

Meeting the Challenges of Graduation from LDC status in 2026.

FBCCI's submission on Global Market Access 2021-2026 & Beyond.

LDC graduation and implications for WTO rules: At the end of the Uruguay Round, WTO members agreed to 17 Agreements under the Marrakesh Agreement Establishing the WTO. The most recent multilateral agreement, the Agreement on Trade Facilitation, was added to the WTO rulebook in 2017.

WTO LDC members benefit from special and differential treatment (S&D) provisions in WTO Agreements and Decisions, which take into account their particular needs and interests. These S&D provisions can be classified into five types:

- 1. Provisions aimed at increasing the trade opportunities of LDCs**
- 2. Provisions under which WTO members should safeguard the interests of LDCs**
- 3. Flexibility of commitments, action, and use of policy instruments**
- 4. Transitional time periods**
- 5. Technical assistance**

The LDCs were also exempt from undertaking reduction commitments under three pillars as specified in Article 15.2 of the Agreement on Agriculture namely market access, domestic support and export competition.

S&D provisions for LDCs are contained in other Agreements and Understandings for increasing their trade capacity and safeguarding their interests include:-

1. Agreement on the Application of Sanitary and Phytosanitary Measures (SPS),
2. Agreement on Technical Barriers to Trade (TBT),
3. Agreement on Import Licensing Procedures,
4. Understanding on Rules and Procedures Governing the Settlement of Disputes,
5. Trade Policy Review Mechanism,
6. Understanding on the Balance-of-Payments Provisions of the GATT 1994, and
7. Subsidies and Countervailing Agreement.

The SCM Agreement prohibits the use of export subsidies for non-agricultural products. But pursuant to Article 27.2 and Annex VII(a), LDC members are exempt from the prohibition of export subsidies. In addition to the LDCs, developing country members that are listed in Annex VII(b) are also exempt from this prohibition until their GNI per capita reaches US\$1,000 in constant 1990 dollars. After graduation, countries are no longer permitted to provide export subsidies for non-agricultural products.

**GNI per capita of graduating LDC members of WTO, at constant 1990 dollars,
1990 and 2015–2017 of Graduating LDCs**

WTO member		WTO member		WTO member
Bangladesh	210	533	561	587
Nepal	180	352	350	372
Lao PDR	200	644	681	710
Solomon Islands	590	954	938	947
Vanuatu	1,100	1,153	1,189	1,215

However, Bangladesh’s nominal GNI per capita is expected to cross the \$1000 **(at constant 1990 dollars)** threshold by 2026-2029 period as such Bangladesh will not benefit from the SCM exemptions after graduation.

Terms after graduation

- At present, WTO rules contain no explicit provisions regarding the graduation of LDCs. Upon graduation, LDCs would normally be required to align their participation as for other developing country members.
- Bangladesh, Myanmar and other LDC members will continue to enjoy the flexibility related to tariff bindings that they were allowed while joining the organization at the end of the Uruguay Round.
- Bangladesh, which is an original member, offered fewer concessions. It has an average bound tariff level of 154% and a binding coverage of only 17%, which implies that the remaining 83% of its tariffs are unbound.
- As in the case of goods, graduation does not affect existing services commitments. Graduated LDCs will not be required to change their schedule of commitments under the GATS. They will be able to maintain the existing flexibility in terms of the policy space derived from their LDC status.
- Graduation is unlikely to cause significant impact on graduating LDCs services and service suppliers. The graduating LDCs account for 0.22% of world services exports, with a 31% share in LDC exports;
- The LDC Services Waiver and decisions relating to its operationalization – the assessment of notifications made by 50 WTO members pursuant to the LDC Services Waiver reveals that a large majority of measures notified reflect members’ applied MFN regime with little preference margin for LDCs;
- SCM Agreement contains no provision regarding LDC graduation, graduating LDCs will no longer be able to continue to provide export subsidies for non-agricultural products after they leave the LDC category. Only two graduating LDC members — Bangladesh and Nepal — would be affected by the loss of this LDC flexibility.
- LDCs and NFIDCs listed in G/AG/5/Rev.10 can provide certain export subsidies **(i.e. to reduce the costs of marketing exports, costs of international transport and freight as well as internal transport and freight charges)** until 2030, whereas other developing countries will have to end these subsidies by 2023.

