### Dhaka, Tuesday, December 1, 1992

# One - stop Investment

Twenty months after the assumption of office by Prime Minister Khaleda Zia, the emerging picture on the industrial investment front is far from a rosy one, with both local and foreign investments showing no sign of picking up momentum. Over the past 20 months, Finance Minister Saifur Rahman and Industries Minister Shamsul Islam Khan have introduced a wide range of policy reforms to induce local and foreign industrialists and companies to set up production units in this country, particularly in the export-oriented sector; but unfortunately, the figures show that the vital breakthrough is still a long way off.

According to a report published in this paper yesterday, only 17 foreign investment proposals amounting to Tk 147.5 crore have been approved or registered this year till the end of October. At this rate. 1992 will turn out to be the worst for foreign investments in the past five years, except 1991. The picture is just as dismal on the domestic front. In fiscal year 1991-92, Tk. 1,232 crore worth of investment proposals were approved by the Board of Investment (BOI) which was the lowest in the past five years. In 1990-91, 2,907 projects worth Tk. 11,001.45 crore were approved, but of those, one single project was for Tk 9,104 crore, making the overall situation a gloomy one.

For a country which recorded a four per cent Gross Domestic Product (GDP) growth last fiscal year, following a decade during which GDP was at an average of just 3.6 per cent against a population growth of 2.7 per cent, this level of investment is little short of disastrous. The Finance and Industries Ministers have done a good deal of work, through policy reforms and appropriate incentives, but they, along with their colleagues in the cabinet, and particularly the Prime Minister, have to recognise that mere announcement of reforms is simply not enough.

The problems that have prevented Bangladesh from taking-off as a newly-industrialised country may have had a lot to do with macro-economic questions but there are other, crucial factors which have obviously driven investors away in the past, just as they continue to do so at present, probably more so now than before. The government therefore, instead of issuing sermons and exhortations from a high pulpit to the business and labour community about greater investment and higher productivity, should look seriously into the real problems affecting industrial development in this country.

One of the crucial points that local as well foreign investors make is the lack of a one-window service in Bangladesh. Even after a proposal is approved by the BOI, an investor has to go around a number of departments and offices in order to get all the essential facilities. This creates wide scope for long delays and corruption, in stark contrast to practices in other countries such as Thailand, Malaysia etc. where special zones with all essential infrastructure and facilities are created for investors to set up units. Instead of just sitting back and admiring the success of those counties, our government ought to try and learn a few lessons from their success. The idea would be to get rid of all unnecessary control points and red-tapism which have proved disastrous for this country's economic development.

Another point that potential investors often make is that they are never sure about the likely course the government's policy is going to take in the medium, even short term. As a result, a project that may look viable today may not remain so in a year or two's time following policy changes. This is a major deterrent to investment, as industrialists need to be able to forecast the state of the market reasonably accurately. The government ought to, therefore, set-up some sort of mechanism by which the business community here and potential investors abroad could be kept informed about the direction its policy is going to take in the future, thus minimising risk to investors' money.

# Crisis for a Monarchy

The offer of Queen Elizabeth to pay taxes on her income and probably also on that of her family has been rightly welcomed by the British media. It should go a long way in defusing the growing tension between the royalty in the United Kingdom and a cross section of people in the country. At one stage, the tension had reached the point when a section of the educated elite openly speculated on the fate of the monarchy as an institution, challenged the credentials of Prince Charles as the successor of the Queen and argued against the government meeting the enormous cost, running to over 60 million dollars, for the restoration of the Windsor Castle which was badly damaged by a fire last week.

By agreeing to pay income tax, the Queen has certainly done the right thing, a move that will undoubtedly enhance her prestige and her undoubted popularity. However, whether it will resolve the crisis facing the royalty in Britain, both as a symbol and as an institution, is another matter. Here, there are two factors over which Elizabeth and Prince Philip have little or no control. In the first place, the modish ways of their children, compounded by their marital problems, have given the entire House of Windsor

a bad name. Why should they be paid lavishly for performing vague and undefined public duties which some of them do not seem to care about?

