



## From The Editor's Desk

During the third quarter of 2005 the Centre for Policy Dialogue (CPD) has organised several events focusing on a number of issues that were important from both national and regional perspectives. The *Indo-Bangladesh Dhaka Dialogue on "Trade, Investment and Connectivity"* provided an excellent opportunity for frank exchange of opinions and ideas to advance bilateral cooperation in these important areas. Members of parliament, political leaders, leading thinkers and business leaders from both Bangladesh and India present at the dialogue come up with a number of important recommendations to promote and foster bilateral cooperation in each of the abovementioned areas. The presence of the Indian External Affairs Minister Mr Natwar Singh, at the concluding session of the dialogue' once again reemphasised the importance of these dialogues with which CPD has been involved for the past decade.

The 13th SAARC Summit in Dhaka, which was to be held in November, 2005, was to be an event of high significance not only because this time Bangladesh was hosting the event, but also because of the importance of the issues on agenda of discussion. In this context, the dialogue on *Promoting Regional Cooperation in South Asia: Issues for the Dhaka SAARC Summit* organised by the CPD in association with the South Asia Centre for Policy Studies (SACEPS) provided a platform to the South Asian civil societies to voice their concerns and interests as regards promotion of regional cooperation in South Asia in such key areas as trade, transport connectivity, and poverty alleviation. The idea was to provide inputs to the SAARC process in some key areas which were to be discussed at the forthcoming Summit. The presence of high level policymakers at the dialogue including M Morshed Khan, MP, Hon'ble Foreign Minister and Reaz Rahman, Advisor, Ministry of Foreign Affairs, Government of Bangladesh (GOB), also provided an opportunity to the participants to learn about Bangladesh's perspectives as regards broadening and reopening of regional cooperation in South Asia within the ambit of the SAARC.

Another major event that marked CPD's activities during the third quarter of 2005 was the launching of the Global Competitiveness Report (GCR) 2005-2006. During the launching ceremony, CPD also released the findings of its survey on Business Competitiveness Environment in Bangladesh for the fiscal year 2005. It may be recalled here that Bangladesh has been included in the GCR since 2001. Thanks to the national surveys carried by the CPD. The CPD survey captures the dynamics of the changes in the perceptions of major corporate players in Bangladesh in such areas as state of governance, macroeconomic prospects and investment environment.



Arjun Sengupta is addressing the SACEPS Seminars on Regional Cooperation. (from Left) Debapriya Bhattacharya, Reaz Rahman, M Morshed Khan, Rehman Sobhan and Sridhar K Khatri.

## Strong Political Will Key to Boosting Trade in South Asia

### *Speakers Emphasise at the CPD Seminar on Regional Cooperation*

Strong political will was a key to boosting trade and regional cooperation among countries of South Asia. Though the process of promoting regional cooperation in various sectors was first initiated two decades back through the establishment of the SAARC, the achievements were far below the potential because of weak political commitment.

The above observations were made at a day-long seminar "Promoting Regional Cooperation in South Asia: Issues for the Dhaka SAARC Summit" jointly organised by South Asia Centre for Policy Studies (SACEPS) and Centre for Policy Dialogue (CPD) on 3 August 2005 at BRAC Centre Inn in Dhaka. M Morshed Khan, MP, Hon'ble Minister for Foreign Affairs, Government of Bangladesh (GoB) was present as Chief Guest and Reaz Rahman, Hon'ble Advisor to the Ministry of Foreign Affairs, GoB was the Special Guest. Arjun K Sengupta, Chairman, SACEPS and Member, Rajya Sabha, India chaired the Inaugural Session of the seminar.

M Morshed Khan noted that SACEPS Task Force Reports, published in 2004, provided strategic policy inputs on a variety of important issues such as intra-regional trade, investment and energy. The Minister observed that South Asia was lagging behind in comparison to other regions of the world as the volume of intra-regional trade in South Asia is only 4.2 per cent as against ASEAN's 27.8 per cent, NAFTA's 46 per cent, and EU's 62 per cent. Only 1 per cent of global FDI comes to South Asia whereas the same proportion of global tourists visit this wonderful region, Khan regretted. The Minister underscored the need for expansion of the scope of SAFTA and the need for strong commitment to strengthen SAARC. He also proposed that SAARC should declare 2005-2015 as the *Decade of Poverty Alleviation* to keep the issue of poverty high on South Asian agenda.

In his remarks, Reaz Rahman said that discussion was being held to operationalise South Asian Development Fund (SADF) which was established in



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1996. He emphasised on the need to mobilise political will and change the mindset to achieve effective economic integration in South Asia.