Impact on graduating LDCs:

- The implications of graduation in the context of Agreement on Agriculture is rather limited. On AoA Bangladesh would continue to participate in the WTO with the original flexibility they received during the establishment of their bound duties. However, as a graduated LDC Bangladesh must adhere to increased obligations regarding notification requirements in the area of domestic support.
- Graduated LDCs would not be covered by the decisions related to TRIPS waivers and decisions on Articles 66.1, 66.2, 63.2, Transition period concerning patent protection for pharmaceutical products and 70.9 which expressly provide for the transition period to end earlier in the event of such members ceasing to be LDCs, though general WTO processes would allow graduated LDC members to seek a waiver of certain obligations.
- *Graduated LDCs will remain entitled to use the system of special compulsory licensing to access medicines produced abroad. However, they would have to notify the intention to use the system and in their notifications concerning needed pharmaceuticals they would need to address the existence of insufficient or no manufacturing capacity.*
- The graduating LDCs will lose access to dedicated technical assistance and capacity building programmes, like the EIF, the Investment Support Programme for LDCs, the UN Technology Bank for Least Developed Countries and the LDC Fund under the UN Framework Convention on Climate Change
- Article 24 of the WTO [Dispute Settlement Understanding \(DSU\)](#) . require Members to exercise “due restraint” when launching disputes against LDCs and they must exercise “due restraint” in asking for compensation or suspending concessions or other obligations when the responding party is an LDC. Bangladesh would no longer be covered by these requirements after graduation. Under Article 24.2, LDCs can request the Director-General of the WTO or the Chairman of the Dispute Settlement Body to provide their good offices, conciliation and mediation services for settling disputes.
- The International Development Law Organization’s Investment Support Programme for LDCs provides on-demand legal and professional assistance to LDC governments and eligible state-owned or private sector entities for investment related negotiations and dispute settlement. *Graduated LDCs will have access to the Investment Support Programme for LDCs for up to five years after graduation.*

Smooth Transition Strategies (STS):

Recognizing LDC Graduation as an important milestone of the development progress, the UN General Assembly has also called on WTO members to consider extending to a graduated country the existing S&D provisions and exemptions available to LDCs for a period appropriate to the development situation.

The UN General Assembly has invited the graduating LDCs to prepare smooth transition strategies and to outline the steps and support needed to help them remain on a sustained path of growth and development.

Options for Waivers for Graduating LDCs

A graduating LDC, like any other WTO member, can request a waiver from certain obligations in the WTO, should they envisage difficulties in complying with any WTO rules and disciplines. The granting of the waiver, as well as its terms and conditions, would need to be agreed to by WTO members.

Article IX of the Marrakesh Agreement Establishing the WTO sets specific rules for granting waivers in the event that a member faces difficulty in remaining compliant with the WTO rules. A waiver decision must indicate the exceptional circumstances, the terms and conditions for granting such a waiver, and the end date. If a waiver is granted for a period of more than one year, it should be reviewed annually until its specified end date. Waivers can be reviewed, modified or terminated.

With respect to waivers involving LDCs, the Hong Kong Ministerial Declaration provides for special consideration. *For instance, members have been asked to give positive consideration to waiver requests from LDCs and to take a decision within 60 days of submission.* This represents a certain degree of special treatment for LDCs over and above other members.

Regular work of the WTO bodies and the WTO monitoring function Another option available for graduating LDC members is to maximize the use of the regular WTO Committee work. A graduating LDC member might consider raising, in the relevant WTO Committee, a graduation-related challenge faced in the implementation of a particular provision. Some of the WTO Agreements already include a framework to address some of these challenges

Major Challenges of Global Market Access :

Bangladesh will have to face the challenging task of exporting on MFN tariff after graduation out of the list of LDCs in 2026, as unilateral GSP schemes, 85% of our export destinations will be terminated except for EU which will be extended for three more years under the present terms.

