The Daily Star
Founder-Editor: Late S. M. Ali
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Border Trade with Myanmar

A report published by us the other day says that a border trade agreement with Myanmar is expected to be signed in Dhaka later this month. Such an agreement would allow for the growth of trade between the two countries in a stable environment. It would also cut through illegal trade — or, smuggling, as it is more commonly known — across the border.

Border trading arrangement is an internationally recognised mode of conducting exchange of goods between countries sharing a common border. However, this would be the first border trade agreement to be signed by Bangladesh with a neighbouring country. Not so for Myanmar. For years now, Myanmar had had border trading arrangements with Thailand. Myanmar is said to have signed a border trade agreement with India also earlier this year.

It's not that trade cannot go on between neighbouring countries unless there is border trade agreement. Merchandise do flow to and from countries sharing a common border under the normal global trade laws. What a border trade agreement does is to ease the process of exchange of goods between two neighbouring countries. Geographical contiguity creates certain special advantages in trading between two countries. A border trade agreement creates the environment for utilising these advantages to the full.

A common border can also thwart open trade by enabling smuggling to grow. Smuggling usually is a two-way trade, but carried out through unauthorised channels, evading customs and tax authorities, banking formalities and exchange controls. By easing these regulations for the purpose of cross-border traffic in goods, border trading arrangements would normally dissuade smuggling. The economy would then derive the full benefit of trade.

There are two countries with whom we share our borders — India and Myanmar. Unauthorised trade across the borders with India has reached such proportions that many consider this as destabilising important sectors of the economy. The authorities are trying to contain smuggling mainly by applying preventive measures through its law enforcing agencies. May be, they occasionally achieve a degree of success but smuggling still persists as a real problem for our trade and industry. The national exchequer loses revenue and the country's valuable resources are frittered away.

At the fourth Indo-Bangladesh Joint Economic Commission (JEC) session held in Dhaka last December, the Indian side had suggested that the possibilities of negotiating a border trade agreement between the two countries should receive serious consideration. The response of the Bangladesh side to this proposition has not been made public. Meanwhile, open border trade of a sort has already started — confined to import of cattle from India. However, Indian cattle is being smuggled across the borders for years. As we understand it, cattle brought from across the border can now be marketed legally on payment of a specific duty. The cattle would be brought through designated customs checkposts.

Goods would continue to flow across the borders as long as they are needed and if the transactions profit the parties to the trade, eventhough unauthorised. In due course, smuggling would probably disappear if the cross-border trade can be brought out into the open. An open border trading arrangement would not only curb smuggling but also help eliminate trade distortions that give impulse to illegal commercial transactions in the first place.

This Cannot be Allowed

This is a matter of utmost concern. The launching of the Syedabad water treatment plant project is being stalled by a lack of agreement on the specifications of machinery to be installed. The consequences of any delay would be much too grave for the nation, and in so many ways.

The original sin was going for ground-water to meet the galloping needs of a snowballing metropolis. Engineers barring exceptions of the order of Eiffel are not known to be visionaries. It is our misfortune that the people who would tell the engineers as to what to devise and deliver and how to keep that up are even less so. Every time some golden-egg goose came our way or we stumbled upon it, we went for the nuggets in the womb. This has been the call with our natural gas resources as well as our metropolitan landed property potential. We have already messed up the best-in-the world possibilities of waterborne transport. We are at the moment offering in sacrifice our railways to propitiate the god of readylucre that thrives on throwing up thousands of kilometers of overland roads and crowding them with tens of thousands of blacksmoke belching vehicles.

The population of Dhaka should now be somehow around eight million. WASA produces water for how many of them? Even at a niggardly flat rate of a hundred litres per person per day WASA must make available 800 million litres of water every day. WASA supply is shy of that figure possibly by 20 to 30 per cent. They will need to make that up as soon as possible. By the time they do that, there is every danger of the populace gaining in strength by another million. What would then WASA plan for?

