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BUSINESS

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# Aid for Trade: a letdown

A CPD study says the WTO scheme had little impact on Bangladesh's exports

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Aid for Trade, an initiative of the World Trade Organisation to enhance developing countries' capacity to trade, could not make any notable impact on Bangladesh due to erratic and low flow of funds, the Centre for Policy Dialogue said yesterday.

Launched in December 2005 at the Sixth WTO Ministerial Conference in Hong Kong, the initiative seeks to mobilise resources to address the range of supply-side and trade-related infrastructure obstacles that developing and least-developed countries face, which constrain their ability to engage in international trade.

The private think-tank, after examining the dataset from 2002 to 2011, came to the conclusion that Aid for Trade (Aft) had no impact at the macro level in Bangladesh.

Although exports have increased since the initiative took off, it is difficult to make any straightforward association between Aft disbursements and export performance in Bangladesh.

Rather, a combination of donor- and state-driven policy changes starting in the late 1980s was instrumental in creating a favourable business environment to boost exports, said Fahmida Khatun, research director of CPD.

Fahmida's comments came at a dialogue on "Aid for Trade: second generation issues for Bangladesh", co-organised by the CPD and Geneva-based International Centre for Trade and Sustainable Development, at the capital's Brac Centre Inn.

Developed countries and donor agencies have disbursed only one-third of the funds they committed annually for the purpose of facilitating trade in the country, she said.

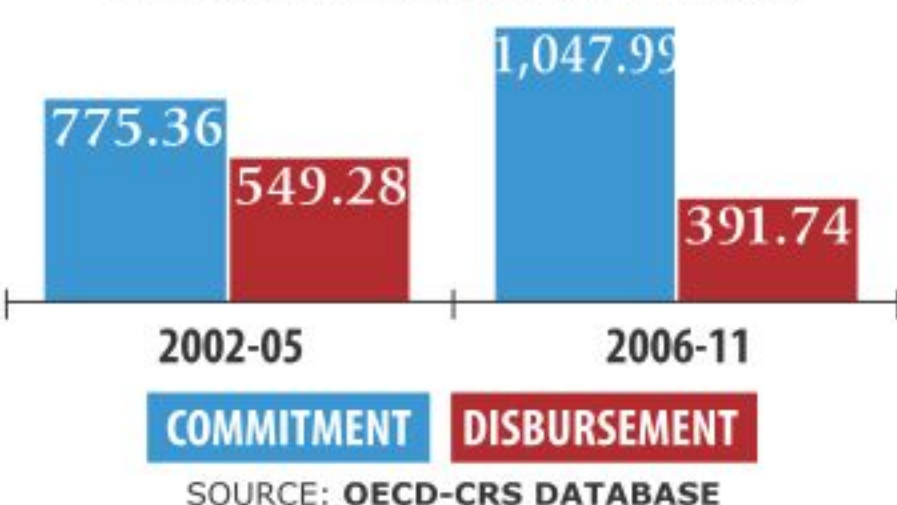
Between 2006 and 2011, Bangladesh received \$391.74 million on average as aid for trade per year against the average annual commitment of \$1047.99 million, the CPD study found.

"Competing priority of donors, reorientation of donors' programmes and a lack of adequate demand for such projects from Bangladesh may have contributed to the lower flow of Aft," Fahmida said.

A sectoral disaggregation of the disbursed Aft in Bangladesh reveals that though total volume of Aft is increasing, the yearly average growth rate during 2006-11 is negative (-28.68 percent) as opposed to 67 percent at the global level, she added.

"Aid for trade is completely a joke for Bangladesh as it does not have any effective impact on the economy," said Md Mozibur

FLOW OF AID FOR TRADE IN BANGLADESH  
IN MILLION DOLLARS / AVERAGE PER YEAR



Rahman, chief executive officer of Bangladesh Foreign Trade Institute.

He suggested some of the Aft funds be instead used for the workers' safety and that the government make a separate Aft strategy to get more funds.

"The most important factor to facilitate trade is policy. Trade is a policy driven variable. If policies are efficient, it will respond accordingly," said Sanjay Kathuria,



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Second from left, Mustafizur Rahman, executive director of the CPD, speaks at a dialogue at Brac Centre Inn in Dhaka yesterday. Extreme right, Christophe Bellmann, programme director of International Centre for Trade and Sustainable Development, was also present.

World Bank's lead economist for the South Asia region.

He said the country's readymade garment industry has flourished due to the supportive trade policies of the government.

"Trade is very important for efficient job creation. For example, one RMG sector in Bangladesh has created over 3.5 million jobs," he said.