Graduation will create challenge to Bangladesh as most of clothing sector is not in India's tariff liberalization schedule for non-LDC members of SAFTA. Thus, Bangladesh will have to export to India under the applied rate of duties. ***Bangladesh should negotiate for the extension of LDC treatment under APTA and specially SAFTA in the light of Article 12 of SAFTA which provides for a "Special Provision for Maldives" by granting LDC terms of trade even after graduation.***

Graduation will also mean losing LDC preferences in Asia Pacific Trade Agreement (APTA) markets such as China and Republic of Korea to certain extent as the items on which preferences will be available will be reduced, the margin of preference will also be reduced, and Bangladesh will have to comply with a higher value addition (45% instead of 35% for LDCs).

Under APTA fourth round negotiations, Sri Lanka, a non-LDC, was allowed greater flexibility (to commit lower levels of commitment in tariff liberalization) than other non-LDC members. China still maintains LDC ISM measures in favour of Samoa which was graduated out from the UN list of LDCs in 2014. **Bangladesh should also ask for similar concessions.**

Against predicted export shocks due loss of trade preferences Bangladesh, to protect its long term trade interests, should immediately begin negotiations with trading partners for extension of ISM, hermonaization of trade rules and deepening post GSP mutual trade relations through FTAs on reciprocal terms of respective tariff schedules.

WAY FORWARD: Extension of ISM:

UN Front: In the light of paragraphs 16, 17 and 18 of the UN General Assembly Resolution adopted on 21 December 2012 on smooth transition for countries graduating from the list of least developed countries (A/RES/67/221) Bangladesh may urge UN Committee for Development Policy (CDP) to extend the timeline for continuation of ISMs for [five-nine years] from the time of graduation from the LDC category taking into account the respective implementation of STS for each graduating LDC and phasing out the ISM in next three years after that; and

WTO MC12:Unilateral Trade Preferences in favour of LDCs: In the light of paragraphs 16, 17 and 18 of the UN General Assembly Resolution adopted on 21 December 2012 on smooth transition for countries graduating from the list of least developed countries (A/RES/67/221), the support measures available under WTO and unilaterally extended by its members to least developed countries shall continue for a period of five years and will be phased out during next three years after the entry into force of a decision of the UN General Assembly to exclude the Member from the least developed country category in order to ensure that graduation does not cause abrupt disruption in the LDCs trade in goods and services.

Bangladesh Agenda for Extension of Terms of GSPs and Preferential Agreements: In the light of paragraphs 16, 17 and 18 of the UN General Assembly Resolution adopted on 21 December 2012 on smooth transition for countries graduating from the list of least developed countries (A/RES/67/221), the support measures extended to Bangladesh under GSP Schemes and in other Preferential Agreements shall continue for a period of 3-5 years and will be phased out during next three years after the entry into force of a decision of the UN General Assembly to graduate out Bangladesh from the least developed country category in order to ensure that graduation does not cause abrupt disruption in trade in goods and services of Bangladesh.

FTA the Gateway for Market Access:

Bangladesh will have to face the challenging task of exporting on MFN tariff after graduation out of the list of LDCs in 2026, as unilateral GSP schemes, 85% of our export destinations will be terminated except for EU which will be extended for three more years under the present terms.

Taking into account the trends and practices of our competing exporting countries like India, Pakistan, Sri-Lanka, Vietnam, Cambodia, China, Korea, Malaysia, Philippines, Indonesia and others Bangladesh has no other option but to ensure predictable and sustainable destinations of its exports in goods and services within the period 2021-2026 by entering into comprehensive free trade agreements in goods and services instead of GSPs and PTA on goods trade only, with the following six regional blocks covering more than 90% of global market:-

- 1) RCEP (ASEAN);
- 2) Russia-CIS (EAEU) block;
- 3) United States;
- 4) European Union+Post-Brexit UK and Canada;
- 5) African Continental Free Trade Agreement (AfCFTA);
- 6) MERCOSUR (Southern Common Market).

The Regional Comprehensive Economic Partnership (RCEP) is composed of 15 signatories: Australia, Brunei, Cambodia, China, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore Vietnam, South Korea, and Thailand. RCEP members include the 10 countries of ASEAN and their regional trade partners – China, Australia, New Zealand, Korea, and Japan. RCEP has a combined GDP to the tune of \$26.2 trillion, or 30 per cent of world GDP, engages 2.2 billion people, and accounts for about 28 per cent of global trade.

