

Review of Trade Related Policy Instruments

Perspectives of Inclusive Growth, Productive
Employment and Decent Work



Md. Manirul Islam



BANGLADESH INSTITUTE OF LABOUR STUDIES-BILS

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Acronyms

AFS	: ASEAN Framework Agreement on Services
APTA	: Asia Pacific Trade Agreement
ATM	: Automated Teller Machine
BBS	: Bangladesh Bureau of Statistics
BILS	: Bangladesh Institute of Labour Studies
BIMSTEC	: Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
CETP	: Central Effluent Treatment Plant
CSO	: Civil Society Organisation
DW	: Decent Work
EC	: European Commission
ECLAC	: Economic Commission for Latin America and the Caribbean
ESCAP	: Economic and Social Commission for Asia and the Pacific
ETP	: Effluent Treatment Plant
EU	: European Union
FAO	: Food and Agriculture Organisation
FOB	: Free on Board
FTA	: Free Trade Agreement
FY	: Fiscal Year
GATS	: General Agreement on Trade in Services
GATT	: General Agreement on Tariffs and Trades
GDP	: Gross Domestic Product
GNI	: Gross National Income
GSP	: Generalised System of Preferences
IDB	: Inter-American Development Bank
IG	: Inclusive Growth
ILO	: International Labour Organisation
LDC	: Least Developed Country
LWG	: Leather Working Group
MFN	: Most Favoured Nation

NAALC	: North American Agreement on Labour Cooperation
NAFTA	: North American Free Trade Agreement
NGO	: Non- Governmental Organisation
NTU	: National Trade Union
ODA	: Official Development Assistance
OECD	: Organisation for Economic Co-operation and Development
OIC	: Organisation of Islamic Cooperation
PE	: Productive Employment
PM	: Prime Minister
RMG	: Ready Made Garment
SAFTA	: South Asian Free Trade Area
SDG	: Sustainable Development Goal
SME	: Small and Medium-sized Enterprise
TP/A	: Trade Policy/Agreement
TPP	: Trans Pacific Partnership
TU	: Trade Union
TVET	: Technical and Vocational Education and Training
UN	: United Nation
UNCTAD	: United Nation Conference on Trade and Development
UNGP	: United Nation Guiding Principle
UNGPBHR	: United Nation Guiding Principles on Business and Human Rights
UNWTO	: United Nation World Tourism Organisation
USD	: United States Dollar
USTR	: United States Trade Representative
VAT	: Value Added Tax
WTO	: World Trade Organisation

The government is pledged to act on Sustainable Development Goal 8 which reads, “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.” To achieve this it is vital to act on trade, more particularly on export and import. Export earning is one of the main engines of growth of the Bangladesh’s economy. Next to this, being in the crossroad of a developing country and a lower middle income economy in the UN processes, IG, PE and DW are all carry extra potential for Bangladesh’s trade and growth. Most importantly, there is both a strong need and desire from the part of the national trade unions to act systematically into trade aspects on issues of IG, PE and DW.

These were the milieus. Bangladesh Institute of Labour Studies – BILS has conducted a review of a number of main trade policy instruments. We have reviewed more than 24 international trade policy instruments. We have reviewed more than 29 national trade policy instruments. We have reviewed numerous research documents and articles. We have conducted a number of expert interviews. We have emphasised trade union’s perspective to the tops. We have conducted two consultations with them, one at the beginning and the other at end. It was really difficult to determine the decisive factors into trade policy instruments for IG, full and PE and DW. To overcome this, based on the set of indicators are developed to measure Sustainable Development Goal 8, a tailor made list of indicators is developed and followed.

Findings

- Trade contributes to growth directly. More export/import means more income. More income means more growth. Countries having higher rates of GDP growth has higher rates of growth in trade as a share of output (Ventura, J. 2005).
- IG, PE and DW are not automatic choice or direct with plus-plus income from export/import and trade. More particularly, increased growth does not necessarily mean IG, PE and DW. Bangladesh has achieved 7% plus GDP growth for last three consecutive years, as is set target in the SDG a precondition for IG, PE and DW. This didn’t suffice required employment generation. Wage & decent work statuses are yet to any comfort zone. However, more trade means more export/import and thus more

production, factories, employment and income. From this perspective we can say that the state of an increased growth is the most conducive stage for IG, PE and DW.

- Like that the relation between growth and IG, PE and DW is indirect, they neither depend on any single issue nor factor. More particularly, only export/import increase or export diversification or increase of private investment cannot singly determine IG, PE and DW. Rather, they depend on diverse issues and factors. To get desired result, it is important that those diversified issues and factors are connected to these, are touched and influenced. For this, it is a first prerequisite that those diversified issues and factors are identified as well as appropriate course of action is agreed for each of them.
- Next to this, to influence diversified determinant issues and factors are connected to IG, PE and DW, trade policies and agreements can be one of the best options. The role from the TU is equally important. Mentionable that from the very beginning government and employer is part of the trade policies and agreements development processes.
- Review of international trade policy instruments shows that they have included a good number of policy directives on many important determinants on IG, PE and DW. Article 9 of the United Nations Guiding Principle on Business and Human Rights directs that States shall retain adequate policies and regulatory measures under the terms of bilateral investment treaties, free trade agreements or contracts for investment projects to protect human rights. In the ILO Declaration on Social Justice for a Fair Globalization 2008, it is categorically mentioned that upon request from member states, ILO shall assist to develop and incorporate required terms and conditions in the bilateral/regional/multilateral agreements to protect decent work.
- There are many more directives and commitments on different issues and determinants. Article IV of the WTO's General Agreement on Trade in Services has directed that while making trade agreements, developing countries shall negotiate specific commitments relating to (a) strengthening of their domestic services capacity and its efficiency and competitiveness, inter alia through access to technology on a commercial basis. UNCTAD in its Comprehensive Investment Policy Framework for Sustainable Development has pointed out 10 specific guidelines to formulate investment policy. Guideline 2 of which, has

asked for involving of TUs in the policy formulation processes. Article 10 of the Cooperation Agreement between EC & Bangladesh has acknowledged safeguarding the basic rights of workers in line with relevant ILO instruments, including those on the FoA, the right to organise and collective bargaining. Article 9.1.b of the Generalised Tariff Preferences Agreement of EU says that to avail GSP+ special incentive facility, after a country is fully transformed to a developing status, a country shall (a) ratify 27 international Conventions; (b) set out a explicit process to address them; (c)(i) give a binding undertaking to effectively implement them; (d) regularly report on them. Article XXXVI.5 of the GATT 1994 commits that the rapid expansion of the economies of the LDCs shall be facilitated by a diversification and the avoidance of an excessive dependence on the export of primary products.

- Review of a number of main Bangladeshi trade policies shows that few important determinants of IG, PE and DW are given emphasis. Export increase is given a top priority in the Export policy 2018-21 and in the Perspective Plan 2010-21. There is a special chapter and comprehensive policy directives in both the national industrial policy and the export policy on export diversification. The national industrial policy has offered sector-wise different investment incentives and facilities to boost up private investment. There is comprehensive policy direction in the national industrial policy for SME development. Apart from these, there are particular policy directions on labour intensive production, women entrepreneur development, reducing of import dependency, establishing of 100 industrial zones, public-private partnership building, and creating of industry friendly banking sector and facilities. In depth analysis though suggests that these all together don't make part of a defined framework of plan to address IG, PE and DW. More particularly, although there is emphasis separately on export increase, export diversification or expanding of manufacturing sector and employment and reluctantly mentioning of IG, PE and DW in the trade policies, they altogether don't present a coordinated framework of planning in this. Few inconsistencies also are marked. The perspective plan has emphasised to continue to drive manufacturing sector growth for at least another decade based on a low-cost labouring. This is just opposite of a productive wage. The definitions are given to medium and small industry is reviewed don't

go with the socio-economic reality of the country as well as a key impediment for SME development. A good number of privileges are meant for SME development is particularly explored by the relatively well off investors. Bangladesh has yet to any separate investment policy. Mostly, the DW aspects are mentioned reluctantly, like that it is to say something so is said. There is no specific commitment or plan on this.

- Review of trade agreements signed with at least 19 countries further shows that the aspects of inclusive growth, productive employment and decent work are almost missing in these. Most emphasis is given on trade expansion, trade cooperation, trade related dispute settlement and on exploring most favoured nation treatment in these. A second most emphasis is given on non-tariff barriers, fair competition, transit facility, rules of origin, and on re-export. There is mentioning of export diversification in six agreements but with a very low tone like advice and information sharing. Only a single agreement has included terms on skill improvement.
- On the other hand, the status of implementation of the trade policies and their real impact on IG, PE and DW are yet to any pleasing state. Economy has witnessed a shift from exporting of primary goods and raw materials to exporting of manufactured goods and services. The garment has overtaken traditional export items like jute and tea. Labour intensive, export oriented and import-substituting industries have developed. However, the overall employment situation is very much discouraging. Employment in the manufacturing sector has been reduced to only 14.43% from 16.4% in 2013. Employment in the micro, small and medium enterprises has been further reduced to 18,52,703 in 2019 from 20,51,665 in 2012. Of all active labour forces, 85.1% are employed in the informal sector. Wage increase is the lowest amongst South Asian countries, only 3.4%. There is only a little scope for collective bargaining. Since, there are only a limited number of basic unions. Having alternative legal arrangements like participatory and welfare committee, the right to freedom of association is very much restricted. To meet up basic needs, workers do willingly perform extra work hours as well as engaged in forced and hazardous labouring on a regular basis. Abuses and discriminations are equally persistent in the work places. Workplace related casualties and deaths particularly due to boiler explosion, road accident and

falling down from above of an under-constructed building are a regular phenomenon. There is only a negligible practice of social protection of workers. The Gini coefficient of income, which is a popular measure of income inequality, rose from 0.458 in 2010 to 0.482 in 2016. Per day food calorie intake has been lessened to 2210.4 K. Cal in 2016 from 2318.3 K. Cal in 2010. The share of export is raised to around 13% of GDP in the fiscal year 2017-2018 against a set target of 26% by 2021. Private investment was 22.5% of GDP in 2011-2012, which is raised to only 23.26% of GDP in 2017-2018. Export is concentrated on RMG roughly around 83.5%. In the tannery, both export and employment are on a reducing trend for about last three years. Workers' unrest is ever continued in the jute, agriculture and garments industry.

Recommendations

Given the above stated reality and considering both the demand and the capacity of the TUs, instead of limiting and specifying, we have considered here a comprehensive list of recommendations:

- Capacity building of the TUs on aspects of development and negotiation of the trade policy instruments' is to be a first priority. This should be a continuous and middle to long term process. Inter-co-operation/ collaboration building among TUs is to be a core focus in these;
- Pushing and promoting of the determinants of IG, PE and DW into trade policy instruments is equally important. For this, it is needed that diversified issues, sub-issues and factors that are contributory to IG, PE, and DW, are identified as well as appropriate course of actions are agreed for each of them among contending stakeholders. [What to promote, when to promote and how to promote & so on];
- There can be an active tripartite social dialogue process to regularly scrutiny/supervise /monitor trade policy instruments formulation & negotiation processes;
- Broader study is also needed. At this point minimum socio-economic inclusion however can be the focus;
- Lobby/advocacy is needed to ensure TU's representation into multilateral/regional/bilateral trade agreement negotiation and development processes;

- Lobby/advocacy is needed to ensure that formulation and signing of trade agreement processes is transparent and information is available in the wider community;
- Aspects of diversification, value addition, & technological promotion to be agreed mutually among all parties. There must be unification on these in all policies. There can be single body to oversee these;
- Advocacy/lobby is needed to ensure TU's representation in the trade cooperation aspects;
- There can be an initiative of TU led mapping of the status of 27 international conventions as well as continuous monitoring on them, which are a must to achieve GSP plus facility from the EU, once fully graduated to a developing country;
- There can be advocacy/lobby to redefine SME and to ensure special privileges for micro, cottage and handicraft industries;
- Promote incorporation of environment protection/damage cost into Trade Policy Instruments;
- There can be lobby/advocacy to ensure TU representation into a) sector/industry specific business promotion councils, b) National Council for Industrial Development, c) 'Research, Observation & Data Cell' under the MoI, and d) high powered "Export Credit Monitoring Committee" under the authority of Bangladesh Bank;
- There can be lobby/advocacy to ensure a central mechanism including worker's representation to oversee the profit/financial aspects of the companies engaged in export/import;
- There can be lobby/advocacy to establish a import committee and to ensure TUs representation into the same particularly to control rent seeking behavior;
- It is right time to promote living wage concept into Trade Policy Instruments;
- Agriculture: need to ensure lobby/advocacy on need-based and sector specific issues;
- Tannery: Campaign/Advocacy/Lobby to make completion of undue tasks for the tannery industrial park;
- RMG: Lobby/advocacy to devise and execute a Standard Unified Code of Compliance in accordance with the National Export Policy

2018-2021. Administer advocacy/campaign to ensure effective use of the Social Welfare Fund for social protection purposes [health and education];

- Advocacy with the ILO national office to ensure that the ILO [as per directive set in the Declaration on Social Justice for a Fair Globalization 2008] has influenced and assisted the government to address decent work into the bilateral and multilateral trade agreements;
- TU can advocate to formulate an independent Investment Policy that adequately respect IG, full and PE and DW. In such an initiative, ensuring TU representation is a must into the policy formulation processes;
- There is a clear need for institutional reforms in the areas of revenue generation and public expenditure, greater than ever;
- Last but not the least, there can be a general advocacy/campaign to formulate a comprehensive trade policy that best address IG, PE & DW and in which there is unification among policy prescriptions & actions as well as include a coordinated framework of action plan to achieve the same.

Section I

Introductory Part

The Setting

The Vision 2021 aspires Bangladesh to be a middle income country by 2021. The Perspective Plan, the 7th Five Year Plan, the successive annual budgets all have set strategies and policy guidelines to achieve this development vision. This journey to a middle income country requires a consistently high rate of growth of the economy. The Perspective Plan has set a target to rise GDP growth rate to 8.0% by 2015, and 10.0% by 2021 along with significant improvement of living standards particularly through enhanced employment and income¹. This target of reaching 10% annual GDP growth is particularly premised on a prolific and competitive manufacturing sector with a stipulated raise of its share of GDP at 28% by 2021.² This is further expected to raise the total industrial share of GDP at 37%.³

The main driver of manufacturing sector growth is trade, more particularly export and import. East Asian miracle has showed us that economies which trade more get richer more quickly. To achieve a 28% manufacturing sector's share of GDP by the year 2021, the perspective plan has projected that the share of manufacturing export is raised to about 26% of GDP.⁴ This expanded trade is expected to contribute employment first and then gradually to productive employment, decent work and inclusive growth. Since, expanded export shall require expanded production. This alternatively shall cause additional establishments and employment. Secondly, increase export earnings along with additional employment and income shall cause rising of domestic demand. This ultimately shall cause additional import and/or establishing of new import-

1 *Perspective Plan of Bangladesh 2010-2021 Making Vision 2021 A Reality*, p20, table 3.1: Key Macroeconomic Indicators

2 *Perspective Plan of Bangladesh 2010-2021 Making Vision 2021 A Reality*, p37, table 5.2: Projections of Structural Change to 2021

3 See supra note 2

4 *Perspective Plan of Bangladesh 2010-2021 Making Vision 2021 A Reality*, p39, table 5.3: External Sector Targets

substitute domestic industries. Either from direct import or setting-up of new establishment, additional employment shall generate. The combined effects from export and import shall gradually leads to full employment. Once, there is full employment, it is highly likely to achieve productive employment and decent work. On the other hand, export oriented establishments are labour intensive and employ comparatively poor peoples and thus inclusive in nature. Secondly, inclusiveness is in-built with imports since it makes goods (food, medicine) and services (education) accessible and affordable.

