Government of the People's Republic of Bangladesh

Bangladesh Regional Connectivity Project-1

Ministry of Commerce

Conducting 03 Studies Suggested by NTTFC in FY 2020-21

Study 1: Comparative Analysis of Trade Policies of Bangladesh and its major trade competitors, namely China, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam

FINAL REPORT

BANGLADESH FOREIGN TRADE INSTITUTE

KEYSTONE

Bangladesh Foreign Trade Institute (BFTI)

and

Keystone Business Support Company Ltd.

May 2022

Government of the People's Republic of Bangladesh
Ministry of Commerce
Bangladesh Regional Connectivity Project-1
Level 12 (Westside), Prabashi Kallyan Bhaban, 71-72 Eskaton Garden Road, Dhaka-1000, Bangladesh.

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Study 01:
Comparative Analysis of Trade Policies of Bangladesh and its Major Trade Competitors, namely China, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam

SUBMITTED TO:

The Project Director
Bangladesh Regional Connectivity Project (BRCP-1)
Ministry of Commerce
Bangladesh Regional Connectivity Project-1
Level 12 (Westside), Prabashi Kallyan Bhaban, 71-72 Eskaton Garden Road, Dhaka-1000.

CONDUCTED BY:

CONSORTIUM OF BANGLADESH FOREIGN TRADE INSTITUTE (BFTI) AND KEYSTONE BUSINESS SUPPORT COMPANY LTD.
TCB Bhaban (5th Floor), 1 Karwan Bazar, Dhaka-1215, Bangladesh.
Phone/fax: +88-02-55013424-6, Email: ceo@bfti.org.bd, Website: https://bfti.org.bd

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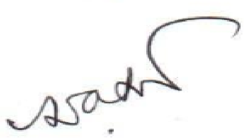
Preface

Bangladesh as being one of the most fastest growing economics in the world is enabling enormous emphasis on trade. It considers trade as an engine for growth. Trade activities of Bangladesh is not only developing business activities but also expanding the circumference of domestic employment, foreign direct investment and positioning national business to global. Bangladesh is actively refining and updating its several trade policies in consideration to global requirement to keep the economic growth continuing.

In this regard Bangladesh Regional Connectivity Project -1 has signed a contract with the consortium of Bangladesh Foreign Trade Institute (BFTI) and Keystone Business Support Company Ltd for conducting a study on "Comparative analysis of Trade Policies of Bangladesh and its major trade competitors, namely China, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam" as a part of the service titled "Conducting 03 Studies suggested by National Trade Facilitation Committee (NTFC) in FY 2020-21".

The report based on the detailed existing literature review, data collection method application (qualitative and quantitative through survey questionnaires, public consultations and FGDs), data management and analysis provide a detailed overview of the economic relations between Bangladesh and its major trade competitors, namely China, Indonesia, Malaysia, Sri Lanka, Thailand, and Vietnam. A comparative analysis of the trade policy regimes of Bangladesh with those of its competing countries was done to provide a snapshot of the selected countries' trade policy regimes and their best practices. The outcomes of this study will be useful to the Government in its endeavor to revise and update policy regimes for Bangladesh. Moreover, the study also aims to review and identify gaps of existing policy, legal and regulatory regime-national and international as well as scope of trade relating to Bangladesh's cross border Trade and trade facilitation.

I would like to convey my sincere thanks to all the stakeholders directly and indirectly contributing with their valuable opinions and efforts for the preparation of this report.



Md. Mijanur Rahman
Project Director (Joint Secretary)
Bangladesh Regional Connectivity Project-1
Ministry of Commerce

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First of all, I would like to express my profound regards and gratitude to the Project Director of Bangladesh Regional Connectivity Project 1 (BRCP-1), Ministry of Commerce for conducting 03 studies which will bring great improvements to our country. It is indeed a great honor that they had entrusted Bangladesh Foreign Trade Institute (BFTI) and Keystone Business Support Company Ltd to carry out the "03 Studies Suggested by NTTFC under The Bangladesh Regional Connectivity Project-1". The final report of the study has been prepared based on a validation workshop held on 18 May 2022.

I, as the Team Leader of this project, worked diligently on the reports with inputs from Md. Atiqur Rahman Khan, International Trade Expert; Dr. M. Fouzul Kabir Khan, Lead Researcher, the Statistician, Data Analyst and field surveyors of the study team from both BFTI and Keystone. It is noteworthy thanking Dr. Md. Jafar Uddin, CEO, Md. Obaidul Azam, Director and other researchers from BFTI.

I would also like to thank Md. Mijanur Rahman, Project Director, Md. Munir Chowdhury, National Trade Expert, Bangladesh Regional Connectivity Project-1 as well as high officials from Ministry of Commerce, NBR, EPB, Chambers, Associations who provided their extended supports and gave us an opportunity to complete the study. We are thankful to all of participants of Key Informant Interview (KII), FGD, public consultations and Validation Workshop for their valuable cooperation and suggestions.

Ali Ahmed
Team Leader
Former Chief Executive Officer
Bangladesh Foreign Trade Institute (BFTI)

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Abbreviation and Acronyms

4IR	Fourth Industrial Revolution
ACD	Association for Community Development
APEC	Asia-Pacific Economic Cooperation
APG	ASEAN Power Grid
APTA	Asia-Pacific Trade Agreement
ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated System for Customs Data
AVE	Ad Valorem Equivalents
BCG	Boston Consulting Group
BCI	Bangladesh Chamber of Industries
BDS	Bangladesh Standards
BEPZA	Bangladesh Export Processing Zones Authority
BEZA	Bangladesh Economic Zones Authority
BFTI	Bangladesh Foreign Trade Institute
BHTPA	Bangladesh Hi-Tech Park Authority
BIDA	Bangladesh Investment Development Authority
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
BPO	Business Process Outsourcing
BRCP	Bangladesh Regional Connectivity Project
BTMA	Bangladesh Textile Mills Association
CADDA	Countervailing and Anti-Dumping Duties Act
CCI	Chamber of Commerce and Industry
CCI&E	Chief Controller of Imports & Exports
CDP	Committee for Development Policy
CEBR	Centre for Economics and Business Research
CMSME	Cottage, Micro, Small and Medium Enterprises
DCCI	Dhaka Chamber of Commerce and Industry
DTT	Double Taxation Treaties
ECGS	Export Credit Guarantee Scheme
EDF	Export Development Fund
EEC	Eastern Economic Corridor
EPP	Economic Policy Packages
EVI	Economic Vulnerability Index
EXIM	Export-Import
FDI	Foreign Direct Investment
FGD	Focus Group Discussions
FTA	Free Trade Agreement
GATT	The General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNI	Gross National Income

HAI	Human Assets Index
HAPUA	Heads of ASEAN Power Utilities and Authorities
HS	Harmonized System
IMF	International Monetary Fund
IPO	Import Policy Order
iREG	Indicators of Regulatory Policy and Governance
ISIC	International Standard Industrial Classification
KII	Key Informant Interviews
LCS	Land Custom Stations
LDC	Least Developing Countries
LIC	Low Income Country
LMIC	Low-Middle Income Country
MATRADE	Malaysia External Trade Development Corporation
MCCI	Metropolitan Chamber of Commerce & Industries
MFN	Most Favored Nation
MI	Manufacturing Institute
MIC	Middle-Income Country
MIDA	Malaysian Investment Development Authority (MIDA)
MOFCOM	Ministry of Commerce
MSME	Micro, Small & Medium Enterprises
NAM	National Association of Manufacturers
NBR	National Board of Revenue
NGO	Non-Governmental Organization
NMW	National Minimum Wage
NPL	Non- Performing Loans
NTTFC	National Trade and Transport Facilitation Committee
OECD	Organization for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
OSS	Online Single Submission
PC	Public Consultations
PCB	Printed Circuit Board
PEMANDU	Performance Management and Delivery Unit
PMA	Preferential Market Access
PSI	Pre-Shipment Inspection
QR	Quantitative Restrictions
RD	Regulatory Duty
RIA	Regulatory Impact Analysis
RKC	Revised KYOTO Convention
RMG	Reade-Made Garments
RT	Rukuntetangga
RTA	Regional Trade Agreements
RW	Rukunwarga
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Area

SAPTA	South Asian Preferential Trade Agreement
SASEC	South Asia Sub-Regional Economic Cooperation
SEZ	Special Economic Zones
SINOSURE	State-owned China Export and Credit Insurance Corporation
SOP	Standard Operating Procedures
SRO	Statutory Regulatory Orders
TBH	Thai Baht
TFA	Trade Facilitation Agreement
TIN	Taxpayer Identification Number
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UK	United Kingdom
UMIC	Upper Middle-Income Country
US	United States
WCO	World Customs Organization
WELT	World Economic League Table
WTO	World Trade Organization

Measurements and Currencies

%	Percent
A.D.	*anno Domini* (in the year of the Lord)
Ad valorem	according to value
B.C.	Before Christ
B.E.	Buddhist Era (Thailand)
BDT	Bangladesh Taka
circa	at approximately
IDR	Indonesian rupiah
inter alia	among other things
km	Kilometer
km^2	Square kilometer
ktoe	Kilo Tons of Oil Equivalent
LKR	Sri Lankan rupees
MR	Malaysian ringgit
mtoe	Million Tons of Oil Equivalent
per capita	average per person
RMB	Chinese yuan (Renminbi)
THB	Thai Baht
US$	United States Dollars
VND	Vietnamese Dong

Currency Equivalents

BDT to US$ Exchange rate	
US$ 1	BDT 84.80

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Executive Summary

Bangladesh has been termed to be among the world's fastest growing economies over the last decade according to the World Economic League Table 2022 (WELT 2022) report. It is forecasted to rise to become the 24th largest economy in 2036 from the 42nd position in 2021 and is on its pathway to graduate from an LDC by 2026. However, after graduation, Bangladesh will lose its preferential market access (PMA) facilities enjoyed by the LDCs. Such actions would affect the expansion of exports and actionable steps are necessary to boost the trade scenario in the country. Bangladesh requires a comprehensive trade policy to combat the trade barriers and step into the dynamics of globalization.

This report puts an effort to illustrate the trade situation of Bangladesh and its six competing countries, namely, China, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam. It examined the processes for international trade of Bangladesh and its competing countries and assessed the compatibility of them, as well as the relationships between these processes and their export successes. It begins with stocktaking of Bangladesh’s trading economy, followed by country comparison with regards to policy mechanisms in tariff, specific policy comparison for various sectors, economic comparison and issues, and lastly, recommendations for Bangladesh from the good practices of the other six countries as well as reputed trading nations worldwide.

The 1st and introductory chapter of the study explored that the trade flows have evolved over time and are becoming increasingly intricate, with countless parts and components crossing multiple borders at different stages of production along global supply chains, before reaching the final destination, the consumer.

Globalization and, more specifically, trade opening have become increasingly contentious. Increasing trade openness has been the outcome of systemic and unilateral tariff liberalization and promoting export-led industrialization within Bangladesh. Quantitative and detailed trade policy information and analysis are more necessary now than they have ever been. Analysis of trade policies helps to give direction to the process of policy formulation and to ensure that choices are based on detailed knowledge of underlying realities. It is thus useful to assess and compare the effects of various strategies and to develop a framework necessary for implementation of the measures.

During the late 1970s, there was traction in mainstreaming trade policy of Bangladesh, and the economy was striving to develop at the end of the 1980s. But the whole gamut of radical changes in the trade policy regime was launched in the 1990s. It got another boost in the 2nd decade of the century when Bangladesh’s economy has earned praise from analysts across the globe for its export and growth performance and is now on a path to winning the war against poverty. Its key policy instruments, among others, include;

- Imports and Exports Control Act, 1950
- Import Policy Order 2021-2024
- Export Policy 2021-24
- Customs Act, 1969
- Foreign Exchange (Regulation) Act, 1947
- Competition Act, 2012
- One Stop Service Act 2018
- National ICT Policy 2018
- Industrial Policy
- National Digital Commerce Policy 2018

Notably, Bangladesh has developed a robust policy and regulatory framework for international trade. However, it requires further improvement in course of time.

Bangladesh is now hailed by analysts worldwide for the quality of social and economic progress achieved by the country. In 1972, it was at the bottom of the pile among low-income countries with per capita GDP of US$ 100, which has now risen to US$ 2,462, and with a GDP of US$ 416.25 billion, it ranks in the top 40 economies of the world by GDP. Total import value of Bangladesh in 2020-21 was US$ 61 billion, while total value of exports was US$ 45 billion. China and India are the most dominant import sources comprising about 42 percent of total imports while the EU and USA are the main export destinations sourcing 49 percent and 18 percent of total exports. Average import value of Bangladesh during 2015-16 to 2020-21 was US$ 55.26 billion, while average export value during the period was US$41.61 billion.

Notably, Bangladesh has a negative trade balance with its trading partners in South Asia. While cross-border trading with India is quite significant representing 12.07 percent of total import of Bangladesh in 2019-20, but outside of India, intraregional trade is not significant in the total trade of Bangladesh and the situation has not changed much.

According to the WTO Fifth Trade Policy Review, the tariff structure in Bangladesh remains one of the main trade policy instruments and a significant source of tax revenue (11.7 percent of total tax revenue in 2016-17). The country improved its WTO commitments by ratifying the Trade Facilitation Agreement (TFA). It attaches importance to deepening intra-regional trade ties, *inter alia*, because of its graduation prospects. The country undertook several trade facilitation initiatives in the context of its Customs Modernization Action Plan (2013-2017) and implemented commitments under the TFA and the WCO Revised Kyoto Convention.

The chapter 2 presents the General Comparison with respect to location, area, population, etc. of Bangladesh and its six competing countries.

Bangladesh and its six competing countries are located in South and South-east Asia and hold 26.49 percent of the world population in only 2.52 percent of its area, but jointly they have a very high impact in the arena of international trade. The GDP of Bangladesh in 2021 was US$ 416.25 billion, and the GNI per capita was US$ 2,591, securing 37st position in the ranking of GDP out of 196 countries. The GDP figures of Indonesia and China are 3 and 45 times bigger than that of Bangladesh and the GDP of Sri Lanka is 4 times smaller, while the GDP of Malaysia, Thailand and Vietnam are almost comparable. The population density of Bangladesh is much higher than any of the competing countries. On the socio-economic front, Bangladesh spends at par as percentage of budget with the competing countries in education, but its health expenditure is the lowest both in terms of percentage of budget and per capita expenditure. Bangladesh ranked 123rd position in Human Capital Index and performed better than Afghanistan and Pakistan in South Asia. Meanwhile, Bangladesh moved up two notches in the traditional HDI to 133 in 2020 and has made impressive strides in human development. Between 1990 and 2019, Bangladesh's HDI value has increased by 60.4 percent and Bangladesh's HDI is above the average for countries in the medium human development group.

The chapter 3 explored the specific comparison on general framework and trade and investment regimes of these countries.

Governance Framework: The constitution is the prime law of the countries under review, where every country practice multi-party democracy except China which functions within a framework of a socialist republic run by a single party, the Chinese Communist Party (CCP), and Vietnam which is also a one-party socialist republic. As for the parliament system, the Parliaments in Bangladesh and Sri Lanka are unicameral, while those in Malaysia, Thailand and Indonesia are bicameral. However, the one-party legislative body in China and Vietnam are also unicameral. Under the executive branch, the Prime Minister is considered head of the government for countries like Malaysia, Thailand and Bangladesh. On the other hand, country with Monarch like Thailand has its Thai king as head of state. The Judiciary system of Bangladesh and Thailand follow the English common law system while the Chinese legal system is termed a “socialist legal system”. As for Vietnam, it is based on communist legal theory.

Trade and Investment Regimes: Bangladesh and its competing countries pursued wide-ranging trade-related and investment policies, mainly focused on export-led growth. They are participants in different RTA initiatives, committed to the multilateral trading system, and improved their WTO commitments by ratifying the Trade Facilitation Agreement (TFA). The countries under the study formulate trade policies within the broader framework of national policies and strategies in a similar manner involving all the relevant stakeholders and through wide consultations. Generally, the Ministry of Trade or Ministry of Commerce is the leading institution in the formulation, implementation and coordination of the policies and activities relating to international trade. Various agencies provide the necessary support to the leading institution. There are also advisory bodies or consultative bodies, with public and private sector participation, to support efforts for the formulation of a coordinated policy.

The chapter 4 is about the specific comparison on trade agreements and arrangements of the countries.

Trade Agreements: Bangladesh and all the competing countries are members of the World Trade Organization (WTO). All the countries have ratified both the multilateral instruments, including 2005 Protocol Amending the TRIPS Agreement (TRIPS) and the 2014 Protocol concerning the Trade Facilitation Agreement (WTO-TFA), and effectively participate in various activities of WTO. Bangladesh has signed bilateral investment treaties with 32 countries and Avoidance of Double Taxation Treaties (DTT) with 36 countries. It is an active member of the South Asian Free Trade Area (SAFTA), the Asia-Pacific Trade Agreement (APTA), and the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC).

The strategies of the competing countries of Bangladesh to negotiate and conclude free trade agreements (FTAs) are almost identical – to allow and avail concessional treatments to expand trade. Every country offers tariff concessions and simplifies procedures of trade under the FTAs that can facilitate trade amongst the signing parties. Ministry of Trade or Ministry of Commerce in each country acts as the focal point for bilateral, regional and multilateral trade negotiations, with support from specialized institutions like WTO Cell in Bangladesh. Notably, Indonesia created a trade negotiating team directed by the Coordinating Minister of Economic Affairs and chaired by the Minister of Trade to formulate and determine the country's negotiating position. The responsible institutions and advisory bodies of the trade arrangements for each country are listed in the chapter as well.

The chapter 5 is about the specific comparison in terms of trade policies and practices of the countries.

Measures Directly Affecting Imports: In Bangladesh and every competing country, both importers and exporters need to register with the concerned department or agency of the government to enable them to proceed with international business. A trade license or business license from a local government body is also required for import or export of goods for commercial purposes. For customs valuation, the transaction value of goods, which is generally stated on the commercial invoice, is accepted and, when it cannot be used, the other valuation methods in sequential order, as stipulated in the WTO's Customs Valuation Agreement, are followed. The provision of pre-shipment inspection (PSI), quality supervision inspection and quarantine requirements follow the orders in the respective policies.

Necessary documentation for customs clearance is submitted in paper, electronic, or paperless format. In Indonesia, an online single submission (OSS) portal has been introduced replacing the customs identity number, and every importer or exporter is assigned a single business identification number. For the purpose of verification, the taxpayer identification number (TIN) is used. In Thailand, importers can submit e-data with a digital signature specified by the Customs Department, and e-declarations currently cover 100 percent of import declarations. Most import licenses and other supporting papers (such as invoices and bills of lading) are issued online, and pay the fees using the e-payment system. Bangladesh and each of its competing countries maintain a reserve list consisting of items not allowed for importation. In 2019, trade costs directly related to tariffs were at about 2 percent for developed countries and 4 percent for developing countries.

Measures Directly Affecting Exports: Exports from Bangladesh and its competing countries are generally governed by the laws, rules, regulations and executive orders issued by the government in the respective country. The procedures and requirements for customs clearance are identical in all the countries. The declaration forms and any other accompanying documents are submitted in electronic format, however, in some countries, exporters need to submit hard copies of all the documentation. Notably, a self-assessment system has been introduced in India to facilitate trade, and the adoption of a risk management system. The consignment may be examined, assessed or cleared without examination and assessment by Customs, based on associated risks, and around 80 percent of consignments are cleared without intervention by Customs. Further, risk-based inspection is presently regarded as an international best practice in case of clearing import and export goods.

Bangladesh and its competing countries prohibit the export of certain goods, due to various reasons, such as, to maintain national security, social public interests, or public morality; to protect human health or safety, or the lives or health of animals and plants; protect the environment; protect exhaustible natural resources that are in short domestic supply or may require effective protection; etc. The export duties are levied mainly to discourage production of certain products. For example, brick production is not environment-friendly, while tobacco production utilizes land needed for essential crops. Further, export promotion is a common program being implemented by Bangladesh and all its competing countries to encourage exports. Efficient and effective coordination among all relevant government agencies and authorities, and good collaboration between the public and private sectors are crucial for the formulation of trade facilitation measures. At the same time, trading partners across the borders need to collaborate to find new avenues for improvement.

Intra-Agency Coordination: For the creation of trade facilitation measures, efficient and effective coordination across all key government agencies and authorities, as well as good collaboration between the public and private sectors, are essential. Furthermore, to strengthen inter-agency coordination for trade facilitation and global integration, an effective framework to handle and supervise the execution of suitable policies should be in place. It is also critical to the success of the multidisciplinary reform program. For each country, coordination is undertaken by specifically assigned governmental agencies. In Bangladesh, there are quite a few policy consultative bodies with public and private sector participation to support efforts for the formulation of a coordinated policy.

The chapter 6 outlines the specific comparison on trade policies by selected sectors of the countries.

Agricultural commerce played a vital role in Bangladesh and its competing countries, despite the fact that their share of national outputs was dropping. Agricultural policy, as priorities of the countries, is driven by concerns over food self-sufficiency, food consumption and value-added and competitiveness, and the welfare of farmers. So, maintaining stable and low rice prices has always been a major policy aim of the governments. Average MFN tariff protection for agriculture has generally increased in all the countries. This was due to the characteristics of the sector being strongly linked with food security and vulnerability to climate change, and the need to maintain food security during adverse environmental emergencies.

In the **energy** sector, Bangladesh is dependent heavily on natural gas and is becoming increasingly reliant on imports. Energy tariffs, prices, and taxes are regulated. Subsidies for the import of petroleum products have been provided, and an Energy Security Fund has been established. Tariffs for retail power continue to vary by consumer category and voltage level. Total installed capacity, per capita generation and per capita consumption increased significantly during the last decade. China and Indonesia are large producers and consumers of electricity. China's net energy imports were 544 million tons of oil equivalents (mtoe) in 2016, net energy exports were 84 mtoe, and electricity consumption was 3,051 mtoe in 2016. Indonesia remained reliant on imported energy to meet its consumption needs.

Thailand is a producer of a number of energy products, including crude oil, natural gas, coal, and hydroelectricity. Yet Thailand is a net importer of energy products. Sri Lanka has mostly relied on homegrown indigenous biomass and hydropower to meet its energy demands, accounting for around 55 percent of total energy consumption, followed by fossil fuel imports. The main source of energy supply in Malaysia is natural gas, followed by petroleum and coal. Supply from renewable sources accounted for 4.7 percent of total supply in 2016. On the other hand, power shortages are still a problem for Vietnam's development, and hydropower generation is at an all-time low due to a severe heat-wave and a lack of rain in 2019. However, energy consumption is expected to increase at a 3 percent yearly rate between 2020 and 2029.

Manufacturing continues to be a high-priority economic sector in terms of economic impact, employment, and merchandise exports for most countries. China, in its 2015 strategy, aims to make the country a major manufacturing power in ten years, mastering core technologies in key areas towards the goal of welfare and people’s livelihoods. Bangladesh’s GDP share climbed from 16 percent during 2010 to 19 percent in 2019 and again reduced 17 percent in 2021, where Bangladesh's narrow manufacturing base is dominated by the garment sector. Vietnam’s contribution rose to 25 percent in 2021 from 16 percent in 2019. Other than these three countries, the manufacturing sector’s GDP of the other four countries dropped slightly in the past decade.

The **services** sector dominates Bangladesh's economy and it continues to be the largest contributor (53.4 percent in 2020) to the GDP. In 2017, Bangladesh ranked as the 104th largest exporter and 64th largest importer of commercial services in the world. China’s services sector accounted for 54.5 percent of GDP in 2020.

Sri Lanka’s persistent rise in GDP contribution of the services sector over the years reflects their growing tourism industry and advancing financing sector. Similarly, in Vietnam and Indonesia, the contribution of services to GDP remained steady while Thailand and Malaysia’s contribution increased gradually. Also, Malaysia had the fastest-growing service sector in 2020 among the other countries. Similarly, for Thailand, the growing service sector had the highest contribution to the economy with 58 percent in 2020.

The chapter 7 is about the specific comparison on other aspects of the countries.

China maintained its positive current account balance over the last 5 years. The government maintains large dollar reserves to keep the Renminbi (RMB) undervalued. Vietnam’s trade surplus was fueled by its phenomenal growth in exports as well as sharp growth in imports. For Indonesia, the central bank moved forward to not only buy substantial quantities of domestic government bonds on the secondary market, but also to fund a large portion of the government's budget deficit directly. Bangladesh and Sri Lanka have had persistent trade deficits over the years. For Bangladesh, as the country's foreign exchange reserve is in good shape, the record deficit would have no negative impact on the economy. In the case of Sri Lanka, the post-pandemic scenario showed a narrower deficit due to healthy growth in remittances followed by a rise in exports, thus recovering most export earnings. Malaysia also faced a record rise in trade deficit as Malaysia's imports outpaced the value of its exports.

After a year of pandemic, except Bangladesh, China and Vietnam, the other four countries have experienced negative growth rates. Household income and poverty have been severely impacted by low or negative GDP growth, decreased export revenues, and a growing budget deficit. The macroeconomic crisis eventually led to greater macroeconomic issues, which resulted in decreased demand and mobility disruptions. Bangladesh is presently regarded as one of the world's fastest-growing economies. Since 2011, Bangladesh has experienced an annual GDP growth rate of over 6 percent, and it continued to maintain positive growth even during the pandemic. However, despite Bangladesh having achieved commendable economic growth, it trails behind economies that are expanding far faster, such as Vietnam.

The chapter 8 demonstrates the insights gathered from the study including the KIIs, FGDs and Public Consultations**.**

Key Informants Interviews: An open-ended questionnaire was used to gather information focusing on the objectives. In total, 17 participants shared their views and suggested options for developing the trade policy of Bangladesh. The findings included: a coordination process between the ministries, agencies and, private associations to develop and implement the trade policies; changes in import and export policy to formulate a proper trade policy; suggestions from the international best practices to prepare trade policy for trade expansion and increased foreign investment; main characteristics and flaws of the trade policy of Bangladesh and possible remedies: changes made in the trade policies in the competing countries to increase trade; and suggestions to overcome the LDC graduation challenges of Bangladesh.

Focus Group Discussion: Discussants from different platforms such as government policymakers, researchers, faculty members from universities, members of trade organizations, and business representatives were invited to take part in the focus group discussion. In total, 22 discussants were present and took part in the FGD. The focus group discussants managed to find out the best practices from the competing countries that can be adopted in future trade policy. The major suggestions included: a joint task force for dispute settlement with trading partner representatives (China-Vietnam example); focus on trade agreements with the countries where Bangladesh will be benefitted; ICT promotion policy should be adopted for ensuring automation in trade promotion; Bilateral & Multilateral Trade Agreement should be prioritized to enhance the market access; and R&D financing by the government need to be ensured after graduation.

Public Consultation: The policymakers from the government, researchers, faculty members from universities, members of trade organizations, and business representatives were invited to take part in the public consultation as discussants. In total, 15 discussants participated in the review and discussion. Some major recommendations that came from the public consultation include: prepare a strategic plan after graduating from LDC, as during the transition period, Bangladesh will not receive any privileges of DFQF (duty-free quota-free); reduce the import tariff rate; reduce anti export biasness in the domestic market; reduce logistical costs and transportation costs to boost exports; and activate National Single Window and One-Stop Service to ease the business process.

The Chapter 9 presents an overall analysis of the study including the impacts of COVID-19 and recovery and Dual Graduation.

Impacts of COVID-19 and Recovery: COVID-19 has wreaked havoc on global and regional supply chains. Many countries closed their borders temporarily, curtailed or suspended non-essential imports, and canceled import orders from other countries. Export growth fueled the expansion of the economies of several Asian countries in recent decades. The export market in and around the selected countries has been disrupted by the pandemic. The developing economies were heavily affected with exports and imports which were predicted to fall 15.8 percent and 17.1 percent respectively, compared to 10.1 percent and 8.8 percent for developed economies. China performed exceptionally well and became the top exporter, and Vietnam managed to secure the second position in clothing exports, for the time being, surpassing Bangladesh. Indonesia, Thailand, Sri Lanka, and Bangladesh saw a decline in their exports from the previous year.

The import market was also hard-hit as mentioned previously with a significant reduction. The relatively robust demand in China, the pandemic's delayed impacts on import orders, and rising demand for critical products such as medical equipment, garments, food and basic consumer products, all contributed to a modest (2.9 percent) drop in imports in China. Thailand and Indonesia, among the selected countries, had the most decrease in imports compared to the previous year with 7 percent and 17 percent decline respectively.

Bangladesh's economy showed nascent signs of recovery backed by a rebound in exports, strong remittance inflows, and the ongoing COVID-19 vaccination program. Exports made a strong comeback in FY 2020-21 with a 15.1percent year-on-year growth, hitting US$ 38.75 billion mainly due to RMG export recovery which earned US$ 31.45 billion registering a 12.55 percent growth regaining second position.

Imports also recovered well in Bangladesh as well as its competing countries. Between July and May of FY 2020-21, Bangladesh's imports rose sharply, and overall imports stood at US$ 58.62 billion, up 17.31 percent from a year ago. China staged an impressive recovery from a coronavirus-battered slump. In July 2021, its imports were solidly up and grew 28.1 percent year-on-year. In Indonesia, the performance of imports strengthened by 44.44 percent in 2021 from the corresponding period of last year indicating fundamental strengthening of economic recovery. Vietnam's import sector has also seen a strong recovery, while Sri Lanka has cut back on imports of farm chemicals, cars, and even its staple spice turmeric as its foreign exchange reserves dwindle and hindering its ability to repay a mountain of debt as the nation struggles to recover from the pandemic.

Dual Graduation: A "dual transition" is taking place in Bangladesh's economy, with the LDC graduation taking effect in 2026, and moving up from the low-income country (LIC) group to the low-middle income country (LMIC) group in 2015. This would essentially mean acquiring a seal of global approval regarding its development achievements. A graduated country holds an improved image and branding in the global landscape. This helps to pull investors into the country. Global lending agencies feel reassured about the ability of the country to pay back loans. It also means relinquishing a wide variety of preferences and privileges currently enjoyed by the country. However, the experiences of countries graduating earlier were positive, and they experienced enhanced domestic tax collection and higher flow of FDIs after leaving the low-income group. Also, the graduated LDCs pursued policies that were targeted towards reducing specific vulnerabilities. Bangladesh's graduation is expected to be a smooth one in the sense that in terms of all the criteria it will hopefully graduate with a significant surplus. However, Bangladesh needs to draw up a robust "LDC Transition Strategy" covering the upcoming five years and beyond to ensure a smooth and sustainable development prospect for the country.

In the Chapter 10, conclusion and recommendations of the studies are presented.

This report presents a regulatory policy agenda that intends to improve the regulatory environment in trade facilitation, export promotion, and industrial development of the country. It outlines a set of recommendations with a view to streamline the trade policy regime, facilitate its necessary improvement and enhance efficient operation to promote trade expansion. The recommendations include suggested changes in public policies, as well as to position the trade policy initiatives to support international trade and economic advancement. The recommendations focus on proactive efforts to enhance present and future export opportunities. Finally, recommendations are also made to strengthen the nation's capacity to acquire, analyze, and disseminate critical information about international trade.

The **recommendations** put forward changes in the policy landscape, focusing on technological advancement through application of modern technologies, economic growth through global trade integration and lastly, demonstrating a collaborate effort from the government and private sector. The suggestions for LDC graduation included the intensification of negotiations to sign free-trade agreements (FTAs), preferential trade agreements (PTAs), and comprehensive economic partnership agreements (CEPAs), taking lessons from other LDC graduated countries. Furthermore, export diversification, which is a vital tool for economic advancement, needs to be enhanced through providing similar or greater support to the other potential sectors that the RMG sector receives, in order to broaden the narrow manufacturing base. For this, the trading environment of the country needs to be more inclusive and supportive of sustainable development, to reduce trade costs and improve competitiveness (through tariff reduction/concessions, easing of non-tariff barriers and digitization of the trade related licensing and documents).

The recommendations also emphasize on adopting product-specific and market-specific strategies for export and import, and put emphasize on exports of ICT, medicine, agriculture, and electronics products. The trade policy also requires inclusion of addressing the unprecedented crises such as recession or COVID-19, as well as policies to improve the investment climate, increase competitiveness, and accelerate infrastructure development. In addition to this, strategies to improve and encourage investment in high-tech industries (e.g.- by introducing policy packages), energy conservation and environmental protection industries needs to be included. This is because the country needs to establish a stable/conducive business environment friendly to embrace the new technologies and business model following the LDC graduation. Lastly, the trade policy review suggested that the government should create proper organization structure to efficiently deal with issues related to international trade.

Chapter I
Introduction

1.1 Background

Effective policies are living documents that must grow and adapt to contemporary developments to be able to address new systems or technology. Regular policy review and revision are an important part of every policy and procedure management plan. Further, comparing domestic policy in different national policies can provide a deeper and richer understanding of the fundamental drivers of policy-making and how it impacts its desired functioning. It provides important lessons on how to make policy differently and awakens to the contingency of 'how things are done' in the country. The divergent policy responses across countries and regions can be used to test a theory across diverse settings, examine trans-national processes across different contexts, learn from policy initiatives of others, improve the international understanding of e-government issues, evaluate the scope and value of certain phenomena, and many other goals.

Trade flows have evolved over time and are becoming increasingly intricate, with countless parts and components crossing multiple borders at different stages of production along global supply chains, before reaching the final consumer. On the other hand, trade policy by nature is conducted at an aggregate level, whereby various trade regulations cannot be adapted to the specific needs and economic circumstances found at the firm-level. The technological and analytical developments offer an untapped analytical potential that could lead to better informed trade policy making. Therefore, trade policy analysis can move closer to where the action is and benefit the firm-level trade and related developments.

Of late, globalization and, more specifically, trade opening have become increasingly contentious. Increasing trade openness has been the outcome of systemic and unilateral tariff liberalization and promoting export-led industrialization within the country. Quantitative and detailed trade policy information and analysis are more necessary now than they have ever been[1]. It is, therefore, important for policy-makers and other trade policy stakeholders to have access to detailed, reliable information and analysis on the effects of trade policies, as this information is needed at different stages of the policy-making process. Analysis of trade policies helps to give direction to the process of policy formulation and to ensure that choices are based on detailed knowledge of underlying realities[2]. It is thus useful to assess and compare the effects of various strategies and to develop a framework necessary for implementation of the measures.

[1]United Nations Conference on Trade and Development (UNCTAD) and World Trade Organization (WTO), "A Practical Guide to Trade Policy Analysis", United Nations Publications, 2012
[2]Ibid

In this backdrop, Bangladesh Regional Connectivity Project -1 (BRCP-1), WTO Cell, Ministry of Commerce (MoC), Government of the People's Republic of Bangladesh, decided to undertake the present study, and after a competitive process, this assignment is awarded to the consultants "Consortium of Bangladesh Foreign Trade Institute (BFTI) and Keystone Business Support Company Limited (Keystone)". The Terms of Reference (ToR) of the assignment is attached at **Appendix 1**. According to the ToR, the comparing countries for analysis of trade policies and practices under the study were Cambodia, China, India, Indonesia, Sri Lanka and Vietnam. Subsequently, a meeting was held in the MoC under the Chairmanship of the Director General of the WTO Cell on 28 September 2021. The meeting decided to conduct the study, showing a comparison of Bangladesh trade policies with those of China, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam (**Appendix 2**).

1.2 Bangladesh Trade Policy Regime

1.2.1 History of Trade Policy in Bangladesh

After independence, the priority agenda was to address resource constraints and to fuel economic recovery, largely through domestic policies supported with donor assistance. The trade policy stance was a legacy of the past, where East Pakistan was turned into a captive market for West Pakistani financial and industrial corporate houses via high tariffs and import controls, resulting in an inward-looking import-substituting economy. Starting with zero foreign exchange reserves to pay for much-needed imports, Bangladesh found high tariffs and import controls to be the expedient approach to keep from falling into a balance of payments crisis.

During the late 1970s, there was traction in mainstreaming trade policy as an instrument for development on the way to bring trade policies into the development discourse. The economy was striving at the end of the 1980s. GDP growth had slowed, foreign exchange reserves was not sufficient and the financing of the Balance of Payment (BoP) deficit was difficult. An economic and political situation made the ground for significant reforms. The situation remained identical in the 1980s. The only notable development was the tariff liberalization for imports of agricultural inputs, which complemented the deregulation in domestic agricultural markets for seeds, fertilizer, machinery and implements.

But the whole gamut of radical changes in the trade policy regime was launched in the 1990s. The trade policy changes undertaken included:

- Sharp reduction and rationalization of tariffs;
- Significant import liberalization through the removal of bans, quantitative restrictions (QRs), and import licensing;
- Move from fixed to flexible exchange rates; and
- Convertibility of the current account.

A World Bank study in 2001[3] on the impact of trade liberalization on growth and poverty listed Bangladesh among the "globalizers" of the developing world, experiencing rapid growth in incomes and decline in poverty. Again, the first decade of the 21st century saw a slowdown in tariff reduction and other trade reforms. The reform highlight of this decade was the move from flexible to floating exchange rate launched by Bangladesh Bank in 2004, along with a final elimination by the MoC of all bans/QRs on imports for protection reasons. One para-tariff, the infrastructure development surcharge (IDSC) was eliminated and absorbed with custom duties (CD).

It got another boost in the 2nd decade of the century when Bangladesh's economy has earned praise from analysts across the globe for its export and growth performance and is now on a path to winning the war against poverty. Yet after 2020, a terrible year created by coronavirus pandemic, the Bangladesh economy finds itself at a crossroad.

As the nation addresses trade facilitation as part of second-generation trade reforms and taking them to their natural conclusion is taken as a national imperative, which will yield rich dividends on the way to Bangladesh gaining an upper-middle-income country (UMIC) status by 2031.

The reforms of the 1990s generated enough momentum to stimulate export-oriented manufacturing growth, job creation and poverty reduction for the next two decades. Average decadal GDP growth began rising by over one percentage point every decade - 4.8 percent in 1991-2000, 5.9 percent in 2001-10, and 7.2 percent in 2011-19. The moderate poverty rate, which was 57 percent in 1990, was nearly halved by 2010 (31.5 percent), and is estimated to be around 20 percent in 2019, a highly effective sign of inclusive growth[4].

1.2.2 Trade Policy Framework

The Government of Bangladesh declared its objectives to boost employment and income generation for the increasing population, and to reduce the poverty level to half, through expansion of trade. Thus, it is working to create an enabling environment for facilitating internal and foreign trade, expansion of export trade, and increasing capacity.

Import policy order 2021-2024 and export policy 2021-24 are in force. The Competition Act, 2012 has been enacted to maintain a sound competitive environment in trade and commerce. The sector-specific Business Promotion Councils are introduced and implemented programs based on Public Private Partnerships for export diversification. The Government signed the TICFA contract through multilateral, regional and bilateral negotiations and duty-free market was created.

[3]David Dollar and Art Kraay, "Trade, Growth and Poverty", the World Bank, published in *The Economic Journal*, June 2001

[4]Dr. Zaidi Sattar, "Fifty years of the evolution of trade policy in Bangladesh", Policy Research Institute (pri-bd.org), April 14, 2021

Preferential market access under various regional and multilateral trade agreements has been a key element. Bangladesh, as an LDC is getting duty-free access facility in 38 markets namely European Union, Canada, Australia, Norway, Switzerland, New Zealand, Japan, Russia, Belarus, etc. A number of Bangladeshi products also obtained duty-free access in the markets of China, South Korea and Thailand.

The Chilean government also allowed duty-free access to all Bangladeshi products except wheat, wheat flour and sugar. Duty and quota free access to Indian markets is allowed for all Bangladeshi commodities except for 24 products related to tobacco and wine. Bangladesh and Bhutan have signed a trade agreement for five years and trade has been started through Tamabil and Burimari land ports.

1.2.3 Salient Features of the Key Policy Instruments

Bangladesh has transformed itself from an aid-dependent country to a trade-dependent country. Its total yearly international trade stands for more than US$100 billion with a total import of US$ 61.61 billion and export of US$ 45.37 billion, in 2020-2021. The salient features of its key policy instruments are noted below:

1.2.3.1 Imports and Exports Control Act, 1950

This Act was promulgated in 1950 to prohibit, restrict or otherwise control imports into and exports from Bangladesh. Under the provisions of the Act, the Government is empowered to regulate all practices and procedures connected with the import or export of goods, and may also provide for applications for licenses under the act including the charging of fees, etc.

1.2.3.2 Import Policy Order 2021-2024

The Import Policy Order (IPO) is issued under the provision of the 'Imports and Exports (control) Act 1950' and contains procedural details for the importation of goods from any foreign country. The IPO addresses the current and emerging issues, such as, post-LDC graduation, COVID-19 recovery, the 8th five-year plan, the perspective plan 2021-2041 and the fourth industrial revolution. It contains concrete objectives, and measures to achieve those objectives, consistent with the goals pertaining to the aforementioned plans and strategies. Key features of the IPO are noted below:

- The regulatory authority of the MoC on the office of the CCI&E to expedite clearance process of export-import documents has been eased.
- Many of the import procedures have been decentralized giving authority to the CCI&E.
- Importation of products through confirmed agreements instead of opening Letter of Credit (LC) documents is allowed.
- Apparel exporters are allowed to use bond facilities for six months a year instead of 4 months.
- Local manufacturing industries are also allowed to enjoy duty-free facility through the bonded-warehouse mechanism.

- Local industries are allowed to import raw materials against partial export order through 100-percent bank guarantee.
- A provision to cease imports of second-hand clothing in the next three years before imposing a full ban in 2026 is incorporated.
- Accordingly, the earlier provisions of importation of two tons of old blankets, and 6 tons of sweaters, ladies' cardigans, zipper jackets (men's), and men's trousers, by an importer have been halved.
- A maximum of one ton of synthetic branded shirts are allowed to be imported instead of two tons.
- The number of importers of the above products across the country will also come down to around a half.
- The motorcycle fuel oil CC is increased together with different freight facilities of the shipping lines.
- Import of cruise ship is allowed.
- Provision to protect the local bitumen- industry is incorporated.
- The list of restricted import products is not made longer due to WTO rules.
- The fees schedule for import has been excluded and will now be issued by the CCI&E through circulars; etc.

Further, the IPO places special emphasis on easing the imports of raw materials for use in export-oriented industries. The country of origin must be noted on all products, product packaging, or containers. However, for imports of coal, cotton, aluminum, and export-oriented garment and industrial-related raw materials, the country of origin is not required. Nuclear radiation tests are mandatory for imported milk, dairy, edible oil, vegetable seeds, grains, and other food products.

The IPO includes a list of import prohibited and import controlled products. The items controlled for imports include: Opium, Furnace oil, Petroleum bitumen, Gillnet, Used motor cars and spare parts, Arms and ammunitions, etc. On the other hand, the items prohibited for imports include: Horror comics; obscene and destructive literature; Books, newspapers, magazines, publications containing contents that can harm the religious belief of any class of citizens; Products and equipment of sub-standard quality; Reconditioned office equipment; All types of industrial sludge, and wastes; Chemicals like Endrine, DDT, Di-eldrine, Mirex, Toxaphen, polychlorinated biphenyl; Shrimps; Poppy seed; Two-stroke three-wheelers; Gas syringe; Used motor cycles; etc. The items are banned on religious, social, health or economic policy grounds. Except the prohibited/controlled goods, all other goods are importable freely subject to payment of customs and other duties.

1.2.3.3 Export Policy 2021-24

The export policy is issued by the Government under the provisions of Section 3(1) of the 'Imports and Exports (control) Act 1950'. It has been prepared keeping in view the contemporary developments in the global and regional trade regimes that include, among others, the world trade scenario, depression in the developed countries, probable sub-regional connectivity (Bangladesh-India-Nepal-Bhutan), One-Belt-One-Road initiative of China, BREXIT, etc. In addition, it puts special emphasis on further liberalizing trade and making the trade regime suitable for current global trends, also keeping consistency with the need of time. It also emphasizes on Bangladesh's transformation to developing nations club, effectively addressing the challenges of the Fourth Industrial Revolution (4IR), and offsetting the potential impacts on the economy posed by the pandemic[5]. In addition, it prioritizes capacity building efforts in view of Bangladesh's emergence as a developing country as well as visualizing the Middle-Income Country (MIC) status.

The main objectives of the policy are:

- Attain sustainable development of export trade by 2024;
- Achieve exports of US$ 80 billion by 2024;
- Increase exports of labor-intensive and non-traditional items;
- Improve quality verification and certification system to global standards;
- Ensure compliance and best practices to enhance exports;
- Enhanced participation women and small entrepreneurs in export-oriented industries and trade;
- Attach top priority to service sector including ICT, e-commerce and e-governance;
- Adopt strategies of fourth industrial revolution (4IR) for expansion and dynamism of exports;
- Formulate strategies to address the challenges of graduation from LDC to developing nation;
- Attract FDI in the export sector for high-value products; etc.

Top priority sectors with untapped exports potential for promotion of exports under the policy include: High-Value Added RMG; Man-made Fiber; Garments Accessories; Pharmaceuticals products; Plastic products; Footwear and Leather products; Jute and Diversified Jute Products; Agro- and processed agro-products (fruits, cut-flower); Light Engineering products (Auto parts, bi-cycle, motor-cycle, battery); etc.

In addition, the policy includes a special development sector comprising of products having export potential, but the basis of their production, supply and export is not well-organized. Such products are: electrical, electronics, and ceramic products; value-added frozen fishes; printing and packaging; cutting and polished diamond and jewelry; paper and paper products; rubber and rubber products; silk materials; handloom and handicraft products; photovoltaic modules; crabs; cashew nuts; toys; halal fashion; halal meat and meat products; auger; etc.

[5] Chowdhury, N.H., The New Export Policy 2021-2024: How it would Boost up the Export Target of Bangladesh, published by the Korea Institute for International Economic Policy, 2022

Further, the policy newly introduced top priority service sector which include software and IT-enabled services; ICT products; Business Process Outsourcing (BPO); and Free Lancing. Likewise, the special development service sector includes tourism industry; architecture engineering and consultancy services. Moreover, considering the LDC graduation, the export policy indicated that proper measures would be taken to address the establishment and creation of Active Pharmaceutical Ingredient (API) in Dhaka and Chittagong, as well as increasing foreign investment in pharmaceuticals through various attractive incentives. Also, export incentives and policies for API and reagents will be prioritized and Mutual Recognition Agreement (MRA) may be in place with countries like USA, Phillipines and other exporting markets.

The policy also provides for several special benefits for the top priority sector and special development sector, such as:

- Project loans at a reduced interest rate;
- Income tax rebates;
- Financial assistance or subsidies in conformity with the WTO Agreement on Agriculture, and Agreement on Subsidies and Counter-veiling Measures in case of utility services;
- Export credits at simplified procedures and reduced interest rates;
- Prioritized treatments for air travel;
- Tax refund and bond facility;
- Tax-free importation of equipment for setting up compliant industries;
- Assistance in exploring overseas markets; etc.

On the other hand, products prohibited for exports under the policy include: petroleum and petroleum products; jute seeds and sun-hemp seeds; firearms and ammunitions; radio-active products; archeological relics; all types of pulses; garlic, onion, and ginger; human skeleton and products made of human blood; all types frogs and frog-legs; etc.

1.2.3.4 Perspective Plan 2041 & Vision 2030

The second Perspective Plan 2021-41, popularly termed as the government's Vision 2041, is a continuation of Vision 2021. It aims to carry the development journey of Bangladesh to end absolute poverty and to graduate into a higher middle-income status by 2031 and a developed country by 2041. It is considered as the instrument to fast track the nation on the development path. The Plan provides the roadmap for accelerated growth and lays down broad approaches for eradication of poverty, inequality, and human deprivation. The Plan builds on the successes of Vision 2021, while also drawing on the good practice experiences of other UMICs and HICs that have already travelled the development path that Bangladesh is endeavoring to cross.

The plan identified the major priority areas, to be developed country by 2041 and achieve vision 2041, that include modern power grid, blue economy, skill development, recognition of free lancing, urban development, etc. The 8FYP aligns with different social and economic targets that have been forecast in the Plan and outlines concrete programs and projects to achieve the targets. Further, the Plan coincides with the Bangladesh Delta Plan 2100 targeted to 'achieving

Safe, Climate Resilient and Prosperous Delta'. In terms of temporal space, the two plans share 20 years of shared implementation period, and more importantly, some common goals and visions to create an 'Environmentally Sustainable and a Climate Resilient Delta Nation'.

Two principal visions underpin the Plan: (a) Bangladesh will be a developed country by 2041, with per capita income of over US$ 12,500 in today's prices (more than US$ 16,000 in 2041 price), and fully in tune with the digital world; (b) Poverty will become a thing of the past. According to the Plan, 8.48 percent of the population is currently severely poor, and is projected to hit zero percent by 2031. Currently, 17.83 percent of middle-income individuals live in Bangladesh that will decline to 9.9% by 2031 and below five percent by 2041. In addition, the 20-year strategy set the goal of achieving 9.9% growth in GDP by ensuring investment to 46.88% of GDP by 2041 and raising tax collection to 21.85% of GDP.

Bangladesh has also commenced on an ambitious journey of Vision 2030 where, line with its motto of "Leave no one behind," the country has taken a "whole of society" approach to implement and accomplish the Sustainable Development Goals (SDGs) after its successful implementation of Millennium Development Goals (MDGs). The goal is to create a knowledge-based society through the use of ICT, and Bangladesh has been investing heavily in this effort towards transforming to a Digital Bangladesh. The government has also taken major steps to improve the country's ability to gather and use accurate and timely data. Bangladesh also intends to achieve universal health coverage (UHC) by 2030, in accordance with the SDG targets.

It is expected that Bangladesh will experience a rapid transformational shift in different economic sectors including trade and industry with the implementation of the Plan. Weaknesses in trade infrastructure (ports, transportation infrastructure, and customs administration) are well known. Export competitiveness is sharply reduced by the high transaction costs relative to competitors from other countries. High transaction costs are also fueled by the inefficiencies of customs procedures. Turning these around will be a strategy of the Plan for the immediate future[6].

1.2.3.5 8th Five Year Plan

This 8th Five Year Plan, July 2020 - June 2025 (8FYP) aims to bring Bangladesh closer to the goals of attaining Upper Middle-Income Country (UMIC) status, attaining major Sustainable Development Goal (SDG) targets, and eliminating extreme poverty by FY2031. In the backdrop of these factors, the 8th Plan centers on six core themes:

[6] Dr. Shamsul Alam was a Member (Senior Secretary), General Economics Division, Bangladesh Planning Commission, "Vision 2041: Alignment with other macro plans", the Financial Express, April 06, 2019

- Rapid recovery for COVID-19 to restore human health, confidence, employment, income and economic activities;
- GDP growth acceleration, employment generation, productivity acceleration and rapid poverty reduction;
- A broad-based strategy of inclusiveness with a view to empowering every citizen to participate fully and benefit from the development process and helping the poor and vulnerable with social protection-based income transfers;
- A sustainable development pathway that is resilient to disaster and climate change; entails sustainable use of natural resources; and successfully manages the inevitable urbanization transition;
- Development and improvement of critical institutions necessary to lead the economy to UMIC status;
- Attaining SDG targets and coping up the impact of Least Developed Country (LDC) graduation.

Following the objectives, it is expected to achieve an 8.0 percent average growth rate during the plan period, reduce the poverty rate from 20.50 percent to 15.60 percent, and further strengthen the existing social security system while eliminating poverty and narrowing inequality. The 8FYP directs particular attention to improving the investment climate for private investment specially to accelerate the sluggish performance of FDIs. Importantly, foreign FDI is projected to play a bigger role in the 8FYP, with some 27% of the projected 9.1 percentage point increase in private investment. Increased FDI is also considered necessary to acquire new technology, improve skills and enhance export markets.

The 8FYP focuses on a pro-poor growth strategy and aims to achieve 8.5 percent GDP growth by 2025. There are also targets for many indicators including inflation, public and private investment, employment, poverty reduction, revenue mobilization, allocation for Annual Development Plan (ADP), and sectoral performances including education and health. During the implementation period of the 8FYP, the government foresees a number of challenges. The four specific ones are: Covid-19 pandemic, graduation from the least developed country (LDC) category, the implementation of the Sustainable Development Goals (SDGs) and climate change vulnerability. The achievement of the 8FYP targets will hinge on how effectively these challenges are confronted.

The 8FYP is expected to fuel economic recovery and resume the growth trajectory that was laid during the past 10 years. In the field of trade and industry, it intends to keep the domestic policies directed towards promoting economic activities based on Bangladesh’s comparative advantage in labor-intensive production. It will also boost the manufacturing sector which is considered as the major driver of rapid growth and employment creation. It plans to make the trade policy supportive of the industrialization strategy focusing on developing a globally competitive manufacturing sector with strong and sustainable export performance. It vows to address the demands of a dynamic global market and an export-oriented trading regime, and make necessary structural adjustments that might be unleashed into the manufacturing and service sector.

1.2.3.6 National ICT Policy 2018

The National ICT Policy has become a flagship regulatory framework for the digital agenda in Bangladesh. The policy is based on the constitutional framework of Bangladesh that emphasized social inclusion and citizen's equal participation in society. The prime objective of the policy is to establish a transparent, inclusive and accountable government for economic growth and social development. The government places extensive emphasis on digital technologies as a significant force in the development process. 'Digital Bangladesh' is a state sponsored initiative to promote several ambitious ICT projects aiming for a poverty free and more inclusive society in the country. The policy was first adopted in October 2002, then modified in 2008, 2009 and 2015 respectively. Finally, on 15 December 2018, the government formulated the new National ICT Policy with a significant adjustment introducing several strategic themes and action plans.

Bangladesh is emerging as a freelance IT and IT-enabled services (IT/ITES) outsourcing center. According to the Bangladesh Association of Software and Information Services (BASIS), over 1,500 software and IT-related companies have registered in Bangladesh. The ICT sector, excluding telecommunications, employs approximately one million professionals, while ICT exports are estimated to be worth over US$1 billion; North America being the main destination. According to the Oxford Internet Institute (OII), Bangladesh has been ranked as the second largest online labor supplier country after India. Bangladesh has reached widespread telecommunications coverage through wireless devices. The country has linked around 79,000 km optical fiber with an optic submarine connection network as a part of the 16-country consortium between Southeast Asia, the Middle East and Western Europe since 2017. The Bangladesh Telecommunication Regulatory Commission (BTRC) puts total internet subscribers at 117.3 million as of May 2021, of which only 9.8 million use broadband connections while the rest are mobile internet users. Industry analysts expect this growth in the ICT sector to create demand for services, including training and equipment export opportunities[7].

The policy aims for digital transformation of industry and commerce in the country by encouraging digital commerce, digital transaction, and industries based on digital technologies with a view to enhance national productivity. Necessary support and incentives are provided for cost-effective IT/ITES related industries to survive in the competitive markets. Establishment of software technology park/industry all over the country, and development of dependable ICT infrastructure is a major goal of the policy. It targets to undertake strong marketing campaign

[7] Aziz, A. (2020). Digital inclusion challenges in Bangladesh: The case of the National ICT Policy. *Contemporary South Asia*, *28*(3), 304-319. https://doi.org/10.1080/09584935.2020.1793912

worldwide for Bangladeshi ICT products and services, including international branding of Bangladesh. It also encourages use of ICT in local and international trade and commerce.

The context of ICT policy in Global Trade cannot be ignored. As the creation of pace in the global market for international trade is concern, productivity enhancement and skillful handling of goods and services in production and supply management is very significant, particularly when the 4IR is taking significant role. The large technology companies will dominate in this environment, especially as the system will heavily rely on software. Bangladesh has to get prepared to enjoy the advantages of FTA by utilization of ICT applications at home and in abroad. Application of ICT has enormous potential for Bangladesh to achieve a competitive position in the global market.

As the competitive countries do, the government of Bangladesh declared the ICT sector as a 'thrust' sector. To this end, the government has formulated required policy documents like 'ICT policy 2018', 'Made in Bangladesh–ICT Industry Strategy', 'National Strategy for Robotics', 'National Internet of Things Strategy Bangladesh', 'National Blockchain Strategy: Bangladesh', 'Cyber Security Strategy', 'National Information Security Guideline' and so on. Two objectives of ICT policy 2018 among others are to "Skill Development and Employment Generation" and "Productivity enhancement". Both of them are supportive to International Trade and earning of foreign currency.

The government has formed an ICT Business Promotion Council (IBPC) for promotion of ICT related services and businesses in international and domestic markets. The IBPC has a shared office in Silicon Valley in California for Bangladeshi ICT companies to Trade in the US. Others are planned for European countries, Japan and North American cities. In addition to policy development, the government has provided support for the sector's growth through favourable laws and public ICT projects to encourage domestic and international investors in the Bangladesh ICT sector.

The telecom sector, financial institutions, pharmaceutical companies, and ready-made garments (RMG) industries undertook large scale Business Process Automation initiatives, that led number of local software development companies to grow substantially. In 2017, more than 250 Bangladeshi companies exported ICT services to more than 60 countries globally, totaling $800 million dollars, which is approximately 2.2 percent of Bangladesh's total export value*.

The 'Made in Bangladesh–ICT Industry Strategy', has been formulated by the government in order to turn Bangladesh into a world class ICT products manufacturing hub, create employment in the sector, attract foreign investment and boost export of local products. Through the concept of Digital Bangladesh, the government is promoting a digital ecosystem and prioritising the ICT sector, while simultaneously facilitating business growth for a successful domestic and international outsourcing model.

Bangladesh has entered the low value ICT outsourcing space by serving companies in the US, Europe, and South East Asia. The impact of the coronavirus pandemic and global recession has widened opportunities for Bangladeshi companies to deal with Business Process Outsourcing (BPO) of medical and legislative data for North American companies and the medical sector in general. More than 120 companies export ICT products worth nearly $1 billion to 35 countries*.

ICT has been considered as an important tool for enhancing Global Trade and thereby future economic driver of growth of Bangladesh and is confident to exploit the opportunities prevailing at this Digital Age.

1.2.3.7 National Digital Commerce Policy 2018

The National Digital Commerce Policy aims to restore trust in e-commerce websites in Bangladesh by making safer digital transactions. The policy came as the government's vision to establish a functioning industry and grow exports, eventually creating a sustainable job market for Bangladeshi youth. It also promises to provide credible, reputed vendors from e-commerce websites. Codes of conducts are to be implemented for website designing and consumer rights which the e-commerce websites have to follow through. Copyrights are to be respected and enforced further. Net neutrality and digital rights are enforced from mobile operators end as well.

Under the policy, e-commerce websites should abide by upgraded terms and conditions intended to enforce consumer rights, where necessary. Mobile payment and digital transactions are safer in these days, as banks and mobile financial services are now more secure. Piracy and hacking are handled by the central commerce cell operated under the MoC. The cell also aims to enforce the policy across e-commerce platforms.

To create awareness on this policy, the government launched offline campaigns in different regions across the country to restore consumer faith in the e-commerce industry. A lawful structure is also implemented by the ICT ministry to improve consumer satisfaction while buying from e-commerce sites. A digital signature is to be implemented by the e-commerce websites with e-Commerce hosting on every transaction to strengthen security issues. A center of excellence is planned to be established to further strengthen the e-commerce sector for the future.

1.2.3.8 Bangladesh National Drug Policy 2016

The National Drug Policy, 2016 outlines the requirements for access to quality drugs and skilled physicians and veterinarians to ensure human and animal health and to line up with national policies on health and population[8]. The policy encompasses the safe and rational use of drugs

[8] Murshid ME and Haque M, "Bangladesh National Drug Policy 1982-2016 and Recommendations in Policy Aspects", Eurasian Journal of Emergency Medicine, 2019;18(2):104-9

and regulatory aspects of the national regulatory body, the Directorate General of Drug Administration (DGDA). It has two primary objectives:

- to ensure people can have easy access to safe, effective and good quality drugs at affordable prices; and
- to ensure rational and safe use of drugs and proper dispensing.

In the Policy, Bangladesh government made a list of priority medicines consisting of 285 medicines. It also included ayurvedic, herbal, and homeopathic medicines.

Bangladesh’s pharmaceutical industry supplies almost the entire domestic market and around 135 other countries. Growth has increased in recent years, with exports almost quadrupling in the decade after 2006, an average annual compound growth of 16%. The government officially designated pharmaceuticals the product of the year for 2018 in an effort to boost production, with a specific focus on exports.

While the government rightly welcomes LDC graduation as a sign of development progress, graduation would among other things end Bangladesh’s access to the WTO waiver which until 2033 exempts LDCs from obligations under the TRIPS Agreement related to patents or other intellectual property rights on pharmaceutical products and clinical data. The waiver, an extension of measures under the 2001 TRIPS and public health agreement, allows LDC WTO members to produce patented drugs without first asking patent holders or paying them a fee. Bangladesh should seek an extension to the WTO waiver that the government should continue with its highly context-sensitive industrial policy toward the sector.

1.2.3.9 Investment Policy in Bangladesh

Bangladesh is now considered as the most liberal and business friendly economy in South Asia and an attractive destination for foreign private business and investments. It offers generous and attractive packages of incentives to investors. Moreover, Bangladesh’s unique geostrategic location between South Asia and ASEAN Region has been an increasingly important consideration for prospective investors. Board of Investment (BOI) of Bangladesh, a government body, coordinates and facilitates the process of foreign investment and provides necessary institutional support. For foreign direct investment, there is no limitation pertaining to foreign equity participation and except few sectors, 100% foreign equity is allowed. Bangladesh offers generous opportunities for investment under its liberalized Industrial Policy and export-oriented, private sector-led growth strategy. All but four sectors (i.e. (1) arms and ammunition and other defense equipment and machinery, (2) forest plantation and mechanized extraction within the bounds of reserved forests, (3) production of nuclear energy, and (4) security printing and mining are open for private investment in Bangladesh.

The government's facilitating role helps create an enabling environment for expanding private investment, both domestic and foreign. The government assures protection against nationalization and expropriation through the Foreign Private Investment Act of 1980 which inclusively assures the repatriation of capital and dividend for foreign investors. Similarly profits and dividend accruing to foreign investment may be transferred in full. If foreign investors reinvest their reparable dividends and/or retained earnings, those will be treated as new investment. Bangladesh has also made adequate legislative provisions to protect intellectual property rights.

a) **Investment Protections / International Agreements:** The policy framework for foreign investment in Bangladesh is based on 'The Foreign Private Investment (Promotion &Protection) Act. 1980, which ensures legal protection to foreign investment in Bangladesh against nationalization and confiscation. It also guarantees non-discriminatory treatment between foreign and local investment, and repatriation of proceeds from sales of shares and profit. International Agreements: Bangladesh has concluded bilateral agreements for avoidance of double taxation and investment treaties for promotion and protection of investment with the following countries:

Table 1: Bilateral Trade Agreement

	Already executed	Being negotiated
Bilateral agreement	Belgium, Canada, China, Denmark, France, Germany, India, Italy, Japan, Poland, Romania, Singapore, South Korea, Sri Lanka, Sweden, Thailand, The Netherlands, United Kingdom (including Northern Ireland).	U.S.A, Iran, Philippines, Qatar, Australia, Nepal, Turkey, Indonesia, Cyprus, Norway, Finland and Spain.
Investment treaty	Belgium-Luxemburg, France, Germany, Iran, Italy, Japan, Malaysia, Pakistan, Cambodia, Kuwait, UAE, Bahrain, Philippines, Vietnam, DPRK, Poland, Belarus, Republic of Korea, Romania, Uzbekistan, Singapore, Switzerland, Thailand, China, Denmark, Austria, The Netherlands, India, Turkey, United Kingdom, USA, Indonesia, EC, OIC.	Hungary, Oman, Moldova, Egypt, Saudi-Arabia, Mauritius, Sri Lanka, Myanmar.

In addition, Bangladesh is a signatory to MIGA (Multilateral Investment Guarantee Agency), OPIC (Overseas Private Investment Corporation) of USA, ICSID (International Centre for Settlement of Investment Disputes) and a member of the WIPO (World Intellectual Property Organization) permanent committee on development co-operation related to industrial property.

Incentives to Non-Resident Bangladeshis (NRBs): Investment of NRBs will be treated on par with FDI. Special incentives are provided to encourage NRBs to invest in the country. NRBs will enjoy facilities similar to those of foreign investors. Moreover, they can buy newly issued shares/debentures of Bangladeshi companies. A quota of 10% has been fixed for NRBs in primary public shares. Furthermore, they can maintain foreign currency deposits in the Non-resident Foreign Currency Deposit (NFCD) account.

b) **General facilities/ incentives:** In addition to tax holiday and tax exemption mentioned above Bangladesh allows Accelerated depreciation which implies that Industrial undertakings not enjoying tax holiday will enjoy accelerated depreciation allowance. Such allowance is available at the rate of 100 per cent of the cost of the machinery or plant if the industrial undertaking is set up.

c) **Concessionary duty on imported capital machinery:** Import duty, at the rate of 5% ad valorem, is payable on capital machinery and spares imported for initial installation or BMR/BMRE of the existing industries. The value of spare parts should not, however, exceed 10% of the total C & F value of the machinery. For 100% export-oriented industries, no import duty is charged in case of capital machinery and spares. However, import duty @ 5% is secured in the form of bank guarantee or an indemnity bond will be returned after installation of the machinery. Value added Tax (Vat) is not payable for imported capital machinery and spares.

d) **Exchange control regulations:** Bangladesh 'Taka' is convertible for current external transactions. Individuals/firms resident in Bangladesh may conduct all current external transactions, including trade and investment related transaction, through banks in Bangladesh authorized to deal in foreign exchange (Authorized Dealers) without prior approval of the Bangladesh Bank. Non- resident direct investment in industrial enterprise in Bangladesh and non-resident portfolio investment through stock exchanges in Bangladesh also do not require prior approval of the Bangladesh Bank.

e) **Services under Bangladesh Investment Development Authority (BIDA):** Established under Bangladesh Investment Development Authority (BIDA) Act 2016, the Bangladesh Investment Development Authority (BIDA) is the principal private investment promotion and facilitation agency of Bangladesh. BIDA coordinated the establishment of a One-Stop Service Center. 150 services of 34 agencies are identified and process simplification of these has started. Once these are completed clients will get their services from one point. A few of the services are:

- Pre-investment information and counseling service.
- Investor welcome service (faster immigration).
- Registration/approval of foreign, joint-venture and local projects.
- Registration/approval of branch/liaison/representative offices.
- Approving work permit for the foreign nationals.
- Facilitating utility connections (electricity, gas, water & sewerage, telecom etc.).
- Assistance in obtaining industrial plots.

- Approving remittance of royalty, technical know-how and technical assistance fees.
- Facilitating import of capital machinery & raw materials.
- Approving foreign loan suppliers' credit, PAYE scheme etc.

f) **Services under Bangladesh Economic Zones Authority (BEZA):** BEZA's mandate to establish, license, operate, manage and control economic zones is provided by the Bangladesh Economic Zones Act, 2010. A special economic zone is an area in which the business and trade laws are different from the rest of the country. Instituted in 2010, BEZA is working to establish 100 economic zone in all potential areas in Bangladesh including backward and under developed regions. The goal is to encourage rapid economic development through diversification of industry, employment, production and export. Until now, BEZA has got the approval to establish 88 economic zones countrywide comprising 59 Government and 29 Private EZs, for which feasibility studies, land acquisition and identifying area specific social and environmental initiatives are underway. BEZA has also been working to establish government to government EZs, public private partnership EZs and special tourism parks. BEZA provides many incentives both to manufacturing unit investors and the developers of the Economic Zones. BEZA is mandated to establish, license, operate, manage and control economic zones in Bangladesh. General duties and functions of BEZA as per Bangladesh Economic Zones Act, 2010 (Section 19) are as below:

I. To identify and select sites for industrial or similar sectors on availability of local resources including infrastructure, roads and communications, travel and banking facilities and skilled man-power for ensuring efficient utilization of land in the light of clustering principles;
II. To acquire land for economic zones identified by own initiative or public-private partnership and take possession of the acquired land on behalf of the Government;
III. To appoint economic zone developer on competitive basis to develop and manage the acquired land and different type of infrastructure thereof;
IV. To prepare infrastructure development plans of economic zones for implementation and management of own establishment and submit it to the Governing Board for approval;
V. To allot or lease or rent of land, building or site, on competitive commercial basis in prescribed manner, to investors applied for establishing industrial units, businesses and service providers in economic zones for implementation and management of their establishment;
VI. To ensure infrastructure development of economic zones within specified period through monitoring of activities of its own and of economic zone developers;
VII. To create opportunities for employment through establishing backward linkage industries within or outside economic zones by promoting local and foreign investment including development of skilled labour force;

VIII. To ensure efficient use of land in the light of clustering principles by dividing the land based on infrastructure and on availability of local resources to provide a conducive environment and facilities within economic zones;

IX. To encourage more efficient management and monitor programs for implementing commitments on environment and other matters;

X. To take steps to establish backward linkage industries in economic zones to meet the requirements of local economy;

XI. To encourage business organizations to relocate polluting and unplanned industries from metropolitan cities through establishing separate economic zones for different industries;

XII. To encourage public-private partnership in the development and operation of economic zones;

XIII. To take necessary steps to implement social and economic commitments;

XIV. To establish the due rights of workers, to ensure their welfare and to establish conducive relationships between owners and workers;

XV. To take appropriate steps to implement poverty reduction program;

XVI. To expedite implementation of industrial policy of the country by promoting planned industrialization of the thrust manufacturing and service sectors; and

XVII. To convert the areas declared as economic zones into economic centers by developing industrial cities, agro-based industrial zones, trade zones and tourism zones through investment of banking sectors and to facilitate availability of skilled labor and efficient service provisions.

Table 1.1 | Incentives in investing in the BEZA area

Incentives for developer:	**Incentives for unit investors:**	**Business Climate & Opportunities**
• Income Tax exemption for 12 years • VAT exemption on electricity • VAT exemption on local purchase excluding petroleum products • Exemption from custom/excise duties • Exemption of stamp duty and registration fees for land registration • Exemption of stamp duty for registration off loan/credit document • Exemption from dividend tax	• Income Tax exemption for 10 years • Duty free import of raw materials etc. • Economic Zone declared as custom bonded area • Exemption from dividend tax • Full repatriation of capital and dividend • No ceiling of FDI • 100% backward linkage of raw-materials and accessories to sell for EOI in DTA • 20% sale of finished product to DTA • Sub-contracting with DTA allowed • 50% exemption of stamp duty and registration fees for	• Exemption of CD for import of vehicles • Exemption of double taxa□on subject to the existence of double taxa□on agreement • Exemption of salary income from IT for expatriates • Foreign loan is allowed in compliance with existing laws • FC Account for non-residents • FC Account for both local and joint venture industry • Foreign investors to be free to enter into JV • Tax exemption on royalties, technical fees etc. • Tax exemption on capital gains from transfer of shares

Incentives for developer:	Incentives for unit investors:	Business Climate & Opportunities
	registration of leaseholder land/factory space • Exemption of VAT on all utility services • Duty exemption on export	• Provision of transfer of shares by foreign shareholders to local shareholders and investors • Issuance of work permit to foreigners is allowed up to 5% of total officers/employees of an industrial unit • Re-investment of remittable dividend to be treated as new foreign investment • Resident visa for investment of US$ 75,000 or more • Citizenship for investment of US$ 10,00,000 or more incentive

g) **Services under Bangladesh Export Processing Zones Authority (BEPZA):** The activities of BEPZA are guided by the Bangladesh Export Processing Zones Authority Act, 1980. Export processing zones (EPZ) are territorial or economic enclave in which goods may be imported and manufactured and reshipped with a reduction in duties/and/or minimal intervention by customs officials. BEPZA is the official organ of the government for promotion, attraction and facilitation of foreign investment in the EPZs. BEPZA also supervises compliance with social, environmental and workplace standards with the aim of ensuring harmonious labor and industrial relations in EPZs. EPZ provides plots/factory buildings in customs bonded area, infrastructural & administrative facilities, fiscal & non-fiscal incentives to attract foreign & local investment discussed in **Table 1.2**.