No less serious is the position taken by the British media, especially the tabloid press, which seems prepared to go to any length in exposing the less-than-dignified doings of the Queen's children, especially of her daughters-in-law, in its reckless and unprincipled circulation drive. That a section of London newspapers observe no codes in their invasion of privacy of members of the royal family raises serious questions whether or not the free media in one of the oldest democracies needs a regulatory mechanism, imposed either by the House of Commons or from within the industry. If the question involves a threat to press freedom, the media must indeed take a part of the blame for this situation. As a newspaper which looks upon the press in Britain as a model of free and responsible institution, we regret the development. Let us hope that the Queen's offer to pay her income tax will set a process in motion that, in time, will get things right for the monarchy and the media, two institutions that the United Kingdom can indeed be proud of.

# Developed World Ignores Interests of Developing Countries

HE Uruguay Round of negotiation which was launched in 1986 in Punta del Este, Uruguay in 1986 for a new General Agreement on Trade and Tariff (GATT) now seems to have entered into a new phase with the signing of the accord between the USA and the EEC Because it has at least temporarily averted the open conflict that had erupted between the United States and the European Economic Community over the subsidy of the farm products. The enraged US declared to impose 200% duties on the EEC wine exports, EEC farm products and industrial products. With the accord the USA-EEC-Japan trade war has been, for the time being, halted in spite of the fact that France has rejected the accord. However, it has given both the side the much needed break.

The Uruguay Round of negotiations could not be complete within the stipulated period (1991) for a variety of reasons. Again it has been blocked for the last two years owing mainly to serious disagreements between the EEC. Japan and the USA over the agricultural trade issues. Paradoxically enough, these are the countries which decide upon the issues and policies, at least for their own interest, on the international trade. In view of the prevailing, seemingly, interminable, dispute, Arthur Dunkel, the Director General of the GATT, has recently even called for a new round of trade talks to get the Uruguay Round going again.

This is, in fact, a tacit admission of the fact that the Uruguay Round at least got into the quagmire and the Director General has been unable to lift it away from it.

When the EEC, Japan and the USA have been wrestling to defend and safeguard one's individual interest against the other, the developing countries have been particularly

AlLIN appears as a

town suffering its death

war. Once the jewel in the

crown of Cambodia's western

border. Pailin has suffered

habitants, few remain. The

Khmer Rouge soldiers, in their

neat Chinese uniforms, squat

together talking or doze as if

waiting for the inevitable end.

The greatest threat to Pailin's

future may no longer be mili-

Thailand's lust for Pailin's

pigeon blood rubies has led to

gem extraction on a vast scale.

Huge cylindrical cutting ma-

chines and ravenous bulldozers

have hewn a waterless moat

around the town. A United

Nations Civil Administration

estimate placed Thai invest-

much as they can of the min-

eral and logging wealth of the

area before the Khmer Rouge

is forced to comply with the

Paris-negotiated peace settle-

ment. In their haste, they have

not even filled the gaping

holes now littering the land-

one of the few UN personnel

to be allowed into Pailin before

the Khmer Rouge ceased co-

operating. He said the trans-

formation in Pailin has been

frightening. Five months ago

there was thick jungle. The

Thais have been getting out as

much as they can as quickly as

they can. If you go out further

towards the Thai border, there

is a horrendous amount of

As for the Khmer Rouge,

they have grown wealthy from

mining going on."

He reports: "It is just

Staff Sergeant Paul Moore is

scape.

incredible.

The Thais are exploiting as

ment at around \$20 million.

tary but economic.

Of the original 60,000 in-

from being eagerly coveted.

unhappy about the ways in the Uruguay Round of negotiations these countries have treated them. In a sense the legitimate interests of the developing countries have been very assiduously ignored. It is not surprising, therefore, that the Uruguay Round of negotiations have been questioned by many developing countries on several counts. They argue that in the Uruguay Round the jurisdictions of GATT have been expanded not only to cover General Agreement on trade in goods but also to encompass Trade in Services (GATTS). Trade Related Intellectual Property Right (TRIPS) and Trade Related Investment Measures (TRIMS).

# Overgenerous to US, EEC

The poor nations also allege that the Report Mr. Arther Dunkel produced in 1991 in a bid to break through the stalemated and seemingly endless negotiations was over generous to the EEC and USA. In almost all issues the interests of the EEC and US were safeguarded at the cost of the developing and the least developed countries in as much as the Dunkel reports has punched all the disputed and the unresolved issues into one single text leaving no choice for any member to demand for any serious amendment. To be precise, they were put to a take-it or leave-it situation.

