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DHAKA, MONDAY, NOVEMBER 22, 1993

US Senate gives final approval to NAFTA

WASHINGTON, Nov 21: On a strong bipartisan vote, the Senate gave final approval to the North American Free Trade Agreement on Saturday, handing President Clinton one of the biggest triumphs of his first year in office, reports AP.

The vote was 61-38, following 234-200 House passage on Wednesday.

Approval capped a month-long debate over America's role in a global economy heading into the 21st century. The agreement would create the world's largest free trade zone among the United States, Mexico and Canada.

Final approval came as Clinton was attending a trade conference with leaders of Asian nations in Seattle. In his weekly radio address, taped before the Senate vote, he declared, NAFTA is more than a trading bloc. It's a building block in our efforts to assert America's global leadership on behalf of American jobs and opportunity.

"With the passage of this agreement, Congress affirms the leadership role of the United States in this hemisphere and around the world," said Majority Leader George Mitchell.

Michigan Democratic Sen Don Riegle led the outnumbered opposition.

"NAFTA is the ultimate expression of trickle-down economics," he said, adding that President Bush had left the "poison cup" of the agreement in the Oval Office, and Clinton decided to drink it.

The measure picked up some surprising support just hours before the vote from two

NAFTA unlikely to have adverse effect on Bangladesh

The North American Free Trade Agreement (NAFTA) has just been approved by the US congress. It has important implications not only for the USA, Canada and Mexico, the three members of NAFTA, but also for many other countries of the world. Here in Bangladesh a question is being asked if NAFTA will have any adverse effect on exports from Bangladesh, particularly apparel exports, to the USA and Canada.

There have been many bilateral and multilateral economic cooperative agreements in different parts of the world. The most successful of economic integration has been the European Community (EC). Many trade and investment barriers between the 12-member community have been reduced or removed. The trade among the members has increased sharply. The multinational of the US, Japan and NICs are vying with each other to increase their businesses and to penetrate into the single largest market of the world.

Historically, the United States and Canada have had the world's largest bilateral trade, each being the other's largest trading partner. Despite this unique trade relationship, each partner thought that if the existing tariff and non-tariff barriers could be removed trade between them would increase substantially. Therefore they agreed to form the US-Canada Free Trade Agreement designed to phase out the tariff barriers and other non-tariff barriers like quotas, embargoes, and restrictions on financial services. The US and Canada formally entered a free trade agreement (CFTA) in 1989. However, it is to be noted that the agreement was not to form a

Professor Hafiz G A Siddiqi

under favourable tariff provisions. Through this offshore "twin-factory" operation the US firms have been able to successfully compete with Japanese products in the USA.

NAFTA will create a single market for 360 million people with a \$1 trillion dollar GNP. This will be a market larger than EC. The supporters of NAFTA predict that the trade within NAFTA will increase substantially beyond the combined pre-agreement trade of 237 billion dollar. The Department of Commerce estimates that each one billion dollar of trade creates over 20,000 jobs. Although Mexico is a developing country, it is not as poor as Bangladesh, India or Pakistan.

With a population of 86 million having per capita GNP of 2,337 dollar, it forms a large market for most US and Canadian products. As Mexico prospers, it will grow as a market for US and Canadian goods and services, just as the United States and Canada will become larger markets for Mexican goods.

However, it is to be noted that when NAFTA will be in place, it is likely to create problems for many US businesses. For example, California and Florida orange growers will face stiff competition from Mexico when the 35 per cent tariff at the US border is dropped. Canned tuna and sugar, two heavily protected industries of the US, will definitely be hard hit. In the USA, industries, such as apparel, that rely on unskilled and semiskilled workers will also be hard hit. But one should note even without Mexican low-cost labour, US unskilled labour is vulnerable to the competition generated by other nations with