The Inaugural Session was followed by three technical sessions. In the first session, a paper by Saman Kelegama, Executive Director of Institute of Policy Studies (IPS), Sri Lanka titled *Deepening and Broadening of SAFTA* was presented by CPD Research Director Mustafizur Rahman. Nagesh Kumar, Director General, Research & Information System for Developing Countries (RIS), New Delhi made a presentation on *South Asian Regional Economic Integration: Beyond SAFTA*. Commerce Minister Air Vice Marshal (Retd) Altaf Hossain Chowdhury was present as the Chief Guest in the session chaired by Muchkund Dubey, President, Council for Social Development, India and Former Foreign Secretary of India and Former High Commissioner of India to Bangladesh.

Commerce Minister said that the trend of deepening economic integration at the regional and bilateral levels was a global phenomenon. This was mainly because the multilateral trade negotiations were not making the expected progress.

Mustafizur Rahman in his presentation noted that in spite of a desire to have closer trade connection SAARC members are coming up with long negative lists under the ongoing SAFTA negotiations. He emphasised on the need to have a positive attitude while designing the trade liberalisation plan, formulating the rules of origin, and on such issues as designing a modality for trade compensation.

Sridhar Khatri, Executive Director, SACEPS Ruhul Amin, Director General (South Asia), Ministry of Foreign Affairs, GoB, Sayed Alamgir Farouk Chowdhury, Former Commerce Secretary, Mahbubur Rahman, President, ICC- Bangladesh and Farooq Sobhan, President, Bangladesh Enterprise Institute (BEI) also took part in the discussion during the first session.

In the second session, M Rahmatullah, Senior Policy Advisor, SACEPS and Programme Director (Infrastructure), CPD made a presentation on *Transport Integration in South Asia*. Former Commerce Minister Amir Khosru Mahmud Chowdhury, MP was present as the Chief Guest at the session chaired by Ibrahim H Zaki, Former Minister for Planning and National Development, Maldives while Syed Manzur Elahi, Member, CPD Board of Trustees and Former Advisor to the Caretaker Government of Bangladesh were co-chairs at the session.

The Chief Guest of the second session underscored the need for integrating regional transport links to promote cross-border trade and commerce in South Asia. In this context, he added that both-way trade reflects true picture of trade liberalisation.

In the third session, M M Akash, Professor, Department of Economics, Dhaka University made a presentation on *Poverty Reduction Strategies of the International Development Community: The Scope for Structural Change* while Hossain Zillur Rahman, Executive Chairman, PPRC presented a paper on *Poverty Reduction Strategy in South Asia: Operationalising Independent South Asian Commission on Poverty Alleviation (ISACPA)*. The session was chaired by Mohan Man Sainju, Chairman, Poverty Alleviation Fund (PAF), Nepal while Kamal Uddin Siddiqui, Principal Secretary to the Prime Minister of Bangladesh was the Chief Guest in the session.

In his paper, M M Akash called for addressing the structural causes of poverty in the South Asian region. Hossain Zillur Rahman emphasised on building anti-poverty strategies based on changing ground realities in the South Asian countries.

The seminar was also participated by high-level policymakers, researchers, Members of the Parliament, NGOs, civil society representatives, politicians, academicians and journalists from Bangladesh and South Asian countries.

### CPD Professionals Overseas

#### Rehman Sobhan

Chairman, CPD and Executive Director, SACEPS

- 1 Presented a paper titled "Bringing Justice to Development" at the World Civilisation Forum in Japan Embassy in Japan during July 20-22, 2005.
- 1 Participated in an international conference on 'Engaging Communities' organised by United Nations and Government of the State of Queensland in Australia during August 14-17, 2005 and presented a paper on "Challenging the Injustice for the Poor."
- 1 Addressed a seminar organised by the CIDA in Ottawa, Canada held during September 15-17.
- 1 Visiting Scholar at the "Initiative for Policy Dialogue", Columbia University, New York during September 20 - December 20, 2005.

#### Debapriya Bhattacharya

Executive Director, CPD

- 1 Participated in a Brainstorming Session on "Public Finance: Implications for Trade Related Policy Research" on August 10, 2005 organised by UNDP.
- 1 Addressed the plenary of Research and Information System for Developing Countries (RIS) conference on WTO held on 8-10 August, 2005.

#### Mustafizur Rahman

Research Director, CPD

- 1 Participated in a Brainstorming Session on "Public Finance: Implications for Trade Related Policy Research" on August 10, 2005 organised by UNDP.
- 1 Made a presentation on "NAMA Negotiations in the WTO and Preference Erosion: Concerns from LDC Perspective" at the "Regional Conference on The Agenda of the WTO Hong Kong Ministerial :

Challenges for South Asia in New Delhi, India during August 8-11, 2005. The Conference was organised by RIS.