Since the effectuation of the perspective plan in 2011, a quality time has already passed. In many broad-based economic indicators, Bangladesh is seen in the right track. It has already achieved 8.13%⁵ GDP growth in the fiscal year 2018-19. Share of the industrial sector to GDP has risen to 35.14% in 2018-19⁶. Share of manufacturing sector to GDP has risen to 24.21%⁷. Bangladesh's gross national income has risen to \$1,909 in FY 2018-19 from \$928 in FY 2010-11.⁸ Poverty incidence both in terms of upper and lower poverty lines has reduced considerably.

Despite these achievements, there is a persistent critic that the high rates of GDP growth have not added new jobs to the economy. Instead of full employment, it has resulted in a phenomenon of jobless growth, which has deepened existing inequalities and social exclusion. Although, wages increase is marked on a rising trend in the last few years, after inflation adjustment, wage and services benefits are yet to any productive stage for even formally employed manufacturing workers. There are increasingly compliant factories to comply with trade conditionality but complacency of workers is achieved only a little. Workers unrest owing to wage and/or decent employment related issues is common year round. For majority of the informally employed manufacturing workers, it is yet to any meaningful stage to talk about productive and decent employment.

5 *Bangladesh Economic Review 2019*, Chapter 2, p19, table 2.5: Trend of Structural Transformation of Broad Sectoral Shares in GDP and Growth Rate at Constant Prices

6 See supra note 5

7 *Bangladesh Economic Review 2019*, Chapter 2, p18, table 2.4: Sectoral Share of GDP at Constant Prices

8 *Bangladesh Economic Review 2019*, Chapter 2, p14, table 2.1: GDP, GNI, Per Capita GDP and GNI at Current Market Prices

Manufacturing sector now employs only 14.4%⁹ of all employed labour forces against a set target to increase the same at 25% by 2021 (The Perspective Plan). Secondly, roughly 40%¹⁰ of all manufacturing sector employment is at RMG. Available estimate further suggests that employment in the RMG instead of increasing has reduced in last couple of years. Employment in the manufacturing sector is almost double in the East Asian high growth economies like Malaysia and Vietnam, and there is significant diversification of export earnings in these. Thirdly, 89.5%¹¹ of all manufacturing sector employment is informal in nature. Fourthly, manufacturing export earning is now only around 12/13% of GDP¹² against a set target of 26% by 2021¹³. Fifthly, share of agriculture sector to GDP (13.6%)¹⁴ and its employment (40.6%)¹⁵ has reduced over time and in the service sector this of GDP share (51.26%)¹⁶ and employment (39%)¹⁷ is almost stagnant for last couple of years. Sixthly, there has been a negative growth of Migrant employment in 2018 over 2017.

In view to all these and firstly to ensure a full employment, it is a must that trade in goods and services is increased drastically. For this, along with market expansion, it is a must that supply side capacities of trade such as infrastructural capacity and productivity are improved considerably. It is equally important to emphasis on product and market diversification, technological innovation and up-gradation and governance improvement. Domestic investment further has a great role to play. The perspective plan

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- 9 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p50, table 6.5 Employed population aged 15 or above, by major industry, sex and area
 - 10 According to LFS 2016-17, Annex-1, p250, Table S161, 3.3 million are employed at RMG. LFS 2016-17, p164, Annex-1 Table S7 has further documented that there is 8.8 million manufacturing employment in the country.
 - 11 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p205, Annex-1, table S87 Informal employment as % of total employment aged 15 or older, by industry, and sex
 - 12 Author's calculation based on data is given in the Bangladesh Economic Review 2018. In chapter 2, page 16, table 2.2 it is given that Bangladesh's GDP at market prices was BDT 2250479,0000000 in 2017-18. In chapter 6, p82, table 6.3 it is noted that Bangladesh's export earning was 36,668 million USD in the fiscal year 2017-2018
 - 13 See supra note 4
 - 14 See supra note 5
 - 15 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p49, Table 6.3 Employed populations aged 15 or older, by economic sector, sex and area
 - 16 See supra note 5
 - 17 See supra note 15

has targeted to increase gross domestic investment at 38%¹⁸ of GDP by 2021 which is now around 31.56%¹⁹.

A second consideration deserves attention is that manufacturing employment needs to be productive and decent and to the extent they must facilitate an inclusive growth. This is now an increasing emphasis worldwide. Sustainable Development Goal 8 reads, “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. Bangladesh is committed to act on this and to implement the same by the year 2030. Next to this, being in the crossroad of a developing country and a lower middle income economy in the UN processes, inclusive growth and productive and decent employment are all carry extra potential for Bangladesh. Since, once graduated fully to these statuses, Bangladesh shall require to periodically report-back on these to continue availing preferential trade facilities. These all imply that alongside significant increase of trade in goods and services which shall contribute to full employment, Bangladesh needs to work seriously on improving of income and employment conditions of its manufacturing sector employees and to some extent on services sector employees.

In the underlying contexts of above, the role of trade policies/agreements is of paramount importance. It is through trade policies/agreements, global trade of manufacturing goods and services operate and sustained ahead. Because of this, trade & foreign policy are intertwined throughout history. With the formulation and execution of the UN Guiding Principles on Business and Human Rights in 2011, the scope of trade policies/agreements has widened significantly, to govern more on aspects of inclusive growth, productive employment and decent work along with its traditional role of trade facilitation aspects only.

Apparently, the direct beneficiaries of trade growth are the more well-off segments of society. However, it is evident that the poor benefit indirectly through the overall economy. There is hardly any evidence that the poor, in general, are hurt by imports and protectionism is not necessarily pro-poor. However, Inclusiveness, productive employment and decent work

18 *Perspective Plan of Bangladesh 2010-2021 Making Vision 2021 A Reality*, p26, Annex A: Bangladesh: Key Economic Indicators

19 *Bangladesh Economic Review 2019*, Chapter 2, p20, Table: 2.7: Consumption, Savings and Investment

are not automatic choice with trade; need to work on them in policy/programme development. Trade openness should be accompanied by structural reforms like human capital investment, social protection, access to finance and markets by the poor & so on.

As such, it is analyse important that trade unions perform a critical role in the trade policy/agreement formulation processes which is now missing completely. The government and employers are the main contributors in these. Traditionally, the Trade Union Movement in Bangladesh focuses its attention on improvement of labour legislation. But in the light of the changed national development aspiration particularly to achieve full and productive employment and inclusive growth, there is both a need and desire from the Unions to engage in the trade policy/agreement development processes. This is expected to give trade unions the necessary leverage to promote the aspects of inclusive growth, productive employment and decent work into the trade regime that is presumed to be the main driver of manufacturing sector growth and employment in the upcoming decade in Bangladesh.

For this, it is a first and foremost prerequisite that TUs have relevant understanding and knowledge on the trade policies/agreements is governing the trade of Bangladesh and how the aspects of inclusive growth, productive employment and decent work are reflected into these. With this end in view, Bangladesh Institute of Labour Studies – BILS has conducted this study to enable a TU's perspective into trade policies/agreements based on a review of a number of main international and national trade policies and agreements those have a clear association with Bangladesh's trade. This paper details the review findings.

Apart from this introductory part, the report is divided into four main sections. Relevant to aspects of inclusive growth, productive employment and decent work are to look into trade policies/agreements, a detail list of indicators is developed first and is placed in the second section. Based on these , a review of a number of main national trade policies/agreements is made particularly to find out the strengths and gaps in them, and is placed in the third section. Findings obtained from the review of international trade policies/ agreements, particularly to determine indicators based standards/principals, are narrated in the fourth section. Finally, in the fifth section, along with conclusion, a set of recommendations is given to act on by the trade unions.

Research Objective

Broad/General

To study national-international trade policies/agreements and developing a TU position paper to enable TU leaders to act on addressing inclusive growth, productive employment and decent work into the trade regime.

Specific Objectives

- A. To study/review a few main international trade policies/agreements from the perspectives of inclusive growth, productive employment and decent work;
- B. To study/review a few main national trade policies/agreements from the perspectives of inclusive growth, productive employment and decent work;
- C. To develop a TU position paper to enable TU leaders to act on addressing inclusive growth, productive employment and decent work in the country's trade regime.

Research Questions

- ✓ What role for trade policies and agreements to address inclusive growth, productive employment and decent work?
- ✓ What are the key indicators to study inclusive growth, full and productive employment and decent work into trade policies and agreements?
- ✓ What are the available standards/principals in the international and multilateral trade policies and agreements in regard to broad-based indicators are developed for studying inclusive growth, full and productive employment and decent work into trade regime?
- ✓ What are the strengths and gaps in the national and bilateral trade policies and agreements to address inclusive growth, full and productive employment and decent work at national context?
- ✓ What role for trade unions to address inclusive growth, full and productive employment and decent work into trade regime?

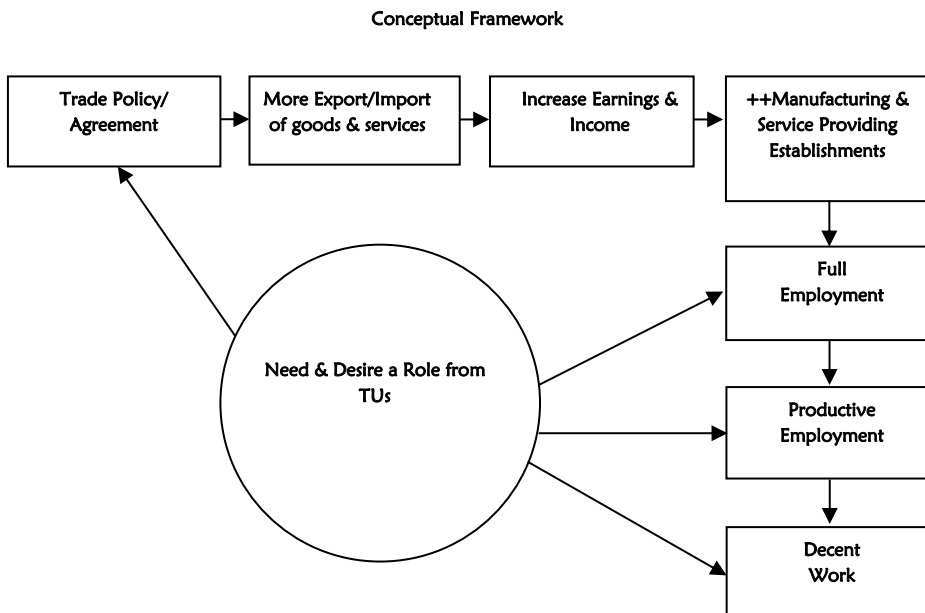
Methodology

Qualitative research approaches and respective tools and techniques are particularly followed in this study. Information is collected both from primary and secondary sources.

The methodology of this study broadly included review of trade policies/agreements, literature review, expert interview and consultation. A set of pre-developed checklists are used for collecting data from primary and secondary sources. Different checklists are used to collect data from different stakeholders and sources.

Conceptual Framework

Study findings altogether present the following conceptual framework of understanding:



- Trade policies/agreements have a clear influence to increase/decrease of trade in manufacturing goods and services;

- When there is an increase trade of manufacturing goods and services, there is an increase earnings and income;
- When there is an increase earnings and income, there is more and more manufacturing and services providing establishments both export oriented and import substituting;
- When there is ++ manufacturing and services providing establishments, there is more employment and increasingly full employment;
- When there is full employment, it is highly likely that there is a productive employment;
- When there is a productive employment, it is highly likely that there is a decent employment
- A TU's perspective of review of trade policies/agreements tell us that there is clearly space and opportunity for trade unions to act on influencing trade policies/agreements in favour of full and productive employment and decent work.

Section II

Development Indicators: Perspectives of IG, PE & DW

Operational Definitions: IG, PE & DW

Inclusive Growth

In its simplest sense inclusive growth means a situation when the growth includes all e.g., men, women, child, young, old, disable, marginalized, and people from all castes and religions (UN, 2013).²⁰SDG incorporate view is that when the growth rate is consistently high such as 7+, this can includes all.²¹

Equitable Growth

In view to ever-increasing inequality in the recent past almost worldwide, 'equitable growth' is increasingly an added dimension/emphasis in this. 'Equitable growth' implies a situation when growth shall not only include all it shall benefits to all equally. Left lining intellectuals shall prefer to refer the same as distributional wellbeing, a pro-poor growth.

It is usually perceived that when there is equity in opportunity, growth can be equally benefitting. To ensure equity in opportunity, regulation/control of growth through a set of established policies/principles is concurrently a popular practice.

Productive Employment

Employment yield sufficient returns to the worker to permit him/her and the dependents a level of consumption above the poverty line (ILO, 2012)²².

20 United Nations (2013) *Asia Pacific Trade and Investment Report 2013 Turning the Tide: Towards Inclusive Trade and Investment*, Chapter 8: Linking Inclusive Growth and Trade and Investment, p95, first line, Thailand Retrieve at <https://lawsdocbox.com/Immigration/80490004-Asia-pacific-trade-and-investment-report-2013.html>

21 SDG indicator 8.1 reads the same

22 ILO (2012) *Understanding Deficit of Productive Employment and Setting Targets A Methodological Guide*, Chapter 2: Concepts and Definitions, p3, paragraph 3,

Decent Work

Decent Work is having 4 pillars²³ as below:

- 1) Fundamental Principles at Work [FoA, no child labour, no forced labour, & no discrimination]
- 2) Decent employment
- 3) Social security and
- 4) Social dialogue

What role for ‘Productive Employment’ and ‘Decent Work’ in Inclusive Growth?

‘Decent Work’ and ‘Productive Employment’ are two sets of globally established principles/ guidelines to address equity in opportunity to ensure that growth is equitable and inclusive.

Trade and Inclusive Growth

Approaches to Defining Inclusive Growth from a Trade Perspective

Who Defines?	Definition
World Bank (2011) ²⁴	Trade that facilitates the adaptation and movement of both workers and firms towards sectors with growing demand, and the incorporation of new technologies with the objective of promoting productivity and employment growth of a wide group of workers and firms.
UNCTAD (2007)	A process of globalization that brings more benefits for countries and population sectors previously excluded.
ILO (2008) ²⁵	Globalization that obtains better results through a more equitable distribution, in order to respond to the

International Labour Office, Geneva Retrieve at

https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_177149.pdf

- 23 International Training Centre of ILO, Decent Work, Retrieve at https://webcache.googleusercontent.com/search?q=cache:31gsiY6pHCoJ:https://www.itcilo.org/pt/the-centre/programmes/atividades-dos-trabalhadores/resources/decent-work-booklet_pt+&cd=18&hl=en&ct=clnk&gl=bd
- 24 World Bank (2011) *World Development Report 2011: Conflict, Security, and Development*. Washington D.C. Retrieve at <http://go.worldbank.org/1BOIJMD8H0>
- 25 ILO (2008) *Declaration on Social Justice for a Fair Globalization*, Geneva Retrieve at www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/genericdocument/wcms_099766.pdf

	universal aspiration of social justice, achieve full employment, secure the sustainability of open societies and the world economy, achieve social cohesion and fight against poverty and inequality.
OECD (2010) ²⁶	Trade that generates the kind of growth that will reduce poverty. Five policy categories are listed: trade policy and regulations, trade development, trade-related infrastructure, enhancement of the productive capacity, and trade adaptation facilitation.
United Nations Development Programme ²⁷	The contribution of firms to human development through the inclusion of the poor in the value chain as consumers, producers, business owners or employees.
FAO of the United Nations	Value chains that include the small farmers.
Inter-American Development Bank (IDB) (2011) ²⁸	Activities that promote an improvement in the quality of life of sectors with few resources through the supply of basic services or products, as well as the inclusion in value chains of disadvantaged productive groups.
ECLAC (2013) [The Economic Commission for Latin America and the Caribbean]	Trade that generates a virtuous circle between the reduction of structural differences and growth that improves the wellbeing of a majority and reduces inequality
ESCAP(2013) [Economic and Social Commission for Asia and the Pacific] ²⁹	Trade (a) enabling poorer people to compete in a globalized world market by increasing their productivity; (b) ensuring that the benefits are shared in the most equitable manner; (c) ensuring that poor people, women and other disadvantaged groups can draw benefits from exports and that equality within the country and between social groups, regions and genders can be promoted; (d) shielding vulnerable

26 Organisation for Economic Co-operation and Development (2010) *Perspectives on Global Development 2010: Shifting Wealth*, Paris retrieve at www.oecd.org/dev/pgd/perspectivesonglobaldevelopment2010.htm.

