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# CPD

Centre for  
Policy  
Dialogue  
Bangladesh

## Quarterly

FROM  
the editor's desk

A number of dialogues, press briefings and expert group consultations organised by CPD during the July-September quarter focused on some of the critical issues. The dialogue on the state of women workers in the RMG sector was based on preliminary findings of the study focusing on the impact on women workers during the post MFA period in terms of employment, income and working conditions. The study revealed that though there has not been any negative impact on female employment due to some technological upgradation during the post MFA period, further upgradation and structural change in RMG exports towards knitwear exports may lead to lessening the need for female workers unless they become skilled and adequately trained. A number of recommendations for the overall improvement and welfare of the female workers were made by participants of the dialogue including implementation of minimum wages, improving health care and working environment.

The formal launching of the UNCTAD LDC Report 2007 is the continuation of a responsibility bestowed upon CPD for the last few years. The UNCTAD LDC report 2007 focused on poverty reduction in LDCs by productive capacity building through technological development and employment generation. The insights presented in the report are important for Bangladesh as the country has not been able to take full advantage of its huge human resource based garment industry due to lack of infrastructural development.

Inflation has been one of the most disturbing macroeconomic indicators during the current fiscal which inspired experts and policy makers to analyse causes and consequences of such a high rate of inflation from various perspectives. CPD organised yet another dialogue on inflationary trends in Bangladesh where experts put forward their views on ways to deal with challenges of high inflation. The contractionary monetary policy of the government came under criticism. Massive depreciation of the local currency over the years and price hike in international market were also held responsible for the inflationary pressure. The experts stressed the need for boosting food production and creating a buffer stock of food items for curbing inflation.



Fahmida Khatun is presenting the keynote paper while Mahbubur Rahman, Rehman Sobhan, Md Anwarul Iqbal, Hameeda Hossain and Ashfaque Hamid are looking on.

## Gender disparity in RMG sector

### Call for enhancing skills of female workers

**Disparity** of wages between male and female workers is still an obstacle to raising productivity in the readymade garments sector of the country.

Speakers made such observation at a dialogue titled *Gender Dimension of Employment in the RMG Sector: Some Evidence from the Field Survey*. The Centre for Policy Dialogue (CPD) arranged the dialogue at CIRDAP auditorium in Dhaka on 6 August 2007.

The speakers said that the gender disparity issue had been under discussion for the last twenty years without any significant change in the discourse. They called for proper training and fair wages, especially for women workers in the RMG sector. They also stressed immediate implementation of minimum wages fixed under a tripartite agreement.

CPD Chairman Rehman Sobhan presided over the dialogue. Advisor for Labour and Employment Md Anwarul Iqbal, PPM (Bar), BPM was the Chief Guest and Mahbubur Rahman, President, International Chamber of Commerce-Bangladesh and Hameeda Hossain, Former Director and Founding Member of Ain 'O' Salish Kendro were present as Special guests.

Participants of the dialogue included

leaders of trade bodies and trade unions, academics, development practitioners, and human rights and gender activists.

In his introductory speech, CPD Executive Director Debapriya Bhattacharya presented the background and significance of the issue. He mentioned that RMG sector had been expanding even after the phasing out of quota. With higher productivity level, wages for both male and female workers have increased. At the same time, wage difference between men and women also increased.

He identified that lower level of education, lack of opportunity for training and experience of female workers led to the wage gap.

Senior Research Fellow of CPD, Fahmida Khatun, presented the keynote paper which addressed general directions and magnitude of changes and interplay of factors underpinning such changes in the sector during the post MFA period.

The study revealed an increasing disparity in the wage structure between male and female. It also found that earning gap was larger in small

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## Impact of floods

### CPD suggests some urgent tasks for govt

In the context of the ongoing devastating floods, other possible natural calamities and their consequences, CPD convened an *Expert Group Consultation* at its Dialogue Room on Saturday 4 August 2007.

The meeting was called to discuss what would be the government's role in terms of relief and rehabilitation activities in the country. The meeting focused on food stock and food security, probable damage to aman crop and its rehabilitation, activation of private sector for food import and distribution and involvement of non-government and community based organisations in relief and rehabilitation works. The meeting was of the opinion that there is an urgent need to

enhance the government's concern about the natural disasters like floods, improve coordination among relevant government agencies and between the government and non-government actors, and bring back an overall sense of confidence in the economy and society.



A section of participants of the Expert Group Meeting along with senior CPD researchers are seen in the picture.

The discussants emphasised that the government, on an urgent basis, needs to clarify its policy and programme approaches towards facing the emerging floods. As per the Standing Order on Disaster Management (2000), the Disaster Management Committees at national, district and thana levels need to be immediately activated. The government needs to mobilise the development NGOs, community based organisations (CBOs), private sector bodies and concerned individual citizens and development partners towards relief activities.

