



**Study on
Export Potentials of Trade in Services in Bangladesh:
Identifying the Opportunities and Challenges**

**Prepared for
Strengthening Institutional Capacity and Human Resources Development
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FOREWORD

Trade in services, at present, plays an important role in the socio-economic development, of any country, and has also been acting as a catalyst for inclusive and sustainable development of a country. Services sector, nowadays, is contributing the largest share to the world Gross Domestic Product (GDP), around 70 percent of it. Although the share of services sector in international trade is lower than that of goods, the services embodied in the goods export-import have great contribution and is acting as the lifeline for transportation of goods worldwide. Internationally traded services, however, contribute around 20 percent to the global balance of payments only, the value addition is around 40 percent, if we consider services embedded in the export and import of goods.

World exports of services are dominated by some key sectors, such as transportation, travel and other business services etc. Though developed countries are the largest supplier of all services traded globally, the developing countries are also growing rapidly and becoming important suppliers of construction services, travel and transportation, and computer and information services. According to the World Trade Statistical Review 2016 (WTO, 2016), global exports of commercial services stood at \$4.68 trillion in 2015, and developing countries accounted for 26 per cent of the total trade in commercial services.

Initially, the economy of Bangladesh was dominated by the agriculture sector, but over the last few decades, services sector became the largest contributor to Bangladesh's GDP. In FY 2016-17, services sector contributed 56.53 percent to the country's GDP, which was only 39 percent in FY 1976-77. The internationally- traded services in Bangladesh, till now, are much smaller compared to her merchandise trade. The export of services from Bangladesh, however, has been growing over the years. In 2012, services export from Bangladesh was US\$ 2.8 billion, accounting for about 5 percent of the GDP and 10 per cent of the total export earnings. In FY 2015-16, the export of services reached at US\$3.14 billion, and the country has set a target of US\$ 3.5 billion export for the same in FY 2017-18.

The sectors dominating in the exports of services from Bangladesh include transportation services, Information Technology Enabled Services (ITES), communication services, business services etc. Though Bangladesh is a small player in the global services trade, the country has immense opportunity to expand and diversify its services exports through operationalising the LDCs services Waiver of the WTO. Bangladesh needs to critically examine the services waiver schedules submitted by the developed and developing countries. She would also require to identify proper strategies to enter those markets in a remarkable way with diversified services. To transform the potentials into realities, the country has to enhance its services exports. Identification of the strengths, weaknesses, opportunities and threats of the services sectors Bangladesh currently possesses or grapples with is a must. The country would have to develop a specific roadmap to address the challenges the services sector is currently facing, and will also have to formulate a time- bound action plan for increasing foreign exchange earnings through exporting more services.

From that perspective, I strongly believe that this study, quite exhaustive and probably one of the very few, if not the only of its kind, has truly identified the export potentials of the services from Bangladesh, through covering the whole gamut of the country's internationally- traded services, such as, analysis of export potential, assessment of the regulatory framework, assessment of export capacity, analysis of opportunities in international and regional markets,

intra-regional potential of services trade agreements and, finally, an analysis of the potential of the WTO LDC services waiver. It also developed a comprehensive roadmap to facilitate the services export of Bangladesh, including a detailed guideline for linking potential exportable services with identified market opportunities. This study was conducted through extensive and in-depth analysis of both primary and secondary data collected from different relevant stakeholders and sources. The methodology and findings of this study has convinced me that it will strongly contribute to effectively tap the export potential of its selected services sector.

It must, however, be placed on record, as the readers will easily find out, that the study had to be kept limited to only four sectors, viz., Tourism and Travel- related Services, Transport Services, Business Services and Human health Services. These have been taken up in consideration of Bangladesh's relative ease of entering those markets, on the one hand, and to keep the study a little handy rather than making it voluminous, on the other hand we have however, at chapter 5 of the study provided a limit of amount (four) services, study of which may also be taken up early, These are **a)** Export of less- skilled and semi-skilled human resources, **b)** Construction services, **c)** Accounting, auditing, book- keeping and tax-collecting Services, and **d)** Architectural, engineering Services. These are also under the LDC Services Waiver system provided by the developed and the developing countries.

