

Address of Welcome by Mr. Md. Sabur Khan, President, Dhaka Chamber of Commerce & Industry (DCCI) at the seminar on “Bilateral Free Trade Agreements (FTAs)– Opportunities and Challenges for Bangladesh: Framework Issues” on May 11, 2013 organized by Dhaka Chamber of Commerce & Industry (DCCI). (Time: 11:00 a.m. Venue: DCCI Auditorium (5th Floor).

BISMILLAHIR RAHMANIR RAHIM;

Mr. Ghulam Muhammed Quader M.P., Hon’ble Minister, Ministry of Commerce, Government of Bangladesh and our today’s Chief Guest;

Distinguished Former Presidents and my Colleagues of the Board of Directors of DCCI;

Distinguished Keynote Paper Presenter Dr. Khondaker Golam Moazzem, Additional Director (Research), Centre for Policy Dialogue (CPD);

Distinguished Designated Discussants:

- Mr. Md. Shahab Ullah, Chairman, Bangladesh Tariff Commission;
- Dr. Ananya Raihan, Executive Director, D-Net;
- Dr. Abul Basher, Research Fellow, BIDS;

Distinguished Representatives from both Public & Private sector;

Distinguished Guests and Participants;

Representatives of the media -both print and electronic;

Ladies and Gentlemen;

Assalamu Alaikum & a very good morning;

It is indeed a great privilege for me to welcome you all to the seminar on **“Bilateral Free Trade Agreements (FTAs) – Opportunities and Challenges for Bangladesh: Framework Issues”** organized by Dhaka Chamber of Commerce & Industry (DCCI).

On behalf of DCCI, I am honored and privileged to cordially welcome Mr. Ghulam Muhammed Quader M.P., Hon’ble Minister, Ministry of Commerce, Government of Bangladesh for gracing the occasion as the Chief Guest. I believe that his valuable speech and guidelines will pave the way for implementing Bilateral Free Trade Agreements with other countries.

I would like to extend my thanks to Dr. Khondaker Golam Moazzem, Additional Director (Research), Centre for Policy Dialogue (CPD) for preparing an in-depth paper on the issue. I hope he will highlight the pros and cons of Bilateral Free Trade Agreements for Bangladesh along with the experiences of other neighboring countries. We would expect some constructive suggestions in that respect.

I would also like to welcome the Distinguished Designated Discussants of today’s seminar. I believe that their prudent and informative discussions will make the seminar a full success.

Ladies and Gentlemen,

The objectives of the seminar, among others, are to conceptualize bilateral free trade agreements and its essence in the context of present changing global business pattern, pave the way for encouraging implementation of bilateral FTAs, identify future potentials as well as responsibilities of policy makers and create awareness among business entrepreneurs and related stakeholders, etc.

Bilateral Free Trade Agreement (FTA) has been gaining momentum since 1990 because of the slow progress of global trade talks under multilateral trading system. From the statistics of the World Trade Organization (WTO), a surge of regional trading arrangements (RTAs) is noticeable and about ninety per cent of those RTAs are FTAs. The rapid spread of regionalism has become one of the most important recent developments in the global trade system. The proliferation of bilateral and multilateral FTAs is fundamentally altering the world trade landscape. Trade between FTA partners now makes up nearly 40% of global trade. Asia is a latecomer in the move toward FTAs compared with Europe, America, and Africa.

Bangladesh has so far got some proposals for signing bi-lateral trade agreement from some friendly countries like- Malaysia, Jordan, Turkey, USA, Sri Lanka, India etc. But the country was not able to accept any of those proposals due to several reasons. By this time our neighboring country India has signed Free Trade Agreement (FTA) with Sri Lanka and some other countries. They are in the final stage of similar agreement with ASEAN and EU. Bangladesh is now concerned about future of Garments business with EU after their free trade agreement with India. So, Free Trade Agreement is very important issue for Bangladesh for doing business with other countries. A number of developed and developing countries have been benefited from bilateral FTAs. But Bangladesh is still in the position to decide whether to go for bilateral FTAs or not. From our past experience we can say that indecision is always harmful for us.

Distinguished Guests;

Among the SAARC countries, India is the largest trading partner of Bangladesh. The export from Bangladesh to India was about \$490.42 million against its import from that country of \$4758.89 million in recent years, making the two-way trade at \$5.25 billion in 2011-12. On the other hand, two-way trade between Bangladesh and China was about \$6.84 billion in 2011-12.

These two big neighboring countries contribute about one-sixth of our total foreign trade. If smuggling is considered, the amount would possibly be double. A World Bank (WB) study finds that apart from cross-border smuggling, the practice of over and under-invoicing in formal trade makes a

significant contribution to the informal trade. So, to avoid such informal trade and take the full advantage this trade, the government of Bangladesh should sign and implement bilateral FTAs at least with its neighboring and economically important countries.

Distinguished Guests;

We are aware that the government has prepared a policy guideline to explore bilateral FTAs with prospective countries with a view to making deeper trade integration through export diversification and enhancing Bangladesh's competitiveness. The main objectives of FTA guidelines are identification of potential countries, coverage and procedures for FTA negotiations, etc.

There are some priorities for FTA negotiations, these are:

- **economic strength, growth potential and demand for partner countries;**
- **geographical proximity;**
- **diplomatic relationship;**
- **market access condition for Bangladesh;**
- **willingness of the partner country;**
- **scope for manpower exports in the partner countries;**
- **consideration to elevate bilateral cooperation to strategic level;**
- **future prospect of cooperation.**

The benefits of a bilateral FTA should be carefully analyzed before signing the agreement. To set priorities on prospective markets given the existing and potential export baskets, government should set priority criteria for preparation and discussion on undertaking negotiations about FTA, which should be reflected in the policy guidelines. FTA negotiation is very important part in this regard.

Distinguished Guests

You may hardly get a single country except Bangladesh that is not having any bilateral free trade agreement with any neighbors. Not only neighbors, currently countries are signing cross-regional free trade agreements to ensure market access for their products abroad. This scribe may cite the example of the Singapore-USA free trade agreement here. In a standard situation, Bangladesh needs to pursue an FTA with prospective countries having information which are of interest of the counterpart. More importantly,

Bangladesh could initiate discussion for an FTA if it does the baseline exercises of the counterpart sufficiently.

Trade agreements are designed to create better trading opportunities by opening new markets for goods and services; increasing investment opportunities and protection of investments; making trade cheaper by eliminating substantially all customs duties and cutting red tape; making trade faster by facilitating transit through customs and setting common rules on technical and sanitary standards; making the policy environment more predictable by taking joint commitments on areas that affect trade such as intellectual property rights, competition rules and the framework for public purchasing decisions; supporting sustainable development by fostering cooperation, transparency and dialogue with our partners on social and environmental issues.

Distinguished Gatherings,

Before negotiating FTA, cost-benefit analysis and a national development policy framework are required for us. We need to have experienced and expert negotiator for the FTA. I hope a fruitful discussion will be held today and a set of recommendations will be prepared. We will send those recommendations to the concerned Ministries and Department so that an Institutional Mechanism and involvement can be possible to handle and to negotiate FTA.

Before concluding, once again I express my heartiest thanks to the distinguished participants.

Thank you all once again for joining us.

Allah Hafiz

Md. Sabur Khan
President, DCCI

May 11, 2013