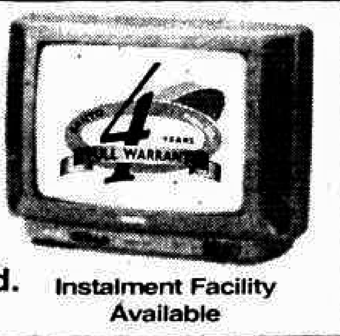

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Third SAARC economic conference begins in city

PM prioritises cooperation to boost trade, investment

Star Business Report

Prime Minister Sheikh Hasina yesterday said regional cooperation should get the top priority to increase intra-SAARC trade and investment.

"Our region has tremendous economic potential provided we endeavour to optimally harness our resources," she said while inaugurating the third SAARC Economic Cooperation Conference at a city hotel yesterday.

SAARC countries account for more than a billion people, about a quarter of the total global figure.

"Given required political commitment and pragmatic planning, we can transform our area into a vibrant and effective market larger in size than that of the European Union," she added.

"To realise this goal, both the SAARC Chamber and the national governments should together pursue realistic policies based on our resources and comparative advantage."

The intra-SAARC trade was impeded by uneven tax, duty and tariff structures and various para-tariff and non-tariff barriers, she said.

"If we are serious about attracting foreign direct investment to our region, we must focus SAARC as a whole to global investors. To achieve this, we should synchronise our economic reform programmes," the prime minister said and called for concerted efforts by member countries to ensure both predictability and consistency of their investment policies. Simultaneously, there has to be a harmonisation of tax, duty and tariff structures.

"Since most of our countries have undertaken economic liberalisation programmes, we should rationalise our tax and duty structures and abolish non-tariff barriers."

Besides, there is an urgent need for free flow of technical know-how within the region, she added.

"We can ill-afford to by-pass SAARC or even undermine it. Any form of sub-regional cooperation should be mutually reinforcing and complementary. It should not be competitive in the sense that we engage ourselves in trade wars to access international market to the detriment of our national economies."

She said, SAARC Chamber of Commerce and Industry should evolve a strategy to minimise apprehensions of the weaker economies in the region that they would neither be overwhelmed nor wither away once free trade gains its ground in the region.

Finance Minister Shah AMS Kibria, Commerce and Industries Minister Tofail Ahmed, SAARC Secretary General Nihal Rodrigo, President of SAARC Chamber of Commerce and Industry (SCCI) Kantikumar R Podar, Vice-president of SCCI Yussuf Abdullah Harun, and FBCCI President Abdul Awal Mintoo addressed the conference.

Finance Minister SAMS Kibria urged the private sector to enter into joint ventures within the region with a view to nurture the common economic interest of the member countries.

"South Asia is lagging behind. It could not share global prosperity as did the Latin American nations or the Southeast Asian countries," he said. "We are following them and have started developing import substitutes."

"We are eager to join the race for economic developments. The SAARC countries have to be a part of international community," Kibria added.

As trade is linked to investment, he said, the issue of joint ventures and investments should get priority during our discussions.

Hoping that the South Asia would emerge as the richest region in the world, the finance minister urged the business leaders to come up with initiatives.

Commerce and Industries Minister Tofail Ahmed said that the third SAARC Commerce Ministers' Meeting resolved to reduce margin of domestic contents of the rules of origin criteria by 10 per cent. As a result, LDCs' domestic content will now be 30 per cent.

He hoped that this development would have significant impact in enhancing intra-SAARC trade and called upon the private sector to identify the major thrust sectors for joint ventures.

SCCI President Kantikumar R Podar said that his chamber had been regularly meeting with the heads of states and other senior leaders of the region to convince them that joint collaborative efforts were the only way to get rid of poverty and under-development.

South Asian countries face the threat of being completely marginalised in the world economic community if they do not keep pace with the formation of different trade blocs, he said.

"The need of the hour is a rapid progress towards SAARC Free Trade Area as a prelude to the SAARC Economic Union."

Podar urged the SAARC governments to put together a framework for investment promotion and protection, which would result in the blooming of intra-SAARC joint ventures in various sectors.

He mentioned that SCCI had commissioned a study by Tata Economic Consultancy Services on the specific joint venture proposals in different SAARC countries.

FBCCI President Abdul Awal Mintoo said, of the total global foreign direct investment of about US $ 300 billion, only about one per cent has found its way into South Asian countries.

"Unless we unite our efforts we shall be swept away by the wind of free trade. Global competition for superiority has effectively shifted from politics to economics."

Regional groupings and trade blocs like NAFTA, EU, APEC, etc. have emerged in the developed and developing countries. These are bound to have adverse effects on the countries outside these groupings, he said.

