BANGLADESH GARMENT MANUFACTURERS AND EXPORTERS' ASSOCIATION (BGMEA)

Market Access Challenges for Readymade Garments Sector of Bangladesh : Strategies for Future

Study Report

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The study is conducted to show the current position of Bangladesh RMG export. The present market access and future possible market access. The immediate challenges of RMG export sector. The impact of different bilateral and multilateral trade that is distressing on RMG export. The challenges of RMG export after Bangladesh LDC status graduation will be mentioned in this report with some major findings and recommendations.

I. INTRODUCTION

The RMG industry is a strategically important sector for Bangladesh. From the inception of export of Ready Made Garments (RMG), this industry flourished in a rapid way that contributes the creation of employment and the living standards of Bangladesh. RMG sector contributed in the economy of Bangladesh in such a way that no other manufacturing sectors in Bangladesh have, by and large, not been able to contribute in GDP growth. The RMG sector in Bangladesh has multiplier effects by the creation of employment and increasing export earnings in the GDP growth. Over the past two decades, starting from the early 1980s, Bangladesh has built a strong reputation centered on price advantage by low-cost labor and investment incentives; production capacity, particularly within EPZs and satisfactory quality levels, especially in value. The policy formulation and support at different time point helped this sector to progress with the duty free export opportunity given by the developed and developing countries by unilateral preference (GSP), by duty free quota free access (DFQF) and last but not the least the bilateral or multilateral agreements in several countries of export interest after the completion of Multi Fiber Agreement in 2004. Though these huge export supportive facilities, RMG sectors faces some major challenges (GSP+ to Pakistan, bilateral and regional agreement of export destination country, fire incidents, Rana Plaza collapse, suspension of GSP facility by USA) in the market access to the developed and developing countries. The challenge is limited not only to maintain current status of RMG sector specially market access but also the future of RMG market access when Bangladesh will lose LDC status designated by UN and will become a middle income country by 2021.

This report signifies the status quo of Bangladesh along with its challenges from GSP and other bilateral and regional agreement at the same time challenge Bangladesh faces after graduation from LDC status.

II. BACKGROUND OF RMG DEVELOPMENT IN BANGLADESH

History tells that the industrial sector has been the driver growth as a country has moved from low to middle income status. The average productivity of industry is higher than in agriculture. Poor economy like Bangladesh earns valuable foreign exchange by exporting manufactured products and the ensuring foreign exchange can be used to invest in new machines and technologies so that the rapid move up to the new technology ladder becomes possible. The economic growth of Bangladesh is reinforced by the growing importance of traditional sector agriculture to the non-traditional sector RMG.

Within a single decade garments industry in Bangladesh has emerged as single most dominant industry. The shift from traditional to non-traditional industry is a big journey for small economy like Bangladesh. The prolific economic journey was initiated in Bangladesh during 1974. At that time there were only 9 export oriented units those manufactured and supplied to domestic and foreign markets. Some of these units were very small and produced garments for both domestic and export markets. One of such unit is Reaz Garments Ltd. Starting from a small outfit store in 1960 to transform it as an export oriented RMG named M/s Reaz Garments it creates a new dimension in in Bangladesh export industry by firstly shipping 10,000 pieces of man's shirt worth to 13 million Francs to a Paris based firm in 1978.[1] Though the first export consignment of shirts from Bangladesh made by Trading Corporation of Bangladesh in the mid of 1970s was destined to European countries under trade arrangements. But the actual landmark led by the Desh Garments Ltd. established in 1977 that took the opportunity to create joint venture with Daewoo of South Korea-quota restricted countries under Multi Fiber

1 Yunus M. and Yamagata T. "The Garment Industry in Bangladesh",2012

Agreement (MFA)- seeking quota free countries. It was set-up in joint venture with Daewoo of South Korea and at that time emerged as the single largest and the most modern garment- manufacturing unit in the sub-continent. A contract signing of collaborative arrangement for technical and marketing between Desh-Daewoo during 4 July of 1978 enabled Desh garments to send 130 workers and management trainees to be trained at Deawoo's state-of –the art technologies at Pausan plant in South Korea in 1979. The 130 Desh-selected trainees returned home after a six month training period to form the nucleus of the RMG sector's technology and its core human resources. Because quota restrictions under the MFA limited exports from the Republic of Korea to the EU and the United States (US), it made good business sense for Daewoo to use Bangladesh as a sourcing country since Bangladesh enjoyed quota-free market access to these markets. Desh workers, operators and supervisors were trained in the Republic of Korea. Production started in the port city of Chittagong. Deawoo took the responsibility for marketing the products through its worldwide network. The venture demonstrated the potential that Bangladesh had in the global apparels business. The mid-level Bangladeshi staff working in Desh-Deawoo formed the core of the entrepreneurial class which subsequently carried the journey forward. Another South Korean firm, Youngones Corporation formed the first equity joint venture garment factory with a Bangladeshi firm, Trexim Ltd. in 1980 where Bangladeshi partners contributed 51 percent of the equity of the new firm, named Youngones Bangladesh. It exported its first consignment of padded and non-padded jackets to Sweden in December, 1980. 2

The success of the garments industry of Bangladesh started its journey with the help of quotas under MFA in the North American markets and preferential market access to the European market. In FY2004-2005 the phase out multi fiber agreement did not hamper the export of RMG sector as many studies strictly shows Bangladesh having the status of importing fabrics and supply side constraints could not compete post MFA regime. Most of these studies used general equilibrium

2 Ibid.

model for their simulation exercise to estimate the possible impact of phase out on Bangladesh economy. Some of these studies conducted using database conducted by GTAP by Elbehri (2004), Lips et al. (2003), Malchila and Yang (2004), Nordas (2004) and Spinanger (2004) depicted a miserable future for the garments industry of Bangladesh in open era. Spinanger (2004) found that the abolition of quota could result in 8 per cent fall in exports that would to country's GDP decline by 0.54 percent. After the phase out of MFA and the inception of Agreement on Textiles and Clothing for removing the quotas changed arena of textile and apparel industry in international market by integrating the sector into normal GATT rules. The growth of RMG export became positive (23.11%) in FY 2005-2006 than the previous financial year after the abolition of quotas on textiles and clothing.

After the liberation, the Government of Bangladesh had taken several initiatives including formulation of industrial policy to develop the position of liberation fragile economy to reinstate. The government of Bangladesh took different policy for the expansion of export including the RMG industry. Those policies that government took for export expansion of RMG as well as other sectors will be discussed in the following section.

III. POLICY SUPPORT OF BANGLADESH GOVERNMENT

The growth of Bangladesh's RMG export is largely attributable to international trade regime in textiles and clothing which until 2005 has been governed by the MFA quotas and the DFQF for Bangladesh's RMG products in the developed countries such as EU, Canada, and other major export destination. In spite of that international support the government policy for export expansion is crucial to RMG sectors development. During the post-independence period, industrial development of Bangladesh has been directed by several industrial policies. The liberalization of private investment and FDI from restrictiveness gave the opportunity of economic development. The investment ceiling was withdrawn in 1978 by opening the investment opportunity for giant multinationals such as Deawoo and other South Korean firms. Government of Bangladesh has played an active role in designing policy support to development of several traditional and non-traditional sectors like RMG sector that includes back-to-back L/C, bonded warehouse, cash incentives, export credit guarantee scheme, tax holiday and related facilities. As time goes, the garment industries specially the woven and knit garments become the imperative sectors of the foreign trade due to the successful policy initiatives of governments. The other sectors could not show the progress as the RMG sector has done due to policy support. That is why the progress of other sectors is not noticeable. The first export policy of government is tax holiday that placed in mid-1970. While back-to back L/C support was facilitated in 1985-86 (1984). The export performance benefit introduced in 1978 also encouraged the RMG exporters to export RMG to foreign countries. Bonded warehouse facility assisted RMG exporters more. The adaptation of managed floating in 1979 helped the export competitiveness in Bangladesh through the adjustment (Appreciation and Depreciation) of foreign exchange. With the extending policy support the government of Bangladesh has also emphasized on the formulation of different associations. The establishment of association- Bangladesh Garment manufacturers and Exporters Associations (BGMEA) - established in 1982 to promote and protect the interests of the manufacturers and exporters of RMG. This association suggests government to take policy measures for the expansion of apparel sectors. The governments of Bangladesh has employed several measures to increase competitiveness of exports to the international market through providing incentives and offsetting the negative impact of import control measures. Annex 1 summarizes some of the most important policy supports that have been put in place in Bangladesh after liberation. A few sectors, especially the ready-made garments (RMG), have been major beneficiaries of these reforms.

Apart from the incentive schemes, the Government has also provided generous institutional support to the exporters. Various institutions such as the Duty Exemption and Drawback Offices (DEDO), and the Export Promotion Bureau provide promotional, directional, and marketing assistance and particularly the activities of the latter are worth pointing out that include, amongst others, providing input to Government’s trade policy, assisting DEDO, disseminating trade information, undertaking national export training programmes, organizing and participating trade fairs, and managing quota allocations for RMG units.3

The above analysis has made it clear that the non-traditional sector of Bangladesh become the major sector as government and other relevant bodies are involved in promoting this sector. At the same time different GSP facility that developed countries are provided since 1971 through extending the margin of preference and also giving zero preference in the product line of Bangladesh as well as other LDCs. The next section will discuss the global trend of RMG and world import trend of RMG and also Bangladesh RMG export trend.

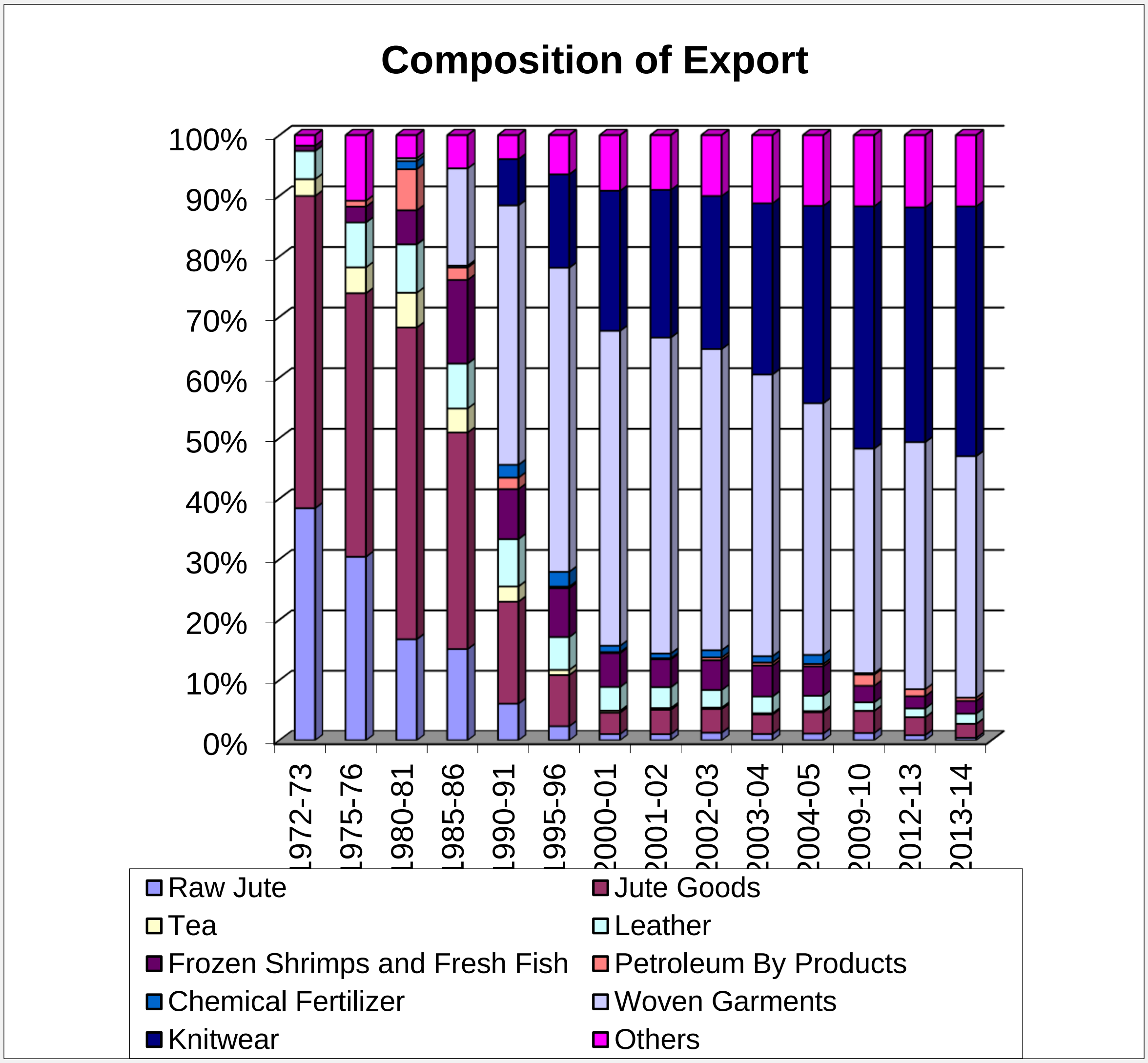
IV. EXPORT PERFORMANCE OF RMG EXPORT

The extensive export-promotion measures and favorable market access in the developed countries specially EU and USA helped Bangladesh's RMG export rise remarkably during the past 20 years. The major exporting sectors of Bangladesh are raw jute, jute goods, tea, leather, and frozen food, petroleum by products, chemical fertilizer woven garments and knitwear. Figure 1 represents the contribution of major exporting sectors in the total export of Bangladesh. This figure represents the share of jute and jute good with frozen shrimp in FY1972-73 is 90% of the total export of $348.42 though the reverse scenario is observed in FY 2013-2014 where RMG sectors dominates 81.16% the total export US$ 30176.8 to world. There is no doubt that after the liberation, the economy of Bangladesh goes up by the explosion of several sectors such as jute, fishery etc. RMG business started in the late 70s as a negligible non-traditional sector with a narrow export base and by the year 1983 it emerged as a promising export earning sector; presently it contributes around 80% of the total export earnings.

3. Raihan S. and Khondokar B. (July 2013)," A Review of the Evaluation of the Trade Policies in Bangladesh Bangladesh Country Report Trade and Employment", International Labor Organization.

Though policy support discussed earlier is not the only factor to RMG export boom, several factors work behind the thriving of this sector. The cheapest labor with incentive for import materials is the greatest advantage of RMG sector. Product diversification was also wide and varied, allowing countries to concentrate in niche areas. Bangladesh always maintains the lower portion of the demand curve for apparel where low price apparel creates competitiveness of Bangladesh in world market. The easily importable raw materials make the sector competitive. The growth of RMG sector has spawned a whole new set of linkage industries and facilitated expansion of many service sector activities. The RMG industry not only forced the growth of spinning, weaving, dyeing and finishing industries, production of accessories and spare parts, but also rendered large externalities by contributing to other economic activities in such areas as banking, insurance, real estate, packaging, hotels and tourism, recycling, consumer goods utility services and transportation. The backward industries within the extension of textile production for knitwear are stimulated by the preferential market access of the RMG. Besides, there is a considerable subcontracting linkage within the sector. The buying house also plays important role towards bringing the manufacturers and buyers of the finished goods closer.

Figure 1: Trend of share of the composition of export (million $USD)



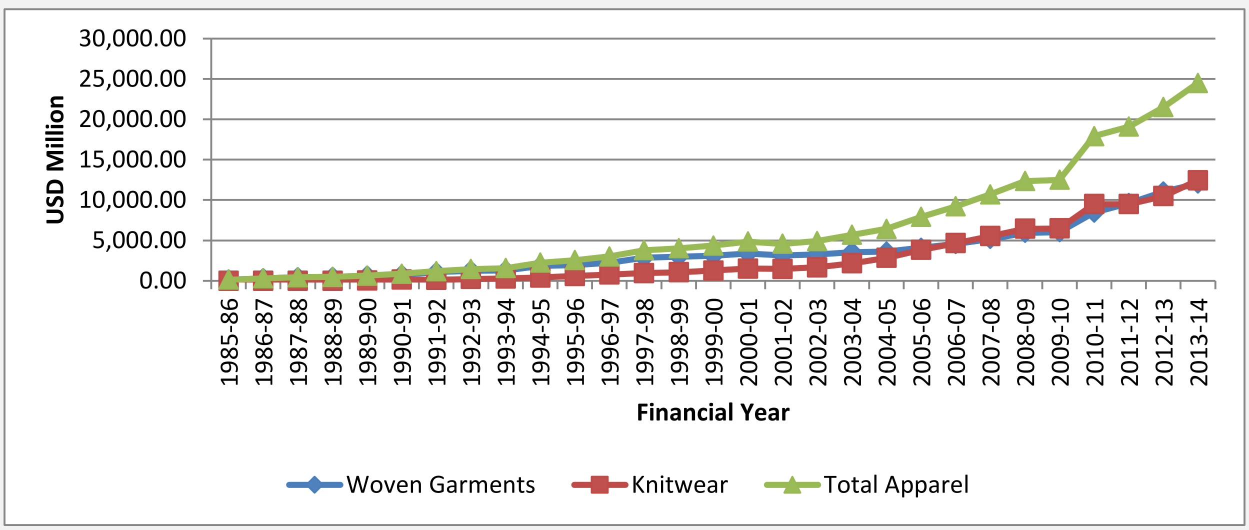
Source: Authors calculation from the data collected Export Promotion Bureau (EPB)

V. TREND OF RMG EXPORT IN GLOBAL AS WELL AS BANGLADESH

The RMG export of Bangladesh are supported by the strong policy support of government with the availability of low cost above compared to South Asia and East Asia, availability of technical assistance, compliance the with the donor requirements, cost efficiency, price competitiveness due to tariff preference etc. Bangladesh RMG export is diversified by products that are to be discussed the next paragraph.

As mentioned earlier Ready-made garments manufactured in Bangladesh are divided mainly into two broad categories: woven and knit products. Shirts, T-shirts and trousers are the main woven products and undergarments, socks, stockings, T-shirts, sweaters and other casual and soft garments are the main knit products. Woven garment products still dominate the garment export earnings of the country. Although knit industry demand more concentration due to the support of backward cotton and textile industry. Various types of garments are manufactured in the country, only a few categories, such as shirts, T-shirts, trousers, jackets and sweaters, constitute the major production-share. Figure 2 shows the trend of total garments export covering the woven and knit while the total apparel export is rising sharply. The woven and knit export more or less the same. The knit and woven exports are going side by side. The demand for these products is rising to developed countries.

Figure 2: Trend of RMG export in Bangladesh since FY 1985-86 to FY 2013-14



Source: Illustrated from the data available from Export Promotion Bureau (EPB)

Bangladesh is the major RMG exporter in the world after China. Woven and knit garments are highly exported to world market. The top ten RMG exports of Bangladesh at 6 digit HS are presented in Annex 2. Despite some positive movement up the apparels value chain in recent years, Bangladesh has not been able to make significant headway in terms of intra-RMG diversification. Bangladesh mainly exports men's t-shirts, men's trousers, women trousers and pullovers.

Bangladesh export is concentrated only in the few tariff line of Harmonized System (6 digit level).

