

**FIFTH TRADE POLICY REVIEW OF BANGLADESH**

OPENING STATEMENT

by

**Mr. Tipu Munshi, MP**

Hon'ble Minister

Ministry of Commerce

Government of the People's Republic of Bangladesh

3 April 2019

Geneva, Switzerland

*Honourable Chair Ambassador TEEHANKEE  
Designated discussant Ambassador BOER  
Excellencies  
Officials of the WTO Secretariat  
Ladies and Gentlemen*

***Good Morning to you all***

1. Let me first take the privilege to express my sincere thanks and appreciation to you all for being present at the Fifth Trade Policy Review of Bangladesh. I also thank the WTO Secretariat, in particular the Director of the Trade Policies Review Division and his team for their excellent contribution in preparation of the report on Bangladesh. We are particularly grateful to Ambassador BOER for agreeing to be the discussant.
2. The review period witnessed high economic growth over 6 percent despite various national and global challenges including influx of more than one million Rohingyas in Bangladesh. Although, we addressed the problems on humanitarian consideration, but it has been posing enormous challenges on our economy, environment, social development and security.
3. It may be recalled that the present government under the leadership of the Hon'ble Prime Minister Sheikh Hasina adopted the Vision 2021, the year of 50<sup>th</sup> anniversary of independence. The Vision 2021 sets concrete development targets for Bangladesh with a view to transforming the socio-economic environment to a middle-income country. We already witnessed this transition in 2015. We also met all the three criteria for graduation from LDC in 2018. We expect that prudent economic policy will lead us to graduate in 2024.
4. The remarkable success of Bangladesh in attaining the important targets of the MDGs inspired the government to be in the forefront of implementing the SDGs. Accordingly, the Government has adopted the 7th Five-Year Plan for realizing the vision of a poverty-free Bangladesh with inclusive development. During the review period, the incidence and depth of poverty in Bangladesh decreased significantly; resulting in decline of headcount poverty rate from 31.5 percent to 21.8 percent and the hard-core poverty from 24 percent to 11.3 percent.
5. During the review period, Government formulated Export Policy 2015-2018 and Export Policy 2018-21. The major focuses of the policies are to promote and facilitate export,

improve quality of the exportable items, use environment friendly technologies and produce high value added and labour-intensive products. Special programs have been designed to boost up export of priority sectors with export potential. As a result, the export of Bangladesh registered a significant increase from US\$ 24.30 billion to US\$ 36.66 billion during the review period, while import stood at US\$ 58.86 billion in Fiscal Year 2017-18 increasing from US\$ 22.5 billion in Fiscal Year 2011-12.

6. The Government of Bangladesh formulated the Import Policy Order 2015-18 with minimal changes from the previous policy for maintaining the continuity and predictability of the policy measures. Tariff structure remains more or less unchanged during the review period. Tariffs on import of capital machinery have been kept at minimum level in order to support industrial development.

### *Distinguished Delegates*

7. One of the major challenges for the Government is to mobilize internal resources. The Government has made concerted efforts that resulted in increase of tax-GDP ratio from 9.12 percent in fiscal year 2011-12 to 10.9 percent in fiscal year 2017-18. Most notable achievement was the gradual reduction of dependence on import duty with corresponding increase of domestic value added tax and income tax revenue, which accounted for 53 percent of total tax-revenue in fiscal year 2017-18.

8. The Government has undertaken major reforms of the Customs Administration to facilitate trade and implement commitments under the TFA and the WCO Revised Kyoto Convention. It has introduced ASYCUDA World in September 2013 and formulated a new Customs Act which is now waiting for the approval of the Parliament. The Government has been implementing a four-year National Single Window (NSW) project since January 2017 to bring all export-import related services under one umbrella and reduce the cost of doing business.

9. The monetary policy of the country has been formulated along with the fiscal measures to support the higher economic growth, maintaining macroeconomic stability and keeping inflation at tolerable rate. As a result of prudent monetary and fiscal policies, inflation came down to 5.8 percent in fiscal year 2017-18 from 7.4 percent in Fiscal year 2013-14. Foreign exchange reserve stood at USD 32.02 billion at the end of December 2018.

10. With a target to achieve GDP growth at 10 percent by 2021, National Industrial Policy 2016 envisages to increase the contribution of industrial sector from present 30 percent to 35 percent of GDP and employment generation from present 16 percent to 25 percent by 2021. The key determinants of National Industrial Policy 2016 are SME development, structural transformation, diversification of the economic base, accelerated economic growth, employment generation, women entrepreneurship development, increasing income level and development of livelihood of the people.

