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CPD Quarterly

FROM the editor's desk

After a hectic second quarter, with a series of budget-related activities, the July-September quarter of CPD generally gets into its usual rhythm of research and outreach activities. This year, however, the third quarter also proved to be an equally busy period for CPD with a number of important events covering a wide spectrum of issues.

CPD, as a partner institution of the LDC IV Monitor Initiative, organised the first Expert Group Meeting (EGM) in Dhaka in September 2012 to discuss the framework and content of the first biennial monitoring report which is due to be published in the Autumn of 2013. A total of 28 participants and experts representing partner organisations and relevant international institutions and agencies attended the EGM.

CPD had also organised a session at the *WTO Forum 2012* on "Least-developed Countries at the Crossroads: Status Quo or Sustainable Development" in Geneva, Switzerland. Dr *Debapriya Bhattacharya*, Distinguished Fellow, CPD chaired the session which was participated by trade experts from around the world.

Fifth South Asia Economic Summit (SAES V) was held in September 2012 in Islamabad, Pakistan. CPD partnered with SDPI and other leading think tanks in South Asia in organising this event. Apart from providing inputs to deliberations in various sessions, CPD's contribution to this forum also included launching of the book titled "Global Recovery, New Risks and Sustainable Growth: Repositioning South Asia" which is a compilation of selected articles presented at the SAES IV hosted by the CPD in Dhaka last year. This rich publication, with contribution of leading scholars and experts from around the world who wrote on a range of issues of regional concerns and interests, was appreciated by all participants attending the SAES V.

For the last twelve years CPD, in collaboration with WEF, has been conducting Executive Opinion Surveys with prominent Bangladeshi businessmen and entrepreneurs as respondents. The "Global Competitiveness Report 2012-13" was released on 5 September 2012 at a media briefing. The report indicates some reversal of the gains made in terms of a number of key indicators.

CPD researchers remained busy in this quarter in meeting deadlines of a number of research studies, initiating a few new ones and conducting field work for yet some other studies. A research completed in this quarter at the CPD titled "Impact of the Global Financial and Economic Crisis on Bangladesh: An Intervention Analysis" came up with the conclusion that due to the crisis Bangladesh lost approximately 0.60 per cent in terms of real GDP per capita growth in 2009; this was equivalent to a loss of USD 2 billion in real GDP.



Participants of the EGM of LDC IV Monitor are seen where organisers from CPD are also present

Framework and content of the first biennial report of LDC IV Monitor discussed

CPD organised the first EGM of the Consortium

Centre for Policy Dialogue (CPD) organised the first Expert Group Meeting (EGM) of LDC IV Monitor titled *Development Challenges of the Least Developed Countries: Tracking the International Commitments* on 7-9 September 2012 at the BRAC Centre Inn, Dhaka.

LDC IV Monitor is an independent global partnership established in late 2011 by eight think tanks and academic institutions from LDCs and partner countries. Through conducting policy research, organising dialogues and carrying out outreach activities related to the delivery of the Istanbul Programme of Action for the Least Developed Countries (IPoA) adopted by the Fourth United Nations Conference on the Least Developed Countries (LDC IV), the consortium is aimed to complement the official follow-up and review mechanism of IPoA. CPD, a partner institution of the LDC IV Monitor, organised this EGM to discuss the framework and content of the first biennial monitoring report on the state of implementation of the IPoA.

28 experts from core partner institutions of LDC IV Monitor and some other partner institutions discussed various chapters and contents of the forthcoming report. The first report is expected to be brought out in Autumn 2013.

This 3-day EGM concentrated on ten broad themes, including (i) framework issues; (ii) benchmarking of the IPoA and data questions; (iii) graduation and smooth transition of LDCs; (iv) productive

capacity in the areas of infrastructure and enterprise development; (v) human and social development; (vi) trade; (vii) adding value to agriculture; (viii) commodity exports; (ix) climate change and vulnerabilities; and (x) strategies for raising development finance.

A tentative outline of the report was developed based on the discussions on these themes. Discussions in various sessions of the EGM also identified the focus of the studies that need to be conducted. Various chapters of the report will in fact contain these study findings.

A number of critical challenges to be addressed while preparing the report were also highlighted in the EGM. It was underlined that all the chapters of the report will have to be LDC- and IPoA-specific, and these chapters will provide strategic message while maintaining coherence.

As IPoA draws special attention to the graduation prospects of LDCs, the experts decided that the backbone theme of the report should be a message to the policymakers on the graduation progress of the LDCs. It was also decided that structural transformation as the key vehicle of graduation should be analysed and discussed in the report.

The consortium informed that it intends to hold the second EGM in Tanzania in January/February 2013, hosted by Economic and Social Research Foundation (ESRF) in consultation with Centre de Recherches Economiques Appliquées (CREA).

