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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 IFAD/EP 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 Gitiara Sadiq 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 Eduard 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), Annecy 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).

BSRS to float 1st mutual fund this month

Bangladesh Shilpa Rin Shagstha (BSRS), a government financial institute, will float its first mutual fund late this month, an official source told BSS here yesterday.

The source said the paid up capital of the closed fund would be Taka five crore with taka 100 at par.

It said "we have decided to initiate the floating of mutual fund due to the growing demand of securities and private investment as well as to provide scope of investment to the small investors."

The fund comprises 18 securities and three debentures, the source said adding "we hope it will be very responsive one."

The securities included in the fund are: Bangladesh Tobacco Company (BTC), BOC (Bangladesh) Limited, Ashraf

Textiles Mills, Alpha Tobacco Company, Eastern Housing, Padma Oil, Meghna Cement Mills, Sonargaon Textiles Mills, Beximco Pharmaceuticals, Apex Weaving, Bangladesh Zipper Industries, Dhaka Fisheries, Kay and Que, Bengal Fine Ceramics, National Tea Company, Dula Miah Cotton Mills, People Insurance and National Oxygen.

The debentures are: Beximco Fisheries, Eastern Housing and Beximco Synthetics.

BSRS, the country's second financial institute after the Investment Corporation of Bangladesh (ICB) which is floating the mutual fund for public subscription, will start their formal trading on the floor of Dhaka Stock Exchange (DSE) after receiving the formal letter of membership with DSE.

The official source said the role of BSRS would be positive and supportive to the growing capital market.

The International Jute Organisation (IJO) will hold an expert consultation on Jute Agriculture at Hotel Sonargaon on Saturday, Reports UNB.

Agriculture, Food, Disaster Management and Relief Minister Maria Chowdhury will inaugurate the consultation at 9:30 am on the day.

The Delegation of the EC in Dhaka, Michael Drury, will attend the programme as special guest, said a press release yesterday.



Members of the Metropolitan Chamber of Commerce and Industry, Dhaka, met Commerce and Industries Minister, Tofael Ahmed at his office yesterday. The Executive Chairman, Board of Investment, was present during the discussions.

'Japan counter' opens at BOI

Bangladesh gives special importance to Japanese cooperation and has opened a 'Japan counter' at the Board of Investment (BOI) to give prompt service to Japanese investors, reports BSS.

This was stated by commerce and industry Minister Tofael Ahmed when visiting Vice-President of Japan International Cooperation Agency (JICA), Tsuneo Osumi called on him at his office in the city yesterday.

The minister said, Japan is the most potential development

partner of Bangladesh since the period of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

Appreciating JICA's role in the development of Bangladesh, the minister said, JICA has wider scope to contribute in the country's economic activities as it is doing in other Asian countries. He proposed to JICA to include some projects in the industrial sector under its technical assistance to Bangladesh Standard and Testing Institute, study on production of newspaper from baggage and waste

paper, training for the small entrepreneurs of Bangladesh, technical assistance to national productivity organisation and human resources development programme.

JICA has so far completed two studies on rehabilitation and expansion plan on Karnafuli Rayon Production Plant and establishment of jute based pulp mill. JICA is also providing assistance to different industrial projects.

JICA vice-president assured the minister of expanding its activities in the priority sectors in Bangladesh.



Hadi Ismail, DHL Regional Project Leader, Human Resources Information Systems, South East Asia recently conducted a training course on Human Resources Information System at DHL Country Office. Md Ashrafuzzaman, Human Resources Manager, DHL World wide Express, Bangladesh also seen in the picture along with a participant.

BIBM workshop on lending risk analysis ends

A 4-day workshop on lending risk analysis and decision making conducted by Bangladesh Institute of Bank Management (BIBM) was concluded yesterday, says a press release.

The main objective of the workshop was to equip the executives of banks and financial institutions with requisite skills for analysing credit risks and making proper decision in giving credit.

The workshop contents, inter-alia, included interpretation and application of financial spread sheet, credit scoring system, business risks and security risks.

The concluding session of the workshop was chaired by the Director General of Bangladesh Institute of Bank Management (BIBM), AHM Nurul Islam Chowdhury.

The function was marked by distribution of certificates among the participants. While distributing certificates, Chowdhury expressed the hope that knowledge and skills acquired from the workshop would help them improve the quality of loan portfolio.

19 executives from different banks and financial institutions participated in the workshop.

BIBM Faculty Members Md. Liakat Hossain Moral and Md. Abdur Rashed Kabir coordinated the workshop.

Function held to observe first anniversary of CSE in Ctg

A grand get-together was arranged to celebrate the first anniversary of floor trading on Chittagong Stock Exchange at Chittagong Club on Tuesday, says a press release.

More than 300 guests representing the CSE member firms, listed companies and financial houses attended the ceremony.

Amir Khosru Mahmud Chowdhury, MP, President of CSE presented crest and gift to the most active members and those who have played vital role in developing the bourse at the very initial stage.

First Capital Securities Ltd., North West Securities Ltd., Agrancee Securities Ltd., Ahmed Securities Ltd., Island Securities Ltd. were awarded crest for their very active trading on CSE Floor.

Nurul Alam Chowdhury of Share Capital Management Ltd., Engr Abdul Hamid of Reliance Securities Consultants Ltd., A K M Shamsuddin of Eastern Shares and Securities Ltd and Noor Ali Chowdhury of JIC Securities were awarded with gifts for their very active role at the very initial stage of CSE floor trading.