11. In order to increase domestic and foreign investment, the Government of Bangladesh formulated investment friendly policies, acts and laws. Board of Investment and Privatization Commission were merged into Bangladesh Investment Development Authority (BIDA). One Stop Service (OSS) Act, 2018 has been enacted for ensuring delivery of 31 investment related services from a single point.

12. Bangladesh Economic Zone Authority has taken an initiative to promote investment and create employment of around 10 million people by establishing 100 Economic Zones throughout the country in the next 15 years. Approval has already been granted to establish 79 economic zones. Beside this, comprehensive plans and programmes have been undertaken in Annual Development Programmes to develop infrastructure, rapid electrification, energy diversification, development of communication system and information technology.

13. In order to facilitate the development of major infrastructure and services, the government has given special emphasis on public-private partnership. A public-private partnership office has been established to support the concerned ministries for identification, development and tendering of PPP projects of international standards.

14. Since 2010, the government has positioned ICT as the centre for achieving the goal of digital Bangladesh. As a result, mobile subscriptions adoption and mobile broadband penetration increased respectively to 88.1 percent and 71 per cent and the overall internet usage reached to 91.2 million users. Government has also established 5,275 Digital Centers throughout the country for creating market for the marginalized or rural people.

15. One of the major challenges of the government is to create employment opportunity for about two million people, who are added to the job market of Bangladesh every year. To this end, the country has formulated the 'National Skill Development Policy 2011' and a

National Skill Development Council (NSDC) headed by the Hon'ble Prime Minister has been formed for coordinating activities on skill development, training and employment generation programs. As a result, unemployment rate has decreased from 4.5 percent to 4.20 percent during the review period.

### *Distinguished Delegates*

16. Bangladesh is a strong proponent of multilateral trading system and remains active in all WTO activities. As the LDC coordinator, Bangladesh successfully negotiated landmark decision on extension of exemption from the TRIPs obligation for the LDCs for pharmaceutical products until January 2033. Bangladesh also led the negotiations for decisions on preferential rules of origin for the LDCs and operation & extension of LDCs services waiver during 10<sup>th</sup> WTO Ministerial Conference. During the review period, the major focus of Bangladesh was the conclusion of the Doha Round and full implementation of the WTO decisions in favour of LDCs. Bangladesh actively participated in the discussions on development, implementation of TRIPs Article 66.2 and review of Annex VII of SCM Agreement for graduated LDCs. Bangladesh was also active in the discussion on work program on e-commerce for ensuring increased participation of SMEs. Bangladesh also ratified Trade Facilitation Agreement and notified all categories on 21 February 2018.

17. With the support from EIF, the Government has completed DTIS in 2015 with an Action Matrix. The Government has launched Tier-1 project and has been conducting regular training programs, workshops and symposiums to enhance capacity of the trade officials and academics.

18. Bangladesh is a party to five regional trade agreements. It also signed 33 bilateral Investment Cooperation agreements for promotion and protection of foreign investment. Besides, it has signed agreements on avoidance of double taxation with 33 countries. It also signed joint economic and trade cooperation with 44 countries.

19. The Government of Bangladesh is committed to continue its endeavours for achieving higher GDP growth, eliminating poverty and reducing inequality. The people of Bangladesh as well as the government embraced the graduation from LDC status in 2024. However, keeping pace of economic growth will be major challenge in the next decade. We deeply

appreciate the support of our development partners in our efforts to accelerate growth and development and hope that they will continue their support for smooth graduation.

20. One of the major challenges of graduation will be the loss of DFQF market access which has significant contribution in promoting our export and creating employment opportunity for the poor, especially for the women. Addressing the issues of strengthening the supply side capacities, diversification of export products and markets and transformation from factor-driven to productivity-driven production practices are critically important in attaining the SDGs and ensuring smooth graduation. To this end, Bangladesh direly needs harnessing the opportunities of digital economy, IT-enabled service economy and the new knowledge ecosystems in the upcoming days.

21. In this context, I call upon WTO members to address trade-related challenges of graduated LDCs and come up with strategy to support them for sustainable graduation.

22. I would like to thank the Members for their interest and engagement. We believe, this will help us understand the perspectives of the members and guide us to develop better trade policy regime. My delegation and I look forward to hearing your views and comments.

*I thank you all*