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Bangladesh, 3 other Asian states attain autarky in rice production

By Atiqul Karim

Bangladesh, India, the Philippines and Indonesia have topped the list in Asia to have attained self-sufficiency in the production of rice, according to a recent report.

At the same time, the report says, stock of rice in Asian countries has reached the lowest spreading over a period of twenty four years.

With the rise in rice-price by fifty per cent in international market, the report paints a dismal picture of Asia's overall rice-stock situation including that of Bangladesh.

The production of high-quality rice has greatly been hampered in Asia due to cold weather in Japan that triggered a thirty per cent drop in its production, the report said.

The global rice production has doubled during the last twenty five years the contributing factors being high-yield green revolution seeds developed by the International Rice Research Institute — said Mahbub Hossain, head of the Social Sciences Division of IRRI in his recent interview with a news agency.

The institute is presently working on a breed of super-rice to achieve its target of boosting yields by up to 30 per cent to meet Asian food requirement, he said.

He however, dwelt on non-availability of new seeds for the last couple of months which according to him, was hampering the progress in rice research.

Besides, research is continuing in a variety of tropical hybrid rice to raise production, he informed.

The re-emergence of a food crisis in South Asia and the Philippines is a real possibility unless rice research succeeds in making a major breakthrough in high-yielding varieties, he further said.

Agronomists judge the volatility of Asian rice stock situation as a mere 'warning signal of looming shortage,' their cause of concern perhaps having been linked with the horrifying situation that the national rice stocks of different Asian countries have abruptly shrunk to a twenty-year low.

Replying to a question Mahbub said, Japan and Korea have the highest rice productivity record at the moment growing 6.5 tonnes of rice per hectare. China comes next with the production capacity of six tonnes per hectare which had been producing only four tonnes per hectare since 70s. Indonesia ranks third with an yield of 5.5 tonnes per hectare range.

India produces only 2.7 tonnes of rice per hectare but in areas like Punjab and Tamil Nadu, per hectare production goes up to 5.2 tonnes. Bangladesh's delta paddies grow an average of three tonnes per hectare, he added.

As for as Bangladesh's rice production is concerned, there is room for improvement, but at six tonnes per hectare, we are reaching the upper threshold of what can be achieved with present technology, he observed.

It is learnt that paddy fields across Asia in general and Bangladesh in particular, are being beaten up by urban sprawl. Moreover, improper irrigation has salinated vast tracts of farmlands in Bangladesh as well as in some other Asian countries. These negative factors put together, turn the possibilities of a major breakthrough in new rice rather slim.

The severity of frustration arising out of the above situation can however, be tempered by the relieving feature that as countries get richer, consumption of rice falls proportionately. The glaring examples in this instant case are undoubtedly Japan, South Korea, Thailand and Malaysia where per capita rice consumption has fallen remarkably over the last twenty years or so.

It is revealed that in Asian countries like China, India and Indonesia, rice is still a luxury and growing income leads to a rise in its consumption.

While rich Asian states consume only ten per cent of the region's total production, Bangladesh, China, India and Indonesia — which have yet to reach the income threshold where rice consumption drops — consume more than seventy per cent of the world's total rice.

The production of rice in most of the Asian countries including Bangladesh is being threatened repeatedly by the climatic changes caused by the greenhouse effect and ozone depletion.

Asian population, the report says, may rise by fifty five per cent in next thirtyfive years. The demand for rice will simultaneously grow by seventy per cent by that time. So, without a continued growth in rice productivity, it would never be possible to maintain the food population balance in Asian countries including Bangladesh, it is apprehended.

JS told

Recruiting agents barred from realising over Tk 50,000

The government will take action against the recruiting agents realising more than Tk 50,000 from any person while sending them abroad on employment, parliament was told Sunday, reports UNB.

