Keynote Presentation
on
Concept and Application of FTA

BANGLADESH FOREIGN TRADE INSTITUTE

Presented by

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Outline

1. Bangladesh Economic Strategy
2. WTO Agreements and FTA
3. Current status of Bangladesh in implementation of the Free Trade Agreement (FTA);
4. Comparison between Bangladesh and other regional countries in implementation of FTA;
5. Best practices in implementation of FTA;
6. Gaps between the agreement and present situation in implementation of FTA;
7. Challenges related to FTA;
8. Potential countries for signing FTA;
9. Identifying the standard FTA template; and
10. Recommendations

Bangladesh Economic Strategyt

Export-led Growth Strategy

- Bangladesh economy is far more integrated with the world economy through trade.
- International trade is now an integral part of Bangladesh's economy, having 32.64 percent share of foreign trade in GDP in FY 2022-23 (BBS 2023).
- The global slowdown may impact our foreign trade, remittance and other economic variables.
- The broad goals of Bangladesh's industrial policy can be classified into two tracks: **import-substituting industrial development** and **export-oriented industrialization.**
- The strategic approach will be to leverage the vast global marketplace via greater trade openness that involves greater trade integration with major players in the regional and global economy.

After LDC graduation, Bangladesh will lose various International Support Measures (ISMs)

1. Duty-free and quota-free market access,
2. Special and Differential Treatments (S&DT) benefits,
3. Generalized system of preference (GSP) facilities,
4. Development and Technical assistance funds,
5. Relaxation in the provision of rules of origin, soft loans, etc.

Market Access

- Bangladesh will have to forgo LDC-specific trade preferences in all the major export market destinations including the USA, European Union, the United Kingdom, Canada, China, India, Japan, Australia, Republic of Korea, etc.
- Total export may reduce 11% due to erosion of LDC preference

WTO Agreements and FTA

- As per WTO agreements, all the WTO member countries are treated equally with "Most Favored Nation" or MFN status.
- A country may enter into the FTA granting more favourable treatment to the FTA partner countries than to the other WTO members if it observes certain conditions stipulated in the relevant provisions of the GATT Article XXIV for trade in goods, and GATS Article V for trade in services.
- According to "Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries" the Enabling Clause allows developed members to give differential and more favourable treatment to developing countries.
- It is also the legal basis for regional arrangements among developing countries and for the Global System of Trade Preferences (GSTP), under which several developing countries exchange trade concessions among themselves or sign FTAs or PTAs among themselves.
- The decision of the Regional Trade Agreement was taken for the first time in the 1st WTO Ministerial Conference (MC1) held in Singapore from 9-13 December 1996.
- In recent years, signing FTAs has been increasing among both developed and developing countries.

Exports to Major Trading Partners and Duties Faced

Major markets	Bilateral imports	in million US$	Diversification 95% trade in no. of		MFN AVG of traded TL		Duty-free imports in %	Duty imposed by following countries
			HS 2-digit	HS 6-digit	Simple	Weighted		
Agricultural products								
1. India	2021	463	8	12	33.3	30.5	97.6	**India:** ❑ Beverages, spirits and vinegar ❑ Tobacco and manufactured tobacco ❑ Miscellaneous manufactured articles
2. China	2021	77	5	6	10.5	10.7	100.0	
3. Nepal	2021	74	4	4	24.5	11.7	0.0	
4. European Union	2021	74	16	47	14.4	10.4	100.0	**Unites States:** ❑ Tobacco and manufactured tobacco ❑ Dairy produce; birds' eggs; natural honey ❑ Articles of apparel and clothing accessories ❑ Sugars and sugar confectionery ❑ Footwear, gaiters ❑ man-made textile materials ❑ Leather and Leather products
5. United Kingdom	2021	36	10	43	10.9	8.0	100.0	
Non-agricultural products								
1. European Union	2021	18,367	13	100	5.5	11.7	100.0	
2. United States of America	2021	8,278	16	104	8.6	14.8	21.6	
3. China	2021	5,815	18	65	6.3	6.0	100.0	
4. United Kingdom	2021	3,250	9	99	7.5	11.7	99.8	
5. India	2021	1,515	33	117	15.0	15.2	99.9	**United Kingdom:** ❑ Arms and ammunition; parts and accessories thereof ❑ Beverages, spirits and vinegar

- ❑ **Bangladesh can export 97.6% of Agricultural product with zero duties in India**
- ❑ **Bangladesh can export 100% of Agricultural product with zero duties in China, EU and UK**
- ❑ **Bangladesh can export 100% non-agricultural product with zero duties in China, EU and 99.9% in India.**
- ❑ **After graduation the situation will be changed**

Why are the FTAs increasing?

