

## FOCUS

## 'The Politics of Globalisation and Trade'

FROM 1984, the concepts of globalization and liberalization have been sweeping across the world; the members of the least developed countries have voiced their doubts and raised a number of questions on the new turn of 'laissez faire' economy. But this increasing interaction of domestic economies with the world economy has been going on; the 'global integration' is reflected in the rising share of international trade in world output. The volume of world merchandise trade is estimated to have increased at an average annual rate of 6 per cent during 1950-1994. In the same period, output growth was 4 per cent. It means a 10 per cent increase in world output has, on an average, been associated with a 16 per cent increase in world trade. The steady rise in the ratio of trade growth to output growth from an average 1.3 per cent in 1950-64 to 3.2 per cent in 1984-94 is on documentation. Thus, the pace of global integration is on fast track; but the development of international trade can be adversely affected if the developing and the least developed countries are not given due role to play in the trade regime.

The World Trade Organization (WTO) came into being on 1 January, 1995. It is responsible for administering multilateral trade agreements negotiated by its members. WTO was built upon the organization structure of the General Agreement in Tariffs and Trade (GATT) auspices. As the principal organization entrusted with the responsibility of the

multilateral trading system, WTO has the same status as an institution as the World Bank and the IMF do exercise in the world. The basic underlying philosophy of WTO is the combination of the elements of open market, non-discrimination and global competition in international trade. It provides a forum for negotiations on trade issues.

It looks after the General Agreement on Goods, Services, Trade Related Intellectual Property Rights, Dispute Settlement Mechanism and Trade Policy Review Mechanism. Finally, WTO coordinates with the World Bank and the IMF in achieving greater coherence in global trade and economic policy issues. But the question is what's the track record of WTO so far?

At present, the total number of WTO's members is 137. Performance of WTO was assessed in its first ever ministerial meeting held in Singapore during 9-13 December, 1996. The main achievements of Singapore Meeting were: (i) adoption of Ministerial Declaration and (ii) adoption of a Comprehensive and Integrated WTO Plan of Action for the Least Developed Countries.

Second Ministerial Meeting of WTO was held in Geneva during 18-20 May, 1998. As a leader of 48 LDCs, Bangladesh requested for duty free access for all exports from LDCs. Protectionism is still common - place, specially, on textiles and agriculture.

Little advance has been made in lowering trade barriers in an area such as access to foreign workers.

We need cooperation and assistance from the developed world. As a least developed country, Bangladesh strives to achieve her goals in the trade regime. We have opened up our economy to its maximum level. We have liberalized our investment regime. Foreign Direct Investment (FDI) is encouraged in almost every sector of the economy. We have shifted from imports substitute to export-led growth strategy.

by Dr M A Kama

In fact, WTO has been remarkably successful in dealing with trade disputes. Just in three years it has dealt with 132 complaints; over its 47 years, experienced GATT heard only 300 disputes.

Now comes the Third Ministerial Meeting. To find a common platform of South Asian Association of Regional Cooperation (SAARC) countries in the said meeting of WTO commerce ministers of SAARC countries met in the Maldives on 9th August, 1999. In that meeting it was resolved to press for greater access for exports from developing countries, specially from LDCs, in developed countries' markets. It was also decided to examine the new round of multilateral trade negotiation before decisions of 'Uruguay Round' are fully implemented. Another preparatory meeting was held in Bururi during 10-12 August, 1999. Asian members of G-77 countries in that meeting resolved to oppose inclusion on non-trade issues like child labour and environment in the agenda of the Third WTO Ministerial Meeting in Seattle. In the preparatory meeting of all member countries of G-77 in Marrakesh (Morocco, 12-15 September, 1999), Bangla-

desh, as a leader of LDCs Group, demanded free access for manpower export as a part of liberalization of trade in services and effective measures to prevent marginalisation of LDCs in the name of 'Globalisation'.

The much heralded Third WTO Ministerial Meeting got off a late start on the 30th November, 1999 when 40,000 protesters filled the street of downtown Seattle. Environmentalists, labour groups, feminists, farmers and students all came out on the roads. The main assertion was WTO was too powerful, too secretive and too subversive to big businesses.