I would like to extend my heartiest congratulations and gratitude to the WTO Cell, Ministry of Commerce, and the Enhanced Integrated Framework (EIF), WTO, for taking up this issue to conduct a Study on "Export Potentials of Trade in Services in Bangladesh: Identifying the Opportunities and Challenges" under the project for 'Strengthening Institutional Capacity and Human Resources Development for Trade Promotion Project' and entrust the Bangladesh Foreign Trade Institute (BFTI) with the responsibility.

I would like to express my sincere thanks and appreciation to the Ministry of Health and Family Welfare, Directorate General of Nursing and Midwifery, The Bangladesh Nursing and Midwifery Council (BNMC), Bangladesh Nursing Association, The Bangladesh Midwifery Society (BMS), Dhaka Nursing College, College of Nursing, Mohakhali, Grameen Caledonian College of Nursing, JPGSPH, BRAC University, Square College of Nursing, CRP, Bangladesh Physiotherapy Association, Bureau of Manpower, Employment and Training (BMET), Bangladesh Overseas Employment and Services Limited, Probashi Kallayan Bank, and Bangladesh Medical and Dental Council for their valuable support to identify the opportunities for **Nursing, physiotherapeutic and childbirth- related services** export from Bangladesh.

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It is a great pleasure for me to express my heartiest thanks to Bangladesh Parjatan Corporation, Bangladesh Tourism Board, Ministry of Civil Aviation and Tourism, Tour Operators' Association of Bangladesh (TOAB), Pacific Asia Travel Association (PATA), Association of Tour Operators of Bangladesh (ATAB), Bangladesh International Hotel Association (BIHA), Department of Tourism and Hospitality Management, University of Dhaka, and some Foreign Tourists for their cooperation and support to find out the challenges and potentials of the

Tourism And Travel- Related Services and their valuable suggestions to increase their export share in the global market.

My heartiest congratulations and thanks to the Bangladesh Association of Software and Information Services (BASIS), Bangladesh Computer Council (BCC), Internet Service Providers Association of Bangladesh (ISPAB), Bangladesh Association of Call Centres & Outsourcing (BACCO), Bangladesh Hi-Tech Park Authority, ICT Division- Government of Bangladesh, Amber IT Ltd, and some Freelancers for their expert opinions and comments, which have definitely helped us identify the potentials and ways to address the challenges to increase the export of Computer and Related Services of Bangladesh. We are deeply grateful to all the relevant stakeholders and officials for their valuable support provided to us, since the beginning of the study. It has been enriched by their expert opinions, comments and suggestions from time to time.

I would also like to express our deep sense of gratitude to the Honourable Commerce Minister, Mr. Tofail Ahmed, M.P., and the Secretary, Mr. Shubhashish Bose, for their encouragement, guidance and unstinted support throughout the entire period the study took to be completed.

The study is the outcome of extensive desk researches along with the detailed and extensive consultations with the relevant stakeholders of four selected Services sector of Bangladesh. I owe a debt of gratitude to the individuals who, on various occasions, have contributed to the study by giving us time for interviews and shared their valuable experiences with us, which definitely have enriched the findings of the study. On completion of the study, it was presented before the representatives of the relevant stakeholders. They provided invaluable suggestions relating to different aspects of the study. We have incorporated them all in this final version with a sincere note of thanks to all of them. They greatly helped improve the quality of this final version. I would like, especially, to put on record my deep appreciation of the research team of the BFTI, for their untiring efforts to complete the study. Without their hard work, the study would not have been what it is now.

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ACRONYMS

ADB	Asian Development Bank
AFAS	ASEAN Framework Agreement on Services
AFATIS	APTA Framework Agreement on Trade in Services
AH	Asian Highway
A2I	Access to Information
BAFFA	Bangladesh Freight Forwarders Association
BASIS	Bangladesh Association of Software & Information Services
BBIN	Bangladesh, Bhutan, India and Nepal
BCIM	Bangladesh, China, India and Myanmar
BDT	Bangladesh Taka
BEZA	Bangladesh Economic Zones Authority
BMB	Bangabandhu Multipurpose Bridge
BMET	Bureau of Manpower, Employment and Training
BNC	Bangladesh Nursing Council
BPC	Bangladesh Parjatan Corporation
BR	Bangladesh Railway
BRT	Bus Rapid Transit
BRTA	Bangladesh Road Transport Authority
BSMIA	Bangabandhu Sheikh Mujib International Airport
BTB	Bangladesh Tourism Board
CAAB	Civil Aviation Authority of Bangladesh
CCA	Controller of Certifying Authorities
CDN	Content Delivery Network
CFS	Container Freight Station
CGFNS	Commission on Graduates of Foreign Nursing Schools
CHT	Chittagong Hill Tracts

