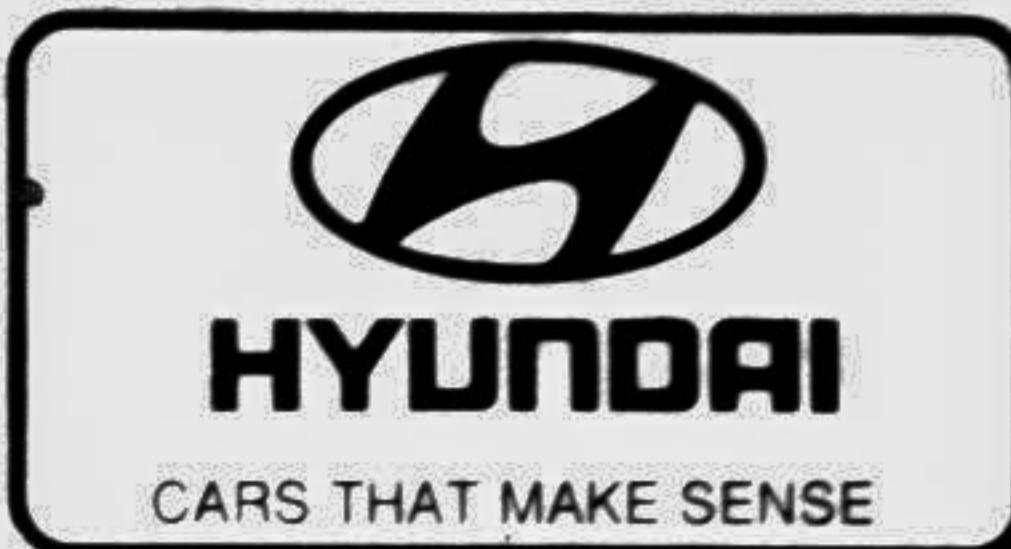




The Daily Star BUSINESS

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EC's grant to Bangladesh totals Tk 23433.303m

The European Community has so far committed 440.890 million ECU (equivalent to Taka 23433.303 million) to Bangladesh as grant for financing 44 development projects, reports BSS.

This was revealed at the three-day third working group meeting between the EC and Bangladesh which ended here yesterday.

An Economic Relations Division press release said, the EC also provided a total of 3.344 million metric tons of wheat as food aid to Bangladesh between 1972 and 1995. During the current year, the EC committed 40.750 mt of wheat under IFADEP programme.

In addition, the EC committed an additional quantity of 1.10.000 mt of wheat.

The press release said the working group meeting discussed the progress of the on-going project and worked out the pipeline projects, food aid, economic cooperation, scientific cooperation and other related issues.

During the discussions the Bangladesh delegation urged the EC for increased assistance to achieve higher GDP growth rate.

The EC side was led by head of technical unit, Asia, Arich Muller while the Bangladesh team was led by Joint Secretary, ERD, Ministry of Finance, Abu Saleh.

Govt to support ad agencies, says Tofael

Minister for Commerce and Industries Tofael Ahmed has said the authorities will extend support and cooperation to the domestic advertising agencies to expand markets for Bangladesh goods aimed at development of the national economy, reports BSS.

The minister gave this assurance when a delegation of advertising agencies called on him at his secretariat office yesterday.

The delegation apprised the minister of the various aspects of developments and impediments in the advertising sector.

The minister after assuring the delegation of the government's support said efforts would be made to ensure uninterrupted growth of the advertising industry.

The delegation included Gitanjali Sadia Chowdhury, Reza Ali, Ali Zaker, Ramendu Majumder, Tajul Islam and Asaduzzaman Noor.

Russia keen to set up new power plant in Bangladesh

Russian Ambassador Dr Edward S Shevchenko called on Energy and Mineral Resources Minister Muhammad Noor Uddin Khan at his office here on Wednesday, reports UNB.

During the meeting, they discussed matters of mutual interests with particular reference to development of power sector in Bangladesh.

The Energy Minister requested the Russian Envoy to expedite the ongoing works of 6th power project at Ghorashal, said a PID handout.

The Envoy showed keen interest in repairing and rehabilitating the old projects and setting up of new ones in Bangladesh.

The Uruguay Round (UR) is the eighth round of the multilateral trade negotiations (MTN) conducted under the auspices of the GATT. The seven previous rounds were:

Geneva Negotiations, (1947), Anney Negotiations, (1949), Torquay Negotiations, (1950-51), Geneva Negotiations (1955-56), Dillon Round, (1959-62), Kennedy Round, (1963-67), and Tokyo Round, (1973-79).

The UR negotiations formally started in 1986 pursuant to the Punta Del Este (Uruguay) Ministerial Declaration and concluded in December, 1993. The main goals of all the above rounds were the promotion of growth through the removal of trade and domestic policy distortions and the development of a more open, predictable and durable multilateral trading system. The basic motivation stemmed from the time honoured belief the free trade leads to the reaping of comparative advantage by each trading nation, allowing it to specialise in production. This again results in the increase in productivity, growth and employment. The focus of the negotiations has sometimes differed among the different rounds. Thus, the first six rounds concentrated on reducing tariffs while the Tokyo Round concerned the removal of non-tariff barriers. The UR has embraced new areas such as agriculture, services, intellectual property rights (TRIPS) and trade related investment measures (TRIMs).