The RCEP Agreement was signed during the fourth RCEP Leaders' Summit held on 15 November 2020. The pact takes effect 60 days after six ASEAN signatories and three non-ASEAN signatories complete ratification or equivalent procedures. According to the Australian trade ministry's website (November 8, 2021), the countries that have ratified their RCEP participation are: Brunei, Cambodia, Laos, Singapore, Thailand, Vietnam, Australia, New Zealand, Japan and China. It is expected to be in force with effect from January 2022. **Anyone including Bangladesh may join RCEP 18 months after it comes into force**

Bangladesh-Eurasian Economic Union (EAEU) FTA : An FTA with Russia and CIS through with Eurasian Economic Union (EAEU) will open our 3rd export front apart from US and EU and boost our exports to these resource full growing countries significantly. Russia, the world's fifth largest economy by purchasing power parity (global import US\$ 424.83 billion in 2018, is too big and important to ignore and ranked ninth by population, is a hugely significant market in global terms with gate way to other EAEU states comprising Armenia, Belarus, Kazakhstan, Kyrgyzstan. The Governing Supreme Council of EAEU is also looking to include the CIS member states of Azerbaijan, Moldova, Tajikistan, and Uzbekistan as well as other countries beyond Eurasia's borders. To date, the EAEU has signed Free Trade Agreements with Vietnam, Singapore, Serbia, and Iran. FTA with EAEU negotiations are currently ongoing with India, Pakistan, China, Mongolia, Korea, Cambodia. Thailand, Indonesia, Egypt, Tunisia, Morocco, Argentina, Chili, and Ecuador.

Vietnam's exports to EAEU since 2017 rose sharply by 36.5% to \$5.9 billion from \$4.3 billion in the previous year and they are on the way to achieve their target of US\$10-12 billion bilateral trade by 2020, and US\$30 billion by 2030. Therefore, expanding Bangladesh's new Export markets in Russia and other CIS Countries under a free trade agreement, like India and Vietnam, is of absolute necessity.

BD-US FTA: Reciprocal Terms of Trade Relations: Non-reciprocal trade deals like GSP and multilateral, regional arrangements have been excluded from the US trade agenda and accordingly the US has withdrawn from TPP preferring only to make bilateral reciprocal trade deals.

The TPP withdrawal Memorandum signed by the US President on January 23, 2017 states among other things, *“Additionally, in order to ensure these outcomes, it is the intention of my Administration to deal directly with individual countries on a one-on-one (or bilateral) basis in negotiating future trade deals.”*

Bangladesh should therefore, without wasting time on GSP or WTO, immediately take up a pro-active initiative in establishing a bilateral free trade arrangement with United States of America following the example of Kenya, Vietnam, India and others and also with Canada.

The terms of BFTA in goods, services and investment with US should be without prejudice to the rights and obligations under the WTO Agreements and respective international rights and obligations as agreed in Bangladesh-US TICFA.

It should be noted that on the issue of Labour standards Bangladesh is in compliance with ILO, WTO and TICFA requirements and on the other hand by imposing trade restrictive measures against Bangladesh by excluding it from GSP on the issue of Labour Standards USA itself is violating the ILO, WTO and TICFA requirements. **Details are explained in paragraph relating to Labour Standards.**

BD-EU FTA or GSP Schemes : Options for Bangladesh: Bangladesh, which is expected to be graduated out of the list of LDCs by 2018-2021-2026 period may, however, continue to be eligible for DFQFMA in EU Countries under the EU EBA scheme till 2029. There three possible options for Bangladesh for the post 2029 market access strategy in EU are not at all useful for Bangladesh:

1. The 'Standard GSP scheme grants only duty reductions (not duty free) for maximum 66% of all EU tariff lines. Under the terms of WTO this unilateral GSP scheme can be withdrawn any time.
2. The GSP+ scheme (may terminate in 2023) with only 66% product coverage imposes a 27+ additional bundle of NTBs based on compliance of non-trade 27 core international conventions, beyond the scope of WTO Agreements, inconsistent, with Clause 2 (b) & 3 (c) of the Enabling Clause and Paragraphs 148, 164, 167 and 182 of the Appellate Body decisions on India-EU-GSP Dispute: WT/DS246.
3. ***The nature and terms of the new EU GSP scheme 2024-2034 are not less stringent on product coverage, lower product graduating threshold and extended monitoring of compliance measures outside the scope of WTO.***

Thus, all the 'Standard GSP' ; GSP + and the proposed new schemes are neither meaningful in respect of product coverage and margin of preference nor a worthwhile and sustainable option for Bangladesh. Bangladesh like Vietnam and others should enter into FTA with EU.

BD Post-Brexit UK FTA: India Canada, China, Mexico, Singapore, South Korea Australia, New Zealand and ASEAN among the countries are negotiating free trade agreement with the Post-Brexit UK. Bangladesh should also take a strong pro-active role in establishing a bilateral free trade arrangement with UK and initiate to form Commonwealth free trade area to bring together a community of countries representing one fourth of the countries of the UN.

Bangladesh and African Continental Free Trade Agreement (AfCFTA): Trade under the African Continental Free Trade Area (AfCFTA) commenced with effect from January 2021. As of 5 February 2021, 36 countries have deposited their instruments of ratification., 36 countries have ratified the AfCFTA agreement. In terms of numbers of participating countries, AfCFTA will be the world's largest free trade area since the formation of the World Trade Organization.

The population of Africa is projected to reach 2.5 billion by 2050, at which point it will comprise 26 per cent of what is projected to be the world's working age population, with an economy that is estimated to grow twice as rapidly as that of the developed world. **At present AfCFTA covers a market of 1.2 billion people and a gross domestic product (GDP) of \$2.5 trillion, across all 55 member States of the African Union.**

APEC: The Asia-Pacific Economic Cooperation is a regional economic forum established in 1989. APEC's 21 member economies are Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; Viet Nam.

APEC ensures that goods, services, investment and people move easily across borders. Members facilitate this trade through faster customs procedures at borders; more favorable business climates behind the border; and aligning regulations and standards across the region.

Mercosur (Southern Common Market) is a South American trade bloc established by the Treaty of Asunción in 1991 and Protocol of Ouro Preto in 1994. Its full members are Argentina, Brazil, Paraguay and Uruguay. Venezuela is a full member but has been suspended since December 1, 2016. Associate countries are Bolivia, Chile, Colombia, Ecuador, Guyana, Peru and Suriname. Observer countries are New Zealand and Mexico.

These Regional Blocks may be approached to extend the market access to all products and services Modes 1, 3 and 4 against our unilateral liberalized service sectors and investment regime offering to them our SAFTA terms of trade in goods and services.

Global Connectivity: To streamline most economic and speedy global connectivity by ensuring frequent flights, ships and land routes transit facilities across the route to Russia-EAEU-CIS Countries Bangladesh should immediately become party to the UNECE-TIR (Transports Internationaux Routiers) Convention 1975 without having to undertake any additional obligations other than its commitment under WTO obligations.

India-EU-Iran-China-Russia-EAEU-CIS countries along with others are already parties to the TIR Convention, overseen by UNECE, to facilitate multimodal journey conducted by truck, containers transported by rail, river, or sea with the same customs privileges.

Accession to TIR Convention would create TIR corridors, linking Iran-Russia-CIS countries-Central and South Asia as well as China with Bangladesh. With ever-growing world trade and the forthcoming introduction of an electronic TIR system (so-called "eTIR-system"), it is expected that the TIR system will continue to remain the only truly global customs transit system.