27 See at www.growinginclusivemarkets.org

28 Inter-American Development Bank (2011) *Forum for Development at the Base of the Pyramid*, Sao Paulo retrieve at www.inclusivebusiness.org/2011/03/idb-base-sao-paulojune-2011.html

29 United Nations Economic and Social Council for Asia and the Pacific (2013) *Asia Pacific Trade and Investment Report 2013 Turning the Tide: Towards Inclusive Trade and Investment*, p97, Thailand Retrieve at <https://lawsdocbox.com/Immigration/80490004-Asia-pacific-trade-and-investment-report-2013.html>

	groups from the impact of trade liberalization when this threatens their livelihoods; and (e) ensuring that the liberalization of goods and services effectively contributes to these objectives
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Table 1: Defining Inclusive Growth from a Trade Perspective

Trade Policies/Agreements

In general, trade policies/agreements include terms and conditions in relation to import and export of goods. More specifically, trade policies/agreements include terms and conditions on tax, excise, duty, tariff, non-tariff, import-export procedures, subsidy-support, appreciation-depreciation, quotas, investment, trade openness & restriction, enterprise development support, skill improvements and so on particularly in relation to import and export of goods. Mentionable also, services trade is increasingly becoming part of trade policies/agreements.

Trade Policies/Agreements and IG, PE & DW

Trade contributes to growth directly. Countries having higher rates of GDP growth has higher rates of growth in trade as a share of output (Ventura, J. 2005)³⁰. According to Kraay (2004)³¹, growth is the most important component of any poverty reduction attempt. Inclusive growth, on the other hand, contributes most poverty reduction than only neutral growth (Dagdeviren et al., 2000)³². However, inclusive growth, productive employment and decent work are not direct and/or auto choice with growth and trade. Rather, they are very much indirect.

More trade means more production and thus more establishment and employment. More employment means more income and consumption. More consumption means rising of domestic demand. This shall lead to more import and/or establishing of additional factories/establishments. More import leads to more competition and thus goods and services are available and increasingly cheaper. On the other hand, more factories mean additional employment and income. A cyclic effect of all these shall

30 Ventura, J. (2005) 'A global view of economic growth', *Handbook of economic growth*, Retrieve at

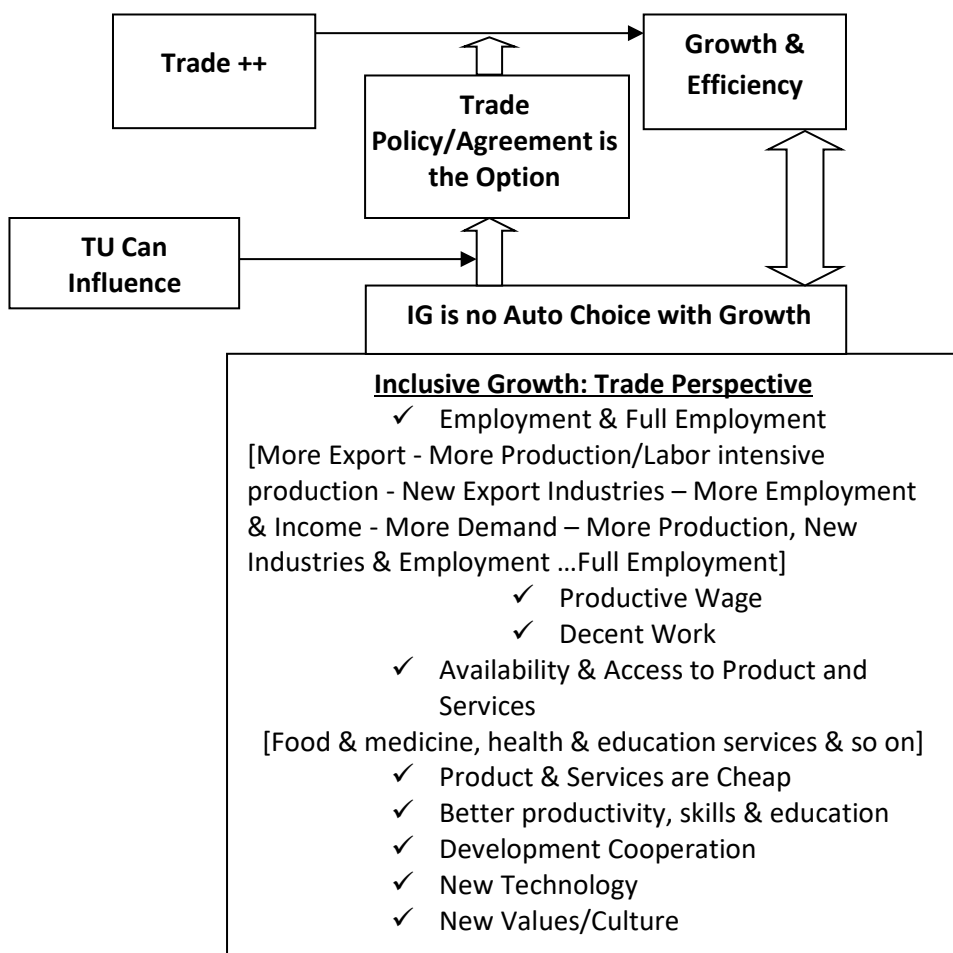
<https://repositori.upf.edu/bitstream/handle/10230/1248/849.pdf?sequence=1>

31 Kraay, A. (2004) 'When Is Growth Pro-Poor? Cross-Country Evidence', *IMF Working Paper No. 4-47*

32 Dagdeviren, H., van der Hoeven, R. and Weeks, J. (2000) 'Redistribution matters: Growth for Poverty Reduction', *Employment Paper, No. 2000/10*, Geneva, ILO

gradually leads to a full employment. When there is a full employment, the likelihood of productive employment and decent work is highest.

Thus, it is clear that growth is a necessary condition for inclusive growth, productive employment and decent work. Trade is directly linked to growth and thus increase trade means more growth. However, increase growth does not necessarily mean inclusive growth, productive employment and decent work. It is through trade policies/agreements that the international trade operates and is regulated. So, there is certainly space that trade policies/agreements are influenced at its formation stage to address inclusive growth, productive employment and decent work into the trade led growth processes.



How Trade Policies/Agreements Contribute to IG PE & DW

- Reduction in prices from import and competition raises real income of the poor households (Faijgelbaum and Khandelwal, 2016)³³.
- Increase income by both employment and lower price help to raise living standard.
- Variety of products available to the poor and lower cost of living further helps to gain large income and welfare (Hausman, 2003).
- If these gains are invested in health and education, trade shall also improve long-run development outcomes.
- Trade undermines rents are previously earned by monopolies and cartels.
- Mostly trade barriers (Agriculture/Fisheries) in overseas markets that limit access for a country's exports tend to be regressive, falling most heavily on the poor. Tariffs usually are higher (i) on goods produced in rural and more remote areas, (ii) on goods produced by informal enterprises, and (iii) on goods in which women are more heavily involved in production.
- Agricultural and fisheries policies (Subsidy/restriction) impact market access and food price developments, affecting poor farmers and poor consumers.
- Small holders based in rural/remote locations face particular challenges in complying with public and private standards for agricultural and food products resulting low prices for their products and thus reduce incentive to produce for the market.
- Trade helps to drive female employment.
- Jobs in export sectors tend to have better pay and conditions than those in the informal sector (World Bank and WTO, 2015).³⁴

33 Faijgelbaum, P. and A. Khandelwal (2016) 'Measuring the Unequal Gains from Trade', *The Quarterly Journal of Economics*

34 World Bank and World Trade Organization (2015) *The Role of Trade in Ending Poverty*

Bangladesh's Trade: Major Insights

- Bangladesh has bilateral agreements with 28 countries.
- Bangladesh enjoys the Generalised System of Preferences (GSP) from the European Union.
- RMG export enjoys an elaborate incentive package i.e., (i) export-oriented RMG factories, not using bonded warehouse and duty-drawback facilities, are eligible for cash assistance of 4% of the value of their export shipment, (ii) small and medium sized RMG factories can avail additional 4% assistance, (iii) exporters exporting to new markets receive 3% cash assistance on FOB value of exports, and (iv) RMG exporters are exporting to Eurozone countries receive additional 2% cash assistance. Apart from these, RMG enjoys low cost access to essential utilities like water and gas.
- Apart from the RMG, cash assistance is also available for a number of other sectors. 20% cash assistance is available for exporting of active pharmaceutical ingredients (API). However, apart from leather and frozen shrimp and fish, there is no other sector with any sizeable export base to take advantage of this.
- Since 2011, the real exchange rate of taka has been appreciated by more than 50%.
- Automation and its implication on employment are still too little in Bangladesh's manufacturing industry. Only a few big companies have capability to adapt automation and new technologies within shortest possible time but for majority it is a long-term issue.
- Robotic advancement is yet to any state to work with soft, flexible fabrics that stretch and distort during sewing and/or defeat cheap human labour cost. So, though there is discussion about apparel automation, there is little to be panic about large-scale job cuts in Bangladesh's apparel sector at least in the coming decade.
- Inequitable access to wealth, technology, education and knowledge disempowers the poor from participating competitively in the market place.
- Public health care system is incapacitated to deliver quality health care for the market to adequately meet the needs of the labourers.
- A system of unjust governance is prevalent disenfranchise large segments of the less privileged sections of society from the political benefits of a democratic process.

- Duty and quota free access to the EU market will cease to exist after the country graduates from the LDC status by 2024. After that the country will have to apply for GSP+ facility, meaning to ratify and effectively implement 27 core UN and international conventions plus to accept reporting requirements of all kinds. Of the 27 conventions, Bangladesh is yet to ratify the ILO convention concerning “Minimum Age for Admission to Employment”.

Development Indicators: Perspectives of IG, PE & DW

The main purpose of this study is to review/study trade policies/agreements from the perspectives of inclusive growth, productive employment and decent work. Although, the concepts of inclusive growth and productive employment date back to GATT's starting period and/or before, they are yet to evolve to its final stage. Secondly, the concept of decent work is much more recent in origin. Three of these concepts are described in value driven terms and there is both scope and persistent differences in their understanding and application. On the other hand, trade policies/agreements are rather structured and their review is always a complex task. More to the extent, a Bangladeshi trade union's perspective of review of trade policies/agreements to determine the amount of transformation of inclusive growth, productive employment and decent work is first of its kind and thus complex to the tops.

In the underlying circumstances of above and to bring about consistency in understanding and analysis, this study first emphasis to develop a detail set of indicators to review trade policies/agreements. Again, this was one of the most cumbersome tasks. Since, there was never an attempt earlier in this and the concepts of inclusive growth, productive employment and decent work have no unique acceptance of meaning and are ever evolving. To avoid these challenges, we were strict to follow the set of indicators are developed and executed to measure Sustainable Development Goal 8 e.g., “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. They are universally accepted. However, following the set of indicators is developed in the SDG document and considering our focus of interest, we have developed a completely new set of indicators are listed in the table below:

Table 2: Development Indicators: Perspectives of Inclusive Growth, Productive Employment and Decent Work

SL	Broad Indicators	Specific Indicators
8.1	Trade policies/ agreements have supported achieving a high GDP and per capita growth target	Trade policies/agreements have a set goal to contribute to achieve a high GDP and per capita growth target.
		Trade policies/agreements have included strategies/guidance for Macro-economic management (fiscal, monetary and exchange rate policies) to achieve GDP growth target.
		Trade policies/agreements have included strategies to raise investment.
		Trade policies/agreements have included strategies for developing of quality workforce.
		Trade policies/agreements have agreed necessary trade reforms [Liberalization/Deregulation/Market Orientation].
8.2	Trade policies/ agreements have supported achieving a higher economic productivity	Trade policies/agreements have included strategies to cause product diversification.
		Trade policies/agreements have included strategies to cause technological up-gradation and innovation.
		Trade policies/agreements have included necessary guidance to develop high-value added products.
		Trade policies/agreements have included strategies for developing of labour intensive manufacturing establishments.
		Trade policies/agreements have created increased opportunity for research and development.
8.3	Trade policies/agreements have prescribed formulating of necessary development-oriented policies to	Trade policies/agreements have promoted making of development policy to create decent job (in terms of wage) in the important sectors (including agriculture sector).
		Trade policies/agreements have promoted making of development policy to address decent employment (Employment condition).

	support productive activities to achieve growth target	Trade policies/agreements have supported making of development policy to increase employment & income of poor and marginalized.
		Trade policies/agreements have encouraged making of development policy to support growing and formalizing of Micro-, small-and medium sized enterprises.
		Trade policies/agreements have supported making of development policy to widen access and coverage of financial services
8.4	Trade policies/agreements have promoted efficient resource consumption & usage in production processes that cause less environmental degradation	Trade policies/agreements have strategized to reduce per capita and per GDP material footprint.
		Trade policies/agreements have included efficient consumption target & relevant strategies.
		Trade policies/agreements have promoted sustainable production criteria.
		Trade policies/agreements have included strategies to reduce environmental degradation in the production processes.
8.5	Trade policies/agreements have included strategies to achieve Full & PE and DW and equal pay for work of equal value for all women, men, young and disables	Trade policies/agreements have strategized to reduce rate of unemployment.
		Trade policies/agreements have promoted higher hourly income.
		Trade policies/agreements have strategized to reduce wage discrimination.
		Trade policies/agreements have promoted safe working environment
		Trade policies/agreements have promoted developing of SMEs in rural/remote locations.
		Trade policies/agreements have strategized to enhance skills to get job [TVET related & others].
		Trade policies/agreements have strategized to increase share of disable/women and marginalized to safety-net benefits.
		Trade policies/agreements have promoted financial inclusion of women and disable.