CPA	Chittagong Port Authority
CTMS	Container Terminal Management System
CTS	Council for Trade in Services
DDA	Doha Development Agenda
EPZ	Export Processing Zone
EU	European Union
EZ	Economic Zone
FGD	Focus Group Discussion
FY	Fiscal Year
FYP	Five Year Plan
GATS	General Agreement on Trade in Services
GBPS	Gigabit Per Second
GDP	Gross Domestic Product
GoB	Government of Bangladesh
HNP	Health Nutrition and Population
HSIA	Hazrat Shahjalal International Airport
IBPC	ICT Business Promotion Council
ICD	Inland Container Depot
ICT	Information and Communication Technology
IMF	International Monetary Fund
IMTP	Integrated Multi-Modal Transport Policy
IOT	Internet of Things
ISP	Internet Service Provider
IT	Information Technology
ITC	International Trade Center
ITES	Information Technology Enabled Services
ITS	Internationally Traded Services
JICA	Japan International Cooperation Agency

KII	Key Informant Interview
KOICA	Korea International Cooperation Agency
KM	Kilometer
KMPH	Kilometer per Hour
LDC	Least Developed Country
LEDP	Learning and Earning Development Project
MBPS	Megabit/ Second
MFN	Most Favoured Nation
MICE	Meetings, Incentives, Conferencing, Exhibitions
MoCAT	Ministry of Civil Aviation and Tourism
MoRTB	Ministry of Road Transport and Bridges
MRT	Mass Rapid Transit
MT	Metric Ton
MTBF	Mid-Term Budgetary Framework
NGO	Non-Government Organization
NHS	National Health Services
NMC	Nursing and Midwifery Council
NPS	National Payments Switch
NSDC	National Skills Development Council
OIA	Osmani International Airport
PCE	Physiotherapy Competency Examination
PCS	Port Congestion Surcharge
PPP	Private Public Partnership
RHD	Roads and Highways Department
RHTI	Regency Hospitality Training Institute
RMG	Readymade Garment
SAARC	South Asian Association for Regional Cooperation
SAIA	Shah Amanat International Airport

SASEC	South Asian Sub-Regional Economic Cooperation
SATIS	SAARC Agreement on Trade in Services
SDG	Sustainable Development Goal
SEIP	Skills for Employment Investment Programme
SMVT	Slow Moving Vehicular Traffic
SNB	Singapore Nursing Board
STP	Strategic Transport Plan
TEU	Twenty-foot Equivalent Unit
TISA	Trade in Services Agreement
TOAB	Tour Operators Association of Bangladesh
TRS	Tourist Refund Scheme
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
US	United States
VAT	Value Added Tax
WHO	World Health Organization
WTO	World Trade Organisation
WTTC	World Travel and Tourism Council

Executive Summary

International trade has been increasing day by day for a number of reasons, such as progressive integration of the global economy, rules-based multilateral trading system, enhanced connectivity, advanced communications system, easier access to information through internet, and so on. Increased trade has been playing a significant role in promoting sustainable development and supporting inclusive economic growth of a country. Not only the trade in goods, but also that in services is on the increase. As trade in services continues to grow at a rate faster than that in goods, it is now getting priority over trade in the latter throughout the world. Services are used intensively in the production of all kinds of goods, accounting for around 10-20 percent, sometimes even more, of the production costs in both manufacturing and agriculture (Sauvé, 2006)¹. The service sector, over the years, has been playing a significant role in economic activities, and rendering its supportive, often very essential, part for the manufacturing and agriculture sector, globally. Services activities have also created opportunities for exporting them. This, at present, accounts for 70 per cent of the world Gross Domestic Product (GDP), and around 20 per cent of world trade. World exports of services are dominated by some key sectors, such as transportation, travel and other business services. Although developed countries are the largest players in global services trade, developing and least developed countries are coming up and becoming suppliers for import of construction services, travel and transportation, computer and information services, etc. In 2015, global exports of commercial services stood at \$4.68 trillion, and developing countries supplied 26% of this (WTO, 2016).

The Significance of Services Trade for Bangladesh's Economy is Generally Little Understood

¹ The figure is 20-25 percent for ready-made garments in some countries (United Nations, 2005).