Table 1.2: Incentives in investing in the BEPZA area

Fiscal Incentives	Non – Fiscal Incentives	Facilities
• 10 years' tax holiday for the industries to be established before 1st January, 2012 and Duration and rate of tax exemption for Mongla, Ishwardi & Uttara EPZ for the industries set up after January 01, 2012 • Duty free import of construction materials • Duty free import of machineries, office	• 100% foreign ownership permissible • Enjoy MFN (most favored nation) status • No ceiling on foreign and local investment • Full repatriation of capital & dividend • Foreign Currency loan from abroad under direct automatic route Non-resident Foreign	• No Utilization Declaration (UD), Export Registration Certificate (ERC), Import Registration Certificate (IRC) and renewal of Bond license • Work permits issued by BEPZA • Secured and protected bonded area • Off-Shore banking available • Import on Documentary Acceptance (DA) basic allowed • Back-to-Back L/C

Fiscal Incentives	Non – Fiscal Incentives	Facilities
equipment & spare parts etc. • Duty free import and export of raw materials and finished goods • Relief from double taxation • Exemption from dividend tax • GSP facility available • Accelerated depreciation on machinery or plant allowed • Remittance of royalty, technical and consultancy fees allowed • Duty & quota free access to EU, Canada, Norway, Australia etc.	Currency Deposit (NFCD) Account permitted • Operation of FC account by 'B' and 'C' type Industries allowed.	• Import and Export on CM basis allowed • Import from DTA (Domestic Tariff Area) • 10% sale to DTA (Domestic Tariff Area) • Customs clearance at factory site • Simplified sanction procedure • Sub-contracting with export-oriented Industries inside and outside EPZ allowed • Relocation of foreign industries allowed • Accords Resident-ship and Citizenship • One Window same day service and simplified procedure.

1.2.3.10 The Customs Act, 1969

The Customs Administration under the National Board of Revenue conducts its operations following the provisions delineated in the Customs Act, 1969. The Act contains provisions relating to the levy and collection of customs duties on goods and other allied matters. Under the Act, the term 'Goods' mean all movable goods and include conveyance, stores and materials, baggage, and currency and negotiable instruments, while the Customs-Area means the limits of the customs-station specified under Section 10 and includes any area in which imported goods or goods for export are ordinarily kept before clearance by the customs authorities.

The Act was amended several times allowing provisions on anti-dumping and countervailing rules and safeguard rules, to introduce transaction values as the basis for customs valuation, and more importantly, to meet international standards and best practices particularly the Revised KYOTO Convention (RKC), and the SAFE Framework of Standards, which was also adopted in June 2005 by the World Customs Organization (WCO) Council[9]. However, a new Customs Act is under preparation in order to accommodate the trade facilitation provisions of the WCO RKC and the WTO Trade Facilitation Agreement.

[9]Asian Development Bank, Regulatory Impact Analysis Report on the Current Customs Regulatory Framework in Bangladesh, Mandaluyong City, Philippines, 2015

1.2.3.11 Foreign Exchange (Regulation) Act, 1947

The Foreign Exchange Regulation Act 1947 is the basic law for the control of foreign exchanges in Bangladesh. It provides the legal basis for regulating certain payments, dealings in foreign exchange as well as securities. Bangladesh Bank, the central bank of Bangladesh, is responsible for administering foreign exchange transactions in Bangladesh and issued the Guideline for Foreign Exchange Transactions. All foreign exchange should be transacted pursuant to the Guideline and the Act.

1.2.3.12 Competition Act, 2012

The Competition Act 2012 was enacted by repealing and replacing the Monopolies and Restrictive Trade Practices Ordinance, 1970. Under the Act, Bangladesh Competition Commission was established in 2012 as a judicial body responsible for encouraging fair competition in the market. The purposes of the Commission are to prevent, control and eradicate collusion, monopoly and oligopoly, combination or abuse of dominant position or activities averse to the competition.

1.2.3.13 One Stop Service Act 2018

The Government has promulgated the One Stop Service Act 2018 in order to make it easy for investors to set up and start running businesses in Bangladesh. According to the definition of One Stop Service (OSS), as provided in Section 2 (2) of the Act, some 37-38 services, listed in the Schedule-B of the Act, are to be provided by Central or Regional OSS centers. The law further provides that there are four recognized bodies that shall be able to provide the services defined in the act as one stop services.

The four organizations are: Bangladesh Investment Development Authority (BIDA); Bangladesh Economic Zones Authority (BEZA); Bangladesh Export Processing Zones Authority (BEPZA); and Bangladesh Hi-Tech Park Authority (BHTPA). These organizations are regarded as the central OSS centers. The Regional OSS centers are those that shall be established under the aegis of the four organizations around Bangladesh mostly at strategic locations only where the four organizations already have their offices.

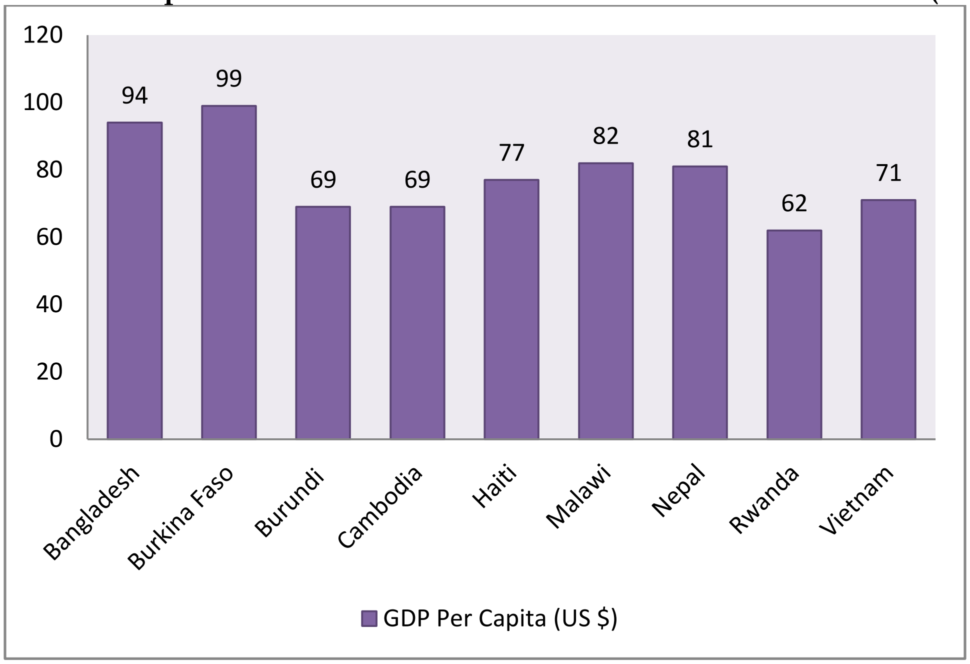
Under the Act, the Government has further issued a set of Rules that set up the central and regional OSS centers with provision to extend services under the OSS as per the Standard Operating Procedures (SOPs).

1.3 Bangladesh and its Global Trade

Emerged in 1971, Bangladesh was once derided as a “basket case”, but it is now hailed by analysts worldwide for the quality of social and economic progress achieved by the country. In 1972, with a per capita income of under US$ 100, Bangladesh was at the bottom of the income pile, with the company of nations like Burundi, Cambodia, Haiti, Rwanda, Nepal and Vietnam

(**Figure 1.1**). Of late, having crossed the per capita income threshold of US$ 2000, with a GDP of US$ 325 billion, it ranks in the top 40 economies of the world by GDP[10].

Figure 1.1: Per Capita GDP of Bottom of the Income Pile Countries in 1972 (in US$)



Data Source: *https://www.macrotrends.net*

Total import value of Bangladesh in 2020-21 was BDT 5,224,758 million equivalent to US$ 61,609.1 million recording an increase of 10.74 percent from 2019-20[11]. Principal commodities for import were Rice, Wheat, Edible oil, Petroleum oil (crude), Petroleum products, Plastics and articles, Raw cotton, Cotton yarn & synthetic yarn, Cement (Clinker), Man-made staple fiber, Fertilizers, Iron and steel, etc. On the other hand, total value of exports in 2020-21 was BDT 3,847,138 million equivalents to US$ 45,367.19 million that reflected 14.12 percent increase compared to that in 2019-20[12]. Main export goods were Readymade garments, Made-up textile articles, Vegetable textile fiber/yarn, Shrimps and prawns, Foot wear, Hides, skins and leather, Raw jute, Hats and other headgear, etc. China and India are the most dominant import sources comprising about 42 percent of total imports while the EU and USA are the main export destinations sourcing 49 percent and 18 percent of total exports. Average import value of Bangladesh during 2015-16 to 2020-21 was US$ 55.26[13] billion, while average export value during the period was US$41.61 billion[14].

[10]Dr. Zaidi Sattar, "Fifty years of the evolution of trade policy in Bangladesh", Policy Research Institute (pri-bd.org), April 14, 2021

[11] Source: Bangladesh Bank

[12] Source: Export Promotion Bureau

[13] Bangladesh Bank Import Data 2020-21

[14] EPB Export Data 2020-21

1.4 Regional trade

Bangladesh has a negative trade balance with its trading partners in South Asia. Outside of India, intraregional trade is not significant in the total trade of Bangladesh and the situation has not changed much. Of Bangladesh's total exports, the share of exports to the South Asian Association for Regional Cooperation (SAARC) region is only 2–3 percent, while Bangladesh's imports from SAARC countries have been growing at a steady rate of 16 percent per annum since the early 2000s. Bangladesh's trade in South Asia has focused on India and Pakistan. Data on exports and imports trade of Bangladesh with SAARC countries is presented in **Table 1.3** below:

Table 1.3: Bangladesh Trade with Regional Countries (Million US$)

Countries	2019-20			2020-21		
	Export	**Import**	**Trade balance**	**Export**	**Import**	**Trade balance**
Afghanistan	5.7	9.3	-3.6	8.6	20.5	-11.9
Bhutan	4.3	40.9	-36.6	6.9	38.8	-31.9
India	1,096.4	5,793.6	-4,697.2	1,279.7	8,593.5	-7,313.8
Maldives	5.1	1.6	3.5	6.0	2.9	3.1
Nepal	46.0	9.5	36.5	68.7	4.8	63.9
Pakistan	50.5	543.9	-493.4	82.7	502.7	-420.0
Sri Lanka	38.4	54.7	-16.3	47.3	117.7	-70.4
Total:	**1,246.4**	**6,453.5**	**-5,207.1**	**1,499.9**	**9,280.9**	**-7,781.0**

Source: Bangladesh Bank for import data and Export Promotion Bureau for export data

1.5 Trade facilitation

The process of trade liberalization in Bangladesh took place simultaneously with the negotiations under the Uruguay Round, World Trade Organization (WTO) agreement, development of preferential trade agreements in the 1990s such as South Asian Preferential Trade Agreement (SAPTA), and formation of the South Asian Free Trade Area (SAFTA) in 2006. Bangladesh has made great efforts to implement trade facilitation measures. Under the initiatives of trade liberalization, different types of customs duty and number of tariff lines were reduced. The revolution of the trading system in Bangladesh is summarized below:

- In 1984, Bangladesh abolished its import licensing system under the MoC.
- In 1987, it became a contracting party to the World Customs Organization's (WCO) International Convention on the Harmonized Commodity Description and Coding System.
- In 1994, it introduced the Automated System for Customs Data (ASYCUDA) at the National Board of Revenue (NBR).
- In 1995, Bangladesh became a member of the World Trade Organization (WTO).
- In 2010, Bangladesh signed a letter of intent with the World Customs Organization (WCO) to implement the Framework of Standards to Secure and Facilitate Global Trade.
- On 28 September 2012, Bangladesh acceded to the WCO's Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures (RKC). Both events were significant steps forward in increasing trade facilitation.

- On September 27, 2016, Bangladesh sanctioned the WTO's Trade Facilitation Agreement (TFA) for reducing cost and time of the export and import goods.

Major customs posts in Bangladesh (Chattogram, Dhaka, Benapole, and Mongla) use the computerized customs management system ASYCUDA++. Bangladesh has also been piloting a single-window system in Chattogram. As a result, the total steps involved in customs clearance have been brought down from 32 to just 7.

Further, the National Trade and Transport Facilitation Committee (NTTFC), as an inter-ministerial body, has been set up to coordinate all trade and transport-related policies and activities in Bangladesh. The NTTFC is chaired by the Minister for Commerce and includes representatives from both the public and private sectors. Representatives of the ministries of finance, transport, agriculture, industries, railways, etc.; the government agencies responsible for transport infrastructure and services (including roads, seaports, airports and railways); the National Board of Revenue; Ministry of Commerce and its associated organizations; import and export licensing and production certification authorities; chambers of commerce and industry; think tank institutions; etc. are included in the committee.

The general goals of the committee are: facilitation of trade and transport, implementation of administrative and legal reforms, and mechanization of procedures with support of information and communication technologies. While the specific goals include: making recommendations to the Government to develop trade and transport; and achieving increased awareness of the benefits of facilitating trade. The activities to support the achievement of the above goals may be broadly classified under four headings: the facilitation of trade and transport; organizational activities; development activities; and training activities.

Despite the above encouraging achievements, Bangladesh still fares poorly in the field of trade facilitation. Bangladesh was ranked 105th most competitive nation in the world out of 140 countries in the 2019 edition of the Global Competitiveness Report published by the World Economic Forum.

1.6 Cross Border Trade

The government has given special attention to improving cross-border trade with neighboring countries, e.g., under the South Asia Sub-regional Economic Cooperation (SASEC). The Government has so far declared as many as 24 land customs stations (LCSs) as land ports out of 181 LCSs along the border. Bangladesh Land Port Authority has been established under the Bangladesh Land Port Authority Act, 2001, to regulate and manage the affairs of the land ports. However, the most important factor is the improvement of infrastructure facilities at the land ports as well as the LCSs, as this affects 50 percent of trade with India, and 100 percent of trade with Nepal and Bhutan.

Cross-border trading with India is quite significant representing 12.07 percent of total import of Bangladesh in 2019-20. The movement of cargo from and to Nepal takes place through three LCSs, and from and to Bhutan through two LCSs. Export-imports trading with Myanmar takes place through the Teknaf land port. Bangladesh has taken many initiatives to improve the operation of the land ports as well as the LCSs, including the development of warehouse facilities. Regular meetings between customs officials are also held to discuss the issues that need policy resolution.

1.7 Tariff Rationalization

During the 1990s, Bangladesh not only significantly reduced its tariff rates but also rationalized the tariff structure. The country progressively moved towards obtaining the goal of simplicity and transparency of customs tariffs. The top custom duty rate came down to 25 percent in 2019-20 from 350 percent in 1991-1992. The average (un-weighted) customs duty (CD) decreased from 57.22 percent in 1991-92 to 14.77 percent in 2019-20. The average protective tax also declined. In addition, Bangladesh progressed a lot towards achieving a degree of uniformity and removing some tariff anomalies that existed due to higher tariffs on intermediate products compared to final products.

1.8 WTO Fifth Trade Policy Review on Bangladesh

The World Trade Organization (WTO) conducted the fifth review of the trade policies and practices of Bangladesh on 3 and 5 April 2019 on the basis of a report by the WTO Secretariat and another report by the GoB. Key highlights of the review are presented below:

The World Bank's threshold for lower-middle-income country status was crossed in 2015, and the country is on course to graduate from least developed country (LDC) status in 2024. Furthermore, growth has been led by strong domestic demand, with private consumption contributing to about two-thirds of the growth. However, the informal nature of a considerable portion of the economy implies that GDP is significantly underestimated, and it possibly undermines the effectiveness of government policy. To address structural impediments, action was taken in areas such as taxation, improving the business environment, enabling private participation in public infrastructure projects – particularly in the power and transport sectors – and labor policy. The authorities have also tried to address these and other trade-related impediments in their reform and growth agenda.

The focus of monetary policy was to control inflation and ensure an uninterrupted supply of credit to the productive sector of the country. The current account balance improved from a deficit of 0.3 percent of GDP in 2011-12 to a surplus of 1.9 percent in 2015-16, before deteriorating to a deficit of 3.6 percent in 2017-18. The deterioration was mainly due to slower exports, higher imports, and a decline in remittances. Consequently, the trade deficit as a proportion of GDP increased from around 3 percent in 2015-16 to around 7 percent in 2017-18. The exports continue to be heavily concentrated in textiles and textile articles, which accounted for nearly 90 percent of total exports in 2017-18. The largest export market in 2017-18 was the EU-28, followed by the United States, Canada, and Japan. The structure of imports is less concentrated than exports. The largest single import category continued to be textiles, which are used as inputs for the garments industry. Over 80 percent of imports originate from Asia. Bangladesh's largest import suppliers are China, India, and the EU-28. Export and Import Policies set the main trade policy objectives and measures on a three-year basis. Efforts to formulate a comprehensive trade policy, including production diversification, increased competitiveness, and trade agreement utilization and expansion, are ongoing.

The tariff remains one of the main trade policy instruments and a significant source of tax revenue (11.7 percent of total tax revenue in 2016-17). Although over 95 percent of tariff lines are *ad valorem*, and therefore transparent, the tariff involves 16 different rates (6 *ad valorem* duties, and 10 specific duties), two more than in 2011-12. Tariff protection varies substantially across and within sectors, averaging 18.1 percent for agricultural products, an increase from 17.8 percent in 2011-12, and 14.1 percent for non-agricultural products in 2018-19 (WTO definitions). *Ad valorem* tariff rates continue to range from zero to 25 percent; by late-2018 the *ad valorem* equivalents (AVEs) of the specific rates ranged from 0.01 percent to 9.8 percent. A regulatory duty continues to be levied on a c.i.f. value plus 1 percent landing charge basis at several rates on 46.4 percent of all tariff lines, thus raising the average applied MFN border duty burden (i.e., customs and regulatory duties) to 22.8 percent. Import prohibitions, restrictions and licensing are in place to, *inter alia*, protect public morals, and human life or health.

Further, certain products are subject to export prohibitions and restrictions, and export duties ranging from 2-25 percent are levied on certain products. Bangladesh provides export subsidies/cash incentives on selected products, ranging from 2-20 percent, and subject to local content requirements. The number of Bangladesh Standards (BDSs) increased by 14.2 percent; 4.4 percent (2018) of all standards were adopted in technical regulations (mandatory), whereas about 52 percent (42 percent in 2012) were aligned with international standards and 4.5 percent (1.5 percent in 2012) with regional standards. New food safety legislation and institutional improvements were made, to ensure overall coordination in the area. The competition policy regulatory and institutional framework was put in place. The legislation covers all areas, except for practices related to those goods and services which are controlled by the Government in the interest of national security and not open to the private sector; matters relating to import and export cartels (including exclusive dealership arrangements) are yet to be dealt with. State-owned enterprises continued to influence domestic pricing in certain areas (e.g. essential commodities and energy). The consumer rights regulatory and institutional framework is also functioning.

The climate-sensitive agricultural sector made a significant, albeit steadily declining, contribution to the economy (13.7 percent of GDP in 2017-18), and accounts for a large portion of employment and rural income, and the expansion of exports. Average tariff protection for agriculture increased and remains higher than the overall applied MFN average. Manufacturing, an increasingly important activity (19 percent of GDP and 96.8 percent of total exports in 2017-18), was heavily dependent on the labor-intensive textile and RMG sectors, although efforts are being undertaken to expand the relatively narrow industrial base. In addition to several policies in place, the National Industrial Policy 2016 promotes, *inter alia,* sustainable and inclusive industrial growth, infrastructural transformation, and diversification of the economic base while focusing on Cottage, Micro, Small and Medium Enterprises (CMSMEs). Average tariff protection on industrial goods stands at 13.2 percent in 2018-19, a slight reduction from 13.9 percent in 2011-12 (on an HS basis); textiles and textile articles, and footwear, headgear, etc. attracted the highest average tariff rates, of 20.4 percent and 25 percent, respectively. The services sector was the main contributor to GDP, despite a slight decrease from 56.2 percent (2011-12) to 55.9 percent (2017-18).

Bangladesh improved its WTO commitments by ratifying the Trade Facilitation Agreement (TFA). It attaches importance to deepening intra-regional trade ties, *inter alia*, because of its graduation prospects. It has taken initiatives to negotiate regional trade agreements (RTAs) with a few countries. The country undertook several trade facilitation initiatives in the context of its Customs Modernization Action Plan (2013-2017) and implemented commitments under the TFA and the WCO Revised Kyoto Convention. These initiatives also included regulatory developments, migration to the most recent generation of ASYCUDA World, and a regulation on the introduction of an Authorized Economic Operator scheme.

The short-term growth outlook of the country remains robust, and the economy is expected to grow at its current level. However, internal risks may stem from the effects of possible political developments on investor sentiment; rising inflation due to higher food prices; a sustained increase in NPLs and weak governance in the banking sector, affecting growth-supporting credit; and a further deterioration in the financial health of state-owned commercial banks. Exogenous risks may involve the impact of global trade conflicts on the economy. In addition to the ongoing reforms, which address diversification and competitiveness, improvement of the business climate, and fiscal reform, the authorities recognize the need to undertake further reforms, including infrastructure development promoting rural growth and technical/vocational training, to sustain the inclusive and widespread growth that has been achieved.

1.8.1 Recommendation in WTO Fifth Trade Policy Review

Bangladesh attaches great importance to trade as an engine of growth and development. Maximizing benefits from the opportunities evolving under the multilateral trading system, Bangladesh has been trying to increase contribution of trade to the overall economy with a view to achieving socio-economic goals. The Government has been trying relentlessly to overcome the infrastructure and energy constraints. In the face of increasing demand for electricity, the Government is implementing its plan of increasing electricity generation capacity to 24 thousand MW by 2021. In this context, initiatives have been taken to import Liquefied Natural Gas (LNG) and to explore new gas fields. To remove the bottlenecks of infrastructural paucity the Government is prioritizing integrated development of roads, rail and water ways. To expedite economic development as well as industrialization, establishment of 100 special economic zones by the next 15 years is in progress. Establishment of 79 economic zones has already been approved, of which 56 will be established under Government initiatives and the rest will be built under the private edges. In addition, to speed up the implementation of the growth enhancing transformational projects including the Padma Bridge project, special fund has been allotted in the national budget. Successful implementation of these projects is expected to play a significant role in promoting economic growth.

Bangladesh is in the process of graduating from the group of LDCs by 2024. Consequently, a forward looking strategy is called for sustainable graduation with momentum. Firstly, Bangladesh will need to continue the momentum of economic development so that it distances itself further from the thresholds which would give a comfort zone from any likely setback as experienced by a number of graduated LDCs. Secondly, designing a well-crafted graduation strategy thus has become critically important task for Bangladesh in moving forward. Additionally, Bangladesh's graduation journey will also be taking place at a time of a fast-changing global scenario and in the era of the SDGs where there will be need for triangulation of economic, social and environmental aspects of development. Bangladesh should pursue global and national objectives simultaneously due to the various linkages between and among the SDGs and LDC graduation criteria.

Addressing the issues of strengthening of supply side capacities, diversification of export product and export market, graduation from factor-driven to productivity-driven production practices, accessing the opportunities of digital economy, IT-enabled service economy and the new knowledge ecosystems, and realizing potential advantages of strengthened regional and global integration of the Bangladesh economy are critically important in attaining the SDGs and ensuring smooth graduation.

In the above context, continuation of preferential market access, support for capacity building and exemption from TRIPS obligation particularly for the pharmaceutical products will be critically important for sustainable graduation for the newly graduated countries. WTO Members therefore, need to develop special programmes for the newly graduated countries for ensuring smooth transition and preventing any unwanted setback. Continuation of the DFQF at least for additional 6-10 years after graduating from LDC status, support for capacity building and supply side development, extension of TRIPS exemption as in force for other LDCs and other flexibilities available to LDCs for certain period after graduation would be utmost important and deserve urgent attention of the WTO Members.

Bangladesh was encouraged to identify measures to give importers and dealers more assurance and to consider tariff reform. Efforts to implement the legislative and institutional framework for competition policy, as well as to strengthen its Intellectual Property Rights (IPR) protection legislation, were praised by several Members. Climate change vulnerability, efforts to improve worker safety, economic diversification, policies to encourage privatization, expansion of special economic zones, power generation capacity, transportation infrastructure development, regulatory guidelines for pharmaceuticals and medical devices, support for the textiles sector, development of the ICT sector, liberalization of trade in services, and challenges to the banking sector were discussed as major issues that requires attention.

1.9 LDC graduation

The graduation thresholds, as determined by the Committee for Development Policy (CDP), must be met for any two of the three criteria, namely, Gross National Income (GNI) per capita, Human Assets Index (HAI), and Economic Vulnerability Index (EVI), in two consecutive triennial reviews by WTO. Bangladesh has convincingly met all the three thresholds in two UN triennial evaluations, in 2018 and 2021. The 2021 Triennial Review by the CDP confirmed that Bangladesh is eligible to exit from the LDC category having crossed the threshold of the three defining criteria. In the review, Bangladesh stands strongly in all three criteria with a per capita GNI of US$ 1,827, HAI of 75.4, and EVI of 27 (**Table 1.4**). A country can be declared as graduated three years after it has met the criteria for the first time. According to an earlier timeline set by the CDP, Bangladesh was set to leave the LDC category in 2024. But, in view of the COVID-19 situation, the graduation year has been deferred by two years, i.e., in 2026, at the request of the GoB[15].

Table 1.4 | LDC Graduation Thresholds and Bangladesh Position

GNI per capita		HAI		EVI	
Threshold	**Bangladesh**	**Threshold**	**Bangladesh**	**Threshold**	**Bangladesh**
US$ 1,222 or above	US$ 1,827	66 or above	75.4	32 or below	27

Source: United Nations Department of Economic and Social Affairs: Economic Analysis

With the LDC graduation, Bangladesh will also lose its preferential market access (PMA) facilities enjoyed by LDCs which the advantages of various unilateral, bilateral, regional, and global initiatives were. This also includes Duty and Quota-free market access, which will be over in the EU market by 2029. Along with the PMA, Bangladesh is likely to face issues regarding Special and Differential (S&D) treatment privileges in WTO, and the unavailability of concessional loans. Therefore, Bangladesh's future market access picture, particularly in the RMG sector, will alter substantially in the coming years. Not only will the trade facilities enjoyed as an LDC would be over, Trade-Related Aspects of Intellectual Property Rights (TRIPS) on pharmaceuticals will also be questioned.

1.10 Trade, Growth and Poverty Reduction

Since the end of World War II, openness to external trade and foreign investment, which permits more rapid economic growth than protectionist regimes achieve, has become a common feature. In developing countries that choose integration with the global economy, such growth proves an efficient, effective instrument of poverty alleviation. In South Asia, during the 1990s, India, Bangladesh and Sri Lanka were included in the ranks of countries known as rapid

[15] Debapriya Bhattacharya, “Bangladesh Qualifies for LDC Graduation: What Next?”, The Financial Express, 11 March 2021

globalizers. A major finding of recent empirical research on international economic integration has been that the "rapid globalizers" did extremely well in terms of income growth and poverty reduction over the past two decades or so. These countries have also experienced large increases in trade and significant reductions in tariff and non-tariff barriers. The effect on reduction in poverty in Bangladesh was dramatic in recent years, entirely in keeping with the hypothesis that growth is the principal driver of poverty reduction.

Especially, for a developing country well-endowed with labor like Bangladesh, trade openness is expected to stimulate production and expansion of labor-intensive exports, thus generating employment, raising wages, and thereby reducing poverty. Cross-country studies on the relationship between growth performance and poverty reduction lead to the conclusion that there exists a close correspondence between the growth of per capita income and growth of incomes of the poor, though not all growth is necessarily pro-poor. More importantly, trade openness is a necessity, not a sufficient condition for rapid growth. Trade policy reforms generally need to be accompanied by complementary measures for ensuring macroeconomic stability and efficient financial intermediation, improving infrastructure services, removing burdensome regulations, and in these and other ways, improving the investment climate for private enterprise.

1.11 Political Economy of Protection

Openness to trade is a key component of policies to accelerate economic growth. Despite this, when it comes to actually implement measures that reduce protection or subsidies for domestic producers, there is understandable opposition from the enterprises and other interest groups that feel that they may be adversely affected. In spite of strong international evidence to the contrary, there are still many groups with political connections which hold similar views. Their influence on trade policy has been significant, although declining rapidly.

As is the case throughout the world, there are existence of groups in Bangladesh that gain from restricting trade, and others that feel that they would lose from the resulting competition. However, Bangladesh has made considerable progress in simplifying its trade regimes and making them more transparent, especially through the elimination of most QRs, the reduction and simplification of customs schedules, and greatly improved up-to-date and publicly available information. Yet the trade reform agenda remains unfinished.

1.12 Objectives of the Study

This study is being conducted as suggested by the National Trade and Transport Facilitation Committee (NTTFC). Review, revision and improvement of trade-related policies and instruments are always an ongoing affair. Bangladesh is commended globally for its vibrant and open trade policy. In order to keep the growth momentum and address post-LDC graduation challenges, Bangladesh intends to engage further in trade policy reforms. A comparative analysis of the trade policy regimes of Bangladesh with those of its competing countries is considered useful in this respect. Moreover, in an era of globalization and a highly competitive international trade environment, keeping track of the global as well as regional developments is critically important. The outcomes of the present study will be useful to the Government in its endeavor to revise and update policy regimes. The objectives of the study are as follows:

- To ascertain the current status of the Bangladesh Trade policy development in the light of the 5th Trade policy Review;
- To identify international good practices that are utilized by the different countries to facilitate better trade policy instruments to expand trade and facilitate development;
- To prepare a good practice template that will include:
    - Comparative analysis of trade policies of Bangladesh and its competing countries, particularly China, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam.
    - Intra-agency Trade policy coordination mechanism in different trade management Ministries/Agencies of the potential countries in comparison to Bangladesh.
    - Authorized agency for trade negotiation and under which Ministry/authority.
- To provide recommendations to establish an effective and efficient coordinated Comprehensive Trade Policy (including identification of leading organization and capacity building needs) in Bangladesh;
- To analyze the policies of the LDC graduating Countries;
- To analyze the FTA policies of the countries and their good practices;
- To provide recommendations regarding Trade Policy under post-Graduation and Covid-19 situation.

1.13 Scope of the study

Bangladesh has one of the lowest trade-GDP ratios among South Asian countries and ranks low in comparison with its competitors in South-East Asia as well. Among the countries considered, Vietnam (209.0 percent) had the highest trade-GDP ratio in 2020. This is significant for Bangladesh, as Vietnam has a flourishing RMG sector that is catering to the same export markets as Bangladesh's RMG Sector. Unlike Bangladesh, Vietnam also has diversified its export-oriented sectors and integrated them into the Global Value Chain through product assembly (cars, mobile phones, computers, etc.) and the production of capital inputs like garments accessories, electronic parts, etc. Bangladesh's position among its regional and global trade competitors is further illustrated in **Table 1.5** below:

Table 1.5: Trade Scenario of Bangladesh and its Major Competitors

Sl. No.	Country	Trade-GDP Ratio in 2020 (%)	Major Export Partners	Major Import Partners
1.	Bangladesh	30.76	United States, Germany, United Kingdom, Spain, France	China, India, Singapore, Hong Kong, Indonesia

Sl. No.	Country	Trade-GDP Ratio in 2020 (%)	Major Export Partners	Major Import Partners
2.	China	35.8	European Union, United States, Hong Kong, Japan, Vietnam	European Union, Taiwan, South Korea, Japan, United States
3.	Indonesia	33.19	China, United States, Japan, Singapore, India	China, Singapore, Japan, United States, Malaysia
4.	Malaysia	117.0	China, Singapore, United States, Hong Kong, Japan	China, Singapore, United States, Japan, South Korea
5.	Sri Lanka	52.37	United States, United Kingdom, India, Germany, Italy	India, China, Iran and Singapore
6.	Thailand	97.93	United States, China, Japan, Hong Kong, Vietnam	China, Japan, United States, Malaysia, South Korea
7.	Vietnam	209.0	United States, China, Japan, South Korea, Hong Kong	China, South Korea, Japan, United States, Thailand

Source: Trading Economics, World Bank Data

In the recent period, Bangladesh is commended for implementing several national policies, including vision 2021 and 2041, the National Industrial policy 2016, the Export policy 2018-21, and for its efforts in areas of regulatory reform, taxation, and improving its business environment, including the One-Stop Service Act, 2018 and promoting trade and investment facilitation. However, in order to keep the growth momentum and address post-LDC graduation challenges, Bangladesh would have to engage further in ongoing trade policy reforms. This would enhance the diversification of Bangladesh's economy and the competitiveness of its industries, as well as improve its business environment and fiscal conditions. The present study is intended to understand the current status of the trade policies of Bangladesh as well as find, from the different country perspectives and good practices, ways to create an enabling environment, with particular focus on harmonizing export, import and customs related policies with different potential trade partners and standards and guidelines developed at the global levels.

1.14 Approach and Methodology

1.14.1 Approaches

As part of the approach to accomplish the objectives of the study, the existing literature was reviewed for secondary data, and different types of consultations with both the public and private stakeholders were conducted for primary data. All the data were analyzed and this report was prepared with necessary recommendations to the policy makers of the government.

A five-stage process for the study containing the following steps was followed in conducting the critically important policy study:

- **Identify objectives and tasks:** First, it was identified what was intended to do and what were the tasks to be performed.

- **Identify stakeholders:** The relevant stakeholders as well as their respective level of engagement, control and contribution concerning the objectives defined above were identified.
- **Data collection:** Necessary data has been collected for the study.
- **Data analysis:** The collected data were statistically analyzed so as to extract necessary conclusions towards the achievement of the objectives of the study.
- **Reporting:** Finally, this report is prepared and submitted to the appropriate authorities.

1.14.2 Methodology

In order to capture the different aspects of governance and varying perspectives of the trade sector in Bangladesh, the methodology adopted for the study included a cohesive multi-stage approach and was based mainly on literature review and in-depth interviews, and consultation with the stakeholders. Thus the methodology of the study involved the following:

1. A desktop review of all relevant rules/regulations/policies, research/study reports, official reports, policy documents, newspaper reports, etc.;
2. Public Consultations, Focus Group Discussions (FGD)and Key Informant Interviews (KII) with the policy level officials, think tanks, academia and other trade-related agencies as decided by the client using structured questionnaires; and
3. Data Analysis.

The sequential steps followed are mentioned below:

(a) **Review of existing literature:** Available literature including relevant rules/regulations/policies, research/study reports, newspaper reports, official reports, published papers and policy documents of the GoB, think-tank organizations and other international bodies, etc. relating to the study were reviewed.

(b) **Gathering of data:** While the primary data collection process included the literature review and review of official reports and documents, complementary qualitative data collection activities were done through key informant interviews, focus group discussions, etc. Representatives from stakeholder institutions were selected for in-depth structured interviews or FGDs. Due to the diversity of the problems of the study and the high numbers of stakeholders in the field, the main stakeholder groups in the country for the study were targeted. Nevertheless, every effort was made to include all important actors in the interviews and the FGDs. Efforts were also made to gather complete data so as to ensure analytic usefulness.

(c) **Questionnaire:** The structured Data collection questionnaires were developed and finalized in consultation with the client. All interview questionnaires were evaluated by the relevant experts. A mixed-method evaluation strategy combining qualitative and quantitative methods was adopted for the evaluation of the questions for the KIIs to produce a satisfactory analysis.

(d) **Sampling:** The sampling unit was decided according to the scope of the study in consultation with the client. Sample size with the specific method was determined for each different data collection method (KII, FGD & PC), etc.

(e) **Enumerators' engagement and training:** Required numbers of enumerators were engaged for conducting the KII and other primary data collection with structured questionnaires as per the scope of services for the study. A training workshop was organized to train the enumerators to ensure quality data collection.

(f) **Key Informants Interviews (KII):** A particular focus of the study was to address the goals and concerns of the client and stakeholders' groups. For that purpose, a total of sixteen (16) KIIs were conducted for the study involving the representatives of relevant stakeholders that included the government organizations, business associations, chambers, think-tank organizations, etc. Semi-structured interview technique was used via purposeful rather than random sampling method. Appropriate measures were taken to avoid any risks of bias through sampling, response and the behavior of the interviewer. Three common techniques were used to conduct the KIIs: telephone interviews, email interviews and face-to-face Interviews. The KIIs were conducted both in Dhaka and outside Dhaka.

(g) **Focus group discussions (FGD):** An FGD relevant to the study was organized targeting mainly the people concerned with the subject matter of the study. The participants in the FGD were 22 in number. During discussions, participants were also facilitated to discuss different aspects of the subject amongst themselves. Documentation of discussions was done through video recording, audio tapes, and written notes.

(h) **Public consultation (PC):** One public consultation with the relevant stakeholders via a digital platform was conducted for the study to acquire relevant data.

(i) **Analysis of information and data**: All the information and data collected from various sources and through in-depth interviews, focused group discussions, public consultations, etc. with relevant stakeholders were analyzed separately for the study. Multiple methods of data gathering and analysis, covering both quantitative and qualitative data, including interviews, content analysis, and statistical analysis of secondary data were done. Qualitative techniques were also used to collect in-depth/perceptual information on selected indicators related to the study. Analysis of stakeholders' perceptions was done from the FGD, KIIs, and PC.

(j) **Validation workshop:** A validation workshop as required under the ToR of the assignment was held at 10.30 AM of 18 May 2022. The venue of the workshop was CIRDAP International Conference Centre (1st Floor), Chameli House, 17 Topkhana Road, Dhaka. The representatives of Keystone presented the major findings of the study and obtained feedback from the panelists and other participants in the workshop. Based on the responses received the study report is revised and finalized. The report of the validation workshop as issued by the client is attached at **Appendix 3**.

1.15 Limitations

Due to the COVID-19 situation, it was difficult to undertake field visits physically for data collection and observation purposes. Similarly, it was not always possible to conduct FGD, KIIs, and PC through in-person attendance.

Chapter II
General Comparison

2.1 Country Contexts

2.1.1 Bangladesh

Bangladesh is a sovereign country in South Asia with a total land area of approximately 147,630 sq. km. Settlement in the region now referred to as Bangladesh began in the 10th century, primarily by the traders and preachers from Arab and Persia. Europeans began to set up trading posts in the area in the 16th century. Eventually the area known as Bengal with Hindu majority in the western part and Muslims in the eastern, became part of British India. Partition in 1947 resulted in an eastern wing of Pakistan in the Muslim-majority area, which came to be known as East Pakistan. Calls for greater autonomy by the eastern wing in view of severe social, economic and political discrimination led to a Bengali independence movement, and eventually Bangladesh won independence through a 9-month long bloody struggle in 1971 at the cost of millions of lives.

Bangladesh, with a population of 163,046,161, is the eighth most populous country in the world. It is also the most densely populated country in the world with 1,104 people per km^2 except a few city-states. Its capital is Dhaka and its currency is Taka (BDT). Since the transition to democracy in 1991, Bangladesh has made great progress in social and economic development, and the economy has grown at an average of more than 6 percent over the period. Bangladesh is holding the 41st position by nominal GDP. Its national debt in 2019 was US$ 107,928 million, the debt-to-GDP ratio being 35.69 percent, and its public debt per capita is US$ 662.[16] In terms of the human development index (HDI), Bangladesh secured 0.632 points in 2019, leaving it in 133rd place in the table of 189 countries published.

In 2009, Bangladesh began its decade-long economic journey under the visionary leadership of Honorable Prime Minister of the Government of the People's Republic of Bangladesh and sustained a 6 percent-plus growth along with an impressive achievement in human, social, and economic development fronts. The transformation of the economy from an agrarian to a modern urban-based manufacturing and services-based economy has made remarkable progress as mentioned in the 8th Five Year Plan[17]. The export-driven manufacturing sector soared to new heights, rising at a rate of 12.7 percent per year on average, thanks to a stronger role for modern service sector operations in transportation, finance, real estate, ICT, healthcare, and education as well as increased allocation in these sectors in the national budget 2021-22. The budget also introduced 23 stimulus packages of Tk 1.24 trillion which was 4.44 percent of GDP with the major beneficiaries being the industries and service sector, CMSMEs and Export Development Fund (EDF), each receiving 30,000, 20,000 and 12,750 crores respectively, which

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[16] Source: https://countryeconomy.com/countries/compare/

[17] The 8th Five Year Plan, Planning Commission, Government of Bangladesh

are expected to help in reviving the economy[18]. Although the COVID-19 pandemic prevails, Bangladesh achieved 3.45 percent growth in FY2019-20 which was 7.88 percent in FY2018-19. In 2020-21, Bangladesh secured 6.9 percent GDP growth, showing the strength of the economy. GDP stood at US$416 billion with GNI per capita increased to US$2,591 from US$2,326 in FY2020-21.

Experts recommend that Bangladesh requires a reassessment of its trade policy, both in terms of the need for reform and in terms of taking advantage of new opportunities developing in the domestic and global settings. Furthermore, Bangladesh must design a strong "LDC Transition Strategy" for the next five years and beyond in order to ensure the country's smooth and long-term development. The concept would address the potential negative consequences of LDC graduation as well as the creation of a "graduation with a momentum" path.

In the last 12 years, the average growth of GDP was 6.6 percent which was above 7 percent in FY2017-2018, and 2018-2019 and exceeded 8 percent in FY2018-2019. Price inflation was at a tolerable level. In FY2005-2006, our per capita income was US$ 543, which is now US$2,591. At that time, the poverty rate was 41.5 percent. At present, the poverty rate has come down to 20.5 percent. The size of GDP has increased from Tk. 4.82 lakh crore to Tk. 28 lakh crore. Foreign exchange reserves stood at just US$ 0.744 billion in FY2005-2006, or less than US$1 billion, which has now crossed over US$44 billion. According to the Center for Economic and Business Research (CEBR), a British economic research organization, Bangladesh will become the 25th largest economy in the world by 2035 if the current trend in economic growth continues.

2.1.2 China

For centuries China stood as a leading civilization, outpacing the rest of the world in the arts and sciences, but in the 19th and early 20th centuries, the country was beset by civil unrest, major famines, military defeats, and foreign occupation. After World War II, the communists under MAO Zedong established a socialist system. After 1978, MAO's successor DENG Xiaoping and other leaders focused on market-oriented economic development and by 2000 output had quadrupled. For much of the population, living standards have improved dramatically and the room for personal choice has expanded, yet political controls remain tight. Since the early 1990s, China has increased its global outreach and participation in international organizations.

It is praiseworthy that China's economy performed well throughout the review period, and it was noted that China's economy remained a major engine of global growth. It is evident that the COVID19 pandemic had a significant influence on China's output and employment in 2020, but it should be emphasized that the Chinese economy had demonstrated amazing resilience in the aftermath of the health crisis. However, given the slowing of domestic economic and productivity growth, as well as a more challenging geopolitical climate, China's trade

[18] National Budget Speech 2021-2022, Ministry of Finance, Government of Bangladesh, 03 June 2021

policymaking could become more complex and forceful, providing increased uncertainty and risk to its trading partners and foreign investors.

China is located at East/Southeast Asia. It has an area of 9,562,910 Km^{2}and is the fourth largest country in the world. With a population of 1,400,050,000, it is the world's most populous country and has a population density of 146 people per km^2. Its capital is Beijing and its currency is Chinese yuan (Renminbi – RMB). China is the 2ndlargest economy in the world by nominal GDP. Its national debt in 2019 was US$ 8,181,205 million (57.05 percent debt-to-GDP ratio) and its public debt per capita is US$ 5,844. The last annual rate of Consumer Price Index (CPI) published in China was on May of 2021 and it was 1.3 percent. In terms of the human development index (HDI), China was on 0.761 points in 2019, leaving it in 85th place.

2.1.3 Indonesia

The Dutch began to colonize Indonesia in the early 17th century. Japan occupied the islands from 1942 to 1945. Indonesia declared its independence shortly before Japan's surrender, but it required four years of sometimes brutal fighting, intermittent negotiations, and UN mediation before the Netherlands agreed to transfer sovereignty in 1949. A period of sometimes unruly parliamentary democracy ended in 1957 when President SOEKARNO declared martial law and instituted "Guided Democracy”. After an abortive coup in 1965 by alleged communist sympathizers, SOEKARNO was gradually eased from power.

From 1967 until 1988, President SUHARTO ruled Indonesia with his "New Order" government. After rioting toppled Suharto in 1998, free and fair legislative elections took place in 1999. Indonesia is now the world's third most populous democracy, the world's largest archipelagic state, and the world's largest Muslim-majority nation. In 2005, the country reached a historic peace agreement with armed separatists in Aceh, which led to democratic elections in Aceh in December 2006. But it continues to face low intensity armed resistance in Papua by the separatist Free Papua Movement.

Indonesia is located at South-Eastern Asia and is the 15th largest country in the world with an area of 1,913,580 Km^2. It has a population of 270,204,000 and is the fourth most populous country in the world with a population density of 141 people per km^2. Its capital is Jakarta and its currency is the Indonesian rupiah (IDR). Indonesia is holding the 16th position by nominal GDP. Its national debt in 2020 was US$ 388,363 million with a 36.62 percent debt-to-GDP ratio, and its public debt per capita is US$ 1,437. The last annual rate of CPI published in Indonesia was in December 2019 and it was 2.7 percent. In terms of the human development index (HDI), Indonesia obtained 0.718 points in 2019, leaving it in 108thplace.

Since emerging from the Asian financial crisis in the late 1990s, Indonesia – a diverse archipelago nation with more than 300 ethnic groups – has experienced exceptional economic development. In terms of purchasing power parity, Indonesia is the world's fourth most populated country and tenth largest economy. Furthermore, Indonesia has made significant progress in reducing poverty, with the poverty rate falling from more than 50% in 1999 to under

10% in 2019, just before the COVID-19 pandemic struck. In 2022, Indonesia gained the G20 presidency, encouraging all countries to work together to recover more quickly and sustainably from the pandemic's effects.

2.1.4 Malaysia

Malaysia is a sovereign country in East/Southeast Asia, with a total land area of approximately 330,345 Km^2. During the late 18th and 19th centuries, Great Britain established colonies and protectorates[19] in the area of current Malaysia. These were under the occupation of Japan during 1942 to 1945. In 1948, the British-ruled territories on the Malay Peninsula except Singapore formed the Federation of Malaya, which became independent in 1957. Malaysia was formed in 1963 when the former British colonies of Singapore, as well as Sabah and Sarawak on the northern coast of Borneo, joined the Federation. The first several years of the country's independence were marred by a communist insurgency, Indonesian confrontation with Malaysia, Philippine claims to Sabah, and Singapore's withdrawal in 1965.

However, Malaysia has successfully diversified its economy from one that was initially agriculture and commodity-based, to one that now plays host to robust manufacturing and service sectors, which have propelled the country to become a leading exporter of electrical appliances, parts, and components. Malaysia is one of the most open economies in the world with a trade to GDP ratio averaging over 130 percent since 2010. Openness to trade and investment has been instrumental in employment creation and income growth, with about 40 percent of jobs in Malaysia linked to export activities. After the Asian financial crisis of 1997-1998, Malaysia’s economy has been on an upward trajectory, averaging growth of 5.4 percent since 2010, and is expected to achieve its transition from an upper-middle-income economy to a high-income economy by 2024.

Coherent structural policies will also be necessary for Malaysia to emerge stronger from the pandemic, with an innovation-driven economy, a resilient workforce, and a stronger social protection system for those who need it. To begin, obtaining quality investments is critical to increasing economic dynamism and capitalizing on innovative technologies. Initiatives to increase Malaysia's social protection, such as expanding social insurance coverage, are critical in the future as a buffer against socioeconomic vulnerabilities.

Consisting of two regions separated by some 640 miles of the South China Sea, Malaysia is a multi-ethnic, multi-religious federation of 13 states and three federal territories. With a population of 32,523,000, Malaysia is ranked at 42nd position of 196 countries and it has a moderate population density of 98 people per km^2. Its capital is Kuala Lumpur and its currency is Malaysian ringgit (MR). Malaysia is holding the 34thposition in the world by nominal GDP. Its national debt in 2019 was US$ 208,435 million with a 57.16 percent debt-to-GDP ratio and

[19]A state that is controlled and protected by another

public debt per capita is US$ 6,409 per inhabitant. In terms of the human development index (HDI), Malaysia secured 0.81 points in 2019, leaving it in 63rd place.

2.1.5 Sri Lanka

The first Sinhalese arrived in Sri Lanka late in the 6th century B.C., probably from northern India. Buddhism was introduced in about the mid-third century B.C., and a great civilization developed at the cities of Anuradhapura (kingdom from circa 200 B.C. to circa A.D. 1000) and Polonnaruwa (from about 1070 to 1200). In the 14th century, a south Indian dynasty established a Tamil kingdom in northern Sri Lanka. The coastal areas of the island were controlled by the Portuguese in the 16th century and by the Dutch in the 17th century. The island was ceded to the British in 1796, became a crown colony in 1802, and was formally united under British rule by 1815.

As Ceylon, it became independent in 1948 and its name was changed to Sri Lanka in 1972. Tensions between the Sinhalese majority and Tamil separatists erupted into war in 1983. After two decades of fighting, the government and the Liberation Tigers of Tamil Eelam (LTTE) formalized a cease-fire in February 2002 with Norway brokering peace negotiations. Violence between the LTTE and government forces intensified in 2006, but the government regained control of the Eastern Province in 2007. By May 2009, the government announced that its military had defeated the remnants of the LTTE.

Since the end of the conflict, the government has enacted an ambitious program of economic development projects, many of which are financed by loans from the Government of China. In addition to efforts to reconstruct its economy, the government has resettled more than 95 percent of those civilians who were displaced during the final phase of the conflict and released the vast majority of former LTTE combatants captured by Government Security Forces.

However, following a string of triumphs, the government has entered an economic slump after defaulting on foreign obligations due to a currency shortage. As a result, the economy has collapsed, soaring prices, power outages, and acute shortages of vital products have occurred. Following that, Sri Lankans took to the streets in protests, demanding that the administration, including the president, resign.

Located in Southern Asia, Sri Lanka has an area of 65,610 Km^2. It is ranked at 58thposition by the population of 196 countries with a population of 21,803,000 and it has a relatively high population density, with 332 people per km^2. Its capital is Sri Jayawardenapura Kotte and its currency is Sri Lankan rupees (LKR). It is holding the 69thposition by nominal GDP. Its national debt in 2019 was US$ 72,888 million, presenting a debt-to-GDP ratio of 86.8 percent. Its public debt per capita is US$ 3,343. In terms of the human development index (HDI), Sri Lanka was awarded 0.782 points in 2019, leaving it in 72nd place.

2.1.6 Thailand

Thailand is a sovereign country in East/Southeast Asia with a total land area of approximately 513,120 Km^2. A unified Thai kingdom was established in the mid-14th century and was ruled by an absolute monarchy until a bloodless revolution in 1932. Since that time, Thailand has been a constitutional monarchy, and all subsequent constitutions have provided for an elected parliament. Known as Siam until 1939, Thailand is the only Southeast Asian country never to have been taken over by a European power. In alliance with Japan during World War II, Thailand became a US treaty ally in 1954 after sending troops to Korea and later fighting alongside the United States in Vietnam. Since 2005, Thailand has experienced several rounds of political turmoil and military coup. It has also experienced violence associated with the ethno-nationalist insurgency in its southern Malay-Muslim majority provinces since January 2004. However, the institution of the monarchy continues to command deep, universal respect and serves as a guiding light and unifying force for the country, a focal point that brings together people from all backgrounds and shades of political thought and gives them an intense awareness of being Thai.

In spite of all those political disturbances, Thailand has made remarkable progress in social and economic development over the last four decades, moving from a low-income to an upper-middle-income country in less than a generation. As such, Thailand has been a widely cited development success story, with sustained strong growth and impressive poverty reduction. In recent years, economic growth slowed from 4.2 percent in 2018 to 2.4 percent in 2019. The key drivers of slowing growth were weaker demand for exports reflecting the impact of US-China trade tensions, slowing public investments, and a drought, impacting agricultural production. Key development challenges including weakness in education outcomes and skills matching, and increasing spatial inequality, with remote areas falling behind in economic and welfare indicators also pose a risk to Thailand’s future growth if it wants to attain high-income status by 2037. Upgrading industrial sophistication and improving domestic value addition in exports are required to move up the global value chain and achieve high-income status. Failing to do so, as well as to build a larger base of creative enterprises and increase competitiveness in the services sector, may limit long-term development potential and, more critically, the likelihood of producing enough good employment for inclusive growth.

Thailand is the second largest economy in ASEAN after Indonesia with a GDP of US$ 501.9 billion (25^{th} position in the world), and a negative 6.1 percent annual growth in 2020. Located in the heart of mainland Southeast Asia, Thailand is a country of mountains, hills, plains, and a long coastline along the Gulf of Thailand (1,875 km) and the Andaman Sea (740 km). It is a multi-ethnic nation with a population of 69.6 million. It is ranked at 20^{th} position by the population of 196 countries and has a population density of 136 people per km^2. In terms of the Human Development Index, Thailand obtained 0.777 points in 2019, leaving it in 80th place. Further, it is in the 27th in the Doing Business ranking. Thailand's capital city is Bangkok, its currency is the Baht (THB), and the official language is Thai.

2.1.7 Vietnam

The conquest of Vietnam by France began in 1858 and was completed by 1884. It became part of French Indochina in 1887. Vietnam declared independence after World War II, but France continued to rule until its 1954 defeat by communist forces under Ho Chi MINH. Under the Geneva Accords of 1954, Vietnam was divided into the communist North and anti-communist South. US economic and military aid to South Vietnam grew through the 1960s in an attempt to bolster the government, but US armed forces were withdrawn following a cease-fire agreement in 1973. Two years later, North Vietnamese forces overran the South reuniting the country under communist rule.

Despite the return of peace, for over a decade the country experienced little economic growth because of conservative leadership policies, the persecution and mass exodus of individuals - many of them successful South Vietnamese merchants - and growing international isolation. However, since the enactment of Vietnam's "doimoi" (renovation/innovation) policy[20] in 1986, Vietnamese authorities have committed to increased economic liberalization and enacted structural reforms needed to modernize the economy and to produce more competitive, export-driven industries. The communist leaders, however, maintain control of political expression and have resisted outside calls to improve human rights.

In recent years, a strong manufacturing sector has become the key driver of Vietnam's trade competitiveness. The services industry seems to be a source of long-term productivity and economic growth. The rising trade in ICT apparatus and equipment, for example, coincided with the rapid growth of the telecommunications business. In addition, the government stated its desire to promote and establish a robust market for ICT-related services. Despite these good achievements, there are concerns about potential constraints in draft legislation, such as personal data protection, data localization, and local presence requirements, which could hinder international service providers' access to the market.

Vietnam is a country located in South-Eastern Asia with an area of 331,230 Km^2. Having a population of 96,484,000, it is ranked at 15thposition by the population of 196 countries and has a population density of 291 people per km^2. Its capital is Hanoi and its currency is Dong (VND). Vietnam is holding the 40thposition by nominal GDP. Its national debt in 2019 was US$ 142,893 million, with a debt-to-GDP ratio of 43.37 percent. Its public debt per capita is US$ 1,481. In terms of the human development index (HDI), Vietnam got 0.704 points in 2019, leaving it in 118th place.

2.2 The Country

Bangladesh and its competing countries are located in South and South-east Asia, and these seven countries hold 26.49 percent of the world population in only 2.52 percent of its area. But

[20] **Đổi Mới** is the name given to the economic reforms initiated in Vietnam in 1986 with the goal of creating a "socialist-oriented market economy".

jointly they have a very high impact in the arena of international trade. Every country is a member of Asian Cooperation Dialogue (ACD) intended to promote Asian cooperation at a continental level. Moreover, these countries participate actively in several other regional and international forums, commonly G77, IMF, UN, etc. Key information of the countries is placed at **Table 2.1** below:

Table 2.1 | Country Information

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Capital	Dhaka	Beijing	Jakarta	Kuala Lumpur	Sri Jayawar-denapura Kotte	Bangkok	Hanoi
Population	163,046,161	1,400,050,000	270,204,000	32,523,000	21,803,000	69,626,000	96,484,000
Comparison	-	8.59 times bigger	1.66 times bigger	5.01 times smaller	7.48 times smaller	2.34 times smaller	1.69 times smaller
Area (km^2)	147,630	9,562,910	1,913,580	330,345	65,610	513,120	331,230
Comparison	-	64.78 times bigger	12.96 times bigger	2.24 times bigger	2.25 times smaller	3.48 times bigger	2.24 times bigger
Currency	Taka (1 US$ =84.80 BDT)	Chinese Yuan (1 US$ = 6.43 RMB)	Indonesian rupiah (1 US$ = 14,312 IDR)	Malaysian ringgit (1 US$ = 4.1585 RM)	Sri Lankan rupees (1 US$ = 196.77 LKR)	Thai Bahts (1 US$ = 33.88 TBH)	Dong (1 US$ = 22,928 VND)
Religion	Mostly Islam	Mostly Syncretic Religions	Mostly Islam	Mostly Islam	Mostly Buddhism	Mostly Buddhism	Mostly Buddhism
Membership	ACD, BIMSTEC, D8, G77, IMF, UN, OIC, SAARC	ACD, BRICS, G20, G48, G77, IMF, UN, SCO	ACD, ASEAN, G20, G48, G77, D8, IMF, UN, OPEC	APEC, ASEAN, G77, D8, IMF, UN, OIC	ACD, BIMSTEC, IMF, UN, G48, G77, SAARC	ACD, APEC, ASEAN, BIMSTEC, IMF, MGC, UN, G20	ACD, ASEAN, G77, IMF, MGC, UN

Source: Consultants' Calculations, Data Source: https://countryeconomy.com/countries/compare/

2.3 The Economy

The Gross Domestic Product (GDP) figure of Bangladesh in 2020 was US$ 329,120 million, which grew 3.45 percent compared to the previous year. The rate is 44-tenths of one percent less than the figure of 8.2 percent published in 2019. The GDP per capita of Bangladesh in 2020 was US$ 2,326, US$ 164 higher than in 2019. Bangladesh ranks 41st in the ranking of GDP and 147th according to the GDP per capita of the 196 countries. In 2019, Public debt reached 35.69 percent of GDP, a 1.12 percentage point rise from 2018, when it was 34.57 percent of GDP. Although public debt is rising, Bangladesh remains at low risk of debt distress.

The GDP figures of Indonesia and China are 3 and 45 times bigger than that of Bangladesh and the GDP of Sri Lanka is 4 times smaller, while the GDP of other countries is almost comparable with that of Thailand a bit higher. However, the per capita GDP of Bangladesh is the lowest among all the countries compared. Key economic figures with a few ratings are presented in **Table 2.2** below:

Table 2.2 | Comparison on Economic Indicators

Indicator	Year	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Annual GDP (US$ million)	2020	329,120	14,722,840	1,059,640	364,684	83,978	501,888	329,537
GDP per capita (US$ million)	2020	2,019	10,516	3,922	11,213	3,852	3,852	7,208
Debt (US$ million)	2019	107,928	8,181,205	388,363	208,435	72,888	72,888	252,450
Debt (% of GDP)	2019	35.69	57.05	36.62	57.16	86.80	86.80	49.64
Debt per capita (US$)	2019	662	5,844	1,437	6,409	3,343	3,343	3,626
Deficit (US$ million)	2019	-16,428	-908,971	-62,218	-8,114	-6,871	-6,871	-23,916
Deficit (% of GDP)	2019	-5.43	-6.34	-5.87	-2.23	-8.18	-8.18	-4.70
Expenditure (US$ million)	2019	46,582.5	4,892,101.0	193,346.4	85,843.6	17,491.7	17,491.7	128,707.9
Expenditure (% of GDP)	2019	15.41	34.12	18.23	23.54	20.83	20.83	25.31
Expenditure per capita (US$)	2019	286	3,494	716	2,639	802	802	1,849
Exchange Rate (Euro)	May '21	103.3888	7.7422	17,404.54	4.8098	208.4879	38.5010	27,203.98
Exchange Rate (US$)	May '21	84.8005	6.4306	14,312.00	4.1585	196.7700	33.8830	22,927.94
Moody's Rating	Latest	Ba3 (Stable)	A1 (Upper Medium Grade)	Baa2 (Lower Medium Grade)	A3 (Upper Medium Grade)	Caa1 (Substantial Risks)	Baa1 (Lower Medium Grade)	Ba3 (Stable)
S&P Rating	Latest	BB- (Stable)	A+ (Upper Medium Grade)	BBB+ (Lower Medium Grade)	A- (Upper Medium Grade)	CCC+ (Substantial Risks)	BBB+ (Lower Medium Grade)	BB- (Stable)
Fitch Rating	Latest	BB- (Stable)	A+ (Upper Medium Grade)	BBB (Lower Medium Grade)	BBB+ (Lower Medium Grade)	CCC (Extremely Speculative)	BBB+ (Lower Medium Grade)	BB (Non-Investment Grade Speculative)
Corruption Index	2018	26	39	38	51	38	36	33
Competitiveness Ranking	2019	105º	28º	50º	27º	84º	40º	67º
Fragile States Index	2018	90.3	72.4	72.3	63.6	84.9	75.0	68.4
RTI Rating	2018	29º	84º	38º	-	4º	81º	100º
Innovation Rating	2018	116º	17º	85º	35º	88º	44º	45º

Source: Consultant's compilation, Data Source: https://countryeconomy.com/countries/compare/

Notes:

a) **Moody's Rating:** Moody's Investors Service ranks the creditworthiness of borrowers using a standardized ratings scale. In Moody's ratings system, securities are assigned a rating from Aaa to C, with Aaa being the highest quality and C the lowest quality.

b) **S&P Rating:** S&P Global Ratings (previously Standard & Poor's and informally known as S&P) is an American credit rating agency that publishes financial research and analysis on stocks, bonds, and commodities.

c) **Fitch Rating:** Fitch Ratings Inc. is an American credit rating agency. Moody's, S&P and Fitch ratings are the nationally recognized statistical rating organizations by the U. S. Securities and Exchange Commission in the USA which are considered as the Big Three credit-rating agencies.

d) **Corruption Index:** The Corruption Perceptions Index (CPI) is an index published annually by Berlin-based Transparency International since 1995 which ranks countries "by their perceived levels of public Sector corruption, as determined by expert assessments and opinion surveys."

e) **Competitiveness Ranking:** The Global Competitiveness Report (GCR) is a yearly report published by the World Economic Forum since 2004, which ranks countries based on the Global Competitiveness Index.

f) **RTI Rating:** The RTI Rating is the leading global tool for assessing the strength of national legal frameworks for accessing information held by public authorities. It provides a reliable assessment both of the overall strength of the legal framework and the strengths and weaknesses there in seven different categories, namely: Right of Access, Scope, Requesting Procedures, Exceptions and Refusals, Appeals, Sanctions and Protections, and Promotional measures.

g) **Innovation Rating:** The International Innovation Index is a global index measuring the level of innovation of a country, produced jointly by the Boston Consulting Group (BCG), the National Association of Manufacturers (NAM), and the Manufacturing Institute (MI), the NAM's nonpartisan research affiliate. It is regarded as the "largest and most comprehensive global index of its kind".

2.4 Socio-demographic Indicators

Investigating the different socio-demographic factors in comparing country-level data is gaining greater importance, and this is one of the issues on which researchers and policy-makers are now focusing. Using functional equivalent measures in cross-national surveys ensures that data can be compared because the resulting measures reflect the same phenomenon. The prevalence of most socio-demographic characteristics, such as, age and density, as well as other socio-demographic variables including fertility, suicide rate, birth rate, death rate, gender gap, life expectancy, etc. covered in the table below (**Table 2.3**) revealed significant differences between the countries. This helps to create a larger picture of each country. Notably, the population density of Bangladesh is much higher than any of the competing countries although Bangladesh is compatible with those countries on other counts.

Table 2.3 | Comparison between the Countries with respect to Socio-Demographic data

Indicator	Year	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Population in million	2019	163.046	1,400.050	270.204	32.523	21.803	69.626	96.484
Density	2019	1,104	146	141	98	332	136	291
Life expectancy	2020	74	76	72*	76	78	77	75*
Fertility Rate	2018	2.04	1.69	2.31	2.00	2.20	1.53	2.05
Birth Rate	2018	18.18	10.90	18.07	16.75	15.83‰	10.34	16.75
Crude death rate	2018	5.53	7.10	6.47	5.09	6.65‰	7.67	6.32
HDI	2019	0.632	0.761	0.718	0.810	0.782	0.777	0.704
% Immigrant	2019	1.34	0.07	0.13	10.55	0.18%	5.22	0.08
% Emigrant	2019	4.81	0.77	1.70	5.19	8.14%	1.47	2.78
Immigrant stock	2019	2,185,613	1,030,871	353,135	3,430,380	40,018	3,635,085	76,104
Emigrant stock	2019	7,835,152	10,732,281	4,532,992	1,689,222	1,775,768	1,020,119	2,683,954
Remittance received (US$ m)	2017	13,469.5	63,859.7	8,997.3	1,634.0	7,189.9	6,728.6	13,780.8
Remittance sent (US$ m)	2017	2,113.0	2,827.8	877.7	6,187.2	1,278.2	3,176.2	104.3
Global Age Watch Ranking	2015	67º	52º	74º	-	46º	34º	41º
Global Peace Ranking	2020	97º	104º	49º	23º	77º	113º	64º
Gender Gap Ranking	2020	50º	106º	85º	104º	102º	75º	87º

Source: Consultant's compilation, Data Source: https://countryeconomy.com/countries/compare/

2.5 Socio-Economic Factors

Socio-economic indicators are statistics, statistical series, and all other forms of evidence that enable us to assess where we stand and are going with respect to our values and goals and to evaluate specific programs and determine their impact. These can summarize complex, multi-dimensional realities, and make it easier to compare social groups, countries or regions. Here the socio-economic data on several indicators for Bangladesh and its competing countries are gathered in **Table 2.4** below to have a comparative picture of their socio-economic status.

It appears that Bangladesh spends at par as a percentage of the budget with the competing countries in education, but its position is sixth out of seven countries above China in terms of per capita expenditure. Likewise, Bangladesh's health expenditure is the lowest both in terms of percentage of budget and per capita expenditure. However, defense expenditure per capita in Bangladesh is less than in any other competing country, although it spends the highest percentage of budget. The table indicate that National Minimum Wage (NMW) of Bangladesh Human Capital ranking position of Bangladesh need to be upgraded with the policy and fiscal support of government.

TABLE 2.4 |Comparison on Socio-economic Indicators

Indicator	Year	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Expenditure (US$ million)	2019	46,582.5	6,451.0	4,892,101.0	839,921.7	17,491.7	193,346.4	17,491.7
Expenditure (% of GDP)	2019	15.41	24.14	34.12	30.98	20.83	18.23	20.83
Expenditure Per Capita (US$)	2019	286	414	3,494	615	802	716	802
Education Expenditure (US$ million)	2018	5,427.8	20,548.3	30,845.5	15,183.2	1,856.8	16,155.8	12,685.9
Education Expenditure (% of Budget)	2018	14.65	12.63	20.50	16.37	11.33	16.77	14.47
Education Expenditure per capita (US$)	2018	34	16	121	467	86	232	134
Government Health Expenditure (US$ million)	2017	948.0	352,140.8	14,680.1	6,226.5	1,431.1	13,018.9	7,453.0
Government Health Expenditure (% of Budget)	2017	2.99	9.07	8.73	8.92	8.47	15.03	9.48
Government Health Expenditure per capita (US$)	2017	6	250	56	194	68	188	63
Defense Expenditure (US$ million)	2019	4,063.1	270,836.3	7,553.7	3,770.8	1,630.7	7,287.9	6,990.7
Defense Expenditure (% of Budget)	2019	9.71	5.40	4.13	4.45	10.36	6.26	8.10
Defense Expenditure per capita (US$)	2019	25	193	28	116	75	105	74
Unemployment Rate (%)	2017Q2	4.5	4.1	5.4	3.4	4.5	1.4	2.4
Unemployed (million)	2017Q2	2.823	-	7.333	0.513	0.385	0.538	1.244
National Minimum Wage (NMW)	2019	17.8	316.0	111.0	265.5	69.9	211.7	181.3
Human Capital Ranking	2020	123 º	45º	96º	33º	71º	40º	38º

Source: Consultant's compilation, Data Source: https://countryeconomy.com/countries/compare/

2.6 Business Environment

It is important for any country to continue regulatory reform efforts to improve the business climate. Improving the business environment is especially critical for Bangladesh to support private sector development, which will create more jobs and foster sustainable economic growth. A few relevant data that can meaningfully reflect the business environment in

Bangladesh and its competing countries are presented in the following **Table 2.5** to understand the comparative scenario of the business environment in those countries.

TABLE 2.5 | Comparison of Business Environment

Indicator	Year	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Passengers Vehicles (New Registration)	2019	3,000	21,444,180	798,813	480,965	8,100	343,494	232,873
Annual Vehicles per '000 Population	2019	0.03	18.41	3.91	16.28	0.44	11.38	2.91
Motor vehicle production	2020	-	25,225,242	691,286	485,186	-	1,427,074	-
Vehicles per '000 People (in use)	2015	3.97	118.47	88.08	426.75	70.09	225.43	23.66
Standard VAT (%)	2006	15.00	13.00%	10.00	10.00	8.00	7.00	10.00
Top Tax Rate	2020	30.0	45.0%	30.0	30.0	24.0	35.0	35.0
Annual Tourist Arrivals	2019	323,295	65,700,000	15,455,000	26,100,784	1,913,702	39,873,534	18,008,600
Exports (US$ million)	2020	33,605.4	2,591,121.2	163,306.5	234,129.4	10,136.6	231,468.4	282,655.0
Exports (% of GDP)	2020	10.21	17.58	15.40	65.31	14.22	46.08	80.19
Imports (US$ million)	2020	52,410.3	2,055,752.2	141,622.1	189,855.5	15,993.2	206,991.9	262,700.6
Imports(% of GDP)	2020	15.92	13.95	13.36	56.21	23.74	41.21	76.89
Trade Balance (US$ million)	2020	-18,804.9	535,369.0	21,684.4	44,273.8	-5,856.6	24,476.6	19,954.3
Trade Balance(% of GDP)	2020	-5.71	3.63	2.05	9.10	-9.52	4.87	3.30
CO^2 Emissions per capita (Tons)	2019	0.66	8.12	2.32	7.67	1.31	3.97	3.13

Source: Consultant's compilation, Data Source: https://countryeconomy.com/countries/compare/

2.7 Quality of Life

According to Encyclopedia Britannica, quality of life is the degree to which an individual is healthy, comfortable, and able to participate in or enjoy life events. The World Health Organization (WHO) defines the quality of life as "an individual's perception of their position in life in the context of the culture and value systems in which they live and in relation to their goals, expectations, standards, and concerns". Standard indicators of the quality of life may include employment, environment, infant mortality, life expectancy, recreation and leisure time, social belonging, religious beliefs, safety, security and freedom. The quality of life index provides an overall look at the health and literacy of a country and can be used to identify areas that should be improved. It can also help measure the success of improvements that are already in place.

