

## Stocks

DGEN	▲ 0.46%	2,661.69
CSCX	▲ 0.31%	5,298.79

## Currencies

	Buy Tk	Sell Tk
USD	68.35	69.35
EUR	85.94	90.39
GBP	97.56	102.17
JPY	0.75	0.79

SOURCE: STANDARD CHARTERED

## Commodities

Gold	▲	\$919.50
		(per ounce)

Oil	▼	\$41.74
		(per barrel)

SOURCE: AFP

(As of Friday)

## More News

### BTMA points to 'crisis' in primary textile sector

Spinning mills, apparently afflicted by the global financial crisis, have reported Tk 30,000 crore worth of yarn in unsold stocks. Leaders of Bangladesh Textile Mills Association (BTMA), led by its President Abdul Hai Sarker briefed Finance Minister AMA Muhith yesterday on the primary textile sector and sought a stimulus package from the government to overcome the situation.

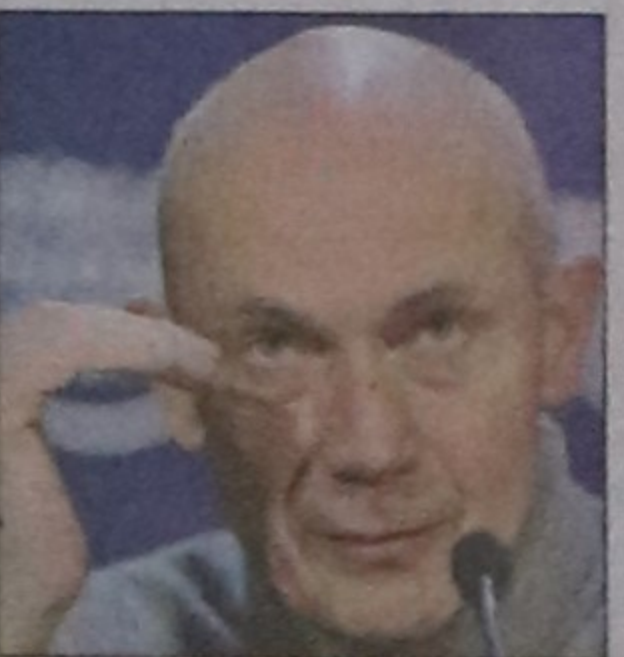
### Dilip stresses flourishing motor industry

Industries Minister Dilip Barua said the government would give priority to flourish motor industry alongside the other industrial units in creating employment opportunity for the unemployed population.

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## International

### Davos signals era of big govt



The world is entering an era of big government with only state muscle powerful enough to fight the economic crisis, top leaders signalled at the Davos summit. News of mass job losses and fears of social unrest and protectionism reverberated around the gloomy halls of the World Economic Forum.

### Japan's listed firms hit by 71pc profit slump

Japanese listed companies suffered a 71 percent fall in pre-tax profit in the three months to December due to shrinking demand and the yen's surge against the dollar, a newspaper survey showed Sunday. The Nikkei survey of earnings reports from non-financial companies said export-dependent manufacturers such as autos and electricals were hardest hit.

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## Contact Us

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# Trade analysts see benefit from regional transit

## Liberalisation in focus

### STAR BUSINESS REPORT

International trade analysts yesterday stressed regionalisation of transit in South Asia to benefit the countries such as Bangladesh, Bhutan, India and Nepal.

Transport is a basic instrument in trade and South Asia has the potential to benefit from it, but most countries in the region lack a "true political will", they said.

However, they believe India, as the largest country in South Asia, will play an "instrumental role" in creating a positive economic relationship with its neighbours.

"Bangladesh should take the transit issue dispassionately," Nazneen Ahmed, a research fellow of Bangladesh Institute of Development Studies, said in her presentation at an international seminar on "Political economy of trade liberalisation in South Asia" at Dhaka Sheraton Hotel.

"Bilateral multilateral agreements must be signed immediately among the countries involved to reap benefit from transit," she said.

"Many things depend on the role of a big country," said economist Dr Atiur Rahman, who also spoke at the seminar.