Debapriya Bhattacharya, distinguished fellow of the CPD, said trade policy is a 'means' to facilitate export and import and that the country should make 'strategic trade policy' by focussing on export diversification and development of local industry.

He went on to call for inclusion of some Aft projects for development of social

infrastructure. "Why will the aid for trade only be for the entrepreneurs? It should be for workers, too."

Fazlul Haque, a former president of Bangladesh Knitwear Manufacturers and Exporters Association, too said that Aft has not brought any significant benefit in the last eight years for the RMG sector.

He urged the government to involve the private sector in Aft projects. "We are still in dark on Aft issue as the government does not communicate with us on it."

Mustafizur Rahman, executive director of the CPD, chaired the discussion, and Toufiq Ali, former permanent representative of Bangladesh to the WTO and United Nations agencies in Geneva, also spoke.

# Matia warns food processors over adulteration

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Agriculture Minister Matia Chowdhury yesterday warned businesses engaged in food adulteration and said the government would strictly enforce the recently passed Safe Food Law.

She asked dishonest businesses to "change their habits and become clean".

When the safe food law will be executed, the outcry that the government interferes unnecessarily will not be desirable, she said.

Matia spoke at discussion on 'Sustainable food systems for food security and nutrition' at Bangladesh Agricultural Research Council (Barc). The agriculture ministry organised the programme along with a fair, marking World Food Day on October 16.

The minister made the comment after participants at the meeting voiced concerns over food adulteration and asked the government to ensure a sustainable food system that ranges from production to consumption.

Matia said the government creates market linkages to help private businesses flourish,

not to allow them to spoil the market by using health hazardous formalin and other chemicals in food.

"We have seen in photos published in newspapers that a well-known firm is soaking mangoes in formalin-mixed water," she said.

Transparency on the source of capital for many new investors is also missing at times, she added.

"We have seen some make the first million as the dirty million. Well, you have made the first million. Now, please go for a clean million and do not adopt malpractices, such as using formalin and chemicals. We have strengthened the food safety law and the Sheikh Hasina government will execute the law stringently."

At the programme, Food Minister Muhammad Abdur Razzaque said adulteration has created panic among people.

"We see the use of formalin and various pollutant agro-chemicals in food causes various diseases. It seems that cancer has become an epidemic here. And all believe that the source of the disease is adulterated food," he said.

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# Political tension pulls down stocks

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Stocks suffered a big jolt yesterday, as tension mounted again over today's political rallies called by both the ruling and opposition parties in Dhaka and Chittagong.

DSEX, the benchmark general index of Dhaka Stock Exchange, finished the week at 3,799 points, after plunging 84 points, or 2.17 percent, yesterday.

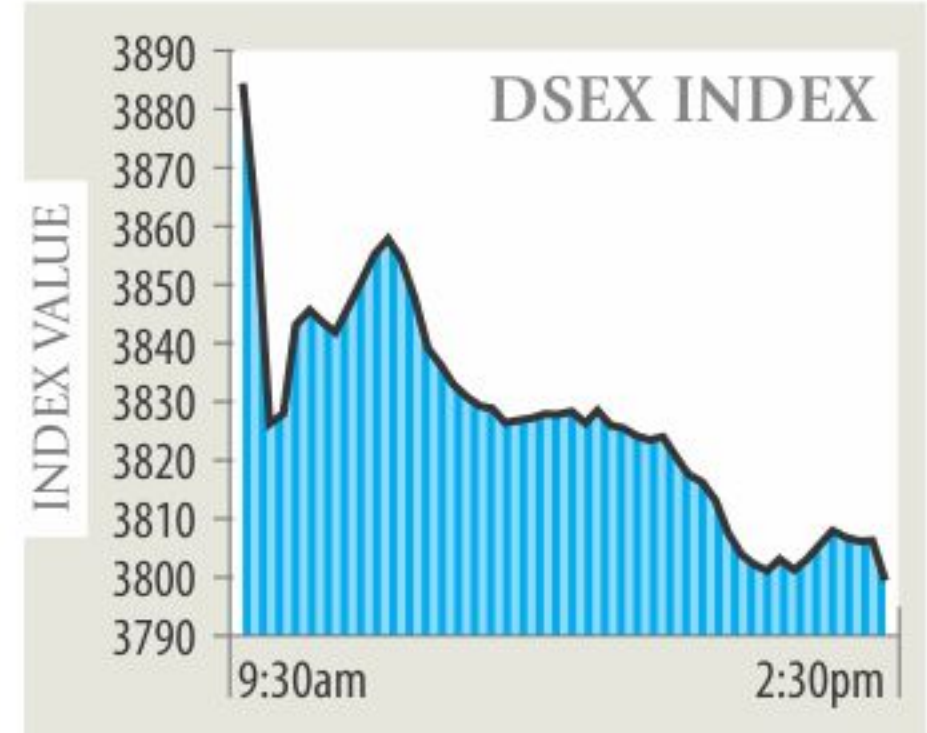
Opposite stance taken by political parties throughout the country left a negative impact on investors' psychology from the very beginning of the trading session, IDLC Investments said in its market analysis.

