



## From The Editor's Desk

As we cross the one-third milestone in our shared journey towards the year 2015, the target year for the Millennium Development Goals (MDGs), the track record of the various countries in attaining the 8 Goals, 18 targets and 48 indicators are coming under increasing scrutiny. Indeed, CPD's recent dialogue on Bangladesh's progress in the context of the MDGs provided a good opportunity to assess the country's achievements as well as deficits in terms of the MDG targets and articulate the concerns of the major stakeholders in this respect.

As is known, the MDGs require that the poverty level be halved by 2015, all children attend school, and gender disparity is eliminated at all levels of education, that proportion of people without access to fresh drinking water be halved, infant mortality and the under-five mortality rate be reduced by two-thirds and that the spread of killer diseases be stopped and then reversed. These are quite ambitious targets which will not be easy to achieve under the business as usual scenario, for most countries.

As the Bangladesh MDG progress report reveals, and presentations made at the CPD dialogue also supported this, Bangladesh is well on track to achieve a number of key MDG targets, particularly in social sectors such as education and health as indicated by achievements in the area of school attendance, reduction of gender disparity in

education, bringing down infant mortality, and in terms of access to fresh drinking water and sanitation services. However, as subsequent discussion of the CPD dialogue showed, the issue of quality of education and health services is emerging as a major concern for Bangladesh. In terms of some of the other key indicators such as halving the proportion of population below the national poverty line and eradicating extreme poverty, Bangladesh will have to go a long way if the relevant targets are to be attained by 2015. CPD dialogue has identified a number of key doables in this regard. The GOB and relevant domestic stakeholders will need to get on with the task of designing appropriate strategies and undertaking the necessary measures if the MDG related gaps and deficits are to be appropriately addressed.

It will be pertinent to recall here that the MDGs, which originated in the UN Millennium Summit in 2000 are informed by the notion that whilst the targets are to be achieved at the national level, the responsibility of attaining these targets will have to be a shared one, to be borne both by the developing countries and the developed world. As a matter of fact, MDG-8, Develop a Global Partnership for Development, calls upon the developed countries to take appropriate initiatives in the area of Trade, Aid and Debt Relief to enable the developing countries to achieve the other seven Goals. Trade related capacity building support, market access

initiatives and debt-relief measures will need to be put in place towards this and the developing countries in their turn will need to mainstream MDG interests and concerns in their Poverty Reduction Strategy Papers (PRSPs), and take initiatives to implement the relevant measures.

It is to be noted here that at present developed countries are allocating only 0.25 per cent of their respective Gross National Income (GNI) as aid to developing countries. This is well below the 0.7 per cent which they have committed in 1970! As the UN Millennium Project report, prepared by Professor Jeffrey Sachs and his colleagues shows MDG related resource needs for all countries would require only about \$121.0 billion in 2006 and \$189.0 billion in 2015. A significant part of these resources will have to come from national governments and households. The rest must come in the form of additional aid. However, even this would mean that the Organisation for Economic Cooperation and Development (OECD) countries will be required to allocate only about 0.44 per cent of the GNI as aid towards the MDGs. Surely this is a feasible proposition. As countries prepare for the Millennium plus five global summit to be held in New York in September 2005, both developed and developing countries must urgently revisit the progress towards the MDGs, think hard about ways and means to mobilise the necessary resources and get on with the task of implementing the appropriate measures to attain the MDGs. Now is the time.

## Achievements in Some Social Sectors Commendable; However Challenges Still Lie Ahead

### Speakers Tell CPD Dialogue on the MDGs

"It is encouraging to see that in the context of the MDGs Bangladesh has made good progress in some important areas, whilst in others many challenges still remain to be addressed."

These observations were made by discussants at a dialogue on Attaining MDG Targets in Bangladesh: Progress and the Remaining Challenges, which was organised by the CPD on Thursday, February 24, 2005 at CIRDP auditorium in Dhaka.

The dialogue was attended by Mizanur Rahman Sinha, MP, Hon'ble State Minister for Health and Family Welfare as special guest; A H S K Sadique, MP, Former Education Minister was present as guest of



Professor Rehman Sobhan speaks at the Dialogue on Attaining MDG Targets in Bangladesh. (from right to left) Professor Mustafizur Rahman; Professor Wahiduddin Mahmud; Mr Mizanur Rahman Sinha, MP; Mr. A H S K Sadique, MP; Professor Anil B Deolalikar and Dr Quazi Mesbahuddin Ahmed are also seen



## Achievements in Some Social Sectors Commendable; However Challenges Still Lie Ahead

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honour. Quazi Mesbahuddin Ahmed, Member (GED) Planning Commission and Anil B Deolalikar, Director, Public Policy Initiative, University of California, USA presented keynote papers at the dialogue. CPD Chairman Rehman Sobhan chaired the dialogue.

The World Bank study presented by Deolalikar, focused on Bangladesh's track record in five major human development related MDGs: consumption poverty, infant and under five mortality, child malnutrition, schooling enrolment and completion, gender disparities in schooling. The study observed that "Bangladesh is the only country in South Asia, other than Sri Lanka, to have achieved parity in male and female enrolments not just at the primary level but also at the secondary level." The study presented an analysis of the drivers of these achievements. In this context the study further noted that compared to India Bangladesh has made very good progress in improving social indicators, thanks to higher proportion of public expenditure that Bangladesh allocated to the social sectors. Bangladesh's public expenditure on health as a proportion of GDP was 1.5 per cent, almost twice as high as India's 0.9 per cent.

