

**International Business News**

**Japan calls for major boost in investment in Africa**

AFP, Yokohama, Japan

Japan pledged Thursday to help its businesses double investment in Africa, saying the continent needed better roads and security to bring about Asian levels of growth.

Japan made the promise on the second day of a development conference in Yokohama, near Tokyo, attended by 52 African countries including 40 heads of state.

The summit comes amid growing concern in Japan that China, led by its state-run firms, has been securing access to Africa's natural resources.

"Foreign capital is now flowing into Africa from various regions in the realisation that Africa is a promising market," Japan's Trade Minister Akira Amari told the conference.

But the challenge is "the sustainability of growth, as there is a need to eliminate factors hindering foreign investment such as worries about public order and insufficient infrastructure," he said.

He said that Japan aimed to double investment within five years with a focus both on "soft infrastructure," such as improving safety, and "hard infrastructure" including building roads, ports and railways.

"These are all challenges that Asian countries have overcome," he said, crediting Japan's past assistance within its own region.

**World Bank studying food aid to ease crisis**

AFP, Washington

The World Bank is studying the creation of a special fund to help combat aspects of the global food crisis which is threatening an increasing number of developing nations, a source said Wednesday.

The source, who requested anonymity, but is familiar with the matter, said the issue was to be discussed by the board of the multilateral Washington-based institution on Thursday.

Escalating global prices of foodstuffs such as corn, rice and wheat have sparked protests in many countries, particularly less developed states, and raised concerns that many of the world's poor will face increased hunger problems.

The source said the precise amount of aid that could be provided has not yet been finalized, but another source said the fund could amount up to 200 million dollars.

"This is more for things like school feeding programs, food for work programs," said the first source who spoke with AFP, adding that the funds would likely be disbursed quickly if the program is approved.

It is envisaged that any funds put together would provide targeted and limited relief rather than trying to tackle or ease the problem of food shortages and spiking commodity prices on a broad basis.



A rice vendor eats her meal while waiting for customers at a public market in Manila yesterday. Economic growth in the Philippines slowed to 5.2 percent in the first three months of the year on the back of weak exports and rising food and energy prices, government economists said yesterday.

**US, Japan file WTO complaint against EU**

AFP, Geneva

The United States said Wednesday that it had filed a complaint along with Japan against the European Union over tariffs levied on high-technology goods.

The jointly-filed complaint charged that Brussels was imposing duties on certain products such as flat-screen computer monitors and cable set-top boxes that should be duty-free under the WTO's Information Technology Agreement (ITA).

"The EU should be working with the United States to promote new technologies, not finding protectionist gimmicks to apply new duties to these products," said US Trade Representative Susan Schwab.

"We urge the EU to eliminate permanently the new duties and to cease manipulating tariffs to discourage technological innovation," she added.

**Oil surge could trim 1.5 points off US economic growth**

AFP, Washington

A top White House economic aide to President George Bush said that the surge in oil prices could cut at least 1.5 percentage points off US economic growth if it continues.

"The high price of oil has already cost us a significant amount in terms of economic growth," Edward Lazear, the chairman of the president's Council of Economic Advisers, said in a speech to the Hudson Institute, a Washington-based think tank.

Lazear estimated that each 10-dollar rise in the price of oil per barrel over the course of the year reduces gross domestic product (GDP) growth by about a quarter of a point.

Oil prices have skyrocketed since crossing 100 dollars for the first time on January 2. Prices hit record highs above 135 dollars last week before easing back on concerns about demand from the sluggish US economy. The New York benchmark contract rebounded Wednesday to above 130 dollars.

**FISHERIES**

**Hilsa leaves fishermen with bitter taste**



(Left) File photo shows fishermen unloading and carrying hilsa fish at Fishery Ghat in Chittagong. (Right) People arrange fish for carrying to the wholesale markets.



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The mouthwatering smell of freshly fried hilsa fills the air at Mawa Ferry Ghat on the banks of the Padma. Travelers on their way to Shariatpur, Madaripur, Faridpur, Khulna and Bagerhat queue, trying to grab the hotel boys' attention so they can buy small pieces of the delicacy.

It is 10am and amid the heat, noise and frenetic activity of the busy terminal the fish traders have withdrawn to their makeshift thatched and bamboo shelters. The hilsa was landed at 4 am and their jobs are done for the day. Now they are happy to chat and plan for tomorrow.

For traders these are good times. The hilsa season, which stretches from May to November is in full swing and catches and stocks are up. Moreover the strong demand means that even with a good supply, prices in the cities are on the rise.

Trucks crowd the ghat early

in the morning to take the fish to Dhaka and since January when an export ban was lifted, further a field, mainly to India. For the traders the problem is how to get the fishermen to land more so they can meet the demand.

Hilsa, or ilish in Bangla, are born in fresh water and then migrate to the Bay of Bengal. Here they feed and grow to maturity before returning upstream to spawn. According to Bangladesh they can reach up to 60cm in length, although they are normally between 35-40cm, with a good sized hilsa weighing around 2.5kilo.

Hilsa is prized for its distinct taste and is the national fish of Bangladesh. With a market value of between Tk70-100 billion it also makes up about 15 percent of the country's fish production.

However in recent years there have been concerns about stocks, especially in upstream areas. The fish's

habitat has been damaged by the construction of the Farakka Barrage in India, used to divert water from the Ganges, while pollution and the blocking of rivers and streams in Bangladesh has created further damage. On top of this there has been heavy fishing of hilsa fry, know and jatka, on their migration to the sea.