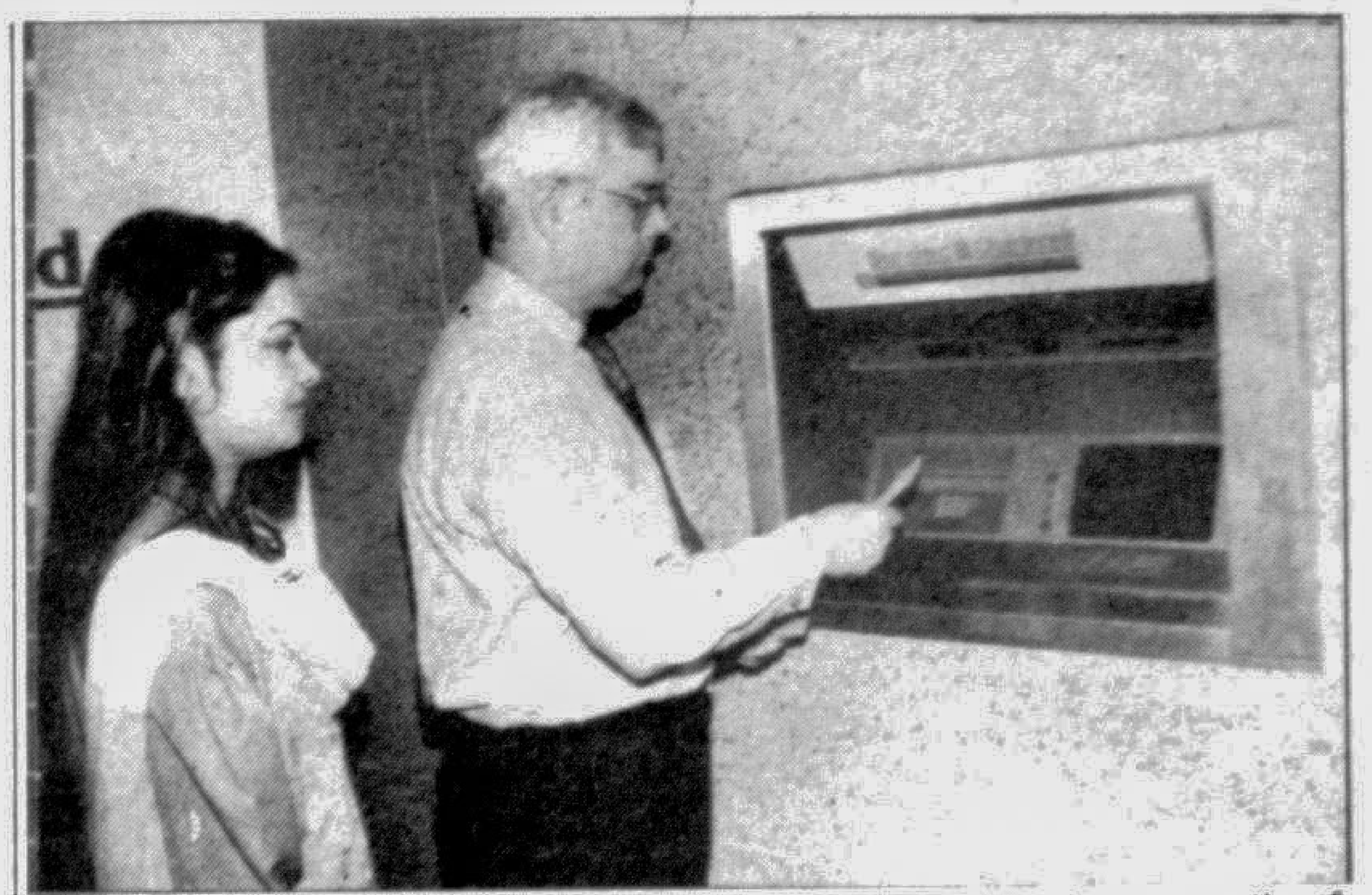
Replying to a supplementary from Akbar Ali (BNP), Labour and Manpower Minister Abdul Mannan Bhuiyan said the authorities have estimated that more than Tk 50,000 will not be required for sending anyone to any part of the world.

A total of 14 lakh Bangladeshi workers got employment in different countries in last 18 years since 1976. Of them, 11 lakh are still working in different countries, the minister told Mashiur Rahman of BNP.

Responding to another supplementary, he said that some 2,16,736 Bangladeshi workers were employed abroad in 1992 while 1,79,256 found jobs in different countries in 1993.

The minister said that after the present government assumed power, overseas employment has increased by 17.29 per cent while remittance increased by 20.18 per cent.

During the last fiscal year (1993-94), Bangladeshi workers abroad sent remittance of Tk 3624.17 crore, he added.



Stephen M McCarthy, Chief Executive of the Standard Chartered Bank, showing operation of Automatic Teller Machine (ATM) called 'Money Link' at Banani branch of the bank in the city yesterday. — Star photo

Yen rises to historic high with dollar tumbling against many Asian units

HONG KONG, July 4: The election of a Socialist prime minister in Japan, expected to stall trade talks with the United States, apparently pushed the yen to historic highs with the Dollar tumbling against many Asian currencies, reports AFP.

JAPANESE YEN: The yen ended the week at the all-time closing high of 98.78 against the dollar in Tokyo, compared with the previous Friday's 100.40 yen despite the Bank of Japan's intervention in support of the dollar.

