



Donors worried over rising cost of doing business

Corruption, extortion retard FDI, says Local Consultative Group of BDF

STAR BUSINESS REPORT

Corruption and extortion increase the cost of doing business in Bangladesh and also retard domestic and foreign direct investment (FDI), donors observed as they sit in the Bangladesh Development Forum (BDF) meeting in Dhaka tomorrow.

The Local Consultative Group (LCG) of the donors made the observation in the background paper for a session on "Improving trade and investment climate" in the three-day annual meet of BDF to be held at Sonargaon Hotel.

The donors expressed concern over the effects of the abolition of pre-shipment inspection (PSI) system on the costs of doing busi-

ness in Bangladesh.

Deteriorating law and order coupled with recent escalation in political violence and confrontational politics have marked a negative impact on Bangladesh as a trading partner and investment location, the LCG said.

Policy and institutional improvements are required to boost FDI in Bangladesh, it said. The group also recommended reforms in the process of enforcing legal contracts and registering land in Bangladesh for the investors.

Numerous hartals, extortion, kidnappings and growing criminality are sapping the morale of local businesspeople, the group mentioned in the paper, which dealt with various matters related to

business and economy of Bangladesh.

Post-MFA (multi-fibre arrangement), investment and regulatory climate for business, privatisation, SOE (state-owned enterprise) reform, financial sector, poor law and order and confrontational politics are the key issues to be discussed in the session.

The LCG however appreciated the government for making 'good progress' in SOE closure and restructuring programmes. The momentum should not be lost in the nationalised commercial bank (NCB) reform, it added.

In the background paper, the donors group welcomed SOE privatisation and liquidation strategy of the government in terms of targets and progress but expressed concern

over the performances of the Privatisation Commission.

The group supported the new committee on microfinance regulation and commended the government decision to automate the Office of the Registrar of Joint Stock Companies.

Reduction of lead time through port developments is required for the readymade garment industry while customs reform and formulation of a shipping regulatory framework are also required, the background paper noted.

"These are equally important as seeking preferential trade regimes in Canada, EU and Australia, it said suggesting diversification of country's export basket. It also commended the formation of a government taskforce on post-MFA.