- As a means of trade liberalization alternative to the WTO;
- Faster than Doha Development Agenda (DDA) negotiation;
- Wider coverage (WTO plus) and Competitive dynamics (Snow ball effect)
- As a means of trade and investment co-operation FTAs cover not only trade (goods and services) liberalization but also investment protection and promotion, co-operation in broad areas of economic relations (environment, competition law and policy, intellectual property, etc.)
- Developed countries are unilaterally reducing their tariffs;
- LDCs are most likely to face erosion of preference in these markets.

Why no Bilateral FTA ?

- Being an LDC, Bangladesh is enjoying GSP facilities in 37 countries including all EU countries (under EBA initiatives)
- DFQF benefits under WTO declaration [duty free access to 97% of tariff lines to the LDCs]
- Facilities under Regional Trade Agreement (RTA) such as SAPTA, SAFTA, APTA, TPS-OIC, D-8 PTA
- Internal Revenue is significantly dependent on import based duties
- Protection to domestic industries

Current Status of FTA and PTA of Bangladesh

Bilateral: Bangladesh-Bhutan Preferential Trade Agreement (BB-PTA)

Regional

- ❑ South Asian Free Trade Area (SAFTA)
- ❑ Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)
- ❑ Asia-Pacific Trade Agreement (APTA)
- ❑ Trade Preferential System among OIC Countries (TPS-OIC)
- ❑ Preferential Trade Agreement among Developing Countries (D-8 PTA)
- ❑ South Asian Preferential Trade Agreement (SAPTA)
- ❑ Global System of Trade Preferences among Developing Countries (GSTP)
- ❑ Bangladesh has signed only one PTA which is with Iran and Bhutan
- ❑ FTA under study/talks with Japan, Turkey, Sri Lanka, Thailand. Indonesia, Malaysia, Mauritius, Mali, Nigeria, Jordan
- ❑ PTA done with Bhutan, under process Nepal

In addition,

- ✓ SAARC Agreement on Trade in Service (SATIS) [April 2010]
- ✓ Trade and Investment Cooperation Forum Agreement (TICFA) with USA [November 25, 2013]
- ✓ Trade and Investment Framework Agreement with Australia [15 September 2021]
- ✓ Joint Feasibility Study on Comprehensive Economic Partnership Agreement (CEPA) between Bangladesh and India.
- ✓ BFTI and Centre for Regional Trade (CRT) have submitted the joint study to the respective governments. [25th August 2022]

Current Status of FTA and PTA of Bangladesh

Feasibility Studies conducted for FTA

- Bangladesh Government has signed about 45 bilateral Memorandum of Understanding on Trade.
- According to Annual Report FY2020-21 of Ministry of Commerce, Bangladesh government has conducted feasibility studies for PTA/FTA/CEPA with 23 countries. The government has taken steps to sign PTA/FTA/CEPA on priority basis with the following countries & blocs-

Countries

1. Nepal
2. Indonesia
3. Sri Lanka
4. South Korea
5. Japan
6. The United States
7. Canada
8. China

Blocs

1. MERCOSUR
2. Eurasian Economic Union

[Source: Annual Report, Ministry of Commerce 2020-21, Page-11]

4. Comparison between Bangladesh and other regional countries in the implementation of FTA/PTA

COUNTRY/REGIONAL AGREEMENT	No of PTA		No of FTA	
	Bilateral PTA	Regional PTA	Bilateral FTA	Regional FTA
BANGLADESH	01 1.Bagladesh-Bhutan PTA (In force)]	04 1. APTA 2. D8-PTA 3. SAPTA 4. GSTP	-	01 1. SAFTA (In force)
ASEAN	-	-	04 1. ASEAN-China 2. ASEAN-Hongkong China 3. ASEAN-Japan 4. ASEAN-India	01 1. ASEAN - Australia - New Zealand
VIETNAM		01 GSTP [Global System of Trade Preference]	04 1. Chile - Viet Nam 2. Japan- Viet Nam 3. Korea, Republic of - Viet Nam 4. UK- Viet Nam	10 1. ASEAN - Australia - New Zealand 2. ASEAN - China 3. ASEAN - Hong Kong, China 4. ASEAN - India 5. ASEAN - Japan 6. ASEAN - Korea, Republic of 7. ASEAN Free Trade Area (AFTA) 8. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) 9. Eurasian Economic Union (EAEU) - Viet Nam 10. EU - Viet Nam