It rose to a new historic high of 97.68 at one point Friday as key cabinet ministers of the new Japanese government tried to warn against the further rise of the Japanese currency.

The yen broke the 100 to the dollar level for the first time in Tokyo trading Monday, shocking government and industry leaders.

After a lull on Tuesday, the yen pushed ahead to rewrite new highs for the rest of the week despite intervention by the Bank of Japan to support the dollar.

SOUTH KOREAN WON: The won slightly strengthened against the dollar, trading at 805.10 won per dollar Saturday, compared with 806.10 won against the greenback a week ago.

SINGAPORE DOLLAR: The Singapore dollar ended firmer against the US dollar at an exchange rate of 1.5250 here Friday against last week's level of 1.5270, money market dealers said.

THAI BAHT: The greenback fell sharply against the baht as the dollar was in free-fall against the other major currencies on world exchange markets, an official at Nakhonthon Bank said.

The Bank of Thailand's Exchange Equalisation Fund on Thursday fixed the official mid-rate at 24.99 bhat to one US dollar, compared with the previous week's close of 25.07 baht. Friday is a mid-year business holiday here.

AUSTRALIAN DOLLAR: The Australian currency eased during the week to close Friday only marginally lower after slipping below 72.00 US cents as the greenback slumped against the Japanese yen.

The local dollar closed Friday at 73.13 US cents from the previous week's finish of 73.23 US cents.

"The Australian dollar briefly dipped below 72.00 US cents this week as foreign exchange markets pushed the yen to record highs against the US dollar of 98.10 yen," said a report by Schroders Australia.

HONG KONG DOLLAR: The Hong Kong dollar finished the week at 7.7293-7.7303 against the greenback, down slightly from last week's finish of 7.7288-7.298.

TAIWAN DOLLAR: The US dollar fell to close Thursday at 26.825 to the Taiwan currency in heavy trading during this holiday-shortened week, down 12.1 Taiwan cents from the previous week's finish of 29.946.

Market dealers attributed the weak of the greenback to its slump against the Japanese yen. The market was closed Friday for a bank holiday.

MALAYSIAN RINGGIT: The ringgit ended the week lower against US dollar, at 2.6040 from 2.5860 previously.

Dealers attributed the fall to half-yearly demand for the greenback by multi-national companies repatriating profits home.

Against the soaring yen, the ringgit dropped to 2.6275 from 2.5574 and market analysts said it could plunge to 2.660 if the US dollar continues its free fall.

NEW ZEALAND DOLLAR: An eventful domestic and international week saw the New Zealand dollar close Friday at 59.51 US cents, up from the previous week's close of 59.14.

The week opened in the wake of the New York stock exchange fall and with the Central Reserve Bank tighting monetary policy by calling for moderate increases in interest rates. Then on Thursday, Finance Minister Bill Birch announced the country's first fiscal surplus in 16 years.

INDONESIAN RUPIAH: The Indonesian currency closed the week trading Friday unchanged from the previous week's finish of 2,160 rupiah per dollar.

PHILIPPINE PESO: The peso remained at 26.91 pesos to the dollar Friday, the same level as a week ago.

DSE executive leaves for UK

Imtiyaz Husain, Vice-Chairman of the Dhaka Stock Exchange leaves Dhaka yesterday for UK, says a press release.

He will attend the first board meeting of Regent Mougal Fund to be held today in Isle of Man.

He will also attend the Euromoney's subcontinent investment forum to be held in London.

Husain would also call on interested participants of the newly launched Bangladesh Fund of Banque-Indosuez.

Bangladesh Bank to assist garment exporters

Bangladesh Bank would provide alternative financial support to the exporters of locally produced ready-made garments within 21 (twenty-one) days from the date of application instead of present one month time for concerned exporter, reports BSS.

This was decided at the meet of task-force to expedite the export held at the conference room of Commerce Ministry with Commerce Minister M Shamsul Islam in the chair Sunday.

The meeting elaborately discussed different aspects of export promotional activities particularly to simplification of export process of garments, tea and timely unloading of raw materials of export-oriented industries from the container at Chittagong Port.

The meeting also recommended to decrease the present rate of value addition in exporting garments and sweater so that it could encourage the exporters.

Moreover the meeting decided to arrange sufficient straddle carrier in the container yard at Chittagong Port for unloading raw materials of export-oriented industries.

Among others, Commerce Secretary A H Mofazzal Karim and Shipping Secretary Waliul Islam were present at the meeting.

Aussie mining cos to press for lifting restrictions on uranium export

SYDNEY, July 4: Australian mining companies will press the government to lift its stringent restrictions on the export of uranium, mining giant CRA said Sunday, reports AFP.