#### Uttam Kumar Deb

Senior Research Fellow, CPD

- 1 Acted as a Resource Person at the SAWTEE (South Asia Watch on Trade, Economics and Environment) and Centad (Centre for Trade & Development) organised Road to Hong Kong: Training Seminar for South Asian Economic Journalists held in Pokhara, Nepal on 11-13 July, 2005.
- 1 Presented a progress report of the study on "Rules of Origin and Non-Tariff Barriers in Agricultural Trade: Perspectives from Bangladesh and Cambodia" at the ARTNeT Research Team Meeting on Regional Agricultural Trade Liberalization held in Colombo, Sri Lanka on 8-9 August, 2005.
- 1 Participated at the Rice-Maize Planning Meeting jointly organised by IRRI and CIMMYT in Beijing, China on 4 September 2005. The meeting identified priority research issues for rice-maize production systems in Asia.
- 1 Participated at the 9th Asian Regional Maize Workshop (ARMW) held in Beijing, China, during 5-6 September, 2005.

#### Fahmida Khatun

Senior Research Fellow, CPD

Made a presentation on "Trade and Environment in the WTO: South Asian Perspective" at the conference on WTO in New Delhi, India held during August 10-13, 2005 organised by Research & Information System for Developing Countries (RIS).

#### Khondaker Golam Moazzem

Research Fellow, CPD

- 1 Presented a report on "Regional and Bilateral Trade and Investment Agreement in South Asia: Perspective from Bangladesh" at the "ASEAN Regional Workshop on Bilateral Free Trade Agreement" held in Kuala Lumpur, Malaysia during August 25-29, 2005.



Indian External Affairs Minister Natwar K Singh addresses the Indo-Bangladesh Dhaka Dialogue Open Session while Deb Mukharji, M Morshed Khan, Rehman Sobhan and Debapriya Bhattacharya pay attention.

## Dhaka and Delhi Must Proceed Expeditiously to Sign FTA

Natwar Singh Opines at Indo-Bangladesh Dhaka Dialogue

India's External Affairs Minister Natwar Singh observed that Dhaka and New Delhi must proceed expeditiously towards signing a bilateral Free Trade Agreement (BFTA). In this regard, he added that the existing trend in bilateral trade has failed to fully capture the potentials that existed between the two neighbouring countries. The Hon'ble Minister was making these remarks in the open session on the second day of the *Indo-Bangladesh Dhaka Dialogue on Trade, Investment and Connectivity* held at the BRAC Centre INN during 6-7 August 2005. The event was jointly organised by CPD and India International Centre (IIC).

Three technical sessions were held on the first day of the programme. Experts from Bangladesh and India presented keynote papers at the sessions. These included presentations on *Prospect of Indian Investment in Bangladesh* by Mahmudur Rahman, Executive Chairman, Board of Investment, Bangladesh; *Bangladesh-India Trade Relations: Some Suggestions for Operationalising a Bilateral Free Trade Agreement* by CPD Research Director Mustafizur Rahman; and *Indo-Bangla Transport Related Issues* by M Rahmatullah, Programme Director (Infrastructure), CPD. The three technical sessions were chaired respectively by Deb Mukharji, Former High Commissioner of India to Bangladesh; Muchkund Dubey, Former Foreign Secretary, Government of India; and Syed Manzur Elahi, Member, CPD Board of Trustees and Former Member, Advisory Council of the Caretaker Government.

Rehman Sobhan, Chairman, CPD presided over the open session on the second day of the Dialogue. M Morshed Khan, Minister for Foreign Affairs, GoB was present at this session as Chief Guest. CPD Executive Director Debapriya Bhattacharya presented the highlights of the proceedings of the technical sessions held on the previous day. In his presentation, Bhattacharya underscored the major bottlenecks, as perceived by dialogue participants, which constrained the bilateral cooperation between Bangladesh and India in the areas of trade, investment, and transport and telecommunications. He also presented the issue-specific policy recommendations that came out of the

dialogue which the participants thought that the political leaders of the two countries should pursue in their quest towards meaningful cooperation.

Bangladesh and India should not allow politics to take precedence over sound economic reasoning as far as policies for advancing mutual interests were concerned. The Indian External Affairs Minister Natwar Singh noted this while referring to establishment of a tri-nation gas pipeline through Bangladesh and cooperation in the area of use of gas resources. Singh said that India was ready to give Bangladesh asymmetric benefits and early harvests as India was a bigger nation with a larger industrial base. He called for initiating meaningful dialogues between the two countries. Expressing his deep concerns as regards the threat of terrorism in the South Asian states, the Indian Minister called upon both the countries to develop a common position and to prepare action plans to counter terrorism and fundamentalism irrespective of race and religion.

In his remarks, the Bangladesh Foreign Minister M Morshed Khan, MP said the real catalyst for promoting Indo-Bangladesh relations was strengthening economic cooperation. In this context, he stressed the need to enhance two-way trade between India and Bangladesh and to reduce the wide trade gap between the two countries. "The important thing to emphasise is that none of the differences is beyond resolution as long as we keep our dialogues open, remain engaged with each other, and move forward", Khan maintained.

