

Proceedings for the Seminar  
*on*

**Regional Trading Arrangements: Opportunities and Pitfalls for  
Bangladesh**



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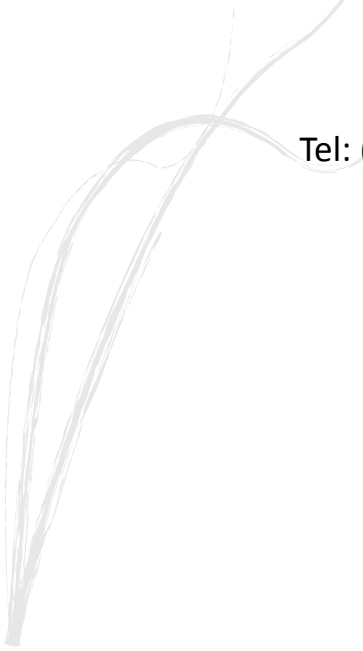
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## Foreword

Bangladesh economy is becoming increasingly open, and the impact of globalization is being increasingly felt in the economy. The growing and new areas of trade negotiations with global economies meant that the developing economies like Bangladesh shall have to undertake significant responsibilities in trade related areas for which they are not prepared adequately. Addressing the emerging issues required substantive capacity building efforts that include understanding of the agreements and drawing insights on the potential implications of each of the agreements for exploring and realizing the potential opportunities for the community as a whole emanating from the various agreements.

Any trade regime, multilateral or regional, must promote development, not undermine it. Any such rules must ensure that poor countries can regulate trade to promote basic need and livelihoods. It is important to consider the potential impacts of trade negotiations on the major income and social group. Developing countries must therefore have sufficient flexibility to adopt the right policies for their own domestic conditions to guarantee that poor and rural people genuinely benefit from such policies. Bangladesh is involved in a number of trade negotiations: multilateral like the WTO, regional like BIMSTEC, SAFTA, BCIM, G10, bi-lateral like Bangladesh- India, Bangladesh-Pakistan, Bangladesh-Sri Lanka, etc. The dynamics and interests of Bangladesh in these three levels of negotiations are not always the same. Thus, the position of Bangladesh also may differ. However, the country does not possess the capacity to have comprehensive analysis in this regard. As a result, there is a chance that only the interest of the traders may be protected, not the consumers and workers as a whole. The equity issues are highly neglected in the current trade discourse and the country's policy makers and negotiators also miss that perspective. For better understanding of trade arrangements and its own economic interests, it is essential that a country has a strong grasp of its own offensive and defensive interests prior to embarking on any trade negotiations. Research input from academics and civil society may play a critical role in helping state negotiators get a deeper and broader understanding of their interests and economic justice of the community. It is important to identify the interests of consumers, exporters, domestic producers and workers and to balance these interests such that a positive impact is felt overall. Institutional collaborations and multi-sectoral dialogues and debate with key stakeholders are essential in identifying these interests.

Taking note of the above context, a programme has been designed for building institutional coalition for attaining economic justice mainly through regional trade arrangements. As part of the program, a national seminar was organized on June 2007 in the CIRDAP Auditorium at Dhaka. A keynote paper titled 'Regional Trading Arrangements: Opportunities and Pitfalls for Bangladesh' was presented in the seminar. It was attended by researchers, university teachers, government officials, NGO representatives and journalists. We had a set of academicians and researchers as the panel of designated discussants. We are pleased to have Professor Mustafizur Rahman, Research Director, CPD as the Seminar Chairman and Mr. Suhel Ahmed Choudhury, Former Secretary of the Ministry of Commerce, Government of Bangladesh as the chief

guest of the seminar. We also acknowledge the support of the D.Net and the Oxfam team in organizing the seminar and preparing the seminar proceedings. The proceedings of the seminar are being published to enable the message and outcome of the seminar to reach a wider audience.

**Dr. Ananya Raihan**  
Executive Director  
Development Research Network

**Address of Welcome  
Dr. Ananya Raihan,  
Executive Director  
Development Research Network**



We welcome you all in the National Seminar on 'Regional Trading Arrangements: Opportunities and Pitfalls for Bangladesh.' Mr. Suhel Ahmed Choudhury, former secretary of Ministry of commerce is present with us as the chief guest. The keynote paper will be presented by Dr. Mostafa Abid Khan, he is the deputy chief of Bangladesh Tariff Commission and we have a very strong and diverse panel here represented by Dr. Sajjad Zahir the Executive Director of Economic Research Group. MR Monjur Ahmed advisor to FBCCI, Dr. Najneen Ahmed Research Fellow, BIDS, Dr. S.M. Ahsan Habib Associate professor of BIBM and founder member, D.Net, Mr. Linu Mathew Phillip from CENTAD, New Delhi, and AKM Masud Ali who represents MTI alliance. The seminar will be chaired by the Research Director of CPD Dr. Mustafizur Rahman. Today we have also among us Mr. Anil Prabhakar Tambay who is the country representative of OXFAM GB.

