

WTO nations to hold meeting as deadline edges out of reach

AFP, Geneva

Trading nations are to hold a crunch meeting on Monday to decide how to advance struggling talks on liberalising global commerce as the chances of meeting a looming deadline appear increasing out of reach, the WTO announced Friday.

Key differences on reducing customs duties and other barriers to commerce remain unresolved just days before the April 30 target, and senior diplomats representing the 149 members of the World Trade Organisation are to gather Monday to review the impasse, the global body said.

The deadline of April 30 was part of a loose accord at a WTO conference last December in Hong Kong.

At the conference, governments tried to bring some momentum back to the struggling Doha Round of negotiations, which was launched in 2001 with the aim of tearing down barriers to commerce and using trade to boost the economies of poor nations.

They agreed by the end of this month to come up with what are known in WTO-speak as "modali-

ties," or formulas and other guidelines for reducing trade barriers.

But cross-cutting disputes among WTO members, particularly arguments between rich and poor members about concessions in the farm trade, have prevented negotiators from agreeing on the mathematics.

WTO members have still not decided whether to bring together their trade ministers at the end of this month for a meeting which was originally planned to cap weeks of talks among diplomats.

A more limited group of around 30 WTO ambassadors was expected to meet on Friday evening to assess whether it would be worth holding such a high-level meeting.

According to sources close to the talks, the outgoing US Trade Representative Rob Portman is keen on a gathering in order to bid his counterparts farewell and signal Washington's continued commitment to the negotiations.

Portman was earlier this week nominated White House budget chief and is set to be replaced by his deputy, Susan Schwab, but the change at such a crucial stage in the

Doha Round has raised eyebrows among other WTO members.

The April 30 target is part of a drive to complete the round by the end of the year, before the White House loses its "fast track" authority to negotiate trade deals in 2007.

In July 2007, US Congress is set to regain its power to pick apart any trade accord, rather than having to approve or reject it in one go, and that has the potential to complicate future talks.

Beyond the looming deadline, WTO members also face a July 31 target for so-called "schedules," which set out how governments would implement the formal trade treaty that would mark the end of the round.

The Doha Round was originally meant to be completed in 2004.

Al Arafah Bank, Millennium Information sign deal

Al Arafah Islami Bank Ltd Wednesday signed a contract with Millennium Information Solution Ltd for installation of a Shariah-based online Islamic banking software-- Ababil.

The agreement was signed at a function in Dhaka , says a press release.

Al Arafah Bank Chairman Anwar Hossain, directors Abdul Makek Mollah, Khondoker Mesbah Uddin Ahmed and Ahmed Ali, and Managing Director MA Samad Sheikh, Millennium Information CTO Fokhriz Zaman, Assistant Sales Manager SM Zakir Hossain and Senior Business Development Officer Sayed Saiful Islam were present at the signing ceremony.



PHOTO: MILLENNIUM INFORMATION SOLUTION
Officials of Al Arafah Islami Bank Ltd and Millennium Information Solution Ltd exchange documents after signing a contract in Dhaka Wednesday. Under the deal, Millennium Information will implement a Shariah-based online Islamic banking system for Al Arafah Islami Bank.

The world and Bangladesh economy

MAHBUBUR RAHMAN

(CONTINUED FROM APRIL 21)
The hope for improvement in gas supply situation was dashed by two consecutive blowouts at Tengratila gas field operated by Niko - a Canadian oil company. The blowouts caused extensive damage to the gas reserve and environment of the adjoining areas. Here again, it is of utmost importance of taking immediate steps for improving the gas supply by way of exploration of new gas fields to meet the growing demand for industrialisation.

The domestic and foreign investment situation was more or less satisfactory. According to BOI (Board of Investment) statistics, foreign investment registered a satisfactory growth in 2005 with many major investors from Asia, Middle East and Europe showing keen interest in investing in power, highways, gas, telecom and tourism sectors. The negotiations between the government and the Indian corporate giant, Tata, which expressed interest to invest more than US \$2.2 billion in basic industries i.e, steel, power and fertilizer plants in Bangladesh, continued throughout 2005. The non-agreement over unusual demand of gas tariff and long-term tax incentives delayed finalisation of the deal.

It is disappointing that Korean Export Processing Zone (KEPZ) is yet to come into operation, even after lapse of almost ten years. For the sake of FDI, wealth and employment, it is essential to create enabling environment. Government should, therefore, resolve the impasse of making KEPZ operational without further loss of time.

The government finalised the much-talked-about Poverty Reduction Strategy Paper (PRSP) in the final months of 2005. The effective implementation of the PRSP, a tremendous challenge, unfailingly depend on the leadership of the government with active support and contributions by other important players, such as private sector, civil society and development partners.

The law and order situation improved remarkably in 2005 due to prompt actions by the elite Rapid Action Battalion (RAB) against hardcore criminals. But some deaths of 'terrorists' in RAB and police custody as well as so-called encounter triggered protests from human right organisations from home and abroad. However, most people seemed to be happy over the improvement in law and order situation. But one particular incident--- the simultaneous bomb blasts in 61 districts by the activists of the banned Islamic outfit, the Jamaiatul Mujahedeen, Bangladesh (JMB) - -- on August 17, 2005 took the entire nation by shock! The incident was followed by a series of bomb blasts by members of the JMB suicide squads in different parts of the country. A total of 21 persons, including some lawyers and judges, were killed and many were injured in these attacks. However, the recent arrest of the chief, the second-in-command and some key leaders of the JMB by the RAB from various parts of the country created a dampening effect on the over-all terrorist activities in the country.