The keynote presentation, however, found that poor governance was pervasive in Bangladesh. Doctors, health workers, teachers are often absent from their assigned posts at government health centres and schools in rural areas.

Presenting the GoB-UNDP MDG progress report on Bangladesh and highlighting Bangladesh's achievements in MDG related areas, Quazi Mesbahuddin Ahmed noted that Bangladesh has made remarkable progress in the areas of primary schooling, girls' education, immunisation, micro-credit, female economic participation, birth control, physical mobility and safety nets. The report stated that income poverty and prevalence of moderately underweight children declined noticeably between 1990 and 2000. The paper also revealed that under-five mortality reduced from 151 live births to 82 and infant mortality from 94 to 56 during 1990-2001. In terms of these vital indicators Bangladesh was on track to meet the MDG targets. The report also noted significant improvements in gender parity in primary schooling, male-female ratio reaching 48:52 in 2002 from around 59:41 in 1992. Agreeing with the WB report he observed that child malnutrition in Bangladesh still continue to remain among the highest globally. He emphasised on the

need to bring down maternal mortality and birth rate and underscored the need to ensure reproductive health care.

Commenting on the two presentations, Economist Wahiduddin Mahmud observed "We need to understand the behavioural and attitudinal changes that have made such remarkable achievements possible under the prevailing poverty conditions and in a society characterised by female exclusion and deprivation." At the same time, he underscored the need to identify causes of under attainment and deficits in other areas.

Referring to WB study's emphasis on the importance of good governance, Mahmud commented it is also important to take note of the success stories behind the immunisation campaigns, female school stipend programmes or social marketing of contraceptives. "The issue of governance should not be treated as a black box; we need to unbundle it and look for innovative institutional arrangements", he said.

CPD Chairman Rehman Sobhan said that we have performed well in social sectors, but progress in the economic sectors is not upto the mark.

During the discussion participants observed that often quantitative targets were achieved at the cost of quality. They felt that it was time to address such issues as quality of primary education and that of health delivery system. Many participants also noted the need for making MDG-8, Develop a Global Partnership for Development work achieving the other MDGs.

## CPD Workshop on Trade Policy Held



Fifth Policy Appreciation Workshop on WTO: (from right to left) Dr Uttam Kumar Deb; Dr Ananya Raihan; Advisor to the Ministry of Foreign Affairs Mr Reaz Rahman; Professor Mustafizur Rahman; First Secretary (Development), Canadian High Commission, Dr Rajani Alexander; Ms Anisatul Fatema Yousuf and Dr Fahmida Khatun

CPD organised a three-day long Policy Appreciation Workshop on WTO and Bangladesh during 4-6 January 2005 at CIRDAP auditorium. The workshop, fifth in the series, was attended by a total of 35 participants including mid-level government officials from various Ministries, academics, journalists, representatives from NGOs and relevant civil society organisations dealing with trade related issues. The workshop was facilitated by Willem van der Geest, Director, European Institute for Asian Studies, WTO Counselor Shishir Priyadarshi, CPD's Executive Director (a.i.) Mustafizur Rahman, Research Fellows Ananya Raihan, Uttam Kumar Deb and Fahmida Khatun.

The workshop was organised under the CPD's Trade Policy Analysis (TPA) Programme with the objective of facilitating capacity building in Bangladesh, policy making and policy advocacy.

This year's workshop addressed the following areas: (a) international trading system, (b) WTO framework and agreements: GATT 1994, (c) agreement on agriculture, (d) bilateralism vs. multilateralism: regional trade agreements, (e) understanding trade negotiations: theory of negotiations, negotiation simulations.

Reaz Rahman, Hon'ble Advisor for Foreign Affairs was the chief guest at the concluding and certificate awarding ceremony. Rajani Alexander, First Secretary, Development, CIDA was present as special guest. Reaz Rahman gave away certificates among the participants of the workshop. The concluding session was chaired by CPD's Executive Director (a.i.) Mustafizur Rahman. Hon'ble Advisor appreciated CPD's effort in trade-related capacity building and hoped that the participants will be able to make good use of the new knowledge. Congratulating the participants Rajani Alexander hoped that this capacity building endeavour of the CPD will be able to strengthen Bangladesh's endeavour and effort to benefit from the multilateral and regional trading systems.

## International Women's Day Observed at CPD

On March 8, 2005, CPD celebrated International Women's Day at its Dialogue Room. Rehman Sobhan, Chairman of CPD greeted female colleagues with flowers and cards. Sobhan said that observing International Women's Day is all about changing attitudes towards women, and it was a part of CPD tradition that we recognise the day. Head of Dialogue & Communication, Anisatul Fatema Yousuf and Mariam Rashid, Programme Associate expressed their appreciation for the thoughtfulness of their male colleagues.



## State of Economy Shows Mixed Signals Interim Review of Bangladesh Economy Released



CPD Executive Director Dr Debapriya Bhattacharya makes a note at the press briefing on State of the Bangladesh Economy: Early Signals of FY2005. Professor Mustafizur Rahman and Dr Ananya Raihan are also seen in the picture

Many readers are perhaps aware that the CPD reviews, under its Independent Review of Bangladesh's Development (IRBD) programme, the state of Bangladesh's macroeconomic performance on a continuing basis. As part of the IRBD 2005 programme, CPD undertook an interim review of the performance of the economy over the first six months of FY 2005 (July-December, 2004). This assessment titled State of the Bangladesh Economy: Early Signals for FY2005 was placed before a Press Conference held on January 15, 2005 at CPD Dialogue Room. Debapriya Bhattacharya, Executive Director of CPD made the presentation on behalf of the IRBD 2004 team.

