

Investment Fetters : Ways Out

One cannot fail to notice the occasional visits being paid to Dhaka by US business delegations and representatives from private sector investment promotion bodies. Although these trips end up serving us with a critique on the investment situation prevailing in the country, a positive sign can still be read into them. For one thing, US investors have lately felt a wee bit attracted to Bangladesh by virtue of a certain buoyancy in our stock market — modest though it was. For the other, as a natural extension of their investment activities in Vietnam and India they are perhaps scouting the Bangladesh scenario to eventually make some investment here.

It is in this overall frame of mind that we would like to react to what the visiting US representative of the Overseas Private Investment Corporation (OPIC) David E. O'Hanlian said the other day to our Economic Reporters' Forum about boosting the sluggish foreign investment in Bangladesh. His talk to the journalists together with the report circulated by the US Embassy at the press meeting can be regarded as the latest American assessment of the investment opportunities in our country.

The well-orchestrated presentation had good words for our industrial policy, the investment incentives contained in it, and the success we have achieved in macro-economic management. But these have been rendered 'irrelevant' in mopping up investment because of 'control minded' civil servants in the Board of Investment and 'several entities' under the Finance Ministry including the customs service. David O'Hanlian added to the litany saying that the regulatory system was even featured by corruption.

He also minced no words about an uncertain law and order situation and inadequate commercial laws and slow-motion court adjudication under the purview of such laws. His pointer to a poor infrastructure though is not unassailable because it is not that bad compared with what one sees in some countries on the Southeast Asian rim which enjoy an investment preference.

Three broad misgivings about our investment climate have gained a bit of ground that these should not have. First, we have long term political stability in that the electoral process is well established as a means for change of government. Agreed that as an extension of that political stability we have not as yet enjoyed any ideal law and order situation. But if there be any fear on that count it should be allayed by the fact that Bangladesh has been a good host to foreign investors. In Bangladesh now there is a strong inclination to prize jobs. In the overall, the portrayal of the country need not be negative in the international arena because we have a number of success stories at the micro level to project now.

Our aid dependency can only be reduced through investment and trade. Trade is a necessary adjunct to investment. Now that there is aid crunch it falls on the developed world even more than ever before to increase investment in a developing country like Bangladesh. It will take some more time for our laws to be investment-friendly, and the services structure to be pro-investment, after this has grown accustomed to negotiating for aid only. But in any case, we do not see why a serious investment proposal will not get the quickest and the fairest attention of the government. In a money-starved country having mostly first-generation entrepreneurs foreign direct investment (FDI) holds the key to boosting local investment.

Overcoming Navigational Hazards

Islets dotting vast expanses of the rivers Brahmaputra, Padma, Jamuna and Dhaleswari are posing a serious threat to navigation in a long river route stretching from Doikhawa (Kurigram) to Doulatdia (Faridpur). A report carried in our newspaper yesterday put the number of such islets, known as chars, at about 5,000. Other river routes starting at Sadarghat or Narayanganj are not free from shoaling but in the northern parts of the country it is certainly acuter. Ferry service on which rests almost the entire road transportation from Dhaka to the north and south and west of the country, is particularly vulnerable.

It is in such an alarming situation that the question of augmenting water flows in our rivers deserves utmost consideration but, as a short-term measure, dredging must be taken up. The problem however is that dredging, says the report, is not being very effective. Siltation is so heavy that immediately after dredging, silts get collected as much as were removed through dredging. How this problem has to be solved is a matter for the experts. We only feel that the issue has not received the attention it should have.

This is precisely the point to which we would like to draw the attention of the policy-makers and the authority or agencies responsible for implementation of the policy decisions. For Bangladesh where bulk of its goods and passengers is carried through water-ways, it is simply suicidal to let the problem mount. Clearly, only half-hearted approach has so far been made to the issue. Piecemeal dredging is, in effect, no dredging at all. There is a need for a comprehensive study of the country's entire river courses. One observation of ours is that most of the country's highways and roads have stretched in the east-west direction, thus obstructing the flow of waters from north to south. Its adverse effects on environment and human lives are pronouncedly felt in two ways: floods in the monsoon and abnormal fall in water flows in rivers in the lean season.