Bangladesh is lagging behind quite a few of the competing countries in a number of indicators. A comparison between Bangladesh and the competing countries showing data on indicators like employment, poverty, taxation, life expectancy, childbearing, infant mortality, life expectancy, adult literacy, access to internet, access to electricity, etc. is provided in **Table 2.6** below:

TABLE 2.6 | Comparison in terms of Quality of Life

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Health	-	Live 1.9 years longer	Live 2.0 years less	Live 1.7 years longer	Live 3.3 years longer	Live 1.4 years longer	Live 3.0 years longer
Average life expectancy (years) (2020)	74	76	72*	76	78	76	75*
Men	72	74	70*	73	74	72	71*
Women	76	78	74*	79	81	79	80*
Employment	-	Be 11.4% less likely to be unemployed	Be 22.7% less likely to be employed	Be 22.7% less likely to be unemployed	Be 10.2% more likely to be employed	Be 84.1% less likely to be unemployed	Be 50.0% less likely to be unemployed
Unemployed adults (2017)	4.4%	3.9%	5.4%	3.4%	4.0%*	0.7%	2.2%
Poverty	-	Be 86.4% less likely to live below poverty line	Be 55.1% less likely to live below poverty line	Be 84.4% less likely to live below poverty line	Be 72.4% less likely to live below poverty line	Be 70.4% less likely to live below poverty line	Be 67.1% less likely to live below poverty line
People live below the poverty line (2016)	24.3%	3.3%	10.9%	3.8%	6.7%	7.2%	8.0%
T**axation**	-	Pay a 50.0% higher top tax rate	Pay the same top tax rate	Pay the same top tax rate	Pay a 50,0% lower top tax rate	Pay a 16.7% higher top tax rate	Pay a 16.7% higher top tax rate
Top tax rate (2016)	30%	45%	30%	30%	15.0%	35.0%	35.0%
Child-bearing	-	Have 35.9% fewer children	Have 14.9% fewer children	Have 9.09% fewer children	Have 21.5% fewer children	Have 40.9% fewer children	Have 19.9% fewer children
Babies per 1,000 people (2020)	18.1	11.6	15.4	16.4	14.2	10.7	14.5
Maternal Death during child birth	-	Be 83.2% less likely to die during child birth	Be 2.3% more likely to die during child birth	Be 83.2% less likely to die during child birth	Be 79.2% less likely to die during child birth	Be 78.6% less likely to die during child birth	Be 75.1% less likely to die during child birth
Women per 100,000 births die during labor (2017)	173.0	29.0	177.0	29.0	36.0	37.0	43.0

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Infant mortality	-	Be 59.7% less likely to die during infancy	Be 27.9% less likely to die during infancy	Be 59.7% less likely to die during infancy	Be 72.4% less likely to die during infancy	Be 69.6% less likely to die during infancy	Be 44.5% less likely to die during infancy
Children die before reaching the age of one (2020)	28.3	11.4	20.4	11.4	7.8	8.6	15.7
Adult literacy	-	Be 22% more likely to become literate	Be 21% more likely to become literate	Be 26.8% more likely to become literate	Be 17% more likely to become literate	Be 25.7% more likely to become literate	Be 20% more likely to become literate
Literacy rate, adult total (% of people aged 15 and above) (2019)	75*	97*	96*	93	92*	94*	95*
Access to Internet (2018)	-	Be 3.6 times more likely to have internet access	Be 2.7 times more likely to have internet access	Be 5.4 times more likely to have internet access	Be 2.3 times more likely to have internet access	Be 3.8 times more likely to have internet access	Be 4.7 times more likely to have internet access
Population with internet access (2018)	15	54.3	39.8%	81.2%	34.1%	56.8%	70.3%
Access to Electricity	-	Be 8.0% more likely to have electricity access	Be 6.6% more likely to have electricity access	Be 8.0% more likely to have electricity access	Be 8.0% more likely to have electricity access	Be 8.0% more likely to have electricity access	Be 7.2% more likely to have electricity access
People with access to electricity (2019)	92.2*	100*	98.8*	100	100*	100*	99.4*
Suicidal Death	-	Be 4.4% more likely to commit suicide	Be 2.8% less likely to commit suicide	Be 0.06% less likely to commit suicide	Be 29.2% more likely to commit suicide	Be 8.1% more likely to commit suicide	Be 1.8% more likely to commit suicide
Number of Suicides (2015)	8,879	138,622	7,355	1,752	7,319	10,863	6,910
Suicide rate per 100.000 (2015)	5.68	10.08	2.88	5.62	34.90	16.00	7.53
Homicidal Death	-	Be 1.8% less likely to face homicides	Be 1.9% less likely to face homicides	Be 0.24% less likely to face homicides	Be 0.1% more likely to face homicides	Be 0.2% more likely to face homicides	Be 0.8% less likely to face homicides
Number of homicides (2018)	3,830	7,525	1,150	627	514	1,787	1,358
Rate homicides per 100.000 (2018)	2.37	0.53	0.43	2.13	2.42	2.60	1.53

Source: Consultant's compilation, Data Source: https://www.mylifeelsewhere.com/and https://countryeconomy.com/countries/compare/, Source of figures with asterisk is World Bank Data

2.8 Cost of Living

The cost of living is the amount a person needs to spend to cover basic expenses such as housing, food, taxes, and healthcare in a particular place. A typical cost of living indicator would measure changes in costs over time that is required to maintain a specific standard of living. Another way to interpret what a cost-of-living indicator represents is to ask the question: "How many goods and services does a given sum of money purchase in a certain location?" For example, US$ 100 tends to purchase more goods and services in Bangladesh than it does in China.

Overall, the cost of living in Bangladesh is cheaper than the competing countries. China, Thailand and Vietnam are 3.2, 2.7, and 2.0 times more expensive than Bangladesh respectively. On the other hand, Indonesia and Malaysia are 66.2 percent and 83.3 percent more expensive than Bangladesh. However, Sri Lanka is 4.6 percent cheaper than Bangladesh. **Table 2.7** below demonstrates the cost-of-living comparisons of Bangladesh and the competing countries.

TABLE 2.7 | Comparison in terms of Cost of Living (Figures in US$)

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Cost of restaurants	-	Pay 55.8% more	Pay 32.2% more	Pay 49.7% more	Pay 13.8% more	Pay 68.2% more	Pay 34.5% more
Basic meal with drink at inexpensive restaurant	1.65	3.38	1.85	2.21	1.29	2.21	1.82
Fast food combo meal	5.06	5.09	3.40	3.51	3.98	5.98	4.03
Bottle of Coca-Cola (0.33 liter)	0.32	0.50	0.59	0.65	0.51	0.69	0.55
Cost of groceries	-	Pay 81.8% more	Pay 74.4% more	Pay 50.1% more	Pay 39.4% more	Pay 78.3% more	Pay 58.4% more
Bread 1 loaf	0.55	1.67	1.08	0.80	0.42	1.31	0.75
Local cheese (500 grams)	4.00	6.37	4.02	6.52	6.42	9.71	7.76
Milk (1 liter)	0.80	1.93	1.26	1.60	1.12	1.75	1.48
Cost of transportation	-	Pay 7.1% less	Pay 21.3% less	Pay 15.5% more	Pay 36.4% less	Pay 52.5% more	Pay 6.6% less
Gasoline (1 liter)	1.09	1.05	0.60	0.50	0.77	0.94	0.88
Monthly public transit pass	14.41	17.52	13.63	21.77	7.25	28.43	7.65
New Volkswagen Golf 1.4 (standard edition)	36,451.08	20,890.38	28,958.94	34,808.31	28,277.13	34,702.53	40,556.96
Cost of housing	-	Pay 2.3 times more	Pay 85.7% more	Pay 90.6% more	Pay 35.8% more	Pay 2.3 times more	Pay 2.5 times more
Internet connection 50 mbps or faster	35.40	13.68	34.11	31.64	20.01	23.36	11.41
1-Bedroom apartment in downtown area	93.96	374.47	231.91	287.15	209.00	352.17	378.72

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
1-Bedroom apartment outside city center	65.99	233.99	155.70	183.97	113.78	217.20	269.04
Cost of childcare	-	Pay 12.3 times more	Pay 3.8 times more	Pay 4.1 times more	Pay 6.3% less	Pay 8.4 times more	Pay 5.4 times more
Private preschool for 1 child, monthly	34.29	428.59	91.48	129.49	38.63	300.23	137.34
Middle school for 1 child, two semesters	1,329.37	16,190.61	6,495.28	5,880.85	991.31	11,019.95	9,034.52
Cost of entertainment and sports	-	Pay 37.5% more	Pay 16.1% less	Pay 37.2% more	Pay 9.9% more	Pay 44.4% more	Pay 30.1% less
Domestic/local beer	4.53	1.02	2.57	3.43	1.60	2.15	0.99
Cappuccino in mid-range area	1.64	3.84	1.97	2.41	2.01	1.93	1.70
Pack of cigarettes Marlboro or similar	3.07	3.18	1.69	4.27	7.30	4.00	1.16
Cost of clothing	-	Pay 2.0 times more	Pay 31.0% more	Pay 34.3% more	Pay 15.4% less	Pay 61.7% more	Pay 81.5% more
Regular jeans Levi's brand	27.65	64.09	37.41	50.58	23.70	53.36	37.35
Regular dress from H&M or similar store	23.35	37.80	27.16	23.00	17.54	26.59	34.24
Running shoes Nike or Adidas	42.79	91.61	59.12	65.31	45.36	89.73	105.76

Source: Consultant’s compilation, Data Source: https://www.mylifeelsewhere.com/

Chapter III

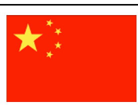
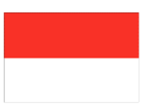
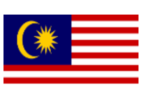
Specific Comparison – General Framework

3.1 Governance Framework

3.1.1 The Constitution

In all countries, the constitution is the prime law of the country. It forms the basis for the government and provides for the legal and institutional framework. Every country practices multi-party democracy except China which functions within a framework of a socialist republic run by a single party, the Chinese Communist Party (CCP), and Vietnam which is also a one-party socialist republic. Thailand and Malaysia, which are constitutional monarchies, have their prime minister as the head of government and the hereditary monarch as head of state. Drawing mainly from the reports published by the World Trade Organization (WTO), key highlights of the Constitution of each country are presented in the following **Table 3.1**:

TABLE 3.1 | Key Provisions of the Constitutions

Country	Key Provisions
 Bangladesh	○ 1972 Constitution is a single codified document ○ It is the supreme law of Bangladesh ○ It demarcates the republic with a unitary parliamentary democracy ○ It enshrines fundamental human rights and freedom, an independent judiciary, democratic local government and a national bureaucracy ○ It is the source of all powers for all organs of the government.
 China	○ The Constitution prevails over any other statute ○ The Constitution is nominally the supreme law ○ The National People's Congress (NPC) Constitution and Law Committee is the legislative committee responsible for constitutional review.
 Indonesia	○ The constitution of 1945 is the basis of Indonesia's government ○ It invests most of the power in the executive branch of the government, particularly in the president, who is assisted by a vice president and a cabinet ○ It also provides for a body of presidential advisers and a presidentially appointed Supreme Audit Board ○ The president and vice president are directly elected for two five-year terms.
 Malaysia	○ Malaysia is a federal parliamentary constitutional monarchy which came into force in 1957 ○ Each state has its own state constitution, executive council, and legislative assembly ○ Among the superior courts, the Federal Court is the highest and final court of appeal, followed by the Court of Appeal and the two high courts.
 Sri-Lanka	○ The constitution provides for legal and institutional framework ○ It includes provisions for the legislature, the judiciary, and the executive, i.e. the President of the Republic, the Cabinet of Ministers, and the public service ○ The term of office of the President is five years ○ The Constitutional Council acts as a check on some of the presidential powers, and to set up certain independent commissions, such as the Election Commission.
 Thailand	○ Thailand is a constitutional monarchy and a unitary state ○ Thailand's legal system is based primarily on civil law, although it also has certain elements of common law

Country	Key Provisions
	○ The Constitution is the supreme law of the country ○ The Prime Minister is appointed by the King upon approval and recommendation by the House of Representatives.
 Vietnam	○ The 2013 Constitution proclaims a one-party socialist republic ○ Recognizes the role played by the private sector ○ It affirms the protection of lawful assets from nationalization ○ It also has additional provisions to control state agencies in their exercise of legislative, executive, and judicial powers.

Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

3.1.2 The Legislative Branch

Bangladesh parliament is a unicameral legislature comprising 300 members directly elected by universal vote, and an additional 50 female members appointed by political parties on the basis of proportional representation of the parties in the National Parliament. The Parliaments in Bangladesh and Sri Lanka are unicameral while those in Malaysia, Thailand and Indonesia are bicameral. However, the one-party legislative body in China and Vietnam are also unicameral. **Table 3.2** presents the main features of the parliamentary systems in Bangladesh as well as in the competing countries:

TABLE 3.2 | Key Highlights of the Legislative Systems

Country	Key Highlights
 Bangladesh	○ A unicameral legislature comprising 350 members ○ 300 members directly elected by universal vote for five years ○ Additional 50 female members appointed by political parties on the basis of proportional representation of the parties in the National Parliament ○ A proposal for making a law, in the form of a bill, must be passed by a majority vote of the total number of members present in Parliament ○ It then requires assent of the President.
 China	○ The National People's Congress (NPC) exercises the legislative power ○ It is composed of deputies elected from the provinces, the autonomous regions, the municipalities directly under the Central Government, the Special Administrative Regions, and the armed forces ○ Deputies are elected for a term of five years ○ The number of deputies to the NPC (not exceeding 3,000) and the procedures for their election are prescribed by law ○ The deputies elect the members of its Standing Committee ○ Local people's congresses exercise legislative power at the local level, while local people's governments exercise executive power.
 Indonesia	○ The People's Consultative Assembly (PCA) constitutes the legislative branch ○ The PCA is a bicameral body with the Council of the People's Representatives (CPR) as the lower house and the Council of Regional Representatives (CRR) as the upper house ○ About four-fifths of the PCA's seats belong to the lower house

Country	Key Highlights
	○ Members of the CRR are elected directly from a nationwide pool of nonpartisan candidates, and members of the CPR are directly elected through a province-based proportional system ○ All legislators can serve five-year terms.
 Malaysia	○ The bicameral parliament consists of the lower house, the House of Representatives or Dewan Rakyat and the upper house, the Senate or Dewan Negara ○ Parliament has sole authority to create federal laws in areas covered by the Federal List, and joint authority (with state legislatures) to make laws in areas covered by the Concurrent List in the Ninth Schedule of the Constitution ○ Appropriate national legislation is required to give the treaty force of law domestically ○ The term of the Senate is three years and House of Representatives is five years.
 Sri Lanka	○ The Parliament of the Democratic Socialist Republic of Sri Lanka is the supreme legislative body ○ It is comprised of 255 members elected by proportional representation for five years ○ The executive is responsible for the direction of policy and the initial drafting of the laws.
 Thailand	○ The National Assembly of the Kingdom of Thailand is a bicameral legislature composed of a Senate and a House of Representatives ○ The bicameral National Assembly or Rathhasapha consists of the Senate or Wuthissapha and the House of Representatives or SaphaphuthanRatsadon ○ The term of the Senate is five years and the House of Representatives is four years
 Vietnam	○ Legislative power is vested in the unicameral National Assembly ○ The National Assembly is the highest representative body of the people and the highest body of state power ○ The term of the National Assembly is five years ○ The President (Head of State), the Prime Minister (Head of the Government), the Chief Justice of the Supreme People's Court, and the Prosecutor General of the Supreme People's Procuracy are elected from the members of the National Assembly for a term as that of the National Assembly. ○ The National Assembly makes decisions on the basis of a simple majority.

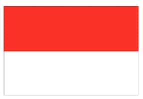
Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

3.1.3 The Executive Branch

The President is the chief executive and head of the Government in Indonesia, while in Malaysia, Thailand and Bangladesh, Prime Minister heads the Government and is also the leader of the Cabinet. The President in China and the Prime Minister in Vietnam lead the one-party Government. Furthermore, while both Thailand and Malaysia have monarchs, the Thai king is the head of state until he dies, the Malaysian king is chosen for a five-year term from the nine sultans of the Malaysian peninsula nations. The following **Table 3.3** mentions the main features of the executive branches of Bangladesh and its competing countries.

TABLE 3.3 | Main Features of the Executive Branches

Country	Key Highlights
 Bangladesh	○ Executive authority rests with the Prime Minister, who must ensure the support of the majority of the members of Parliament ○ Ministers, state ministers and deputy ministers are appointed by the President, on the advice of the Prime Minister ○ The Prime Minister is the chief executive, and the head of the Cabinet

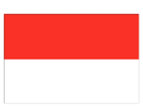
Country	Key Highlights
	○ The President acts as the Head of State and acts according to the advice of the Prime Minister ○ The Prime Minister is elected for a five-year term by members of Parliament.
 China	○ The State Council (the Central People's Government) is the executive body and the highest organ of state administration ○ The President and Vice-President are elected by the NPC and may serve no more than two consecutive five-year terms ○ The President appoints the Premier, Vice-Premiers, State Councilors, and Ministers, and has the power to remove them ○ The President promulgates the legislation adopted by the NPC or its Standing Committee ○ Led by the Premier, the State Council is composed of Vice-Premiers, State Councilors, Ministers in charge of ministries and Ministers in charge of commissions, the Auditor-General and the Secretary-General.
 Indonesia	○ The president heads the executive branch ○ The president is the supreme commander of the army, the navy, and the air force ○ The president also has the authority to introduce bills, issue regulations, implement acts, and make agreements with foreign countries.
 Malaysia	○ The executive power of the Federation is vested in the Head of State which is presided over by the Prime Minister ○ The Prime Minister and his Cabinet are collectively responsible to Parliament ○ The Cabinet is appointed by the prime minister from among members of Parliament with the consent of the king.
 Sri Lanka	○ The President is the Head of State, the Head of the Executive and of the Government, and Commander-in-Chief of the Armed Forces ○ The Government is comprised of ministries and departments ○ The Constitution delegates certain functions to the central government and others to the provincial councils; while some functions are jointly shared.
 Thailand	○ The Prime Minister is appointed by the King upon approval and recommendation by the House of Representatives ○ The Prime Minister and the ministers and deputy ministers of the various government agencies make up the Council of Ministers ○ The Council of Ministers (the Prime Minister plus 35 ministers) are responsible for the administration of state affairs and the formulation of government policy ○ Council of Ministers are nominated by the prime minister, appointed by the king; a Privy Council advises the king
 Vietnam	○ The Prime Minister is the head of the Government and heads the executive branch ○ the Government consists of 22 ministries and 8 ministerial-level agencies ○ The State Bank of Viet Nam is one of the 22 ministerial agencies and is not independent from the executive branch ○ The Government promulgates decrees stipulating specific measures to implement laws and resolutions of the National Assembly ○ The Law on Handling Administrative Violations (Law No. 15/2012/QH13), provides remedies against the misconduct of the executive branch.

Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

3.1.4 The Judiciary

The legal system of Bangladesh and Thailand follow the English common law system. The Chinese legal system is termed a “socialist legal system” and is based primarily on the model of Civil Law. The Law of Vietnam is also based on communist legal theory and also follows French civil law. On the other hand, Indonesia implements a mixed legal system with the civil law system as the main legal system adopted from the Dutch colonial law and also recognizes the customary legal system and religious legal system (Islamic sharia law). Supreme Court forms the highest judiciary in Bangladesh and Indonesia which is known as the Supreme People's Court in China and Vietnam and the Supreme Court of Justice in Thailand. In Malaysia, the Federal Court is the highest and final court of appeal. The principal characteristics of the legal systems and the judiciary of Bangladesh and the competing countries are briefly mentioned in **Table 3.4** below:

TABLE 3.4 | Main Characteristics of the Legal System and the Judiciary

Country	**Key Highlights**
 Bangladesh	◦ The legal and judicial system is founded on English Common Law ◦ The judiciary consists of the higher judiciary (the Supreme Court) and the subordinate judiciary (the lower courts) ◦ The Supreme Court consists of the High Court Division and the Appellate Division ◦ Subordinate courts are at district and *upazila* (sub-district) levels, as well as special courts and tribunals ◦ The Chief Justice and other judges in the Appellate Division are appointed by the President ◦ Judges in the High Court Division are appointed by the President in consultation with the Chief Justice ◦ The judges of the subordinate courts are appointed through an independent commission.
 China	◦ The legal system is defined by the government as a "socialist legal system" and is based primarily on the model of Civil Law ◦ The judicial system consists of the Supreme People's Court, the local people's courts at different levels, and special courts dealing with, *inter alia*, military, railway and maritime issues ◦ There are three intellectual property courts, located in Beijing, Shanghai and Guangzhou ◦ The laws and administrative regulations are issued by the State Council ◦ The local regulations, autonomous regulations, and separate regulations; departmental rules are enacted by ministries or departments exclusively at the Central Government level ◦ The local rules are enacted by the People's Government at the provincial, autonomous region and municipal levels.
 Indonesia	◦ There is a mixed legal system with the civil law system adopted from the Dutch colonial law, also recognizing the customary legal system and religious legal system ◦ Criminal law is codified for all of Indonesia and civil law is based on *adat* (local customary law), which varies from one region and ethnic group to another ◦ There are four judicial spheres (general, religious, military, and administrative matters), each with its own courts ◦ The Supreme Court is the final court of appeal ◦ High courts, which are located in principal cities, deal with appeals from district courts ◦ Supreme Court judges are chosen by the president, who selects from nominees presented by the Judicial Commission ◦ The Constitutional Court reviews and rules on cases involving charges against the president ◦ Judges are members of the civil service and are managed by the Supreme Court and supervised by the Judicial Commission.

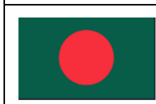
Country	Key Highlights
 Malaysia	○ The Federal Court is the highest and final court of appeal, followed by the Court of Appeal and the two high courts ○ Among the superior courts- the Federal Court, the Court of Appeal, the High Court in Malaya, and the High Court in Sabah and Sarawak; and subordinate courts: the sessions courts and magistrates' courts make up Malaysia's judicial system ○ The superior and subordinate courts have no jurisdiction over things that come under the jurisdiction of the Shariah courts ○ The selection of Judge is done by Federal Court justices appointed by the monarch on advice of the Prime Minister.
 Sri Lanka	○ The legal system is based on English common law system ○ The judiciary comprises six types of courts: the Supreme Court, the Court of Appeal, high courts, district courts, magistrate's courts, and primary courts ○ District courts are courts of first instance with wide civil powers, including jurisdiction over commercial litigation ○ High courts have both original and appellate jurisdiction.
 Thailand	○ The judicial system consists of four types of courts: Courts of Justice; Administrative Courts; the Constitutional Court; and Military Courts ○ The courts as mandated in the constitution are composed of three tiers- the Court of First Instance, the Court of Appeals, and the Supreme Court of Justice ○ Thailand's legal system blends principles of traditional Thai and Western laws ○ The selection of Judge is done by supreme Court judges selected by the Judicial Commission of the Courts of Justice and approved by the monarch
 Vietnam	○ Law of Vietnam is based on communist legal theory and French civil law ○ Judicial power is exercised by the People's Courts and include the Supreme People's Court at the top and other courts at lower levels ○ The People's Procuracies[21] exercise prosecutorial power and supervise judicial activities ○ The Procuracies include the Supreme People's Procuracy and other lower-level procuracies.

Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

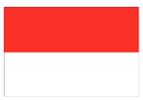
3.1.5 The Sub-National Administration

Major highlights of the sub-national level administration or local government systems in the countries under review are described in **Table 3.5** below:

TABLE 3.5 | Main Characteristics of the Sub-National System

Country	Key Highlights
 Bangladesh	○ Administratively, Bangladesh is divided into eight administrative divisions ○ Below the divisions, there is a three-tier local government, namely, Zila Parishad (districts council), Upazila Parishad(Sub-districts council) and Union Parishad hierarchically ○ There are 64 *Zilas*(districts), 495 *Upazilas*(Sub-districts) and 4,554 unions
 China	○ The Constitution of China provides for four levels of local governments: (i) the provincial (province, autonomous region, municipality, and special administrative region); (ii) the prefectural (prefecture-level city, autonomous prefecture, prefecture and league - the alternative name of "prefecture"); (iii) the county (district, county, county-level city, autonomous county, banner, autonomous banner, special district, forestry area); and (iv) the township.

[21] Serving as the prosecutor before the courts

Country	Key Highlights
	o However, there are five *de facto* levels of local government: provincial, prefecture, county, township, and village. o The fifth level which is commonly known as "village level" is not an administrative level. The Constitution designs the fifth level as "basic level autonomy". o China administers 33 provincial-level regions, 334 prefecture-level divisions, 2,862 county-level divisions, 41,034 township-level administrations, and 704,382 basic level autonomies.
 Indonesia	o Indonesia is divided into some 30 *propinsi*, or *provinsi* (provinces), plus the two *daerah istimewa* (special districts) of Yogyakarta in central Java and Aceh in northern Sumatra and the *daerah khususibu kota* (special capital district) of metropolitan Jakarta, known as Jakarta Raya o There are more than 300 second-order sub-divisions, *kabupaten* (regencies) headed by a *bupati* (governor) and a local legislature o More than 5,000 third-order divisions, *kecamatan* (districts), and several dozen *kota* (cities) have obtained autonomous status o The district and city leaders are chosen through direct local elections o Members of the Local Councils of Representatives (Dewan Perwakilan Rakyat Daerah), which deal more directly with the national legislature, also are selected through general election o Villages (*kampung*) and groups of villages (*desa*) provide the link between the people and the central government on the district level o *Kampung* and *desa* heads are elected in rural areas and appointed in urban ones o A village has two levels of neighborhood organization, a *rukunwarga* (RW; community association) and *rukuntetangga* (RT; neighborhood associations).
 Malaysia	o Malaysia is a federation of 13 states and three federal territories o Each state is divided into districts, which are then divided into mukim o Local authorities, such as city councils, district councils, and municipal councils, handle lower-level administration o Local governments outside of federal areas are under the sole jurisdiction of state governments, according to the federal constitution o There are 154 local authorities, consisting of 14 city councils, 38 municipal councils, and 97 district councils
 Sri Lanka	o Local government is the third and lowest level of government in Sri Lanka after the central government and provincial councils o Local authorities are divided into three different groups: municipal councils, urban councils and divisional councils o There are 25 districts, 333 divisions, 9 provincial councils, and many local authorities.
 Thailand	o Thailand has 76 provinces and 1 special administrative division o Each province is led by a governor who is appointed by the central government o At the forefront of local autonomous governments are both directly elected councils and mayors o They consist of three types of municipalities: City municipalities, town municipalities and sub-district municipalities o There are 30 city municipalities, 170 town municipalities and 1 Pattaya city council.
 Vietnam	o Local government is divided into three levels: province, district and commune o Vietnam is composed of 63 provincial-level administrative units (58 provinces and 5 centrally run cities), 713 district-level ones (546 rural districts, 49 urban districts, 51 towns and 67 provincial cities), and 11,162 commune-level ones (8,978 communes, 1,581 wards and 603 townships) o Local governments at each level are organized into People's Councils and People's Committees

Country	Key Highlights
	o The People's Councils are the local bodies of state power (i.e. local legislature) o The People's Committees are the executives at the local level, reporting to their corresponding People's Council and the line agencies at higher levels o Both are responsible for implementing national laws within their respective jurisdictions, and deciding local issues as provided by law.

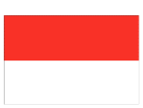
Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year) and other online resources

3.2 Trade and Investment Regimes

All countries, including the poorest, have assets - human, industrial, natural, and financial - which they can employ to produce goods and services for their domestic markets as well as to compete overseas with other suppliers. Countries that have chosen to make trade an instrument of economic growth have, indeed, grown more strongly and become wealthier than those who have chosen a reliance on domestic markets behind protective walls. Thus, the link between free trade and economic growth is quite strong. Liberal trade policies, i.e., policies that allow the flow of goods and services with increasingly lowered restrictions, deepen competition, encourage enhancement of trade across borders and increase welfare.

Bangladesh and its competing countries pursued wide-ranging trade-related and investment policies, mainly focused on export-led growth. They are participants in different RTA initiatives, committed to the multilateral trading system, and improved their WTO commitments by ratifying the Trade Facilitation Agreement (TFA). The trade and regulatory policies framework of the countries are briefly mentioned in **Table 3.6** below:

TABLE 3.6 | Trade and Regulatory Framework in Bangladesh and its Competing Countries

Country	Trade and Regulatory Framework
 Bangladesh	• The Constitution of the People's Republic of Bangladesh adopted and enacted on 16 December 1972 is the prime law. • The trade and regulatory framework consists of laws (acts), ordinances, Presidential Orders and legislation implementing statutory regulatory orders (SROs) issued by the relevant public-sector agency. • The Imports and Exports (Control) Act, 1950 empowers the Government to regulate the import and export of goods and services.
 China	• The Constitution of the People's Republic of China adopted in 1982 (last amended on 11 March 2018) prevails over any other law or statute. • The laws and administrative regulations; local, autonomous, and separate regulations; departmental rules; and local rules form the regulatory framework. • Foreign Trade Law of the People's Republic of China adopted in 1994 is the main instrument to govern international trade in China.
 Indonesia	• The Constitution of 1945 (last amended on 11 August 2002) is the basis for all laws. • The regulatory framework consists of: the Constitution; decrees of the People's Consultative Assembly; laws; government regulations substituting laws; ministerial regulations; Presidential decrees; provincial/regional regulations; and regency/city regulations. • Law No. 7 of 2014 on Trade (Indonesian Trade Law) grants the Government authority to intervene in international trade.

Country	Trade and Regulatory Framework
 Malaysia	• The Federal Constitution of Malaysia (Perlembagaan Persekutuan Malaysia), which came into force in 1957, is the supreme law. • Imports and exports are regulated under the *Customs Act (1967)*. • The Countervailing and Anti-Dumping Duties Act 1993 (CADDA) and the Countervailing and Anti-Dumping Duties Regulation 1994 (CADDR) are the primary legal instruments that provide for trade remedies in Malaysia.
 Sri Lanka	• The Constitution of 1978 (last amended on 3 October 2001) spells out Sri Lanka's institutional and legal framework. • The Revenue Protection Act, No. 19 of 1962 and Customs Ordinance 1870 are the instruments to regulate exports and imports trade in Sri Lanka.
 Thailand	• The Constitution is the supreme law of the country. • Other legislative sources are: acts (laws) passed by the National Assembly; royal decrees; emergency decrees; orders issued by administrative agencies; and cabinet resolutions. • The Civil and Commercial Code is the primary source of commercial law in Thailand. • The Unfair Contract Terms Act B.E. 2540 (1997) provides that a court can strike out an unfair provision (that is, a provision giving one party an inappropriate advantage over the other party).
 Vietnam	• Viet Nam adopted a new constitution in November 2013 which recognizes the role played by the private sector, and affirms the protection of lawful assets from nationalization. • The Government promulgates decrees stipulating specific measures to implement laws and resolutions of the National Assembly, including ordinances and resolutions of the Standing Committee. • The Law on Foreign Trade Management (No. 05/2017/QH14) promulgated in 2018n and the Customs Law (No. 54/2014/QH13) adopted in 2014 are the legal documents to manage foreign trade and develop foreign trade activities; and settlement of disputes about application of foreign trade management measures.

Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

3.2.1 Trade Policy Formulation

The welfare-enhancing capacity of trade is not automatic and depends on many factors. The relevant policies need to be appropriately crafted in order to ensure that trade is both growth-inducing and equity-friendly. The objective is to move towards a global trade regime by way of gradual liberalization of trade in commodities, services, and factors of production, to be done through the dismantling of various non-tariff barriers (NTBs) like quantitative restrictions (QRs), anti-dumping duty (ADD), tariffication of NTBs and gradual reduction of tariff barriers (TBs).

In Bangladesh, trade policy formulation begins with the MOC, and is finalized through a consultative process with the Export Promotion Bureau (EPB). Proposals are invited from relevant stakeholders, including the private sector {e.g., the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), and the Bangladesh Garments Manufacturers and Exporters Association (BGMEA)}, and research organizations (e.g., the public/private Bangladesh Foreign Trade Institute (BFTI), and independent academic institutions, such as the Centre for Policy Dialogue (CPD), that issue papers and participate in trade-related policy debates. These proposals, along with inputs received, are then discussed in inter-ministerial meetings under the *aegis* of the MOC. The decisions for all trade policy matters are tabled at the Cabinet Sub-Committee on Economic Affairs, which is headed by the Minister for Finance. Before cabinet approval, the policy is vetted by the Ministry of Law, Justice and Parliamentary Affairs.

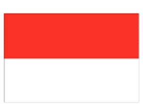
The countries under the study also formulate trade policies within the broader framework of national policies and strategies in a similar manner involving all the relevant stakeholders and through wide consultations.

3.2.2 Trade Policy objectives and Strategies

Bangladesh pursues wide-ranging trade-related policies based on Vision 2021 and Vision 2041. The main trade policy objectives and measures are delineated in the export and import policies on a three-year basis. It has a plan to formulate a comprehensive trade policy, including production diversification, increased competitiveness, and trade agreement utilization and expansion. The main objectives and key strategies of the trade policies of Bangladesh and the competing countries are presented in **Table 3.7** below:

TABLE 3.7 | Objectives and Key Strategies of the Trade Policies

Country	**Trade Policy Objectives**	**Key Strategies**
 Bangladesh	The broad objectives of the trade policy are: • to consolidate the position of Bangladesh in global trade; • to fill the gap between the requirement and availability of basic consumer goods; • to permit the maximum utilization of industrial capacity through liberal imports of raw materials and spare parts; and • to raise the country's export earnings to US$ 60 billion by 2021. Other key objectives include: • improving the quality of products by upgrading testing facilities to global standards; • enhancing the involvement of women in export-oriented industries • increasing the stake of services sectors, including information communication technology (ICT); and • bringing dynamism to export trade by utilizing e-commerce and e-governance enabling investment for sustainable development	The 8th Five Year Plan (8FYP) suggests activating strategies for outward orientation of trade policies in order to ensure export-led or trade-led growth. It provides guidance to make exports diversified and competitive in the world market based on Bangladesh's comparative advantage. The key export strategies include: o expanding the volume of exports to existing markets o diversifying the export base o moving up the value chain o exploring new markets o expanding services exports o engaging more in free trade agreements (FTAs) o pursuing duty-free and quota-free (DFQF) market access o deepening trade under regional arrangements, such as APTA, BIMSTEC, and SAFTA. The 8FYP plans to rationalize the level and structure of protection to import substitute industries in order to minimize the level of anti-export bias. Therefore, the Government will focus on three aspects of the trade policy regime: • Ensuring export competitiveness by addressing barriers. • Strategy for reducing anti-export bias of the trade regime. • Strategy for reducing anti-diversification bias of exports.

Country	Trade Policy Objectives	Key Strategies
	through an improved regulatory framework; • enhancing infrastructure for sustainable development through FDI; etc.	
 China	China's main trade-policy objective is to continue liberalizing its trade and investment regime to reshape its economy. It concentrates on its policy of "opening up", with particular focus on: • the modernization of existing industries; • the development of clean and knowledge-based industries; and • the services sector. Further, it considers that the multilateral trading system (MTS) plays a leading role in China's process of opening up, and RTAs are viewed as a complement to the MTS.	The strategies of the Chinese Government include the following: o the reform of the domestic trading and circulation o system; o the reform of the investment regime (inward and outward); o the acceleration of the implementation of free-trade agreements; o the acceleration of the development of the CSPFTZ[22]; and o the opening up of inland and border areas. Also, China intends to implement a proactive strategy of opening up and attracting foreign investment and foreign technologies: o Implementation of a Market Access Negative List System for Investment; o Development of Open Borders; and Promoting the Reform of the Price Mechanism.
 Indonesia	The main framework of Indonesia's trade policy focuses on three goals: • to increase the export of non-oil products, • to streamline the domestic market and manage the availability of basic products; and • to strengthen national distribution channels. The key objectives of the policy are to increase the competitiveness of Indonesia's businesses and encourage a movement into higher value-added activities.	Principal strategies of the Government of Indonesia include: o changing the regulatory environment to make it clearer and more business-friendly; o making the process of developing land easier; o giving various tax and non-tax incentives to attract investment; o provision of expanded and new transportation and ICT networks; and o develop human, scientific, and technological capacity. Further, the Government has - o identified ten priority products of key interest in its trade negotiations; and o developed six regional economic corridors, each with industrial clusters focusing on priority sectors.
	The main strategic objective of Malaysia's trade policy is to achieve	In the 11th Malaysia Plan, strengthening investment in the industrial and services sectors, as well as

[22] China Shanghai Pilot Free Trade Zone

Country	Trade Policy Objectives	Key Strategies
 Malaysia	high-income status by 2020 which is also emphasized in the policy document of Vision 2020. This could be done by: • Increasing labor productivity to 3.7 percent each year from the previous 2 percent on average • Enhance global activities • Transforming Malaysia into a digital economy powerhouse Six "major drivers" for Malaysia's development were also underlined by the 11th Malaysia Plan for 2016-20, as the final part of Vision 2020: • maximizing productivity; • bringing the bottom 40% of households into the middle class; • facilitating industry-led technical and vocational education and training; • pursuing green growth; converting innovation into wealth; and • investing in competitive cities	boosting both domestic and foreign investment, are among the strategies for the next five years. The six strategic initiatives are: o increasing inclusiveness toward a more equitable society; o improving overall well-being; o strengthening human capital development for an advanced nation; o embracing green growth for sustainability and resilience; o boosting infrastructure to support economic transformation; and o re-engineering economic growth for socioeconomic development In addition, to support the 11th MP, there are a variety of sectoral plans with trade and investment policy tools. Apart from the six strategic thrusts, a number of macroeconomic strategies are regulated according to new developments in the 11th MP[23]: o To promote sustainable and inclusive growth, productivity must be increased at the national, sector, and enterprise levels; o Fostering high-quality investment as a driving force for economic growth o Implement initiatives aimed at moving the value chain forward o Improving the balance of payments via strengthening exports and managing imports Insisting on a budgetary consolidation route to achieve medium-term viability
 Sri Lanka	Sri Lanka has recognized, as the major objectives of international trade, the importance of: • export promotion and diversification; • encouraging more foreign direct investment; • import replacement initiatives; and • promotion of locally value-added products.	Major strategies adopted by Sri Lanka to boost its international trade include: o strengthening existing trade ties; o finding new markets for products; o promoting new products; o encouraging effective participation of SMEs in the international trading system; and o promoting Sri Lanka as a trading hub in the South Asian region. In addition, the Government focuses on: o entering into new trading agreements;

[23]https://www.epu.gov.my/sites/default/files/2020-08/3.%20Overview.pdf

Country	Trade Policy Objectives	Key Strategies
	In addition, the Government envisions its trade-specific policy objectives as: • implementing a paperless trade facilitation system; • adopting "competitive high-value-added" export promotion and import replacement strategies to increase global trade; and • creating international trade-related infrastructure and logistics facilities. However, currently emphasis is being shifted to encouraging export product specialization rather than the value-added of processing everything within the country.	○ conducting surveys to identify new markets; ○ organizing overseas business forums and participating in international trade fairs; and ○ organizing trade missions.
 Thailand	The key objectives of Thailand's trade policy goals are: • Boost the competitiveness of micro, small, and community businesses • Use comparative advantages to get a competitive advantage in high-value-added products and services • Strengthen the local economy • Establish a business climate that is fair and beneficial to trade • Market and trade channels should be maintained and expanded • Strengthening capacity and promoting international development cooperation are two goals that should be pursued • Organizational capability and good governance should be strengthened	In order to achieve the policy goals, the broad strategies include: ○ improve the productivity of MSMEs so that they may move to global value chains; ○ promote access to financial and technical support; ○ credit for export schemes; ○ stabilize agricultural commodity prices with suitable policies; ○ diversification of export markets; ○ increased market access, including through regional trade agreements ○ ensure intellectual property rights are protected and encourage the use of it; ○ reform rules and regulations to maintain a free and fair-trading environment; ○ establish and improve measures to combat corruption; ○ advocate and enforce ethical conduct in public service; ○ develop qualified, accountable, and results-oriented public-sector workers. In addition, the following strategies are followed to expand trade channels and build capacity for international development: ○ expanding local and international markets; ○ promoting electronic and mobile commerce; ○ developing the service sector and service trade; ○ promoting the food industry and halal items focusing on specific products and markets; ○ diversify foreign markets for Thai products and services, as well as commercial operations;

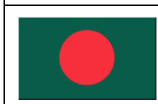
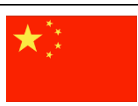
Country	Trade Policy Objectives	Key Strategies
		participate in trade and development discussions, as well as boost Thailand's role in ASEAN.
 Vietnam	The objectives of Vietnam trade policy are: • to take full advantage of favorable global conditions; • to turn Viet Nam into a modern-oriented industrialized country; and • to improve people's living standards. The Vision 2030 of Vietnam set out three specific targets: • the average annual growth rate of exports should be at the double-digit level; • the growth rate of imports should be lower than that of exports; and • a gradual reduction of the trade deficit, so as to guarantee a trade balance and reach a trade surplus by 2030.	Vietnam adopted the following strategies to attain the declared objectives and targets: o accelerating trade by integrating Viet Nam into foreign markets o increasing Viet Nam's profile in the international arena o making a positive contribution upon joining international and regional multilateral organizations and forums o creating a stable and transparent business environment to attract foreign investment o providing business opportunities for domestic and foreign enterprises o making full use of technical assistance to improve capacity for macroeconomic management.

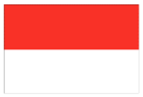
Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

3.2.3 Responsible Institutions

There is a leading institution in the formulation, implementation and coordination of the policies and activities relating to international trade in goods and services. Various agencies provide the necessary support to the leading institution. The following **Table 3.8** includes the names of the leading institutions and associated agencies in Bangladesh as well as in the countries under review in this study.

TABLE 3.8 | Leading Institutions and Associated Agencies in Trade Policy Formulation

Country	Leading Institution	Principal Associated Bodies
 Bangladesh	Ministry of Commerce (MOC)	o Bangladesh Tariff Commission o Export Promotion Bureau (EPB) o National Board of Revenue (NBR) o Chief Controller of Imports & Exports (CCI&E)
 China	Ministry of Commerce (MOFCOM)	o Department of Foreign Trade o Department of International Trade and Economic Affairs o Department of Trade in Services and Commercial Services o General Administration of Customs

Country	Leading Institution	Principal Associated Bodies
 Indonesia	Ministry of Trade (MoT)	○ Coordinating Ministry of Economic Affairs ○ National Team for the Enhancement of Exports and Investment (Timnas PEPI) ○ Secretariat for Indonesia's anti-dumping committee (KADI) ○ Intra-ministry Team for Non-tariff Measures (KNT) ○ Team Tariff - Inter-ministerial advisory body on tariff policy
 Malaysia	Ministry of International Trade and Industry (MITI)	○ Malaysian Investment Development Authority (MIDA) ○ Malaysia External Trade Development Corporation (MATRADE) ○ *Royal Malaysian Customs Department (RMCD)* ○ Malaysia Productivity Corporation (MPC) ○ SME Corporation Malaysia (SME Corp) ○ Malaysian Industrial Development Finance (MIDF) ○ Malaysia Automotive Institute (MAI) ○ Malaysia Steel Institute (MSI) ○ Economic Planning Unit (EPU)
 Sri Lanka	○ Ministry of Industry and Commerce ○ Ministry of Development Strategies and International Trade ○ Ministry of National Policies and Economic Affairs	○ Department of Commerce ○ Department of Import and Export Control ○ Sri Lanka Export Development Board ○ Department of National Planning ○ Trade and Investment Policy Department ○ Sri Lanka Customs ○ Department of Registrar of Companies
 Thailand	The Ministry of Commerce (MoC)	○ Department of Commerce ○ Department of Trade Negotiations ○ Department of Business Development ○ Department of International Trade Promotion (DITP) ○ Department of Foreign Trade (DFT) ○ Department of Intellectual Property (DIP) ○ Department of Internal Trade (DIT) ○ Trade Policy and Strategy Office (TPSO) ○ Office of Trade Competition Commission (OTCC)
 Vietnam	Ministry of Industry and Trade	○ National Planning Committee ○ Multilateral Trade Policy Department ○ General Department of Customs ○ 12 National Export-Import Corporations ○ Other state-owned agencies to provide subsidiary services for foreign trade

Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

In addition, a host of other ministries and agencies are also involved in the process of formulating and implementing trade and trade-related policies in every country.

In Bangladesh, the associated bodies, as noted above, play a very important role in shaping the international trade portfolio of the country.

- ✓ **Bangladesh Tariff Commission:** The Tariff Commission started functioning as a directorate of the Ministry of Commerce in 1973. It was reorganized as a statutory autonomous body and It was renamed as Bangladesh Tariff Commission and awarded the status of a statutory body under the Bangladesh Tariff Commission Act 1992. The Commission is headed by a chairman who holds the rank and status of a secretary to the government. Its main responsibility is to protect domestic industries from unequal competition. It develops recommendations on measures relating to protection of domestic industries, creation of a sound competitive environment for industrial production, ensuring optimal use of industrial resources, promotion of export of domestic goods, taking measures to prevent dumping or unfair practices in the importation and sale of foreign products, and increasing market access of domestic industries through bilateral, regional and multilateral agreements.
- ✓ **Export Promotion Bureau (EPB):** EPB is responsible for promoting the nation's export industry in Bangladesh. Established under the Export Promotion Bureau Act, 2015, it is a statutory body. It is governed by a 22-member Board headed by the Minister for Commerce. The main functions of EPB are to track the achievements and progress of the export sector; to monitor export trends and produce periodical reports; collection and dissemination of export data and statistics; etc. Further, it provides GSP certificate to exporters to get tariff preferences.
- ✓ **Chief Controller of Imports & Exports (CCI&E):** Office of Chief Controller of Imports and Exports was founded in 1950 under the Imports and Exports (control) Act 1950. It is a government regulatory department concerning export and import of merchandises. The department issues export and import certifications and advises the government on trade and tariff.
- ✓ **National Board of Revenue (NBR):** NBR is the apex authority for tax administration in Bangladesh established under the Presidential Order No. 76 of 1972. It is managed by a Chairperson and as many as eight members - 4 for direct tax and 4 for indirect tax. The Secretary of the Internal Resources Division, Ministry of Finance, acts as the ex-officio chairman of the Board. NBR is mainly responsible for collection of tax revenues, primarily Value Added Tax (VAT), Customs Duty, Excise Duty and Income Tax. Its other major responsibilities include formulation and continuous re-appraisal of tax policies and tax laws; negotiating tax treaties with foreign governments; participating in inter-ministerial deliberations on economic issues having a bearing on fiscal policies and tax administration.

3.2.4 Advisory bodies

The advisory bodies are policy consultative bodies, with public and private sector participation, which support efforts for the formulation of a coordinated policy, having positive effects on the performance of the domestic and export sectors. A few names of major advisory bodies in the countries under study are compiled in the following **Table 3.9**:

TABLE 3.9 | Advisory Bodies in Trade Policy Formulation

Country	Advisory Bodies
Bangladesh	• Federation of Bangladesh Chambers of Commerce and Industry • DCCI, MCCI, BCI and CCI, BKMEA, BTMA • Bangladesh Garments Manufacturers and Exporters Association • Bangladesh Foreign Trade Institute (BFTI) • Centre for Policy Dialogue
China	• Different forums of the Communist Party of China (CPC) • Industrial Associations • China Association of Standards (CAS) • Non-governmental organizations (NGOs)
Indonesia	There is no formal independent advisory body to evaluate trade and investment policies and provide advice to the Government. However, the Government is keen to broaden stakeholders' participation, and consultations are held involving consumer and producer associations, experts, and industry, etc.
Malaysia	• Standards and Accreditation Council (MSAC) • National Trade Facilitation Committee (NTFC) • National Standards Committee (My NSC) • National IEC Committee (My ENC) • National Accreditation Committee (NAC) • National Good Laboratory Practice Committee (My GLPC) • National Economic Action Council (NEAC)
Sri Lanka	• Trade associations • Industry associations • Trade chambers • Societies and associations
Thailand	• National and Economic Development Council (NESDC) • National Committee on Trade Facilitation (NCTF) • National Standardization Council (NSC) • National Economic and Social Development Board (NESDB)
Vietnam	• Inter-ministerial Steering Committee on International Economic Integration (ESC) • Provincial People's Committees • General Public, representatives of businesses, academia, industry associations, and international organizations

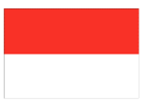
Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

3.2.5 Transparency

A lack of transparency, and, thus, a lack of public accountability, creates scope for administrative discretion which appears to be the most problematic factor for doing business. Greater transparency results in reduction of administrative bottlenecks. The transparency measures adopted by Bangladesh and the competing countries are briefly noted in the following table:

TABLE 3.10 | Transparency Measures in Trade Policies

Country	Transparency Measures
Bangladesh	• Laws are framed in Bengali only with an authenticated translated text in English published at a later stage.

Country	Transparency Measures
	• Laws are published in the Bangladesh Gazette, which is updated weekly and is available to all individuals and institutions. • The websites of most of the relevant ministries and agencies contain limited information in English. • Also, the websites do not contain up-to-date information and data. • In 2009, Bangladesh enacted the Right to Information Act to ensure the free flow of information to the citizens.
 China	• In order to promote transparency, draft laws and other draft regulations are published online for a 30-day period for public comments, except when, as per the decision of the State Council, laws and regulations need to be kept confidential in accordance with articles 37 and 67 of the Legislation Law. • Public comments can be submitted through the website of the Legislative Affairs Office of the State Council. • Complaints from foreign-invested enterprises (FIEs) are dealt with by the Complaint Coordination Office for Foreign-invested Enterprises and the National Complaint Centre for Foreign-invested Enterprises, both under MOFCOM. • Administrative decisions may be challenged within six months by those that deem that their legitimate rights have been damaged. Appeals are, in general, made to a department at higher level that the one that made the decision.
 Indonesia	• The Government is legally required to offer the public the opportunity to give input into the rule-making process orally or in writing. • However, consultations are undertaken on an ad-hoc basis as issues arise. • Indonesia has a transparent approach to the formulation of policies, which allows for the participation of interested members of the public.
 Malaysia	• The Malaysian Anti-Corruption Commission (MACC), established in 2009 under the MACC Act, is responsible for combating corruption through investigation, prevention and community action. • The Governance and Integrity Committee (JITU) was set up on 3 June 2014 to elevate the integrity enhancement efforts. • The Auditor General's (AG) Dashboard[24] and the Putrajaya Inquisition[25] are further efforts to ensure greater transparency. • The e-procurement system established in 1999 has greatly enhanced transparency and efficiency in procurement.
 Sri Lanka	• All ministries and institutions concerned with international trade have regular consultations with the private sector, although there are no specific laws on the matter. • These consultations take place through trade associations, industry associations, as well as trade chambers. • In dialogues concerning particular sectors, individual exporters, manufacturers, or industrialists are often included for their comments and inputs through a series of meetings or individual consultations.

[24] The AG's Dashboard tracks and monitors the responses and actions taken by relevant ministries, departments and agencies.

[25] Any issue that cannot be resolved at ministry/department/agency level is brought to the Putrajaya Inquisition.

Country	Transparency Measures
 Thailand	• Thailand's customs policy has been enhanced with the adoption of a new Customs Act (2017), which has simplified customs procedures and increased transparency • The Fiscal Responsibility Act (FRA) was passed to improve fiscal discipline and medium-term planning, as well as to increase fiscal transparency • ASEM collaborated on a Trade Facilitation Action Plan with the goal of lowering non-tariff barriers, boosting transparency, and fostering trade relations and possibilities between the two regions • The Public Procurement and Supplies Administration Act (2017) emphasizes the prevention of corruption and anti-competitive behavior through improved transparency and supervision.
 Vietnam	• The Law on Promulgation of Legal Documents of 2015 (Law No. 80/2015/QH13) provides a coordination mechanism for policy formulation and legislative process. • Stakeholders such as government agencies, private associations, and individuals can provide input into the drafting of legal documents. • Again, the Law on Export Tax and Import Tax of 2016 (Law No. 107/2016/QH13) makes comprehensive reforms in terms of management methods and export and import tax policies regarding stability, openness, transparency, and favorable conditions for businesses.

Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

Chapter IV

Specific Comparison – Trade Agreements and Arrangements

4.1 WTO

On 1 January 1995, the WTO replaced GATT, which had been in existence since 1947, as the organization overseeing the multilateral trading system. The governments that had signed GATT were officially known as "GATT contracting parties". There were 128 GATT signatories as of the end of 1994. Upon signing the new WTO agreements (which included the updated GATT, known as GATT 1994), they officially became known as "WTO members". Currently, there are 164 members and 25 observer governments of WTO, of which China and India are amongst the 23 founding members. In addition, there are several international intergovernmental organizations representing in the General Council and different WTO bodies such as, Councils and Committees. Bangladesh has been a WTO member since 1 January 1995 and a member of GATT since 16 December 1972.

4.1.1 Bangladesh and its Competing Countries in WTO

Bangladesh and all the competing countries are members of WTO – Bangladesh, Indonesia, Malaysia, Sri Lanka and Thailand are WTO members since its inception on 01 January 1995, while China and Vietnam obtained membership of WTO on 11 December 2001 and 11 January 2007 respectively. All these countries have ratified both the multilateral instruments, viz., the 2005 Protocol Amending the TRIPS Agreement (TRIPS) and the 2014 Protocol concerning the Trade Facilitation Agreement (WTO-TFA), and effectively participate in various activities of WTO. Key features are presented in **Table 4.1** below:

TABLE 4.1 | Key Features of Membership and Other Activities

Country	Member-ship	Engage-ments	Acceptance of Multilateral Instruments		Observer	Member of Groups in Negotiations	Participation in joint initiatives
			TRIPS	WTO TFA			
Bangladesh	1 January 1995	LDC Group Coordinator in 2015	15 March 2011	27 September 2016	Committee on Trade in Civil Aircraft	Asian developing members, G-90 and LDCs	-
China	11 December 2001	-	28 November 2007	4 September 2015	Committee on Trade in Civil Aircraft; Committee on Government Procurement; and Information Technology Agreement	Asian developing members, APEC, Article XII Members, G-20, G-33, "W52" sponsors	E-commerce, Investment facilitation for development, MSMEs, Domestic regulation of trade in services
Indonesia	1 January 1995	-	20 October 2011	5 December 2017	Committee on Trade in Civil Aircraft; Committee on Government Procurement; and Information Technology Agreement	Asian developing members; APEC; ASEAN; Cairns Group; G-20; G-33; NAMA-11; and "W52" sponsors	E-commerce, and Investment facilitation for development

Country	Member-ship	Engage-ments	Acceptance of Multilateral Instruments TRIPS	WTO TFA	Observer	Member of Groups in Negotiations	Participation in joint initiatives
Malaysia	1 January 1995	-	10 December 2015	26 May 2015	Observer to the Committee on Government Procurement; and Information Technology Agreement	Asian developing members, APEC, ASEAN, Cairns Group	E-commerce, Investment facilitation for development, and MSMEs[26]
Sri Lanka	1 January 1995	-	9 September 2015	31 May 2016	Committee on Trade in Civil Aircraft; Committee on Government Procurement	Asian developing members; Small, vulnerable economies (SVEs); G-33; Paragraph 6 countries; and "W52" sponsors	-
Thailand	1 January 1995	-	28 January 2016	5 October 2015	Observer to the Committee on Government Procurement; and Information Technology Agreement	Asian developing members, APEC, ASEAN, Cairns Group, G-20, Friends of A-D Negotiations (FANs), "W52" sponsors	E-commerce, and Domestic regulation of trade in services
Vietnam	11 January 2007	-	23 January 2017	15 December 2015	Committee on Government Procurement; and Information Technology Agreement	Asian developing members; APEC; ASEAN; Article XII Members; and Cairns Group	MSMEs

Source: WTO

Bangladesh actively engages in various WTO activities. It grants all trading partners, including non-WTO members, with at least MFN treatment. Additionally, Bangladesh remains a proponent of the multilateral trading system based on rules. The complete and effective execution of decisions made in favor of LDCs at Ministerial Conference 9 and 10 are among the principal WTO matters of relevance to Bangladesh.

4.2 Bilateral and Preferential Agreements

4.2.1 Bilateral Investment Agreements and Treaties of Bangladesh

So far, Bangladesh has signed bilateral investment treaties with 32 countries and Avoidance of Double Taxation Treaties (DTT) with 36 countries as mentioned in the following table:

[26]Micro, Small and Medium-sized Enterprises

TABLE 4.2 | Bilateral Investment Agreements and Treaties of Bangladesh

Bilateral Investment Agreements	Investment treaties
Austria, the Belgium-Luxembourg Economic Union, Cambodia, China, Denmark, France, Germany, India, Indonesia, Iran, Italy, Japan, Democratic People's Republic of Korea, Republic of Korea, Malaysia, the Netherlands, Pakistan, the Philippines, Poland, Romania, Singapore, Switzerland, Thailand, Turkey, the United Arab Emirates, the United Kingdom, the United States, Uzbekistan, and Vietnam.	Bahrain, Belarus, Belgium, Burma, Canada, Czech Republic, China, Denmark, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Kuwait, Malaysia, Mauritius, Nepal, the Netherlands, Norway, Pakistan, the Philippines, Poland, Romania, Saudi Arabia, Singapore, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, the United Arab Emirates, the United Kingdom, the United States, and Vietnam.

Source: https://www.state.gov/reports/2021-investment-climate-statements/bangladesh/

4.2.2 Preferential Agreements of Bangladesh

Bangladesh has successfully negotiated several regional preferential trade and economic agreements, including the South Asian Free Trade Area (SAFTA), the Asia-Pacific Trade Agreement (APTA), and the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC).

4.2.2.1 APTA: Asia Pacific Trade Agreement (APTA), formerly known as the Bangkok Agreement, is the oldest preferential trade agreement between countries in the Asia-Pacific region. It has seven participating countries, namely, Bangladesh, China, India, Lao PDR, Mongolia, Republic of Korea, and Sri Lanka[27]. Effective since 2018, China and India both made adjustments as a part of Tariff concession agreement which is an initiative by both countries to further liberalize trade through the APTA. For APTA LDCs, special and differential (S&D) treatment is offered, with additional concessions. Currently, negotiations are being held to expand membership of APTA to Vietnam. Notably, Vietnam's exports to APTA countries increased manifold over the years and rose to the tune of 26.5 percent of its total exports in 2020 (US$ 74.73 bn.)[28], indicating that joining APTA would be beneficial for both Vietnam and the APTA countries.

The APTA contains a consolidated list of tariff concessions granted by member countries to each other. Under this agreement, China has provided 100 percent tariff concessions to 83 items of Bangladesh at 8-digit level and the Republic of Korea has provided 100 percent tariff concessions to 139 items of Bangladesh at 10-digit level[29]. China also offered tariff concessions at 50 percent on 1,058 tariff lines, which are applicable to all countries. Bangladesh is

[27] United Nations ESCAP
[28] Source: Keystone Research with data from the United Nations COMTRADE database on international trade
[29] https://mincom.portal.gov.bd

participating in the working groups on the framework agreements on Trade Facilitation, Trade in Services, Investment and Rules of Origin.

4.2.2.2 SAPTA: The idea of liberalizing trade among SAARC countries was first mooted by Sri Lanka at the sixth Summit of the South Asian Association for Regional Co-operation (SAARC) held in Colombo in December 1991. It was agreed that such an initiative would be a stepping stone to higher levels of trade liberalization and economic co-operation among the SAARC member countries. The SAARC Preferential Trading Arrangement (SAPTA) was signed in Dhaka in April 1993, which envisaged the creation of a preferential trading area among the seven member states of the SAARC, namely Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Its broad objective was to promote and sustain mutual trade and economic co-operation among the member states through exchange of trade concessions.

Under SAPTA, a total of 6,243 tariff line concessions were exchanged, of which 3,942 were exclusively for the LDCs as against 2,301 for non-LDC members. The LDCs thus received relatively more favorable treatment in the exchange of tariff concessions. The depth of tariff concession offered to LDC members ranged between 5 and 100 percent. Tariff cuts offered by India were the deepest, varying between 25-100 percent.

4.2.2.3 SAFTA: SAPTA was superseded by the Agreement on the South Asian Free Trade Area (SAFTA) which was implemented with effect from 1st January 2006. SAFTA is the free trade arrangement of the SAARC and the signatory countries are Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. It recognizes the need for S&D treatment for LDCs and translated in measures like smaller sensitive lists; less stringent rules of origin and some product-specific rules. All member countries maintain a sensitive list under SAFTA. Products appearing in the sensitive lists do not enjoy tariff concessions. Except the products retained in their sensitive list, India has provided to LDCs duty free market access to all products.

Being an LDC, Bangladesh has been provided some S&D treatments under the SAFTA Treaty. These special provisions had important implications for Bangladesh. Bangladesh also benefited from a prolonged grace period to lower tariffs under SAFTA. Around 25 percent of its tariff lines are exempt from any tariff-reduction agreements. Also, except for alcohol and tobacco, India provides duty-free and quota-free access to Bangladesh. A PTA was signed between Bangladesh and India with a decision to work on the bilateral PTA commencing with a short list of goods that could expand trade. A joint study on the prospects of a bilateral Comprehensive Economic Partnership Agreement (CEPA) between Bangladesh and India is underway.

4.2.2.4 BIMSTEC: The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) was formed in 1997 comprising of Bangladesh, India, Myanmar, Sri Lanka and Thailand as an economic cooperation bloc to bridge South and East Asia, while Nepal and Bhutan joined later. Trade and Investment is one of the sectors of cooperation under BIMSTEC. Elimination of tariff and non-tariff barriers through government-to-government negotiations is one of the visions for BIMSTEC economic cooperation. BIMSTEC has three stages of trade liberalization agenda: fast-track elimination, normal-track elimination, and normal-track reduction. Under the BIMSTEC, non-LDC participants (India and Thailand) were expected to liberalize their markets for LDC goods (Bangladesh, Myanmar, Sri Lanka, Nepal, and Bhutan). Negative lists, which would get no tariff reduction, would be permitted under the BIMSTEC FTA and would be reviewed on a regular basis.

The Permanent Secretariat of BIMSTEC was established in Dhaka in 2014. Bangladesh also acts as the lead country for trade, Investment and Development of BIMSTEC. Bangladesh and Myanmar offer a pool of cheap human capital while western India, Thailand and Sri Lanka offer a product market with a large consumer base. Low labor costs continue to be an important driver for Bangladesh with a growing consumption rate together with expanding urbanization and reliance on manufacturing and agriculture.

The momentum that BIMSTEC is gaining needs to be maintained taking cognizance of these asymmetries so that the strengths of individual member countries can be leveraged for the success of the organization. It is imperative to forge more realistic partnerships and shared endeavors to prosper together through the exploitation of the full potentials of BIMSTEC.

4.2.2.5 Developing-8 (D-8): D-8, also known as Developing-8, is an arrangement for development cooperation among the member countries: Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. It was officially established by the Summit of Heads of State/Government in Istanbul on June 15, 1997, through Istanbul Declaration. The objectives of D-8 are to improve positions of the developing countries' in the world economy, diversify and create new opportunities in trade. The D-8 countries command a combined GDP of about US$ 4 trillion and a total population of 1.16 billion. D8 plans to enhance trade cooperation and bring their domestic trade volumes to at least 10 percent of the organization’s total trade in the next decade. Accordingly, a roadmap has been prepared to facilitate enhanced cooperation between the member countries in the field of trade and other economic sectors.

In 2006, the D-8 countries signed a preferential tariff agreement (PTA), which took effect in August 2011. The PTA envisaged a cooperation scheme that would benefit its member countries strongly, and strengthen other steps that had been taken in D-8 Organization to boost trading volume and economic interaction among member countries. The PTA also aspired to facilitate intra-trade to increase its volume from 7.06 percent of the total trade with the world to 10-15 percent within 10 years, which was in line with the targets emanated in the D-8 Roadmap 2018. It covers tariff reductions for 8 percent of all tariff lines with rates greater than 10 percent.

Six nations (Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey) have completed all internal procedures for the PTA. The D-8's only LDC member, Bangladesh, will have a longer implementation period than the other members of the organization. Tariff reductions will be phased in over eight years for LDCs, compared to four years for other members.

4.2.2.6 Trade Preferential System – Organization of Islamic Cooperation (TPS-OIC): The Framework Agreement, the Protocol on Preferential Tariff Scheme (PRETAS), and the Rules of Origin (RoO) are the three agreements that make up TPS-OIC covering all Organization of Islamic Cooperation (OIC) Member States. The PRETAS covers 7 percent of each participating State's total national tariff lines. The main objective of the TPS-OIC is to promote the intra-OIC trade through exchange of trade preferences among the Member States of OIC. Bangladesh is a member of the TPS-OIC, which has, as one of its main goals, the promotion of intra-OIC commerce. Along with Bangladesh, Turkey, Malaysia, Pakistan, Jordan, Iran, and Morocco had conveyed their updated concession lists.

Tariff reductions will be applied in the following order: (i) tariff above 25 percent will be reduced to 25 percent; (ii) tariffs between 15 percent and 25 percent will be reduced to 15 percent; and (iii) tariffs between 10 percent and 15 percent will be reduced to 10 percent. LDCs will receive the above tariff reduction in six yearly installments while developing OIC members will receive it in four annual installments.

4.2.2.7 Bilateral PTAs and FTAs: In view of the possible graduation of Bangladesh to middle-income nation in some years, its future trade benefits will largely depend on bilateral preferential trade agreements (PTA) and free trade agreements (FTA). In fact, the preferential agreements are vital for Bangladesh to remain competitive in the international market. Moreover, the prospects of multilateral trading systems under the WTO (more than 200 such deals worldwide) are gradually losing their efficacy. The UN has recommended that Bangladesh sign FTAs with major trading partners like China to counter a regime without duty-free access facility following the graduation to developing country status[30]. Accordingly, Bangladesh is looking for ways and means to sign PTA/FTAs with trading partners.

Bangladesh has so far signed a bilateral FTA with Bhutan, under which Bangladesh will get duty-free benefit on export of 100 different goods, including garments, processed agricultural goods and electronics. On the other hand, Bangladesh agreed to provide duty benefit to 34 Bhutanese products including fruits. In addition, FTAs with Sri Lanka, Turkey, China, Brazil, India, Thailand and Malaysia are proposed and currently under consultation and study. Negotiations are on-going to sign FTA with Pakistan[31].

4.2.2.6 Other preferences and agreements: Bangladesh continues to benefit from the Generalized System of Preferences (GSP) systems of Australia, Canada, the European Union,

[30] Shahiduzzaman Khan, "Free trade deals to benefit Bangladesh", Global Times, China, December 28, 2020

[31] Source: Asia Regional Integration Center: https://aric.adb.org/fta-country

Iceland, Japan, Montenegro, New Zealand, Norway, the Russian Federation, Switzerland, and the United States, particularly the Duty-Free Quota-Free (*DFQF*) programs. Bangladeshi exports to China have been restricted under China's LDC-specific program. The country has made limited use of India's LDC DFQF market access preference program, as it mostly trades with India under the SAFTA framework and on an MFN basis. The new Registration Exporter System (REX)[32] is designed to make it easier for developing countries, such as Bangladesh, to take advantage of GSP benefits.

4.3 Free Trade Agreements

Free trade agreements (FTAs) are concluded when two or more countries agree on the terms of trade between them. They determine the value of tariffs and duties that countries impose on imports and exports. Some basic characteristics of the FTAs are briefly mentioned below:

- An FTA is aimed at maintaining and expanding market access for exports.
- The bilateral or sub-regional FTAs are considered big steps, or building blocks towards institutional economic integration.
- The FTA could act as a self-help regional facilitator in times of economic hardship.
- Expanded intra-regional trade through FTAs will reduce export reliance on particular markets, increase investment and help promote long-term development.
- An FTA is taken as a WTO-plus mechanism to deal with the newly emerging international economic activities such as FDI, trade in services, labor mobility, and others that the GATT/WTO rules have not yet approached.

The strategies of the competing countries of Bangladesh to negotiate and conclude free trade agreements (FTAs) are almost identical – to allow and avail concessional treatments to expand trade. Every country offers tariff concession and simplifies procedures under the FTAs that can facilitate trade amongst the signing parties. **Table 4.3** below summarizes the viewpoints and policies followed by the countries with respect to FTAs:

TABLE 4.3 | FTA Policies and Strategies of the Competing Countries of Bangladesh

Country	FTA Policies and Strategies
China	• China views FTAs as vital to achieving its economic, political, and strategic interests in the global context. • China is keen to conclude more FTAs with its trade partners to lower tariffs and gain market access in order to boost the competitiveness of its exports. • FTA provisions that clarify rules of origin and simplify customs procedures have facilitated trade between China and its trading partners.

[32]The Registered Exporter system (the REX system) is a system of certification of origin of goods based on a principle of self-certification. The origin of goods is declared by economic operators themselves by means of so-called statements on origin.

Country	FTA Policies and Strategies
	• Tariff reductions coupled with tax exemption on imported raw materials and other inputs used for export goods have played an important role in China's rise as a global production network hub[33].
Indonesia	• Indonesia considers that an economy with relatively low trade integration like Indonesia may only enjoy a modest gain from free trade agreements (FTAs). Yet Indonesia is quite active in concluding FTAs. • Sistem Informasi Perdagangan or Trading Information System (INATRADE), an online system for obtaining trade-related licenses, and the negative investment list are two products of domestic reforms driven mainly by regional commitments[34]. • Tariff concession is designed in such a way that includes both industry and agricultural products.
Malaysia	• Malaysia considers that its businesses should go beyond the borders, explore more opportunities and expand markets. • The FTAs are regarded as helpful for companies to export, enhance their competitive advantage, strengthen investors' confidence and, to a large extent, build Malaysia's economic sustainability. • Malaysia offers lower or zero tariff (tariff concession) on exports and imports of goods and components assigned under FTA which make products more competitive.
Sri Lanka	• The FTAs are important for Sri Lanka since they provide duty free access to the large markets. • Sri Lanka provides duty free or preferential access to all products other than a few included in the negative list. • It allows concession to the wholly obtained products[35] as eligible under FTAs[36].
Thailand	• Thailand is one of East Asia's most active users of FTAs as an instrument of commercial policy. • The FTAs are expected to ensure greater market access and to develop Thailand as a strategic investment location in Asia. • FTAs are used to strengthen ties with important traditional markets, and to gain access to new markets. • Thailand sanctions tariff elimination and duty free facilities under the FTAs[37].
Vietnam	• Vietnam has been active in signing bilateral trade agreements with countries throughout the world. • It has used its participation in international free trade agreements as an instrument to ensure increased economic power and financial security. • The country considers that FTAs will enable Vietnam's economic development to shift away from exporting low-tech manufacturing products and primary goods to more complex high-tech goods like electronics, machinery, vehicles and medical devices.

4.4 Trade Agreements by the Competing countries

4.4.1 China: The Chinese Government deems FTAs as a new platform to further open up to the outside and speed up domestic reforms, an effective approach to integrate into global

[33] Xiaoming Pan, "China's FTA Strategy**",** The Diplomat, June 01, 2014
[34] Lili Yan Ing, "Free Trade Agreements for Indonesia?", The Diplomat, April 06, 2015
[35] A "wholly obtained" product is solely acquired or completely produced within one country.
[36] http://www.slembassykorea.com/sin/download/Additional%20Info.%20Sri%20Lanka's%20Trade%20Agreements.pdf
[37] Wignaraja, G., R. Olfindo, W. Pupphavesa, J. Panpiemras, and S. Ongkittikul, "How Do FTAs Affect Exporting Firms in Thailand?", Asian Development Bank Institute, 2010

economy and strengthen economic cooperation with other economies, as well as particularly an important supplement to the multilateral trading system. Currently, China has 25 FTAs under construction, among which 15 Agreements have been signed and implemented, viz., Cambodia, Mauritius, Maldives, Georgia, Australia, Korea, Switzerland, Iceland, Costa Rica, Peru, Singapore, New Zealand, Chile, Pakistan, ASEAN, etc. It has also signed Closer Economic and Partnership Agreements (CEPA) with Hong Kong and Macau. In addition, FTAs are under negotiation with Gulf Cooperation Council (GCC), Japan, Korea, Sri Lanka, Israel, Norway, Moldova, Panama, Palestine and Peru. China is a party to the Regional Comprehensive Economic Partnership (RCEP), a free trade agreement among the Asia-Pacific nations Australia, Brunei, Cambodia, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand and Vietnam[38].

4.4.2 Indonesia: Indonesia is a party to the ASEAN Free Trade Area. It also has preferential trade agreements with Australia, China, Hong Kong, India, Japan, Korea, and New Zealand and concluded text-based negotiations of the RCEP in November 2019. It has signed bilateral FTAs with Australia, Chile, Mozambique, Iceland, Liechtenstein, Norway and Switzerland. Indonesia recently concluded negotiations with Korea on a CEPA. It is negotiating other FTAs with the European Union (EU), India, Tunisia and Turkey as well as reviewing its trade agreements with Japan and Pakistan[39].

4.4.3 Malaysia: Malaysia has implemented liberal trade policies and places a strong focus on regional and bilateral trade agreements due to its reliance on international trade. The country has signed bilateral Free Trade Agreements (FTAs) with nations such as Australia, Chile, India, Japan, New Zealand, Pakistan, and Turkey. Malaysia also played an important role in facilitating the establishment of the ASEAN Charter, and has regional FTAs with China, Japan, Korea, India, Australia and New Zealand, and also participates in the ASEAN Trade in Goods Agreement (ATIGA). Malaysia is currently under negotiation with other FTAs with the EU, Iran, and is also a party to the RCEP negotiations[40].

4.4.4 Sri Lanka: Sri Lanka has signed FTAs with India, Pakistan, and Singapore, and is currently negotiating an FTA with China. It is also a member of BIMSTEC, SAFTA and the APTA[41]. It also enjoys GSP facilities from various developed countries including USA and EU.