To this end, the Chief Advisor may call a meeting with the relevant and important actors in this field. Local administration needs to gear up its initiating and coordinating role in this regard. To tackle food security and food stock problem, participants suggested that government can sit with potential importers and leading bankers and encourage them to open more LCs and import more. The

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### Gender disparity in RMG sector

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factories than that in large and medium-sized ones. To reduce gender gap the keynote presenter stressed the need for upgrading skills of female workers by providing education and training.

The study showed that without any appointment letter recruitment in factories was mostly informal. Regarding holiday, it was revealed that about 51% of workers do not enjoy weekly holiday due to additional work and overtime and male workers enjoyed fewer weekly holidays (32.4%) than female workers (67.6%). About 87.3% of female workers received maternity leave contractually of which only 43% were granted it on pay.

Md Anwarul Iqbal emphasised that implementation of minimum wage would benefit the entire labour community. The government is formulating rules to ensure minimum wage in consultation with both owners and garment workers. The Advisor warned that non-compliant factories would face legal actions. He informed the participants that the government had sued 51 garment factories of which 38 did not implement minimum wages and the rest violated other compliance issues and failing to implement minimum wages by 31 August by the sued factories would result in filing of cases. The Chief Guest concluded by stating that skilled labour forces were needed to meet the demand both at home and abroad.

Mahbubur Rahman, in his speech, urged all concerned to implement minimum wage in all factories and ensure healthcare facilities for RMG workers. He requested the owners to issue appointment letters to workers at the time of joining the factory. He concluded by commenting that the study was carried out from gender perspective and suggested research in a wider range to find out problems of women workers.

Hameeda Hossain highlighted poor health condition and work environment issues which are predominant factors for women workers to stay behind their male colleagues. She put emphasis on exploring new markets and producing high-end products. On the issue of women workers being less skilled she said that there is hardly any scope in education system to enhance their skills.

Both the Special Guests urged entrepreneurs to improve work environment to get maximum output from workers.

Secretary to the Labour and Employment Ministry Ashfaq Hamid stated that the government was trying to resolve the problem of wages now as the irregular payment of wages mainly caused the outbreak of unrest in the RMG sector. A committee has been commissioned to resolve such crisis.

Rehman Sobhan said that no effective step was taken so far to resolve the prevailing problems of workers in the sector. The wages of garment workers had been reduced to \$22 in 2004-05 from \$31 in 1991, if the wages were converted into

dollars, the chair said. He advised the government to follow the Chinese model of skill development programme for the garment workers. He noted that the factory owners were reluctant to facilitate skill development programme which could increase productivity. He suggested the factory owners to explore avenues to offer a share of profit to workers which would encourage them to contribute more to this business and engage themselves in self-motivated skill and productivity development.

Among others Annisul Huq, Former President, BGMEA, Md Fazlul Hoque, President, BKMEA, Safina Rahman, Director, DCCI, Lt Col M Anisuzzaman (Retd), Former Chairman, Bangladesh Terry Towel and Linen Manufacturers and Exporters' Association (BTTLMEA), Mashuda Khatun Shefali, Executive Director, Nari Udyog Kendra, Shirin Akhter, President, Kormojibi Nari, Nazma Akhter, President, Sangjukta Garments Sromik Federation (SGSF), Sirajul Islam Rony, President, Bangladesh Jatiyo Garments Sromik Kormochari League, Kalpona Akter, Secretary General, Bangladesh Centre for Workers Solidarity (BCWS), Mr Tauhidur Rahman, President, Bangladesh Poshak Shilpo Sromik Federation, Advocate Delwar Hossain Khan, President, Bangladesh Jonoshadin Garments Sromik Federation, Nurul Islam Ratan, Chairman, Bangladesh Labor Federation and Muklesur Rahman, President, Bangladesh Sanjukta Sramik Federation took part in the discussion.



## Regaining the glory of jute

### CPD undertakes policy study

Jute was once called the golden fibre of Bangladesh, as it was the highest foreign exchange earner, contributing more than 80% of the country's total foreign exchange.

Back in the 1950s and early 1960s, almost 80% of the world's jute was produced in Bangladesh. However, the share of the jute sector in foreign exchange earnings started to decline due to the entrance of various synthetic substitutes and artificial fibres into the market and bulk handling techniques introduced during the 1980s.

Uttam Kumar Deb, Senior Research Fellow of the Centre for Policy Dialogue, presented such findings of a preliminary analysis as background information at an expert group consultation meeting at CPD Dialogue Room on 22 July 2007.

Professor Rehman Sobhan, Chairman of CPD, presided over the meeting organized to discuss the objective, scope and implementation strategy of a study on the jute sector planned by CPD.