Canadian markets? Will Mexico be a competitor of Bangladesh in those markets? There is only one product, namely, apparel, which may come into picture. Now the question is: is it likely that apparel exports from Bangladesh to the USA or Canada will decrease when NAFTA will be operationalised? Will apparel exports from Mexico under free trade agreement eventually replace, partly or wholly, the apparel exports from Bangladesh? The answer is NO. It is however true that there will be some readjustments in the US and Canadian apparel imports from Mexico. To take advantage of cheap labour cost in Mexico (hourly labour cost including fringe benefits in Mexico is approximately 2.50 dollar as opposed to 14.50 dollar and 14.90 dollar in USA and Canada respectively), some US and Canadian apparel manufacturers may move to Mexico. Besides, elimination of the existing tariff barriers between these three member countries may lead to increased apparel imports from Mexico into the USA and Canada. This should not worry Bangladesh because (1) the net effect will be trade diversion/creation between the three member countries of NAFTA; perhaps Mexico will export more apparel to the USA and Canada, and US and Canada will manufacture smaller quantity of apparel; (2) the increased exports from Mexico to the USA and Canada, while not as high as US and Canadian labour cost, much higher than the labour cost in Bangladesh. The Mexican labour in the ready-made garments industry, on the average, get about 2.50 dollar per hour as against 0.30 dollar per hour in Bangladesh. Even after considering the transport costs and applicable duties at US and Canadian ports Bangladeshi apparels of comparable specifications should not face any additional competition which can be attributed exclusively to NAFTA.

It is interesting to note that one can argue that NAFTA will possibly have some favourable impact on RMG industry of Bangladesh. It is generally argued that countries like Hong Kong, Taiwan, Singapore, South Korea, etc. Where labour cost is higher than that in Mexico will be adversely affected by the operation of NAFTA. There is substantial US investment in the RMG industries of these countries. Many firms of these South Asian countries are likely to move to Mexico to take advantage of lower labour costs and additional advantages offered by NAFTA. These countries may not be able to compete in the US and Canadian markets filled with Mexican apparels if they stay in their own countries. Given the relatively high wage structures in their own countries and new competitive forces released in the US and Canadian markets by the Mexican exports, these Southeast Asian countries may not have any choice but to divert investment to such countries as Bangladesh where labour cost is still low and which face less rigorous quota restrictions. If this forecast proves accurate, foreign investment in RMG industries of Bangladesh is likely to increase as a result of NAFTA.

(The author is the former Director, IBA, Dhaka University and Professor of International Business, Ohio State University, Columbus, Ohio, USA.)

BADC scheme to distribute wheat seeds at fair prices

CHAPAINAWABGANJ, Nov 21: Bangladesh Agricultural Development Corporation has under taken a massive scheme to distribute high yielding variety wheat seeds among the farmers and dealers during current Rabi season, reports UNB.

Official source said about 18,400 metric tons of wheat seeds will be distributed at fair prices under the programme.

The seeds are produced in BADC seed multiplication farms as well as by the contract growers and these are scientifically processed and stored in processing centres of the corporation across the country.

The varieties and quantity of seeds that will be distributed are 'Kanchan' — 15,562 metric tons, 'Sonalka' — 8,121 metric tons, 'Akber' — 1,441 metric tons and 'Agrani' — 586 metric tons, the source added.

Fishermen allege conspiracy to stall rehabilitation project

A group of fishermen from the coastal areas Saturday alleged that a certain quarter inside the government was trying to stall a Japan-financed rehabilitation project initiated after the devastating April '91 cyclone.

"We sense a conspiracy being hatched to divert the funds of 134 crore taka Japanese project which has been taken up to rehabilitate the affected fishermen," Fasul Alam, convenor of the committee to protect the interests of cooperative fishermen in the coastal areas, told newsmen at a press conference at the National Press Club.

He said that the project was in line with a pledge by Prime Minister Begum Khaleda Zia, who visited the coastal areas following the April 29 cyclone and promised a 150-crore taka coastal rehabilitation project.

