

Trade negotiations unbalanced in WTO from very beginning

Nobel laureate Stiglitz says

STAR BUSINESS REPORT

The trade negotiations in the WTO have been unbalanced from the very beginning, Nobel laureate Joseph Stiglitz has said.

He said the rules have been framed to favour rich nations at the cost of poor nations' interest.

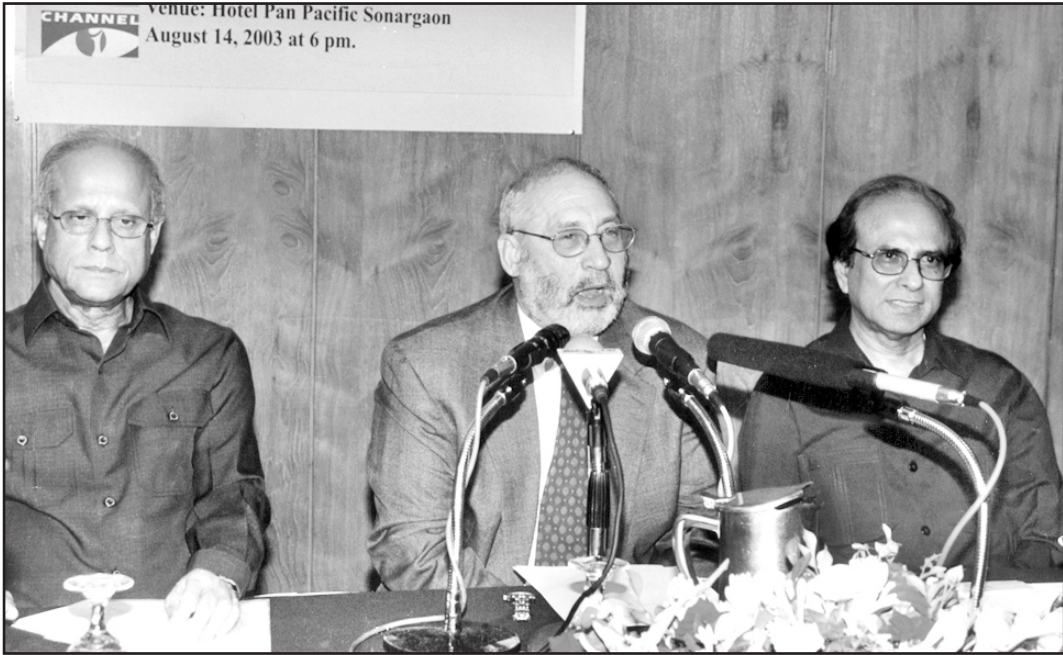
Professor Stiglitz said it would have been better had there been no agreements. Citing examples of many adversities, he said the rich nations are advocating for opening up the market but they do not reciprocate.

"Rich countries can afford this but developing nations are less capable in doing so. There is no way that the poor countries can compete with them."

Stiglitz, former chief economist and senior vice-president of the World Bank, was speaking at a dialogue on 'WTO and Trade Opportunities and Challenges for Bangladesh' organised by The Independent and Channel-i in association with Bangladesh Economic Association at Sonargaon Hotel in Dhaka Thursday evening.

Market access for a developing country does not mean increase in exports for that country, he said adding that the country should have enough supply capacity as well as products to penetrate the market.

As the rich nations are yet to adjust their economies with the



Nobel laureate economist Joseph Stiglitz addresses a dialogue on 'WTO and Trade Opportunities and Challenges for Bangladesh' organised by The Independent and Channel-i in association with Bangladesh Economic Association in Dhaka on Thursday.

open market scenario, the total implementation of the multi-fibre arrangement might not take place after 2004, the economist told the dialogue.

He said effective governance and transparency in the decision

making process must be ensured in the international funding agencies for the real benefit of the developing nations.

Though the international agencies are operated through one country one vote basis, in reality

they lack true democratic principles, as the members could not know what was going on inside these institutions, he went on.