The problem gets infinitely compounded when we look for a source for such gigantic volumes of water yielding a perennial supply. Dhaka at point of time chose to go for ground water abandoning the traditional surface water. Why at that point of switching over didn't they think of treating and recycling used water and not go for fresh water? After all water, whether surface or subterranean, is not in infinite supply anywhere in the universe in its natural liquid H_2O condition. The ground water table has already gone down, under the city, to dangerous levels. Any further thoughtless tinkering with it would positively lead to ground subsidence causing first to the crumbling of all high-rise buildings and then to all standing structures. If only we could, we would stop raising even a litre of water from beneath the metropolis surface here and now.

How is WASA readying itself for that inevitable and unavoidable act ? The Daily Star report of Wednesday does not speak of good enough grasp of the gravity of the situation by the decision making levels. While they squabble over whether to go for treating 50 million gallons a day or 25, the Dhaka ground water is every hour being drained off precipitously. This cannot be allowed.

When Trade Reforms may Not Succeed

by Abdul Bayes

Over the years, the developing countries have been witnessing a wave of trade reforms as had never been in evidence before. Quite in consort with the siren song of "outward orientation, these countries have tended to embark on demolishing various trade barriers that are alleged to have hindered the flow of goods and services as per the theory of market forces. According to the conventional Fund-Bank wisdom, a necessary condition to usher in an efficient allocation of resources is to align the domestic price structure with that of the international one. To do that usually, a three - phase trade liberalization program has been advocated: (a) converting quantitative restrictions (e.g. quota) and import licences into equivalent tariff rates and thus making the restrictions more transparent, stable and less discretionary; (ii) narrowing down the average level of tariffs as well as the dispersions of tariffs i.e. rationalization of tariff structure; and (iii) tuning the exchange rate in such a fashion as to contribute to enhanced exports i.e. making the real exchange rate export — friendly. However, the governments' intention notwithstanding, the eventual success of these reforms is put to the gravest doubt by certain quarters. The pessimism follows from the perceived lack of credibility that attempted reforms are likely to manifest in the eyes of the actors they are designed to stimulate-entrepreneurs, workers and farmers.

Why Credibility is Important?

Prima facie, trade reform measures are likely to divert resources from less productive use (say, import substituting consumer durables) to more productive uses (say, to export-oriented industries). The success of trade reforms should, therefore, be judged by the extent to which domestic entrepreneurs respond to the need for moving capital and labour out of low productive sectors to highly productive sectors. For example, with the emerging new signals coming from trade liberalization, the owner of an inefficient cosmetic industry might face a closure but could, if it wished relocate these resources to more productive export oriented goods. There is thus an adjustment cost tagged with this relocation. Again, a newcomer to export-oriented industries would have to train labour and management for the challenging job. In between, some workers would remain out of work, or some entrepreneurs might face bankruptcy. But all these costs are dubbed as necessary evils by the protagonists of trade reforms.

The willingness of the entrepreneurs and workers to bear that cost or to live with that necessary evil would certainly be dependent upon the perceived staying power of the reforms. If perceived notion is positively definitive, then quick adjustments are likely to follow since a delay simply adds to the cost. But if a reversal of policy is reasoned by the private sector, the adjustment might be delayed with the assumption that the cost due to delay might be outweighed by a reversal of policy in future. We can derive important conclusions from the premises outlined so far. First, to the policy-makers, it is not trade liberalization per se, but credible trade liberalization that should warrant top priority and second, it is not merely the structure of incentives but the predictability of such incentives created by the trade regime that should steal the point of focus. According to some economists, "a distorted, but stable, set of incentives does much less damage to economic performance than an uncertain and unstable set of (undistorted) incentives generated by a process of trade reform lacking credibility". The readers could well gauge that the issue of credibility is deeply hooked on the supply responses in the economy. The non-response of the micro agents to the plethora of reforms partly emanates from the lack of credibility and one should not be surprised if such incredibility, in the medium and long run, also goes to kill the macro stability. In technical terms, "the perceived temporariness of the reform introduces a 'distortion' into the intertemporal structure of relative prices ... Unsustainability aggravates uncertainty in the policy environment and this, by itself, can be enough to cripple the animal spirit of private investors".