4.4.5 Thailand: Thailand has proven itself to be a dynamic force for regional multilateralism, according to the Department of Trade Negotiation (DTN) in the Ministry of Commerce, by building ASEAN and, more recently, by entering RCEP in 2021. Furthermore, Thailand has implemented bilateral trade agreements with various countries, including Australia, Chile,

[38]China FTA Network, Ministry of Commerce, China: http://fta.mofcom.gov.cn/english/fta_qianshu.shtml
[39] Source: https://www.trade.gov/knowledge-product/indonesia-trade-agreements
[40] Source: https://www.privacyshield.gov/article?id=Malaysia-Trade-Agreements
[41] Source: https://www.trade.gov/country-commercial-guides/sri-lanka-trade-agreements

China, Laos, New Zealand, Japan, Peru, and India. In 2021, Thailand also showed interest in signing a free trade agreement (FTA) with Bangladesh to boost bilateral trade because tariff and non-tariff barriers prevented the two nations from realizing their full economic potential.

4.4.6 Vietnam: Vietnam has been active in signing bilateral trade agreements with countries throughout the world. However, due to its membership in the ASEAN, it has become a party to several FTAs that the regional trade bloc has signed[42] including China, the Republic of Korea, Australia, New Zealand, India, Chile and Japan. It is also a member of ASEAN Free Trade Area (AFTA). It signed a bilateral trade agreement with Korea in 2015, as well as a trade agreement with the Russian-led Customs Union block. It has completed negotiating an FTA with the EU and is currently negotiating with the *European Free Trade Association* (EFTA) countries viz., Norway, Iceland, Liechtenstein, and Switzerland.

4.5 Responsible Ministry/Agency

In Bangladesh, the Ministry of Commerce (MOC) acts as the focal point for bilateral, regional and multilateral trade negotiations. The WTO Cell deals with matters relating to WTO agreements and oversees WTO negotiations. The Chinese Ministry of Commerce (MOFCOM) is the central institution of the government with regard to China's trade negotiations, supported by the State Administration for Industry and Commerce.

Indonesia created a trade negotiating team (*Tim Perunding Perjanjian Perdagangan Internasional*), directed by the Coordinating Minister of Economic Affairs and chaired by the Minister of Trade, under the Ministry of Trade (MoT), which formulates and determines the country's negotiating position, especially regarding improving access to international markets and boosting economic growth. In addition, the Advocacy Bureau of the MoT, established in 2016, provides essential support services during negotiations, and analyzes and recommends changes to agreements. In Malaysia, the Ministry of International Trade and Industry (MITI) is primarily responsible for negotiating trade agreements. Trade deals are negotiated and concluded on a case-by-case basis.

In Sri Lanka, the Department of Commerce is responsible for foreign trade policy formulation, and all related coordination and implementation matters, with the objective of developing and promoting Sri Lanka's foreign trade relations at bilateral, regional and multilateral levels. Participation in regional trade agreements (RTAs) is a key component of Thailand's trade policy strategy. Viet Nam considers that participation in regional trade agreements (RTAs) is a way to advance its international integration.

The Ministry/Agency involved in trade negotiation in Bangladesh and its competing countries are shown in **Table 4.4** below:

[42] Source: https://www.vietnam-briefing.com/news/vietnam-free-trade-agreements-opportunities-for-your-business.html/

Table 4.4 | Key Institution in Trade Policy Formulation and Major Role

Country	Ministry	Agency	Main Responsibilities
Bangladesh	Ministry of Commerce (MOC)	WTO Cell	• Matters relating to WTO agreements and oversees WTO negotiations; • Coordinates and monitors all notifications to WTO committees, as well as compliance with WTO obligations.
China	Ministry of Commerce (MOFCOM)	-	• Matters relating to RTAs, PTAs, FTAs and other such agreements and arrangements.
Indonesia	Ministry of Trade (MoT)	Directorate General of International Trade Cooperation	• International trade negotiations, including the WTO, and negotiating regional, preferential and bilateral trade agreements.
Malaysia	Ministry of International Trade and Industry (MITI)	Malaysian External Development Corporation (MATRADE)	• Negotiating and concluding trade agreements.
Sri Lanka	Ministry of Industry and Commerce	Department of Commerce	• The national focal point responsible for evaluation and negotiation of new bilateral trade agreements, and implementation of existing bilateral agreements
Thailand	Ministry of Commerce (MoC)	Department of Trade Negotiations	• Conducting bilateral, regional and multilateral trade negotiations.
Vietnam	Ministry of Industry and Trade (MOIT)	Multilateral Trade Policy Department	• Responsible for negotiating trade agreements and arrangements, and the focal point for WTO-related matters.

Chapter V

Specific Comparison – Trade Policies and Practices

5.1 Measures Directly Affecting Imports

5.1.1 Customs procedures, valuation, and requirements

In Bangladesh as well as every competing country, both importers and exporters need to register with the concerned department or agency of the government to enable them to proceed with international business. A trade license or business license from a local government body is also required for import or export of goods for commercial purposes. Detailed information on how to register or obtain a license is explained in specific laws, rules and regulations available on the website of that department or agency.

For customs valuation, the transaction value of goods, which is generally stated on the commercial invoice, is accepted and, when it cannot be used, the other valuations methods in sequential order, as stipulated in the WTO's Customs Valuation Agreement, are used. The provision of pre-shipment inspection (PSI), quality supervision inspection and quarantine requirements follow the orders in the respective policies.

Necessary documentation for customs clearance may be submitted in paper, electronic, or paperless format. In Indonesia, an online single submission (OSS) portal has been introduced replacing the customs identity number, and every importer or exporter is assigned a single business identification number. For the purpose of verification, the taxpayer identification number (TIN) is relied upon. In Thailand, importers can submit e-data with a digital signature specified by the Customs Department, and e-declarations currently cover 100 percent of import declarations. Most import licenses and other supporting papers (such as invoices and bills of lading) are issued online, and pay the fees using the e-payment system. A step further is an international good practice – the electronic single window system - as detailed in Box 1 below:

Box 1 **Launching Electronic Single Windows**
An online single window system electronically connects not only traders and customs officials, but also all agencies involved in international trade. In the best-case scenario, the system allows traders to file standard information and documents through a single-entry point to fulfill all import, export and transit-related regulatory requirements. The single window then shares relevant information with all parties involved in trade, including private participants such as banks and insurance companies, as well as public agencies including immigration and vehicle registration authorities. In Singapore, the implementation of a single window led to large gains in government productivity. The government established the world's first national single window for trade (TradeNet) in 1989, bringing together more than 35 border agencies. Today TradeNet handles

more than 30,000 declarations a day, processes 99 percent of permits in 10 minutes, and receives all collections through interbank deductions. In November 2018, Indian customs integrated several government agencies into the online application system e-Sanchit operating under the Single Window Interface for Trade. Due to this initiative, all export document submissions were rendered fully electronic. In 2019, Saudi Arabia enhanced the Fasah electronic trade single window through the release of additional features, including advanced manifest declaration, unified online payments, truck management system, and a module providing information on taxes and tariffs. In combination with other trade initiatives, that helped decrease the overall time of documentary and border compliance for exports and imports.

The Association of Southeast Asian Nations (ASEAN) Single Window (ASW) initiative aims to integrate the national single windows of ASEAN countries by allowing the electronic exchange of customs information and expediting cargo clearance. The regional single window is expected to reduce the overall cost of trading by 8 percent, with the largest savings arising from a reduction in documentation dispatch costs.

Despite the substantial long-term benefits, implementing a single window is not an easy undertaking. Due to the multifaceted nature of electronic interchange systems, national governments and international development organizations face numerous obstacles in coordinating the implementation of comprehensive single window platforms. Single windows may also suffer from various institutional and regulatory limitations that stem from conflicting interests related to technical standards, data harmonization and information sharing.

5.1.2 Rules of origin

Bangladesh provides preferential rules of origin (RoO) treatment to commodities from Afghanistan, Bhutan, India, Pakistan, Maldives, Nepal and Sri Lanka. A specified Certificate of Origin must accompany the items. Bangladesh also uses preferential RoOs on imports from China, India, the Republic of Korea, Lao People's Democratic Republic, and Sri Lanka depending on value addition requirements. Non-LDC participants in the APTA must contribute 45 percent of their value contributed, while LDCs contribute 35 percent. In the case of cumulating, non-LDCs must contribute 60 percent of the goods, while LDC APTA members must contribute 50 percent. Bangladesh does not employ non-preferential origin rules.

Likewise, Sri Lanka, Thailand and Malaysia do not use non-preferential origin rules; however, preferential origin rules are used in bilateral and regional trade agreements. Importers must submit separate origin certifications to Customs in order to be eligible for preferential rates under various trade agreements. In the case of Thailand, goods originating from LDCs are subject to DFQF access to the Thai market.

On the other hand, China and Viet Nam apply both non-preferential and preferential rules of origin. Preferential rules of origin are applied in accordance with the terms of different preferential agreements. They are also utilized to provide LDC imports preferential status. Non-preferential RoOs are used to determine the origin of imported goods purchased by the government, apply the MFN tariff rate, ensure the origin of goods subject to anti-dumping, countervailing, and safeguard measures, and ensure that import quotas and tariff quota limits are imposed on specific countries.

5.1.3 Tariffs

As of 2019, trade costs directly related to tariffs were at about 2 percent for developed countries and at about 4 per cent for developing countries[43]. Bangladesh has been using 2017 version of the Harmonized System of Tariff Classification (HSTC) since July 1, 2017. Under the SAFTA and the APTA, Bangladesh grants preferential tariff rates on certain goods originating in members of the regional trade agreements (RTA). Export-oriented industries, those addressing exporters, and those given for a specified use or user (i.e. end-use provisions), such as dairy and poultry, pharmaceuticals, and the leather and textile industries, continue to get duty concessions and general exemptions from the applied MFN rates. Furthermore, Bangladesh also continues to levy a regulatory duty (RD) on imports (including preferential imports), aimed at compensating the backdrop of gradually decreasing customs duties to ensure revenue growth.

Thailand utilizes both ad valorem and non-ad valorem tariff rates; and among all ad valorem duties, the imposed MFN tariff rates range from duty-free to 226 percent. In China, MFN rates, "agreement tariff rates", special preferential tariff rates, general tariff rates, and tariff quota rates are all part of the tariff structure. Malaysia's average MFN tariffs are mostly ad valorem, where 60 percent of tariff lines are duty free. Sri Lanka uses ad valorem rates, special rates, and alternate rates in MFN tariff. Vietnam exempts various goods from customs duties such as raw materials, supplies and components imported for export production; certain goods imported for projects entitled to investment incentives and to serve petroleum activities; and imported goods related to ICT, the environment, and education.

Indonesia's simple average preferential tariff rate on imports from RTAs/FTAs rose from 2.7 percent in 2012 to 3.7 percent in 2020 as a result of its efforts to expand bilateral and regional FTAs. Transport equipment has the highest average and manufacturing tariff, followed by prepared foods, footwear, beverages, and tobacco. Tariff profiles of Bangladesh and its competing countries for all products are presented in **Table 5.1** below:

TABLE 5.1 | Tariff Profiles for all products

All Products			
Country	**Year of Applied MFN Tariff**	**Simple Average**	
		Bound rate	**Applied MFN rate**
Bangladesh	2018	154.0	14.0
China	2018	10	9.8
Indonesia	2018	37.1	8.1
Malaysia	2017	21.0	5.6
Sri Lanka	2018	32.1	9.3

[43] UNCTAD, Key Statistics and Trends in Trade Policy 2020

Thailand	2017	27.9	9.6
Vietnam	2018	11.7	9.5

Data Source: https://www.wto.org/english/res_e/booksp_e/tariff_profiles19_e.pdf

5.1.4 Import prohibitions, restrictions, and licensing

Bangladesh and each of its competing countries maintain a reserve list consisting of items not allowed for importation. In Bangladesh, certain imports are prohibited primarily to preserve public health, safety, security, the environment, and natural resources. The Import Policy Order for 2021-24 lays forth a variety of import criteria and requirements, including import controls and bans, import permits, licenses, and renewal conditions. Several agricultural and industrial items are classified as controlled goods under 21 four-digit HS product categories that either prohibit or permit importation under specified conditions. Some imports are allowed under particular conditions and/or require prior approval under the list of regulated products.

Imports are divided into three categories in China: not restricted, restricted, and prohibited. According to the Foreign Trade Law, the government may also restrict or prohibit imports in "infant industries", agriculture, animal husbandry, and fishing, and the precious metals industry.

In Malaysia, import license is required for around a quarter of its tariff lines (mostly for animal and vegetable goods, wood, machinery, vehicles and transport equipment, and weaponry), the majority of which is non-automatic. Further, imports of some iron and steel products are restricted unless they are imported with an import license in specific areas. Similarly, in Thailand, used motorcycles and parts, domestic refrigerators that use chlorofluorocarbons (CFCs), refurbished medical items, gaming machines, and computer peripherals are all barred from entering the country. The Ministry of Commerce (MoC) issues licenses either electronically or manually (depending on the product).

Sri Lanka places import restrictions on a variety of products for health, safety, security, environmental, and moral grounds. In Vietnam, import restrictions apply to a variety of chemicals, firearms, right-hand-drive automobiles, and second-hand consumer items. Further, import limitations apply to some goods, which necessitate the acquisition of specific import licenses.

5.1.5 Anti-dumping, countervailing, and safeguard measures

In Bangladesh, the WTO rules on anti-dumping, countervailing and safeguards are incorporated in the Customs Act, 1969. Bangladesh Tariff Commission is responsible for undertaking dumping and subsidies investigations. However, no action has been taken so far, owing to domestic industries' failure to provide credible information on dumping, subsidies, and other evidence needed to launch investigations. Capacity building in these sectors is extremely important to the government.

Thailand and China apply reasonably steady amount of anti-dumping measures. China's chemical goods accounted for 44 percent of the total number of such measures in force as of

30 June 2017. In 2015, the number of investigations was at its highest in Malaysia, while the number of decisive anti-dumping measures was at its highest in 2016.

In Indonesia, the Komite Anti-Dumping Indonesia (KADI) has the authority to conduct anti-dumping and countervailing duty investigations on its own initiative or in response to a request from domestic industry. Vietnamese Law on Foreign Trade Management contains provisions for anti-dumping, countervailing, and safeguard measures. However, there is no countervailing legislation in Malaysia and Thailand and no anti-dumping, countervailing, or safeguard legislation in Sri Lanka.

5.2 Measures Directly Affecting Exports

5.2.1 Customs procedures and requirements

Exports from Bangladesh and its competing countries are generally governed by the laws, rules, regulations and executive orders issued by the government in the respective country. The customs clearance process for exports follows almost the same procedure as that for imports. Usually, an export declaration (Bill of Export/Shipping Bill) specifying the description of the goods to be exported, their value, the exporter's name, the name of the foreign buyers/importers, and the name of the transport operators has to be filed with Customs department of the respective country. In addition to the export declaration, all export consignments should also have an export contract or purchase order or an export guarantee approved by the negotiating bank; a commercial invoice, containing a detailed description of the goods, signed by the exporter; a packing list, containing quantity, weight and packing information; a Certificate of Origin; a VAT registration certificate; and a Taxpayer Identification Number (TIN). The Customs authority conducts a documentary check and physical verification of export consignments.

Export of certain goods or product categories require additional documentation, such as an Export Registration Certificate; and a consignment-wise export permit, issued by the concerned authority. In addition, approval and/or No Objection Certificates (NOC) from certain Ministry(s) of the government are required in some specific cases. A utilization declaration for the export of RMGs under bonded warehouse, or utilization permission for the export of other goods under bonded warehouse, is obligatory; while phytosanitary certificate for agricultural goods is also necessary. Other documents required include a quality control certificate in the case of the export of products for which such certificate is obligatory. With a few minor exceptions – changes in sequences, number of copies, or one or two additional documents – the procedures and requirements for customs clearance are identical in all the countries. However, in some countries, exporters need to submit hard copies of all the documentation, while in other countries the declaration forms and any other accompanying documents are submitted in electronic format. **Table 5.2** below notes the applicable enactments for processing clearance of export goods in Bangladesh and other countries covered under the present study.

Table 5.2 | Applicable Laws, Rules and Regulations for Processing Customs Clearance of Export Goods

Country	Laws, Rules and Regulations
Bangladesh	The Customs Act, 1969, the Export Policy, 2021-24, the Prescribed Bill of Entry and Bill of Export Form Order, 2001
China	The Customs Law, Regulations on Import and Export Duties, the Customs Administration of Declarations for the Import and Export of Goods, Customs Rules on Administration of the Levying of Duties on Imports and Exports, the Catalogue of Import and Export Commodities Subject to Compulsory Inspection
Indonesia	The Customs Act No. 10/1995, Minister of Trade Regulation No. 13 (2012), Minister of Trade Regulation No. 27/2012, Minister of Trade Regulation No. 44 (2012), the Indonesian Custom Tariff Book (BTKI) 2012
Malaysia	The Customs Act 1967, Customs (Prohibition of Exports) Order 2017, MATRADE Act 1992, Promotion of Investments Act 1986, Income Tax Act 1967, Customs Act 1967, Excise Act 1976, and Free Zones Act 1990, Royal Malaysia Custom
Sri Lanka	The Customs Ordinance 1988, the Customs (Amendment) Act No. 2 of 2003, the Export Development Board (EDB) Act No. 40 of 1979
Thailand	Customs Act, B.E. 2560 (2017), Malaysia Act 235 Customs Act 1967, Customs Tariff Decree B.E. 2530, The Export and Import Act B.E. 2522 (1979), Customs free zones scheme, Industrial Estate Authority of Thailand Act (No. 4) B.E. 2550 (2007)
Vietnam	Customs Law 2014 (Law No. 54/2014/QH13); Decree No. 08/2015/ND-CP, issued on 21 January 2015, as amended and supplemented by Decree No. 59/2018/ND-CP, issued on 20 April 2018; and MOF Circular No. 38/2015/TT-BTC, issued on 25 March 2015, as amended and supplemented by MOF Circular No. 39/2018/TT-BTC, issued on 20 April 2018

Data Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

Notably, a self-assessment system has been introduced in India to facilitate trade, and the adoption of a risk management system. Under the system, an exporter assesses the applicable customs duties, which may be verified by Customs. In addition, the consignment may be examined, assessed or cleared without examination and assessment by Customs, based on associated risks. In the event the declaration by an exporter is found to be incorrect, it may be reassessed by Customs. Thus around 80 percent of consignments are cleared without intervention by Customs. Further, risk-based inspection is presently regarded as an international best practice in case of clearing import and export goods. Details on the system are provided in Box 2 below:

Box 2
Using risk-based inspections

Inspections can be a serious obstacle to efficient and predictable trade when done with a heavy hand. Over the years, customs administrations around the world, working in tandem with other border control agencies, have developed systems for establishing risk profiles that allow them to perform physical inspections in proportion to potential risks of consignments. Investing in equipment is another way to help expedite the processing of cargo.

Many economies have adopted the use of scanners to limit the need to physically open containers. In some economies, however, inefficient use of scanners has led to an additional burden on traders, as customs agents often scan all containers, creating delays and incurring mandatory scanning fees on traders. Efficient use of scanners in conjunction with risk-based profiling can strike the right balance during inspection, contributing to an efficient trading process.

Such risk-based inspections are the norm in OECD high-income economies and are becoming increasingly common elsewhere. Traders in China are among those who are benefiting from the improvements in the inspection process through the adoption of a risk-based system. In September 2017, China implemented a national trade single window, which includes its own risk-management module. This risk-management module has enabled risk-based inspections and, as a result, the overall process of export and import customs clearance has become faster.

Similarly, in December 2018, Oman integrated a risk-assessment system into the national Single Window, Bayan, to streamline customs clearance and physical inspections, reducing the time to comply with border requirements for imports and exports. Uzbekistan also launched a risk management system. Since March 2019, the system is working at full capacity with 4 operational risk channels, which reduced the time for registration and processing of customs declarations and cargo inspections.

Indonesia has an electronic data interchange (EDI) system in operation for the submission of customs documentation since 1997. This was linked into Indonesia's national single window (INSW) launched in 2007. The INSW, *inter alia*, allows for the single submission of customs documents, applications for trade licenses, payment of duties, etc. for synchronized processing and a final decision by Customs.

Bangladesh, having been benefitted from all generations of the Automated System for Customs Data (ASYCUDA), designed by UNCTAD, adopted ASYCUDA World[44] in July 2013. The establishment of a National Single Window (NSW) for traders, a customs information system integrating trade-related stakeholders including banks and financial institutions, carriers, custom brokers and trade operators, port and airport authorities, government agencies, etc., is envisaged by December 2021. In fact, "Implement National single Window and Customs Modernization plan" is one of the components of the Bangladesh Regional Connectivity Project 1 (BRCP-1), being jointly implemented by the Bangladesh Land Port Authority (BLPA), National Board of Revenue (NBR) and Ministry of Commerce (MoC). The NBR has already signed memoranda of understanding (MoU) with 38 government agencies, to facilitate implementation of the NSW System[45].

5.2.2 Taxes, charges, and levies

The export duties are levied mainly to discourage production of certain products. For example, brick production is not environment-friendly, while tobacco production utilizes land needed for

[44]ASYCUDA World is a web based portal that supports paperless declaration processing through the use of electronic documents.

[45]WTO, "TRADE POLICY REVIEW - Bangladesh", 6 February 2019

essential crops. Again, duty on the export of cotton waste is intended to encourage the domestic use of cotton waste. Taxes and duties on exports are decided under the respective legislation of each country. **Table 5.3** contains list of goods on which export taxes are levied in Bangladesh and its competing countries.

TABLE 5.3 | List of Goods on which Export Duties are Applicable

Country	List of Goods
Bangladesh	Tobacco and tobacco products, cotton waste, ceramic building bricks, unwrought lead and rice bran , frozen edibles (meat, sea food and others), lobsters, plastic, milk and cream, raw meat and fish, plywood and machine parts
China	Fish and crustaceans, products of animal origin, earths and stone; plastering materials, ores, slag and ash, mineral fuels, oil and waxes, inorganic chemicals, organic chemicals, fertilizers, raw hides and skins, wood, pulp and articles of wood, paper or paperboard, iron and steel, copper and articles thereof, nickel and articles thereof, aluminum and articles thereof, zinc and articles thereof, other base metals
Indonesia	Palm oil, crude palm oil and its derivative products, leather, wood, cocoa beans, mineral ore products
Malaysia	Live plants, certain seeds, rattans, palm kernel oil and palm nuts, crude palm and petroleum oil, ferrous waste and scrap, copper waste and scrap, master alloys of copper, nickel mattes, nickel oxide sinters and alloys, aluminum waste and scrap, certain live animals, ash and residues, silver, platinum, refined copper, unwrought zinc and lead
Sri Lanka	Cashew nuts (fresh and in shells), raw vein quartz and semi-finished products of iron or non-alloy steel. Cesses are levied on a number of products including, inter alia: tea, rubber, coconuts, pepper, vanilla, cinnamon, rice, maize, granite, graphite, quartz, wood and metal scrap.
Thailand	Wood, rubber, metal scraps, raw silk, hides of bovine animals, raw or tanned, Rice and glutinous rice, whether in the form of paddy, white and cargo rice, parboiled and broken rice, bamboo, veneer of logs, fish- pulverized or only baked
Vietnam	Fish, minerals, coal, rubber, agarwood, metal, petroleum oil, precious stones, aluminum, zinc, raw hides and skins

Data Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

5.2.3 Export prohibitions, restrictions, and licensing

Bangladesh and its competing countries prohibit the export of certain goods, due to various reasons, such as, to maintain national security, social public interests, or public morality; to protect human health or safety, or the lives or health of animals and plants; protect the environment; protect exhaustible natural resources that are in short domestic supply or may require effective protection; etc. according to their respective policies. Exports of agricultural commodities and manufactured goods are prohibited mainly for reasons of health, eco-balance, security, archaeological value, or maintenance of adequate domestic supply. Again exports of certain items, such as wheat, onions, unprocessed shrimp, raw hides, and blue leather, are prohibited, so as to ensure adequate domestic supply. Lists of prohibited and restricted goods for exports of Bangladesh and its competing countries are provided in **Table 5.4**.

TABLE 5.4 | Export Prohibitions and Restrictions by Bangladesh and its Competing Countries

Country	List of Goods
Bangladesh	Soya bean oil, palm oil; jute and "Shan" seeds; wheat; rice; fire arms, ammunition and related materials; radioactive materials; archaeological relics; human skeletons, blood plasma, or anything produced from human beings or human blood; all types of pulses, except processed ones; all shrimp, except chilled, frozen cooked and processed ones; Onions, garlic and ginger; all types of frogs (alive or dead) and frog legs; raw and wet blue leather
China	Archeological artifacts, bezoars, musk, black moss, certain plants, bones, ivory, natural sands, asbestos, halogenated derivatives of hydrocarbons, organic chemicals (HS Chapter 29), fertilizers (not chemically treated); unprocessed wood and some platinum products
Indonesia	Raw rubber, certain wood products, including raw and semi-processed rattan and, conifer and bearing tree wood for railroad or tramway crossties, raw minerals (except coal including nickel ore, certain iron and metal scrap), silica sand and quartz sand, mullite and topsoil (including topsoil and humus land), certain mining products, various animals, birds, reptiles, insects, fish, crustaceans, and plants, subsidized urea fertilizer
Malaysia	Poisonous chemicals and minerals; arms and ammunition, antiquities or heritage items, toxic and/or hazardous waste, pesticides, radioactive chemical elements and others, rough diamonds, tributyltin compounds including preparations, diesel fuel, petrol, LPG
Sri Lanka	Metal waste, scraps, dusts, ingots, scales, etc.; wood and articles of woods; motor vehicles registered before 1 January 1948; and ivory and ivory products
Thailand	natural sand, copyright-infringing cassette tapes, audio and compact discs, video tapes, computer programs and books
Vietnam	Petroleum oil, narcotics, pornography, counterfeit items, cultural artifacts and other objects of cultural importance. minerals, forest products, scrap metal, explosive material, endangered species

Data Source: World Trade Organization, Trade Policy Review of Respective Countries (Latest available Year)

5.2.4 Export support and promotion

Export promotion is a common program being implemented by Bangladesh and all its competing countries in order to encourage exports. In Bangladesh, the Export Promotion Bureau (EPB), a semi-autonomous agency within the Ministry of Commerce (MOC), is responsible for export promotion and is governed by a board that includes representatives from both the public and commercial sectors. Bangladesh provides monetary incentives to exporters who do not use the duty drawback or bonded warehousing options. Malaysia offered assistance to exporters in the form of a statutory income tax exemption depending on the value of increased exports. Malaysia External Trade Development Corporation (MATRADE) has been providing exporters with grants, as well as trade advisory, market knowledge, and export development services.

China conducts exhibitions in emerging markets and offers export-oriented training. The VAT rebate is used to help conserve the environment, save energy, and reduce emissions. Sri Lanka implements integrated product market development programs for the exporters to be competitive in their existing markets and enter new markets. Thailand's government continues to offer a variety of initiatives to promote and expedite exports. Bonded warehouses, duty drawback, additional tax and duty refunding procedures, and tax and non-tax incentives are among them. Indonesia provides customs duty and VAT exemptions on materials bought domestically and utilized in the production of export commodities. Vietnam assists the exporters especially the pharmaceutical sector through the development of commercial infrastructure and logistics for foreign trade activities. Viet Nam implements the National Program on Trade Promotion with a view to supporting trade promotion activities which include export promotion as well as supporting import promotion with a view to serving domestic production and exports.

5.2.5 Export Incentives, finance, insurance, and guarantees

The format of incentives is converted into other forms of support over time both in developing and developed countries. The incentives and direct export support measures now take the format of subsidies in input, low-cost interest rate loans, export credit insurance, development of commercial infrastructure and logistics support for foreign trade activities, income tax concessions, Export Development Reward Scheme, Export Credit Insurance, pre-shipment, and post-shipment financing, insuring exporters of goods and services against non-receipt or delayed receipt of payments due to commercial and non-commercial complications, etc. provided by the governments of Thailand, Indonesia, Vietnam, Sri Lanka, China and Malaysia. The format of export incentives, export finance, insurance and guarantee schemes of Bangladesh and its competing countries are discussed country-wise below:

5.2.5.1 Bangladesh: There are a number of export finance schemes introduced by Bangladesh Bank or commercial banks currently in operation in Bangladesh. However, the principal one is the Export Development Fund (EDF) established in 1989 to provide low-interest loans in foreign currency to continue the ongoing trend of development and expansion of export-oriented industries. It also re-finances the non-traditional export sector with at least 30 percent local content. Currently, the size of the Fund is US$ 6 billion. The Fund provides positive support for export competitiveness including providing loans against contracts rather than letters of credit. In October 2020, the interest rate on loans taken from the EDF was reduced from 2 percent to 1.75 percent per annum[46].

The Export Credit Guarantee Scheme (ECGS), covering risks on export credits at home, and commercial and political risks occurring abroad, is administered by the Sadharan Bima Corporation (SBC), a state-owned general insurance company. The Bangladesh Bank declared 42 products or sectors eligible for receiving the government’s incentive or cash assistance against export earnings in fiscal year 2021-2022

5.2.5.2 China: China offers a broad array of instruments to promote its exports, guarantee preferential access to natural resources and new markets, and to improve import terms with the developing world. These instruments include: (i) preferential export buyers’ credits; (ii)

[46]The Business Standard, “Export development fund size rises to $6bn”, 29 June, 2021

export sellers' credits; (iii) mixed credits; (iv) natural resource-backed loans and lines of credit; and (v) concessional loans[47]:

- Preferential export buyers' credits refer to credit provided to foreign borrowers to finance their imports of Chinese goods.
- Export sellers' credits are preferential loans for Chinese companies operating abroad. They are provided by the China EXIM bank and are nonprofit-oriented.
- Mixed credits are a package financing mode which combines lines of export buyers' credit granted to a borrowing country together with export sellers' credit (short-term credit) provided to a Chinese company, and concessional loans (in the form of foreign aid) often offered for a specific project.
- Natural resource-backed loans and lines of credit (Angola Mode) are extended to countries to use their natural resources usually to build infrastructure with better terms and conditions than those available from traditional commercial banks.
- Concessional loans are loans offered to developing countries at subsidized interest rates, and are usually tied to Chinese exports.

In addition, the EXIM bank provides finance for the import and export of capital goods and services, as well as for Chinese enterprises undertaking construction and investment projects in other countries. It provides loans to both export buyers and export sellers. The state-owned China Export and Credit Insurance Corporation (SINOSURE) promotes Chinese exports of commodities, technologies, and services, particularly high-tech and high-value-added capital items and assists national firms in investing abroad by providing non-payment risk insurance.

5.2.5.3 Indonesia: The Indonesian EXIM Bank supports national export performances by providing exporters with financing, guarantees, local and international insurance, and consultation services, as well as supporting the development of export-oriented SMEs. It also facilitates banks and financial institutions in combating barriers to obtaining financing for exporters with commercial potential and/or importance to the country's economy. Financing is provided for a short or long period of time, on cash or non-cash terms, and in rupiah or US dollars. The financial products offered are Buyer's Credit, Export Investment Credit, Export Working Capital Credit, Financing on the Import L/C, etc[48].

Founded in 1985, Asuransi Ekspor Indonesia (PT ASEI) is a government-owned financial institution to promote non-oil Indonesian companies' exports and international trade with Indonesia by providing financial instruments. PT ASEI provides broad range of insurance

[47] European Parliament, "Export finance activities by the Chinese government", September 2011

[48] Source: Directorate General for National Export Development: http://djpen.kemendag.go.id/app_frontend/contents/64

products including export and domestic credit insurance, counter bank credit guarantees, import insurance to Indonesian exporters/importers, domestic sellers/buyers and banks[49].

5.2.5.4 Malaysia: The Export-Import Bank of Malaysia Berhad (MEXIM) is a development financial organization tasked with boosting investment and exports of products and services from Malaysia, as well as assisting Malaysian businesses in entering new markets, particularly non-traditional markets. The facilities offered by MEXIM fall into two categories: banking facilities and trade credit insurance facilities. The Bank's Islamic banking services are divided into three main categories: cross-border term financing, trade finance, and guarantees. Under the Export Credit Refinancing (ECR) scheme, the Bank provides direct and indirect exporters with competitively priced short-term trade financial facilities to stimulate the export of manufactured goods, agricultural products, and primary commodities.

The Bank also offers a multicurrency trade finance scheme, which is an insurance policy that protects participating Malaysian commercial banks against losses on trade finance advances provided to their customers for working capital financing for exports. Additionally, for medium term, it provides buyer credit guarantees, allowing Malaysian exporters to assist their international purchasers in obtaining long-term finance.

5.2.5.5 Sri Lanka: The fiscal incentives provided by the government include income tax concessions, concessions under the Nation Building Tax and the Ports and Airports Development Levy, VAT exemptions, deferment and zero-rating. In addition, Sri Lanka customs operates a duty drawback scheme, a Temporary Importation for Export Processing (TIEP) Scheme, and a manufacturer in the bond scheme.

Further, the government established the Export Development Reward Scheme (EDRS) in 2020 to incentivize its leading export companies. The main objective of the scheme is to encourage exporters to increase their volume of exports. Under the EDRS, cash rewards are distributed among companies in ten main sectors consisting of agriculture bulk sector, agriculture value added sector, Tea bulk sector, Tea value added sector, Industry sector, garment sector, minerals, export of business and professional service sector, service providers to export sector and precious stones and jewelry sector. Large scale exporters are paid 2 percent of the additional export earnings earned during the relevant period with respect to the corresponding period of the previous year, while SME exporters get 3.5 percent of the additional export earnings[50].

In addition, a Simplified Value Added Tax Scheme (SVAT) was implemented to assist direct and indirect exporters with cash flow issues. The authorities also decided to establish an EXIM Bank

[49] Source: PT. Asuransi Ekspor Indonesia (Indonesia Export Insurance): https://djpen.kemendag.go.id/app_frontend/contents/65
[50] Source: Export Development Board, Sri Lanka: https://www.edb.gov.lk/

to help exporters and importers with financial aid and to encourage international trade in products, services and capital.

The Sri Lanka Export Credit Insurance Corporation (SLECIC) provides attractive and innovative Export Credit Insurance and Guarantee support services for the development of exports of Sri Lanka. Its services include providing banks and other banking institutions with guarantees to facilitate the sanctioning of pre-shipment and post-shipment financing, as well as insuring exporters of goods and services against non-receipt or delayed receipt of payments due to commercial and non-commercial complications.

5.2.5.6 Thailand: EXIM Thailand is the only government-owned financial organization in Thailand that offers export credit insurance. It has expanded its export promotion efforts to include financial and non-financial services, as well as export credit insurance to protect against nonpayment risk. EXIM Thailand promotes Thai businessmen to grow their investments abroad in order to benefit from resources, raw materials, lower labor costs, and trade privileges in the countries of investment, thereby increasing the global market share of Thai products. EXIM Thailand works hard to develop and improve its products and services in order to meet the needs of Thai exports and investments, both domestically and internationally. It encourages domestic investors to set up enterprises that contribute to Thailand's economic development.

A few notable products and services developed by EXIM Thailand are[51]:

- **Export credit Insurance:** This is divided into 2 parts - short term; medium and long term. Exporters' overseas receivables are protected by short-term financing against non-payment risks. Long-term facilities protect against payment defaults resulting from commercial and political losses in international trade agreements.

- **EXIM Special Zone Credit:** By providing attractive interest rates and special reductions for investors in the Eastern Economic Corridor (EEC), Special Economic Zones (SEZs), border provinces, industrial estates, and industrial zones, this is considered as a long-term credit facility combined with a revolving credit line for up to 15 years to support investors.

- **Bank/Buyer Risk Assessment Report:** EXIM Thailand purchases credit information from each country's credit information agency. It will study and review the information after receiving it from each buyer/issuing bank, and then issue a report to exporters.

5.2.5.7 Vietnam: The Vietnam Development Bank (VDB) provides loans for contracts on export/import of Vietnamese goods which directly recover capital and prove their effectiveness and solvency. It grants exporters loans to the Vietnamese enterprises and economic organizations exporting goods made in Vietnam, having export contracts of goods. It also

[51]Source: https://www.exim.go.th/en/Products_Services/ServicesExport-Credit-Insurance-and-investment-In.aspx

sanctions overseas importer loans to the overseas importers that include organizations buying goods made in and exported from Vietnam, having contracts on import of goods. In both cases, a loan amount must not exceed 85 percent of the value of a signed export/import contract, or the value of an L/C in case of a pre-shipping contract, or the value of a valid bill of lading in case of post shipping. The export credit interest rate is decided by the VDB, but should be reported to the Ministry of Finance to ensure that it is matched with the interest rate on the market[52].

Financial services, insurance, and export guarantees are not provided by state-owned insurance businesses in Vietnam. Private insurers offer export credit insurance, import and export products insurance, and guarantee insurance schemes. The Government provides different forms of incentives, including investment incentives mainly through tax reductions, sectoral and support programmes by the VDB including interest subsidies, and support measures to SMEs, the fisheries sector, and high-tech sectors.

The main types of incentives include the reduction of the corporate income tax for export oriented sectors, which is levied at the general rate of 20%. A preferential rate (17% for 10 years) applies to investment projects starting from the year they generate their first revenue. Investors may be granted tax holidays, which involve an exemption for the first two to four years since their start of operations, and a 50% reduction for the subsequent four to nine years. Other incentives may include exemptions on import duties on goods used to create fixed assets and on unavailable domestically materials for project implementation, and exemptions or reductions on land rental, and land use levies and taxes[53].

Table 5.5 Incentives provided for export

Countries	**Incentives in various form**
Thailand	• Thailand's government continues to offer a variety of initiatives to promote and expedite exports. Bonded warehouses, duty drawback**s**, additional tax and duty refunding procedures, and tax and non-tax incentives are among them. • EXIM bank of Thailand offers export credit insurance, as well as export credit insurance to protect against nonpayment risk. • EXIM Thailand promotes Thai businessmen to grow their investments abroad in order to benefit from resources, raw materials, lower labor costs, and trade privileges in the countries of investment, thereby increasing the global market share of Thai products[54]. • With credit insurance provided by EXIM Bank, Exporters' overseas receivables are protected by short-term financing against non-payment risks. Long-term facilities

[52] Source: Vietnam Development Bank: https://en.vdb.gov.vn/VDB/products--services/export-credit
[53] Vietnam Trade policy review 2021, WTO source: https://www.wto.org/english/tratop_e/tpr_e/s410_e.pdf
[54]Source: https://www.exim.go.th/en/Products_Services/ServicesExport-Credit-Insurance-and-investment-In.aspx

Countries	Incentives in various form
	protect against payment defaults resulting from commercial and political losses in international trade agreements.
Indonesia	• Indonesia provides customs duty and VAT exemptions on materials bought domestically and utilized in the production of export commodities. • The Indonesian EXIM Bank supports national export performances by providing exporters with financing, guarantees, local and international insurance, and consultation services, as well as supporting the development of export-oriented SMEs. • It also facilitates banks and financial institutions in combating barriers to obtaining financing for exporters with commercial potential and/or importance to the country's economy. Financing is provided for a short or long period of time, on cash or non-cash terms, and in rupiah or US dollars. The financial products offered are Buyer's Credit, Export Investment Credit, Export Working Capital Credit, Financing on the Import L/C, etc[55]. • Asuransi Ekspor Indonesia (PT ASEI) is a government-owned financial institution provides broad range of insurance products for the exporters including export and domestic credit insurance, counter bank credit guarantees, import insurance to Indonesian exporters/importers, domestic sellers/buyers and banks[56].
Vietnam	• The Vietnam Development Bank (VDB) provides loans for contracts on export/import of Vietnamese goods which directly recover capital and prove their effectiveness and solvency. • VDB grants exporters low interest loans to the Vietnamese enterprises and economic organizations exporting goods made in Vietnam, having export contracts of goods. • VDB also sanctions overseas importer loans to the overseas importers that include organizations buying goods made in and exported from Vietnam, having contracts on import of goods. • The export credit interest rate is lower and decided by the VDB, but should be reported to the Ministry of Finance[57]. • Exemptions on import duties on goods used to create fixed assets and on unavailable domestically materials for project implementation, and exemptions or reductions on land rental, and land use levies and taxes.[58]
Sri Lanka	• The fiscal incentives provided by the government include income tax concessions, concessions under the Nation Building Tax and the Ports and Airports Development Levy, VAT exemptions, deferment and zero-rating.

[55] Source: Directorate General for National Export Development: http://djpen.kemendag.go.id/app_frontend/contents/64
[56] Source: PT. Asuransi Ekspor Indonesia (Indonesia Export Insurance): https://djpen.kemendag.go.id/app_frontend/contents/65
[57] Source: Vietnam Development Bank: https://en.vdb.gov.vn/VDB/products--services/export-credit
[58] Vietnam Trade policy review 2021, WTO source: https://www.wto.org/english/tratop_e/tpr_e/s410_e.pdf

Countries	Incentives in various form
	• Sri Lanka customs operates a duty drawback scheme, a Temporary Importation for Export Processing (TIEP) Scheme, and a manufacturer in the bond scheme. • The government established the Export Development Reward Scheme (EDRS) in 2020 to incentivize its leading export companies. The main objective of the scheme is to encourage exporters to increase their volume of exports. • Under the EDRS, cash rewards are distributed among companies in ten main sectors consisting of agriculture bulk sector, agriculture value added sector, Tea bulk sector, Tea value added sector, Industry sector, garment sector, minerals, export of business and professional service sector, service providers to export sector and precious stones and jewelry sector. • Large scale exporters are paid 2 percent of the additional export earnings earned during the relevant period with respect to the corresponding period of the previous year, while SME exporters get 3.5 percent of the additional export earnings[59]. • The Sri Lanka Export Credit Insurance Corporation (SLECIC) provides attractive and innovative Export Credit Insurance and Guarantee support services for the development of exports of Sri Lanka. Its services include providing banks and other banking institutions with guarantees to facilitate the sanctioning of pre-shipment and post-shipment financing, as well as insuring exporters of goods and services against non-receipt or delayed receipt of payments due to commercial and non-commercial complications. • Sri Lanka has a number of agricultural support programs in place, including subsidies on the country's principal export crops. • The authorities also decided to establish an EXIM Bank to help exporters and importers with financial aid and to encourage international trade in products, services and capital.
China	• China offers a broad array of instruments to promote its exports, guarantee preferential access to natural resources and new markets, and to improve import terms with the developing world. These instruments include: (i) preferential export buyers' credits; (ii) export sellers' credits; (iii) mixed credits; (iv) natural resource-backed loans and lines of credit; and (v) concessional loans[60]: • Preferential export buyers' credits refer to credit provided to foreign borrowers to finance their imports of Chinese goods. • Export sellers' credits are preferential loans for Chinese companies operating abroad. They are provided by the China EXIM bank and are nonprofit-oriented. • Mixed credits are a package financing mode which combines lines of export buyers' credit granted to a borrowing country together with export sellers' credit (short-term

[59] Source: Export Development Board, Sri Lanka: https://www.edb.gov.lk/
[60]European Parliament, "Export finance activities by the Chinese government", September 2011

Countries	Incentives in various form
	credit) provided to a Chinese company, and concessional loans (in the form of foreign aid) often offered for a specific project. • Concessional loans are loans offered to developing countries at subsidized interest rates, and are usually tied to Chinese exports. • The EXIM bank provides finance for the import and export of capital goods and services, as well as for Chinese enterprises undertaking construction and investment projects in other countries. • The state-owned China Export and Credit Insurance Corporation (SINOSURE) promotes Chinese exports of commodities, technologies, and services, particularly high-tech and high-value-added capital items and assists national firms in investing abroad by providing non-payment risk insurance.
Malaysia	• The Export-Import Bank of Malaysia Berhad (MEXIM) is a development financial organization tasked with boosting investment and exports of products and services from Malaysia, as well as assisting Malaysian businesses in entering new markets, particularly non-traditional markets[61]. The facilities offered by MEXIM fall into two categories: banking facilities and trade credit insurance facilities. • Under the Export Credit Refinancing (ECR) scheme, the Bank provides direct and indirect exporters with competitively priced short-term trade financial facilities to stimulate the export of manufactured goods, agricultural products, and primary commodities. • The Bank also offers a multicurrency trade finance scheme, which is an insurance policy that protects participating Malaysian commercial banks against losses on trade finance advances provided to their customers for working capital financing for exports. • For medium term, it provides buyer credit guarantees, allowing Malaysian exporters to assist their international purchasers in obtaining long-term finance.

Source: Trade Policy Review of Respective Countries (Latest available Year)

5.3 Inter-Agency Coordination

Efficient and effective coordination among all relevant government agencies and authorities, and good collaboration between the public and private sectors are crucial for the formulation of trade facilitation measures. Further, an effective mechanism to handle and supervise the implementation of appropriate policies formulated should be in place to improve inter-agency coordination for trade facilitation and global integration. It is also vital for the multi-disciplinary reform program to be successful.

[61] https://www.tradefinanceglobal.com/export-finance/export-credit-agencies-eca/export-import-bank-of-malaysia-malaysia-eca/

At the same time, trading partners across the borders need to collaborate to find new avenues for improvement. Many new tools and techniques can facilitate such collaboration. Importantly, trading partners are willing to share transportation and distribution assets, even with competitors. They are sharing promotional, point-of-sale, and inventory data to support mutual benefits such as optimized inventory, productivity, and sales. It is also important to collect data on damages, packaging, and out-of-date products at all points along the supply chain to understand the root cause and work toward the reduction of unsaleable for the benefit of all trading partners. Moreover, real-time, cloud-based technology platforms provide data and analytics to highlight opportunities. **Table 5.6** below captures the trade policy making institutions and their key function in Bangladesh and its competing countries:

Table 5.6 | Key Institution in Trade Policy Formulation and its Major Role

Country	**Institution**	**Main Responsibilities**
Bangladesh	Ministry of Commerce (MOC)	Formulation, implementation and coordination of policies and activities relating to international trade in goods and services.
China	Ministry of Commerce (MOFCOM)	Coordination and implementation of trade-related policies.
Indonesia	Ministry of Industry and Trade (MoIT)	Coordination of trade policy and supporting Indonesia in international trade negotiations, including the WTO.
Malaysia	Ministry of International Trade and Industry (MITI)	Formulation of trade and investment policies.
Sri Lanka	Ministry of National Policies and Economic Affairs Department of Commerce	Development of trade, investment, and related policies. Coordinating and integrating bilateral, regional and multilateral trade policy objectives and their implementation.
Thailand	Ministry of Commerce (MoC)	Formulating and implementing trade policy.
Vietnam	Ministry of Industry and Trade (MOIT)	The focal point of the Government for trade and trade-related matters.

The state-of-the-art situation in terms of trade policy coordination in Bangladesh and its competing countries is discussed below:

5.3.1 Bangladesh

The Ministry of Commerce (MOC) is the leading institution in the formulation, implementation and coordination of policies and activities relating to international trade in goods and services. It acts as the focal point for bilateral, regional and multilateral trade negotiations. The WTO Cell under the MoC deals with matters relating to WTO agreements and oversees WTO negotiations; it coordinates and monitors all notifications to WTO committees, as well as compliance with WTO obligations. Implementation of trade-related policies and regulations are administered by various agencies under the MOC, including the Bangladesh Tariff Commission and the Export Promotion Bureau (EPB); and the National Board of Revenue (NBR), under the Ministry of Finance, which takes the lead role in tariff-setting.

A host of other ministries and agencies, including the Ministry of Agriculture, the Ministry of Health and Family Welfare, the Ministry of Fisheries and Livestock, the Ministry of Industries, the Ministry of Cultural Affairs, the Ministry of Post, Telecommunications and Information Technology, the Ministry of Civil Aviation and Tourism, the Ministry of Shipping, and the Ministry of Road Transport and Bridges, are also involved in the process of formulating and implementing trade and trade-related policies. Other stakeholders include: the private sector's chambers of commerce (e.g. the Federation of Bangladesh Chambers of Commerce and Industry, and the Bangladesh Garments Manufacturers and Exporters Association) and research organizations (e.g. the public/private Bangladesh Foreign Trade Institute); and independent academic institutions, such as the Centre for Policy Dialogue, issue papers and participate in trade-related policy debates.

There are quite a few policy consultative bodies with public and private sector participation to support efforts for the formulation of a coordinated policy. There is a Task Force intended to support development of leather industry, and a National Committee for fisheries and shrimp culture development. However, there is no national council or committee to guide proper management of international trade. Likewise, there is no formal or informal mechanism to facilitate proper coordination in trade policy making. Coordination with the ministries concerned is carried out through inter-ministerial meetings.

5.3.2 China

The Ministry of Commerce (MOFCOM) is mainly responsible for the coordination and implementation of trade-related investment and economic cooperation policies. In particular, regarding domestic and international trade, foreign investment, and international economic cooperation, its responsibilities include: (i) formulating strategies, guidelines, and policies; and (ii) drafting laws, regulations, and departmental rules. Other Ministries involved in trade policy formulation and implementation include those in charge of: agriculture, ecology and environment, finance, industry and information technology, and transportation. The China Foreign Trade and Cooperation Economic Gazette, issued by the Ministry of Commerce (MOFCOM), publishes China's trade-related laws, regulations, etc.

With the lack of a single and integrated system of trade policy-making, the Ministries concerned have to reach a flexible consensus through comprehensive discussion, coordination and bargain[62]. In China, the process is called “guikou” (proper channel) and “zhengchuduomen” (a policy made by several institutions) and, in other words, is defined as “participatory bureaucracy” or “institutional pluralism”. For example, the tariff is set by the Tariff Commission, which is an inter-ministerial body composed of, inter alia, officials from the Ministry of Finance, Customs, MOFCOM, the NDRC, and the State Council General Office. Different ministries attempt to base their positions towards trade policy on the “natural” administrative function, official promotion system, special relation with the regulated business community and other constituents, and even political corruption. The administrative structure may also pose a

[62]Sheng Bin, Institute of International Economics, Nankai University, “China’s Trade Development Strategy and Trade Policy Reforms: Overview and Prospect”, International Institute for Sustainable Development (IISD), April 2015

coordination problem in regard to the enforcement of trade policy. Therefore, interagency coordination and consultation remain a major weakness in China's trade policy.

5.3.3 Indonesia

Trade-related policy making is undertaken through a variety of government agencies. The Ministry of Industry and Trade is responsible for the coordination of trade policy, and for supporting Indonesia in international trade negotiations, including the WTO. The Ministry interacts with the private sector in relation to trade and investment policies, laws, and regulations. The private sector is mainly represented by the Indonesian Chamber of Commerce and Industry, the umbrella organization of business chambers and associations.

To improve coordination of policies and their implementation, in December 1995 the Government merged the Ministry of Industry and the Ministry of Trade[63]. The new entity, the Ministry of Industry and Trade (MoIT) has wide responsibilities for domestic and international trade as well as industrial policies. MoIT's main responsibilities in respect of foreign trade cover the determination of customs tariffs, non-tariff measures (notably licensing), export controls and promotion activities. In areas such as tariffs and export finance, MIT cooperates with the Ministry of Finance.

Following the introduction of a new anti-dumping and countervailing law in 1996, a Committee on Anti-Dumping has been established under the chairmanship of the MoIT, and with the participation of the Minister of Finance and high officials from the MoIT, the Ministry of Agriculture and the Directorate General of Customs and Excise.

Other important trade-related activities, such as standardization and consumer protection are performed, under final authority of MIT, by the Centre for Standardization and the Centre for Testing and Quality Control, and Consumer Services, respectively. Responsibility for investment falls under the Investment Coordinating Board (BKPM), a non-departmental agency under direct authority of the President of the Republic.

5.3.4 Malaysia

Trade and investment policies are formulated by the Ministry of International Trade and Industry (MITI) in consultation with relevant stakeholders including the Economic Planning Unit (EPU), responsible for developing Malaysia's five-year development plans; and the Performance Management and Delivery Unit (PEMANDU), responsible for implementing the Government's Economic Transformation Programme. Key MITI agencies include the Malaysian Investment Development Authority (MIDA), taking the lead in promoting manufacturing and services sectors; the Malaysian External Development Corporation (MATRADE), responsible for export development and promotion activities; and the Malaysia Productivity Corporation (MPC), undertaking various activities related to monitoring and enhancing the productivity and

[63] WTO, TRADE POLICY REVIEW INDONESIA, Report of the Secretariat, 1998 (WT/TPR/S/51)

competitiveness of the economy. Other agencies include: SME Corporation Malaysia, SME Bank, Malaysian Industrial Development Finance, Halal Industry Development Corporation, Malaysia Automotive Institute, and Malaysia Steel Institute.

It is difficult to separate trade development and trade policy making in Malaysia, where most trade policies are made in conjunction with regional trading partners in ASEAN[64]. Commercial concerns seem to predominate in government-private sector collaboration over policy issues. There are close, collaborative arrangements between government and industry at all levels (including SMEs) that focus more on developing commercial opportunities than on developing trade policy strategies. MATRADE has a very effective, sophisticated approach to information dissemination and feedback on performance of government in trade promotion activities, although it appears to put fewer efforts into exchanges on general policy questions.

5.3.5 Sri Lanka

Trade, investment, and related policies are developed under the aegis of the Ministry of National Policies and Economic Affairs with the necessary inputs furnished by the various government bodies including the Department of Commerce of the Ministry of Industry and Commerce, the Department of National Planning of the Ministry of National Policies and Economic Affairs, and the Trade and Investment Policy Department of the Ministry of Finance. They work under broad mandates for trade, tariff and investment policies including pursuing preferential trade negotiations; implementing revised tariffs under reciprocal trade agreements; and reviewing import tariff policies and border measures.

The implementation of trade policies is largely carried out by the Department of Commerce. The Department plays a key role in coordinating and integrating bilateral, regional and multilateral trade policy objectives and their implementation. All ministries and institutions concerned with international trade have regular consultations with the private sector, although there are no specific laws on the matter. These consultations take place through trade associations, industry associations, as well as trade chambers. In dialogues concerning particular sectors, individual exporters, manufacturers, or industrialists are often included for their comments and inputs through a series of meetings or individual consultations.

There are over 30 government and non-government agencies that were part of the import/export process. However, there was a lack of coordination between different government agencies even after the introduction of the electronic data interchange (EDI) system[65].

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[64] https://www.intracen.org/Malayisa---trade-policy-consultation-Mechanisms/

[65] Indra Nath Mukherji and Kavita Iyengar, "Deepening economic cooperation between India and Sri Lanka", Asian Development Bank, 2013

5.3.6 Thailand

The Ministry of Commerce (MoC) is the main government agency responsible for formulating and implementing trade policy. Other agencies involved in the implementation of specific aspects of trade policy generally include the Ministries of: Finance; Agriculture and Cooperatives; Industry; Energy; Public Health; Digital Economy and Society; and Transport; the Bank of Thailand; and the Office of the National Economic and Social Development Council (NESDC). Within the MoC, the Foreign Trade Cluster operates, comprising of the three main departments responsible for international trade: the Department of Trade Negotiations; the Department of Foreign Trade; and the Department of International Trade Promotion. MoC plays the role of coordination of trade policy formulation and implementation, where there is no formal coordination mechanism in place.

5.3.7 Vietnam

Trade and trade-related policies are formulated at the central level, and are implemented uniformly nationwide. The Ministry of Industry and Trade (MOIT) remains the focal point of the Government for trade and trade-related matters. The Multilateral Trade Policy Department under the MOIT is the focal point for WTO-related matters. The Government holds regular dialogues on economic policies with representatives of businesses, academia, industry associations, and international organizations. The Prime Minister and cabinet members participate in such dialogues; ministries and ministerial-level agencies formulate specific strategies and measures to address concerns raised in the dialogues.

The 2015 Law on Promulgation of Legal Documents provides a coordination mechanism for policy formulation and legislative process, which helps stakeholders such as government agencies, private associations, and individuals to provide input into the drafting of legal documents. The Inter-ministerial Steering Committee on International Economic Integration, formed in 2016, is the inter-sectoral coordination mechanism for policy formulation and economic cooperation. Further, the National Committee on Trade Facilitation and National Single Window was also constituted for overseeing implementation of the trade policy reform program[66].

[66] World Bank, "VIETNAM: DEEPENING INTERNATIONAL INTEGRATION AND IMPLEMENTING THE EVFTA", May 2020

Chapter VI
Specific Comparison – Trade Policies by Selected Sectors

6.1 Agriculture, Forestry, and Fisheries

6.1.1 Key Features of Agriculture Sector

During the last few decades, Agriculture continued to play a major part in economic growth in Bangladesh and its competing countries, providing a significant portion of employment and rural incomes, as well as a source of export expansion. Agricultural commerce played a vital role in these countries, despite the fact that their share of national outputs was dropping. For Bangladesh, the contribution of agriculture, forestry and fisheries to GDP declined from 13.8 percent in 2017-18 to 12.6 in 2019-20, and roughly 38 percent of rural households' labors relied on agriculture for income which indicates Bangladesh's labor force's dependency on agriculture is greater than other countries. **Table 6.1** below presents major indicators of trading in agriculture sector.

TABLE 6.1 | Features of Agricultural Commerce

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Rural population (%)	62	12	43	49	81	23	63
Agriculture, forestry, and fishing, value added (% of GDP)	12.6	7.7	13.7	8.2	8.4	8.6	14.9
Employment in agriculture (% of total employment)	38	25	29	10	25	31	37
Food exports (% of merchandise exports)	3	3	20	9	26	15	9
Food imports (% of merchandise imports)	17	7	11	8	13	6	8

Note: Data represent 2020 for Rural Population and Agriculture, forestry, and fishing (% of GDP), 2019 for Employment in Agriculture, 2018, for Food Exports and Imports (2015 for Bangladesh and 2017 for Sri Lanka).
Data Source: World Bank (2020)

The structural changes in the South-Asian countries are what is causing the decline in rural employment and the share of agriculture in GDP. It appears that in Vietnam, despite having a higher percentage of agriculture to GDP, the food exports and imports are very low. Indonesia stands second on overall exports, due to its key agriculture export, Palm Oil accounting for 40 percent of its overall exports, indicating that their exports are less diverse than imports. Bangladesh, which had the fastest yield growth since 1970[67], failed to ensure sufficient exports due to its inadequate infrastructure.

[67]RoehlanoBriones and Jesus Felipe, "Agriculture and Structural Transformation in Developing Asia: Review and Outlook", Asian Development Bank Economics Working Paper Series, August 2013

6.1.2 Policy instruments and institutional developments

Agricultural policy priorities of Bangladesh and its competing countries are driven by concerns over food self-sufficiency, food consumption and production diversification, value-added and competitiveness, and the welfare of farmers. The principal objective of every policy is to sustainably intensify and diversify agricultural production to meet the nutritional needs of the population. The governments are seeking a balance between supporting producers and ensuring affordable prices of essential foods for poor consumers. Rice is the most important food crop and the preferred staple of the great majority in most of the countries. So, maintaining stable and low rice prices has always been a major policy aim of the governments. Key policy objectives are pursued through a wide range of input subsidies on fertilizer and seeds, and credit is used to support producers. Major policies of the countries in the agriculture sector are briefly mentioned in **Table 6.2** below.

TABLE 6.2 | Agricultural Policy Instruments and Institutional Developments

Country	Policy instruments and Institutional developments
Bangladesh	**National Agriculture Policy (NAP 2018):** • Ensure food security and improve socioeconomic conditions of people; • Increase productivity and production of crops, farmers income, crop diversification; • Ensure nutritious and safe food production; • Improve marketing system; and • Ensure profitable agriculture and efficient utilization of natural resources. **National Food Policy (NFP 2006):** • Improve rural people's food and nutrition security, as well as their quality of life, through Increased productivity and agricultural diversification; • Improve purchasing power and access to food; and • Ensure adequate nutrition for all intensive manufactures, such as RMG and leather goods. **Second Country Investment Plan 2016-2020 (CIP2):** • Achieve improved food security and nutrition for all at all times by making food systems nutrition-sensitive and sustainable; and • Ensure availability, affordability and nutritional quality of foods, so that all people have access to a variety of safe and nutritious foods, and to the knowledge they need to make wise food choices for a healthy diet.
China	**No. 1 Central Document of 2020 (Agricultural Policy 2020):** • Emphasize the battle against poverty, that it has come to the final stage, and that the remaining impoverished people will be taken out of poverty; • Overcome shortcomings in agriculture and rural areas; • Investment from central government will continue to be skewed towards agriculture and rural areas, with efforts to make up for major shortfalls in agriculture, rural areas and farmers; and • Strengthen farmer satisfaction, to maintain social harmony and stability in rural areas. **Finance Management Measures for Agricultural Production and Development (2020 revision):** • Protecting cultivated land resources, with a focus on arable land; • Subsidies to buy agricultural machinery, mainly advanced and practical agricultural machinery; • Green development of agriculture and technical services, mainly in terms of increasing quality and efficiency, dry farming and saving water on key crops; • Innovations in agricultural operations, mainly to support new agricultural business entities, social agricultural production services, cultivation plans for competent farmers, agricultural credit guarantees; and • Developing the agricultural industry. **Agricultural Science and Technology Fund:** • Supports the commercialization of technology in agriculture, with a focus on R&D and promoting new agricultural technology.

<table>
<tr><th>Country</th><th>Policy instruments and Institutional developments</th></tr>
<tr><td></td><td>Poverty Alleviation and Development Plan for the Agricultural Industry (2011-2020):
Increase support for agriculture and animal husbandry in disadvantaged areas.
13th Five-Year Plan:
Upgrading structures and encouraging "green" production;
Extending the sector's industrial and value chain;
Boosting innovation, and consolidating shared rural development;
Maintain zero increase in pesticide and fertilizer use; and
Strictly regulate water use in the sector.</td></tr>
<tr><td>Indonesia</td><td>Policy for Maintaining Rice Self-Sufficiency:
Achieve self-sufficiency in rice;
Emphasize more intensive production; and
Provide incentives such as subsidies for fertilizer, pesticides and irrigation, as well as credit and price supports.
Policy for the Sustainability of Small Farms and Poverty Alleviation:
Revitalize small-scale farming;
Introduce an agribusiness approach to a commodity based farming system;
Consider economic efficiency in developing a farming system;
Introduce new improved technology adapted to local conditions; and
Ensure the process of technology transfer.
2015–19 National Medium-Term Development Plan:
Emphasize on food sovereignty, self-sufficiency in the staple foods of rice and maize;
Increase production of other staple food products, and water security;
Shift the supply-driven agriculture to demand driven agricultural development.</td></tr>
<tr><td>Malaysia</td><td>National Agro-food Policy 2011-2020 (NAP)[68]
Ensure adequate food supply and food safety
Develop the agro-food into a competitive and sustainable industry
Increase the income level of agricultural entrepreneurs
National Commodity Policy 2011-2020 (NCP)
Boost the economic contribution of plantation industrial commodities
Upgrade and alter the commodity industry in order to make it more competitive and long-lasting
Facilitate commodity industry development across the value chain
Raise the income of commodity industry operators and smallholders
Promote Malaysia as a global leader in R&D, technology development, and industrial commodity downstream processing
11th Malaysia Plan (11MP)
Incorporate inclusiveness into the right people
Enhance the development of human capital in developed countries
Strengthen infrastructure to support economic growth
Revamp economic advancements for greater prosperity</td></tr>
<tr><td>Sri Lanka</td><td>Vision 2025
Encourage efforts to raise agriculture productivity and offer price support to cushion the domestic smallholder sector
Introduce an incentive structure for SME agribusinesses to invest in commercial agriculture and value chains
Agricultural Policy 2019
guided by a vision of transforming Sri Lanka into a knowledge-based, export-oriented competitive economy
recognizes the need to facilitate improvements in crop, fishery and livestock production, strengthen markets and value chains, find solutions to connectivity and logistics issues and strengthen private sector participation</td></tr>
</table>

[68]FFTC Agricultural Policy Platform (FFTC-AP)

Country	Policy instruments and Institutional developments
	• aims to assure food security, ensure environmental sustainability and develop economic opportunity • targets to make the country self-sufficient in maize, soya beans, chilies, onions, and potatoes through crop diversification and increased productivity **National Agricultural Research Policy and Strategy 2018-2027** • Identify research priorities and ensure research undertaken is in-line with the priorities identified to achieve national goals **National Fisheries and Aquaculture Policy (2018)** • **Support the social, economic and environmental transformation of the small-scale fisheries sector towards its better contribution to food security and poverty eradication** **Sri Lanka Rubber Industry Master Plan 2017-2026** • Targets to achieve a gross industry turnover of US $4,000 million in 2025, of which target for rubber products manufacturing sub sector amounts to US $3,600 million
Thailand	**Thailand's 20-Year National Strategy (2018-37)** • Well-being of Thai people and society • National competitiveness, economic growth, and income distribution • Development of human capital • Social equality and equity • Sustainability of national biodiversity, environmental quality, and natural resources **5-year Agricultural Plan (2018-22)** • Strengthening farmers' and farmer institutions' capacity through the use of innovation and technology • Establishing sustainable agriculture and implementing the bio-circular-green economy (BCG) paradigm • Agriculture 4.0 is being built under the Thailand 4.0 economic model through growing agricultural technology and innovation, managing agricultural information technology, and expanding agricultural research activities.
Vietnam	**Decision No. 124/QD-TTg, May 02,2012:** (Master Plan to Develop Agricultural Production by 2020 – Vision to 2030) • Building an agricultural comprehensive development towards a modern, sustainable, large scale commodity production on the basis of promoting comparative advantage; • Applying science and technology to increase productivity, quality, efficiency, and high competitiveness; • Ensuring strong national food security for the short- and long-term period, while adapting to the diverse needs of domestic market and exports; and • Improving the efficiency of land use, water resources, labor and capital for agricultural production. **Decree No. 210/2013/ND-CP, December 19,2013:** (Encouraging Investment on Agriculture and Rural Development) • Encouraging investment on agriculture development through incentives on advertising, market information access and service from trade promotion agency. **Decision No. 49/2012/QD-TTg, November 08,2012:** (Support to Access Input Factors) • Support 80 percent of input costs for mountainous provinces and the central highlands, 70 percent for other provinces and cities.

6.1.3 Border Measures

The provisions on border measures require the taking of what are essentially provisional measures against imports of infringing goods. The competent authority may require the applicant to provide a security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent any abuse. Incentives, in the form of cash or tariff measures, allocated to specific products are provided by the countries to promote exports of certain agricultural products and agro-processed items.

Average MFN tariff protection for agriculture has generally increased in all the countries. This was due to the characteristics of the sector being strongly linked with food security and vulnerability to climate change, and the need to maintain food security during adverse environmental emergencies. Bound tariff rates for agricultural products are higher than those applicable to non-agricultural products. As a matter of policy, certain types of machinery used in agriculture and animal feed for the poultry industry have been generally exempt from tariffs. Nuclear radiation tests are mandatory for imported milk, dairy, edible oils, vegetable seeds, grains, and other food products.

In order to broaden the export base through diversification of exports to stabilize and expand export revenues as well as boost economic growth, a number of agricultural commodities are subject to export restrictions/prohibitions to meet domestic demand. Tariff profiles for agricultural and non-agricultural commodities of Bangladesh and its competing countries are provided in **Table 6.3** below.

TABLE 6.3 | Tariff Profiles for Agricultural and Non-agricultural Products

Agricultural Products			
Country	**Year of Applied MFN Tariff**	**Simple Average**	
		Bound rate	**Applied MFN rate**
Bangladesh	2019	186.1	17.5
China	2020	15.7	13.8
Indonesia	2019	47.1	8.7
Malaysia	2020	53.6	8.7
Sri Lanka	2019	50.1	27.4
Thailand	2020	39.1	29.3
Vietnam	2020	18.1	16.5
Non-agricultural Products			
Bangladesh	2019	37.8	13.4
China	2020	9.1	6.5
Indonesia	2019	35.5	8.0
Malaysia	2020	14.9	5.2
Sri Lanka	2019	22.3	6.4
Thailand	2020	25.7	71
Vietnam	2020	10.5	8.4

Data Source: World Tariff Profiles 2021

Farmers and traders have the flexibility to engage intra- or inter-state trade using the agricultural products but nonetheless, export levies, restrictions and prohibitions, minimum export prices (MEPs), and state trading are utilized when needed.

Bangladesh’s MFN tariff protection for agricultural products rose to 17.5 percent in 2018, maintaining a higher value than the overall applied MFN average of 14.8 percent, while their import duties were also greater than the non-agricultural import duties. In China, tariff rate quotas (TQR) still prevail with applied MFN rate of 15.6 percent on agricultural products, however, agricultural items produced and sold directly by farmers, on the other hand, are VAT-free. Vietnam has been seen retaining TQR on its agricultural products to encourage domestic value-adding in such a labor-intensive sector. Conversely, Sri Lanka levies high tariff rates on demerit goods such as tobacco products with the highest applied MFN rate being 1,225 percent (ad valorem equivalent of a specific duty) on cigars. During 2018, the average MFN tariff for Indonesia was 8.6 percent.

However, Graduation from the LDC status will limit its policy options for providing agricultural cash subsidies, as it currently does. Bangladesh will have to adhere to the WTO Agriculture Agreement's criteria. It will no longer receive savings on its regular contributions to the UN and other organizations after graduation. As such, subsidies for the agricultural industry should be enhanced and emphasized in the budget. Further, the Ministry of Agriculture should strengthen market monitoring to ensure access to inputs at subsidized prices, as well as locate more food subsidy resources.

6.1.4 Domestic support measures

Domestic support measures are subsidies given by countries to promote agricultural sector. Such measures are utilized to enhance outputs and include concessional loans for the purchase of agricultural inputs such as fertilizer and equipment, as well as seed distribution. In Bangladesh, fertilizers and other agricultural inputs are supplied at administered prices. Reduced electricity rates aid agricultural irrigation, lowering production costs. Cash incentives have been offered for agricultural rehabilitation aid programs. The strategic objectives of Bangladesh’s agricultural support programs are:

- Increase production and productivity in the crop sector;
- Increase supply and affordability of agricultural inputs;
- Development and maintenance of agricultural land resource based management;
- Support in supply, processing and effective marketing of agricultural products;
- Envelop women in agriculture activities and farms development to ensure their empowerment etc.

The Chinese government subsidizes insurance premiums under a subsidized agriculture insurance plan, with farmers paying just the remaining 20-30 percent of the payment. Furthermore, the government expanded the lending capacity of rural financial institutions by awarding targeted financial subsidies to those institutions. Indonesia uses tax and non-tax policy instruments to raise agricultural output, productivity and competitiveness. The strategies of Malaysian government include improving productivity and incomes for farmers; improving institutional support and extension services; improving market access and logistics support; and improving performance-based incentives and certification programs. Under the strategy of intensifying performance-based incentives, the government is gradually replacing input-based subsidies with performance-based incentives.

Sri Lanka has a number of agricultural support programs in place, including subsidies on the country's principal export crops. In Indonesia, domestic support measures include a wide range of input subsidies on fertilizer and seeds, and credit to support producers. The government also provides food crop seeds subsidy for rice, maize, and soybean. Fishery firms receive domestic support in a variety of ways, and there are additional tax benefits in the form of corporate income tax credits or holidays that are comparable to those for other activities. According to the Law on Pricing in Vietnam, rice is on the list of products and services subject to price stability, and gas is supplied to fertilizer plants at market prices. Whenever necessary, the State uses price stabilization measures, including purchasing, setting the maximum or minimum prices, or selling national reserve goods to balance supply and demand for rice.

6.2 Mining and Energy

6.2.1 Mining and its features

Key features of the mining sector in Bangladesh and its competing countries are discussed below:

6.2.1.1 Bangladesh: Bangladesh produces mainly coal, hard rock, peat, mineral sand, metallic minerals, white clay, silica sand, ordinary/sand mixed stone, limestone and gravel. It has an estimated 2 billion tons of coal reserves, equivalent to more than 70 trillion cubic feet of gas. The contribution of the mining sector to GDP increased slightly from 1.7 percent in 2011-12 to 1.8 percent in 2017-18. The main policy objective of the oil, gas and mineral resources sector is to meet the energy demand of the country by undertaking exploration, production, development and appraisal of oil and gas fields, and the subsequent enhancement of energy reserves. Under the Mines and Minerals (Regulation and Development) Act, 1992 and the Mines and Minerals Rules, 2012, exploration licenses are issued, and mining leases and quarry leases for different minerals are granted. The average MFN tariff protection for minerals and metals stood at 13.2 percent in 2018-19, compared to 13.7 percent in 2011-12.