The first part of the review provided an analysis of the dynamics of the major macroeconomic indicators of the country focusing on such major areas as growth, savings and investment, monetary sector, real sector, and external sector. The second part addressed a select set of issues which included, among others, consequences of Flood 2004, impact of MFA phase-out, trends in industrial investment, Nationalised Commercial Banks (NCB) reforms, exchange rate movement, price rise of essentials, finalisation of PRSP, etc.

Recognising some of the positive developments in the economy during the period under review, the CPD assessment also highlighted a number of emerging features which evinced fragility of the economy and were a source of concern. The report raised question as to whether the relative macroeconomic stability experienced by Bangladesh has been rewarded with adequate growth payoffs. The report underscored negative implications of the creeping rise in the consumer price index in the backdrop of perceptible credit expansion in both manufacturing and agricultural sector. The review pointed out that while capital market had been attracting increased liquidity which was a good sign, shortfall in foodgrain production remained a major concern in the real economy. The report noted that external sector balance was experiencing some consolidation, notwithstanding the challenges being faced by country's RMG sector as a consequence of the full phase-out of the MFA quotas, but cautioned that with significant increase in import payment, the balance could be under some pressure in the coming months.

The report identified five major challenges that need to be addressed over the coming

months: controlling inflation in food prices, increasing boro production, accelerating implementation of Annual Development Programme (ADP), ensuring better utilisation of foreign aid and mobilising more Initial Public Offerings (IPOs) for capital market development.

Voicing concern over the increasing price inflation in recent months, the report noted that general inflation in October 2004 rose to 7.92 per cent from 6.16 per cent of the corresponding period in 2003. The Flood 2004 has contributed to the rising food inflation, and there was a need to keep inflation situation under constant observation.

In this context, referring to real sector agricultural production, the review forecast that as Aman production has been 10 per cent less than the previous year (FY04), overall production prospect for foodgrains in FY05 was not encouraging.

The report went on to note that inspite of very negative projections as regards RMG exports once the quotas were phased out, the sector posted double digit growth during the first six months of FY2005. However, formidable challenges remained, particularly in view of the ascendancy of China and some of the other competitors.

CPD review emphasised that appropriate strategies should be designed to realise the potential opportunities of MFA phase-out in certain quota categories where Bangladesh continued to enjoy comparative advantage in the global market. The review further noted that in the context of the quota-free regime, many of the small firms are likely to face increasing competitive pressure and many workers may have to face layoffs. On the other hand, many of the large firms are looking at the MFA phase-out as an opportunity to expand their market presence in the EU as well as in the USA. Many of the laid off workers may not be absorbed by firms that will continue to operate. The report argued for a contingency fund for retraining and redeployment of such workers, many of whom are women, warning that any large-scale unemployment in the sector will have serious consequences in terms of income distribution and poverty.

### From Research Division

Following activities were undertaken by CPD's research division during January - March, 2005.

#### Survey on Business Competitiveness Environment

During the first quarter CPD initiated the Executive Opinion Survey on Bangladesh's Business Competitiveness Environment 2005. This survey is being carried out on a regular basis over the last five years in collaboration with the World Economic Forum (WEF). Results of these surveys provide inputs to the Global Competitiveness Report (GCR). The objective of the survey is to capture the perception of leading entrepreneurs and business leaders in Bangladesh as regards a number of issues including efficacy of the government institutions, public trust in the financial honesty of major policymakers, stakeholders, taxation system, macroeconomic management, impact of corruption on cost of doing business, freedom of press, development of infrastructure, labour market situation and environmental and social responsibility of entrepreneurs and

businessmen in the country. A study team at CPD, led by CPD Executive Director Debapriya Bhattacharya, is involved in this initiative. It may also be noted here that the CPD has been involved in this exercise since 2001. A research report on Business Competitiveness Environment in Bangladesh will be published based on the findings of these surveys.

#### Trade Related Research and Policy Development (TRRPD) Programme

A study titled Preferential Market Access in Canadian Market: Maximising Benefits for Bangladesh has been completed under CPD's TRRPD Programme. Commissioned by the CPD, the study was prepared by a trade specialist May T Yeung at the Estey Centre for Law and Economics in International Trade, Canada. The study analyses market access opportunities for Bangladesh's products in the Canadian market particularly in view of the recent Canadian market, access initiative under the revised GSP scheme that envisages Bangladesh-friendly Rules of Origin.

Another study titled Increasing the Market Access for Agricultural Products to the EU is now being prepared under CPD's TRRPD Programme. Jorge Nunez Ferrer, an Independent consultant based in

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## Enhanced Bilateral and Regional Trade Crucial for Economic Development Experts Stress at CPD Dialogue



Dialogue on Regionalism vs. Multilateralism:(from right to left) Commerce Secretary Md Aminur Rahman; Commerce Minister Air Vice Marshal (Retd) Altaf Hossain Choudhury, MP; Professor Rehman Sobhan and Former Commerce Minister Tofail Ahmed

CPD organised a dialogue on Regionalism vs Multilateralism: What Could Bangladesh Learn from the Global Experience? at CIRDAP auditorium on January 03, 2005 at 3.00 pm. Air Vice Marshal (Retd) Altaf Hossain Choudhury, MP, Minister for Commerce was the chief guest; Tofail Ahmed, Former Minister for Industries attended the dialogue as the guest of honour. Md Aminur Rahman, Secretary, Ministry of Commerce was present as the special guest. Willem van der Geest, Director, European Institute for Asian Studies, Brussels presented the keynote paper. Rehman Sobhan, Chairman, CPD moderated the dialogue.

