

## Asia Plastic goes into production

A new factory, Asia Plastic Bangladesh Limited, has started commercial production of different types of plastic products in the Dhaka Export Processing Zone.

Executive Chairman of Bangladesh Export Processing Zone Authority (BEPZA) M Mofizur Rahman was the chief guest at the commissioning ceremony on Monday, says a press release.

The function was attended, among others, by the Managing Director of Randy Asia Ltd Thomas Chung and its Country Manager T R Vishwanath.

With the commissioning of all the machines, the factory will be able to export 20 million pieces of hangers worth of US\$5 million annually. It is likely to employ about 100 Bangladesh nationals.

The Asia Plastic of Britain has invested US\$ 1.5 million. It has procured five latest version of hanger producing machines. Each of the machine has a production capacity of 15,000 pieces of hangers per day. Another five machines will be installed within a couple of months.

Asia Plastic Bangladesh Limited is the 5th unit of Randy Asia after having operations in China, Taiwan, Korea and Indonesia.

## WTO to probe complaint over EU biotech food curbs

AFP, Geneva

The World Trade Organisation on Friday agreed to examine a complaint by the US, Canada and Argentina against European Union restrictions on genetically modified foods, a spokesman for the US mission to the UN and WTO here said.

"I can confirm that a single panel was established for the complaints brought by the US, Argentina and Canada," the spokesman said, following an earlier meeting of the WTO's dispute settlement body.

The US has complained that EU measures including a four-year moratorium on the import and cultivation of bio-engineered food enforced in the 15-nation trading bloc violates global trade rules.

But Brussels has expressed confidence that its regulatory system for genetically modified organisms (GMOs) will be found to comply with its WTO obligations.

A three-person panel will now look into the complaint. Panel reports normally take about nine months.

## S'pore, Sri Lanka to start trade talks in October

AFP, Singapore

Singapore and Sri Lanka will begin exploratory talks in October for a comprehensive economic partnership agreement (CEPA), including elements of a free-trade pact, the two governments said Friday.

Preliminary talks should lead to the launching of formal negotiations in the middle of next year or even earlier, a joint statement from the Singapore trade ministry and the Sri Lankan commerce ministry released here said.

The decision to start the talks followed a call by Sri Lankan Minister for Commerce and Consumer Affairs Ravi Karunanayake on Singapore Trade Minister George Yeo here.

"The CEPA will include a Free Trade Agreement for the liberalisation of bilateral trade in goods and services, investment liberalisation and other cooperation elements," it said.

In the first six months of this year, bilateral trade totalled 506 million Singapore dollars (289 million US), up 18 per cent from a year ago.

Sri Lanka is Singapore's 46th largest trading partner, while Singapore is Sri Lanka's 5th largest trading partner.

Top trade items include refined petroleum, electrical and information technology products, seafood and perfume.

Singapore is currently in negotiations with Sri Lanka's neighbour India for a CEPA that would also include a free-trade accord.

Indian Minister for External Relations Yashwant Sinha, who was visiting Singapore on Tuesday, said he hoped the two countries will conclude the talks by early next year.

Trade-reliant Singapore has inked free trade pacts with its major trading partners, including the United States, Australia and Japan to ensure access to its vital export markets.

# Rich nations use aid to influence trade deals

## Roundtable on WTO Cancun conference observes

STAR BUSINESS REPORT

Speakers at a discussion yesterday said decision making process in the World Trade Organisation should be transparent and democratic, saying the rich nations use aid to influence trade negotiations.

G-7, European Union and the US in particular use aid, loans or waiver to influence trade deals, they said, citing example of TIFA (Trade and Investment Framework Agreement) offer by the US and its request for Bangladesh's support in the Cancun conference.

The roundtable on 'Our position ahead of the WTO Cancun conference: Should we leave our future to

free market and multinational companies in future' was organised by Campaign for Good Governance (CGG) at CIRDAP auditorium in Dhaka. Dr Tofael Ahmed, CGG advisor, moderated the roundtable.