6.2.1.2 China: Until the end of 2019, a total of 173 types of minerals have been discovered in China, including 13 types of energy materials, 59 metals, 95 types of non-metallic minerals and six types of water and gases. China has great prospecting potential for 24 major minerals, including coal, iron ore, manganese, chromite, copper, lead, zinc, bauxite, tungsten, tin, molybdenum, antimony, nickel, gold, silver, lithium, pyrites, sulphurite, phosphate rock, potash, magnesite, fluorite, boron and barite. In 2019, China produced approximately 90 percent of the world's rare earth metals, and there have been increased investments in the mining sector.

China is the largest gold producer in the world, with much of the historical and current production coming from the Jiaodong Peninsula in Shandong province, which is host to many gold resources.

Iron ore production in China has tumbled in the last six years, falling from a peak of over 408 million tons in 2013 to 124 million tons in 2018. Base metals also play an important role in the domestic mining industry as more than 30 percent of global zinc production was mined in China in 2018. However, recent environmentally enforced closures and capacity cuts have consolidated the Chinese mining industry. Companies have been forced to cut costs and endeavor to become more environment-friendly.

Mineral Resources Law, 1986, is the main policy instrument governing the mining sector. To implement the Fang Guan Fu policy of reform initiatives in the mining industry, the government is committed to facilitating the investment process, modernizing its management system and ensuring freedom in the trade of mining products, all of which are expected to further open up the Chinese mining industry and boost its development. In 2018, 1,248 mining rights were granted, of which 772 were allocated through competitive procedures, 55 through agreements, and the remainder through automatic allocation to the holders of the related exploration rights. Three hundred sixty exploration rights were granted, of which 175 were funded by the Government, 90 were granted through competitive procedures, 37 were filed through prior applications, and 58 were granted through agreements.

Exports of certain mineral products, including coal and oil (excluding lubricating oil), are subject to an export quota and an export license, while exports of rare earth minerals, tin and tin products, tungsten and tungsten products, molybdenum and molybdenum products, antimony and antimony products, indium and indium products, coke, lubricating oil, and fluorite are subject to an export license only.

6.2.1.3 Indonesia: Mining is a significant contributor to economic growth in Indonesia. Indonesia is an important supplier in the global mining industry, with significant levels of coal, copper, gold, tin, and nickel production. Compared to the world's total reserves, it is ranked first for Nickel, second for Tin, fifth for Gold, sixth for Bauxite, sixth for coal and seventh for copper. Indonesia produces 502,653,360 tons of coal per year (as of 2016) and is among the world's largest exporters of thermal coal. In 2020, approximately 35.5 million tons of copper had been produced in Indonesia.

Mineral and coal mining activities are governed under the Law on Mineral and Coal Mining No. 4/2009 of 2009. More recently, Indonesia has implemented competitive tax incentives for mining companies engaged in establishing a downstream industry for the extracted raw materials. The mining sector's contribution to GDP (excluding oil and gas exploitation) fell from 5.7 percent in 2013 to 4.3 percent in 2016, but recovered to 5.2 percent in 2018 due to higher commodity prices and coal export quotas; it again fell to 4.7 percent in 2019. Also, the GDP from coal and lignite mining in Indonesia has gradually decreased since 2018.

6.2.1.4 Malaysia: In Malaysia, minerals and mining (not including petroleum and natural gas) represented about 0.5 percent of GDP, or RM 5,389 million, in 2016, has increased steadily since 2010 (RM 3,653 million). However, it remains small compared to crude oil and natural gas which were close to RM 100 billion in 2016. Among minerals, bauxite was the biggest in 2015 but declined sharply in 2016, reportedly as a result of a government moratorium which was first imposed in January 2016 for three months and extended several times, most recently in June 2017 for a further six months.

Exports of non-energy minerals and coal tend to vary considerably from one year to another as exports of bauxite were US$2 million in 2013, US$707 million in 2015, and US$151 million in 2016. In addition, some products are imported and exported in similar quantities and values, such as copper ores and concentrates and iron ores and concentrates.

The principal laws relating to minerals are the Mineral Development Act No. 525 of 1994 (where "mineral" does not include petroleum or rock material), the Petroleum Mining Act No. 95 of 1966 (covering petroleum) and the National Land Code Act No. 56 of 1965 (covering rock material). In addition, each state has its own legislation relating to mining activities.

Exploration licenses are granted for areas between 400 and 20,000 ha for a maximum of 10 years with a possible extension of 5 years. In addition, prospecting licenses are granted for periods of up to 2 years with a possible extension of 2 years. Mining licenses are granted for the expected life of the mine or 21 years, whichever is shorter, with the possibility of renewal. There are no restrictions on foreign companies participating either in their own right, through equity in a local company, or through joint ventures with a local company or companies.

6.2.1.5 Sri Lanka: Sri Lanka possesses a diverse range of mineral resources, including high-purity graphite and mineral sands (include both industrial and precious minerals), which are exported in large quantities. Their mining GDP fell over the years and government intends to boost value addition in the sector by enacting export-related policies, such as regulating mineral exports by setting floor prices, levying an export tax, and entering into investment agreements. There is currently a 7 percent royalty on mineral exports, a 20 percent export tax, and a floor price in place. The Government policy for the sector discourages mechanical mining and encourages traditional mining to sustain better prices, resulting in higher quality gemstones and relatively lesser output.

6.2.1.6 Thailand: Thailand’s mineral commodities include basalt, cement clay, gold ore, gypsum, lignite, limestone, rock salt, shale (industrial rock-cement) and silver ore, comprising both "industrial minerals" and "energy minerals". The mineral deposits of Thailand include tin, tungsten, niobium, tantalum, lead, zinc, gold, iron and stibnite as the most important metallic minerals, whereas feldspar, clay minerals, fluorite, barite, potash and rock salt are the most important non-metallic minerals. Rocks and dimension stones are increasingly important as basic materials for industry and construction.

In May 2016, the government issued a cabinet resolution proposing the shutdown of all gold mines in Thailand by the end of 2016. In December 2016, the National Council for Peace and Order exercised its absolute power by issuing an order suspending all gold mining operations and gold mining related activities from 1 January 2017 ("**NCPO Order**"). The rationale for issuing the cabinet resolution and the NCPO Order is that, from the government's perspective, the drawbacks of mining gold outweigh the benefits.

Mining in Thailand is regulated under the Minerals Act, B.E. 2560 (A.D. 2017), effective from 29 August 2019. The Department of Primary Industries and Mines (DPIM), within the Ministry of Industry (MOI), is responsible for supervising and promoting the mining industry, including mineral trade and setting safety and pollution-control requirements. The Minerals Act does not impose any restrictions on foreign investment in exploration and mining operations.

6.2.1.7 Vietnam: Vietnam has diverse mineral resources throughout the country. In 2019, it was a major producer of bismuth, tungsten (5.6 percent of world production), fluorspar (3.4 percent), cement (2.3 percent), and tin (1.5 percent). It is the second largest producer of tungsten in the world, and it holds some of the world's largest reserves of bauxite and alumina (12.3 percent) and rare earths (18.3 percent), as well as significant deposits of titanium mineral concentrates (ilmenite), iron ore, chromite, and copper. Since 2013, Viet Nam started exploiting rare earth mines and is reported to have proven reserves for 11 million tons (the third-largest reserves worldwide). Current annual production is estimated at around 900 tons.

Until 2013, Viet Nam was a net exporter of coal, with exports accounting for 28 percent of total production. However, coal exports decreased significantly thereafter, and Viet Nam became a net coal importer in 2019. Mining and quarrying (which includes mineral fuels) contributed 7.5 percent of GDP and mineral exports accounted for 2.1 percent of overall merchandise exports in the same year (8.2 percent in 2013). The 2010 Mineral Law regulates the sector. In 2011, Viet Nam adopted the Mineral Resources Strategy to 2020, Vision to 2030, and an action plan for the strategic orientation of mineral resources and their exploitation.

Between 2013 and 2020, average applied MFN tariff protection for ores, slag, and ash declined from 3.6 percent to 3.4 percent, due to the splitting of two tariff lines. Regarding salt, sulphur, earths and stones, lime, and cement, the average applied MFN tariff increased from 5.0 percent to 5.9 percent during the same period, while the average applied MFN tariff on mineral fuels and oils obtained from bituminous substances and on mineral waxes increased from 4.5 percent to 7.1 percent.

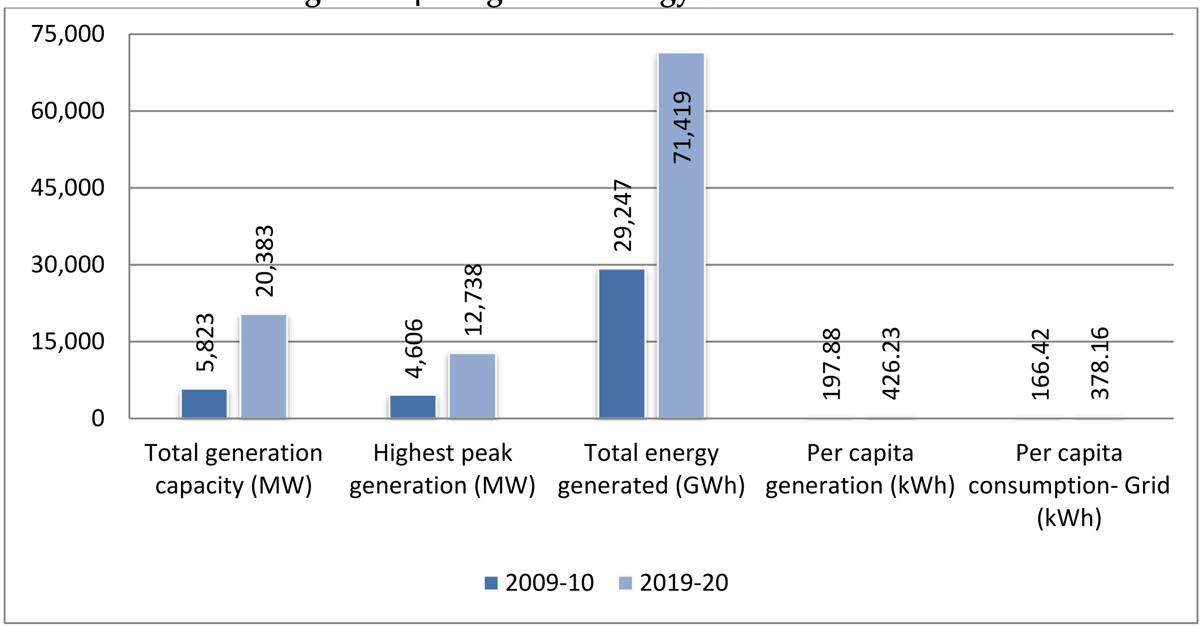
6.2.2 Energy, Electricity and its Characteristics

In Bangladesh, the energy sector is dependent heavily on natural gas and is becoming increasingly reliant on imports; nonetheless, steps to encourage renewable energy and energy efficiency are implemented. Energy tariffs, prices, and taxes are still regulated, and the government is still involved in all aspects of the energy industry. Subsidies for the import of petroleum products have been provided, and an Energy Security Fund has been established.

Tariffs for retail power continue to vary by consumer category and voltage level. Total installed capacity, per capita generation and consumption increased significantly during the last decade.

Since January 2009, over 17,000 MW capacity was added to the national grid. Total generation capacity was 20,383 MW, the highest peak generation was 12,738 MW and the total energy generated was 71,419 GWh in 2019-20 which were 5,823 MW, 4,606 MW and 29,247 GWh respectively in 2009-2010. Per capita generation and consumption (Grid) increased to 426.23 kWh and 378.16 kWh from 197.88 kWh & 166.42 kWh in 2009-2010 respectively (**Figure 6.1**). However, per capita generation (including captive power & RE) was 512 kW in 2019-20[69].

Figure 6.1| Bangladesh Energy Sector Overview

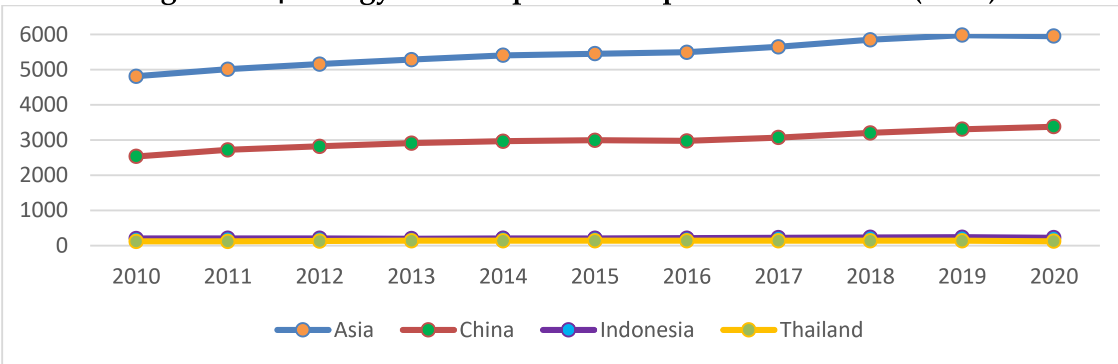


Source: Bangladesh Power Development Board Annual Report 2019-20

China and Indonesia are the large producers and consumers of electricity. China's net energy imports were 544 million tons of oil equivalents (mtoe) in 2016, net energy exports were 84 mtoe, and electricity consumption was 3,051 mtoe in 2016. Indonesia remained reliant on imported energy to meet its consumption needs. Primary energy supply increased by 20 percent, from 1.2 million barrels of oil equivalent (BOEs) in 2013 to 1.5 million BOEs in 2018, while the mix of energy sources shifted, with coal, renewables, and biofuels substituting oil, gas, and hydropower. Thailand is a producer of a number of energy products, including crude oil, natural gas, coal, and hydroelectricity. The gap between production and consumption is filled by importation. Thailand is thus a net importer of energy products: in 2019, energy imports amounted to THB 34.5 billion, four times the value of energy exports (THB 8.5 billion). Total energy consumption by these three countries during the period 2010 to 2020 is presented in **Figure 6.2** below:

[69] Source: Bangladesh Power Development Board Annual Report 2019-20

Figure 6.2 | Energy Consumption of Top Three Countries (mtoe)

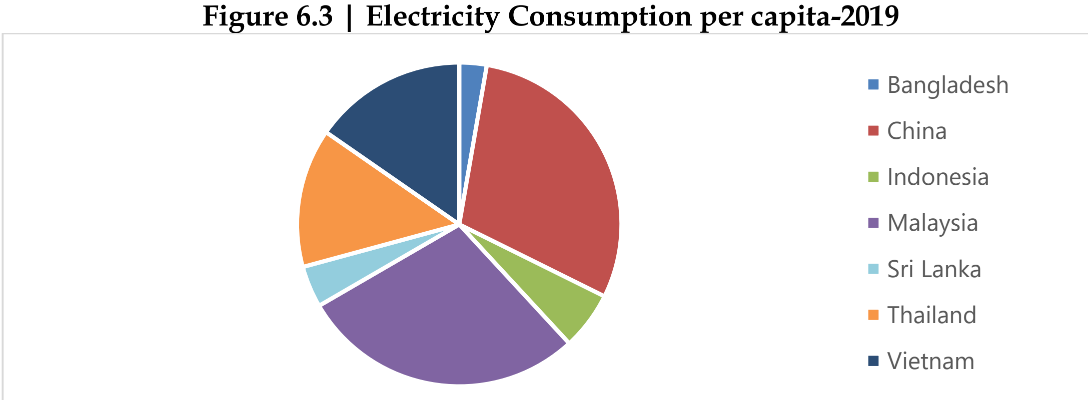


Source: Enerdata 2020

As shown above, China is the world's greatest energy consumer, with total energy consumption of 3 billion kilotons of oil equivalent (ktoe) in 2016 and 3.3 billion ktoe anticipated by 2021. China's energy consumption per capita is about half that of Japan and one-third that of the United States, although it is constantly increasing. It is also the world's top electricity consumer, followed by USA and then India. Sri Lanka has mostly relied on homegrown indigenous biomass and hydropower to meet its energy demands, accounting for around 55 percent of total energy consumption, followed by fossil fuel imports, and has been exploring new alternative energy sources such as solar and wind. Sri Lanka has broadened its energy sources and started to use coal, primarily for electricity generation.

On the other hand, power shortages are still a problem for Vietnam's development, and hydropower generation is at an all-time low due to a severe heat wave and a lack of rain in 2019. However, energy consumption is expected to increase at a 3 percent yearly rate during 2020 and 2029. The main source of energy supply in Malaysia is natural gas, followed by petroleum and coal. Supply from renewable sources accounted for 4.7 percent of total supply in 2016. Transport is the main energy consumer, accounting for about 45 percent of total consumption. **Figure 6.3** shows per capita electricity consumption in Bangladesh and its competing countries in 2020.

Figure 6.3 | Electricity Consumption per capita-2019



*Source: Our World In Data- Energy Access-2019*https://ourworldindata.org/energy-access

Energy Goals: Bangladesh remains focused on reducing dependence on natural gas, through diversification of the energy mix and the use of alternative/renewable energy resources; balanced and synchronized development of gas production, transmission and distribution activities; and participation of private entrepreneurs in oil and gas exploration, production and distribution. Incentives remain available to foreign and domestic investors in the energy sector. The Chinese government has taken voluntary actions to reduce coal production capacities and has enacted a number of policies targeted at reducing coal's portion of China's energy mix in the five-year plan for energy 2016-2020, which was released in January 2017. Indonesia planned to achieve domestic energy supply security by lowering gasoline dependency and expanding the usage of renewable energy under the 2014 National Energy Program (Kebijakan Energi Nasional, KEN), a comprehensive policy spanning both the supply and demand sides. Similarly, Malaysia's new Energy Transition Plan is focusing on increasing the share of renewable energy in installed capacity to 31 percent in 2025 and 40 percent in 2035. Peninsular Malaysia, which accounts for 80 percent of the country's electricity demand, would be the focus of the government's efforts to enhance RE in the power capacity mix.

The National Energy Policy and Strategies of Sri Lanka presents plans to meet the challenge of developing and managing the energy sector to ensure delivery of reliable, cost-effective, and competitively priced energy services from diverse sources to fuel the social market economy. Vietnam aims to increase the share of renewable energy to around seven percent by 2020 and above 10 percent by 2030 and reduce the use of importation of coal to ensure energy security, climate change mitigation, environmental protection, and sustainable socio-economic development. Similarly, by 2037, the Thailand government wants renewable energy to account for 30 percent of overall energy consumption.

Cross-Border Electricity Trade (CBET): Bangladesh’s National Energy Policy (NEP) emphasizes on regional and sub-regional cooperation in energy sector development and as a part of this, cross-border electricity trade with neighboring India has taken place. China and Indonesia are among the top five coal producing countries. However, China is considered the largest importer of coal[70]. This is in order to supplement domestic supply and to access higher quality cooking coal for steel-making. Indonesia’s coal exports saw a 4.7 percent increase as production capacity has significantly expanded. Vietnam imports coal, which is one of its primary energy sources, from Indonesia and Laos, but the country has plans to shift to renewable energy to meet its rapidly increasing electricity demand. Sri Lanka continues to be an import-dependent consumer of petroleum products; however, biomass is mostly produced domestically.

Almost all the countries, with the exception of Vietnam, have a predominant dependence on a single commercial energy form. These are petroleum for Sri Lanka, natural gas for Bangladesh

[70]https://www.iea.org/reports/coal-2020/trade

and coal for China, where coal currently accounts for between 55-60 percent of their primary energy[71]. Such a large dependence on a single energy source not only limits the options of meeting diverse energy needs but also increases energy security concerns. It is also relevant to note that despite substantial coal resources available in the region, some of the SAARC member states are still importing coal. On the other hand, while Vietnam and Indonesia have made significant strides in the development of renewable energy use, they shifted from being an energy exporter to net importer in the recent years. This is probably due to increase in the demand for fossil fuels in respective countries and the struggle to meet those demands.

Given the benefits it can offer in lowering costs, diversifying supply, and tapping into renewable and low carbon energy resources, the concept of cross-border power system connectivity has gained increasing support from Governments and international organizations. The ASEAN Power Grid (APG), which began in 1997, entails the installation of cross-border transmission lines for power trading and interchange. The ASEAN countries have agreed to create a pilot power integration project that will send 100 MW from Lao PDR to Singapore via Thailand and Malaysia. The HAPUA (Heads of ASEAN Power Utilities and Authorities) is working to bring various interconnection projects to completion, first on a sub-regional level (particularly by utilizing the potential of renewable energy/hydropower of Cambodia, Lao PDR, and Myanmar to increase capacity in Thailand, Malaysia, Singapore, and Vietnam), and then on a regional level, with the ultimate goal of creating an integrated ASEAN power network system.

On the other hand, the SAARC Energy Ring – an interconnected electricity system covering South Asia – was first announced in 2004. Progress has been made in developing bilateral electricity interconnection and trade in the South Asian countries. However, this progress has not proceeded at the same pace across the region, and the vision of a SAARC Energy Ring still seems elusive[72]. Globally, there are several examples of successful multi-country power systems, principally in Europe, Southern Africa and Central America.

6.3 Manufacturing

6.3.1 Features, policy and measures

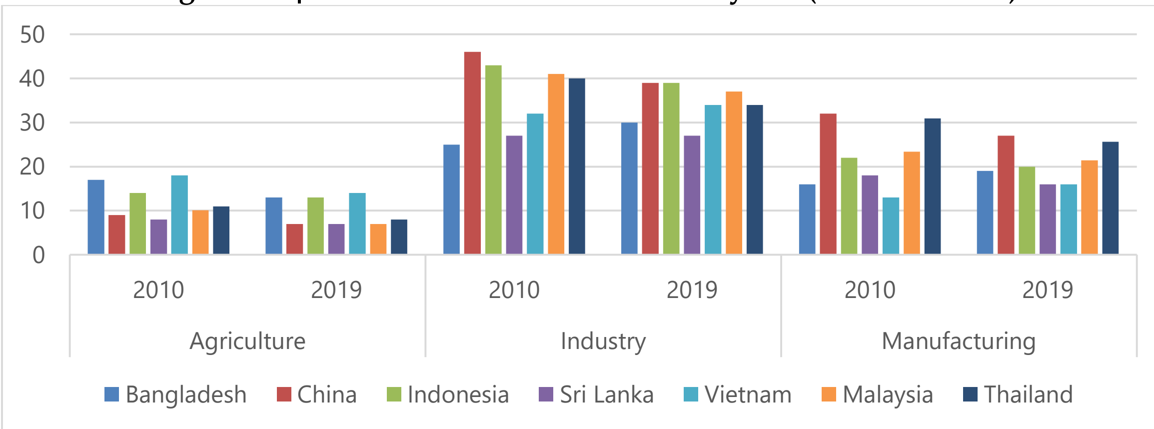
Manufacturing continues to be a high-priority economic sector in terms of economic impact, employment, and merchandise exports for most countries. China in its 2015 strategy aims to make the country a major manufacturing power in ten years, mastering core technologies in key areas towards the goal of welfare and people's livelihoods. As illustrated in **Figure 6.4**, Bangladesh's GDP share climbed from 16 percent during 2010 to 19 percent in 2019 and again reduced 17 percent in 2021, where Bangladesh's narrow manufacturing base is dominated by the garment sector. Vietnam's contribution rose to 25 percent in 2021 from 16 percent in

[71] Energy Outlook 2020

[72] ESCAP, "Integrating South Asia's Power Grid for a Sustainable and Low Carbon Future", 2018

2019.[73] Other than these three countries, the manufacturing sector's GDP of the other four countries dropped slightly in the past decade.

Figure 6.4 | Sectoral Contribution over the years (as a % of GDP)

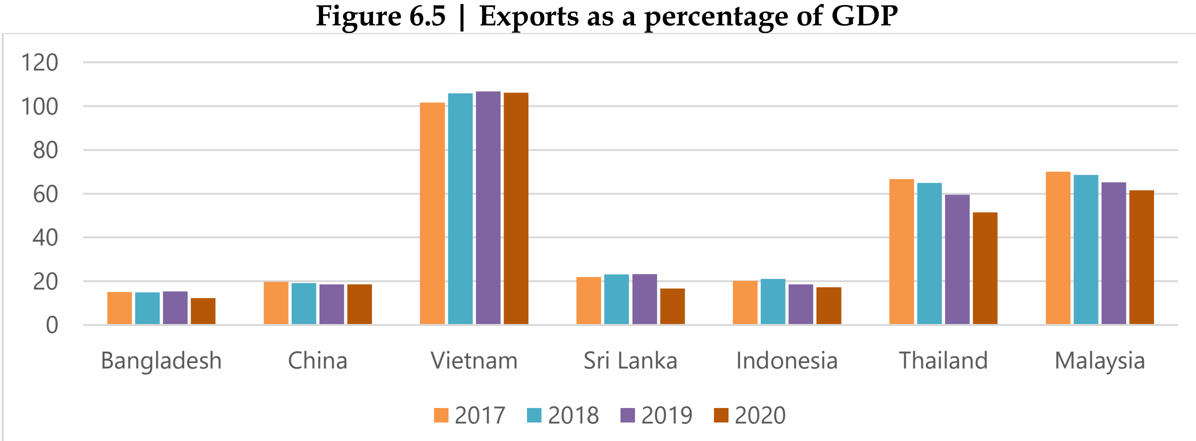


Source: The World Bank 2020

In Bangladesh, manufacturing sector accounted for 90 percent of total exports in 2020-21 with textiles and textile articles totaling almost 85 percent. But in Vietnam, while manufacturing accounted for 86 percent of total merchandise exports in 2020, the leading export category was electrical and electronics equipment (37 percent), with the share of garments and textiles only 9 percent. Manufacturing sector of Thailand and Malaysia grew rapidly since the 1980s, with textile being an important manufacturing base for Thailand and automation for Malaysia.

As illustrated in **Figure 6.5**, the exports as a percentage of GDP reduced for all countries. This decline was due to the pandemic, where most countries were under lockdown and factory productions were at a halt. Furthermore, exports as a percentage of annual growth exhibit a negative trend in exports in 2020 except for Vietnam (**Figure 6.4**). Unlike other countries, Vietnam experienced high exports which increased by 25.7 percent with US and by 18 percent with China.

Figure 6.5 | Exports as a percentage of GDP



[73] World Bank Data 2020: https://data.worldbank.org/indicator/NV.IND.MANF.ZS

6.3.2 Policy and institutions

Key policy instruments and institutional developments in the manufacturing sector in Bangladesh as well as in its competing countries are presented in **Table 6.4** below:

TABLE 6.4 | Manufacturing Policy Instruments and Institutional Developments

Country	Policy instruments and Institutional developments
Bangladesh	**"Vision 2041"** • Developing manufacturing activities, such as ensuring the competitiveness of potential labor; • Intensive manufactures, such as RMG and leather goods; • Developing SME-based industrialization; • Policy support for emerging sectors, such as ensuring sufficient resources to industrial development institutions. **Industrial policy 2016** • Create new entrepreneurs; • Mainstreaming women in the industrialization process; • Creating connections with international markets.
China[74]	**Made in China 2025** • Develop world-leading hi-tech firms in 10 cutting-edge industries; • Move value chains away from a traditional reliance on the mass production of low-end goods; • Increase Chinese-domestic content of core materials to 40 percent by 2020 and 70 percent by 2025; • Help achieve independence from foreign suppliers. **Guidelines on Upgrading of the Manufacturing System 2019** • Build up about 20 "shared manufacturing platforms with strong innovation capabilities and great industry influence" by 2022 • Turn them into "key drivers for high-quality growth" by 2025. **Dual-Circulation Strategy** • Relying more on domestic consumption in the huge domestic market of 1.4 billion consumers, and on home-grown innovation.
Indonesia	**The Master Plan for National Industry Development 2015-35** • Emphasize on expanding upstream and secondary industries based on natural resources; • Enhance industrial technology and human resource quality to support industrial growth; • Increase the industrial sector's contribution to GDP from 20 percent in 2018 to 30 percent by 2035; • Reduce reliance on imported raw materials and capital goods to reduce the trade deficit. **Making Indonesia 4.0** • Regain net export position; • Increase output while managing cost; • Build local innovation capabilities.
Malaysia	**National Policy on Industry 4.0** • Create a guideline on the level of readiness for an organization in the usage of Industry 4.0 elements; • Identify areas of improvements in every dimension measured; • Recommend further actions to enhance efficiency and productivity; • Develop a baseline for adoption by the industry; • Strengthen innovation capacity and capability by improving Malaysia's ranking in the Global Innovation Index.

[74] China is the world's largest manufacturer in terms of output and has earned a reputation as the 'world's factory'

Country	Policy instruments and Institutional developments
Sri Lanka	**Industrial Policy & Strategy** • Emphasize increasing income generation and employment creation through the opening of untapped domestic market opportunities and the promotion of value-added local raw material, resource based export industries; • Emphasize on broad basing the industry with a view to creating increased industrial activities in the regions. **Mahinda Chinthana– Vision for the Future** • sought to increase diversification and stimulate high-value-added industry.
Thailand	**Action Plan on Industrial Development (2019-37)** • enhancing Thailand's industrial competitiveness in the world; • generating more income and creating more jobs, and ensuring the continuity and stability of economic growth; • using industrial development as a key engine to transform Thailand into a high-income, developed country
Vietnam	**Industrial Development Policy** • By 2030, the industrial sector will make up over 40 percent of GDP; • Manufacturing and processing industries will account for 30 percent; • Manufacturing industry alone will account for 20 percent. **2030 Strategy for the Development of the Leather and Footwear Industry, Vision to 2035** • Improve the quality of industrial products; • Develop supporting industries and industrial services. **Vision to 2020 Master Plan for the Textiles Sector** • Develop the garment and textile industry in a modern, efficient, and long-term manner; • Prioritize export as a primary means of growth while also meeting the highest domestic demand; • Ensure the garment and textile industry's long-term, effective development on the basis of modern technologies.

Source: Trade Policy Review of Respective Countries (Latest available Year)

6.3.3 Border measures

In most of the countries, indirect measures are used to meet industrial policy goals in the manufacturing sector. These include border measures, such as tariffs and other border tax measures that affect both imports and exports, as well as internal measures. The latter include tax incentives for investment, particularly foreign direct investment, in certain sectors or activities, administrative directives to channel credit into or away from certain sectors, and price controls. Key border measures in the manufacturing sector in Bangladesh and its competing countries are outlined in **Table 6.5** below:

TABLE 6.5 | Border Measures in the Manufacturing Sector

Country	Border Measures
Bangladesh	• The basic average MFN duty on industrial commodities in 2018-19 was 13.2 percent, down from 13.9 percent in 2011-12; • According to the Export Policy (2021-24) and the Strategy for Export Diversification (2015-20), the 12 highest-priority activities with getting potential benefits from numerous assistances; • Some import-facilitating provisions are in the Import Policy Order for factories located outside the BEZs or BEPZs.
China	• China's average applied MFN rate in 2015 was 9.5 percent, and was almost unchanged until 2020; • China makes use of tariff-rate quotas (TRQs); in 2015, and applied to 47 tariff lines including products such as wheat, maize, rice, some cereal flours, cane and beet sugar, some mineral and chemical fertilizers, wool, and cotton.

Country	Border Measures
Indonesia	• Manufacturing's MFN average tariff increased substantially, rising from 7.5 percent in 2012 to 10.1 percent in 2020, equal to the overall applied MFN average; • The average MFN applied, and bound rates differed by 25.6 percentage points in manufacturing, with MFN applied rates on specific equipment and apparatus exceeding their bound rates.
Malaysia	• Ad valorem tariff rates for industrial products range from 0 to 60 percent (ceramic glazed wall tiles); • Malaysia's tariff limits are still in place for 27 tariff lines at the HS 10-digit level; • The simple average rates under all preferential arrangements are lower than the simple • average MFN rate, although the averages among arrangements are different, ranging from 0.1to 7.4 percent.
Sri Lanka	• The simple average applied MFN tariff on manufacturing (ISIC) in 2016 was 10.2 percent; • Also, in 2015, the government introduced concessionary income tax rates for certain manufacturing enterprises.
Thailand	• For manufactured products (ISIC definition), average applied tariff protection went up from 12.6 percent in 2014 to 14.1 percent in 2020; • In 2020, 29.5 percent of all manufacturing tariff lines (ISIC definition) are duty free. The highest ad valorem rate, at 80 percent, applies to motor vehicles; • The number of tariff lines at the HS eight-digit level increased from 565 in 2014 to 1,033 in 2020.
Vietnam	• The average imposed MFN duty on motor vehicles reduced by 4.9 percentage points between 2013 and 2020; • In 2020, the applied MFN tariff protection for the textiles and garments sector ranges from 0 to 20 percent; • MFN tariff protection varied from 5.7 percent to 19.8 percent depending on the HS chapter.

Source: Trade Policy Review of Respective Countries (Latest available Year)

6.3.4 Domestic support measures

Under the domestic support measures, general and industry-specific manufacturing activities benefit from tax incentives. **Table 6.6** below contains more details:

TABLE 6.6 | Domestic Support Measures in the Manufacturing Sector

Country	Domestic Support Measures
Bangladesh	• VAT exemptions are in force at the point of import or production; • For new businesses in textiles, pharmaceuticals, plastic, ceramics, sanitary items, iron and steel works, fertilizers, insecticides, computer hardware, petrochemicals, pharmaceutical raw materials, agricultural equipment, and industrial machinery, there are five to seven-year corporate income tax holidays; • In the case of international tendering, domestic support is also offered through a price preference scheme for domestic vendors; • Bangladesh Bank operates refinance schemes for SMEs in agro product-processing industries in rural areas. • Several manufacturing sectors are provided tax exemption facility in FY 2021-22.
China	• Assist enterprises in meeting their social obligations in the event of plant closures, provide incentives to assist steel workers, and promote re-employment in order to facilitate restructuring; • Enact regulations and mechanisms to support changes in ownership structure connected to steel-specific corporate restructuring measures; • Implement policies targeted at updating and innovating the sector, such as those encouraging product specialization and programs aimed at improving workers' abilities.
Indonesia	• Tax and non-tax incentives, such as tax allowances, tax holidays (including corporate income tax), and subsidized credit, are accessible to manufacturing enterprises; • Various subsidized loans were used to promote MSMEs, especially those in the manufacturing industry, through the KUR program, the SOE corporate social responsibility program, and the KreditCinta Rakyat program.
Malaysia	• outcome-based incentives, like as tax breaks, to encourage the development and deployment of Industry 4.0 technology and processes;

Country	Domestic Support Measures
Sri Lanka	• Several initiatives include the apparel-based cottage industry program, which provides skills or training to the apparel sector, infrastructure facilities for textile weaving centers and handloom villages, and promotional activities such as the annual handloom exhibition; • Incentives specific to the manufacturing sector were dependent upon the size of the enterprise and amount invested; • Some of the incentives were dependent upon minimum export requirements.
Thailand	• With the goal of improving human resource development, the Board of Investment (BOI) implemented a variety of investment promotion measures, including enhanced tax advantages for education and vocational training institutes; • Foreign and Thai investors are also given the above incentives for qualified activities; • Businesses in the EEC, customs free zones, and free zones under the Industrial Estate Authority of Thailand are eligible for a variety of tax and non-tax advantages; • The Thailand-Plus package includes a number of incentives aimed at attracting foreign direct investment.
Vietnam	• Applied tariffs range from zero to 14 percent (waste pharmaceuticals); 63.6 percent of tariff lines are imported duty free; • The import of used machinery older than 15 to 20 years (depending on the product) for mechanical engineering, wood production and processing, and paper and paper pulp production was banned in June 2019; • If domestically produced drugs satisfy the health requirements on medical treatment, price, and supply, tenders must stipulate that tenderers are not allowed to provide imported drugs.

Source: Trade Policy Review of Respective Countries (Latest available Year)

6.4 Services

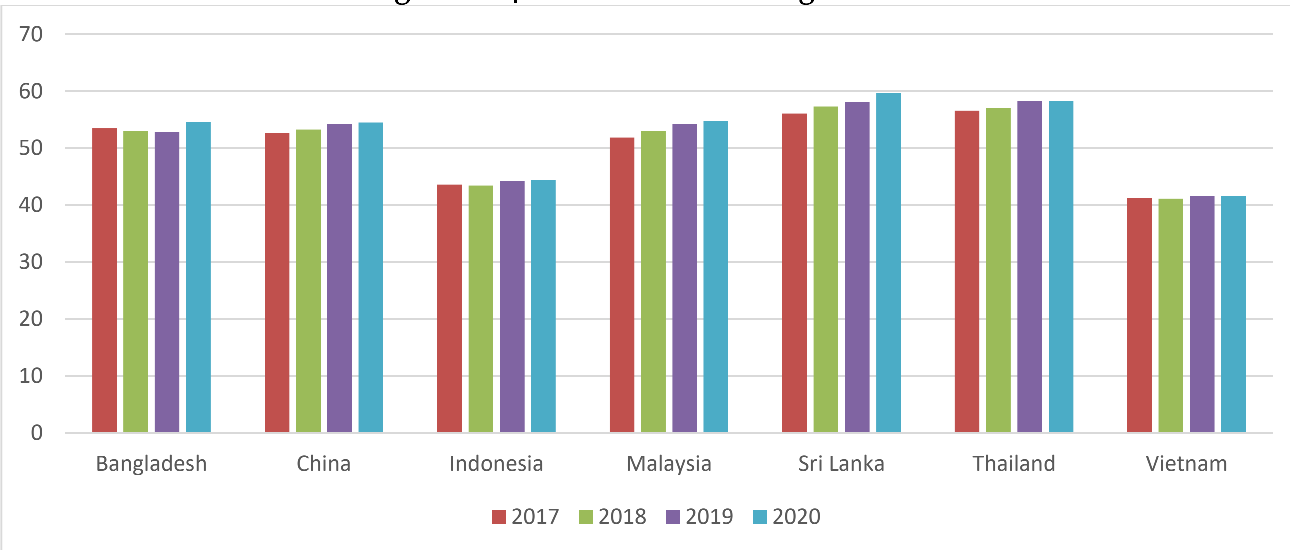
6.4.1 Features

The **services** sector dominates Bangladesh's economy and it continues to be the largest contributor (53.4 percent in 2020) to the GDP. In 2017, Bangladesh ranked as the 104th largest exporter and 64th largest importer of commercial services in the world and foreign direct investment plays an important role. China’s services sector accounted for 54.5 percent of GDP in 2020.[75]

Sri Lanka’s persistent rise in GDP contribution of services sector over the years reflects their growing tourism industry and advancing financing sector. Similarly, in Vietnam and Indonesia, the contribution of services to GDP remained steady while Thailand and Malaysia’s contribution increased gradually. Also, Malaysia had the fastest-growing service sector in 2020 among the other countries. Similarly, for Thailand, the growing service sector had the highest contribution to the economy with 58 percent in 2020 (**Figure 6.6**).

[75] World Bank Data 2020: Services, value added (% of GDP) | Data (worldbank.org)

Figure 6.6 | Services as Percentage of GDP



Source: World Bank 2020

6.4.2 Financial services

There is a lack of diversity in the financial sector and limited capital markets development in Bangladesh and most of its competing countries to address their long-term financing requirements and mobilization of domestic resources to support investment. The countries adopted several measures to strengthen the financial sector. An overview of banking and insurance sector of the countries is mentioned in **Table 6.7** below:

TABLE 6.7 | Financial Services- Overview and its Measures

Country	Banking	Insurance
Bangladesh	• The banking system's net domestic assets climbed from BDT 438,280.8 crore in June 2012 to BDT 749,379.1 crore in 2017. • The banking system's net foreign assets climbed from BDT 113,384.8 crore to BDT 266,697.0 crore during the same time • Bangladesh had 57 scheduled banks, of which 6 were SOCBs, 2 were SDBs, 40 were local PCBs, and 9 were FCBs. • 784 licensed micro-finance institutions operated a network of 17,120 branches, with 29.9 million members. • "Mandating banks" to open at least 50 percent of their branches in rural areas • Introducing mobile financial services in 2011 • Introducing agent banking in 2013 • The volume of transactions through internet banking amounted to BDT 10,371.1 crore in March 2021 against BDT 6,588.0 crore in the same month of the previous year	• The insurance industry market grew to US$ 1.5 billion in 2017 from US$ 1.1 billion in 2012 • The insurance industry's total assets climbed progressively, from US$ 3.7 billion in 2011-12 to US$ 5.8 billion in 2017-18 • As at January 2017, the sector comprised 78 companies operating under the Insurance Act, 2010, of which 32 were life insurance companies, including 1 foreign company and 2 state-owned companies; and 46 were general insurance companies, including 1 state-owned company • As at 2018/19, publicly traded insurance companies are subject to corporate income tax at a rate of 37.5 percent (previously 40 percent), while non-publicly traded companies pay corporate income tax at a rate of 40 percent (previously 42.5 percent)

Country	Banking	Insurance
	• As of March 2021, internet banking clients stood at 34,72,072 with a 31.08 percent increase year-on-year	
China	• The number of financial institutions with legal personality in China was 4,532 in 2017 • In 2020, the number of commercial banks in China was 192 including the state-owned Industrial and Commercial Bank of China, China Construction Bank, and Bank of China • In 2020, the number of online banking transactions amounted to over 155 billion with value of 1.8 trillion yuan • Foreign financial institutions are permitted to create foreign banks and joint-venture banks with Chinese private capital • Measures for acceleration in technology adoption, and explore innovative service models • FinTech companies serve as a support layer in the financial service industry by making use of new technologies	• In 2019, **235** insurance companies were registered in China • China's share of global premiums is projected to increase from 11 percent in 2018 to 20 percent by 2029 • The insurance penetration (with ~4 percent) is comparatively less in contrast with USA (7.3 percent) and the United Kingdom (10 percent) • More than 222 million consumers, which comprises ~28 percent of China's total internet users, bought insurance policies online in 2019 • Over 24 percent of the total income from premiums was accounted by the online-only insurers • Premium income in online insurance market was more than CNY 300 billion in 2019 • Insurtech is the next significant development in the insurance sector reducing costs and lowering the access barrier for consumers
Indonesia	• As of June 2020, there were about 1,530 rural banks and 120 commercial banks (4 state-owned and 117 private) • Banking penetration was approximately 34 percent of its 260 million populations as of 2015 and is estimated to hit 60 percent by 2020 • According to IMF, bank loan penetration stands at 34 percent • The size of online banking was at US$ 1.5 billion in 2018, and is expected to grow to US$ 25 billion by 2023 • The banking industry continues to progress digital transformation by adopting 3rd Platform technologies as well as cognitive, Internet of Things (IoT), and digital core banking	• By the end of 2020, the insurance penetration rate increased to approximately 3.23 percent from about 1.96 percent in 2013 • The insurance sector's assets were equivalent to 8.2 percent of GDP (up from 7.6 percent in 2014). • The number of life insurance firms operating in Indonesia increased steadily from 49 in 2013 to 60 in 2019 • The number of general insurance businesses decreased (from 82 in 2014 to 78 in 2019) • The number of reinsurance businesses increased from 4 in 2014 to 7 in 2019 • The life insurance industry is dominated by foreign equity, while the general insurance industry is dominated by domestic companies • Export credit insurance for all products except oil and gas is available from the state-owned Asuransi Ekspor Indonesia.
Malaysia	• Malaysia's banking sector includes both conventional and Islamic banks, with the conventional banking sector accounting for 54 institutions at the end of 2016 • Total assets increased from RM 2,036 billion in December 2013 to over RM 2,519 billion by the end of July 2017, while bank deposits surged from RM 1,525 billion to RM 1,725 billion • Banks in Malaysia continue to be well capitalized, with a common equity tier 1 capital ratio of 13.1 percent, tier 1 capital ratio of 14 percent and total capital ratio of 16.5 percent in December 2016	• The insurance and takaful (Islamic insurance) segment showed robust growth dominated by the life insurance sector which accounted for over 85 percent of premiums and 90 percent of assets in 2016 • Takaful contributions now represent 13.3 percent of total industry premiums and contributions • The insurance penetration rate has remained fairly static within the range of 54 percent to 56 percent over the review period, compared to the 75 percent target set under the Economic Transformation Programme.

Country	Banking	Insurance
	• The Islamic finance industry in Malaysia is dominated by the Islamic banking sector, which accounts for approximately 47 percent of industry assets.	
Sri Lanka	• As at 31 March 2021, there are 24 Licensed Commercial Banks (LCBs) and 6 Licensed Specialized Banks (LSBs) • The financial system's stability is largely determined by the performance and strength of the six largest LCBs, which include two state banks and four domestic commercial banks. • In 2015, a number of regulatory rules were implemented to improve risk management and public confidence in the banking sector • Banks were required to apply the Liquidity Coverage Ratio, with a maximum loan-to-value ratio of 70 percent for loans for motor vehicles • Current focus is on creating an enabling environment to encourage market-driven financial sector consolidation to enhance financial system stability	• The insurance industry is a major component of the economy • The amount of premiums collected in 2020 was Rs 209 bn., and the value of assets was Rs 796 bn. • The insurance premium generated as a percentage of GDP amounted to 1.39 percent in 2020 showing slight increase compared to 1.31 percent in 2019 • The Insurance Board of Sri Lanka (IBSL) regulates the industry • Domestic and international insurers must be locally incorporated and registered with the IBSL under the Companies Act (2007) • Except for health and employer's liability insurance, Sri Lanka does not allow cross-border insurance supply. • The IBSL enables registered insurers to receive insurance coverage for their directors and other personnel from non-Sri Lankan insurers. • The linkage between customer experience and the digital strategy, transformation approach and operational improvement has been recognized
Thailand	• There are 30 commercial banks, including 15 locally incorporated banks (either domestically or foreign-owned), 11 foreign bank branches and 4 foreign bank subsidiaries as of 2019 • As at end-2019, the five largest commercial banks held almost 70 percent of the banking sector assets • In 2015 and 2016, credit growth slowed; however, it rose up in 2017 (4.4 percent) and 2018 (6 percent), owing to improvements in consumer and corporate loans (particularly from large corporations and some SMEs) • In April 2018, the government granted tax incentives and deductions for banks that merge • Foreign ownership in commercial banks is now capped at 25 percent of the bank's shares, and the number of foreign directors is limited to one-quarter of the total.	• In 2019, total insurance premiums amounted to THB 854.5 billion, compared to THB 704.0 billion reported in 2014 • The insurance industry accounted for 10.2 percent of the financial sector's assets in 2019 • In 2019, Thailand's insurance penetration ratio (gross premium/GDP) was 5.1 percent, higher than that of regional peers Malaysia, Indonesia, and Vietnam • With over 70 percent of total premium income, the life insurance segment is projected to lead the insurance landscape • At end-2019, there were 81 licensed insurance companies operating in Thailand, comprising 22 life insurance firms, 57 non-life insurance companies, and 2 reinsurers. • Foreign shares accounted for 39.2 percent of the total shares of insurance companies in Thailand in 2019
Vietnam	• As at end-December 2018, the system of credit institutions included 4 state-owned commercial banks (SOCBs), 3 banks under the supervision of the State Bank of Viet Nam (SBV) after compulsory acquisition, 2 state-owned policy banks, 28 joint-stock commercial banks, 2 joint-venture banks, 9	• The insurance market in Vietnam has continued to grow; insurance premiums were valued at US$ 8 billion by the end of 2019 (3.1 percent of GDP) • The sector is projected to grow at a quick rate of roughly 18 percent per year

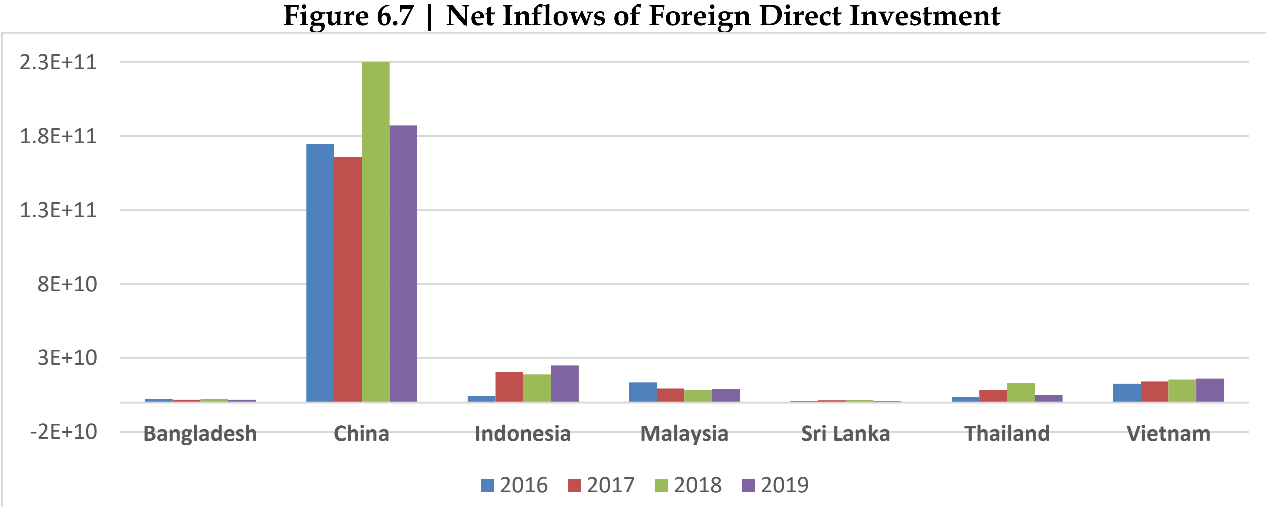
Country	Banking	Insurance
	wholly foreign-owned banks with locally incorporated subsidiaries, 50 foreign bank branches, 26 financial and financial leasing companies, 1 Cooperative bank, 1,182 Local People's Credit Funds, and 4 microfinance institutions • The banking sector is dominated by state-owned banks, accounting for 47 percent of the total deposits in the system in 2018 • The rest of the sector is served by over 1,200 institutions, including commercial banks, foreign bank branches, and credit unions • In 2019, financial services accounted for 5.9 percent of GDP and employed 0.9 percent of the labor force • The banking penetration rate is less than 40 percent • Between 2015 and 2018, loans and deposits grew by 16 percent and 7.8 percent, respectively. • The loan-to-deposit ratio has been constant at roughly 83 percent, indicating a healthy domestic supply of loanable funds	• There are currently 2,478 non-life insurance products and 544 life insurance policies available on the market • According to the MOF's Insurance Supervisory Authority (ISA), there were 67 insurance businesses by the end of 2019 • Between 2013 and 2020, the industry's overall revenue increased by an average of 19.7 percent each year, with premiums and investment activities' revenue increasing by 20.2 percent and 19.4 percent, respectively • Life insurance expanded at a quicker rate than non-life insurance, accounting for nearly two-thirds of insurance premiums (64.7 percent) in 2018

Source: Trade Policy Review of Respective Countries (Latest available Year)

6.4.3 Foreign Direct Investment (FDI)

Bangladesh and its competing countries have liberal and investor-friendly investment regimes, offering incentives to various sectors under different schemes. This resulted in a steady inflow of FDI to the countries. China is the largest recipient of FDI and its net inflows have been growing over the past few years. Thailand's FDI outflows doubled over the years being one of the two largest investors in the region, however, FDI inflows sank in 2019-2020 due to divestment of Tesco to a Thai company. The quantum of FDIs to these countries during the period 2016-19 is presented in **Figure 6.7** below:

Figure 6.7 | Net Inflows of Foreign Direct Investment



Source: World Development indicators 2019

Foreign Direct Investment (FDI)'s flows into Bangladesh, one of the major sources of non-debt financial resource for the economic development, has grown consistently since liberalization. FDI is an important component of foreign capital since it infuses long term sustainable capital in the economy and contributes towards technology transfer, development of strategic sectors, greater innovation, and competition and employment creation amongst other benefits. The Government has introduced a transparent, predictable and easily comprehensible policy framework on FDI through the Circular on Consolidated FDI Policy, which may be updated on an annual basis, to capture and keep pace with the regulatory changes, effected in the interregnum[76].

Private investment from overseas sources is welcomed in all areas of the economy with the exception of the four reserved sectors. Such investments can be made either independently or through joint venture on mutually beneficial terms and conditions. Foreign investment is, however, especially desired in the following major categories of industries:

- Export oriented industries
- Industries in the Export Processing Zones (EPZs)
- High technology products that will be either import substitute or export oriented.

6.4.3.1 Facilities/Incentives

For foreign direct investment, there is no limitation pertaining to foreign equity participation, i.e., 100 percent foreign equity is allowed. Non-resident institutional or individual investors can make portfolio investments in stock exchanges in Bangladesh. Foreign investors or companies may obtain full working loans from local banks. The terms of such loans will be determined on the basis of bank-client relationship.

a) A foreign technician employed in foreign companies will not be subjected to personal tax up to 3 (three) years, and beyond that period his/ her personal income tax payment will be governed by the existence or non-existence of agreement on avoidance of double taxation with country of citizenship.

b) Full repatriation of capital invested from foreign sources will be allowed. Similarly, profits and dividend accruing to foreign investment may be transferred in full. If foreign investors reinvest their repatriable dividends and or retained earnings, those will be treated as new investment. Foreigners employed in Bangladesh are entitled to remit up to 50 percent of their salary and will enjoy facilities of full repatriation of their savings and retirement benefits.

c) Foreign entrepreneurs are, therefore, entitled to the same facilities as domestic entrepreneurs with respect to tax holiday, payment of royalty, technical know-how fees etc.

[76] World Investment Report 2020

d) The process of issuing work permits to foreign experts on the recommendation of investing foreign companies or joint ventures will operate without any hindrance or restriction. Multiple entry visa" will be issued to prospective foreign investors for 3 years. In the case of experts," multiple entry visa" will be issued for the whole tenure of their assignments.

e) Other Incentives
   i. Citizenship by investing a minimum of US $ 500,000 or by transferring US$ 1,000,000 to any recognized financial institution (non-repatriable).
   ii. Permanent residency by investing a minimum of US$ 75,000 (non-repatriable).
   iii. Special facilities and venture capital support provided to export-oriented industries under "Thrust sectors". Thrust Sectors include Agro-based industries, Artificial flower-making, Computer software and information technology, Electronics, Frozen food, Floriculture, Gift items, Infrastructure, Jute goods, Jewelry and diamond cutting and polishing, leather, Oil and gas, Sericulture and silk industry, Stuffed toys, Textiles, Tourism.

The Foreign Private Investment (Promotion and Protection) Act of 1980, which gives legal protection to foreign investment in Bangladesh against nationalization and confiscation, serves as the policy foundation for foreign investment in Bangladesh. It also ensures that foreign and domestic investments are treated equally, as well as the repatriation of profits and cash from stock transactions. Bangladesh is also a signatory to MIGA (Multilateral Investment Guarantee Agency), OPIC (Overseas Private Investment Corporation) of the United States, ICSID (International Centre for Settlement of Investment Disputes), and the WIPO (World Intellectual Property Organization) fixed committee on industrial property development co-operation. Through the Circular on Consolidated FDI Policy, the government has established a transparent, predictable, and easily understandable FDI policy framework, which may be amended on an annual basis to capture and maintain pace with regulatory changes enacted during the interregnum.

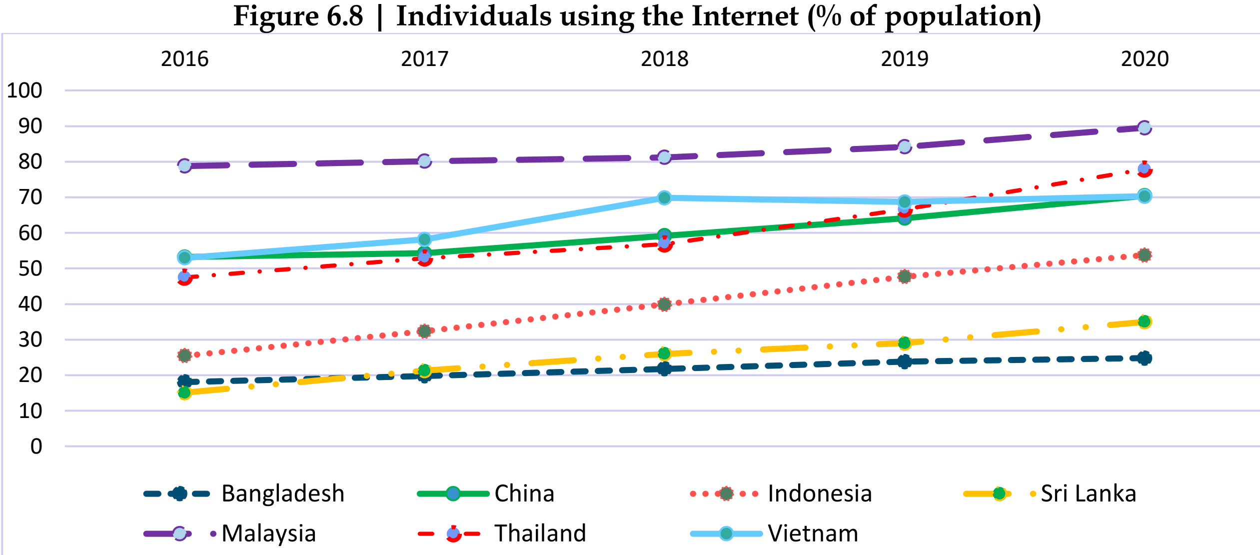
Bangladesh has to take a plethora of actions to accelerate FDI inflows**.** According to Bangladesh Investment Development Authority (BIDA), in order to attract more FDI, a liberal investment policy has been implemented. FDI inflows into Bangladesh have gradually increased over the last few years, despite early delays. Investment in export processing zones (EPZs) has also expanded, helping to boost the economy's export sector. Bangladesh's government has taken steps to develop special economic zones in various sections of the country in order to attract foreign direct investment. Energy and electricity, textiles, food, banking, leather, service, telecommunications, information and communication technology, trading, engineering, and a few more sectors get the majority of FDI in Bangladesh. Energy and power have received the most funding to date, which is helping the economy grow and providing revenue to the government from FDI-financed enterprises both inside and outside of economic zones.

To ensure an engaging and friendly investment atmosphere for international investors to attract FDI, Bangladesh has been working hard in recent years by giving a variety of attractive incentives and perks. Despite efforts to enhance FDI inflow, the results achieved are insufficient for Bangladesh. To overcome all obstacles, Bangladesh's government and related authorities (BIDA, NBR, MoC, MoI, and so on) can continue to create good governance, coordinated government agencies, accountability, and transparency. FDI has the ability to change a country's economic situation in the shortest amount of time. It doesn't just provide access to funds; it also provides technical know-how and management competence.

6.4.4 Telecommunications

The telecommunications sectors' contribution to GDP climbed from 2.41 percent in 2011-12 to 2.52 percent in 2017-18 in Bangladesh, while Vietnam's telecommunications services accounted for 7.7 percent of GDP. Such poor contribution was a result of Bangladesh's low ranking in digital quality of life among Asian economies. As shown in **Figure 6.8**, the percentage of population using internet facilities has seen a substantial growth over the years, and for Bangladesh, the number of mobile users increased from 86.6 million in 2012 to 136.0 million in June 2017 regardless of its poor quality. In the case of Vietnam, almost all users (99.8 percent) have access to 2G coverage in 2019 and for Malaysia, over 88 percent have access to proper internet services with 91.8 percentage expecting to have 4G coverage by the end of 2022. As for China, the reach-ability of telephones and broadband internet had been accomplished in every township by the end of 2016, and as of April 2017, China has 849 million 4G customers, with 2.6 million LTE base stations, accounting for more than 60 percent of global capacity.

Figure 6.8 | Individuals using the Internet (% of population)



Source: World Bank 2020

While most countries made remarkable progress in the telecom sector, for some regions, telecom sector played a vital role. The sector continued to be an important source of VAT and other taxes revenue for Bangladesh and the telecom infrastructure development business in Sri Lanka has attracted a significant amount of FDI in recent years, contributing to the sector's technological growth.

Chapter VII

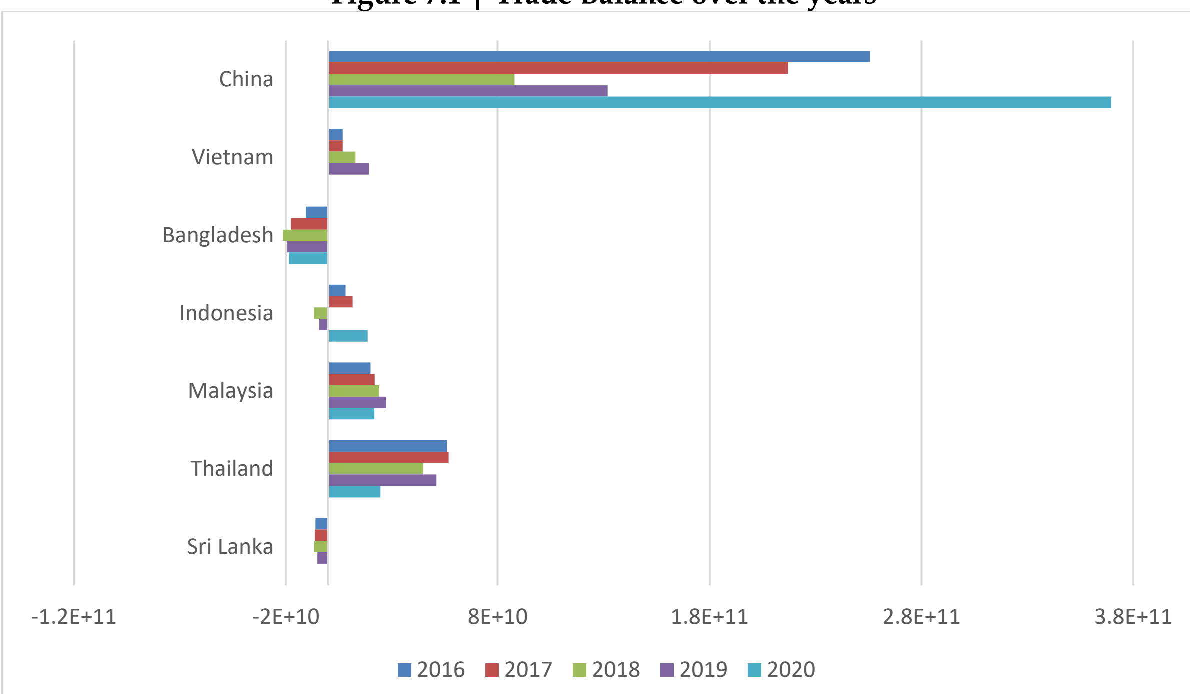
Specific Comparison – Other Aspects

7.1 Trade Balance

The trade balance in the selected countries shows how China maintained its positive current account balance over the last 5 years. The government maintains large dollar reserves to keep the Renminbi (RMB) undervalued. This dual effect lowers export prices while raising import prices, lowering demand for foreign goods and contributing to China's trade surplus. Vietnam's trade surplus was fueled by its phenomenal growth in exports as well as sharp growth in imports. The Vision 2030 of Vietnam targets a gradual reduction of the trade deficit, so as to guarantee a trade balance and reach a trade surplus.

For Indonesia and Bangladesh, the central banks moved forward to not only buy substantial quantities of domestic government bonds on the secondary market, but also to fund a large portion of the government's budget deficit directly. In case of Sri Lanka, the post-pandemic scenario showed a narrower deficit due to healthy growth in remittances followed by a rise in exports, thus recovering most export earnings. Trade balance of Bangladesh and its competing countries during the period of 2016 to 2020 is presented in **Figure 7.1** below:

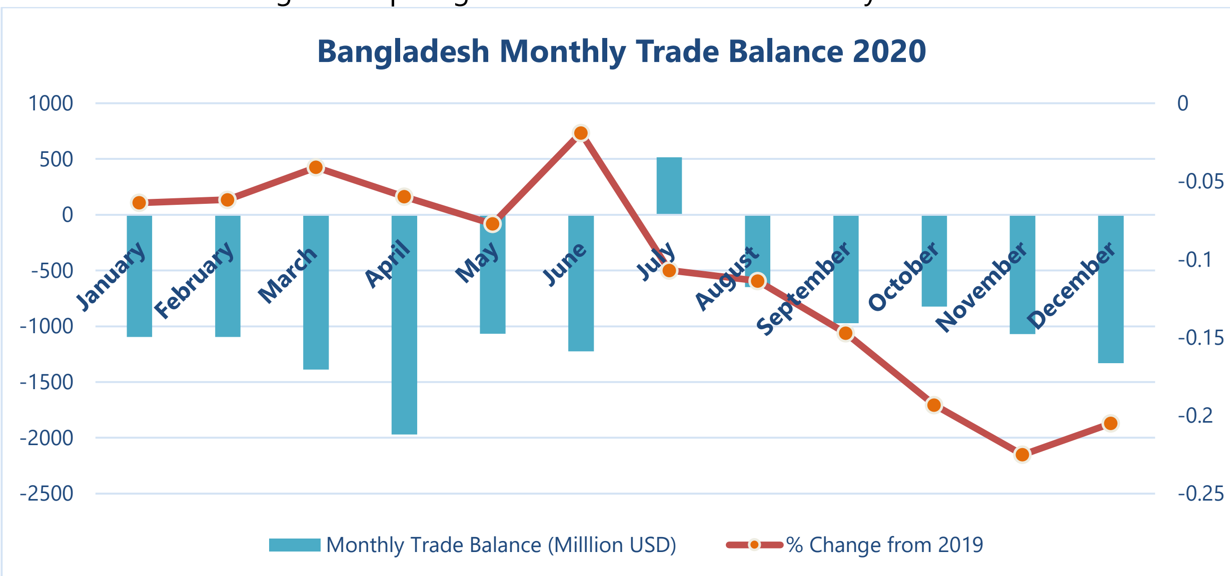
Figure 7.1 | Trade Balance over the years



Source: World Bank 2020

Bangladesh and Sri Lanka have had persistent trade deficits over the years. However, for Bangladesh, as the country's foreign exchange reserve is in good shape, the record deficit would have no negative impact on the economy. **Figure 7.2** shows the trade balance of Bangladesh in 2020. On the other hand, Sri Lanka's imports increased to US$10,015 million in the first few months of 2020, the highest value over the past since 2018, and the trade imbalance increased to US$4,316 million, also a three-year high, as the central bank pursued an unnaturally inflationary policy by injecting liquidity. Furthermore, Malaysia also faced a record rise in trade deficit as Malaysia's imports outpaced the value of its exports due to RM10.1 billion in floating structures shipments from the Republic of Korea.

Figure 7.2 | Bangladesh's Trade Balance for the year 2020



Source: Bangladesh Bank Monthly Economic Data [Excel file: Worksheet - Table I B]

According to the figures, the trade deficit in Bangladesh saw minimal growth as a result of lower imports countering a large portion of lower exports. During April-June 2020, the garment orders were halted or canceled. The economic collapse, along with a government-imposed lockdown, resulted in the closure of thousands of factories and the lay-off of four million workers across the country. Despite the blow to exports, Bangladesh's GDP grew by 5.2 percent in 2020, with fiscal policy supporting the country's efforts to alleviate the negative economic consequences of COVID-19.

7.2 Current Account Balance

The current account balance is the balance of trade in goods and services plus net rents, interest, profits and dividends and current transfer payments and is more than merely goods plus services. Despite being hit hard by the novel coronavirus; Bangladesh economy showed competitive performance and recorded a Current Account surplus of US$ 1,081 million in 2020. The surplus came following lower trade deficit coupled with higher inflow of remittance. Among the competing countries of Bangladesh under review, China, Malaysia, Thailand and Vietnam showed sizeable amounts of surpluses, while Indonesia and Sri Lanka recorded deficits (Table 7.1).

Table 7.1 Current Account Balance of Bangladesh and its Competing Countries

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam	Comments
Current Account Balance (US$ million) (2020)	1,081	273,980	- 4,341	14,847	- 1,808	16,298	13,101	(+) Surplus (-) Deficit
All-time High (US$ million)	3.3% (Jun 2010)	11.1% (Dec 2006)	7.8% (Sep 1998)	20.2% (Jun 2008)	449.8 (Mar 2019)	7,200 (Feb 2016)	8,800 (Sep 2020)	(%) percentage of GDP
Record Low (US$ million)	- 3.7% (Jun 2018)	- 1.4% (Mar 2020)	- 4.6% (Jun 1996)	0.4% (Jun 2013)	- 1,700 (Dec 2011)	- 4,100 (Apr 2013)	- 6,100 (Mar 2018)	(%) percentage of GDP
Net Capital Account (US$ million)	213.458	- 76.821	36.912	- 99.131	23.110	43.123	-	
Foreign Direct Investment (US$ million) (2019)	1,908	187,169	24,993	9.154	743	4,816	16,120	
Foreign Portfolio Investment (US$ million) (2020)	189.2	-87,329.0	-3,367.9	11,929.8	-2,302.6	11,612.9	-2,997.0	

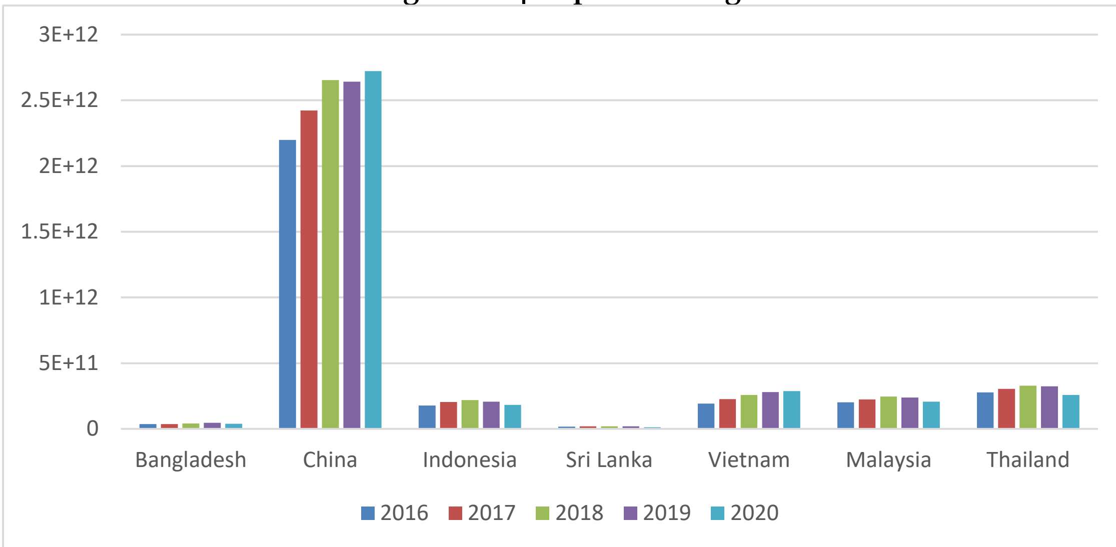
Data Source: World Bank data and CEIC data.

7.3 Export earnings and Import Expenditure

Due to the rise in the export of ready-made garments and knitwear, export earnings increased in Bangladesh over the years. However, after the pandemic, there was a slow recovery in export earnings after major losses due to canceled orders. On the other hand, China, being the largest economy in the region, with a rapidly increasing domestic market, continued to collect high export earnings despite the ongoing pandemic. Export has become the spotlight for Vietnam's economy and has high turnover, showing resilience to the negative effects of the pandemic. In case of Malaysia, over 66 percent of businesses experienced a drastic drop in demand due to the decline in private consumption. The government has proactively taken measures to stimulate and boost the economy and increase private consumption.