The two-day event was attended by high level government officials, policymakers, researchers, academics, civil society leaders, and Members of the Parliament. A large contingent of media personnel from both the print and electronic media was also present to cover the proceedings of the dialogue.



BOI Chairman Mahmudur Rahman is making his presentation on "Prospect of Indian Investment in Bangladesh". Deb Mukharji and Rehman Sobhan are also seen in the picture.



Debapriya Bhattacharya addresses the dialogue on Upcoming National Election: Planning the role of the Civil Society. Rehman Sobhan and Mustafizur Rahman are also seen in the picture.

## Civil Society Should Stimulate Policy Debate on the Upcoming National Election

Speakers Urge at CPD Dialogue

Civil society should play a proactive role in stimulating policy debates on critical development issues with a view to influencing the manifestos of the major political parties in view of the upcoming national election. This suggestion came out of a dialogue titled *Upcoming National Election: Planning the Role of Civil Society* organised by the CPD on 25 August 2005 at the BRAC Centre INN in Dhaka. The dialogue was chaired by CPD Chairman Rehman Sobhan while Debapriya Bhattacharya, Executive Director, CPD presented the keynote paper.

In his presentation Bhattacharya noted that there is a need for the civil society to play a proactive role in the national quest for identifying modalities for holding a free and fair election that would be acceptable to all major stakeholders. He stressed the need for informed policy debates on issues that were important for development of the Bangladesh economy. In this regard, he informed the house about CPD's plans for contributing to this process. "Issue-specific Task Forces will be constituted on priority agendas through broad-based consultative process. These issues will be prioritised in view of their strategic significance for the country", he maintained.

Bhattacharya further informed that the CPD would constitute a citizens' group to prepare a *Vision Paper* focusing on frontier issues of strategic significance to contribute towards shaping and influencing development process in the country over the next decade. Prior to finalisation of the *Vision Paper*, country-wide multi-stakeholder consultations and meetings would be organised by the CPD, in active

feedback for the *Vision Paper*. At the same time, CPD would consult political parties, organise TV talk shows, hold policy debates among young people, and publish articles in newspapers as part of its pre-election activism.

Former Chief Election Commissioner M A Rouf Chowdhury said that discipline within the political parties needed to be significantly improved as lack of this was a major hindrance to holding free and fair election.

He stressed the need for introducing proper voter registration and national identity card for holding polls in a free, fair and credible manner. Munira Khan, Chairperson, FEMA observed that fair and free election cannot be held without making the Election Commission truly independent. She proposed to include fresh voter list as one of the major topics in the civil society agenda.

Mahfuz Anam, Editor, The Daily Star proposed to constitute a citizens' group comprising of at least 100 eminent persons of the country who could play vital role in raising mass-awareness on different issues. Anam also emphasised on holding consultations with political parties for effective implementation of civil society's thoughts.

Iftekharuzzaman, Executive Director, Transparency International Bangladesh (TIB) was of the opinion that as human security has emerged as a major concern, this could be one of the issues that should be taken up by one of the Task Forces.

Speakers at the dialogue also underscored the need for bringing accountability in the activities of the political parties, transparency in the country's judicial system, and decentralisation of law and order system. They recalled CPD's successful initiatives undertaken in 2001 and 2003 and hoped that the envisaged initiatives would also be successful and that they were willing to contribute to this.

Zafrullah Chowdhury from Consumers' Association of Bangladesh; Shahidullah Khan, Managing Director, Media New Age Ltd; Advocate Tanzib-ul- Alam; Sayeeful Islam, President, DCCI; Annisul Huq, President, BGMEA; Masihur Rahman, Former ERD Secretary; Mustafizur Rahman, Former Secretary; Major General (Rtd) Moin Hossain Chowdhury, Former Advisor, Caretaker Government; Syed Manzur Elahi, Member, CPD Board of Trustees; Mahbub Jamil, President, FICCI; AKM Shamsuddin, Former President, FICCI; M Anis ud Dowla, President, Bangladesh Employers' Federation; Abdul Qayyum, Joint Editor, The Daily Prothom Alo; Aly Zaker, eminent cultural personality; Brigadier (Rtd) Shakwat Hossain; and Aminur Rasul Babul from SUPRA also took part in the discussion.