Siltation therefore is a consequence not a cause of the problem in the first place. But once the problem is allowed to deteriorate, it also becomes a cause for human miseries and environmental degradation. This is what has exactly happened in case of Bangladesh. The islets have just set the alarm bell ringing and the authorities must take note of it before it turns into a lost cause. If necessary, international expertise has to be sought to meet this environmental challenge.

JAPANESE Prime Minister Morihiro Hosokawa and US President Bill Clinton failed to reach any agreement on trade questions after their Washington meeting on February 11, 1994. It is perhaps for the first time that the two sides have openly accepted failure in such talks. For more than a decade the United States and Japan have had strains in their economic relations due to the imbalance in their trade. But every time the leaders met they found some sort of face-saving formula to give their talks a facade of success. This time President Clinton decided to call a spade a spade and declared, "It is better to have reached no agreement than to have reached an empty agreement." The break down in the trade talks has sent shock waves throughout the world.

The success, though qualified and limited, of the Uruguay Round had created some optimism but the prospect of trade war between two of the greatest trading nations may endanger the results of the Uruguay Round and usher in an era of high tariff walls, non-tariff barriers and escalating retaliatory measures. This may not only nullify the gains attained in Geneva but push the world towards a trade war in which all the progress achieved in establishing free trade as the ultimate goal will be lost.

The dimension of the problem as well as the seriousness of American concerns can be better understood if we look at the extent of US trade deficit with Japan.

	Total US trade deficit	Deficit with Japan
1989	\$ 109.4 bn.	\$ 49.1 bn.
1990	\$ 101.7 bn.	\$ 41.1 bn.
1991	\$ 68.8 bn.	\$ 43.4 bn.
1992	\$ 84.5 bn.	\$ 49.6 bn.
1993	\$ 115.7 bn.	\$ 59.4 bn.

It will be seen that nearly the half of American trade deficit is the result of imbalance in their trade with Japan. A large part of the overall problem of external imbalances stems from the difficulties faced by successive

US-Japan Relations: Threatening Clouds of Trade War Cast a Shadow of Gloom

US governments in reining in the growth of the budget deficit and associated increase in the national debt. The problem of large public disavowings, which is exacerbated by the low rate of private savings, must be tackled if the secular deterioration in the US external accounts is to be arrested. While many people, including a large segment of the American public, recognize the role of US macroeconomic policies in sustaining the overall trade imbalance, it is felt that in the case of trade with Japan other factors are also operative.

The current controversy must therefore be seen against the background of the mounting frustration of the United States at the lack of progress in narrowing the trade imbalance with Japan over the past decade. Despite a significant improvement in competitiveness due to the depreciation of the US dollar vis-a-vis the yen, to the consternation of American policy-makers US exports have failed to make significant inroads in key markets in Japan. Publicity campaigns to encourage Japanese consumers to buy US goods have had little real impact and failed to mollify trade negotiators who now demand early and concrete results.

Although the US is a firm believer in free trade it has not flinched from putting pressure on Japan to introduce an element of state control in order to manage the trade by opening the Japanese market. American exporters have been complaining for years that it is extremely difficult to penetrate the Japanese market. The Japanese trading houses, it is alleged, follow secret and pre-planned guide lines in the matter of imports from abroad, often with the connivance if not the blessing of the Ministry of Trade and Industry (MITI).

The current controversy started in 1992 when

President Bush paid a highly publicized visit to Tokyo together with the chief executives of a number of leading industrial corporations. It may be recalled that Bush was fighting for re-election and he wanted desperately to reduce the trade deficit with Japan, increase exports and stimulate the economy. Out of deference to Bush the Japanese agreed to set goals for importing American goods. However, the Japanese resisted when the Americans wanted to quantify these goals. The recent Clinton-Hosokawa talks broke down precisely on this point. A senior Japanese official explained that 'Agreeing to the US demands would have put us on the slippery slope to man-

attracted protests from countries around the world but especially from the Asia-Pacific region. Australia, the Philippines, South Korea and Thailand which have all had trade skirmishes with the US in the past, said they were against unilateral use of trade weapons.

