

WB calls for wholesale trade liberalisation

Govt needs to be selective in opening up sectors: Wahiduddin Mahmud

STAR BUSINESS REPORT

When the World Bank has called for trade liberalisation in all sectors for long-term economic growth and poverty reduction, a renowned local economist asked the government to be selective in opening up the sectors.

"There is no evidence from the post-World War II period that trade restriction is conducive to growth," Francois Bourguignon, chief economist of World Bank, said at a workshop in Dhaka yesterday.

However, renowned economist Prof Wahiduddin Mahmud said as Bangladesh mostly produces finished products for domestic and overseas markets, the country cannot drastically reduce import duty on all products.

The World Bank and the Development Initiative, a newly formed think tank, organised the workshop on "Bangladesh: Trade, Growth and Export Competitiveness" with former commerce minister and Chairman of Development Initiative Amir Khosru Mahmud Chowdhury presiding over.

Presenting a paper on 'Trade Liberalisation and Poverty: Implications for Bangladesh', the WB chief economist said it is inter-

esting to note that the short-run effects of trade liberalisation are negative and start getting positive only when enough capital reallocation has taken place after three-four years.

"I am not saying that Bangladesh should eliminate full duty on all products at one go. But what I say the country should continue pursuing trade liberalisation," he said.

Import ban on yarn through land ports is reducing cost-effectiveness of garment exports. Import ban on cartons forces local companies to buy high-cost locally produced cartons for packaging. This is something Bangladesh should come out from, he said.

"The garment industry witnessed spectacular growth as government allowed back-to-back L/C. Bangladesh needs such examples to open up the economy," he said.

Wahiduddin Mahmud said Bangladesh needs to take a sectoral approach when it comes to trade liberalisation and opening up the economy rather than a wholesale approach.

He, however, saw no reason for continuing embargo on yarn import through land ports. The government should adopt EU's Saarc cumulation to boost garment

export, he said.

The garment items will enjoy a 12 percent duty exemption in the EU if the Saarc cumulation is accepted, he said.

At the function, Commerce Minister Altaf Hossain Chowdhury said the government has withdrawn embargo on foreign direct investment in garment sector outside export processing zones.

Port use charge has been reduced by 30 percent, insurance premium by 10-30 percent, freight charges from Tk 15,000-20,000 to Tk 1,250. Customs and port services clearing time has also been drastically cut down to ease export and import activities, he said.

Amir Khosru Mahmud Chowdhury said as export helps reduce poverty, the government must pursue liberal trade policy which boosts export.

On derogation of EU GSP, he said the garment factory owners and textile millers must reach a consensus on the issue. He said the commerce ministry should work closely with finance ministry to pursue trade liberalisation efforts.

World Bank Country Director Christine I Wallich said apart from trade liberalisation, Bangladesh needs to work on infrastructure

development. She called for efficiency in port, customs and electricity services.

Bangladesh Garment Manufacturers and Exporters Association President Annisul Huq said ban on yarn import through land ports and formation of central bonded warehouse are put on hold due to the government's own governance inefficiency.

Sri Lanka has accepted Saarc cumulation and Asean cumulation is on the cards but Bangladesh balks at Saarc cumulation fearing loss of local backward linkage. If export grows up, linkage industry automatically follows, he said. If Saarc cumulation is availed export to EU will rise by \$0.5 billion.

Shanta Devarajan, WB's chief economist for South Asia, and Zaidi Sattar, senior economist of WB, presented a paper on 'Bangladesh: Growth and Export Competitiveness.'

MA Taslim, executive director of Development Initiative, Sayeeful Islam, president of Dhaka Chamber of Commerce and Industry, Mir Shahabuddin Mohammad, vice-chairman of Export Promotion Bureau, among others, spoke at the function.

DNS SatComm to set up country's 1st satellite earth station

DNS SatComm Ltd, an ICT company, is going to establish the country's first full-fledged satellite earth station at Dhaka Export Processing Zone at Savar.

A supply agreement signing ceremony to this effect was signed at a function in Dhaka on Tuesday, says a press release.

The representatives of all major suppliers from iDIRECT Technologies of USA, Cambridge Broadband of UK and Makeena Corporation of Malaysia signed the supply agreement on behalf of their organisations.

