

# Star BUSINESS

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## REAPING BENEFITS FROM GLOBALISATION

# Bangladesh lacks capacity to analyse FDI proposals

## Adviser admits

STAR BUSINESS REPORT

Bangladesh lacks the capacity to analyse foreign investment proposals and participate fully in international trade negotiations, deficiencies that weaken its ability to profit from globalisation, said the finance adviser.

"Bangladesh should improve its capacity in analysing foreign investment proposals and other regional and bilateral trade negotiation processes to reap benefits from globalisation," Mirza Azizul Islam told a seminar at the World Bank Dhaka Office yesterday.

He underscored the need to enhance exports by exploring new markets for Bangladeshi products as the country is heavily dependent on exports to the USA and the European Union.

"The country should improve its capacity to explore other markets like Australia, South Africa, the Middle East and Central Asia in order to get more opportunities from globalisation," he said.

The World Bank organised the seminar titled "Making Globalisation Work for the Developing World" with its country director Xian Zhu in the chair.

British High Commissioner in Dhaka, Anwar Choudhury presented the keynote paper at the seminar while Professor MA Taslim of Economics Department at the Dhaka University and President of Bangladesh Enterprise Institute (BEI) Farooq Sobhan took part in the discussion as panelists.

World Bank Senior Economist Dr Zaidi Sattar gave the address of welcome while Associated Press Bureau Chief in Dhaka Farid



PHOTO: STAR

**Finance Adviser Mirza Azizul Islam speaks at a World Bank (WB) seminar on globalisation in Dhaka yesterday. British High Commissioner Anwar Choudhury, WB Country Director Xian Zhu and BEI President Farooq Sobhan are also seen.**

Hossain gave vote of thanks.

The finance adviser said, "Inequality is increasing due to the global trading pattern... then, of course, we need a compensation mechanism on how do we compensate the losers."

There are two major problems that induce inequality, he said, adding that the market is not an equalising force rather it aggravates inequality.

Technology is another driving force creating inequality, as one cannot acquire technology overnight, the adviser observed.

He stressed the need for the setting up of global governance institutions to oversee the problems arising out of globalisation as well as a global watchdog body to monitor

the movement of financial capital, particularly portfolio investment.

Dr Aziz welcomed the decision at the last WTO Ministerial Conference in Hong Kong of awarding the LDCs duty-free access for 97 percent of their products to developed markets. He was, however, skeptical about the products to be included on the duty-free list.

Mentioning non-tariff barriers (NTBs), the finance adviser said these are a major bottleneck preventing developing countries from deriving benefits from globalisation.

In his keynote speech, British High Commissioner Anwar Choudhury highlighted the dark side of globalisation, saying it could bring threats of global crime and terrorism that could be organised and spread

with devastating impact.

"Bangladesh has made important progress in recent times in security and corruption, (still) there remain formidable challenges in infrastructure and governance," he said.

He, however, criticised the country's malgovernance and suggested immediate remedy.

"A country cannot develop if it is constantly hampered by a poor public service and publicly owned institutions that are no match for their competitors abroad," he added.

World Bank Country Director Xian Zhu said wisely managed integration with the global economy could lift millions of people in Bangladesh out of poverty, but if managed badly it could also lead to their further marginalisation and impoverishment.

"The challenge is to put policies in place that will provide employment and adequate safety nets for the poor", he said, adding that the cost of inaction and policy weaknesses can be high -- marginalisation of many poor countries and impoverishment of poor people.

BEI President Farooq Sobhan emphasised three critical issues -- market access, movement of natural persons, and importance and relevance of regional cooperation.

Prof Taslim said access to developed markets would determine to what extent developing countries like Bangladesh could grow.

## Bring income of political parties under tax net

Tax lawyers propose

STAR BUSINESS REPORT

Jatiya Kar Ainjibi Samity (JKAS) yesterday urged the government to incorporate a provision in the next national budget to bring the income of political parties and religious leaders under tax net.

The tax lawyers group also urged the government to form tribunal under the law ministry instead of finance ministry to dispose of the cases relating to tax.

"Political parties usually spend huge amount of money without any accountability. If all politicians come under the tax net, revenue will be increased significantly," said Md Jakir Hossain, president of JKAS, at a pre-budget press conference at the National Press Club.

In a written speech, he urged the government to simplify the tax collection procedure so that members of the public can come forward to pay tax willingly.

The issue of reforming tax administration was discussed earlier at different stages, Jakir said, lamenting that any fruitful result is yet to come due to lack of proper initiatives.

The government should reward the high tax paying people, he proposed.

Advocate Abdul Aziz Sarkar, Konika Mahfuz, Aysa Siddiqua and Shahidullah Ansari were also present at the press conference.

## Emirates re-brands its travel service as EmQuest

EmQuest, the re-branded travel services provider for the Emirates Group, previously known as Galileo Emirates, recently unveiled its new brand identity, said a press release.