The preliminary findings reveal that over the last 25 years, production of raw jute and jute goods came down by 1.3 per cent and 53.9 per cent in Bangladesh. During FY2005-06 Bangladesh exported 2.10 lac tons jute goods, which shows a reduction of 16.6 per cent over the last six years but export earning from raw jute

has posted a rise of 142.65 per cent over the last six years. Government data for December 2006 also indicates that among the public sector jute mills 25 were in operation whilst two were

closed; in the private sector, 54 jute mills were in operation and 13 were closed. The total number of private jute spinning mills was 50.

In recent times the government has declared that it is going to shut down four jute mills and about 14,000 jute workers will lose their jobs. Nevertheless, the importance of jute in the national economy of Bangladesh can hardly be overemphasized, as it is still the third most important source of foreign exchange.

Under such circumstances, CPD decided to undertake a policy study on how to

regain the lost glory of the once vibrant jute sector in Bangladesh.

The study will assess the viability of jute and jute sector and come up with a long-term strategy for development of the jute sector. It has been decided that CPD's study, funded by CPD's own resources, will undertake an in-depth investigation into the entire value chain in the jute sector, beginning with production and processing and ending with marketing and export of jute goods. To this end, CPD will soon initiate an extensive field survey by interviewing 360 jute farmers of 12 jute growing districts, 100

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*Debapriya Bhattacharya is addressing the participants of the Brainstorming Session. Government officials, jute entrepreneurs, trade union leaders are also seen in the picture.*

### Impact of floods

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opinion is that in this way the current food stocks may be replenished gradually in line with enhanced demand. Public notification of food stock and distribution status will also be helpful to restore confidence in the citizens.

Experts recommended few essential measures on which the government should give adequate focus. Among these availability of required amount of aman seedlings and fertilisers at mill gate price on demand and keeping fertiliser price stable till the aman cultivation is over are the foremost. For supplementary irrigation, effective use of "Diesel Cards" has to be ensured. Government should also have a coordinated initiative, particularly involving the private sector banks to enhance inflow of rural credit along with specialised government banks for agriculture rehabilitation activities. To mitigate the misery of the rural poor the micro-credit programmes have to be sustained by making available relief grants to its borrowers and rescheduling debts suitably, if

necessary. The government machinery should be fully geared up to initiate the VGF and VGD activities programmed under the ADP on a priority basis in the flood affected areas. Post-flood rehabilitation activities need to be integrated in the regular anti-poverty programmes. Apart from all such initiatives, the government may consider an appeal to all interested citizens and organisations to donate to the Chief Advisor's Relief Fund. The government may invite international donor funding towards relief and rehabilitation activities. The NGOs may be encouraged to tap their international networks to generate resources for the purpose.

The meeting stressed that the government would have to undertake an extraordinary effort, including the local civil administration playing a pro-active role, in involving all stakeholders to address food supply and relief operation. BDR's involvement would supplement these efforts. In the absence of traditional political players in the field, media and civil society would have to play an increased and meaningful role in providing voice to the affected people and ensuring effectiveness of the relief operations.

Chaired by Rehman Sobhan, Chairman, CPD, the meeting was attended by Saadat Husain, Chairman of Public Service Commission; M Syeduzzaman, former Finance Minister; Syed Manzur Elahi, Former Advisor to the Caretaker Government; Abdul Mueyed Chowdhury, Former Advisor to the Caretaker Government; Mahabub Hossain, Executive Director, BRAC; M Aminuzzaman, President of the Bankers' Association of Bangladesh; Z Karim, former Secretary, Ministry of Livestock and Fisheries; Quazi Shahabuddin, Director General, BIDS; Khondkar Ibrahim Khaled, Former Deputy Governor of Bangladesh Bank; Ainun Nishat, Country Representative, IUCN; Abu Ahmed, Professor of Economics University of Dhaka; Fazlul Haque, President, BKMEA; Mustafa Mujeri, Professorial Fellow, BIDS; Rushidan Islam Rahman, Research Director, BIDS; Sajjad Zohir, Executive Director, ERG. Debapriya Bhattacharya, Executive Director; Mustafizur Rahman, Research Director, Anisatul Fatema Yousuf, Additional Director, Uttam Kumar Deb, Senior Research Fellow and Khondaker Golam Moazzem, Research Fellow, CPD also took part in the discussion.



## Costs of domestic violence

### An insight into a set of revealed cases

The Centre for Policy Dialogue organised an in-house Inception Meeting on July 12, 2007 to receive feedback on its ongoing study titled Economic Costs of Domestic Violence in Bangladesh: A Focused Investigation on a Set of Revealed Cases. Debapriya Bhattacharya, Executive Director, CPD presided over the meeting while Fahmida Khatun, Senior Research Fellow, CPD made a brief presentation on various aspects of the study.