In an attempt to strike a balance, the Dunkel Report was prepared in such a way as to please the EEC agricultural lobbics to some extent yet France dismissed the Report as unacceptable and the US found that the report provided the basic ingredients for concluding the Round. On the otherhand, Japan, South Korea, Switzerland, Canada, Israel and Norway rejected the idea of conversion of all trade

barriers into tariffs. The leaders of the longdrawn Uruguay Round USA, EEC led by Germany and Japan by Ahmad Mujtahid

coordinated their plans and the strategy in such a way that the developing and the poorer countries - disorganized and aid dependent as they are submit to the policies formu-Dunkel Draft if the patentee does manufacture the patented lated by them. Their efforts have been especially successful product in countries (say India) other than the cohtry of via the Dunkel Report in as much as their conditionalities origin (say USA) still the same patent will remain valid irreon Trade Related Intellectual spective of whatever is the law Property Right (TRIPS). Trade of the land with regard to Related Investment Measures (TRIMS), trade in services patent. No licence will be required even if that is mandahave become subject matter of discussion under the Uruguay tory as per the laws of the land. Besides no other com-Round and the poor countries can't get away without acceptpany can manufacture the ing them because the threat of same product. super 301 clause always This regulation will in a hinged over the head of those sense make all innovations. who dare defying them. improvements done through

# TRIPS

One of the areas that is likely to affect the developing and the poor nations adversely is the Trade Related Intellectual Property Right (TRIPS). In the Uruguay Round TRIPS has been made a negotiating subject along with trade within the framework of GATT. This became possible when Mr. Rafiv Gandhi, the then Prime Minister of India, agreed to compromises India's earlier stand on the subject in

The developed countries —

USA, EEC and Japan - wanted GATT to set norms and standards for protection of Intellectual Property Rights. The developing countries led by India earlier objected to this on the ground that: (i) GATT is not the proper forum to set the norms and standards for the Intellectual Property Rights as there already existed a forum called the World Intellectual Property Organizations (WIPO) and (ii) Intellectual Property Rights (IRS) being intangible in nature cannot be governed by GATT regulations which are made especially for trade of goods alone.

the direct foreign investment has to be accepted without any One the otherhand, the restrictions even if that goes Jurisdiction of TRIPS was against the interest of the namade far wider than that contional entrepreneurs and the sidered at the Paris developmental policy options Convention. According to the of the developing countries. Another important aspect of

R&D in the Process rendun-

dant. This is especially true

with regard to India where

Process Patent is accepted and

not the Product Patent, as per

the Paris Convention, and as

the Multinational Corporations

demand the developing coun-

tries to follow. Therefore, it is

alleged that TRIPS are aimed

at destroying all the potentials

of innovation and technological

development through the R&D

of the developing countries for

capturing there market by

eliminating any competition.

especially in the fields of

pharmaceuticals and agricul-

TRIMS

Measures (TRIMS) form an

integral part of the agreement

on trade in the Dunkel Report.

It seems to remove all restric-

tive measures against invest-

ment in the host country by

any multinational corporation

(MNC.) It further seeks to ex-

tend equal treatment to MNCs

with the national companies.

The host country cannot im-

pose any restriction on the

MNCs to use any local compo-

nent of production or can not

bind them to accept any ex-

port obligations. In a sense,

Trade Related Investment

the Dunkel Report that will seriously effect the developing countries is General Agreement on Trade in Services (GATTS). In the present day world-trade, trade in services has a very special place. in the developed world, services sector encompasses sectors like transportation, communication, banking etc. which require high technological support and huge investment. There is very attractive rate of profit on investment. The developed world insists that this trade in services should be made part of "free trade" and if one country invested in such service sector in the developing world, it should be accorded as per treatment with similar companies of the host country and granted similar facilities as are enjoyed by the national companies. If such facilities are not granted then punitive actions can be taken against such nations. The immediate sectors of the developing nations that will be affected by this are banking, insurance and share market, communication etc.

### Cross-relation

Mr. Dunkel claims that all these objections have been duly taken care of in his report which consists of three parts such as (i) Agreement on Goods, (ii) Agreement on IPRS and (iii) Agreement of Services. But unfortunately these agreements are not independent of one another. They have been linked to the other through an organisational structure called Multilateral Trade Organization (MTO) which has the power of cross-retaliation in the integrated dispute settlement on the above three agreements.

Say for alleged breach of agreement in the TRIPS the developed world can take action, through cross-retaliation, in other fields say agreement on trade in goods.

