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WB, IMF reform recipe sometimes contradicts WTO rules

International civil society forum says

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Speakers at the international civil society forum in Dhaka yesterday observed reforms recommended by the World Bank (WB) and the IMF sometimes contradict WTO regulations.

So, a regulatory co-relation between the WTO and multinational donor agencies is needed, the speakers recommended on the second day of the 'International Civil Society Forum 2005 -- For Advancing LDC Interests in the Sixth WTO Ministerial' being held at Dhaka Sheraton Hotel.

The observation came at the plenary styled 'State of the Doha Round' co-chaired by Dr Debapriya Bhattacharya, executive director of Centre for Policy Dialogue (CPD), and Sothi Rachagan, vice-president of Nilai International College, Malaysia.

Speaking at the session, Amir Khosru Mahmud Chowdhury, former commerce minister of Bangladesh, said: "Recently, WB advised Bangladesh to reduce import tariff on some items. While IMF once upon a time recommended increasing interest rate and later it recommended reducing the rate."

In recent days, oil price has become a sensitive issue, as most of the LDCs are spending huge amount of money on purchasing oil, he said.

Citing an example, he mentioned LDCs like Bangladesh import $500 million oil annually. "So, in the WTO, oil can be a sensitive issue."

Tofail Ahmed, also a former commerce minister and leader of the main opposition Awami League, said the developed countries reaped the real benefit from the WTO negotiations.

Both developed and developing countries made commitments to give special and preferential treatment to the LDCs but they did not keep their promises.

"We are facing a lot of pressures from the developed and developing countries in the WTO negotiations, but some important discussion are also going on outside WTO," said Toufiq Ali, permanent representative of Bangladesh in the WTO.

For example, he mentioned China already in principle has decided to give duty free access of 39 LDCs to its market.

Debapriya said prior to the Hong Kong Ministerial, civil society representatives attending the forum hope to find a positive declaration on emerging issues for the LDCs.

Pradeep S Mehta, chairperson, Advisory board of South Asia Watch On Trade, said some LDCs and also some developing countries found a way to make trade alliance with each other by the output of Cancun negotiations.

Chien Yen Goh, representative, Third World Network; Kasote Singogo, research advisor, Trade and Investment Association, Zambia; Annet Blank, counselor and Head, LDCs unit, WTO, Love Mtesa, permanent representative of Zambia in the WTO, David Luke, senior trade advisor, UNDP, were present at the discussion.

Working session on TRIPS

Emma Harrison, Global Trade Campaign Manager of Consumer International, UK, and Dr Zafrullah Chowdhury, president of Consumer Association of Bangladesh, co-chaired the session on Trade-Related Intellectual Property Rights (TRIPS).

The forum demands a permanent solution to the problem faced by the LDCs having no or inadequate capacity for manufacturing drugs.