4. Comparison between Bangladesh and other regional countries in the implementation of FTA/PTA

Country/Regional Agreement	No of PTA		No of FTA	
	Bilateral PTA	Regional PTA	Bilateral FTA	Regional FTA
Japan			14 1. Japan-Mongolia 2. Japan-Australia 3. Japan-Peru 4. Japan-India 5. Japan-Viet Nam 6. Japan-Switzerland 7. Japan-Philippines 8. Japan-Brunei Darussalam 9. Japan-Indonesia 10. Japan-Thailand 11. Japan-Chile 12. Japan-Malaysia 13. Japan-Mexico 14. Japan-Singapore	02 1. EU 2. ASEAN
India		03 1. APTA 2. SAPTA 3. GSTP	11 1. Chile - India 2. India - Afghanistan 3. India - Bhutan 4. India - Japan 5. India - Malaysia 6. India - Mauritius 7. India - Nepal 8. India - Singapore 9. India - Sri Lanka 10. India - Thailand 11. Korea, Republic-India	03 1. ASEAN - India 2. South Asian Free Trade Agreement (SAFTA) 3. Southern Common Market (MERCOSUR) - India

4 Comparison between Bangladesh and other regional countries in the implementation of FTA/ PTA

Country/ Regional Agreement	Bilateral PTA	Regional PTA	Bilateral FTA	Regional FTA
China			**14** 1. Australia - China 2. Chile - China 3. China - Costa Rica 4. China - Georgia 5. China - Hong Kong 6. China - Korea 7. China - Macao, China 8. China - Mauritius 9. China - New Zealand 10. China - Singapore 11. Iceland - China 12. Pakistan - China 13. Peru - China 14. Switzerland – China	**02** 1. ASEAN - China FTA EIA 2. Asia Pacific Trade Agreement (APTA) -

Best Practices in Implementation of FTA/PTA

- It is hard to define best practice for FTA since any sort of practice having good effects for one partner, may not come good to the others;
- FTA practices of developed countries and large trading blocks are characterized by wider coverage.

Features of Standard FTAs Wide coverage

- Tariff reduction with definitive timeline & Para tariff reduction
- Safeguard Mechanisms
- Technical Barriers to Trade (TBT) & Sanitary & Phyto-Sanitary (SPS) Measures
- Competition Policy

Some examples of FTA Best Practices

- EU-Vietnam FTA is one of the much-talked FTAs over the last decade.
- The FTA is an outcome of 7 years long negotiation since the announcement of initiation of negotiation in June 2012 and Feasibility study prior to 2012.
- The Agreement was signed on 30 June, 2019 and
- Entered into force on 1 August, 2020.

Best Practices: Summary Analysis of Selected Issues of EU Vietnam FTA

Issues	Major Findings
Tariff	**EU: For products originated from Vietnam, EU committed to eliminate tariffs from 85.6 percent of its tariff lines as soon as the agreement gets entry into force (EIF), Within 7 (seven years of the EIF, the percentage would reach 99.7 percent and the remaining 0.3 percent would be subject to Tariff Rate Quota (where in quota tariff will be zero)** **Vietnam: For the products originated from EU, 48.5% of total tariff lines were made zero-rated by Vietnam, on the date of EIF of the agreement, the percentage would reach 91.7 percent in Seven years, which would continue to reach 98.3 percent in ten years.**
Definition of Tariff	The definition of customs duty in the agreement implies that tariff elimination or reduction as mentioned above, **would cover all duties and charges (including SD, RD) on importation except, internal taxes** which are applied equally on domestic and imported goods, trade remedy duties like anti-dumping, countervailing, safeguards, any special duty imposed as per the requirement of WTO Agreement on Agriculture or Dispute Settlement Unit and the administrative charges.
SPS	• Specifically reaffirms or incorporates WTO SPS Agreement • Transparency obligations (SPS)

Best Practices: Summary Analysis of Selected Issues of EU Vietnam FTA

Issues	Major Findings
Anti-Dumping measures	Specifically reaffirms or incorporates WTO Agreement on Anti-Dumping
Countervailing measures	Specifically reaffirms or incorporates WTO Agreement on Subsidies and Countervailing measures
Intellectual Property Rights	The Agreement covers the following sub issues Specifically reaffirms or incorporates WTO TRIPS Agreement ▪ Copyrights and Neighboring Rights ▪ Patent ▪ Trademarks. ▪ Industrial Designs ▪ Layout-Designs (Topographies) of integrated Circuits ▪ Geographical Indications (GIs); and ▪ Enforcement
Result	• Economic growth and employment have been created and access to premium European products has been created for a larger population in the home country. • According to data from Vietnam's Ministry of Industry and Trade, the value of Vietnam's **exports to the EU increased by nearly 50 percent, while imports from the EU increased by 40 percent.**