The purpose of the meeting was to share the study objectives, its scope and strategies with a distinguished group of professionals and get their insightful suggestions in this regard. Participants highly appreciated CPD's timely initiative for undertaking the study addressing such an acute social problem which would make an attempt to estimate associated economic costs. They agreed that government should give proper emphasis and take adequate measures to deal with the issue.

Taking cognizance of resource and time constraints, the discussants gave suggestion to focus only on violence occurred by spouse or intimate partner and recommended renaming the study as "Economic Costs of Spouse

Violence" which would make the scope of the study more specific. To formulate an analytical framework for this study, they mentioned various organisations from where the cases of such victims can be brought along with the possible direct and indirect cost components. The study will conduct in-depth interviews of the victims in order to understand types, extent, and direct and indirect impacts of violence on victims and quantify them in monetary terms.

The meeting was attended, among others by Hameeda Hossain, Former Director & Founder Member, Ain-o-Salish Kendra (ASK), Mahmuda Islam, President, Women for Women, Ayesha Khanam, General Secretary, Bangladesh Mohila Parishad, M A Mannan, Senior Research Fellow, BIDS and Faustina Pereira, Advocate, Bangladesh Supreme Court and Director (Advocacy and Research), Ain-o-Salish Kendra, Tahsinah Ahmed, Senior Programme Officer, SDC, Shirin Akhter, President, Kormojibi Nari, Maleka Begum, Gender Specialist and Researcher, Women's Rights Movement, Majeda Haq, Program Officer, UNDP.

## UNCTAD's LDC report launched

The UNCTAD LDC Report, 2007 was formally launched by the CPD on July 19, 2007.

Debapriya Bhattacharya, Executive Director of CPD, released the report titled UNCTAD LDC Report 2007: Knowledge, Technological Learning and Innovation for Development and disclosed findings of the report.

The Report is the first comprehensive insight into development objective of technological learning and innovation capacity-building in LDCs. It is intended to increase awareness about this issue and enrich the policy dialogue towards a new "paradigm shift" on poverty reduction through productive capacity-building. UNCTAD, in past LDC Reports, held the view that the key to sustained economic growth and poverty reduction in LDCs is the development of productive capacities and related to creation of productive employment. The Least Developed Countries Report 2007 corroborates this view by focusing on knowledge accumulation, technological learning and the ability to innovate as vital processes towards genuine productive capacity development in these (presently 50) countries.

"Bangladesh has massive labour reserves and hence has the largest garment industry among the LDCs, but unless the

infrastructure improves the size of the industry is unlikely to expand that much more", the UNCTAD report said, adding that Bangladesh ranked second among the LDCs as capital goods

importers in value term. It ranked fifth in attracting FDI among the LDCs in value term with only 5.9 per cent. But FDI received in Bangladesh like other LDCs neither contributes to any major technological transfer nor generates significant employment, rather it makes separate enclaves into the host country. "Maximum foreign direct investments in Bangladesh now concentrate on only some limited sectors like telecommunications,

banking service or oil and gas exploration, which contribute a little to its economy," the report added. The Report shows that the current pattern of technology flows to LDCs through international trade, FDI and intellectual property licensing does not contribute to narrowing the knowledge divide. Sustained economic growth and poverty reduction unlikely to take place in countries where viable economic re-specialization would remain impossible in the absence of significant progress in technological learning and innovation capacity-building.

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Debapriya Bhattacharya addresses the media while Uttam Kumar Deb, Mustafizur Rahman and Anisatul Fatema Yousuf pay attention.



## BB monetary policy draws criticism

### Plan to squeeze credit flow wrong

At a time when investment in the private sector has slowed and prices of essentials turned stifling, the central bank's plan to curb loan-disbursing capacity of commercial banks would not be an appropriate policy response, according CPD researchers.

In response to possible squeeze in money supply, CPD organised a press briefing on 14 July 2007 where Debapriya Bhattacharya, Executive Director of CPD, opposed the monetary policy stand of Bangladesh Bank (BB). CPD Research Director Mustafizur Rahman was also present on the occasion.

Debapriya Bhattacharya opposed any possible initiative on the part of the government to increase prices of natural gas, fertiliser, power and petroleum products. He urged the government to pay attention to reducing systems loss of power and gas instead of

increasing prices. CPD considered any plans to squeeze credit flow to the private sector a wrong decision and mentioned that it would hamper private sector investment and achievement of the target of 7% growth. Bhattacharya also drew central bank's attention to finding ways to control credit to the public sector.

