say were your biggest failures....

Kibria - I do not like the word failure....

DS - Things that you regret for not having accomplished?

Kibria - I think that given the resources available to ESCAP we have done the very best. Our regular budget is very small - US \$ 40 million for

ESCAP secretariat would respond only when there was a demand for its services. The demand usually came from the more dynamic countries. Countries like China, Malaysia, Indonesia. All kinds of requests are constantly flowing in. Naturally the focus is where the requests and demand are coming from.

A good recent example would be flood control. Thailand had severe floods, devastating some of its southern provinces. The Thai government asked ESCAP for assistance in long term reconstruction. We sent a multi-disciplinary team, from within the secretariat. Our report was considered so valuable that the Thai cabinet approved it. Eventually the World Bank was brought in to finance some parts of the recommendations. But some of the other LDCs in spite of our initiatives did not seek our assistance. Though it was free, they preferred services of consultants at great cost to themselves.

DS - Can you give us some more such examples?

Kibria - Vietnam wanted to frame their foreign investment law. Over about two years we worked together and ultimately drafted the foreign investment law which was incorporated by the government. This was followed by our drafting the supportive laws for the same purpose.

DS - From your experience of the last decade or so what would be in your opinion the most important lesson for the LDCs?

Kibria - The lesson relevant for all LDCs would refer to the role of the government in setting in motion the development process. Today a lot is being said about the private sector, as if the government has no role to play. Everything will be done if only the private sector was allowed to operate freely.

This view will lead to all sorts of wrong notions, in my opinion, about the role of government. If you look back into the economic history of some of the success stories of our region, you will learn a different lesson. Take Japan for example. Hundred of hundred and fifty years ago, during the time of the Meiji Restoration, the government created industrialists. By giving them all sorts of help - credit, technical support, the necessary policy framework - the government helped to create the right type of environment within which industrialisation was able to take place. The same supporting intervention was there in Korea (ROK). Resources, especially credit was directed into the sectors where the government wanted the development to take place. More recently in Thailand the same thing happened. Here also the government had a very strong interventionist policy. But of course, in a very positive way.

DS - Who is to blame, the LDCs or the ESCAP, for the former's apathy and lack of participation?

A - I would say both. The simple fact is that the way the UN system is structured, the

that the Gramscian Bank is inculcating among the village destitute is an excellent thing. It is wonderful to see how diligently our poor maintains the sanctity of contract. Why our rich should not do the same. The reason why often our rich default in repayment is because many of them are not genuine industrialists. They have received loans and credits due to political connections or other non-economic reasons. Therefore the factor which is at fault is not credit itself. It is the manner in which credit is being handled - to favour political cronies and supporters.

DS - It is widely perceived that with the collapse of the Soviet Union and of the socialist system, the international relations have undergone a dramatic change. These changes have brought about new challenges before the UN. What in your opinion are some of these challenges?

Kibria - The most important challenge before the UN is containing the regional conflicts. With the end of the Cold War, a new situation has arisen where the regional conflicts can no longer be handled from the old perspective of Super Power rivalry. Now once a regional conflict begins there is no mechanism to end it except the UN. Therefore the end of the Cold War has brought home the point that the UN is perhaps the most useful, the most cost effective way for dealing with the outbreaks of regional conflicts. Unfortunately, as I see things, the UN is not fully geared to respond to this new challenge.

Today a humanitarian task, arising out of natural calamity or a man made conflict, is viewed as a global responsibility. Affects of famine, cyclone or emergence of refugees, as is the case with Rohingya in Bangladesh, are all viewed as global responsibility. This is a new phenomenon and the task rightfully belongs to the UN. This new Global Village concept, is due mainly to the new communication systems.

In addition, the fundamental challenge before the UN continues to be fighting poverty around the world. But the priority attached to it in the earlier years appears to be faltering now. But I believe in time the UN will once again grasp this as one of its fundamental tasks - to end poverty as a precondition for peace and stability.

DS - There was a hope that with the end of the Cold War, there will be diversion of huge resources towards fighting poverty around the world - the so called 'Peace Dividend' - of which the UN was expected to be a major beneficiary. But this has not come about?

Kibria - I hope the time for reaping the 'Peace Dividend' is not yet over.

DS - Well the initial responses have been somewhat disappointing.