Gaps Between the Agreement and Present Situation in Implementation of FTA/PTA

Sl.	Agreements	Gaps
Regional FTA		
1	South Asian Free Trade Area (SAFTA)	▪ Mostly deals Trade in Goods ▪ Import tariff only (Customs Duty). ▪ Substantial (Traded goods) Coverage is limited; ▪ Lack of De Minimis (Tolerance) Rule ▪ Different PARA tariff Negotiation
2	Bay of Bengal Initiative for Multi-Sectoral Technical & Economic Cooperation (BIMSTEC)	Not in force
Regional PTA		
3	Asia-Pacific Trade Agreement (APTA)	▪ Positive List Approach ▪ No modalities for tariff reduction (No set principle) ▪ Rules of Origin is General Rules based
4	Trade Preferential System among OIC Countries (TPS-OIC)	▪ Limited product coverage ▪ Positive List Approach ▪ Rules of Origin is General Rules based
5	Preferential Trade Agreement among Developing Countries (D-8 PTA)	▪ Limited product coverage ▪ Positive List Approach ▪ Rules of Origin is General Rules based
6	Global System of Trade Preferences among Developing Countries (GSTP)	Not working actively
Bilateral PTA		
7	Bangladesh-Bhutan Preferential Trade Agreement (BB-PTA)	Limited product coverage

Regional Trade Agreements Rules of Origin and Necessary Certificates

Regional trade agreements	Value addition rate				Certificates
	Single country based		Regional Cumulation		
	LDC	non-LDC	LDC	non-LDC	
SAFTA	30% * CTH[1]	45%	50% * CTH	60%	Country of Origin (CoO) certificate is issued from EPB (Export Promotion Bureau) for Bangladeshi products according to the rules of origin for other regional trade agreement member countries including SAFTA and APTA.
BIMSATEC FTA	30%	40%	30%+ CTSH		
APTA	35%	45%	50%		
D8 PTA	40%				
TPS OIC	30%	40%	30%		

Source: Guidelines on Bangladesh Tariff Benefits under Regional Trade Agreements.

Currently, Bangladesh has been taking part in some EPA with Japan, RTA negotiations, such as BIMSTEC, APTA, and few bilateral FTAs are in process

- **Heavily dependent on import duty-** Bangladesh heavily depends on import related taxes. It is observed that about 30 percent of tax revenue comes from import related taxes. This places a burden for the policymakers to go for an FTA where the possibility of revenue loss is high.
- **Not wide coverage-** Currently, Bangladesh does not have any operational FTA with commitments in **investment, trade related intellectual property rights, government procurement, labor, environment etc.**
- **For trade in services-** Bangladesh has SAARC agreement on trade in services, but it is not operational.
- **Limited export products-** Notably, apparel constitutes more than 80 per cent of country's total export. **According to the experts, it is nearly impossible to foresee any export benefit in signing FTAs with developing countries with this narrow export basket. Any assessment of impact of FTAs with developing countries will obviously show the minimal export benefit.**
- **Providing Cash incentives-** Bangladesh provides cash incentives for exporting many goods. This issue is a challenge of LDC graduation of Bangladesh.
- **Providing Subsidy-** Under any reciprocal agreement, it might not be possible to provide subsidy.