The concentration of Bangladesh RMG export is not only limited to region but also the particular products. The concentration can be measured using the Hirschmann-Herfindahl Index (HHI). 4 It can also be used to determine the concentration of region and sector. The sectoral Hirschmann index is a measure of the sectoral concentration of a region's exports. It tells us the degree to which a region or country's exports are dispersed across different economic activities or different products (tariff lines). This index can also be calculated using import or trade shares. It is sensitive to the level of aggregation. The lower is the number of products the higher will be its value. It takes a value between 0 and 1. Higher values indicate that exports are concentrated in fewer sectors or fewer tariff lines. The formula of calculation sectoral Hirschmann index is mentioned below-

$$\text{HHI}=\sqrt{\sum_i \left[\frac{\sum_d x_{isd}}{\sum_d X_{sd}}\right]^2}$$

Where,

S= country of interest

d= the set of all countries in the world

x= the commodity export flow

i= the sector (number of tariff lines) of interest

x= the commodity export flow

X= Total export

The RMG export followed by HS chapter (61 and 62) expresses the concentration index of Bangladesh from FY 2008-09 to FY 2012-13 at Table 1. This

4. UNESCAP (2007), Trade Statistics in Policymaking - A Handbook of Commonly Used Trade Indices and Indicators.

table shows that the export is mainly concentrated in the few products. The HHI index of export shows that the figures almost close to the figure 0.33. The import of world, on the other hand, are closely rounds to the figure 0.16 indicating the diversified nature of products at six digit HS. The world import creates the room for Bangladesh to proliferate the RMG export and diversify the product. Table 2 shows the HHI of import of apparel at the product level. Analyzing the table this is clear that world is open and the world import more diversified product while at the same time Bangladesh is not diversified in exporting diversified products. There are only few products in the basket of the Bangladesh. The tariff line covers only few products are produced for export that is demanded by the donor countries and also the normal goods in the demand curve. The opportunities of Bangladesh export expansion can be increased if import of world is more diversified and more RMG products are consumed internationally.

Table 1: Sectoral Hirschmann Index (HHI) of RMG sector of Bangladesh Export

Financial Year	HHI
2008-09	0.329
2009-10	0.335
2010-11	0.340
2011-12	0.335
2012-13	0.336

Source: Authors calculation from the EPB data

Table 2: Sectoral Hirschmann Index (HHI) of RMG sector of World Import

Year	HHI
2008	0.166
2009	0.165
2010	0.162
2011	0.158
2012	0.156

Source:Authors calculation from International Trade Centre (ITC)

As there is trade concentration in Bangladesh RMG export. The market access opportunity can be found by defining the intensive and extensive margin. The concentration index is related to the intensive and extensive margin. The intensive margin of trade refers to the growth of exports in goods that are already being exported. The extensive margin is defined as the growth of exports in new categories. This diversification should not only be limited to extension of product line but also exporting to new destination. The opportunity Bangladesh may grab is to identifying and exporting new items of RMG while at the same time extending the export to new destination as the world concentration open for everybody.

The analysis of the extension of intensive and extensive margin of export is complicated issue. The analysis of Bangladesh RMG export to world, the world import can be brought together to find out the opportunity where Bangladesh is not exporting. If the source of growth of world import is for a particular country is high, this means that country is importing diversified items while the less source of growth for Bangladesh specify that Bangladesh may have the opportunity to export diversified products in that country. This is also applicable for product level diversification. As the export policy of Bangladesh emphasizes more on product diversification. But these are not only limited to sector wise but also the product items too.

In Table 3, the sources of growth of major importing countries from 2009-2013 and the source of growth of exporting countries in FY2009-13 are presented. The cumulative growth of the import of major countries as USA, EU, Switzerland, Canada and other countries are not high but the share of growth shows that these countries import are high and Bangladesh share of cumulative export are high. The market access is open in this market. Bangladesh is getting GSP preference this market. Except USA, the other three markets are duty free for Bangladesh RMG export. On the other hand, Japan (15.50), United Arab Emirates (7.90), Russian Federation (5.65), Australia (3.26), Korea, Republic of Korea (3.88), China (3.36) and other countries share of cumulative import growth are high but Bangladesh export growth are not so special in these countries where Australia is giving GSP preference to Bangladesh. Under SAFTA Bangladesh has duty free access to all products in India except 25 tariff lines. China is giving tariff concession to Bangladesh with RMG export. In respect of all this the export of Bangladesh in these market are not remarkable. Bangladesh RMG export can be prolonged with finding those countries where the share of cumulative export growth is lower

Table 3 : Cumulative Growth with Share of Growth of World Import and Bangladesh Export from 2009-2013 [Value in Million US$]

Country	World Import			Bangladesh Export		
	Increase (2009-2013)	Source of Growth (2009-2013)	CGR (2009-2013)	Increase (2009-2013)	Source of Growth (2009-2013)	CGR (2009-2013)
ALGERIA	1,52,020.00	0.4	24.71	9,29,849.33	0.01	41.86
AUSTRALIA	16,82,324.00	4.4	9.38	11,82,89,692.50	1.29	51.62
BELARUS	68,163.00	0.18	13.05	2,26,976.87	0	29.94
BRAZIL	14,83,466.00	3.88	33.1	37,90,93,438.40	4.13	71.65
COLOMBIA	4,22,073.00	1.1	26.29	1,02,78,751.78	0.11	50.81
CANADA	10,42,881.00	2.73	3.33	13,22,30,111.00	1.44	44.32
SWITZERLAND	-44,429.00	-0.12	-0.21	39,30,84,074.60	4.29	13.67
CHILE	10,04,192.00	2.63	13.55	4,58,90,074.40	0.5	13.65
CHINA	19,32,154.00	5.05	17.88	2,18,62,743.83	0.24	44.78
EUROPEAN UNION	-41,20,416.00	-10.77	-0.65	5,33,99,61,364.35	58.23	14.82
EGYPT	80,538.00	0.21	5.47	8,94,516.49	0.01	43.8
HONG KONG	-23,56,445.00	-6.16	-3.54	6,32,62,268.41	0.69	58.39
INDIA	1,74,786.00	0.46	22.74	40,40,37,879.30	4.41	59.22
INDONESIA	1,45,712.00	0.38	12.91	1,45,712.00	0.38	12.91

Country	World Import			Bangladesh Export		
	Increase (2009-2013)	Source of Growth (2009-2013)	CGR (2009-2013)	Increase (2009-2013)	Source of Growth (2009-2013)	CGR (2009-2013)
JAPAN	78,21,115.00	20.45	7.25	10,73,34,420.00	1.17	100.69
KOREA, REPUBLIC OF	19,10,362.00	4.99	10.27	2,83,57,877.69	0.31	7.72
MEXICO	3,40,206.00	0.89	3.44	6,43,20,729.13	0.7	94.12
MALAYSIA	2,73,658.00	0.72	13.44	6,64,43,638.43	0.72	32.95
NORWAY	90,932.00	0.24	0.94	4,161.01	0	0.48
NEPAL	11,44,592.00	2.99	0	3,37,76,255.87	0.37	76.77
NETHERLANDS	12,43,460.00	3.25	3.5	-5,53,017.86	-0.01	-31.95
NORWAY	90,932.00	0.24	0.94	6,64,43,638.43	0.72	32.95
NIGERIA	41,798.00	0.11	86.75	9,19,547.71	0.01	746.23
NEW ZEALAND	2,22,353.00	0.58	6.08	12,33,97,103.80	1.35	71.44
PANAMA	9,16,189.00	2.4	10.29	99,12,616.75	0.11	34.24
RUSSIAN FEDERATION	39,71,651.00	10.38	18.02	2,90,97,449.69	0.32	27.71
SOUTH AFRICA	5,55,615.00	1.45	12.83	1,51,48,044.92	0.17	7.92
SRI LANKA	55,124.00	0.14	14.02	-59,581.22	0	-0.37

Country	World Import			Bangladesh Export		
	Increase (2009-2013)	Source of Growth (2009-2013)	CGR (2009-2013)	Increase (2009-2013)	Source of Growth (2009-2013)	CGR (2009-2013)
SAUDI ARABIA	23,55,561.00	6.16	47.27	17,57,77,895.70	1.92	14.75
THAILAND	2,94,661.00	0.77	16.77	1,30,82,747.57	0.14	86.07
TURKEY	3,49,211.00	0.91	4.12	1,30,33,78,165.00	14.21	7.85
UNITED ARAB EMIRATS	45,95,632.00	12.01	28.84	11,82,89,692.46	1.29	51.62
UNITED STATES	43,25,193.00	11.31	1.39	4,94,368.64	0.01	65.27
VIET NAM	39,72,591.00	10.39	110.69	5,33,99,61,364.00	58.23	14.82

Source: Authors Calculation of Data collected from the Export Promotion Bureau (EPB) and International Trade Centre (ITC) Trade Map

Like again the extensive margin of export of geography, RGM export can be extending through the extension of new RMG items. Only five RMG items dominated the export market throughout its history. These five items; shirts, trousers, t-shirts, jackets, sweaters constitute around 80 % of the total apparel export. Even in two months of FY 2005-06, with an open market these five items still dominated the export basket. The reasons are partly due to the safeguard restriction and partly the mastery has been gained by the firms. Table 4 shows the cumulative growth rate and source of growth of world imports from 2008 to 2011 of major RMG products in 6-digit level at the same time source of growth of Bangladesh export to the world at HS 6 digit level.

The source of import growth to world shows that at the product level world is importing more form the other sources while Bangladesh is not supplying the same products to the world. The export of Bangladesh in that product lien should increase. Some of the product lines are already so traditional such as women trousers, pullover etc. Bangladesh should focus on expanding the export of Bangladesh. There are some product lines where world is demanding more but Bangladesh is mot supplying those products.

The prime focus of Bangladesh should be to find the new market for RMG export with the new underutilized product lines. This paper focuses on the market access of woven and knit garments in existing market as well as new market and find out the challenges in the market. In the next section a short overview of market access facility of developed and developing countries are to be summarized and analyzed the opportunity of apparel export currently Bangladesh and other LDCs have in their markets and at how many tariff lines LDCs gets preference.

Table 4: Cumulative Growth with Share of Growth of World Import and Bangladesh Export from 2009-2013 [Value in Million US$]

Code	Product	World Import			Bangladesh Export		
		Share (2009-2013)	Source of Growth (2009-2013)	CGR (2009-2013)	Share (2009-2013)	Source of Growth (2009-2013)	CGR (2009-2013)
610510	Mens/boys shirts, of cotton, knitted	46,235.00	0.12	0.19	31,17,56,930.85	3.4	17.93
610910	T-shirts, singlets and other vests, of cotton, knitted	9,94,388.00	-2.49	-1.03	2,05,20,17,225.42	22.38	14.51
610990	T -shirts,singlets and other vests,of other textile materials,knitted	39,32,644.00	9.84	12.16	2,52,53,837.97	0.28	2.85
611020	Pullovers, cardigans and similar articles of cotton, knitted	33,32,890.00	-8.34	-3.41	31,19,64,633.59	3.4	12.57
611030	Pullovers, cardigans and similar articles of man-made fibres, knitted	44,90,306.00	11.24	6.3	3,72,02,742.97	0.41	5.34
611090	Pullovers,cardigans&similar articles of oth textile materials,knittd	3,91,806.00	-0.98	-5.05	43,45,91,322.57	4.74	8.47
620193	Mens/boys anoraks and similar articles,of man-made fibres,not knitted	20,12,262.00	5.04	9.13	10,03,95,331.53	1.09	109.4
620333	Mens/boys jackets and blazers, of synthetic fibres, not knitted	3,96,645.00	0.99	6.77	3,52,42,939.56	0.38	5.01
620342	Mens/boys trousers and shorts, of cotton, not knitted	15,75,339.00	3.94	1.74	2,01,61,70,560.35	21.99	17.14
620349	Mens/boys trousers and shorts, of other textile materials, not knitted	2,64,865.00	-0.66	-6.91	8,29,70,869.28	0.9	8.81
620462	Womens/girls trousers and shorts, of cotton, not knitted	1,70,013.00	-0.43	-0.2	99,21,52,743.36	10.82	22.51

620520	Mens/boys shirts, of cotton, not knitted	14,18,969.00	3.55	3.13	71,27,90,496.00	7.77	21.26
620590	Mens/boys shirts, of other textile materials, not knitted	2,17,745.00	-0.55	-6.5	25,11,03,825.21	2.74	14.47
621210	Brassieres and parts thereof, of textile materials	6,44,679.00	1.61	1.86	9,56,08,585.84	1.04	24.36

Source: Authors Calculation of Data collected from the Export Promotion Bureau (EPB) and International Trade Centre (ITC) Trade Map

VI. OVERVIEW OF GSP BENEFITS AND MARKET ACCESS FACILITIES ENJOYED BY THE LDCS

The institutional initiatives through which Bangladesh, as an LDC, receives preferential treatment may be categorized into four groups: (a) World Trade Organization (WTO) provisions providing special and differential treatment (SDT) ; (b) autonomous, non-reciprocal initiatives through various countries' Generalized System of Preferences (GSP) schemes, such as those of the European Union (EU) and Canada; (c) preferential market access initiatives that are part of various regional trade agreements (RTAs)or (FTAs) that have special provisions for members that are LDCs, such as the South Asian Free Trade Area (SAFTA), the Asia and Pacific Trade Area (APTA) and Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC) Free Trade Area. In addition, Bangladesh benefits from some bilateral trade initiatives with developing countries, notably those accorded by India, China, Japan and many other countries.

Among the institutional initiative in the trade regime, the unilateral preference is the most attractive one for the small economy like Bangladesh. The unilateral preference GSP shows strong performance to boost the RMG export. Since 1971, GSP is providing to DCs and LDCs to enter developed country market with duty free or preferential duty. EU, Canada, USA, Norway, Turkey, Switzerland, Australia, New Zealand, Japan, Korea, China, India are the major countries of Bangladesh RMG export destination. Among these donor countries, the EU is the major destinations of Bangladesh RMG export that covers almost more than 80% of the total export. Though the RMG export in the US market are not enjoying the GSP preference. The developed countries provide least developed countries duty free access to their market giving preference in their tariff lines. Major countries in terms of trade importance is EU, USA, Canada, Australia, Switzerland, Norway, Turkey, New Zealand, Japan, Korea, and China. Since the inception of GSP facility in 1971, Bangladesh as well as other LDCs was enjoying duty free preferences to all most all products in all GSP donor countries.

As time passes these preferences are extended to more tariff lines. Rigorous rules of origin compliance are another difficulty that is almost impossible for most of the LDCs. In recent years Bangladesh's major trading partner EU relaxed the rules of origin that makes the RMG export boost to the EU countries. On the other hand the major trading partners USA's cancellation of Bangladesh GSP in the USA market due to workers safety incompliance lose image in Bangladesh RMG market status. Thus the issue of compliance of rules of origin is the major thing in the RMG sector. The more the market will be diversified by the geography and product diversity. The more it will be beneficial for Bangladesh to expand the apparel export and advertise "Made in Bangladesh".

Bangladesh has already captured and utilized more or less the duty free market access in the major markets. The major markets with the product coverage and tariff preference with the issue of safeguard are mentioned below to see the current market status of Bangladesh and other LDCs.

A. EUROPEAN UNION GENERALIZED SYSTEM OF PREFERENCE

EU introduced its GSP scheme in 1971.Since the introduction, several amendments have been made in the scheme. Latest amendment of EU GSP scheme was made by adopting a Regulation No 978/2012 on October 25, 2012 which became effective on 1 January 2014. This will be applicable until 2024. For this revised GSP the rule of origin regarding regulation 1063/2012 was introduced in November 2010 and became effective on 1 January 2011. This report is concerned with the basic provisions of current schemes and the position of Bangladesh.

1. THE BENEFICIARY COUNTRY OF THE GSP

The EU GSP includes 153 eligible countries. However not all countries are beneficiary of EU GSP. The current scheme includes 88 beneficiary countries. 31 high and upper middle income countries classified by World Bank during the most recent three years and 34 countries that have FTA or other preferential market access to EU are excluded from the beneficiary list provided that they will again be beneficiary if they lose their current status.

2. PRODUCT COVERAGE

All beneficiary countries are eligible for GSP treatment. But the EU GSP is mainly divided into three schemes. These are standard GSP, GSP+ and EBA. Standard GSP is one of the three schemes currently including 29 countries that has preferential tariff on 6172 tariff lines shares 65.78% of the total tariff lines whereas 2307 tariff lines are already duty free. Again GSP+, another EU scheme, applicable for countries that 2% import share criterion and 7 largest product sections that cover at least 75% of the total exports to EU. 35 countries became applicable for GSP+ covering the conditions applicable for GSP+. 10 countries are selected for GSP+ beneficiaries out of 35 countries as these countries make binding commitments to ratify 27 conventions on core human and labor rights and on environment and governance, accept monitoring and cooperation. The current GSP+ beneficiaries are Armenia, Bolivia, Cape Verde, Costa Rica, Ecuador, Georgia, Mongolia, Paraguay, Pakistan and Peru. These GSP+ countries enjoy 6019 tariff lines as duty free following MFN duty free tariff lines 2307. Last EU scheme EBA basically covers LDC countries and currently include 49 LDCs enjoying zero duty on all tariff lines except 18 tariff lines that covers chapter 93. Table 5 shows the combined nomenclature of EU HS 2012 available to the WTO.

Table 5: Product coverage of the EU 2013 GSP scheme

Regime	Treatment	GSP		GSP +		EBA	
		Number	Share in Total	Number	Share in Total	Number	Share in Total
MFN	Zero	2,307	24.59%	2,307	24.59%	4	0.04%

	Non-Zero	904	9.63%	848	9.04%	18	0.19%
GSP	Zero	3,014	32.12%	6,019	64.15%	9,361	99.77%
	Non-zero	3,158	33.66%	209	2.23%	0	0.00%
		9,383		9,383		9,383	

Source: Source: Authors' estimation using EU HS2013 combined nomenclature available at the WTO

3. TARIFF TREATMENT

The EU countries get tariff preference for GSP duty but some products enjoy duty free treatment and some enjoy preferential tariff. According to the three scheme tariff preference diverges. For the standard GSP the preferential duty is provided on the basis of products sensitivity and non-sensitivity to EU. The non-sensitive products are duty free but the sensitive products are subject to the preferential tariff. The sensitive product lists cover mainly agriculture, agricultural products, mineral, plastic, leather, apparel and textiles etc. The tariff of sensitive products shall be reduced by 3.5 percentage points of ad valorem duty and 20% tariff reduction for textile and clothing sections. The specific duties other than minimum or maximum duties of sensitive products in standard GSP is to be reduced by 30%. In case of mixed duties of sensitive products the specific duties shall not be reduced. 64.15% tariff lines are duty free following 24.59% tariff lines of GSP+ scheme as there is some duty on 209 tariff lines. EBA beneficiary countries export all products including textiles and clothing sectors duty free. But this tariff preference can be diminished on when EU import of products of GSP beneficiary countries exceeds 17.5% (textile14.5%) of the total import from all GSP beneficiary countries over three consecutive years. List of graduated sectors are currently applicable for these countries-China (agriculture products, chemicals, plastics, rubber, raw hides, apparel, textile, footwear, iron, machinery, miscellaneous); Costa Rica (Vegetables and fruits); Ecuador (Live plants and preparations of meat); India (Mineral, inorganic, chemicals, raw hides, textiles, vehicles); Indonesia (Live animals, chemicals); Nigeria (Raw hides and skins); Ukraine (Railway vehicles) and Thailand (prepared meat, prepared foodstuffs, pearls) etc. There is no such provision of product graduation of GSP+ and EBA countries.

