

**Make trade work for the People of Bangladesh:
Call to the WTO Cancun Ministerial Meet**

Submitted to:

Mr. Amir Khosru Mahmud Chowdhury
The Honorable Trade Minister
of the Government of
People's Republic of Bangladesh

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Submitted by:

**Media Initiative for Fair Trade
And
INCIDIN Bangladesh**

Advocacy Paper

We the members of the Media Initiative for Fair Trade and INCIDIN Bangladesh would like to place our concerns to **Mr. Amir Khosru Mahmud Chowdhury**, the honorable Trade Minister of Bangladesh, regarding the unequal and rigged rules of WTO, not only from the perspective of equal share of business to Bangladesh, but also from the primary concern on the livelihood security of the people of Bangladesh, including such marginalized sections as the workers, farmers and women.

1. Market Access:

Market access for the LDCs has to be understood in terms of three inter-related components:

- Duty and quota free access
- Restriction free (TBT and SPS)
- Flexible rules of origins

In Bangladesh, the RMG sector has emerged as the major export sector (75.67 percent of the total export of the country) and now has a large share of employment (especially that of female workers: it employs 1.5 million workers of which 85-90 percent are women). Therefore, Bangladesh has to consider a strategy that deals with the immediate risks as well as with the long-term sustainability of this sector.

If the LDCs do not have duty and quota free access simultaneously with the restriction free access (i.e. relaxed technical barriers to trade and sanitary phytosanitary measures under the ‘special and differential treatment’), the developed countries may still protect their markets from the LDCs exports. More importantly, the LDCs should have rights to protect their markets and be exempted from the anti-dumping and countervailing measures.

For Bangladesh ready made garments sector, phasing out of quotas (i.e. MFA) in short run may lead to a loss of export market. However, flexible rules of origins (with provision of 25-30 percent value addition criteria) may minimize the market loss and in cases may even help to expand its market access.

For agro-exports, the TBT and SPS work as major non-tariff barriers to trade. Without relaxation of TBT and SPS or assistance in building compliance capacities (under Integrated Framework assistance), duty and quota free market opportunities (such as EBA) do not create any effective market access.

Technical assistance for backward linkage is another issue that is crucial for industrialization. Thus, for the RMG sector we need a *mixed strategy* in which on the one hand, we campaign for immediate market access (i.e. Duty and quota free access, Restriction free access and Flexible rules of origins). While on the other, we would like to mobilize international support in developing a sound industrial base (i.e. textile sector as the backward linkage sector).

Backward linkage policy at national level should therefore include that for the long term strategy the BGMEA and the BTMA need to work together. The government and the third sector (i.e., the civil society actors as a whole) can play a facilitating role to engage the

BGMEA and the BTMA to develop this collective strategy for the post-MFA regime. Therefore, *in the short term*; the government should focus on negotiating with the EU on the RoO relaxation in GSP utilization provisions to deal with immediate risk of losing market after phasing out of MFA, and *in the long term*; the government should assist in development of the backward linkage for the RMG sector.

However, retention or expansion of market access does not automatically imply that the benefits of trade (or of additional export) will reach the workers. The government has to ensure that the benefit of trade reaches the poor (i.e. the workforce of RMG sector). To ensure that the efforts made by both the government and the development activists at global level do not only benefit the business, the development activists propose the following:

- **Firstly, in case of any export/market access gained for the RMG sector, the government has to ensure that a portion of the net export earnings of the RMG sector is earmarked for the RMG workers' welfare.** The government in its trade policy should earmark a certain proportion of the net export earnings (such as 5%¹) exclusively for the workers welfare. This will ensure that the benefit of trade reaches the workers.
- **Secondly, the focus of government support to the textile and the RMG sector should set priority on delivering direct benefits to the workers.** The government resources and support should contribute in directly benefiting the workers and thereby contribute in building a sustainable industrial culture (better work environment, higher productivity, legal protection etc.). This in turn will also benefit the business by creating a better human rights record for Bangladesh RMG.
- **Thirdly, the government has to ensure that the workers of the RMG sector have access to their rights and legal protections.** In case of legal protection and rights, emphasis should be on the implementation of the national labor laws and the ILO conventions. The government needs to *institutionalize trade unions* by offering protection to the workers (who are predominantly women and facing harassment/risks of illegal termination for joining trade unions) so that they can freely be associated with these bodies.
- **Fourthly, both the national manufacturers and their international counterparts (the buying houses and the retailers) jointly need to perform their 'corporate responsibilities' towards the workers.** In this regard, if the RMG sector ultimately suffers a backlash effect of implementation of the ATC, the retrenched workers of this sector should have access to compensations. These compensations should be mobilized both nationally and globally under the corporate responsibilities as well as within the provisions of the WTO structure. On the other hand, the corporate responsibility should include that the TNCs and MNCs invest for the betterment of the working conditions at source countries (such as Bangladesh in RMG sector).