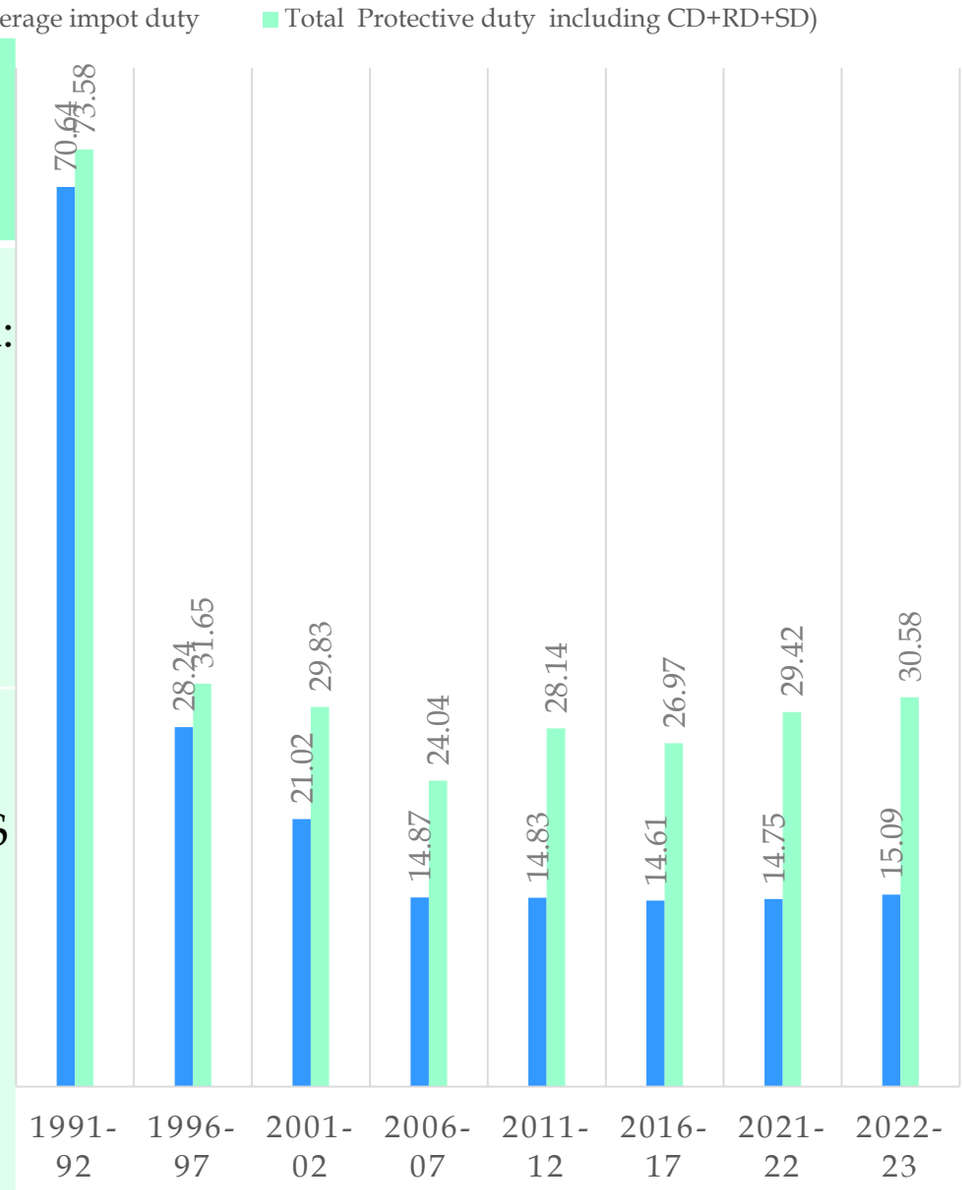
Burning Issues

- Almost all domestic production of manufactured consumer goods are protected by high tariffs and para-tariffs.
- A tariff is an indirect subsidy on import substitutes and a tax on exports.
- Duties levied on imports of final goods raise their domestic relative prices.
- Thereby increasing the profitability of import substitutes relative to exports, which have to be exported at world **prices.**

Bangladesh's average effectively applied rates currently are higher than average tariffs of Low-Income Countries (LIC), Middle Income Countries (MIC), as well as that of most comparators.

Classification of Countries and Average Tariffs	Countries	2020	Import in US$ Million
Lower middle-income countries Average MFN Tariff: 4.28	Bangladesh	14.04	Import from India: US$ 13690.0
	India	7.3	
	Sri Lanka	9.49	
	Vietnam	9.73	
Upper middle-income countries MFN Tariff 3.7	China	7.56	Import From China US$ 19349.5
	Indonesia	8.1	
	Malaysia	5.62	
High-income countries MFN Tariff 3.7	Australia	2.45	
	United States	3.52	
	United Kingdom	4.32	
	European Union	4.32	

source: WB



source: Tariff Policy

Tariff Rationalization

- For Example: in 2021-22, the revenue earning target for NBR was amounting to BDT 3,70,000 crore

Tax Receipt	Revenue Target 2021-22	Total Revenue	% of total revenue	Remark
Import Duty	43994.33	370000	11.89	If import duty is reduced
VAT at Import	52529.54		14.20	
SD at import	14413.34		3.90	If SD is reduced
Export Duty	62.8		0.02	If export duty increase due to incremental export earning
Sub Total Duty	110937.21		29.98	
VAT & SD at Domestic Level				
Excise Duty	3941.61	370000	1.07	
VAT at Domestic Level	93696		25.32	If VAT & SD earning increased due to domestic spending
SD at Domestic Level	39261		10.61	
Turnover TAX	0.78		0.00	Increased due to domestic expenses
Sub Total	136899.4		37.00	
Direct Tax				
Income tax	121094	370000	32.73	if income is increased due to employment generation, Individual & corporate tax may be increased
Travel Tax	1006		0.27	
sub Total	122100		33.00	

Tariff Reduction Facilitate FTA

- Free trade agreements are agreements between countries to promote trade and commerce.
- They eliminate trade barriers such as tariffs, import quotas, and export restraints in order to encourage trade and investment. These all are reciprocal
- Tariff reduction in importing raw materials, consumer goods and capital machinery will provide better market access facilities for domestic countries
- Domestic countries can source raw material with low cost and export it into world market with better market facilities.
- More demand for export oriented products generate new employment
- New employment of job has created option for expending more on consumer goods and essentials and contribute to Value Added Tax
- New domestic corporate companies will become the market player in international arena and contribute to Corporate Tax
- The incremental salaries earning professional in corporate companies will pay more individual tax as they transform gradually lower class to lower middle income class as well as lower middle income class upper middle income.