Australia, which holds an estimated one third of world uranium reserves, restricts uranium exports to three nominated mines — of which one is not operational.

John Ralph, Deputy Chairman of CRA, told a television interviewer here that the mining industry would press the ruling Australian Labour Party (ALP) to change its so-called three-mines policy during a party conference in September.

"I think at the moment within the ALP there is a view that there is not really a market yet for uranium and therefore why go through all the pains of changing a policy that may not have in effect," he said.

However, Ralph said uranium consumption was about double the rate of production and large stockpiles were rapidly falling.

"Nuclear energy is going to continue to be a large proportion of energy produced in a number of countries outside Australia, and we would be foolish not to be a participant in providing the raw materials," he said.

Ralph said the mining industry would seek to convince the government that uranium production was an urgently-needed source of foreign exchange income.

1.20 cr able unemployed in country

Labour and Manpower Minister Abdul Mannan Bhuiyan told the Jatiya Sangsad Sunday that the number of the country's able unemployed manpower stood at 1.20 crores, reports BSS.

He was replying to a question from Treasury Bench member M Niamatullah (Dhaka-12).

The minister said the government has undertaken a number of programmes under different ministries to turn the unemployed manpower into human resource. He said a large number of unemployed youths are imparted training in 11 technical training centres and one marine training centre under Manpower, Employment and Training Bureau of the Ministry of Labour and Manpower.

The Director General of Secondary Education Mohammad Yunus Mia and the General Manager of Janata Bank A B M Shafiul Alam signed an agreement in the city recently for awarding stipends among the girl students of secondary schools under 282 police stations of the country.

Bangladesh at crossroads in its quest for social, economic development

by Shekhar Shah

World Bank's Country Economic Memorandum (CEM) has been published with the new 'open' policy of the bank, documents which used to be of restricted circulation before, are now available for the public to read, judge and discuss.

It is with such a purpose in mind, The Daily Star publishes the Executive Summary of the CEM. The author is a senior economist, at the WB headquarters in Washington, and the principal author of the report.

BANGLADESH is at a crossroads in its quest for economic and social development. It has achieved much, but much is left undone. Population growth is lower, rice output has increased dramatically, a structural reform programme has been underway for four years, the macroeconomy is stable, the balance of payments is sound, investments in education and health are proceeding, and democratic institutions are stronger today than ever before. And yet, the absolute number of the poor in Bangla-desh has grown steadily every year since independence in 1971. Half its population of 111 million entered the 1990s with incomes below the poverty line. Bangladesh's progress on poverty reduction has been among the slowest in Asia, and poverty incidence appears to have declined only modestly during the 1980s. This Country Economic Memorandum describes the choices that Bangladesh faces at these crossroads.

The choice of the road ahead will determine the pace and quality of development over the next decade and beyond. This report emphasizes the importance of choosing the high road of faster policy and institutional reforms, leading to a GDP growth approaching 7 per cent a year from the current 4.5 per cent. This would require investment levels relative to GDP to rise to 18-20 per cent from the current rate of under 13 per cent. Only then will the economy be able to raise the poor out of poverty through a virtuous circle of rising employment, incomes, and human capital accumulation. In contrast, on the current road of slow reforms and growth, large segments of the population will remain in poverty well into the next century.

The road of accelerated reforms must be based on the best medium -to long-term sources of growth in Bangladesh. These sources are anchored in both the agricultural and manufacturing sectors. Given its size, the agricultural sector's growth is clearly important for both its contribution to overall GDP growth, to poverty alleviation, and to absorbing the growing labour force. Agricultural growth has so far been fueled by foodgrains, mainly rice and some wheat. With approaching rice self-sufficiency, further growth led by foodgrains must now also depend crucially on the further growth of domestic demand and overall GDP growth. Likewise, to be sustainable, diversification and total factor productivity growth in agriculture will require further increases in the domestic demand for agricultural products or exports. There is also an untapped potential for off-farm output and employment growth, but this will require prior increases of rural farm incomes. Similarly, the services sector's expansion, though important, is likely to be led by, rather than lead, non-services growth.

Taken together, these considerations suggest that while agriculture can and should make an important contribution to overall growth, accelerated GDP growth will need to be drive largely by the growth of the manufacturing sector. The engine of manufacturing growth must also be export-oriented, given the as yet small size of the domestic market for manufactures caused by low incomes. And it must come as an export push by the private sector, given the dismal failure of state-owned manufacturing in Bangladesh and worldwide. How Government policy and actions over the medium term facilitate an export push in manufacturing by the private sector is the basic theme of this report.