It may be mentioned here that assurance of credibility does not imply a 100% staying power of the reforms but could embrace marginal changes as and when needed. Some of the incredible reforms, as portrayed by the experiences of some countries, are: re-imposition of quantitative restrictions after liberalization (Argentina); putting export subsidies on, taking them off and putting them on again (Turkey); promising but not delivering export subsidies (Co^te d'Ivoire); instituting exchange rate auctions and then abolishing them (Sierraleone, Somalia, Uganda, Zambia); reducing tariff rates across the board and raising them again later (Morocco, Thailand).

Why Credibility might be Lacking?

Private sector might reckon that the government is in the liberalization business just to satisfy the donors and hence a reversal might take place with the diminished importance of conditionality. The same politicians and bureaucrats who had upheld import substitution in the past are upholding outward orientation at present. Why should entrepreneurs believe that the blokes see the light now and didn't see it before? Second, on many occasions, the reforms packages are drawn up via dialogue between the more efficient donor bureaucrats and their counterpart less efficient and more corrupt domestic bureaucrats. A further scorn is added by the fact that on many occasions, the bureaucrats and the politicians can hardly convince the people of the economic and social rationale of trade reforms. Third, despite the best will on the part of the government, a ring of political dissonance might creep in (and this could be fuelled by major parties) to insert heavy political costs into adjustments and the economic agents might wait to see the dust settle. Fourth, the distributional implications of trade reforms are, on many occasions, mis understood by the actors in the economy and the conflicting interests (right or wrong) tell upon the credibility.

Bangladesh Scenario

Since independence till late eighties, Bangladesh followed a restricted trade regime where exports and imports of goods and services (as well as their production) were put under various nooses of government control. It was, in fact, a time when the world at large converged towards domestication of policies and hence the growth rate of world trade lagged behind the growth rate of output. However, with the rediscovery of Adam Smith's invisible hands, the policy shifts promised to open the domestic and international sectors. Import liberalization an industrial deregulation were essential policy initiatives to provide an environment attuned to private sector-led growth. Import liberalization look the key berth in Bangladesh's policy agenda mainly because it tends to reduce the: (a) anti-export bias of restrictive import policy regime; (ii) disparities in industrial incentives; and (iii) overvaluation of currency caused by import friendly exchange rate. The argument runs that in a country where the domestic market is very limited and where the aim is to attain 6-7% GDP growth rate over medium to long run, the necessary requirements that the share of exports to GDP be raised from the current 9% to 13% by the second half of the decade. Trade liberalization thus warrants top agenda in policy formulations.

There has been some progress towards liberalization. For example, the level of tariff that stayed at 0-350% earlier has now been unified and slashed to an average of 50% dispersing over 32 items. Quantitative restrictions have been dealt with although about a fifth of all traded items still faces such restrictions. Rationalization of tariff structure and fine — tuning of exchange rates are some of the other measures contributing to trade liberalization.

With the gradual shift from inward to outward looking strategy, the shift of resources from non-tradeables to tradeables should proceed but a general presumption is that necessary responses from micro level are not coming about to buoy up the on-going reforms. Many would like to argue that the "incredible" syndrome, like the "incredible Hulk", pervades the economy with its might to negate the required responses. The principal sources of lack of credibility are reported to be: (a) the perceived notion of an imposed conditionality; (b) lack of 'teeth" on reforms by the government represented by the beneficiaries of a restricted regime; (c) the non-recognition of a "level playing field" while opening up; (d) the unequal pace of trade liberalization vis a vis domestic liberalization; and (e) the presumption that such measures would wither with the change of the government. Added to these agonies are some of the policy reversals depicted on various occasions.

