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Prof. Mamun Habib Launches Research Report

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‘Bangladesh hardly utilising Asian regional trade potential’

Finds a study conducted by former Bangladesh Bank governor Atiur Rahman

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Bangladesh is hardly utilising the Asian regional trade potential as below 5 percent of the country's total exports go to India and China—two major economies of Asia—and the members of the Association of Southeast Asian Nations (ASEAN), a study found.

Global exports to China and India normally hover around \$4,050 billion a year, of which merchandise and services worth only \$2.64 billion went from Bangladesh in 2022, the study said.

Bangladesh's exports in 2022 stood at nearly \$60 billion, of which only 4.5 percent were shipped to India and China, indicating a poor trade flow to the neighbouring economic giants, it added.

Atiur Rahman, former governor of Bangladesh Bank, conducted the study on the "Post-LDC graduation: Opportunities, Challenges, and the Way Forward" where he gave examples of Bangladesh's low export to the countries in the Asian region like India, China, South Korea and Japan.

Rahman, also an emeritus professor of the Dhaka University, also said around 40-60 percent of Bangladesh's export potential to Southeast Asia and the ASEAN nations is still untapped.

He presented the findings of the study at the regular luncheon meeting of the American Chamber of Commerce (AmCham) in Bangladesh, at Sheraton Dhaka hotel in the capital.

In November 2026, Bangladesh will graduate from the least developed country (LDC) category and lose its most-favoured nation (MFN) tariffs and duty-free market access to partner countries, which may cut the country's baseline exports by 7-14 percent, he said.

Moreover, Bangladesh will also face stringent Rules of Origin for exports when the pharmaceutical sector will have to comply with trade-related intellectual property rights (TRIPS) obligations, he said in the study.

He suggested for continuation of the cash incentive on export receipts as long as possible as different export sectors need some time to take preparation to be more stable in the volatile global economic situation.

The former central bank top official also recommended that the government should instead increase the incentive, if possible.

He also urged the government to take steps to stabilise exchange rate, contain inflation, promote export diversification (both products and destinations) and bolster remittance.

Consistency should be ensured in the capital market and priority should be given to human capital development through stronger private sector participation with the academia and other training providers, he said.

At the AmCham event, Md Humayun Kabir, additional labour secretary, launched the findings of a research on the "Development of labour conditions in Bangladesh for sustainable growth" in a panel discussion.

Bangladesh has ratified 36 ILO [International Labour Organisation] conventions and the protocol 29 on forced labour, including 8 of 10 fundamental conventions, Kabir said.

In 2022, Bangladesh ratified ILO convention 138 concerning minimum age for entry into work and the Protocol 2014 on forced labour convention, he said.

A road map on labour right for 2021 to 2026 is also being implemented, he said.

In line with the ratified conventions, Bangladesh is making significant efforts for enforcement, which includes legal and administrative reforms and promotional activities, the additional secretary said.

Particularly, since 2013, Bangladesh has made remarkable progress in ensuring labour rights and workplace safety in the country which has been recognised globally, he said.

Bangladesh will have to apply to the US government for reinstatement of the suspended generalised system of preferences (GSP) as the status was suspended after the Rana Plaza building collapse by the then Obama Administration in June 2013, said Leena Khan, labour attache of the US embassy Dhaka.

At present, the GSP is inactive, as the US Congress did not revive the programme since December 2020, she said.

Neeran Ramjuthan, programme manager of ILO Labour Administration and Working Conditions Cluster, expects Bangladesh will amend the labour law to international standards as per the commitment to the ILO.

It is imperative for the government, policymakers and the banking watchdog to work together to implement effective measures to control inflation and mitigate its impact, said Syed Ershad Ahmed, AmCham president.

Other current key challenges are declining foreign exchange reserves, the balance of payment deficit, energy sector demand-supply imbalances, supply chain disruption and the struggling banking sector, Ahmed also said.

John Fay, commercial counsellor of the US embassy in Dhaka, also spoke at the luncheon meeting.