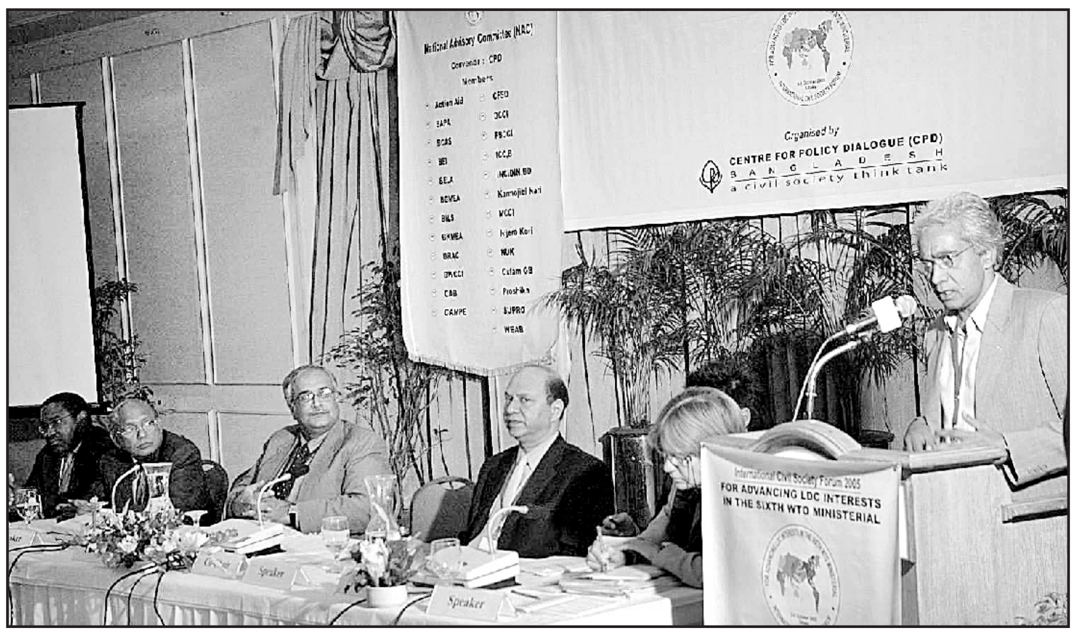

PHOTO: STAR

Sothi Rachagan, vice-president of Nilai International College, Malaysia, addresses the 1st session of the second day of 'International Civil Society Forum-2005 for Advancing LDC Interest in the Sixth WTO Ministerial' in Dhaka yesterday. Among others, former commerce minister Tofail Ahmed (2nd from left), CPD Executive Director Debapriya Bhattacharya (3rd from left) and Toufiq Ali (4th from left), permanent representative of Bangladesh in the WTO, are also seen.

The forum also demands that evidence of fair and equitable benefit sharing, and prior informed consent be included as a condition for patentability in order to stop misappropriation of genetic resources and traditional knowledge.

Fahmida Khatun, senior research fellow of the CPD, presented the draft declaration on TRIPS.

Zafrullah said patent protection always increases costs and increased costs means people have less access to it.

He felt the civil society should strengthen its activities to protect the interest of the LDCs.

Dr Sachin Chaturvedi, fellow of Research and Information System for the Developing Countries, India, stressed the need for addressing IPRs issue adequately, saying developing countries don't do enough homework.

Hafiz Aziz-ur-Rahman, programme coordinator of The Network for Consumer Protection, Pakistan, also spoke at the session.

Working session on WTO Rules

Chandrakant Patel, representative of Southern and Eastern African Trade Information and Negotiations Institute, Switzerland, and Mir Nasir Hossain, president of the Federation of Bangladesh Chambers of Commerce and Industry, co-chaired the session on WTO rules.

The forum demands a moratorium on safeguard measures and anti-dumping actions against LDCs, at least for a minimum period of five years.

The forum also demands that subsidies for import-substitution must be admissible for the LDCs in order to facilitate the process of industrialisation.

Khondaker Golam Moazzem, research fellow of CPD, presented the draft declaration in the session.

Patel feared that some kind of cosmetic declaration might be the outcome of Hong Kong ministerial.

Sayed Alamgir Farrouk Chowdhury, former secretary, and Prabhash Ranjan, research officer of Centre for Trade and Development, An Oxfam GB Initiative, India, also spoke at the session.

Prabhash said anti-dumping measure has become a political weapon and it is being used as a protectionist tool.

Working Session on Agriculture

Mahfuz Ullah, secretary general of Centre for Sustainable Development, Bangladesh, and Demba Moussa Dembele, director of African Forum on Alternatives, Senegal, co-chaired the working session.

Presenting the declaration on agriculture, Uttam Kumar Dev, senior research fellow of CPD, said the objective of the negotiation on agriculture for the Hong Kong Ministerial is to establish modalities for further commitments in the areas of market access, domestic support and export competition.

In the declaration, the forum strongly recommended for duty-free market access including advanced developing countries, elimination of export and cotton subsidies, ensuring market based price, removing non-tariff barriers and providing technical and financial assistance to improve agriculture productivity and infrastructure.

Mouhamet Lamine Ndiaye, regional trade campaign officer of Oxfam GB, Senegal, presented a paper on West Africa Road Map towards Hong Kong 2005, while Buba Khan, food rights campaign coordinator of ActionAid Gambia, presented another paper on Agreement on Agriculture at the session.

Besides, Cheikh Tidiane, trade programme officer of Enda Tiers Monde, Senegal, presented a paper on Trade Policy and Agriculture Development in Senegal while AKM Masoud Ali of Integrated Community and Industrial Development in Bangladesh presented another paper on WTO and Trade in Agriculture: Agenda of Human Rights.

Working session on Special and Differential Treatment

Qazi Faruque Ahmed, president of Proshika Bangladesh, and Bernice Lee, policy analysis and strategy advisor of International Centre for Trade and Sustainable Development, Switzerland, co-chaired the session.

Presenting declaration on Special and Differential Treatment (S&DT), Navin Dahal, executive director of South Asia Watch on Trade, Economics and Environment, Nepal, said though consensus has been reached on some S&D proposals, WTO members are yet to reach an agreement as regards a large number of proposals. In most cases, S&DT provisions continue to be ineffectual and non-binding.

