

Dhaka needs to be member of a trade bloc

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Guest columnist

It seems the recent surge in the emergence of trade blocs around the world is a desperate attempt by some countries to take shelter in the shielded trade blocs in terms of high tariff protection. This is done to ride out the competitive difficulties they are facing from stronger economies or countries which are already in the protected trade blocs. The 12-member EEC is the oldest and longest surviving economic union known to us which achieved tremendous success through cooperation. Recent attempts by EEC are toward total economic and monetary union along side political union by the middle of this decade.

The transition to a total integration by the EEC member states was not smooth, the current problem with the ERM is a point in this respect. But any way, the European countries of the EEC are going to have much more integration in terms of economic and monetary policies than other countries of other trade blocs. Across the Atlantic, the United States took lead to form its own trade bloc called NAFTA — the North American Free Trade Agreement. NAFTA comprises the other two countries of the continent — Canada and Mexico. Though everyone is saying that Mexico will benefit most from NAFTA, but the US policy makers are predicting that in the long run the United States will be benefited equally, if not more.

Lately, two more economic blocs emerged, and they are AFTA of Asian countries, and APEC of Asia and Pacific countries. The former comprises of the six nations of Asean, and the latter Asia-Pacific countries like Australia, New Zealand. Economic history saw many trade blocs come and go. But the process continued. The present trade blocs are coming up at a time when world economy is taking a global shape. In our neighbours — Japan, Iran, Turkey — the three former RCD

members formed a greater economic union by offering memberships to the former Soviet Muslim Republics of the central Asia, and the bloc was renamed as ECO (Economic Cooperation Organisation). Bangladesh in practical sense does not belong to any trade bloc excepting being a member of the SAARC. But SAARC could not take off the ground as a trade bloc because it was not intended to be a such organization. The distrust and rivalry among the member nations, specially, among two of its influential members — India and Pakistan on many issues, hinder the growth of SAARC. It will not be wrong to say that in the coming years it is unlikely that SAARC will be transformed into an effective trade bloc unless its members — India and Pakistan settle their disputes. In the absence of transition of SAARC into a trade bloc, Bangladesh is to remain out of any trade bloc for the foreseeable future and so is the case with India and other four SAARC members except Pakistan.

What is the harm in remaining out of a trade bloc? The harm is that countries remaining outside any form of trade bloc are to stand on a discriminatory position vis-a-vis countries which are in trade blocs in terms of tariff rates, trade rights etc. Apart from discriminatory tariff rates the non-trade bloc countries are to face, the cost of production of goods in these countries is to be higher even if they have comparative advantages in some of them. Why? This simply arises from the absence of economy of scale. The bloc-countries together get a bigger market, whereas the non-bloc countries are to depend on their own domestic markets — which are smaller in most cases, and are to face a discriminatory treatment from the bloc-countries in international trade. That is why, one trade bloc is provoking the emergence of another trade

bloc, and the world in future will see trade wars among the trade blocs, unlike the traders had among the individual countries in the past.

When market size is bigger, specialisation or division of labour becomes more competitive, and the average cost of production decreases. The cheaply produced goods find stronger position in international competition, and the countries which produce by remaining outside the trade blocs are bound to lose. 12-nation EEC has about 320 million consumers' market, the NAFTA has an even bigger market of 360 million consumers.

The Bangladesh market consists of how many consumers? Much less than its population size. By any estimate Bangladesh does not have a market of more than 8 million consumers. No production can be economic when produced for a market of 8 million consumers. This constraint should drive Bangladesh to seek export markets. But export to where? It is very difficult to penetrate into trade-bloc countries, as they will discriminate against us. Only solution is to see how to join or create our own trade bloc.

For Bangladesh it is next to impossible to initiate a new trade bloc. The easier thing would be to look for an opportunity to join any present trade bloc. AFTA and ECO can be the two possibilities worth exploring. Even an associated membership with both or either one of them will be better than the present isolated position. The whole strategy of export-led growth to be considered a success will depend on finding export markets. Investors from outside will also see the size of our market. The internal market size is in no way big enough to lure them to invest in Bangladesh. Only way to rouse the hope of investors is to offer them a bigger market — preferably export market.

