

## Stocks

DGEN	▼ 0.84%	2,639.28
CSCX	▼ 1.30%	5,230.10

## Asian Markets

MUMBAI	▼ 3.79%	9,066.70
TOKYO	▼ 1.50%	7,873.98
SINGAPORE	▼ 2.36%	1,705.29
SHANGHAI	▲ 1.06%	2,011.68

## Currencies

	Buy Tk	Sell Tk
USD	68.40	69.40
EUR	85.43	90.05
GBP	96.49	101.40
JPY	0.76	0.80

SOURCE: STANDARD CHARTERED

## Commodities

Gold	▼	\$913.83	(per ounce)
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Oil	▼	\$40.94	(per barrel)
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SOURCE: AFP

(Midday Trade)

## More News

**NBR chief says next budget to facilitate poverty cut**  
The government will formulate the next fiscal budget to facilitate poverty reduction and employment generation. "Winning over poverty as the prime target, employment generation is the way to reduce poverty," said the NBR chairman yesterday.

### Laptop fair kicks off tomorrow

A three-day laptop fair will begin tomorrow at Bangladesh-China Friendship Conference Centre in the capital. Maker Communication will organise the show styled 'Zoom Laptop Fair 2009'.

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## International

### Brakes on Asian auto sector



Asia's auto industry faces a dramatic slowdown in 2009 as the global financial crisis puts the brakes on sales, with Japan and Korea hit hard by weakening demand in the United States and Europe.

### Mattel profit falls by nearly half

US toy maker Mattel Inc said Monday that fourth-quarter profit fell 46 percent, hurt by the stronger dollar and the weakest holiday season in decades. The maker of Barbie and Hot Wheels said quarterly profit fell to \$176.4 million, or 49 cents per share, from \$328.5 million, or 89 cents per share, a year earlier.

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# Saarc states must close ranks over global trade

Analysts tell seminar

### STAR BUSINESS REPORT

Divergence of interests among South Asian countries has shadowed the prospect of a regional common position on global trade regime, trade analysts said yesterday.

"Differences are emerging from time to time while the number of common issues have declined," said Saman Kelegama, executive director of Institute of Policy Studies (IPS), Sri Lanka.

Kelegama's remark came as he and his fellow experts from other South Asian countries were engaged in a discussion yesterday in Dhaka to chalk out a common stance for the Saarc bloc so that the region's interests and concerns could be raised at the WTO (World Trade Organisation) talks.

But the interests of this regional forum, the speakers said, vary due to differences in the stage of economic progress among the member-states.

Of eight members of the South Asian Association for Regional Cooperation (Saarc), three countries -- India, Pakistan and Sri Lanka -- are considered developing ones, while the rest are regarded as least developed countries (LDCs).

At the WTO talks, India plays a crucial role in the grouping of developing countries, while Bangladesh is in the LDCs, the discussants said.

In addition, concerns of Saarc states also vary regarding issues like removal of agriculture subsidy by developed economies such as EU and the USA and market access for non-agricultural products.

Some are net food importing countries and some net food



Mustafizur Rahman (3-L), executive director of Centre for Policy Dialogue, is seen at a discussion organised yesterday in Dhaka to chalk out a common stance for Saarc countries.

exporting ones, said the Lankan expert.

"For a common position, it will be very practical to agree or disagree on different issues," he said, adding that a common stance could be easier if deeper economic integration among partners was in place.

RS Ratna, professor, Indian Institute of Foreign Trade, said Saarc countries face challenges like varied trade interests, lack of common backward or forward linkages in industries.

"It has made difficult to find a common defensive or offensive interest," said Ratna.

He also pointed to low level of intra-regional trade and investment flows as another challenge in sketching a collective perspective.

"The biggest challenge before us is we need to have a collective regional perspective," he said, suggesting internal reforms within the Saarc's institutional framework.

Ratna said a common declaration from Saarc trade ministers is needed before each WTO Ministerial. He also recommended a regular meeting of country representatives at WTO, Geneva.

But Ratna asserted: if Saarc

comes up with a common position, the decision has to come from the top (political will)."

"We need to understand each other's positions clearly to work out a common position," said Farooq Sobhan, president of the Bangladesh Enterprise Institute (BEI).

The BEI chief said a proactive move of stakeholders for the implementation of Safta (South Asian Free Trade Agreement) and deeper regional integration could induce a political will.

He, however, said: "We need to try to sort out problems within the Saarc."