Foreign Minister M Morshed Khan was present as chief guest at the function at Dhaka Sheraton Hotel. US Ambassador in Dhaka Harry K Thomas, UK High Commissioner Anwar Chowdhury, former chairman of Bangladesh Telecommunications Regulatory Commission Syed Margub Morshed and Managing Director of DNS SatComm Rafel Kabir were also present.

After completion of the project, the company is expected to build and operate a composite and comprehensive network infrastructure which will be able to provide all sorts of corporate communication services covering entire Bangladesh, Asia Pacific region, Middle East, Africa and rest of the world, the release added.



Prime Minister Khaleda Zia inaugurates the three-day 4th international poultry show at Bangladesh-China Friendship Conference Centre in Dhaka yesterday. PHOTO: PID

PM asks for technology for growth of poultry industry

3-day int'l poultry show begins

UNB, Dhaka

Prime Minister Khaleda Zia yesterday underlined the importance of far-sighted planning, use of modern technologies, research-based knowledge and skilled manpower for expansion of Bangladesh's potential poultry industry.

"Poultry industry has immense potential in meeting the national demand for animal protein and reducing unemployment," she said.

The prime minister was addressing the inaugural ceremony of the 4th International Poultry Show and Seminar 2005 in Dhaka, organised by The World's Poultry Science Association, Bangladesh Branch (WPSA-BB).

Apart from Bangladesh, poultry-related companies from 18 countries have set up 140 stalls in the 3-day show at Bangladesh-China Friendship Conference Centre in Sher-e-Bangla Nagar, to spread the know-how of modern technologies

available in the poultry sector for local farmers as well as entrepreneurs.

Fisheries and Livestock Minister Abdullah Al Noman, Fisheries and Livestock Secretary Iqbal Uddin Ahmed Chowdhury, WPSA Secretary Dr Piet Simons, WPSA-BB President Moshir Rahman and

convener of the show M Morshed Alam also addressed the function.

The prime minister also said her government has taken necessary measures to help the poultry and agro-based industries face the challenges of the free market economy.

She referred to the priority given by the BNP government during its 1991-96 period, resulting in establishment of nearly 1.5 lakh poultry farms.

An amount of Tk 300 crore has been earmarked by the central bank for use as equity fund for agro-based and poultry industrial entrepreneurs, the prime minister told the function.

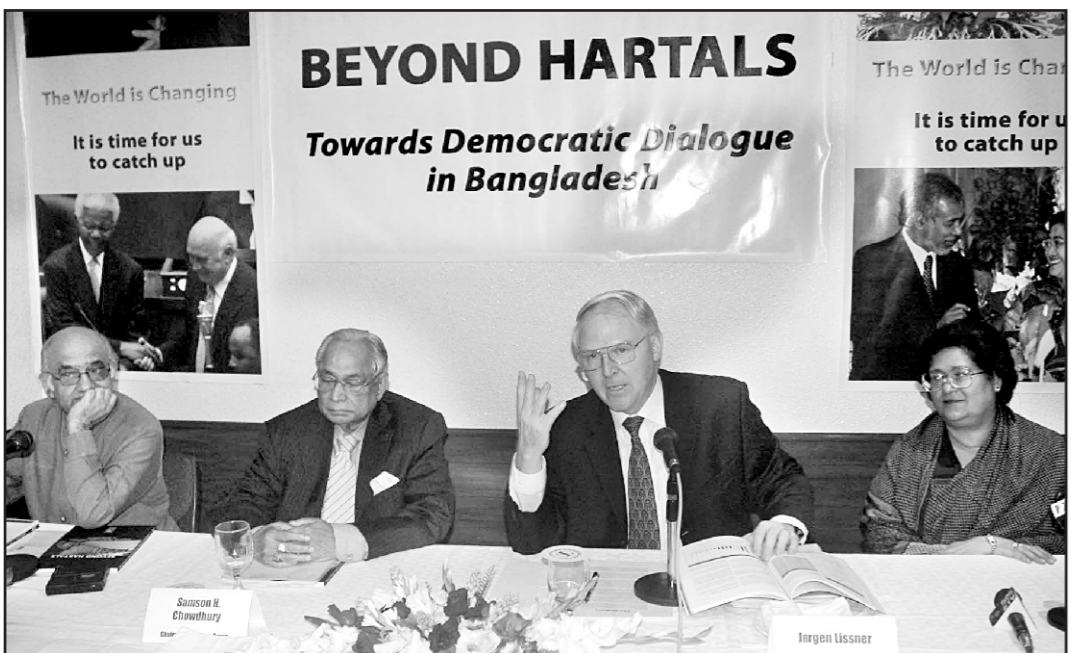
Mentioning the cultural heritage of rearing chickens at almost every home, Khaleda urged the farmers to utilise all available land for poultry farming and producing poultry feed. Experts from home and abroad will present more than 35 papers at the seminars during the show.