Bhutan PTA:

Major Exported product From Bangladesh USD: 22.11 in FY2022-23 (100% increase)

- Major Exported products from Bhutan USD: 35.49 in FY 2022-23 (70 % Increase)

Potential Countries Identified for signing FTA

- BFTI conducted a Study on 'Identification of Potential Countries for signing FTA'
- Fifteen (15) KIIs were conducted
- Two FGDs (22 person) are held
- Public Consultations (33 Persons) and Validation Workshop
- 35 Countries may be identified as potential counties for concluding FTA. Out of 35 countries, 18 courtiers have been found from Non–GSP criteria. Criteria's followed are as follows-

Criteria	No of Countries
Bangladesh's global export is greater than 4 million US$.	92
Bangladesh's bilateral import is greater than 40 million but less than 2500 million US$	50
Simple Average Tariff is higher than 6 percent	35

Potential Countries Identified for signing FTA

Countries not providing GSP to Bangladesh

Sr. No.	Country	Customs Union (CU)/RTA	GSP/Non GSP
1	ARGENTINA	MERCOSUR (Southern Common Market)	Non GSP
2	BRAZIL	MERCOSUR	Non GSP
3	BELARUS	EUROASIA	Non GSP
4	CZECK REPUBLIC	EU	Non GSP
5	EGYPT	COMESA (Common Market for Eastern and Southern Africa)	Non GSP
6	UNITED KINGDOM		Non GSP
7	INDONESIA	ASEAN	Non GSP
8	JORDAN		Non GSP
9	KOREA, REPUBLIC OF	APTA	Non GSP
10	SRI LANKA	SAFTA	Non GSP
11	MOROCCO		Non GSP
12	NIGERIA	ECOWAS (Economic Community of West African States), D8-PTA	Non GSP
13	PHILIPPINES	ASEAN	Non GSP
14	RUSSIAN FEDERATION	EUROASIA	Non GSP
15	UKRAINE		Non GSP
16	UNITED STATES		Non GSP
17	VIET NAM	ASEAN	Non GSP
18	SOUTH AFRICA	SACU (Southern African Customs Union)	Non GSP

Potential Countries Identified for signing FTA

Countries providing GSP/DFQF to Bangladesh

Sr. No	Country	CU (Customs Union)	GSP
1	AUSTRIA	EU	GSP
2	BELGIUM	EU	GSP
3	CANADA		GSP
4	GERMANY	EU	GSP
5	DENMARK	EU	GSP
6	SPAIN	EU	GSP
7	FINLAND	EU	GSP
8	FRANCE	EU	GSP
9	GREECE	EU	GSP
10	ITALY	EU	GSP
11	JAPAN		GSP
12	NETHERLANDS	EU	GSP
13	NEW ZEALAND		GSP
14	POLAND	EU	GSP
15	SWEDEN	EU	GSP
16	TURKEY	CU (Customs Union)	GSP
17	URUGUAY	MERCOSUR	DFQF

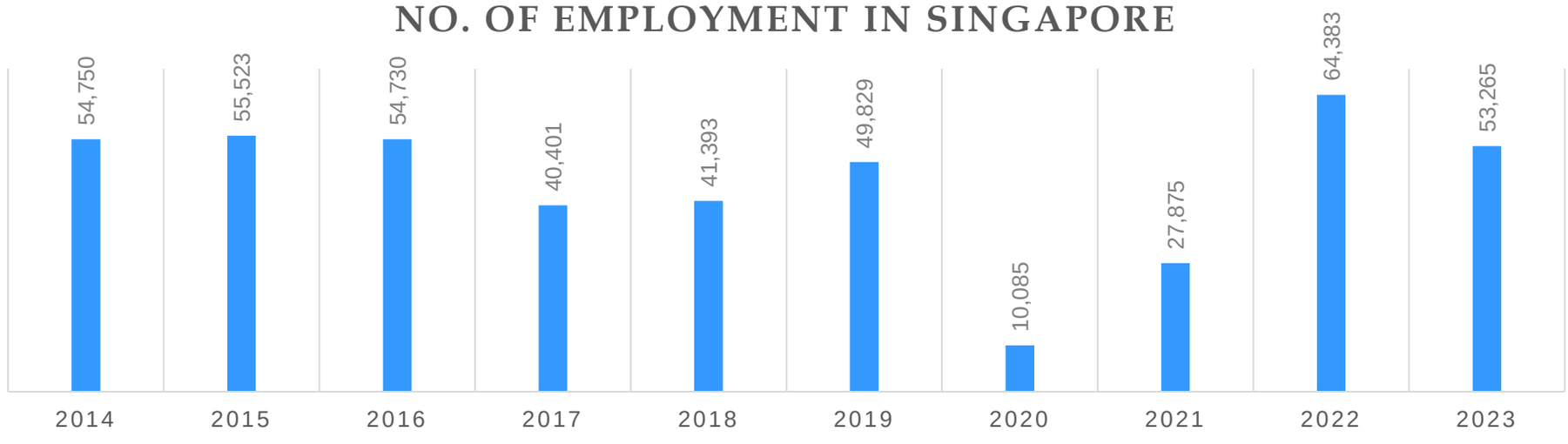
Bilateral Trade Bangladesh and Singapore(Import-Export)