Mintoo said: "There is no alternative to regional cooperation if we are to face the challenges of global competition and seize of opportunity, cropping out as a result of the new trade regime under WTO. Efforts of the developing countries are being severely frustrated due to lack of access to market through tariff and non-tariff barriers."

He urged India and Pakistan to increase flow of investment into the LDCs. LDCs of the region should not merely be looked at as a destination for exports.

Steps should be initiated to increase trade cooperation through setting up of joint ventures and arrangement buy-backs, marketing collaboration, joint marketing of major products and collaboration for technology and infrastructure development, the FBCCI president said.

US Ambassador John C Holzman met President of the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) Mahbub Jamil and Secretary-General C K Hyder at the chamber yesterday. — MCCI photo

EC orders Italy to revise economic programme

BRUSSELS, Feb 3 : The European Commission on Wednesday ordered Italy to revise its economic plans because of concerns it will breach the rules on budget discipline for countries using the euro, reports AFP.

In a statement, the commission said that the level of economic growth forecast by the Italian government "now seemed over optimistic" and warned that the slowdown could jeopordise the country's attempts to keep its budget deficit under control.

It was the first time the commission had issued such a public rap on the knuckles to any EU country since the launch of the euro on January 1.

In Rome Italian Prime Minister Carlo Azeglio Ciampi said that he was satisfied with developments in Italy, with the exception of growth, and would discuss Italy's stability programme at a meeting of EU finance ministers in Brussels on Monday.

Ciampi acknowledged that growth in 1999 would probably not exceed two percent this year compared with an initial forecast of 2.5 percent but insisted that "the final targets of the stability plan in terms of public finances do not change".

Italy plans to cut the public deficit to one percent and the debt to 107 percent of output in 2001.

The commission also criticised Portugal's economic plans but stopped short of requesting that they be redrawn.

EU Finance Commissioner Yves Thibault de Silguy stressed that there was "no fundamental difference of views between the commission and the Italian government".

But the move nevertheless underlines the extent to which participants in the single currency have ceded a significant degree of control over key economic policy decisions.

Under the Stability Pact which binds all euro participants, governments are obliged to present economic programmes with the aim of balancing their budgets in the medium term.

This requirement is designed to ensure that during economic slowdowns deficits do not rise above a ceiling of three percent of GDP. Countries which breach this ceiling could face huge fines.

In its programme, Italy said it expected economic growth to rise from 1.8 percent last year to 2.5 percent and to be just below three percent in the following years.

"The commission considers that a scenario of economic recovery is plausible but that growth is likely to be more gradual than assumed," the commission said.

As a result, Italy's target of reducting its deficit from 2.6 percent in 1998 to 2.0 percent this year and 1.5 percent in 2002, is unlikely to be met without further "corrective measures -- commission code for spending cuts.

Italy's left-wing government believes it can make up the difference from the benefits reaped from the much lower interest rates the country has as a result of joining the euro-zone.

The improvment in public finances is projected to largely come from more efficient tax collection rather than spending restraint.

Bangladeshi jute may find huge market in Myanmar

The visiting Myanmar non-government business delegation has shown keen interest to import huge quantity of jute bags from Bangladesh, reports UNB.

The interest was shown by the members when they called on State Minister for Jute A K Faezul Huq at his office here yesterday.

They also sought cooperation from Bangladesh to increase the present trade volume between the two countries.

Talking to them, the state minister said the government has been pursuing a liberal trade policy in the line of its open market economic policy.

He urged the private entrepreneurs from home and abroad to invest in Bangladesh taking the opportunity.

The delegation members included Stephen Y M Huen and Pankaj Pandit. Jute Secretary Mahfuzul Islam, among others, was present at the meeting.

Unidentified Georgian girls pose with chocolate bars named "Monica" and bearing Monica Lewinsky's picture on the wrapper, in downtown Tbilisi, Tuesday. The chocolates, with different fillings, which cost the equivalent of 35 US cents, have been selling widely in Tbilisi over the past few days.
—UNB/AP photo

ASEAN trying to save EU meet : Thai FM

BANGKOK, Feb 3 : Thai Foreign Minister Surin Pitsuwan said Wednesday ASEAN would keep trying to save next month's ministerial meeting with the European Union which is threatened by a furious row over Myanmar, reports AFP.

The ASEAN-EU meeting in Berlin next month is in doubt as the EU has refused to relax a visa ban that would prevent Myanmar officials going to the talks.

Signs of a possible compromise have emerged in recent days however, with Myanmar saying it is willing to discuss any topic after Germany reportedly hinted Yangon's foreign minister might be admitted if the junta's heavily criticised human rights record was discussed.