To deal with this the government got tough on the jatka fishermen, strictly enforcing a ban on the netting of jatka and their mothers in 20 southern coastal districts. Since July a total amount of 69 tonnes of jatka and 92 lakh metres of net have been seized from rivers and 134 cases filed against fishermen violating rules.

But while the traders are happy with business, the fishermen are less, as so far they have benefited little from the upsurge in stocks, prices and demand.

The fishermen on the Padma work at night in teams

using small diesel boats and nets. The nets are thrown overboard and stretched across the river near the bottom in order to trap the hilsa who swim in shoals.

Most fishermen are very poor and in order to finance a boat and nets they take loans from the fish trader. These can sometimes reach as much as Tk5 lakh. In return the fishermen must sell the catch to the trader who lent them the money. With such a captive supply, the price the trader pays is well below that he can get in the wholesale market.

The system is known locally as 'dadon' and has been around for many generations. According to the Department of Fisheries (DoF) around 233,000 fishermen in 20 districts are directly involved in hilsa fishing.

At Mawa Ghat some of the traders representatives expressed sympathy for the fishermen, but said that without the 'dadon' system it

would be difficult to get people to fish.

"It is only the very poor who become fishermen and they do not have the money for boats and nets by themselves so they have to find a way to borrow," one said.

"If the poor fishermen could sell the fishes directly to the wholesale market without the intervention of the traders then perhaps the prices of the item would decline," he added.

The high price of hilsa in the domestic market was the reason the government moved last June to ban the export of the fish to India for six months. Prices however have not come down.

At Mawa Ghat yesterday the wholesale price of hilsa was between Tk30,000 and Tk32,000 per maund (around 40kilo). End customers in Dhaka can expect to pay considerably more.

And in Dhaka there are concerns among market traders that the hilsa supply is still

too limited. Anwar Hossain Sikder president of Dhaka Metropolitan Fishes and Small Vegetable Traders' Association said; "Now, hilsa does not come on a large scale even during the full rainy season due to deposits of silt on the seabed and riverbed and in the channels to the sea."

Professor Shafi, former chairman of the Department of Fisheries of Dhaka University advocated the excavation of river channels to enhance their flow so hilsa, a deep water fish, can easily enter Bangladesh's rivers. The government should also continue the campaign against catching jatka, he added.

At the Mawa Ferry Ghat there were no jatka on the menu, only mature hilsa, hundreds upon hundreds of them, chopped, freshly fired and filling the air with that mouthwatering smell.

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**ANALYSIS**

**Slowdown looms on Indian economy**

AFP, New Delhi

A slowdown looms for India's economy amid global financial turmoil even though it may post better-than-expected growth for last year in official data due on Friday, economists say.

Just as positive global factors supported India's expansion earlier, "negative global factors," such as surging commodity prices and growing investor risk aversion, were "now threatening to pull its growth below potential," said Morgan Stanley economist Chetan Ahya.

India's trillion-dollar economy is estimated to have grown by 8.7 percent for the fiscal year to March 31, 2007, according to the government. But the figure to be released Friday could be higher since the farm sector may turn in an healthier-than-expected performance, economists say.

"There is a good chance this figure will be revised up," said Rajeev Malik, an economist at JP Morgan.

That expansion, however, is down from 9.6 percent growth

the previous year.

Meanwhile, growth this financial year is showing signs of sputtering still further with most private analysts forecasting the economy will expand by between seven and eight percent.

That's still turbo-charged by anaemic Western standards, but the figure is well shy of the double-digit levels economists say is needed to rescue hundreds of millions of Indians from crushing poverty.

Pessimism has been fed by data showing annual industrial output in March grew by three percent -- its smallest rise in six years -- and aggressive monetary tightening, which has pushed interest rates to six-year highs.

First-quarter year-on-year growth will probably be 8.2 percent, but this would be the slowest pace in three years, Malik said.

Morgan Stanley saw "the lagged impact" of the central bank's monetary tightening pulling growth down to about 7.5 percent in the first quarter.

The inflation increase, fuelled by fast-rising food

prices, means no easing of interest rates to spur the economy.

India's government now is worried more about "the social tensions being caused by higher food and energy prices" than spurring growth, said Deepak Lalwani, director of Astaire Securities investment house in London.

"High inflation is historically a vote-loser in India as it hits the poor very quickly while high economic growth is not necessarily a vote catcher."

Inflation has been marching to three-and-a-half year highs of eight percent, raising fears in the ruling Congress party of a voter backlash in general elections due within a year.

The party suffered a big setback in elections last weekend in the southern state of Karnataka -- a poll that was partially seen as a referendum on high prices.

India's central bank is more upbeat, forecasting 8.0 to 8.5 percent growth in 2008/09 with the economy buttressed by an expected good monsoon, vital for the farm econ-



Indian women clean paddy on farmland in Naxalbari village in Siliguri on May 28, 2008. The price of certain types of rice has risen by 50 percent in recent months, causing tension in the poorest parts of the world. A slowdown looms for the country's economy amid global financial turmoil even though it may post better-than-expected growth for last year in official data due on Friday.

omy and fiscal policy stimulus. But many private economists view the forecast as too bullish.

"The cumulative impact of monetary policy tightening and softer external demand will likely slow growth" to a

level below official forecasts, said Malik, who added that he expects this year's figure will be close to seven percent.