Agenda for Bangladesh: Harmonization Mutual Trade Regulations & Facilitation Measures

Establishment of mutual Institutional Cooperation: Bangladesh should take up joint action plan for harmonization of mutual trade rules, regulatory measures and streamline bilateral institutional cooperation in the respective fields including the Central Banks, Customs Authority, Quality and Standards Body and others;

Technical Regulations and Standards: Bangladesh should actively engage with the trading partners to ensure harmonization of TBT and SPS measures and signing of MRA to streamline flow of traded goods and services so that Certificates on Technical Regulations & Standards issued by the respective accredited national bodies are accepted on basis of MRA mutually agreed upon;

Reciprocal Participation in Public Procurements: Bangladesh has kept open its Public Procurements for foreign participation on MFN basis in turn Bangladesh should ask for reciprocal treatment from the trading partner countries;

Mutual Trade Facilitation: Bangladesh should take up a proactive joint action plan with the trading partners for respective Customs Cooperation Agreement to facilitate mutual trade as envisaged in the WTO Trade Facilitation Agreement and WCO protocols and annexes including gradual harmonization of customs documentation and clearance procedure.

Integration of CMSMEs with Global Value Chain: To boost the process of integration of CMSMEs with the global market and compete with global e-commerce, Bangladesh, Like China, India and Vietnam and others, may strive to set up warehouses and distribution network in destination markets for easy and regular delivery of products to the wholesalers, retailers and consumers.

Broad Terms for FTA: Bangladesh already has a unilateral very liberal services, public procurement and investment policy regime open on MFN basis under its domestic regulations. Bangladesh should therefore take the credit and claim on reciprocal basis duty free market access in goods and Mode 1, Mode 3 and 4 accesses in Services sector from its mutual trading partners. *The basic terms of BFTA with Bangladesh should be without prejudice to the respective rights and obligations under the WTO Agreements e.g. BD-US TICFA and BD-EU trade agreement.*

Terms of Tariff: Bangladesh should harmonize customs duty (CD), regulatory duty (RD) supplementary duty (SD) and other border taxes with the National Treatment Provision of WTO and other reciprocal mutual obligations with trading partners on the basis of time bound mutual schedules of commitments as may be agreed upon. The Free Trade Agreement should be based on our liberalization commitments under SAFTA in goods and services. This will facilitate trade creation by neutralizing the prevailing trade diversion with hardly any adverse impact on revenue.

Services Trade under SAFTA and TISA: Bangladesh should open its service sector on MFN basis to maximize promotion of the services trade at home and abroad particularly when our services regime is already open on MFN basis under our domestic laws and regulations and also

under SAFTA Services Agreement. Bangladesh should also be a member of TISA and JSI on domestic regulations in services.

Import licensing: The FTA partners shall adopt and notify non-restrictive, automatic and transparent import licensing procedures.

IPR: The FTA shall recognize that effective protection and enforcement of intellectual property rights encourage technological innovation, transfer of technology and investment under the respective terms and obligations of the WTO Agreements;

Environment concerns: The FTA trade regime should affirm respective commitments made in the Doha Declaration that expansion of trade and investment and the promotion of sustainable development and protection of the environment can and will be mutually supportive.

Labor standards: The FTA should affirm ILO core labor standards as adopted in the WTO Singapore Ministerial (Paragraph 4) and Doha Declaration (Paragraph 8) and recognize the importance of providing adequate and effective protection and enforcement of worker rights in accordance with each Participant's obligations and domestic labour laws.

WTO Singapore Ministerial Declaration: *Paragraph 4 "We renew our commitment to the observance of internationally recognized core labour standards. The International Labour Organization (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalization contribute to the promotion of these standards.*

We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO Secretariats will continue their existing collaboration."

WTO Doha Ministerial Declaration: *Paragraph "8. We reaffirm our declaration made at the Singapore Ministerial Conference regarding internationally recognized core labour standards. We take note of work under way in the International Labour Organization (ILO) on the social dimension of globalization."*

According to the US Congressional Research Service Report (Link: www.crs.gov RL33663) on Generalized System of Preferences (GSP) for Members and Committees of Congress submitted on January 09, 2013:

US Report : *"Although the GSP is a unilateral and non-reciprocal tariff preference, any changes to the program would need to be considered in light of the requirements of the WTO Enabling Clause, as it has been interpreted by the WTO Appellate Body"*.

US Report : *"Among other things, the Clause further provides, at 3(c), that any differential and more favorable treatment provided under the Clause "shall in the case of such treatment accorded*

by developed contracting parties to developing countries be designed and, if necessary, modified, to respond positively to the development, financial and trade needs of developing countries.”