CPD expressed its concern over lack of coordination in framing economic policies and urged the government for securing economic stability for the success of other development programmes. Considering the challenges ahead of the economy including rise in prices of essentials during Ramadan, Aman harvest and any possible flood, CPD suggested that the government should review its policy stance before any decision is taken in this context.

## Meeting of CPD Board of Trustees Held

The 28th meeting of the Board of Trustees of the CPD was held in its Dialogue Room on Saturday 1 September 2007. The Board reviewed activities of the CPD over the past six months. The Board endorsed CPD's new research programmes including pro-poor macro-economic policy, trade liberalisation and employment, jute and textile sector study, impact of flood 2007 and end-agenda of the WTO Doha Round. CPD informed the BOT that it will undertake a dissemination programme of its Vision 2021 document which was prepared by the Nagorik Committee 2006. In this connection it will hold meetings with cross-section of the society including the political parties and younger generation. The Board expressed satisfaction over the performance of the CPD during this period and encouraged CPD to continue the good work.

The Board also approved CPD's Dialogue & Publication plan

for the rest of the year 2007. Chaired by CPD Chairman Rehman Sobhan the meeting of the Board of Trustees was attended by Fazle Hasan Abed, Chairperson, BRAC; Anisuzzaman, Professor of Bangla, University of Dhaka; Nurul Haq, Former Member, Planning Commission; S H Kabir, Chairman, Renata Ltd; Laila Rahman Kabir, Managing Director, Kedarpur Tea Company Ltd; M Syeduzzaman, Chairman, Bank Asia; Nobel Laureate Muhammad Yunus, Managing Director, Grameen Bank and Debapriya Bhattacharya, Executive Director, Managing Director, Grameen Bank CPD and member secretary of the BOT.

Mustafizur Rahman, Research Director and Anisatul Fatema Yousuf, Additional Director & Head, Dialogue and Communication Division of CPD, attended the meeting on invitation.

## race of inflation

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period at more or less the status quo level; and thereby made it self-perpetuating. Again, stable condition of the Indian Rupee against repeated depreciation of Bangladeshi taka resulted in spending extra money in importing essential commodities from India - the main source of essential imports.

Taking part in the discussion former finance minister M Syeduzzaman said that foreign currency reserves were not quite comfortable as even only one shock of energy or food price could quickly deplete the reserve position. Syeduzzaman added that high price of US dollar has marked reduction in importing capital machinery and suggested a more flexible exchange rate system.

Atiur Rahman stressed the need for investigating cases of stocking dollars or capital flight due to political reason and suggested that food production needed to be increased to reduce inflation.

Zahid Hossain identified international price increase to be the reason for increase in inflation in longer terms accompanied by short-term domestic supply shocks such as relatively poor crop harvests last year, drives against corruption, adulteration, and hoarding, administered price increases, and now floods. He opined that the recent inflow of remittance may also be contributing to overall inflation. He, however, disagreed with Osmani's view that monetary growth had not caused inflation in Bangladesh.

Wahiduddin Mahmud suggested self-sufficiency in food production in the long run to check continued inflation. He stressed the need for creating a buffer stock of food items for curbing inflation and checking market manipulation by the so-called syndicates. Mahmud suggested the concerned government organisations to be more market friendly. He termed the reserve situation satisfactory and criticized the central bank for not having a foreign currency policy to determine the extent of foreign currency reserve and to

determine the exchange rate.

Muhammad Farashuddin, former Governor of the Bangladesh Bank, opined for increase in local production and building up food stock to check inflation. He gave suggestion for spending foreign reserve according to need of the country, especially to deal with the food shortage. Farashuddin stressed post-flood rehabilitation programmes in large scale and massive open market sale programmes in rural areas.

Termining the relation between inflation and foreign currency reserve very insignificant, Chief Guest Salehuddin Ahmed differed with Osmani's views of reserve manipulation and local currency appreciation to achieve macro-economic targets; rather asked for policies for recovering slowing economy along with taming inflation. The governor said that India was a success story due to some tight measures which Bangladesh cannot follow. Referring to neighbouring India, he supported the central bank's cautious monetary policy and argued that it was such a cautious policy that had a real effect to keep the inflation rate at around 7 percent.

Rehman Sobhan felt that monetary policy should ensure the welfare of the ordinary people as they were the most affected by inflation. Citing examples from the post-flood rehabilitation programmes in 1998, he urged the governor to take similar experience steps. He advised the central bank to consult with local experts to formulate monetary policy.

Among others Former Member of Parliament G M Quader, Former Deputy Director General of Bangladesh Bureau of Statistics Zobdul Hoque, DGM (Research) of Bangladesh Bank Abdul Awal Sarker, Managing Director of IDLC Anis A Khan, Chairman of Unnayan Shamannya Atiur Rahman, Assistant Professor of Dhaka University and Chairman of SANEM Selim Raihan, Research Director of CIRDAP Nasreen Khundker, Research Director of BIDS K A S Murshid and M Asaduzzaman took part in the discussion.