# Capacity building in trade talks stressed

### STAR BUSINESS REPORT

South Asian nations must develop their negotiation capacity to play a role in reforming the global trade governance and process, a Dhaka seminar was told yesterday.

The eight-nation region, often blasted for its lack in skills in such talks, should have a political will to go ahead in the highly competitive global trade regime, a speaker suggested.

"South Asian politicians or parliamentarians should develop their negotiation capacity to ensure governance in the global trade process," Shafiqat Munir, president of the Journalists for Democracy and Human Rights, said in his presentation on 'Role and Responsibilities of South Asian Countries in Global Trade Governance'.

The two-day seminar, organised jointly by South Asian Network on Economic Modelling (SANEM) and CUTS International, India, concluded yesterday.

The focus was on how to channel international trade into national development in South Asia.

Referring to the failure of Safta execution properly, Munir said the free trade concept would not be materialised unless a free movement of people is allowed.

The policy space in developing countries is becoming more constrained by global rules and commitments where the current global trade architecture is marked by asymmetry and imbalance which tend to favour the developed countries, said Chitrini Weeratunge of the UNDP regional centre in Colombo.

As part of reforming global trade governance, she said, South Asian nations should strengthen national and regional policy space through a sustained focus on national and regional governance structure.

She also stressed ensuring non-government's stakeholders' participation in such a policymaking so that representation from all parts is ensured in global trade talks.

Saikat Sinha Roy, reader of Jadavpur University of India, highlighted the trade finance issue for the region to facilitate the regional and global trade.

According to him, through trade finance, the South Asian nations can strengthen their position in the competitive global market.

"No one in South Asia is ready to talk about trade finance. But for the development of the region as a whole every one should come forward," he said.

He pointed to the fact that said tariff and no-tariff barriers have reduced in the region, but significant trade is yet to happen, as such a cut has not correctly been adjusted.

# Business body seeks to boost exports to India

### STAR BUSINESS REPORT

India-Bangladesh Chamber of Commerce & Industry (IBCCI) yesterday placed a six-point proposal to the finance minister in a move to increase the country's annual exports to India to \$1 billion from about \$400 million by June 2011.

An IBCCI delegation led by its President Abdul Matlub Ahmad made the proposal when they met Finance Minister AMA Muhith at his secretariat office.

After the meeting, the minister said: "We have gone through the proposal. We will see whether the number of products on the negative list can be reduced further."

India and Bangladesh will have meetings on different issues as Indian External Affairs Minister Pranab Mukherjee is scheduled to visit Bangladesh next week.

Prior to the visit, the IBCCI delegation met the finance minister with the proposal so the Bangladesh government can raise the issues at the foreign minister level meeting between the two countries.

The IBCCI said it along with Export Promotion Bureau (EPB) of Bangladesh would organise trade fairs in Delhi, Chennai, Mumbai and Bangalore within one year. The chamber also said it has already received support from the Indian commerce ministry to give it (IBCCI) the venues for the fairs without any cost.

The chamber leaders said the IBCCI should work with the Bangladesh government and local exporters to remove any exportable goods from the negative list.

The chamber said it would put in all efforts to increase Indian investment in Bangladesh. The chamber leaders said they would soon invite Indian conglomerates to use Bangladesh as their base for exports to Europe and North America by utilising the LDC status of the country.

The IBCCI team proposed creation of an exclusive export processing zone for Indian exporters in Ishwardi or other suitable areas. The chamber is encouraging Bangladeshi investors to go for joint investment with Indian companies.

According to available statistics, total trade between India and Bangladesh grew from \$2.56 billion in 2006-07 to \$3.616 billion in 2007-08.

The chamber team said presently nearly all the trade to Bangladesh is being held through Benapole land port by truck. It said alternative transport means by rail and water could also be used.

The chamber said containers can also be transported by barge from Kolkata to Narayanjanj, or moved by trucks and directly discharged at an ICD (inland container depot), which can be established in Jessore or thereabouts (as in Chittagong). This will save Bangladesh around Tk 500 crore annually in foreign exchange freight charges, and reduce pilferage and damage insurance claims, bank interest, inefficiencies and transit delays, the chamber said.

The IBCCI leaders said they were working to negotiate with the agencies concerned about different bilateral issues between the two countries like certification, non-payment of LC (letter of credit) money by the banks and address those issues.

They said the chamber believes all foreign investments need promotion and protection measures in the host country.

Immediate start of discussion on bilateral investment promotion and protection measures can help the two countries reach an agreement soon, they added.