Another option worth to be explored is seeking long-term

bilateral trade agreements with the traditional trade partners. But that will not help much either, as the traditional trade partners are re-grouping themselves. When Bangladesh can not export more, it cannot import more also. And the economy is to remain domestic-oriented contrary to what we are wanting at the moment.

A good will persists among the ECO members for Bangladesh as an old friend of ECO-member countries Turkey, Pakistan and Iran. Bangladesh should exploit this good will by trying to join the bloc. Hopefully, India will not oppose such an attempt, as India itself is thinking to join some trade bloc, and India will be an indirect beneficiary of Bangladesh by joining any trade bloc. In a recent recommendation two prominent Indian Economists Bhagwati and Srinivasan urged India to join any existing trade bloc. The reasons were as usual: bigger market, more investment. When India is increasingly wanting to globalize its own economy, there is no reason why it should object to similar actions by its neighbours.

The present increase in our export earning may not last long, as the western countries at any moment can put Bangladesh under severe restrictions with regard to garment exports. We need the restructuring of our industries, as the old public sector-owned industries in no way can serve even the domestic market, far from being able to compete internationally. We can hope only on the upcoming new industries in the private sector, because they are cost-efficient and based on our resource-support.

Foreign investors will see our domestic market, and then see the export prospect from Bangladesh. To be complementary to other economies — we need to be a member of a trade bloc. ECO by far offers the much better option in this case.

President stresses need for expediting uplift activities

President Abdur Rahman Biswas Sunday stressed the need for expediting development activities throughout the country to ensure prosperity and wellbeing of commonman, reports UNB.

He was exchanging views with a 25-member delegation of the Barisal Divisional Association when they called on him at Bangabhaban.

Education, health and communication facilities are prerequisite to emergence of a prosperous society, Biswas said.

"Our services should be directed towards achieving prosperity for the nation. The present age is called the 'age of speed' and utilisation of human resources is essential to cope with the development speed of other nations."

Referring to the uplift programmes undertaken for the southern parts of the country, the President said plans were underway to build road links with the divisional headquarters and increase agricultural output by utilising its fertile land.

Biswas called upon the member of the association to contribute their might to overall

development of their respective areas and extend their all out support to the uplift programmes initiated by the government.

Earlier, leader of the delegation Kazi Bahauddin Ahmed apprised the President of their problems. They sought his cooperation in building a permanent office for the association, in smooth functioning of the "Subitkhali Children's Health Project", a voluntary non-government organisation working to improve the health condition of children, and in integration of NGO activities in the Barisal division for its speedy development in non-government sectors.

President Biswas appreciated the project and assured all possible help to solve their problems.

Among others, leaders of the association M Mokammel Haq, Alhaj Zainul Abedin, Abdul Kader Mollah, NI Khan, Abdul Haque, Khan Amir Ali, Golam Murtaza, Mohammad Nurunnabi, AR Khan, Dr Abdul Bari, MA Sukur, Kazi Delwar Hossain and A Salam Talukder were on the delegation.

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 31/10/93

Berth No	Name of Vessels	Cargo	L Port	Local Call	Date of Arrival	Leaving
J/1	Banglar Kakoti	GL	Cal	BSC	18/10	31/10
J/2	Andavia	Sugar	Shan	Seacom	24/10	4/11
J/3	Golden Lake	GI	Sing	Prog	29/10	01/11
J/4	Indian Valour	Salt	Kand	MSP	20/10	5/11
J/5	Kamaleverett	GI	Sing	EBPL	29/10	4/11
J/6	Zara	GI	Okha	CLA	26/10	2/11
J/9	Fong Yun	Cont	Sing	BDShip	27/10	31/10
J/10	Rafiah	M Seed	Jybo	Dynamic	18/10	2/11
J/11	Nearchos	MOP (P)	Ilyi	MSA	19/10	7/10
J/12	Iran Gorbatov	Salt	Kand	GEL	18/10	1/11
J/13	Boris Elshin	GL	Mong	OJWSL	20/10	1/11
MPB/1	Optima	Cont	Sing	RSL	29/10	2/11
MPB/2	Banglar Monti	Cont	Sing	BSC	29/10	1/11
CCJ	Jin Jiang	Sugar	Xuy	OJWSL	22/10	31/10
RM/3	Banglar Doot	Wheat (G)	—	BSC	R/A	1/11
TSP	United Spirit	R Phos	Aqaba	SSST	18/10	2/10
RM/3	Everton	CPO	Butt	Seacom	28/10	1/11
RM/4	Global Mars	CPO	China	TSI	27/10	31/10
RM/5	Vishva Karuna	R Seed	Limond	30/8	5/11	
RM/6	Ronjey	Cement	Sing	PSAL	15/10	2/11
DOJ	Banglar Shourabh	C Oil	—	BSC	R/A	31/10
DD	Al Salma	Repair	Yang	ASL	28/9	2/11
DDJ/1	Banglar Aaha	Repair	—	BSC	R/A	2/11
DDJ/2	Samudra Samrat	Repair	Kand	SSL	25/8	1/11
RM/8	Doloris	—	—	Seacom	R/A	10/11
RM/9	Fridrich Engels	Idle	Pir	EOSL	1/10	3/10