Non-trade barriers should be the major issue of concern in Bangladesh-India trade relationship said speakers at a CPD-World Bank dialogue

Bangladesh should focus not on Free Trade Agreement (FTA) but on removal of non-trade barriers in terms of trade relationship with India. Speakers stressed so in a dialogue on *Bangladesh-India Trade Relationship: New Opportunities, New Challenges* on 2 August 2012 at BRAC Centre Inn organised by CPD in collaboration with The World Bank. *Dr Sanjay Kathuria*, Lead Country Economist, The World Bank and *Dr Selim Raihan*, Associate Professor, Department of Economics, University of Dhaka initiated the discussion by sharing the findings of the report titled "Unlocking Bangladesh-India Trade: Emerging Issues", a World Bank Working Paper. *Professor Dr Gowher Rizvi*, International Affairs Advisor to the Hon'ble Prime Minister of Bangladesh was the Chief Guest of the session that was chaired by *Dr Debapriya Bhattacharya*, Distinguished Fellow, CPD.



Gowher Rizvi is speaking while (from left) Selim Raihan, Sanjay Kathuria, Debapriya Bhattacharya, Md Ghulam Hossain and Mustafizur Rahman are seen paying attention

The study showed that Bangladesh and India both would gain by opening up their markets to each other. The study revealed that a bilateral FTA would lift Bangladesh's exports to India by nearly 134 per cent, but if transaction costs could also be reduced through improved connectivity, the export to India would increase by nearly 300 per cent. FTA would also raise India's exports to Bangladesh. The report identified the challenges that exist in the areas of non-tariff measures/barriers in both the countries. These include excessive bureaucracy, weak trade facilitation and customs inefficiencies. The report suggested that an India-Bangladesh trade agreement covering both goods and services can enable even larger gain.

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Bangladesh recorded steepest fall in competitiveness in a decade reveals GCR 2012-13 released by CPD

Losing 10 positions from the previous year 2011-12, Bangladesh has recorded steepest fall and acquired 118th position in the Global Competitiveness Index (GCI) among 144 countries of the world. This is the biggest fall for the country after 2003-04 when Bangladesh lost 24 positions. Global Competitiveness Report (GCR) is an annual publication of the World Economic Forum (WEF). CPD in collaboration with WEF has been carrying out the Executive Opinion Survey, Bangladesh Chapter, since 2001 for this report. The GCR 2012-13 was launched in a press briefing on 5 September 2012 organised by CPD at its office where *Dr Khondaker Golam Moazzem*, Senior Research Fellow of CPD briefed the journalists from print, electronic and online media about the findings of the report and also the findings of the Bangladesh Business Environment Study 2012. *Dr Debapriya Bhattacharya*, Distinguished Fellow, CPD also spoke.

The survey covered 87 large and medium companies in Bangladesh whose total assets were not less than Tk. 10 crores. The report revealed that the GCI score of Bangladesh has declined by 2.1 per cent (from 3.73 to 3.65 in 2012-13). It was mentioned that in previous years though the country fell by positions, its score was still increasing which could not be maintained this year. Inadequate supply of infrastructure, corruption and lack of access to finance have been identified as top three problematic factors for doing business in Bangladesh. The report also identified government instability as a growing important problematic factor. *Dr Bhattacharya* informed the journalists that fall of the GCI score results from high inflation, high government borrowing from banking sector, devaluation of Taka against Dollar, instability in bank interest rate and huge deficit in the foreign trade.

The report identified that very low public trust in the ethical standards of politicians is a problematic factor that caused decline in business environment in Bangladesh. 75 per cent respondents believe that the judiciary is influenced by government officials, citizens or firms. It was found that undocumented extra payments or bribes by private firms to

secure business and for favourable judicial decisions are also considered as common by majority respondents (67 per cent).

Informing about the financial environment, *Dr Moazzem* underlined that the financial market was in a disastrous state in 2012 due to poor sophistication in bank's performance by international standard, weak monitoring and supervision of banking and security markets, and difficulty in finding venture capital. In order to address these issues the report suggested proper implementation of the ADB founded project for strengthening the capital market. The survey showed that 57 per cent respondents believed that investment environment in the country has deteriorated and they expressed their concerns about the weak macroeconomic management in 2011. Entrepreneurs mentioned that production cost has significantly increased during July 2011 to December 2011 mainly because of high inflation and high interest rate for borrowing from bank.

In this connection *Dr Bhattacharya* mentioned that Bangladesh's exceptionally good performance in financial market and labour market in the earlier years has been gradually eroded. He opined that such erosion indicated a fall in the momentum of advancement and it seemed as Bangladesh is backtracking.

The report identified a few sectors where the country made progress in comparison to previous year in GCI score such as health and primary education, training services and expanded market size (among the mid-level economies) and favourable FDI rules.

The report suggested that it is high time for the government to take specific measures as regards macroeconomic policy for long-term stability, restore discipline in the financial sector, improve efficiency of public institutions, take bold political steps to put a stop in the wide spread corruption and timely implementation of infrastructure-related projects.

CPD Executive Director *Professor Mustafizur Rahman* was also present in the briefing session.



Khondaker Golam Moazzem is seen briefing the media where (from left) Kishore Kumer Basak, Debapriya Bhattacharya and Mustafizur Rahman were also present



CPD organised a press briefing on the upcoming LDC IV Monitor EGM

CPD organised a briefing session on 6 September 2012 to inform the media about an Expert Group Meeting of the LDC IV Monitor titled *Development Challenges of the Least Developed Countries: Tracking the International Commitments* that CPD was organising in Dhaka on 7-9 September 2012. *Dr Debapriya Bhattacharya*, Distinguished Fellow, CPD who is also the Chair of the LDC IV Monitor Initiative briefed the media about the background, objective and activities of LDC IV Monitor – an independent global partnership of think tanks and academic institutions from different countries of the world. *Dr Bhattacharya* also informed the media about the major theme, issues to be discussed and the expected participants of the EGM. CPD Executive Director *Professor Mustafizur Rahman* was also present in the briefing session.