The creation of EmQuest allows Emirates to offer a broader and enhanced products and greater flexibility to respond to the travel industry's requirements.

The new EmQuest identity represents a significant milestone in the company's evolution, but our guiding principle -- which is to provide top quality services across the board -- remains the same, Naz Nizari, senior vice president of EmQuest, was quoted as saying.

## China to ban more export products

ANN/ CHINA DAILY

China will ban processing trade in more categories of chemical and resource products in the latest move to restrict the export of resource-intensive products and to balance trade.

The 2007 Prohibited List for Processing Trade, which would take effect on April 26, bans processing trade firms from dealing in 990 products.

There are 186 new categories listed, including heavy diesel oil, apatite and lanthanum ore. They are mostly non-renewable resources, energy-consuming and high-polluting products.

## BAT's new head of brand marketing



Shehzad Munim has joined British American Tobacco Bangladesh (BAT) as its new head of brand marketing.

Prior to his new assignment, Shehzad was the company's manager for product & packaging innovations in Australia, says a press release. He also served in managerial position at BAT New Zealand.

Shehzad joined BAT Bangladesh in 1997 as Territory Officer.

He did his BBA from the Institute of Business Administration of Dhaka University.

# Economic zones in greater Rangpur, Dinajpur soon

BSS, Rangpur

Executive Chairman of the Bangladesh Board of Investment (BoI) Nazrul Islam has said there are great potentialities for massive and multi-sectoral industrialisation in greater Rangpur and Dinajpur districts.

Steps are under active consideration for setting up special industrial and economic zones on the government khas land in the areas under the assistance of the World Bank. The areas will be connected with the national gas supply line soon to accelerate the process, he said.

The BoI chief was speaking at a view-exchange meeting as the chief guest with the leaders of Rangpur Chamber of Commerce

and Industries (RCCI), leading businessmen, community leaders, journalists and local elite people on Saturday night.

RCCI and Rangpur Press Club jointly organised the meeting at the conference hall of the RCCI with President of Rangpur Press Club Sadrul Alam Dulu in the chair.

Nazrul Islam also stressed the need for active participation of local entrepreneurs in investing more and more, and the BoI would extend all possible cooperation and assistance. For this, it is urgently needed to increase the tax holidays and banking sector assistance, and ensure uninterrupted supply of electricity and gas, he added.

Side by side with industrialis-

ation in the agro-sector, the greater districts have tremendous potentialities for setting up energy-sector industries because of a huge reserve of mineral resources, the BoI chief said.

Acting President of RCCI Mohammad Jahangir presented a keynote paper on 'prospects for industrialisation and problems in greater Rangpur zone'.

Deputy Commissioner of Rangpur Khondker Atiar Rahman, RCCI's former presidents Golam Mostafa and Mosaddek Hossain Bablu, former senior vice president Amirul Haque Khokan, senior journalists Wadud Ali, Press Club Secretary Rashid Babu and Mahbub Rahman Habu, among others, spoke on the occasion.

# Finance chiefs to survey robust global economy

AFP, Washington

Global financial chiefs gather in Washington this week to take stock of a world economy that appears to be shrugging off a housing-led slowdown in the United States.

However, currency rates will again stoke debate among finance ministers and central bankers from the Group of Seven nations, who meet Friday ahead of the annual spring gathering of the IMF and World Bank at the weekend.

"Discussion on exchange rates is likely to include the yen, the dollar, the euro and the (Chinese) yuan," Japanese Finance Minister Koji Omi said last Friday.

But the G7 industrialized nations -- Britain, Canada, France, Germany, Italy, Japan and the United States -- "will not particularly focus on the yen" at their meeting, Omi told reporters in Tokyo.

The G7 ministers opted for a relatively soft line on the sliding Japanese yen at their February meeting in Germany despite European concerns about the currency's weakness, which is hurting eurozone exporters.

Omi said the finance chiefs will also discuss the health of the global economy and the future of

the International Monetary Fund (IMF).

Under its Spanish managing-director Rodrigo Rato, the six-decade-old Fund is trying to overhaul its historic role as a lender of last resort to countries embroiled in financial crisis.

Ten years after crisis swept through East Asian economies, the IMF is seen as less relevant to fast-emerging powers like China, whose build-up of huge currency reserves has made the country far less reliant on outside help.

At annual talks in September, the IMF raised the voting power of China and three other countries -- South Korea, Mexico and Turkey -- but it faces disquiet from several European and developing nations about deeper reform.

This Wednesday, the IMF publishes its latest World Economic Outlook (WEO) report, replete with detailed forecasts for growth among its 185 members.

According to a report in the Financial Times Deutschland, the IMF is set to forecast US growth in 2007 of 2.2 percent and 2.8 percent next year. That would be down from 3.3 percent last year.

The business newspaper said the IMF report would forecast world

growth of 4.9 percent this year and 4.8 percent next.

The IMF's new chief economist, Simon Johnson, believes the United States will avert recession and "bounce back pretty quickly" from its housing slowdown, while the rest of the global economy is in good shape.

