

FDI strategy for Bangladesh

MONZUR HOSSAIN

THE proponents of foreign direct investment (FDI) argue that FDI brings prosperity to the recipient countries through technological transfer, increasing volume of exports, enhancing job opportunities, and increasing government revenue. FDI not only increases the stock of domestic capital to finance new development projects, but also simultaneously provides access to new technology and managerial and marketing know-how. Despite these merits of FDI, opponents argue that it increases dependency of the recipient countries which makes them vulnerable to the footloose nature of FDI. Another view is that development of a country should come through a process of domestic industry development such as development of small and medium scale enterprises (SMEs) and state-owned enterprises (SOEs). But whatever the opponents' view, FDI is generally welcomed in Bangladesh as well as worldwide.

The greater role of FDI on development can be perceived from the East Asian experiences. High investment rates have driven these countries' rapid pace of output growth. In the pursuit of achieving industrialised status, countries must develop a competitive edge in terms of qual-

ity products, market efficiency, and ability to develop and upgrade technology. Following the path of the NIEs (Korea, Taiwan, Hong Kong, and Singapore), ASEAN4 countries (Thailand, Malaysia, Indonesia, and Philippines) prospered through export-led strategies by attracting FDI, based on intensive use of relatively cheap and skilled labour. These countries primarily rely on FDI as an important means for boosting technological capability. However, competitive advantages of these countries in labour-intensive products has eroded as countries like Bangladesh, India, Vietnam, and China can now produce many products cheaply.

Unfortunately, FDI inflow in Bangladesh is not satisfactory. According to UNCTAD, in 2003 Bangladesh achieved only 0.05 percent of total FDI while the proportion was 0.9 percent in India, 0.52 percent in Vietnam, 10.2 percent in Indonesia, and 70 percent in China. The statistics show that China has become the most attractive destination for FDI. China's success in FDI attraction can be explained by its abundant cheap labour-supply and large domestic market with strong consumption behavior. We also cannot deny the possibility of herd-like behaviour of foreign investors. It is thought that India is lacking behind from China

due to weak consumption behaviour of its market. Moreover, India's policy toward FDI somewhat restricts easy flow of FDI. Although Bangladesh offers attractive package facilities for foreign investors, why FDI flow in Bangladesh is lower than the similar advantaged countries? This is not only a question for Bangladesh -- this is a question on

In sum, existing investment facilities welcoming more Indian FDI as well as continuous effort to join ASEAN can be a good strategy for Bangladesh to attract more FDI.

FDI dynamics, as this is true for many countries.

Over the period of time, some theories have evolved on the nature of FDI. As FDI flow is changing, the theories are also changing. In the 1960s and 1970s, it was thought that "comparative advantage" is the main determinant of FDI which relies on "resource seeking." The relative importance of this approach has declined as it is unable to explain why countries choose FDI and not trade. In the 1980s and 90s, the nature of FDI changed, and it is argued that FDI increase with the integrated market. The theory is known as "internalisation theory." The theory explained FDI in terms of a need to internalise transaction costs so as to improve profitability. These theories still are not enough

to explain why FDI chooses to exploit relevant assets in some countries but not in others. Dunning comes with a combination of the above theories in 1999 to explain FDI dynamics: ownership, internalisation, and locational advantage. My understanding is that it would be difficult to explain FDI movements theoretically, rather it is

better to explain systematically by case-to-case analysis. On this ground, we can analyse what would be the suitable strategy for Bangladesh for attracting FDI.

If we analyse the FDI in Bangladesh, most of the FDI has gone to the energy sector. Comparatively FDI in manufacturing sector is not high. This may be due to the fact that Bangladesh has a small domestic market and is not fully capable of consuming quality goods due to poor economic conditions of the people. One good option for foreign investors is to choose Bangladesh looking at India's big market. The problem is that there are many tariff and non-tariff barriers in getting access to India's market from Bangladesh. This problem may disappear such types of foreign invest-

ment. The only possibility for Bangladesh is to get more access into Indian market if Indian investors come to Bangladesh by targeting mainly the Indian market. Tata's \$2 billion investment proposal is one such example. Exploring all investment facilities in Bangladesh, their target is to produce goods that have