In his paper Willem van der Geest underscored the increasing dual trend of regionalism and multilateralism that was currently visible on an unprecedented scale and stressed the need for taking lessons from the experience of other countries. He pointed to the need for exploring the

potential of regional and bilateral trade and suggested that Bangladesh should examine the 'look East' option in light of India's move towards an ASEAN-India trade and investment area. He noted, "This examination needs to take account of the uncomfortable fact that Bangladesh runs trade deficit of \$1.4 billion with ASEAN and \$1.2 billion with China".

Geest observed that such large and increasing bilateral trade deficit with China was happening at a time when practically all countries in the East and South East Asia have managed to increase their exports to China in the recent past. He advocated for a multi-track approach to further open windows for bilateral and regional free trade agreements in this region. To identify areas of potential cooperation he emphasised the need for undertaking an export and production similarity and dissimilarity analysis with respect to Bangladesh and ASEAN countries.

The Commerce Minister in his speech made the point that the GoB was committed to multilateral trading system, and at the same time, attached importance to country's regional and bilateral trade relations. "Trade can act as an instrument for development, and this can be possible through a coherent use of bilateral, regional and multilateral trading system," the minister said. "In the context of a fast changing state of global affairs, we cannot ignore the existence of regional trading system and should make appropriate use of the emergent opportunities.

Former Commerce Minister Tofail Ahmed said if the countries in the region demonstrated positive approach, it would not be too difficult to pursue a multi-track strategy that would assure a "win win" situation. All routes will need to be explored, he observed. He noted that the trade gap between Bangladesh and India was likely to exist but every effort should be there to reduce the gap. Regarding the MFA phase-out, the former minister said that if we take this as a challenge and build on our experience and effort, we should be able to overcome the likely adverse impacts.

Commerce Secretary Md Aminur Rahman observed that Bangladesh was giving emphasis on implementing SAFTA and bilateral initiatives will be undertaken once this exercise is over. He noted that there was a need to pursue a multi-track approach, but sequencing was important. Taking part in the discussion many participants pointed out that there was a tension between multilateralism and regionalism and at present rest of the trade liberalisation, particularly of LDCs and developing countries were taking place under various Regional Trade Agreements (RTAs). They underscored the need for using RTAs for the purpose of strengthening global integration of Bangladesh.

### CPD Professionals Overseas

#### Rehman Sobhan

Chairman, CPD and Executive Director, SACEPS

1 Attended an "Indo-Bangladesh Dialogue" in New Delhi, India between 18 and 19 January, 2005.

1 Participated in the 75th anniversary of Chr. Michelsens Institute (CMI) on "Ownership and Partnership-what does it mean in the North-South Research Collaboration?" in Norway on 15 March 2005.

1 Presented a paper on "Increasing Aid for Poverty Reduction: Rethinking the Policy Agenda," at a Seminar on "How can Governments Develop the Capacity to Deliver the MDGs? at IDS, University of Sussex, London on 21 March 2005.

#### Mustafizur Rahman

Executive Director (a.i.) and Research Director, CPD

1 Participated in second round of the Indo-Bangladesh Dialogue in New Delhi India, during January 18-19, 2005 at the India International Centre (IIC).

#### Uttam Kumar Deb

Research Fellow, CPD

1 Participated and presented a paper titled "Liberalisation of Rice Market in Bangladesh: Impact on Production, Import and Food Security" at South Asia Regional Conference of the International Association of Agricultural Economists held on 23-25 March, 2005 in Hyderabad, India.

#### Khondaker Golam Moazzem

Research Fellow, CPD

1 Participated in a workshop, organised by International Centre Goa, on "Democratisation, Peace and Regional Cooperation in South Asia" held in Goa, India during 22-26 February 2005 and presented a paper titled "Regional Cooperation for Investment in South Asia".

#### Shubhasish Barua and Narayan Chandra Das

Programme Associate, CPD

1 Shubhasish Barua and Narayan Chandra Das participated at the ARTNet Capacity Building Workshop on Trade Research, held in Bangkok, Thailand during March 22-25, 2005, organised by the UNESCAP.



## Finance Minister Invites CPD Team



CPD IRBD 2005 Team visits Finance Minister M Saifur Rahman, MP at his office

Following the press briefing on the interim IRBD 2005 assessment, Finance and Planning Minister M Saifur Rahman, MP invited the CPD IRBD 2005 team to a meeting at his office. CPD team met with the Honorable Minister on Tuesday, 18 January, 2005.

The CPD team, led by its Executive Director Debapriya Bhattacharya, included Head of Dialogue & Communication Anisatul Fatema Yousuf, CPD's Research Fellows Ananya Raihan, Uttam Kumar Deb, Fahmida Khatun, Khondaker Golam Moazzem and Senior Research Associate M Syeed Ahmed. Among others, Governor of Bangladesh Bank Fakhruddin Ahmed, Finance Secretary Z a k i r A h m e d

Khan, NBR Chairman Khairuzzaman Chowdhury and Planning Secretary Fazlur Rahman were also present at the meeting.