# SEC serves notice on BD Luggage

### STAR BUSINESS REPORT

Bangladesh Luggage Industries Limited, a subsidiary of Doel Group, fell behind schedule to pay back around Tk 11 crore worth of debentures to its holders despite raising funds from the capital market 10 years ago.

The Securities and Exchange Commission (SEC) yesterday served a notice on Bangladesh Luggage Industries, its trustee Pragati Insurance Limited and co-trustee National Credit and Commerce (NCC) Bank.

The move is the latest in a series of measures taken by the capital market regulator to pile pressure on the company to pay the dues to investors. The company directors had also been fined.

"The failure to pay back the money is detrimental to the investors. It's also affecting the development of the capital market," said Farhad Ahmed, executive director of the SEC.

In line with securities rules, if the issuer fails to pay dues by the deadline, the trustee will have to pay the amount to the investors.

The outstanding dues against debentures as on September 30, 2008 neared Tk 11 crore: Tk 8.1 crore in outstanding principal amount and the rest in piled-up interests.

In 1996, Bangladesh Luggage Industries raised Tk 10 crore floating 10 lakh ordinary shares and issued 60,000 debentures worth Tk 15 crore, with each debenture priced at Tk 2,500.

The debt capital raised issuing debentures was convertible up to 20 percent on September 5 and rest 80 percent was fully redeemable in 10 semi-annual installments starting March 5, 1999 and terminating on September 5, 2003. The interest rate of the debentures was 14 percent interest.

# South Asia should cut tariff to increase trade

### Suggests Lankan analyst

### REFAYET ULLAH MIRDHA

South Asian leaders should reach a consensus on downgrading tariffs to boost intra-regional trade, which will ultimately help cut poverty, now running deep in the region, says a trade analyst.

But it is not an easy task, Saman Kelegama, executive director of Colombo-based Institute of Policy Studies (IPS) in Sri Lanka, says in an exclusive interview with The Daily Star.

Consensus-building comes from hard work and continuous negotiations, but the task is not impossible, he says. Many loggerhead trade issues were resolved through negotiations among leaders worldwide, according to Kelegama.

Kelegama, a policy pundit, visited Dhaka to attend the two-day seminar on "Mainstreaming International Trade into National Development and A Southern Agenda on Global Trade Governance", organised by the South Asian Network on Economic Modelling (SANEM) and CUTS International at Dhaka Sheraton Hotel.

Kelegama refers to a consensus reached in the Association of Southeast Asian Nations (Asean), which is not far away.

Kelegama says Asean took some important decisions to boost trade within member nations through negotiations, although four members are directly recognised as the least developed countries (LDCs).

He suggests the South Asian leaders come forward to remove all barriers to increase trade volume for poverty reduction, as a significant number of people in



Saman Kelegama

**It's fair trade, not free trade, to benefit all**

this region still live under the povertyline.

The South Asian region can hardly reap the benefits of global trade, as the countries have limited negotiating skills, he says.

Since the South Asian leaders could not reach a consensus on different issues, they have failed to demonstrate a unified strength in global trade negotiations such as at the World Trade Organisation (WTO), Kelegama says.

The analyst is all for fair trade, not for free trade, to benefit from the global trade practices.

"We need fair trade, not free trade," Kelegama says. He backs restricted movement of capital, not free

"We need a regional consensus to address the unfair tariff structure in the WTO," Kelegama says.

Bangladesh paid the same amount of tariff as France, for exporting goods to the EU, even though Bangladesh is one of the LDCs.

"It's just unfair."

Bangladesh paid \$510 million in tariff for exporting goods to the EU, while France also paid the same amount to the EU in fiscal 2007-08, but the volume of trade between Bangladesh and the EU, compared to France, is insignificant.

It is the time to rethink the export of human resources from South Asian nations, as remittance is one of the pillars of the economies in this region, he says.

"Capital can move freely worldwide, so can human resources," Kelegama says. The leaders of this region should address the issues in the WTO.

According to Kelegama, developed countries always prefer to recruit skilled workers from the LDCs and developing countries, which is not always right.

Urging leaders of this region to expedite the discussion of the WTO's MODE-4, Kelegama says the developed countries should also come forward to recruit unskilled workers.

He says although the movement of "natural persons" (MODE-4) under the General Agreement on Trade in Services (GATS) ensures the movement of human resources for trade in services worldwide, the South Asian leaders are not utilising such potentials.

Kelegama particularly mentions the role of India in spearheading the MODE-4 discussions to open a new window of opportunity for the skilled and unskilled workers of this region.

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