demand in both the markets. Their investment proposal up to now is in infrastructure sector for which we have already achieved technological capability. The main target of technological transfer would not be achieved in this case. We would be happier if they come forward with their automobile industry. By this way it would be possible for us to build capacity in automobile-making industry. It is important to note that all the countries including the East Asian countries those already developed, optimised, and modernised the technology brought by FDI. Huge investments already exist in our energy sector, but we are not still sure how much capability our Petrobangla and BAPEX have achieved from the technology brought by international oil compa-

nies. We must have to learn the technology; we must try to reduce dependency on them. Otherwise, we would not get much benefit from FDI.

Attracting Indian FDI is important for various reasons. As Bangladesh has good opportunity to explore the market of India's seven-sister provinces, India's investors

can explore that market by investing in Bangladesh. If they come here, they will act as an agent to remove quantitative restrictions of India imposed on Bangladeshi goods. In this way Bangladeshi manufacturers may also get the same advantages if they could produce competitive products. Another option is to integrate with ASEAN. Joining ASEAN will open the window for attracting more FDI for cheap labour-intensive products. As the labour-intensive FDI is now shifting from ASEAN4 to mainly Vietnam and China due to increased wage level, Bangladesh could also get benefit with integration. Since China's wage level is also increasing, Bangladesh and Vietnam should be the next destinations of FDI. These two

countries may get more attention because these two countries are small and less diversified. Moreover, Bangladesh can be used as a center for marketing goods to India and Myanmar. On top of this, joining ASEAN may uphold our low-profile image that is also important to attract FDI.

Now let us discuss some internal hindrances to FDI. It is widely discussed matter that hartal-culture of politics has the most negative impact on FDI. I have a quite opposite understanding about this. Usually hartal is called some days before the date. Therefore, it is possible for manufacturers or producers to reschedule their shipment. They also compensate for hartals by shifting duty of workers on off days -- this is a very common phenomenon in industrial sector. I think hartal has negligible effect on production; rather it may have effect on transactions. So hartal issue should not be a big problem to the foreign investors. The problem is created by the negative propaganda on it inside and outside the country, which affects the image of Bangladesh. If investors and businessmen may be able to penetrate market supply effectively, hartal will definitely lose its effectiveness.

Instead, law and order situation can be considered as one of the

most important factors in attracting FDI rather than economic factor such as interest rate, exchange rate, etc. If a foreign investor does not feel secure in the recipient country, he will not be interested in investing in that country. Recently some positive efforts are seen from the part of the government in improving law and order situation.

Different elite forces such as RAB, Cheetah, Cobra, etc have been formed. Some successful operations of RAB in capturing the infamous criminals put them in leading position as our regular forces could not be able to do that. Therefore, different forces are now in catching-up position. They are following leaders because they know that it is important for their survival. Therefore competition increases among the forces to capture the criminals. Now police forces are also under pressure to catch up. These types of actions definitely uphold our image which is very much essential for attracting more FDI.

In sum, existing investment facilities welcoming more Indian FDI as well as continuous effort to join ASEAN can be a good strategy for Bangladesh to attract more FDI.

The author is a PhD candidate at National Graduate Institute for Policy Studies, Tokyo.

Ohio has failed the world

ZAIED ALI

IT is ironic, that the citizens of a small insignificant state in middle America for one day had literally the greatest amount of influence on the world's future. Ohio, a state with a track history of voting Republican was in the spotlight on election night. Towards the end of the election, the likes of Tom Brokaw and CNN were predicting Ohio to be another Florida-like mess due to the uncounted provisional ballots, and with that, the assumption of another dragged out election.

In reality, the provisional ballots really weren't the issue because Kerry would have had to have won a statistically impossible 90 percent plus of those votes, which first would have had to be accepted as legitimate.

Kerry, realising the futility of pursuing the provisionals, conceded Wednesday morning in a phone call to George Bush despite John Edwards' reassurance at 2am Tuesday night that they would be counted. Ohio let down half of America and all of the world.