The protests and the inability of trade diplomats created division among the members of WTO. Ultimately, four-day WTO Ministerial Meeting ended in acrimony on 3 December, 1999 without any agreement.

The Seattle talks really opened a rift between the rich nations and the poor developing countries. The talks logged down over agricultural export subsidies. Greater transparency in government procurements, anti-dumping laws, intellectual property right, all came up for discussions. But there was no result. The LDCs looked to Seattle for

duty free access for their exports. The US, the EU and Japan announced that they would be prepared to provide zero tariff access to goods from LDCs into their markets. In the aftermath of the Seattle breakdown, the duty free access to nearly all goods by the LDCs is now uncertain. As the interests of different nations and groups diverged rather than converged, no meaningful measures could yet be innovated to put the things in order. In such a situation we are really concerned and worried.

Apart from the issues as stated above, the 'built-in-agenda' of WTO includes scheduled negotiations from 2000 to 2004 on the following issues:

2000: (i) Service: new round of negotiation including movement of natural persons; (ii) Service: Most Favoured Nation (MFN) Exemptions: first review; (iii) Trade Policy Review: appraisal for review mechanism; (iv) Trade Related Investment Measures; (v) Tariff Binding and (vi) Intellectual Property: first of two-yearly reviews of the implementation of the agreements.

2001: Textile and Clothing: Goods Council will review implementation of the agreement by the end of 2001.

2004: Textile and Clothing: Goods Council will review implementation of the agreement by the end of 2004, for full integration into GATT and the agreement expires on 1st January, 2005.

Some time in the future, the following issues will emerge as important topics: (vii) Intellectual property: negotiation on increasing protection for individual geographical indications; (viii) Patenting of any life forms and (ix) Compulsory licensing for essential drugs.

The rapid process of free trade and economic integration has prompted the contemporary thinkers and philosophers to come forward with their observations on homogenization of traditional knowledge, culture preservation and innovation of its heterogeneity in today's world. WTO has virtually curtailed the powers of its members in matters of economic interest. Whatever benefits to be derived from the world marketplace substantially depends on the 'politics of globalization and trade'.

Identification of major impediments to trade expansion and designing appropriate negotiation techniques to overcome the factors inhibiting supply side responses remains as an issue of

critical importance to Bangladesh. The major constraints we face are: lack of adequate infrastructure, dearth of skilled manpower, undiversified export market, nascent entrepreneurial class. Paucity of investible resources and neglected technological upgradation are major impediments. Side by side, lack of capacity to access to markets, lack of quality and standards, limited access to information, lack of capacity to go upmarket, inadequate trade support institutions, non-tariff and para-tariff barriers, stringent rules of origin requirements and strict labour and environment standards all hinder the growth of trade development in our country.

We need cooperation and assistance from the developed world. As a least developed country, Bangladesh strives to achieve her goals in the trade regime. We have opened up our economy to its maximum level. We have liberalized our investment regime. Foreign Direct Investment (FDI) is encouraged in almost every sector of the economy. We have shifted from imports substitute to export-led growth strategy.

Macroeconomic stability is a necessary condition for higher growth performance. Bangladesh's critical macroeconomic indicators, such as, fiscal and current account deficits, inflation and interest rates showed market improvements in the recent years. The reforms of 1980s and 1990s prompted by Structural Adjustment Facility (SAF) and Extended Structural Adjustment Facility (ESAF) Programmes,

reinforced by the structural and sectoral credit, played a crucial role in implementing important changes in Bangladesh economy. We are committed to trade reforms. Deregulation, decontrol and liberalization of trade have significantly removed the anti-export bias in the economy. It has created a conducive environment for structural changes and favoured a shift from non-tradable to tradable sector in the economy.

Thomas L. Friedman, an American, in his book 'The Lexus and the Olive Tree' categorically stated, 'Let's start with a politics of sustainable globalization. It has to consist of two things: one is a picture of the world, so people understand where they are; and the other is a set of integrationist Social Safety Net Politics for dealing with it.'