Banned pesticide being sold in Shariatpur

SHARIATPUR, Oct 10: Banned Indian pesticide Hildon is being sold at local markets freely, causing harm to land and environment, reports UNB.

It is reported that the pesticide is almost out of use in India. However, ignorant farmers here are using the pesticide that might lead to reduction of soil fertility gradually, local experts said.

The banned insecticide can also cause death to water plants and useful animals like frog and grasshopper, creating natural imbalance.

Thai trade mission calls on CCCI Vast opportunity exists for jt venture

CHITTAGONG, Oct 10: Leader of the visiting 23-member Thai trade mission Photipong Lamsan said yesterday that there existed vast opportunities for joint ventures and expansion of trades between his country and Bangladesh, reports BSS.

Photipong Lamsan said this while exchanging views with members of Chittagong Chamber of Commerce and Industry at the Chamber house here.

He listed insurance, agriculture, chemicals, computer, information technology, food, jewellery, furniture, hospital and hotel management and nylon as the sectors where Thai and Bangladeshi investors and businessmen could undertake joint ventures and expand

trades. Photipong said that his country would consider Chittagong Chamber's proposal for 'Bay of Bengal growth triangle' linking Penang Port of Malaysia, Yangon of Myanmar, South Eastern part of India, Colombo Port and Pukhet Port of Thailand with Chittagong Port. This proposal when translated into reality, Chittagong port would get dominance in a consumers market of one hundred billion people, he added.

He said that Thai government as well investors and businessmen had been attaching great importance to expand trade and economic relations

with Bangladesh and the Thai trade mission had come here to explore the possibilities of and identify the fields for joint venture and expansion of trade between the two countries.

Earlier, welcoming the Thai trade mission Acting President of Chittagong Chamber Zafarul Islam Chowdhury, MP explained in details the opportunities available in Bangladesh for foreign investment. He suggested that Thai importers should import fertilizers, jute and jute goods, ceramic products, table wares, pharmaceuticals from Bangladesh to offset 71.4 million US dollars trade deficiency of Bangladesh with Thailand.



Amir Khosru Mahmud Chowdhury MP, President of CSE, presenting Crest to Ms Rumana Chowdhury, Managing Director of Agrancee Securities Ltd for her active floor trading on CSE Floor. AGM Shamsul Kamal, CEO, also seen in the picture.

OECD survey Destruction of environment most pressing problem in Asia

By Staff Correspondent

Asia's most pressing problems are its environment destruction, and over-concentration of population in cities which the countries are ill-equipped to tackle because of lack of adequate system, funding and technology.

This was the finding of a recent survey by The Overseas Economic Cooperation Fund

(OECD) of Japan and Japan International Cooperation Agency (JICA), two major executing agencies of Japan's Official Development Assistance (ODA), says a press release of OECD.

The survey, conducted among experts from various fields in Asia, Africa, the Middle East and Latin America, also found that conservation of

environment is rated as the first priority in Asia by scholars and journalists. However, company management put priority on economic development.

Asian experts also observed that development assistance for environmental conservation is needed most and placed rural development as the next area of attention.



M M Murshid, Managing Director of Sadharan Bima Corporation, presided over the 51st meeting of the Management Committee held in the Board Room of the corporation recently. The Committee settled claim of Taka two crore relating to the bank and exporters.

Uruguay round: Its impact on Bangladesh, other LDCs

By Dr M Zahid Hossain

The UR negotiations were broken down into 15 negotiating groups:

Tariffs, non-tariff measures, Natural resource based products, Textiles and clothing, 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

UR will be overseen by the newly set up WTO.

The effects of the UR on the economy of a country like Bangladesh could best be analysed by looking at its impact on the domestic revenue and protection levels consequent upon reduction of tariffs and QRs, if any, by Bangladesh, increase in market access for Bangladeshi products abroad following reduction in tariffs and QRs in the trading partner countries, increase in Bangladesh's import bill as a result of the elimination of both production and export subsidies, mainly to agriculture in the developed countries and finally the impact on domestic policies in Bangladesh especially those relating to investment, intellectual properties and services and their implications in terms of general increase in cost, reduction of output and employment in domestic industries and the widening of trade gap. In this article, the effects of the agreements which are more important from the point of view of Bangladesh will be discussed in some detail. The challenges, opportunities and risk posed by UR for Bangladesh, and other less developed countries (LDCs) would also be discussed.

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.

Under the UR agreement, Bangladesh has agreed to bind tariffs on only a limited number of HS codes for the industrial goods at 50 per cent. In addition, in case of most of the bound rates, the operational rates are much lower. Bangladesh also maintains protective QRs on certain items, mostly textiles. Thus the UR will neither reduce the level of domestic protection nor that of import revenue for Bangladesh. It therefore seems that there is further scope for Bangladesh to take a more careful look at its trade policy regime and see if a more open and predictable trade policy in a GATT sense would necessarily be detrimental to its immediate or long term interests, or it would in fact give a more positive signal to the outside world with regard to the country's preparedness to more fully integrate into the global trading system and also be in the country's best interest in the ultimate analysis. The existing tariff structure, QRs and other incentive structures could also be examined for as-

sessing their relative benefits in terms of output and employment on the one hand, and cost in terms of foregone consumer welfare, on the other.

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 negotiating 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

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 no doubt 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 lien as a consultant to the Ministry of Finance)

(To be continued)