South Asian Network on Economic Modelling (SANEM) and CUTS International, India have co-organised the two-day seminar that focuses on how to channel interna-



Economist Rehman Sobhan (2-L) speaks at a seminar in Dhaka yesterday. Commerce Minister Faruk Khan (2-R) is also seen.

tional trade into national development in South Asian countries.

The world has been witnessing a growing regionalisation trend for the past two decades to maximise the benefits, but the thing is different for South Asians.

There have been many talks among the South Asian countries for years on the utilisation of transit, broadly referring to water, rail and road transports. But there is no tangible progress so far on the issue.

Bangladesh signed transit agreements with Bhutan in 1980 and with Nepal in 1976, but the deals remain

unused because of Bangladesh's 'no' to transit to India. India has been asking Bangladesh to allow transit for years.

"For Bangladesh it is sensitive. It fears losing sovereignty to a 23-times-bigger India, which is also surrounding Bangladesh on three sides," Nazneen Ahmed said.

On the other hand, she said: "This fear is aggravated by the history of India's overbearing attitude in many unresolved bilateral issues, including the water sharing of the Ganges river."

The researcher blamed both

India and Pakistan for their reluctance to take care of the matters of the neighbours seriously.

She said neighbours always expect India to "alleviate their insecurity" by making concessions to their needs.

Dr Atiur Rahman said India should know that its neighbours lack even in negotiating capacity.

"The bargaining capacities of Bangladesh and Nepal are not at the same level with India," Rahman said. Abid Suleri, executive director of Islamabad-based think-tank SDPI, emphasised a 'real political will' to reap benefit from the potentials of South Asian nations.

Subhashini Abeysinghe, an economist at the Ceylon Chamber of Commerce in Sri Lanka, said her country is not benefiting from the bilateral free trade agreement with India. "Local companies fear losing business to large Indian companies."

Pramod Dev, a policy analyst at CUTS International, India, said trade liberalisation could make significant cuts in poverty in the region.

Most of the South Asian countries started comprehensive trade reforms in the early 1990s. The reforms included a substantial reduction of tariffs.

But the economy of the region is still saddled with one of the least liberal trade policy regimes in the world, reflected in their ranks near the bottom on the Trade and Tariff Restrictiveness Index.

# Informal economy may cut poverty

## Economists say

### STAR BUSINESS REPORT

Empowerment of the poor, mainstreaming informal economy and developing the agricultural sector are keys to poverty reduction through trade in South Asia.

The observation came at a session of a seminar, chaired by Executive Director of the Centre for Policy Dialogue Professor Mustafizur Rahman.

The session, "Future Work on Globalisation and the Poor in South Asia", is part of a two-day seminar organised by South Asian Network

on Economic Modelling and CUTS International in Dhaka yesterday.

Trade experts, economists, development experts, academics and researchers from home and abroad took part in the seminar to share their experiences.

Saman Kelegama, executive director of the Colombo-based Institute of Policy Studies (IPS), said since the informal economy is playing a vital role in poverty reduction in South Asia, this economy should be nourished to elevate to the formal economy with different supports for employment genera-

tion and wage hike for poverty reduction.

Kelegama said agricultural sector is still neglected in different ways, although this is the largest sector for employment in the region.

"Proper marketing methods of agricultural goods with institutional supports are needed," he said.

He also suggested that the South Asian trade should be linked with global trade through removing barriers like higher tariff for reducing poverty.

"This is a discrimination that a

developing country has to pay the same amount of tariff like the developed countries in international trade," the Lankan expert said.

He said the developed countries should import unskilled workers along with skilled workers from developing countries under the GATS MODE-4 agreement.

Siddhartha Mitra, director (Research), CUTS International, stressed removing all barriers to enhance trade.

"We should expand trade through downsizing the tariff," Mitra said.

# The poor yet to benefit from duty-free access

## STAR BUSINESS REPORT

The poor, or workers are yet to benefit from the zero tariff facilities Bangladesh enjoys from developed economies with an objective of poverty reduction and development, a Dhaka seminar was told yesterday.

"We enjoy duty-free market access in the name of poverty alleviation. Are we in fact effectively passing on these benefits to the poor living on \$30-40 a month, questioned Prof Rehman Sobhan, chairman of Centre for Policy Dialogue (CPD), a local think tank.