Debapriya Bhattacharya is briefing the media about the LDC IV Monitor EGM

Comprehensive Trade Policy should coordinate with related rules and regulations

Suggested Speakers in a CPD Dialogue

While preparing the Comprehensive Trade Policy the government should focus on the competitiveness of local industries both in domestic and international markets and diversification of products and markets for export growth and poverty reduction. It also has to address the existing inconsistencies within institutional and legal framework and recognise the measures to move forward. Speakers suggested such in a dialogue titled *Bangladesh Trade Policy Framework for the Next Decade* jointly organised by CPD and Metropolitan Chamber of Commerce and Industry (MCCI) on 3 July 2012 at Lake Shore Hotel, Dhaka. *Dr Khondaker Golam Moazzem*, Senior Research Fellow, CPD presented the keynote paper at the session where *Dr M Osman Farruk*, Former Minister and Member, Advisory Council of the Chairperson, BNP was present as the Special Guest. The session was chaired and moderated *Mr Syed Manzur Elahi*, Member, CPD Board of Trustees and Former Advisor to the Caretaker Government.



Mustafizur Rahman addressing the dialogue where (from left) Khondaker Golam Moazzem, M Osman Farruk, Syed Manzur Elahi, Md Mozibur Rahman, Nihad Kabir and Debapriya Bhattacharya are also seen

Dr Moazzem presented a brief review of the existing trade-related policies, analysed their impact and implications on growth and development, and suggested a framework for the proposed Comprehensive Trade Policy and the challenges associated with its implementation. The CPD study found a mixed impact of trade liberalisation on growth of the manufacturing sector over the last decades. Given the experience, the study suggested for undertaking a strategic trade policy where various policy instruments will be effectively used to ensure growth of specifically identified strategic sectors within a targeted time period.

Dr Farruk opined that it must be ensured that main purpose of the trade policy would be poverty reduction and employment generation. "There are

28 institutions related to export and import and there is no coordination among them. So, institutional coordination is crucial for a better trade policy," he asserted.

Reflecting upon the critical aspects of the Comprehensive Trade Policy, Designated Discussant of the Session *Dr Debapriya Bhattacharya*, Distinguished Fellow, CPD opined that it is a matter of judgment how the various issues related to tariff, duties and negotiation skill will be brought under the proposed policy. He highlighted that the identification of potential

sectors as strategically important sector through ensuring efficient utilisation of resources as a critical issue.

Dr Md Mozibur Rahman, Chairman, Bangladesh Tariff Commission (BTC) and Designated Discussant of the session informed that a committee headed by him is already working to frame the trade policy. He assured that the next trade policy would be in harmony with other related policies such as monetary, fiscal and exchange rate policies. He urged the stakeholders including the private sector to provide recommendations for the policy. He also mentioned that the draft policy is expected to be finalised by December 2012. In this connection *Dr Rahman* informed the dialogue that BTC has prepared an online world trade directory that include trade and tariff-related important information of all countries of the world.

The floor discussion highlighted the urgency for integration of all relevant policies in the proposed guideline framework so that it does not contradict with existing rules and regulations and other business principles. Speakers at the dialogue also mentioned that it will be challenging for the government to maintain balance between export-led growth and meeting domestic consumption and also to maximise benefits for employment, export and attracting FDI.

CPD organised iftar party

CPD organised a special iftar party on 1 August 2012 for its staff and Board of Trustee Members. A number of invited guests who have been supporting CPD in carrying out its activities throughout the years also joined CPD to share the joy.



Coordination between government and IMF is necessary to adjust energy price

Speakers suggested in a CPD Dialogue

Government and international financial institutions should coordinate among themselves while taking steps for price adjustment for fuel and energy. Speakers opined such in a dialogue on *State of the Bangladesh Economy, IMF Supported Programme and Future Outlook*, organised by CPD on 17 September 2012 at the BRAC Centre Inn, Dhaka. IMF Mission Chief for Bangladesh *Dr David Cowen* presented the keynote paper and discussed the reforms agendas under the Extended Credit Facility (ECF) of the IMF to initiate the discussion.

Dr Cowen underlined that, despite repeated hikes in prices and slide in subsidy for fuel, retail petroleum prices are still considerably low in Bangladesh. He suggested that Bangladesh should implement an automatic fuel price adjustment mechanism to offset economic risks that stem from volatile world oil prices. He posited that fuel price should be increased to contain subsidy costs and protect country's foreign exchange reserve. He, however, noted that expansion of the planned subsidy schemes like diesel cards can help mitigate the impact of high fuel price on the most vulnerable. *Dr Cowen* highlighted the necessity of taking into account institutional inefficiency while controlling the costs of energy and termed quick rental power plants as unnecessary.