Surin said no decision had been made over the fate of the talks after the Myanmar row forced the cancellation of a ASEAN-EU Joint Cooperation Committee meeting here last month.

"We do not lose momentum. It can keep going on. We will talk with the EU," he told reporters before visiting France, Austria and Belgium.

"The idea is that it is likely we will have a meeting, we don't say we must have a meeting, just that we should have.

"We can brainstorm, it is possible (to break the deadlock)"

Surin said both sides had solved problems threatening their relationship in the past, for example over the former Portuguese enclave of East Timor annexed by Indonesia.

"When other problems happen, we have to talk, to ease the tension, we have to keep trying," Surin said.

Disagreements over Myanmar have soured relations between the EU and the Association of Southeast Asian Nations (ASEAN) in recent years.

Exiled Myanmar students on Wednesday urged Europe not to ease its hard line against the military government in Yangon.

The All Burma Students Democratic Front said the EU should not ignore what it said was the continuing deterioration of human rights in Myanmar.

"The reported recent softening of the EU's policy on Burma contrasts with the increasing severity of the junta's approach to the pro-democracy opposition in Burma," the front said in a statement.

"The EU should be mindful of the fact that all forms of human rights violations, including forced labour, relocation, extortion, confiscation of farming land, burning and looting of villages and extra-judicial killings in ethnic nationality areas have continued unabated," the students said.

The EU and the United States staunchly opposed Myanmar's entry into ASEAN in 1997, saying the military government was guilty of major human rights violations and of suppressing the democracy movement of Aung San Suu Kyi.

Kafco posts new monthly output record

Kafco's production in the month of January 1999 at its 1500 tons/day ammonia and 1725 tons/day urea plant at Anowara near Chittagong hit new records, says a press release.

In January, Kafco produced 46,972 tons of ammonia and 57,075 tons of urea which are 101 and 107 per cent respectively of the company's design capacity.

The company has produced 2,36,558 tons of ammonia and 2,87,436 tons of urea in the first six months of the current fiscal and is set to meet its budgeted production target for the financial year 1998/1999.

US expert in modern secured finance in city

An expert in modern secured financing for the small and micro enterprises, Allen Welsh, is now in Dhaka to implement the concept of Job Opportunities and Business Supports (JOBS) programme, funded by the United States Agency for International Development (USAID) in Bangladesh, says a press statements issued yesterday.

Modern secured financing allows movable properties to be used as collateral to secure business loans.

Manufacturing equipment, business inventory, accounts receivable, possession rights or salami, agricultural crops, stocks, documents of title, and monetary instruments are examples of movable properties which can be used as collateral in secured financing.

Traditionally, Bangladeshi businesses, including small and micro enterprises, have had little access to credit-based on movable properties. In some countries, up to 40 per cent of all business credit is based on movable property as collateral.

Welsh is a legal expert with fourteen years of experience in business legislative programme development and implementation.

Bangladesh's path to prosperity

Agro-processing and agri-business

By Major General Amjad Khan Chowdhury (Rtd)

Is it not a paradox that a land acclaimed in verse, prose and legend as "Golden Bengal" should today be languishing near the bottom of the list of prosperous nations with the likes of Mali, Nepal and Burkina Faso?

Why is there so much misery in Bangladesh when there should be abundance since the bountiful nature has bestowed so much on this land?

Economists will offer fresh prescriptions on easing our plight as old theories fall by the wayside. Demographers will bemoan the pressure of our huge population on the scarce land. Pessimists will refer to the frequent and devastating natural calamities and our leaders will follow the safe precedent of blaming all short-comings on their predecessors. No doubt these and many other factors contribute to our poverty but we have been able to put our finger on the real pulse?

Have we identified the sector where comparative advantages lie?

If that is agriculture, have we done enough to foster its rapid growth?

Do we add value to our basic commodities and thus create wealth?

Have we promoted rural employment opportunities and hence income generation equitably?

Finally, do our hard-working farmers reap what they sow i.e are they rewarded for their hard work?

The answer to all these must be an honest and resounding 'No'.

It is our contention that agriculture and agri-based industry, most notably agro-processing, offers the perfect panacea for alleviating our poverty and bringing us up to the category of an honourable and prosperous nation.

We have, therefore, embarked upon what may well be termed as a labour of love to disseminate awareness, and in the process make everyone conscious and appreciate of the immense potential, which presently lies latent in the virgin field of agro-processing and agri-business in Bangladesh.

This is the first of a series of articles which will unfold the fact that it is the growth and development of the agro-processing industries that can salvage Bangladesh's economy to a greater extent.