In most countries, rising COVID-19 cases and lockdowns led to reduced economic activity resulting in lesser earnings through exports. Similarly, for Sri Lanka, and Indonesia, the export earnings declined, largely due to the COVID-induced shocks. In Thailand, export of goods fell by seven percent, causing export earnings to decrease in 2020. Export earnings of Bangladesh and the countries under the study over the years 2016 to 2020 is shown in **Figure 7.3** below:

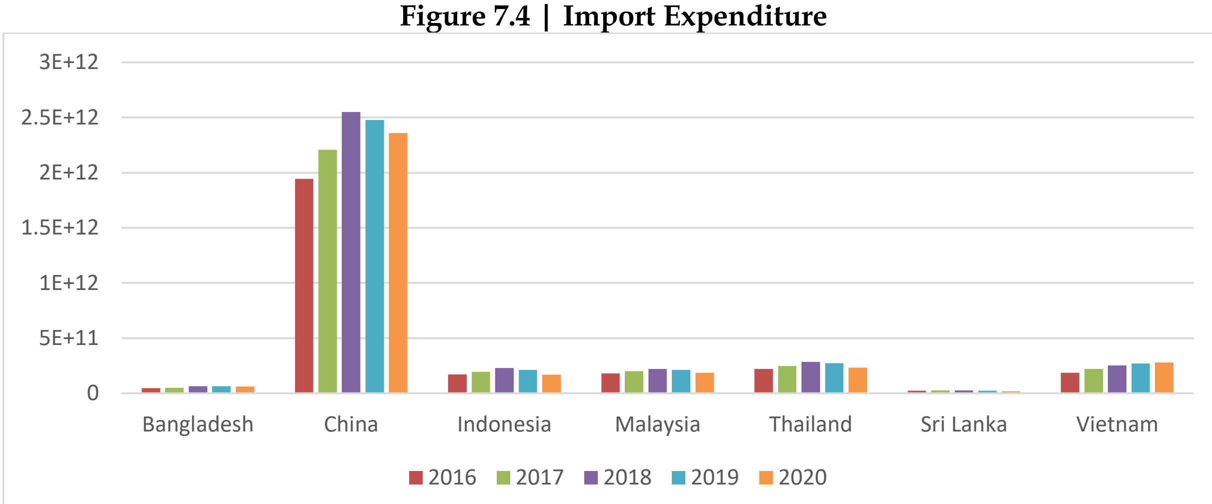
Figure 7.3 | Export Earnings



Source: World Bank 2020

Overall import expenditure declined for most countries (**Figure 7.4**) and is expected to reduce further in the upcoming period as oil prices dropped on the global market. However, Vietnam saw a slight increase in import earnings of 0.4 percent. Bangladesh experienced a drop in import spending mainly due to canceled orders from the apparel sector during the beginning of the pandemic. In the case of Malaysia, imports declined by almost 8 percent which was due to reduction in imports of intermediate and consumption goods.

Figure 7.4 | Import Expenditure

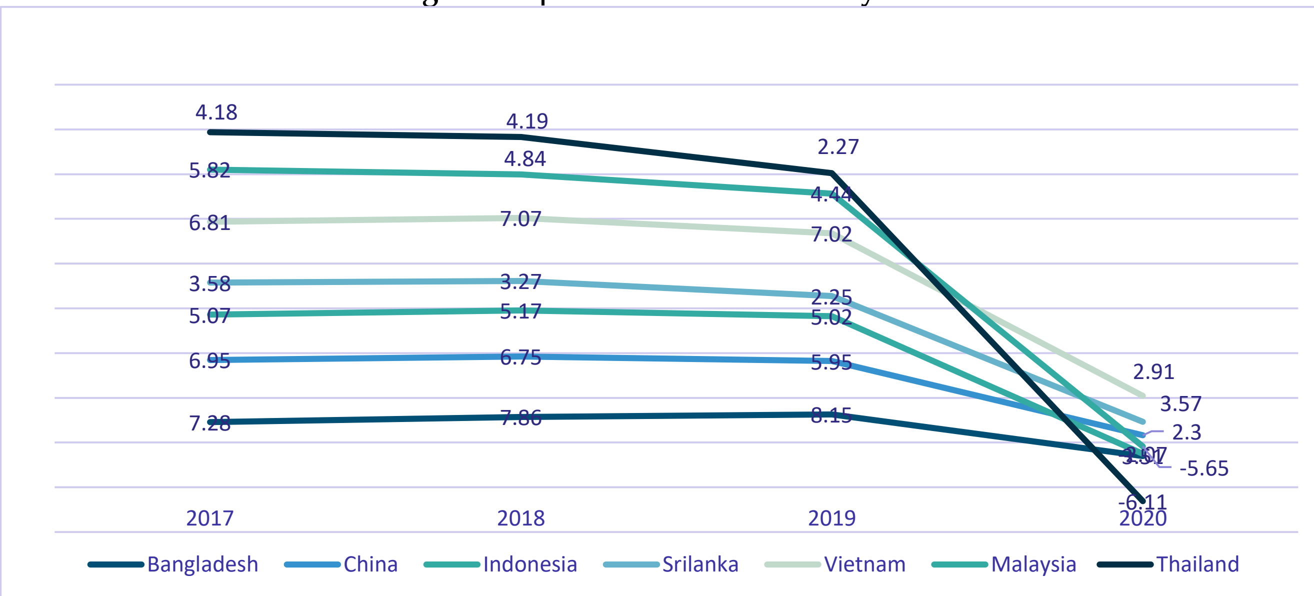


Source: World Bank 2020

7.4 Macroeconomic Indicators

After a year of pandemic, except Bangladesh, China and Vietnam, the other four countries have experienced negative growth rates. Household income and poverty have been severely impacted by low or negative GDP growth, decreased export revenues, and a growing budget deficit. The macroeconomic crisis eventually led to greater macroeconomic issues, which resulted in decreased demand and mobility disruptions. If the crisis continues, many SMEs may fail, and migrant workers may be unable to return to their previous employment; recovery may take considerably longer, and these economies may enter the worst economic recession in history. **Figure 7.5** shows GDP growth rate of the countries during 2016-2020 period:

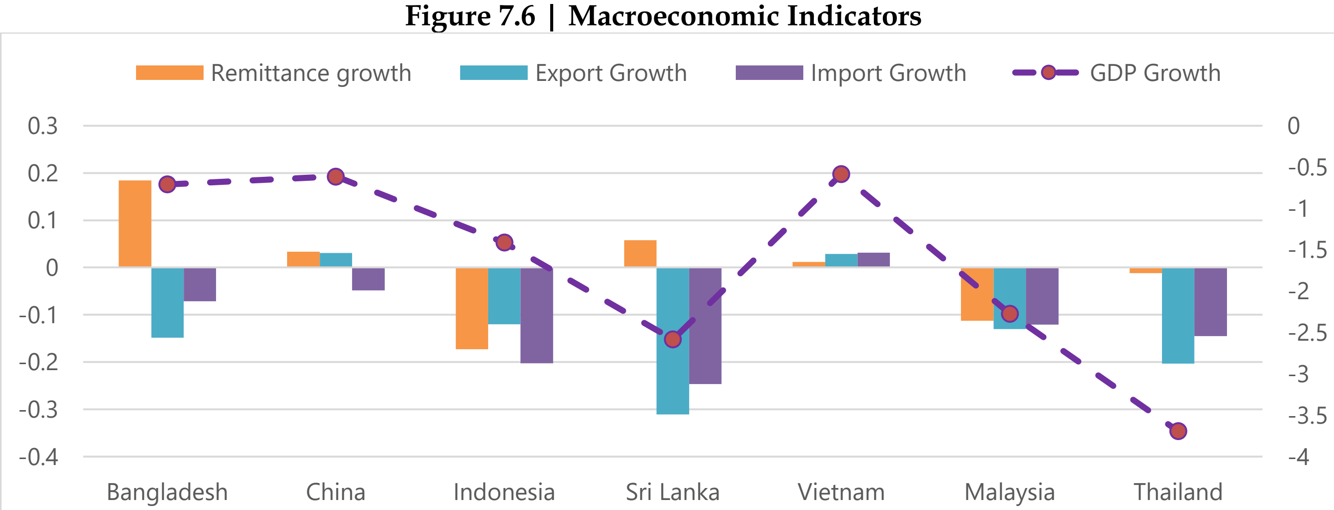
Figure 7.5 | GDP Growth over the years



Source: World Bank 2020

Bangladesh is presently regarded as one of the world's fastest-growing economies. Since 2011, Bangladesh has experienced an annual GDP growth rate of over 6 percent, and it continued to maintain a positive growth even during the pandemic. However, despite Bangladesh has achieved commendable economic growth, it trails behind economies that are expanding far faster, such as Vietnam. Comparison of macroeconomic indicators of the selected countries is presented in **Figure 7.6** below:

Figure 7.6 | Macroeconomic Indicators



Source: World Bank 2020 and Keystone's calculations

The figure illustrates remittance, import, export and GDP change in the year 2020 from 2019 to investigate the impact of the COVID-19 pandemic. Most countries saw negative growth in exports and imports due to the loss of consignments during the pandemic, except Vietnam, which had a positive GDP growth rate as well. Similarly, Indonesia and Bangladesh also exhibited a favorable growth rate. Remittance seemed to be a major factor in restoring an economy which was seen in the case of Bangladesh.

7.5 Competitiveness among the nations

7.5.1 Global Competitiveness Index

Porter's theory states that a nation's competitiveness in an industry depends on the capacity of the industry to innovate and upgrade. The World Economic Forum publishes the Global Competitiveness Index (GCI) as a collection of institutions, policies, and factors that influence a country's production, as well as the state of public institutions and technological conditions. The performance of a country on the overall GCI results is presented as a 'progress score' on a 0-to-100 scale, with 100 representing the 'frontier', indicating the ideal situation in which a limitation to productivity growth no longer exists. On each component of the index, each country should strive to get closer to the frontier.

Among the seven countries listed in **Table 7.2** below, Malaysia attained the highest score which is its all-time high of 75, while China has the second highest score, increasing to over 1.3 points and Bangladesh has the lowest rank, mostly due to its slow advancement in ICT adoption. Indonesia, bearing its second-highest score of 65, moved down a few steps from the previous year in terms of ranking, however, still performing steadily. Vietnam scores improved most globally and ascended ten steps to 67th with great economic progress. Thailand falls back two steps in ranking due to developments seen in other countries, while Sri Lanka has maintained a steady position but still lingering with a low score and weak ranking. Bangladesh's performance has been poor with relatively low scores.

TABLE 7.2 | Global competitiveness Index (2019)

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Ranking (out of 141)	105	28	50	27	84	40	67
Increase/ decrease in ranking	-2	+1	-5	-2	+1	-2	+10
Progress Score	**52**	**74**	**65**	**75**	**57**	**68**	**62**

Source: World Economic Forum: http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019

The ability of an industry to innovate and upgrade determines a country's competitiveness. Strong domestic competitors, aggressive home-based suppliers, and demanding local customers help them succeed and acquire an advantage over the world's greatest competitors.

7.5.2 Frontier Technologies Index

The Readiness for Frontier Technologies Index is focused on the capacity to use, adopt and adapt frontier technologies[77]. The indicators for the Readiness index emphasize ICT deployment, skills, R&D activity, industry activity and access to finance. The index examines the possibility of frontier technologies such as AI, robotics and gene-editing widening existing inequalities and creating new ones. Frontier technologies are essential for sustainable development, but they also could accentuate initial inequalities. The Index yielded results for 158 countries on a scale of 0 to 1. Based on their rankings, countries are placed within one of four 25-percentile score groups.

Table 7.3 below illustrates the readiness of the selected countries where China seems to prosper in all categories, followed by Malaysia, Thailand and Vietnam. Among the lower-middle-class countries, Indonesia and Sri Lanka seem to flourish in a few indicators while Bangladesh is still paving its way for a smooth transition to the post-LDC era by improving themselves in certain sectors.

TABLE 7.3 | Readiness for Frontier Technologies Index

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Total score	0.26	0.76	0.40	0.71	0.38	0.59	0.49
Total ranking	112	25	82	31	86	46	66
Score group	Lower-middle	High	Lower-middle	High	Lower-middle	Upper-middle	Upper-middle
ICT ranking	133	99	101	29	95	57	74
Skills ranking	130	96	113	65	85	91	111
R&D ranking	58	1	49	33	71	40	66
Industry ranking	121	7	51	12	102	34	22
Finance ranking	80	6	91	19	81	9	15

Source: Technology and Innovation Report 2021, UNCTAD: https://unctad.org/system/files/official-document/tir2020_en

According to the report, Bangladesh is making use of IoT to monitor the quality of groundwater. China, along with Indonesia and Viet Nam are catching up with the developed countries and has followed the same trajectory of industrialization and structural transformation as the richer countries. China is a major producer of 5G, drones and solar PV. It had the most 5G-related jobs (9.5 million) and the most artificial intelligence (AI) professionals with 12,113 jobs in 2018.

[77] According to the *World Economic and Social Survey 2018: Frontier Technologies for Sustainable Development* (WESS 2018), there is no unique set of such technologies. We are witnessing the rapid development of a broad spectrum of inter-related and inter-dependent technologies that are fundamentally transforming the world. Advances in one foster breakthroughs in others. In the field of renewable energy, for example, advances in energy storage are enabling breakthroughs in electric vehicles. Similarly, AI is making robots and automation processes smarter and more efficient, paving the way for autonomous vehicles. AI is also making it easier to diagnose diseases and is propelling breakthroughs in genetic technology.

It is now competing for global dominance in AI, and is poised to take US$ 7 trillion as against US$ 3.7 trillion of North America. The country commits in its “Internet Plus” effort to promote frontier technologies for regional development, in areas with concentrations of ethnic minorities, border areas, and with relatively high incidences of poverty. Malaysia is a major supplier of ICT products around the world and has ranked higher than among the seven countries as their manufacturing sector is constituted of ICT spending and innovation.

On the R&D (research and development) components of the index, China and Malaysia performed well, partly because these countries have abundant supplies of highly skilled but relatively inexpensive human resources. In the case of China, the progress is partly a reward for spending 2 percent of GDP on R&D. Viet Nam has also done well, reflecting supportive government policy. Also, in past few years, research and development has risen, leading in a boom in patenting of Thailand-based discoveries.

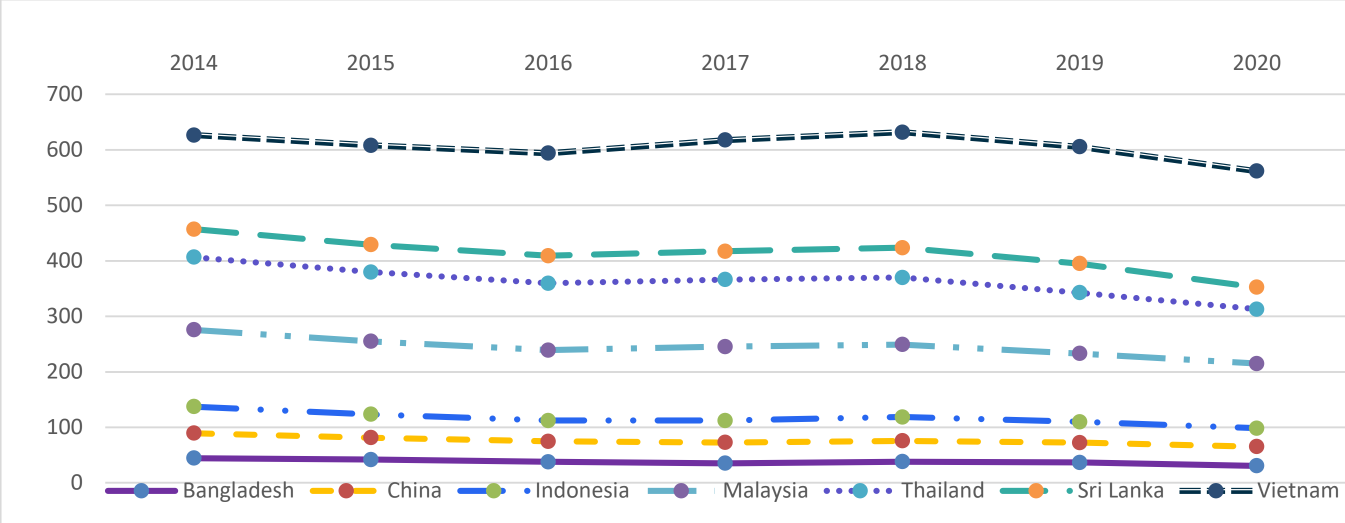
Indonesia and Vietnam have sprung up automobile-related smart factories combining AI, open-source software, robotics, 3D printing, cloud computing and big data analytics. They could prepare a local cadre of smart suppliers to support these smart factories. Furthermore, Vietnam has been successful in increasing its technological and productive capabilities to further industrialize its economy. Between 2005 and 2018, the proportion of exports made up of primary and resource-based goods fell from 52 percent to 22 percent, while those of high-tech goods rose from 6 percent to 35 percent. Also, Malaysia's improved strong industry ranking reflects the ongoing reforms aimed at improving competitiveness, productivity, and governance in the ease of doing business.

Thus, while China seems to make huge strides in most sectors providing a definitive competitive position among others, Malaysia stood at the top in most components among the seven countries. On the other hand, Sri Lanka and Bangladesh seem to fall behind as exhibited by most indicators. It is vital that the countries point out their shortcomings and polish those sectors to stay competitive in the global market.

7.5.3 Trade Openness Index

The trade openness index (trade-to-GDP ratio) shows the simple average of total trade relative to GDP. The greater the trade-GDP ratio, the higher is the country's exposure to global trade. Vietnam, Sri Lanka and Thailand exhibit greater trade openness compared to more developed countries like Malaysia and China (**Figure 7.7**). This is because small economies have a greater trade-to-GDP ratio than large economies with vast populations, such as Japan and the United States. In the case of Bangladesh, it was ranked 150th out of 166 countries in terms of a higher trade-to-GDP ratio. This is due to increased border restrictions and the country needs to lower its tariff rates to increase trade between countries. The trade openness ratio in China has been declining as China's domestic market has grown due to rising per capita earnings.

Figure7.7 | Trade Openness Index (Trade to GDP ratio)



Source: World Bank 2020

7.5.4 The Agility Emerging Markets Logistics Index

In February 2022, the Kuwait-based global logistics company Agility[78], in collaboration with a famous logistics research organization Transport Intelligence[79], published the 13th edition of Emerging Markets Logistics Index. The index ranked the world's 50 leading emerging markets for overall competitiveness based on four metrics: domestic logistics opportunities, international logistics opportunities, business fundamentals and digital readiness. These factors make the markets attractive to logistics providers, freight forwarders, air and ocean carriers, distributors and investors.

Bangladesh's overall score in these metrics is 4.44 out of 10 – same as the previous year. China, the world's largest economy, held its spot at the top in the overall ranking with the highest overall score of 8.5, followed by India, the UAE, Malaysia and Indonesia. As may be seen in **Table 7.4** below, Bangladesh has been languishing at the lowest position among its competing economies on the index.

TABLE 7.4 | Agility Emerging Markets Logistics Index 2022

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Domestic Logistics Opportunities	4.99	8.54	6.34	5.32	4.49	5.13	5.02
International Logistics Opportunities	4.38	9.75	5.95	5.92	4.72	6.01	6.01

[78] Agility is a global supply chain company, and a leader and investor in technology to enhance supply chain efficiency and sustainability. It is a pioneer in emerging markets and one of the largest private owners and developers of warehousing and light industrial parks in the Middle East, Africa and Asia.
[79] Transport Intelligence (Ti) is one of the world's leading providers of expert research and analysis dedicated to the global logistics industry.

Indicator	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Business Fundamentals	3.44	7.06	5.93	8.19	4.36	5.82	5.48
Digital Readiness	4.38	7.25	6.47	7.35	4.82	6.54	5.75
Overall Index Score	4.44	8.50	6.17	6.32	4.60	5.78	5.55
Ranking	**39**	**1**	**5**	**4**	**33**	**8**	**11**

The index provides insight into how emerging markets have and can prepare for the long legacy of the Covid-19 pandemic. While its short-term impacts and the scale of supply chain dysfunction it has driven cannot be underestimated, the acceleration of change in the global economy ushered in by the pandemic will be far more significant over the long-term. The shift to online retail, the digitalization of business and the adoption of more sustainable economic growth models have all gathered pace since the emergence of the pandemic. For emerging markets, this means a new place in a new global economy. The index also indicates that emerging market potential, in logistics and beyond, relies more than ever on the role of technology, innovation, skills and sustainability in both unlocking a country's potential and in its integration into global value chains.

7.5.5 Heritage Foundation index

The principles of economic freedom are measured in the Heritage Foundation index, an annual guide published by The Heritage Foundation, Washington, USA. The ideals of economic freedom are considered as strongly associated with healthier societies, cleaner environments, greater per capita wealth, human development, democracy, and poverty elimination. Also known as the Index of Economic Freedom, it covers 12 freedoms in 184 countries grouped into four broad categories, or pillars, of economic freedom:

- Rule of Law (property rights, government integrity, judicial effectiveness)
- Government Size (government spending, tax burden, fiscal health)
- Regulatory Efficiency (business freedom, labor freedom, monetary freedom)
- Open Markets (trade freedom, investment freedom, financial freedom)

Each of the twelve economic freedoms within these categories is graded on a scale of 0 to 100. A country's overall score is derived by averaging these twelve economic freedoms, with equal weight being given to each. The 2022 Index has measured the impact of liberty and free markets around the globe, and confirms the formidable positive relationship between economic freedom and progress. The index classifies countries into five categories according to the level of tariffs and other (perceived) distortions, viz., Free (100-80), Mostly Free (79.9-70), Moderately Free (69.9-60), Mostly Unfree (59.9-50) and Repressed (49-9-0). Out of the countries under the study, Malaysia ranks highest (42nd) which is moderately free and China ranks lowest and is categorized as repressed. Bangladesh is categorized as mostly unfree with a score of 52.7 (Table 7.5).

Table 7.5 | Ranking and Score of the Countries

Sl. No.	Country	Rank	Overall Score	Category
1.	Malaysia	42	68.1	Moderately Free

Sl. No.	Country	Rank	Overall Score	Category
2.	Indonesia	63	64.4	-do-
3.	Thailand	70	63.2	-do-
4.	Vietnam	84	60.6	-do-
5.	Sri Lanka	132	53.3	Mostly Unfree
6.	Bangladesh	137	52.7	-do-
7.	China	158	48.0	Repressed

7.5.6 Bangladesh Business Climate Index (BBX)

Bangladesh's first-ever domestic business index, the BBX, scores 61 out of 100 points, indicating modest advances in the business environment. It is a composite of ten indicators and 35 sub-indicators that are used to estimate the quality of the business climate. The cost of launching a business, access to land, regulatory information, infrastructure, labor and tax regulations, and cross-border trade facilitation are among the indicators. The goal is to visualize what relevant policy actions and changes need to be implemented in order to continue to enhance Bangladesh's business climate, which is already improving.

The BBX classifies the business environment into four categories based on a total of 100 points. The lowest category (0-20 points) suggests a challenging business environment, while the next 21-40 points category implies significant business impediments, that is, the business climate is difficult. If the index stays inside the next 20 points, the business climate is generally challenging.

The Index assists potential investors and politicians in identifying and implementing particular action programs to solve specific concerns. However, planned decentralization is necessary in case of Bangladesh to evenly spread-out industrialization in remote areas along with proper wastage management and electricity supplies. This is because, energy supply in Dhaka is limited and businesses have to rely on generators while Chittagong has smooth supply of electricity as they can provide it at a lower price. Also, in order for business environment to improve, the country requires one stop services to remove bureaucratic obstacles as well as improve FDI by fostering investment climate.

China's Business Climate Survey: AmCham China conducted a survey of its members on China's business climate for the 22nd year in a row, with the results giving crucial insight into China's longer-term direction. According to the China annual Business Climate Survey (BCS) Report 2020, many American companies in China generated profits, despite China's slowing GDP, which is evidenced in the fact that 21 percent of polled members saw a revenue loss in 2019, compared to only 7 percent in 2017. Furthermore, the percentage of members who say their financial performance is "profitable" has declined from 73 percent in 2017 to 61 percent in 2019, the lowest level in nearly two decades.

As highlighted in the Chamber's flash poll in its 2020 survey, the unstable and evolving nature of the COVID-19 outbreak is driving member companies to reconsider their perspective and strategies for the year. Despite the passage of China's Foreign Investment Law and the signature of the Phase One trade agreement earlier this year, an increasing number of corporations expressed concern, citing the fact that bilateral US-China tensions remained a key concern. Furthermore, the complete impact of the COVID-19 outbreak is unknown and unaccounted for in these findings.

Vietnam's Business Climate Index: Vietnam's Business Climate index, also known as the Provincial Competitiveness Index 2020 report represents the collective perceptions of private domestic and foreign firms who are doing business in Vietnam about the business and regulatory climate in 2020. It is a collaborative effort between the Vietnam Chamber of Commerce and Industry (VCCI) and the U.S. Agency for International Development (USAID) to enhance provincial economic governance to create a business-enabling environment for private sector development in Vietnam.

According to the report, Quang Ninh, Dong Thap, Long An, and Binh Duong were the top four provinces with the best economic management. The government's assistance and incentives for domestic and foreign enterprises are one of the main drivers of Quang Ninh's growth. Due to the negative effects of the pandemic in 2020, Quang Ninh authorities prioritized aiding struggling businesses in order to strengthen local business scene. Quang Ninh also improved administrative reforms, such as putting administrative procedures online, expanding digital public services, and maintaining tight ties with enterprises.

7.5.7 Corruption Perception Index

The Corruption Perceptions Index (CPI) is a ranking system for countries based on their perceived levels of public sector corruption, as assessed by evaluation and surveys. The index is scored out of 100 where scores from 0-49 are perceived as more corrupt and values over 49 to 100 are perceived as less corrupt. Unfortunately, from **Table 7.6** below, it may be seen that all the countries can be put into the basket of more corrupt countries as all their values are within 0 to 49 bands, except Malaysia which marginally got the less corrupt status. Among the countries, China scored better while other countries scored poorly, demonstrating the political instability and lack of good governance in these countries.

TABLE 7.6 | Corruption Perception Index (CPI) Score

	Bangladesh	China	Indonesia	Malaysia	Sri Lanka	Thailand	Vietnam
Corruption Perception Index	26	42	37	51	38	36	36

Source: Transparency International:https://www.transparency.org/en/cpi/2020/index/nzl# (Score- 0= High corruption; 100= no corruption, very clean)

7.6 Effect of Globalization

The KOF[80] Globalization Index assesses globalization's economic, social, and political components for many countries on a scale of 1 (least) to 100 (most globalized). The index is made up of 43 different variables that are pooled into the various dimensions and the overall index. From **Table 7.7** below, we can deduce that while Malaysia and Thailand have the highest scores among the seven countries, smaller economies like Vietnam and Indonesia are more globalized than China and Sri Lanka in terms of the rate of globalization.

TABLE 7.7 | KOF Globalization Index (2018)

	Bangladesh	**China**	**Indonesia**	**Malaysia**	**Sri Lanka**	**Thailand**	**Vietnam**
Globalization Index	50	52	63	82	60	72	66

Source: KOF Swiss Economic Institute

However, this does not necessarily mean that China is lagging behind Indonesia or any other country. China is quickly establishing itself as the new world leader in economic cooperation, commerce, and globalization. In comparison, the populous emerging markets, China, with 1.3 billion people, and Indonesia, with 270 million people in 2018, were able to benefit significantly more from globalization. On the other hand, Bangladesh, like other developing countries, benefits from a borderless market. Their gross domestic product has risen and the garment industry is regarded as a foreign exchange earner and this advancement is quite similar to that of Vietnam.

The rapid growth of technology has paved its way to globalization, unlocking growth through technological advancement in their countries, mostly in the case of China, Malaysia, and Thailand. In Malaysia, manufacturing equipment symbolized technological advancement; shifting employees from low-productivity agricultural jobs to high-productivity industrial ones boosted the economy's overall efficiency and involve them in global value chains. Furthermore, advanced technologies lower the cost of transportation and communication between countries, making the global distribution of raw materials and other inputs easier. Sri Lanka and Bangladesh are also making slow but significant progress in digitizing their economy, adapting to newer technologies, including the banking sector. However, protection and interest lobbying would hinder technology adoption, reducing labor productivity and slowing down economic progress.

One of the effects of globalization is that it promotes and increases interactions between different regions and populations around the globe. However, by shifting low-skilled jobs in high-productivity industries from advanced economies to developing and emerging economies, globalization has created inequality within countries. Further, globalization has led to the exploitation of cheap labor in developing countries by the capitalist developed

[80] The economic research institute Konjunkturforschungsstelle at ETH Zurich (Swiss Federal Institute of Technology)

countries[81]. This sets the stage for long-term poverty, allowing capitalists to continue to rely on a pool of cheap labor in countries like Bangladesh and Vietnam.

[81] The Hamilton Project, "Globalization and Technological Change Affect Low-Wage Workers", Sep 26, 2017, Available at: https://www.hamiltonproject.org/charts/globalization_and_technological_change_affect_low_wage_workers

Chapter VIII
Insights gathered from KIIs, FGDs and Public Consultations

8.1 Key Informant Interviews

8.1.1 Interview objectives

The study's objective is to understand the current characteristics, good practices, and flaws of the trade policy of Bangladesh. Recent data shows that Bangladesh is falling behind in trade compared to its competitors. The competing countries are advancing in trade with the span of time by updating and making comprehensive trade policies. Moreover, Bangladesh is an LDC-graduating country happening to be in 2026, which will eventually bring more challenges in trade with less tariff support from the developed world.

Bangladesh is also aiming to develop its trade policy. As a part of the research, Bangladesh Regional Connectivity Project-1 (BRCP-1) under WTO cell, Ministry of Commerce has initiated three studies. Under the study-1, several key informants such as government policy makers, business chamber and associations, different agencies, and business representatives were invited for the interview. They were interviewed as per the following objectives:

- To assess the coordination process among the ministries/agencies/associations regarding trade policy.
- To find the current status of the trade policy of Bangladesh and the differences in comparison to the competitor countries (especially China, Indonesia, Malaysia, Sri Lanka, Thailand, and Vietnam)
- To gather information about the best practices followed by other countries and asses those to incorporate into the trade policy of Bangladesh.
- To seek suggestions on developing the trade policy with a mission to overcome the challenges of post-LDC graduation.

8.1.2 Methodology

An open-ended questionnaire was used to gather information focusing on the objectives. A direct interview method was used as the main instrument for the key informant's interview. Filling up the questionnaire and then sending it through email was also used here by a few. In total, 17 participants shared their views and suggested the options for developing trade policy of Bangladesh. Out of the 17 participants, 15 were interviewed directly by the associates, and the enumerators noted the answers. Only 2 participants sent their filled-up questionnaire through email to the associates. After mastering the answers of all the respondents, the analyst has prepared the summary of findings and then analyzed them. When conducting the interviews, the main challenges were:

- To get the international best practices that will only be applicable in the context of Bangladesh.

- To obtain suggestions on developing trade policy in the public interest rather than the interest of any particular association/agency.
- To avoid repetition of suggestions in different segments of the interview.

8.1.3 Instrument

A well-designed open-ended questionnaire was the only instrument for the interview (**Appendix 4**).

8.1.4 Interviewees

Seventeen participants have participated in the key informant interviews. The detailed list of the participants is enclosed in the **Appendix 5.**

8.1.5 Summary of Findings

The participants shared their views and suggestions based on the topics presented in the questionnaire. The summary of the findings shared topic wise are as follows:

(a) Coordination process between the ministries, agencies and, private associations to develop and implement the trade policies: A committee is formed in a democratic process to take reasonable resolutions through continuous discussions with various ministries, authorities, and the private sector. In this process, business leaders, policy makers from the government, researchers, trade facilitators, etc., play a central role. Sometimes, the ministries get the tasks done by assigning those to the institutions working for the ministries under the APA treaty. Almost all the participants have found the coordination inadequate and shared the challenges of better coordination. Some of which are:

- Discontinuity in the government work process especially policy uncertainty;
- Slow implementation of policy;
- Multiple interests within various ministries, authorities, and the private sector, when the bodies are unclear about their assigned tasks. Hence, a conflict of interest arises;
- Choosing the right stakeholder(s);
- Bias of the discussants/stakeholders, which limits the public interest as a whole;
- To evaluate the efficacy of policy and rules in the socio-economic spectrum.
- No up-to-date human resources and technologies;
- Inadequate coordination of the government with the foreign countries.

Suggestions:

- Merging several institutions into one under the finance ministry and empowering that institution as the governing authority;
- Digitalization and evaluation of the policy effectiveness in the socio-economic spectrum before implementation;
- Ensure automation of all business related and regulatory activities for easing the doing business;
- To form an effective committee that will listen to the experts and the stakeholders;

- Continuing the representation of the same person/expert in the relevant discussion for a long time.

(b) Points usually get important to prepare trade policy:

Import Policy:

- Import in Bangladesh is usually more restricted than export;
- Facilitating the import of important raw materials needed to produce final goods for export;
- Maximizing the country's benefit through reducing anti export bias;
- Protecting the interests of consumers and importers through rationalization of tariff;
- Ensuring the interest of the exporters to Bangladesh (e.g., payment for importing through B/B LC is mandatory irrespective of the quality of goods)

Export Policy:

- Promoting product diversification along with more value-added product to meet up the rules of origin condition for market access
- Prioritizing the important sectors and incentivize value addition
- Help to get market access in important foreign markets;
- Supporting the export sectors which face challenges;
- Help increase the capacity of the exporters;
- Sharing sector-specific development plan need to be taken.

(c) Suggestions from the international best practices to prepare trade policy for trade expansion and increased foreign investment: Every participant think that the current ways of trade policy preparation is not aligned with the international best practices, hence shared their suggestions:

- Trade policy preparation should be participatory where representative from every stakeholder would be present Trade is to be time-bound [e.g., A trade should be made in 7-10 working days]
- Should find the country-based needs.
- The import-export policy should align with the Import-Export Control Act, 1950. There should be a single policy/act for promoting export and import.
- Reducing dependency on the imported raw materials to produce the final export goods.

(d) Key points in comparing the trade policy with other competing countries (especially China, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam,):

- Cooperation from the central bank for financing the SMEs.
- Infrastructure and efficient operation of Land port
- Collaboration with the foreign governments for more FTA, RTA, and PTA.
- Government support to get the private sector more active.

- Lead time to export-import.
- Cost of doing business.
- Time to get the business permit/licenses.
- Predictability in the policy (consistent policy support).
- Sector-specific policy support.
- Available trade-related data.
- Space for innovation.
- Paperless trade or automation in trade procedure.

(e) Main characteristics and flaws of the trade policy of Bangladesh and possible remedies:

Flaws:

- Short term policy and uncertainty of the policy.
- Lack of robust policy guidelines to align with the global economy or global value chain.
- Doesn't have a comprehensive plan in the trade policy regarding LDC graduation. As an LDC, Bangladesh got several benefits from developed and developing countries, which are subject to phase out after 2026 in all countries (2029 for EU countries).

Suggestions:

- Should start one-stop service.
- Reduce the cost of import to facilitate export for reducing cost of production.
- It should be more importer-exporter friendly.
- Promote public-private partnership.
- Attract more funding from the private sector in research and innovation.
- Clearly articulate the future path of industrialization and related policy supports.
- Start the process of paperless trade fully digital tax payment system.

(f) The situation of the current trade policy and its implementation in the competing countries:

- Fewer restrictions in import.
- Open for foreign investment.
- Continuous improvement in the policy documents.
- Development in the ease of doing business.
- Participation in private sector.
- Good governance.
- Stable/conducive business environment.
- Friendly to embrace the new technologies and business model.
- Easy payment system.
- Access to finance.
- Few anti-export biasness.

(g) Changes made in the trade policies in the competing countries (especially Vietnam, China, Sri Lanka, Indonesia, Malaysia, and Thailand) to increase trade:

- Omitted the measures that restricted trade.
- Went for FTA.
- Secure environment for businesses and investors.
- Process simplification.
- Tariff reduction in imported goods and materials.
- Introducing automation in the production and business process.
- Attracting FDI.
- Sectoral plan with special attention to SMEs.
- Lower tariff in import goods and services.

(h) Suggestions to overcome the LDC graduation challenges of Bangladesh: Bangladesh's current trade policies are moderately helpful in addressing the challenges out of LDC graduation. More specific policy supports are needed to face the challenges after 2026 and 2029.

- There should be a tariff policy to facilitate trade not to diverse.
- Versatile trade policy and diversification of trade basket.
- Setting up a testing lab to enhance quality standards and setting up international accredited lab.
- Improvement of port and logistics facilities for easing the trade.
- More extensive research and training to increase productivity and quality of products.
- Policy supports needed to increase the capacity of the enterprises so that they can compete in the global market.
- Ensuring market access in the crucial markets.
- The importance of trade diplomacy needs to be incorporated in the policy documents. Also, there is a need for a clear outline to pursue trade diplomacy.
- Skilling and Re-skilling the workforce as per the industrial demand.

(i) Recommendations for an effective, coordinated, and comprehensive trade policy:

- The previously prescribed policy jointly done by the EU should be explored.
- There should be an executive authority where the finance minister will be the head to lead the trade related organizations
- A physical ordinance committee should be formed for one-stop service for easing the complexity in trade & investment.
- Ease of trade policy should be adopted and mandatorily implemented.
- Set targets of at least 30-50 years for future industries.
- Form a national team of legal and trade experts for long-term negotiations.
- Facilitate Market access both in traditional and non-traditional market.
- Participation in the global value chain (GVC).
- Prioritizing the important sectors and ensure policy and non-policy support for these

sectors.

- Preparing human resources to support future trade.
- CEPA should be given importance both with China and India.

(j) Suggestion to bring the changes in the trade policy for increased trade:

- The non-tariff measures should be logical and business-friendly.
- Trade policy should be focused to trade facilitation.
- Need to learn the obstacles that the stakeholders are facing in trade.
- Reduce fees, cost of doing business and charges by reducing the logistic cost.
- Manufacturing and service sector should get more focus.
- Investor club can be formed.
- Align trade-related policies (customs act, income tax, VAT, foreign transaction, export-import, company act, and Bankruptcy act) to increase overall efficiency.
- Attract more companies in the stock market to utilize more funds for industrialization

(k) Suggestions to bring change in the trade policy in the COVID-19 situation:

- A specific business model needs to be developed for an emergency.
- A particular tariff policy can be adopted for a special case (COVID-19).
- National interest should focus on climate change.
- The foreign missions could be activated to facilitate trade.
- Lower revenue collection for more industrialization and employment opportunity.

8.2 Focus Group Discussions

8.2.1 Objective

The Focus Group Discussion was arranged to achieve the following objectives:

(a) To assess the current best practices and flaws that persist in the current trade policy of Bangladesh.
(b) To find the changes made by the competing countries in the international market that facilitate increased trade.
(c) To compare and find out the international best practices that Bangladesh can adopt, considering the political and socio-economic spectrum.
(d) To find the changes needed to address the challenges of LDC graduation.

8.2.2 Methodology

Considering the development of the trade policy of Bangladesh as a matter of public interest, discussants from different platforms such as government policy makers, researchers, faculty members from universities, members of trade organizations, and business representatives were invited to take part in the focus group discussion. In total, 22 discussants were present and took part in the FGD. Three different groups were formed so that a better discussion country-wise may occur. These are China-Sri Lanka, Vietnam-Indonesia, and Thailand-Malaysia. Based on the participants' expertise, they were assigned to any group as mentioned above. An associate conducted the discussion in the group.

The data enumerators were assigned to take notes on the discussion of the participants. At the end of the discussion session, the summary of the findings from each group was presented before the groups to check whether all the necessary inputs were made.

8.2.3 Instruments

A comparison table was provided to achieve the study's objectives through the day-long discussion.

8.2.4 Participants

The detailed list of the participants, along with the name of the group she/he assigned, is enclosed in **Appendix 6.**

8.2.5 Schedule

The FGD was held on January 05, 2022, Wednesday in the Bangladesh Foreign Trade Institute (BFTI). The discussion started at 10:00 AM and lasted till 04:00 PM.

8.2.6 Questions

There were no formatted questions before the groups of the FGD. The participants were requested to start a general discussion focusing on the objectives of the study.

8.2.7 Summary of Findings

Studying the best practices available in the trade policy of Bangladesh, the focus group discussants managed to find out the best practices from the competing countries that can be adopted in the future trade policy. The suggestions are:

- Joint task force for dispute settlement with trading partner representatives (China-Vietnam example);
- Combined trade policy/act merging export policy and import order may be prepared;
- Complete paperless trade procedure in all step of export and import procedure;
- Implementation of National Single Window (for FDI inflow);
- E-commerce Act (digital commerce) needs to be prepared;
- Unified declaration needs to be ensured to regulate the price;
- Unified risk management system for trade and investment need to be ensured;
- Connectivity through land and easier process of cross border trade through land port management needs to be ensured;
- Tax concessions for small and medium businesses needs to be enhanced;
- Focus on trade agreements with the countries where Bangladesh will be benefitted;
- International accredited testing lab and institutions need to be established;
- Focus more MSMEs oriented policy through policy coordination;
- Strengthening Intellectual Property regime with neighboring countries;

- Effective export diversification policy (testing facilities, skilled manpower, financial, backward linkage industry development) needs to be ensured;
- Public-private partnership programs should be enhanced;
- Strengthening/emphasizing capacity building for the service sector through upskilling and reskilling the workforce;
- Non-discrimination in tariff and other charges in import need to be ensured;
- Industrial policy should include restrictive sector;
- Pretest for foreign investment;
- ICT promotion policy should be adopted for ensuring automation in trade promoted;
- All types of policy support for investment should be ensured, such as land acquisition through a balanced land acquisition policy;
- Attach private sector & think tank organizations in trade negotiation;
- Emphasize ICT, medicine, agriculture, and electronics products for export;
- Import Substitute industrialization should be promoted;
- Comprehensive trade policy for trade in service and export of products need to be prepared;
- Product-Specific and Market-Specific Strategies for export and import should be taken;
- National Tariff Policy should be update in line with FTA policy;
- Bilateral & Multilateral Trade Agreement should be prioritized to enhance the access to market;
- R&D financing by the government need to be ensured after graduation;
- Government interagency coordination & networking should be ensured to facilitate trade & investment;
- Engage all licensing authorities of the government in One-Stop Service;
- Quick Implementation of national single window and OSS;
- Contract enforcement should be ensured;
- Facilitate Open Account Contract alternative to L/C and ensure guarantee for the exporter;
- Ensure port facility and efficient logistic support for easier process import;
- Made in Bangladesh Branding should be promoted;
- Made in Bangladesh web link for all the exporters like India, China, and Thailand may be created;
- Facilitating Potato Export by GG;
- Skilled Manpower Development and reskilling the workforce as per industrial demand.

8.3 Public Consultation

8.3.1 Objective

The Public Consultation was arranged to achieve the following objectives:

(a) To point out the advantages of the competing countries in the international market and their attempts to facilitate increased trade.

(b) To compare and find out the international best practices that Bangladesh can adopt, considering the political and socio-economic spectrum.
(c) To indicate the amendments required to address the challenges of LDC graduation.
(d) To define the policy changes needed in the current trade policy of Bangladesh to ensure a comprehensive trade policy can be prepared.

8.3.2 Methodology

To discuss at length regarding the development of trade policy in Bangladesh, discussants from different platforms such as government policy makers, researchers, faculty members from universities, members of trade organizations, and business representatives were invited to take part in the public consultation. In total, 15 discussants took part in the review and discussion. After a brief presentation of the report, the discussants were asked to provide necessary information from their specialized background to enrich the report and provide recommendations regarding the trade policy reforms.

The data enumerators were assigned to take notes on the discussion of the participants. At the end of the discussion session, the summary of the findings from each group was presented before the groups to check whether all the necessary inputs were made.

8.3.3 Instruments

The discussants were presented with a verbal presentation along with handouts of the presentation slides. The moderator facilitated the discussion and ensured a structured debate and conversation took place with fruitful suggestions.

8.3.4 Schedule

The public consultation was held on January 12, 2022, Wednesday at the Bangladesh Foreign Trade Institute (BFTI). The discussion started at 10:30 AM and lasted till 02:00 PM.

8.3.5 Participants

The detailed list of the participants, along with the name of the participant she/he assigned, is enclosed in **Appendix 7.**

8.3.6 Questions

There were no formatted questions for the attendees. The participants were requested to start a general discussion focusing on the objectives of the study and presentation given.

8.3.7 Summary of Findings

To identify the gaps and address the challenges following LDC graduation, some major recommendations that came from the public consultation are listed below:

- A strategic plan needs to be prepared as after graduating from LDC, during the transition period, Bangladesh will not receive any privileges of DFQF (duty-free quota-free).
- Reduce the import tariff rate, as high tariff rate reduces the opportunity to sign FTA or RTA and enter into regional Block, reducing the export market expansion.
- Need to opt for preferential tariff rates for future PTAs and other agreements under the efforts of tariff liberalization.

- Reduce anti export biasness in the domestic market so that manufacturers become motivated to export in foreign markets.
- Replicate the advantages received by the garments sector to other sectors such as leather.
- Plan to invest in a logistics system that facilitates trade and reduce the cost of doing business and improve the shipping capacity for domestic logistic companies and port authorities to export.
- Have certified standard products in the potential sector and other exportable products except for RMG for which we require an internationally accredited lab for testing potential products.
- Follow the footprints of China's aggressive policy for export diversification, market expansion and upgrading the quality of domestic products.
- Reduce logistical costs and transportation costs to boost exports.
- Activate National Single Window and One-Stop Service to ease the business process.
- Ensure law, rules, and policy implementation to ease the process of business and investment.
- Reduce the cost of import as most of the raw materials of export products retrieved from the foreign sourcing otherwise cost of export will increase while lessening the export competitiveness of Bangladesh.
- Identify the potential exportable markets/products for export diversification through proper market analysis.
- Implementation mechanism should be ensured to reap the benefit of the business-friendly policy of Bangladesh.
- Policy requires more emphasis on the green economy to facilitate green financing for industry and innovation.
- Under the comprehensive trade policy, export and import orders need to be combined.
- Further explore the opportunities One District One Product (ODOP) project run by EPB and take steps to facilitate product promoting and country branding.
- The economic infrastructure and physical infrastructure for the pharmaceutical sector should be modernized to facilitate pharmaceutical product export.
- Provide incentives on Research and Development (R & D) to facilitate export and more value-added product along with market diversification.
- Improve business ethics to attract foreign direct investment (FDI)s and provide attractive incentives for foreign companies (e.g.- easier bureaucratic process, easier access to logistics etc.).

Chapter IX

Overall Analysis

9.1 Impacts of COVID-19 and Recovery

COVID-19 has wreaked havoc on global and regional supply chains. At the beginning of the crisis, the cessation of international air passenger services led to a catastrophic reduction in air cargo capacity. Later on, supply chains were disrupted by government lockdown policies which halted production at factories throughout Asia and other parts of the world. Many countries closed their borders temporarily, curtailed or suspended non-essential imports, and canceled import orders from other countries.

Export growth fueled the expansion of economies of several Asian countries in recent decades. Their key commercial partners, the United States, Europe, and China, have all been severely impacted by the pandemic, with their economies suffering. Trade and exports both shrank as a result of the substantial reduction in demand. Further, the pandemic disrupted the global value chains and affected large-scale industries like automobiles, electronics, machinery, etc.

The lockdowns in the tourism and hospitality sector could be directly linked to an unprecedented fall in global trade. Not only a fall in tourism could be held responsible for an economic slowdown, but a constant decrease in demand for consumer products also added to the problem. However, a severe hit in the Chinese economy witnessed a decline in the majority of its exports, affecting those countries that are heavily dependent on Chinese goods and raw materials. Whether it's Japan or India, imports from China contributes a large portion of the intermediate goods used by large producers and companies in the process of manufacturing[82]. While several companies have encountered major losses due to the pandemic, some of the industries like pharmaceuticals, media-services and health-company producers were lucky enough to experience a rise in consumer's demand and upsurge trade activities. Netflix recorded an upsurge of 16 million subscribers in the first quarter of the outbreak, therefore benefitting from lockdown directives imposed by affected countries.

The IMF projected that the global GDP loss over 2020 and 2021, from the pandemic crisis, could be around 9 trillion dollars. The WTO warned the economies by predicting that global trade could experience a steep fall between 13 to 32 percent in 2020. At a time when public support for securing the shared gains from trade is being tested, it is more important than ever that governments take full cognizance of the unprecedented health and economic shock visited upon nations by COVID-19. When it comes to trade, this means weaponizing international cooperation to halt and reverse the ravages of the virus, in the full knowledge that no nation, however big or small, can succeed alone in this struggle. Experts argue that openness to trade

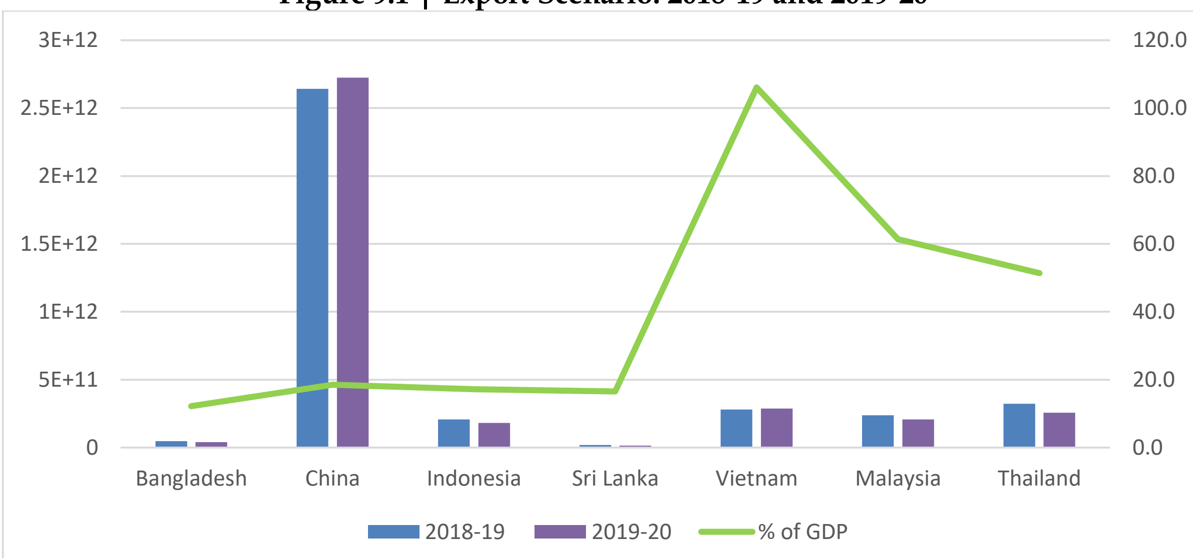
[82] Asian Institute of Diplomacy and International Affairs (AIDIA), "Coronavirus and its Impact on World Trade", 28 July, 2020, Available at: https://www.aidiaasia.org/research-article/coronavirus-and-its-impact-on-world-trade

is an essential center-piece of effective crisis management and the protection of health in a COVID-19 world[83]. Thus COVID-19 had a significant impact on exports and imports. With the pandemic looming over the global economy, it is certainly important to enhance resilience and economic activity to re-energize the economy. Hopefully, there are significant signs of economic recovery in South Asia, but the pandemic is still raging and the recovery is weak, necessitating caution.

9.1.1 Impacts on Export Trade

The export market in and around the selected countries has been disrupted by the pandemic. The developing economies were heavily affected with exports and imports which were predicted to fall 15.8 percent and 17.1 percent respectively, compared to 10.1 percent and 8.8 percent for developed economies. China performed exceptionally well and became the top exporter, and Vietnam managed to secure the second position in clothing exports, for the time being, surpassing Bangladesh. Indonesia, Thailand, Sri Lanka, and Bangladesh saw a decline in their exports from the previous year (**Figure 9.1**).

Figure 9.1 | Export Scenario: 2018-19 and 2019-20



Source: World Bank Data 2020

For most Asian countries, by mid-2020, the merchandise exports had dropped by one-fifth, but by October 2020, they had recovered to a level that was somewhat higher than before the pandemic. Importantly, Bangladesh's economy is showing nascent signs of recovery backed by a rebound in exports, strong remittance inflows, and the ongoing COVID-19 vaccination program[84]. Exports made a strong comeback in FY 2020-21 with a 15.1 percent year-on-year

[83]Patrick Low, "The Pandemic and its Aftermath: The Role of Trade Policy", tarlacBlog, 2020, Available at: https://www.tralac.org/blog/article/14607-the-pandemic-and-its-aftermath-the-role-of-trade-policy.html

[84] World Bank, "Bangladesh Development Update: Moving Forward: Connectivity and Logistics to Strengthen Competitiveness", April 2021

growth, hitting US$ 38.75 billion mainly due to a brilliant RMG export recovery which earned US$ 31.45 billion registering a 12.55 percent growth.

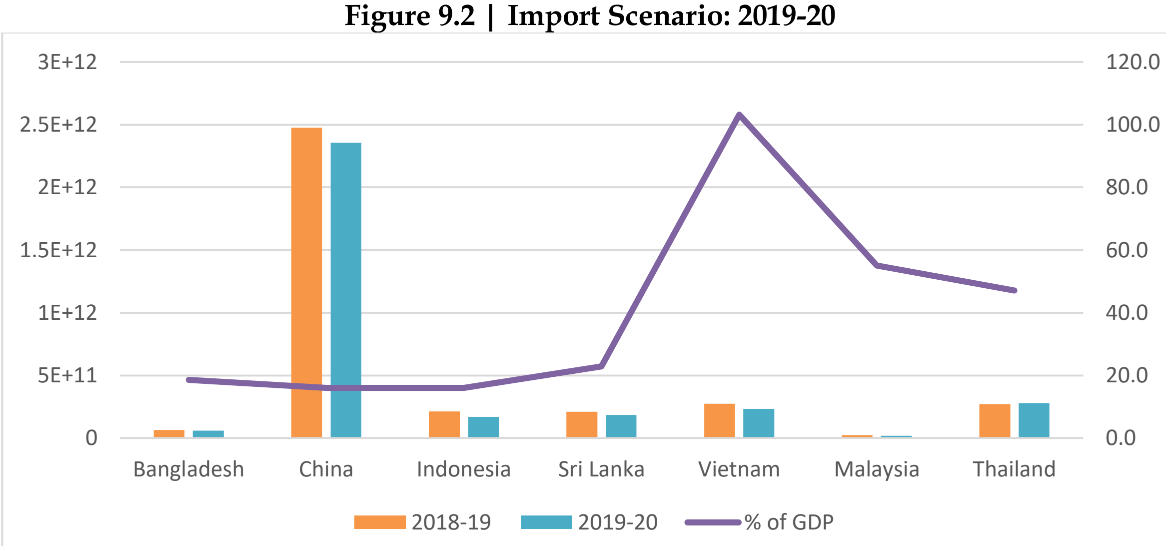
Other countries also are showing signs of excellent recovery. In China, exports surged 32.3 percent in April 2021 from a year earlier to US$263.92 billion, beating the analysts' forecast in March of 24.1 percent and the 30.6 percent growth. Robust exports helped Indonesia pull out of recession in the second quarter of 2021 that hit a record high of US$21.42 billion in August up 64.1 percent year-on-year, boosted by surging commodity shipments, helping the economy post its largest-ever monthly trade surplus.

Due to the lockdown measures in several nations that hampered technical and trade-related activity, Malaysian shipments fell by 7.6 percent from the previous year (FY2019). However, exports rebounded in Thailand and Malaysia by the second half of 2020, indicating a steady recovery in demand among trading partners following the relaxation of COVID-19 regulations and the implementation of economic stimulus measures. In Sri Lanka, earnings from merchandise exports recorded a double-digit growth rate of 11.31percentand crossed the US$ 1 billion mark in July 2021 to US$ 1,090.18 million. Vietnam saw exports jump by 22 percent year-on-year in the first quarter of 2021.

9.1.2 Impacts on import trade

The import market was also hard-hit as mentioned previously with a significant reduction. The relatively robust demand in China, the pandemic's delayed impacts on import orders, and rising demand for critical products such as medical equipment, garments, food and basic consumer products, all contributed to a modest (2.9 percent) drop in imports in China. Thailand and Indonesia, among the selected countries had the most decrease in imports compared to the previous year with 7 percent and 17 percent decline respectively (**Figure 9.2**).

Figure 9.2 | Import Scenario: 2019-20



Source: World Bank Data 2020

Imports also recovered well in Bangladesh as well as its competing countries. Between July and May of FY 2020-21, Bangladesh's imports rose sharply and overall imports stood at US$ 58.62 billion, up 17.31 percent from a year ago. China staged an impressive recovery from a coronavirus-battered slump. In July 2021, its imports were solidly up and grew 28.1 percent year-on-year. In Indonesia, the performance of imports strengthened by 44.44 percent in 2021 from the corresponding period of last year indicating fundamental strengthening of economic recovery.

However, a return to "business as usual" may not suffice since Bangladesh is facing many long-term structural challenges in addition to the impacts of the pandemic on public finances. Specifically, the COVID-19 crisis amplified and exposed serious pre-existing structural weaknesses in the policy areas of transparency, efficiency, openness, and government effectiveness. Policymakers need to be committed to have a meaningful economic recovery by preserving and enhancing the conditions for robust, resilient, and broad economic growth.

Vietnam's import has also been seen a strong recovery. However, the country experienced a trade deficit of US$ 1.47 billion between Jan–June 2021as against a trade surplus of US$ 5.86 billion during the same period of the previous year[85]. On the other hand, Sri Lanka has cut back on imports of farm chemicals, cars and even its staple spice turmeric as its foreign exchange reserves dwindle and hindering its ability to repay a mountain of debt as the nation struggles to recover from the pandemic. In Malaysia, to encourage imports for the acquisition of machinery and equipment in health sector, a three-year exemption from import duty and sales tax was imposed.

9.1.3 Impacts on Garments industry of Bangladesh

Woven Garments Exports suffered huge losses during FY 2019-20, as foreign buyers canceled orders or froze payments when the pandemic began. However, when several developed countries resume their operations, exports in Bangladesh appear to pick up in FY 2020-21, recouping losses from the previous fiscal year. Furthermore, between April 2020 and April 2021, exports increased by 504.07 percent, indicating a positive recovery rate for woven clothes. Knitwear exports also suffered losses as a result of the pandemic, with a significant drop in exports from March to April 2020. However, knitwear exports increased by 644.93 percent from April 2020 to April 2021, similar to woven clothes, and continued to improve in subsequent months (**Table 9.1**).

TABLE 9.1 | Overview of the top two exports from Bangladesh

Month	Woven Garments Export (US$ million)		
	FY19-20	**FY20-21**	**% Change**
January	1625	1399.22	-13.89
February	1505.58	1272.65	-15.47

[85] https://en.vietnamplus.vn/global-economic-recovery-brings-opportunity-for-vietnams-exporters/205492.vnp

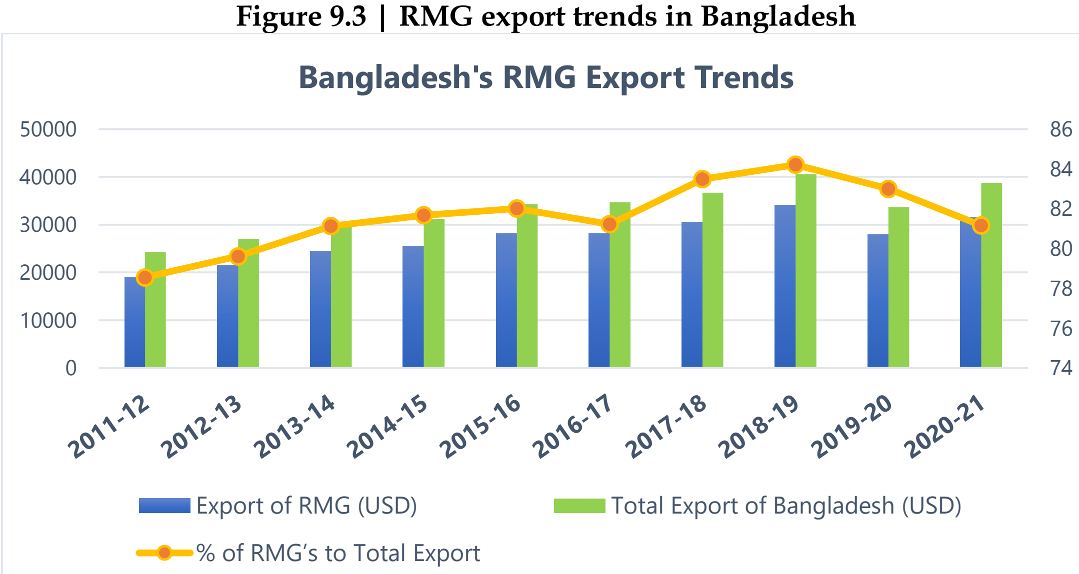
March	1200.37	1142.48	-4.82
April	194.55	1175.21	504.07
May	622.16	1190.58	91.36
June	1075.31	1297.17	20.63
	Knitwear Export (US$ million)		
January	1414.22	1462.94	3.45
February	1278.7	1352.64	5.78
March	1055.83	1312.43	24.30
April	180.12	1341.77	644.93
May	608.38	1366.37	124.59
June	1164.95	1597.71	37.15

Source: BGMEA: http://www.bgmea.com.bd/page/Export_Performance

Bangladesh's export revenues in March 2021 climbed by 12.59 percent to US$ 3.07 billion, compared to US$ 2.73 billion in the same month in 2020. According to Export Promotion Bureau (EPB) data, cumulative export earnings for the first nine months of the FY 2020-21 were US$ 28.93 billion, a mere 0.12 percent decline over the same period of the previous fiscal year.

Bangladesh's ready-made garment exports decreased dramatically in FY 2019-20 as a result of COVID-19. In the recent decade, Bangladesh's RMG export revenues totaled US$6.41 billion in FY 2004-05and continued to rise till the FY 2018-19 totaling US$ 34.13 billion (**Figure 9.3**). However, due to COVID-19, this rise slowed down in FY 2019-20, and RMG exports have fallen to US$ 27.949 billion.

Figure 9.3 | RMG export trends in Bangladesh



Source: BGMEA: http://www.bgmea.com.bd/page/Export_Performance

During pandemics and lockdowns, demand for woven products fell due to a drop in numerous formal occasions around the world. However, knitwear shipments brought in US$ 12.65 billion in FY 2020-21, up 5.85 percent, while woven shipments brought in US$ 10.83 billion, down

10.83 percent, year on year. It was also discovered that RMG exports are expected to reach US$ 31.71 billion in the FY 2022-23. Bangladesh now has to focus on its economic growth, with the majority of it based on RMG, to become an upper-middle-income country by 2026, a high-income country by 2041, and to eliminate extreme poverty by 2030[86].

Bangladesh has one of the world's lowest wage rates, which has aided the growth of the RMG industry. For more than four decades, Bangladesh has mostly focused on a small number of low-value-added RMG items. However, it has failed to diversify into more complicated products using RMG as a springboard, as many other East Asian economies have done in the past. With over 85 percent of the total export made up by RMG, Bangladesh will continue to rely on RMG to achieve export success, and RMG export growth is expected to be significant in the near future, but longer-term growth will be restrained. Bangladesh has a competitive advantage in RMG, jute goods, tea, seafood, and leather, but only RMG has improved its competitiveness over time, while the others have remained stagnant.

9.1.4 Positive Impacts of COVID-19

While COVID-19 is accelerating a variety of tendencies that were already evident before the pandemic and magnifying some constraints, it has also unfolded new trade and economic development opportunities. For example, the increased market demand for specific products and services, such as personal protective equipment, biodiversity-based products, medicinal plants, and other medical goods & services, have created short-term opportunities for trading among countries.

Nevertheless, the COVID-19 pandemic has unleashed what the Austrian-born economist Joseph Schumpeter called the “gale of creative destruction”[87]. It has also brought about an opportunity to improve long-term economic performance. This concept refers exclusively to creative economic transformation - the incessant process of restructuring and reorganizing businesses that revolutionize the economy from within, through entries and exits of firms due to innovation.

Thus, the economic transformation brought on by the pandemic may create opportunities for particular businesses, and these prospects may have long-term positive impacts. Additionally, pandemic-driven digitalization is on the radar, creating possibilities not just for specialized ICT products and services, but also for the digitization of existing enterprises. Large corporations, micro-enterprises, and SMEs alike are discovering new ways to engage more clients at reduced prices as more activities have gone online, providing scope for an economic rebound.

[86]https://www.researchgate.net/publication/348098432_Export_Trend_of_Ready_Made_Garments_RMG_Sector_of_Bangladesh

[87] The "gale of creative destruction" describes the "process of industrial mutation that continuously revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one".

9.2 Dual Graduation

On 24 November 2021, the UN General Assembly adopted resolution A/RES/76/8, concerning graduation of Bangladesh from the least developed country category. As many as seven countries are scheduled for graduation within 2026, viz., Angola (2024), Bangladesh (2026), Bhutan (2023), Lao People's Democratic Republic (2026), Nepal (2026), *São Tomé and Príncipe* (2024), and Solomon Islands (2024). It is evident that a "dual transition" is taking place in Bangladesh economy. The LDC graduation will take effect in 2026, and in the meantime, Bangladesh has moved up from the low-income country (LIC) group to low-middle income country (LMIC) group in 2015.

The World Bank, for its operational lending activities, categorizes countries into four income groups based on GNI per capita: low-income, lower-middle-income, upper-middle-income and high-income. As long as a country meets the income threshold in a particular year, it will be considered an MIC. There is no endorsement process or lag involved, only a statistical exercise. On the other hand, the LDC is an official UN country classification sanctioned by the United Nations (UN) General Assembly.

The purpose of the World Bank's income-based classification is to assess the creditworthiness of a country (not oversee its development outcomes per se), while the purpose of the UN's LDC classification is to eliminate a country's structural deficits. Relatively higher costs of external borrowing are an immediate result of becoming an MIC as opposed to the various costs and benefits associated with LDC graduation that have implications beyond financing. Graduating with momentum and smooth transition after graduation are major concerns for the soon-to-graduate LDCs like Bangladesh.

9.2.1 Impacts

For Bangladesh, graduation from the LDC group would essentially mean acquiring a seal of global approval regarding its development achievements. When the trading partners take the country as a "Least Developed" hand-to-mouth survivor at the bottom of the economic pyramid, it is not a lot of fun to make deals. And deals are what make businesses thrive and businesses are what create wealth for the nation, and the more wealth the nation makes, the higher it moves up the economic performance scale. In trade negotiations, there is "hand-me-down" attitude making it difficult to trade as equals, leading to lowest value addition in exports; and service exports are not taken seriously by potential overseas buyers who identify the country as a source of cheap unskilled labor, hardly the place to buy professional services from[88].

The LDC status gave a concessional window into global markets and credits, but it also held back as if in a straitjacket of negative perceptions, making it extremely difficult for businesses

[88] Habibullah N. Karim, "What graduating out of LDC status means for Bangladesh", The Daily Star, Jul 22, 2019

to move up the value chain and contribute more to the economic might of the nation. LDC graduation is the beginning of a great march to economic emancipation of the nation as a whole, and will see higher-end exports as it moves up the value chain. Services exports will also get a huge boost as will export of professional services.

A graduated country holds an improved image and branding in the global landscape. This helps to pull investors into the country. Global lending agencies feel reassured on the ability of the country to pay back loans. So, its creditworthiness is expected to improve, and its credit rating will be better. Bangladesh will have more opportunities for taking commercial loans from the international market at a competitive interest rate. The difficulties faced by the private sector in generating capital from the global financial market are expected to be less[89].

It also means relinquishing a wide-variety of preferences and privileges currently enjoyed by the country. It has been estimated that the country may experience shortfall to the tune of 8-10 per cent of its gross export revenue due to loss of DFQF provision in its European and Canadian markets. However, Bangladesh has been assured to continue to enjoy market access preference in the European Union (and the United Kingdom) for an extra three years, i.e., until 2031. LDC graduation will also affect the policy space regarding provision of subsidy in the agriculture sector and to infant industries. The pharmaceutical industry will stop benefitting from the waived intellectual property (IP) regulations for the LDCs under the WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPS). Higher fees of global IP registration systems such as the Patent Cooperation Treaty have to be borne by the post-LDC Bangladesh. However, Bangladesh will continue to have access to the LDC Technology Bank, and receive Aid for Trade (A4T) benefits through the Enhanced Integrated Framework (EIF) for five years after graduation[90]. Australia also has agreed to the continuation of DFQF treatment to Bangladesh exports even after graduation out of LDC in 2026.

The transition from an LIC to an LMIC may cause constraints in accessing vertical funds like the Global Alliance for Vaccines and Immunization (GAVI). Access to external development finance is continued as usual. However, this has led to sequential departure from concessional access to official development assistance (ODA). For many international financial institutions, e.g., the World Bank and the Asian Development Bank (ADB), Bangladesh has become a "blended country" where disbursement of concessional finance is incrementally mixed with costlier lending provisions. LDC graduation also resulted in the loss of special access to climate finance, namely the LDC Fund for Climate Change, managed by the Global Environment Facility[91].

[89] *Fahmida Khatun, "*Making Bangladesh's LDC graduation smooth and sustainable*", Published in The Daily Star on 1 March 2021*

[90] Debapriya Bhattacharya, "Bangladesh qualifies for LDC graduation: What next?", Published in the Financial Express on March 11, 2021

[91] https://cpd.org.bd/bangladesh-qualifies-for-ldc-graduation-the-beginning-of-the-end/

9.2.2 Experiences of Graduated Countries

Six countries have graduated from the least developed country status since the creation of the category:

- Botswana in December 1994.
- Cabo Verde in December 2007.
- Maldives in January 2011.
- Samoa in January 2014.
- Equatorial Guinea in June 2017.
- Vanuatu in December 2020.

After leaving the low-income group, countries have experienced enhanced domestic tax collection and higher flow of FDIs. The January 2015 edition of *Global Economic Prospects* revealed that graduation has been accompanied by a marked acceleration in growth, and also a decline in volatility that has coincided with a decline in the frequency of growth collapses. In more than half of graduating countries, graduation followed new discoveries or intensified exploitation of metal and oil reserves. Rising demand from China and strong global growth supported high commodity prices and spurred greater exploration for energy and metal resources and investment in the natural resource sector. This, in turn, supported graduation to middle-income status in countries like Mongolia, Indonesia, Ghana, Cameroon and Mauritania[92].

The graduated LDCs pursued policies that were targeted towards reducing specific vulnerabilities. Thus, Botswana pursued policies to diversify its economy from over-dependence on diamond mining. Cabo Verde which did not have any mineral resources pursued prudent macro-economic management and harnessed the power of private sector through development of the tourism sector, encouraging remittance flows and attracting FDI. Some graduated LDCs tried to ensure soft lending by renegotiating access to soft term loans and preferential market access. Some LDCs have been able to negotiate extension of the EBA (Everything but Arms initiative that allows duty-free market access to the EU) with the EU. Cabo Verde was able to negotiate GSP plus market access in the EU after expiry of the EBA.

Box 3 **LDC Graduation: The Case of Maldives**
The estimated gross national income (GNI) per capita of Maldives in 2009 was three times over the graduation threshold, due mainly to growth in the tourism sector. Accordingly, under the U.N. Resolution adopted on December 20, 2004, Maldives was set to graduate from the list of LDCs on January 1, 2008. Just six days after adoption of the resolution, the Indian Ocean tsunami struck the Maldives. The economy, which had grown at an average of eight percent per annum for two

[92] Tehmina S. Khan, "Growing up: graduation from low-income to middle-income status", the World Bank blogs, February 19, 2015

consecutive years, was devastated by the tsunami: 62 percent of the GDP was destroyed; over seven percent of the population was internally displaced; social and economic infrastructure damaged or destroyed in over one quarter of the inhabited islands; and 12 inhabited islands were turned into complete rubble. Following the disaster, and on the request of the Maldives, the General Assembly decided to defer the graduation until 2011. Eventually Maldives graduated on January 1, 2011.

Countries often have to rely on multilateral and bilateral donors for assistance for environmental projects: donors that often assess a country's need by its developmental status at the U.N., which traps countries such as the Maldives in a vicious cycle being now termed as the "Middle Income Paradox". The Maldives government argued that the U.N. criteria for graduation should include a "smooth transition period" in order to bring into place adequate adjustments necessary for full transition into middle-income country status. In response, the Maldives was granted by the UN a smooth transition period until 2014.

Nonetheless, the Maldives' experience showed that due to the infancy of the graduation program, the relatively low number of countries that have graduated, and the lack of coordinated commitment from bilateral partners, the graduation process has been far from smooth. However, UNCTAD provided technical assistance to the Maldives following the country's removal from the UN list of LDCs.

Particularly, the review of LDC graduation experience of the Maldives reveals that it had to obtain technical assistance from UNCTAD, and also that it was granted a "smooth transition period" of three years to facilitate smooth transition to a middle-income country (Please see **Box 3**).