### Delegation visits CPD

A four-member delegation from China Institute of Contemporary International Relations (CICIR) led by Mr Li Shaoxian, Vice President of the CICIR, visited CPD on Sunday July 1, 2007. Other members of the delegation included Mr He Xiquan, Director, Mr Hu Shisheng, Assistant Professor and Deputy Director and Mr Ma Jiali, Senior Researcher of the Institute of African and Asian Studies of the CICIR.



## CPD professionals overseas

### Rehman Sobhan Chairman, CPD

- As a leader of the Bangladesh team participated at the "Indo-Bangladesh Dialogue on Politics and Security" organised by the India International Centre, New Delhi, India during 10-13 September 2007.

### Debapriya Bhattacharya Executive Director, CPD

- Participated in the Global Compact Leader Summit of "Facing Realities: Getting Down to Business" from 5-6 July, 2007. The summit was organised by United Nations Office, Geneva.
- Participate in the ARTNet Consultative Meeting on "Trade and Investment Policy Coordination" organised by UNESCAP, Bangkok, Thailand from 16-17 July, 2007.
- Attended the meeting with trade and investment policy researchers at Korea Institute for International Economic Policy (KIEP) to discuss LDCs' concerns regarding WTO Doha Round. The meeting was held from 3-4 September, 2007 in Seoul, Korea.
- Delivered lectures and attended the Workshop on "South Asian Economies and Bangladesh" from 5-9 September, 2007. The venue of the event was Honourary Consulate, Embassy of Bangladesh in Russia.
- Attended the "Expert Group Meeting on Policy Coherence for Managing Globalisation" organised by UNESCAP in Thailand, Bangkok. The meeting was held from 11-12 September, 2007.
- Participated in the "Dialogue on Demographics, Trade, Employment and Migration" organised by Friedrich Ebert Stiftung (FES) & Evian Group in Geneva, Switzerland from 14-16 September, 2007.

- Visited UN-ESCAP, Thailand, Bangkok from 16-20 September 2007 to finalise the ARTNet Proposal Phase 2.

- Participated in the dialogue on "Mobilizing Aid for Trade: Focus Asia and the Pacific" organised by OECD in collaboration with the WTO and the ADB. The dialogue was held in Manila, Philippines on 20 September, 2007.

- Attended "OECD's Informal Experts' Workshop on Ownership in Practice" from 27-28 September 2007. The workshop was organised by OECD, Paris, France.

- Participated in the "1st Annual Forum of Developing Country Investment Negotiators" organised by International Institute for Sustainable Development (IISD), Singapore from 1-2 October 2007.

### Mustafizur Rahman Research Director, CPD

- Participated at the WTO's General Council and Trade Negotiating Committee Meeting in Geneva, Switzerland from 26-27 July 2007. The meeting was organised by Third World Network (TWN).

### Anisatul Fatema Yousuf Additional Director

- Participated at the "Indo-Bangladesh Dialogue on Politics and Security" from 10-13 September 2007 organised by the India International Centre, New Delhi, India.
- Participated at the "South Asian Forum on Innovation in Governance" from 26-28 September 2007 organised jointly by Ash Institute of Harvard, USA and the Rai Foundation, New Delhi, India.

## Regaining the glory of jute

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market intermediaries (Faria, Bepari, Mahajan), and 50 jute mills.

Among others Md Fazlul Haque, Joint Secretary (Policy), Ministry of Textile and Jute; Bhuiyan Shafiqul Islam, Director General, Directorate of Jute; Kamran T Rahman, Chairman, Bangladesh Jute Mills Association; Shabbir Yusuf, Chairman, Bangladesh Jute Spinners Association (BJSA); Md Rezaul Karim, Chairman, Bangladesh Jute Association (BJA); Firoze Shah Sikder, Director General, Bangladesh Jute Research Institute (BJRI); A B M Abdullah, Executive Director, Jute Diversification Promotion Centre; Professor Shamsul Alam, Member, National Relief Committee; Shahidullah Chowdhury, Executive President, Bangladesh Trade Union Kendro; Shirin Akhter, President, Kormojibi Nari; Shah Alam, Secretary, Peoples' Commission on Jute presented their points of view.

Among others, Debapriya Bhattacharya, Executive Director and Mustafizur Rahman of CPD also participated in the discussion.

## UNCTAD's LDC report launched

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Bhattacharya identified less investment in research institutions, lack of initiatives for human resource development and problems in commercialization of research works as the major problems in the development of knowledge and research in Bangladesh. To overcome the situation, he mentioned that the country needs to give more policy supports and financial incentives to several areas including science and technology support institutions, as well as testing and quality evaluation facilities. Citing the success of Bangladesh Rice Research Institute, he said the organisation developed 31 improved paddy varieties, which now account for 65 percent of the country's total rice production. He noted that Bangladesh would have to attract more aid for research work and technological development.