"In the name of competition, we have not been able to make a second round adjustment in wages of workers," he lamented.

The remark came at the two-day regional seminar on 'mainstreaming international trade into national development from the South Asian perspective', organised by South Asian Network on Economic Modelling (SANEM) and CUTS International at Dhaka Sheraton Hotel.

Trade liberalisation, which countries have been embracing since mid-nineties, takes place on the plea that removal of barriers to free trade and closer integration of economies benefit all, including the poor.

Rehman said trade liberalisation has broadened up opportunities like attraction of foreign investment but it has also become disadvantageous for domestic industries, as many of those are exposed to global competition despite being at premature stage.

Bangladesh has not got benefit in some sectors like ready-made garments in liberalised trading regime, the noted economist pointed out.

Although earnings from the garment and textile industry have increased, social and health security issues of workers -- about 20 lakh people -- have remained largely unresolved.

He blamed those owners



who travel abroad for treatment, while workers live in slums and have no social security.

The CPD chief suggested that opportunities for the workers should be created to help them take part more in the value addition process.

"Give workers the stakes in industrial units as a means to ensure a pro-poor development following trade liberalisation," he said. Looking at workers issues is also the responsibility of the elected government, he added.

In another seminar, 'Globalisation and the Poor: Current Affairs in South Asia', the CPD chairman said trading system should be arranged in a way that it works for poor.

Sugata Marjit, director, Centre for Studies in Social Sciences, Kolkata, Selim Raihan, executive director of SANEM, Vaqar Ahmed, economist, Planning Commission, Pakistan, and Shiv Raj Bhatt, trade policy analyst, Ministry of Commerce, Nepal presented papers on implications of liberalisation on poverty and income.

Speakers observed that globalisation has had a positive impact in terms of poverty reduction and income growth in some sectors.

In Bangladesh, both ready-made garments and remittance have contributed to a drop in poverty by 2.6 percentage points between 2000 and 2005, said Selim Raihan in his study.

Sobhan, however, said the range of impact varies as thousands of workers of the jute industry have lost their jobs.

"Institutional mechanism should be set up for collective investment," he suggested.

# 20,000 jute workers lost jobs in 2 months

## 10-year policy by June

### STAR BUSINESS REPORT

Around 20,000 contractual workers in the jute industry were forced out of their jobs in the last two months on the back of a decline in demand for jute in the international market, said industry people.

At the same time, the government is set to formulate by June a 10-year plan for the revival of the jute industry, said commerce minister yesterday.

"Around 20,000 workers were laid off in jute sector in the last two months due to global financial meltdown that reduced demand for raw jute and jute products in the international market," said Sabbir Yusuf, chairman of Bangladesh Jute Spinners Association (BJSJA).

"In the next three months the situation may worsen with mainly a drop in production in jute carpet industry and more job cuts, as export of jute and jute products is on a downward trend," he said.

Sabbir was speaking at a meeting, as a delegation of Bangladesh Jute Mills Corporation (BJMC), BJSJA, Bangladesh Jute Association (BJA) and Bangladesh Jute Goods and Jute Exporters Association (BJGJEA) called on Commerce Minister Faruk Khan at his office yesterday.

Export of raw jute declined by around seven percent and that of jute goods by 12.46 percent in the July-November period of the current fiscal year, according to Export Promotion Bureau (EPB) statistics.

"The government is set to formulate a 10-year plan to revive the jute sector and finalise the draft jute policy by June," the commerce minister said, adding that the sector needs massive overhaul.

"We will cut the price of jute seeds by March and ensure that the farmers get seeds in time," he said. The minister said the government will soon send letters to the commercial counselors at different foreign missions to boost marketing campaign for local jute that is expected to help increase export of raw jute and jute products.

Currently the annual production of jute is around 55 tonnes and the sector earns on an average Tk 1,000 crore by exporting raw jute and jute goods every year.

The sector started its journey with 77 state-run mills set up in pre-liberation period. Among those, 35 mills were privatised in 1984 and 1985, and another 27 mills were shut down at different times until 2008. Now BJMC has only 14 mills in operation.

Rezaul Karim, president of BJA, demanded that the government increase subsidy and reduce bank interest rate in case of exporting raw jute.