Although the volume of globally-traded services is increasing, the export from the services sector from Bangladesh remains low compared to the trade in manufacturing and agricultural goods. The share of services sector in Bangladesh's GDP, however, has been increasing over time. In FY 1976-77, the share of services sector in the country's GDP was 39%. Over a period of four decades, services sector's share in GDP stands at 56.53%. In 2010, services sector provided, approximately, 40% of the total employment opportunities in Bangladesh. As the employment opportunities in agricultural sector have a declining trend, the services sector provided 'the initial cushion to absorb the surplus labour released from agriculture' (GoB, 2015).

Export of services was US\$2.8 billion in 2012, which accounted for about 5 per cent of the GDP and 10 per cent of the total exports (UNCTAD, 2016a). In FY 2015-16, Bangladesh fetched about US\$3.14 billion by exporting services².

International trade in services takes place under the rules formulated by the GATS, concluded in 1995, during the establishment of the WTO. There are four modes of services trade while trade in goods takes place only in one mode. Trade liberalisation under the GATS, however, is very limited. Each WTO member was allowed, during the conclusion of the GATS, to choose individually and independently the sectors and modes for market liberalisation. Accordingly, WTO members scheduled the sectors and modes in their national schedules of commitments. Members were also allowed to put various limitations, such as horizontal limitations, sectoral & modal limitations relating to market access and national treatments. In addition, domestic regulations of the countries are also not very trade-friendly or trade-facilitating. All these issues made the GATS regime very restrictive and less developed compared to the GATT regime for trade in goods.

Considering all these issues, the GATS itself contains a provision to make the service trading system more open and rules-based through successive rounds of negotiations. Accordingly, services negotiations started in 2000, later merged with the Doha Round, launched in 2001. Since the Doha Round is yet to be concluded, the GATS regime remains as it was in 1995.

The LDC Services Waiver, however, was adopted in the eighth WTO Ministerial Conference held in 2011 with a view to providing preferential market access to LDCs in services trade. The LDC Services Waiver has actually waived the preference-giving countries from MFN obligations in providing preferential market access to LDCs. Though the Waiver was adopted in 2011, various countries started declaring their preferential schemes in 2015 and so far, 24 countries have declared their schemes. Again, till today, no LDC has been able to make use of any of the schemes. It is so due partly to the absence of meaningful preferences in the schemes and partly to the lack of adequate capacity of the LDCs.

This study seeks to critically analyse the preferential schemes and make some recommendations that may be used by the relevant stakeholders for making use of the preferences.

²Statistics from the Export Promotion Bureau, Ministry of Commerce, Government of Bangladesh.

Sectoral Analysis

This study seeks to throw a special focus on diversification of service exports along with their expansion through identification of potentials and opportunities in various internationally-traded services (ITS) from Bangladesh. To achieve this objective, the study explored the potential strengths of various key service sectors having higher export potentials, and subsequently identified four service sectors, namely **(i) Tourism and Travel-Related Services, (ii) Transport Services (Freight Transportation services of Rail, Road, Air and Maritime sectors), (iii) Business Services (Computer and Related Services), and (iv) Human Health Services (Nursing, Midwifery and Physiotherapeutic Services).**

Tourism and Travel-Related Sector

Bangladesh is known as a land of natural beauty with a great bio-diversity. It is home to two of the world's natural wonders (the Sundarbans, the largest mangrove forest in the world, and Cox's Bazar with the largest unbroken sea beach in the world) and other historically-important archaeological sites, including two UNESCO World Heritage sites, namely Shaat Gombuz Mosque and Paharpur Buddhist Temple. Bangladesh also has scenic hilly areas in Rangamati, Khagrachori, Bandarban, Chittagong and Sylhet regions.

Total contribution of tourism and travel sector to the GDP of Bangladesh was BDT 840.2 billion in 2016 (4.3 percent of the GDP) and is expected to grow by 7.2 percent raising the total amount to BDT 900.7 billion (4.3 percent of the GDP) in 2017. It is forecast to rise by 7.1 percent per annum raising the total amount to BDT 1,783.0 billion by 2027 (4.7 percent of the GDP) (WTTC, 2017b)

Among many other sectors, Tourism has a huge but unrealised potential. It could become one of the major export earning service sectors of Bangladesh if its potentials could be properly realised. Tourism sector is closely interconnected with many other service sectors, and has the capacity, by its very nature, to generate positive effects on various areas of socio-economic development of the country. In addition, cultural diversity and the inherent welcoming nature of Bangladeshi people have created a favourable environment to attract foreign tourists and augment foreign exchange earnings.