Thus Bangladeshi entrepreneurs, workers and other agents are waiting to see that the dusts settle. And this only adds to the adjustment cost and minuses the confidence on ongoing reforms.

To minimize the rot, the government of Bangladesh should immediately consider the following propositions:

(i) By and large, the exchange rate still remains overvalued and hurting exports. While India and other countries are going for 25-30% devaluation, ours is in the range of 2-3%. On the otherhand, the US$ appreciated vis a vis other currencies over the years so that Bangladesh currency has also appreciated with others.

(ii) Even of lower prices of inputs from import liberalization are not going to help entrepreneurs unless the prices of non-tradeables are lowered. Fulfillment of ADP in respect of infrastructure, transport, power etc is urgently required to satisfy investors.

(iii) Domestic regulatory measures are reported to be recoiling on trade liberalization. An administrative package commensurate with new philosophy of growth and development is urgently called for.

(iv) Frequent dialogues with trade and industry circles are required and timely intervention with incentive package is needed.

(v) It is being alleged that there are a lot of tariff anomalies which need due attention.

(vi) Trade liberalization is one of the many factors contributing to more investment. Necessary emphasis needs to be placed on all factors.

(vii) To make the reforms endogenous, dialogues between donors and domestic experts are required on a regular basis.

'Golden Opportunity' in the Golden Triangle

Eve Kouidri-Kuhn writes from Vienna

Detection of "crack" (cocaine) laboratory in Ghana... big seizures of cocaine at Bucharest airport... increasing illicit poppy cultivation in North Korea. The latest report of the International Narcotics Control Board makes disturbing reading. But there is good news, too...

A possible breakthrough in Southeast Asia, concern about growing drug abuse in Africa and the failure of East European countries to pass anti-narcotics legislation are reported in the latest annual report of the International Narcotics Control Board.

And corruption and among national officials remains a problem. Says Board Secretary Herbert Schaepe: "We have had corruption scandals unfortunately all over the world, in developed and developing countries alike."

In Southeast Asia, illicit production of opium is still a major business, but Falvia Pansieri, United Nations country director in Laos, says there is a golden opportunity to change the situation.

China, Laos, Myanmar and Thailand say they are committed to joint projects with the UN drug control programme to eradicate illegal drugs along their borders by the year 2000.

Much depends on crop substitution programmes, which have not always been properly thought out or administered.

Pansieri notes that the poor quality of opium in Laos — which produces an estimated 130 tons a year — has made alternative crops more attractive to farmers.

The Golden Triangle

Nevertheless, Laos' lack of money and trained people, admits Pansieri, "put the country a little bit at the mercy of events that may be triggered from outside."

Poppy cultivation has also been reduced in parts of Thailand (where strawberries, cut flowers and apricots are the favoured alternatives) and Vietnam.

China has boosted control measure, including the formation of a special anti-drugs squad with sniffer dogs. But heroin abuse, once concentrated in the south is spreading elsewhere in the country.

Other problems remain, with increased poppy cultivation reported from North Korea and the continued operation of some 25 heroin laboratories on the Myanmar-Thai border.

Many countries in the region are transit points for illegal narcotics destined for Australia, North America and Europe, and Bangkok remains an important embarkation point for heroin couriers.

In Africa, the Board urges governments to act to prevent escalation of drug abuse and trafficking because they are major contributors to the worsening of misery, corruption and instability on the continent.

Abuse of psychotropic substances and use and export of cannabis are said to be the region's main problems.

"The abuse of stimulants, hypo-sedatives and anxiolytics (minor tranquillisers) has been reported in all sub-regions of Africa," warns the Board.

"There are no signs of a decrease in the popularity of amphetamines. Countries in western Africa, particularly Nigeria, are the main ones involved in the distribution of original, counterfeit and fake stimulant tablets."