Interestingly since the WTO established in 1995, the regional trading arrangements also got boost up. There was an anticipation of diminished need for bilateral or RTAs as multilateral regime was expected to function properly. However, probably due to the faltering progress under WTO negotiations, many member countries are involved in bilateral or regional trading arrangements. Bangladesh is also involved in several bilateral or RTAs and often we i.e. academicians, researchers and general citizens are not clear about the implications of such involvement in these RTAs. Sometimes RTAs have overlapping characteristics. It is important that these should be very clear and we must identify priorities of our country to ensure the benefits and economic justice for the common people. We hope that the discussion will be rich and will be able to give future direction to do research and also to undertake practical action in making trade working for poor people of Bangladesh.



*Address on  
Background and Objectives of the Seminar  
Mr. Anil P. Tambay  
Country Representative  
OXFAM GB*



I am very happy to join you all today in the national seminar on “Regional Trading Arrangements: Opportunities and Pitfalls for Bangladesh” organized by the Development Research Network (D.Net). Oxfam GB feels proud to be a part of this process.

As you know, volume of international trade is increasing as a demonstration effect of the globalisation. International trade as well as globalisation has both positive and not quite positive sides to recognize, as there exist economic and social benefits, which are not uniformly shared by developed, developing and least developed countries, and the poor people are mainly marginalized due to the downsides.

Keeping this in mind, under the multilateral trading system of the WTO, the Round of negotiations was launched in 2001 in Doha under the banner “Doha development Agenda” to rebalance the international trading system in favour of poor countries through greater market access and favourable trading rules.

However, at the moment, there is no clear indication of what would be the 'development' outcomes of the current multilateral trade negotiations of the Doha Round. Interest is therefore shifting to national legislation and the extent to which governments can maximize the limited policy space available to them. Sidetracking the multilateral trading system, regional and bilateral trade agreements are therefore increasing, although there is an argument that regionalism and bilateralism would eventually strengthen the multilateralism.

Frustrated on the slow pace of current multilateral trading system, many countries are signing preferential trading agreements in the forms of Regional Trading Arrangements (RTAs) and Bilateral Trading Arrangements (BTAs) as these are quicker to negotiate and conclude. Many countries are interested in pursuing areas such as investment, intellectual property, services, competition, technical standards, labour standards or environment provisions with countries of similar or different level of development in regional or bilateral trading arrangements as those areas are difficult to negotiate in a multilateral forum.

From arrangements between countries, developing and least developed countries wish to get special preferential benefits, development assistance and non-trade rewards from developed counterparts, whereas developed countries try to enter barrier-free markets of developing and least developed countries which is not otherwise possible through multilateral trade negotiations.

Many of the recent arrangements also have political or geopolitical considerations other than economic considerations. These considerations at times comprise national security concerns. We believe that poverty and vulnerability are the main threat to security, which could be minimized through pro-poor trading arrangements and rules.

Regional and Bilateral Trading Agreements include multiple systems of rules and do not follow non-discrimination principle of the WTO. Moreover, there is a fear that strategies would be followed by stronger nations to exercise their power over weaker nations through economic grouping. Therefore, these agreements should not restrict government policy space of poor countries to protect livelihoods, employment and essential services being a part of such agreements.

In the above-mentioned backdrop, Oxfam International has developed an operational plan in consultation with all regions and affiliates, and many partners and allies to deliver on 'trade' along with agriculture and climate change under a new campaign framework named as 'Economic Justice'. Joint research and learning will drive a common analysis and conceptual framework as a platform for greater cohesion in agriculture, climate change, and trade over the Oxfam International strategic plan period to run the Economic Justice Campaign.

Programme objectives of the area 'trade' in the operational plan are identified as: Sustained support to create local and national economic opportunities linked with international trade rules; and Enhanced opportunities for women to gain decent work, and economic leadership.

Livelihoods Programme of Oxfam GB – Bangladesh Programme has already been working to accomplish the aforesaid objectives through its existing programs with partners and as a member of Make Trade Fair Campaign. With the coordination of other Programmes of Oxfam GB – Bangladesh Programme, Livelihoods Programme aims at increasingly working on 'Economic Justice' in the coming days.

As a part of the works on 'trade' under the Economic Justice Campaign Framework, Regional Trading Arrangement has been identified as an area important to work on where more research and learning are needed from Bangladesh perspective due to the likelihood that wrongly negotiated RTAs, as well as BTAs, would go against the interest of the country and livelihoods of people of Bangladesh would be consequently in jeopardy.

I hope that, from today's national seminar, opportunities and pitfalls of RTAs from Bangladesh perspective would come up through effective discussion so that the Bangladesh Government could be well prepared while negotiating the agreements to reap social and economic benefits from RTAs which would help millions of Bangladesh's poor people to earn their livelihood with greater ease.