Bangladesh currently enjoys an unprecedented window of opportunity for achieving a dramatic breakthrough in the pace of pro-growth reforms. Inflation is at a record low, external reserves are at an all-time high, and the government's domestic resource position is favourable. Macroeconomic stability and improved public resource management are the hard won gains of stabilization efforts over the past four years. They provide Bangladesh with a cushion of comfort for accelerating structural adjustment, they reduce the danger of macroeconomic strain, and they provide the potential resources for a safety net for the poor during the transition to a higher growth path.

Four principal questions need to be addressed for a medium-term growth agenda that relies on an export-oriented, private, manufacturing sector. *First*, how can business confidence be strengthened, leading to a substantial rise in efficient private investment in manufacturing for exports? Furthermore, while this is happening, how can public investment in priority areas be stepped up without sacrificing its quality? This is the essential investment challenge for the government — raising total investment for 13 per cent of GDP to 18-20 per cent. *Second*, how can the enabling environment for an outward-oriented private sector be enhanced? In particular, how can trade, payments, and direct investment links with the international economy be made much more effective by removing the impediments on the ground that still act as a disincentive to export? More generally, while broader reforms are underway, how can the high "cost of doing business" in specific lines of export activity be lowered (as appears to have happened in the successful readymade garments sector) to broaden and deepen the export orientation of the economy? *Third*, how can the government deal expeditiously with the poor performance of the state-owned enterprise (SOE) sector, with the bulk of its assets in public utilities and infrastructure, and the remainder in manufacturing? The privileged position of SOEs has stifled private initiative, raised private costs, wasted scarce public resources, and sorely burdened the banking system and the budget. *Finally*, how can the present deep difficulties in the financial sector be untangled, and the distortions in industrial labour markets be resolved, so that these markets can function efficiently in support of an export push by the private sector?

There has been significant, though uneven, political commitment for tackling the early elements of the reform agenda. This political commitment must not be allowed to falter. The political economy of reforms in other adjusting countries suggests that opposition tends to resurface toward the middle of reform programmes, at a stage when reforms have not yet reached a critical, self-sustaining mass. There is a strong rationale for reinvigorating the political commitment for reforms in Bangladesh, for broadening its political base to take advantage of the window of opportunity, and for staying the course without giving in to macroeconomic populism. More public awareness and advocacy of reforms are needed: reforms are still better known to those who stand to lose from them, but not to those who will gain. Unless implementation quickens and the government takes both bolder and swifter actions, there is a danger that the expected industrial supply response, on which the growth objectives of the structural adjustment programme are premised, may not materialize. Such an outcome would repudiate the excellent performance on stabilization, and put increasing political pressure on the Government as it approaches the next general election. Reform complacency now, through its political fallout over the medium term, could therefore threaten the entire reform effort with failure and potential reversal.

The four questions highlighted above, and addressed in the rest of this summary and the report, form the core objectives of policy reform. Set against the current window of opportunity, they provide the policy and institutional framework for choosing the high road of accelerated reforms, and therefore of rapid growth and poverty alleviation.

Private Credibility and Public Implementation: Meeting the Investment Challenge

As against this framework for faster growth, Bangladesh currently faces a central problem of stagnant domestic demand. Economic activity remains weak, and investment growth is feeble. Highly successful fiscal reforms since Fiscal Year (FY) '90 have raised domestic resources through the value added tax (VAT), curbed public consumption, and set priorities for public investments in the Annual Development Programme (ADP). But the reforms have not been able to raise public investment, which has stagnated at around 5.7 per cent of GDP for the past six years. Private investment has done no better, stagnating at a slightly higher average of 6.5 per cent. Thus, the highly commendable success in public resource management, but the failure of private and public investment to rise in tandem, have jointly led to a problem of low aggregate demand. In FY '93, this problem may have been exacerbated by the government's financial operations.

On the one hand, the government has been borrowing from the private sector through the sale of savings certificates with interest rates well above market. On the other hand, it has been retiring its debt — a reduction of Tk 12 billion in FY '93 — to the banking system, which is fragile and unable to lend aggressively to private industry. Preliminary information for FY '94 suggests that the government is continuing to retire its debt to the banking system.

Breaking out of this problem of low aggregate demand as soon as possible is the most important macroeconomic challenge for the government. It is a challenge that will require the private sector's investment response to the government's economic liberalization measures over the medium term, but for which bolder government actions must start now. It is also a challenge that the government can substantially tackle on its own in the short term through public investment, while private investment gathers momentum.

(To be continued)