8.6	Trade policies/ agreements have strategized to reduce the proportion of youth not in employment, education & training	Trade policies/agreements have strategized to increase youth employment.
		Trade policies/agreements have strategized to reduce youth unemployment.
		Trade policies/agreements have strategized to enhance skills to get job
		Trade policies/agreements have promoted constructive engagement of youths
8.7	Trade policies/ agreements have included strategies to eradicate forced labour, slavery, trafficking & child laboring	Trade policies/agreements have strategized to effectively address Child labour issue.
		Trade policies/agreements have strategized to eradicate Forced labour/modern slavery.
		Trade policies/agreements have strategized to effectively address human trafficking at work.
8.8	Trade policies/agreements have promoted and protected LR's and safety of migrant workers	Trade policies/agreements have strategized to protect migrants, refugees & other vulnerable groups at work.
		Trade policies/agreements have strategized to protect labour rights & working condition of migrant workers.
		Trade policies/agreements have strategized to protect migrant workers from precarious employment.
		Trade policies/agreements have strategized to protect migrant workers from fatal & non-fatal injuries.
		Trade policies/agreements have strategized to promote FoA and collective bargaining for migrant worker
8.9	Trade policies/ agreements have promoted sustainable tourism that creates job & promote local cultures	Trade policies/agreements have supported formulating of policies to promote community-based & ecotourism
		Trade policies/agreements have strategized to promote quality job creation in tourism
		Trade policies/agreements have created opportunity for investment in tourism

		infrastructure building & expansion of transport facilities
		Trade policies/agreements have promoted effective tourism planning [Short Term/Mid-Term/Long-Term].
8.10	Trade policies/agreements have promoted capacity building of financial institutions and widening of financial services	Trade policies/agreements have strategized to expand banking services [number & coverage].
		Trade policies/agreements have strategized to expand insurance services.
		Trade policies/agreements have promoted adult bank account.
		Trade policies/agreements have promoted technology in financial services (ATM/Bkash).
		Trade policies/agreements have promoted ICT in financial services [mobile banking].
8.a	Trade policies/agreements have supplemented aid for trade support	Trade policies/agreements have created enhanced opportunity to get necessary trade related Technical Assistance.
		Trade policies/agreements have promoted and protected necessary development cooperation for trade.
8.b	Trade policies/agreements have promoted youth employment	Trade policies/agreements have strategized increasing youth employment.
		Trade policies/agreements have encouraged increase cash benefit services to safeguard destitute youths [single mother/disable/widow/lactating mother/marginalized].
		Trade policies/agreements have encouraged spending on social protection of youths.
		Trade policies/agreements have encouraged Government spending on employment.

Section III

Review of National Trade Policy Instruments: Finding Strengths & Gaps

Findings from the review of main national trade policies and 22 bilateral trade agreements are narrated in this third section. The same set of indicators are developed in the previous section are considered here to study inclusive growth, productive employment and decent work into the national trade policy related documents. Review findings from trade policies and trade agreements are considered separately. Before presenting them, a summary pinpointing of policy emphases/focuses and their respective implications are considered first.

Trade Policies/Agreements: Main Emphases/Focuses

- Exploration of preferential treatment to increase export and trade
- Simplification of import and export procedures
- Reducing import dependency
- Developing local, import substituting, creative and agro-based industry
- Expansion of forward and backward linkage industries
- Duty-free access to inputs for manufacturing establishments
- Labour-intensive production
- Women entrepreneurship development
- Public-private partnership building
- Sustainable & environment friendly industrial development
Environment friendly technology invention and transfer
- Boost up both national and foreign investment
- Identification of priority, high priority and special development sectors
- Priority, high priority and special development sector specific special privileges, incentives and assistances [SMEs, Forward and backward industries, RMG, Leather, Pharmaceuticals & so on]
- Investment incentives and facilities
- Zonal industry building and development of industrial cluster
- Governance improvement [law/policy/rules & practices]

- Promote e-commerce and e-governance in trade
- Develop infrastructural facilities to trade
- Forming and execution of sector specific new Business Promotion Council and strengthening of existing one
- Establish business-friendly banking system
- Technological enhancement to face competition
- Formation of a National Council for Industrial Development (PM as Chair and 39 other from government employers)
- Establishing of a 'Research, Observation & Data Cell' in the Ministry of Industry [University/Research Institutes & Employers Association shall be involved]
- Act on increasing internal market capacity
- Capacity building on trade agreements
- Creating a 'Demand and Distribution Data Center on Skilled Manpower'
- Initiate State recognition to successful entrepreneurs
- Curriculum development & training & education in line with national Technical and Vocational Training Framework
- Export diversification
- Skill enhancement
- 'One district one product programme'
- Money depreciation is favoured.

Implications from Trade Policy Practices

- Economy has witnessed a shift from exporting of primary goods and raw materials to exporting of manufactured goods and services.
- The garment has overtaken traditional export items like jute and tea.
- Labour intensive & export-oriented industry is developed.
- Import substituting industry is developed.
- Trade policies favour some sectors over many others.
- Export concentration is seriously high. RMG export alone contributes roughly 85% of all export earnings.
- Labour wage does increase slightly overtime.
- Overall employment growth is insignificant, only around 4/5%.

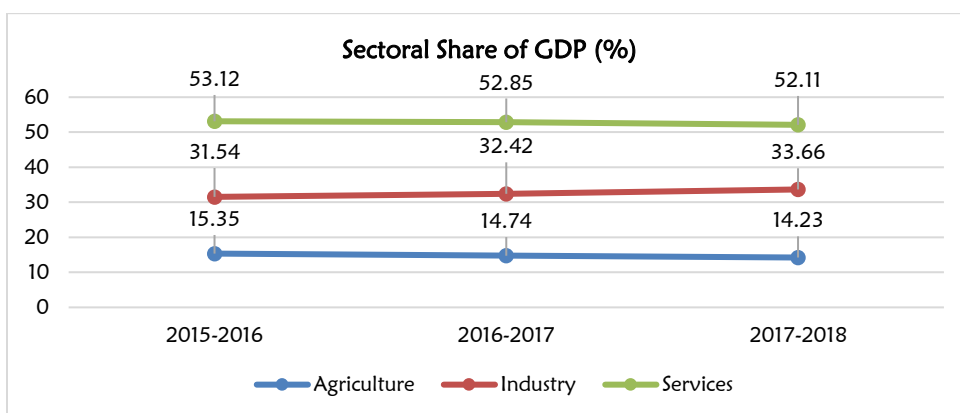
- Employment in the manufacturing sector is roughly 15% which is almost double in the developing economies in East Asia.
- A transformation of the economy from aid to trade dependency.

Review of National Trade Policy: Findings

A high growth target is set

The perspective plan has set a target to raise the GDP growth to 8.0% by 2015, and further to 10.0% by 2021³⁵. It has further planned to change the sectoral composition of output approximating 15% for agriculture, 37% for industry, and 48% for services by 2021³⁶. The National Industrial Policy and the Export Policy have included objectives to contribute to the national growth processes.

Bangladesh has achieved well above 7% GDP growth for last 3 consecutive years. In the last fiscal year 2018-19, it has achieved 8.13% GDP growth. World Bank has ranked Bangladesh among the world's top five growing GDP.



Source: Bangladesh Economic Review 2018³⁷

Despite all these, there is a consistent critic that Bangladesh has achieved a non-inclusive and jobless growth. Inequality shows a rising trend. The Gini coefficient of income, which is a popular measure of income inequality,

³⁵ *The Perspective Plan 2010-2021*, p20, table 3.1: Key Macroeconomic Indicators

³⁶ *The Perspective Plan 2010-2021*, P37

³⁷ *Bangladesh Economic Review 2018*, Chapter 2, p21

rose from 0.458 in 2010 to 0.482 in 2016³⁸. The income of the lowest 5% households has decreased to 0.23% in 2016 from 0.78% in 2010. The income of top 5% has increased to 27.89% in 2016 from 24.61% in 2010³⁹. In spite of achieving one of the highest levels of growth, Bangladesh is having the experience of a lowest level of poverty reduction among South Asian countries. The rate of poverty reduction has decreased to 1.2% points annually during 2010-2016 from 1.7% points during 2005-2010⁴⁰. Formal employment is too little, 14.9% of total employment (BBS, 2018)⁴¹. Per day food calorie intake has been lessened to 2210.4 K. Cal in 2016 from 2318.3 K. Cal in 2010.⁴² National consumption has reduced to 76.07% of GDP in 2018-19 from 77.17% of GDP in 2017-18.⁴³

Perspective Plan of Bangladesh 2010 - 2021

- Annual real GDP growth rate is raised to 8.0% by 2015, and further to 10.0% by 2021;
- Per capita annual income is raised to USD 2,000 by 2021;
- Sectoral composition of output is changed to 15% for agriculture, 38% for industry, and 47% for services by 2021;
- Share of employment is changed to 30% in agriculture, 25% in industry, & 45% in services by 2021;
- Gross national savings is raised to 32.1% by 2015, and further to 39.1% by 2021;

National Industrial Policy 2016

- Contribution of industrial sector is raised to 35% of the GDP;
- Emphasis on:
 - Private sector led enhanced industrialization;
 - SMEs development;
 - Export Promotion: increase export; value addition; diversification; establishing of export oriented industry; expansion of export market;

38 BBS (2017) 'Preliminary report on HIES 2016', p27-28, table 7: Percentage distribution of income accruing to household in groups and gini co-efficient HIES 2016 & HIES 2010

39 BBS (2017) 'Preliminary report on HIES 2016', p27-28, table 7: Percentage distribution of income accruing to household in groups and gini co-efficient HIES 2016 & HIES 2010

40 BBS (2017) 'Preliminary report on HIES 2016', p40, table 15: Poverty Head Count Rate (HCR) 2000-2016

41 BBS (2018) *LFS Bangladesh 2016-17*, p60, Table 7.1: Employed population aged 15 or older, by formal/informal sector, sex and area

42 BBS (2017) 'Preliminary report on HIES 2016', p37, table 13

43 *Bangladesh Economic Review 2019*, Chapter 2, p20, Table: 2.7: Consumption, Savings and Investment (As percent of GDP)

- Reducing import dependency: establishing of import substitute national industries;
- Public-private partnership;
- Cash assistance and incentives ;
- Investment incentives and facilities
- Zonal industry building and development of industrial cluster (2.5.4)
- Governance improvement [law/policy/rules & practices]

Export Policy

- Article 1.2.1. Modernise and Liberalize trade regime in line with a upgraded developing country status
- Article 1.2.2. Raise export earnings to USD 60 Billion by 2021;
- Article 1.2.3. To consolidate the sustainable development of the economy increase export, expand market, diversify products, and improve balance of trade in accordance with the 7th Five Year Plan, Perspective Plan, and Vision 2041;
- Article 1.2.4. Massive employment generation in order to make a poverty free Bangladesh
- Article 1.2.6. Ensure compliance in the export-oriented industries

Manufacturing sector growth is emphasised high for Industrialization and Employment

The target of raising the industrial share of GDP at 37% by 2021 is particularly based on a robust manufacturing sector growth with a stipulated raise of its share of GDP at 28%. Available estimates suggest that the share of manufacturing industry has risen to 22.85% of GDP in 2017-2018 from 17.75% of GDP in 2010-2011.⁴⁴ Industrial sector's share of GDP has risen to 33.66% in 2017-18 from 27.38% in 2010-11.⁴⁵

Despite these progresses, the manufacturing employment represents a dismal picture. Manufacturing sector employment is now only 14.4%⁴⁶ of total employment which was 16.40% in 2013⁴⁷. That means manufacturing sector employment has reduced overtime. Between 2013 and 2017, manufacturing sector of Bangladesh has achieved a negative

44 *Bangladesh Economic Review 2018*, Chapter 2, p20

45 *Bangladesh Economic Review 2018*, Chapter 2, p21

46 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p50, table 6.5

47 BBS (2015) *Labour Force Survey Bangladesh 2013*, p54, table 6.4

growth of employment of 1.84%⁴⁸. Available estimates further suggest that employment in both the RMG and leather industry, two main export-oriented sectors, has reduced in the last couple of years. Employment in the manufacturing sector is almost double in the East Asian high growth economies, roughly around 25-30%. Of all manufacturing employment, 89.5%⁴⁹ are informal employment.

On the other hand, the status of overall employment is not in any pleasing state. Bangladesh has now an estimated 2.68 million⁵⁰ unemployed persons which is only 4.2%⁵¹ of the total active labour forces (63.5 million). The rate of youth (age 15-24 years) unemployment is though high, 12.3%⁵² which was only 6.32% in 2000. 29.8% (12.28 million)⁵³ of the total youth population is not in education, employment or training. Among highly educated (Graduate & above), more than 15%⁵⁴ are unemployed. Among the employed, 7.2 million⁵⁵ are unpaid family workers and more than 26.9⁵⁶ million are own account worker thus mostly unpaid. The proportion of working age population not in the labour force is also high, at 41.8%⁵⁷, which is one reason why the unemployment rate looks deceptively low on paper. Job creation is slow. Between 2013 and 2016-17, the average annual growth of jobs was only 0.9%. Dr. Salim Raihan in a recent estimate shows that employment elasticity declined over time, from 0.54 during 1995-2000 to 0.25 during 2010-2018. Furthermore, there is a growing concern that millions of formal sector's jobs are at risk in coming years because of the impending fourth industrial revolution.

48 Moazzem K. G. & Reza M. M. (2018) 'Growth of Employment in the Manufacturing Sector: Impact of Trade and Trade-related Policies', *Working Paper No 118*, p1, Table 1, CPD: Dhaka Retrieve at <https://cpd.org.bd/wp-content/uploads/2018/08/CPD-Working-Paper-118-Growth-of-Employment-in-the-Manufacturing-Sector.pdf>

49 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, Annex 1, p205, table S87

50 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p68, table 8.1

51 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p70, table 8.4

52 See supra note 51

53 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p84, table 9.8

54 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p69, table 8.3

55 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, Key Findings, Serial 9, pxiii

56 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p53, table 6.10

57 BBS (2018) *Labour Force Survey Bangladesh 2016-17*, p40, table 5.2

Table 3: Status of Sectoral Employment

Sectors	Number (Million)	%
Agriculture	24.7	40.6%
Industry	12.4	20.4%
Service Sector	23.7	39%

Source: BLFS 2016-17

SMEs development is a priority:

SME is unequivocally considered have serious potential for employment generation, inclusive growth, productive employment and decent work. One of the key strengths in the trade policies is that SME development is a core priority. Loan without collateral and single digit interest rate, 15% of all loan is for women entrepreneurs, encouraging sub-contacting/outsourcing to local SMEs, one village one product policy, promotion of fair price and market access, encouraging public-private partnership and widening of support for training, market linkage and market expansion are among others the main policy directions in the national industrial policy for SME development.

SME development is yet to any pleasing state. Between 2012 and 2019, 51% medium-sized industries and 4% micro industries have disappeared whereas the small industry has increased around 50%. Available estimates further suggest that employment in the SMEs has reduced to 15,88,983 in 2019 from 17,80,021 in 2012.

Table 4: Size of the SMEs and Their Employment

Industry	2012		2019	
	Size	Employment	Size	Employment
Micro	17,384	271644	16,689	263720
Small	15,666	738801	23,557	1127841
Medium	6,103	1041220	3,014	461142

Source: BBS (2013)⁵⁸ & BBS (2019)⁵⁹

58 BBS (2013) *Survey of Manufacturing Industries 2012*, Chapter II, p13, table 2.1.1
 Retrieve at
<http://203.112.218.65:8008/WebTestApplication/userfiles/Image/LatestReports/SMI-%202012.pdf>

The definitions are given to medium and small industry is reviewed one of the key impediments for SME development. According to National Industrial Policy 2016, a medium-sized industry requires capital investing in between 15 to 50 crore BDT except land and factory asset value. And a small industry require capital investing in between 75 lakhs to 15 crore BDT except land and factory asset value. From a Bangladesh's socio-economic perspective, this is a huge investment. A good number of privileges are meant for SME development is thus particularly explored by the relatively well off investors. It is really difficult for micro level investors and those associated with cottage industry to take these opportunities. This ultimately impacts inclusiveness of development and full and productive employment.