Stiglitz put emphasis on the collective effort by the government, non-governmental organisations

and business bodies of the developing countries to exploit the opportunity of market access in the developed countries.

About trade related aspects of the intellectual property rights (TRIPS), he said many economies even do not want that it be a part of WTO. Intellectual property regime does not represent the views of the actual users and producers but represents the views of a few pharmaceutical producers.

"As an academic I thought the rich countries were over emphasising the role of the intellectual property rights. Most basis researchers are not protected by the intellectual property."

Licensing of pharmaceutical products would adversely affect the poor countries like Botswana that did not have the technical know-how to produce life-saving drugs, he added.

The developed countries are providing huge subsidies to their agriculture sector, Stiglitz said citing example of the US. Subsidy in the agriculture would be double in the next 10 years.

Referring to the EU's 'everything but arms' initiative, Stiglitz said it did not cost EU much rather it has been benefited. He also criticised the EU for giving huge subsidy in the agriculture sector.

One million and beyond

GrameenPhone to bank on VoIP to double subscribers, Ola Ree tells

M SHAMSUR RAHMAN

The year was 1998, GrameenPhone found its entire interconnectivity with the fixed phone exhausted. But the company needed to increase its subscriber base to make the still nascent entity a full-grown one.

And the management thought of an innovative idea, something not tried elsewhere. The idea was to create an alternative network bypassing the fixed phones. It was the experiment that pushed the company to rope in one million subscribers today.

In June 1998, GrameenPhone launched the GP-GP (mobile to mobile) product bypassing the fixed phones network of Bangladesh Telegraph and Telephone Board (BTB). Having reached the magic figure GrameenPhone now is hoping to net another equal number of subscribers by 2005.

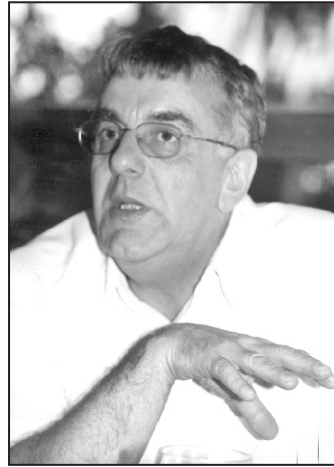
Banking on the GP-GP product, GrameenPhone has reached one million mark and is hoping to go beyond, said GrameenPhone Managing Director Ola Ree in an exclusive interview with The Daily Star yesterday.

The company is now hoping that government will soon open up the voice over Internet protocol (VoIP).

"If the VoIP is legalised we will be able to extend international call service and GP subscribers will be able to receive and make overseas calls," said Ree.

He said when the government legalises VoIP his company will be able to launch the service. "And that's when we are hoping to see another jump in the entire mobile market in the country."

But side by side the company plans to expand the network cover-



Ola Ree

age of GP, Ree said.

Asked, if the entire country will be brought under the GP network, the MD said the expansion will be driven by market demand. "We would not want to go to the Sundarbans if there is no market and no population. But if it clicks as a real tourists destination we will want to bring the area under our network."

Setting aside general criticism of not creating enough employment, the MD said his company creates opportunities for 40,000 to 45,000 people indirectly.

"We have 33,000 village phone operators, 500 scratch card outlets besides we have created a market for towers which we previously used to import but now we source it from local producers," the MD said.

He said the company has 600 people working directly in the core office.

GrameenPhone launched its services on March 26, 1997, marking the Independence Day of Bangladesh.

GrameenPhone pioneered the GSM and pre-paid services in the country. The company is the nation's second largest corporate taxpayer. The company has its presence in some 52 administrative districts including all six divisional headquarters.

At present, GrameenPhone is providing cellular services in both urban and rural areas.

GrameenPhone proceeded with an initial funding of 56 million US dollars and the total investment so far has reached 260 million US dollars, putting it at the top of foreign investment list in the country. The company has investment US\$60 million every year on an average and hopes to continue investment to better its service and reach everywhere.