To expand the tourism sector country-wide, the government of Bangladesh has designed several policies, like the Mid-Term Budgetary Framework (MTBF) under the umbrella of the 7th FYP. In addition, the government also declared tourism as an industry, and the year-2016 as the "Tourism Year" with several fiscal and monetary incentives for the development of this sector. Tourism is also considered as a special development service sector under the *Export Policy 2015-2018*.

Exclusive tourist zones, especially for international tourists, have to be built in major tourist destinations like Cox's Bazar, Kuakata, Saint Martin etc. The zones must be equipped with facilities and recreational services of international standard. Strategies are necessary to develop sustainable tourism, eco-tourism, adventure tourism etc. The hilly areas of Bandarban, Khagrachori etc. can be developed as adventure tourism destinations. Adequate and quality roads

and highways need to be built. Narrow roads should be widened ensuring security of tourists. End-point connectivity should be given utmost priority.

Lack of access to authentic information availability to foreign tourists about the tourism sector of Bangladesh is considered a major impediment to flourishing the Tourism sector in the country. Development of an integrated online portal with descriptions of all the tourist destinations along with online booking facilities is a must. Information and support centres with the facilities of money exchange, hotel booking and tour packages must be set up. Establishment of internationally-accredited training and education centres to ensure the uninterrupted supply of skilled tourism professionals, including Tour guides, is necessary for the expansion of tourism sector in Bangladesh. Effective implementation of the National Tourism Policy is required for sustainable development of the sector. Strong coordination mechanism between concerned government agencies and private sector is also necessary for effective implementation of the Tourism Policy. Above all, appropriate initiatives need to be taken for developing country branding and enhancing country image.

Freight Transportation services of Rail, Road, Air and Maritime Sectors

Though the service sector contributes the largest share to GDP, the export share of the sector is low, only 10 per cent of the total exports (UNCTAD, 2016a). However, services are the important intermediary products for our export of goods. In Bangladesh, over one-third of the all services produced are used either by industry (26 per cent) or agriculture (9 per cent).

Transport sector is working as the life-line of the economy as transport services are used by both industry and agriculture sectors for transportation of goods for domestic as well as for export-import purposes. In addition, the sector itself contributes an important share in total export of services from Bangladesh. In FY 2014-15, export earnings from the transport sector was about US\$ 461 million. The transport system of Bangladesh consists of roads, railways, two seaports, maritime shipping, and civil aviation, catering to both domestic and international traffic.

End-point connectivity along with an improved infrastructure is the pre-condition for achieving sustainable development of a country. Considering the fact, the 7th FYP (2016-2021) recognises the importance of modern transportation and communication system for achieving the overall targeted GDP growth rate of 8 percent per annum by 2021. The 7th FYP has also set up the goal to increase the market-share of railway freight transportation from 4 percent to 15 percent and increase the container transportation between Dhaka and Chittagong from 10 percent to 15 percent through railways.

Road Transport Services of Freight:

Broader road connectivity resulting in reduced lead time as well as door-to-door delivery facilities has popularised the Road transportation of freight during the last couple of decades. Now a days, Road transportation has become the backbone of the country's transportation system by carrying over 70 percent of passenger and 60 percent of freight traffic.

Infrastructure of high quality is the pre-condition for the economic development of a country. End-point connectivity with remote areas leads to smoother communication and increased economic activity in those regions. The government of Bangladesh has taken several initiatives to facilitate the road transportation system. It has already taken initiatives for implementation of several mega projects to increase the road connectivity. The mega projects include construction of Padma Multipurpose Bridge, construction of 4-lane roads covering important highways, namely Dhaka-Sylhet, Dhaka-Mymensingh, Khulna-Mongla Roads, and Chittagong-Cox's Bazar Highways etc. The recent signing of financial and other necessary agreements for Dhaka-Mawa Highway, Padma-Bhanga rail-crossing and the on-going Paira-Patuakhali Highway, ultimately connecting Barisal and beyond to Dhaka are important steps in the right direction. Elenga- Rangpur Highway is another noteworthy project.