On the other hand, law enforcement agencies are yet to nab the culprits of the grenade attack on Awami League (AL) Rally, British Envoy to Bangladesh and killing of former Finance Minister Shah A. M. S. Kibria in 2004. Whoever is responsible in these acts and all other incidents in the past should be traced and brought to task for the over-all improvement of the law and order situation of the country.

The Anti-Corruption Commission (ACC), even after 15 months of its existence, failed utterly to live up to the expectation of the people because of its own internal problems and indifference on the part of the government.

Politics continued to be confrontational in 2005 with main opposition AL forming an alliance with 13 smaller left leaning parties. The 14-party alliance called a number of hartal in 2005 in sup-

port of various demands, including reform of the caretaker government system and the election process, much to the dismay of the citizens.

Outlook for the year 2006
Some problems, including high oil price, erratic power supply, law and order situation and political dilemma that confronted the nation in 2005 are very much likely to aggravate further in 2006. Taka might continue to remain under pressure for devaluation due to higher import costs of oil and other commodities. In spite of contractionary monetary policy being persuaded by the central bank, the inflationary pressure, it seems, is on due continuous erosion in the value of the Taka vis-a-vis US dollar.

Despite all these disabling factors, the country is expected to have a higher GDP growth during the fiscal 2005-06. The Asian Development Bank (ADB) which earlier projected a 6.0 per cent growth of the Bangladesh economy has recently revised the projection upward to 6.5 per cent. It said the higher GDP growth would be underpinned by steady expansion in industry and service sectors, aided by strong recovery of agriculture.

The ADB, however, while predicting a higher GDP growth, did not forget to mention about the downside risks to the medium-term growth prospects. The risks include long-term consequences of the loss of quotas for the garment industry, the knock-off effects of high global oil prices, weak governance and political uncertainty, especially in the run-up to the January 2007 elections.

In spite of some reforms in fiscal management, the revenue collection has not been that satisfactory as expected. However, the fiscal deficit during 2005-06 is expected to remain within the manageable limit of 4.5 per cent but that will be not without a cost. As usual the public development spending would be the first casualty. The government is already contemplating a 10 per cent cut in the Annual Development Programme (ADP) for the current

fiscal.

Moreover, there are also a few ominous signs in the horizon. The power crisis is feared to reach a record level in the summer season this year. The state minister for power himself admitted that the power deficit might reach 1500 MW. In such a situation, all types of consumers---farmers, industrial, commercial and domestic--- will be hit hard. The power crisis coupled with scarcity of diesel oil has already hit Boro rice cultivation this year. The crisis of fertilizer, allegedly created by a section of unscrupulous dealers, has also put the farmers in great distress. If the situation continues like this, the production of Boro, a major rice crop, would be less than expected. As a result common people will be seriously affected due to increase in prices of most basic food items, mainly therice.

The cost of fuel import--- estimated to be \$2.0 billion--- during the fiscal 2005-06 has put the government in serious difficulty. Due to non-payment of around Tk. 140 billion (US\$2.12 billion) by the Bangladesh Petroleum Corporation (BPC), the sole importer of gasoline products, the three major Nationalised Commercial Banks have been refusing to open L/Cs. Therefore, the government, in the absence of credit facility from the Islamic Development Bank, has decided to borrow \$250 million short-term loan at a higher interest rate from a foreign commercial bank. It is anticipated that the Government might be compelled for further borrowing to meet the fuel bills.

The return of AL, the main opposition party, to the parliament after a gap of about 19 months, is definitely a positive sign. The Leader of the Opposition has placed a host of proposals for reforming the system of caretaker government and the election process. It is difficult to predict what will be the ultimate outcome. But it is, no doubt, a welcome development. We, the business community, do earnestly hope that political issues would be

resolved in parliament, rather than on the street, so that the people do not have to bear the brunt of bitter political rivalries. We strongly urge them to sit across the table to resolve outstanding issues in the best interest of the country and economy.

Conclusion
Few years ago, Goldman Sachs introduced the concept of the BRICs economies. The acronym BRIC stands for Brazil, Russia, India and China, a group of countries with both the size and the potential to become of great significance to the global economy. More recently, in Global Economics Paper No.: 134, published in December 2005, Goldman Sachs has extended this concept. It has introduced the concept of the "Next Eleven" or N-11, i.e. countries that also have tremendous growth potential. This group of countries includes Bangladesh, along with Egypt, Indonesia, Iran, Republic of Korea, Mexico, Nigeria, Pakistan, the Philippines, Turkey and Vietnam.

We have seen in recent years that our big neighbours (China, India and Pakistan) are in the process of sorting out their differences for over-all socio-economic development of their people in stead of remaining engaged in conflicts with no benefit to their nations.

We hope our leaders would be able to avoid confrontational politics and iron out their differences on political issues both inside and outside the parliament; develop a culture of development oriented political system for our growth and prosperity. The nation at this critical juncture needs political sagacity and visionary leadership. The country is going through a difficult time due to adverse domestic as well as external factors. We do earnestly hope that our leaders would not let us down.

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The writer is the president of International Chamber of Commerce (ICC)- Bangladesh. This article is an abridged version of the speech presented by Rahman at the ICC Bangladesh Annual Council 2005 held on April 15, 2006.

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