The company's investment includes a \$50 million loan from International Finance Corporation, Asian Development Bank and Commonwealth Development Corporation in Britain. In addition, NORAD has also provided NOK 75 million in loan.

The overall success of the company came following tireless effort by the management of the company which consists of both local and foreign experts. The management team includes the managing director, finance director, sales and marketing director, customer relations director and personnel and organisation director. The MD reports directly to the Board. A large number of professionals from different fields are employed at GrameenPhone. The organisation is structured in three levels -- senior, mid-level and junior -- focused along key business areas.

Bangladesh holds potential to double spice production

UNB, Bogra

Bangladesh has enormous potentials to double the production of spices to meet the annual domestic demand of 7.5 lakh mts.

This was disclosed when Agriculture Minister MK Anwar visited the Spices Research Centre (SRC) set up by Bangladesh Agriculture Research Institute (BARI) at Shibganj upazila.

The centre was set up in 1994 to explore the full potentials of the country in spice production by developing various high-yielding varieties of various spices.

The minister was informed that some 3.91 lakh mts of spices are now produced in the country every

year.

MK Anwar asked the BARI, BADC and Department of Agriculture for coordination for speedy multiplication of seeds of new spice varieties and encourage the farmers to cultivate those varieties.

He said the success stories of the SRC should be replicated on croplands of the farmers throughout the country and asked them to prepare a plan with a timeframe for their replication.

The Director General of BARI informed that SRC has so far released three high-yielding varieties of onion and turmeric each. SRC also released another variety of coriander, black pepper, chili and

fenugreek (methi).

SRC now works to release more varieties of the spices, including some other minor and exotic ones. SRC with its eight sub-stations throughout the country is identifying the areas of better potentials of production for a particular variety of spices.

A five-year action plan of SRC was presented to expedite its activities.

The minister went round the demonstration fields of different varieties of spices on the SRC premises. He later visited the farms of a successful farmer, Farid Uddin, at Kunjerhat in Nandigram.

Selling, marketing of 12 products banned

UNB, Dhaka

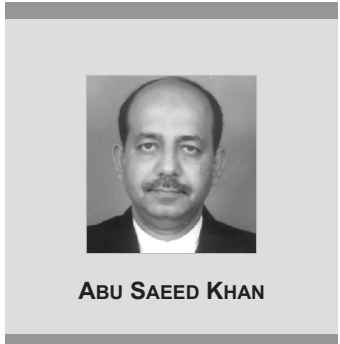
Bangladesh Standard and Testing Institution (BSTI) has banned selling and marketing of 12 products.

Surveillance team of BSTI and Consumers Association of Bangladesh (CAB) launched a special drive in 15 shops of Karwan Bazar area on Sunday and identified the products as illegally marketed without licence.

These are Soybean oil of Unidev trading, tomato ketchup of

Sahab Food Products, Hira brand salt of Hanif Salt, Magi noodles of Magi Food Products, soybean oil of SS Food Products, Golden Special butter oil of Salam & Co, Goldcup butter oil of Ishaq & Sons, Macaroni noodles of Bhैया Food Products, Kaifu iodized salt of Bushra enterprise, Delmont tomato ketchup of Phoenix Logistics and Marketing, tomato ketchup of Supreme American Safe brand, aroma tomato ketchup of Maxlead.

Donor's donut and telecom reforms



ABU SAEED KHAN

The government has been the sole proprietor of public utilities in Bangladesh. Supply of power, water, gas and telecom is not driven by the market demand. Because the government never bothers to explore the potential. Interest of the vested groups, which is touted as development plan, determines the fate of public sector utilities.

The government lacks the psyche to consider the utility users as 'customers' and it perceives the bills as another kind of direct taxation. Contesting the tariff, complaining the service quality or questioning the availability of state-run utilities is a taboo. Because each utility has been, traditionally, the integral part of state bureaucracy and the civil servants have been directly controlling their operations. The civil service, which generally does not serve but rule, is extremely sensitive about any innovative move towards reforming the public utilities.