Now I know you must be asking: How can America be so ignorant? How can half of the most prominent nation on earth vote for an outright liar like George W Bush? How can they accept that this is the only administration that has lost jobs in recent times? How can they afford to pay the rising costs of war?

The truth is that America can't. One of the most shocking things to

come out of this election was not the fact that Ohio was the disputed state this year, but the fact that the top voting issue was "moral values."

Prior to the election, the buzz words were "security," "the economy," and "health care." But in the final analysis, moral values -- heavily emphasised by the president -- edged terrorism and the economy as the top issue in this year's election. To the rest of the world, this makes absolutely no sense. With America still battling it out in Iraq and the world's security rating having fallen with a domino effect on American jobs and the US Economy, how does "moral values" come out on top?

Let me point out, though, that not all Americans are as stupid as this election might have you believe. This election was probably the most polarised in US history with very strong grass-roots campaigns and special efforts made to reach out to young voters. Before you reduce all Americans to foolish hicks, please understand this.

Republicans are usually conservative and prioritize religion, the extremists being evangelical. The south and middle of the country are mostly conservative, more concerned about family values and about what the Bible has to say. Therefore it was a brilliant campaign strategy for the Bush camp to go out and rally at churches in swing states, asking them to turn over church directories to the campaign, distribute issue guides in their churches

and persuade their pastors to hold voter registration drives. According to the polls, conservatives (read: Republicans) are mostly concerned about moral issues such as gay marriage and abortion.

America being very largely con-

The point is not to damn all Americans since one half was on the side of the world, the other half being pre-occupied with whether homosexuals will take over the universe or not. America is still beautiful for this democracy that it is and the opportunities it gives to everyone.

servative and rural, care more about such moral issues versus the state of the world, the economy, and health care. The Bush administration has played on these people's emotions, blinding them to more proximate issues such as the aforementioned.

Bush chose his words well, citing God as his inspiration for taking on Iraq and making it a point that he is strongly against gay marriages, abortions, and public funding for stem cell research, some issues which Kerry was not so determined about in his own convictions.

In the aftermath of this election, Kerry supporters have felt alienated from the rest of country who voted based on faith rather than on real problems at hand. Many find it hard that America can maintain its status as a secular nation, when so many people voted based on the religious convictions of the candidates, partially ignoring the fact they are paying higher taxes, working longer hours with less pay, losing funding

for education and paying more for medicine.

To Republicans, Bush is a god-send and he has come to instill good in the world -- ironic since he's a proven liar and has waged an imperialistic war of attrition. What kind of

Christianity promotes lying and violence?

While some Republicans might acknowledge the poor state of affairs in America and abroad, most of them are probably banking on divine intervention to save them. I know that it is sad for the world that Bush was re-elected, but you need to

even happier when civil liberties are taken away.

Evidence of this lies in Ohio, which went red despite losing the most jobs under Bush's watch. Ludicrous. I was personally saddened by the result here in America. This race was tight, and I joined half of America in a fight against George

understand that conservative Republicans don't care about the rest of the world.

They are happy as long as minorities such as homosexuals are denied their rights, they are happy as long as they can carry guns in public places,

feelings of devastation and rage after Tuesday night's loss. Violent anger and frustration has been voiced all over internet forums and the solemn mood on campus was a complete contrast to the mood of election day created by the huge Kerry banners and nearly all the students wearing Kerry-Edwards

Bush. Having voted for the first time in my life, I was confident Kerry would win, so convinced that I was dreaming about it, but when I woke up to the reality of the morning of Nov 3, I was horrified.

Kerry supporters expressed

feelings of devastation and rage after Tuesday night's loss. Violent anger and frustration has been voiced all over internet forums and the solemn mood on campus was a complete contrast to the mood of election day created by the huge Kerry banners and nearly all the students wearing Kerry-Edwards

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A global alliance against AIDS

KOICHIRO MATSUURA

AIDS is clearly a tragedy. But is it a fatality? This is far from obvious.