Anticipation of potential turmoil created fear among investors, which turned into panic sales and derailed the market outlook, the merchant bank said.

"Part of the drop in investors' confidence can be attributed to the imminent political uncertainty," LankaBangla Securities, a stockbroker, said.

The investors' shaky confidence also pulled the turnover down by 22.31 percent to Tk 230 crore from previous day's Tk 296 crore.

With less than expected earnings declaration, the cement sector that dropped by 3.71



percent took the worst position in sectoral performance.

Besides, engineering sector slid 3.02 percent, telecoms 3.01 percent and miscellaneous 2.53 percent.

A total of 0.67 lakh trades were executed, with 6.77 crore shares and mutual fund units changing hands on the premier bourse.

Of the 283 issues that traded on the DSE floor, only 34 advanced, 225 declined and 24 remained unchanged.

Chittagong stocks also plunged with the bourse's selective category index, CSCX, declining by 155 points to close at 7,442 points.

## SIX MONTHS AFTER RANA PLAZA COLLAPSE

# No compensation yet



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Left, Hasna Begum, mother of a missing worker, breaks down in tears at the human chain formed yesterday in front of the Rana Plaza site in Savar to mark the passing of six months of the building's collapse. Right, Sujan Miah, a worker of one of the garment factories housed at the collapsed building, joins the demonstration in a wheel chair. The April 24 accident paralysed his left hand and left leg.

REFAYET ULLAH MIRDHA and RASHAD AHAMAD

The victims of Rana Plaza building collapse are yet to receive any compensation six months after the industrial accident, the worst in the nation's history.

To mark the passing of six months of the tragedy, the surviving workers and leaders of many trade unions yesterday formed a human chain on the site of the ill-fated building in Savar, where calls for proper compensation and immediate punishment for the responsible parties were made.

In the human chain was Sujan Miah, a worker of one of the garment factories housed at Rana Plaza. The sole bread earner of his family, he has been left paralysed for life by the accident. He received severe head injuries, which left his left arm and leg dead.

"I am leading an inhumane life as there is no earning member in my family now," he told The Daily Star.

"My wife and six-year old daughter are suffering because of the broken promises of the government, the BGMEA and the international brands."

So far, only one international brand -- the British retailer Primark -- out of 29 has made remunerations of some sort to the victims.

"It is shocking that Primark is the only brand to have paid anything to the victims," said IndustriALL and UNI, two global unions jointly working to make the garment industry in Bangladesh safe and sustainable. The two unions yesterday stood with the survivors and families of the 1,135 deceased for a candlelit vigil at sundown, IndustriALL said in a statement.

Amirul Haque Amin, president of National Garment Workers Federation, pointed out that 20 of the brands did not even bother turning up at the meeting organised by the International Labour Organisation on September 12 in Geneva to decide on compensation for Rana Plaza victims.

The brands are: Wal-Mart, Texman, PWT Group, NKD, Mango, JCP, Gueldenpfennig, LPP, Essenza, Carrefour, C&A, Catocorp, The Children's Place, Benetton, Adle, Auchan, Dressbarn, Manifattura Corona, Premier Clothing and Kids Fashion Group.

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# Factory deaths fail to spur inspections

BLOOMBERG, Dhaka

Six months ago, when 1,127 Bangladeshi workers were killed in the collapse of a high-rise warren of garment factories, international outcry led to pledges by western retailers and the government to set up a large-scale inspection regime and a new wage system.

Today, not a single Bangladeshi garment factory has been inspected under any of the three programmes that sprang from those promises, according to officials at the programmes. Nor has danger ceased in the \$19 billion industry: Two weeks ago, a fire ripped through a factory in a Dhaka suburb that provided material for plants supplying clothing to companies including Wal-Mart Stores Inc. Nine workers died.

The slow implementation comes against a backdrop of worker unrest that has stalled production in factories and led to massive street demonstrations over safety conditions and wages, which are set at \$39 a month before overtime. One, on October 15, was quelled by the Industrial Police, a rubber-bullet-firing riot force set up two years ago to bring protesting garment workers under control.

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