Speaking at the discussion, JSD (Jatiya Samajtantrik Dal) leader Hasanul Huq Inu said Cancun conference is the turning point not only for Bangladesh but also the global economic order.

Urging all to be united and form national forum, he said latest development in the WTO is giving a bad signal for an economic disaster around the world.

Farhad Mazhar of Naya Krishi

Adolon said WTO had been formed not for free trade. Rather, it was done to establish dominance of the rich nations, he added. "There is no scope for fair trade in the capitalism."

Abdur Razzak, lawmaker of Awami League, said as the agriculture contributes around 25 per cent in Bangladesh's GDP, it may be difficult for the country to sustain in this area.

Citing examples of edible oil and sugar, he said Bangladesh has been importing these essential items for long. The exporting countries are providing huge subsidies to these items and it is creating a

distortion.

Mohammad Shahid Ullah, coordinator of CGG, presented a draft declaration.

Loan and other assistance should not be tagged with other deals, he said, adding rich nations should allow movement of skilled and unskilled manpower from poor countries.

The rich countries should give access of all products from the least developed countries to their market, he added.

Abdul Awal, CGG chairperson, Farida Akhtar of UBINIG, and Nur Alam Ziku of JSD, among others, spoke at the roundtable.



PHOTO: STAR

Abdul Awal, chairperson of Campaign for Good Governance, speaks at a roundtable on WTO Cancun conference in Dhaka yesterday.

# Unbundle power transmission from generation, distribution

## World Bank study suggests

STAR BUSINESS REPORT

Terming electricity problem a main hurdle to investment, the World Bank recommended unbundling of power transmission from generation and distribution to improve quality of the sector.

The government should end its monopoly in power sector which requires radical overhaul in transmission, generation and distribution introducing competition in the key sector, the World Bank suggested in a recent study.

Appreciating the independent power projects financed by private investors, the study on 'Improving the Investment Climate in Bangladesh' called for continuation of government policy to better power situation in Bangladesh.

As political interference in state-owned Power Development Board and Dhaka Electric Supply Authority is high, the study called for corporatising these enterprises to improve performance.

To overcome systems loss and financial anomalies of these bodies, the responsibilities of management and board should be clearly identified and business plans and financial performance should be made public after regular auditing by independent firms.

In distribution, the management will have to ensure full payment by public sector entities and anti-theft legislation as well as disconnection for non-payment. The development of a transparent and a more competitive structure will require the establishment of an independent regulatory agency that protects long-term interest of consumers, the study recommended.

The WB recommendations came following a survey conducted in 1,000 manufacturing units in Dhaka and Chittagong. The survey was carried out in end of 2002.

To check corruption, an independent anti-corruption commission should be established empowering it authority and independence same as the office of Chief Election Commissioner. It should be allowed to conduct its own investigations and recruit manpower and resources to implement its mandate efficiently, the study said.

"Further reforms to improve governance and corruption will be necessary including greater accountability of institutions, improved performance incentives and better flow of information. Ministries should be required to submit annual reports to the relevant parliamentary committees

within specified time period," it noted.

Terming customs and tax administration procedures cumbersome, the WB suggested simplification of procedures by adopting automation system to reduce cost and delivery time. It will also lessen 'informal payments' to customs and tax office.

Delays from ports and customs impose considerable costs on firms. As a first step to deal with the problem, the WB advised the government to corporatise Chittagong Port Authority, grant it more autonomy and allow labour performance incentives.

The WB study also recommended corporatisation of the Bangladesh Telegraph and Telephone Board (BTTB) with professional management and an independent board of directors to improve operational flexibility and lessen political influence.

Lauding the establishment of a telecommunication regulatory body, the WB asked the government to permit the authority to function as a truly independent body to end existing monopoly of BTTB in fixed lines by encouraging private investment and establish a pro-competitive interconnection regime.