FY	Export	Import	Balance	Total trade	Trade growth (%)
2020-21	116.57	2467.99	-2351.42	2584.56	43
2021-22	127.12	4140.4	-4013.28	4267.52	65
2022-23	176.26	2300.6	-2124.34	2476.86	-42

- Knit and Woven products are the top of the list of Bangladesh's export to Indonesia which covers 85% (149.29 million USD) of total export.
- In FY2022-23 Singapore was Bangladesh's 8th most import sourcing country.
- Singapore was the top service import sourcing country of Bangladesh with 1388.3 million US$ in FY 2022-23 holding 14.4% share of total service imports of Bangladesh.

Foreign Direct Investment(FDI):

1. Singapore is now the 3rd largest investor for Bangladesh with a stock of USD 1546.76 million USD in FY 2022-23. Power sector dominates the FDI Stock followed by telecommunication, and textile & wearing sector.
2. In FY 2022-23, FDI inflow from Singapore was 192.06 million USD of which 18.11% was in power sector, 11.33% was in trading sector, 9.73% was in Agriculture and fishing sector and 43.76% was in others sector.
3. Net FDI inflow from Singapore increased by 5.9% in the same FY.



Bangladesh's Imports from Singapore in 2021

HS 2 Code	Products name	Bangladesh's imports from Singapore (US$ million)	Tariff applied by Bangladesh (%)	Singapore's exports to world (US$ billion)	Bangladesh's imports from World (US billion)	Bangladesh revenue (US$ million)
27	Mineral fuels, oils, products of their distillation; bituminous substances; etc	905.1	10.0	30.3	4.5	90.5
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts	303.0	4.0	58.1	4.8	12.1
85	Electrical machinery and equipment, sound recorders, television	197.4	14.0	132.0	3.5	27.6
39	Plastics and articles	124.3	10.0	12.9	2.1	12.4
32	Tanning or dyeing extracts; tannins, dyes, pigments etc.	114.5	12.0	1.2	0.7	13.7
71	Naturalor cultured pearls, precious or semi- precious stones, precious metals	88.0	22.0	20.4	0.1	19.4
99	Commodities not elsewhere specifIed	77.0		20.3	0.3	0.0
38	Miscellaneous chemical products	68.3	11.0	5.9	0.7	7.5
29	Organic chemicals	62.3	7.0	11.5	0.9	4.4
90	OptIcal, photographic, cinematographic, medicalor surgical	61.4	3.0	20.8	0.6	1.8
33	Essentialoils and resinoids, cosmetic or tiolet preparations	53.4	24.0	9.6	0.2	12.8
47	Pulp of wood or of other fibrous cellulosic	33.6	0.0	0.5	0.2	0.0
55	Man-made staple fibres	32.2	15.0	0.2	1.3	4.8
Other products		245.9		50.2	28.7	38.0
All products		2,366.4		373.9	48.6	245.0

Source: ITC Trade-Map

Singapore's imports from Bangladesh in 2021

HS 2 Code	Products	Singapore's imports from Bangladesh (US$ million)	Tariff applied by Singapore	Bangladesh's exports to the world (US$ billion)	Singapore's imports from the world (US$ billion)
62	Articles of apparel and clothing accessories, not knitted or crocheted	77.8	0	16.8	1.2
'61	Articles of apparel and clothing accessories,knitted or crocheted	43.7	0	19	0.9
'27	Mineral fuels,mineral oils and products of their distillation; bituminous substances; mineral	20	0	0	49.1
84	Machinery,mechanical appliances, nuclear reactors, boilers; parts thereof	3.1	0	0.1	52.9
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers,television	2.5	0	0.1	108
64	Footwear, gaiters and the like; parts of such articles	2.3	0	1	0.6
'90	Optical,photographic, cinematographic, measuring, checking,precision,medical or surgical	1.9	0	0.1	12.8
19	Preparations of cereals,flour, starch or milk, pastrycooks' products	1.7	0	0.1	0.6
07	Edible vegetables and certain roots and tubers	1.2	0	0	0.7
'63	Other made-up textile articles; sets;worn clothing and worn textile articles; rags	1.2	0	1.2	1.2
Other Products		8.0		4.0	100
All products		163.4		42.4	328