Thai Airways to launch flights on Ctg-Bangkok-NY route from May

BDNEWS, Chittagong

Thai Airways is going to launch flights on Chittagong-Bangkok-New York route from May this year.

The airline is currently operating three flights a week on Chittagong-Chiangmai-Bangkok route.



UNDP Resident Representative Jorgen Lissner speaks at a function on releasing a study report titled "Beyond Hartals: Towards Democratic Dialogue in Bangladesh" yesterday in Dhaka. The Netherlands and UNDP-funded study reveals that the economic cost of hartal is 3-4 percent of GDP. Professor Rehman Sobhan, chairman of the Centre for Policy Dialogue (CPD), Samson H Chowdhury, chairman of Square Group, and Yasmeen Morshed of Scholastica School, are also seen. PHOTO: STAR

Japan keen to assist farm sector

JBIC chief representative meets minister

UNB, Dhaka

Japan has shown interest to contribute to the development of Bangladesh's agriculture sector through its debt cancellation funding programme.

This was announced by Chief Representative of Japan Bank for International Co-operation (JBIC) in Bangladesh Kiyoshi Amada during a meeting with Agriculture Minister MK Anwar in Dhaka yesterday.

Amada said Japan has been contributing to the development initiatives of Bangladesh, including rural infrastructure development, but it wants to contribute directly to agriculture from the next fiscal year. "This will be the beginning and be expanded and diversified depending on its outcome," he said.

Welcoming the Japanese gesture, the agriculture minister said,

"Strengthening research, reduction in yield gap and boosting the production of quality seed are our priorities."

The minister said lack of communication among scientists, extension workers and farmers is the stumbling block to reducing yield gap, which could be minimised by providing continuous training to the farmers.

He urged the Japanese government to contribute to the initiatives to set up a modest structure at each upazila for this purpose.

The minister also sought help to strengthen BADC's capacity to produce more quality seeds, which can only meet 5-6 per cent of total seed demand.

The JBIC representative assured the minister that he would raise the critical requirement with the Japanese government.

Oil holds above \$54 on US chill, demand

REUTERS, London

Oil prices eased from near record highs on Thursday, but held above \$54 a barrel on strong heating oil use in the wintry US Northeast and expectations of continued strong demand growth.

The weak dollar, which hit a two-month low against the euro, also provided support, encouraging investors to stick with the soaring oil market, which has climbed 25 percent since the start of the year.

US light crude traded down 37 cents to \$54.40 a barrel, after coming within 2 cents of last October's all-time high of \$55.67 on Wednesday. London Brent was down 29 cents at \$53.09, after touching a record of \$54.30 on Wednesday.

Prices held firm despite another increase in U.S. crude oil inventories, which topped 300 million barrels for the first time since last

July, the Energy Information Administration (EIA) reported on Wednesday.

"(The) US statistics were not bearish enough to change the market mood," said SG Commodities Research in a note.

"The cold still hitting the Atlantic Basin and widespread betting that global oil demand will continue to surprise us by its strength are far more important."

The US EIA this week upgraded its forecasts for oil demand this year and slashed its estimate of non-Opec production, the latest in a string of revisions that have painted a far tighter picture for the oil market than initially expected.

A late-winter cold snap buffeting the US Northeast is expected to relent slightly at the weekend, but below-normal temperatures should still keep demand running strong, testing thin heating oil inventories.

'India's stubbornly high fiscal deficit a concern'

AFP, New Delhi

India's stubbornly high fiscal and revenue deficit at federal and state levels is an area of concern for the government, Prime Minister Manmohan Singh told parliament Thursday.

"There is a clear revival of investment and a growing confidence in the Indian economy. But the area of concern is the high levels of fiscal and revenue deficits at the state

level and the centre," Singh told parliament.

Singh's Congress-led government has been keen to implement "reforms with a human face" to ensure India's increasing wealth reaches the majority of its people.

Its promises to redistribute wealth has been widely seen as a key factor for the party's upset win over Hindu nationalists in elections last May.