

# BJMC bid to bailout farmers

By Rafiq Hasan



JUTE JIBE: Will they get their hardwork paid for?

The Bangladesh Jute Mills Corporation (BJMC) has decided to buy 20 lakh bales of raw jute worth Tk 275 crore in a latest government bid to help farmers — hard hit by low prices — across the country.

Government officials said they had begun buying jute for a week now but prices did not pick up due to lack of support from private sector buyers. "Private mills and raw jute exporters didn't really come up this year," a BJMC official said.

Twenty-eight BJMC-controlled jute and spinning mills will use the jute, they said. Prices plummeted because of a

bumper production this year and a falling demand.

The Corporation will buy about one-third of the total production estimated at about 60 lakh bales, and the rest should be purchased by private jute or spinning mills and raw jute exporters.

So far, since August 18, BJMC has procured 1.62 lakh bales, worth Tk 20.23 crore, the officials said.

There are 177 BJMC purchasing centres located in different jute producing areas in the country this year.

But ensuring fair price to

farmers has still remained a problem. "There is no provision of fixing prices of jute permanently in the market. BJMC centres fix a rate after examining the prevailing prices in nearby markets. So prices vary from centre to centre," the BJMC official explains.

The latest BJMC report says the prices of white jute range between Tk 185 and 200 a maund in Dinajpur, Tk 175 and 205 in Rangpur, Tk 210 to 225 in Bogra, Tk 200 to 225 in Pabna, Tk 240 to 260 in Faridpur, Tk 230 to 250 in Tangail and Tk 230 to 245 in My-

mensingh.

However, prices of some high-quality fibres like *tossa*, used to produce jute yarn, are still quite high as it is being sold in between Tk 400 and 500. This type of jute is produced mainly in greater Faridpur and Jessor districts. *Tossa* is still not quite available in the market as the late September is the real time for it.

Grassroots farmers do not get this price because the BJMC does not purchase jute with cash. As a result, a BJMC official admitted, the middlemen make money as jute coming to

BJMC centres is passed through at least three other stages.

"We buy jute with a voucher from the wholesalers who later encash the voucher from the bank. So we cannot buy from the farmers directly."

Over the years, BJMC's purchasing powers have reduced because of privatisation of a number of jute and spinning mills. BJMC had about 25,000 looms in 77 mills; the number has now been reduced to 15,500, of which some 12,500 are operational. The situation is worse in private sector; out of 10,000 looms, only 3,700 are active.

According to government estimates, private mills under Bangladesh Jute Mills Association and Bangladesh Jute Spinners Association were supposed to buy 12 lakh bales raw jute this year.

The government also expects better exports this year because of a production shortage in some jute producing countries, particularly in

China due to natural calamities including flood and drought.

A high-level government mission headed by a state minister already left for China to discuss exports to the country.

Government expects China will buy at least 10 lakh bales this year.

Last year, Bangladesh exported about 20 lakh bales. After dissolving Bangladesh Jute Corporation (BJC) in 1993, the government has no mechanism of buying jute for export, leaving the jute growers dependent on private traders.

BJC would buy jute and stockpile when there was such a bumper crop, a policy that would ensure fair prices for farmers.

The traders' body, Bangladesh Jute Association, however, gives figures that do not match market prices.

A BJAC market report says the price of white jute was Tk 445, *tossa* Tk 480 and *meshta* Tk 365 per maund on August 20.

## Farmers find their 'noose'

By Delwar Kabir

For farmers in Jhenidah district, their jute crops will make the rope that hangs them.

"The golden fibre will be our noose," says Ator Ali Biswas, a 45-year-old farmer from the village of Karatipara. "We won't cultivate it next year if we can't even pay for labour."

Sources with the Agriculture Extension Department (AED) agreed. They say farmers grew jute on over 10,000 hectare in the district, but that area might decrease dramatically next year if the price remains low.

Grassroots farmers do not get this price because the BJMC does not purchase jute with cash. As a result, a BJMC official admitted, the middlemen make money as jute coming to

lucky to even get Tk 1,600 for his crop if the prices stay between Tk 195 and 240 a maund.

Another farmer agreed. He says many farmers return home without selling their crop, while others strike out for the markets in Khulna. But, shippers and buyers aren't interested in buying jute for more than Tk 250 per maund over there, he says.

Other farmers are so angry that they don't want to talk about jute, anymore. "Why should I tell you about my sorrow?" ask 51-year-old Manwar Ali. "Will you be able to solve our problems? We've seen so many journalists in the past couple of weeks but nothing's been done. You literate people have been conspiring together for years to cheat the innocent farmers."