In a sense business in all the sectors will now be controlled by the developed world in one way or the other through cross-retaliation and it will force the developing countries to sign unequal trade agreements with the devel-

oped world.

Uruguay Round was launched 12 years after the Tokyo Round in 1974. This has a very special significance in the fields of trade for the developing and the poor nations. But regrettably all poor nations are not quite aware of as to what are being discussed and decided by the developed world in the name of trade liberalization. It is very sad that such an issues has not been taken up seriously by our competent circle both within and outside the Government. We are not aware if any parliamentary committee has examined the issues of the Dunkel Report and its effects on the economy of Bangladesh. We are also not sure if our government, the party in power and the party in opposition have ever examined the implication of super 301 and special 301 articles of the US Omnibus Trade and Competitiveness Act

Notwithstanding the fact that EEC-USA accord has temporarily granted the Round with a new lease of life, it is about time that the group of 77 should demand for a fresh round of negotiations and take united and effective stand to safeguard and protect their legitimate national interest. Authorities in Bangladesh might do good if they did some homework before preparing for such discussions. There is no point crying for the lost opportunities.

# Khmer Rouge Scuttle Peace in Cambodia

Michele Paduano writes from Pailin, Cambodia

throes rather than a The headquarters town of the Khmer Rouge is on the verge of collapse. Once threatened by place famed for its rubies and infamous as the headquarters bombardment, Pailin in western Cambodia, is now having its foundations undermined by of Cambodia's Khmer Rouge. the indiscriminate exploitation of its mineral and other resources. Its inhabitants are Most of the buildings have hoping the UN-brokered peace settlement will stem the exploitation. But the Khmer Rouge, disintegrated under the relentless pounding received threatened by divisions within its ranks, is refusing to abide by the agreement. during the protracted civil



UN OBSERVERS IN CAMBODIA

Their commander says Khmer Rouge have too much blood on their hands to make peace

Pailin's mineral and other resources. This has guaranteed a constant supply of arms and ammunition from across the

border with Thailand. Revenue from the "blood stones" helps pay the soldiers salary of \$20 a month and maintain a rudimentary welfare

Staff-Sgt Moore said that war-disabled soldiers lose their salary, but are provided with a staple food supply and clothing. This has helped breed the loyalty on which the

Khmer Rouge survives.

Despite the surrounding decay, the Pailin people are well-dressed compared with those in other areas of Cambodia. They are supplied with neat, new Thai bicycles and the children go to school in uniform. But the sinisterlooking police with their armbands are in tight control. The people lack the natural Khmer spontaneity. They regard foreigners quizzically and keep

their distance. Pailin's very existence is

being threatened. To avert a catastrophe the exploitation of Pailin's resources will have to come under strict control. This will require an early agreement in peace negotiations, but they are locked in stalemate.

Colonel Rakesh Malik, who heads the United Nations Military Observers (UNMO) in Pailin, conceded the main stumbling block to lasting peace was that some Khmer Rouge cadres had too much blood on their hands and

nothing to gain from a peace settlement. He said: "They have millions. They do not need money from the United Nations Transitional Authority for Cambodía (Untac).

The Khmer Rouge has refused to comply with stage two of the Paris-brokered agreement which requires the disarming and cantonment of the troops from different factions.

The Khmer Rouge leaders have insisted on the strengthening of the Supreme National Council (SNC) - the ruling body which comprises all factions. They also continue to demand the withdrawal of Vietnamese troops from the country, despite Untac's assurances that there are no Vietnamese soldiers in Cambodia. The impasse has reached the point where Untac chief, Yasushi Agashi, has said elections will take place with or without Khmer Rouge participation.

In Pailin, Colonel Malik said he was confident that cantonment would start soon. He admitted that the Pailin leadership was merely a front and claimed the real headquarters was to the South. He was in the process of making contact.

Observers are now suggesting that there is potential for a split in the Khmer Rouge. The UNMO sector two commander, Lt-Col J F Carter, believes a more moderate group would be ready to comply with the peace process, but the

diehards will continue to fight. In the western part of his sector stretching in a swathe across central Cambodia, Lt-Col Carter said he has good co-

operation from Khmer Rouge cadres with access to all but primary munitions sites. In the central and castern parts of the sector, regular skirmishes have taken place with daily mortar and artillery fire. The objective seems to be to frustrate. No land is ever held.