Initiatives for faster implementation and formation of a strong monitoring mechanism is needed for establishment of regional corridors, such as Asian Highway (AH), SAARC Highway Corridor, SASEC Road Corridor, BIMSTEC Road Corridor, and BCIM Route. This will increase the regional road connectivity and hence reduce the transit time and transportation cost. To capture this potential, concrete steps from the Government along with the private sector are required and emphasis should be given to expanding the national freight transportation fleet, reducing transit time, making cargo handling cost- and time-effective and ensuring high quality of services. Incentives, such as easy and simplified access to finance, simplified regulations and procedures, better enforcement of regulations and reduction in import duty on transport vehicles, should be provided. In addition, allowing foreign companies to operate freight transportation services will increase the competition and ensure efficiency in the freight transportation in Bangladesh. Moreover, Bangladesh needs to explore and utilise opportunities created by the GATS regime, including the LDC Services Waiver.

Freight Transportation by Rail:

Bangladesh Railway (BR) has remained the single most important state-owned transport agency in the country. In 2014, the BR carried a total of 65 million passengers and around 2.52 million tons of freight, and earned BDT 8,001.80 million as operating revenue.

In both the categories of 'freight carried' and 'Ton-kilometer', there has been a consistent decline during the period from FY 2010 to FY 2015. For example, it declined from 770,064 ton-km in FY 2010 to 589,260 ton-km in FY 2015, reflecting a 24 percent decline in the category of 'Ton-kilometer'. The BR's share in the country's transport has fallen from 30 percent to 7 percent over the last 30 years. Poor management, low investment, lack of maintenance of infrastructure, lower speed and poor quality of services are some of the major reasons behind losing the railway freight market shares. Partial privatisation of the BR, such as Ticket booking and sales services, outsourcing stations management and railway hospitals will reduce the operational losses and bring efficiency in the sector.

In order to improve the situation, substantial investment in infrastructure, equipment and technical modernisation in the railway sector will be required. Faster Construction of new ICD in Dhirasram,

Gazipur, as already approved by the Cabinet Committee on Economic Affairs, will increase the number of container movements by rail in the key Dhaka-Chittagong transport corridor with regionally competitive transport costs.

Development of a long-term strategic plan is a must to develop and strengthen the international railway transport networks with neighboring countries, namely Nepal, Bhutan, Myanmar and North-east regions of India. This will ultimately increase the regional transportation of freights by Bangladesh Railways and increase the earning of foreign currencies.

Bangladesh needs to examine carefully the provisions of the GATS as well as the LDC Services Waiver in order to export railway related services in various modes and also to attract FDI in the sector, particularly in developing infrastructure.

Freight Transportation by Air:

Freight transportation by Air in Bangladesh has been increasing quite rapidly over the years, and has the potential to expand even more. Biman Bangladesh Airlines, known as Bangladesh Biman, is the single Bangladeshi agency operating cargo services using its passenger aircrafts to carry freight to various export destinations. At present, Bangladesh Biman is carrying the freight through passenger aircraft as currently Biman Bangladesh has no dedicated cargo carriers to carry freights. In addition, Bismillah Airlines, the single private airline in Bangladesh, operates international freight services from Bangladesh. There are, of course, other international cargo carriers from Dhaka. But they do not merit consideration under the present study.

In 2012, the export volume through the air freight was 160,398 metric tons. After a period of four years, the export volume increased to 214,562 metric tons, with a growth rate of about 33.7%. The upward trend in export-import in Bangladesh, in recent years, means higher demand for the air freight services.

The ground cargo handling at Hazarat Shahjalal International Airport (HSIA), operated by the Biman Bangladesh, is facing serious scarcity of cargo loading-unloading equipment (pallets, containers, and trolleys etc). Partnership with private organisations will definitely improve handling efficiency. Theft, corruption and limited space availability in the cargo villages are impeding the transportation of air freight in HSIA. Joint investment from public and private sectors could solve these issues. Private airlines, both of local and international origin, should also be given preferences for ground handling. Ensuring security will increase competition in Airfreight transportation, which would ultimately lead to the efficiency of this sector. It is widely rumoured, and often reported in the media, that a vested interest group is holding it hostage for years earning all the bad names for the premiere international airport of the country. The govt. we think, is stronger than any group, and should act without any further loss of time to rectify the situation.