He also urged the government to take necessary steps to ensure duty-free export of raw jute.

# Ctg REHAB fair bags Tk 200cr

## NUR UDDIN ALAMGIR, Ctg

A three-day housing fair organised by REHAB concluded here in the port city on Saturday making a business of Tk 200 crore, with the organisers and participants expecting an additional Tk 100 crore from the intended customers.

"Amid the global financial crisis and immediate after assuming power by a political government, this amount of business is quite satisfactory and a good signal for this sector," said Real Estate and Housing Association of Bangladesh (REHAB) President Tanveerul Haque Probati at the concluding ceremony yesterday.

"Although the fair was of a short span, around 13,000 visitors came to the exposition in three days," he said.

A total of 69 firms, including three financial institutions, from the capital and Chittagong took part in the fair with their plots, ready and under construction projects of apartments.

Visitors said the prices of flats and plots are yet to come down since the prices of the construction materials are on the decline.

However REHAB president said among the construction materials only the prices of rods declined, but the prices of lands are on an upward trend that pushed the prices to that stage.

"The prices are now stable and almost near to the prices in the previous fair," he said. Sanmar Properties Ltd, a real estate firm in



Executives of real estate companies reply to queries of the visitors at the REHAB fair in Chittagong of last Saturday. Participants and organisers were happy with the turnover and turnout at the show.

Chittagong, participated in the fair with 16 apartments and two commercial buildings in the port city.

Sizes of its apartments ranged from 940 square feet (sft) to 3,025 sft and cost Tk 3,200 to Tk 7,000 per sft depending on location.

Sales Executive of the company Mohammad Ayub said they sold six flats and two shops at the fair and the turnover was satisfactory.

"We offered LCD television, laptop, air-conditioner and refrigerator on booking of the flats, while those who paid the total amount against flats in cash also got Tk 1 lakh discount," Ayub said.

Amin Mohammad Lands Development Company sold four flats of its two projects in the city's Nasirabad area.

"Demand for flats in Chittagong is very high and we have achieved 80 percent of our target at the fair," said Mohammad Shamim Miah, assistant manager (Marketing) of the company.

Building Technology and Ideas Ltd Assistant Manager (Sales and Marketing) Nazul Islam Shamim said they were quite happy with the turnout.

"We came to the fair with 26 ready projects in the capital and four projects in Chittagong. Two flats in Dhaka and six flats in the port city were sold at the fair. Sizes of our flats in Chittagong range from 1,100 to 1,400 sft with the price tags of Tk 3,500 to Tk 5,500 per sft," Shamim said.

"After comparing the prices of flats and other

related facilities given by the companies I will select the company for buying a flat," said an intended buyer, Mohammad Saiful Islam, a businessman of the city's Agrabad area.

He said: "This is a great opportunity for the buyers from Chittagong to select a suitable location and price from a wide range of offers under one roof at a very short time."

Saiful prices afforded keeping the prices affordable for the middle-income people and proper monitoring by the government so that the general people are not cheated.

The participants said main buyers of the plots and flats were expatriates, doctors and businessmen.

# Muhith hints at taka devaluation

## UNB, Dhaka

Finance Minister AMA Muhith yesterday said it might not be possible to keep the current exchange rate of the taka against the dollar due to sharp devaluation of the currencies of major trading partners.

"We want to keep the value of the taka (at the current level). But I think it may not be possible any longer," he told reporters after a meeting with Bangladesh Textile Mills Association. The exchange rate of currencies in the free-float market cannot be controlled, but Bangladesh Bank sometimes uses its tools to adjust the prices.

Replying to a question, the minister said he would not go for any decision in this regard at the moment, but would convene a meeting with the stakeholders.

## Rejoinder

Aftab Automobiles Ltd in a rejoinder to a report headlined 'Aftab Auto soars on Navana listing rumour', published yesterday, differed with part of the report. "Kamal admitted that Aftab has shares in Navana CNG but did not disclose the shareholding positions". The rejoinder said: "Neither Shafiqul Islam (Kamal) admitted this nor Aftab has shares in Navana CNG."

The Star Business reporter talked to Mr Islam to write the report.