Table 5: How SMEs Look Like

Category	Manufacturing Industry	Service Sector
Medium Industry⁶⁰	Fixed asset: 15-50 crore BDT, addition to land and factory value Employment: 121-300 workers RMG: At best 1000 workers.	Fixed asset: 2-30 crore BDT, addition to land and factory value Employment: 51-120 workers
Small Industry⁶¹	Fixed asset: 75 lakhs - 15 crore BDT, addition to land and factory asset value Employment: 31-120 workers	Fixed asset: 10 lakhs - 2 crore BDT, addition to land & factory value Employment: 16-50 workers
Micro Industry⁶²	Fixed asset: 10 lakhs - 75 lakhs BDT, addition to land and factory asset value Employment: 16-30 workers	Fixed asset: <10 lakhs, addition to land & factory value Employment: At best 15 workers
Cottage Industry	Fixed asset: <10 lakhs BDT, addition to land and factory asset value Employment: At best 15, including family members	

Source: The National Industrial Policy 2016

59 BBS (2019) *Survey of Manufacturing Industries Preliminary Findings May 2019* Retrieve on 15/07/2019 at http://bbs.portal.gov.bd/sites/default/files/files/bbs.portal.gov.bd/page/745673c8_c7ed_49bc_a4e2_e7b05fe7a9d4/Preliminary%20Findings.pdf

60 Article 3.3.3-5, *The National Industrial Policy 2016*

61 Article 3.3.6-8, *The National Industrial Policy 2016*

62 Article 3.3.9-11, *The National Industrial Policy 2016*

Export increase is a top priority

Increasing of export is a central priority in the trade policies. The perspective plan has set that the export rise to 38.8 Billion USD by 2015 & further to 82Billion USD by 2021⁶³. The same plan has set that the share of export to the GDP is raised to 22% in 2015 and further to 26% in 2021⁶⁴. The export policy 2018-2021 has set a target to raise export earnings to 60 billion USD by the year 2021.⁶⁵

It is reviewed that export didn't increase as per target. The export is raised to only 36.7 billion USD in the fiscal year 2017-18. The share of export is raised to around 13% of GDP in the fiscal year 2017-2018⁶⁶ against a set target of 26%⁶⁷ by 2021. Secondly, export is concentrated on RMG roughly around 83.5%⁶⁸.

Table 6: Trend of Export Earning

Year	Export Value (Billion USD)	Annual Change
2017-2018	36.7	5.81%
2016-2017	34.7	1.16%
2015-2016	34.3	9.77%
2014-2015	31.2	3.39%

Source: Bangladesh Economic Review 2018⁶⁹

Secondly, export is concentrated on RMG roughly around 83.5%⁷⁰. RMG is labour intensive too. Leather and frozen shrimp and fish and pharmaceutical products are among others, main export items. Tannery industry is also labour intensive but both of its export and employment is on a reducing trend for last couple of years. With a population of 160

63 *The Perspective Plan 2010-2021*, p20, table 3.1

64 *The Perspective Plan 2010-2021*, p39, table 5.3

65 Article 1.2.2 of the Export Policy stated the same.

66 Author's calculation based on data is given in the Bangladesh Economic Review 2018. In chapter 2, page 16, table 2.2 it is given that Bangladesh's GDP at market prices was BDT 2250479,0000000 in 2017-18. In chapter 6, p82, table 6.3 it is noted that Bangladesh's export earning was 36668 million USD in the fiscal year 2017-2018.

67 *The Perspective Plan 2010 – 2021*, p39, table 5.3

68 *Bangladesh Economic Review 2018*, Chapter 6, p82, table 6.3

69 *Bangladesh Economic Review 2018*, Statistical Appendices, P 344, Appendix 49.2

70 *Bangladesh Economic Review 2018*, Chapter 6, p82, table 6.3

million, our current export volume is only around USD 36/37 billion. The 91 million Vietnam has an export volume of USD 170 billion. Indonesia exports USD 220 billion with a population of 258 million. The Philippines has a population of 101 million and exports USD 90 billion. If RMG exports expand at a rate of 10% per annum for the next 10 years and the non-RMG sectors also grow at same pace, Bangladesh's total exports will be USD 100 billion in 2030.⁷¹

Table 7: Bangladesh's Top Ten Export Products

Sl.	Product	Export amount	
		2018-19	2017-18
1.	RMG	34.13	30.61
2.	Tannery	1.01	1.08
3.	Home & Textile	.85	.87
4.	Jute and Jute goods	.81	1.02
5.	Frozen and Live Fish	.50	.50
6.	Engineering Products	.34	.35
7.	Other Footwear (Excluding leather products)	.27	.24
8.	Chemical Products	.20	.15
9.	Headgear/ Cap	.20	.18
10.	Petroleum bi Products	.20	.03

Source: Export Promotion Bureau⁷²

Diversification of Export is a Top Emphasis

Export diversification is another core emphasis in the national trade policies. There is special chapter and comprehensive policy directives in both the national industrial policy 2016 and the export policy 2018-2021 on this. The government has allocated several thousands crore BDT

71 Mohammad A Razzaque (2019), Revitalising Exports Bangladesh needs a strategy of export diversification complemented by a policy of maximising overall exports, The Daily Star: Dhaka Retrieve on 01/07/2019
at <https://www.thedailystar.net/supplements/building-modern-economy/revitalising-exports-1536607>

72 Retrieve at <https://epb.portal.gov.bd/site/files/835d1ce0-b985-4965-ae2b-dc5ccd5e4a62> Please follow: All Statistics Data/2018-19/Monthly summary sheet July-June 2018-19

through budgetary allocation in last couple of years to encourage export diversification. This includes among others cash incentive on export in new markets and export by the SMEs and cash incentives on utility services like electricity and gas usage.

Export diversification is though dissatisfactory up to this stage. The contribution of new products to the overall export growth between 2005 and 2015 was less than 5% in comparison to 78% for Malaysia, 42% for Vietnam, 32% for China, 25% for Sri Lanka and 20% for India.⁷³ It is reviewed that there is inconsistencies among different policy directives on this. The National Industrial Policy 2016 has set 7 high priority sectors and 24 priority sectors as such have directed a number of special privileges for these sectors. A number of sector-specific privileges are also mentioned. On the other hand, the export policy has set 13 high priority sectors and 19 special development sectors as such have mentioned a number of common privileges for these.

Policy execution, supervision and evaluation are all disjointed and rest on diversified actors and authorities. No collective mechanism or accountability arrangement is in place to ensure implementation, supervise and assess cumulative implications from diversified policy directives targeting diversification of export. There is a lack of understanding among different actors and authorities regarding diversification policy target and on respective implications. TU is totally absent from any diversification initiative and there is never a social dialogue processes in place to guide, supervise and assess diversification aspects.

National Industrial Policy 2016

- Special privileges for 7 high priority sectors and 24 priority sectors;
- Case to case basis incentives and facilities for industries are located in special economic zones;
- Special incentives to establish backward and forward linkage industry;
- Special privileges for SMEs development;
- Act on increasing internal market capacity;
- Initiate State recognition to successful entrepreneurs.

73 See Supra note 71

Export Policy

- Article 4.3.1 & 4.4.1: 13 high priority and 19 special development sectors;
- Article 5.2. Forming an Export Promotion Fund to support export diversification;
- Article 5.7. Motivational incentives for exporting new products having at least 30% value addition;
- Article 4.1. Product and service specific Business promotion council;
- Article 5.28.9. Product and Service specific Development Council;
- Execution of 'one district one product programme.'

The Perspective Plan

5 strategies are prescribed for export diversification

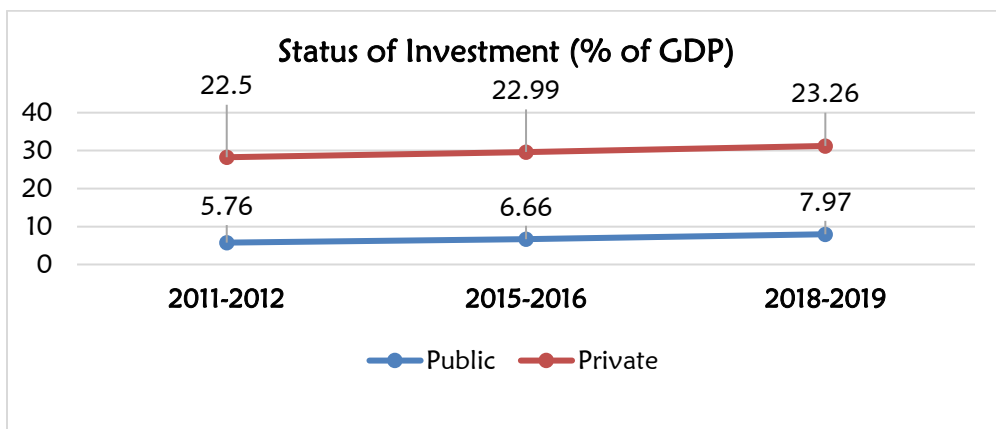
- **Product diversification** – introducing range of new products;
- **Geographical diversification** – widening the range of destination markets;
- **Quality diversification** – moving up from low end to high end products;
- **Goods-to-services diversification** - expand non-merchandise exports;
- **Intermediate goods diversification** – diversifying manufacturing base into backward linkage industries producing a wide range of intermediate goods.

Considerable boost up of private investment is a priority

According to economic theories, capital to output ratio is 4:1. In other words, to produce one unit of output, 4 unit of capital is needed.⁷⁴ That means a 7% GDP growth require a capital investment of 28% of the GDP. Bangladesh has yet to any separate investment policy. Boost up of private investment is given a core priority in both the national industrial policy 2016 and the perspective plan 2010-2021. In the national industrial policy, sector-wise different investment incentives and facilities are prescribed. Among them, tax exemption and/or low tax rate, tax holiday facility, avoidance of double taxation, tariff elimination and/or reduction, subsidized utility prices, one stop services facility, facility to transfer back total profit and dividend, quota for investing in capital market, duty

74 See at <https://www.indianeconomy.net/splclassroom/what-is-capital-output-ratio-what-is-its-significance-in-macroeconomic-management/>

drawback facility, loan facility against buying/selling of contact, bonded warehouse facility and facility to sell 10% export product in the domestic market are main. The Perspective Plan 2010-2021 has set a target to raise private investment at 25% of GDP by 2015 and further at 31.5% of GDP by 2021.



Source: Budget Speech 2019-2020 & Bangladesh Economic Review 2018⁷⁵

Notwithstanding, private investment is consistently low in Bangladesh. Private investment was 22.5% of GDP in 2011-2012, which is raised to only 23.26% of GDP in 2017-2018.

Public investment is increasingly on a rising trend. Public-private partnership project is rather poor.

Interesting to note that against a private investment of around 23% of the GDP Bangladesh has a gross national savings of around 27.42% of the GDP. Mentionable that national savings though has drifted in between 29-30% of the GDP during 2010-2017, it fall drastically in the fiscal year 2017-2018 equaling to only 27.42% of the GDP.

Table 8: Status of Savings

Fiscal Year	Gross National Savings
2016-2017	29.64% of GDP
2017-2018	27.42% of GDP

⁷⁵ Budget Speech 2019-2020 given on 13 June 2019 & Bangladesh Economic review 2018, Chapter 2, Page 23

Source: Bangladesh Economic Review 2018⁷⁶

Higher savings against a lower investment indicates that though investment is available, there must be some lacking in other else. Lack of investment-friendly environment is considered one of the main reasons for this.

Regarding business environment, the World Bank's 2019 Doing Business index has ranked Bangladesh 176th among 190 countries⁷⁷. According to Dr. Debapriya Bhattacharya⁷⁸, there are 4 main reasons for under private investment i.e., 1) money laundering to overseas countries, 2) investing in African States, 3) expensive consumption by a little portion [Bangladesh is 5th in Asia in consuming BMW car], and 4) lack of collective macro-economic management. This low private investment is reviewed one of the main causes for jobless growth in the economy⁷⁹. A second non-inclusive element in the investment regime is that improving of micro-investment is a less priority in which 90% peoples are involved whereas there is a big emphasis on large capital investment and SMEs development.

Explicit Policy Commitment on Full & Productive Employment, Decent Work & Inclusive Growth

National trade policies have included explicit policy commitments on full and productive employment, decent work and inclusive growth. Two main goals out of three are set in the National Industrial Policy, are on productive employment and inclusive growth. There is specific policy commitment in the export policy to devise and execute a Standard Unified Code of Compliance. The Perspective plan has prioritized unemployment reduction and improving of living standards to the tops.

National Industrial Policy 2016

- **Article 2.1(Goal)**....achieve industrial growth and massive employment;
- **Article 2.3(Goal)**....contribute to inclusive growth throughout creating quality and productive employment in the industrialisation processes

76 Chapter 2, p22, table 2.7

77 International Bank for Reconstruction and Development/The World Bank, Country Tables, P 156, Retrieved on 02/09/2019 at https://www.worldbank.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf

78 <https://www.prothomalo.com/economy/article/1195681/প্রবৃদ্ধি-বাড়লেও-হচ্ছে-না-কর্মসংস্থান>

79 <https://www.prothomalo.com/bangladesh/article/6768/বিনিয়োগশূন্য-প্রবৃদ্ধির-ফাঁদে-দেশ>

Export Policy

- **Article 4.5.9**permit duty-free import of equipment for setting up a compliant industry;
- **Article 4.1** formation of product and service specific business promotion council to oversee among others compliance requirements;
- **Article 6.1.4**....formulating of a Standard Unified Code of Compliance RMG Industries;

Perspective Plan

- Significantly improve living standards of the population by drastically reducing unemployment and poverty, riding on substantially higher output and export growth.

Coherent action strategy is though missing. Except RMG, Bangladesh lacks any successful labour-intensive industrialization strategy. Bangladesh has achieved 3.4% real wage growth in the last 10 years, which is lower than the median growth of 3.7% in South Asia⁸⁰. 85.1% are informal employment in which wage increase was around 24.7% from 2010-2011 to 2014-2015. During the same time, Consumer prices index goes up around 32.6%. That means labourers' income actually decrease to around 7.9%.⁸¹ In the perspective plan, there is mentioning to drive manufacturing sector growth for at least another decade based on a low-cost labouring⁸².

MFN & Preferential Access Liberalisation of trade in goods and services are followed:

Trade openness has been particularly followed by tariff liberalization. Tariff levels & a number of tariff rates have been reduced significantly over time. Maximum rate of tariff has been reduced to 25%. The un-weighted tariff rate reduced from 70% in 1992 to 12.3% in 2011. The MFN unweighted average tariff rate reduced from 57.2% in 1992 to 14.4% in

80 ILO (2018) *Global Wage Report 2018/19 What Lies Behind Gender Pay gaps*, P122

81 Dr. Rashed Al Mahmud Titumir, প্রবৃদ্ধি হিসাবের গরমিল দূর হবে কবে?, *The Daily Prothom Alo*, 20 May 2019

82 *The Perspective Plan 2010-2021*, p37, paragraph 1, 2nd line reads, "Low-cost labor with growing skills gives Bangladesh potential competitive advantage in most labor-intensive activities which will continue to drive manufacturing growth for at least another decade."

2015 (Moazzem K. G. & Reza M. M., 2018). The policy of low tariff on raw materials and capital goods and high tariff on finished product is followed. Import restrictiveness is relatively high on agricultural products and is taxed at a higher rate. Apart from these, there is only limited opening of service sectors.