Source: ITC Trade-Map

FDI Gross Inflows classified by Major Countries and Major Sectors during Jan-Mar'24

		Net Equity Capital		
SL No.	Name of Countries	2021	2022	2023
1	United States of America (USA)	554.80	296.80	286.87
2	United Kingdo1n (UK)	16.40	90.36	99.96
3	People's Republic of China	210.62	105.59	86.24
4	Netherland s	18.39	126.91	71.97
5	Singapore	118.95	142.17	70.88
6	Hong Kong: SAR of China	29.54	60.39	23.70
7	Japan	22.62	8.31	18.30
8	United Arab E1nirates (UAE)	31.13	34.52	18.26
9	Turkey	0.11	12.34	12.78
10	Seychelles	0.00	0.00	10.26
11	Other Countries	136.14	145.24	6.62
Total		1138.7	1022.63	705.84

Source: FIED Management Cell, Statistics Department, Bangladesh Bank

- FTAs remove export regulations by lowering trade barriers to facilitate the movement of intermediate or final products between parent firms in source countries, and foreign affiliates in host countries.
- FDI could arise from other conditions negotiated in the FTA, such as investment regulations that increase the mobility of fund and capital flows.
- These regulations make it easier for multinational corporations (MNCs) to divert financial resources to their foreign affiliates when the need arises, such as the building of a new plant in the host country.

Recommendations

Potential Countries for Signing FTA

- Out of 35 countries 7 countries may be given priority considering the export potential and average MFN tariff.
- In addition to the 7 countries, 3 Countries, India and China and Singapore may be considered based on existing trade volume, political understanding, and opinion of the stakeholders.
- The list of countries with which Bangladesh government can start discussion on priority basis for signing FTA are as follows-
- **The following 5 regional blocks may be identified to conclude FTA on priority basis**

SL NO	Top 7 Countries	PLUS 3 Countries	Regional Block
1	USA	India	EU
2	UK	China	RCEP
3	Japan	Singapore	ASEAN
4	Canada		EAEU (Eurasian Economic Union)
5	South Korea		MERCOSUR
6	Indonesia		
7	Morocco		

Recommendations: FTA/RTA Negotiations – Bangladesh Context

In case of any RTA or bilateral FTA, usually following steps are followed:

1. Conducting a feasibility study to assess the costs and benefits
2. Determining the type of RTA – PTA or FTA, etc
3. Determining the coverage of the agreement – goods, services, Investment, etc (usually a template covering areas of negotiations is exchanged before starting negotiations)
4. Identifying our interests very precisely through stakeholder consultation
5. Interests of domestic industries, particularly about sensitive sectors that need protections Revenue impacts, etc.

Issues to Be consider While signing FTA: Trade in Goods

1. Tariff (Defining Customs Duty, Tariff Elimination or Reduction) & Market Access
2. Non Tariff Barriers (Technical Barriers to Trade (TBT), Sanitary and Phyto-Sanitary Standards (SPS) as well as Customs and Trade Facilitation issues
3. Rules of Origin (product-specific rules (PSR) such as change of tariff heading (CTH)
4. The PSR for textiles and garments require double transformation (from fiber to fabric or from yarn to garment). Whether the agreement allow bilateral cumulation or not?
5. Implementation period as well as S&DTs Treatment for LDCs
6. Dispute Settlement Mechanism, etc.
7. Customs Procedures and Trade Facilitation (CPTF)
8. Competition Policy, Subsidies & Investment
9. Intellectual Property, Labor & Environment
10. Cooperation

Recommendations: FTA/RTA Negotiations – Bangladesh Context

- Trade policy makers should not consider FTAs as a strategy that guarantees rapid economic growth. Thus, caution should be exercised in the design of FTAs in order to ensure the FTA's positive effects.
- The free trade system along with technology transfer between the involved economies, production efficiency and diversified product need to be ensured to induce economic growth among FTA signatory countries.
- Incorporate the common standard features in FTAs
- Streamline of regulatory regime including the rationalization of tariff structure
- Diversify export Basket
- Enhancing negotiation skill of FTA negotiators through advanced training
- Preparation of FTA negotiation handbook for the negotiators
- Enhancing research capacity to collect and analyze FTA related data
- Building and sustaining institutional memory of the agencies related to FTA negotiation
- Enhancing coordination among the ministries and agencies related to FTA negotiation.

Thank you!