Later he told Star reporters that he had talks with Amu who assured him of re-designing the Task Force. Amu was scheduled to go to Sonali Bank office, the CBA leaders said. "But he could not come due to unavoidable circumstances."

Zamal Uddin, along with CBA president Aminul Hoque Farooque, also had talks with Managing Director of the bank Ibrahim Khaled Thursday.

They asked the MD to rewrite the task force agenda. The CBA leaders had another talks with Bank Chairman Asafuddin.

**Shop owners want banks open Saturday, business beyond 7 pm**

By Staff Correspondent

Bangladesh Dokan Malik Samity, an association of shop owners, has demanded that the government keep open banks on Saturday (for three hours) and withdraw its order to shut down the shops at 7 pm.

The association has also demanded withdrawal of Value Added Tax from retail sales and empowering the banks to renew the trade licenses at the district levels all over the country.

At its executive committee meeting on Saturday at the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), the association also urged the government to review its decision of price hike of petroleum products, like diesel and petrol. Association members strongly criticised the *ehartal* programme and threatened to resist it in future.

**Union criticises UNICEF's lay-off plan**

UNITED NATIONS, Aug 24: A union representing United Nations workers criticised plans Friday by UNICEF to cut nearly 1,000 jobs accusing the organisation of discriminating based on age and sex, reports AFP.

## 'Managing people is the problem'

Star Business Report

### TSP crisis poses problem for aman

From Our Correspondent

GAIBANDHA, Aug 24: Farmers in the district fear an acute shortage of phosphate fertilizer, coupled with a glut of cheaper Indian blends, will stunt aman crops this year.

In recent weeks the price of a bag of 50-kg TSP fertilizer has jumped from about Tk 600 to Tk 750, out of reach of many farmers. Aman rice especially high yield varieties, needs a balance dose of TSP during land preparation to grow properly.

Sources say contaminated Triple Super Phosphate from India has flooded the markets to take advantage of the price hike. Some traders sell the inferior fertilizer to farmers at high prices after changing the bag labels, sources allege.

However, fertilizer traders counter that they couldn't provide farmers with enough TSP during the peak season because the factories aren't supplying enough to the distributors.

### 3-nation jt venture to make vans, trucks in Malaysia

KUALA LUMPUR, Aug 24: Vans made with technology from Renault of France will be manufactured here soon by a joint venture company among Malaysia, France and South Korea, reports AP.

The vehicles will be made by Industri Otomotif Komersial Malaysia (Inokom), and will be on the streets here in October, director Tengku Adnan Tengku Mansor said Sunday.

Sixty per cent of the van's content will be local, but the engine, transmission and some other parts will come from Renault. The vans will be the second to be manufactured here. The first were made three years ago with technology from Daihatsu of Japan.

The price of the vans has not been set.

The same joint venture will also soon manufacture trucks with South Korea's Hyundai technology by the middle of next year, he said.

Inokom's shareholders comprise Berjaya Group Bhd. with 35 per cent, Koperasi Polis Diraja Malaysia subsidiary Pesumal (M) Sdn. Bhd. with 30 per cent, and Hyundia Motor Sdn. Bhd. with five per cent. The remaining 30 per cent is equally shared by Regie Nationale Des Usines Renault SA and Hyundai Motor Co.

### China records growth in oil production

BEIJING, Aug 24: China's petroleum industry will enjoy sustainable growth with the maximum annual oil production probably reaching 200 million tons by the year 2010, according to a senior Chinese oil official, reports Xinhua.

ers have said international currency speculators are to blame.

"We are firm in our stand to ensure there are joint efforts to fight rogue speculators who meddle with international currencies," Anwar was quoted as saying.

Anwar said a series of discussions are being held with the finance ministers of the affected countries to reach a consensus on how to fight the speculators.

He said Bank Negara had started discussions on the issue with the central banks of the Association of Southeast Asian Nations member countries.

The currencies of several countries in the region, including Thailand, Malaysia and the Philippines, have recently grown sharply weaker against the US dollar. Malaysian lead-

## FREE TRADE

# Bangladesh must get its act together

A business leader says both bureaucracy and businesses need to be trained to reap gains from new global trade order

By Mahbubur Rahman

After more than two centuries, the world is coming to terms with what Adam Smith wrote in 1776 in his "Wealth of Nations". Free Trade, which he so ardently advocated in his classic book, is now getting close to reality.

While many would say the Uruguay Round and WTO accords are something towards that direction, cynics would say the old barriers are only taking different shape.