Australian Trade Minister Bob McMullan reportedly said in Sydney, "We understand why the US, like Australia and the rest of the world, supports the opening up of the Japanese market, but we don't support... doing it in a unilateral or discriminatory way." Reactions of the other countries were equally critical. Graham Hayward, Executive Director of the Singapore

up against the dollar, dealing a blow to Japan's export-led economy. There have been calls from some circles to placate the Americans by taking some face-saving steps to open up the market. The US has declared that the Japanese cellular-telephone market is rigged and they would draw up a list of possible reprisals. The Japanese car industry may also attract American wrath.

One wonders why the Japanese have opted for this path of defiance. One reason, in my view, is essentially political. The end of the cold war has reduced Japanese dependence on the American nuclear defence shield. It has already paved the way for a settlement of its bilateral problems with Russia. North Korea remains a source of concern but otherwise the situation is vastly different from the days of the cold war.

But an equally important economic reason seems to be the existence of large number of Japanese manufacturing facilities in the United States and other countries in Europe and elsewhere. Japan will be able to largely escape the consequences of trade sanctions on many items simply by stepping up production in its overseas plants. An American ban, for example, on Japanese exports of cellular telephones would have little impact, because most of the Japanese manufacturers of these gadgets have factories overseas.

However Prime Minister Hosokawa's unwillingness to accept numerical targets is regarded by many as a major factor. He does not want to give bureaucrats the powers of control which will be necessary if the American proposal is accepted. Japan has resented the so-called 'voluntary restraints' that they had to exercise in order to help their trading partners, in particular the United States. It seems that the Japanese people feel that the time has come for a

change. It would not be unreasonable to think that neither side wants a trade war. The United States can increase its exports to Japan only if the Japanese economy moves out of its current moribund condition. A trade war will not help the process. Japan also does not wish to get embroiled in a trade war which will pit her against the world's greatest military and economic power. The latest reports from Tokyo suggest that the government will make one last ditch effort to appease the Americans but it is almost certain now that it will fall short of the US demands. US Trade Representative Micky Kantor, generally considered a tough negotiator, has made it clear that instead of vague goals, they want 'measured results'.

Thus the two sides have taken the first steps in the direction of trade war. While no one is under estimating President Clinton's determination to change the status quo, others are recalling the Samurai tradition of the Japanese society.

A sense of hurt national pride may stand in the way of a compromise settlement. The implications for the rest of the world will be far reaching. In fact the precise nature of the impact cannot be measured until the sanctions are in effect for a period of time. Erection of higher and higher tariff and non-tariff walls will disrupt world trade with unforeseen consequences.

But are these two great economic powers really heading towards the abyss? The next few weeks and months will be crucial for the future of free trade in the world. Good sense may yet prevail. The New York Times, in an editorial entitled 'Risking a Trade War' came out very strongly against the application of 'Super 301' and termed President Clinton's decision to invoke it as 'unnecessary, dangerous and misguided.' The protectionist lobby in the US Congress may not heed these warnings and we may be entering a rather turbulent phase in international relations.

ON THE RECORD

by Shah AMS Kibria

aged trade." Americans have been preaching to the world the virtues of free trade and Hosokawa simply told Clinton that Japan could not permit government meddling in the economy. In fact, one of his major goals is to reduce the government's role in the economy.

Given the history of Japan's willingness, almost on every past occasion, to reach some kind of compromise, the American side was caught unprepared by Hosokawa's refusal to budge from his position. The only step they can now think of is to impose sanctions against Japanese imports. They have already taken steps to revive the 1988 trade law, the 'Super 301'. This harsh law was drafted to force open foreign markets by threatening retaliation against countries which followed so-called 'unfair' trade practices.