4. RULES OF ORIGIN CRITERIA FOR BENEFICIARY COUNTRIES AND EBA COUNTRIES

The EU applies product specific rules of origin. There are separate rules for DCs and LDCs in the schemes. The provision of wholly obtained products is the same for both developing and LDCs except some additional criteria needed to be fulfilled to prove the fisheries products origin. The value addition criteria for agriculture sectors covering chapters 1-24 is the same for developing countries and least developed countries. But for other sectors the value addition criteria are separate for DCs and LDCs. The non-originating content requirement for LDCs is up to 70% of the ex-factory price of the product. The non-originating content requirements for DCs vary form 50% to 70% of ex-works price of the product. For apparel products to obtain originating status, the single transformation is required for LDCs that means manufacture form fabrics. On the other side DCs require double stage transformation that where products have to assembled with fabrics that have been woven and knitted domestically.

5. SAFEGUARD MECHANISM

The safeguard provision provides that the MFN duties on a particular product may be if a product originating in one of the beneficiary countries or territories is imported on terms which cause or threaten to cause serious difficulties to a Community producer of like or directly competing products. These safeguard provisions are not applicable for the EBA countries and other countries whose share of GSP exports to the EU of a particular products does not exceed 6% of total imports of that product.

6. WITHDRAWAL MECHANISM

Preferences may at any time be temporarily withdrawn in respect of all or certain products originating in a beneficiary country for serious violation of core human and labor rights UN/ILO conventions referred to Annex 3, export of goods made by prisoners, serious shortcomings in custom controls on the export of transit of drugs and incompliance with international convention and anti-terrorism and money laundering, unfair trading practices. The withdrawal will be effective on the ground of information, comments, decisions, recommendations and conclusions of relevant monitoring bodies. The regulation specifies that preferences provided for products which are subject to anti-dumping or countervailing measures shall not be withdrawn. These are common provisions applicable for DCs and LDCs.

7. BANGLADESH CURRENT POSITION IN EU GSP

Bangladesh as an EBA beneficiary country utilizes the scheme effectively. Bangladesh has been very successful in utilizing the duty free and quota free market access provided under EBA. As a result, the GSP utilization rate of Bangladesh in the EU market has increased gradually over the years. During the period between 2000 and 2012, this rate has increased from 48.6 percent to 94.0 percent. Thus, the EU and its EBA initiative have significant influence on Bangladesh's export in particular and on Bangladesh's economy as a whole.

B. CANADA GENERAL PREFERENTIAL TARIFF

Canada first implemented a GSP program- called the General Preferential Tariff (GPT) program in 1974. It has been renewed and modified three times and extended through 2014. Canada also implemented a LDCT program in 1983, which was modified and enhanced in 2003 and extended through 2014. Again Canada is going to revise GPT scheme for 10 years from 1 July 2014 that will be effective in 1st January 2015 and will be valid till 31 December 2024.

1. THE BENEFICIARY COUNTRY OF THE GPT

175 countries are considered as GPT beneficiary countries under Canada Generalized Tariff Preference (GPT). Among these countries 49 countries based

on the UN list of LDCs are beneficiary of the LDCT program. In the revised scheme, the Government will withdraw GPT eligibility from 72 higher income ad export competitive countries including all G-20 countries. This economic criterion will be applied every two years on a forward basis to determine country eligibility.

2. PRODUCT COVERAGE AND TARIFF TREATMENT

Canada applies two schemes for providing tariff treatment for developing counties within which one of the scheme for developing countries is Generalized Preferential Tariff (GPT) and another for least developed countries is Least Developed Countries Tariff (LDCT). Product coverage and tariff treatment of Canada Generalized Preferential Tariff (GPT) depends on the scheme, it offers for the two groups of countries GPT and LDCT. Under the GPT, all GPT beneficiary countries enjoy preferential access (duty free and reduced tariff) 1,326 tariff lines covering 17.90% of the total tariff lines of Canada. However, 4,857 tariff lines are already MFN duty free. GPT beneficiary countries need to pay MFN duty on 1,221 tariff lines covering some agricultural products, refined sugar, textile and apparel, footwear, and chemical products. LDCT scheme for LDCs offers mostly duty free treatment on tariff lines with the exception of 99 tariff lines that covers some supply managed agriculture products like dairy products, poultry and egg. A summary of product coverage may be seen at Table 6.

Table 6: Product coverage of the Canada 2013 GPT scheme

Regime	Treatment	GPT	LDCT

Source: Authors' estimation using Canada HS2013 combined nomenclature available at the WTO

		Number	Share in Total	Number	Share in Total
MFN	Zero	4,857	65.60%	0	0%
	Non-Zero	1,221	16.49%	99	1.34%
GPT	Zero	498	6.73%	7,305	98.66%
	Non-zero	828	11.18%	0	0%
		7,404		7,404	

Under the GPT scheme, preferential and duty free tariff treatments are offered to the GPT beneficiary countries. The products having ad valorem tariff are reduced by the 1.63% to 72.22%. The products attracting specific duties are being provided to zero. No provision of product graduation in the Canada scheme.

3. RULES OF ORIGIN

Canada applies two separate rules of origin for developing countries and least developed countries. In order to enjoy the preference under GPT scheme, Canada applies general rules of origin for GPT beneficiary countries, which allows use of maximum 40 percent non-originating inputs from the countries other than the GPT beneficiary countries or Canada in producing the final product.

Canada also applies general rules of origin for LDCT countries, which ensures the use of maximum 60 percent non-originating inputs from the countries other than the LDCT beneficiary countries or GPT beneficiary country or Canada excluding the textile and clothing. For textile and clothing, there are separate rules for LDCs. Yarn and sewing threads is to be qualified for a LDC originating if they are spun or extruded in a LDC. Fabric is to be qualified for a LDC originating if they are produced in a LDC from yarns originating in a LDC, a GPT country or Canada. Simultaneously, Apparel is to be qualified for a LDC originating if they are assembled in that LDC from the fabric cut of that particular

LDC or Canada on the ground that the fabrics used in apparel are produced in a LDC or Canada from the yarns originating in a LDC, a GPT beneficiary or Canada. Another provision for qualifying for LDC originating apparel is the use of GPT beneficiary fabrics where the yarns should be originated in a LDC, a GPT beneficiary country or Canada provided that the value addition outside the LDC which is assembling apparel, should not exceed 75% of the ex-factory price of the products.

4. SAFEGUARD

Canada may take emergency action if injury is caused to Canadian domestic industry due to an increase in imports of a specific commodity under the GSP, the Canadian International Trade Tribunal, the Government can withdraw preferences offered to these goods or to set quotas for them.

C. NORWAY GENERALIZED SYSTEM OF PREFERENCE

Norway introduced its GSP scheme in 1971. Since its establishment, several amendments have been made in the scheme. Some major changes were introduced 1 January 2008 including the extension of preference or more LDCs. Latest amendments have been made and became effective on 1 January 2013.

1. THE BENEFICIARY COUNTRY OF THE NORWAY GSP

89 countries are considered to be the beneficiary of Norway GSP within which 35 countries are LDCs and low income countries of ODA recipients. Countries that are entering into a FTA with Norway are to be withdrawn from the GSP preference.

2. PRODUCT COVERAGE AND TARIFF TREATMENT

Product coverage and tariff treatment in the Norway GSP depends on the preferential regimes, it offers for the group of countries receiving the Official Development Assistance (ODA): ordinary GSP, GSP+ and GSP zero. Under the ordinary GSP, 33 upper middle income countries and lower middle income countries with a population exceeding 75 million enjoy preferential access (duty free and reduced tariff) on 1,042 tariff lines covering 14.45% of the total tariff lines of Norway. Ordinary GSP countries need to provide MFN duty on products 146 tariff lines covering some agriculture products and textile and clothing items. Recently revised GSP+ scheme offers mostly preferential duty (duty free and reduced tariff) on 1,098 tariff lines to 21 lower middle income and territories countries that are considered to be lower middle income countries of less than 75 million and low income countries with a population exceeding 75 million based on the list of OECD's Development Assistance Committee (DAC). GSP zero offers duty free access to all tariff lines for LDCs of UN list and lower income countries with a population of less than 75 million based on the list of OECD's Development Assistance Committee (DAC). A summary of product tariff coverage may be seen at Table 7.

Table 7 : Product coverage of the Norway 2013 GSP scheme

Regime	Treatment	Ordinary GSP		GSP +		LDC	
		Number	Share in Total	Number	Share in Total	Number	Share in Total
MFN	Zero	6,023	83.53%	6,023	83.53%	0	0%
	Non-Zero	146	2.02%	90	1.24%	0	0%
GSP	Zero	402	5.57%	503	6.98%	7,211	100%
	Non-zero	640	8.86%	595	8.25%	0	0%
		7,211		7,211		7,211	

Source: Author's estimation using HS 2013 combined nomenclature available at the WTO

Under the ordinary GSP, tariff treatments are provided to the product lines depending on agriculture products and industrial products. While agriculture products do not enjoy any duty free access excluding list of products where tariffs are reduced from 100% to 10%, industrial products are duty free with the exception of textiles in chapters 61-63. GSP+ countries enjoy the same treatment as ordinary GSP countries enjoy with the reduced duty of additional agriculture goods and duty free access of textiles and clothing. LDC countries export all products including textile and clothing sectors duty free. Botswana, Namibia and Swaziland are offered to duty free access with some exception of reduced duty to some products.

The Norway GSP scheme imposes tariff rate quotas determined at the WTO on ordinary GSP and GSP+ countries for agricultural goods such as meat, dairy and some vegetables.

3. RULES OF ORIGIN

The Norway rules of origin were harmonized with the rules applied by the Norway GSP scheme. The DCs and LDCs follow the same origin criteria for products of agricultural sectors otherwise it varies from industrial products. The non-originating products of GSP countries must include local value of up to 40% of the final product value.

4. SAFEGUARD

Norway provides preferential treatment to least developed countries within indicative tariff ceilings on some agricultural products (see annex I, list 1) and applies automatic licensing on certain imports of agricultural products (see annex I, lists 5 and 6). Other developing countries are subject to automatic licensing on certain agricultural products (see annex I, lists 5 and 6) and receive partial preferential reductions on products within the WTO minimum access quotas (see annex I, list 7). Norway also has the right to apply the General Safeguard Clause in article XIX (GATT-WTO).

D. SWITZERLAND GENERALIZED SYSTEM OF PREFERENCE

1. INTRODUCTION

Switzerland introduced its GSP scheme in 1972. Since its introduction, several amendments have been made in the scheme. Latest amendments of Switzerland GSP scheme was made on 1 March 2007 which became effective for unlimited period of time. The rules of origin for Switzerland GSP scheme were also amended and effective on 1 May 2011.

2. THE BENEFICIARY COUNTRY OF THE GSP

All developing countries are eligible for Switzerland preference. 130 countries are considered as beneficiary countries containing both DCs and LDCs with HIPCs. Countries that have FTA with Switzerland or countries that are members of the OECD cannot be beneficiary of the Switzerland GSP.

3. PRODUCT COVERAGE

Product coverage and tariff treatment in the Switzerland GSP depend on the country status, it offers group of countries: DCs and LDCs. For developing countries, all GSP beneficiary countries enjoy preferential access (duty free and reduced tariff) 5,824 lines covering 67.60% of total tariff lines of the Switzerland. 47 LDCs are currently enjoying duty free quota free access of 8,615 tariff lines covering 100% of total tariff lines. The LDCs or DCs with the status of HIPCs is offered duty free quota free market access from its pre decision point of HIPC initiatives to completion point of HIPC initiatives. After the completion point of HIPC, the regular GSP is reintroduced for DCs and LDCs will enjoy DFQF treatment. A summary of the product coverage may be seen at Table 8.

Table 8: Product coverage of the Switzerland 2012 GSP

Regime	Treatment	DCs		LDCs and HIPCs	
		Number	Share in Total	Number	Share in Total
MFN	Zero	1,553	18.03%	0	0%
	Non-Zero	1,238	14.37%	0	0%
GSP	Zero	4,457	51.74%	8,615	100%
	Non-zero	1,367	15.87%	0	0%
		8,615		8,615	

Source: Authors' estimation using Switzerland HS2012 combined nomenclature available at the WTO

4. TARIFF TREATMENT

Under the Swiss GSP scheme two types of treatment are provided to the products depending on agriculture and industrial products. Agriculture products and industrial products are offered duty free access for LDCs and HIPCs. DCs are benefitted from the tariff reduction up to 100% for agriculture products following the Swiss GSP regulation. Industrial products from developing countries are granted duty free access to Switzerland with the exception of textiles and clothing for which a 50% reduction from MFN rate is granted. The preferential treatment of some countries is graduated depending on the export performance of those countries. In Switzerland GSP, preference for some products is withdrawn from Brazil, China and Korea.

5. RULES OF ORIGIN CRITERIA FOR BENEFICIARY COUNTRIES

The Switzerland applies product specific rules of origin. The DCs and LDCs follow the same origin criteria for products of agriculture sectors with the minimum requirements of sufficient working or processing. LDCs can use 70 percent non- originating import content of ex-work price of the product whereas DCs can use non originating import content varies 50 percent to 70 percent of ex-work price of the product. The EU origin status can be fulfilled if LDCs require single stage transformation while DCs require double stage transformation.

6. SAFEGUARD MECHANISM

On the basis of criteria set by Swiss Government, Switzerland applies safeguard measures for agriculture products when there is import surge. For LDCs and HIPCs, preferential treatment is applied once the safeguard is applicable.

E. TURKEY GENERALIZED SYSTEM OF PREFERENCE

Turkey introduced its GSP scheme by harmonizing with the EC's GSP on 1 January 2002 with no date of expiration. Turkey and European Union custom union took into effect on 1 January 1996. Since then Turkey Reviews its GSP regulations annually, according to EU's relevant regulation updating. Currently, Turkey is granting tariff preference to third countries following the EU regulations 978/2012 following the same rules of origin.

1. BENEFICIARY COUNTRY

The Turkey GSP includes two categories of lists of countries following the EU Regulations. 153 countries are considered as eligible countries, of which 88 countries currently enjoy GSP benefits as beneficiary countries. 31 high and upper middle income countries classified by World Bank during the most recent three years and 34 countries that have FTA or other preferential market access to EU or Turkey are eligible for GSP benefit but do not enjoy Turkey GSP preferences because of their status. Once they lose their status, they will be included in the beneficiary list and will enjoy the preference under the scheme.

2. PRODUCT COVERAGE AND TARIFF TREATMENT

Product coverage and tariff treatment in the Turkey GSP Scheme depend countries status: developing countries, special Incentive countries and least developed countries. All developing countries enjoy preferential access (duty free and reduced tariff) 6,566 tariff lines covering 53.47% of the total tariff lines of the EU. At the same time 2,921 tariff lines are duty for all countries under Turkey GSP. Special incentive for developing countries offers mostly duty free treatment on 6,530 tariff lines. In order to become special incentive countries, imports from individual GSP beneficiary country must be less than 2 percent in the Turkey total import from GSP beneficiary countries and import of top 7 product sections from each of these countries covers at least 75% of the total import into the Turkey from that country. However, these countries may be designated as special incentive countries only if they make binding commitments to ratify 27 conventions on core human and labor rights and on environment and governance, accept monitoring and cooperation of EU regulation. As per current arrangement 35 countries are eligible for special incentive benefit, out of which only 10 countries have been given the special incentive status by the Turkey. Least developed countries offers duty free treatment to all products except arms to all 49 LDCs. A summary of product tariff coverage may be seen at Table 9.

Table 9: Product coverage of the Turkey 2011 GSP scheme

Regime	Treatment	GSP		Special Incentive Arrangement		LDC Preferences	
		Number	Share in Total	Number	Share in Total	Number	Share in Total
MFN	Zero	2,921	23.79%	2,921	23.79%	2,921	23.79%
	Non-Zero	2,792	22.74%	2,799	22.80%	2,685	21.87%
GSP	Zero	3,661	29.82%	6,530	53.18%	6,671	54.32%
	Non-zero	2,905	23.66%	29	0.24%	2	0.02%
		12,279		12,279		12,279	

Source: Authors' estimation using Turkey HS2007 combined nomenclature available at the WTO

Under the Turkey GSP scheme two types of tariff treatment are provided to the products depending on the sensitivity of the products as followed by EU GSP. While non-sensitive items enjoy duty free access sensitive items enjoy tariff preferences at various ranges. The sensitive product lists cover mainly agriculture, agricultural products, mineral, plastic, leather, apparel and textiles etc. The products having ad valorem tariff are offered 3.5 percentage points reduction, while textile and apparel are being provided 20 percent tariff reduction. The products attracting specific duties are being provided 30 percent tariff preferences. Special Incentive countries enjoy duty free treatment on all sensitive and non-sensitive products covering agriculture, agricultural products, mineral, plastic, leather, apparel and textiles etc. 29 tariff lines (covering live animals) are subject to tariff cut for special incentive countries. Least developed countries export all products including textiles and clothing sectors duty free.

The Turkey GSP scheme provides for country specific products graduation. Tariff preference on specific products for specific countries may be diminished when Turkey import of certain products from a GSP beneficiary country exceeds 17.5% (textile and apparel 14.5%) of the total import of that product from all GSP beneficiary countries over three consecutive years. Under current scheme, import from LDCs and Special incentive countries is not subject to the product graduation. List of countries whose products will be graduated are China (agriculture products, chemicals, plastics, rubber, raw hides, apparel, textile, footwear, iron, machinery, miscellaneous); Costa Rica (Vegetables and fruits); Ecuador (Live plants and preparations of meat); India (Mineral, inorganic, chemicals, raw hides, textiles, vehicles); Indonesia (Live animals, chemicals); Nigeria (Raw hides and skins); Ukraine (Railway vehicles) and Thailand (prepared meat, prepared foodstuffs, pearls) etc.

3. RULES OF ORIGIN CRITERIA FOR BENEFICIARY COUNTRIES AND EBA COUNTRIES

The Turkey applies product specific rules of origin as the same. There are separate rules for DCs and LDCs in the schemes. The LDCs and DCs follow the same EU origin criteria for products of agricultural sectors otherwise it varies from industrial products. LDCs can use 70 percent non- originating import content of ex-work price of the product whereas DCs can use non originating import content varies 50 percent to 70 percent of ex-work price of the product. The Turkey origin status can be fulfilled if LDCs require single stage transformation while DCs require double stage transformation.

4. SAFEGUARD MECHANISM

Turkey apples safeguard on countries other than least developed countries if that country's export share of textile, agriculture and fisheries exceed 6% of total export of that products to Turkey, causing serious damage to Turkey industries.

5. WITHDRAWAL MECHANISM

Preferences of both LDCs and DCs may at any time be temporarily withdrawn in respect of all or certain products originating in a beneficiary country for serious violation of core human and labor rights UN/ILO conventions that may be seen at Annex 3 of EU regulation, export of goods made by prisoners, serious shortcomings in custom controls on the export of transit of drugs and incompliance with international convention and anti-terrorism and money laundering, unfair trading practices. The withdrawal will be effective on the ground of information, comments, decisions, recommendations and conclusions of relevant monitoring bodies.