Trade openness was highest in 2012 and slightly reduced over time. Trade (export and import) was 48% of GDP in 2012 which has reduced to 38% of GDP in 2018⁸³. Manufacturing trade liberalisation particularly has followed preferential access liberalisation. Most-favoured-nation (MFN) treatment and preferential access are two common practices for liberalising trade in agriculture and natural resources.

Special Emphasis on Resources Use Efficiency & Environmental Protection

This is one of the strong areas in the national trade policies. The export policy particularly has offered a number of duty and tariff concessions for importing of environment friendly and safety technology. The National Industrial Policy 2016 on the other hand has incorporated comprehensive policy guidelines on this.

Bangladesh now has at least 10 world best green RMG factories. There is growing dissatisfaction among the owners of these factories. Reportedly, though green factory initiatives cost them a lot, it didn't bring sufficient export and earning as was expected.⁸⁴ Workers on the other hand hold the view that there is now a healthy environment inside these factories but it didn't impact either productive employment or decent work at all. In a number of other industrial sectors like leather and ship breaking industry, environmental protection is not yet up to the mark. It is due to environmental concern that the tannery industry in Bangladesh is gradually

83 World Bank (2018) *World Development Indicators*, Retrieve at <https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?locations=BD>

84 Refayet Ullah Mirdha (23 Sep 2018) 'Green Garment Factory Owners Left Frustrated', *The Daily Star*, Dhaka Retrieve on 15/06/2019 at <https://www.thedailystar.net/business/news/green-garment-factory-owners-left-frustrated-1637248>

losing both of its export and employment.⁸⁵ Policy option for engaging social organisation like TUs into environment protection initiative is missing.

Export Policy

- **Article 5.11.4**duty free import of equipments and chemicals related to setting-up of Effluent Treatment plants and Air Treatment Plant
- **Article 5.28.12**..... exporting firms will be encouraged to acquire quality assurance- related ISO 9000, environmental regulations-related ISO 14000, food safety (FSMS)-related ISO 22000 and fuel and energy-related ISO 5001

Industrial policy

- **Article: 2.5.4**....emphasise zonal industry building and development of industrial cluster to ensure efficient usage of resources
- Special facilities to import & use of environment friendly production technologies
- Recognition/awarding of innovation and environment friendly technology
- Emphasis on public awareness raising & involving NGOs & others for environment promotion
- First environmental impact assessment and then decision
- Encourage establishing of Effluent Treatment Plant

Crosscutting Issues

Trade Policy Documents are Fat and Complex

The Export Policy is a 38 pagers policy document. It has 8 objectives and 31 strategies. Instead of objective specific policy prescriptions and time bound strategies, there are 8 general chapters including all objectives thus very much complex in understanding. The National Industrial Policy is a 49 pagers document. It has 3 goals and 10 objectives. Throughout policy

85 Ahmed R., & Kormoker S. (28 August 2019), ১৬ বছরের ব্যর্থতার চক্রে চামড়া শিল্প, *The Daily Prothom Alo*: Dhaka

documents it has been further prescribed to formulate 24 different sets of policy recommendation, 2 plans, 2 new policies, 2 sets of standards, 1 rules, 3 different sets of strategies, 7 reforms in existing policies/laws, 1 map and 6 researches. Apart from these, there is prescription for establishing/construction of 17 new structures. Unless, these are completed it is difficult to implement the national industrial policy to its fuller length.

Table 9: Review of the National Industrial Policy 2016

Prescribed Tasks/Pending Tasks	Specification
Policy-Recommendations	24 new sets of policy-recommendations
Plan	2 new plans
Policy	2 new policies
Map	1 new map
Rules/Standard	2 sets of standards/principles
Rules	1 new rules
Strategy	3 new strategies
Updating/Reform	7 new reforms
Curriculum	1 Curriculum Development
Services	Uninterrupted electricity, Gas & Fuel, One Stop Service
Manpower	7500 Entrepreneurs each year (5.1)
Construction/Establishment	Industrial Park, Common Facility Centre, Design Center, BSIC Help Centre (Each Upazila), Agriculture and processing centre (Countrywide), Land Bank, Cluster/Monotype Industrial City, Special Economic zone in the Districts, Private Economic Zones, Technology Incubator Center, Invention of new bio agricultural technology, Effluent Treatment Plant, Central Effluent Treatment Plant (CETP), Sewerage Treatment Plant, Industrial Tribunal

There is limited application of the national trade policies and their intention is often question-marked. Article 1.3.03 of the Export Policy

reads, “This policy shall be applicable in all places in Bangladesh except for the Export Processing Zones.” Article 1:3.04 says, “Any tax-and-tariff-related decision announced in the National Budget and by the National Board of Revenue shall prevail over the Export Policy”. Article 1.3.05 says, “Whatever is stated in this Policy, any specific order related to export issued by the government shall prevail over this Policy”.

There is mismatch in the macro-financial management

More than 80% of the government’s revenue-income comes from tax revenue. Tax revenue in proportion to the GDP declined over the past decade. The tax-GDP ratio is now around 8.6%, which is one of the lowest in the world.

A large number of potential taxpayers, which include many ultra-rich people, remain outside of the tax-net or pay a little amount of taxes. Also, a number of industrial sectors, capable of paying taxes, are either fully exempted from paying taxes or enjoy the privileges of paying a substantially reduced amount of taxes. On the other hand, there is a flat tax rate for all which is too high for the lowest category tax payers. Currently, more than two-thirds of the government revenue comes from indirect sources in which VAT is a main. Bangladesh has one of the highest VAT, on average 15%. It is again the lowest category tax payers pay the most VAT. Tax exemption, evasion, and even provisions of whitening of black money have become a prevalent practice. A series of scams have crippled the stock market and the banking sector, forcing the state to continuously recapitalise the banks at the expense of the taxpayers. These are all causing ever-widening the inequality.

Next to this, having a low tax-GDP ratio, the government has very limited ability to spend highly on the social sectors (Health, education, social protection). In 2010, the public expenditure on education and health in proportion to GDP were 2.1% and 0.5%, which by 2016 came down respectively to 1.5% and 0.4%. Education system is not sufficiently flexible to incorporate the latest methods and ideas into its curricula fast enough.

In 2016, public expenditure on social protection was only around 1% of GDP. This didn't help to increase productivity of workers.

Apart from these, there is prevalent massive corruption as well as leakage in the system of revenue generation. The high degree of rent-seeking activities in the public revenue and expenditure systems also contribute to enhanced inequality.

Emerging Emphasis on Tourism Among All Trade in Services

The perspective plan has targeted to develop Bangladesh as an exotic tourist destination in Asia and to raise tourism's contribution to GDP from 0.70% to 2% by 2015 and then to 5% by 2021.⁸⁶

A Few Main Sectors are in Difficulties

Leather

Tannery industrial park initiated in 2003 with a projected expenditure of only 176 crore BDT. Sixteen Years have already passed. Expenditure has already risen to 1079 crore BDT. Out of 154 tannery establishments are established in the park, only 124 are now in operation. Even, they are not fully operational. CETP is not yet fully functional. Dumping Yard related work progress is nearly zero. Currently, the factories consume 66 tones of water to tan a tone of rawhide, whereas the international standard is 25 tones. Land leasing documents cannot be issued up to date. Onward 2016-2017, export of leather related products is showing a declining trend.

Table 10: Trend of Export Earnings from Tannery

Year	Export (Million USD)
2015-2016	1160
2016-2017	1234
2017-2018	1085
2018-2019	1020

Sources: Newspaper⁸⁷

⁸⁶ *The Perspective Plan 2010-2021*, p38

⁸⁷ Retrieve on 19 August 2019 at <https://www.prothomalo.com/economy/article/1609846/১৬-বছরের-ব্যর্থতার-চক্র-চামড়াশিল্প>

Peoples are dumping raw hides failing to get a price was a common scenario throughout 2018-2019. The country though has imported around 118/119 million USD equivalent rawhides from overseas country during the same time.⁸⁸ Unless the Leather Working Group (LWG), the global compliance audit organisation, certifies companies that they are compliant, it is tough to get a good price from leather goods export. Given this opportunity, China, the only big exporting country of leather products of Bangladesh, is monopolizing to the tops and is offering only a least price.

Jute

Jute export didn't increase or its market extended as was expected. There is a very poor wage practices and workers unrest is common now a day in this sector.

Paddy

Paddy growers are dumping their paddy on the street owing to get a fair price was a common issue throughout 2018-2019.

RMG

Available estimate shows that employment is almost stagnant or has reduced over time in the RMG. Although minimum wage has increased nearly three times considering a 2010 level, majority yet to earn a wage which is below poverty line. Reportedly, factories are increasingly compliant for buyers and not for workers. Work is far from decent and there is a very negligible TU practices. There is serious lack of information and non-transparency of data. Most of the buyers (750) have not published the list of factories that produce in the supply chain. Value addition in the RMG is very low less than 20%.

Concluding Statement

Trade policies have helped to achieve a shift from exporting of primary goods and raw materials to exporting of manufactured goods and services. The garment has overtaken traditional export items like jute and tea. Labour intensive & export oriented industry has developed. Import substituting industry has developed. Labour wage does increase several

88 see supra note 87

times in the last few years. The economy has transformed from aid to a trade dependency. However, the missing link is that inclusive growth, full and productive employment and decent work have achieved only a little. Either manufacturing sector or SMEs, employment growth is insignificant. Export is highly concentrated on ½ products. Labour wage is consistently below the living wage line. Jobless growth and non-productive wage didn't suffice creating of decent jobs.

It is thus concluded that the aspects of inclusive growth, full and productive employment and decent works are not auto choice with trade and growth processes. To bring about optimistic changes in line with these, it is important that these aspects are deliberately pushed into trade policies. There is a clear need to go for 1) formulating of a few new trade policies (the investment policy/the employment policy/Sector and Product specific), 2) to reformulate a few existing policies to bring about more specification and consistency in these (macro-economic management, trade reforms, identification of priority sectors and incentives, diversification, value addition, technological up-gradation, SME definition, wage labour and working condition), and finally 3) to ensure a transparent and accountable mechanism to implement the trade policies.

Review of Bilateral/National Trade Agreements

Following table present a summary review of 22 Bangladesh's bilateral/trade agreements:

Table 11: Summary Review of Bangladesh's BILATERAL TRADE AGREEMENTS

Bilateral Trade Agreements with Countries	Indicators/Issues Related to Inclusive Growth, Productive Employment & Decent Work																	
	Trade Relation/ Expansion	Economic Development	Diversification	Trade Promotion	Trade Restriction Permitted ⁸⁹	Dispute Settlement	Scope of Cooperation	MFN Treatment ⁹⁰	Addressing Trade Gap	Elimination of Non-Tariff Barrier	Trade/Business Committee/ Council	Re-export Permitted	Rules of origin	Elimination of Tariff Barrier	Transit Facility	Anti-dumping	Skill Enhancement	Fair Competition
Cambodia	Intro			IV	VIII, IX	VII	I, VI	II										
China	Intro & I		V	VII			II	III	VI									
Indonesia Services	Intro			VII, VIII, X	XI	XIV	I			V	IX, XII	II						
Iran Services	Intro			8, 9, 10	18		1, 13		11	6	12, 17	2	3	6	14			
Iran Goods	1		3		8, 10, 12	18	17	5, 6		4.3, 4.4	16	13	9, AC	4.2		12		
Iraq	1			8			3	5			7	4						
Kuwait Services	Intro			3			1				6							
Kuwait Goods			1	3, 6		9					7							
Malaysia	I			VII	IX	XII	III	IV							VI			
Korea	Intro	Int		4			1	3			6							
Korea Goods	1					9	4, 6	2, 8							7		5	
Thailand	Intro		5	7		4	1	2		3								
UAE	Intro			V			I	VII			III				VI			
Vietnam	1			7		10	2	3			9	2						5
Brazil				VIII		V	I	III										
Egypt	Intro		X	IX			I, VI	II, VII			V	III						IV
Germany	Intro			9		10	1	4		3					5			6
Kenya	2			6		9		1, 4, 7				5	3					8
Sudan	I		VII	XI			II	III, IX			VI	IV						V
Turkey	Intro			IV			I				V		II					
USA	1					4					2							
Zimbabwe	Intro			VII, X				I			IX		III		VIII			II, IV

89 In a number of agreements there is option on withholding and/or suspension of trade on any particular item or as a whole on the grounds of public health, national interest and security, protection of natural resources and archeological value, problem associated with balance of payment and religious concern.

90 MFN is a common emphasis in the trade agreements. Most favoured nation treatment is especially encouraged in 3 areas i.e., 1) entry of goods and services, 2) Staying and leaving of ships, and 3) with regard to customs duties, taxes, fiscal levies and administrative procedures pertaining to importation, exportation, transportation and distribution of foreign goods. MFN treatment is however very often restricted especially on the grounds when there is a double taxation treaty otherwise or where it is agreed bilaterally or when it is a facility by another multilateral agreement or when there is a regional agreement on this or when there is an agreement with any neighbouring country on this or when it is Military issues or when it is a humanitarian Aid issues or When it comes to be restricted on Public Health Ground

Growth & macro-economic Management in the Bilateral Trade Agreements

Mostly, the introductory statements and in some cases in the first article of the bilateral trade agreements are reviewed under study, there is reluctantly mentioning of strengthening and/or promoting of trade and economic relations between two countries. However, transforming this descriptive statement into actions throughout agreement in a coherence manner is missing completely.

Secondly, in the national level agreements, regarding trade preferences and tariff and non-tariff matters, respect to existing laws/policies are particularly encouraged. In a number of agreements there are clauses for protection of domestic interest. Apart from these, there is hardly any reform or new strategy agreed for macro-economic management that can contribute inclusive growth, productive employment and decent work.

Regarding Increase Productivity

In the SDG main document particularly under goal 8, increase productivity is ranked the second most important indicators to determine inclusive growth, productive employment and decent work. To ensure increase productivity export diversification, technological improvement, value addition, capacity building, and research & development are emphasized further. Virtually, countries those have consistently high growth like China and Malaysia have much more diversified export. This is also important for maintaining sustainable growth. In the international trade policies/agreements are reviewed under study there are a number of standards/principles are set on these.

Out of 22 bilateral agreements are reviewed, only in 6 agreements, there is mentioning of diversification. These particularly include 1/2 lines descriptive statements like advice/suggestion giving on diversification and/or endeavoring/ promoting of diversification if possible. However, there is never a concrete action plan is set to ensure required diversification. On the other hand, aspects like technological assistance/cooperation, value addition, capacity building and research and development are almost unaddressed in these agreements.

Perspective of Development Policy Initiative

Article 9 of the UNGPBHR has clear provisioning to retain adequate policy and regulatory ability to protect human rights under the terms of bilateral investment treaties and trade agreements. In the EU's Generalised Tariff Preferences Scheme, it has been made obligatory to adopt and execute 27 international human rights conventions to get trade preferences.

In the bilateral/national trade agreements, this aspect of development policy initiative to promote and protect human rights and labour rights in the business value chain are completely ignored. This could be one of the core areas of focus in future to promote and protect inclusive growth, productive employment and decent work.

Regarding Resources Use Efficiency & Environmental Concerns

Sustainable consumption of resources and environmental protection is one of the main indicators set in the SDG to promote and protect inclusive growth and decent work. 22 bilateral/national trade agreements are reviewed have hardly any consideration on this. Although there is mentioning of trade restriction on health and environmental consideration in only negligible instances, inclusive resources consumption and/or environmental protection while promoting trade and growth are never a priority.