What did President William J. Clinton said at his first inaugural? Like this, 'My fellow Americans, my tenure as your President is coinciding with the end of the cold war system and the rise of globalization. Globalization is to the 1990s and the next millennium what the cold war was to the 1950s through the 1980s. If the cold war system was built around the threat and challenges..., the globalization system is built around the threat and challenges of rapid technological change and economic integration that are uniting the world.' We fully endorse this view. We welcome this thesis.

The author is Executive Director, National Nutrition Programme, Ministry of Health and Family Welfare.

## Civil Servants Face the Axe as Non-performing Economy Woos IMF

EARLY in September 40-year-old Betty Kavila walked into her office at Machakos, some 70 kilometres southwest of Nairobi, and picked up a letter lying on her desk.

An education officer in the Machakos small town, she read the contents, stared blankly at the letter for a few moments, keeled over and collapsed.

Betty Kavila is one of the 25,783 civil servants who are being and to be retrenched in October as a condition set by the World Bank and International Monetary Fund to resume lending to Kenya.

In its 'Medium-Term Policy Framework', which served as a basis for the IMF discussions, the Kenya government has promised that between 2000 and 2003 it will 'accelerate and broaden the scope of structural reforms which are essential for enhancing the economy's growth potential and reducing poverty.'

Priority areas included public service reform and rearranging government spending. To establish an 'efficient and affordable' public service it would cut this service down by 32,348 people or 15.5 per cent of the total, by 2002.

Separately, in a Letter of Intent written to IMF chief Horst Kohler in July seeking a loan of \$194 million, the Kenyan finance minister admits that poverty is worsening in Kenya.

The most recent Household Survey (1997) shows an increase in the population living in poverty to about 52 per cent of the total, the letter says.

It goes on to list a litany of other problems: rising unemployment, falling primary school enrolment ratio, 'an erosion in the capacity to provide basic health services', the HIV/AIDS

epidemic and a general deterioration in living standards.

'The whole exercise is full of malice. How will I educate my children?' says Chasdel Ouko who lost her temper and attacked an officer who was handing out firing letters on 5 September.

Although the civil service is the worst-paying employer in Kenya, public officials such as Kavila and Ouko do not relish the prospect of being thrown out into a non-performing economy that grew by a paltry 1.4 per cent last year.

'The civil service may be one of the worst-paying employers in Kenya but it offers housing and enrichment possibilities that cannot be found anywhere else,' says Kwamchetsi Makokha, a columnist with the Daily Nation, explaining why civil servants are reluctant to leave it.

The government expects to save three billion Kenyan shillings annually from its wage bill although in the short term it will cost it 7.9 billion shillings by way of benefits payments to retirees, including a 40,000 shillings hand-out per person.

But critics say the handout is not enough to settle anybody into a business or gainful employment.

'I don't foresee a state worth its respect giving a senior engineer, doctor or lawyer some 40,000 shillings, baptising it as a golden handshake, and sitting easy thereafter,' says Oduor Ongwen of the Kenya NGO (Non Governmental Organisation) Council.

'The biggest paradox is that the government is rendering so many Kenyans jobless in the name of poverty reduction.'

'Things will be difficult for me. Getting a house the same size as I am currently in is impossible. I may have to squeeze into a single

Many developing countries seeking IMF and World Bank loans are told to make 'structural adjustments', as the pre-condition of cut-backs in government expenditure are euphemistically called. In Kenya, it means job losses, among other things. Gemini News Service reports that the government has run into heavy flak for caving in.