F. AUSTRALIA GENERALIZED SYSTEM OF PREFERENCE

Australia introduced a non-reciprocal preferential tariff scheme "Australian System of Tariff Preferences (ASTP)" in 1966 (28 March 1966) under which specified manufactured and semi-manufactured products could be imported from developing countries free of duty or at reduced rates of duty but generally subject to quota limitations. The scheme was designed to place developing countries in a better position to compete against the products of developed countries on the Australian market. On 30 July 1973, the Australian government renovated the scheme into substantially broader system of preferences effective from 1 January 1974 (subsequently circulated to GATT Council in document L/3896 of 8 August 1973). Therefore, since its implementation, the ASTP has been renewed and enhanced with additional product coverage, including reforms in 1986 to simplify the program. In 2003, the Government of Australia extended a new and more generous preference program "duty-free and quota-free (DFQF) entry" [circulated on 9 December 2003 to WTO documented at 'WT/COMTD/N/18'] to imports from the 49 countries designated by the United Nations as "least-developed countries" (LDCs) and East Timor (treated as an LDC) with effect from 1 July 2003. The rate of duties under these tariff preferences is imposed through the part 2 of Australia's *Customs Tariff Act 1995 (*amended by the *Customs Tariff Amendment Act (No.1), 2003)*.

1. THE BENEFICIARY COUNTRY OF THE GSP

Australian GSP includes two categories of lists of countries, including developing countries and LDCs. Total 165 countries are enlisted as the beneficiary countries of Australian GSP. Among these, 50 countries are treated as LDCs.

2. PRODUCT COVERAGE

Product coverage and tariff treatment in the Australian GSP Scheme depend on the schemes, it offers for the group of countries: GSP-40: GSP scheme for less developing countries in Part 3 of Schedule 1, GSP-41: GSP scheme for developing countries in Part 4 of Schedule 1, GSP-42: GSP scheme for Hong Kong, Republic of Korea and Taipei Chinese, GSP-43: GSP scheme for Malaysia and DFQF treatment for LDC. Under GSP-40, all GSP beneficiary countries (48 countries) enjoy preferential access (duty free and reduced tariff) to 3,142 tariff lines covering 50.80% of the total tariff lines of the Australian GSP. Under GSP-41, all GSP beneficiary countries (88 countries) enjoy preferential access to 802 tariff lines covering only 12.97% of the total tariff lines of the Australian GSP. GSP-42 provides preferential access to only 181 tariff lines with GSP beneficiary countries-Hong Kong, Republic of Korea and Taipei Chinese. On the other hand, GSP-43 provides preferential access to 806 tariff lines (13.03% coverage) with GSP beneficiary countries-Malaysia. This preferential scheme for LDCs offers duty free treatment to all LDCs in case of all tariff lines. A summary of product tariff coverage may be seen at Table 10.

Table10: Product coverage of the Australia 2013 GSP scheme

Regime	Treatment	GSP Treatments				LDC[5]
		GSP-40[1]	GPS-41[2]	GPS-42[3]	GPS-43[4]	
MFN	Zero	2,944	2,944	2,944	2,944	2,944
	Non-Zero	99	2,439	3,060	2,435	
GSP	Zero	2,903	189	164	193	3,241
	Non-zero	239	613	17	613	
		6,185	6,185	6,185	6,185	6,185

Source: Authors' calculation using Australia HS 2012 combined nomenclature available at the WTO.

Note: Following duty types of Australian Tariff lines,

1. 40-Generalized System of Preferences (GSP) scheme for developing countries in Part 3 of Schedule 1(provided in Annex 2)

2. 41-Generalized System of Preferences (GSP) scheme for developing countries in Part 4 of Schedule 1(provided in Annex 2)

3. 42-Generalized System of Preferences (GSP) scheme for Hong Kong, Republic of Korea and Taipei Chinese

4. 43-Generalized System of Preferences (GSP) scheme for Malaysia

5. 50-Least Developed Countries (LDC) duties

3. TARIFF TREATMENT

Under the GSP scheme, four types of tariff treatment are provided to developing countries and a special treatment to LDCs through DFQF treatment. Along with MFN duty free treatment to 2944 tariff lines, Australia provides tariff preferences at various ranges through these GSP treatments. For developing countries, Australian GSP is based on the general principle of a five percentage point reduction in the tariff when the MFN tariff is five percent or higher (a revised system of granting tariff preferences to developing countries introduced from 1 July 1986). Thus, if the MFN tariff is lower than five percent, the preferred duty is zero. When a specific rate of duty applies, the ASTP rate is set at the general tariff rate less five percent of the value of the good.

Australia provides duty-free and quota-free (DFQF) access for all products originating in the listed LDCs. Preferences for textiles, clothing and footwear, chemicals, fruit juice and certain foods were eliminated in July 1, 1993 for all beneficiaries except LDCs and the South Pacific Island Territories.

- The products having ad valorem tariff are offered 50 percent reduced rate in case of GSP-40 and 20.60 percent reduced rate in case of GSP-41.
- In GSP treatment, only GSP-40 countries are being provided 50 percent tariff reduction in textile and apparel (special woven fabrics, articles of knitted or crocheted etc.) while GSP-41 countries are being provided 20 percent tariff reduction in only one tariff line (textile wall coverings).
- GSP-41 beneficiary countries enjoy reduced duty rate (1.03% preference margin) on 613 products covering agricultural products, wood & its articles, beverages, iron & its articles, nuclear reactors etc.
- 239 tariff lines (dairy products, apparel & clothing accessories: Knitted/ Not-knitted, other textile articles, vehicle parts etc.) are subject to tariff cut for GSP-40 countries.
- Only 17 tariff lines (beverages, spirits and vinegar) are subject to tariff cut for GSP-42 countries (Hong Kong, Republic of Korea and Taipei Chinese).
- 613 tariff lines (vegetable products, wood & its articles, paper& its articles, glass, iron, copper, aluminium, nuclear reactors, electrical machineries, surgical instruments, arms etc.) are subject to tariff cut for GSP-43 countries.

- LDC beneficiary countries export all products including textiles and clothing sectors duty free.

4. RULES OF ORIGIN CRITERIA FOR BENEFICIARY COUNTRIES

The rules of origin for tariff preference schemes are applied following the "Rules of origin of preference claim goods: Division 1A, Part VIII" of Australian *Customs Act 1901*. Thus, under the ASTP, the rules of origin provide that,

- the final process of the imported good must have been carried out in the beneficiary country;
- at least 50 percent of the total cost of the final product must consist of labor/material from one or more developing countries (or Australia).

In case of LDCs (following rule announced for LDCs in June 2003), an LDC can include input from other LDCs, developing countries, Pacific Forum Island countries and Australia (the designated "qualifying area") in calculating the 50 percent local content. Within this, non-LDC developing country content is subject to a maximum of 25 percent of manufacturing costs. Manufacturers are required to keep cost records and make a declaration as to origin.

5. SAFEGUARD & WITHDRAWAL MECHANISM

The safeguard and withdrawal procedures are modified on 26 September 1979 (announced by the Minister for Trade and Resources of Australia) to allow greater flexibility in cases where imports of a particular product from developing countries are causing or threatening injury to Australian industry. In the past, these cases have resulted in either the withdrawal of preference from the product or exclusion of particular beneficiaries from the preference. Under the revised procedures, the Industries Assistance Commission is asked to determine, in the case of emerging competitive developing countries, whether any change to the preference is necessary and, if so, whether a reduced margin of preference is appropriate, instead of a complete withdrawal of the preference. In this way, developing countries could retain a margin of preference over developed country suppliers, although at a reduced level, in circumstances where complete exclusion from preference might mean that they could no longer compete in the Australian market.

6. BANGLADESH CURRENT POSITION IN AUSTRALIA GSP

Bangladesh is designated to get benefits from ASTP twice; at first as an LDC beneficiary country and second, as a beneficiary country under the GSP-40 category listed on part 3 of schedule 1 in Australia's customs tariff act 1995. Thus, there is huge opportunity for Bangladesh to utilize the tariff preferences provided by Australia.

G. CHINA DUTY FREE QUOTA FREE MARKET ACCESS

China's Duty-Free Quota-Free (DFQF) Scheme is a unilateral non-reciprocal tariff preference scheme for Least Developed Countries (LDCs) under the agreement of APTA, China-ASEAN FTA and diplomatic relations with Africa. The scheme came into effect on 1 July 2010, and was renewed on 1 January 2011 with no date of expiration.

1. THE BENEFICIARY COUNTRY OF THE GSP

The Chinese DFQF provides DFQF to 40 beneficiary countries. 30 countries are African least developed countries with which China has diplomatic relations with China. 10 countries are APTA beneficiaries and ASEAN countries with which China has FTA.

2. PRODUCT COVERAGE AND TARIFF TREATMENT

China gives duty free tariff preference for 4,788 tariff line where the MFN duty is already zero for 658 tariff lines that is 13.74% of all the tariff lines that are duty free for LDCs. These lines cover agricultural products, oil seeds and electrical machinery. Afghanistan, Bangladesh, Lao PDR, Cambodia, Nepal and other LDCs are enjoying the duty free tariff preference. Currently, the programme covers products of 4,788 tariff lines (8-digit level), accounting for 60 per cent of all tariff lines of China. Chinese initiative provides increased preferential access for some raw materials and processed products of interest to LDCs, such as sesame seeds, cocoa beans, raw hides, leather, copper and cobalt (but not raw cotton), as well as textiles, yarn and thread. These cover 86.13% of the total duty free tariff lines. A summary of product tariff coverage may be seen at Table 11.

Table 11: Product coverage of the China 2012 DFQF

Regime	Treatment	DFQF of LDCs	
		Number	Share in Total
MFN	Zero	658	13.74%
	Non-Zero	0	
DFQF	Zero	4,124	86.13%
	Non-zero	0	
		4,788	

Source: Authors' estimation using China tariff lines of Council for Trade in Goods Committee on Trade and Development

3. RULES OF ORIGIN CRITERIA FOR BENEFICIARY COUNTRIES AND EBA COUNTRIES

China offers duty free treatment for the products that meets the origin criteria. Rules of origin under the Chinese scheme require exports to undergo a 4-digit change of tariff heading under the harmonized system or to have at least 40 per cent of (ad valorem percentage) of FOB value to be added locally. The goods listed in the Product Specific Rules are not subject to the said criterion. Cumulation among LDCs is not permitted.

4. SAFEGUARD MECHANISM

If the import of a particular product that cause serious injury to domestic industry, that particular product shall be suspended provisionally.

H. USA GENERALIZED SYSTEM OF PREFERENCE

US Generalized System of Preference (GSP) is a programme designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 5,000 products when imported from one of 123 designated beneficiary countries and territories. It was inaugurated in 1 January 1976 and has been renewed periodically by the approval of U.S. Congress.

1. BENEFICIARY COUNTRIES OF GSP

Beneficiary countries are categorized as Beneficiary Developing Country (BDC) and Least Developed Beneficiary Developing Country (LDBDC). As of March 2014, 43 LDBDCs are enjoying GSP facility in USA. Some territories are also included in GSP facility.

2. ELIGIBILITY CRITERIA

A country has to fulfill some mandatory criteria to become eligible for GSP facility. Some important of those are as follows. A GSP beneficiary may not be a Communist country, unless such country receives Normal Trade Relations (NTR) treatment, is a WTO member and a member of the International Monetary Fund (IMF), and is not dominated by international communism. A GSP beneficiary must have taken or is taking steps to afford internationally recognized worker rights, including (a) the right of association, (b) the right to organize and bargain collectively, (c) freedom from compulsory labor, (d) a minimum age for the employment of children, and (e) acceptable conditions of work with respect to minimum wages, hours of work and occupational safety and health. A GSP beneficiary must implement any commitments it makes to eliminate the worst forms of child labor. Moreover some discretionary criteria are taken into account by U.S. president while designating a country as beneficiary country such as level of economic development, per capita GNP, living standard of inhabitants and other economic factors that the President deems appropriate. Whether other major developed countries are extending generalized preferential tariff treatment to that country is also considered.

3. PRODUCT COVERAGE AND TARIFF TREATMENT UNDER GSP

Eligible articles for GSP treatment are defined at the eight-digit level in Harmonized Tariff Schedule of the United State (HTSUS). No differential tariff treatment is in practice for BDCs and LDBDCs, consecutively all eligible articles for GSP are treated as duty free. U.S. GSP includes wide range of products from both manufacturing and agricultural area which are dutiable otherwise. Eligible articles are of three categories. Some articles are not eligible for selective countries and some articles are eligible only for LDBDCs. Number of tariff lines eligible for GSP is distributed as follows. Table 12 shows the product coverage of USA GSP.

Table 12: Product Coverage of 2013 under USA GSP

Regime	Treatment	GSP		LDC	
		Number	Share in Total	Number	Share in Total
MFN	Zero	3,872	36%	3,872	36%
	Non-Zero	3,333	31%	0	0%
GSP	Zero	3,509	33%	6,842	64%
	Non-zero	0	0%	0	0%
		10,714	100%	10,714	100%

Source: Author's Calculation using the USITC data 2013

Certain articles are not considered for GSP treatment from which most textiles, footwear and leather wearing apparels are important from Bangladeshi perspective and some other articles determined to be "import sensitive" cannot be made eligible. Beyond these, an article has to maintain the level of

Competitive Need Limitation (CNL) according to the statute to continue the eligibility of GSP. CNL is waived regarding to the petition of concerned countries during the review period.

4. RULES OF ORIGIN

U.S. GSP provides that an article must be shipped directly from the beneficiary country or if shipped through the territory of another country, the merchandise must not have entered the commerce of that country. An imported product or article must be manufactured or produced in GSP eligible country and the sum of the cost or value of materials produced in the beneficiary country plus the direct costs of processing must equal at least 35 percent of the appraised value of the article at the time of entry into the United States. Direct cost of processing includes costs either directly incurred in, or which can be reasonably allocated to, the growth, production, manufacture, or assembly of the specific merchandise under consideration. Labor costs involved in the growth, production, manufacture or assembly of the specific merchandise, including fringe benefits, on-the job training, and the cost of engineering, supervisory, quality control, and similar personnel are also included in the direct cost. Cost of research, development, design, engineering, and blueprint insofar as they are allocable to the specific merchandise and costs of inspecting and testing of that merchandise are also part of direct cost of processing.

Profits and general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture, or assembly of the merchandise, such as administrative salaries, casualty and liability insurance, advertising, and salesmen’s salaries, commissions, or expenses are not included in direct cost. Appraise value of an article is the price actually paid or payable for the merchandise when sold for export to the United States plus the following items if not already included in the price: (a) the packing costs incurred by the buyer; (b) any selling commission incurred by the buyer; (c) the value of any assistance provided to the producer free of charge by the buyer; (d) any royalty or license fee that the buyer is required to pay as a condition of the sale; and (e) the proceeds, accruing to the seller, of any subsequent resale, disposal or use of the imported merchandise. Materials produced in beneficiary country will be considered in 35% of ROO if it undergoes a substantial transformation in the beneficiary country, which means that the imported material is transformed into a new and different constituent material with a new name, character and use. Inputs from member countries of GSP-eligible regional associations will be treated as single-country inputs for purposes of determining origin. An association's member countries will be considered as one country for purposes of the GSP rules of origin. There are currently five associations that may benefit from this provision.

5. COMPETITIVE NEED LIMITATION

The CNLs are intended to prevent the extension of preferential treatment to countries that are already competitive in the production of an item. The CNLs set a ceiling on GSP benefits for each product and country and reviewed by GSP Subcommittee on an annual basis. It is triggered on a product if during any calendar year United States imports from a country account for half or more of the value of total United States imports of that product or exceeds a certain dollar value that is adjusted annually. This dollar value in 2009 was $140. Products that have exceeded the CNLs can be graduated permanently on any one of the three grounds. There are two principal ways in which a country can maintain its GSP benefits for a product even when it has exceeded the CNLs. One is by obtaining a de minimis waiver, which is a temporary (one year) exception available only to products that the United States imports in relatively small quantities. The other option is to obtain a permanent waiver of the CNLs for a specific product. All CNLs are automatically waived for LDBDCs.

6. DESIGNATION AND GRADUATION

Though certain articles are prohibited by law from receiving GSP treatment, party having significant economic interest can appeal to the committee for modifications to the list. The GSP Subcommittee of the Trade Policy Staff Committee (TPSC), chaired by USTR and comprised of representatives of other executive branch agencies, conducts an annual review during which changes are considered to the lists of articles and countries eligible for duty-free treatment under GSP. Economic development of developing countries through the expansion of their exports, the anticipated impact of such action on U.S. producers, the extent of the country's competitiveness with respect to eligible products are some important factors considered in the time of modification.

Graduation of a country takes place on the basis of factors related to national income or competitiveness based on World Bank statistics. The President may remove a BDC from the GSP program because the country is sufficiently developed or competitive, or may suspend or limit the BDC's access to duty-free treatment with respect to one or more products.

Country's general level of development, competitiveness in regard to the particular product, the country's practices relating to trade, investment, and worker rights, the overall economic interests of the United States, including the effects U.S. producers, workers and consumers are the main issues considered on the issue of graduation of a country.

7. BANGLADESH IN U.S. GSP

As per the Presidential Proclamation 8997, July 2, 2013, Bangladesh's GSP eligibility is suspended and effective from September 3, 2013. Bangladesh's export to US is dominated by HS Chapter 62, 61 and 63. In 2013, 3638 million USD was contributed in export by the articles of chapter 62 which is 68% of the total export to U.S. of that year. Articles of chapter 61 contributed 21% of total export in 2013 which is second largest contributor of that year. These chapters have consistently dominated Bangladesh's export to U.S. from 2009 to 2013. Articles under these chapters are not enjoying GSP scheme. Export under GSP scheme is dominated by articles of chapter 39, 69, 24 and 95. In 2013, these four chapters collectively contributed 14 million USD which is only 0.26 % of total export of that year. The same scenario during the period of 2009 to 2013 indicates that lion's share of Bangladesh's export do not enjoy GSP facility in USA. Contribution of chapters those are not enjoying GSP is followed by increasing trend in the last year. On the other hand, contribution of GSP beneficiary chapters has been reduced drastically in the last year.

I. NEW ZEALAND GSP

1. INTRODUCTION

New Zealand introduced its GSP system in January 1972. After implementation it has been reviewed four times. Special benefits for LDCs were introduced in 1985. The last renewal of the scheme was made on 1 July 2001 as one of the first countries in the world to remove all tariffs on imports from LDCs with no date of expiration if the countries losses the predefined UN country status.

2. THE BENEFICIARY COUNTRY OF THE GSP

Under the GSP, there are 91 less developed countries (developing countries) and 50 least developed countries. Developing countries with a per capita GNI less than 70% of New Zealand's per capita GNI are considered to ineligible for GSP preference. LDCs' preference is ceased if any LDC's per capita GNI exceeds US$ 400, that condition defined by United Nations.