A number of issues came up during the discussion which included slow implementation of the development projects earmarked in the ADP, tax net, broadening of corruption, revision of diesel price and lack of up to date data on economic situation and their lagged release by the government.

Taking part in the discussion Bhattacharya noted that slow implementation of development projects was becoming a major constraint to macroeconomic development. He also observed that there

was an urgent need to generate new power as energy had a strong and positive multiplier impact on the economy. Referring to the downsizing of export earning, growth and foreign investment targets in PRSP, he observed that targets should be set high and avenues to achieve these higher targets should be actively explored.

He also reemphasised the point made in the review to the effect that diesel prices should be reduced as high diesel prices may have adverse impact on irrigation and boro production.

CPD expressed concern over the poor quality and out-of-date, unreliability and lack of up to date government data on country's economic situation. He thought it to be a serious problem for policymakers as this seriously undermines their capacity to analyse the economic situation accurately and to take timely decisions on the basis of the analysis.

The minister dwelled at length on the major observations made in the CPD interim assessment. He agreed with most of the observations and underscored that these were also the government's concerns. He particularly emphasised on the need for accelerating ADP implementation pace. He also expressed his concern over the lack of updated reliable data and the use of old data in PRSP. The Finance Minister emphasised the need for strengthening the Bangladesh Bureau of Statistics (BBS). However, the Minister defended the government's position on diesel price-hike. He defended the government's decision to increase the price by saying that diesel price was raised to prevent smuggling of diesel to neighboring countries, as the price across the border was lower.

## Young Scholars' Seminar Series (YSSS)

Under CPD's Young Scholars' Seminar Series initiative, Noor Mohammad Wasi Uddin, Senior Research Associate, CPD made a presentation on "Capital Flows and Their Macroeconomic Effects in Bangladesh" on March 7, 2005 at CPD's Dialogue Room. The seminar was attended by CPD staff.

In his paper the researcher found that the experience with capital inflows in Bangladesh shows some dissimilarity with Latin America and other Asian countries as the magnitude of capital inflows has not been very large and the flow was somewhat stable comparing to those countries. Furthermore, a substantial part of the inflow in Bangladesh was medium- and long-term loan whereas in the Latin American and Asian countries portfolio investment consisted a large part of the inflows, which was sometimes driven by speculative purposes. He also noted that increased capital flow in Bangladesh and other developing countries was a global trend, resulted from sharp drop in short-cut interest rate in the US and Japan, continuing recession in the US and regulatory changes in the capital markets in the 1990s, and higher rates of return, in some cases. The major findings are:

First, Bangladesh succeeded to avoid appreciation of Real Effective Exchange Rate (REER) in FY1992-1995, the period when the capital flows were largest (as per cent of GDP). The REER started appreciating from FY1999, even though capital inflows were much lesser extent during that period, implying that the economic policies have failed to contain the REER.

Second, policy makers in Bangladesh were reluctant to rely on restrictive fiscal policies in the period FY1999-2002 to counter the appreciation of REER.

Third, sterilised intervention of the central bank resulted in the increase of public debt. Outstanding domestic debt as per cent of GDP shows an increasing trend and reached the peak in FY2002.

Fourth, Bangladesh has been successful in eluding a permanent and significant increase in inflation along with maintaining a stable exchange rate.

The paper presenter finally noted that there are grounds to support a mix of policy intervention based on enhancing the flexibility of exchange rates, liberalising the current account and on raising marginal reserve requirements on short-term bank deposits.

### Upcoming Seminars

Under its YSSS Programme, CPD will hold in-house discussions where the following papers will be presented:

"Trend in Urbanisation and its Impact on Municipal Service Delivery" by Nafisa Khaled, Programme Associate in April 2005.

"Reproductive Rights and Decision-Making: A Comparative Study" by Md. Kamrul Hasan, Programme Associate (Dialogue) in June 2005.

"The China Factor in the US Market: How Important is it for Bangladesh" by Asif Anwar, Programme Associate in June 2005.



## From Research Division

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Brussels, Belgium is conducting the study. This study looks at opportunities for exporting agricultural and agro-based products to the EU in the context of zero-tariff market access offered by the EU under its Everything But Arms (EU-EBA) initiative.

### Second Interim IRBD2005

CPD is at present finalising its work on the Second Interim IRBD 2005 Report which focuses on an assessment of Bangladesh's macroeconomic performance during the first three quarters of FY2005. Keeping the upcoming budget for FY06 in view, the report will be analysing a number of key macroeconomic indicators including state of Balance of Payments (BOP), Revenue Receipts and Public Expenditure, Savings-Investment Scenario, Price and Wage Inflation, ADP Utilisation, and Fluctuations in Export Earnings during FY05. It may be noted here that the Second Interim-IRBD2005 will be an update of the First Interim Report released earlier in January this year.

### New Study under IRBD

Recently CPD has initiated a study titled Macroeconomic Stability in South Asia: A Comparative Analysis which is being carried out under the IRBD programme of the CPD. The underlying objective of the study is to examine the key macroeconomic indicators such as GDP growth, current account balance, policy stability and external environment in the South Asian countries from a comparative perspective.

### Fisheries, Trade and Sustainable Development

CPD has initiated a study titled Fisheries, Trade and Sustainable Development in collaboration with the International Centre for Trade and Sustainable Development (ICTSD), Geneva. This particular study will look into a number of issues in the context of aquaculture in Bangladesh including impact of aquaculture development and international trade, domestic market structure and livelihood of the fishing communities. The study will further analyse the impact of increased aquaculture production and over-fishing, and sustainable availability of resources. The findings of the study will be compiled into a policy paper for dissemination at the WTO Ministerial Meeting in Hong Kong in December this year.