VESSELS DUE AT OUTER ANCHORAGE

Name of Vessels	Date of Arrival	Last Port	Local Call	Cargo	Loading Port
FCZ Steerslin	31/10	Sing	CT	Cont	Sing
Dolphin-1	31/10	—	IMPL	White Offset Paper	—
Sheng Yuan	05/11	Kela	Seacom	—	Myan
Pearl of Fujairah	01/11	V Part	Seacom	C Cliniker	—
Sea Tradition	03/11	Mong	AML	GL	African
An Angel Dignity	01/11	Dunk	LTL	Wheat (G)	—
Polyxeni	02/11	—	RRSA	Bunkering	—
Vishva Parag	04/11	—	SSL	GL	Dundee Harb
Meng Lee 19/10	05/11	Cal	AML	Cont	Sing
Fong Shin 23/10	03/11	Sing	BDShip	Cont	Sing
Kota Buana 23/10	02/11	Sing	RSL	Cont	Sing
Lanka Mahapala	25/10	—	—	—	—
Safar	04/11	Sing	PSAL	Cement	—
Golden Chase	04/11	—	OJWSL	TSP (P)	—
Banglar Shobha	04/11	—	BSC	GI	—
Loyal Bird	05/11	Mong	Litmond	Repair	—
Eponyma 26/10	05/11	Sing	CTS	Cont	Sing
Banglar Robi	28/10	—	—	—	—
Saudi	06/11	Sing	BSC	Cont	Sing
Nour (E/L) 27/9	07/11	—	LTL	E/L	Sudan Suez
Scalator	08/11	Sant	Seacom	Sugar	—
Amer Jyoti	10/11	—	USTC	Cement	—
Indian Glory	15/11	—	USTC	Cement	—

TANKER DUE

Zahary Palshvili	01/11	Sing	Seacom	CDSO	—
Equity	01/11	Kela	Seacom	CPO	—
Global Metis	03/11	—	TSI	CPO	—
Chloe-2	01/11	—	SW	CPO	—
Magic Lady	02/11	Cory	ECSL	Lub Oil	—

VESSELS AT KUTUBDIA

Name of Vessels	Cargo	Last Port	Local Call	Date of Arrival
Leonidas	C Oil	—	BSC	23/10
Banglar Jyoti	C Oil	—	BSC	R/A

VESSELS AT OUTER ANCHORAGE

READY ON				
Hang Wan	—	Mong	RSA (P)	29/10
NCS Ranger	Cont	Sing	BDShip	29/10

VESSELS AWAITING INSTRUCTION

Al Shama	—	—	KSL	R/A (30/10)
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VESSELS NOT ENTERING

Rio Sena Rosa	Scrapping	Duba	UMAL	02/10
Frio Antarctic	Scrapping	Sing	ARL	19/10
Virginia	TSP (P)	Safa	GEL	28/10

The above were the Sunday's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

Exchange Rates

The following are the Sonali Bank's dealing rates (Bangladesh Taka for one unit of foreign currency) to public for some selected foreign currencies effective as on Oct 31. (Figures in Taka)

Currency	Selling B.C.	T.T. (C)	Buying OD Transfer
US Dollar	39.9500	39.7150	39.4850
Pound Sterling	59.2059	58.0827	57.7463
DM	23.8065	23.4171	23.2815
FF	6.8010	6.6881	6.6493
Indian Rupee (AMU)	1.2773	1.2662	1.2499
Pak Rupee (AMU)	1.3301	1.3185	1.3016

Indicative Rates	Selling T.T. & O.D.	Buying O.D Transfer
S Riyal	10.6500	10.5200
D Guilders	22.1600	21.9000
S Kroner	5.0500	4.9800
Singapore Dollar	25.5200	25.2100
UAE Dirham	10.8800	10.7500
Kuwait Dinar	134.1100	132.2000

Note: AMU—Asian Monetary Union.