As four nationalised commercial

banks dominate the banking sector with 47 per cent market share stifling competition, the study advised the government to transfer ownership to private sector. It also called for empowering Bangladesh Bank with greater independence, regulatory authority and strengthening human resources.

In view of a nascent capital market, the World Bank recommended for developing a secondary market for public debt to improve debt management and to facilitate gradual growth of a broader market in fixed-income securities.

"The institutional capacity and authorities of the Securities and Exchange Commission should be strengthened in order to foster more transparency and improve governance practices of public companies."

Terming infrastructure, corruption, governance and finance situation most worst in the region, the WB warned that unless necessary reforms is made speedily the situation would further exacerbate when the multi-fibre arrangement will be phased out by December 2004.

## S'pore extends \$571m relief package to workers

AFP, Singapore

Singapore's government on Friday announced a one-billion dollar (571 million US) package of financial relief measures to ease the impact of an overhaul of the social security system on workers and their families.

Finance Minister Lee Hsien Loong, who is also deputy prime minister, told parliament the package including direct rebates and income-boosting measures is worth 1.03 billion dollars.

"The measures I have set out will help ease the pain for Singaporeans facing the transition, lower the cost for businesses, help companies build capabilities and stimulate demand in domestic sector," he said.

The package was announced a day after Prime Minister Goh Chok Tong unveiled reductions in company contributions and other changes to the Central Provident Fund (CPF) in order to lower business costs and maintain competitiveness.

Officials say wage costs in Singapore have approached western levels because of hefty contributions to the CPF, driving jobs and foreign investments away to cheaper countries in Asia like China and India.

From October, employers will only pay 13 per cent of their workers' salaries to the CPF, down from the current 16 per cent and the peak of 20 per cent during the city-state's economic boom years.

Workers use their CPF balances to pay for housing mortgages, medical care and education. Lower company contributions will mean many Singaporeans will have to divert part of their take-home pay to servicing housing loans.

## Industrial output in Japan rises in July

AFP, Tokyo

Japan's industrial output in July rose 0.5 per cent from the previous month due to strong demand for hi-tech products while the nation's jobless rate in the month was unchanged at 5.3 per cent, the government said Friday.

July output rise was well above economists' forecasts, boosting Japanese share prices and lifting the yen to a high of 117.05 to the dollar.

"Both exports and domestic demand were firm in the month," a trade ministry official said, adding output of electronic devices used for mobile phones and flat-panel displays grew 0.9 per cent month-on-month.

Industrial shipments in July fell 1.1 per cent from June while inventories rose 1.4 per cent, the Ministry of Economy, Trade and Industry said.

"The July output reflected an overall recovery in the global economy. In particular, our exports to Asia grew as demand in the region picked up after SARS," said Masashi Murata, an economist at UFJ Institute.

The outbreak of Severe Acute Respiratory Syndrome (SARS) plagued much of East Asia earlier this year and devastated the region's vibrant tourism industry.

The government forecast August industrial output would rise 2.0 per cent month-on-month and September output would increase 1.5 per cent.

Meanwhile, Japan's jobless rate in July was unchanged at 5.3 per cent with the number of people out of work falling to 3.42 million, down 100,000 from a year earlier, the government said.

## DSE to appoint new CEO tomorrow

NAZRATUN NAYEEM MONALISA

The Dhaka Stock Exchange (DSE) is going to appoint a new chief executive officer (CEO).

At the council meeting tomorrow, DSE will approve appointment of Salahuddin Ahmed Khan, an associate professor of Finance and Banking of Dhaka University, who has earlier been selected as the CEO of the bourse, said a high official of DSE.

The key post has been lying vacant for of 16 months. The position for chief of DSE management fell vacant when the capital market regulatory body Securities and Exchange Commission (SEC) terminated the past chief executive officer Rezaur Rahman for professional misconduct on April 17, 2002.