For maintaining macroeconomic stability *Dr Cowen* identified some near-term risks facing Bangladesh. These include intensification of Eurozone crisis, sharp rise in global food price, world oil price shock and pre-election pressures. He apprehended that balance of payments and inflation



David Cowen addresses the dialogue where (from left) Akbar Ali Khan, Mustafizur Rahman, Mirza Azizul Islam, Ahsan Habib Mansur and Debapriya Bhattacharya are also seen

pressure could reemerge from heavy bank borrowing by the government due to pre-election pressure. *Dr Cowen* asserted, "Moderate fiscal consolidation and sound debt management will underpin macroeconomic stability and rebuild fiscal buffers." IMF suggested greater exchange rate flexibility, fiscal easing associated with measured food imports, monetary tightening and strengthened financial sector governance as some of the pre-conditions for more growth-friendly business climate in Bangladesh.

Dr Akbar Ali Khan, Former Advisor to the Caretaker Government and

Discussant of the session disagreed with IMF's proposal of raising electricity prices and termed this as totally unjustified as poor people are already suffering too much. He suggested IMF to draw up a more realistic programme.

Discussant *Dr Ahsan Habib Mansur*, Executive Director, Policy Research Institute advised the government to conduct an independent and transparent audit for the state banks to assess the damage caused by the politically appointed directors to the banks' financial health.

Dr A B Mirza Azizul Islam, Former Advisor to the Caretaker Government and Discussant opined that the public finance management would not improve only by formulating good rules and procedures, the process has to include the officials as an integrated part as well.

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Fifth South Asia Economic Summit in Islamabad, Pakistan

CPD researchers made important contributions to the Fifth South Asia Economic Summit (SAES V) held in Islamabad, Pakistan during 11-13 September 2012. CPD officials played significant role in different sessions being the keynote speakers, discussants, panelists and chair. This year SAES was hosted by Sustainable Development Policy Institute (SDPI). As is known the objective of SAES, first launched in 2008, was to create a platform where leading thinkers, intellectuals and scholars, policymakers, private sector and



Rehman Sobhan is seen with Hina Rabbani Khar, Hon'ble Foreign Minister of Pakistan along with some others in the Closing Session of SAES V

other stakeholders would be able to engage in interactive discussion on emerging issues, and the opportunities and challenges facing South Asia in a fast changing world. The four initiating institutions were Institute of Policy Studies of Sri Lanka (IPS), Colombo, Sri Lanka; Research and Information System for Developing Countries (RIS), New Delhi, India; South Asia Watch on Trade, Economics and Environment (SAWTEE), Kathmandu, Nepal; and Centre for Policy Dialogue (CPD), Dhaka, Bangladesh. Later SDPI also joined the initiative.

CPD organises session at the WTO Forum 2012

CPD organised a session on *Least-developed Countries at the Crossroads: Status Quo or Sustainable Development* at the *WTO Forum 2012* on 24 September 2012 in Geneva, Switzerland. The session was moderated by *Dr Debapriya Bhattacharya*, Chairman, LDC IV Monitor and Distinguished Fellow, CPD along with *Mr Josip Pervan*, Senior Policy Advisor, IDEAS Centre. Under the sub-theme of "Formulating New Approaches to Multilateral Trade Opening" the session concentrated upon two key areas which include diversification of export base and the opening up of new export markets; and creating a predictable and transparent economic framework. *Dr Vinaye Dey Ancharaz*, Senior Development Economist, International Centre for Trade and Sustainable Development (ICTSD); *Ambassador Nicolas Imboden*, Executive Director, IDEAS Centre; *Dr Jaime de Melo*, Senior Fellow, Foundation for International Development Study and Research (FERDI) and *Professor Mustafizur Rahman*, Executive Director, CPD made presentations at the session. Summing up the session, *Dr Bhattacharya* said, the concept of diversification differs from country to country and the LDCs should keep in mind their heterogeneities where landlocked, small island states are also included. He identified structural impediment as the common feature of the LDCs.



Expert Group Meeting on Exploring Unaccounted Contribution of Women in Bangladesh

CPD joined with Manusher Jonno Foundation in organising an Expert Group Meeting on *Exploring Unaccounted Contribution of Women: Sharing Experiences and Designing Methodological Framework for Bangladesh* on 26 August 2012 at BRAC Centre Inn, Dhaka. *Dr Fahmida Khatun*, Head of Research, CPD presented the keynote titled "Exploring Unaccounted Contribution of Women: Barriers, Implication and Opportunities" at the session. In this meeting *Ms Maheen Sultana*, Deputy Coordinator, Centre for Gender and Social Transformation, Bangladesh Development Institute; *Dr Shapan Adnan*, Associate Professor, National University of Singapore; *Mr Kabir Uddin Ahmed*, Deputy Director, Bangladesh Bureau of Statistics; *Asif-Un-Nahar*, Lecturer, Central Women's University; *Ms Rokeya Kabir*, Executive

Director, Bangladesh Nari Pragati Sangstha; *Ms Simeen Mahmud*, Coordinator, Centre for Gender and Social Transformation, Bangladesh Development Institute; *Ms Rasheda K Chowdhury*, Executive Director, CAMPE; *Ms Jobaira Biswas*, Lecturer, Central Women's University; *Professor Shahnaz Huda*, Department of Women & Gender Studies, University of Dhaka spoke as experts. *Ms Ratna M Sudarshan*, Adviser, Institute of Social Studies Trust, India; *Professor Rajni Palariwala*, Department of Sociology, University of Delhi and *Professor Mustafizur Rahman*, Executive Director, CPD were also present in the meeting where the methodology of the research was discussed and experts shared their valuable insights and experiences on the issue.