US Congressman Sander Levin (while visiting Bangladesh): *“The US understands that the GSP facility should be responded in a positive way, and not in negative way”*

EU GSP Regulation 2012 Preamble:*4. It is to comply with World Trade Organisation (WTO) requirements, in particular with the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (the ‘Enabling Clause’), adopted under the General Agreement on Tariffs and Trade (GATT) in 1979, under which WTO Members may accord differential and more favourable treatment to developing countries. GTP GSP+ and EBA for LDCs.*

Dr Supachai Panitchpakdi, secretary-general for United Nations Conference on Trade and Development (UNCTAD) : *“The decisions of the United States and the European Union to demand implementation of controversial labor standards in Bangladesh following an industrial tragedy that killed more than 1,100 people in April pose a serious threat to the rule-based global trading system.” “Labor rights and standards are something very sensitive to all developing and least developed countries at the World Trade Organization, and when countries try to impose labor standards they are just distracting from the WTO’s authority,” “If trade majors want to impose labor rights,” said Panitchpakdi, “they should bring the issue to the WTO.” It is unfair to punish countries outside of WTO by threatening denial of market access, he said.*

“They have been doing this with Cambodia and now Bangladesh.” Instead of labor rights, the industrialized countries “must look at the business practices of their retail and wholesale industry because the problem with global value chains is the way they are exploiting the sweat shops in poor countries which are providing cheap labor.”

Market Access Strategy:

1. To streamline and ensure highest level of co-ordination in all trade related negotiations in Geneva and elsewhere a National FTA Committee (NFTAC) headed by the Secretary Ministry of Commerce and consisting of line ministries and agencies including NBR, private sector to formulate Country/Region specific draft FTAs templates highlighting the Strategic options of Bangladesh.

2. The following **specialized national committees (SNCs)** should be constituted in the WTO Cell of the Ministry of Commerce in partnership with the line ministries, agencies and the private sector with proactive TORs.

- i. WTO, global Market Access, FTAs & RTAs.
- ii. Trade in Services and Investment.
- iii. Tax and Tariff.
- iv. Trade Facilitation.
- vi Trade Rules, NTBs, Technical Barriers to Trade, Sanitary & Phytosanitary Measures
- vii. TRIPS,
- vii) Digital trade & E-Commerce
- viii. Environment and Compliance Issues

3. TOR of the SNCs:

Designated agencies, related ministries, agencies, BTTC, BFTI BIDA and private sector bodies shall provide all institutional and logistical support and services to carry forward the following activities of the respective SNCs:-

1) Each National Committee shall establish a computerized database documentation unit and collect, store, study, analyse and disseminate its assigned subject related information, documents, reports, communications and notifications submitted to WTO and other International Institutions and become the National information source for the government, enterprises and the stakeholders as the subject wise Reference Centre.

2) Each SNC will submit to NFTAC the draft concept papers on issues which it considers important and on issues assigned to them by the NFTAC from time to time. National Trade Policy Papers should be formulated by these SNCs in consultations with the experts and the stakeholders, among others, by open-ended E-Communication soliciting feedback and inputs.

3) The SNC will place draft concept papers in seminars to be organized in collaboration with FBCCI for soliciting stakeholders opinion and comments and submit the final draft report with appropriate recommendations. The final draft report thus obtained may be adopted as the National Trade Policy Papers as may be approved by the NFTAC.

4) Upon approval of the Cabinet the National FTA Committee along with the private sector experts would engage in respective negotiations on the basis of strategic policy and options outlined in the negotiating template.

5) Ministry of Commerce, NFTAC, SNC, BTTC, BFTI, NBR, BB, EPB and WTO Cell will form panel of experts with recognized expertise on national, regional and international trade from the private sector stakeholders and officials from the line Ministries and Agencies to serve as their respective back up units.

6) All posts of commercial councilors should be filled by officials with officially recognized expertise on national, regional and international trade. The services of the trained personnel should always be preferred and ensured in the field of his expertise.