### CPD to Hold Pre-Election Policy Forum

A meeting of chairs, co-chairs and member-secretaries of the Task Forces of 2001 and 2003, constituted by the CPD, was held on August 22, 2005 at CPD Dialogue Room. As may be recalled, these two sets of Task Forces were constituted at CPD's initiative to contribute to the pre-election debate in 2001 and to review the implementation of policy suggestions in 2003 respectively. The meeting discussed CPD's pre-election activity plan during the run-up to the national election scheduled for January 2007. The meeting decided to revisit the Task Force recommendations and analyse their implementation and relevance in the present context. Those present thought that there was merit in undertaking similar exercise in view of the forthcoming election. They felt that it will be important to undertake policy awareness raising programmes, scrutiny of manifestos of political parties, address the issue of Caretaker Government, hold regional consultations with different stakeholders and make the consultation process more participatory by involving grass-root level organisations, the young people and local journalists in policy debates and discussions.



# Bangladesh Business Competitiveness Situation Fails to Register Improvement

*CPD Releases the Global Competitiveness Report 2005-06 in Bangladesh*

Bangladesh was ranked 110 among 117 countries of the world in the Global Competitiveness ranking index for the year 2005 marking lack of any positive change in the country's business competitiveness situation. Bangladesh was 102 among 104 countries in 2004. Debapriya Bhattacharya, Executive Director, CPD was briefing reporters while releasing the *Global Competitiveness Report (GCR) 2005-2006* and sharing the findings of a survey on *Business Competitiveness Environment in Bangladesh 2005* at a press briefing organised by CPD at its Dialogue Room on 28 September 2005. GCR attempts to rank countries, including Bangladesh, according to competitiveness environment based on information from national perception surveys.

Bhattacharya noted that countries that lag behind Bangladesh were

victims of conflicts or some other problems or volatility. Two neighbouring countries, India and Pakistan, have improved their positions in the ranking to 59th and 83rd respectively in 2005.

Overall picture in Bangladesh has deteriorated when compared to the global situations. Corruption and lack of good governance remained crucial problems, he noted. We would need to change the reality to change the perception of people, he added.

According to the business competitiveness survey, graft situation has further deteriorated in the country. Most of the respondents of the 93 companies surveyed said that corruption was the single most important factor affecting the business environment; four other factors were inefficient bureaucracy, inadequate infrastructure,

policy instability, and crime and theft. The survey findings showed that overall public spending remained wasteful. However, according to the report, public trust in financial honesty of the politicians has improved slightly in 2005. Although some indicators have seen improvements, this was far below the levels required for an accelerated improvement.

As regards freedom of press, the survey showed that ability to publish or broadcast news without fear of censorship or retaliation has slid to good from better. The survey also pointed out that the judicial system was heavily influenced by political interests.

The press briefing was attended by a large number of representatives from both the print and electronic media. CPD's in-house professionals including Research Director Mustafizur Rahman, Head of Dialogue and Communication Division Anisatul Fatema Yousuf, Senior Research Fellow Uttam Kumar Deb and Fahmida Khatun, and Research Fellow Khondaker Golam Moazzem were also present on the occasion.

## Macroeconomic Expert Group Meeting Held

The Independent Review of Bangladesh's Development (IRBD) is an exercise carried out by the CPD to capture the trends in the country's macroeconomic performance on a continuing basis. As part of this exercise, CPD organised an In-house Expert Group Meeting on 28 August 2005 to receive feedback from eminent experts on the final report on *State of the Bangladesh Economy FY05* and also to assess the early signals of the Bangladesh economy in FY06. While making his presentation, CPD Executive Director Debapriya Bhattacharya noted that the macroeconomic situation of the country weakened during the second

half of the FY2005 due to strains in the balance of payments arising out of high import growth fuelled by generous credit expansion in the private sector, weakening of fiscal balance, and crawling rise of the consumer price index. Recent simultaneous bombings has aggravated the situation, he added. Bhattacharya noted that FY2006 has begun with a restive mood underwritten by a risky confluence of domestic and international factors which include creeping inflation and price hike, foreign exchange crisis, weak revenue collection, and high price of oil and food grain in international market.

The meeting was attended by a distinguished group of high level policymakers and professionals with direct exposure to macroeconomic policy crafting in the country. They shared their insights and comments on Bhattacharya's presentation and gave him important feedback. Participants included, among others, Masihur Rahman, Former Secretary, ERD; Amirul Islam Chowdhury, Former Vice Chancellor, Jahangirnagar University; Fakhruddin Ahmed, Former Governor of Bangladesh Bank and Managing Director of PKSF; M Syeduzzaman, Member, CPD Board of Trustees and Chairman, Bank Asia; Mirza Azizul Islam, Chairman, Securities and Exchange Commission; and Siddiqur Rahman Choudhury, Secretary, Ministry of Finance, Government of Bangladesh.