Today, when WTO gives a chance to transform the world into what Smith philosophised, the developed nations are at the same time busy devising means to deny their poorer counterparts the right the new body is all about.

They have suddenly become fond of issues such as eco-labelling, social-labelling, health and sanitation, environmental standards, labour standards, competition law, investment law, extortion and bribery, corruption in government procurement. The issues are new, not really envisaged in the historic agreements that the world took so many years to reach.

The issues being brought in by the OECD and other developed countries will perhaps provide bigger bottlenecks to free flow of, and fairness in, international trade that was even envisaged in the Uruguay Round faced.

The negotiations on cumulative New Issues will perhaps last for longer period before agreements are reached, especially among the developed and the developing countries. Until that time, it is anybody's guess when the world-wide environment for free and fair trade will be created, if created at all!

The developing countries have two major stakes in the globalisation of international trade — protecting their economy from premature and unfair competition as well as having the benefit of a vast market worldwide for their goods and services in the developed economies. They must try to understand the implications of the Uruguay Round Agreements and the services of WTO in settling their trade complaints against non-conforming countries on an equitable basis.

The Uruguay Round Agreements envisage zero tariff for exports from LDCs to developed economies in order for the poor nations to improve their overall capacity to respond to the opportunities offered by the

multilateral trading system, which is unfortunately still remaining unimplemented. This should be taken care of without any further loss of time.

The multilateral agreements also envisage product diversification of LDCs to help build up their export capacity for ensuring market access in developed economies, which can only happen if foreign direct investment (FDI) is granted fiscal and other incentives by their governments to encourage FDI flows to the LDCs. The zero tariff and substantial flow of FDI from developed countries to LDCs are yet to be made effective, which are pushing the LDCs towards marginalisation at a time when ODA is on the all.

The World Bank and IMF have made the LDCs, particularly Bangladesh, lower their tariff to an extent that their industries are now facing tough competition from imports. The situation of Bangladesh is more critical as it has lowered its tariff even more than its immediate neighbours have. The reason may be that the country is strong enough to ignore the dictates of the multilateral funding agencies. Bangladesh may incur irreparable losses because of forced opening up at a time and in a manner which has not suited it.

In such a scenario, LDCs especially Bangladesh have to take a number of measures, detailed in the following paragraphs. Needless to say that in order to enable Bangladesh to take such measures, technical assistance to carry out research studies, under funding from multilateral sources, is an imperative.

The LDCs like Bangladesh can only gain from globalised market under condition of fair competition where it has comparative advantage — natural bounty and endowment, craftsmanship, productivity and quality for instance. The studies, both country-wise and commodity-wise, have to be done from the short-term as well as long-term perspective. This is needed to determine the market accessibility in global market and comparative advantages in order to boost exports and attract new ventures including FDI.

Efforts for product diversification must be made through fiscal incentives to local entrepreneurs as well as by attracting FDI, which now seems to be more said than done.

There are also great number of barriers within Bangladesh in the way of making local products internationally competitive. Red-tape, absence of pro-development and positive attitude by policy implementation agencies, a num-

ber of tariff anomalies such as higher rates of import duties on raw materials than on finished products are forcing many industries to become uncompetitive in the face of unrestricted free import of finished goods. On the contrary, when Bangladesh tries to offer competitive price in some products it is subjected to anti-dumping laws.

Besides, barriers like slow deregulation, privatisation, lack of proper utilities, appropriate infrastructure and technology, socio-political instability, absence of level-playing field are there, thus opening up the Bangladesh market to imports and services from abroad almost without any barriers. This results in an adverse balance of trade situation for this poor nation when Bangladesh products and services do not get equivalent market access.

Various other inadequacies also persist in the system here. Customs procedures come at the top of the list. Far-reaching reforms in the Customs have become an urgent task to remove the costly red-tape and reduce delays, now considered as among the most significant barriers to trade. Harmonisation between the customs authorities and other government agencies should make the customs control more effective and improve detection of illicit traffic.

The ICC guidelines call for a greater reliance by customs authorities on automation and electronic information systems. They recommend that essential control information be processed before the goods arrive at frontiers, X-rays and other non-intrusive examination techniques be used, and the customs working hours be tailored to commercial needs. To reduce red-tape, acceptance of a commercial document instead of an official form may be adopted.

Access to information is another grey area for businesses in Bangladesh. Businessmen also need to be kept informed of what is happening and what advantages and disadvantages there are in today's fast-changing world.

Rahman is president of the Bangladesh chapter of International Chamber of Commerce and a former president of FBCCI.