Aspects of Full & PE & DW

In the GATT, UNGPBHR, EU's Generalized tariff Preferences Scheme, ILO Declaration on Social Justice for a Fair Globalization 08, ILO's Global Jobs Pact and DW agenda and in most other multilateral trade policies/agreements are reviewed, there are complete and specific principles/standards and clear guidelines to address full and productive employment and decent work. However, these aspects are completely missing in the bilateral/national trade agreements. There is hardly any line on this.

Youth Employment in the Bilateral Trade Agreements

Aspects of youth employment as specified in the ILO's Global Jobs Pact like sustainable enterprise development, creation of quality jobs and services and adequate social protection, support to vulnerable, market access option by the jobless, employment institution building, skill

development and training & education are more or less neglected in the bilateral/national trade agreements.

On Forced & Child Labour

Reviewed bilateral/national trade agreements have no consideration on this.

Migrant Workers' Protection

This is one of the important areas to promote inclusive growth, productive employment and decent work. In a number of bilateral/national trade in services agreements there is provision to endeavor to make easy of the visa and entry procedures by the business personal and or expert personnel. But, promotion of migration of semi-skilled workers and protection of their rights is never a consideration in any bilateral/national trade agreements. Virtually, migration is increasingly controlled and migrant workers rights are ever more neglected.

Tourism in the National Trade Agreements

Tourism has 4 ways of being traded i.e., 1) Cross-border supply, 2) Consumption abroad, 3) Commercial presence and 4) Presence of natural persons. Tourism contributes nearly 10% to world GDP and generates one in eleven jobs globally. International tourism accounts for 30% of global trade in services. For around one-third of developing countries, tourism is their principal export.

Sustainable tourism deserves necessary investment in communication infrastructure services and in hotels and restaurants. However, these aspects of investment in tourism are usually not a part in the bilateral/national trade agreements. Nevertheless, businessmen crossing borders is least restricted tourists of all others are subject to a number of restrictions.

Trade Finance & Aid for Trade Support

For trade expansion and trade growth which is essential prerequisite for full and productive employment and decent work, secured and sufficient trade financing and aid for trade support are important. There are a number of trade-financing mechanisms are established throughout a number of multilateral trade policies/agreements like the BIMSTEC one.

Aid for trade aspect particularly trade promotion through appropriate cooperation has received strong emphasis throughout the bilateral/national trade agreements. For trade promotion, following strategies are especially encouraged:

- Fair/Exhibition
- Establishing of trade center
- Easy visa and entry by the business personal
- Exchange of trade/business delegation
- Issue of entry permit on trade/business matters
- Respect to laws/rules of the respective country

However, trade financing aspect didn't receive true emphasis as was expected.

Section IV

Review of International Trade Policy Instruments and Setting Standards

Introduction

We have reviewed twenty four (24) international trade policy instruments. These include international trade policies and multilateral and regional trade agreements and a number of international trade declarations. Apart from these, we have reviewed a good number of literatures on international trade. This section details the review findings. As per objective is set in the first section, our main notion was to finding out of the standards/principles are set in the international trade policies and agreements to address IG, PE and DW. Based on the tailor-made set of indicators are developed in the second section, we have reviewed and enlisted the findings almost as it is. We have reviewed the following international trade instruments:

- ASEAN Framework Agreement on Services (AFAS) 1995
- Asia Pacific Trade Agreement (APTA) 2005
- A scheme of Generalised Tariff Preferences & Repealing Council Regulation No 732/08 of EU
- Declaration on Social Justice for a Fair Globalization 2008
- Framework Agreement on the BIMSTEC Free Trade Area
- Framework Agreement on Trade Preferential System among Member States of the OIC
- Framework Agreement on the Promotion & Liberalisation of Trade in Services Among APTA Participating States
- Framework Agreement on the Promotion, Protection & Liberalisation of Investment in APTA Participating States
- Framework Agreement on Trade Facilitation in APTA Participating States

- Framework Agreement on Services Trade Facilitation among APTA States
- Global Jobs Pact of ILO, 2009
- Investment Policy Framework for Sustainable Development (2015), UNCTAD
- ILO's Decent Work Agenda for Fairer Globalisation 2008
- North American Agreement on Labour Cooperation (NAALC)
- North American Free Trade Agreement (NAFTA) 1994
- The Atlantic Charter 1941
- The Agreement on South Asian Free Trade Area (SAFTA)
- The General Agreement on Tariffs and Trade 1947 (WTO)
- The General Agreement on Tariff and Trade 1994 (WTO)
- The General Agreement on Trade in Services (WTO)
- The Singapore-EU Free Trade Agreement 2013
- The US-Singapore Free Trade Agreement, 2003
- Trans-Pacific Partnership Agreement (TPP) 2016
- UN Guiding Principles on Business & Human Rights (2011)

Review Findings: International Trade Policy Instruments

Revisiting Growth Targets & Relevant Standards

The following table summary the main growth targets and respective paths are prescribed in the international trade policy documents:

SDG	
Indicator 8.1: at least 7% plus continued GDP growth is needed in the least developed countries to achieve IG, PE and DW	
Framework Agreement among Member States of the OIC Preamble: Recognise the pivotal role of trade expansion among Member States as a driving force towards development, an effective tool for optimal use of resources and a major instrument to improve the standard of living of the peoples.	
UN Charter Article 55.a. The United Nations shall promote: a. higher standards of living, full employment, and	SAFTA ... contribute to develop national economy having increased earnings from trade & foreign exchange in

conditions of economic and social progress & dev.	which investment and production opportunities are expanded considerably.
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GATT 1947 & GATT 1994

Press release on the Occasion of signing of the GATT 1947

Full and productive employment is an essential condition for expansion of world trade and for this restriction on world trade to be eliminated;

GATT 1994: Article XXXVI.1.(a) The basic objectives include the raising of standards of living and the progressive development of the economies and this is particularly urgent for LDCs

APTA 2005

Overarching objective is economic development through trade expansion and economic cooperation.

EU's Generalised Tariff Preferences Scheme

General Principal No 7.

Preferential access to the Union market shall assist developing countries in their efforts to reduce poverty and promote good governance and sustainable development. International trade shall help to generate additional revenue, which can then be reinvested for the benefit of development and to diversify economy.

Cooperation Agreement Between the EC & Bangladesh

Article 2.1: Objective is to support the sustainable economic and social development of Bangladesh and particularly of the poorest sections of its population, with special emphasis on women, taking into account its current LDC status

Standards/Principles Related to Full & PE & DW

A number of main standards/principles are set in the international trade policy instruments related to full and productive employment and decent work are considered in the following table:

GATT General Statement: trade and economic endeavour should be conducted to ensure full employment and growing	North American Agreement on Labour Cooperation ... trade sanctions are applicable for issues related to child labour, health and safety at work and minimum
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volume of real income....	wages, whereas the matter of collective rights is subject to ministerial consultation.
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UN Guiding Principles on Business and Human Rights

Article 9. States should ensure that they retain adequate policy and regulatory ability to protect human rights under the terms of bilateral investment treaties, free trade agreements or contracts for investment projects.

Article 1.A.2 State shall ensure that all business enterprises respect HRs throughout their operations.

Article 11/12 . . . HRs to internationally recognized human rights and the principles concerning fundamental rights set out in the ILO's Declaration on Fundamental Principles and Rights at Work.

Article 15. ... business enterprises should have in place (a) a policy commitment to respect HRs and (b) a HRs due diligence process . . .

Article 18. Business enterprises shall conduct HRs impact assessment and risk assessment ... on a regular basis in which they must consult with the stakeholders who are expected to be impacted by any risk factors.

Article 20. Business enterprises shall track the effectiveness of their response to address HRs impact across their business chain.

Article 30. Industry, multi-stakeholder and other collaborative initiatives shall ensure that there is a third party to raise concern when their performances are unacceptable to the victims

Trans-Pacific Partnership Agreement (TPP) 2016

... requires all members to abide by the fundamental labour rights as recognised by the ILO. These include the right to free association and collective bargaining, elimination of forced or compulsory labour, abolition of child labour and elimination of employment discrimination.

All these are backed by trade sanctions.

.....the export processing zones of all TPP members have additional commitments regarding minimum wage rate, hours of work, and occupational safety and health.

EU's Generalised Tariff Preferences Scheme

Article 9.1. To avail GSP+ special incentive arrangement facility it is needed that a country has ratified 27 international conventions⁹¹ (b), has set out a explicit process to address the same (c)(i) has given a binding undertaking to effectively implement them (d) and to regularly report back on them.

General Principal (14): The Commission shall monitor the status of ratification of the international conventions on human and labour rights, . . . and good governance and their effective implementation . . . Every two years, the Commission shall present to the European Parliament and the Council a report on the status of ratification of the respective conventions and the status of the implementation of the conventions in practice.

USTR has negotiated consistency plan with 3 Southeast Asian countries – Vietnam, Malaysia and Brunei

A consistency plan outlines the changes a country needs to make before the trade agreement becomes effective. This includes reforms in laws, regulations, institutions and practice in view to international labour standards. The implementation plan also ensures regular engagement, monitoring and reporting of progress with TPP compliance.

Cooperation Agreement Between EC & Bangladesh

Article 10: The Parties acknowledge the necessity of safeguarding the basic rights of workers by taking account of the principles in the relevant ILO instruments, including those on the prohibition of forced and child labour, the FoA, the right to organise and bargain collectively and the principle of non-discrimination.

The US-Singapore Free Trade Agreement, 2003

Chapter 17....has referred to the 1998 ILO Declaration and covers issues like enforcement of national labour laws, public awareness, institutional arrangements and labour cooperation and consultation (IE Singapore 2016)

91 The name of the 27 Conventions are given in the Annex.

ILO Declaration on Social Justice for a Fair Globalization Upon request ILO shall provide assistance to members, who aim to enhance decent work in the framework of bilateral or multilateral agreements.	The Singapore-EU FTA 2013 Chapter 13: ... includes binding labour provisions. Further to referring the 1998 ILO's labour principles, the agreement includes reaffirmation of commitments under the 2006 Ministerial Declaration of the UN Economic and Social Council on Full Employment and Decent Work.
The Atlantic Charter 1941 Clause 5.desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labour standards, economic advancement and social security.	ILO's Global Jobs Pact . . .emphasis on building sustainable enterprises with more creative jobs in which there is respect for labour rights, gender equity and vulnerable groups. To achieve this, quality public services is stressed further as well as prescribed for devising a country assistance strategy.
ILO's DW agenda . . .advised to act in collaboration among three parties such as the government, employers and workers.	
Currently, 77 trade agreements (covering 136 economies) include labour provision mostly entered into force after 2008. ⁹²	

Standards/Principles Regarding Forced & Child Labouring

UN Guiding Principles on Business & HRs 1.B.3.C: ... among other provide effective guidance to respect HRs for children.	Trans-Pacific Partnership Agreement (TPP) 2016The TPP discourages its parties to import goods that are produced or contain parts manufactured by forced labour regardless of whether the source country is a member of TPP or not.
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92 Das Sanchita Basu, Sen Rahul, Srivastava Sadhana (2017) 'Labour Provisions in Trade Agreements with Developing Economies: The Case of TPPA and ASEAN Member Countries', *ISEAS Working Paper No. 2017-1*

EUs Generalised Tariff Preferences Scheme

Article 9.1.b: To avail GSP+ special incentive arrangement facility it is needed that a country has ratified among others 7 Conventions⁹³ related to forced and child labour (b), has set out a explicit process to address the same (c)(i) has given a binding undertaking to effectively implement them (d) and to regularly report back on them

Standards/Principles on Migrant Workers' Protection

US Trade Representative has negotiated consistency plan with Malaysia in 2015

As per this plan, the country needs to lift restrictions on workers forming unions and improve the labour rights of the migrant workers, including requiring employers to give workers' contracts and removal of practice that employers keep the passport of migrant workers (DongVivan,2016)⁹⁴. The Plan further states that the US and Malaysian governments will meet annually for seven years after the entry into force of the Agreement to observe the progress (USTR 2015c). Accordingly, Malaysia needs to amend eight of its labour laws on forced labour and freedom of association (Mohamad 2016)⁹⁵

General Agreement on Trade in Services

Article V bis: This Agreement shall not prevent any of its Members from being a party to an agreement establishing full integration⁹⁶ of the labour markets between or among the parties to such an agreement, provided that such an agreement: (a) exempts citizens of parties to the agreement from requirements concerning residency and work permits;

93 See supra note 91. Conventions 6 to 15 are on forced and child labouring

94 Dong, V. (2016) 'Enforcing Labour Standards Under the Trans-Pacific Partnership', *On Labour*, Retrieve at <https://onlabor.org/2016/02/29/enforcing-labor-standards-under-the-trans-pacific-partnership/>

95 Mohamad, J. (2016) 'Labour Policy Revamp under TPP', *The New Straits Times*, 23 February 2016 Retrieve at http://www.isis.org.my/attachments/commentaries/2016/JM_NST_23Feb2016.pdf

96 Typically, such integration provides citizens of the parties concerned with a right of free entry to the employment markets of the parties and includes measures concerning conditions of pay, other conditions of employment and social benefits.

North American Free Trade Agreement (NAFTA) 1994 [Mexico, Canada and the US]

Chapter 16: . . .establishes procedure for the temporary entry of business people like business visitors, traders and investors, ICTs and professionals with minimum baccalaureate degree working in specific sectors including those engaged in agriculture or manufacturing. Overall, NAFTA provisions for temporary entry eliminated or reduced some of the hurdles related to labour certifications, work permit, or numerical restrictions.

ASEAN Framework Agreement on Services (AFAS) 1995

Article.4. ... “there shall be a freer flow of capital, skilled labour and professionals among Member States”

US-Singapore FTA

Allow Singaporean professionals to enter the US under a specific visa (H1-B1) without any labour market tests

Resources Use Efficiency & Environmental Protection Related

GATT

Article XVIII.11. In carrying out its domestic policies, the member states shall pay due regard to the desirability of assuring an economic employment of productive resources.

Cooperation Agreement Between the EC & Bangladesh

Article: 4. Pursue equilibrium between policies for sustainable economic growth, social development and protection and conservation of the natural environment.

EU's Generalised Tariff Preferences Scheme

Article 9.1. To avail GSP+ special incentive arrangement facility it is needed that a country has ratified at least 8⁹⁷ environmental Conventions (b), has set out a explicit process to address the same (c)(i) has have given a binding undertaking to effectively implement them (d) and to regularly report back on them

97 See supra note 91. Conventions 16 to 23 are on environment protection.

Standards/Principles Regarding Youth Employment

Global Jobs Pact of ILO, 2009

Following 2008-2009 financial and economic crisis Government, employers and labour leaders are part of ILO, in a conference in 2009 signed the Global Compact particularly to address youth employment and social crises.

Strategies are prescribed

- Sustainable enterprise development, creation of quality public services and adequate social protection
- Direct support to vulnerable, like migrants, informal workers and those at risk
- Enabling job switching and labour market access by the jobless
- Establishing institutional employment/market services
- Skill development through training & education
- Avoiding protectionist solutions, deflationary wage practices & worsening working conditions
- Promoting core labour standards and other international labour standards
- Engaging in social dialogue, such as tripartism & collective bargaining between employers & workers

Tourism (Sustainable) Related

Expenditure by international visitors counts as exports for the destination country and as imports for the country of residence of the visitor. Tourism and travel-related services include services provided by hotels and restaurants (including catering), travel agencies and tour operator services, tourist guide services, and other related services. Like other services sectors, tourism and travel-related services are overwhelmingly supplied by SMEs. The sector is underrepresented in aid flows, accounting only 0.09% of Official Development Assistance (ODA).