## Civil Society Plans to Hold LDC Forum in Dhaka Prior to Hong Kong Ministerial

*Meetings of the National Advisory Committee (NAC) Held at CPD*

The first Meeting of the National Advisory Committee (NAC) of the *Pre-Hong Kong International Civil Society Forum* was held on 17 July 2005 at the CPD Dialogue Room. The NAC members were expected to contribute towards successful organisation of the event by being actively involved in all the stages of the implementation of the Forum activities. The Executive Director of CPD Debapriya Bhattacharya presided over the meeting. Agendas discussed in the meeting included rationale and scope of holding Civil Society LDC Forum, content and schedule of the Forum, role of coorganisers and national partners in the organisation of the Forum, and logistics for the Forum.

The meeting felt that in view of the forthcoming Hong Kong Ministerial Conference there was a need to organise a conclave of civil society organisations and actors who were working to advance LDC interests in the context of the multilateral trading regime. It was suggested in the meeting that awareness should be raised among the general people about trade issues concerning the interests of the LDCs. As per the NAC decision, the Civil Society Forum was to be held at Dhaka Sheraton Hotel during 3-5 October, 2005. For carrying out discussions at the plenary and parallel

sessions during 4-5 October, the NAC identified a number of issues including State of the Doha Development Round, Development Dimensions of Doha Round, Market Access for Agricultural Products, Market Access for Non-agricultural Products, GATS, TRIPS, Trade Facilitation, WTO Rules, Implementation Issues, Special and Differential Treatment, Trade, Finance and Debt, and Trade Related Technical Assistance. It was also decided that CPD would prepare the Draft Declaration of the LDC Forum 2005 with sufficient lead time before the Forum. It would then be circulated among the NAC members and the coorganisers of the Forum for their comments and suggestions. The Draft Declaration was to be finalised through incorporation of the inputs received in the form of comments and suggestions.

The meeting decided to prepare a list of LDC priorities based on the Declaration. It would then be sent to the LDC Trade Ministers so that the governments could focus on the issues while finalising their negotiating positions for the Hong Kong Ministerial. Another outcome of the NAC meeting was the decision to hold a meeting with the Ambassadors of G-8 countries and some other developed countries in the second week of September 2005 with a view to brief

them on LDC issues and also inform them about the upcoming LDC Forum.

It was decided that CPD would act as the secretariat of the LDC Forum. The meeting was informed that eight international organisations would be associated with the event as coorganisers. These were: ActionAid International; Consumers International, Malaysia; Enda Tiers Monde, Senegal; EU-LDC Network; Oxfam International; South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal; International Centre for Trade and Sustainable Development (ICTSD), Switzerland; and Southern and Eastern African Trade Information and Negotiations Institute (SEATINI), Zimbabwe. The coorganisers were expected to identify appropriate foreign participants for the Forum.

NAC members proposed that Mahbubur Rahman, President, ICC-Bangladesh and Khushi Kabir, Coordinator, Nijera Kori would act respectively as the Chair and Co-Chair of the NAC.

Abdul Mueyed Chowdhury, Executive Director, BRAC; Qazi Faruque Ahmed, President, Proshika; Atiq Rahman, Executive Director, BCAS; Mahfuzullah, Secretary General, CFSI; Selima Ahmed, President, BWCCI; Zafrul Hassan, Secretary General, BILS; and Manzur Ahmed, Director, FBCCI; and representatives from MCCI, BAPA, WEAB, ActionAid International, Oxfam International, Nari Uddog Kendra, Consumers Association of Bangladesh (CAB), and Bangladesh Enterprise Institute (BEI) were present at the meeting.

## CPD to Prepare Vision Paper, Hold Pre-election Policy Debates

*24th Meeting of the CPD Board of Trustees Held*

CPD will prepare a mid-term *Vision Paper* articulating the strategic national goals for the next decade and country-wide participatory dialogues and debates on the vision paper. The decision was taken at the 24th Meeting of CPD Board of Trustees (BOT). With Rehman Sobhan, Chairman, CPD, in the Chair, the meeting was also attended by CPD BOT members Muhammad Yunus, Managing Director of Grameen Bank; Anisuzzaman; Laila Rahman Kabir, Chairperson, Social Marketing Company; Khushi Kabir, Coordinator, Nijera Kori; Former Finance Minister M Syeduzzaman; Fazle Hasan Abed, Chairperson, BRAC; Syed Manzur Elahi, Chairman, Apex Tannery; Former Member of Planning Commission Nurul Huq, and CPD Executive Director Debapriya Bhattacharya. Mustafizur Rahman, Research Director, CPD and Anisatul Fatema Yousuf, Additional Director and Head (Dialogue and Communication) attended the meeting on invitation.

The meeting also decided to constitute a number of Task Forces on key priority areas identified through multi-stakeholder consultations which would be followed by country-wide open discussions and policy debates. The objective of this initiative was to stimulate policy debates on key national development issues during the run-up to the forthcoming national election.