In the declaration, the Forum recommended for recognition of LDCs needs, full implementation of S&DT provisions, concerns of newly acceded members, binding commitment and mandatory assistance and agreement-specific versus crosscutting proposals.

Kazi Mahmudur Rahman, senior research associate of CPD, Samar Verma, policy advisor of Oxfam, India, Onesmus Mugyenyi, research fellow and programme manager of ACODE, Uganda, and Manzur Ahmed, advisor of Federation of Bangladesh Chambers of Commerce and Industry, presented keynote papers on S&DT at the working session.

Q1 remittance up 29pc

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The remittance inflow in the first quarter of the current fiscal year increased by 29 percent, but the continuous rise in import is not letting the foreign exchange reserve grow healthier.

During July-August in the current fiscal year remittance worth US$ 1072.87 million flowed in, whereas in the corresponding period of last year the figure was $833.7 million.

Remittance worth $352.16 million came in last month, while $378.27 million in August and $342.44 million in July.

However, the reserve is not exactly inspiring. Yesterday it stood at $2.78 billion, which was $3.02 billion in June, 2005. Besides, after the payment of Asian Clearance Union import bill next month the reserve will face further fall.

The reserve is not growing mainly due to consistent rise in import in recent times. Though Bangladesh Bank has taken some measures to keep import volume within limit, it could not arrest the upward trend in import.

Fresh opening of Letter of Credits (LCs) for import in July-August in the current fiscal year stood at $ 2954 million, up by 17 percent compared to the corresponding period of last fiscal year. LCs opened for petroleum products during the same period soared to $326 million, up by 79 percent.

Last fiscal year also saw a rise of 21 percent in import, which was 13 percent in the previous year.

Summit Power IPO lottery held

Summit Power Limited (SPL) held lottery for allotment of shares under initial public offering (IPO) in Dhaka on Monday.

The lottery was held under the guidance of the Security and Exchange Commission (SEC) in presence of representatives of DSE, CSE, CDBL, ICB and officials of the company at Bangladesh-China Friendship Conference Centre, says a press release.

The function was attended by around 2000 shareholders. Electrical & Electronics Department of BUET conducted the lottery through a computer generated programme, which ensures random selection.

The lottery for share applications from general public and NRBs were held separately and the result was posted at Bangladesh-China Friendship Conference Centre and the premises of Summit Power Limited for public information.

Earlier, the company received subscription of Tk 201 crore against 282,939 applications from general public and Tk 38 crore against 2,318 applicants from NRBs totaling Tk 239 crore against 20 lakh shares offered in IPO.

Summit Power Limited (SPL), first Bangladeshi independent power producer, went for IPO to raise its capital, which closed on August 31, 2005.

The company offered 20 lakh ordinary shares of Tk 140 each including premium of Tk 40 per share totaling Tk 28 crore. Out of which 18 lakh shares were earmarked for general public and 2 lakh shares for non-resident Bangladeshis (NRBs).

PHOTO: STAR

GrameenPhone Managing Director Erik Aas speaks at a press conference in Dhaka yesterday to announce the reducction in tariffs of the cellphone company.

GP cuts tariffs up to 60pc

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GrameenPhone Ltd, the leading mobile phone operator, has reduced its existing tariffs ranging from 20 percent to 60 percent effective from tomorrow.

The GP pre-paid call tariff has been reduced from Tk 6/min to Tk 4.4/min when calling other GP subscribers, and to Tk 4.8/min when calling subscribers of other mobile networks, announced GrameenPhone Managing Director Erik Aas at a press conference in Dhaka yesterday.

Aas said all existing and new djuce subscribers will enjoy a reduced flat tariff of Tk 4.65/min (Tk 1.55/pulse) for calling any mobile number. The djuice subscribers will also enjoy the U&I feature (Tk 1/pulse) and the current promotion of extended off-peak hour from 10pm to 6am at a reduced rate of Tk 0.66/pulse.

He said significant reduction has also been made for all post-paid products of GP. The incoming call charge for receiving calls from BTTB phones will be free for the first five minutes and Tk 1/min subsequently.

GP National tariff for calling any other mobile has been reduced to Tk 4/Tk 3 (peak/off-peak). Moreover, for GP Regular and GP National subscribers, a super off-peak hour tariff of Tk 1/pulse from 1pm to 8am for calling any other mobile has been introduced, resulting in a reduction of up to 60 percent in tariffs.

Aas said GP has also reduced its bundled products' tariff after free minutes the tariff has been reduced to a flat Tk3/min for AnyTime 500 & Tk.2.5/min for AnyTime 1600 for calling any other mobiles.