Admittedly, the AIDS epidemic has spread throughout the world uninterrupted for over a quarter of a century. The death toll has already reached twenty million. In 2003 alone, three million people died of the disease and five million were infected, i.e. a new infection every six seconds. Thirty-four to forty-six million people are today infected by the virus -- twenty-six million of them in Africa. One African adult in twelve is contaminated; one fifth of those infected by the virus live in Asia. China and the Russian Federation are increasingly affected by the disease.

We currently possess no effective vaccine against AIDS, whether preventive or therapeutic, but only forms of treatment that enable those infected to lead more or less normal lives. However, the patients are in the South and the treatment is in the North. In the most affected countries, AIDS undermines the very possibility of combating the disease, since by decimating the general population it destroys the political, economic, educational, and social elites who could take the lead in fighting the menace.

Does this mean that we should abandon the struggle? Of course not. How many battles have we lost against AIDS for lack of any forward-looking vision and political will or out of sheer negligence and selfishness! Yet we have not lost the war. Together, we can defeat this evil.

The first priority is universal access to treatment. The UNAIDS programme, whose Committee of Co-sponsoring Organizations I am chairing this year, and the Global Fund to Fight AIDS, Tuberculosis and Malaria have recently stressed that access to treatment is a global emergency. Along with their partners, they have launched the "3 by 5" initiative aimed at treating 3 million people in the South by the end of 2005. This initiative must be supported. In this connection, I am calling for the establishment of a global alliance bringing together governments, NGOs, civil society, and the private sector -- with particular reference to the pharmaceutical industry. For the fight against AIDS cannot simply be based on the individual relationship between doctor and patient; it calls for the conclusion of a genuine global contract.

We need to be conscious of the scale of the challenge. As Luc Montagnier, co-discoverer of the AIDS virus, emphasized in the 21st Century Talks session organised recently at UNESCO, scarcely 1 percent of those currently infected in Africa are aware of the fact. There-

fore, being unaware of their disease, most infected people are not receiving treatment and continue to transmit the virus. The conclusion is clear: if we wish all those infected to submit to testing, we must be able to offer them treatment from the start

The diversity of situations confronting AIDS should not therefore be viewed in wholly negative terms: for this does not only reflect inequalities of income or development and differences of social custom or climatic conditions but also the diversity of AIDS prevention, education, information and treatment policies. Rich countries are not the only ones to have successfully checked the epidemic.

of their infection.

It follows that treatment must be made universally available. This implies not only a widespread movement of solidarity to extend the use of combination therapies, but also the development of new forms of treatment. The second priority then is the development of research. As underlined at UNESCO by Luc Montagnier and Jim Yong Kim, Director of the HIV/AIDS Department at WHO, research must progress and come up with inexpensive and well-tolerated forms of treatment to tackle the disease directly or to be used in association with combination therapies. What is needed is to treat not only the infection but also the host condition of the disease, which is immunodeficiency. Simplified therapeutic schemes have already been devised by WHO and have yielded results.

In view of the failure so far to come up with a preventive vaccine, it is furthermore clear that research should be directed primarily towards the development of a therapeutic vaccine that could be used in association with existing treatments. Leading researchers are of the view that such a vaccine could be developed within a reasonable time span. "If the vaccine proved effective," Luc Montagnier told us, "immunised patients would control their viral infection when the combination therapy was ended, thus preventing the virus from reappearing immediately." A vaccination policy of this kind would obviously call for the setting up of local structures for treating infected individuals and for monitoring those who had been vaccinated.

A third priority is to reduce the spread of AIDS, which affects 5 million people annually. This is a major challenge for humanity, which can only be met by stepping up prevention work. Obviously, prevention is the most urgently needed and economical solution -- and, in the absence of a vaccine, the most effective. However, prevention on its own is often powerless, particularly when women are not truly free to choose the nature of their relationships and the means of

protecting themselves. As Luc Montagnier pointed out, prevention on its own comes up against the economic barrier of poverty and the political obstacles of chaos and civil war that beset many failed states.

Prevention and treatment have

and political will. Some countries have pointed the way, and infection rates have fallen in Brazil, Thailand, Senegal, Uganda, and the Dominican Republic. Such policies must naturally be adapted to national realities and local cultures. At the

end of a source of hope: it indicates that political will, where it exists, is not slow to bring its rewards. We are today witnessing its emergence on a global scale, including within the G8. For AIDS is not the destiny of humanity: it is the mirror of its shortcomings. Together, we can curb the progress of the disease.