It was also decided in the meeting that CPD, in collaboration with other organisations, will involve the younger generation in its pre-election activities, publish and disseminate policy documents, organise media campaign and undertake awareness-raising programmes for improving policy accountability in the political process.

### Upcoming Events

- German Embassy officials to visit Centre for Policy Dialogue (CPD) office on October 29, 2005.
- Dialogue on "*Current Crisis in the Power Sector: Nature of the Problem and Way Forward*" to be held at the BRAC Centre Inn Auditorium on October 31, 2005.
- Dialogue on "*13th SAARC Summit in Dhaka: The Context Agenda and Expected Outcome*" to be held at BRAC Centre INN Auditorium on November 9, 2005.
- Post-PRS Implementation Forum Dialogue to be held at CIRDAP Auditorium on November 27, 2005.
- CPD will organise a Seminar on December 14, 2005 in Hong Kong.



## From the Research Division

### **Agriculture in WTO July Package**

A study titled *Agriculture in WTO July Package: Issues and Concerns for Bangladesh* has been completed by Uttam Kumer Deb and published as a CPD Occasional Paper. This paper reviews the state of negotiations with respect to the Agreement on Agriculture and developments in the context of the July package. The study analysed possible impacts of various negotiating proposals for Bangladesh's agricultural sector and her economy. The paper has also come up with some possible strategies for Bangladesh in view of the ongoing negotiations on agriculture in the WTO.

### **Rules of Origin and Non-Tariff Barriers in Agricultural Trade**

A study titled *Rules of Origin and Non-Tariff Barriers in Agricultural Trade: Perspective from Bangladesh and Cambodia* is being conducted at CPD in collaboration with UNESCAP ARTNeT under the overall supervision of Senior Research Fellow of CPD Uttam Kumar Deb. The study documents Rules of Origin (RoO) and Non-Tariff Barriers (NTBs) applied by developed and developing countries on imports of agricultural products from LDCs and analyses their impact on exports from LDCs. The study also analyses implications for LDC domestic policies and their negotiation strategies at the WTO in such areas as RoO and NTBs.

### **Aquaculture and Sustainable Development**

CPD has completed a study titled *Aquaculture: Issues and Options* in collaboration with the International Centre for Trade and Sustainable Development (ICTSD), Geneva, Switzerland. Among other issues, the study looks into aquaculture development and international trade, domestic market structure and livelihood of the fishing communities in Bangladesh. It further analyses the impact of increased aquaculture production and over-fishing, and sustainable use of resources. Findings of the study are expected to be disseminated at the Hong Kong WTO Ministerial in the form of a policy paper.

### **Regional Cooperation in South Asia**

During this period CPD Research Director Mustafizur Rahman has conducted a study titled *Bangladesh-India Trade Relations: Some Suggestions for Operationalising a Bilateral Free Trade Agreement*. The underlying objective of the study was to explore the possibilities and assess the implications of a Free Trade Agreement between Bangladesh and India. Towards this end, the study critically analysed the various efforts that have so far been made by both countries to promote bilateral trade relations. The study also dealt with some of the major components of the envisaged framework of a BFTA such as trade

liberalisation schedule, rules of origin, trade facilitation, and dispute settlement mechanism. One of the conclusions drawn in the study was that a BFTA should not be seen as a rival of SAFTA, rather this should be seen as mutually strengthening processes.

### **NAMA and Preference Erosion**

Under the TRRPD work plan, CPD Research Director Mustafizur Rahman conducted a research study on *NAMA Negotiations in the WTO and Preference Erosion: Concerns of Bangladesh and Other Regional LDCs*. The study comes up with an estimate as regards the range of preferential erosion for Bangladesh given its current trade pattern and the range of preferential treatment enjoyed by her in developed country markets. The study concludes that the magnitude of preference erosion could be quite substantial for Bangladesh, and that the reduced preference margin would undermine future competitiveness in some of the developed country markets. It was also noted that tariff reductions under NAMA would have positive implications for Bangladesh in the US market where most of Bangladesh's industrial goods do not currently enjoy GSP treatment. Thus, tariff reduction under NAMA is expected to have diverse implications for Bangladesh's export of industrial goods. The study also reviews some of the proposals that are being discussed in the WTO to address the possible negative consequences of preference erosion for the LDCs.

### **Policy Briefs**

CPD Executive Director Debapriya Bhattacharya and Senior Research Associate Syed Saifuddin Hossain prepared a Policy Brief titled *A Note on the Recent Developments in the Doha Development Round (DDR) Negotiations*. The brief details out the recent developments in the DDR negotiations, particularly in such areas as agriculture, non-agricultural market access (NAMA), GATS, rules and trade facilitation, and provisions related to development. The underlying objective of the brief was to provide inputs to policymakers in shaping Bangladesh's stance during the run up to the Hong Kong Ministerial Conference.