Dhaka Stock Prices

At the close of trading on October 31, 1993

Sharp rise in turnovers

The turnovers on the Dhaka Stock Exchange (DSE) showed sharp increases on Saturday, the opening day of the week. The turnover in volume term rose by 619.672 per cent and the value showed an increase of 722.836 per cent.

A total of 78178 shares traded at Tk 6238720.50 against 10863 shares valued at Tk 758197.50 of last Thursday, the closing day of the week.

The number of issues transacted also rose slightly. It reached 34 from 29. Of these, 12 gained, 10 traded at previous rates while other 12 lost.

No issues experienced remarkable gains or losses in share prices. But the number of traded shares of the Bata Shoe totalled 51300, the leading volume of the day.

The DSE All Share Price Index suffered a little loss after a few days continuous gain. It fell to 445.7286 from 446.4133, a decline of 0.684 point.

DAY'S TRADING AT A GLANCE

DSE Share Price Index	445.7286
Market Capitalisation Tk	1772355960.84
Turnover in Volume	78178
Turnover in Value Tk	6238720.50

Company's name	Previous price	Closing price	Change (absolute)	% over shares	Number traded
Gains (12)					
Shares:					
National Bank	93.00	95.45	2.45	2.634	1100
BOIC	180.34	180.56	0.220	0.121	390
Eastern Cables	66.29	66.50	0.210	0.316	195
Quasem Drycells	10.00	10.10	0.10	1.00	150
Dulamia Cotton	76.75	77.22	0.470	0.612	90
Padma Textile	165.50	166.00	0.500	0.302	60
Beximco Pharma	529.47	535.00	5.530	1.044	165
Apex Tannery	380.00	285.00	5.00	1.315	500
Bata Shoe	54.00	55.03	1.030	1.907	51300
Beximco	21.73	21.85	0.120	0.552	2100
Ctg Cement	182.85	185.00	2.150	1.175	5000
Usmania Glass	305.00	307.00	2.00	0.655	4265
Losses (12)					
Shares:					
5th ICB M Fund	95.50	95.00	0.50	0.523	250
6th ICB M Fund	68.58	68.50	0.080	0.116	390
United Insurance	194.00	193.00	1.00	0.515	400
BD Autocars	45.32	45.00	0.32	0.706	55
Zeal Bangla	6.37	6.30	0.070	1.098	700
Quasem Silk	2.43	2.40	0.030	1.234	300
Tattu Spinning	91.54	91.50	0.040	0.043	60
Wata Chemical	137.55	137.00	0.550	0.399	80
Apex Footwear	210.09	206.40	3.690	1.756	300
GJ Ball Pen	78.11	78.00	0.110	0.140	1065
Monno Ceramic	319.50	318.25	1.250	0.391	50
Savar Refrac	70.00	68.00	2.00	2.857	60

Traded at previous rates (10)
Shares: 1st ICB M Fund (18), BD Thai Aluminium (60), Singer Bangladesh (25), Dhaka Vegetables (10), BD Oxygen (2421), Ambee Pharma (200), Progressive Plastic (10), Tamiuddin Textile (100).
Debtentures: Beximco (5), Beximco Pharma (4).

DSE SHARES AND DEBENTURES

Company	FV/ML (Taka)	Closing Rate (Taka)	Northern Jute (10/50)	NT (100/5)	Specialised Jute (10/50)	NT (100/5)	Shine Pulur Jute (100/5)	NT (114.00)	Sonali Ansh (100/5)	NT (125.00)
BANKS (12)										
Al Baraka Bank	1000/1	900.00								
A.B. Bank	100/5	172.50								
City Bank	100/5	303.00								
Eastern Bank	100/20	110.00								
IDLC Ltd	100/20	214.00								
LFIC	100/5	155.00								
Islami Bank	1000/1	1383.00								
National Bank	100/5	95.45								
Pubali Bank	100/5	88.00								