The diversity of situations confronting AIDS should not therefore be viewed in wholly negative terms: for this does not only reflect inequalities of income or development and differences of social custom or climatic conditions but also the diversity of AIDS prevention, education, information and treatment policies. Rich countries are not the only ones to have successfully checked the epidemic. There are a great many other countries where the prevalence among the adult population is less than 1 percent, and the figure is barely higher on a worldwide scale.

The author is Director-General of UNESCO and Chairman of the UNAIDS Committee of Co-sponsoring Organisations.

পূবালী ব্যাংক লিমিটেড
রেজিস্টার্ড অফিস
২৬, দিলকুশা বাণিজ্যিক এলাকা, ঢাকা-১০০০, বাংলাদেশ।

একুশতম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এতদ্বারা বিজ্ঞপ্তি দেয়া যাচ্ছে যে, পূবালী ব্যাংক লিমিটেডের শেয়ারহোল্ডারদের একুশতম বার্ষিক সাধারণ সভা আগামী ৩০ ডিসেম্বর ২০০৪ ইং মোতাবেক ১৬ পৌষ ১৪১১ বাংলা রোজ বৃহস্পতিবার সকাল ১১-০০ ঘটিকায় ২৬, দিলকুশা বাণিজ্যিক এলাকা, ঢাকায় অবস্থিত পূবালী ব্যাংক ভবনের মিলনায়তনে (১৪ তলায়) নিম্নলিখিত কার্যবলী বিবেচনার্থে অনুষ্ঠিত হবে :-

- ২০০৩ সালের ৩১ ডিসেম্বর সমাপ্ত ব্যাংকের হিসাবাবলী এবং তদ্বিষয়ে পরিচালকমন্ডলীর ও নিরীক্ষকদের প্রতিবেদনসমূহের গ্রহণ ও অনুমোদন।
- পরিচালকদের নির্বাচন।
- ২০০৪ সালের জন্য নিরীক্ষক নির্বাচন এবং তার/তারদের পারিশ্রমিক নির্ধারণ।
- নিম্নোক্ত সিদ্ধান্ত বিশেষ বিশেষ সিদ্ধান্ত হিসাবে অনুমোদন (Ratification):
"পরিচালনা পর্ষদের ৫০২তম সভার সিদ্ধান্ত মোতাবেক পরিচালক জনাব সৈয়দ মোয়াজ্জেম হুসাইন এর স্বার্থ সংশ্লিষ্ট প্রতিষ্ঠান মেসার্স মোয়াজ্জেম নীট এন্ড ডায়িং ইন্ডাস্ট্রিজ লিঃ এর পক্ষে প্রদত্ত ৫,৮৩,২৬০.০০ টাকার একশানি ব্যাংক গ্যারান্টি প্রদান অনুমোদিত (ratified)."