Mustafizur Rahman, Research Director, Uttam Kumar Deb, Senior Research Fellow, Anisatul Fatema Yousuf, Additional Director (Dialogue and Communication) and Khondaker Golam Moazzem, Research Fellow also attended the ceremony.



## Research division reports

### Trade policy brief 22

#### Inputs for Bangladesh delegation to TNC, GC

CPD prepared a Policy Brief titled Inputs for Bangladesh's Participation in Trade Negotiation Committee and General Council Meeting on 26-27 July 2007. The Policy Brief was prepared as an input for TNC and GC meetings to discuss the drafts circulated by chairs of the Negotiation Committees on Agriculture and NAMA circulated on July 17 2007. The Brief put forward a critique of the NAMA draft, more particularly the modalities from the perspective of Bangladesh. The brief argues for a concrete timeline for implementation of the DF-QF decision of the HK Ministerial Meeting of the WTO. The brief presents analysis of Annex 2 and Annex 3 of the draft modalities which stipulate slower pace of reduction of tariffs on apparels articles under the NAMA negotiations.

### Trade policy brief 23

#### Annex 2, 3 of draft NAMA text

CPD prepared a Policy Brief titled Annex 2 and 3 of the Draft NAMA Text of July 2007: Implications for Bangladesh. The analysis in the Brief particularly focuses on the possible implications of Annex 2 and Annex 3 of the NAMA modalities for Bangladesh which relates to slower pace of implementation of the reduction commitments by the EU and the USA for certain selected items of apparels as part of NAMA commitments (23 items for EU in Annex-2 and 16 items in the USA in Annex-3 of the Draft Modalities). The Brief concludes that, in the EU market Bangladesh's interest will be to have as many tariff lines as possible for export interest included in Annex 2, provided Bangladesh is able to utilize GSP facility for these items. In the US market Bangladesh's interest is not to have items of her export interest included in Annex 3 stipulating slower tariff reduction (however, if the US decides to provide 'zero' tariff market access to Bangladesh, for apparels and other products, this scenario will be reversed).

### Trade policy brief 25

#### Support for trade-related infrastructure

CPD prepared a Policy Brief titled Support for Trade-related Infrastructure under Aid for Trade. The Brief was prepared as an input to Bangladesh's policymaking in the context of Aid for Trade (AFT). The Brief highlights the need for trade-related infrastructure in the context of the globalising economy of Bangladesh. The brief mentions that trade related infrastructure is critical to enhancing productivity and competitive strength of Bangladesh. In this context the brief emphasized the importance of port, transport, communications and energy facilities as major areas where support under aid for trade could become critically important.

### Press briefing on GCR

Preparation for a briefing note for the press was underway on the occasion of the global launch of Global Competitiveness Report (GCR) 2007-2008 and Bangladesh Business Environment Study 2007 scheduled for October 2007.

This report was prepared on the basis of findings of a survey which was carried out during February-April, 2007. As reported earlier, a total of 99 companies participated in this year's survey. Since 2001, CPD is taking care of the Bangladesh part of the 'Executive Opinion Survey', based on which the Global Competitiveness Report (GCR) is prepared by the World Economic Forum (WEF).

The study is being carried out by a team of CPD-researchers led by Debapriya Bhattacharya. The other members of the team are Khondaker Golam Moazzem, Wasel bin Shadat and Khaleda Akhter. The press briefing is scheduled to be held in October, 2007.

### Study on anti-dumping measures

Uttam Kumar Deb, Senior Research Fellow, CPD has completed a study on Anti-dumping, Countervailing Duties and Other Defensive Measures: Trends in Asia-Pacific and Lessons for Least Developed Countries, which was supported by the Asia-Pacific Research and Training Network on Trade (ARTNeT).

The study has analysed the nature, extent and trends in contingent protection measures (anti-dumping, countervailing duties and safeguards) applied in the Asia-Pacific region and their implications on developing and least developed countries (LDCs) of this region.

The study has made an extensive review of literature on contingent protection measures and documented the use of such measures in Asia and the Pacific region. It has also discussed contingent measures applied on exports from Bangladesh, with a special focus on lead acid battery case. The study observed that number of AD (anti-dumping) Initiations and AD Measures on exporting countries of the Asia and Pacific region as well as AD Initiations and AD Measures imposed by countries of Asia and Pacific region has increased. Many sectors are facing AD measures imposed by both developed and developing countries. LDCs of the Asia and Pacific region have not yet imposed any AD Measures or AD Initiations, but some of the LDCs of this region have already faced AD measures introduced by both developed and developing countries. The study argued that LDCs need to have strategies to equip with AD Initiations and AD measures. The study also cautioned that without adequate preparation in this regard, LDCs may be vulnerable to the AD measures imposed by both developed and developing countries of Asia-Pacific and other regions.