Agriculture here has always meant cultivation of basic cereals, some vegetables and perhaps one or two cash crops such as jute, sugar-cane etc. Lack proper financing, storage, processing and marketing facilities this thrust sector has never been fully commercialised. Impoverishment of the masses, which encouraged urbanisation, has been the ultimate result. NGOs have come forward with micro-credit programmes, once again to nurture agriculture alone without a clue to the real problem viz what to do with the surplus? The answer is processing and value addition with resultant employment generation.

To give just one concrete example, we grow over 1.5 million tonnes of potatoes. Stored in cold storages, it is used mainly for table consumption. If it was processed into chips, French fries, flakes, powder, starch etc it would veritably be an open sesame to increased exports, job creation, value addition and with profits flowing to the growers. This can be replicated for many other fruits and vegetables, most notably tomato, baby corn, maize, pineapple, banana, etc.

It is employment, regular and sustained, including self-employment which is the need of the hour and agro-processing industries can best fulfil this need in the context of Bangladesh today. Jobs generate wealth and thus increase the purchasing power. This, in turn, fosters establishment of facilities to satisfy our needs and demands. The cycle is completed when new fields of activities in turn create fresh opportunities for employment. This factor is recognised by all as a basic economic premise. Where we have fallen short is not in identifying the sector, which could satisfy the needs of a country like Bangladesh and compliment it with the resources easily available at hand.

What then are the requirements for Bangladesh today to go up the ladder of prosperity? For this the country needs the following:

- Employment-generation especially in the rural areas.
- Setting up labour intensive industries.
- Creation of maximum jobs with least requirement of capital for industries which are profitable and sustainable.
- vocation which is familiar to our population and which takes into account the comparative advantages of Bangladesh.

The advantages are:

- Fertile soil
- Plenty of water
- Moderate climate conducive to year – round cultivation
- Large population whose age-old vocation has been agriculture
- Large market for a basic necessity – food.

The answer once again boils down to agro-processing, which with its auxiliary and ancillary activities makes agriculture more viable and sustainable as an economic pursuit. Agro-processing is simply increasing the shelf-life of agricultural produces by a variety of processes – canning, dehydrating, pickling, converting to juice, pulp and concentrates, freezing etc. This is a vocation being practised from the beginning of time. In Bangladesh itself, some traditional forms of processing is commonplace.

Agro-processing is now a big business, a commercial activity encompassing a horde of industries and services to support it with appropriate backward and forward linkages.

The world trade in agricultural produces is now in the hundreds of billions of dollars of which sadly, Bangladesh's share is negligible. Even a couple of percentage points of this trade in our favour will see our per capita income gallop upwards, with the availability of jobs for most of our population, value addition to our basic produce and creation of new wealth.

However, due to ignorance, lack of capital, regressive policies, scarcity of skilled personnel, non-availability of inputs and official indifference, progress has been slow. It is, therefore, our intention to discuss these in depth, lay bare the facts and seek the assistance of the authorities concerned to remove the bottlenecks and redress those policies, which tend to hold up the rapid growth of agri-business in Bangladesh.

By denoting agro-processing as a 'thrust sector', the government has already taken a positive step. In addition, the budget for 1998-99 has significantly reduced import duties on a few inputs for the agro-processing industry.

Much still remain to be ironed out, anomalies in policy rectified and an atmosphere of confidence instilled that support the agro-processing industry. More importantly, that the continued progress of this sector is not only in the interest of the industry itself, the population at large, and the administration's popularity, but for the financial well-being of those who support this nascent industry.

In the coming weeks, we will be placing facts to illustrate the potentials of agri-business to the readers. They may then judge for themselves whether there is substance in our beliefs or we are simply talking through our collective hats.

The writer is CEO of Pran

Biman, Abacus sign MOU

Biman Bangladesh Airlines and Abacus International has recently signed a Memorandum of Understanding (MOU) to introduce the Abacus system in Bangladesh, says a Biman press release.

This was the result of almost three years of intensive negotiations.

Under the MOU, Biman and Abacus will set up a joint-venture National Marketing Company (NMC) to oversee all Abacus activities in Bangladesh including marketing, cutting over of travel agencies, installation of equipment and lines, training, help desk and support customers.

Bangladesh became the 18th country to join Abacus network and is the fifth South Asian Market after India, Nepal, Pakistan and Sri Lanka.

With Abacus, Asia-Pacific's largest global distribution system (GDS) product and Biman's local knowledge, travel agencies will be able to automate their business enabling them save more time which they can then devote to customer services.

As a national marketing company partner, Biman will participate in Abacus at all four levels of participation, namely full availability, answer back, direct access and direct connect sell.

Abacus has already upgraded Biman to answer back and plans to upgrade it further to direct access and direct connect sell within the first quarter of 1999.