US Embassy officials visited CPD

Ms Alyssa Ayres, Deputy Assistant Secretary of State for South Asia, United States of America; *Mr Peter Fricke*, Political Officer and *Ms Sophie Yan Gao*, Economic Officer from the Embassy of the USA in Bangladesh visited CPD on 9 July 2012. At the session, CPD made a brief presentation on the recent developments in Myanmar and opportunities for sub-regional cooperation. Guests were also briefed on the current macroeconomic performance of Bangladesh. *Mr Kazi Badruddin Ahmed*, President, Bangladesh-Myanmar Chamber of Commerce & Industry; Ambassador



Visitors, other invited guests and CPD officials are engaged in the discussion

Farooq Sobhan, Former Foreign Secretary and President, Bangladesh Enterprise Institute (BEI); *Dr M Tamim*, Former Special Assistant to the Chief Advisor; *Dr Amena Mohsin*, Professor, Department of International Relations, University of Dhaka; Brig-Gen (Retd.) *Shahedul Anam Khan, ndc, psc*, Editor, Defence & Strategic Affairs, The Daily Star; and Ambassador *C M Shafi Sami*, Former Advisor to the Caretaker Government (Agriculture) and Former Foreign Secretary were among the invited guests present at the meeting. Experts exchanged their views with particular focus on regional cooperation in connectivity and energy.

TTI Review Team visits CPD

A Think Tank Initiative (TTI) team visited CPD on 4-5 September 2012 to discuss and review the research, dialogue and other administrative activities of CPD that were planned to be held since their last visit. The TTI team included *Dr Kaveri Gill*, Senior Program Officer and *Dr Samar*

Verma, Senior Program Officer from IDRC. Later, they also attended the CPD organised LDC IV Monitor Expert Group Meeting held on 7-9 September 2012 as Guest Experts.

Bangladesh-India trade relationship

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Discussants were skeptical about Bangladesh's reaping any substantial benefit from FTA with India. *Dr Md Mozibur Rahman*, Chief Executive Officer, Bangladesh Foreign Trade Institute (BFTI) claimed that India would gain direct benefit to the tune of USD 3 billion if a transship arrangement is signed by Bangladesh, along with the provision of the facility for use of Chittagong and Mongla Ports, whereas Bangladesh will receive a maximum benefit of USD 500 million. Discussants

apprehended that Bangladesh cannot afford a free trade zone with India at this moment as it may lead to creating more trade imbalance and unemployment in the country.

opposing such thought *Dr Gowher Rizvi*, opined that trade imbalance is not the major issue of concern. Bangladesh will have to prove itself to be an attractive place for the Indian investors so that they invest here and generate employment. Terming non-trade barriers as the major

impediment of export to India, *Dr Rizvi* asserted that the government and economists have to identify the non-trade barriers for Bangladeshi exporters to India and take measures to remove those through dialogue with that country.

Special Guest of the session Commerce Secretary *Mr Md Ghulam Hossain* was critical of the roles Indian policymakers play regarding non-trade barriers which are too stringent for Bangladeshi exporters.

Coordination between government and IMF

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Dr Debapriya Bhattacharya, Distinguished Fellow, CPD also a Discussant of the session was critical about the fact that for its macroeconomic management Bangladesh has opted for external solutions with binding commitments. "it is really

sad that we have invited international financial institutions to impose financial disciplines as we are incapable of doing so ourselves."

According to *Dr Bhattacharya*, the recently exposed crisis in the banking sector indicates that the macroeconomic management and structural

reform issues demand a greater understanding of the current development challenges of Bangladesh.

Speakers in the session debated that energy price hike as conditionality for a loan amounting to less than USD 1 billion to be disbursed over seven installments is irrational considering that the prices have been adjusted four times in a row during the year.



Research Division Report

Impact of the Global Financial and Economic Crisis on Bangladesh: An Intervention Analysis

A research has been conducted under this title by *Dr Debapriya Bhattacharya*, Distinguished Fellow, CPD, *Mr Shouro Dasgupta*, Junior Consultant, CPD and *Ms Dwitiya Jawher Neethi*, Programme Associate, CPD who shared the authorship of the paper prepared based on the research. The global financial and economic crisis had a lagged impact on the economy of Bangladesh, resulting in declines in export, import, foreign direct investment (FDI) and foreign aid inflows. All these had concomitant negative effects on the country's various socio-economic indicators including the gross domestic product (GDP) growth rate and per capita income. While a number of papers have used descriptive analysis to investigate the sectoral impacts of the crisis in Bangladesh, this paper incorporates an Intervention Analysis approach with Vector Autoregression to extend a Solow growth model to explore the impact of the global crisis on the key economic indicators of Bangladesh. The study finds that due to the crisis, Bangladesh lost approximately 0.60 per cent of real GDP per capita growth in 2009; equivalent to a loss of USD 2 billion in real GDP.