Some 12,000 fishermen of 14 cyclone affected districts were taken under the three-year project, scheduled to be completed by March 31, 1994.

"We have completed all sorts of formalities to get material help under the project, which is now almost suspended," Fasul Alam said, adding: "We have been excluded from other rehabilitation programmes because of this Japanese project."

The fishermen's cooperative leader said that his organisation would go for street agitation if the project were suspended, but did not immediately plan any demonstrations.

The other committee leaders present at the briefing — from Chittagong, Cox's Bazar, Laxmipur, Feni, Noakhali and other coastal districts — included Anwarul Islam, Maniruzzaman, Motaleb Hossain and Nurul Islam.

They also alleged that pirates in the Bay were now rampant but no authoritative measures were being taken to check it.

Hannan visits Rajshahi Jute Mills

RAJSHAHI, Nov 21: Jute Minister A S M Hannan Shah today called upon the workers and employees to work with sincerity and dedication for boosting production in mills and factories, reports BSS.

He made this call while visiting Rajshahi Jute Mills here.

The minister went round different sections of the mills.

He directed the mill authority to purchase high quality of jute in the current jute purchasing season.

Hannan Shah said the loss incurred by the public sector mills is the loss of public money. The present government would not bear the public losses, he added.

He underscored the need for reducing production cost by eliminating extra expenses.

Chairman BJMC M Moniruzzaman was present during the visit.

317 officers, workers and employees are now working in the mills.



The Bangladesh Jute Association accorded a reception to Finance Minister M Saifur Rahman at a local hotel in the city yesterday on his election as the Chairman of the Board of Governors of the World Bank and IMF.

Denmark to give Tk 27.82 cr to Bangladesh as grant

Denmark would provide to Bangladesh 46.60 million Danish kroner equivalent to approximately Taka 27 crore and 82 lakh under an agreement signed between the two countries here today for the 'soil testing, management and development of SRDI' project under the Ministry of Agriculture, reports BSS.

The entire amount will be given to the Bangladesh government as grant.

The objective of the project is to assist in the development of national land use, soil fertility and salinity management policies and strategies.

M Sirajul Islam, Joint Secretary, Economic Relations Division, Ministry of Finance and K K Nielsen, Charge d'Affaires, Royal Danish Embassy in Dhaka signed the agreement on behalf of their respective governments.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
নির্বাহী প্রকৌশলীর কার্যালয়, (সেওজ)
চট্টগ্রাম সদর বিভাগ, চট্টগ্রাম
দুরালাপনীঃ ২২৭৪৩৯

নতুনভাবে কোটেশন আহবান
বিজ্ঞপ্তিঃ ৩৬ (৪র্থ আহবান)