India is reported to be the main source of methaqualone tablets which are in growing demand all over eastern and southern Africa, and South Africa — where it is a multi-billion-rand business — the top destination as well as a big producer.

The Vienna-based Board points the finger at Kenya for inadequate controls over imports, trade and manufacture of psychotropic substances.

Cocaine abuse is reported to be on the rise in Africa.

In Eastern Europe, the report points out that the opening up of the region in 1989 was accompanied by an increase in criminal activities connected with narcotic drugs.

Five years later many countries still do not have laws against traffickers in place. In Slovakia, for example, a registered addict can obtain hard drugs from a pharmacist legally and legally sell them to a third party.

"The control of licit drug manufacture, trade and distribution has become complicated in formerly socialist countries in the region because of the huge number of new companies that have started to manufacture and deal in narcotic drugs, psychotropic substances and precursors," observes the report.

In addition, a rise in bankruptcies among chemical and pharmaceutical companies has thrown many skilled chemists out of work.

The illicit manufacture of millions of tablets containing a amphetamine derivative by a Latvian company is cited as a warning signal because the company had been unable to pay staff salaries for the three months before the illegal operation began.

There are virtually no controls over international trade by road, rail or air in the former Soviet Union, says the report, and traffickers are increasingly using capitals in the region as transit points and as bases for contacts with international traffickers from the West. — GEMINI NEWS

EVE KOUIDRI-KUHN is a freelance journalist based in Vienna.

To the Editor...

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

An appeal to the PM

Sir, The following is an open letter to the Prime Minister Begum Khaleda Zia.

Hon'ble Prime Minister,

You have set a brilliant example in declaring your Secretariat a 'Tobacco-Free' Zone. In fact you are the proud forerunner in the move. White House, some people say, followed your example. We are proud of this timely and historical action.

The enthusiasm shown and the action taken by the Minister of Education has earned reputation in the world forum. He had the honour of writing an editorial in the *Tobacco Alert* published by the WHO Headquarters. Besides it is he who spared no time to include article on the ill effects of tobacco on health in school text-books from class VI teachers not to smoke or atleast not to smoke before the students.

The Minister for Agriculture proudly declared that he had instructed cultivation of alternative crops to tobacco. This has been possible and, according to him, cotton is replacing tobacco cultivation in many areas. Research is going on for alternative crops and the results have so far been encouraging.

The political will of your government is well reflected in these activities. We in ADHUNIK feel proud and spent no time in circulating the news throughout the world.

It is indeed a pity that the darkest cloud is fast engulfing this bright achievement. Any visitor to Bangladesh is receiving greetings from 555 or GOLD LEAF as soon as he comes out of the Zia International Airport. These inanimate objects in a beautiful array silently salute the visitors and promptly project their 'right and safety' despite their immoral (and? illegal) challenge to what you have introduced in your Secretariat. Bangabhaban is also a Tobacco-Free Zone and you do not allow smoking in Cabinet meeting.

Madam Prime Minister, it is a challenge to not only public health but also to your policy, action and administration. Will the authorities tell us how much are they earning by allowing these poisonous billboards and how many are they killing by encouraging this deadly habit? You are spending millions for protecting environmental health, food pollution, encouraging breast feeding and using oral saline to name only a few. Why not spend that amount in such places?

Tobacco companies all the world over are well known for their clever way of invading the administration. Part of their enormous wealth is earmarked for this specific purpose.

How long should we allow this silent killer to kill us. The world today admits without reservation that TOBACCO KILLS. We must be conscious of our responsibility to kill it or it will continue to kill us.

N Islam
Founder-President, ADHUNIK

Runa Laila and Eid

Sir, In almost all other countries, an international event will enevitably see a leading singer of the country perform and take a leading role in the cultural part of the that event, like Marion Anderson did. But our SAF Games came and went without Runa Laila's participation. She was merely shown (on the mini screen) as a VIP guest.