John Kamau writes from Nairobi

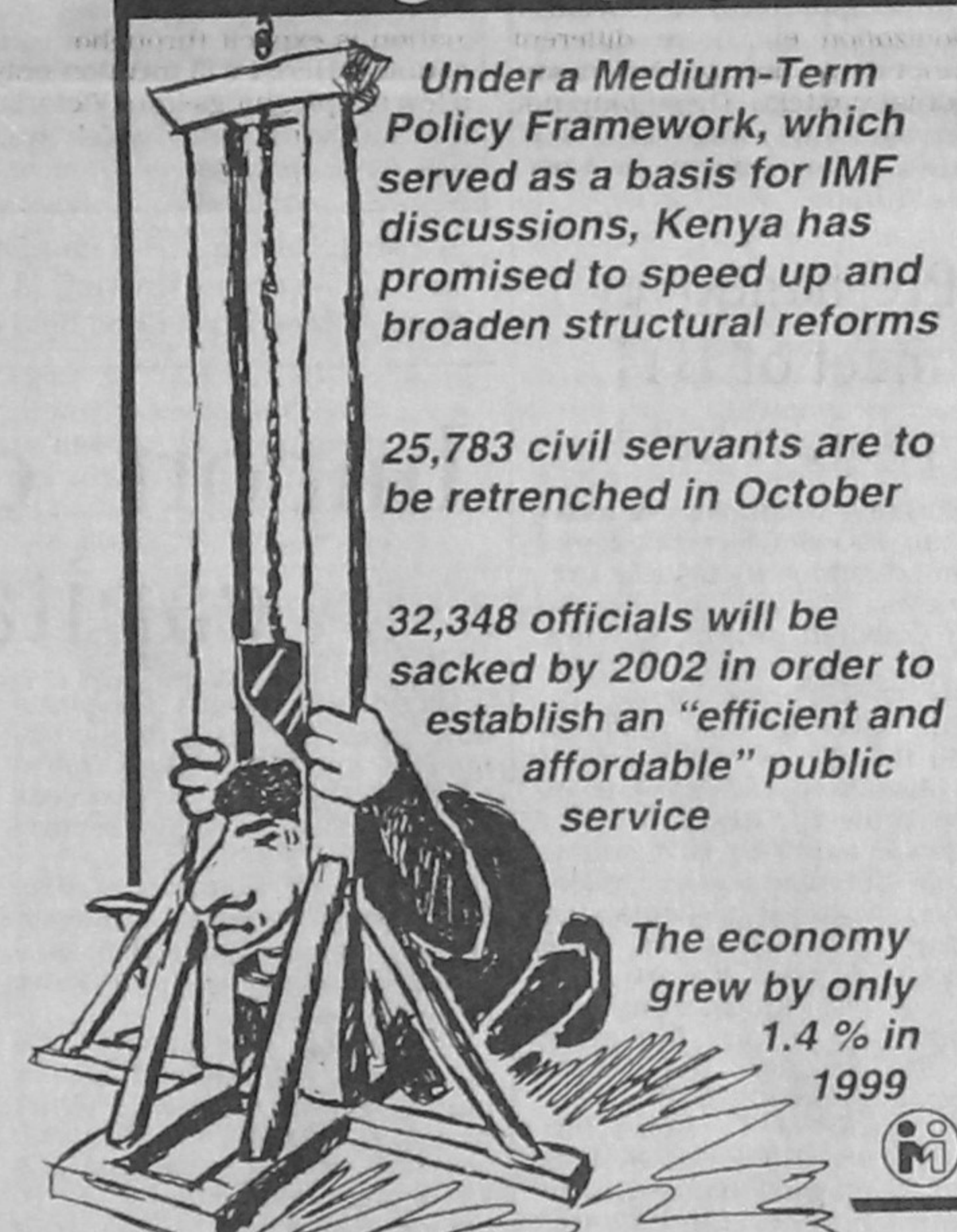
## Kenya: seeking scapegoats?

Under a Medium-Term Policy Framework, which served as a basis for IMF discussions, Kenya has promised to speed up and broaden structural reforms

25,783 civil servants are to be retrenched in October

32,348 officials will be sacked by 2002 in order to establish an "efficient and affordable" public service

The economy grew by only 1.4 % in 1999



room," says 35-year-old Mary Nyamboki, who lives in a two-bedroom government flat with her four children.

Critics of the government have

been urging the administration to dump the whole exercise and disregard the IMF/World Bank conditions.

'Twenty-five thousand people

represent households, not just names in a data bank. These people are the bread winners in their families," says Paul Muite, an opposition legislator.