১) কোটেশন বিজ্ঞপ্তি নং	৩৬, কোটেশন, ৪র্থ আহবান) নির্বাহী প্রকৌশলী, সেওজ, চট্টগ্রাম সদর বিভাগ, চট্টগ্রাম। ১৯৯৩-৯৪ ইং সাল।
২) কাজের নাম	১৯৯৩-৯৪ ইং অর্থ বৎসরে চট্টগ্রাম সদর বিভাগীয় হরত শাহ আমানত (রাঃ) সৌতুর কার্যবাহারের তারিখ হইতে ১ (এক) বৎসর। চম্পালকারী যানবাহন হইতে মাশুল আদায়ের নিমিত্ত ইচ্ছার দানের বিজ্ঞপ্তি।
৩) কোটেশন দাতার যোগ্যতা	যে কোন স্বাভাবিক সম্পন্ন ব্যক্তি / ব্যবসায়ী প্রতিষ্ঠান।
৪) জামানতের টাকা	নিম্নলিখিতকরী অন্ততঃ ৩,০০,০০০/- (তিন লক্ষ) টাকা। তফসীলবৃত্ত ব্যাংক ডাকট/টেলারী চালান/প্রতিরক্ষা সম্বন্ধপত্র/২-বৎসর মেয়াদী সম্বন্ধ পত্র অথবা বোনাস সম্বন্ধ পত্র আকারে জমা দিতে হইবে।
৫) কোটেশন দলিলাদি প্রাপ্তির কার্যালয়	নির্বাহী প্রকৌশলী (সেওজ), চট্টগ্রাম সদর বিভাগ, চট্টগ্রাম/ফেনী/কক্সবাজার/সোহাজরী/প্রায়নিং বিভাগ (সেওজ ও সেতু), ঢাকা/উপ-বিভাগীয় প্রকৌশলী (সেওজ), সদর উপ-বিভাগ, চট্টগ্রাম/ফটিকছড়ি/সীতাকুণ্ড/১ম সারি কারখানা উপ-বিভাগ, চট্টগ্রাম।
৬) কোটেশন গ্রহণের অফিস সমূহ	জম্মাবধায়ক প্রকৌশলী (সেওজ), সদর সার্কেল, চট্টগ্রাম/মনিটরিং এন্ড ইন্সপেকশন সার্কেল, ঢাকা/নির্বাহী প্রকৌশলী (সেওজ), সদর বিভাগ, চট্টগ্রাম/ফেনী/কক্সবাজার/সোহাজরী সদর বিভাগ, চট্টগ্রাম/মনিটরিং এন্ড ইন্সপেকশন বিভাগ, চট্টগ্রাম।
৭) টোল আদায়ের জন্য নির্ধারিত সময়	৩৬৫ দিন।
৮) কোটেশন বিকীর শেষ তারিখ	২৮-১১-৯৩ ইং (অফিস চলাকালীন সময়ঃ)
৯) কোটেশন গ্রহণের শেষ তারিখ ও সময়	২৯-১১-৯৩ ইং দুপুর ১২ঃ০০ ঘটিকা পর্যন্ত।
১০) কোটেশন খোলার শেষ তারিখ ও সময়	২৯-১১-৯৩ ইং দুপুর ১২ঃ০৫ ঘটিকা।

মোঃ আব্দুল খালেক মিঞা
নির্বাহী প্রকৌশলী, (সেওজ)
চট্টগ্রাম সদর বিভাগ, চট্টগ্রাম

DPP (G) 19158-18/11
G-1603

Russia won't import grain next year

MOSCOW, Nov 21: Russia will not import grain next year on behalf of the state, ITAR-Tass news agency quoted Deputy Prime Minister Alexander Averyukha as saying yesterday, reports Reuter.

Speaking at the end of a tour of the southern region of Stavropol, he said this was possible because farmers had brought in a good grain harvest this year despite financial problems.

Virtually all grain imports, mainly from the United States and the European Community, are on behalf of the state at the moment. But the government which finances imports with foreign credits, is trying to cut subsidies and encourage private trade.



The visiting Swedish Minister for International Development Cooperation and Human Rights Issues Alf Svensson called on Foreign Minister A S M Mostafizur Rahman at latter's residence Saturday.

World commodity markets

Prices of coffee up, oil, tea down

LONDON, Nov 21: Coffee prices, hit by losses last week on Brazil's delay in honoring commitments, recovered their strength on the commodities markets this week following a series of auctions in Sao Paulo, reports AFP.

Gold: Stable: Prices were very little changed from the previous week, ending the week at around the 375-dollar-an-ounce mark, as the new declines in European interest rates offset the negative effect of the dollar's rise connected with approval by the US of Representatives of the NAFTA with Canada and Mexico.

The approach of Christmas, the Chinese New Year, and Ramadan continued to support the market because of high demand for jewelry purposes, but analysts remained cautious on the general trend in the near future because of a Chinese economic austerity programme.

Platinum: Quiet: After a depressed start due to prospects of a western supply surplus of the metal this year, prices firmed a little on hopes for industrial recovery in the United States and for an improvement in the American auto market.