3. PRODUCT COVERAGE AND TARIFF TREATMENT

All beneficiaries are eligible for GSP treatment under New Zealand GSP scheme. Table 13 shows New Zealand GSP coverage. The tariff preference (duty free and preferential duty) is designated to the less developed countries. 4,831 lines covering 58.34% are already MFN duty free under the total tariff lines.471 lines are GSP preference for less developed countries that are 6.22% of the total tariff lines. Under the preference of this GSP scheme, LDCs enjoys duty free preference for 3,129 tariff lines covering 41.66% of the total tariff lines.

New Zealand gives tariff preference as duty free and as preferential duty. The less developed country enjoys duty free preference negligible for the preference. Products from the less developed countries receive up to 80% reduction from the MFN rate while LDCs receive duty free access to their export. New Zealand GSP scheme is based on negative lists. The major excluded items in the negative lists for less developed countries are apparel and clothing, ceramics, glass commercial shipbuilding, footwear and certain motor vehicle parts and accessories. On 1 January 1998 New Zealand abolished its product graduation scheme whereby products could lose their preferential status if imports under a particular tariff item from a GSP country exceed a certain threshold.

Table 13: Product coverage of the New Zealand 2013 GSP scheme

Regime	Treatment	GSP		LDC	
		Number	Share in Total	Number	Share in Total
MFN	Zero	4,381	58.34%	4,831	58.34%
	Non-Zero	2,658	35.39%	0	0
GSP	Zero	136	1.81%	3,129	41.66%
	Non-zero	335	4.46%	0	0
		7,510		7,510	

Source: Authors' estimation using New Zealand HS2012 combined nomenclature

4. RULES OF ORIGIN

Products must be wholly obtained in the beneficiary country or manufactured in the beneficiary country using imported inputs as long as the final process is performed in the last beneficiary country and at least 50% of the final value of the product including the products either of the beneficiary countries or

New Zealand. Cumulation among the beneficiary country groups and New Zealand are allowed.

5. GRADUATION MECHANISM

New Zealand operates a country graduation policy under its GSP scheme. Under New Zealand's GSP scheme, a beneficiary loses preferences when its per capita gross national product reaches or exceeds 70 percent of the New Zealand level. The base reference source for this data is World Bank Atlas. When a beneficiary exceeds the benchmark it is graduated and loses its preferential status.

J. JAPAN GENERALIZED SYSTEM OF PREFERENCE

1. INTRODUCTION

Japan has granted preferential treatment under its GSP scheme to developing countries since 1971. It has reviewed its GSP scheme several times. Japan Last renewed its GSP scheme in 1 April 2011 that will be expired at 31 March 2021.

2. THE BENEFICIARY COUNTRY OF THE GSP

Currently only 151 countries are beneficiaries of preferential tariff in Japan. Among these countries 48 countries are LDCs determined by the General Assembly of the UNs. Countries are eligible for preference if they are in the stage of economic development with having its own tariff and trade system and desire to receive preferential tariff, prescribed by the cabinet. A country graduates from the GSP program once its economy is officially classified as "high income" by the World Bank for three former consecutive years. Before this total graduation, per item cancellation of the benefits can take place under partial graduation scheme. This revocation occurs when the following conditions are met simultaneously:

i. Export of the product to Japan from the beneficiary country exceed 25 per cent of the total world export to the Japan and

ii. The value of the exported product to Japan at the same time exceeds 1 billion yen.

3. PRODUCT COVERAGE AND TARIFF TREATMENT

Japan gives GSP preference to its beneficiary countries for Japan total 9,359 tariff lines (9 digits). Within these tariff lines 3,744 lines are already MFN duty free. Table 14 shows Japan GSP product coverage . There are 2,638 lines covering mostly salt, organic chemicals, paper and paper board, iron steel and article of iron steel, nuclear reactors, electrical machinery, optical photography that are MFN dutiable lines. Japan gives GSP preference to 2,978 tariff lines where 408 tariff lines are agricultural products and 2,570 lines are industrial products. Special preferential treatments of 5,166 tariff lines are offered to all LDC for products under GSP with additional preference to more products. These tariff lines are 55.02% of the total tariff lines of Japan.

Table 14: Product coverage of the Japan 2013 GSP scheme

Regime	Treatment	GSP		LDC	
		Number	Share in Total	Number	Share in Total
MFN	Zero	3,744	40.00%	3,744	40.00%
	Non-Zero	2,638	28.17%	449	4.80%
GSP	Zero	1,623	17.35%	5,166	55.20%
	Non-zero	1,354	14.48%	0	0%
		9,359		9,359	

Source: Authors' estimation using Japan HS 2012 combined nomenclature

Japan provides preferential duty to GSP countries on the basis of agricultural and industrial products. Various tariff reductions including duty free treatment, apply to certain agriculture and fisheries product. Japan abolished import quantitative ceilings applicable to some industrial products and imposes ex-post preferential tariff rates for many items with tariffs ranging from duty free, to 20%, 40%, 60% or 80%.The tariff preference of the export of products of the developing countries may be diminished for the next consecutive three years when the importation of a product from the GSP beneficiary passes 50% of the total value of imports of that product from the world into Japan over the previous three years and also represents a market over one and a half billion. Most of the products of China are excluded as they are proved to be competitive in the Japan market including textile items (4 Digit). But this provision is not applicable for LDCs.

4. RULES OF ORIGIN FOR THE BENEFICIARY COUNTRY AND LDCS

Japan applies both product and country specific rules of origin with its rules of transportation. Goods other than wholly obtained requires substantial tariff heading change (4 Digit) and the value addition for local content varies form 40% to 60% depending on the product. Japan relaxed its preferential rules of origin on textile and clothing products. The rules of origin for knitwear items are defined as manufactured from textile yarn indicating the required processing stage from three to two. The de minimis level of non-originating content used in the production of goods should not exceed 10% in weight of the good. Full cumulation allowed for the goods produced in the 5 ASEAN countries (Indonesia, Malaysia, the Philippines, Thailand or Vietnam. Products from Japan used in the production of a good in the beneficiary country can be assessed as local origin except some raw hides, leather articles, footwear and toys.

5. ESCAPE CLAUSE

Where increased preferential imports of a product cause, or threaten to cause, damage to a domestic industry, preferential treatment on the product may be suspended temporarily.

K. PREFERENTIAL MARKET ACCESS OF REPUBLIC OF KOREA

1. INTRODUCTION

In the high level meeting on integrated initiatives for LDCs trade development held on 27-28 October in 1997, the republic of Korea announced to grant preferential duty free access to various products which were of major export interest to LDCs. The Republic of Korea initiated its duty free market access to LDCs in 2000 by removing tariff son 80 items (6 digits). Korea unilaterally expanded the preferential market access at 1.8 per cent of tariff lines (6 digits) in 2007 to 75% in 2008. Finally it expanded the tariff preference to 95% of tariff lines in 2012.

2. THE BENEFICIARY COUNTRY OF THE PREFERENTIAL MARKET ACCESS

The Republic of Korea grants preferential tariffs to 48 least-developed countries designated by United Nations. The list of LDCs is reviewed every three years by the United Nations Economic and Social Council, in the light of recommendations by the Committee for Development Policy (CDP). On the basis of their report LDCs are graduated.

3. PRODUCT COVERAGE AND TARIFF TREATMENT

All LDCs are eligible for preferential tariff treatment of Korea. Korea gives duty free tariff preference for 12,233 tariff lines where the MFN duty is already zero for 2001 tariff lines that is 16.36% of all the tariff lines that are duty free for LDCs. These lines cover agricultural products, oil seeds, pharmaceuticals, raw hides, paper and paper board and electrical machinery. Afghanistan, Bangladesh, Lao PDR, Cambodia, Nepal and other LDCs are enjoying the duty free tariff preference. Currently, the program covers 9061 products of tariff lines (10-digit level), accounting for almost 74.10% per cent of all tariff lines of Korea. Korea initiative provides increased preferential access for some raw materials and processed products of interest to LDCs, such as sesame seeds, cocoa beans, leather, footwear, copper and cobalt (but not raw cotton), as well as textiles, yarn and thread. Table 15 shows Korea GSP Product coverage.

Table 15: Product coverage of the Korea 2013 GSP scheme

Regime	Treatment	Preferential Market Access to LDCs	
		Number	Share in Total
MFN	Zero	2,001	16.36%
	Non-Zero	1,171	9.6%
DFQF	Zero	9,061	74.10%
	Non-zero	0	0%

		12,233	

Source: Authors' estimation using Korea HS2012 combined nomenclature

In case of products eligible for minimum market access (MMA) under the Presidential Decree on tariff concession granted pursuant to the WTO Agreement and other agreements, preferential tariffs apply only to in-quota amount.

4. RULES OF ORIGIN

Korea offers duty free treatment for the products that meets the origin criteria. The non-originating input requirement is up to 60% of the FOB price of the final products. For apparel products 40% domestic input criteria should be maintained.

5. SAFEGUARD

The Ministry of Strategy and Finance may suspend the preference if the particular product that cause serious injury to domestic industry.

VII. MAJOR COMPETITORS OF BANGLADESH RMG EXPORT

Bangladesh is the most crucial player in the world RMG market. All most all the market Bangladesh has got the position as the duty free and quota free market access. Other developing countries need to pay preferential duty to export. The competitors of Bangladesh in these markets are viewed in Table 16. Most of the competitors are common in all the markets like China, Turkey, Vietnam, India, Sri Lanka etc.

Table 16: Bangladesh competitors in major markets

Countries	Category	Major Suppliers
EU	Knit	China, Bangladesh, Turkey, Germany, Italy, India, France, Netherlands, Spain, Cambodia, Portugal, Belgium, UK, Sri Lanka, Romania, Morocco
	Woven	China, Bangladesh, Turkey, Germany, Italy, India, France, Netherlands, Morocco, Vietnam, Romania, Tunisia, Spain, UK, Pakistan
USA	Knit	China, Vietnam, Indonesia, Honduras, Cambodia, El Salvador, India, Mexico, Bangladesh, Nicaragua, Guatemala, Pakistan, Sri Lanka, Thailand, Jordan
	Woven	China. Bangladesh, Vietnam, Mexico, Indonesia, India, Italy, Sri Lanka, Cambodia, Pakistan, Honduras, Philippines, Egypt, Nicaragua, Thailand
Canada	Knit	China, Bangladesh, Cambodia, Vietnam, USA, Indonesia, Mexico, India, Honduras, Sri Lanka, Italy, Pakistan, Turkey, Thailand, Philippines
	Woven	China, Bangladesh, Vietnam, USA, Mexico, India, Cambodia, Indonesia, Italy, Turkey, Sri Lanka, Pakistan, Romania, Philippines, Thailand
Australia	Knit	China, Bangladesh, India, Cambodia, Hong Kong, Vietnam, Thailand, Sri Lanka, Italy, Indonesia, USA, Fiji, Turkey, New Zealand, Pakistan
	Woven	China, Bangladesh, Indonesia, India, Vietnam, Italy , Fiji, Hong Kong, USA, Turkey, Thailand, Cambodia, Pakistan, France, UK,
Norway	Knit	China, Turkey, Bangladesh, Italy, Lithuania, India, Portugal, Cambodia, Sri Lanka, Vietnam, Thailand, Germany, UK, Poland, Sweden
	Woven	China, Turkey India, Bangladesh, Italy, Vietnam, Romania, Poland, Portugal, Pakistan, Tunisia, Thailand, Indonesia, Lithuania, Sweden
Switzerland	Knit	China, Germany, Italy , Turkey, Bangladesh, India, France, Portugal, Hungary, Cambodia, Romania, Bulgaria, Vietnam, USA, Thailand
	Woven	China, Italy, Germany, Turkey, Bangladesh, Romania, India, France, Vietnam, Tunisia, Bulgaria, Macedonia, Morocco, Indonesia, Hong Kong
Turkey	Knit	China, Bangladesh, Italy, Cambodia, India, Georgia, Egypt, Spain, Sri Lanka, Portugal, Vietnam, Moldova, Germany, Belgium, Indonesia,
	Woven	China, Bangladesh, Egypt, Italy, India, Vietnam, Morocco, Spain, Cambodia, Tunisia, Romania, Bulgaria, Pakistan, Indonesia, USA
New Zealand	Knit	China, Bangladesh, Australia, Vietnam, India, USA, Thailand, Indonesia, Sri Lanka, Cambodia, Pakistan, Fiji, Turkey, Honduras, Italy
	Woven	China, Australia, India, Vietnam, Bangladesh, Indonesia, Fiji, USA, Italy, Turkey, Hong Kong, Thailand, Pakistan, Poland, UK
China	Knit	Italy, China, Vietnam, Turkey, Bangladesh, Korea Democratic Republic of., Cambodia, Indonesia, Portugal, Korea Republic Of. Thailand, Japan, Hong Kong, India, Taipai Chinese
	Woven	Italy, Korea Democratic Republic Of, China, Vietnam, Bangladesh, Romania, Turkey, France, Korea Republic Of., Indonesia, Hong Kong , Japan, Morocco, India, Tunisia
Japan	Knit	China, Vietnam, Indonesia, Thailand, Italy, Bangladesh, Korea Republic Of., Cambodia, Malaysia, USA, Philippines, Turkey, India, Portugal, France,
	Woven	China, Vietnam, Italy, Myanmar, Indonesia, Bangladesh, India, Cambodia, Thailand, USA, Romania, France, Philippines, UK ,Turkey
Korea, Republic Of.	Knit	China, Vietnam, Indonesia, Italy, Cambodia, Bangladesh, Myanmar, Philippines, Thailand, India, USA, Japan, Turkey, Portugal, Sri Lanka
	Woven	China, Vietnam, Myanmar, Indonesia, Italy, Bangladesh, USA, France, Romania, India, Turkey, Japan, Thailand, Philippines ,UK

Source: Author's collection from data collected from ITC Trade Map

The above table makes this clear that in all preference giving countries the competitive position Bangladesh facing is the same in spite the market access criteria market is providing.

The entry of major market is not free for all. Most of the developing countries need to pay tariff of RMG export to World. The tariff rate with tariff line is shown in Table 17. This table expresses the total tariff lines of knit and woven at major markets with the duty free tariff lines Bangladesh currently enjoying due to the LDC status.

Table 17: Total HS line of knit and woven in major markets with duty free tariff lines for LDCs.

Country	Chapters	HS lines	Simple Average	Maximum	Minimum	LDC Duty Free Tariff Lines
USA	Knit	252	11.60%	0	0	233
	Woven	319	11.56%	0	0	292
EU	Knit	147	11.60%	12%	8%	147
	Woven	194	11.56%	12%	6.30%	194
Canada	Knit	121	16.81%	18%	0%	121
	Woven	139	15.19%	18%	0%	139
Australia	Knit	127	8.52%			127
	Woven	131	8.24%			131
Norway	Knit	134	7.57%	10.70%	0%	134
	Woven	134	8.07%	10.70%	0%	134
Switzerland	Knit	132	0%	0%	0%	132
	Woven	200	0%	0%	0%	200
Turkey	Knit	147	11.58%	12%	8%	147
	Woven	200	11.48%	12%	6.30%	200
New Zealand	Knit	154	9.54%	10%	0%	154
	Woven	132	9.69%	10%	0%	132
China	Knit	88	16.16%	25%	14%	88
	Woven	117	15.85%	19%	14%	117
Japan	Knit	280	9.03%	10.90%	5%	280
	Woven	231	9.43%	13.40%	0%	231
Korea	Knit	152	31%	13%	8%	152
	Woven	169	25.56%	13%	8%	165

Source: Authors Calculation from WTO Tariff Analysis Online (TAO)

Bangladesh enjoys duty free tariff lines in almost all items of knit and woven at the same time simple average MFN applied duty is not applicable for RMG export. This preference gives Bangladesh the chance to grab the major markets by supplying RMG products.

VIII. OVERVIEW OF BILATERAL AND REGIONAL AGREEMENT

The previous chapter discusses different RMG market access in developed and developing countries such as EU, Canada, Australia, USA, Switzerland This market access faces an intense challenge when the major competitive countries like India, Vietnam, China, Pakistan, Sri Lanka make several an preferential market access arrangement or free trade arrangement. Nevertheless, these competitive countries are enjoying the preferential market access in the USA, EU, Canada, Australia and other GSP providers. Table 17 shows the major FTA and RTA with the preference giving countries-

Table 17: FTA of developed countries with competitors of Bangladesh

GSP Preference Giving Countries	GSP preference Receiving Countries	Nature of Trade Agreement (FTA/RTA)
Australia	Vietnam	FTA under ASEAN-Australia-New Zealand
	Singapore	FTA
	Indonesia	FTA under ASEAN-Australia-New Zealand
	Cambodia	FTA under ASEAN-Australia-New Zealand
	Thailand	FTA under ASEAN-Australia-New Zealand
		FTA
EU	EU India	FTA
	EU Vietnam	FTA
	EU Tunisia	FTA
	EU Turkey	FTA
Canada	USA	NAFTA
	Mexico	NAFTA

USA	Canada	NAFTA
	Mexico	NAFTA
	Jordan	FTA
	Singapore	FTA
	Australia	FTA
	African LDCs	Preferential duty rate under the African Growth and Opportunity Act (AGOA)
Switzerland	Tunisia	FTA
	Hong Kong, China	FTA
	Morocco	FTA
	Turkey	Zone-Zone FTA
	EU	Zone-Zone Preference
Norway	Turkey	FTA
	Morocco	FTA
	Tunisia	FTA
	Hong Kong, China	FTA
	Italy and Belgium	EFTA-EEC FTA
Turkey	Tunisia	FTA
	Morocco	FTA
	Egypt	FTA
	Italy	Custom Union
	Bulgaria	Custom Union
New Zealand	Australia	(Australia-New Zealand- Closer Economic relations Trade Agreement)
	China	FTA
China	Pakistan	FTA
	Cambodia	ASEAN China FTA
	Thailand	ASEAN China FTA

	Vietnam	ASEAN China FTA
	Indonesia	ASEAN China FTA
	Hong Kong	FTA
Japan	Thailand	FTA
	Vietnam	FTA
	India	FTA
	Indonesia	FTA
	ASEAN	FTA
Korea Rep. Of	China	Asia Pacific Trade Agreement (APTA)
	India	Asia Pacific Trade Agreement (APTA)
	Sri Lanka	Asia Pacific Trade Agreement (APTA)

Source: Author's Collection from data available at WTO PTA

These countries have already other trade arrangement with these preference providers. The duty free preference of Bangladesh is being diminished when the major preference giving countries are making FTA with RMG competitors. EU is the major trading partner and export interest of Bangladesh. Bangladesh's exports to the 27 member countries of the extended EU currently stand at US$ 13976.66 million which is about more than half of Bangladesh's global export of US$ 27027.36 million over the financial year 2013. Bangladesh export preference to EU market is mostly used by EU generalized System of Preferences. The utilization rate for Bangladesh in EU GSP is increasing over the years. The Everything But Arms (EBA) scheme gives Bangladesh an enormous opportunity to export in EU market using EBA scheme. Thus the importance of EU GSP for Bangladesh export is of prime concern for Bangladesh. While the issue of EU- India FTA negotiations and EU-Vietnam FTA negotiations are of major concerned as Bangladesh is going to face the toughest competition in the EU market. Concurrently, Transpacific Pacific Partnership issues are another major concern for Bangladesh RMG export. The Trans Pacific strategic economic partnership agreement, known as TPP, is a multilateral free trade agreement which was originally signed in 2005 by Singapore, New-Zealand Chile, and Brunei. A large number of new countries including Australia, Malaysia, Peru, Japan, US, Vietnam, Mexico and Canada are in negotiations to join the group which was set up with the aim of reducing all trade tariffs to zero by the year 2015. TPP is a comprehensive agreement covering all aspects of trade rules and requirements. The key interest for so many states joining the TPP is the huge area it could cover. Bangladesh is concerned to the RMG due to TPP agreement.