UNWTO	RIO+20
<p>... refer sustainable tourism as 'tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities'⁹⁸</p>	<p>Article 131...... encourage the promotion of investment in sustainable tourism, including eco-tourism and cultural tourism, which may include creating small and medium sized enterprises and facilitating access to finance, including through microcredit initiatives for the poor, indigenous peoples and local communities in areas with high eco-tourism potential</p>
<p align="center">GENERAL AGREEMENT ON TRADE IN SERVICES</p> <p>Tourism has 4 ways of being traded under the GATS:</p> <p>Mode 1 – Cross-border supply: travel agents, hotels, and travel guides can be accessed electronically from importing countries.</p> <p>Mode 2 – Consumption abroad: the mode of supply most typically associated with tourism.</p> <p>Mode 3 – Commercial presence: chains of hotels and tour operators frequently set up hotels in multiple locations.</p> <p>Mode 4 – Presence of natural persons: tour operators and hotels often employ foreign staff with skill sets that are not readily available in their country of operation.</p> <p>Tourism-related expenditures are primarily considered to be Mode 2 services trade under the GATS, i.e. involving the non-resident customer consuming abroad in the country of the services supplier. Mode 2 is the most liberalized, figuring most prominently in the GATS commitments. Nevertheless, even if international tourists crossing borders is the most common and least restricted form of international trade in tourism services, the other three Modes of supply also have direct relevance for tourism.</p>	

98 UNWTO and UNEP (2005) *Making Tourism More Sustainable – A Guide for Policy Makers*

Macro-economic Management Related

A few main macro-economic management, trade reforms and investment related strategies are set in the international trade policies/agreements to achieve growth targets having a linkage with inclusive growth, productive employment and decent work are considered in the following table:

Fiscal Management

GATT: Article XVIII.11. In carrying out its domestic policies, countries shall pay due regard to the need for restoring equilibrium in its balance of payments on a sound and lasting basis and to the desirability of assuring an economic employment of productive resources. **Article XII.1:** ...to safeguard external financial position and balance of payments, a country is permitted to restrict the quantity or value of imports. **Article XII.3. (a)** ...require to pay due regard in domestic policy to restore /maintain equilibrium in the balance of payments on a sound & lasting basis

General Agreement on Trade in Services: Article XII.1: ... permit to adopt/maintain restrictions on trade in services in the event of balance-of-payments and external financial difficulties... recognise that particular pressures on the balance of payments in the process of economic development or economic transition may necessitate the use of restrictions. **Article XIX.2:** ... flexibility for developing countries for opening fewer sectors, liberalising fewer types of

Investment for Trade

Comprehensive Investment Policy Framework for Sustainable Development, UNCTAD

Investment policy shall 1) uphold a country's overall development strategy.... Shall be coherent and synergetic, 2) involve all stakeholders including TUs in the development process, and embedded in an institutional framework based on the rule of law, 3) regularly reviewed to adopt changing development dynamics, 4) balanced in setting out rights and obligations of States and investors, 5)ensure sovereign right to establish entry and operational conditions for foreign investment, 6) establish open, stable and predictable entry conditions for investment, 7) provide adequate protection to investors, 8) align with SDGs and design to minimize the risk of harmful competition for investment, 9) promote and facilitate the adoption of and compliance with best international practices of CSR and good corporate governance, and 10)incorporate provisions for cooperation by the international

transactions, progressively extending market access in line with development situation. SAFTA ; flexibility to LDCs to impose/continue restriction for development need.	community to address shared investment- for-development policy challenges.
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Trade Preferences

EU's Generalised Tariff Preferences Scheme: Article 1. 2. provides (a) a general arrangement; (b) a special incentive arrangement for sustainable development and good governance (GSP+); and (c) a special arrangement for the LDCs (Everything but Arms (EBA)).

Framework Agreement among Member States of the OIC: Article 2.6 & 2.7. Tariff preferences are progressively extended to para-tariff (Border charges & fees) and non-tariff concession and to all agricultural & animal products, manufactured or semi-manufactured products;

Article 2: 8 ... special treatment is dependent on levels of differences in economic development.

GATT: Article XXXVI.1. (f) enable LDCs to use special measures to promote their trade and development; **Article XXXVII.1. (c). (ii)**

Developed countries in any adjustments of fiscal policy accord high priority to the reduction and elimination of fiscal measures which will or hamper the growth of consumption of primary products, in raw or processed form, wholly or mainly produced in the LDCs. **Article XXXVI: 4....** many LDCs are dependent on the exportation of a limited range of primary products.... need to provide favourable and acceptable conditions of access to world markets for these limited products ... wherever appropriate to devise measures to stabilize and improve conditions of world markets in these products, including measures designed to attain stable, equitable and remunerative prices, thus permitting a dynamic and steady growth of the real export earnings of these countries....

SAFTA: Contracting LDCs shall enjoy **spatial & different treatment** to impose/continue restriction for specific development need.

Regarding Transformation of Development Status of a Country

EU's Generalised Tariff Preferences Scheme

Article 17.2: In case of transition from a LDC, the country shall enjoy a 3

years transition period; **Article 9.1.E/F:** (e) accepts without reservation the reporting requirements & gives a binding undertaking to accept regular monitoring and review of its implementation in accordance with the provisions of the relevant conventions and (f) gives a binding undertaking to participate in and cooperate with the monitoring procedure.

Trade Policies/Agreements on Increase Productivity

Export diversification, technological enhancement, value addition, capacity building and research and development are particularly emphasised in the trade instruments in relation to increase productivity as mentioned in the following table:

On Diversification

GATT: Article XXXVI.5. ...rapid expansion of the economies of the LDCs will be facilitated by a diversification.... and the avoidance of an excessive dependence on the export of primary products. increase access to markets under favourable conditions for processed and manufactured products.

EU's Generalised Tariff Preferences Scheme

To achieve GSP+ special incentive arrangement facility it is needed that a country **Article 9.1. (a)** is considered to be vulnerable due to a lack of diversification and insufficient integration within the international trading system.

Framework Agreement on the BIMSTEC Free Trade Area:

Emphasis on diversification of supply and distribution of services

Technology

General Agreement on Trade in Services: Article IV: IV.1.: While making bilateral/multilateral agreements, developing countries shall negotiate specific commitments relating to (a) the strengthening of their domestic services capacity and its efficiency and competitiveness, inter alia through access to technology on a commercial basis; (b) the improvement of their access to distribution channels and information networks;

Framework Agreement on Trade Facilitation in APTA Participating States:

Encourage the use of automation and information technology in customs procedures and establishing an electronic communication system

SAFTA...stress on harmonisation of standards and tests

Capacity Building**Framework Agreement on the BIMSTEC Free Trade Area:**

Includes capacity building programme and technical assistance provision to adjust economic structure and expand trade and investment

Research & development**Framework Agreement on Services Trade Facilitation among APTA States**

Emphasis on appropriate R & D & information exchange

Standards/Principles Regarding Development Policy Formulation

Following is a listing of a number of main guidance/directions, is obtained from the international trade policies/agreements on development policy initiatives:

UN Guiding Principles on Business & Human Rights: Article 1.B.3: State

shall enforce laws ranging from non-discrimination and labour laws to environmental, property, privacy and anti-bribery laws as well as review and update laws to include evolving circumstances. Article 5. States should meet international human rights obligations when they legislate for business enterprises to provide services.

General Agreement on Trade in Services:

Article XIX.2 The process of liberalisation shall take place with due respect for national policy objectives and the level of development of individual Members, both overall and in individual sectors.

Standards/Principles Related to Finance and Aid for Trade Support**GATT**

Article XXXVI.7. ... need for appropriate collaboration between the members States, other intergovernmental bodies and the organs and agencies of the UNs system.

OIC Framework Agreement

Article 12.11. The Islamic Development Bank and the other specialized institutions of the OIC shall be requested to consider, in conformity with their rules and procedures, giving priority within

<p>Article XXXVIII. . . . the member states shall (c) collaborate in analysing the development plans and policies of individual less-developed members and in examining trade and aid relationships.....in this connection, seek appropriate collaboration with governments and international organizations, and in particular with organizations having competence in relation to financial assistance for economic development.</p>	<p>the framework of export financing and export credit guarantee schemes to trading transactions relating to lists of products eligible for preferential treatment...., as well as to national products enjoying concessions in accordance with bilateral trade agreements or regional arrangements among Member States.</p>
<p style="text-align: center;">BIMSTEC</p> <p style="text-align: center;">The BIMSTEC Summit in 2018 in Nepal identified a development fund, connectivity, mountain economy and blue economy as thrust areas of cooperation.</p>	

Conclusion

Development emphasis on IG, PE and DW is comparatively new. Many of the trade policies and agreements are as old as dates back to history. Our review however shows that international trade instruments from the very beginning have included commitments and goals and strategies towards these ends. There are a good number of policy directives on many important determinants on IG, PE and DW. There is really great scope for TUs to be benefitted from international trade policy instruments to act on IG, PE and DW in the national context.

Section V

Conclusion & Recommendation

This study has reviewed a number of international and national trade policies and multilateral and bilateral trade agreements from the perspectives of inclusive growth, productive employment and decent work. For this, first of all, particularly based on a set of indicators are developed in the SDG document against goal 8, a tailor made new set of indicators are developed from a trade lens. Next to this, international trade instruments are reviewed and determined a set of internationally agreed standards that best address inclusive growth, productive employment and decent work. In a third stage, national level trade instruments are reviewed and determined the strengths and loopholes in these.

What is apparent from the review is that increase export/import and thus income and growth are direct implications from trade. However, inclusive growth, productive employment and decent work are not auto choice with trade and they are very much indirect. More particularly, even when growth is achieved it may not incorporate inclusive growth, productive employment and decent work at all. What has happened in the Bangladesh's case, a jobless and in-equal growth has been achieved. To overcome this, what is needed at this stage is to pushing of inclusive growth, productive employment and decent work elements into trade policy instruments. The role from the Trade Unions is appeared most appropriate in this. This review has listed out the following pushing points to consider by the trade unions:

- Trade related education by the TUs is to be a first priority. As reviewed, international trade involves a comparatively complex process. For effective intervention trade related education needs to be a continuous process by the trade unions. Inter co-operation/ collaboration building among TUs is to be a core focus in these.

- Pushing and promoting of the determinants of IG, PE and DW into Trade Instruments is equally important. For this, it is needed that broader issues are broken into sub & specific issues as well as consensus achieved among all parties on them. What to promote, when to promote and how to promote. This is not a one sought of a thing and needs continuous education and knowledge practice on this among TUs.
- There can be a broader study to determine the main determinants regarding IG, PE & DW that TU can act on. At this point minimum socio-economic inclusion however can be the focus.
- Government, employers and CSO representatives are all part into multilateral and bilateral trade agreement negotiation and development processes. Needs deliberate lobby and advocacy to include TU representation into these processes.
- Strong lobby/advocacy is further needed to ensure that formulation and signing of trade agreement processes is transparent and information is available in the wider community.
- The aspects of diversification, value addition, and technological promotion need to be a mutually agreed process among all main parties i.e., employers, Government, workers and CSOs to get highest benefits from these. There must be unification on this in all policies. There can be promoted single body to oversee these.
- There can be an active tripartite social dialogue process to regularly scrutiny/supervise /monitor Trade Instruments formulation & negotiation processes. In such an act of lobby/advocacy there must be initiative to ensure a culture of open debate and discussion on preferential and policy aspects involving TUs in the social dialogue processes.
- Advocacy/lobby is a must to ensure TU involvement in the aspects of trade cooperation & promotion.

- There can be an initiative of TU led mapping of the status of 27 international conventions as well as continuous monitoring of them, which are a must to achieve GSP plus facility from the EU once fully graduated to a developing country status;
- There can be advocacy/lobby to redefine SME and to ensure special privileges for micro, cottage and handicraft industries that generates more employment and in which employment are relatively productive and decent;
- Promote the idea of incorporation of environment protection/damage cost into trade agreements.
- There can be lobby/advocacy to ensure TU representation into the sector/industry specific business promotion councils
- There can lobby/advocacy to ensure TU representation into the National Council for Industrial Development;
- There can be lobby/advocacy to ensure TU representation into the 'Research, Observation & Data Cell' is formed under the Ministry of Industry. University, research institutes & employer associations are already part of this;
- There can be lobby/advocacy to ensure TU representation into the high powered "Export Credit Monitoring Committee" is formed under the authority of Bangladesh Bank.
- There can be lobby/advocacy to ensure a central mechanism including worker's representation to oversee the profit/financial aspects of the companies engaged in export/import;
- There can be lobby/advocacy to establish a import committee and to ensure TUs representation into the same particularly to control rent seeking behavior;
- It is right time to go for promoting living wage concept into Trade Instruments;

- Agriculture: There can be a small TU led committee to identify emerging and need based issues in the agriculture sector and to go for lobby/advocacy on them;
- Tannery: A strong campaign/Advocacy/Lobby is a must to make completion of undue tasks for the tannery industrial park;
- RMG: Lobby/advocacy to devise and execute a Standard Unified Code of Compliance in accordance with the National Export Policy 2018-2021. Administer advocacy/campaign to ensure effective use of the Social Welfare Fund for social protection purposes [health and education];
- Advocacy with the ILO national office to ensure that the ILO [as per directive set in the Declaration on Social Justice for a Fair Globalization 2008] has influenced and assisted the government to address decent work into the bilateral and multilateral trade agreements.
- TU can advocate to formulate an independent Investment Policy that adequately respect IG, full and PE and DW. In such an initiative, ensuring TU representation is a must into the policy formulation processes;
- There is a clear need for institutional reforms in the areas of revenue generation and public expenditure, greater than ever;
- Last but not the least, there can be a general advocacy/campaign to ensure a comprehensive trade policy that best address inclusive growth, productive employment and decent work and in which there is unification among policy prescriptions and actions.

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Appendix _ 1

Following is a list of 27 Conventions as per EUs Generalised Trade Preferences Scheme to avail GSP plus facility:

1. Convention on the Prevention and Punishment of the Crime of Genocide (1948)
2. International Convention on the Elimination of All Forms of Racial Discrimination (1965)
3. International Covenant on Civil and Political Rights (1966)
4. International Covenant on Economic Social and Cultural Rights (1966)
5. Convention on the Elimination of All Forms of Discrimination Against Women (1979)
6. Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984)
7. Convention on the Rights of the Child (1989)
8. Convention concerning Forced or Compulsory Labour, No 29 (1930)
9. Convention concerning Freedom of Association and Protection of the Right to Organise, No 87 (1948)
10. Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No 98 (1949)
11. Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No 100 (1951)
12. Convention concerning the Abolition of Forced Labour, No 105 (1957)
13. Convention concerning Discrimination in Respect of Employment and Occupation, No 111 (1958)
14. Convention concerning Minimum Age for Admission to Employment, No 138 (1973)
15. Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour No 182 (1999)
16. Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)

17. Montreal Protocol on Substances that Deplete the Ozone Layer (1987)
18. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (1989)
19. Convention on Biological Diversity (1992)
20. The United Nations Framework Convention on Climate Change (1992)
21. Cartagena Protocol on Biosafety (2000)
22. Stockholm Convention on persistent Organic Pollutants (2001)
23. Kyoto Protocol to the United Nations Framework Convention on Climate Change (1998)
24. United Nations Single Convention on Narcotic Drugs (1961)
25. United Nations Convention on Psychotropic Substances (1971)
26. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
27. United Nations Convention against Corruption (2004)



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