'How does the government expect the retrenched workers to survive with a minimal 40,000 shillings?' asks Wanyiri Kihoro, a fierce critic of the government.

But the government says that the retrenchment had to be done. 'It is a painful exercise but it has to go on,' says Dr Richard Leakey, a world-renowned palaeontologist who heads Kenya's civil service.

'Government expenditure must be restrained in order to free up capital for private sector investment that will create new

employment," says William ole Ntimama, the minister responsible for the Directorate of Personnel Management and in charge of the retrenchment exercise.

Some financial analysts agree that the government has no option. This year alone it will spend 66 billion shillings or 37 per cent of its revenue on salaries and emoluments for the civil service.

The government wage bill amounts to 9.7 per cent of Kenya's Gross Domestic Product. 'Some government ministries operate as if their only reason for existence is to pay salaries,' says Jaidevi Kiseru, a business analyst.

A 1998 report compiled by the Directorate of Personnel Manage-

ment showed that 95 per cent of the spending by the Ministry of Environment and Natural Resources was for salaries and emoluments.

But the general feeling is that the Bank and IMF should cough up more money for the retrenched officials. 'It indeed it was a condition for the resumption of aid by the World Bank then let it give the government enough money for the exercise,' says Orwa Ojode of the National Development Party (NDP).

'The move by the government to reduce workers at a go is a clear reflection that it is under mounting pressure,' says Peter Kimuyu of the Nairobi based Institute of Policy Analysis and Research.

The central government alone employs about 220,000 workers

while the Teachers Service Commission has another 240,000 on its payroll.