Objective of sectoral reform is to energise the market with divesting and competition. It happens step by step and an effective regulator becomes indispensable in this juncture. The regulator equally protects the interests of investors and consumers. It also ends the bureaucratic control from the micro and macro management of the utility sectors. That's where the

bureaucracy gets extremely upset.

Privatisation and competition immediately diminishes the bureaucratic micro control on the industry. An effective regulator taking over the sectoral macro control gives the bureaucracy pretty much the profile of a scare crow. That's why neither the ruling party nor the labour unions but the bureaucracy has been hindering the sectoral reforms of public utilities in a very subtle but

Chief Justice, the Prime Minister and the Leader of the Opposition) appoints the Commissioners for five years.

These appointments may be renewed for another five years or for a shorter term. The President would also appoint a Chairman from the five Commissioners, who would be the chief executive of the Commission. Rank of the Chairman would be equivalent to a Minister and the

trative independence of BTRC. The World Bank became so upset that it declined to continue the funding of US\$ 12 million in a telecom regulatory project.

Furthermore the Bank also demanded back US\$ 1.5 million, which had already been disbursed to kick off this project. But such moves could not stop Bangladesh Telecommunications Act, 2001 from getting passed by the parliament

extremely hostile to the unborn BTRC. The MOPT adopted 'scorched earth' policy immediate before the establishment of BTRC in January 30, 2002. The telecom ministry imposed all kinds of obnoxious tariffs on the Internet service providers (ISPs). It also increased the monthly line rent, from Tk. 150 to Tk. 1000, of fixed telephones being used by the ISPs.

Objective of such last minute hostilities was to destabilise the newborn telecom regulator. The government further downgraded the institutional image of BTRC by composing its entire hierarchy with retired civil servants. The last ray of hope for effective sectoral regulation was buried alive with such dysfunctional top management of BTRC. Everyone in the industry has been experiencing the aftermath of such hegemony.

The World Bank found the timing was absolutely perfect to sneak in. It has returned with US\$ 9.12 million it withdrew at the twilight of Awami League regime for not making the BTRC independent enough. This time the Bank had divided that amount for BTRC and MOPT.

Its objective is "to improve the performance of the telecommunications sector through establishment of an institutional and regulatory framework conducive to the competitive provision of telecommunications infrastructure and services," the Bank has officially announced.

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PASSWORD

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successful manner.

Multilateral donors play significant role in this ball game. They attach the strings of micro reforms with aid packages and force the governments to comply. The donors badly need "successful" case studies to glamorise their micro reform marketing. The donors also theoretically preach macro reforms in their developmental sales pitch.

But they practically avoid macro reform issues in order to keep the host country's bureaucracy in good humour. We have witnessed it with World Bank when it assisted the formation of Bangladesh Telecom Regulatory Commission (BTRC), the country's very first utility regulator.

The World Bank became very upset when the then Awami League government scrapped all financial and administrative independence of the proposed BTRC. The bank suggested that the President (in consultation with the Speaker, the

Commissioners' status would be similar to a Deputy Minister.

Their monthly remuneration would be minimum Tk. 100,000 and they would be reporting to the President and to the Parliamentary Standing Committee on Ministry of Post and Telecommunication. Such high salary was recommended to attract competent individuals from the resident and non-resident Bangladeshis.

It had reportedly angered the core component of our civil service. The then secretary of MOPT, a career police officer, was verbally bashed by other secretaries on the hiring methodology and salary structure of BTRC's hierarchy. Informally earning millions a month has been the informal practice. But formally earning 100 thousand per month was grossly profane to the bureaucrats.

Finally in its weekly meeting on September 13, 1999, the Cabinet bulldozed all financial and adminis-

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The writer is a telecom analyst