Coastal and transoceanic water transport services of freight

Geographically, Bangladesh enjoys a unique situation, blessed with the Bay of Bengal, having three sea ports, Chittagong, Mongla and Payra (under-construction), which are considered as the

lifelines of the country's ocean freight. Chittagong seaport is the largest port that handles more than 92 percent of the country's total maritime exports and imports. Mongla is the second largest seaport, handling about 40% of the total food grains and fertiliser imports.

In 2012, total containerised export of ocean freights through Chittagong and Mongla port was 431,035 (TEUs). In 2016, the volume of export through ocean freights registered about 37.75% growth and stood at 593,723 TEUs.

Although the volume of export through ocean freight shows an upward trend in recent years, the operational delays due to inefficiencies in the sea ports, especially in the Chittagong port, increased the cost of doing business and thus reduced the competitiveness of Bangladesh's exported goods. Vessels, especially container laden, need to wait at outer anchorage for longer periods than usual, due to severe port congestion and lack of berthing space. Moreover, Chittagong Port lacks necessary equipment, such as enough number of gantry cranes and container handling equipments. The port is now running with a capacity of only 30-40 percent of the needed equipment.

To increase the ground handling efficiency in both Chittagong and Mongla port, Port authorities and the Ministry of Shipping should take prompt initiatives to purchase the necessary equipments, such as cranes, forklift trucks, industrial tractors, heavy and light trailers, and build container jetties etc.

The new under-construction port of Paira, though categorised as a fast-track project, should be made operational as urgently as possible. It should be connected by railways to the under-construction Bhanga junction so as to connect Dhaka, ultimately, over the Padma Bridge.

As can only be expected, tonnage of cargo, handled at our sea-ports, has substantially increased. But how far has the export of our shipping services? Providing soft loans to private entrepreneurs to construct/purchase ocean-going vessels, along with adding to the existing fleet of the nationalised shipping corporation can ensure at least a part of our due share of export of the ocean freight services.

Computer and Related Services

Computer and related services sector is the most potential sector for diversifying export of services due to its rapidly expanding nature in terms of domestic and international demand, export volume and employment generation. The domestic market for the overall ICT services in Bangladesh is estimated to be about US\$ 250 million, excluding the telecommunications sector. Export of software and IT-enabled products and services was estimated at about US\$ 100 million in 2013 (UNCTAD, 2016b). In FY 2015-16, export of software and IT-enabled products and services was US\$ 152 million. If we take into consideration informal or unrecorded transactions, the actual amount would be much higher. However, Bangladesh's share of these services in global supply chain is still very low. The government has also set a target to increase ICT exports to US\$ 5 billion by 2021, and to make Bangladesh an ICT Export centre.

As the sector has a huge global demand and also has the ability to support many other sectors, the government has given significant importance for the development of the sector in different national policies. The software and ITES sector is considered as one of the Highest Priority Sectors in the *Export Policy 2015-18*. The 7th FYP also emphasises the development of the ICT sector.

To cater to the worldwide demand, the national education curricula should be developed or updated in line with the global technological changes. Mutual recognition of certificates by the internationally-renowned institutes will enhance the acceptability of the certificates and increase the export of ICT-enabled services from Bangladesh. Development of Hi-tech Parks through ensuring quality-infrastructure and utility services will attract more domestic and Foreign Direct Investment and hence increase the export earnings from this sector. Proper support and incentive mechanism is required in this regard. Development of Content Delivery Network (CDN) will not only save foreign currencies by reducing imports, but will also increase the foreign currency earnings through export. Reformation of polices for Bangladeshi television channels to provide OTT and IPTV services internationally will definitely enhance the IT services export. Development of training institutions and internationally-accepted training curriculums will increase the export of professionals under the Mode 4 of the GATS. In addition, policies need to be designed to bring those professionals back in the country in order to utilise their knowledge and expertise in the local industry.

Human Health Services (Nursing, Midwifery and Physiotherapeutic Services).

Healthcare services related to child-birth, nursing and physiotherapeutics are growing sectors all over the world. Expansion of healthcare services, an ever-growing number of ageing people, shortage of supply of physicians and nurses and a surge in chronic diseases are the main reasons behind the increased demand of nurses and midwives, globally. There is a huge demand for qualified nurses and midwives in Europe, the Middle East, North America (including the United States), Australia, Japan, etc. These countries, amongst themselves, require 1.5 million new nurses. Bangladesh can grab this opportunity by exporting trained and skilled healthcare workers, especially nurses and midwives. It is possible for Bangladesh to earn US\$ 7 billion foreign remittances per year by sending skilled nurses and midwives to those countries (UNCTAD, 2016b).