Regrettably the judgement about unfairness is to be made solely by the United States. This dreaded law has already

International Chamber of Commerce expressed the negative reaction of the trade circle when he said, "I don't think any American trading partner would enjoy being hit with a baseball bat."

France, it seems, has also joined the fray. A report from Paris says that Prime Minister Eduard Balladur accused the United States of 'not playing by the rules' of international trade after it threatened to impose sanctions on French goods in retaliation for France's blockade of US fish. He also said that the GATT agreement is 'just hot air' unless the controversial 'Super 301' is banned.

No one knows for certain what the final position of Japan will be. Of course, initially the Japanese were pleased to see that their prime minister was able to stand up to the Americans and say 'No' to them. However they will have to pay a price for this defiance. As a direct result of the breakdown of the talks the Yen shot

Palestinians Fear that Another Hebron is Waiting to Happen

Michael Jansen writes from Limassol, Cyprus

Neither the Israeli government nor the PLO have learnt the right lessons from the massacre of Palestinian worshippers in Hebron, according to a Gemini News Service correspondent. She gauges the Palestinian mood as Israel comes under pressure to meet demands for greater protection of Palestinians living under military occupation.

To make matters worse, many settlers proclaimed their intentions towards the Palestinians by celebrating the massacre and eulogising Goldstein, and teenagers in secondary schools throughout Israel embarrassed the government by following the settlers' example. Goldstein's tomb has become a place of pilgrimage.

Instead of seriously tackling Palestinian demands for the disarming of all or a substantial number of settlers, the freezing of settlement activity, and placing the issue of settlements at the top of the peace talks agenda, Israel simply detained a handful of settlers for three months, deprived a few of their guns, restricted the movements of a score and refused to consider further measures.

By concentrating on damage limitation rather than settler limitation, Israel may kill the peace process altogether, because fallout from the massacre is far more serious than Israel, the international community and the PLO are prepared to acknowledge.

Muslims around the world are outraged by the slaughter of worshippers in a particularly hallowed mosque during the holy month of Ramadan when Muslims are enjoined to make peace with their enemies.

The Ibrahim mosque at Hebron is revered as the resting place of the Patriarch Abraham, considered by Muslims the father of the three monotheistic Semitic religions, and as the venue of a mystical pilgrimage by the Prophet Muhammad (SM).

The massacre in this mosque will increase Muslim determination to compel Israeli withdrawal from the Walled City of Jerusalem and cede its control over Islam's third holiest site, the Haram as-Sharif, the 'Noble Sanctuary', containing al-Aqsa mosque and the magnificent 'Dome of the Rock'.

The incident led to a pan-Arab boycott of a peace process which the governments of Syria, Lebanon and Jordan found increasingly frustrating because Israel refused to commit itself to the restoration of occupied Arab territory in exchange for peace.

The PLO was also compelled to suspend participation in talks with Israel despite a call by United States President Bill Clinton for a resumption of negotiations in order to deprive the settler-gunman of his motive, the scuttling of the peace process. PLO Chairman Yasser Arafat promised there would be only a 'pause' in negotiations, and claimed agreement was close.