Carter said: "I think that you are looking at 25 to 35 per cent of the Khmer Rouge being pulled away. I think it will happen with some of the people who are considered more respectable. Others are going to continue and continue to fight. I think that in the short term we will have some violence and more friction."

One of the main culprits is a hardline follower of Pol Pot named Ta Mok. He is known as the one-legged butcher and has survived the various party purges. He controls an area of Central Northern Cambodia, says UNMO Major Mark Harris.

Harris believes the Khmer Rouge has been using the large central lake - the Tonel Sap which swells during the rainy season, to transport supplies around the country. "I believe that they are looking at longterm military objectives."

Senior UNMOs have also discovered a road system running north-south from the Thai border into central Cambodia and then to the inaccessible north-east. It is wide enough for two trucks to pass. These supply routes fuel concern that the north-eastern factions could pull away and return to their roots in impenetrable jungle close to the Vietnamese border.

If that is the case, they have enough ammunition and supplies to last for years. Estimates suggest that for every Cambodian soldier there are three guns. The town of Pailin, though, is unlikely to last so long. - GEMINI NEWS

MICHELE PADUANO is a British freelance journalist. He recently visited Cambodia.

# Proposed TV centres

Sir, A report published in the press recently says that the government has decided to set up a few more TV centres in the country. Site for one such centre has already been selected at Rajshahi. It is learnt that the cost for construction of each centre is approximately Taka fifty crore. If three new centres are set up, the total cost will come to Taka 150 crore. Then there will be a regular revenue expenditure which will be to the tune of at least a few crore every year.

At present about 90% area of the country is covered by the present TV centre at Dhaka along with its substations in different parts of the country. If any place is left out that can also be covered by setting up a new substation. Introduction of CNN programme in the morning recently is also welcome. We may even have a second TV channel if need be.

But it is not understood why the government is keen to set up new TV centres at huge cost from the public fund. Bangladesh is one of the poorest countries in the world with a per capita income of roughly US\$170. A sizable portion of the people cannot still have two square meals a day.

Seventyfive percent of the population do not know the three Rs. Unemployment situation is almost explosive. Vast majority of the people do not have primary health care. Hence our priority areas at the moment should be expansion of primary education, provision of medical care, higher investment in agriculture, industry, power, transport sectors and the like.

In this backdrop setting up of new TV centres at a huge cost is a sheer luxury if not outright wastage. Every penny spent by a democratic government should be based on cautious and careful planning because it is the poor tax payers' money cheap popularity is one thing and national interest is another.

It seems that our planners and policy makers have miserably failed in fixing the priorities of development.

There is still room for cool and dispassionate thinking on the subject. I, therefore, urge upon the government to have a second thought before actually going ahead with construction of new TV centres. Future generations may not forgive us for landing them in a mess.

Saleh Ahmed Chowdhury Dhaka Cantonment

# Women's university

Sir, Recently Education Minister Jamiruddin Sircar informed the Parliament that the Government has plans to turn the Eden Girls' College into a full-fledged university for women. We appreciate the plan and hope that the plan will be executed soon. Since a long time people from different sections of the society have been urging the government to convert the Eden College into a women's university and suggestion is also there to name it after Begum Rokeya who did a lot for the expansion of education among the womenfolk of

this part of the sub-continent. We sincerely hope that the government will pay due attention to the public sentiments.

M Zahidul Hague Assistant Professor, Bangladesh Agricultural Insti tute, Dhaka

## Capital market and insurance companies

Sir, Capital Market in Bangladesh has not taken a promising path since independence, in spite of both external and internal efforts.

When an investors, particularly a small one, wants to invest some of his hard earned money in shares, either he cannot get good shares or the shares available can not yield a reasonable rate of return. The published date reveals that seven per cent of 2100 public limited companies are listed with the Dhaka Stock Exchange.

More specifically about 16 general insurance companies have been operating for 5/6 years, but only four have so far floated shares in the market

and remaining companies are delaying their issue of shares.

Recently insurance companies have shown a better operational performance and dividend payout. If other insurance companies enter the share market, it would be activated properly.

Besides getting the dividend, shareholders would have a fair chance to enter into management of these companies as per provisions of Insurance Act. But, unfortunately, these insurance companies are keeping themselves away from share market may be because of individual gain of sponsors, violating the relevant

I would request the ap-

propriate authority to look into the matter without delay.

Haider Ali Madhubag, Dhaka.