Since then Mafizuddin Ahmed, finance controller of DSE, is serving as acting CEO of the bourse.

The SEC has been repeatedly directing DSE to appoint a CEO to improve the bourse's functions.

DSE officials said the fresh appointment will help the bourse management remove a lot of professional problems accumulated over the period in the DSE.

"Virtually, there is no professionalism in the country's oldest bourse due to unwanted intervention of a section of unscrupulous members here," another DSE source said.

As the Exchange lacks mid-level officers in the management, junior officers are doing the jobs of seniors, the source said, adding even DSE is running without a secretary for the last three years.

## US economy revs up at 3.1pc growth pace

AFP, Washington

The US economy revved up at a 3.1 per cent growth pace in the second quarter, the government said Thursday, in another sign that the world's largest economy is gathering momentum.

The rise in gross domestic product, revised upward from an earlier estimate of 2.4 per cent, the strongest since the second quarter of 2002, surprised economists, who had forecast a revision to about 2.9 per cent growth.

A big factor was a 45.9 per cent surge in defense spending, the strongest since the Korean War, as the government ramped up spending for the war in Iraq.

The strong acceleration from the 1.4 per cent growth rate in the first quarter suggests the world's largest economy is gathering momentum and will show even stronger growth in the second half, said analysts.

"It's really excellent. It's a great platform for the building momentum of the next four quarters," said David Littmann, chief economist at Comerica Bank. He said the rise is

likely to continue in the coming quarters as a result of massive tax cuts and low interest rates.

BMO economist Sal Guatieri said the figures along with other recent data point to growth of at least 4.5 per cent in the July-September quarters.

"Upward revision in business investment is very encouraging," he said.

"It suggests that businesses are now taking part in the economic recovery ... they are becoming increasingly confident in the economic outlook."

A key figure watched by economists, known as final sales -- the pace of economic growth minus inventory adjustments -- increased 4.0 per cent in the second quarter, compared with an increase of 2.3 per cent in the first.

"Inventories are at the rock-bottom level. Businesses were caught off-guard by stronger sales," said Sung Won Sohn, chief economist at Wells Fargo Bank.

## Farm subsidy may block Cancun talks: India

AFP, New Delhi

India's Commerce Minister Arun Jaitley warned Friday that the World Trade Organization (WTO) meeting in Cancun next month could get deadlocked over the developed world's trade-distorting farm subsidies.

In an Economic Times newspaper article Friday, Jaitley said India did not wish to stall the negotiations, but at the same time it could not sell out the interests of 650 million Indians dependent on agriculture.

"The principal area, which is going to occupy a large part of the negotiating space on the way to Cancun and at Cancun, is going to be the agreement on agriculture," said Jaitley.

"We strongly believe in reductions of trade distorting subsidies and not in terms of just decoupling them and readjusting them in some other form because the adverse impact on economies such as ours really tends to hurt us," he said.

"We do not wish to stall the negotiations on agriculture, but we

do hope adequate windows of exception for economies like India that are highly dependent on agriculture are created."

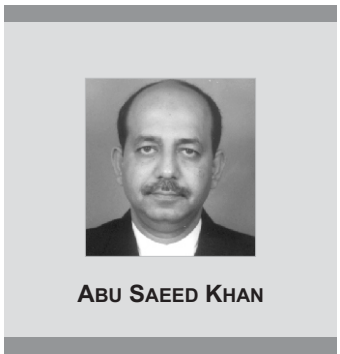
Jaitley said the multilateral trade negotiations had to recognise the "ground realities" in a developing country like India where 65 per cent of its billion-plus population depends on agriculture.

"We repeatedly emphasise the number of people in India who depend of agriculture for a livelihood. The average size of a landholding is a little more than 1.5 acres. When we negotiate, we have to keep these harsh realities in mind," said Jaitley.