পূবালী ব্যাংক লিমিটেড এর
পরিচালনা পর্ষদের আদেশক্রমে

তারিখ, ঢাকা
০৬/১১/২০০৪

(মোঃ ইকবাল হোসেন চৌধুরী)
কোম্পানী সচিব

টীকা সম্বন্ধে :-

- যথাযথ স্ট্যাম্প ও স্বাক্ষর সম্বলিত প্রতিনিধি বা প্রক্সি ফরম সাধারণ সভার ৪৮ ঘণ্টা পূর্বে অর্থাৎ ২৮.১২.২০০৪ ইং তারিখ সকাল ১১-০০ মিঃ এর মধ্যে ব্যাংকের রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে। যদি কোন সদস্য একাধিক প্রতিনিধিত্বের ক্ষমতা পেয়ে থাকেন সেক্ষেত্রে তাকে সকল প্রক্সি বা প্রতিনিধি ফরম "প্রক্সি একত্রীকরণ ফরম"ে একত্রিতভাবে লিখে সাধারণ সভার ৪৮ ঘণ্টা পূর্বে ব্যাংকের রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।
- প্রাতিষ্ঠানিক শেয়ারহোল্ডারদের ক্ষমতাপ্রাপ্ত প্রতিনিধিগণ ব্যাংকের আর্টিকেলস অব এসোসিয়েশন এর ৭১(৩) ধারায় বর্ণিত কাপজপ্রসাদিসহ সভায় উপস্থিত থেকে ভোট দান করতে পারবেন।
- ব্যাংকের শেয়ার হোল্ডার বই ১১.১২.২০০৪ থেকে ৩০.১২.২০০৪ ইং তারিখ পর্যন্ত (উভয়দিনসহ) বন্ধ থাকবে।
- পরিচালক নির্বাচনের মনোনয়নপত্র (যা অনুরোধে ব্যাংকের রেজিস্টার্ড অফিসে পাওয়া যাবে) জমা দেওয়ার শেষ তারিখ ২৩/১২/২০০৪ সকাল ১১টা পর্যন্ত এবং মনোনয়নপত্র প্রত্যাহারের শেষ তারিখ ২৬/১২/২০০৪ দুপুর ১টা পর্যন্ত।
- মনোনয়নপত্র ২৭/১২/২০০৪ তারিখে সকাল ১০.০০ টায় ব্যাংকের রেজিস্টার্ড অফিসে বাছাই করা হবে এবং বাছাইয়ে নির্বাচনের জন্য উপযুক্ত মনোনীত প্রার্থীদের তালিকা রেজিস্টার্ড অফিসের নোটিশ বোর্ডে একই তারিখ দুপুর ১টায় টালনা করা হবে।
- ২০০৪ সালের জন্য নিরীক্ষক নিয়োগের যে কোন প্রস্তাব ২১তম বার্ষিক সাধারণ সভা অনুষ্ঠানের কমপক্ষে ১৪ দিন আগে ব্যাংকের রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।

Bangladesh Krishi Bank

Head Office
Krishi Bank Bhaban
83-85, Motijheel-C/A
Dhaka-1000

Invitation for Tender

Memo No. Ho/Engg-8 (54)/2004-05/ Dated: 01-11-04

01. Procuring entity name	: Bangladesh Krishi Bank.
02. Invitation for	: Construction of Semi-Pucca Bhaban at Mirpur, Dhaka.
03. Invitation Ref. No	: Tender No-04/2004-2005.
04. Procuring method	: Open tendering method (as per PPR-2003).
05. Budget & source of fund	: Own fund.
06. Project/Programme name	: Construction of Semi-Pucca Bhaban at T.I Complex at Mirpur-13, Dhaka.
07. Tender last selling date	: 02/12/2004.
08. Tender closing date & time	: 02/12/2004 & 11:00am.
09. Tender opening date & time	: 04/12/2004 & 11:15am.
10. Name & address of the office(s) selling tender documents	: Engineering Department, Bangladesh Krishi Bank (8 th Floor) Head Office, Dhaka-1000.
11. Receiving tender documents	: -do-
12. Eligibility of tenderers	: Those who are enlisted in gov/semi-gov/autonomous organisation & had successfully completed works worth Tk 15.00 (fifteen) lac in a single instance they will have to show trade licence (up-to-date), tax certificate (up-to-date) certificate of enlistment work order & successfully completed certificate at worth Tk 15.00 lac in original at the time of purchase of tender document.

Lot No	Identification of lot	Location upazila/district	Price of tender	Tender security	Completion time (months)
01	Construction of Semi-Pucca Building	Mirpur-13 Dhaka	850/- (eight hundred fifty)	40,000/- (forty thousand)	6 (six) months
14	Name & designation of official inviting tender	Deputy General Manager, Engineering Dept., BKB, HO, Dhaka-1000.			
15	Contact details	Telephone 9552995 9560021-25 9560031-35 } 442			
16	Procuring entity	The authority reserves the right to accept or reject any or all the tenders without assigning any reason whatsoever. Tenders will be opened in presence of the tenderer/representative (if any).			

GD-684
Nital Chand Das
Deputy General Manager
Engineering Department