SMS charges for both pre-paid and post-paid have been reduced to Tk 1.5 per SMS. For GP Regular and GP-National, the company has also introduced lower SMS tariff for Friends and Family number at only Tk. 1 per SMS.

Syed Yamin Bakht, general manger (information), and Kafil HS Muyeed, director (marketing) of GP, were also present at the press briefing.

Govt now won't offload shares of Atlas, Eastern Cables, Osmani Glass

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The government now has decided not to offload majority shares of Atlas, Eastern Cables and Osmani Glass Factory, said industries minister yesterday.

"We have already sent a letter to the finance ministry asking not to go for off-loading the majority shares of those state-owned enterprises as all of them are profitable," said the minister at a regular press conference of the ministry.

The government earlier decided to offload the shares of the SoEs.

Motiur Rahman Nizami also said there is no irregularities in distribution of fertilizer in the country.

"Any shortage and apprehension of non-availability of fertilizer is just the creation of a section of media," Nizami said."

"Per metric ton of imported fertilizer costs between Tk18, 000 and Tk20, 000 and locally produced fertilizer costs Tk 6,000. But both kinds of fertilizer are sold at a subsidised price of Tk4, 800 per ton," he said.

Deputy Minister for Industries Abdus Salam Pintu was also present.

Saifur targets services sector to raise tax

BDNEWS, *Dhaka*

Finance and Planning Minister M Saifur Rahman yesterday asked the revenue officials to bring more service-oriented firms under the tax net and enhance local collection of value added tax (VAT) to achieve revenue target.

The minister also asked the officials to detect under and over invoicing cases to stop tax evasion.

"If we can get 10 percent additional taxpayers from the fast growing services sector, we will be able to achieve the revenue target," Saifur told reporters after a meeting with the officials of the National Board of Revenue (NBR).

"Importers evade huge amount of tax by under invoicing," he said, referring to detection of under invoicing in several cases of sugar imports recently.

NBR Chairman Khairuzzaman Chowdhury said achieving the target has become challenging because of reduction of customs duty in two tiers.

The government during July-September period earned a total of Tk 6947.50 crore revenue, which is 14.11 percent higher than the same period of last fiscal.

During the first quarter of the current fiscal, 19.49 percent revenue target was achieved, Chowdhury said.

"We will be able to achieve the target if the economy remains unharmed by the price hike of petroleum and essentials," Saifur said, admitting the pressure of the price hike on the economy.

He said a volatile situation is prevailing in many economies in the world due to petroleum price hike.

The minister said many community centres, construction firms, hotels and restaurants, and professionals, including lawyers, doctors and engineers, still remain out of tax net. "I have asked the NBR officials to bring them under the tax net."

However, Saifur said the revenue income is being achieved as per our expectation in budget.

Asked, Chowdhury said: "I don't know whether the target would be achieved, but the growth would be around 16 percent."

During July-September period of the current fiscal, the government earned Tk 2,222.76 crore from value added tax (VAT), an increase of 12.86 percent from the same period of the last year.

During July-September, Tk 3,588.25 crore and Tk 1,076.75 crore have been earned from import duty and income tax respectively, marking increase of 15.46 and 13.28 percent over the same period of the last fiscal year.

US panel votes to curb import of China steel pipe

REUTERS, *Washington*

A rapid increase in steel pipe imports from China threatens the financial health of American pipe producers, a US trade panel said Monday, setting the stage for President George W Bush to decide in coming months whether to restrict the imports.

The US International Trade Commission voted 4-2 that imports of the pipes have increased in such volumes "as to cause or threaten to cause market disruption."

The decision is a victory for pipe producers from California, Illinois, Iowa, Missouri and Pennsylvania, who are seeking import protection under a special "safeguard" provision of China's entry into World Trade Organisation in 2001.

Allow yarn import thru' land ports

BKMEA urges govt

BDNEWS, *Dhaka*

Bangladesh Knitwear Manufa-cturers and Exporters Association (BKMEA) has again sought government permission to import yarn through land ports to meet the increased demand.

The demand was made at a press conference yesterday in Dhaka.

The other demands include fixing the price of indigenous yarn to the international level.

BKMEA President Fazlul Haque said the price of local yarn has gone up in the past one month.

He said the import of yarn through land ports has remained shut since March 2001. At present, yarn is being imported through waterways.

The knitwear industries cannot complete their work orders in time due to lack of yarn, he added.

If the government does not permit them to import yarn through land ports they will be compelled to cancel their work orders, he said.