A policy brief titled *EU Sanctions on Import of Chinese Apparels: Implications for Bangladesh* was jointly prepared by CPD Research Director Mustafizur Rahman and Research Associate Asif Anwar. The brief argues that the cap on growth of Chinese exports of some apparel categories to the EU market has important implications for Bangladesh. Since Bangladesh is exporting some of these apparel categories to the EU market where China is her major competitor, capping of China's export will create export opportunities for Bangladesh. The brief also identifies (based on analysis of price dynamics) the categories in which Bangladesh could strengthen its export in the EU market by taking advantage of the cap on the Chinese export.



Participants of the "Advanced Lectures on Bangladesh Economy" with the CPD family after successful completion of the programme.

## CPD Launches Advanced Lectures on Bangladesh Economy

The CPD has launched the *Advanced Lectures on Bangladesh Economy* for students with outstanding academic performance from different universities of the country. A total of 20 participants, mostly graduate students of economics, were selected on a competitive basis for this year's programme which was

held at CPD premise during 21-23 August 2005. The programme was designed for students who intend to pursue a research and academic career, with the objective of giving them an exposure to the evolving policy issues and macroeconomic trends in Bangladesh, and update them on the

important changes in regional and global contexts having implications for the Bangladesh economy.

On the first day, Anisatul Fatema Yousuf, Additional Director and Head (Dialogue and Communication), CPD briefed the participants about CPD and its activities. The first lecture on *Macroeconomic Performance of Bangladesh Economy* was delivered by CPD Executive Director Debapriya Bhattacharya. Mustafizur Rahman, Research Director, CPD delivered the second lecture on *Regional Integration and Its Impact on Bangladesh Economy*; the third lecture was given by Uttam Kumar Deb and Fahmida Khatun, both Senior Research Fellows at CPD, on *Challenges and Opportunities of Globalisation and Bangladesh Economy*. Each of the presentations was followed by question and answer session where participants shared their views on various issues discussed and put questions to the lecturers. On the final day, CPD Chairman Rehman Sobhan handed over Certificates of Achievement to the participants.

### Publications

#### Book

#### Bangladesh in Global Trade Regime



This volume is a compendium of eight papers which reflects the dynamics of Bangladesh's external sector as it strives to address the demands of an increasingly competitive global market. The volume brings together a number of recent writings on related themes by professionals at the CPD. They focus on both challenges and coping strategies of Bangladesh in relation to systemic, institutional and sectoral issues. The papers deal with sectoral issues such as impact of liberalisation on Bangladesh's agricultural sector, environmental consequences of export promotion, development of fisheries sector and the issue of child labour in apparels.

#### Dialogue Report

#### Aid and Policy Reform in Bangladesh Report No.80

#### Occasional Papers

#### NAMA Negotiations in the WTO and Preference Erosion: Concerns for Bangladesh and Other Regional LDCs Paper No. 51

The occasional paper was prepared by Mustafizur Rahman, Research Director, CPD and Wasel Bin Shadat, Senior Research Associate, CPD. The paper analyses the implications of preference erosion for the LDCs in general and Bangladesh in particular in the context of trade liberalisation and current WTO negotiations on non-agricultural market access (NAMA). It is expected that NAMA negotiations would lead to substantial tariff reductions on industrial goods in both developed and developing countries which would have negative impact on Bangladesh's export of industrial goods in a more competitive global market. Section I of the paper deals with concerns of Bangladesh and other LDCs in the context of possible erosion of preferences under the current NAMA negotiations; Section II underscores the relevance and magnitude of preference erosion of the LDCs in the Asia Pacific Region (AP-LDC); Section III attempts to quantify the magnitude of preference erosion in the EU and US markets under various possible scenarios; Section IV puts forward a number of policy recommendations to offset the

negative consequences of possible preference erosion; and Section V concludes.

#### Least Developed Countries in Trade Negotiations: Planning Process and Information Needs Paper no. 52

Debapriya Bhattacharya, Executive Director, CPD has authored the occasional paper. The paper highlights the importance of information in the context of growing involvement of least developed countries in trade negotiations. The paper provides an overview of the negotiation process, emphasising the importance of planning in this regard. Based on review of relevant literature, the paper presents the various important steps which are involved in the negotiation process (from problem identification to the actual negotiation process). In doing so, the paper makes use of examples drawn from Bangladesh experience. The paper identifies the information and knowledge needs of the LDCs at each step of the negotiation process and suggests ways for carrying out effective negotiations to advance interests of the LDCs.

#### CPD Professionals' Publication

Hasan, Md K (2005), *Reproductive Rights and Decision-Making: A Comparative Study in Rural and Urban Bangladesh, Perspectives in Social Science*, Centre for Advanced Research in Social Sciences, Vol.8, University of Dhaka, Dhaka-1000. (Published in August 2005).