In this chapter the effect on RMG due to EU-India and EU- Vietnam FTA and Transpacific Partnership agreement are discussed below-

A. EU-INDIA FTA AND PROBABLE AFFECTED APPAREL PRODUCTS

India is the final stage of signing a bilateral FTA with European Union. The FTA agreement will enable both the EU and India to enjoy zero tariff benefit for most of their export items. The major concern is that currently India is the GSP beneficiaries of EU GSP 978/2012. In 2012 India's total export to the € 37338.35 million in EU market. From 2005 to 2012 India export to EU has doubled from € 19,088.17 million to €37,338.35 million. The major exporting items of India in the EU market are mineral fuels, mineral oils, organic chemic, natural pearls, precious stones, metals, imitation jewellery, woven and knit products, electrical machinery. But India is not getting the opportunity to of fully utilization GSP facility due to the exclusion of major exporting sectors out of GSP facility. The EU-India FTA is the predominant chance for India to get duty free access in EU market. The chance India can exploit because in contrast to most of the developing economies, India is regarded as a country with significant supply side capacity. This means that in response to any meaningful trade concessions resulting from a bilateral deal, Indian suppliers can substantially increase their exports to the EU, perhaps at the cost of other developing countries and EU domestic suppliers. In this way, the likely trade diversion in EU may result in reduced imports from other developing and least developed countries and increased imports from India. Above all the EU-India FTA is a critical issue for India as India can get duty free access in EU market but currently India gives 9.6 percentage ad valorem duties. This one advantage for India may hamper the export of Bangladesh following the preference of other LDCs. Especially the

RMG sector will be greatly obstructed as trade may RMG trade will be diverted to India. The similarity of Bangladesh and India export in knit and woven garments are not mentionable. The preference will be eroded if EU- India FTA successfully concluded and if India's RMG preferential accesses in the EU. The India has supply side capacity to fully utilize this opportunity. The Bilateral Revealed Comparative Advantage (BRCA) shows the competiveness of Bangladesh in RMG export over India and vice-versa in EU market. The mostly disadvantaged RMG items of Bangladesh in EU market due to FTA are represented in Annex 4.

The above table indicates that India exports to the EU market giving 9.6 duties to major apparel products while in the world market it has enormous supply. After FTA like some other major products like women's blouse, skirts and track suits will be hampered. While the other items where Bangladesh has advantage over India due to zero preference entry will be affected too. The preference of EBA will not be effective. This the challenge for Bangladesh how to tackle this EU-India FTA that have stifling effect on the RMG export.

B. EU-VIETNAM FTA AND PROBABLE AFFECTED APPAREL PRODUCTS

Vietnam started its FTA negotiation with EU in June 2012. The FTA agreement will enable both the EU and Vietnam enjoys zero tariff benefit for almost all of their export. Like India, Vietnam is the major beneficiary is the GSP beneficiaries of EU GSP 978/2012. From 2005 to 2012 India export to EU has tripled from € 5567.578 million to € 18,517.48 million. Vietnam's major exporting items are electrical machinery, footwear, tea/coffee, knit items, furniture, fish, woven garments, leather articles, plastic, rubber etc.. This means that in response to any meaningful trade concessions resulting from a bilateral deal, Vietnam suppliers can substantially increase their exports to the EU, perhaps at the cost of other developing countries and EU domestic suppliers. In this way, the likely trade diversion in EU may result in reduced imports from other developing and least developed countries and increased imports from Vietnam. Above all the EU-Vietnam FTA is a critical issue for Vietnam as Vietnam can get duty free access in EU market but currently Vietnam gives 9.6 percentage ad valorem duties on apparel export. This one advantage for Vietnam may hamper the export of Bangladesh following the preference of other LDCs. Especially the RMG sector will be greatly obstructed as RMG trade will be diverted to Vietnam. The similarity of Bangladesh and Vietnam export in knit and woven garments are not mentionable. The preference will be eroded if EU-Vietnam FTA successfully concluded and if Vietnam's RMG preferential accesses in the EU. The Bilateral Revealed Comparative Advantage (BRCA) shows the competiveness of Bangladesh in RMG export over Vietnam and vice-versa in EU market. Annex represents the disadvantaged list of the BRCA of Vietnam over Bangladesh. The mostly disadvantaged items including RMG of Bangladesh in EU market due to FTA are represented in Annex 5.

The above analysis indicates that Bangladesh apparel export to the EU market will greatly be hampered because the EU-Vietnam FTA will reduce the preference margin by getting zero preference. With home textile and footwear the apparel sector are greatly affected because 9.6 percentage preferences will be eroded and Vietnam export will get zero duties. The mostly affected items will be trousers, t-shirt, jersey's, pullover etc. This the greatest challenge again in front of Bangladesh. Like other FTA Bangladesh.

C. TRANS PACIFIC PARTNERSHIP AGREEMENT

The TPP is at a crossroads as a building block. It could result in the establishment of economic integration in Asia and the Pacific, or it could trigger creation of two large trade blocs in the region. As it has been mentioned earlier, TPP agreement makes the major competing competitor more active in the major trade preference giving countries. The major GSP provider countries in the TPP agreement are Australia, US, Canada, New Zealand, Japan. Among these countries the major competing countries of Bangladesh in RMG export are Singapore, Malaysia, and Vietnam. TPP is a comprehensive agreement covering all aspects of trade rules and requirements. On the positive side, by reducing tariffs and non-tariff barriers, the TPP may boost exports and economic cooperation, create jobs, facilitate good business practices, lower barriers to trade and investment, protect workers' rights and the environment, and bring many benefits for consumers in all member countries. Bangladesh may face huge competition if these competing countries make FTA among the preference giving countries reducing the preference of RMG export to the major markets. Other major countries such as India and China may join later. Thus competition will be tough. These countries also had other kinds of trade agreement with major countries. The complexities of rules of origin will be abolished if this agreement becomes active.

D. REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

The RCEP is an agreement started to negotiation among ASEN countries and countries with which ASEAN countries have FTA like Australia, China, India, Japan, Korea Rep. of and New Zealand. These countries started negotiation to conclude RCEP by 2015. The aim of these partnership is to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement establishing an open trade and investment environment in the region to facilitate the expansion of regional trade and investment and contribute to global economic growth and development; and to boost economic growth and equitable economic development, advance economic cooperation and broaden and deepen integration in the region through the RCEP, which will build upon our existing economic linkages. Negotiations for the RCEP will recognize ASEAN centrality in the emerging regional economic architecture and the interests of ASEAN's FTA Partners in supporting and contributing to economic integration, equitable economic development and strengthening economic cooperation among the participating countries. The RCEP will have broader and deeper engagement with significant improvements over the existing ASEAN+1 FTAs, while recognizing the individual and diverse circumstances of the participating countries.

The RCEP will include provisions to facilitate trade and investment and to enhance transparency in trade and investment relations between the participating countries, as well as to facilitate the participating countries' engagement in global and regional supply chains. The major exporting countries of RMG will be the partner of the preference giving countries such as Australia, China, japan, Korea Rep, of. Bangladesh needs to be conscious as the major export competitors are now going to be the partners to reduce the export duty among them. The RMG export may decline if the RCEP become effective by 2015.

IX. CHALLENGES FROM GSP AND OTHER BILATERAL AND REGIONAL AGREEMENT

The above discussion it is observed that Bangladesh enjoys GSP as an LDC. The GSP is not a permanent and ultimate benefit provided to Bangladesh. On the other hand, the bilateral and multilateral agreements of competitors with the preference giving countries are throwing the huge challenge in front of Bangladesh. Bangladesh should think on the issue to maintain the current GSP preference as well as to find new ways to access to the new markets.

Presently, Bangladesh as an LDC should identify the challenges that it may face from preference giving countries and other bilateral and regional agreement.

1. The major challenge at Bangladesh in the GSP+ preference of Pakistan in EU market. The margin of preference is getting reduced as Pakistan now exports RMG duty free to Pakistan. The FKI of Pakistan and Bangladesh in EU market is more or less 0.50. With the export of apparel, the home textile export of Bangladesh will be greatly affected due to the Pakistan GSP+ preference. The major affected items are T-shirt, denim items, pull over, bed linen etc. The most disadvantage items of Bangladesh due to Pakistan GSP+ preference are mentioned in Annex.
2. The major challenge form GSP country is to compliance with the different rules of origin. The stringent rule of origin requirements takes away the preference of Bangladesh. In Europe the single stage rules of origin in new GSP regulation is beneficial to Bangladesh. At the same time complication arises when the involvement of different multilateral agreement creates the problem of rules of origin difficulty known as spaghetti bowl.

Some of Bangladesh's major exportable are excluded from preferential treatment in some developing country markets, such as the Republic of Korea. Moreover, RoO for preferential treatment in some of these markets are rather Stringent. The Republic of Korea has a RoO requirement of 50 per cent domestic value addition; China's requirement is 40 per cent domestic value addition or change of tariff heading (CTH). The RoO requirement for preferential access to the Indian market by LDCs under the SAFTA is 30 per cent value addition and CTH.

3. Bangladesh should maintain the growth of RMG export by using GSP and other trade preference. Though it may hamper due to fire incidents and Rana Plaza issues. However, much will depend on Bangladesh's ability to undertake the needed homework and implement the various action plans that have been put in place in view of the Rana Plaza incident.
4. In matters concerning work place safety of workers and employees in the RMG sector, zero-tolerance should be the overriding motivation. Any failure in this regard will also put the RMG sector at a disadvantage in addressing the Generalized System of Preferences assuaging the concerns of consumer groups in developed country markets and, most importantly, in dealing with the major buying houses. There should be full commitment in this regard on the part of all involved stakeholders. US has recently suspended GSP privileges for Bangladesh due to its flagrant violation of workers' rights that caused death of many workers in RMG factories. However, suspension can be reinstated provided Bangladesh government and vendors meet all the conditions US government wants them to meet. The total value of all the products other than RMG exported to US from Bangladesh is insignificant. Therefore, GSP suspension, as some people argue, does not appear to be something to worry about. But they are wrong. It is a serious matter; its "collateral damages" will hit Bangladesh hard. RMG exports from Bangladesh enjoy GSP privileges in EU, Canada, Japan and several other markets. If it fails to meet the conditions stated in the USTR sponsored 15-point Bangladesh Action Plan 2013, it will send a bad signal to EU and other countries. Consequently, the latter may cancel the GSP privileges for export of RMG

from Bangladesh. If it happens, it will be a disaster for Bangladesh. It is issue of concern for Bangladesh.

5. The reestablish of the USA GSP following the terms of the USA. Though when Bangladesh enjoyed GSP, the apparel sect6or was out of preference. Is Bangladesh (and also 14 other Asia-Pacific LDCs) is at a disadvantage in the US market vis-à-vis some of her developed, developing and LDC competitors which enjoy duty-free treatment for apparels and textiles (as also for other items) under either the North American Free Trade Area (NAFTA) (Canada and Mexico), the African Growth and Opportunity Act (AGOA) (sub-Saharan African countries) or the Carribbean Basin Initiative (CBI) (Haiti, an LDC, and some developing countries such as Dominican Republic and Honduras).Bangladesh therefore has to compete on similar footing with her non-LDC competitors, such as China, India, Pakistan and Vietnam in the US market. Bangladesh needs to identify GSP preference in Bangladesh.
6. A sharp depreciation of the currencies of some of Bangladesh's competitors, particularly India, has put Bangladesh to some disadvantage. This make the export boost of Indian RMG causing the sharp decline of Bangladeshi products. It will be prudent to keep a sharp eye on the dynamics of the relative market shares over the coming months and take corrective measures if needed.
7. In spite of Bangladesh's good performance in both the EU and the US markets, Vietnam has been outperforming Bangladesh in the US market and Cambodia in the EU market. Vietnam has already started to negotiation for EU-Vietnam FTA. This bilateral agreement may hamper Bangladesh RMG export in the future. The preference of EBA will be eroded and trade in EU most probably diverted to Vietnam. Bangladesh will need to keep competitors on the radar screen and calibrate policies and initiatives accordingly.
8. The value addition is an issue of concern for Bangladesh. The backward and forward linkage industries are not strong enough to meet the value addition criteria of major developed countries. The more the value addition in RMG the more will be economic development. The deep

investment is required for the improvement of backward and forward industry. The elasticity of manufacturing value addition is very poor compared to other non-traditional sector. Major preference giving countries rules of origin are the value addition for Bangladesh. It may change when the countries want to change. Thus Bangladesh needs to develop the internal production capacity through government initiatives.

9. The highly value added product are the major challenge for Bangladesh to meet the GSP. Bangladesh current export to preference giving markets are mainly low demand driven products as a result in 2009- time of great depression Bangladesh export boost up. But this situation is not expected at all situations. Bangladesh should develop highly value-added and quality products ensure future market access.
10. The cost of production in China is rising because of the appreciation of the yuan, increasing wages, a shift of production inland and the resulting infrastructural and logistical challenges. In addition, many traditional buyers are pursuing a “China plus one” strategy. Bangladesh therefore has an opportunity to further consolidate her position in the global apparels market.

X. CHALLENGES FROM LOSING LDC STATUS

Bangladesh was classified as LDC in 1975. Graduation from the category of least developed countries (LDCs) has always been among the ultimate objectives of the previous three decennial Programmes of Action for LDCs. The committee for Development policy of United Nations determines the value of LDC inclusion and graduation criteria and requests to UNCTAD for graduation of LDCs. However, the latest Programme of Action – the Istanbul Programme of Action (IPoA) adopted in May 2011 by the Fourth United Nations Conference on Least Developed Countries (LDC-IV) was the first to include an express, time-bound and concrete objective of enabling least developed countries to meet the criteria for graduation. In particular, the IPoA set the highly ambitious target that half of the LDCs should be able to meet the graduation criteria by the end of the decade that 24 out of the current 48 countries within the LDC group would be eligible for graduation by 2020. The challenge for LDCs and their development partners now is to create an overall enabling policy framework to effectively implement the commitments and actions contained in the Istanbul Programme of Action, including allowing half of the LDCs to meet the graduation criteria by 2020.

Countries recognition and graduation form LDC depends on the three major criteria. These are as follows-

1. Per capita Gross National Income, GNI
2. Human Asset Index, HAI
3. Economic Vulnerability Index, EVI

These are the three basic criteria that are filled to be an LDC and dropped to graduate from LDC.

To graduate from LDC status, a country ,at first, needs to be considered at the stage of development in the triennial review list of LDC and it should be maintained for continuous two review. There are two methods to determine LDC graduation status-

1. Any two out of three LDC graduation criteria is achieved and
2. The per capita GNI becomes double to be graduated from LDC.

Among these indicators there are other indicators to be LDCs. These are also the criteria on the basis of which countries will be graduated. These three major criteria are reviewed and determined by considering triennial review of list of LDCs. The last review was made on 2012 and this shows the current status of Bangladesh.

Table 1: Triennial Review of the Committee for Development Policy about Bangladesh in 2012

Criteria	**Inclusion Threshold**	**Graduation Threshold**	**Bangladesh Position by CDP**
Per capita GNI	US$992 or less	US$ 1990 or more	US$ 637 (World Development Indicator) According to BBS report in 2012 , US$ 840.

Human Asset Index (HAI)	60 or less	66 or more	54.7
Economic Vulnerability Index (EVI)	36 or more	32 or less	32.4

Source: Authors collection form data available at Triennial review of list of LDCs http://unctad.org/en/Pages/ALDC/Least%20Developed%20Countries/UN-recognition-of-LDCs.aspx

Table 2 : Triennial Review of the Committee for Development Policy about Bangladesh in 2012 about Human Asset Index (HAI)

Criteria	Inclusion Threshold	Graduation Threshold	Bangladesh Position by CDP
1. Proportion of undernourished in total population	60 or less	66 or more	26% reported by FAO, State of Food Insecurity 2011 data period is 2006-2008.
2. Under 5 mortality rate	60 or less	66 or more	61.4 per thousand reported by UN/DESA, World Population Prospects 2010 Revision, Data period 2005-2010.
3. Gross secondary enrolment ratio, % of appropriate age group	60 or less	66 or more	49.3% UNSECO institute of Statistics Data Centre. Latest available year 2006-2011.
4. 15+ literacy rate,%	60 or less	66 or more	55.9% UNSECO institute of Statistics Data Centre. Latest available year 2006-2011.

Source: Authors collection from data available from Triennial review of list of LDCs at http://unctad.org/en/Pages/ALDC/Least%20Developed%20Countries/UN-recognition-of-LDCs.aspx

Table 3: Triennial Review of the Committee for Development Policy about Bangladesh in 2012 about Human Asset Index Economic Vulnerability Index (EVI)

Criteria	Inclusion Threshold	Graduation Threshold	Bangladesh Position by CDP
1. Population	36 or more	32 or less	Not applicable for Bangladesh
2. Remoteness of Bangladesh to 50% important trade related countries	36 or more	32 or less	43.3
3. Share of population in low elevated coastal zones	36 or more	32 or less	45.56
4. Merchandise export Concentration	36 or more	32 or less	0.4

5. Shock Index	36 or more	32 or less	30.3
6. Natural shock index	36 or more	32 or less	52.6
7. Share of agriculture , forestry and fisheries in GDP	36 or more	32 or less	18.8 BBS and Information department-17.53 (current price) and 19.29 (base year price)
8. Victims of natural disasters	36 or more	32 or less	6.05%
9. Instability in agriculture production	36 or more	32 or less	7.36
10. Instability of exports of goods and services	36 or more	32 or less	3.7

Source: Authors collection form data available at Triennial review of list of LDCs *http://unctad.org/en/Pages/ALDC/Least%20Developed%20Countries/UN-recognition-of-LDCs.aspx*

By 2021, Bangladesh is going to be the middle income country; if Bangladesh may overcome the LDC criteria, Bangladesh will lose status of LDC. Simultaneously losing the preference what as an LDC Bangladesh enjoys such as in EU market the preference of GSP scheme. The major market withdraws duty free entry of RMG export from Bangladesh. Bangladesh should think on the future issue loosing LDC status. Within this short period Bangladesh should be self-sufficient in economic perspective. Trade of Bangladesh may face huge competition in entering the preference giving country market. RMG products with the other products face duty to enter market and need to compete with other preference receiving developed countries to sell the products. The major challenges for Bangladesh after losing LDC status will be the following-

The major challenge of Bangladesh RMG export to the EU is

1. The prime challenge in EU market after graduating LDC status is to keep the preferential status by getting GSP+ status. For these, Bangladesh needs to ratify and implement that currently Pakistan is doing. Bangladesh has already ratified 25 out if 27 conventions. But the

implementation of these conventions is not satisfactory. Annex 6 shows the summary of 27 conventions and the preset status of Bangladesh. Bangladesh will get GSP+ in EU market if it ratify and fulfill all the ILO conventions and also implement these conventions. According to the EU GSP regulation the concerned party will check the country status of implementation of ILO convention.