### Study on Foodgrain Situation in Bangladesh

A team of CPD researchers including Research Fellow Uttam Deb and Programme Associates Narayan Chandra Das and Md Masum Billah has completed a study titled Foodgrain Production Situation in

Bangladesh: A Review. The paper was published in Bangladesh Unnayan Samikkha, Vol. 22, 2005. The paper analyses dynamics of foodgrain production performance at national and district levels during three periods 1980s, 1990s, and recent years (2001/02-2003/04) by analysing the production data for Aus, Aman and Boro rice, and wheat. The study traces district level growth rates of area, production and yield of these crops and undertakes a comparative analysis of the relative performance indicators.

### SANEI IV Study on Trade Liberalisation and Bangladesh Agriculture

Recently CPD has finalised a report titled Trade Liberalisation and Bangladesh Agriculture: Impacts on Cropping Pattern, Resource Use Efficiency and Effective Incentives. The study was conducted under Research Programme IV of the South Asia Network of Economic Research Institutes (SANEI). CPD Research Fellow Uttam Kumar Deb prepared the report, and CPD Programme Associates Md Masum Billah and Narayan Chandra Das provided research assistance in conducting this study. Using various indices of trade liberalisation, the study showed that substantial liberalisation occurred in the agriculture sector of Bangladesh during the last two decades. Tariff rates of import of agricultural inputs and outputs have substantially been reduced.

Number of restricted agricultural products for imports has also been reduced. Market access opportunities in Bangladesh for a number of agricultural commodities have increased over time. The study found that area under different crops and cropping pattern has changed over time, in response to trade liberalisation in Bangladesh's agricultural sector. The findings of the study revealed that crops having comparative advantage either at export parity or import parity (such as Boro rice, HYV T Aman rice, potato, vegetables, maize) has increased as a consequence of agricultural trade liberalisation. On the other hand, acreage of crops (such as sugarcane, oilseeds, Aus rice) which do not enjoy comparative advantage experienced indeed decline in area during the 1980/81 to 2003/04 period. Research findings of this study have important policy implications related to pricing of inputs and agricultural products, incentives to producers, marketing, promotion of export and Bangladesh's negotiating stance in the WTO in the context of the ongoing consultations on the Agreement on Agriculture.

## CPD Launches Book on WTO and Bangladesh



CPD Research Director Professor Mustafizur Rahman speaks at the book launching press briefing of *WTO and Bangladesh: A Post-Cancun Evaluation*. Dr Uttam Kumar Deb and Dr Ananya Raihan are also seen in the

A press briefing was organised on February 27, 2005 to mark the launching of CPD publication "WTO and Bangladesh: A Post-Cancun Evaluation" at CPD Dialogue Room. The volume, in Bangla, is a compendium of 12 articles which are authored by CPD researchers. The book was published under CPD's Trade Policy Analysis Programme.

Presenting the volume at the press conference Mustafizur Rahman, Research Director CPD noted that there was an urgent need for greater awareness as regards the ongoing developments in the global trading system and their possible implications for Bangladesh. He

observed that there was an acute dearth of suitable reference materials in Bangla on WTO related issues and hoped that to some extent this publication will be able to address this gap.

Head of Dialogue & Communication Anisatul Fatema Yousuf, Research Fellows Ananya Raihan, Uttam Kumar Deb, Fahmida Khatun and Khondaker Golam Moazzem were present at the ceremony. Taking part in the launching of the volume, Deb noted that the objective of the CPD publication was to make trade policy discussion accessible to the general readership. "The book is not a mere Bangla translation, rather many of its articles were exclusively written for the volume", he added.

The CPD researchers observed that least developed countries (LDCs) such as Bangladesh were facing formidable hurdles to keep pace with the ongoing pace of globalisation as dictated, in part, by the global trading system. The LDCs are not being able to reap the benefits from this process. Globalisation is affecting the lives of all citizens of the country and it is thus important that people have a sound understanding about the challenges and opportunities emerging from this process.

Key themes which are discussed in the book include political economy of globalisation, market access for agricultural and industrial products, possible implications of liberalisation of services sectors, intellectual property rights, WTO July Package, social dimensions of globalisation and interrelations between environment and business.

The essays in the volume were written by Rehman Sobhan, Debapriya Bhattacharya, Mustafizur Rahman, Anisatul Fatema Yousuf, Uttam Kumar Deb, Ananya Raihan, Fahmida Khatun, Khondaker Golam Moazzem, M Syeed Ahamad, Sharmin Farhana Rahman, Syed Saifuddin Hossain, M Masum Billah and Narayan Chandra Das, all CPD professionals.



## Publications

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outcomes of privatisation on the general citizen. Based on insights drawn from a number of case studies, it is argued that the design and implementation of privatisation in Bangladesh was flawed to begin with, and thus encouraged the intrusion of vested interests. The volume suggested that Bangladesh should move away from the present ideologically driven agenda for privatisation which seems to largely originate from external sources and should get on with formulating an indigenously designed pragmatic policy for both privatisation and SOE reform.

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This volume is a rich collection of articles on various aspects of global trading system in the context of their implications for Bangladesh. Given the shortage of suitable books in Bangla on globalisation and global trading system, it is hoped that this volume will be able to fill an important gap. The articles also discuss coping strategies that LDCs such as Bangladesh could pursue to address the adverse impacts of globalisation and international trade and explore how opportunities that globalisation offers could be accessed.