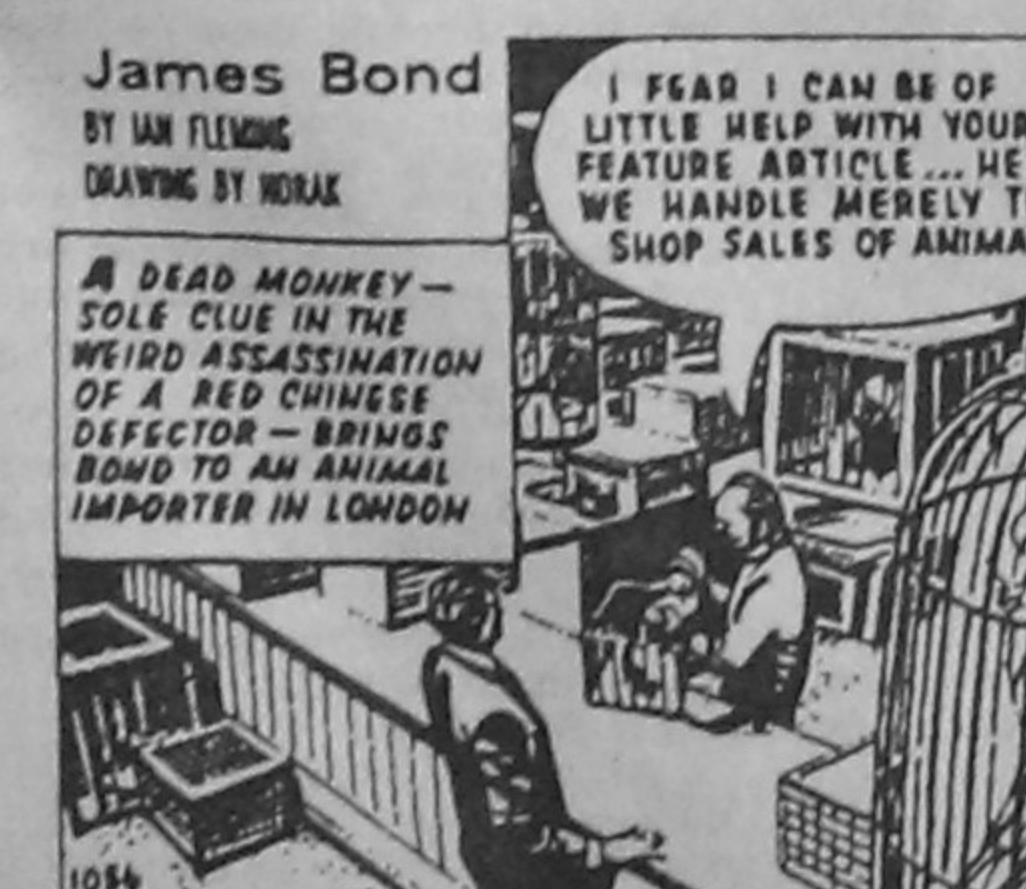
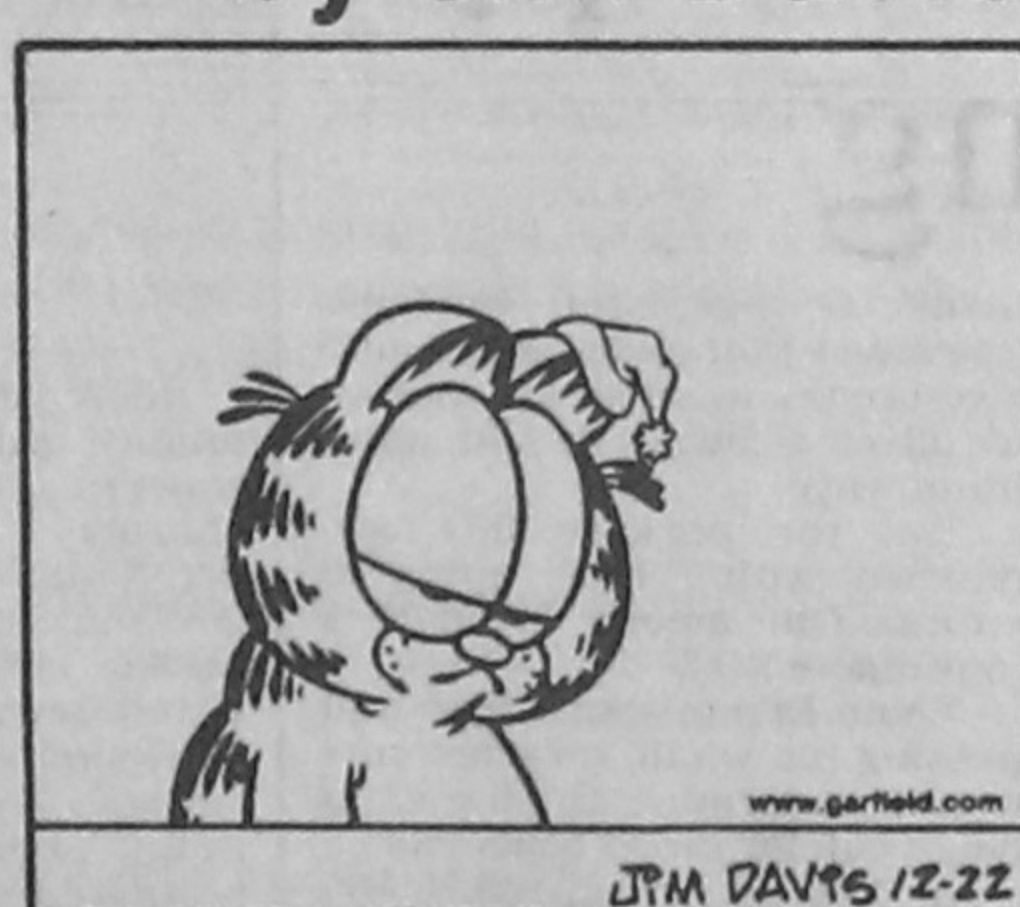
'If you add the personnel in the other branches of the public sector you get a total of over half a million employees,' says James Ong'wa who heads the Directorate of Personnel Management.

'These numbers constitute a financial nightmare with the public sector bill consuming some 37.3 per cent of public expenditure of 9.7 per cent of Kenya's GDP,' says Ong'wa.

Other analysts say that the situation is unsustainable and, after paying the salaries, there is no money left for on-going projects.

The author is the Editor of the Nairobi-based 'Rights Features Service'.