9.2.3 Graduating with Momentum

Graduation from LDC does not help a country to overcome the development challenges it faces. Graduation does not make a country less vulnerable to the consequences of its geography. Review of experiences of some of the graduating and graduated LDCs indicate that while some LDCs have been successful in graduating with momentum by taking appropriate preparations, in case of some of the other LDCs, graduation had to be even deferred because of continuing susceptibility to challenges and vulnerabilities[93] For all LDCs, graduation brings a mixed set of new realities. But countries have to prepare well and make special efforts to make their graduation meaningful. It is reckoned that by designing and implementing a comprehensive graduation strategy, Bangladesh will be able to make the transition process smooth, and enter into the post-graduation life with strength and momentum. It will also be critically important to establish a consultative mechanism to facilitate the preparation of the strategy.

[93] Mustafizur Rahman, "Graduating out of LDC group with momentum", Published in The Daily Star on 20 February 2018

9.2.4 Suggestions for Bangladesh

Bangladesh needs to draw up a robust "LDC Transition Strategy" covering the upcoming five years and beyond to ensure a smooth and sustainable development prospect for the country. The strategy would deal with the possible adverse fall-outs of LDC graduation, as well as the lay-out of a pathway for "graduation with a momentum". The strategy may:

- Aim to ensure that development efforts are not disrupted by graduation;
- Focus on expected implications of loss of LDC status and associated special support measures; and
- Present a comprehensive and coherent set of specific measures in accordance with the priorities of the country, taking into account its specific structural challenges, vulnerabilities and strengths.

Bangladesh's graduation is expected to be a smooth one in the sense that in terms of EVI and HAI it will hopefully graduate with significant surplus. Thus, by maintaining the current dynamics, Bangladesh will be able to graduate in the year 2026 with significant momentum. Graduation with momentum will enable Bangladesh to ensure that graduation remains sustainable as Bangladesh embarks on its post-LDC developmental journey.

Further, Bangladesh needs to prepare for a smooth graduation by taking into account a number of issues as discussed below[94]:

- The overall capability of the economy has to be improved;
- In order to access the "GSP-plus" benefits, ratify and implement relevant international conventions on labor rights, human rights, environmental protection and good governance, as necessary;
- Enhance export competitiveness and diversification of both products and markets;
- Explore more resources from institutions such as the Asian Infrastructure Investment Bank (AIIB), New Development Bank (NDB) and other commercial sources;
- Strengthen economic diplomacy and negotiate with the trade partners for continued concessions and trade preferences even after graduation;
- Work harder for economic recovery from the fallout of the pandemic, and in parallel, prepare for smooth graduation so that this achievement can be consolidated, sustained and translated into the development and welfare of its citizens;
- Enhance vocation education and skilling and re-skilling the workforce as per the industrial demand;
- Facilitate technology based human resources development addressing the need for 4IR.

[94] *Fahmida Khatun, "Making Bangladesh's LDC graduation smooth and sustainable", Published in The Daily Star on 1 March 2021*

Nevertheless, Bangladesh's graduation journey will be taking place at a time of increasing uncertainties in the global arena - global economic slowdown, fall in global export demand, decreasing remittance flows, cut in aid. This will require triangulation of economic development, social inclusion and environmental sustainability which is a challenging demand from the perspective of the journey ahead for Bangladesh. However, Bangladesh is presently exploring alternative trading arrangements through bilateral and regional free trade agreements to counteract the anticipated trade shock. With a view to ensuring inclusive development – underpinned by growth of investment, employment and income – building of "productive capacity" would be the fundamental and core priority in the Bangladesh context. This would entail economic diversification, technological up-gradation and improvement of labor productivity.

9.3 Non-Tariff Barriers (NTBs)

The non-tariff barriers are the obstacles to international trade, other than tariffs. The NTBs refer to non-tax measures used by the country's government to restrict imports from foreign countries. It covers those restrictions which lead to prohibition, formalities or conditions, making the import of goods difficult and decrease market opportunities for foreign items. These are quantitative and exchange control measures that affects the trade volume or prices, or both. Also, these are administrative measures implemented by the country's government to discourage goods brought in from foreign countries and promote domestically produced items. There are also some reasons for imposing non-tariff barriers which include national security, retaliation, protection of jobs, protection to startups and budding companies, etc.

9.3.1 NTBs for Export to Bangladesh

The tariff and non-tariff barriers (NTBs) for imports and exports in Bangladesh and its competing countries are broadly discussed in Section 5.1 and Section 5.2 above. However, the NTBs are particularly analyzed below to facilitate clear understanding and to identify policy priorities.

Potential Non-Tariff Barriers (NTBs) for Exports to Bangladesh are identified as mostly the following[95]:

(1) **Specific Limitations on Trade**:
These include the sensitive list (987 tariff lines for LDCs and 993 for non-LDCs) under SAFTA.

(2) Customs and Administrative Entry Procedures:
(a) Valuation system: Disputes over valuation delay import clearance unless the importer chooses to go along with the customs assessment of value.

[95] Zaidi 5attar, "Tariff and Non-Tariff Barriers in South Asia Trade: A Bangladesh Perspective", Journal of Bangladesh Studies, Volume 14, No. 1, 2012

(b) Harmonized System Codes: Some classification disputes arise due to discrepancies between SAFTA notification and Bangladesh Customs Tariff.

(3) Standards - SPS and TBT:
(a) Lack of harmonization of standards creates hurdles for cargo clearance.
(b) BSTI is not recognized for its efficiency and competence in performing an acceptable job of testing and certification and lacks regional or international recognition.

(4) Para-tariffs:
(a) Supplementary and Regulatory duties: Bangladesh applies supplementary duties on the top rate of customs duty for a wide range of consumer products. Regulatory Duty (RD) is frequently applied as an ad hoc measure to raise revenue or restrict certain types of imports.
(b) Variable levies: a number of variable levies exist, such as advanced trade VAT (ATV) of 2.5%, and advance income tax (AIT), and a 1% administrative fee levied as landed charge.

(5) Others:
(a) Restricting imports through land borders, partly on grounds of capacity limitation and partly to restrict imports.
(b) Bangladesh ranks poorly in terms of days taken for import clearance (72 hours in 50 percent cases, 72 to 150 hours in 38 percent cases, and 150 and 275 hours in 12 percent cases[96]).
(c) Inadequate port infrastructure (land and sea port) including warehousing and testing facilities poses serious problems for handling cargo.

9.3.2 NTBs Facing US Exports to Bangladesh

Further, the United States Trade Representative (USTR) has identified several NTBs in exporting merchandises to Bangladesh as summarized in Table 9.2 below:

Table 9.2 | Non-Tariff Barriers Faced by US Exports to Bangladesh

Type/Topics	Barriers
Quantitative Restrictions	For industrial consumers, the IRC specifies the maximum value (the import entitlement) for each product that the industrial consumer may import each year, including items on the restricted list for imports.
Registration	Commercial importers and private industrial consumers (with the exception of those located in Export Processing Zones (EPZs)) must register with the Chief Controller of Imports and Exports in the Ministry of Commerce.
	Indenters (representatives of foreign companies or products compensated on a commission or royalty basis) and exporters must also pay registration and renewal fees.
Foreign exchange	Foreign exchange is controlled by the Bangladesh Bank in accordance with Foreign Exchange Control policies.

[96] DOULOT AKTER MALA, “Customs delay bites Bangladesh businesses”, The Financial Express, February 08, 2021

Customs Barriers and Trade Facilitation	Bangladesh has not yet notified its customs valuation legislation to the WTO and has not yet responded to the Checklist of Issues describing how the Customs Valuation Agreement is being implemented.
Sanitary & phytosanitary	Bangladesh requires fumigation of imported U.S. cotton at the port of entry.
Subsidies	Bangladesh provides non-product-specific support through subsidized fertilizers, diesel, electricity, and agricultural machinery.
Services	Bangladesh does not allow foreign companies to provide services in four sectors that are reserved for government investment: (1) arms, ammunitions, and other defense equipment and machinery; (2) forest plantation and mechanized extraction within the bounds of reserved forests; (3) nuclear energy; and, (4) currency note printing. In 22 other sectors, foreign companies must obtain permission from relevant ministries or authorities before providing services. New market entrants face significant restrictions in most regulated commercial fields, including telecommunications, banking, and insurance. Transfer of control of a business from local to foreign shareholders requires prior approval from Bangladesh Bank.
Export Duties	Bangladesh implemented export duties on 18 product categories, including: rice bran, cigarettes, liquefied petroleum gas cylinders (capacity below 5,000 liters), cotton waste, and ceramic bricks.

Information Source: United States Trade Representative (USTR), 2021 National Trade Estimate Report on FOREIGN TRADE BARRIERS, March 2021

9.3.3 NTBs in Indo-Bangla trade

In case of Indo-Bangla trade, it is alleged that trading of merchandises is affected by a plethora of NTBs, which act as major barriers and undermine the vast potential of trade between the two nations. NTBs are particularly harmful in case of agriculture products which not only escalate the cost of products but also restrict effective market access for producers and consumers.

The NTBs that exist at the border of the two countries are mainly in the form of inefficient customs procedures, excessive paperwork, cumbersome export-import procedures, absence of testing facilities, lack of harmonized systems, congestion, inadequate road infrastructure, high demurrages, and sub-optimal trade related infrastructure.

The cumulative impact of these barriers is very high for agricultural products which require efficient and timely movement across borders. These NTBs not only increase trade costs but also have implications for food security and livelihood of the people of both the countries.

9.3.4 Non-Tariff Barriers Faced by Bangladesh

A study conducted by the Bangladesh Foreign Trade Institute (BFTI) identified the product-wise NTBs faced by potential Bangladeshi export products in major export destinations[97]. A few

[97] Bangladesh Foreign Trade Institute (BFTI), "A Study on Identification of Non-Tariff Barriers Faced by Bangladesh in Exporting Potential Exportable Products to Major Export Markets", May, 2019

major NTBs faced by the export products from Bangladesh in some selected countries are briefly summarized in Table 9.3 below:

Table 9.3 | Product-wise NTBs Faced by Export Products of Bangladesh

Sl. No.	Products	NTBs	Country(s)
1.	Potatoes	Importers are required to have special authorization from the Sri Lankan Chief Food Authority. The country also imposes measures on quality and material of potato container.	Sri Lanka
2.	Jute and Jute Products	China requires inspection of products before entrance to its Market and limits the use of certain substances, that add to the complexity and costs of exports.	China
3.	Shrimps	SPS and quality certification are the major criteria that need to be complied with in order to export Shrimp from Bangladesh. The buyer's specific packaging requirements are burdensome for the exporters which is costly to make different patterns and sizes of cartons for each buyer.	Netherlands, Belgium and the United Kingdom
4.	Leather Footwear	The pre-shipment inspections (mandatory for Bangladesh) are conducted by international third-party companies. The exporters need to bear the cost of the pre-shipment inspection, including the mission visit of the auditors. There is also requirement of environment-friendly chemical usage certification.	EU countries
5.	Plastics	The legislations impose quality control measures, authorization of importers under certain environmental regulations, labelling and packaging requirements etc. Authorization for disposal of imported plastic waste is required. Bilingual labelling in both English and Chinese for any kind of warning or caution is one of the requirements.	Hong Kong
		China imposes regulations on Product Registration, packaging rules, product inspection and pre-shipment inspection, Conformity Assessment etc. The country has recently put a limit to the import of plastic waste. Exporter or domestic importers require to register at the GAQSIQ or the entry-exit inspection and quarantine body going for trade. A state-level pre- inspection is conducted for plastic waste import and certification.	China
		Cost of testing is sometimes 15% of the total cost of production. The cost of certification for exporting plastic goods to the USA is around US$ 2000, which is US$ 5600 for the EU. There is no testing facility in Bangladesh.	EU, USA.
		Additional documents are required from Bangladeshi exporters which is costly and time consuming. For example, with every consignment, 15 copies of commercial invoice, 15 copies of SAFTA certificate and 15 copies of packaging list etc. are necessary. The price of plastic products is specified on the basis of weight of the consignment, rather than their type and quality, which lowers the prices of products.	India

Further, the anti-dumping duty on Bangladeshi jute goods, hydrogen peroxide and fishing net, etc. by India is also identified as a potential barrier to export development of Bangladesh to India.

The above discussions reveal that non-tariff barriers are still significant though substantial scaling down in the past decade. Bangladesh has abandoned the restrictive trade regime and took various steps to dismantle trade barriers. However, it remains a laggard in this respect when it comes to its multilateral tariff stance. Though technically it is in compliance of SAFTA schedules, the existence of para-tariffs in its tariff structure mars the progress made in terms of CD reduction. Given that the dominant theme of national policies is to accelerate growth and reduce poverty, boosting intra-regional trade could be an integral part of that strategy. Therefore, it is advisable to further reduce or eliminate the existing NTBs as far as practicable. At the same time, it is necessary to continuously press the trading partners for removal of the barriers to enhance Bangladesh’s export."

9.4 Product Diversification and Export Diversification

9.4.1 Product Diversification

Bangladesh needs to diversify export products and explore new markets to survive in the competitive world market. Especially, diversification is essential for knitting, dyeing, RMG, and backward linkage industries. For the country's garment sector, product diversification and branding Bangladesh are the key components required to further develop. It is imperative that necessary steps are taken to aggressively pursue “country branding” in a way which not only creates a positive image about the country but also upholds its unique characteristics and attributes before the international community and also to her own people. There are three important elements, such as –

- First, increased product diversification and value addition in the sector.
- Second, investing in reskilling the labor force, particularly with the challenges and opportunities of the fourth industrial revolution.
- Third, branding Bangladesh by popularizing the 'Made in Bangladesh' level.

It is incredibility important to make sure that the consumers are aware that responsible consumerism is directly linked to sustainable livelihoods in Bangladesh. There are 4.1 million workers mostly women and the stories of these workers must be conveyed to the consumers so that they can make their choices and make it better for workers and their lives. Only then, a consumer will see the 'Made in Bangladesh' level when he buys a product.

In Bangladesh, the authorities recognize the need to undertake further reforms, and formulate a comprehensive trade policy including product diversification, and the strategy for reducing anti-diversification bias of exports. They are promoting product diversification along with more value-added product to meet up the rules of origin condition for market access.

9.4.2 Export Diversification

Under a background study for the Seventh Five Year Plan, Policy Research Institute of Bangladesh, a famous think-tank organization, prepared a strategy paper for export diversification in 2015[98]. It suggested that the policy package should be multifaceted and comprehensive (covering constraints at the borders, behind the borders (supply side), and beyond the borders (market access issues). Accordingly, a multi-faceted approach was suggested as briefly stated below:

- **Addressing constraints at the borders** implies a focus on tariff and non-tariff barriers to imports and exports, as well as better customs facilitation; against a background of appropriate macroeconomic framework (including low inflation, realistic exchange rate, low fiscal and external deficits), anti-export bias policies, and measures to mitigate adverse social consequences of reforms needed to align domestic to international prices.
- **Addressing constraints behind the borders** implies addressing supply side constraints (Infrastructure, trade-related Institutions, policy constraints, including adequate business regulatory framework, and investment policy regime), competitiveness constraints (standards, packaging, quality, and delivery in time), and needed support incentives (fiscal incentives and credit incentives) for export diversification, including emphasis on R&D for developing improved products or moving up the value chain.
- **Addressing constraints beyond the borders** implies addressing market access barriers to export growth. By and large, expanding exports to respond to increased regional and global market demands require increased production (supply) of goods and services in many sectors (agriculture, industry, services). This in turn, requires not only adequate infrastructure (telephone, services, electricity, water), but also adequate trade related institutions, good policies, and the ability to deliver quality products in needed quantity and in a timely manner.

The government has installed sector-focused Business Promotion Councils which is expected to promote export diversification. Particularly in the leather and leather gods sector, it has drawn up a ten-year perspective plan with a target to increase the leather sector's export earnings from below US$ 1 billion in 2021 to US$ 10-12 billion by 2030[99]. However, it is necessary to ensure effective export diversification policy covering, inter alia, testing facilities, skilled manpower, financial, and backward-linkage industry development following the footprints of China. Also, the potential exportable markets/products be identified for export diversification through proper market analysis. Application of new marketing techniques, e-commerce and other modern IT based tools, may encourage diversification of export markets.

[98] Dr. Zaidi Sattar, "Strategy for Export Diversification 2015-2020 - Breaking into new markets with new products", Policy Research Institute of Bangladesh, 2015

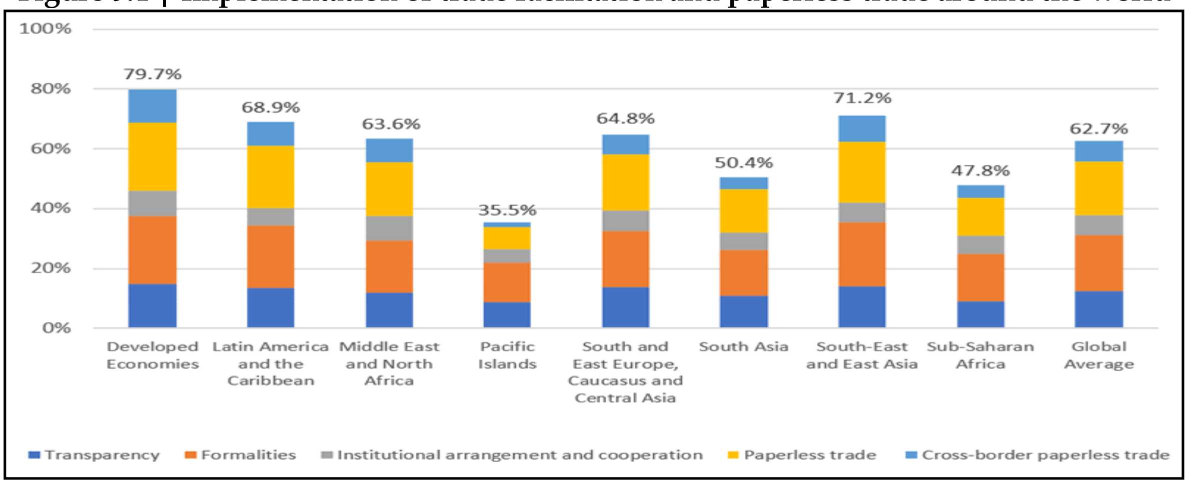
[99] https://www.tbsnews.net/economy/industry/bangladesh-eyes-10b-exports-leather-goods-2030-384472

9.5 Paperless Trade Facilitation System

Trade digitalization is to enable the seamless electronic exchange and legal recognition of trade-related data and documents across borders, rather than only between stakeholders located in the same country. It has enormous potential for making trade even more inclusive and supportive of sustainable development. Digital Trade Facilitation measures include, inter alia, the implementation of innovative, technology-driven measures aimed at enabling the use and exchange of electronic trade data and documents. Full implementation of cross-border paperless trade, i.e., the conduct of international trade on the basis of electronic data and documents, digital taxation system will not only reduce transaction time and costs but also increase regulatory compliance and enable the more direct engagement of SMEs and women in international trade and cross-border e-commerce[100].

The UN Global Survey on Digital and Sustainable Trade Facilitation (2019) revealed that the average implementation of trade facilitation and paperless trade stood at 50.4 percent in South Asia against 71.2 percent in the South-East and East Asia region and 62.7 percent globally (**Figure 9.4**). Australia and Republic of Korea (94.6 percent) tied for first place as the best overall performers, followed by Belgium, the Netherlands, Japan and Singapore, each with an implementation rate of 93.6 percent.

Figure 9.4 | Implementation of trade facilitation and paperless trade around the world



Source: Digital and Sustainable Trade Facilitation: Global Report 2019, United Nations (2019)

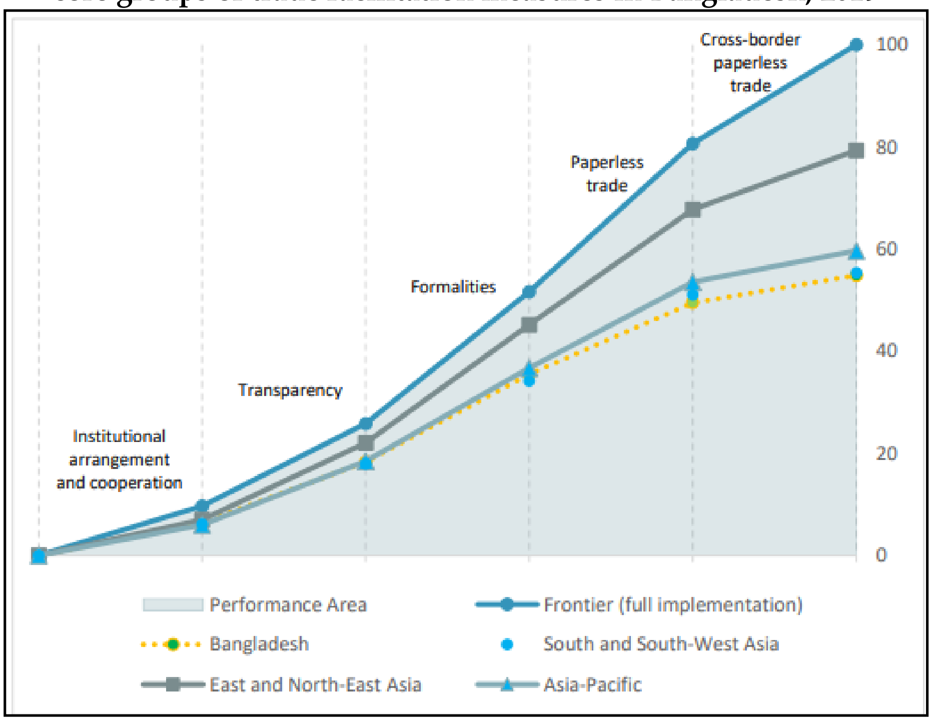
Generally, the level of implementation of WTO TFA-related measures such as transparency measures was relatively high, while measures involving the use of information communication technologies (ICT) or cross-border collaboration had significantly lower rates of implementation. The most implemented measure globally was automated customs system, with an overall implementation rate exceeding 84 percent both globally and regionally. Over 70 percent of the 128 countries in the survey had nation-wide automated customs systems in place. In contrast, electronic application and issuance of preferential certificate of origin has been fully implemented in less than

[100]Danijel Bajt and Yann Duval, "Paperless Trade Facilitation in 2019: Global and Asia-Pacific State of Play", Article No. 47, UNCTAD Transport and Trade Facilitation Newsletter N°85 - First Quarter 2020, February 2020

20 percent of the countries. Electronic single window system has been fully or partially implemented in approximately 65 percent of the countries and in another 10 percent on a pilot stage of implementation, showing that countries globally are actively working on the implementation of this measure.

A substantial improvement of 9.7 percentage points was observed in South Asia between 2017 and 2019 in implementation of trade facilitation and paperless trade. India (79.6 percent) led the way, while Bangladesh secured second place in South Asia with 57.3 percent next to India. Despite significant progress in implementing trade facilitation measures, implementation of transparency and other general measures was in line with the Asia-Pacific regional average, and implementation in the area of paperless trade and cross-border paperless trade remained below average in Bangladesh (**Figure 9.5**). Significant opportunities exist for Bangladesh to reduce trade costs and improve its competitiveness by accelerating its efforts to facilitate and digitalize trade procedures. Achieving cross-border paperless trade could help Bangladesh save over US$ 700 million in trade transaction costs annually[101].

Figure 9.5 | Moving towards cross-border paperless trade: Cumulative implementation score of core groups of trade facilitation measures in Bangladesh, 2019



Source: Digital and Sustainable Trade Facilitation: Asia-Pacific Report, ESCAP (2019)

There are strong commitments and concrete plans to move forward, including establishment of a National Single Window (NSW). The e-customs system is used for electronic data exchange and sharing. Memoranda of Understanding (MOUs) have been signed between National Board of Revenue (NBR) and 50 other government agencies for an integrated paperless trade system.

[101] ESCAP, "Readiness Assessment for Cross-Border Paperless Trade: BANGLADESH", United Nations 2019

In addition, the recent promulgation of the Digital Security Act (2018), and the development of a national electronic payment gateway clearly indicate the intentions of the government to remove the paucity of legal rules specifically applicable to cross-border paperless trade.

9.6 Comprehensive Trade Policy

A comprehensive trade policy (CTP) is a government's policy governing international trade and is an all-encompassing term that is used to cover topics involving all aspects of international trade. Bangladesh follows a long-standing practice of having separate import and export policies instead of a single CTP, and it continues to lack a CTP although the 7th FYP entrusted the MOC with the responsibility of developing a CTP.

It is often argued that trade related policies in Bangladesh lack focus, and trade-related instruments and institutions in Bangladesh fail to function with due efficiency. This hinders attainment of targeted development objectives and goals. Lack of policy coherence is one of the major weaknesses of trade-related policies which results in poor implementation and outcomes. Difficulties in implementation of relevant policies also originate from their non-binding nature, lack of coordination and interlinkage between relevant policies to address interwoven aspects of export and import, weaknesses in the use of trade policy tools for the development of domestic market-oriented and import-substituting industries, and lack of initiative towards strengthening institutional capacities in the areas of trade diplomacy and trade promoting bodies[102]. Given the growing importance of service trade, there is a need for policy directions to enhance competitiveness of service-trade related activities.

Therefore, experts suggest a rethinking of trade-related policies in Bangladesh both from the perspective of need for change and also from that of taking advantage of the new opportunities emerging in the domestic and global scenarios. In fact, the need for a new Comprehensive Trade Policy in Bangladesh is a well-argued proposition. Key features of a CTP for Bangladesh may be the following:

- The goal of the comprehensive trade policy may be to make local industries competitive both in domestic and international markets by enhancing productivity and efficiency and better governance in trade related activities while reducing the anti-export biasness.
- A major objective of the trade policy may be to improve diversity in production, quality and standard of products and application of modern technologies.
- The policy may highlight implementing a strategic trade policy through undertaking appropriate policy tools and techniques.
- The proposed CTP may be built on ten pillars, viz., a) Strategic trade policy; b) Ensuring better governance in trade related activities; c) Supportive macro policies; d) Improving

[102] Dr Khondaker Golam Moazzem, Dr Nazneen Ahmed, Syed Nasim Manzur and Mehruna Islam Chowdhury, "Developing a Framework for the Comprehensive Trade Policy of Bangladesh", CENTRE FOR POLICY DIALOGUE (CPD), 2012

the business process; e) Product and market diversification; f) Strengthening linkages with global value chains; g) Improving trade facilitation; h) Better trade diplomacy; i) Enhancing the capacity and efficiency of trade institutions; and j) Addressing the new issues related to trade.

- Diversification of export markets may be encouraged through application of new marketing techniques, e-commerce and other modern IT based tools etc.
- The trade in services may be prioritized through strengthening of domestic policies.
- The policy may put emphasis on trade facilitation measures through improvement of physical and institutional capacities.
- It may put emphasis on trade facilitation measures through improvement of physical and institutional capacities.
- The policy may be for five years with legal binding in terms of enforceability of all its clauses, reducing policy uncertainty for trade and investment.

Since the Import and Exports (Control) Act, 1950 applies to export and import of all types of products and it allows for alteration of laws related to export and import through notification, the proposed Comprehensive Trade Policy's distinctive feature may be that it will be considered as a legal document to be published as an order in the official gazette as provided for in the Act.

The government may set up proper institutional mechanisms to prepare, implement, monitor and review the CTP. In this connection, the government may use the expertise available with the private sector, particularly the think tanks and research community to deal with these issues. Such a mechanism is being practiced under the MoC which needs to be strengthened further.

In the event of formulating a CTP, the most important issue of Regulatory Impact Assessment (RIA) may also be considered. In fact, good regulatory practices provide with tools, processes and strategic approaches that can help identify and evaluate the trade impacts of any regulatory action. Diverging regulation may increase the costs to trade goods and services across borders. Further details are provided in Box 4 below:

Box 4

Regulatory Impact Assessment (RIA)

According to the 2015 Indicators of Regulatory Policy and Governance (iREG) developed by the OECD, the iREG indicators measure the three key principles:

- Stakeholder engagement: It helps to ensure that regulations focus on user needs by involving citizens, businesses, and civil society, makes regulations more inclusive and helps compliance with regulations.
- Regulatory impact analysis (RIA): A systemic approach to critically assessing the positive and negative effects of proposed and existing regulations - an important element of an evidence-based approach to policy making.

- Ex post evaluation: Evaluating existing regulations helps governments ensure that regulations remain fit for purpose. It can provide important insights for improving the design of regulations and promotes accountability.

RIAs assess impacts across public policy domains for any regulatory proposal to inform policymakers about the broader impact of the regulatory environment on traders. From a regulatory perspective, RIA and other tools (such as stakeholder engagement and *ex post* evaluation) provide an opportunity to evaluate trade-related impacts of regulation. RIA guidelines typically foresee the quantification and monetization of trade impacts, which is relatively unproblematic given the economic nature of most trade impacts.

The OECD countries use RIA to assess the trade impacts of regulations. Two-thirds of OECD member countries report formally assessing trade-related impacts for any proposed laws and regulations in their RIA procedures.

9.7 Public Consultation: A Collaborative Effort

Public consultation mechanisms improve transparency in the policy making process. It is one of the key regulatory tools employed to improve transparency, efficiency and effectiveness of regulation. There are three related forms of interaction with interested members of the public – Notification, Consultation and Participation. In practice, these three forms of interaction are often mingled with public consultation programs, complementing and overlapping each other. Further, there are five instruments or different ways to perform public consultation, depending on who is to be consulted, how formal the process is, and the communication means used[103]:

- Informal consultation;
- Circulation of regulatory proposals for public comment;
- Public notice-and-comment;
- Public hearings; and
- Advisory bodies.

Usually, the activity is undertaken with stakeholders through the publication of draft policies or enactments in the website, print and electronic media as well as social media that allow wide access. The members of the public are requested to provide comments and observations within a specific deadline. The law or policy is then revised or modified incorporating the comments received.

As per the 2015 Law on Promulgation of Legal Documents in Vietnam, it is mandatory to hold public consultations for both policy formulation and drafting of legal documents. Further, in China and Vietnam, discussion in political forum, in addition to consulting general people, is a general practice.

[103] Delia Rodrigo and Pedro Andrés Amo, "Background Document on Public Consultation", OECD, 2007

The Government in Malaysia uses public consultation as one of the key tools to improve transparency, efficiency and effectiveness of regulation. On 16 October 2014, the Guidelines on Public Consultation Procedures were launched as a reference for ministries and agencies in implementing public consultations. Regular dialogues and consultations with the business community, including chambers of commerce and industry associations, are undertaken by various ministries and agencies to obtain feedback from the private sector.

In Thailand, the Joint Public and Private Sector Consultative Committee is the main channel for consultations on trade policy issues between the Government and the private sector. Regular public hearings are another channel enabling private-sector participation in trade policy formulation. Holding a public hearing is mandatory for government agencies before they can submit any law to the Cabinet for consideration. In addition to public hearings, the MoC must maintain an online public-hearing platform.

In Indonesia, the Government is required to offer the public the opportunity to give input into any process of rule or policy making including revisions, orally or in writing. Any policy or regulation, whenever formulated or revised, is opened for public comments for testing policy effectiveness. Consultations are also undertaken on an *ad hoc* basis as issues arise.

Sri Lankan ministries and institutions concerned with international trade have regular consultations with the private sector, although there are no specific laws on the matter. These consultations take place through trade associations, industry associations, as well as trade chambers. In dialogues concerning particular sectors, individual exporters, manufacturers, or industrialists are often included for their comments and inputs through a series of meetings or individual consultations.

In Bangladesh, consultation with general public is not a regular practice. In view of the benefits that can be derived from public consultations, Bangladesh may consider introducing legally binding obligations for public consultations in respect of formulation or revision of any law or policy.

9.8 Vietnam and Bangladesh- a Comparison

Over the last eight years, Vietnam has been a key export success story of transitioning into a major global exporter. Their exports climbed rapidly from US$69.7 billion to US$259.5 billion between 2008 and 2018.Notably, Vietnam overtook Bangladesh as the world's second-largest exporter of ready-made garments (RMG) for the time being, and Bangladesh went down to the third position, with China remaining the largest exporter, in 2020. But, during the first half of the current fiscal year Bangladesh apparel exports surpassed Vietnam and Bangladesh regained the second position. Bangladesh earned US$ 15.91 billion during the January-June period of

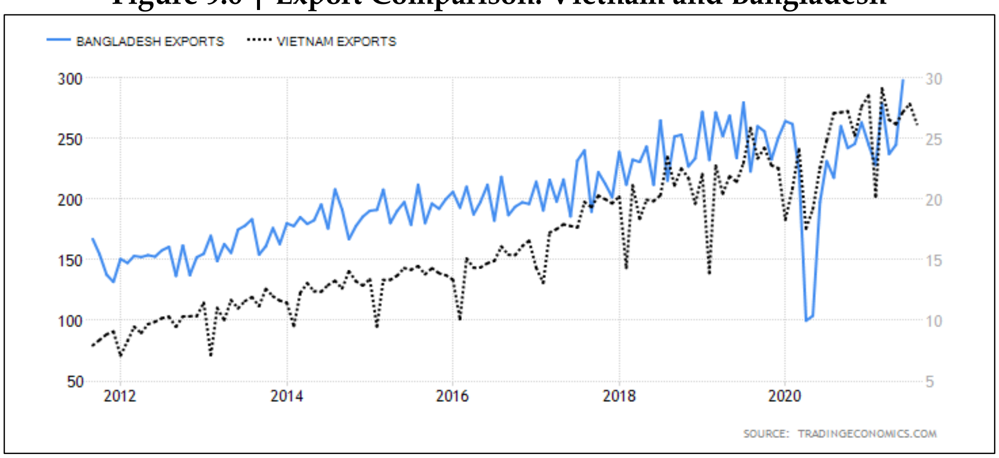
2021, while Vietnam earned US$ 15.31 billion in the same period[104]. However, both the countries witnessed negative growth during the same period with a 7.66 percent and 7.30 percent decline respectively.

Large enterprises account for more than 80 percent of the market value of exports in Bangladesh and Vietnam. Furthermore, it takes less than a day in Bangladesh and Vietnam to reach the port as network products are built in different places, and they require short turnaround times. However, a shipment in Vietnam takes 0.3 days to reach a port and it takes roughly a day in Bangladesh.

With a population of over 98 million people, Vietnam's pharmaceutical business is one of the fastest growing in the world, making it an appealing market for investors. The government is continuing to alter policies in order to help domestic pharmaceutical companies and lower the cost of health insurance. The Vietnamese government is continuing to amend bidding regulations for drug procurement at public hospitals in order to encourage the production of generic drugs to replace expensive imported drugs, and relieve the financial burden on the health insurance fund, which has struggled to keep up with the demand for insurance payments in recent years. Bangladesh, who has a burgeoning pharmaceutical sector, will lose its TRIPS flexibility, can take lessons from Vietnam to support this important sector.

Vietnam has been successful in diversifying its export portfolio. Diversification has impacted Vietnam's sustained export income, which has ranged from textiles and clothing to footwear and now electronics. On the other hand, in Bangladesh, the RMG industry accounts for about 10.4percent of GDP and 81 percent of total export revenues. As a result, the textile industry takes up a large portion of Bangladesh's export basket and has very less scope for diversification. **Figure 9.6** below depicts the comparison of export earnings of Bangladesh and Vietnam during the period 2012 to 2021:

Figure 9.6 | Export Comparison: Vietnam and Bangladesh



Source: Trading Economics: https://tradingeconomics.com/bangladesh/exports

[104] https://www.textiletoday.com.bd/bangladesh-still-2nd-largest-exporter-rmg/

9.8.1 FDIs in Bangladesh and Vietnam

Despite generous tariff concessions for raw material and machinery imports to target the FDI industries focusing on exports, Bangladesh is yet to attract significant Foreign Direct Investment (FDI). Along with such tariff concessions, a coordinated approach to easing business is a must to attract substantial FDIs. On the other hand, Vietnam's performance in attracting FDIs showed better results reflected in the data presented below:

Table 9.4 | Comparison of Foreign Direct Investments in Bangladesh and Vietnam (2011-2020)

Year	Bangladesh		Vietnam	
	Inflows, US $ bn	% of GDP	Inflows, US $ bn	% of GDP
2020	1.14	0.35	8.37	3.09
2019	1.91	0.63	16.12	6.15
2018	2.42	0.88	15.50	6.32
2017	1.81	0.73	14.10	6.30
2016	2.33	1.05	12.60	6.14
2015	2.83	1.45	11.80	6.11
2014	2.54	1.47	9.20	4.94
2013	2.60	1.74	8.90	5.20
2012	1.58	1.19	8.37	5.37
2011	1.26	0.98	7.43	5.48

Source: Consultant's calculation based on World Bank data

FDI in Vietnam has consistently grown over the past decade. Low labor costs and government incentives were the two major driving factors for foreign investors[105]. However, the FDI figures suffered and dropped in 2020, due to stringent lockdowns and movement restrictions caused by the pandemic. In comparison, FDI inflows in Bangladesh were not significant during the decade.

It may be pretty useful for Bangladesh to learn from experiences of Vietnam in order to improve any errors and omissions. Vietnam undertook several measures to stimulate FDIs in the country in a wider horizon – providing for a legal framework to implementing necessary economic reform measures.

A. Legal Steps:

- The Foreign Investment Law was promulgated in 1987.
- The law was later amended several times to incorporate critical provisions, such as, simplifying access to licenses for FDI, reducing restrictions on FDIs, etc.
- Under the law, the private sector is allowed to participate in FDI projects.

[105] Comprehensive Study on Policy Regime of FDI of Cross Countries (Bangladesh, Vietnam, India, Sri Lanka and Myanmar) Analysis (Lot-1) [(Contract No. 03.08.2680.209.16.098.19-28 of dated 23.3.2021, Lot-1]

B. Macroeconomic and Political Steps:

- The foreign trade scenario was liberalized and gradually privatized, and eventually all economic sectors are made open for investment by the FDIs.
- A "one-stop agency" was established to act as intermediary between investors and authorities.
- No restrictions on minimal capital investment requirement, the share of ownership for foreigners, and repatriation of profits or dividends.
- The government guarantees not to nationalize foreign assets or place restrictions on the control and management of enterprises.
- Tax holidays are offered for two years which can be followed by another two years of half of the regular tax rate.
- In priority sectors the corporate income tax is lowered to 10-15% for FDI.
- To encourage reinvestment of profits, enterprises are refunded the profit taxes for reinvested funds.
- Companies with foreign capital are exempted from payment of import duties on raw materials and other inputs or components as well as machinery and equipment used for export-oriented production.
- License requirements for FDI projects were eased.
- The Export Processing Zones (EPZs) are established and industrial parks are set up.
- The authority to manage the FDIs was delegated to local governments.
- A dialogue mechanism with the Government of Japan was established to support FDI operations.

A general comparison between Vietnam and Bangladesh reveals that the investment environments in Vietnam and Bangladesh are almost identical with a few more innovative approaches adopted by Vietnam, while the investment incentives offered by Vietnam are similar to those of Bangladesh while some differences in detail exist. For example, Vietnam enacted a separate and independent legal instrument dedicated to the cause of attracting foreign investment. Further, Vietnam delegated the authority to manage the FDIs to the local government institutions. However, further study and analysis will be required to ascertain whether Bangladesh also can authorize the local governments to manage the FDI operations. Notably, Bangladesh has taken initiatives to remove certain social barriers, such as, withdrawal of ban on alcohol trading in the country.

9.9 The rationale behind the success

Countries in Asia have had tremendous economic expansion thanks to rapid industrialization and an emphasis on high technology. Most countries have been seen to move away from agricultural dependency and shift their production towards the manufacturing and services sector. Asia went from being the world's poorest continent to a global economic powerhouse.

A favorable policy environment – especially for financing and foreign investment – as well as competition policies that incorporate worldwide best practices could be a few of the key reasons behind Asia's achievements. Further, most countries saw positive impacts of globalization and trade, resulting in economic growth and an increase in per capita income. As literacy rates and life expectancy increased around the world, rising per capita incomes changed social metrics of development. In addition, there was a significant drop in absolute poverty.

Among the seven countries, China achieved notable success over the last decade and being the world's second-largest economy, the country is strong and distinct enough from the rest of the region to operate as an anchor economy, as well as a communication and innovation platform for adjacent countries. Other developing nations are starting to make structural alterations similar to those seen in China, though at a slower pace. Production networks encompassing many phases are consolidating across specific countries such as Vietnam, Bangladesh, Malaysia, and Indonesia in textiles and clothing. Furthermore, Malaysia performed exceptionally well, due to its industrial policies that fostered economic growth and technological advancement, followed by a reformed structural transformation and a responsive government.

Vietnam demonstrated strong macro-economic fundamentals by maintaining a positive trade balance and economic growth. Despite COVID-19, Vietnam's economy has remained robust, growing at 2.9 percent in 2020, one of the world's highest rates, and 6.5 percent in 2021, owing to the rising macroeconomic factors, effective containment measures, and well-targeted government support. By utilizing technological advancements in the country, China and Vietnam dealt with the pandemic quite efficiently. Not only that, decisive steps taken by the government to prevent economic fallout, followed by stronger policies ensured resilient and inclusive recovery.

Among the neighbors of Bangladesh, India showed a miraculous performance very recently. In FY 2020-21, total exports from India amounted to US$ 292 billion, which increased in FY 2021-22 by an astonishing 37% and exceeded the tune of US$ 400 billion. Notable steps taken by the Government of India included: country-specific export targets for as many as 200 countries; particular attention to new and prospective markets; special treatment to solve the problems faced by the exporters; measures to promote exports by the SMEs and start-ups; etc.

However, Bangladesh surpassed India in terms of per capita income and GDP growth in the fiscal year 2020-21 and also moved back up the ladder by reclaiming its position as the second largest RMG exporter, leaving Vietnam behind. Bangladesh's export performance, record high remittance collection, and private sector resilience have all supported the country's economic progress and aided in combatting the economic fallout during the pandemic.

9.10 Good practices

Thus the study identified several examples of good practices that can be followed by Bangladesh to carry forward its efforts for developing international trade.

9.10.1 Promoting High-Quality Development of Trade

In China, the Guiding Opinions on Promoting High-quality Trade Development has been issued to promote trade development through, *inter alia*, innovation in science and technology, improved trade structure, and two-way investments. It calls for speeding up the transformation from the opening up based on flows of goods and factors of production to the opening up based on rules and related institutions, vigorously optimizing trade structure, enhancing the balanced and coordinated development of trade, and promoting orderly and free flow of production factors, efficient allocation of resources and in-depth integration of domestic and international markets to realize the high-quality development of trade.

Further, China implements an active national strategy on climate change and has achieved positive results through a series of measures, such as industrial restructuring, energy structure optimization, energy conservation and efficiency improvement, the establishment of a carbon emissions trading market, and expanding the forest carbon sink. The strategy also calls for fostering new advantages in global economic cooperation and competition, as well as a new outlook for international commerce characterized by openness, cooperation, inclusivity, rewards for all, sharing and win-win outcomes, and the facilitation of dual circulation. The State Council also urged provincial, autonomous state, and city administrations to adopt high-quality foreign trade development as a key tool for propelling local economies forward and implementing specific plans tailored to local situations.

9.10.2 National Industry Building

The Master Plan of National Industry Development 2015-35 in Indonesia aims at protecting and increasing market access for local industry products; opening industrial resource access to support the enhancement of local industry productivity and competitiveness; increasing the integration of local industry into the global supply chain; and increasing industrial investment cooperation to develop local industry. It serves as guidance for the government and industrial stakeholders in industrial planning and development for the next twenty years. It helped making a strong industrial country with a sound and deep industrial structure that is globally competitive, innovative and has technology bases. Some of the targets under the regulation are expected to raise non-oil and gas processing sector growth by 5.5-6.2 percent, expanding manufacturing industry contribution to the GDP by 18.2-19.4 percent, and increasing exports of domestic industrial products.

9.10.3 Economic Policy Packages

Indonesia introduced Economic Policy Packages (EPPs) with focus on improving the investment climate, increasing competitiveness, and accelerating infrastructure development. The objectives of the EPPs include: regulatory harmonization; simplifying the bureaucratic process; and ensuring legal compliance. Deregulation policies are directed at reducing duplication, harmonizing regulations, and eliminating inconsistencies. In addition, the most recent economic policy package includes an enhancement of Indonesia's tax holiday program as well as tax benefits for the newly compulsory conversion of export revenues to rupiah.

The trade-related EPP actions include: provision of import and export data to ministries and institutions through the Indonesia National Single Window (INSW); availability of single stakeholder information data within the Indonesia Single Risk Management framework at the INSW portal; expansion of the application of import and export declaration forms, and their integration into the INSW portal to implement the INSW nationally to improve user efficiency and supervision effectiveness. Furthermore, actions have been taken to boost foreign direct investment, along with incorporation of tax holidays and repatriation of export earnings in the country under the new EPP.

9.10.4 Multilateral Trade Policy Department

The Multilateral Trade Policy Department in Vietnam is an organization under the Ministry of Industry and Trade, performing the function of advising and assisting the Minister of Industry and Trade in the state management of economic and trade integration within various cooperation framework and other international economic and trade organizations, and negotiating international treaties on trade as stipulated by laws.

Under this department, the Multilateral Trade Assistance Project III (MUTRAP III) aids in the implementation of Vietnam's trade and economic integration strategy, particularly by enhancing the capacity of the Ministry of Industry and Trade to implement WTO commitments, initiate multilateral, regional, and bilateral trade negotiations, and encourage fair competition and consumer protection in domestic markets. Aside from providing support to the MOIT, the MUTRAP III project also increases stakeholders' capacity to contribute high quality inputs into the trade policy development process, while also enhancing the MOIT's ability to cooperate with these stakeholders.

9.10.5 International Economic Integration

Vietnam recognizes international economic integration as one of the important drivers for its institutional improvement, economic growth, and development. In January 2016, the government approved an Overall Strategy for International Integration with the objectives of international integration taking "full advantage of favorable global condition to soon turn Vietnam into a modern-oriented industrialized country", and to improve "people's living standards". Integration of ASEAN has been a critical first step toward international economic integration.

Inter-ministerial Steering Committee on International Economic Integration (ESC) is the inter-sectoral coordination mechanism in Vietnam for policy formulation and economic cooperation and is chaired by the Deputy Prime Minister. It holds regular and extraordinary meetings; whose participants include senior officials from all ministries and selected agencies. It also produces periodical reports. The Secretariat of the ESC is housed in the MOIT.

9.10.6 Implementing programs in a whole-of-society and results-oriented manner

The involvement of creative techniques to enhance collaboration between key stakeholders in development programs is another essential characteristic of Malaysia's development planning system. While Malaysian government-to-government (G2G) communication has been strong for some time, current attempts have broadened collaboration outside the government.

The government successfully collaborated with the private sector and civil society to formulate the two transformational programs, the Government Transformation Program (GTP) and the Economic Transformation Program (ETP), with collaborative efforts stretched beyond mere consultation or one-way communication from the government. This realization of a "whole of society" approach to solving critical development issues is a useful collaborative paradigm for accelerating trade.

9.11 Lessons for Bangladesh

Despite achieving significant strides in various sectors, Bangladesh seems to fall weak in certain sectors. Their contribution of agriculture, forestry and fisheries to GDP declined from 13.8 percent in 2017-18 to 12.6 percent in 2019-20, and roughly 38 percent of rural households' labors rely on agriculture for income which indicates Bangladesh's labor force's dependency on agriculture is greater and gradual degradation of natural resources would hamper employment in rural areas. It's tourism sector also seems to lag with meager earnings and stagnant growth.

As we have seen that in most cases Bangladesh has performed poorly, and initiatives can be taken to address them:

- **Crisis Management:** As a matter of strategy, international cooperation and trade openness may be considered as an essential center-piece of effective crisis management like COVID-19. It is also important to enhance resilience and economic activity to re-energize the economy. Bangladesh may strengthen the possibilities created by the pandemic not just for specialized ICT products and services, but also for the digitization of existing enterprises.
- **Graduating with Momentum:** Bangladesh may prepare for smooth graduation to a developing country as well as an MIC so that this achievement can be consolidated, sustained and translated into the development and welfare of its citizens. With a view to ensuring a smooth and sustainable development prospect, a robust "LDC Transition Strategy" covering a five-year period may be drawn up to facilitate a smooth graduation journey with significant momentum into a sustainable future.
- **Ensure skilled workers**: The country has people (cheap labor), water resources, and mineral resources (coal, gas, and oil), and if adequately organized, its massive but homogeneous and robust population can make use of the new information technology and generate a pool of skilled labor. The government and private sector should put more emphasis on reskilling and upskilling the workforce to phase out the challenges of 4IR.
- **Policy Framework**: Bangladesh may invigorate a favorable policy environment and ensure structural transformation for financing as well as direct foreign investment including competition policies that incorporate worldwide best practices resulting in

fostered economic growth, technological advancement and an increase in per capita income.

- **High-Quality Development of Trade:** Bangladesh may promote high-quality trade development through innovation in science and technology, improved trade structure, paperless trade, etc. A specific policy instrument may be issued following the example of China to realize the high-quality development of trade.
- **National Industry Development:** A longer term plan on industrial planning and development may be formulated, as has been done by the Indonesian government, aiming to increase market access for local industry products. It will help to create a sound and deep industrial structure that is globally competitive, innovative and has technology bases, consolidate production networks, and also increase exports of domestic industrial products.
- **Improve Banking Sector Performance:** The banking sector could use a robust internal risk rating process and try to put all low-rated loans on declining exposure. They could also redesign the operating model of the bank and ensure client profiling, reducing the Non-Performing Loan (NPL) rate and updating the Bank ownership law for easier access to finance of MSME.
- **Policy Packages:** In order to improve the investment climate, increase competitiveness, and accelerate infrastructure development, appropriate policy packages may be introduced involving tax holiday program as well as tax benefits; availability of single stakeholder information data; creating broad-based database of importers and exporters; simplification of import and export procedures and declaration forms, and their integration to improve user efficiency and supervision effectiveness. Actions on making the online single window system operational are needed to be expedited.
- **Comprehensive Trade Policy:** In view of the emerging domestic, regional and global challenges and opportunities, Bangladesh may formulate a comprehensive trade policy covering all aspects of international trade to govern trade. By this way, it can avail the benefits of international technological spillovers and secure access to a greater range of goods and services. Further, such a policy will improve diversity in production, quality and standard of products and application of modern technologies.
- **Paperless Trade Facilitation System:** For the purpose of making trade even more inclusive and supportive of sustainable development, Bangladesh may introduce trade digitalization by implementing innovative technology-driven measures to enable seamless electronic exchange and legal recognition of trade-related data and documents across borders. The government's attempts to facilitate and digitalize trade procedures will surely help to reduce trade costs and improve its competitiveness.
- **Diversification of exports:** Learning from Vietnam, Bangladesh could try broadening its narrow manufacturing base while also diversifying exports. Export basket and export destinations in Bangladesh are highly concentrated, which exposes the country to a number of external shocks. Vietnam's exports are diversified enough to include electronic goods, agricultural products, footwear, etc., and this also helps them to gain market share in the USA.

- **Improving business environment:** Bangladesh would be graduating from an LDC, and so the country may improve its business and investment climate. Easy access to electricity connection, credit facility, ability to protect minor investors, etc. are vital to encourage more businesses to be set up and investors to invest.
- **Removing foreign trade and investment barriers:** Tariffs disproportionately affect low-income consumers and reduce export competitiveness, affecting the overall trade competitiveness for Bangladesh. A further reduction in trade tariffs will benefit the country even in the absence of a trade deal after graduating from LDC while reducing anti export biasness for domestic investor need to be ensured
- **International Economic Integration:** Bangladesh may promote economic integration, regional and international, following the example of Vietnam, with neighboring countries as well as at the regional level through the reduction or elimination of trade barriers and the coordination of monetary and fiscal policies. It may lead to a reduction in the cost of trade, improve availability of goods and services, and gains in efficiency that lead to greater purchasing power. The European Union, for example, represents a complete economic integration.
- **Connect domestic firms to Global Value Chains (GVC):** Participating in global value chains can help Bangladesh become more competitive and, as a result, improve its current account balance. The competitiveness of an economy may improve as a result of switching imported intermediate goods for domestically produced intermediate goods. Moreover, increased competitiveness also increases the economy's exports and revenue[106].
- **Trade Policy Department:** Taking the example of Vietnam, a specialized organization may be installed within the jurisdiction of the MoC as a policy support think-tank to advise and assist the Ministry in the management of trade. The organization may be responsible for dealing with various cooperation framework and other international economic and trade organizations and negotiating international treaties on trade. It is advisable that the WTO Cell may be elevated to a technology-based full-fledged Department to serve the purpose.
- **Boost in technology and electronics:** In order to achieve government's Vision 2041 to turn Bangladesh into a developed country, boosting hi-tech industries and domestic technologies are vital. Furthermore, Infrastructure development in Hi-Tech Parks needs to keep up for attracting investments, which would also increase foreign direct investments (FDI).
- **Robust trade policy for economic recovery:** While Bangladesh's economy has shown its capacity to grow at 7-8 percent per year on average, historical and cross-country research shows that such high rates can only be sustained by leveraging the large global economy through more trade integration. Bangladesh needs a proper trade policy to rationalize protective tariffs to the point where relative incentives for exports and

[106]https://www.ecb.europa.eu/pub/pdf/other/eb201702_article01.en.pdf

domestic sales are balanced and profitable - which would be possible through tariff rationalization.

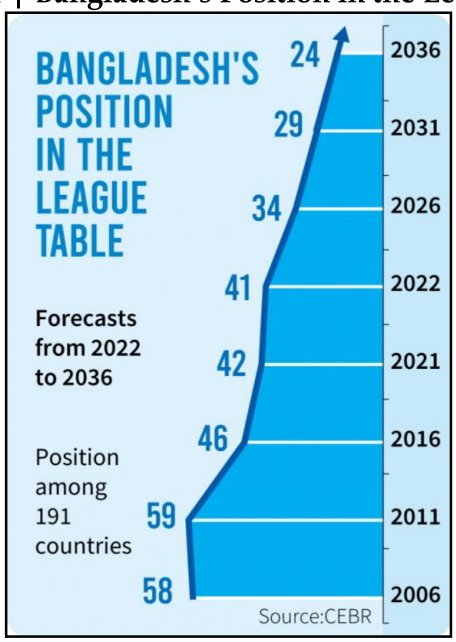
- **Whole of Society Approach:** To enhance collaboration between key stakeholders in the policy making process involving the private sector, civil society and general public as a whole, broad-based public consultation procedures may be introduced. It will demonstrate a collaborative effort stretched beyond mere consultation or one-way communication from the government.

Chapter X
Conclusions and Recommendations

10.1 Concluding Remarks and way forward

Bangladesh has made tremendous strides in various sectors that have led to remarkable development, particularly in the last decade. According to the World Economic League Table 2022 (WELT 2022) report published by the Centre for Economics and Business Research (CEBR), one of the UK's leading economics consultancies, Bangladesh has been among the world's fastest growing economies over the last decade (**Figure 10.1**) and is forecasted to rise to become the 24th largest economy in 2036 from the 42nd position in 2021. It has already achieved lower-middle-income country status in 2015 and is on its pathway to graduate from an LDC by 2026. After graduation, Bangladesh will lose its preferential market access (PMA) facilities enjoyed by LDCs. This also includes Duty and Quota-free market access, which will be over in the EU market by 2031. Along with the PMA, Bangladesh is likely to face issues regarding Special and Differential (S&D) treatment privileges in WTO, and the unavailability of concessional loans. All these would more likely adversely affect the expansion of exports and actionable steps are necessary to boost the trade scenario in the country. As such, Bangladesh requires a comprehensive trade policy to combat the trade barriers and step into the dynamics of globalization.

Figure 10.1 | Bangladesh's Position in the League Table



Source: Centre for Economics and Business Research

The report highlighted the key issues following the LDC graduation and compared the international trade practices of 6 different countries, namely China, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam. It begins with stocktaking of Bangladesh's trading scenario, followed by country comparison with regards to policy mechanisms in tariff, specific policy comparison for various sectors, economic comparison and issues, and the good practices of different countries. It has been seen that Bangladesh and its competing countries pursued wide-ranging trade-related and investment policies, mainly focused on export-led growth. They are participants in different RTA initiatives, committed to the multilateral trading system, and improved their WTO commitments by ratifying the Trade Facilitation Agreement (TFA). With the upcoming dual graduation, Bangladesh requires in acquiring a seal of global approval regarding its development achievements. This would act as an impetus for smooth graduation and focus greatly on designing and implementing a comprehensive graduation strategy.

Business climate and competitiveness in respective countries play a vital role in facilitating trade and removing impediments to trade. Bangladesh should take notes from neighboring countries like Vietnam and Indonesia and opt for a more diverse export basket and strategies for trade liberalization. Furthermore, Bangladesh lags behind in technological advancement and business environment that requires proper attention and addresses them in policy formulation. Similar to Malaysia and Vietnam, Bangladesh can also achieve the remarkable trade environment by ensuring to reduce trade cost and improve overall trade competitiveness, by, for example, introducing paperless trade facilitation system. Nevertheless, Bangladesh's export performance, record high remittance collection, and private sector resilience have all supported the country's economic progress and aided in combatting the economic fallout during the pandemic.

Among the good practices of various countries, Vietnam's multilateral trade policy department and international economic integration exhibited great success for the country as the former supported in initiating multilateral, regional, and bilateral trade negotiations, and quality inputs into the trade policy development process while the latter acted as one of the important drivers for its institutional improvement, economic growth, and development. Bangladesh could take lesson from these good practices and implement them, also ensuring a whole-of-society approach, similar to Malaysia. Furthermore, along with export diversification, the country also needs to connect domestic firms to Global Value Chains (GVC) and remove foreign trade and investment barriers by reducing anti export biasness and ensure to enhance more trade deals. Lastly, a robust trade policy is imperative for economic recovery which is inclusive of tariff rationalization and incentives for exports.

The report presents a regulatory policy agenda that intends to improve the regulatory environment in trade facilitation, export promotion, and industrial development. It has demonstrated that Bangladesh has developed a robust policy and regulatory framework for international trade, although it requires further improvement. Nevertheless, these are manifest in the successes and opportunities for trade expansion, such as strengthened trade policies; reduction or elimination of various tariff and non-tariff trade barriers; and underutilized tools for export expansion. The efficient functioning of trade facilitation systems represents a significant future challenge to achieve the desired advancement in the field of trade, as well as an opportunity for leveraging national advantages in global markets.

10.2 Recommended Actions

This section outlines the recommendations to streamline the system, facilitate its necessary improvement and enhance efficient operation to promote trade expansion, with the objective that it functions well and is effective at meeting national interests. The recommendations include suggested changes in public policies, as well as to position the trade policy initiatives to support international trade and economic advancement. The recommendations focus on proactive efforts to enhance present and future export opportunities. Finally, recommendations are also made to strengthen the nation's capacity to acquire, analyze, and disseminate critical information about international trade. Based on the aforementioned issues and analyses in this report, the suggested recommendations are presented in the following **Table 10.1** for consideration of the authorities concerned.

TABLE 10.1 | Recommended Actions

Sl. No.	Objectives	Actions
A. Policy Landscape		
1	To foster economic growth, technological advancement and an increase in per capita income.	• Invigorate a favorable policy environment and ensure structural transformation for financing as well as foreign investment, including competition policies that incorporate worldwide best practices.
2	Reap the benefits of international technological spillovers and secure access to a greater range of goods and services. Also improve diversity in production, quality and standard of products and application of modern technologies.	• Formulate a comprehensive trade policy covering all aspects of international trade to govern Bangladesh's trade. • Allow joint venture featuring the technology transfer and skill development.
3	Ensure continuity and proper guidance for trade and trade-related policy formulation and objectives.	• Prepare longer term and wide-ranging strategies and plans. • Continuation of policy for a long enough period of time to reduce policy uncertainty.
4	Sustain economic growth by leveraging the large global economy through more trade integration.	• Establish a proper trade policy to rationalize protective tariffs to the point where relative incentives for exports and domestic sales are balanced and profitable. • Remove the anti-export bias in the trade policy and tariff schedule. To begin with, this may start with reduction of import tariffs on raw materials and intermediate products.
5	Demonstrate a collaborative effort stretched beyond mere consultation or one-way communication from the government.	• Introduce broad-based public consultation procedures to enhance collaboration between key stakeholders in the policy-making process involving the private sector, civil society and general public as a whole.
6	Facilitate political involvement in the policymaking process to obtain a general consensus.	• Organize discussions on the draft policies and legislation in political forums.

Sl. No.	Objectives	Actions
7	Continue liberalization of exchange-rate as a foundation for, and greater openness i trade.	• It is desirable that the present flexible exchange rate policy may continue.
8	Promote better coordination of efforts in formulation, review and revision of trade policies	• Ensure proper coordination among different agencies of the government in trade policy making, trade facilitation and global integration.
B. LDC Graduation		
9	Ensure smooth graduation to a developing country as well as an MIC status so that this achievement may be consolidated, sustained and translated into the development and welfare of its citizens.	• Prepare a robust "LDC Transition Strategy" covering a five-year period to facilitate a smooth graduation journey with significant momentum into a sustainable future. • Ensure that a Request be made to the proper authorities for a "smooth transition period" to facilitate smooth transition in view of the crisis situation created by COVID-19 pandemic. • Secure technical assistance from UNCTAD, or any other international organization may be requested for and obtained
C. Export Diversification		
10	Due expansion of export trade for achieving export-led growth.	• Ensure export-led growth through export product specialization. • Promote value added product manufacturing for export. • Upgrade, on a very urgent basis, the capacity for effluent treatment capacity in leather factories, whether in clusters or as larger leather estates, for enabling such factories to join LWG so leather goods exports may increase manifold. • Ensure all-round policy support to development of the light engineering and plastic sector. • Ensure policy support to setting up of man-made fiber factories of all kinds to cater to high end garments production. • Provide incentive as per value addition and provide fiscal support for research & innovation • Revitalize the jute industry for expansion of exports, strengthen the agriculture sector • Mobilize resources that have prospects for exports, aiming for a structural transformation of the economy.
11	Broaden the narrow manufacturing base diversifying exports.	• Diversify exports to include electronic goods, agricultural products, jute goods, tea, seafood, leather, footwear, etc. • Make Special Economic Zones (SEZ) focused on developments in business technology and infrastructure and ensure that all SEZs have adequate technical skills.

Sl. No.	Objectives	Actions
		• Explore the opportunities of One District One Product (ODOP) approach promoted by EPB and take steps to facilitate product promoting and country branding.
12	Diversify the export portfolio of the country	• Follow the footprints of China's aggressive policy for export diversification, market expansion and upgrading the quality of domestic products. • Identify the potential exportable markets/products for export diversification through proper market analysis. • Install Made in Bangladesh web link for all the exporters like India, China, and Thailand.
13	Have certified standard products in the potential sectors	• Establish an internationally accredited lab for testing potential products
14	Addressing constraint at, behind and beyond the borders	• Reduce the tariff and non-tariff barriers at the borders to encourage trade and improve customs facilitation; • Emphasize on regulating the supply chain issues and needed support incentives for export diversification; • Improve infrastructure and trade related institutions to facilitate in expanding exports to respond to increased regional and global market demands.
D.	**Trading Environment**	
15	Making trade more inclusive and supportive of sustainable development, to reduce trade costs and improve competitiveness.	• Introduce trade digitalization by implementing innovative technology-driven measures to enable seamless electronic exchange and legal recognition of trade-related data and documents across borders. • Ensure full automation in trade licensing, RJSC, CCIEN and Tax & VAT payment and return system.
16	Improve import competitiveness, and the overall trade competitiveness.	• A further reduction in trade tariffs commensurate with the levels set by the WTO may be considered. The expected loss in revenue collection may be greatly compensated for by strengthened collection of VAT and direct taxes. Anti-corruption measures should be dispassionately taken recourse to in order for leakages to be minimized. • Ease other non-tariff barriers to enhance trade among the exporting and importing partner countries. • Adopt product-specific and market-specific strategies for export and import, and put emphasize on exports of ICT, medicine, agriculture, and electronics products.
17	Encourage more businesses to be set up and investors to invest.	• Improve business and investment environment through easy access to essential services, credit facility, ability to protect minor investors, etc. • Ensure transparency, tax relaxation, and utility facility development to enhance business climate in Bangladesh.
18	Build a strong system of inter-agency coordination both in-country and with the trading partners	• Ensure efficient and effective coordination among all relevant government agencies and authorities. • Foster good collaboration between the public and private sectors.

Sl. No.	Objectives	Actions
		• Facilitate proper coordination with the trading partners across borders to enhance international trade and transport.
E. Simplification of Procedures		
19	Verification of importers and exporters, and submission of electronic data.	• The taxpayer identification number (TIN) may be accepted as the means for the purpose of verification. • The traders may be allowed to submit e-data and e-declarations specified by the Customs Department.
21	Facilitate automation of processes relating to trade.	• Introduce automation of different procedures relating to export and import trade. • Promulgate E-commerce Act.
21	Introduce single window system.	• Expedite actions on making the online single window system operational to ensure all trade related support for the exporters and importers.
22	Provide one-stop-service to the importers and exporters to reduce costs and improve business environment.	• Activate One Stop Service under the One Stop Service (OSS) Act, 2018, to provide all sorts of support needed for trade and investment and to make it easier to establish and run enterprises.
F. Trade Agreements		
23	Intensify negotiations to sign more FTAs, PTAs, and comprehensive economic partnership agreements (CEPAs).	• Adopt pro-active policy for bilateral, regional and multilateral arrangements. • Step up to sign further FTAs, PTAs and CEPAs to mitigate the effects of any obstacles that may arise as a result of the country's advancement to a higher socio-economic status.
24	Provide necessary guidance to ensure effective trade negotiations.	• Establish a policy level committee to provide guidance to the negotiating team through formulating and determining the country's negotiating position. • Form a national team of legal and trade experts for long-term negotiations and arrange for their training by national and international experts to enhance their skills.
G. Tariff Liberalization		
25	Ensure reforming tariff structure to make it business-friendly.	• Prepare for gradual tariff liberalizations. • Reduce the import tariff rate and opt for preferential tariff rates to facilitate future PTAs and other agreements
26	Focus on environment-friendly development of trade.	• Emphasize on the green economy to facilitate green financing for industry and innovation. • Formulate a tariff policy to provide long time guidance.
H. Logistics Development		
27	Invest in logistics development	• Plan to invest in a logistics system that facilitates trade and reduces the cost of doing business. • Improve the shipping capacity for domestic logistic companies and port authorities to export.

Sl. No.	Objectives	Actions
28	Achieve government's Vision 2041 to turn Bangladesh into a developed country, by adoption of technology.	• Boost hi-tech industries and domestic technologies. • Develop infrastructure in Hi-Tech Parks for attracting investments, which would also increase foreign direct investments (FDI).
I.	**Digital industrialization**	
29	Create a sound and deep industrial structure that is globally competitive, innovative and has technology bases, consolidate production networks, and also increase exports of domestic industrial products.	• Formulate a longer-term plan on industrial planning and development aimed at protecting and increasing market access for local industry products. • Revamp the digital industry by capturing the data and develop the digital skills to process the same.
30	Realize the high-quality development of trade.	• Promote high-quality trade development through innovation in science and technology, improved trade structure, etc. • Develop cloud computing, AI, robotics and other data infrastructure and incorporate these digital components in the production process for technological advancement.
31	Reduce cost of trade, improve availability of goods and services, and gains in efficiency leading to greater purchasing power.	• Promote economic integration with neighboring countries as well as at the regional level through the reduction or elimination of trade barriers and the coordination of monetary and fiscal policies.
32	Increase competitiveness of the economy to improve exports and revenue.	• Facilitate participation of local firms in global value chains to become more competitive. • Revamp trade policies (improving tariff structure, reducing lengthy customs procedures) along with boosting technological advancement and reducing cost of setting up foreign firms.
J.	**Investment Climate**	
32	Create a congenial environment for attracting greater amount of FDIs	• Formulate a dedicated law targeting more foreign direct investments.
33	Encourage investment in high-tech industries, energy conservation and environmental protection industries.	• Introduce a system of granting pre-establishment national treatment (i.e., no approval required at the time of establishment) to foreign investment in activities not included in a negative list. • Make tariff concessions and other policies such as boosting trade openness effective enough to ensure that it can attract enough foreign direct investment.
34	Improve the investment climate, increase competitiveness, and accelerate infrastructure development.	• Introduce policy packages to improve investment climate. • Establish a stable/conducive business environment friendly to embrace the new technologies and business model.
K.	**Research and Development (R & D)**	
35	Promote R&D activities in the field of international trade.	• More extensive research and training to increase productivity.

Sl. No.	Objectives	Actions
		• Provide incentives on Research and Development (R & D) to facilitate export and more value-added product along with market diversification. • Enhance R&D financing by the government. • Promote public-private partnership.
36	Reduce duties on R&D materials for the preparation of the 4IR.	• Consider reduction of duties on research and innovation equipment.
L. Governance Issues		
37	Create proper organizational structure to efficiently deal with issues related to international Trade.	• Establish a specialized Department under the MoC as a policy support think-tank to advise and assist the Ministry in the management of trade. • The organization may be responsible for dealing with various cooperation framework and other international economic and trade organizations, and negotiating international treaties on trade. • The WTO Cell may be elevated to a technology-based full-fledged Department to serve the purpose.
38	Achieve necessary development of human resources to cope with the technological advancement.	• The human resources may be adequately organized to make use of the new information technology and thus generate a pool of skilled labor. • Facilitate Vocational Education and stipend for the students of Vocational Education
39	Assess impacts of the regulatory instruments to identify and streamline burdensome regulations and remove possible burdens, if any.	• Administer Regulatory Impact Assessments (RIA) aimed at simplifying laws and regulations, shortening the required procedures, minimizing the cost to both the Government and private sector, and improving the business environment.
40	Make necessary information available to the investors and general people.	• Ensure that the websites of the relevant ministries and agencies contain crucial information in English.
M. Crisis Management		
41	Prepare trade policy adequately to address any crisis situation like COVID-19.	• Ensure a meaningful economic recovery, and preserve and enhance the conditions for robust, resilient and broad economic growth. • Bangladesh may turn the COVID-19 challenges into opportunities to stimulate appropriate reforms. • Foster international cooperation and trade openness considered as the essential center-pieces of effective crisis management like COVID-19. • Enhance resilience and economic activity to re-energize the economy. • Strengthen the possibilities created by the pandemic not only for specialized ICT products and services, but also for the digitization of existing enterprises, public or private.
42	Adopt preparatory measures for any future emergency situation.	• Develop a specific business model for an emergency. • Rethink a tariff policy reform strategy to be adopted for a special case like COVID-19.

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Appendix 1

Terms of Reference (ToR) of the Study

- **Study 1: Comparative analysis of trade policies of Bangladesh and its competing Countries, particularly India, Vietnam, Sri Lanka, Cambodia, China and Indonesia.**

Bangladesh attaches great importance to trade as an engine of growth. Importance of trade in its economy is progressively increasing and trade has been directly contributing to over-all development of the country. Trade is not only increasing business activities, it is also:

- generating employment opportunities for millions
- attracting foreign investment
- creating opportunities for international exposures of our businessmen and entrepreneurs

In the past, Bangladesh needed to adopt a controlled trade regime particularly for scarcity of foreign currency. Afterwards, Government started liberalizing its economy as well as trading system keeping consistency with the global system under GATT. Given highest priority to trade, Government facilitates exports and at the same time encourages uninterrupted imports of food & essential items, raw materials and capital machineries. A number of short, medium and long-term policies, rules, regulations, acts and orders are in operation in Bangladesh to regulate the country's international trade. In general, different trade related activities have been carried out under the common understanding between different ministries and departments as per rules and regulations. Besides, a number of bilateral, regional and international agreements, standards and norms regulate the legal and policy regime in relation to the country's cross-border trade management, promotions and services.

In the recent period, Bangladesh is commended for implementing several national policies, including Vision 2021 and 2041, the National Industrial Policy 2016, the Export Policy 2018-21, and for its efforts in areas of regulatory reform, taxation and improving its business environment, including the One-Stop Shop Act, 2018 (OSS) and promoting trade facilitation. However, in order to keep the growth momentum and address post-LDC graduation challenges, Bangladesh would have to engage further in ongoing trade policy reforms. This would enhance the diversification of Bangladesh's economy and the competitiveness of its industries, as well as improve its business environment and fiscal conditions.