"The United States on the contrary has anything between two to three million farmers. Europe today is in a position to afford a very large quantum of subsidies, both as domestic support subsidies and export subsidies."

"The impact of these really have been to depress prices as far the economies in the developing world are concerned."

# www.ignorance.com



The Internet service providers (ISPs) have demanded of the government to allow voice over Internet protocol (VoIP) technology within this month. Otherwise, they will suspend all Internet services temporarily for two hours on September 2. Top ranking officials of Bangladesh ISP Association declared this war plan it in a press conference on August 21.

The ISP association had further threatened to block the email traffic to and from the BTTB's Internet server in order to make the state-run service "dysfunctional". The private ISPs will seek help from the non-resident Bangladeshis to hack the BTTB's Internet operations. The ISPs have urged the BTTB's Internet users to "immediately" migrate to the private sector providers.

Such utterances of the ISP association are grossly detrimental to the public interest as well as in violation of the telecom law. Shutting down the Internet for two hours will be a huge blow to the business community.

Moreover, prepaid represents majority of the Internet users in

Bangladesh. It means the ISPs collect the bills well before the customers use respective account. Therefore, the ISPs are professionally obligated to make the service available with their clientele. Besides, the ISPs will lose their moral authority of claiming to be a part of the so-called thrust sector if they impose Internet blackout for two hours (twenty-five per cent of the working hours) in a working day.

The ISPs vow to block e-mail

Therefore, the ISPs suspending their service shall be illegal.

Paragraph (b) of the same subsection of the law says, "No person shall intercept any radio communication or telecommunication nor shall utilise or divulge the intercepted communication, unless the originator of the communication or the person to whom the originator intends to send it has consented to or approved the interception or divulgence." Therefore, the ISPs


transport owners hold people hostage in such manner. Joining that bandwagon is the prerogative of the ISP association members.

But their claim of potentially earning billions of dollars through IT-enabled services by legalising VoIP is absolutely unrealistic in our perspective. Our hearing system has been overburdened with numerous fairytales of potentially earning billion dollars from software and IT enabled services. Neither the industry nor the government has any figure to disclose.

Lately, the ICT taskforce, the telecom regulator and the consultants (engaged by state-owned IIFC) have been trying to tout VoIP technology as the economic rescue package. Now the ISPs are, regrettably and surprisingly, subscribing to that ignorance.

But the ISP association should have done reasonable degree of homework prior to flashing their swords in the press conference. It is needless to mention that VoIP is a derivative of Internet technology for telephonic applications in its transmission. Therefore, such service must be offered by the licensed telecom providers, not by any ISP under any circumstances.

The writer is a telecom analyst



## PASSWORD

It is needless to mention that VoIP is a derivative of Internet technology for telephonic applications in its transmission. Therefore, such service must be offered by the licensed telecom providers, not by any ISP under any circumstances.

traffic to and from BTTB's server is illogical and illegal. Unlike the private ISPs the BTTB has succeeded to spread its Internet service to all the district headquarters and to some upazila. Most of the Internet users of BTTB are general public, not the government agencies.

Therefore, the obstruction of the BTTB's e-mail traffic will be another anti-people move.

Moreover, both the above acts directly violate the telecom law. Paragraph (a) of subsection 1 under section 67 of the telecom law says, "No person shall without lawful excuse, create obstruction to or cause interference in radio communication or telecommunication."

obstructing the e-mail traffic to and from BTTB's server is equally unlawful.

"A person commits an offence if he contravenes sub-section (1) and for such offence he shall be liable to be sentenced to imprisonment for a term not exceeding 3 (three) years or to a fine not exceeding 3 (three) lac taka or to both," warns subsection 2 under section 67 of the telecom law. It is the ISPs' prerogative to abide or ignore the law. But it is the telecom regulator's fundamental obligation to enforce the law.

The association's threat of unlawful agitation by illegally suspending and disrupting the Internet service is unacceptable. Usually the public