## Garfield®



by Jim Davis

## Government of the People's Republic of Bangladesh

Public Works Timber Workshop Division, Mirpur, Dhaka

## Tender Invitation Notice

Memo No: TWD/26/1048 Dated: 05-10-2000/20-6-1407 Bang

1. Tender Invitation Notice No 59 (2000-2001).

2. Tenders in Bangladesh Form No 2911 in sealed envelopes on item rate basis are hereby invited from licensed holder class I/class II E/M contractors of the Public Works Department who have registration certificate from Value Added Tax Department for the undermentioned work. Tenders will be received in the tender box kept at the office of Public Works E/M Division-1/2/3/4/5/6/7/8/E/M Workshop Division and Eden Building Public Works Division, Dhaka including the office of the undersigned as per following date and time and will be opened the same day at 12.15 PM before tenderers (if anyone remains present).

- Name of work : Supply of furniture after manufacturing (Group-2).
- Estimated expenditure :
- Security money : At the rate of 2% of the rate quoted by contractor.
- Time for : 1 (one) month.
- Last date of selling : 30-10-2000 (during office hours), tender
- Last date of : 31-10-2000 (at 12.00 Noon), receiving tender
- Rate on the basis of schedule of item will have to be mentioned in figures and words legibly. Mentionable that more than two figures after decimal can not be used.
- Security money in the form of BD/PO/CD/SDR/Protirakha Sanchaya Patra etc from any scheduled bank in favour of the Executive Engineer, Public Works Timber Workshop Division, Dhaka must be deposited with tender. Without this, tenders will be treated as rejected.
- Schedule of work, rules and regulations of contract etc can be seen and purchased in the office of the Executive Engineer, Public Works E/M Division-1/2/3/4/5/6/7/8/E/M Workshop Division and Public Works Eden Building Division including the office of the undersigned during office hours on payment of Taka 425/- only in cash (non-refundable) till the last day of selling tender. Contractor himself or his representative authorised by him can purchase tender by producing all necessary papers including registration book.
- The authority reserves the power to accept or reject any tender without assigning any reason.

Executive Engineer  
Public Works Timber Workshop  
Division, Mirpur, Dhaka.

DFP-24569-11/10  
G-1808

## Government of the People's Republic of Bangladesh

Ministry of Establishment Transport Section

No MoE (Trans) T-3/2000-359 Dated: 20 Ashwin 1407/5 Oct 2000

## Notice for Enlistment

The vehicle repairing workshops of Dhaka Metropolitan area are hereby informed that the duration of existing enlistment for repairing of vehicles of the government establishment will expire on 31/12/2000. For this reason a member of private repairing workshops will be enlisted for 3 (three) years again. For this, applications are invited from bona fide and interested vehicle repairing workshops in prescribed 'proforma'. The prescribed form for application can be procured by depositing Taka 50/00 (fifty) (non-refundable) in the concerned code through treasury challan in Bangladesh Bank till 23-10-2000 during office hours on all working days:

Manager  
Government Vehicles Repairing Workshop  
16, Abdul Ghani Road, Dhaka.

- Approved distributors of vehicles in Dhaka may also apply for enlistment.
- Presently enlisted vehicles repairing workshops will have to apply anew for enlistment.
- Selected establishment will have to deposit Taka 750/- (Seven hundred fifty) through treasury challan in the concerned code number and 1 of its copies will have to be deposited within the stipulated period.
- The enlisted workshop will have to renew enlistment every year by depositing specific 'fee' in the abovementioned code within the stipulated period and through procedure. But the enlisted repairing workshop will be made black-listed at any time for dissatisfaction work.
- Applications will have to be deposited in the box kept from 24-10-2000 to 31-10-2000 in the place mentioned above (Manager, Government Vehicle Repairing Workshop, 16, Abdul Ghani Road, Dhaka).
- Incomplete application will not be acceptable and the authority can cancel or reject any or all applications without assigning any reason.

Rubina Amin  
Senior Assistant Secretary  
Ministry of Establishment  
Phone : 9556010

DFP-24558-10/10  
G-1806