2. GATS and Labor Mobility:

Under the General Agreement on Trade in Services (GATS) each participating country is required to accord "immediately and unconditionally" Most Favored Nation (MFN) treatment to services and service-suppliers of all participating countries. The preamble to the agreement

¹ Proposed by the workers representatives of the RMG sector during a consultation meet Dhaka, 26 April, 2003 and supported by several international workers associations.

speaks of facilitating “the increasing participation of developing countries in trade in services and the expansion of their service export”. At the same time, however, the same agreement gives a participating country the right to “regulate the entry of natural persons into or their temporary stay in its territory”. As a result the LDCs so far have not experienced any benefits of liberalization of the service sector in the developed countries.

The workers of the LDCs would like to see development in the Mode 4, which will guarantee more market access than is ensured under corporate transfer of the Mode 3. LDCs demand re-launching negotiations under Annex on the Temporary Movement of Natural Persons at Multilateral level. The workers urge that the Cancun Ministerial provides guidelines on *Mode 4* market access with substantial addition to and distinction with the mode 3 related transfer of employees. Semi-skilled and un-skilled labor should be also included under *Mode 4*. The social security charges must be withdrawn for the temporary natural persons, as they do not receive social security support against those charges.

For Bangladesh GATS may provide opportunity of global mobility of ‘unskilled and semi-skilled labor’ under service sector liberalization in trade. This can lead to better livelihood for the workers.

3. Agreement on Agriculture:

The AoA has been developed keeping in mind the features of commercial agriculture. However, as a major feature of agriculture of Bangladesh is subsistence farming (i.e. farmers predominantly produce for family survival), the farmers of Bangladesh will not be able to comply the AoA to their benefits. As such, special provision for LDCs in AoA should be made in terms of :

- Total exclusion of the LDCs from the compliance bindings of AoA.
- Provision of providing export subsidies with special market access for LDC-agro-exports in northern markets.
- LDCs and net food importing countries may suffer due to reform in trade in agriculture². As such, country specific assessment of actual and potential negative impacts has to be prepared and based on a timeframe and indicators should be agreed on for assistance plan for gradual integration in AoA.
- There should be abolition of agricultural subsidies of the developed countries that restrict the competitiveness of LDCs’ agro products (both nationally and internationally). Till the complete abolition, LDCs should receive compensation.

4. TRIPs:

In relation to TRIPs the first and foremost concern is that the government of Bangladesh (as a LDC) is not under pressure for WTO to implement any national patent law before 2016. In general it needs to be noted that TRIPs may lead to loss of indigenous knowledge and natural life varieties, as the TNCs will patent most of these – already they have done so. It will lead to loss of farmers’ rights to seeds as this will lead to promotion of high breed varieties which is commercially controlled by TNCs. This may also promote GM food which will lead to far reaching negative impacts on biodiversity.

² Article 16 of AoA, WTO acknowledges the risks

- It will increase (10 times or more) cost of medicine. So countries like Bangladesh need to have access to production and distribution of all sorts of life saving drugs.
- Together with other LDCs has to move to ensure that the traditional knowledge and natural life varieties are protected from the threat of patenting.
- Bangladesh together with other LDCs needs to ensure right of farmers on seed is retained by resisting the expansion of the market of TNCs in seed trade. Local varieties also need to be promoted and in this regard subsidies need not be considered as violation of AoA.
- Information on GM has to be made public in case of food products in local language (as a caution) for food, seed or any life variety. This needs to be maintained in trade as well as in aid/assistance.
- Medicine trade should not be covered by TRIPS and should be considered as an issue of rights to life.

5. Special and Differential Treatment (S&D):

The *Doha Ministerial Declaration* mandated that the special and differential treatments (S&Ds) must become “more precise, effective and operational”. There are few efforts towards realization of the Doha mandate till date. . We call on the Cancun Ministerial to that steps should be taken:

- At this stage, there is a need of a comprehensive review of the present implementation status of the S&Ds to the benefits of the LDCs.
- S&Ds has to be firmly anchored in binding commitments in the general structure of WTO. Only if S&Ds is in their favor is given a binding status in the WTO, could LDCs subscribe to any “single undertaking”. As such, S&Ds must be mandatory and legally binding, and subject to the dispute settlement system of the WTO (including notification requirements and inclusion of these commitments in the country schedules).
- There is need of a country specific timeframe for each of the LDCs for compliance to the WTO rules. Existing agreements have to be reviewed to make rights and obligations harmonized with the level of development of each of the LDCs. In other words, LDCs should only be required to undertake commitments and concessions to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities.
- These provisions should be incorporated in a Framework Agreement on SDT which sets out the above-mentioned principles and provides specifically for procedures for the evaluation as to how far these agreements facilitate the attainment of the development targets of the countries concerned and the implementation costs of the WTO agreements. In this regard the Integrated Framework will have to be adequately funded, capacitated and catered to the needs of specific LDCs.