Johnson Matthey Group said the western surplus should rise to 190,000 ounces this year, against only 20,000 ounces last year, since supply was rising faster than demand.

Silver: Higher: Silver prices remained on the uptrend noted the previous week, rising this week to a four-month high, encouraged by fears of a shortage of Russian supplies and good demand from India and Saudi Arabia. The metal has risen by 11 per cent since the start of November.

Fears of Saudi devaluation and continued good Indian demand due to liberalisation of the local silver market continued to underpin silver prices.

Copper: Lower: Copper prices remained on a downward trend, weakened by low industrial demand and world overproduction. Even a market contraction of stocks on the LME, for the third straight week, was unable to reverse the downturn, and prices' this week lost more than 60 dollar a tonne.

Lead: Quiet: Prices fluctuated within a very narrow range of 411 to 414 dollar a tonne, and were not influenced by the announcement by Britannia refined metals that it planned to cut output at several foundries. It turns out 60,000 tonnes of lead a year.

Analysts Billion-Enthoven said the world production deficit should rise to 184,000 tonnes this year, against an estimated 38,000 in 1992.

Zinc: Lower: After an initial rise on announcement of production cuts at Spanish group Asturiana de Zinc Sa, Zinc prices trended down, ending the week slightly lower than the previous Friday.

The Financial Times reported that Dutch Foundry Budel, responsible for five per cent of total western zinc output, might have to close by 1995 unless it reaches agreement by the end of the year with local authorities on reprocessing its waste.

LME stocks rose by 4,875 tonnes to 850,725, a new record high.

Tin: Down: Prices fell toward 4,600 dollar a tonne, affected by low industrial buying.

Even the new dip in LME stocks, the third straight weekly decline, did not help the tonne. Tin stocks dropped by 205 tonnes to 19,440, their lowest level since April.

Coffee: Sharply stronger: Prices were bolstered by auctions in Brazil as part of a plan to hold coffee off the market, and the price rose by eight per cent and broke through the point of 1,300 dollar for the first time since contracts denominated in dollar were introduced in March 1991.

The market had been weakened the previous week by a delay by Brazil, which is the biggest producer of coffee, in meeting commitments to the Association of Coffee-Producing Countries. But purchases by Brazil this week reassured sentiment.

Sugar: Rally from a weak opening. The price of sugar, which had fallen at the beginning of the week because of uncertainty about the volume of the 1993-94 harvest, rallied when Czarnikow brokers in London increased their estimate figure for a shortfall in world output.

Czarnikow said that production would be 2.18 million tonnes short of consumption compared with an estimated shortfall of 1.81 million tonnes in August and an estimates of 1.13 million tonnes in 1992-93.

Oil: Weak: The prices of North Sea Brent crude oil, which fell the previous week to

their lowest level since February 1989, remained nervous pending the opening next Tuesday of an OPEC meeting in Vienna.

A cold wave in Europe and rumours that OPEC might decide on a cut of three to five per cent, something on the order of half a million barrels a day, in its daily output brought Brent prices back above the 16-dollar-a-barrel level late in the week.

Cotton: Quiet: The cotton price indicator firmed slightly on the Liverpool market, continuing the previous week's uptrend linked with lower estimates of the US harvest.

But analysts think prices should remain affected by world overproduction and high stocks. In India, the world's leading cotton producer, harvests should remain high in 1993-94 (September-August) at 13.5 million bales each, against 13.6 million for 1992-93.

Tea: Lower: Lower demand was noted at the weekly London auctions, where average prices were of 190 pence per kilo against 200 for superior grades, to 107 pence against 122 for medium, and to 97 pence against 103 for inferior grades.

Indian analysts say the Indian harvest should hit 740 million kgs this year, against 703.9 million in 1992 and a record of 741.7 million reached in 1991.

Wool: Weak: Combed wool prices continued to decline on the Bradford market, affected by world overproduction, low textile demand in Europe, and high world stocks.