

Focus on product diversification

UN official tells The Daily Star how diversification leads to higher growth

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Bangladesh needs to move to more sophisticated and complex goods to secure a stronger economic footing as only a fraction of the country's product base is better positioned for diversification, a UN official said.

The country produces about 1,500 products, but only 10 percent of those are more complex and could be diversified, and there has been little change in terms of bringing in new products since 1991.

"Bangladesh has diversified its products and increased its productive capacity, but has not done that much compared to the global average," said Clovis Freire, economic affairs officer of the Economic and Social Commission for Asia and the Pacific (ESCAP).

"The country could do even more to live up to the expectation. To do that now, Bangladesh should continue to look for new markets and new products, and diversifying its production base to more complex and sophisticated goods."

"It requires the government and the private sector to move strategically to diversify products which will give a bright future to Bangladesh," he said during an interview with The Daily Star.

The UN official was in Dhaka yesterday on the occasion of the launch of the ESCAP Economic and Social Survey 2011 report.

Freire said diversification is path-dependent, and what a country produces today affects what it produces tomorrow.

He said, in the last 20 years, Bangladesh has kept its same level of productive capacity compared to the global average, while many other countries have increased their capacity.

Vietnam started on the same level of Bangladesh and had less complex products in 1984. Since then the Southeast Asian country has moved slowly to complex products and is still moving on.

"Similarly, Bangladesh needs to diversify its products for the sake of its



Clovis Freire

16 crore people," he said, adding that two countries -- Botswana and Cape Verde -- have already moved out of LDC status, thanks to diversification of products.

"Bangladesh has the capacity to do better, as others have done."

Freire said often LDCs do not diversify along the path to higher future returns and they have lagged behind compared with the world's average.

"The LDCs need to increase their productive capacities to benefit from the dynamism of the Asia Pacific region. To do that, they have to diversify their production, not produce more of the same but produce new and more sophisticated products."

He said the LDCs should not worry about the potential market. "The market is already out there. You have to compete with other countries as well

as for the market."

He said the developed countries should open themselves more to the developing nations to help them diversify their products.

Freire admits that capital and technology would be required to diversify products for countries such as Bangladesh. "It also requires the intention of the private sector and the government to make that

happen."

"The capital market should be able to provide the required capital or financing. Besides, the country should be able to mobilise resources for the new industries."

The ESCAP official said foreign direct investment could be a good source of resource to improve the productive capacity by making funds available for the local companies.

He said there is a need for strategic diversification through combined efforts of a country and its private sector with a supportive role played by development partners.

He said the governments of the LDCs, including Bangladesh, should partner with the private sector for identifying the strategic direction for diversification and the required incentives and resources to move to those new areas.

"The governments should also provide stable investment-friendly macroeconomic policy for increasing productivity and investment, work on mobilising resources domestically to make new industries, continue to upgrade technology, and invest in infrastructure."

They also should not shy away from adopting policies that promote and protect new industries in the country, he said.

He said the LDCs should invest more in people, particularly for the womenfolk, so that they can participate in the economic activities.

Freire said economic development is associated with diversification, not specialisation. As countries opt for diversification, they produce more exclusive products.

He said Bangladesh can achieve more growth in gross domestic product if it can diversify products. "Bangladesh is growing strongly, but to continue this growth the country needs to diversify its products to provide more productive employment to the people."

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Students battle slum conditions in Sydney

AFP, Sydney

Slum conditions, overcrowding and dodgy landlords -- welcome to foreign student accommodation in Australia's most glamorous city.

More than 350,000 foreign students are enrolled in colleges and universities around the country, and many are attracted to the charms of cosmopolitan Sydney.

But the tough reality of living in one of the world's great cities, with its spectacular harbour and famed beaches, can be very different to expectations.

Cheap accommodation is hard to find and rogue landlords entice students into their net with advertisements promising centrally-located quality apartments at reasonable prices.

When they turn up, the lodgings bear little resemblance to the promises.

"I visited this two-room apartment in Haymarket which looked fine in the pictures," said Alice Lala, a French student who studies at Sydney University.