To make use of this opportunity, the Government of Bangladesh has taken initiatives to create skilled healthcare providers to meet global demand and earn more foreign currencies. In addition, such initiatives will also play a significant role to meet the domestic demands and thus to provide better access to healthcare services of the country. The government will increase the number of nursing education institutes, and introduce specialised nursing education and post-graduate nursing education in different universities (*National Health Policy 2011*).

A comprehensive study of the curricula of our nursing and midwifery institutes side by side with those in importing countries reveal that we face too many obstacles to export our service providers abroad from this sector. If it goes on like this, we may not be able to reap the benefits of our demographic dividend.

The recent services waiver under the auspices of the WTO to export nurses and midwives and other health-workers does not seem to open any window for Bangladesh as it now stands. In order to qualify to go abroad for providing healthcare services, the very basic requirement is communicative skill along with educational qualifications. Our educational curricula unfortunately, are very often not standard, compared to those in the countries needing these services. Communicative skill of Bangladeshi service providers is lagging behind. Fluency in English is a must, but some other countries like to hire workers having knowledge of the national language of these countries. Forgetting the extreme Norwegian case of the hopefuls requiring to know Norwegian language, knowledge of English is a must in order to qualify to go abroad to work in the field. Our Nursing, diploma, degree, or even post-graduate degree holders, we are afraid, will not, in most cases, qualify in this test. And our curricula is nowhere near those in the countries willing to import these services.

The government, if willing to take advantage of those opportunity as an LDC and beyond must improve and mordenise our Nursing and midwifery Curricula and somehow make the graduates coming out of those institutions communicate in English.

Education is the key, and updating the curricula and making the educational system at par with the global standard and global demand should be the main strategy to increase the export of healthcare professionals, viz., nurses, physiotherapists and midwives. For physiotherapists, institutes outside Dhaka may be established. Necessary actions should be taken by both the Government and the private sectors for international recognition of Bangladeshi diplomas and skills in healthcare services. This initiative will increase the demand for Bangladeshi health care professionals in the global market and would increase the export earnings. Arrangement of foundation trainings, including that in language, behaviour and communicative skills should become mandatory before going abroad to provide those services.

The government, along with the private sector, must take necessary initiatives to establish online test and examination facilities with examination centres in Bangladesh in joint collaboration with the affiliated international institutions. This initiatives will create opportunity for healthcare professionals to apply for jobs and test their skills online from Bangladesh with lower costs and lesser time. Redesign of required policies for nurses, midwives and physiotherapists sector will enhance the export earnings of these sectors. In addition, development of migration and rehabilitation policy will ensure the security of migrated professionals from those sectors and encourage them to work in foreign markets and earn more foreign currencies for the country.

Conclusion

The services sector has been contributing the major share to the GDP of Bangladesh. This sector has also been contributing valuable inputs to manufacturing and other production activities. Trade in services, especially export, however, still remains very low compared to the sector's potential. There are many sectors in Bangladesh with potential for exporting their goods and services to other countries or for joining the global value chain. But the potentials could not, so far, be realised due to a number of reasons. First, trade in services is not as simple as that in goods. In case of goods,

trade takes place only through one mode, i.e., goods flow from one country to another. Trade in services, on the other hand, takes place through four modes of supply. Secondly, the multilateral service trading system created by the GATS is quite restrictive with the schedule of commitments of WTO members that contain various limitations and restrictions. In addition, domestic regulations and other rules relating to services also act as impediments to trade. Finally, capacity constraints of our services sectors resulting from various factors, including the absence of appropriate policy, quality of services and service providers, etc. are acting as major barriers to exports in most of the sectors.

However, if adequate capacity is developed through necessary measures ranging from awareness-building to production of quality services, export of various services from Bangladesh may be increased significantly. This study has made some recommendations and mark out a way forward for the sectors included in the study.

We also need to put our efforts for achieving better market access through WTO negotiations as well as regional arrangements along with adopting appropriate domestic measures. The LDC Services Waiver has created some preferential market access facilities for Bangladesh and other LDCs. This study has also analysed, among others, preferential schemes so far declared under the LDC Services Waiver.

Expansion of services exports can contribute greatly to our efforts towards achieving various development goals set both nationally and internationally. It will also generate huge employment opportunities, considered essential for the large population of the country