"If the United States sneezes, you should worry about other parts of the world catching cold. But at the moment, other parts of the world are healthy," he told a news conference last week.

"The US is a significant part of the (global) economy ... but it's not by any means the whole story," Johnson stressed. "The contribution of China and India and other emerging markets is definitely positive."

In a pre-released section of the WEO, the IMF said that some of the world's economic imbalances may be corrected as the dollar's value declines. Last week the dollar slumped to a two-year low against the euro.

The massive US trade gap -- of 763.6 billion dollars in 2006 -- has been among key concerns for finance officials as surpluses and currency reserves mount in countries such as China.

# All products must be marked with max retail price

## Govt orders

UNB, Dhaka

The caretaker government made it mandatory for the manufacturing companies to mention maximum retail price (MRP) on all consumer and industrial products as drives for streamlining the disorderly market went on.

A 'unanimous decision' to this effect was taken yesterday in a council meeting of Bangladesh Standards and Testing Institution (BSTI), an official announcement said.

The measure, 'taken in the interest of consumers', will come into effect on January 1 next, it said.

Industries Adviser Geete Ara Safia Chowdhury presided over the meeting attended, among others, by Industries Secretary Dr M Nurul Amin and the representatives of Agriculture, Fisheries and Livestock Resources, Health, Commerce, Industries, Finance, Science and ICT, Information, Textiles and Home Ministries.

Business leaders of FBCCI,

MCCI and DCCI and CAB and council members were also present.

As there have been allegations of cheating at weight, the meeting also decided that various weighing-machines, including weights, would be checked during the drive of mobile courts against adulterated food across the country.

It decided to operate a coordinated campaign with the cooperation of government and private media to create awareness among people about various measuring-scales, including metre, litre and kilogram.

Addressing the meeting, Geete Ara said that the present caretaker government would take initiative 'to turn BSTI into a modern and strong standard-measuring institution in the context of the changed world scenario'.

She also stressed the need for increasing skilled and trained manpower to strengthen the activities of the important watchdog institution.

## 'Shock therapy' to slow India's economy

AFP, New Delhi

Aggressive anti-inflation moves by India's central bank will slow scorching economic growth but are unlikely to result in a "hard landing," economists say.

The Reserve Bank of India surprised markets late last month when it sharply tightened monetary policy, alarming industry which forecast a demand downturn and dismaying borrowers whose housing, car and other loan repayments jumped.

"They pressed on the brakes a bit hard, but there's no indication that this is going to produce any kind of serious slowdown," said D.K. Joshi, economist at Indian rating agency Crisil, citing the economy's core robustness.

"This year we are looking at growth of 7.9 percent to 8.4 percent down from 9.2 percent in the last year (to March 2007)," he added.

India's growth has been the second fastest in the world and pushed inflation to two-year highs, hurting the purchasing power of its poor masses.

Still, economists said the central bank must tread carefully in tightening further to combat inflation, now running at 6.39 percent, nearly a percentage point above the bank's tolerance ceiling of 5.50 percent.



PHOTO: EBL

**Meah Mohd Abdur Rahim, a director of Eastern Bank Ltd (EBL), inaugurates the bank's relocated Jubilee Road branch of Chittagong recently. The branch is now located on 156 Nur Ahamed Sarak. Mahmood Sattar, managing director and CEO of the bank, was also present.**

# ROK-US trade deal puts squeeze on Asian rivals

AFP, Tokyo

Asian countries are under increased pressure to hammer out bilateral free-trade agreements following South Korea's deal with the United States and as global trade talks falter, analysts say.

If the deal survives opposition in both countries' legislatures, South Korea will be the first major Asian economy to seal a free-trade agreement (FTA) with Washington, giving its firms a competitive boost in the US market.

The deal could galvanise political momentum elsewhere in the region for free-trade deals, said Motoshige Ito, an economics professor at the University of Tokyo.

"It could set a trend of deals between major countries in Asia, such as a tripartite FTA between China, Japan, and South Korea, or deals with the United States," said Ito.

"Asia has developed a cross-border production network without huge free trade deals, but after the

South Korea-US deal, leaders in the region may well be compelled to seek freer trade," he said.

Japan last week signed a free-trade agreement with Thailand and said it would study an FTA with the United States. It plans trade talks this month with Australia and also aims to restart negotiations with South Korea.

Tokyo has also previously floated the idea of a free-trade zone involving 16 Asia-Pacific nations -- the 10-member ASEAN Southeast Asian bloc plus Japan, China, South Korea, India, Australia and New Zealand.

Chinese Prime Minister Wen Jiabao's visit to Japan this week will provide a potential opportunity for discussions on trade with his Japanese counterpart Shinzo Abe, although few expect any tangible progress given strained relations.

In contrast, Wen has called for talks with South Korea on a free trade area to be fast-tracked ahead of his visit to Seoul next week, Chinese state press reported Friday.