"The problem was it was packed with 18 people, most of them students or on working-holiday visas. Those guys literally slept in boxes piled up on top of each other. For 120 dollars a week, I thought it was a joke."

Many students, though, have little choice but to rough it in overcrowded, shoddily converted family homes, unable to afford anything else.

Finding somewhere to stay in Sydney is tough, with the traditional influx of new student arrivals in February and July triggering an often astronomical rise in rents around universities as demand spikes.

Macquarie University, for example, has more than 12,000 students but fewer than 2,000 university-supported rooms. It is a similar scenario at the University of Sydney where 10,800 students compete for the 2,500 beds on campus.

"The main difficulty faced by all students in Sydney is the lack of affordable accommodation," said David Burrows, an accommodation officer at Sydney University.

"Most students have a budget of about \$180-200 a week, yet the average price for a room near the university's main campus in the city is \$220."

To make ends meet, foreign students often have to work at several jobs to pay their rent, doing night shifts in convenience stores and even

lending their bodies for medical research.

"Overseas students are more vulnerable to predatory landlords," explained a spokeswoman for the Redfern Legal Centre, which provides assistance to students who fall victim to exploitative landlords.

"Most of the time, they arrange accommodation prior to arrival and because they might struggle with English they are not aware of their rights and just take what is offered."

-- Overcrowding --

In the heart of central Sydney, 33 floors above fashionable Pitt Street, Matt is looking for people to share a tiny apartment he leases for Aus\$700 (US\$757) a week.

When AFP visited, he had just moved in and had already found two flatmates, one for the liv-

ing room in a small space separated by a partition, and one for a bed on an enclosed balcony.

Four bunk beds were still available.

He wants Aus\$135 a week for each bunk bed, Aus\$115 for the living room spot, and Aus\$150 for the enclosed balcony.

Altogether it will bring in Aus\$805 dollars, meaning Matt and his girlfriend can live for free, with more than Aus\$100 spending money each week.

Similar situations are common, despite subletting being illegal.

Traditionally, students have found slum-like flats advertised near universities on lampposts.

However, the website www.gumtree.com.au has emerged as an equally popular way to find a room or bed. But while honesty is the norm,

scams and predators exist.

"The most common scams occur when students respond to false advertisements, created by people pretending to be landlords," said Burrows, the Sydney University official.

"The student is then scammed into sending money to secure a room, without yet having seen the accommodation available."

Sex for rent is another reality some students have to deal with.

Art student Hannah Tooley posted a 'wanted' ad on gumtree that read: "Four British girls searching for home close to Sydney Uni."

Within hours she received an answer: "Hi there, how are you? I am wondering if you would all be interested in 150 dollars an hour each cash in hand, by giving me a full body massage with hand relief?"

Redfern Legal Centre said it receives a variety of complaints, although sex for rent was not high on the list.

"The major problem is people being stripped of their bond," said the centre, with landlords sometimes refusing to return deposits.

"I definitely feel taken advantage of," said Brian Dawson, an American student whose landlord refused to hand back his Aus\$580 bond.

"It is a hard lesson to learn when you are a student and money is so tight."

To avoid such scams, some students go through real estate agents, where contracts are clear and information reliable.

But the flipside is that agents usually insist on a six-to-12 month lease, a requirement that some overseas students cannot satisfy.

Backpacker hostels are another option. A bed in a dorm is not always cheaper than a shared flat, but no bond is required, and there are no bills.

However, hostels are forbidden by law to take bookings for more than 28 days, meaning students have to move from one to another.

Authorities have little power to curtail bad renting practices, according to Sydney Council.

"Council has very limited powers to investigate the problem and evidence is hard to gather as our compliance staff can only enter a residential home if they have consent of the owner or occupier," said a spokeswoman.

This is highlighted by the low number of property owners taken to court -- just 15 between 2008 and 2010, council figures show.



This photo taken inside an apartment in the heart of Sydney's Central Business District shows bunk beds in the room.

AFP