Key trade related policies in Bangladesh are:

- Export Policy 2018-21
- Import Policy Order 2018-19
- FTA Policy Guidelines 2010
- National Digital commerce policy 2018
- Leather and leather Goods policy 2019
- Industrial Policy
- Foreign Exchange Policy
- Competition policy 2012
- Investment Policy (Foreign Investment and Promotion Act 1980)
- Custom Act (Tariff Policy)
- ICT Policy

Principal ministries and agencies involved in the process are:

- Ministry of Commerce
- Finance Division
- Ministry of Agriculture,
- Ministry of Health and Family Welfare
- the Ministry of Fisheries
- Bangladesh Trade and Tariff Commission
- Bangladesh Bank
- the Bangladesh Food Safety Authority/Ministry of Food
- BSTI/Ministry of Industries remain responsible for TBT measures
- Ministry of Agriculture responsible for SPS measures

Export Policy of Bangladesh acts as guiding principle for formulating export strategies to achieve export targets. Export policy for every 3 years. Export Policy 2018-21 has already been notified in Bangladesh gazette. The main objectives of Export policy are to accelerated and sustainable export growth, taking target oriented steps to raise export earnings to US$ 60 billion by 2021, export product diversification including through new exportable product into export basket, export diversification within the product such as developing various trend/design/fashion in the same product, maintaining and expanding existing markets and penetrate into new markets, Capacity building of exporters for maintaining compliance and boosting export competitiveness through various policy supports . On the other hand the main objectives of the Import Policy are to facilitating import of capital machinery and industrial raw materials, ensuring availability of goods to the consumers at a reasonable price, ensuring growth of the indigenous industry and safeguarding consumer interests and health through proper standard and other conditions.

Bangladesh trade sector has been facing many constraints and challenges. These include, among others, cost of doing business is comparatively high, narrow export basket, dependence on a very few markets, lack of supply-side capacity, poor infrastructure, lack of appropriate compliant capability, weak institutional and human capacity, difficulties in implementation of relevant policies, rules and regulations originating from their non-binding nature (e.g. Export Policy, Industrial Policy); lack of coordination and interlink-age between relevant policies and agencies to address interwoven aspects of export and import; rooms for discrepancies, difference of priorities and/or focus; weaknesses in the use of trade policy tools for the development of domestic market-oriented and import-substituting industries; lack of transparency, awareness, knowledge, expertise and experience of relevant regulatory frameworks or being part of FTAs; and lack of initiatives towards strengthening institutional capacities in the areas of trade diplomacy and trade-promoting bodies.

While Bangladesh's initial trade reforms focused mostly on trade liberalization, the reduction of import duties, the rationalization of tariffs, the promotion of exports, and removal of visible trade barriers, it has become clear that Bangladesh would have to take significant strides to carve a more pronounced place for itself in the global trade community. It is thus of great essence that export, import, customs related comprehensive Trade Policy is required specifically addressing unique issues related to better coordination among various components of the different trade related policies are also important to pursue strategic business expansion effectively and that various policy instruments are deployed in light with the good practices carried out the different neighbouring countries as well as the strategic partners.

The Trade Policy Review/Policy Paper Preparation activities of different competing countries are proposed to provide policy feedback to the government for advancing the concept of cooperation in trade, transport and transit facilitation of Bangladesh. These will also promote policy advocacy for issues related to traders, and facilitate policy coherence between national development priorities and international obligations on trade facilitation. Given the scenario this study has the following objectives to understand the current status of the trade policies of Bangladesh as well as finding from the different country perspectives and good practices, ways to create an enabling environment, particularly focus is needed on harmonizing export, import and customs related policies with different potential trade partners and standards and guidelines developed at the global levels:

1. What is the current status of the Bangladesh Trade Policy development in the light of the 5th Trade Policy Review ;

2. What are the international good practices utilized by the different countries to facilitate better trade policy instruments with a view to expand trade and development ; Good practices should reflect applicable comprehensive policy guidelines for the promotion of trade
3. Against that good practice template, it includes :

3.1. Comparative analysis of trade policies of Bangladesh and its competing countries, particularly India, Vietnam, Sri Lanka , Cambodia, China and Indonesia

3.2. How is the intra-agency Trade Policy coordination mechanism in different trade management ministries /agencies?

3.3. What agency is authorized for trade negotiations and under which ministry/authority

3.4 .Bangladesh continues to lack a comprehensive trade policy (CTP). The 7th FYP entrusted the MOC with developing a CTP. Provide recommendations to establish an effective and efficient coordinated Comprehensive Trade Policy (including identification of leading organization and capacity building needs) in Bangladesh.

4. What the policies of LDC graduating Countries?
5. What are the FTA Policies of the Countries and their good practices?
6. Trade Policy under Post Graduation and COVID-19 situation

Appendix 2
Meeting Minutes

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
ডব্লিউটিও সেল
বাণিজ্য মন্ত্রণালয়
বাংলাদেশ সচিবালয়, ঢাকা

বিষয়ঃ বাণিজ্য মন্ত্রণালয়ধীন বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প -১ এর আওতায় নিয়োজিত প্রতিষ্ঠান বিএফটিআই কর্তৃক বাস্তবায়িত **"Selection of Consulting/Research Firm (National) for Conducting 03 Studies suggested by NTFC"-এর চলমান কার্যক্রমের অগ্রগতি পর্যালোচনা সভার কার্যবিবরণী।**

সভার তারিখ	: ২৮ সেপ্টেম্বর, ২০২১ খ্রিস্টাব্দ
সভার স্থান	: মহাপরিচালক, ডব্লিউটিও সেল, বাণিজ্য মন্ত্রণালয় এর অফিস কক্ষ।
সভাপতি	: জনাব মোঃ হাফিজুর রহমান মহাপরিচালক (অতিরিক্ত সচিব), ডব্লিউটিও সেল, বাণিজ্য মন্ত্রণালয়।
অংশগ্রহণকারী	: অংশগ্রহণকারীদের তালিকা **পরিশিষ্ট 'ক'।**

২.০ উপস্থিত সকলকে স্বাগত জানিয়ে সভাপতি সভার কার্যক্রম শুরু করেন।

২.০১ সভাপতির অনুমতিক্রমে সভায় "Selection of Consulting/Research Firm (National) for Conducting 03 Studies suggested by NTFC" এর কার্যক্রমের অগ্রগতি BFTI এর পক্ষে জনাব আলী আহমেদ, টীম লিডার কর্তৃক উপস্থাপন করা হয়। তিনি জানান যে, অতিশীঘ্রই তথ্য সংগ্রহকারী নিয়োগপূর্বক তাদের প্রশিক্ষণ শেষে Pre-testing-এর পর তথ্য সংগ্রহ করা হবে। অত:পর FGD, KII এবং পাবলিক কনসালটেশন সম্পন্ন করে প্রাপ্ত তথ্য বিশ্লেষণপূর্বক ০৩টি স্টাডির প্রতিবেদন সম্পন্ন করা হবে।

৩.০ অত:পর বিস্তারিত আলোচনায় জনাব মো: আবদুর রহিম খান, যুগ্ম সচিব (রপ্তানি-২ অধিশাখা), বাণিজ্য মন্ত্রণালয়, প্রকল্প পরিচালক, বিআরসিপি-১; জনাব মো: মুনীর চৌধুরী, ন্যাশনাল ট্রেড এক্সপার্ট, বিআরসিপি-১, এবং BFTI এর টীম লিডার সহ অন্যান্য উপস্থিত কর্মকর্তাগণ অংশগ্রহণ করেন।

৪.০ বিস্তারিত আলোচনা শেষে সভায় নিম্নরুপ সিদ্ধান্ত গৃহীত হয়:

ক) **Study-1**: Conduct a comparative analysis of trade policies of Bangladesh and its major trade competitors, namely India, Vietnam, Sri Lanka, Cambodia, China and Indonesia এর ক্ষেত্রে পি এস সি সভার সিদ্ধান্তের সাথে সামঞ্জস্য রেখে এবং মন্ত্রণালয়ের অন্যান্য কাজের সাথে দ্বৈততা বর্জনের নিমিত্তে মূল কর্ম-পরিধি ঠিক রেখে স্টাডি-১ এ India, Vietnam, Sri Lanka, Cambodia, China and Indonesia পরিবর্তে Vietnam, Malaysia, Sri Lanka, Thailand, China and Indonesia এর উপর স্টাডি সম্পন্ন করতে হবে।

খ) **Study-2**: Identification of potential countries for signing free trade agreement-এর ক্ষেত্রে সিদ্ধান্তসমূহ নিম্নরুপঃ

i) এফটিএ করার জন্য সম্ভাব্য দেশগুলো নির্বাচনে/মুল্যায়নে একটি সুনির্দিষ্ট মূল্যায়ন ছক (Evaluation Matrix) প্রণয়নপূর্বক উক্ত ছকে এফটিএ-এর সাথে সংশ্লিষ্ট গুরুত্বপূর্ণ বিষয়াবলী থাকতে হবে।

ii) সম্ভাব্য দেশগুলো নির্বাচনে/মুল্যায়নে বাংলাদেশের সামগ্রিক অর্থনৈতিক সুবিধার Quantitative Analysis-এর পাশাপাশি Tariff Revenue ও Overall Trade-এর উপর এফটিএ'র সম্ভাব্য প্রভাব মূল্যায়ন করতে হবে।

iii) বাংলাদেশি পণ্যের Market Access যাচাই করার জন্য সম্ভাব্য দেশগুলোতে বাংলাদেশি পণ্যের রপ্তানিতে বর্তমানে বিরাজমান/আরোপিত পলিসিগত ও সামগ্রিক Non-Tariff Measures-এর তালিকা প্রস্তুত করতে হবে। এক্ষেত্রে UNCTAD, ITC Market Access Tools ও অন্যান্য নির্ভরযোগ্য ডাটাবেস ব্যবহার করা যেতে পারে।

গ) **Study 3**: Review and Reforming The Bangladesh Land Port Authority Act 2001 এর কর্ম-পরিধি অপরিবর্তিত থাকবে। তবে, এক্ষেত্রে Comprehensive Trade policy, export policy order, paperless trade এসব বিষয় গবেষণার অন্তর্ভুক্ত করতে হবে।

৪.১ FGD এবং KII-সহ সকল কার্যক্রম সম্পন্নের পূর্বে প্রকল্প দপ্তরকে অবহিত করতে হবে;
৪.২ সার্বিক কার্যক্রমের সংশোধিত পরিকল্পনা প্রকল্প দপ্তরে দাখিল এবং পরিকল্পনা মোতাবেক সকল কার্যাদি যথাসময়ে সম্পন্ন করতে হবে।

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০৫. সভায় আর কোন আলোচনা না থাকায় সভাপতি উপস্থিত সবাইকে ধন্যবাদ জানিয়ে সভার সমাপ্তি ঘোষণা করেন।

(মোঃ হাফিজুর রহমান)
মহাপরিচালক (অতিরিক্ত সচিব)
ডব্লিউটিও সেল
বাণিজ্য মন্ত্রণালয়।

স্মারক নং-২৬.০০.০০০০.১৩৫.১৪.০০২.১৮-৮৮ তারিখ: ২৭/১০/২০২১

বিতরণ (জ্যেষ্ঠতার ভিত্তিতে নয়):

১। সিইও, বাংলাদেশ ফরেন ট্রেড ইনস্টিটিউট, টিসিবি ভবন, ১ কাওরান বাজার, ঢাকা।
২। জনাব মো: আবদুর রহিম খান, যুগ্ম সচিব (রপ্তানি-২ অধিশাখা), বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা-১০০০।
৩। জনাব মো: মিজানুর রহমান, প্রকল্প পরিচালক (যুগ্ম সচিব), বিআরসিপি-১, বাণিজ্য মন্ত্রণালয়।
৪। জনাব মো: মুনীর চৌধুরী, ন্যাশনাল ট্রেড এক্সপার্ট, বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১, প্রবাসী কল্যাণ ভবন, ইস্কাটন গার্ডেন, ঢাকা।
৫। জনাব আলী আহমেদ, টিম লিডার, Conducting 03 Studies suggested by NTTFC, বাংলাদেশ ফরেন ট্রেড ইনস্টিটিউট, টিসিবি ভবন, ১ কাওরান বাজার, ঢাকা।
৬। জনাব মো: সাইফুর রহমান, সিনিয়র রিচার্স ফেলো, বাংলাদেশ ফরেন ট্রেড ইনস্টিটিউট, টিসিবি ভবন, ১ কাওরান বাজার, ঢাকা।
৭। জনাব মো: মেজবাহউল ইসলাম, রিচার্স ম্যানেজার, বাংলাদেশ ফরেন ট্রেড ইনস্টিটিউট, টিসিবি ভবন, ১ কাওরান বাজার, ঢাকা।

অনুলিপিঃ

১. সচিব মহোদয়ের একান্ত সচিব, বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা-১০০০।
২. অফিস কপি।

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১
বাণিজ্য মন্ত্রণালয়
প্রবাসী কল্যাণ ভবন
৭১-৭২, ইস্কাটন গার্ডেন রোড, ঢাকা-১০০০।

বিষয়ঃ বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১ এর আওতায় নিয়োজিত প্রতিষ্ঠান Bangladesh Foreign Trade Institute (BFTI)' কর্তৃক দাখিলকৃত Draft Inception Report on "Selection of Consulting/Research Firm (National) for Conducting 03 Studies suggested by NTTFC" এর ওপর পর্যালোচনা এবং সংশোধনপূর্বক চূড়ান্তকরণের লক্ষ্যে অনুষ্ঠিত সভার (ভার্চুয়াল) কার্যবিবরনী।

সভাপতি	: জনাব মোঃ মিজানুর রহমান, প্রকল্প পরিচালক (যুগ্ম সচিব), বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১
সভার তারিখ	: ২৪ জুন, ২০২১ খ্রিষ্টাব্দ, সময়: সকাল- ১১:০০ টা
স্থান	: অনলাইন জুম প্লাটফর্ম
অংশগ্রহনকারী	: অনলাইন জুম প্লাটফর্মে অংশগ্রহণকারীদের তালিকা পরিশিষ্ট 'ক'।

২.০ উপস্থিতি সকলকে স্বাগত জানিয়ে এবং সভার উদ্দেশ্য বর্ণনা করে সভাপতি সভার কার্যক্রম শুরু করেন। তিনি ০৩ স্টাডির সংক্রান্ত বিষয়ে বিস্তারিত লক্ষ্য উদ্দেশ্য এবং কর্মপরিধি সংক্রান্ত বিষয়ে সভায় উল্লেখপূর্বক পরামর্শক প্রতিষ্ঠানের Key Expert-কে তাঁর Presentation উপস্থাপনের জন্য অনুরোধ করেন। ড. এম ফয়জুল কবীর খান তাঁর উপস্থাপনায় নিম্নবর্ণিত ০৩টি স্টাডির সংক্ষেপে পটভূমি, লক্ষ্য ও উদ্দেশ্যে, PCS, FGD, KII এর গবেষণার প্রশ্নমালাসমূহ, ইত্যাদির উপর বিস্তারিত বর্ণনা প্রদান করেন:

Study-1: Comparative analysis of trade policies of Bangladesh and its competing countries, particularly India, Vietnam, Sri Lanka, Cambodia, China and Indonesia.

Study-2: Identification of potential countries for signing Free Trade Agreements.

Study-3: Review and Reforming the "Bangladesh Land Port Authority Act 2001".

আলোচ্য উপস্থাপনায় ০৩ স্টাডির Overall Methodology, Primary and Secondary data রিভিউ এবং এ সংক্রান্ত PCS, FGD এবং KII-তে রেসপনডেন্টদের সংখ্যা ও সংস্থার তালিকা সকলকে অবহিত করা হয়। সভাপতি উপস্থাপনা শেষে সভায় সংযুক্ত বিভিন্ন মন্ত্রণালয়, সংস্থা ও বেসরকারী বাণিজ্য সংগঠনের প্রতিনিধিদের নিকট হতে মতামত আহবান করেন:

৩.০০ প্রতিনিধিদের মতামত:

(ক) বাংলাদেশ উইমেন চেম্বারের প্রতিনিধি, তাঁর বক্তব্যে আলোচ্য স্টাডির ক্ষেত্রে স্বাস্থ্যখাতকে অন্তর্ভুক্তির জন্য অনুরোধ জানান। এ বিষয়ে সভাপতি আলোচ্য স্টাডিতে Covid-19 সংক্রান্ত চ্যালেঞ্জ মোকাবেলাকে অন্তর্ভুক্ত করে ০৩ স্টাডি সম্পন্ন করার বিষয়ে অভিমত ব্যক্ত করেন।

(খ) ট্রেড এন্ড ট্যারিফ কমিশনের প্রতিনিধি তাঁর বক্তব্যে উল্লেখ করেন যে, প্রতিটি FGD-তে Participation এর সংখ্যা ৩০ জন হতে কমিয়ে Standard Format অনুযায়ী ১০/১২ জন সীমাবদ্ধ রাখা যেতে পারে। Study-1 এর ক্ষেত্রে যে সকল Act/Rules এর উল্লেখ আছে তাতে সংশ্লিষ্ট আরও Trade Policy সংক্রান্ত Act/Policy/Rules অন্তর্ভুক্ত করা যেতে পারে। স্টাডির ক্ষেত্রে সার্ভিস সেক্টরকে (IT, Broad Band, Internet) অন্তর্ভুক্ত করা যেতে পারে। FTA এর ক্ষেত্রে Potential Country Selection এর জন্য অন্তত পক্ষে ১টি দেশকে Case Studies হিসেবে অন্তর্ভুক্ত করতে হবে এবং সে মোতাবেক প্রশ্নমালা সাজাতে হবে। এক্ষেত্রে Qualitative aspect এ প্রশ্নমালা ও Clear Methodology থাকতে হবে। FTA এর ক্ষেত্রে শুধুমাত্র Economic Benefit দেখালে হবে না এক্ষেত্রে Political এবং Social Point of View হতে সম্ভাব্যতা যাচাই করতে হবে। Trade Policy রিভিউর ক্ষেত্রে দেশগুলোর Trade Policy এর ক্ষেত্রে তুলনামূলক বিবরণীতে সব কম্পোনেন্ট না এনে Specific ভাবে যেমন ট্যারিফ, আমদানী-রপ্তানী, মুক্ত বাজার অর্থনীতি, পোর্ট অথোরিটি ইত্যাদি বিবেচনায় নিতে হবে। পাবলিক কনসালটেশনে ব্যবসায়ী সংগঠনের সাথে আলোচনা করে প্রশ্নমালাগুলোকে আরও যুগপোযোগী করা যেতে পারে। Methodology কে Primary and Secondary Survey অনুযায়ী Re-arrange করতে হবে। FTA এর সম্ভাব্যতা যাচাই-এ Economic Modeling Techniques ব্যবহার করা যেতে পারে।

(গ) বাংলাদেশ স্থলবন্দর কর্তৃপক্ষের প্রতিনিধি জানান যে, ২৪টি বন্দরের মধ্যে ১২টি চালু আছে। BLPA- Act 2001 কে তথ্য প্রযুক্তির সাথে সম্পৃক্ত করতে হবে। অটোমেশন ট্যারিফ সিডিউল, ফি ও চার্জকে যুগোপযোগী করার জন্য প্রয়োজনীয় আইন সংশোধন করতে হবে। তিনি সার্ভেতে FGD, KII এর ব্যাপ্তী বাড়ানো যেতে পারে মর্মে অভিমত ব্যক্ত করেন।

(ঘ) বাণিজ্য মন্ত্রণালয়ের প্রতিনিধি উল্লেখ করেন যে, FGD, KII and PCS প্রশ্নমালা Revisit করা প্রয়োজন।

(ঙ) বিআরসিপি-১ এর ন্যাশনাল ট্রেড এক্সপার্ট, জনাব মো: মুনীর চৌধুরী, নিম্নলিখিত সুপারিশ প্রদান করেন:

(১) TOR এ উল্লেখিত লক্ষ্য, উদ্দেশ্য এবং পরিধি অনুযায়ী স্টাডি সম্পন্ন করতে হবে এবং Scope অনুযায়ী স্টাডির প্রশ্নাবলী প্রস্তুত করা বাঞ্চনীয় এবং এতে Concrete সাজেশন পাওয়া যায়;

(২) Sample, Design, Size যৌক্তিক হতে হবে। PCS, FGD, KII এর ক্ষেত্রে বিভিন্ন মন্ত্রণালয়, প্রতিষ্ঠান ও সংস্থার রেসপনডেন্ট এর নাম স্পেসিফিক করতে হব। উদাহারণস্বরুপ বাণিজ্য মন্ত্রণালয়ের রপ্তানী, এফটিএ, আমদানী অনুবিভাগ, এনবিআর, স্থলবন্দর কর্তৃপক্ষ ইত্যাদির ক্ষেত্রে Specfic কর্মকর্তার নাম Inception Report-এ উল্লেখ করা প্রয়োজন। এতে সঠিক ব্যক্তির নিকট হতে তথ্য সংগ্রহ করা সহজ হবে;

(৩) Study-1 এর ক্ষেত্রে Trade Policy Review 2019 বিশেষভাবে রিভিউ করতে হবে। Export Policy 2021-24 ড্রাফট পর্যায়ে আছে, এটিকে রিভিউতে অন্তর্ভুক্ত করতে হবে। বাণিজ্য সংক্রান্ত সকল পলিসির মধ্যে সমন্বয় এর বিষয়টি স্টাডিতে আনতে হবে;

(৪) Study-2 তে Graduation Challenge মোকাবেলাসহ এবং FTA এর ক্ষেত্রে Existing ছাড়া নূতন কোন রিজিওনাল ট্রেড ব্লক এর সাথে যেমন ASEAN এর সাথে FTA এর বিষয় সম্ভাব্যতা যাচাই করা যেতে পারে;

(৫) Study-3-তে Digital Corridor, Paperless Trade সহ ল্যান্ড পোর্টের জন্য একটি SOP প্রস্তুত এবং স্থলবন্দর সমূহের LPI (Logistic Performance Index) বা Simplification of Custom Procedure স্টাডিতে অন্তর্ভুক্ত করা যেতে পারে;

(৬) FGD, KII ইত্যাদির জন্য Study-1, 2 এবং 3 এর ক্ষেত্রে কি ধরণের সুপারিশ, সাজেশন বা (Reform) পরিবর্তন আনা যেতে পারে তা Specific ভাবে প্রশ্নবলীতে আনায়ন প্রয়োজন। Major Change সুপারিশ করতে হবে;

(৭) স্টাডি পরিচালনার জন্য মনিটরিং ও সুপারভিশন এর একটি কম্পোনেন্ট রাখা প্রয়োজন;

(৮) FTA পর্যালোচনার সময় Cost benefit Analysis করা প্রয়োজন এবং এটি সম্ভাব্যতা যাচাই এর ক্ষেত্রে প্রয়োজন;

(৯) Study-1 and 2 এর ক্ষেত্রে পণ্য এর পাশাপাশি সার্ভিস সেক্টরকে অন্তর্ভুক্ত করা যেতে পারে;

(১০) Study-1 এর ক্ষেত্রে Product and Market diversification এবং Women Entrepreneur-দের আলাদাভাবে address করা প্রয়োজন;

(১১) Trade Facilitation Agreement (TFA) বাস্তবায়নের সাথে স্টাডি সমূহকে সম্পৃক্ত করতে হবে।

(চ) প্রজেক্ট ম্যানেজার, বিআরসিপি-১ জানান যে, এ ধরনের জরীপের ক্ষেত্রে সার্ভেয়ার নিয়োগ যথাযথ ব্যক্তিকে নিয়োগ দিতে হবে এবং তাদের প্রয়োজনীয় প্রশিক্ষণ দিতে হবে।

(ছ) জনাব মাকসুদুল আলম মুকুল মন্ডল, বিআরসিপি-১ সভাকে জানান যে, Scope, Methodology এবং প্রশ্নাবলী আরও Detail করা প্রয়োজন। প্রশ্নবলীতে Specific Indicator Include করা যেতে পারে। Particular Study'র জন্য Scale প্রণয়ন করা প্রয়োজন। Respondent এর জন্য Stakeholder List-এ Public and Private এর ক্ষেত্রে Cluster করা যেতে পারে। এতে তাঁদের Specific লব্দজ্ঞান গ্রহণে সহায়ক হবে। প্রয়োজনে Think Tank দেরও অন্তর্ভুক্ত করা যেতে পারে।

(জ) সভাপতি সংযুক্ত সকলকে তাঁদের মূল্যবান মতামত প্রদানের জন্য ধন্যবাদ জানান । তিনি BFTI-কে সুন্দর Inception Report প্রদানের জন্য ধন্যবাদ জানান। তিনি নিম্নরুপ মতামত ব্যক্ত করেন:

(১) Study-1 এর ক্ষেত্রে Stakeholder Mappings যে ২০টি ক্যাটাগরী ও Study-2-তে ১৪টি ক্যাটাগরী এবং Study-3 যে ১৯টি ক্যাটাগরী করা হয়েছে সে অনুযায়ী Survey Respondents এর Sample Size এবং FGD ও KII এর সংখ্যা বৃদ্ধি প্রয়োজন মর্মে অভিমত ব্যক্ত করেন। এ রিপোর্টে PCS, FGD এবং KII এর সংখ্যা উল্লেখ থাকলেও Respondent survey size এবং স্থান/প্রতিষ্ঠান উল্লেখ নেই।

(২) Study-3 এর জন্য স্থলবন্দরের সাথে যুক্ত Stakeholders এর Questionnaire Survey সম্পন্ন প্রয়োজন।

(৩) Field সার্ভে স্টাফ ও জন Enumerator যথেষ্ট কি না তা যাচাই করা প্রয়োজন এবং তাদের কর্মদিবস নির্দিষ্ট করা বাঞ্চনীয়।

(৪) জরীপের জন্য ২টি Pre-testing করা যেতে পারে এবং স্থান নির্দিষ্ট করা প্রয়োজন।

(৫) কনসালটিং ফার্ম এবং প্রকল্প কর্তৃপক্ষ কর্তৃক এ স্টাডি মনিটরিং ও সুপারভিশন করার জন্য প্রয়োজনীয় কর্ম-পরিকল্পনা প্রতিবেদনে থাকা প্রয়োজন।

(৬) সকল PCS, FGD ও KII সহ মাঠ পর্যায়ে জরিপ কার্যাদী প্রকল্প কর্তৃপক্ষকে অবহিত করে সম্পন্ন করা এবং PCS এর প্রতিবেদন, FGD, KII & Survey এর উত্তরপত্রের কপি প্রকল্প অফিসে দাখিলের বিষয় রিপোর্টে উল্লেখ থাকা প্রয়োজন।

(৭) Work plan অনুযায়ী অগ্রগতি নিয়ে প্রকল্প কর্তৃপক্ষের সাথে মাসিক সভা করা যেতে পারে।

আলোচনার পরিশেষে Key Expert-বৃন্দ Inception Report-এ আজকের আলোচনার সুপারিশ মোতাবেক প্রয়োজনীয় সংশোধন আনবেন মর্মে অভিমত ব্যক্ত করেন। সভাপতি সভার শেষে সংশোধিত Inception Report অবিলম্বে প্রকল্প অফিসে দাখিল করার জন্য অনুরোধ করেন।

৪.০০ **সিদ্ধান্ত:**

সভায় সুপারিশগুলো (ক) হতে (জ) পর্যন্ত Inception Report-এ অন্তর্ভুক্তকরণসহ প্রকল্প কর্তৃপক্ষ কর্তৃক Respondent Survey এর Sample Size, FGD, KII সংখ্যা গ্রহণযোগ্য হওয়া স্বাপেক্ষে Inception Report-টি গ্রহণ করা হলো।

৫.০০ সভায় আর কোন আলোচ্য বিষয় না থাকায় সভাপতি সংযুক্ত সকলকে ধন্যবাদ জানিয়ে সভার সমাপ্তি ঘোষণা করেন।

২৭/০৬/২১

(মোঃ মিজানুর রহমান)
প্রকল্প পরিচালক (যুগ্ম-সচিব)
বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১
বাণিজ্য মন্ত্রণালয়

স্মারক নং-২৬.০০.০০০০.০৬৬.০৭.০২৬.২০-৪৬৯ তারিখঃ ২৭-০৬-২০২১

বিতরণ জ্যেষ্ঠতার ভিত্তিতে নয় (সদয় অবগতি ও প্রয়োজনীয় ব্যবস্থা গ্রহণের জন্য):

১। ভাইস চেয়ারম্যান, রপ্তানি উন্নয়ন ব্যুরো, টিসিবি ভবন, ০১ কাওরান বাজার, ঢাকা-১০০০।
২। অতিরিক্ত সচিব (রপ্তানী), বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা।
৩। অতিরিক্ত সচিব (এফটিএ), বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা।
[দৃ:আ: জনাব ফারহানা ইসলাম, উপ সচিব (এফটিএ-১)]
৪। চেয়ারম্যান, বাংলাদেশ স্থল বন্দর কর্তৃপক্ষ, টিসিবি ভবন, ০১ কাওরান বাজার, ঢাকা।
[দৃ:আ: আনিসুল ইসলাম, পরিচালক (ট্রাফিক)]
৫। জনাব মো: মুনীর চৌধুরী, ন্যাশনাল ট্রেড এক্সপার্ট, বিআরসিপি-১, প্রবাসী কল্যাণ ভবন, ৭১-৭২, ইস্কাটন গার্ডেন, ঢাকা-১০০০।
৬। জনাব মো: খলিলুর রহমান, পরিচালক-৩ (উপসচিব), ডব্লিউটিও সেল, বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা।
৭। জনাব মাজেদুর রহমান, (উপসচিব), পরিকল্পনা সেল, বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা।
৮। জনাব মির্জা আবুল ফজল মোঃ তৌহিদুর রহমান, গবেষণা কর্মকর্তা, বাংলাদেশ ট্যারিফ কমিশন, সেগুনবাগিচা, ঢাকা।
৯। ড. এম সাহাব উদ্দিন, প্রকল্প ব্যবস্থাপক, বিআরসিপি-১, প্রবাসী কল্যাণ ভবন, ৭১-৭২, ইস্কাটন গার্ডেন, ঢাকা-১০০০।

বেসরকারী প্রতিষ্ঠান (জ্যেষ্ঠতার ভিত্তিতে নয়):

1. Erik Nora, The Task Team Leader, BRCP-1, The World Bank
২। সভাপতি, এফবিসিসিআই, ৬০ মতিঝিল, সি/এ, ঢাকা-১০০০ ঢাকা।
৩। সভাপতি, বাংলাদেশ উইমেন চেম্বার অব কমার্স এন্ড ইন্ডাষ্ট্রি, প্লট: ০২ (৩য় তলা), রোড: ২৩/সি, ফ্রন্ট রোড, গুলশান-১, ঢাকা।
(দৃ:আ: জনাব প্রীতি চক্রবর্তী, বোর্ড পরিচালক)
৪। প্রধান নির্বাহী কর্মকর্তা, BFTI, টিসিবি ভবন, কাওরান বাজার, ঢাকা-১২১৫।

অনুলিপি: (সদয় অবগতির জন্য দেয়া হলো)

১। মহাপরিচালক, ডব্লিউটিও সেল, বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা-১০০০।
২। সচিব মহোদয়ের একান্ত সচিব, বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা-১০০০।

Appendix 3

Report of the Validation Workshop

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১
বাণিজ্য মন্ত্রণালয়
লেভেল-১২ (পশ্চিম পার্শ্ব) প্রবাসী কল্যাণ ভবন
৭১-৭২, ইস্কাটন গার্ডেন, ঢাকা-১০০০।

স্মারক নং- ২৬.০০.০০০০.০৬৬.০৭.০২৬.২০-৬৩০ তারিখঃ ০৫-০৬-২০২২খ্রি:

বিষয়ঃ বাণিজ্য মন্ত্রণালয় বাস্তবায়নাধীন বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১ এর আওতায় "Conducting 03 Studies suggested by NTFC in FY 2021-22" এর Draft Report চূড়ান্তকরণের লক্ষ্যে Validation Workshop -এর প্রতিবেদন প্রেরণ প্রসঙ্গে।

সূত্র: অত্র দপ্তরের স্মারক নং- ২৬.০০.০০০০.০৬৬.০৭.০২৬.২০-২৭১; তারিখ: ১২/০৫/২০২২ইং।

উপর্যুক্ত বিষয় ও সূত্রের প্রেক্ষিতে সম্মানের সাথে জানানো যাচ্ছে যে, বাণিজ্য মন্ত্রণালয়াধীন বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১ এর আওতায় দেশীয় ও আর্ন্তজাতিক ব্যবসা-বাণিজ্য সম্প্রসারণের নিমিত্তে নিম্নেবর্ণিত ০৩টি বিষয়ে BFTI কর্তৃক দাখিলকৃত Draft Report এর উপর গত ১৮ মে, ২০২২ তারিখ বুধবার, একটি কর্মশালা অনুষ্ঠিত হয়। উক্ত কর্মশালার প্রতিবেদন সদয় অবগতি ও প্রয়োজনীয় ব্যবস্থা গ্রহণের জন্য এতদসংগে প্রেরণ করা হলো।

Study 1: Comparative Analysis of Trade Policies of Bangladesh and its competing countries, particularly China, Indonesia, Malaysia, Sri Lanka, Thailand, and Vietnam;

Study 2: Identification of Potential Countries for Signing Free Trade Agreements;

Study 3: Review and Reforming the Bangladesh Land Port Authority Act 2001.

সংযুক্ত: বর্ণনামতে।

(মো: মিজানুর রহমান)
প্রকল্প পরিচালক (যুগ্মসচিব)
বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১
মোবাইল: ০১৭১১-২৮১৭১৩
ইমেইল: pdbrcp1moc@gmail.com

<u>বিতরণ (জ্যেষ্ঠতার ভিত্তিতে নয়):</u>

১. গভর্নর, বাংলাদেশ ব্যাংক, মতিঝিল, ঢাকা।
২. চেয়ারম্যান (সিনিয়র সচিব), জাতীয় রাজস্ব বোর্ড, সেগুনবাগিচা, ঢাকা।
৩. সিনিয়র সচিব, অর্থ বিভাগ, অর্থ মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা।
৪. সচিব, নৌ-পরিবহন মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা।
৫. চেয়ারম্যান, বাংলাদেশ ট্রেড এন্ড ট্যারিফ কমিশন, সেগুনবাগিচা, ঢাকা।
৬. সচিব, শিল্প মন্ত্রণালয়, শিল্প ভবন, মতিঝিল, ঢাকা।
৭. নির্বাহী চেয়ারম্যান, বাংলাদেশ বিনিয়োগ উন্নয়ন কর্তৃপক্ষ, শেরে-বাংলানগর, আগারগাও, ঢাকা।
৮. চেয়ারপার্সন, বাংলাদেশ প্রতিযোগিতা কমিশন, ৩৭/৩/এ, ইস্কাটন গার্ডেন রোড, রেডক্রিসেন্ট বোরাক টাওয়ার (লেভেল-৬), রমনা, ঢাকা-১০০০।
৯. সচিব, আইন ও বিচার বিভাগ, বাংলাদেশ সচিবালয়, ঢাকা।
১০. প্রধান নির্বাহি কর্মকর্তা, বাংলাদেশ ফরেন ট্রেড ইনস্টিটিউট, টিসিবি ভবন, ১ কাওরান বাজার, ঢাকা।
১১. মহাপরিচালক, বাংলাদেশ স্ট্যান্ডার্ড এন্ড টেস্টিং ইন্সটিটিউট (বিএসটিআই), তেজগাও শিল্প এলাকা, ঢাকা।
১২. অতিরিক্ত সচিব (এফটিএ), বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা।
১৩. অতিরিক্ত সচিব (রপ্তানী), বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা।
১৪. মহাপরিচালক, কৃষি সম্প্রসারণ অধিদপ্তর, খামারবাড়ী, ফার্মগেট, ঢাকা-১২১৫।

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১৫. প্রধান নিয়ন্ত্রক, আমদানী ও রপ্তানি প্রধান নিয়ন্ত্রকের দপ্তর, জাতীয় ক্রীড়া পরিষদ ভবন, ১৬ তলা, ৬২/৩ পুরানা পল্টন, ঢাকা।
১৬. নিবন্ধক, যৌথমূলধন কোম্পানি ও ফার্মসমূহের পরিদপ্তর, টিসিবি ভবন, ১ কাওরান বাজার, ঢাকা।
১৭. চেয়ারম্যান, বাংলাদেশ স্থলবন্দর কর্তৃপক্ষ, টিসিবি ভবন, কারওয়ান বাজার, ঢাকা।
১৮. ব্যবস্থাপনা পরিচালক, এস এম ই ফাউন্ডেশন, ই-৫, সি/১ পশ্চিম আগারগাঁও, শের-ই-বাংলানগর এডমিনিষ্ট্রাটিভ এরিয়া, ঢাকা।
১৯. সিইও এবং ব্যবস্থাপনা পরিচালক, সোনালী ব্যাংক লিমিটেড, প্রধান কার্যালয় সোনালী ব্যাংক লিমিটেড, ৩৫-৪২, ৪৪ মতিঝিল বাণিজ্যিক এলাকা, ঢাকা।
২০. ব্যবস্থাপনা পরিচালক ও প্রধান নির্বাহী কর্মকর্তা, অগ্রণী ব্যাংক লিমিটেড, প্রধান কার্যালয় অগ্রণী ব্যাংক লিমিটেড, ৯/ডি দিলকুশা বাণিজ্যিক এলাকা, ঢাকা।
২১. প্রকল্প পরিচালক (অতিরিক্ত সচিব), Export Competitiveness for Jobs (EC4J), হাউজ# ১১৬, কাজী নজরুল ইসলাম এভিনিউ, ঢাকা।
২২. জনাব মোঃ মুনীর চৌধুরী, ন্যাশনাল ট্রেড এক্সপার্ট, বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রকল্প-১, বাণিজ্য মন্ত্রণালয়, ঢাকা।

<u>বেসরকারী প্রতিষ্ঠান (জ্যেষ্ঠতার ভিত্তিতে নয়):</u>

১. সভাপতি, এফবিসিসিআই, ৬০ মতিঝিল, সি/এ, ঢাকা-১০০০ ঢাকা।
২. সভাপতি, বাংলাদেশ উইমেন চেম্বার অব কমার্স এন্ড ইন্ডাস্ট্রি, রোড: ২৩/সি, ফ্রন্ট রোড, গুলশান-১, ঢাকা-১২১২।
৩. প্রেসিডেন্ট, বিকেএমইএ, বিকেএমইএ টাওয়ার (১৩ তলা), ১৩/এ সোনারগাঁও রোড, বাংলামোটর, ঢাকা।
৪. প্রেসিডেন্ট, বাংলাদেশ পোষাক প্রস্তুতকারক ও রপ্তানিকারক সমিতি (বিজিএমইএ), সেক্টর-১৭, উত্তরা, ঢাকা।
৫. প্রেসিডেন্ট, বাংলাদেশ ইন্টারন্যাশনাল চেম্বার অব কমার্স (আইসিসি), সুবাস্তু টাওয়ার, ৬৯/১ পান্থপাথ, ঢাকা।
৬. সভাপতি, ঢাকা চেম্বার অব কমার্স এন্ড ইন্ডাস্ট্রি, ডিসিসিআই বিল্ডিং, ৬৫-৬৬, মতিঝিল সি/এ, ঢাকা।
৭. প্রেসিডেন্ট, লেদার গুডস এন্ড ফুটওয়্যার ম্যানুফ্যাকচারার্স অ্যান্ড এক্সপোর্টার্স অ্যাসোসিয়েশন অব বাংলাদেশ, বনানী, ঢাকা।
৮. প্রেসিডেন্ট, মেট্রোপলিটন চেম্বার অফ কমার্স এবং ইন্ডাস্ট্রি, চেম্বার বিল্ডিং, মতিঝিল, ঢাকা।
৯. প্রেসিডেন্ট, বাংলাদেশ অ্যাসোসিয়েশন অব সফটওয়্যার এন্ড ইনফরমেশন সার্ভিস (বেসিস),বিডিবিএল ভবন, (লেভেল ৫-পশ্চিম),১২ কাওরান বাজার, ঢাকা।
১০. সভাপতি, বাংলাদেশ প্লাস্টিক গুডস ম্যানুফ্যাকচারার্স অ্যান্ড এক্সপোর্টার্স অ্যাসোসিয়েশন, পুরানা পল্টন, ঢাকা।
১১. সভাপতি, বাংলাদেশ ফ্রুটস ভেজিটেবলস এন্ড এলাইড প্রোডাক্টস এক্সপোর্টারস এসোসিয়েশন, ২৮/১/সি, মতিঝিল, ঢাকা।
১২. চেয়ারম্যান, বাংলাদেশ জুট গুডস এক্সপোর্টার্স এসোসিয়েশন (বিজেজিইএ) এ অ্যান্ড এ টাওয়ার, আরামবাগ মতিঝিল, ঢাকা।
১৩. প্রেসিডেন্ট, বাংলাদেশ টেক্সটাইল মিলস এসোসিয়েশন, কাওরান বাজার, ঢাকা।
১৪. প্রেসিডেন্ট, চট্টগ্রাম চেম্বার অফ কমার্স এবং ইন্ডাস্ট্রি, আগ্রাবাদ, চট্টগ্রাম।
১৫. প্রেসিডেন্ট, বাংলাদেশ চেম্বার অব ইন্ডাস্ট্রি, দিলকুশা, ঢাকা।
১৬. প্রেসিডেন্ট, বাংলাদেশ এসোসিয়েশন অব ফার্মাসিটিক্যালস ইন্ডাস্ট্রি, তেজগাঁও, গুলশান লিংক রোড, ঢাকা।
১৭. প্রেসিডেন্ট, বাংলাদেশ এগ্রো-প্রসেসিং এসোসিয়েশন, সোবহানবাগ, ধানমন্ডি, ঢাকা।
১৮. প্রেসিডেন্ট, এক্সপোর্টার্স এসোসিয়েশন অব বাংলাদেশ, খিলগাঁও চৌধুরীপাড়া, ঢাকা।
১৯. প্রেসিডেন্ট, ই-কমার্স এসোসিয়েশন অব বাংলাদেশ, হাউজ#-২৯, রোড# ০৬, ঢাকা।
২০. প্রেসিডেন্ট, বাংলাদেশ ফুড স্টাফ ইমপোর্টার্স এন্ড সাপ্লাইয়ার্স এসোসিয়েশন, গুলশান-১, ঢাকা।
২১. প্রেসিডেন্ট, এসোসিয়েশন অব ট্রাভেল এজেন্টস অব বাংলাদেশ, সাত্তারা সেন্টার, নয়া পল্টন , ঢাকা।
২২. সভাপতি, বাংলাদেশ জেমস স্টোন মার্চেন্টস অ্যাসোসিয়েশন, বাড়ি # ২জি/১ (নিচতলা), রোড # ০১, শ্যামলী, ঢাকা।
২৩. চেয়ারম্যান, বাংলাদেশ বাস ট্রাক মালিক সমিতি, হাজী আহসান উল্লাহ কমপ্লেক্স ২৫৭/ক বাগবাড়ী, মিরপুর রোড, ঢাকা।
২৪. সভাপতি, ভারত-বাংলাদেশ চেম্বার অফ কমার্স অ্যান্ড ইন্ডাস্ট্রি (আইবিসিসিআই), রূপায়ন সেন্টার (১৬ তলা), ৭২, মহাখালী সিএ, ঢাকা।
২৫. সভাপতি, বাংলাদেশ ফ্রেইট ফরওয়ার্ডার্স অ্যাসোসিয়েশন (বাফফা), আতাতুর্ক টাওয়ার (৮ম তলা), ২২ কামাল আতাতুর্ক এভিনিউ, বনানী, ঢাকা।
২৬. সভাপতি, Essential Commodity Importers Association, সি/এ পবিত্র ভান্ডার, ৭ ফরাশগঞ্জ, শামবাজার, ঢাকা।
২৭. সভাপতি, বাংলাদেশ ভিয়েতনাম চেম্বার অফ কমার্স অ্যান্ড ইন্ডাস্ট্রি, (বিভিসিসিআই), নভো টাওয়্যার, ১৩ তলা, ২৭০ তেজগাঁও শিল্প এলাকা, ঢাকা।
২৮. সভাপতি, ইন্দোনেশিয়া বাংলাদেশ চেম্বার অফ কমার্স অ্যান্ড ইন্ডাস্ট্রি (IBCCI), হাউজ#২৫, রোড#৪, ব্লক#এফ, বনানী, ঢাকা।
২৯. সভাপতি, বাংলাদেশ-মালয়েশিয়া চেম্বার অফ কমার্স অ্যান্ড ইন্ডাস্ট্রি (BMCCI), হাউস # ৩/এ, রোড # ১৩৬, গুলশান-১, ঢাকা।
৩০. সভাপতি, বাংলাদেশ থাই চেম্বার অফ কমার্স অ্যান্ড ইন্ডাস্ট্রি (বিটিসিসিআই), কনকর্ড টাওয়ার, ১১৩ কাজী নজরুল ইসলাম এভিনিউ, ঢাকা।
৩১. সভাপতি, ঢাকা কাস্টম এজেন্ট অ্যাসোসিয়েশন (DCAA), ঠিকানা: ৩/সি নিউ বেইলি রোড, রমনা, ঢাকা।
৩২. চেয়ারম্যান ও সিইও, প্রাণ আরএফএল গ্রুপ, প্রাণ আরএফএল সেন্টার, বীর উত্তম রফিকুল ইসলাম, সড়ক, ১০৫/জিএ, মধ্য বাড্ডা লিংক রো, ডি, ঢাকা।

৩৩. ব্যবস্থাপনা পরিচালক, টি কে গ্রুপ অফ ইন্ডাস্ট্রিজ, প্রধান কার্যালয় টি কে গ্রুপ অফ ইন্ডাস্ট্রিজ, টি কে ভবন (২য় তলা), ১৩, কাওরান বাজার, ঢাকা।
৩৪. চেয়ারম্যান ও ব্যবস্থাপনা পরিচালক, সিটি গ্রুপ, প্রধান কার্যালয় সিটি গ্রুপ, সিটি হাউস, রোড # ৫১, গুলশান -০২, ঢাকা।
৩৫. চেয়ারম্যান ও ব্যবস্থাপনা পরিচালক, মেঘনা গ্রুপ অফ ইন্ডাস্ট্রিজ, প্রধান কার্যালয় মেঘনা গ্রুপ অফ ইন্ডাস্ট্রিজ, ফ্রেশ ভিলা, হাউস # ১৫, রোড # ৩৪, গুলশান-১, ঢাকা।
৩৬. ব্যবস্থাপনা পরিচালক, ওয়ালটন গ্রুপ, প্রধান কার্যালয়, ওয়ালটন গ্রুপ, ব্লক-আই, সাবরিনা সোবহান রোড, পিও-খিলক্ষেত, পিএস-ভাতারা, বসুন্ধরা আর/এ, ঢাকা।
৩৭. মহাব্যবস্থাপক (যুগ্মসচিব অবসর), বাংলাবান্ধা ল্যান্ড পোর্ট লিমিটেড, ৩/৩-এ, পূর্ব রামপুরা, ঢাকা।

Think Tank & Academia (জ্যেষ্ঠতার ভিত্তিতে নয়):

১. চেয়ারপারসন এবং সিইও, কীস্টোন বিজনেস কোম্পানি লিমিটেড, বিল্ডিং-২, হাউস ৫/এ, বেইলি হাইটস, গুলশান-২, ঢাকা।
২. মহাপরিচালক, বাংলাদেশ ইনস্টিটিউট অফ ডেভেলপমেন্ট স্টাডিজ (BIDS), শহীদ শাহাবুদ্দিন সড়ক, শের-ই-বাংলা নগর, ঢাকা।
৩. এক্সিকিউটিভ ডিরেক্টর, সাউথ এশিয়ান নেটওয়ার্ক অন ইকোনমিক মডেলিং (সানেম), ফ্ল্যাট কে-৫, হাউস ১/বি, রোড-৩৫, গুলশান-২, ঢাকা।
৪. নির্বাহী পরিচালক, পলিসি রিসার্চ ইনস্টিটিউট অব বাংলাদেশ (পিআরআই), হাউস-১৬ (৪র্থ তলা), রোড ১০/এ, ব্লক এইচ বনানী, ঢাকা।
৫. ডিন, বিজনেস স্টাডিজ অনুষদ, ডিনের অফিস, বিজনেস স্টাডিজ অনুষদ, ঢাকা বিশ্ববিদ্যালয়।
৬. ডিন, ব্র্যাক বিজনেস স্কুল, ব্র্যাক বিশ্ববিদ্যালয়, ৬৬ মহাখালী, ঢাকা।

অনুলিপি: সদয় অবগতি জন্য (জ্যেষ্ঠতার ভিত্তিতে নয়):

১। সিনিয়র সচিব মহোদয়ের একান্ত সচিব, বাণিজ্য মন্ত্রণালয়, বাংলাদেশ সচিবালয়, ঢাকা-১০০০।
২। অফিস কপি।

Government of the People's Republic of Bangladesh
Bangladesh Regional Connectivity Project-1, Ministry of Commerce
Level-12 (west side) Prabasi Kalyan Bhaban
71-72, Eskaton Garden, Dhaka-1000

Validation Workshop Proceedings

on

Study 1: Comparative Analysis of Trade Policies of Bangladesh and its competing countries, particularly China, Indonesia, Malaysia, Sri Lanka, Thailand, and Vietnam;

Study 2: Identification of Potential Countries for Signing Free Trade Agreements;

Study 3: Review and Reforming the Bangladesh Land Port Authority Act 2001.

Initiated by: Bangladesh Regional Connectivity Project-1 (BRCP-1)
Ministry of Commerce
Organized by: Bangladesh Foreign Trade Institute (BFTI)
Date: May 18, 2022
Venue: CIRDAP International Conference Centre (1st Floor), Chameli House, 17 Topkhana Road, Dhaka.
Time: 10:30 AM

Introduction:

Bangladesh Foreign Trade Institute (BFTI) in association with Keystone Business Support Company Ltd jointly organized a Validation Workshop on three studies namely

'(i) Comparative Analysis of Trade Policies of Bangladesh and its competing countries, particularly China, Indonesia, Malaysia, Sri Lanka, Thailand, and Vietnam;
(ii) Identification of Potential Countries for Signing Free Trade Agreements and
(iii) Review and Reforming the Bangladesh Land Port Authority Act 2001 '

suggested by NTTFC in FY 2020-21 under Bangladesh Regional Connectivity Project-1, Ministry of Commerce on May 18, 2022, at 10:30 AM in CIRDAP International Conference Centre, Dhaka. Dr. Md. Jafar Uddin. CEO, BFTI was present as the Chief Guest of the validation workshop. Mr. Md. Obaidul Azam, Director, BFTI delivered the welcome remarks, and Mr. Md. Hafizur Rahman, Director General, WTO Cell, Ministry of Commerce was present as a special guest, Mr. Md. Munir Chowdhury, National Trade Expert, BRCP-1 was present as Guest of Honour and Mr. Md. Mijanur Rahman, Joint Secretary, Ministry of Commerce and Project Director presided over the Validation Workshop as the Chairperson.

Mr. Mohammad Jahangeer Kobir (Joint Secretary), Member (Traffic), Bangladesh Land Port Authority, Ms. Nusrat Jabeen Banu (NDC), Additional Secretary, Export Wing, Ministry of Commerce, Mr. Md. Abdus Samad Al Azad, Joint Secretary, FTA Wing, Ministry of Commerce, and Mr. Manzur Ahmed, Trade and Tariff Policy Advisor, Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) joined the validation workshop as panellists.

Summary of the welcoming session:

1. ***Mr. Md. Obaidul Azam, Director, BFTI*** welcomed the guests and shared the background of the studies, including the process on how data was collected and the draft report was produced in consultation with relevant stakeholders. He also remarked that post-LDC graduation scenario and aspiration of a developed country was taken into consideration as policy recommendations were proposed in the studies.
2. ***Mr. Md. Munir Chowdhury, National Trade Expert, BRCP-1*** remarked that BRCP-1 is a unique project which is primarily working on conducting trade related studies and providing trade related trainings to relevant stakeholders, including women entrepreneurs. BFTI and Keystone Business Support Company Ltd. was awarded with the contract to conduct the 3 studies as per ToR developed in consultation with relevant stakeholders. He thanked the team of experts for preparing the draft report and expressed the expectation to receive research driven recommendations to facilitate trade and commerce in this country.
3. ***Mr. Md. Hafizur Rahman, Director General, WTO Cell, Ministry of Commerce*** in his speech as the special guest remarked that these three studies are very important, especially knowing what other countries like Viet Nam is doing to facilitate their export-oriented growth. Other countries such as China are also important to take learning opportunities from for further amendment and adjustment in the policies of Bangladesh. The future challenges such as LDC graduation have also be taken into account as we conduct different studies as well as develop policy suggestions.
4. ***Mr. Md. Mijanur Rahman, PD (Joint Secretary), BRCP-1, Ministry of Commerce*** expressed his expectations that the reports will be useful to the policy making of the country and was look forward to evaluating the suggestions and findings of the studies in consultations with the participants of the workshop.
5. ***Dr. Md. Jafar Uddin. CEO, BFTI*** thanked BRCP-1 and the personnel working at the project and WTO cell as they have trusted BFTI to conduct these studies. He remarked that BFTI is a leading trade-related policy research-oriented think-tank in Bangladesh. He also remarked that it is important for Bangladesh to maximize the benefits which are being enjoyed currently and explore potential areas of cooperation in trade and commerce by inking FTA and PTA with potential trade partner. He expressed his optimism that these studies will facilitate the process of making substantial progress in these regards. He thanked all the participants for joining the validation workshop.

After the welcoming session, representatives from BFTI and Keystone Business Support Company Ltd. Gave technical presentations on three studies and the panellists and participants shared their comments, suggestions, and recommendations on the same which are summarized below:

Recommendations for Study-1

Ms. Nusrat Jabeen Banu (NDC), Additional Secretary, Export Wing, Ministry of Commerce:

- The findings of the report may be revisited taking the recent export policy 2021-24 into consideration as it covers several issues identified in the study;
- The study should include recent statistical information of 2022 instead of 2019 specially on Agriculture, Manufacturing and Service sectors. Necessary statistics can be obtained from EPB.
- The study should include more information from Key findings of KII, FGD, Public consultation, Recommendation action, a lesson for Bangladesh section from EPB publication, and Import and Export policy 2021-24.
- The study needs to review the ICT policy act for further information in the Specific comparison section of competitiveness among the nations, as well as to review export policy for pharmaceutical export and import opportunities for pharmaceutical companies and other import and export products, the study should reflect the latest import policy order and export policy 2021-24.

Mr. Md. Hafizur Rahman, Director General (Additional Secretary), WTO Cell, Ministry of Commerce:

- The study should include different country trade policy strategies, methods and instruments and specific comparison in contrast with Bangladesh's policies, including what Bangladesh may consider adopting
- The study should reflect the policy and regulatory activities how Bangladesh Govt. can give domestic support, export subsidies and other policy support.
- The study should review and update recent trade policy and include investment policy, Bangladesh Govt. five-year plan, Vision 2041, Intellectual property rights policy, and laws for better understanding of the policy.
- The study should include a country-wise policy matrix and analyse what to take from others and what not.

Mr. Manzur Ahmed, Trade and Tariff Policy Advisor, Federation of Bangladesh Chambers of Commerce and Industries (FBCCI):

- The study should review WTO trade policy and compare it to the respected country trade policy for a clear picture and should include a trade policy matrix to compare Bangladesh's trade policy with China, Indonesia, Malaysia, Sri Lanka, Thailand, and Vietnam trade policy.
- Interpretation of the trade policies are important in the review process.
- The trade policy should be reformed in consultation with private stakeholders, govt. officials, and policy maker for more diversification of trade. Public and private sector Working Group can be formed for further analysis and devising necessary action plans.

Mr. Md. Abdus Samad Al Azad, Joint Secretary, FTA Wing, Ministry of Commerce

- While the implementation gaps have been highlighted, more discussion is needed on the policy level gaps for better assessment of the issues

- In this regard, an ecosystem level assessment might have also been considered.

Mr. Md. Munir Chowdhury, National Trade Expert, BRCP-1

- Trade Policy comparison should be made taking the latest Export policy and Import policy order into consideration.
- Chapter 2 of the report should be elaborated
- A futuristics economic transformation/ambitions of the country may be added.
- Issue of NTM, customs procedure, TFA, Covid recovery and comprehensive trade policy may be highlighted.

Appendix 4

Questionnaire for Key Informant Interview

Overall Recommendations from the Participants

S A Ahamad Majumdar, Senior Vice President, BJGEA

In regards to selecting the FTA countries, priority should be given to countries in which we already sizable export. Necessary prioritization should be given for jute products in the export policy.

Parvin S Huda, BRAC University School of Business

The university should include international trade in their curriculum.

Mohammad Abdus Sobhan, Director, Viet Nam BD chamber:

Reexport should be a priority for the country. Finding new export products (such as Vannamei shrimp) is important.

Enamul Hafiz Latifee, Research Fellow, BASIS:

Proofreading and editing of the reports are required. Service sector should be prioritized in the FTA. Cross-border (e-payment is important) international payment gateway is important.

Dr. Mohammad Yunus, Senior Research Fellow, BIDS:

some recommendations seem inconsistent (such as all site testing facilities). Criteria for FTA needs to be more comprehensive. Export focus and commodity focus criteria is important. Issue of mutually recognized testing facilities may be taken into consideration as well.

Md. Anisur Rahman, BLPA:

Legislative structure of BLPA needs to be more detailed.

Md. Anisur Rahman Mollick, Senior Executive Director, Walton Hi-Tech Ind. PLC:

Railway connectivity can also become part of BLPA. NTB related issues need to be considered for bilateral and multilateral negotiations.

Tamim, Chittagong Chamber:

Bangladesh should focus on low hanging fruits; Dispute settlements issues should be one of the priorities of the FTA.

Md. Jalal Uddin, Assistant General Manager, LFMEAB:

While some general recommendations are given in study 1, recommendations on effective tools and measures should also be shared. Logistics and supply chain are important.

স্টাডি ১ এর জন্য কেআইআই (KII) প্রশ্নাবলী

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
ডব্লিউটিও সেল, বাণিজ্য মন্ত্রণালয়
বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রজেক্ট-১
৩টি স্টাডি, এনটিটিএফসি কর্তৃক নির্ধারিত

"স্টাডি১: বাংলাদেশ এবং এর প্রধান বাণিজ্য প্রতিদ্বন্দ্বী (যেমন ভিয়েতনাম, চীন, শ্রীলংকা, ইন্দোনেশিয়া, মালয়েশিয়া, থাইল্যান্ড) এর বাণিজ্য নীতির তুলনামূলক বিশ্লেষণ করা"

(**বিঃদ্রঃ** বাংলাদেশের প্রধান প্রধান বাণিজ্য নীতি সমূহঃ রপ্তানি নীতি ২০১৮-২১, আমদানি নীতি আদেশ ২০১৮-১৯, এফটিএ নীতি নির্দেশিকা ২০১০, জাতীয় ডিজিটাল কমার্স নীতি ২০১৮, চামড়া এবং চামড়া পণ্য নীতি ২০১৯, শিল্পনীতি, বৈদেশিক মুদ্রা নীতি, প্রতিযোগিতা নীতি ২০১২, বিনিয়োগ নীতি (বৈদেশিক বিনিয়োগ এবং উন্নয়ন আইন ১৯৮০) কাস্টম আইন (ট্যারিফ নীতি), আইসিটি নীতি।)

প্রধান প্রধান উত্তরদাতাঃ ব্যবসায় সংগঠন, সকারের নীতি নির্ধারক, গবেষক, বাণিজ্য প্রতিনিধি ইত্যাদি।

প্রথম অংশ: সাধারণ পরিচিতিমূলক তথ্য

উত্তরদাতার নাম:

প্রতিষ্ঠানের নাম :

ঠিকানা:

যোগাযোগ:

মোবাইল নাম্বার: ইমেইল আইডি:

মূল মন্ত্রণালয়/ বিভাগ:...

অবস্থান/ কার্যালয়: ....

দ্বিতীয় অংশ: নির্দিষ্ট প্রশ্ন

১। বাণিজ্য নীতিসমূহ উন্নয়ন ও বাস্তবায়নের ক্ষেত্রে বিভিন্ন মন্ত্রণালয়/কর্তৃপক্ষ/বেসরকারী সংস্থার মধ্যে আন্তঃ সংস্থা সমন্বয় কিভাবে করা হয়? এ সংক্রান্ত চ্যালেঞ্জগুলো কি কি?

উত্তর:

২। বাংলাদেশে বাণিজ্য নীতি (আমদানি-রপ্তানি নীতি) প্রস্তুতিতে কোন কোন বিষয়গুলোকে বিশেষ গুরুত্ব দেয়া হয়?

উত্তর:

৩। আপনি কি মনে করেন যে বাণিজ্য ও বিনিয়োগ সম্প্রসারণের লক্ষ্যে বাণিজ্য নীতি (আমদানি-রপ্তানি নীতি) প্রস্তুতির বর্তমান পদ্ধতি আন্তর্জাতিক বেস্ট প্র্যাকটিস এর সাথে সামঞ্জস্যপূর্ণ?

উত্তর:

৪। বাংলাদেশের সাথে অন্যান্য প্রতিযোগী দেশের (বিশেষ করে ভিয়েতনাম, চীন, শ্রীলংকা, ইন্দোনেশিয়া, মালয়েশিয়া, থাইল্যান্ড) এর বাণিজ্য নীতিগত পার্থক্যগুলো দেখার ক্ষেত্রে কোন কোন বিষয়গুলো বেশি গুরুত্ব দিয়ে দেখা উচিত?

উত্তর:

৫। বাংলাদেশের আন্তর্জাতিক বাণিজ্য নীতির মূল বৈশিষ্ট্য ও ত্রুটিগুলোকে আপনি কীভাবে মূল্যায়ন করেন? সম্ভাব্য প্রতিকারগুলো কি হতে পারে?

উত্তর:

৬। আঞ্চলিক দেশগুলিতে (বিশেষ করে ভিয়েতনাম, চীন, ইন্দোনেশিয়া, মালয়েশিয়া, থাইল্যান্ড) এর বাণিজ্য নীতিগুলির বর্তমান অবস্থা এবং প্রয়োগ কেমন?

উত্তর:

৭। আঞ্চলিক দেশগুলিতে (বিশেষ করে ভিয়েতনাম, চীন, শ্রীলংকা, ইন্দোনেশিয়া, মালয়েশিয়া, থাইল্যান্ড) এর বাণিজ্য নীতিমালায় কি কি পরিবর্তন বা সংস্কার আনয়ন করে আন্তর্জাতিক বাণিজ্য/রপ্তানি বৃদ্ধিতে সহায়ক ভূমিকা পালন করেছে।

উত্তর:

৮। বাংলাদেশের বর্তমান বাণিজ্য নীতিগুলো কি আসন্ন এলডিসি গ্রাজুয়েশন পরবর্তী বাণিজ্য চ্যালেঞ্জগুলো মোকাবেলায় সহায়ক?

যদি না হয় তবে আপনার পরামর্শগুলো কি ?

উত্তর:

৯। বাংলাদেশে একটি কার্যকর, দক্ষ, সমন্বিত এবং কম্প্রিহেন্সিভ বাণিজ্য নীতি প্রতিষ্ঠার জন্য আপনার সুপারিশগুলি কি কি?

উত্তর:

১০। আপনার মতে, বাংলাদেশের বাণিজ্য বৃদ্ধিতে বর্তমান বাণিজ্য নীতিগুলোতে কোন কোন পরিবর্তন আনা প্রয়োজন?

উত্তর:

১১। আপনি কি COVID-19 পরিস্থিতির প্রভাব মোকাবেলায় বাংলাদেশের বাণিজ্য নীতিতে কোন বিশেষ পরিবর্তন আনা প্রয়োজন বলে মনে করেন?

উত্তর:

মূল তথ্যদাতার স্বাক্ষর এবং তারিখ

তথ্য সংগ্রহকারীর নাম এবং তারিখ

Appendix 5

List of Participants of the Key Informant Interviews for the Study

Sl. No.	Date	Name	Designation	Institution
1	20-12-2021	Mr. Md. Mamun-Ur-Rashid Askari	Deputy chief	Bangladesh Trade and Tariff Commission
2	29-12-2021	Mr. M Abdur Rahman	Deputy chief	Metropolitan Chamber of Commerce and Industry, Dhaka
3	28-12-2021	Dr. Md. Rayhanul Islam	Deputy General Manager	Bangladesh Bank (Foreign Exchange Policy Department)
4	19-12-2021	Mr. Md. Yakub Ali	Director	Bangladesh Vietnam Chamber of Commerce and Industry
5	20-12-2021	Mr. Md. Nazmul Hossain	Secretary	Bangladesh Thai Chamber of Commerce and Industry
6	20-12-2021	Mr. Md. Jobayer Hossain	Assistant Director	Bangladesh Telecommunication Regulatory Commission (BTRC)
7	21-12-2021	Mrs. Kumkum Sultana	Deputy Director	Export Promotion Bureau (EPB)
8	23-12-2021	Mrs. Sayema Haque Bidisha	Research Director	South Asian Network on Economic Modelling (SANEM)
9	27-12-2021	Mr. Enamul Hafiz Latifee	Joint Secretary	Bangladesh Association of Software and Information Services (BASIS)
10	27-12-2021	-	-	Bangladesh Investment Development Authority (BIDA)
11	27-12-2021	Mr. Fayjur Rahman	-	Bangladesh Investment Development Authority (BIDA)
12	28-12-2021	Mr. Jadab Kumar Poddar	-	Registrar of Joint Stock Companies And Firms
13	28-12-2021	Mr. MD. Selim Mia	-	Registrar of Joint Stock Companies And Firms
14	23-12-2021	Mr. Anwar-Ul-Halim	-	Bangladesh Competition Commission
15	29-12-2021	Mr. Arman Haque	-	Dhaka Chamber of Commerce and Industry (DCCI)
16	03-01-2021	Mr. Fazlee Shamim Ehsan	Vice President	Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)
17	27-12-2021	Mr. Md. Jalal Uddin	-	Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh

Appendix 6

List of Participants in the Focus Group Discussions for the Study

Sl. No.	Name	Designation	Institution	Assigned Group
1	Mrs. Farhana Islam	Deputy secretary	FTA wing, Ministry of Commerce	China-Sri Lanka
2	Mr. Mr. Matiur Rahman	Deputy Secretary	Macroeconomic Wing, Ministry of Finance	China-Sri Lanka
3	Mr. Al-Mamun Mridha	-	Bangladesh China Chamber of Commerce & Industry	China-Sri Lanka
4	Mr. Md. Abu Taher	-	Bangladesh China Chamber of Commerce & Industry	China-Sri Lanka
5	Mrs. Ifrat Ara Begum	Joint Secretary-General	Federation of Bangladesh Chambers of Commerce & Industries (FBCCI)	China-Sri Lanka
6	Mr. Jahangir Alam Shovon	General Manager	e-Commerce Association of Bangladesh (e-CAB)	China-Sri Lanka
7	Mrs. Almira Sharmin	Assistant Director	Export Promotion Bureau (EPB)	China-Sri Lanka
8	Mr. Faruk Hossain	Assistant Joint Secretary	Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)	China-Sri Lanka
9	Mr. Md. Sajib Hossain	Senior Assistant secretary	Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)	China-Sri Lanka
10	Mr. Mirajul Islam Ukil	Deputy Secretary (Export-5)	Export wing Ministry of Commerce	Vietnam-Indonesia
11	Mr. Mostafa Q Sobhan	Director	Indonesia Chamber of Commerce	Vietnam-Indonesia
12	Mr. Wasfi Imam	-	Chittagong Chamber of Commerce & Industry	Vietnam-Indonesia
13	Mr. Mr. Suhel Rana	AES	Dhaka Chamber of Commerce & Industry (DCCI)	Vietnam-Indonesia
14	Mr. Mr. Yakub Ali	-	Bangladesh-Vietnam Chambers of Commerce and Industry (BVCCI)	Vietnam-Indonesia
15	Mr. Enamul Hafiz Latifee	Research Fellow	Bangladesh Association of Software and Information Services (BASIS)	Vietnam-Indonesia
16	Mitu Basak	Representative	Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)	Vietnam-Indonesia
17	Mr. Hasan Mahmud Shibli	Representative	Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)	Vietnam-Indonesia

Sl. No.	Name	Designation	Institution	Assigned Group
18	Dr. Muhammad Monirul Islam	Assistant Professor	Faculty of Business, University of Dhaka	Vietnam-Indonesia
19	Mr. Narayan Chandra Dey	Secretary	Bangladesh Plastic Goods Manufacturers & Exporters Association (BPGMEA)	Thailand-Malaysia
20	S.M Sumaiya Zabeen	Assistant Chief	Bangladesh Technical Training Center (BTTC)	Thailand-Malaysia
21	Mr. Hasanur Rahman Chowdhury	Secretary	Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI)	Thailand-Malaysia
22	Mr. Md. Al-Amin Faisal	Business Development Manager	Healthcare Pharmaceuticals Ltd.	Thailand-Malaysia

Appendix 7

List of Participants in the Public Consultation for the Study

SL. No	Name	Designation	Institution
1.	Dr. Md Jafar Uddin	CEO	Bangladesh Foreign Trade Institute
2.	Mr. Obaidul Azam	Director	Bangladesh Foreign Trade Institute
3.	Mrs. S M Nazia Sultana	Senior Assistant secretary	WTO Cell , Ministry of Commerce
4.	Mr. Md Mijanur Rahman	Project Director, BRCP	Ministry of Commerce
5.	Mr Ali Ahmed	Team Leader of 03 Studies and Advisor of BTMA	Bangladesh Textile Mills Association
6.	Mr. Atiqur Rahman	(MoC) Retired	Ministry of Commerce
7.	Mr. Al-Mamun Mridha	Joint Secretary	Bangladesh China Chamber of Commerce & Industry
8.	Mr. Md. Abu Taher	Office Secretary	Bangladesh China Chamber of Commerce & Industry
9.	Mrs. Ifrat Ara Begum	Joint Secretary-General	Federation of Bangladesh Chambers of Commerce & Industries (FBCCI)
10.	Mr. S. M Belal Uddin	Cross border Trade expert	e-Commerce Association of Bangladesh (e-CAB)
11.	Mr. Munira Sharmin	Assistant Director	Export Promotion Bureau (EPB)
12.	Mr. Md. Sajib Hossain	Senior Assistant secretary	Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)
13.	Mr. Shafqat Shahadat Chowdhury	Research Associate	Policy Research Institute
14.	Mr. Tawhid Ilahi	Deputy Secretary	Finance Division, Ministry of Finance
15.	Mr. Md. Nazmus Sakib Khan	Deputy Director	Bangladesh Bank
16.	Mr. Wasfi Imam	-	Chittagong Chamber of Commerce & Industry
17.	Mr. Tashfin Ashraf	AES	Dhaka Chamber of Commerce & Industry (DCCI)
18.	Mr. Tanzina Rahman	Research Trainee	Bangladesh Association of Software and Information Services (BASIS)
19.	Mr. Dr. Muhammad Monirul Islam	Assistant Professor	Faculty of Business, University of Dhaka

SL. No	Name	Designation	Institution
20.	Mr. Narayan Chandra Dey	Secretary	Bangladesh Plastic Goods Manufacturers & Exporters Association (BPGMEA)
21.	Mrs S.M Sumaiya Zabeen	Assistant Chief	Bangladesh Technical Training Center (BTTC)
22.	Mr. Hasanur Rahman Chowdhury	Secretary	Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI)
23.	Mr. Md. Al-Amin Faisal	Business Development Manager	Healthcare Pharmaceuticals Ltd.
24.	Mrs Syeda Shahnewaz	Deputy General Manager	International Chamber of Commerce & Industry
25.	Mr. M Imrul Kabir	Data Analyst	Keystone Business Support Company Ltd.
26.	Mehreen Chowdhury	Research Associate	Keystone Business Support Company Ltd.
27.	Mr. Md. Abdus Sobhan	Director	Bangladesh Vietnam Chamber of Commerce and Industry
28.	Mr. Farooq Ahmed	Secretary	Metropolitan Chamber of Commerce & Industry
29.	Mr. Tark Mahmud	Second Secretary	NBR
30.	Mrs Shamsun Nahar	Assistant Secretary	Ministry of Commerce
31.	Mr. Fakhrul Islam Rafi	Accounts Officer	Bangladesh Chamber of Industry (BCI)