The volume contains 12 scholarly essays written by CPD researchers during 2000-2005 period under CPD's Trade Related Research and Policy Development (TRRPD) project. The volume includes such titles as Political Economy of Bangladesh in the Age of Globalisation, Cancun Ministerial Meeting, Special and Differential Treatment in the WTO, Environmental Debates in WTO, Globalisation and Social Issues, Market Access of Agricultural and Industrial Products, Trade Liberalisation in Service Sector, Dispute Settlement in the WTO, Intellectual Property Rights and Its Impact and "July Package" and other themes.

Apart from the articles, the volume also includes five annexures including "A Brief Introduction of WTO", "Dhaka Declaration of International Civil Society Forum", "Doha Declaration" and so on.

### Dialogue Reports:

Cancun WTO Ministerial: An Ex-Post Assessment. Report No.76 (February 2005)

### Occasional Papers:

Dispute Settlement in the WTO: How Friendly is it for the LDCs. Paper No.45 (January 2005).

The paper has been prepared by Dennis Browne, Director Emeritus, Centre for Trade Policy and Law, Carleton University, Ottawa, Canada. It explores the possibilities of least developed countries (LDCs) to make use of the dispute settlement provisions of the WTO to gain the benefits that reasonably should accrue to them as a result of their membership in the organisation. The paper reviews the evolution of the provisions in the GATT/WTO relating to dispute settlement, with special reference to the incorporation of special and differential treatment for the developing countries in the dispute settlement processes. The paper considers special challenges faced by LDCs in dispute settlement and comes up with a number of suggestions as regards what might be done to address the challenges.

WTO General Council Decision of July 31, 2004: Interpreting from Bangladesh Perspective. Paper No:46 (January 2005)

The paper was co-authored by Mustafizur Rahman, Research Director and Ananya Raihan, Research Fellow, CPD. The paper looks at the salient features of July 31 text, identifies its departure from the Cancun draft text (progression or regression) from an LDC perspective and puts forward some suggestions as regards issues which Bangladesh could pursue in the course of future negotiations during the run up to the Sixth Ministerial Meeting to be held in Hong Kong in December 2005.

Liberalising Trade in Services: Negotiating Strategy for Bangladesh. Paper No.47 (March 2005)

This occasional paper, prepared by Ananya Raihan, Research Fellow, CPD focuses on strategies for Bangladesh in the context of the ongoing negotiations in the service sector. The paper reviews the role of service sectors in Bangladesh economy, including under the GATS contribution in GDP, employment and investment and overall status of service sector negotiations in the WTO. The paper also focuses on offer-requests by WTO member countries and reviews Bangladesh's specific trade interests in this context. The paper further highlights the implications of services negotiation outcomes for Bangladesh and proposes a negotiating strategy for the country.

## Upcoming Events:

I Dialogue on "Utilisation of Aid: Concerns and Challenges" will be held on Tuesday, April 12, 2005 at 3.00 pm at CIRDAP auditorium.

I Dialogue on "Impact of Agricultural Trade Liberalisation on Cropping Pattern in Bangladesh" will be held on Thursday, May 5, 2005 at 3.00 pm at CIRDAP auditorium.

I Press briefing on Second Interim IRBD will be held on Saturday, June 4, 2005 at CPD Dialogue Room.

I Press briefing on budget will be held on Friday, June 10, 2005 at CPD Dialogue Room.

I Dialogue on Budget for FY06 will be held in 3rd week of June, 2005 at CIRDAP auditorium, Dhaka.

## 23rd Meeting of the CPD Board of Trustees Held

The 23rd meeting of the Board of Trustees of the CPD was held in its Dialogue Room on January 13, 2005. Chaired by CPD Chairman Rehman Sobhan, the meeting was attended by CPD's Board of Trustees Syed Humayun Kabir, M Syeduzzaman, Muhammad Yunus, Syed Manzur Elahi, Laila Rahman Kabir, Khushi Kabir, Anisuzzaman, Nurul Huq, CPD Executive Director Debapriya Bhattacharya, Research Director Mustafizur Rahman, and Head of Dialogue & Communication, Anisatul Fatema Yousuf. The Board approved CPD's annual accounts for 2004 and annual budget for 2005. The meeting also reviewed CPD's national, regional and international activities during September-December 2004 period and expressed satisfaction over CPD's performance. The Board advised CPD to organise dialogues on a number of important emerging issues, as public policy discussions focusing on such themes as achieving the MDG targets, restructuring in the clothing and textiles sector, halving of South Asian poverty, impact of telecommunication on livelihoods and implications of liberalising health and education sectors. CPD's Research and Dialogue & Communication plan for the year 2005 were also discussed at the meeting and approved.

## Civil Society Initiative to Help Tsunami Victims

With a view to mobilising the civil society of Bangladesh in support of tsunami victims, CPD Chairman and Executive Director South Asia Centre for Policy Studies (SACEPS) Rehman Sobhan took an initiative to convene a meeting of the representatives of several prominent civil society groups and individuals. The meeting was held on Tuesday, January 11, 2005 at 4.00 pm at the CPD Dialogue Room.