The UR negotiations were broken down into 15 negotiating groups:

Tariffs, non-tariff measures, Natural resource based products, Textiles and clothing, Agriculture, Tropical products, GATT Articles MTN agreements and arrangements, safeguards, subsidies and countervailing measures, TRIPs, TRIMs, Dispute settlement, Functioning of the GATT and Services.

The negotiations culminated in 28 different agreements. In addition, there were numerous understandings and ministerial decisions and declarations. The Final Act embodying them was signed by 124 countries in the Moroccan city of Marrakesh on the 15th of April, 1994 and the agreement establishing the World Trade Organisation (WTO) entered into force and was accepted as a whole on the 1st of January, 1995. The ministers signing the Final Act expressed the view that the conclusion of UR would strengthen the world economy, lead to more trade, investment, employment and income growth throughout the world. It was also hoped that rule of law would prevail in international economic and trade relations.

The UR provides the basis for the removal of direct trade

barriers through lowering tariffs and quantitative restrictions (QRs) for both manufacturing and agriculture, enhances market access and integrates trade in textiles, clothing and agriculture into established GATT rules and disciplines. In addition, it clarifies rules and regulations with regard to safeguards, subsidies and antidumping actions, customs valuation, state trading enterprises and technical barriers to trade and strengthens measures taken on balance of payments grounds and the dispute settlement mechanism. Further, the UR will extend multilateral trade disciplines to issues such as services, intellectual property rights and investment.

The Final Act of the UR is fully binding on the signatory countries and any violation of its provisions could attract retaliatory actions by affected trading partners. The UR constitutes a single indivisible undertaking in that all the agreements have to be complied with by the signatories. The results of UR have been pieced together under GATT 1994, consisting mainly of the provisions of GATT 1947, as rectified, amended or modified, as well as the Marrakesh Protocol to GATT 1994. The results of the

Tariff Reduction:

The emphasis on tariff re-

duction was lower in the UR compared with the previous rounds of MTN as the average tariffs on manufactures in developed countries were already reduced to very low levels in the previous round with relatively higher tariffs concentrated in sensitive areas only. The UR provides for enhanced and more certain market access through greater tariff bindings. By binding a tariff rate at a specific level, a country commits to keep the tariff rate within that level. Bindings contribute to certainty and predictability of a country's trade regime. This is thus expected to facilitate greater stability to trade and investment decisions.

The UR provides for a major increase in market access security through higher levels of tariff bindings i.e., from 78 per cent to 99 per cent for the developed and from 22 per cent to 72 per cent for the developing countries. The developed countries have committed to reduce tariffs by 38 per cent from 6.3 per cent to 3.9 per cent. The value of imported industrial products that receive duty free treatment in developed countries increased from 20 per cent to 43 per cent and the proportion of imports into the developed countries, subject to peak tariffs is expected to decline

from 7 per cent to 5 per cent. Considerable progress has also been made towards reducing tariff escalation, thus creating enhanced scope for the export of more processed primary products.

Agriculture:

Historically, the performance of agriculture has been seriously affected by massive economic distortions. In some cases farmers have been artificially encouraged to produce more while, in other cases they have been rewarded not to produce at all or produce less. These resulted in the ballooning of production subsidies, increase of import barriers and rapid expansion of export subsidies. Moves to reform agriculture faced serious obstacles as the subsidies spawned powerful vested interests. The concerned countries therefore began to seek large reductions in export subsidies and commitments to reduce internal price supports and import barriers. The agreement on agriculture involves tariffication, tariff reduction and market access in general.

Under tariffication, all QRs are required to be eliminated and replaced by tariffs. Like other developing countries, Bangladesh bound the tariff rates for most of the agricultural products at 200 per cent, except for a handful of items.

(To be continued)

where tariff bindings were set at 50 per cent. In addition, Bangladesh set another rate of 30 per cent as other duties and charges for all agricultural products. The above tariffication would not do much to enhance transparency to some extent but it would not contribute to any market access because of the high level of tariff binding.

Like other LDCs, Bangladesh is not obliged to reduce tariffs and production or export subsidies for agriculture. Thus there is no loss of protection or revenue or reduction of export potentials for Bangladesh on these accounts. It is however apprehended that the reduction in subsidy on agricultural products in other countries would lead to an increase in food prices for a net food importing country like Bangladesh.

In agriculture, the developed countries are required to reduce over six years, their tariffs by an average of 36 per cent with a minimum of 15 per cent for individual products. Domestic support by 20 per cent value of direct export support by 36 per cent below 1986-90 base period level and volume of subsidised exports by 21 per cent. The developing countries will reduce over 10 years, by 2/3rd of those for the developed countries.

(The writer is an Additional Commissioner of Customs and presently working on liaison as a consultant to the Ministry of Finance.)

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