Tax Policy and Enterprise Development in South Asia

CPD joined a research collaboration involving the leading think tanks of Bangladesh, India, Nepal, Pakistan, and Sri Lanka initiated by Governance Institutes Network International (GINI). The objective of this research collaboration is to advance technical knowledge on the relationship between tax policies, development of small enterprises, and inclusive growth in South Asia. Under this three-year (2012-2014) research programme, three policy research studies will be conducted that will focus on the impacts of tax exemptions and concessions, Value-Added-Tax (VAT) reforms, and property tax (respectively) on the development of small enterprises in South Asia, with particular emphasis on those operating outside the tax net in the undocumented economy, as well as those owned or managed by women. A policy engagement workshop in each South Asian country will be organised to disseminate the findings of the research and advocate for policy recommendations emanating from the above mentioned researches with key stakeholders including government officials responsible for formulating and implementing policies on taxation and enterprise development. CPD's research team is led by *Professor Mustafizur Rahman*, Executive Director, CPD. The other members of the team are *Mr Swapan K Bala*, Professor, Dhaka University; *Dr Khondaker Golam Moazzem*, Senior Research Fellow; *Mr Towfiqul Islam Khan*, Senior Research Associate; *Mr Md. Zafar Sadique*, *Ms Mehruna Islam Chowdhury* and *Ms Saifa Raj*, Research Associates, CPD.

CPD Professionals in International Fora

Rehman Sobhan, Chairman

- Made a presentation at a Seminar on *Challenging the Injustice of Poverty: Operationalising an Agenda for Inclusive Development across South Asia*, organised by the Association for Economic and Development Studies on Bangladesh (AEDSB), on 26 July 2012, in Washington, D.C., USA.
- Attended the Fifth South Asia Economic Summit (SAES V) *Making Growth Inclusive and Sustainable in South Asia*, organised by the Sustainable Development Policy Institute (SDPI), on 11-13 September 2012, in Islamabad, Pakistan; chaired at the Plenary session on *Development Agenda for a New South Asia* and presented comments as a Discussant at the Plenary session on *Inclusive & Sustainable South Asia: Options for a Collective Response*.
- Attended the SACEPS Executive Committee's informal brainstorming meeting, on 11 September 2012, in Islamabad, Pakistan.

Mustafizur Rahman, Executive Director

- Attended a roundtable discussion on *Expanding Regional Cooperation in South Asia: Taking Stock and Moving Forward - Supporting the Process & the "Champions"*, organised by The World Bank, on 12-14 July 2012, in Thimpu, Bhutan.
- Attended the SAES V *Making Growth Inclusive and Sustainable in South Asia*, organised by the SDPI, on 11-13 September 2012, in Islamabad, Pakistan; chaired at the Plenary session on *Liberalization of Services Trade in South Asia*.
- Attended the *WTO Public Forum 2012: Is Multilateralism in Crisis?* organised by the World Trade Organization (WTO), on 24-26 September 2012, in Geneva, Switzerland.

Debapriya Bhattacharya, Distinguished Fellow

- Attended *Development Cooperation Forum 2012*, organised by Permanent Mission of Finland to the UN and Permanent Mission of Zambia to the UN, on 5-6 July 2012, in New York, USA.
- Attended an Expert Group Meeting on *Inclusive Development & Regional Cooperation in South and South-West Asia*, organised by the Sub-regional Office for South and South-West Asia (SRO-SSWA) of the

United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP), on 29 July-1 August 2012, in New Delhi, India.

- Attended a meeting on Research on Poverty Alleviation (REPOA), organised by the Policy Research for Development, on 6-15 August 2012, in Dar es Salaam, Tanzania.
- Attended the SAES V *Making Growth Inclusive and Sustainable in South Asia*, organised by the SDPI, on 11-13 September 2012, in Islamabad, Pakistan; and presented comments as a Discussant at the Plenary session on *Beyond MDGs and Post-Rio Outlook: South Asian Goals towards Sustainable Development*.
- Attended the *WTO Public Forum 2012: Is Multilateralism in Crisis?* organised by the WTO, on 24-26 September 2012, in Geneva, Switzerland.

Anisatul Fatema Yousuf, Director, Dialogue & Communication Division

- Participated at a number of programmes (conference/seminars/meetings) as part of the exchange programme under the collaboration programme between CPD and Chr. Michelsen Institute (CMI), during 10-20 September 2012, in Bergen, Norway. These included:
 - Making a presentation on *Role of Civil Society in Civic Activism: CPD's Experience* at a CMI in-house seminar
 - Visiting Communication Division at the University of Bergen
 - Attended seminars in Bergen Resource Centre for International Development
 - Meetings with various sections of the CMI Communication Division
 - Contributing to a workshop on Global Research Communication.

M Shafiqul Islam, Additional Director, Accounts/Finance

- Participated at a number of programmes (conference/seminars/meetings) as part of the exchange programme under the collaboration programme between CPD and CMI, during 10-20 September 2012, in Bergen, Norway. These included:
 - Meetings with CPD-CMI project management team, EMI Finance and HR teams.