2. Another major challenge will be the formation of FTA with the EU. These may increase export at the same time may hamper the domestic industry. The strong supply side capacity and lack of proper resources may reduce the possible benefit of Bangladesh EU FTA. It needs more research and concern of both the countries.
3. Bangladesh as an LDC should develop its labor productivity by improving the LDC status. Bangladesh needs to develop skilled workforce to the RMG sector.
4. Bangladesh should export highly value added products like other competitive markets. The quality assurance is the issue importance.
5. The safety of workforce and the wage assurance should be ensured for the existing of this sector otherwise the market will be the looser.
6. After loss of EBA in EU market and LDC preference in major markets, Bangladesh can get GSP+ in EU market. In case of other preference the option may be FTA with developed countries, Economic Partnership Agreement.
7. Becoming a middle income country, the export of high value added RMG is to be prime importance for RMG export. The quality product should develop and Bangladesh need to go up of the demand curve by the production of high ended demand driven goods.

XI. KEY FINDINGS AND RECOMMENDATION

1. RMG sector is the strategic sector for Bangladesh development. The growth of RMG sector is high that should be maintain.

2. In globally EU, USA, Canada and other developed and developing countries giving the duty free preference in the export market. In EU, Bangladesh exports duty free which in more than 50 percentage of the total export. BY GSP facility, Bangladesh exports RMG duty free while there are some other markets where the potential exists in Bangladeshi RMG export such as Russia, Korea, Africa, UAE. The world import is high enough but Bangladesh cannot fully utilize this at all.
3. Country and product diversification should be the prime importance for future existence. The t-shirt, shirt, trousers, children and ladies wear are the major few export items of RMG. When the RMG export basket will be large the market share will increase. Export diversification is essential. It falls largely on policymakers to engage in serious diplomatic efforts to explore untapped markets. Aid-for-trade for export diversification and trade-related capacity-building in Bangladesh should be increased and made more effective.
4. The development of strong backward and forward linkage to make the strong supply side is necessary. The major competitors have strong supply side capacity where Bangladesh under GSP preference following the rules of origin that allow import from other countries. The import price should be lower enough to make the product price competitive.
5. The inconsistency among different government policy should be reducing to perfume the objective of the policy better.
6. Some of the stringent rules of origin in GSP schemes should be made more LDC friendly.
7. One of the major hurdles Bangladesh RMG sector faces is the inadequate infrastructure and has, in consequence, longer lead time comparing with China and Vietnam. Bangladesh should further improve infrastructures such as electricity, gas, sea-ports capacity and efficiency and relocation of garments factories from the congested city centers like Dhaka, the national capital.

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XIII. ANNEXES

Annex 1: Important Export-Incentive Schemes in Bangladesh

Scheme	Nature of Operation
Export Performance Benefit (XPB)	The XPL was introduced in in 1978.it allowed the nontraditional exporters to receive import license. The export performance Benefit (XPB) scheme replaced the Export Performance Licensing (XPL)/ Import Entitlement Certificate (IEC) System on July 1, 1985. It allowed the exporters of nontraditional items to cash a certain proportion of their earnings (known as entitlements) at a higher exchange rate of WES. In 1992 with the unification of the exchange rate system, the XPB scheme ceased.
Bonded Warehouse	Private Bonded Warehouses (PBWs) was introduced in 1985. This facility was assisted to exporters of RMG, specialized textiles such as towels and socks, leather, ceramic, printed matter and packaging materials, who are required to export at least 70 percent of their produce until 1993. Currently this facility was extended to all exporters. Exporters of manufactured goods are able to import raw materials and inputs without payment of duties and taxes. The raw materials and inputs are kept in the bonded warehouse. On the submission of evidence of production for exports, required amount of inputs is released from the warehouse. The bonded warehouse licensing reform implemented in May 2008.
Duty Drawback	A national system of custom and other duty duty payment was adopted in 1982-83. Exporters of manufactured products are given a refund of customs duties and other taxes such as VAT paid on the imported raw materials that are used in the production of goods exported. Exporters can also obtain drawbacks on the value added tax on local inputs going into production. During fiscal year 1995-96, the government, in an attempt to give incentive to the domestic textile and garments sector, allowed 25% compensatory assistance to the industries of this sector. The Duty Exemption / Drawback office (DEDO) was established in 1986 in the National Board of Revenue.

Duty Free Import of Machinery	Since 1992, import of machinery and spare parts were made duty and other tax free for export oriented industry. Import of machineries without payment of any duties for production in the export sectors.
Back to Back Letter of Credits (L/Cs)	Back to back LC facilities were started its journey in 1985-86 (1984). It allowed the exporters to open L/Cs for the required import of raw materials against their export L/Cs in such sectors as RMG and leather goods. The system is considered to be one of the most important incentive scheme for the RMG export. The is important trade financing concept for exporters. The local suppliers can take the advantage of financing by using inland B2B L/C. these facility was extended to all exporters since in the mid of 1993.
Cash Subsidy	The scheme was introduced in 1986. Since 1986, cash assistance of 15% of export value is granted to specialized textile products where exporters choose not to use bonded warehouses and duty drawback facilities. This facility is available mainly to exporters of textiles and clothing who choose not to use bonded warehouse or duty drawback facilities. Currently, the cash subsidy is 25 percent of the free on board export value. In recent times, cash subsidies have been offered to agro products exporters.
Interest Rate Subsidy	It allows the exporters to borrow from the banks at lower bands of interest rates of 8-10 percent against 14-16 percent of normal charge.
Tax Holiday	Tax holiday was in place since mid-70s .Tax Holiday First introduced under the Industrial Policy of 1991-93, this incentive allows a tax holiday for exporter for 5-12 years depending on various conditions.
Income Tax Rebate	Income tax rebate was introduced in early 1980s (1985). Exporters are given rebates on income tax. Recently this benefit has been increased. The advance income tax for the exporters has been reduced from 0.50 percent of export receipts to 0.25 percent. The total income of small cottage industry is outside the tax.
Retention of Earnings in Foreign Currency	Exporters are now allowed to retain a portion of their export earnings in foreign currency. The entitlement varies in accordance with the local value addition in exportable. The maximum limit is 40 percent of total earnings although for low value added products such as RMG the current ceiling is only at 7.5 percent. The foreign exchange retention is extended gradually. As of September 2006, exporters are

	allowed to retain 10% (with high import content) to 50% (for low import content) of their f.o.b. export earnings in foreign currency accounts denominated in U.S. dollars, pounds sterling, Deutsche marks, Japanese yen or euros.
Export Credit Guarantee Scheme	Introduced in 1978 to insure loans in respect of export finance, it provides pre-shipment and post-shipment (and both) guarantee schemes. Export loan refinancing by Bangladesh Bank in 1984. Commercial banks can grant export loans from their own funds or from the refinancing facility of the Bangladesh Bank (Pre-shipment & post-shipment) (…& for 100% export oriented industries) in 1983.
Special Facilities for Export Processing Zones (EPZs)	In late 70's when individual ownership economy revived in our country EPZ was created to attract capital investment, employment generation and rapid industrialization. The Bangladesh Export Processing Zone Authority (BEPZA) was created under EPZA Act no. 36 of 1980. To promote exports, currently a number of EPZs are in operation. The export units located in EPZs enjoy various other incentives such as tax holiday for 10 years, duty free imports of spare parts, exemption from value added taxes and other duties. In 1996 government introduced Bangladesh Private Export Processing Zones Act 1996 where private sectors are allowed to establish EPZ through its own facilities.
Textile Policy	In 1989, the Government announced its first ever textile policy which set as its objective the achievement of self-sufficiency and development of export potential in textiles and textile goods.
The Unification of Exchange Rate	The unification of exchange rate system 1992.Since 31 May 2003 the government has introduced fully market based interest rates abolishing the system of flexible exchange rate.
Refund of VAT	The VAT system was introduced on 29 July 1991.To support the export the VAT refunded schem was introduced in 1992.

Source: Authors collection from various sources and interviews

Annex 2 : Bangladesh Top Ten Export of RMG to World from FY 2008-09 to FY2013-14 **(Value in Million US$)**

HS Code	Product Description	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
610910	T-shirts, singlets and other vests, of cotton, knitted	2853.62	2937.80	4430.17	4490.12	4905.63	5594.62
620342	Mens/boys trousers and shorts, of cotton, not knitted	2283.90	2385.32	3298.30	3664.08	4300.07	4782.19
611090	Pullovers,cardigans&similar articles of oth textile materials,knittd	1131.32	1114.74	1551.30	1494.20	1565.91	1523.24
620462	Womens/girls trousers and shorts, of cotton, not knitted	792.19	847.32	1200.25	1433.02	1784.34	1986.47
620520	Mens/boys shirts, of cotton, not knitted	613.40	617.73	1024.51	1109.86	1326.19	1509.43
611020	Pullovers, cardigans and similar articles of cotton, knitted	514.95	531.60	70.50	665.96	826.91	1032.87
620590	Mens/boys shirts, of other textile materials, not knitted	350.11	350.59	513.96	598.85	601.21	615.23
610510	Mens/boys shirts, of cotton, knitted	333.83	388.36	633.43	624.23	645.58	780.29
610990	T-shirts,singlets and other vests,of other textile materials,knitted	212.33	207.72	266.41	222.99	237.58	269.18
620349	Mens/boys trousers and shorts, of other textile materials, not knitted	206.50	163.80	194.36	312.54	289.47	288.22

Source: Authors Collection from Export Promotion Bureau, Bangladesh

Annex 3: Conventions to Benefitted by GSP+

A. *Core human and labour rights UN/ILO Conventions*

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)

B. *Conventions related to the environment and to governance principles*

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 Psycho
27. United Nations Convention against Corruption (2004)

Annex 4: The mostly affected items of Bangladesh for EU India FTA *(Value in Million US$)*

HS CODE	Product Description	EU Duty		Bangladesh Export in 2012		India Export in 2012	
		Bangladesh	India	EU	World	EU	World
030613	SHRIMPS AND PRAWNS, INCLUDING IN SHELL, COOKED BY STEAMING OR BY BOILING IN WATER, FROZEN	0.00	N/A	0.00	423.22	0.00	1,707.71
030617	OTHER SHRIMPS AND PRAWNS, COOKED IN SHELL OR UNCOOKED, DRIED, SALTED OR IN BRINE, FROZEN	0.00	6.38	185.23	0.00	236.56	0.00
240120	TOBACCO, PARTLY OR WHOLLY STEMMED OR STRIPPED, OTHERWISE UNMANUFACTURED	0.00	7.40	13.01	64.23	103.84	598.90
300490	MEDICAMENTS CONSISTING OF MIXED OR UNMIXED PRODUCTS FOR THERAPEUTIC OR PROPHYLACTIC PURPOSES, PUT UP IN MEASURED DOSES "INCL. THOSE IN THE FORM OF TRANSDERMAL ADMINISTRATION" OR IN FORMS OR PACKINGS FOR RETAIL SALE (EXCL. MEDICAMENTS CONTAINING ANTIBIOTIC	0.00	0.00	2.73	33.22	661.16	6,631.78
620442	WOMEN'S OR GIRLS' DRESSES OF COTTON (EXCL. KNITTED OR CROCHETED AND PETTICOATS)	0.00	9.60	17.54	61.03	163.32	710.58
620630	WOMEN'S OR GIRLS' BLOUSES, SHIRTS AND SHIRT-BLOUSES OF COTTON (EXCL. KNITTED OR CROCHETED AND VESTS)	0.00	9.60	86.41	331.51	265.38	822.36
620640	WOMEN'S OR GIRLS' BLOUSES, SHIRTS AND SHIRT-BLOUSES OF MAN-MADE FIBRES (EXCL. KNITTED OR CROCHETED AND VESTS)	0.00	9.60	38.10	104.28	156.45	371.38
621142	WOMEN'S OR GIRLS' TRACKSUITS AND OTHER GARMENTS, N.E.S. OF COTTON (EXCL. KNITTED OR CROCHETED)	0.00	9.60	8.76	45.44	42.14	224.57

HS CODE	Product Description	EU Duty		Bangladesh Export in 2012		India Export in 2012	
		Bangladesh	India	EU	World	EU	World
630221	BED LINEN, PRINTED, OF COTTON, NOT KNITTED OR CROCHETED	0.00	9.60	55.40	166.66	40.03	93.20
630260	TOILET LINEN AND KITCHEN LINEN, OF TERRY TOWELLING OR SIMILAR TERRY FABRICS OF COTTON (EXCL. FLOOR-CLOTHS, POLISHING-CLOTHS, DISH-CLOTHS AND DUSTERS)	0.00	9.60	17.93	137.43	103.47	674.54
630391	CURTAINS, INCL. DRAPES, AND INTERIOR BLINDS, CURTAIN OR BED VALANCES OF COTTON (EXCL. KNITTED OR CROCHETED, AWNINGS AND SUNBLINDS)	0.00	9.60	5.72	11.76	38.98	99.83
630532	FLEXIBLE INTERMEDIATE BULK CONTAINERS, FOR THE PACKING OF GOODS, OF SYNTHETIC OR MAN-MADE TEXTILE MATERIALS	0.00	7.00	14.58	0.00	121.96	0.00
640391	FOOTWEAR WITH OUTER SOLES OF RUBBER, PLASTICS OR COMPOSITION LEATHER, WITH UPPERS OF LEATHER, COVERING THE ANKLE (EXCL. INCORPORATING A PROTECTIVE METAL TOECAP, SPORTS FOOTWEAR, ORTHOPAEDIC FOOTWEAR AND TOY FOOTWEAR)	0.00	4.17	30.53	114.09	209.21	333.59
640399	FOOTWEAR WITH OUTER SOLES OF RUBBER, PLASTICS OR COMPOSITION LEATHER, WITH UPPERS OF LEATHER (EXCL. COVERING THE ANKLE, INCORPORATING A PROTECTIVE METAL TOECAP, SPORTS FOOTWEAR, ORTHOPAEDIC FOOTWEAR AND TOY FOOTWEAR)	0.00	4.12	39.30	149.84	388.46	200.96

Source: Authors calculation from data available at Euro Stat, US ITC, WITS, ITC Trade MAP and WTO Tariff Analysis Online (TAO)

Annex 5: The mostly affected items of Bangladesh for EU Vietnam FTA **(Value in Million US$)**

HS CODE	Product Description	EU Duty		Bangladesh Export in 2012 (Million USD)		Vietnam Export in 2012 (Million USD)	
		Bangladesh	Vietnam	EU	World	EU	World
030613	FROZEN SHRIMPS AND PRAWNS, WHETHER IN SHELL OR NOT, INCL. SHRIMPS AND PRAWNS IN SHELL, COOKED BY STEAMING OR BY BOILING IN WATER	0	6.38	330.12	423.22	187.94	136.29
392321	SACKS AND BAGS, INCL. CONES, OF POLYMERS OF ETHYLENE	0	3	10.99	13.08	246.38	42.47
420292	TRAVELLING-BAGS, INSULATED FOOD OR BEVERAGE BAGS, TOILET BAGS, RUCKSACKS, SHOPPING-BAGS, MAP-CASES, TOOL BAGS, SPORTS BAGS, JEWELLERY BOXES, CUTLERY CASES, BINOCULAR CASES, CAMERA CASES, MUSICAL INSTRUMENT CASES, GUN CASES, HOLSTERS AND SIMILAR CONTAINERS	0	1.78	12.02	22.35	199.27	3.32
610230	WOMEN'S OR GIRLS' OVERCOATS, CAR COATS, CAPES, CLOAKS, ANORAKS, INCL. SKI JACKETS, WINDCHEATERS, WIND-JACKETS AND SIMILAR ARTICLES OF MAN-MADE FIBRES, KNITTED OR CROCHETED (EXCL. SUITS, ENSEMBLES, JACKETS, BLAZERS, DRESSES, SKIRTS, DIVIDED SKIRTS, TROUSER	0	9.6	40.87	67.65	11.04	0.15
610462	WOMEN'S OR GIRLS' TROUSERS, BIB AND BRACE OVERALLS, BREECHES AND SHORTS OF COTTON, KNITTED OR CROCHETED (EXCL. PANTIES AND SWIMWEAR)	0	9.6	405.51	512.58	12.31	0.24
610990	T-SHIRTS, SINGLETS AND OTHER VESTS OF TEXTILE MATERIALS, KNITTED OR CROCHETED (EXCL. COTTON)	0	9.6	165.70	294.17	57.53	3.19
611020	JERSEYS, PULLOVERS, CARDIGANS, WAISTCOATS AND SIMILAR ARTICLES, OF COTTON, KNITTED OR CROCHETED (EXCL. WADDED WAISTCOATS)	0	9.6	111.32	1912.51	2.01	1.27

611030	JERSEYS, PULLOVERS, CARDIGANS, WAISTCOATS AND SIMILAR ARTICLES, OF MAN-MADE FIBRES, KNITTED OR CROCHETED (EXCL. WADDED WAISTCOATS)	0	9.6	1355.26	1357.51	1.94	0.43
620192	MEN'S OR BOYS' ANORAKS, WINDCHEATERS, WIND JACKETS AND SIMILAR ARTICLES, OF COTTON (NOT KNITTED OR CROCHETED AND EXCL. SUITS, ENSEMBLES, JACKETS, BLAZERS, TROUSERS AND TOPS OF SKI SUITS) [01/01/1988-31/12/1991: MEN'S OR BOYS' ANORAKS, INCL. SKI-JACKETS, W	0	9.6	35.02	101.47	5.18	0.07
620193	MEN'S OR BOYS' ANORAKS, WINDCHEATERS, WIND JACKETS AND SIMILAR ARTICLES, OF MAN-MADE FIBRES (NOT KNITTED OR CROCHETED AND EXCL. SUITS, ENSEMBLES, JACKETS, BLAZERS, TROUSERS AND TOPS OF SKI SUITS) [01/01/1988-31/12/1991: MEN'S OR BOYS' ANORAKS, INCL. SKI-J	0	9.6	68.58	234.47	87.18	0.42
620213	WOMEN'S OR GIRLS' OVERCOATS, RAINCOATS, CAR COATS, CAPES, CLOAKS AND SIMILAR ARTICLES, OF MAN-MADE FIBRES (EXCL. KNITTED OR CROCHETED)	0	9.6	8.61	43.69	47.89	0.08
620293	WOMEN'S OR GIRLS' ANORAKS, WINDCHEATERS, WIND JACKETS AND SIMILAR ARTICLES, OF MAN-MADE FIBRES (NOT KNITTED OR CROCHETED AND EXCL. SUITS, ENSEMBLES, JACKETS, BLAZERS, TROUSERS AND TOPS OF SKI SUITS) [01/01/1988-31/12/1991: WOMEN'S OR GIRLS' ANORAKS, INCL.	0	9.6	40.26	150.59	57.41	0.24
620333	MEN'S OR BOYS' JACKETS AND BLAZERS OF SYNTHETIC FIBRES (EXCL. KNITTED OR CROCHETED, AND WIND-JACKETS AND SIMILAR ARTICLES)	0	9.6	9.76	22.51	39.17	0.44
620343	MEN'S OR BOYS' TROUSERS, BIB AND BRACE OVERALLS, BREECHES AND SHORTS OF SYNTHETIC FIBRES (EXCL. KNITTED OR CROCHETED, UNDERPANTS AND SWIMWEAR)	0	9.6	116.51	289.17	85.24	1.14
620433	WOMEN'S OR GIRLS' JACKETS AND BLAZERS OF SYNTHETIC FIBRES (EXCL. KNITTED OR CROCHETED, WIND-JACKETS AND SIMILAR ARTICLES)	0	9.6	17.32	35.89	44.34	0.51

