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BANGLADESH

Statement by H.E. Mr. Tofail Ahmed, MP Minister for Commerce and Industry

(Speaking on behalf of the LDC Group)

I consider it a great honour and privilege to be able to attend the Third WTO Ministerial Conference in this beautiful city of Seattle. At the very outset, on behalf of my delegation and on my own behalf, I wish to thank most warmly the Government and the people of the United States for the generous hospitality extended to us and the excellent arrangements made for this important meeting.

Liberalization undertaken by LDCs

We the LDCs had signed the Uruguay Round Agreement with the hope that the expected global trade liberalization would enable us to raise our incomes and thereby improve the lot of our impoverished peoples. On our part, we have faithfully followed the liberalization agenda of the Uruguay Round. In my country, for example, the maximum tariff rate has been reduced from 350 per cent in 1990-91 to 37.5 per cent at present; the coverage of protective QRs has been reduced from 253 four-digit codes to 28 during this period. However, despite our liberalization efforts, we have failed to benefit from global increases in trade and investment. Instead of benefiting developing countries, liberalization has worsened their balance of trade and reduced their growth rate. Thus, the average trade deficit for developing countries in the nineties is higher by 3 per cent compared to the seventies, while the average growth rate is lower by 2 per cent.

Marginalization of LDCs

LDCs continues to be marginalized from the mainstream of the world economy. This is well documented in studies conducted by the UNCTAD, the World Bank and other intergovernmental organizations. The share of LDCs in global trade declined to less than 0.4 per cent in 1998. A deterioration in the terms of trade resulting from a sharp decline in non-oil commodity prices has made matters worse. The share of LDCs in the total global flows of FDI in 1997 was as low as 0.5 per cent, while they received only 1.5 per cent of the FDI flow to developing countries in that year. ODA flows to LDCs have declined sharply. Thus, financial assistance provided to LDCs by OECD DAC member countries fell from 0.06 per cent of the total GNP of these countries in 1995 to 0.025 per cent in 1997. By contrast, inflows of "hot money" which may have a serious destabilizing effect in the host country as demonstrated by the East Asian crisis, have increased. As a result of all these, the gap in per capita income between the rich and poor countries has widened further.

Some specific policy suggestions

At this point, I wish to flag some of the specific areas where well-designed rules and policies would be extremely helpful to LDCs. These are incorporated in the Comprehensive New Plan of Action proposed by Bangladesh on behalf of LDCs. Its main elements are:

- (a) Bold market access initiative in favour of LDCs, including duty-free access;
- (b) balanced implementation of existing WTO Agreements;
- (c) continuation of strengthened Special and Differential (S&D) provisions and tailoring these to the specific needs of LDCs;
- (d) extension of transitional periods to realistic time-frames for LDCs;
- (e) easier movement of labour;
- (f) enhanced, WTO-budgeted technical assistance and technology transfer to LDCs, including measure preventing abuse of patents to restrict technology transfer to LDCs;
- (g) larger volumes of ODA and FDI flows to LDCs including providing debt relief for Heavily Indebted Poor Countries (HIPC) through speedy and effective implementation of the HIPC Agreement; and
- (h) simplified accession procedures for LDCs to the WTO.

Proposed agenda for the Third Ministerial Conference

In the light of what I have just said, Bangladesh proposes that the major focus of the Third Ministerial Conference should be on "implementation issues" and "built-in agenda issues" such as Agriculture, GATS, TRIPS, TRIMs, Anti-Dumping, SPS and TBT, SCM, Dispute Settlement, Rules of Origin, etc. It may be recalled that this work programme was agreed by consensus in the Geneva Ministerial Declaration. Completion of these tasks would require considerable work and time, and this will keep us engaged during the next two to three years. Educative and exploratory work can continue in the areas of paragraphs 9(b) and 9(d) of the Geneva Declaration dealing respectively with the "new issues" and "other issues". There is therefore no need for holding a "new or comprehensive round" of multilateral trade negotiations. It may also be recalled that there was no agreement on holding a "new round" of negotiations in the Geneva Ministerial Declaration.

Tariff peaks and escalation

Market access has been restricted by tariff peaks and tariff escalation as well as by non-tariff barriers. Thus, for example, the majority of tariff peaks in QUAD countries ranges from 12-30 per cent, and in certain cases these reach 350 per cent and more. The problem of tariff peaks is particularly acute in textiles and agriculture where developing and least-developed countries have comparative advantage. Not only should tariff peaks be reduced and tariff escalation eliminated in products of export interest to LDCs, these should be granted duty-free access. For textile and clothing exports, compensatory measures should be put in place to protect the interests of those LDC exporters who may face difficulties after quotas have been phased out. In this context, Bangladesh would like to place on record her appreciation to the US and EU, among other countries, for granting preferential market access to our exports.

Non-tariff barriers

Non-tariff barriers have come in different forms, ranging from unilateral imposition of stringent health, safety and environmental standards including eco-labelling prevailing in the developed importing countries to the unilateral use of anti-dumping and countervailing measures, often to enforce labour standards. There seems to be a misperceived "fear" of cheap labour in the developed importing countries which has given rise to misdirected allegations of "sweat shops" and "violation of human rights" that, in turn, have prompted the adoption of unilateral, trade-restrictive action in the form of anti-dumping duties. The use of such unilateral action is unfair and deprives the LDCs of the opportunity to derive the full benefit of their intrinsic comparative advantage.

Technical assistance

A WTO Plan of Action was adopted in the Singapore Ministerial Declaration. Subsequently, the High-Level Meeting on LDCs held in Geneva in 1997 called for the creation of an Integrated Framework for Trade-Related Technical Assistance to LDCs. The Follow-Up to the High-Level Meeting on LDCs urged for speedy action relating to the Integrated Framework. Despite its importance, trade-related technical assistance under the Integrated Framework is yet to be effectively implemented. We urge the speedy implementation of all technical assistance programmes.

Free movement of labour and accession to WTO of LDCs

I would like to draw your attention to a couple of other issues. In the GATS Agreement, there are specific provisions for free movement of capital but no such provision regarding movement of labour. Bangladesh considers that further liberalization in services should be made conditional on improved commitments and removal of constraints under the Agreement on the Movement of Natural Persons. Finally, accepting LDCs who are not Members of the WTO into the WTO fold would constitute an important step in integrating LDCs into the multilateral trading system. We, therefore, call for the establishment of a fast-track, simplified method of accession for LDCs.

Even as I speak here, millions of people in LDCs are going to bed hungry. The outcome of our deliberations here at Seattle will to a large extent determine whether these people will continue to live in conditions of abject poverty or whether they will be given the opportunity to live like human beings. I urge you all to keep this in mind during the course of the negotiations.