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CPD Professionals in International Fora

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Fahmida Khatun, Head of Research

- Attended the SAES V *Making Growth Inclusive and Sustainable in South Asia*, organised by the SDPI, on 11-13 September 2012, in Islamabad, Pakistan; and presented comments as a Discussant at the Concurrent session on *Climate Change Challenges for Sustainable Development*.

Khondaker Golam Moazzem, Senior Research Fellow

- Attended the SAES V *Making Growth Inclusive and Sustainable in South Asia*, organised by the SDPI, on 11-13 September 2012, in Islamabad, Pakistan; and presented a paper at the Concurrent session on *Regional Trade in Agriculture: Prospects for South Asia*.
- Participated at a number of programmes (conference/seminars/meetings) in connection with the ongoing research collaboration programme between CPD and CMI during 26 September-9 October 2012, in Bergen, Norway, including:
 - 7th Nordic Conference on *Behavioural and Experimental Economics*, organised by The Choice Lab at the Norwegian School of Economics, on 28-29 September 2012.

Uttam Kumar Paul, Deputy Director, Accounts

- Participated at a number of programmes (conference/seminars/meetings) as part of the exchange programme under the collaboration programme between CPD and CMI, during 10-20 September 2012, in Bergen, Norway. These included:
 - Meetings with CPD-CMI project management team and Finance and HR teams

Avra Bhattacharjee, Senior Dialogue Associate

- Participated at a number of programmes (conference/seminars/meetings) as part of the exchange programme under the collaboration programme between CPD and CMI, during 10-20 September 2012, in Bergen, Norway. These included:
 - Attending in-house CMI seminars

- Visiting to the Communication Division at University of Bergen
- Attending seminars in Bergen Resource Centre for International Development
- Meetings with various sections of the CMI Communication Division
- Participation in a workshop on Global Research Communication.

Towfiqul Islam Khan, Senior Research Associate

- Made an institutional collaborative visit at the Centre for Budget, Governance and Accountability (CBGA), New Delhi, India, on 11-14 September 2012.
- Participated at a number of programmes (conference/seminars/meetings) in connection with the ongoing research collaboration programme between CPD and CMI during 26 September-9 October 2012, in Bergen, Norway, including:
 - 7th Nordic Conference on *Behavioural and Experimental Economics*, organised by The Choice Lab at the Norwegian School of Economics, on 28-29 September 2012.

Mazbahul Golam Ahamad, Research Associate

- Participated at the Workshop on *Universal Health Coverage: Learning through South-South Partnerships*, organised by the Network for Social Security, on 10-12 September 2012, in Kathmandu, Nepal.

Mashfique Ibne Akbar, Research Associate

- Participated in the *Fifth South Asian Training Programme on CGE Modelling* organised by South Asia Watch on Trade, Economics and Environment (SAWTEE) on 27-31 August 2012, in Kathmandu, Nepal.
- Made an institutional collaborative visit at the CBGA, New Delhi, India on 11-14 September 2012.

Shameema Mallik, Research Associate

- Participated in the *South Asia Gender Summit*, organised by the Friedrich-Ebert-Stiftung (FES) on 4-6 September 2012, in Negombo, Sri Lanka.

CPD Professionals in National Fora

Mustafizur Rahman, Executive Director

- Chaired a Session on "Effective Implementation of Competition Regime in Other Developing Countries: Lessons for Bangladesh" at the International Conference on *Moving the Competition Law Agenda Forward in Bangladesh: Possible Implementation Concerns* organised by Unnayan Shamonnay and Consumer Unity Trust Society (CUTS) International, on 2 July 2012, at the Ruposhi Bangla Hotel, Dhaka.
- Chaired a Session on "Review of Three Sectoral Studies of Bangladesh, Nepal, Sri Lanka: Their Prospect of Integration and International Market Access" at the Sub-Regional Seminar on *Enabling Environment for Integration of SMEs in Global Value Chain* organised by the International Chamber of Commerce, Bangladesh (ICC,B), United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP), and BRAC Bank Limited, on 3 July 2012, at the Ruposhi Bangla Hotel, Dhaka.
- Attended the launch of the report "Consolidating and Accelerating Exports in Bangladesh," on 4 July 2012, at the World Bank office.
- Attended a meeting on *বাংলাদেশ ব্যাংকের মুদ্রানীতি বিষয়ে মতবিনিময় সভা*, organised by Bangladesh Bank, on 7 July 2012, at the Palm View Restaurant, Dhaka.

- Delivered a lecture on "Manpower Export & Economic Security of Bangladesh," on 29 July 2012, at the Defence Services Command and Staff College of Bangladesh, Dhaka.

Debapriya Bhattacharya, Distinguished Fellow

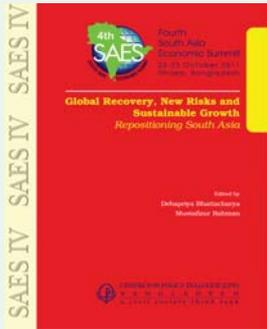
- Attended the Installation Ceremony of Rotary Club of Comilla as Chief Guest, on 14 July 2012 at Comilla.
- Attended the Installation Ceremony of Rotary Club of Buriganga, Dhaka as Chief Guest, on 18 July 2012 at Dhaka.