7) The expertise and skill gained through training and on the job experience must not be lost by routine transfers **notwithstanding the provisions of the Rules of Business.**

4. Capacity Development for Trade Diplomacy:

a) **To undertake compulsory regular primary courses** on acquiring knowledge and expertise on tariff structures, HS classification, list of products and services in sensitive list and mutual economic and domestic priorities of our trading partners for all trade related officers in different line Ministries and Agencies.

b) **To undertake regular strategic orientation courses for officers** who will take part in trade negotiations to develop, within the scope of mutual and global rights and obligations, comprehensive understanding and expertise of mutual interest in the subject of negotiations, case studies of like, similar and comparable negotiated deals in respect of terms of trade and schedules of commitments.

5. Strategic Target Mapping: Taking into account the trends and practices of our competing exporting countries Bangladesh has to ensure predictable and sustainable destinations of its exports in goods and services within the period 2021-2026 by entering into comprehensive free trade agreements in goods and services instead of GSPs and PTA on goods trade only, with six regional blocks covering more than 90% of global market:-

1) RCEP (ASEAN); 2) Russia-CIS (EAEU) block; 3) United States; 4) European Union+Post-Brexit UK; 5) African Continental Free Trade Agreement (AfCFTA); 6) MERCOSUR (Southern Common Market).

To prepare the Handbook of our strategic courses and options for Bangladesh, within the scope of mutual and rights and obligations under WTO, taking into account the respective case studies of like, similar and comparable negotiated deals in respect of terms of trade and schedules of commitments, for negotiations with respective target region/country as indicated below:

- *RCEP (ASEAN): Vietnam, Lao PDR & Myanmar RCEP and ASEAN FTA and schedules of commitments;*
- *Russia-CIS (EAEU) block: Vietnam-EAEU and India-EAEU FTA and schedules of commitments;*
- *United States Kenya-USA mutually agreed FTA negotiating template;*
- *European Union & Post-Brexit UK: Vietnam-EU FTA and schedules of commitments;*
- *AfCFTA and MERCOSUR Free Trade Agreements and schedules of commitments.*

6. Branding through Global IPR Registration: Bangladesh is not a yet a party to any of the two Global IPR Protection Systems. Sri-Lanka, Vietnam and twelve LDCs including Bhutan are already parties to Madrid Agreement on Trademarks. Sri-Lanka, Vietnam and four LDCs are already parties to the Hague Agreement on Industrial Designs.

Membership of these Global IPR Protection Systems will substantially promote global IPR protection of Bangladesh products through central filing (single application with one set of fees) and central management of international registrations with the opportunity to file applications as the applicants from LDC at 10% of the prescribed basic fee. It will also generate most profitable source of revenue against global IPR registrations for the contracting member states from international registration and renewal of fees and charges.

The Hague and Madrid Systems also offers our businesses/industry owners early brand presence abroad, as it provides rapid international reputation and generate goodwill for trademarks. Indeed, becoming a party to these IPR systems is an essential component of any successful branding strategy.

Agro and food products, article of apparel and clothing. home textiles, leather products, footwear, pharmaceutical products, plastic and plastic goods, ceramics and table wear, electric and electronic goods, fish and frozen fish, furniture products, jute products, jewelry, ship-building, ICT and software are among the most promising and priority products of Bangladesh for global IPR Registration.

We strongly urge the Government of Bangladesh to be a party to the Madrid Agreement on Trademarks and the Hague Agreement on Industrial Design as soon as possible to expedite and

enhance IPR value added market share of Bangladesh products in domestic and foreign markets through international IPR Registration without having to undertake any additional international obligations other than that it has already undertaken.

7. a) Sectoral Accredited Certification Bodies preferably on PPP basis should be established to expedite global recognition of our certificates on standards and quality of products, services, educational and professional qualifications ; and b) Setting up common testing laboratories in each economic zone and clusters assigned to specific sectors.

8. Sustainable Supply Side Capacity Development : Exposure to a more competitive environment will require Bangladesh to strengthen its efforts to lower trade costs and build supply side capacity, in order to become more competitive in international markets.

9. Administrative reforms for whole-of government approach to sustainable transition. Preparing and executing transition strategies require cooperation and coordination between various ministries and departments within the national governance framework, especially given that the multidimensionality of both LDC graduation and implementation of the SDGs require such a unified approach to planning and implementation.