BKMEA president alleged in some cases local yarn is not up to the mark.

In reply to a question, the BKMEA president said, "Importing yarn is not our goal. Businessmen will not import yarn if quality yarn supply is adequate and the price is equivalent to that of the international market."

BKMEA vice-president Habibur Rahman, Abu Ahmed Siddique, Abdur Rashed, director Haidar Ali Bablu, Khaja Azizul Haque, Khaza Rahmatullah and Monwar Hossain, among others, were present at the briefing.

India's cotton export to rise on output, prices

REUTERS, *New Delhi*

India, the world's third largest cotton producer, is expected to nearly double its exports in the year to September 2006 because of a record crop and lower prices, traders said Tuesday.

They said the country is likely to sell more than 2 million bales of 170 kg each during the crop year compared with an estimated 1.2 million bales last year.

"Our crop is excellent and we are cheaper than many countries like the US and Pakistan," said a leading dealer in Ahmedabad, the main city of the largest producing Gujarat state. "This year we have a good export opportunity."

Traders said a big chunk of Indian cotton is expected to hit the Chinese market. "Chinese demand is growing and they are likely to buy more from India," said one New Delhi-based trader.

He said India is expected to sell close to 1 million bales of cotton to China, up from around 300,000 to 400,000 bales last year. The balance would go to traditional markets like the Middle East, Bangladesh, Japan and Hong Kong.

Diversified goods can up Bangladesh's exports to Canada

Canadian envoy says

BDNEWS, *Dhaka*

Diversification of Bangladesh's export basket can help augment export volume to Canada, which virtually lifted all quotas for LDC products and liberalise the rules of origin, Canadian envoy in Dhaka said yesterday.

"Bangladesh has been benefited significantly from Canada's liberal trading policies and its export to Canada has tripled over last five years since 2000," said Robert Beadle, acting high commissioner of Canada to Bangladesh.

He was speaking at the inaugural ceremony of a seminar on "Export to Canada" at Sonargaon Hotel. The seminar was jointly organised by Export Promotion Bureau (EPB) & Trade Facilitation Office, Canada (TFOC) with the financial support from Canadian International Development Agency (Cida).

The seminar laid emphasis on diversification of Bangladesh's export basket, which will help meet the challenges of WTO trade regime.

Commerce Minister Altaf Hossain Choudhury, Adviser to Commerce Ministry Barkat Ullah Bulu, Commerce Secretary Faruq Ahmed Siddiqui and Acting vice Chairman of EPB Mustafa Mohiuddin also spoke.

Beadle said as per the commitment of his country's Prime Minister Paul Martin, Cida recently launched a US $ 10 million 'Local Enterprise Investment Centre' (LEIC) in Bangladesh to provide new technologies, knowledge and skills to local SMEs. This facility is the first of its kind set up by Canada anywhere in the world, he added.

Commerce Minister Altaf Hossain Choudhury said Bangladesh export to Canada increased 140 percent in last FY compared to the previous year after implementation of duty and quota free market access and relaxation of the rules of origin by Canada.

The two-way trade between Bangladesh and Canada stood at over US $ 410 million in 2004. Of the total volume Bangladesh's export to Canada was US $335 million and import US $75 million.

Bangladesh mainly imports energy and telecommunications equipment, food grains, pulp and metals from Canada while the major Bangladeshi exports to Canada include readymade garments and frozen foods.

Asia treads unevenpath to higher interest rates

REUTERS, *Singapore*

Soaring oil and commodity prices are forcing most Asian central banks to raise interest rates, reining in months of expansionary monetary policy.

But analysts say interest rates won't rise uniformly throughout the region because central banks will be loath to scuttle a recovery in domestic consumer demand.

Indonesia and Thailand may raise rates faster than Taiwan, South Korea and the Philippines, while Malaysia and China may not raise rates at all, they say.

Concerns over inflation have risen as governments in Thailand, Indonesia and Malaysia removed fuel subsidies to let consumers feel the pinch of expensive oil, pushing inflation in some countries to levels not seen since the 1998 financial crisis.

"If they are raising rates, it is driven by higher energy prices and the risk that feeds into inflation at some point," said Greg Gibbs, a senior currency strategist at the Royal Bank of Canada in Sydney.

Policy makers from other parts of the world including Europe, Canada and New Zealand share that concern, he said.

But Asia is different, Gibbs said.

"Inflation here is driven more by cost of raw materials than by labour markets or excess demand in these economies. On a broad scale, I don't see any reason to start panicking on the inflation front."