## RMG Study Advisory Committee Meeting held

The Centre for Policy Dialogue convened the third meeting of its RMG Study Advisory Committee on Wednesday 8 August 2007 at CPD Dialogue Room. At the meeting Khondaker Golam Moazzem, Research Fellow of CPD who is also the coordinator of the RMG study, made a presentation on the draft report which was prepared on the basis of an indepth field survey in 190 RMG units covering 190 entrepreneur and 470 workers. The RMG study entitled "Bangladesh Apparel Sector in Post-MFA Period: A Benchmarking Study on the Ongoing Restructuring Process" highlighted on the restructuring and upgradation in the export-oriented clothing and textile sector in view of the MFA phase out.

The meeting discussed the findings of the study and the recommendations made for enhancing the competitiveness of the RMG sector of Bangladesh. The members of the Advisory committee gave some valuable inputs which would be helpful in finalising the report. The scope and objectives of the second phase of this study which will focus on the backward linkage on textile sector of Bangladesh were also discussed at the meeting.

Chaired by Debapriya Bhattacharya, Executive Director of CPD the meeting was attended by M A Baset, Director, BKMEA and Southern Knitwear Limited, A Matin Chowdhury, Former Chairman, BTMA and Managing Director, Rahim Spinning Mills Ltd, Rafez Alam Chowdhury, Managing Director, Evince Accessories Ltd, Annisul Huq, Former President BGMEA & Chairman, The Mohammadi Group Ltd, Anisur Rahman Sinha, Former President, BGMEA and Chairman, Opex Group and Nazma Yesmin, Programme Coordinator, Bangladesh Institute of Labour Studies (BILS). Mustafizur Rahman, Research Director, Fatema Yousuf, Director, Uttam Deb, Senior Research Fellow and Khondaker Golam Moazzem, Research Fellow, CPD also took part in the discussion.



Khondaker Golam Moazzem presents the report while the committee members including CPD researchers pay attention.



The accelerating race of inflation

## Exchange rate management stressed at CPD dialogue

Amid the rising trend of inflation, CPD organised a dialogue on "Interpreting Recent Inflationary Trends in Bangladesh and Policy Options" at the BRAC Centre Inn Auditorium on 8 September 2007.

Addressing inflation as one of the most disturbing macroeconomic variables in recent times speakers at the dialogue analysed various aspects of recent upward inflationary trends. CPD Chairman Rehman

Sobhan chaired the dialogue. Governor of Bangladesh Bank Salehuddin Ahmed was the Chief Guest; former Governor of the Bangladesh Bank Mohammed Farashuddin, and former Advisor to the Caretaker Government Wahiduddin Mahmud were present as Special Guest and Guest of Honour respectively. Senior Economist of the World Bank Zahid Hussain, and Mustafa K Mujeer, Professorial Fellow of Bangladesh Institute of Development Studies (BIDS) were the designated speakers.

In the keynote paper visiting professor of BRAC University S R Osmani examined the underlying reasons behind the towering trends of inflation since 2001. He termed the current rate of inflation hovering around 7-8 % in recent times as very high compared to past trend. He identified food inflation as the driving factor in overall inflation which accelerated at a much faster pace than non-food inflation.

He differed with the idea that growth of money supply accelerated



Bangladesh Bank Governor addresses the dialogue participants. (from right) Mustafizur Rahman, Wahiduddin Mahmud, Rehman Sobhan, Mohammed Farashuddin and S R Osmani are also seen in the picture.

the inflation as in the recent past rising money supply growth had been associated with falling rate of inflation, and falling money supply growth had been associated with rising inflation. He added that neither rise in per capita income nor poverty reduction was responsible for this recent inflationary trend as growth in national income means growth in national output

as well; since additional demand is matched by additional output, there could be no pressure of excess demand to cause inflation.

Osmani argued that inflationary pressure increased in last five years as the country had to spend excess money on import of essential commodities due to huge depreciation of local currency. Taking examples from the neighbouring countries the keynote speaker opined that the Central Bank could check inflation through appreciation of taka against dollar by releasing a part of its reserves.

The presentation identified price hike in the international market and depreciation of taka against dollar to be the significant reasons behind increasing inflation. In the face of rising world prices, Osmani pointed out that the Bangladesh Bank was following an accommodating monetary policy that facilitated the immediate past inflationary pressure which could lead to future inflationary expectations in the subsequent

(Continued on page 5)

## Publications of CPD researchers

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