Khondaker Golam Moazzem, Senior Research Fellow

- Attended as a Panelist in a Session on *Macroeconomic Policy and Employment Consideration*, organised by the International Labour Organization (ILO), on 8 August 2012.
- Attended a multistakeholder consultation on *Social Protection for Construction Workers*, organised by the Bangladesh Institute for Labour Studies (BILS), on 18 September 2012.



CPD Publications



Global Recovery, New Risks and Sustainable Growth: Repositioning South Asia

Edited by: *Debapriya Bhattacharya and Mustafizur Rahman*

The volume captures the rich discourse of the Fourth South Asia Economic Summit (SAES IV) and the ideas that originated from it. Thus the volume embodies a compendium of selected articles presented at the various sessions of the event, summaries of discussions taken place at various plenaries and statements made by dignitaries who addressed the event. SAES IV was hosted by CPD in Dhaka in October 2011. The volume focuses on a set of cross-cutting issues and a cluster of thematic issues. These issues include current global recovery and its implications, inclusive growth and regional cooperation, accelerating trade and investment, promoting energy and transport connectivity, ensuring food security, managing water resources and climate change, streamlining international migration and remittance flow, and strengthening the role of non-state actors.

CPD-CMI Publications

CPD-CMI Working Paper 3

Agricultural Trade between Bangladesh and India: An Analysis of Trends, Trading Patterns and Determinants
Mustafizur Rahman, Mazbahul Golam Ahamad, A K M Nazrul Islam and Muhammad Al Amin

সিপিডি-সিএমআই নীতি সংক্ষেপ (বিশেষ সংখ্যা)

বাংলাদেশের জাতীয় সংসদ: চ্যালেঞ্জ এবং সম্মুখে এগিয়ে যাবার পথ (জুলাই ২০১২)
রওনক জাহান

Publications from outside of CPD

and Sustainable Growth: Repositioning South Asia. Dhaka: Centre for Policy Dialogue (CPD).

Journal Articles

- Bhattacharya, D. and Dasgupta, S. 2012. "Global Financial and Economic Crisis: Exploring the Resilience of the Least Developed Countries." *Journal of International Development*, 24 (6): 673-685.
- Moazzem, K.G. and Rahman, M.T. 2012. "Dynamics and Changes of International Production Network in the Export-Oriented Apparels Industry of Bangladesh." *Bangladesh Journal of Political Economy*, 26 (1): 97-116.
- Moazzem, K.G. and Chowdhury, S. 2012. "Export Diversification of Bangladesh's Apparels Products: An Analysis of Identification of New Markets and New Products." *Bangladesh Journal of Political Economy*, 26 (1): 117-136.
- Khatun, F. 2012. "Trade in Environmental Goods by Least Developed Countries: Issues for Negotiations", *South Asian Economic Journal*, 13 (2): 157-182.

Book Chapters

- Khatun, F. 2012. "A Regional Outlook for Climate Finance in South Asia." In Bhattacharya, D. and Rahman, M. (eds.) *Global Recovery, New Risks and Sustainable Growth: Repositioning South Asia.* Dhaka: Centre for Policy Dialogue (CPD).
- Moazzem, K.G. 2012. "Promotion of Intra-Regional Investment in South Asia: In Search of an Effective Policy Framework." In Bhattacharya, D. and Rahman, M. (eds.) *Global Recovery, New Risks*

Newspaper and Magazine Articles

- Khatun, F. 2012. "Trade Integration in South Asia, Pruning Sensitive List and Beyond." *Trade Insight*, 8 (2): 21-23.
- Bhattacharya, D. 2012. পদ্মা সেতু প্রকল্প: দুর্ভাগ্যজনক পরিণতি. *Prothom Alo*. 1 July.
- Bhattacharya, D. 2012. পরিস্থিতি মূল্যায়ন করে সিদ্ধান্ত নিতে হবে. *Bonik Barta*. 1 July.
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- Rahman, M. 2012. Implementing Budget FY2012-13: Testing times ahead. *Forum*. 7 July.
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- Moazzem, K. G. 2012. তৈরি পোশাকশিল্প: বাজার ধরে রাখতে শ্রমিকের মজুরিও বাড়াতে হবে. *Prothom Alo*. 28 August.

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- Rahman, M. 2012. নিজস্ব অর্থায়নে পদ্মা সেতু করলে অর্থনীতিতে বিরূপ প্রভাব পড়তে পারে. *Amar Desh*. 8 July.
- Bhattacharya, D. 2012. পদ্মা সেতু নির্মাণে স্বচ্ছতা ও জবাবদিহিতা নিশ্চিত করতে হবে. *Jugantor*. 22 September.
- Bhattacharya, D. 2012. সরকারের জন্য চ্যালেঞ্জ. *Manabzamin*. 22 September.
- Bhattacharya, D. 2012. দুর্নীতি থেকে সাবধান. *Samakal*. 22 September.

CPD Staff News

- *Mr Subir Kanti Bairagi*, Senior Research Associate will be on study leave during 31 July 2012 to 30 July 2015 for pursuing PhD in Agriculture Economics at the University of Nebraska-Lincoln, USA.
- *Ms Khaleda Akhter*, Senior Research Associate have joined CPD on 6 September 2012 after completion of her Masters Degree on International & Development Economics from Australian National University, Australia.

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