That Runa Laila is a songstress who is Bangladeshi by birth and a national celebrity can be believed only when she appears at various functions to receive her due honour. Otherwise, she remains exclusively absent from the electronic media — Bangladesh Radio and Bangladesh Television.

BTV had taken the ordeal to present its audience with Runa Laila in 1987 on that year's Eid-ul Fitr (sponsored by a business concern, earning for BTV reportedly to the tune to Tk 10 million — no question of royalty too). Though seven years have passed, still BTV could neither find the time nor cared enough to let its audience have the honour to see her on the mini screen anew. Now that another Eid-ul Fitr is on the way, will she still be out in the cold?

Jamal Arsalam
Dhaka

BTV programmes on Eid day

Sir, Eid day is a day of celebrations for the Muslims. We have two Eids (Eid-ul-Fitr and Eid-ul-Azha) each year. Almost all the Muslims in our country, rich and poor alike, expect to spend the Eid day in joyous errands. From the Eid day until two or three days, people are seen busy going to their relatives and spend sometime with them.

Eid being a happy occasion, BTV as usual, telecast a series of programmes in the course of two or three days beginning from Eid day, to entertain the viewers. But it is regrettable to say that BTV has been telecasting programmes for the last few years during day-time on Eid day which causes much disturbance to the viewers in performing other rituals. Because of the programmes during day-time on Eid day, people either have to miss them or cannot go out of their home to meet their relatives. More or less such programme timing virtually confines people in the house depriving them of other festivities.

Eid day can really be an enjoyable one, if BTV shifts its day-time programmes of the day to night. Let's spend the day-time on Eid day with our friends and relatives and enjoy BTV's programmes at night. We urge the BTV authority to look into the matter.

Md Delowar Hossain
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OPINION

Abortion Amounts to Murder

Now-a-days the controversy about abortion is raging in many parts of the world. We are not going to discuss the practice of abortions which is sometimes necessary on medical and similar grounds but the practice of abortions to get rid of unwanted baby on economic or family grounds. In this connection, I cannot resist the temptation of giving some of the views expressed by an eminent writer (whose name I cannot recollect at the moment) against the practice of abortion.

He maintains that every bit of human progress has happened for a single, simple reason, the elevation of the individual status. Each time civilisation has entered into another age that is a little better, a bit more enlightened than the one before it. It is because people started to care more about other people and respected them as individuals. Whenever they failed to do this, they failed to move forward. History has shown this to be true. We abolished slavery because we respected individual human life. Out of this respect, Habeas Corpus was invented and oppression of children was stopped. And now we have created justice for all.

Many people who consider themselves as civilised and capable of thinking and reasoning, have expressed their opinion against capital punishment, not so much because of those to be executed, but for that taking a human life, any human life, does to society which is, of course, all of us. Capital punishment is not a long way from abortion. It all relates to respect for individual human life, to the way civilisations come, the way it is going. It is an irony that we argue for abolition of capital punishment and advocate for legalised abortion in the same breath. We fail to see the anomaly of raising the value of human life on one hand and lowering it on the other. It is a medical fact that eight weeks after conception, a fetus possesses everything a full-term baby possesses and in the third month, a fetus looks like a baby. Hence, an abortion which is generally done in the early period of three months after the conception, amounts to murdering not only the fetus but amounts to murdering a human being as a baby is nothing other than an human being!

Hence, to stop getting unwanted children there is birth control devices which are easily available to many people now-a-days. In case one slips up on that, and a human life starts growing, that is a new human being, and we have no moral right to condemn it to death.

Once we have life, good or bad, we are entitled to keep it. The same writer has concluded by saying that the answer to poverty is not to kill unborn babies, but to improve society and also to remember that you do not need a religion to believe in human ethics.

Mirza Md Azizul Haque
Uttara, Dhaka