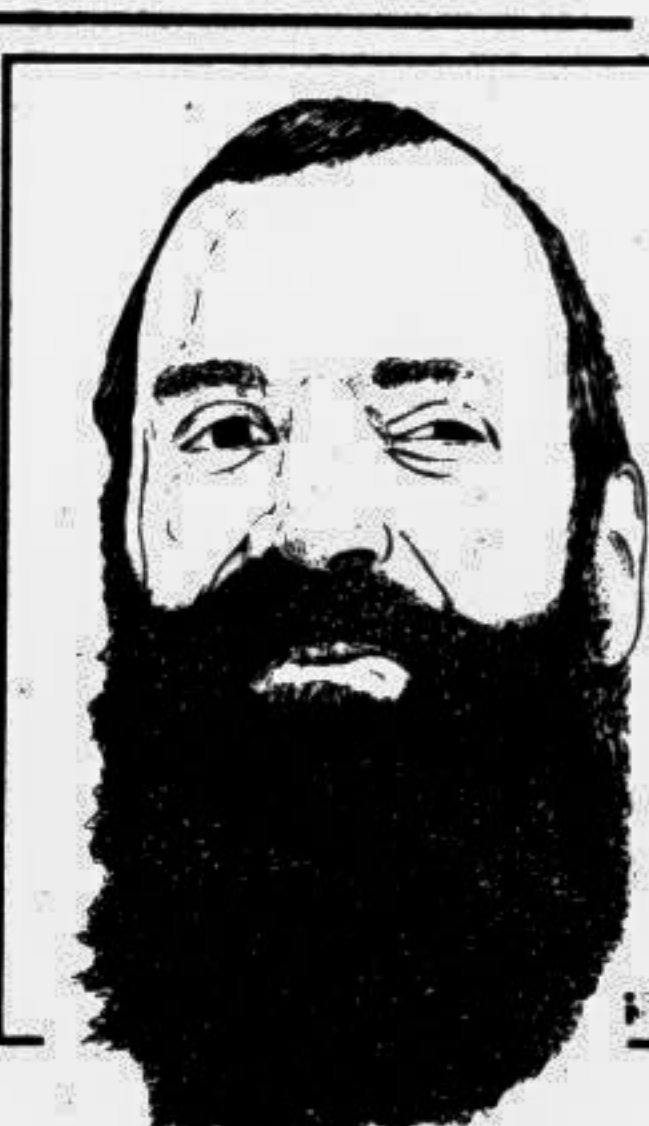
However, when he made this promise he had not reckoned with Palestinian leaders in the territories and diaspora who not only demanded 'limitations' on settlers but also the deployment of an international force to provide Palestinians with security from both Israeli settlers and troops.

Faisal Hussein, the leading member of Arafat's Fateh faction in Jerusalem, said that if Palestinian demands on settlers and security are not met 'Arafat is finished.' The respected Hussein was stoned in Jerusalem on the day of the massacre and in Hebron a week later when he attempted to pay condolences to the families of the massacre victims.

Several reliable Palestinian informants have said that Arafat 'will be killed' if he goes back to the talks without minimal Palestinian conditions being met.

Palestinian West bank militants burnt his effigy, their anger inflamed by the collapse of hopes raised by the media event which the PLO and the world made of the signing of the Oslo self-rule accord last September.

Dr Haidar Abdel Shafi, the Gaza personality who led the Palestinian delegation to the Madrid conference which



Dr. Baruch Goldstein: Mass murder in the mosque

launched the peace process, told Gemini: "The world says that settlements are obstacles to peace. Now it cannot afford to ignore or evade this reality. Settlements contradict peace."

He and a host of other leading Palestinians demand the scrapping or the renegotiation of the Oslo accord so that major issues — such as settlements, and the status of Arab East Jerusalem — are tackled now rather than three-to-five years after limited Palestinian

self-rule is introduced under the flawed accord.

The massacre also sparked a new round of popular violence reminiscent of the early days of the six-year Palestinian uprising, the Intifada. While revitalising the Intifada, the massacre also drew in Palestinian Israeli citizens in Jaffa, Lydda, Ramleh and the Bedouin settlements of the Negev who have remained on the sidelines of the Israeli-Palestinian conflict.

Islamist groupings in the territories which had previously attempted to confine their attacks to military targets vowed to hit all Israelis wherever they may be.

Three members of the PLO's Executive Committee, its 12-member cabinet, refused to attend an emergency meeting in Tunis called to discuss the massacre, depriving Arafat of a quorum and preventing the Executive from deciding on an early return to the peace talks.

And 100 members of the PLO's 600-member National Council, its parliament-in-exile, met in Amman to back popular demands on settlers and security.

Dr Tayseer Aruri, a member of the new Palestinian Movement for Democracy, established to reform the PLO and promote democracy in the territories, told Gemini that the sponsors of the peace process and Israel 'have always given priority to the security of Israeli settlers and denied that it is we Palestinians who are in danger.'