620463	WOMEN'S OR GIRLS' TROUSERS, BIB AND BRACE OVERALLS, BREECHES AND SHORTS OF SYNTHETIC FIBRES (EXCL. KNITTED OR CROCHETED, PANTIES AND SWIMWEAR)	0	9.6	65.08	132.82	73.84	0.30
621040	MEN'S OR BOYS' GARMENTS OF TEXTILE FABRICS, RUBBERISED OR IMPREGNATED, COATED, COVERED OR LAMINATED WITH PLASTICS OR OTHER SUBSTANCES (EXCL. OF THE TYPE DESCRIBED IN SUBHEADING 6201,11 TO 6201,19, AND BABIES' GARMENTS AND CLOTHING ACCESSORIES)	0	9.6	40.85	153.00	33.68	0.19
621050	WOMEN'S OR GIRLS' GARMENTS OF TEXTILE FABRICS, RUBBERISED OR IMPREGNATED, COATED, COVERED OR LAMINATED WITH PLASTICS OR OTHER SUBSTANCES (EXCL. OF THE TYPE DESCRIBED IN SUBHEADING 6202,11 TO 6202,19, AND BABIES' GARMENTS AND CLOTHING ACCESSORIES)	0	9.6	28.22	88.88	24.09	0.04
621143	WOMEN'S OR GIRLS' TRACKSUITS AND OTHER GARMENTS, N.E.S. OF MAN-MADE FIBRES (EXCL. KNITTED OR CROCHETED)	0	9.6	14.12	30.79	9.44	0.08
630790	MADE-UP ARTICLES OF TEXTILE MATERIALS, INCL. DRESS PATTERNS, N.E.S.	0	6.15	5.78	9.83	100.68	9.70
640291	FOOTWEAR COVERING THE ANKLE, WITH OUTER SOLES AND UPPERS OF RUBBER OR PLASTICS (EXCL. WATERPROOF FOOTWEAR OF HEADING 6401, SPORTS FOOTWEAR, ORTHOPAEDIC FOOTWEAR AND TOY FOOTWEAR)	0	16.95	6.80	7.35	63.81	1.15
640299	FOOTWEAR WITH OUTER SOLES AND UPPERS OF RUBBER OR PLASTICS (EXCL. COVERING THE ANKLE OR WITH UPPER STRAPS OR THONGS ASSEMBLED TO THE SOLE BY MEANS OF PLUGS, WATERPROOF FOOTWEAR OF HEADING 6401, SPORTS FOOTWEAR, ORTHOPAEDIC FOOTWEAR AND TOY FOOTWEAR)	0	16.82	11.78	16.71	358.25	1.43

640391	FOOTWEAR WITH OUTER SOLES OF RUBBER, PLASTICS OR COMPOSITION LEATHER, WITH UPPERS OF LEATHER, COVERING THE ANKLE (EXCL. INCORPORATING A PROTECTIVE METAL TOECAP, SPORTS FOOTWEAR, ORTHOPAEDIC FOOTWEAR AND TOY FOOTWEAR)	0	7.67	54.28	114.09	222.50	0.15
640399	FOOTWEAR WITH OUTER SOLES OF RUBBER, PLASTICS OR COMPOSITION LEATHER, WITH UPPERS OF LEATHER (EXCL. COVERING THE ANKLE, INCORPORATING A PROTECTIVE METAL TOECAP, SPORTS FOOTWEAR, ORTHOPAEDIC FOOTWEAR AND TOY FOOTWEAR)	0	7.64	73.81	149.84	699.31	10.36
640411	SPORTS FOOTWEAR, INCL. TENNIS SHOES, BASKETBALL SHOES, GYM SHOES, TRAINING SHOES AND THE LIKE, WITH OUTER SOLES OF RUBBER OR PLASTICS AND UPPERS OF TEXTILE MATERIALS	0	16.9	8.92	9.83	402.68	3.78
640419	FOOTWEAR WITH OUTER SOLES OF RUBBER OR PLASTICS AND UPPERS OF TEXTILE MATERIALS (EXCL. SPORTS FOOTWEAR, INCL. TENNIS SHOES, BASKETBALL SHOES, GYM SHOES, TRAINING SHOES AND THE LIKE, AND TOY FOOTWEAR)	0	16.95	43.85	63.82	352.97	2.26

Source: Authors calculation from data available at Euro Stat, US ITC, WITS, ITC Trade MAP and WTO Tariff Analysis Online (TAO)

Annex 6: Summary of the Conventions and position of Bangladesh

Convention	Compulsion/requirements	Bangladesh position	Comments
1. International Convention on the Elimination of all Forms of Racial Discrimination (ICERD) 1965	This UN Convention commits its members to the elimination of racial discrimination and the promotion of understanding among all races (Aricle 2.1). The Convention also requires its parties to outlaw hate speech and criminalize membership in racist organizations (Article 4).	Bangladesh became a party to the International Convention on the Elimination of All Forms of Racial Discrimination by accession on 11 June 1979. Any discrimination on the grounds of religion is prohibited in Bangladesh.(Article 27 and 28, Constitution of Bangladesh).	Bangladesh has instituted constitutional and legal provisions to eliminate all forms of racial discrimination. As such, Bangladesh is in a position to undertake the full implementation of this Convention.
2. Convention concerning Freedom of Association and Protection of the Right to Organise (no.87, 1948)	The Convention sought to protect the right of workers and employers to form and join organisations of their choice, and ensure their organisational autonomy.	Bangladesh ratified this ILO Convention on June22, 1972.	Industries especially garments industry is plagued with violation ILO standards. The freedom of association, the right to collective bargaining, child labour etc are not ensured. Bangladesh is also blamed for anti-union practice by employers including threats, dismissals, legal suit against unionist and intimidation. Bangladesh however made progress in allowing registration of Trade union. Until August 2010 there are 143 registered trade unions operating only in the export-oriented garment sector (Qader, 2013).

3. Convention Concerning Forced Or Compulsory Labor, No 29(1930)	Private individual, associations and companies cannot force labor and there will be nor concession for the companies that are forcing labor. If forced labor is employed under section 9 and 10, it must satisfy the work to be necessary and of direct interest to the community, the work to be safe for their residence	Although Bangladesh Labor Act 2006 (BLA) is prohibits forced labour (Hossain, Ahmed and Akter, 2010), forced labour is still seen in Bangladesh especially in the RMG sector. However, there are differences of opinion regarding forced labor.	The Bangladesh Labour Act 2006 aligns with the ILO core conventions. Bangladesh has ratified 7 out of 8 International Labor Conventions (ILCs). Taking the existing position/commitment of Bangladesh to implement ILO core conventions it appears that Bangladesh will not have much concern in undertaking the compulsions of this Convention with a view to gaining from EU GSP+. The only area where Bangladesh need more attention is to enforce labour law provisions especially motivate/compel the owners/employers to respect the provisions of the law of the land.
4. Convention on The Prevention And Punishment Of The Crime Of Genocide (1948).	Parties to the Convention undertake “to prevent and to punish”, genocide whether committed in time of peace or war, as it is a crime under international law (article 1).	Bangladesh acceded to the 1948 Convention on the Prevention and Punishment of the Crime of Genocide in 1998.	Bangladesh seems to be committed to implementing the Convention on the prevention and punishment of the Crime of Genocide.
5. UN Convention against Corruption	States Parties are called on to establish or maintain a series of specific criminal offences including not only long-established crimes such as bribery and embezzlement, but also	Bangladesh has ratified this Convention on 27 February 2007. Bangladesh’s legal regime is generally compatible with standards and principles of the UNCAC.	The Right to Information (RTI) Act 2009 was enacted, following which the Information commission has been set up. The Money Laundering Prevention Act 2009 has been adopted. A whistleblower protection

	conducts not previously criminalized in many States.		(WB) act titled "Public Interest Related Information Disclosure (Protection) Act 2011" has been enacted. Enforcement of these Acts would play a vital role in curbing graft from the country. Bangladesh may request for a gradual implementation of UNCAC provisions.
6. Convention Concerning The Abolition Of Forced Labor, No 105 (1957)	Members (who ratifies this Convention) are required to suppress and not to make use of any form of forced or compulsory labour. .	Bangladesh ratified this Convention in 1972. Bangladesh has the obligation to take effective measures for complete abolition of forced or compulsory labour. But,this constitutional guideline is still ignored in the Labour Law 2006 as the Law has not defined theword *forced labour* in it and has not provided for the punishment for forced labor. (2007)	Article 34 of the Constitution of the Peoples Republic of Bangladesh stated as follows:----"*All forms of Forced Labour are prohibited and any contravention of this provision shall bean offence and shall be punishable in accordance with the Law.* The only option for Bangladesh is to strictly implement our constitutional obligation to abolish forced labour and thus comply with our international commitment.

7. Convention Concerning Equal Remuneration Of Men And Women Workers For Work Of Equal Value, No 100 (1951)		Bangladesh ratified this convention on 28 January 1998. Gender-based inequalities still continues in the labour market in Bangladesh (ILO, 2009).	Bangladesh is in a position to take obligations for implementation of the Convention. However, more emphasis has to be given on the implementation of the legal provisions of the Labour Act.
8. **Cartagena Protocol On Biosafety (2000)**	The Protocol establishes procedures for regulating the import and export of LMOs from one country to another. As such it shall apply to the trans-boundary movement, transit, handling and use of all living modified organisms that may have adverse effects on the conservation and sustainable use of biological diversity, taking also into account risks to human health.	Being a party to the Cartagena Protocol on Biosafety, Bangladesh has approved Biosafety policy guidelines and related aspects of biotechnology issues; In accordance with the precautionary approach contained in Principle of the Rio Declaration on Environment and Development, Bangladesh formulated this Biosafety Guideline for ensuring safety in the laboratory, field trial, safe transfer, handling, use, and transboundary movement of GMOs/LMOs.	The Ministry of Environment and Forests (MoEF) is the national focal point to implement the Cartagena Protocol on Biosafety to the Convention on Biological Diversity (CBD). Bangladesh has taken initiatives (e.g.National Executive Committee on Biotechnology of Bangladesh (NECBB) is functional under the Principal Secretary to the

			Prime Minister) to comply with the requirements of the Protocol.
9. The Convention against Torture And Other Cruel, Inhuman Or Degrading Treatment Or Punishment (1984).	This convention requires states to take effective measures to prevent torture within their borders. It also forbids states to transport people to any country where there is reason to believe they will be tortured.	Bangladesh ratified the Convention on 5 October 1998, but a decade later, the country still does not have any specific law criminalizing torture. Bangladesh has not ratified the Convention's Optional Protocol. Although Bangladesh Constitution prohibits torture it is routinely practiced in Bangladesh either to maintain law and order, or as a means of investigation, or to extort money for personal gain (http://www.humanrights.asia/resources)	The Government has yet to legislate to implement the UN Convention againstTorture (CAT). Since 2009, a Private Member's Bill detailing the application of CAThas been pending. Bangladesh needs to take necessary legislative, judicial and administrative measures to ensure that people enjoy the rights guaranteed by the Constitution and UN convention.
10. Convention On The Rights Of The Child (1989)	This Convention spells out the basic human rights that children everywhere have: the right to survival; to develop to the fullest; to protection from harmful influences, abuse and exploitation; and to participate fully in family, cultural and social life.	Bangladesh ratified the Convention on the Rights of the Child (CRC) in August 1990. Despite a signatory to the CRC, outdated legislation, inadequate policies and poor services continue to jeopardize the rights of children	No one is allowed to punish children in a cruel or harmful way. Governments must do everything they can to protect the rights of Child enumerated in the Convention. Governments has already taken initiatives to protect child rights and passed a bill in the Parliament. All stakeholders/concerned parties need to appreciate and work at their respective ends to take all available measures to make sure children's rights are respected, protected and fulfilled.

11. Stockholm Convention On Persistent Organic Pollutants (2001)	The Stockholm Convention established an initial list of 12 key POPs chemicals (known as dirty dozen). Signatories are required to reduce the risks to human health and the environment arising from their release.	The main sources of the POPs in Bangladesh are pesticides; dye in the textile and food industries and tanneries; dioxin in the food and plastic industry, solid waste and PCBs in power generators and ship breaking. Bangladesh estimated that each old ship contained 250 kg of PCBs, inclusive of transformer oil. Based on this estimate, the total quantity of PCBs estimated to be generated each year within the ship-breaking industry is 22,500 kg or 22.5 metric tons (DEP, 2007).	Bangladesh needed more initiatives to do eliminate/reduce POPs. Public information and awareness campaign has to be undertaken on POPs' the harmful effects on human and environment as required in Article 10. The management of chemicals, including POPs, should get more focus of our public policy as the government and the private sector need to address the immediate and longer-term threats posed by POPs and other PBTs to human health and the environment. Bangladesh can also ask for financial and technological support from the developed world to build capacity to eliminate or reduce POPs.
12. Convention Concerning Discrimination In Respect Of Employment And Occupation,No 111 (1958)	Each Member of this Convention undertakes to pursue a national policy designed to promote, *by methods appropriate to national conditions and practice,* equality of opportunity and treatment in respect of employment and occupation, with a view to eliminating any discrimination in respect thereof	Despite doubling women's employment in the last 30 years in Bangladesh, and significant improvement in ensuring equal opportunity, obstacles are still there. The major obstacles in higher female employment are sex discrimination in various occupations, and absence of workplace security and safety. There is still reluctance among employers arising from a	Bangladesh Labour law needs to be amended to incorporate all these grounds on which employers must not discriminate. Employers' practices with regard to equal opportunity have to be monitored. Change in the mindset of the society that relegates a woman to

		deep-rooted culture to accept women as equal to men in the workplace (Choudhury, 2013).	a position of inferiority is necessary. Education is vital for all to develop an attitude to treat women equally from birth, gives them the same respect and opportunity as we would like to give to the other gender.
13. **International Covenant On Economic Social And Cultural Rights [Icescr] (1966)**		Bangladesh respects right to self-determination, right to food, clothing, free education, human and equal opportunity rights.	**Bangladesh** interprets the self-determination clause in Article 1 as applying in the historical context of colonialism. It also reserves the right to interpret the labour rights in Articles 7 and 8 and the non-discrimination clauses of Articles 2 and 3 within the context of its constitution and domestic law. As such, Bangladesh seems to be comfortable in complying with this Covenant.
14. United Nations Convention Against Illicit Traffic In Narcotic Drugs And Psychotropic Substances (1988)	Each Party shall take appropriate measures to prevent illicit cultivation of and to eradicate plants containing narcotic or psychotropic substances, such as opium poppy, coca bush and cannabis plants, cultivated illicitly in its territory (Article 14).	The Narcotics Control Act of 1990 (Act no XX of 1990) is the prime law to control narcotic drugs and psychotropic substances in Bangladesh. There are many others laws as to the matter as the Acid Control Act 2002, The Narcotics control Rules 1999, The National Narcotics control Board Fund Rules 2001, Alcohol Control (License Fee) Rules 2002 and Acid Control Rules 2004.	Bangladesh should further intensify its anti-narcotic drive to successfully tackle the drug addiction problem as addicts yearly spend at least Tk 50 billion for taking various types of narcotics (The Financial Express, January 20,2012)
15. United Nations Single Convention	This Convention requires that governments exercise control over production and distribution as well as drug abuse.	Bangladesh is committed to ensuring prevention and control of drug use/abuse. It has adequate legal provisions as well. So Bangladesh seems not having	Bangladesh is not a major producer or consumer of narcotics. But it may be used as a narcotics transshipment point. Bangladesh government is

On Narcotic Drugs (1961)		much concerns in the implementation of this UN convention.	willing to stem the flow of narcotics across its borders. But it lack resources and skills. So assistance in the form of training and financial support may help Bangladesh in effectively complying with the Convention.
16. **Kyoto Protocol To The United Nations Framework Convention On Climate Change (1988)**	It **commits** its Parties by setting internationally binding emission reduction targets. According to article 2, each party of the convention, in achieving its quantified emission limitation and reduction commitments made under Article 3 shall implement and/or further elaborate policies and measures in accordance with its national circumstances such as enhancement of energy efficiency in relevant sectors of the national economy;	Bangladesh accessed Kyoto Protocol to the United Nations Framework Convention on Climate Change (1998) in 22 October 2001. To address Climate Change, government of Bangladesh has initiated few concrete steps such as National Adaptation Programme of Action (NAPA), setting up of Climate Change Cell at the Department of Environment, formation of Climate Change Trust FundBangladesh Climate Change Strategy and Action Plan 2009	Bangladesh need to push for proportional allocation of global aid to finance climate change adaptation strategies to mitigate the effects of climate change that will ultimately help reducing global warming. Rich countries , at least the largest polluters should help poorer ones with emissions reductions because principally they are responsible for the current high levels of GHG emissions. Awareness campaign is also important for the private sector to follow less carbon emitting process. Toyota has jumped to the head of the pack in developing low-emission cars. Its Prius, a gas-electric hybrid, is the market leader.
17. **Convention On International Trade In Endangered Species Of Wild**	The Parties shall take appropriate measures to enforce the provisions of the Convention and to prohibit trade in specimens in violation thereof. The export of any specimen of a species included in Appendix I shall require the prior grant and presentation of an export	Bangladesh approved CITES in 1982. But the variety and number of flora and fauna are sharply reducing in Bangladesh.	Wetlands need to be maintained to support vulnerable, endangered, or critically endangered species or threatened ecological communities.

Fauna And Flora (1973)	permit. Similarly, The import of any specimen of a species included in Appendix I shall require the prior grant andpresentation of an import permit and either an export permit or a re-export certificate		
18. The United Nations Framework Convention On Climate Change (1992).	According to this Framework Convention,the Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities.	Man-made air pollution is a major problem in the urban areas of Bangladesh and it has become a serious health concern. Bangladesh ratified this framework on 15 April 1994 and it came into force on 14 Jul 1994. So Bangladesh is very much a part of this framework convention.	As Bangladesh is losing its species of animals with the passage of time and it has huge man made air pollution, Bangladesh need to create awareness among people about the importance of protection of animals' species, biological diversity and reduction of fumes/greenhouse gas emissions.
19. Montreal Protocol On Substances That Deplete The Ozone Layer (1987)	The Montreal Protocol spells out binding progressive phase out obligations for developed and developing countries for all the major ozone depleting substances, including CFCs, halons and less damaging transitional chemicals such as HCFCs.	On obstacles to be addressed in the future, Bangladesh highlighted developing indigenous technologies to address ODS. In line with Bangladesh Government's commitment under Montreal Protocol , Beximco Pharma proactively closed down shut down its chlorofluorocarbon (CFC) based MDI plant.and developed facility to produce CFC free inhalers in the year 2011. In doing this, Beximco took financial support from the Multilateral Fund and technical assistance from United Nations Environment Programme (UNEP). Bangladesh seems to be committed in complying with Montreal Protocol.	Bangladesh may undertake more awareness building programs to make people and private sector aware about the consequences of Ozone depleting substances and motivate all concerned to adopt CFC free technology.