The initiative was a gesture of fellow feeling, on the part of Bangladesh civil society, for the tsunami victims, and was an expression of solidarity with their sufferings. The meeting discussed the modalities of mobilising contributions from individuals, citizens and organisations, NGOs and business groups. It was decided that the funds would be handed over in a simple ceremony to the High Commissioners/Ambassadors of the countries affected by the tsunami. An account titled Bangladesh Citizen's Fund for Tsunami Victims (BCFTV) was to be opened in the member banks of Bangladesh Association of Banks for this purpose. In support of this initiative the meeting decided to make a Citizen's Appeal through the media.



CPD Family at the Amar Ekushey Boimela 1412 Bangabada

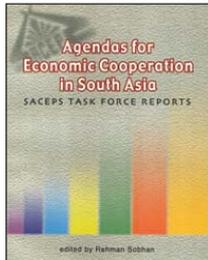
## Ekushey Book Fair

In line with the spirit of the Amar Ekushey, CPD participated in Ekushey Book Fair 2005 at Bangla Academy premises organised by Bangla Academy. Rehman Sobhan, Chairman of CPD, inaugurated CPD stall at the fair on 3 February 2005. CPD publications were on display and sale at the fair.

## Publications

CPD Published the following books during January -March 2005 period.

Agendas for Economic Cooperation in South Asia: SACEPS Task Force Reports (January 2005)



Edited by: Rehman Sobhan

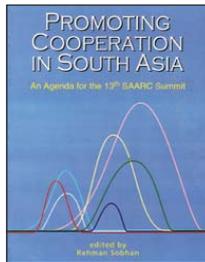
This volume is a collection of four Task Force Reports and four Dialogue Reports prepared under South Asia Centre for Policy Studies (SACEPS). The volume is divided into two parts-Part A, which includes four Task Force Reports, explores the key issues that South Asian countries have to consider in their move towards the establishment of a free trade area in the region. Reports were prepared on 'South Asian Free Trade Area,' 'Post-Doha negotiations in the WTO and the interests of South Asian countries,' 'Common Investment Strategy for South Asia', and 'Energy Cooperation in South Asia'. Part B contains four Reports, prepared on the basis of deliberations at dialogues organised in Kathmandu, New Delhi, Dhaka and Lahore, to discuss the findings of Task Force Reports.

Promoting Cooperation in South Asia: An Agenda for the 13th SAARC Summit (January 2005)

Edited By: Rehman Sobhan

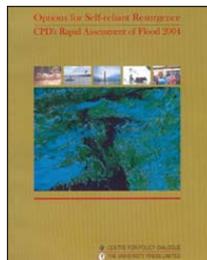
This volume is a compendium of papers presented at the Conference convened by Wilton Park and South Asia Centre for Policy Studies (SACEPS) which was held at Wilton Park, Sussex, UK, during 11-12 October 2004. The Conference was designed as a follow-up to the outcomes of the 12th SAARC Summit held in Islamabad in January 2004 and was expected to provide useful inputs to the 13th SAARC Summit, scheduled to be convened in Dhaka in 2005.

The papers were written by a distinguished group of South Asian Scholars and eminent



persons including SACEPS Executive Director Rehman Sobhan, Deputy Chairman, Council of Fellows, Marga Institute, Sri Lanka Dr Godfrey Gunatilleke, Principal Secretary to the Prime Minister of Bangladesh Dr Kamal Uddin Siddiqui, Member of the Economic Advisory, Government of Pakistan Dr Syed Akmal Hussain, Executive Director of IPS, Colombo Dr Saman Kelegama and President of Bangladesh Enterprise Institute Farooq Sobhan, CPD Programme Director Dr M Rahmatullah and Professor, Centre for South Asian Studies, Jawaharlal Nehru University, New Delhi Dr Mahendra P Lama. The papers focus on key aspects of South Asian Cooperation including poverty eradication, trade and commerce, transport, energy, investment, health and also on the designing of a social charter for South Asia. The volume also provides useful insights as regards concrete modalities to advance the causes of South Asian Cooperation in the years to come.

Options for Self-reliant Resurgence: CPD's Rapid Assessment of Flood 2004 (January 2005)



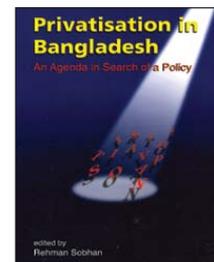
Author: CPD Researchers

Centre for Policy Dialogue launched a rapid assessment of Flood 2004 as the flood water was receding in August 2004.

The study was aimed at estimating damages incurred by Bangladesh economy due to flood and to understand the survival strategies adopted by the flood victims. The objective of the exercise was also to articulate a set of public policy interventions towards mitigating the adverse consequences of Flood 2004.

This CPD study undertook a detailed sector-wise estimate of damage, based on GoB data, and extensive field surveys. It may be recalled that the CPD's flood damage estimate caused a lot of controversy and debate at that time since it varied significantly from some of the after estimates. However, subsequently, as readers will recall, CPD estimates were vindicated. CPD also estimated flood intensity indices to capture the special nature of the flood. The study also made an assessment of relief effort by government agencies and NGOs based on field surveys. Based on an analysis of the budget, the study also came up with the suggestion that Bangladesh was capable of financing a large part of the anticipated rehabilitation cost from domestic sources.

Privatisation in Bangladesh: An Agenda in Search of a Policy (January 2005)



Edited by: Rehman Sobhan

The book is a compendium of nine papers which assess the privatisation experience of Bangladesh from a number of important dimensions. The papers present an in-depth investigation into the limitations of Bangladesh's privatisation policy. The papers focus on management capacity and governance crisis in the SOEs, policy guidelines about the fate of SOEs and

(Cont. Page 7)