The Hebron massacre showed the world the error of that assumption. But few Palestinians believe the world will act to prevent another massacre which they insist 'is waiting to happen.'

MICHAEL JANSEN was born in the US, lives in Cyprus, and has covered the Middle East for many years.

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.

Blaming poverty: Why?

Sir, I find it terribly nauseating that all the ills of our country are always attributed to the prevailing poverty in the country. It is fair to observe that much of the problems do not arise out of poverty as poverty can co-exist with dedication, pride, loyalty and the other virtues that we are fond of extolling.

I have a few questions which if truthfully answered will reveal the causes of much of this malaise:

- 1) Why did the national flag, among some other places, fly at half-mast on the passport office building on the last Independence Day?
- 2) Why are street lights on at various points in the city

during parts of the day when harsh sunlight takes care of the feared darkness?

- 3) Why do the police get zealous to cart away the vehicles involved in an accident? In such case why do the police normally insist on an extraordinary sum as towing charge which is not necessarily receipted?
- 4) Why on sighting a truck rickshaw-pullers normally become civic-minded, but otherwise they hate to leave a lane open for faster traffic which they normally get away with?
- 5) Why are steel girders by the traffic island so designed as to invite serious accidents to vehicles accidentally touching them?

- 6) Why do people prefer suffering in silence to complaining to police?
- 7) Why does the Telephone Department which does not fail to realise ancient arrears (genuine or those which cannot be proved due to the passage of time) conveniently deny claim to overpayment if made over six months back? Why are telephone charges so high that frequent users are tempted to avoid paying the regular bills by making allegedly 'unholy alliances' with the staff of the telephone department? If the charges are low, there will be higher turnover and less propensity to cheat.

A crusader
Dhaka

the problems by the learned readers as the initiation of such a forum may result in healthier activities by the concerned quarters.

A crusader
Dhaka

BTV's Eid programme

Sir, Watching television programmes on the occasion of Eid is a treat for everybody — even for those who generally do not care to watch BTV programmes. We love to watch our performers and enjoy the cultural shows presented by our artists. But this year some programmes, especially the dances and songs, disheartened us. It seemed that Bangladesh is short of music directors and lyricists even for a festive occasion like Eid. Our artists had to dance with the tune of old Indian songs. Why BTV, a state-run broadcasting organisation, could not produce and telecast such programmes as absolutely our artists' own creation is a question to us.

I am sure we all would have loved to watch and enjoyed

more Bangladeshi artists dancing with songs written by Bangladeshi lyricists, tuned by Bangladeshi music directors and sung by Bangladeshi singers. It would have reflected our advancement in the cultural arena.

Anyway we enjoyed the drama 'Himu' and the item performed by Bogra Youth Choir. And those were absolutely Bangladeshi.

Munira Khan
Dhaka

Women's status

Sir, Sometimes people's writings reflect a vision beneficial to one and all. Rehana Akhter's letter in The Daily Star on March 9, 1994, just after International Women's Day, should be an eye-opener for us all, imbued with a cultural and spiritual heritage Bangladesh has much to offer to the society. Bengali women have been known for their manners, poise and hospitality. The thought that Bengali girls will parade in a foreign land where a jury will investigate the contours of their body, the colour of their skin,

and the texture of their hair and then declare Miss Bengali 1994, makes me blush in shame.

We are a developing country and have lost half our brothers in the process of attaining our national independence. Numberless women were then rendered homeless and widowed and raped in a mad frenzy. The time has come to pause and think. Is it not time that we thought of changing our social order that will henceforth not let incidents like that of Nurjahan's be repeated? Maybe, when we pass by in speedy cars and witness girls selling flowers on the road, think a little of the untold miseries they are subjected to?

Are our women objects of abuse and display at different periods of history? Do our women need to display their 'beauty' in foreign lands and earn a title of 'Miss Bengali 1994'?

Bengali women with their serene image will always twinkle in the firmament of culture and heritage.

Syeda Zakia Ahsan
Lalmatia, Dhaka