Kibria - Yes, the initial responses have been somewhat diluted due to the developments in East Europe and the former USSR. There is no doubt that both the Europeans and the Americans feel a strong bond - both cultural and historical - with that region. So while certainly the end of Cold War has released a lot of resources, but for them a new priority has also arisen. It is not always the case of saving a million from military and giving it to the poor. Countries have what is called the 'electoral perceptions' and their own priorities. The US for example is now facing a severe recession. Anyway I am not pessimistic. With proper leadership from the UN, I think the 'Peace Dividend' will eventually come its way. The IMF chief, Mr Michael Camdessus during the IMF-World Bank meeting in Bangkok, called for drastic reduction in military expenditure both of the developed as well of the developing countries. Unfortunately the military expenditure in the poor countries are rising. So he demanded and asked for the resources so released, to be given for development. So 'Peace Dividend' is a concept that is being talked about but has not yet been accepted as a policy. However the fact also

must be addressed that some of the developing countries are spending so much resources on the military that they do have the moral right to point the finger at the industrialised world.

DS - There is a perception that now with the more glorified role of the UN as the 'peace keeper', the not so glorified role of the 'poverty alleviator' will get shoved aside?

A - Well that perception is very much there. In fact the recent changes introduced in New York have led to comment along those lines. But we should wait and see. Even if there is some deviation, the UN's basic mandate will reassert. The Secretary General said recently that whatever one may do about peace keeping, as long as there is widespread poverty there cannot be lasting peace.

DS - If we look at the inner dynamics of the UN itself, we see the following. First the post war dominance of the World body by the West, then the rise of the socialist block. Subsequently, the rise of the Non-Aligned Movement, coupled with the 'Oil Shock' and the rise of economic class of the Arabs. At that time UN had a triangular power base. Now with the obvious collapse of one group and the dwindling power of another changes have come a full circle. Do you think this will have a profound impact on the UN.

Kibria - Yes, I think so. The UN cannot but reflect the real power equations in the world. The current situation is bound to affect the way the UN operates. But on the whole I feel it is a very favourable situation. The United States is the undisputed Super Power in the world today and some people feel that they dominate the UN too much. But I feel that the lessons of history are all very clear. Even for a Super Power it is not easy to deal with situation around the world on its own and the UN as an instrument has proved itself to be far more effective and consensus building is considered very important if any global effort is to be successful.

DS - During your tenure as ESCAP chief, what are some of the most dynamic changes you observed in the ESCAP countries?

Kibria - The most dramatic changes that I noticed occurred in the ASEAN countries and in China. The ASEAN countries in the last ten years joined the mainstream of development. They almost all of them joined the club of those who can continue sustained growth on their own. Only the Philippines have remained a bit behind. China and the ASEAN countries have now moved to a different level of economic operations. As a result you notice the emergence in these countries, of what can be called the 'industrial culture' as against the 'rural culture'. The vast mass of people of Thailand, Indonesia, China are today behaving as people of the industrialised countries. The entrepreneurial class has become more sure in these countries - more sure to mobilize large sums of money and invest. This has not happened in South Asia to a large extent, especially in Bangladesh, where all the big projects are funded by the government.

DS - Which comes first, the industrial culture, or industrialisation itself?

Kibria - It is a 'chicken and egg' situation. I really don't know. But I would like to think industrialisation comes first.

DS - Well, how does it feel to be leaving a big job and such a big organisation like ESCAP that you headed from more than a decade now?

Kibria - I haven't really given much thought to it. I do not indulge in nostalgia or thinking about the past. When I came here I left behind a very big organisation. As you will recall I was the Foreign Secretary and I was involved in very important work. About the future, I would like to, in a very humble way, make available the experience that I have gained over the years to the relevant people, for whatever they are worth. If they are found to be of some use, by some individual or bodies I would feel happy. Ideas come first, right ideas, at the right time, to the right people can bring about very important changes. So I look forward to my life in Bangladesh as someone who, has gained some experience and is willing to make it available to whoever is interested. I would like to do some writing. The field I am most comfortable in, is of course, foreign relations, in which I have spent last 38 years of my life. About economic matters, I am not an expert. But I find the subject extremely challenging, and would like to do some writing. I will see how things evolve.



Knitting industry - a potential area for relocation