



AID-FOR-TRADE: CASE STORY

BANGLADESH



Successes and failures of the Bangladesh Trade Support Programme (BTSP)



Bangladesh Foreign Trade Institute
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1. Issues Addressed

International Trade plays an important role in the national economy of Bangladesh, thereby contributes directly to the welfare and development of the country. Bangladesh is gradually opening up to international trade and, at the same time, vying to enter into new markets to do business. As a result, export and import trade grew at an average rate of eighteen and sixteen per cent respectively (1991-2008). The government simultaneously took various measures to make the overall policy regime more trade friendly. Despite that effort, there were things that needed to be addressed with the help of international experts. In addition, Bangladesh needed to find out the implications of the expiration of the multi-fibre agreement on its readymade garment (RMG) sector. In this backdrop, government of Bangladesh decided to adopt and implement Bangladesh Trade Support Programme (BTSP) with the assistance of the European Union (EU).

It is important to note that to handle the trade regime efficiently the Ministry of Commerce (MOC) and its attached and support institutions should be strong. These institutions should also have staffs that are well-conversant in the rules and procedures of international trade regime such as World Trade Organization (WTO) rules, international and domestic shipping laws, rules and practices etc. Besides, to have the upper-hand as well as better grasp of the current trade situation, MOC and its institutions should have access to better training and research. Hence, BTSP was

conceived to support the MOC, the Ministry of Shipping (MOS), Bangladesh Tariff Commission (BTC) and Bangladesh Foreign Trade Institute (BFTI).

The issues that were to be addressed in this programme were:

- a. Strengthening of the MOC
- b. Strengthening of the BTC to maintain the trade defence mechanism
- c. Make the BFTI the leading research and training institute for trade and
- d. Strengthening of the MOS.

2. Objectives Pursued

The overall objective of the project was to assist Bangladesh to pursue a trade and economic reform agenda in line with WTO agreements and to create an enabling economic environment. The main purpose of the programme was to strengthen human resources and institutional capacity of relevant Government Agencies and private sector parties in order to introduce trade reforms and remove technical barriers to trade, bearing in mind the links between trade and development, and poverty alleviation.

3. Design and Implementation

BTSP was designed to assist the Ministry of Commerce and its associated organizations to prepare them to handle the aftermath of the expiration of the MFA and also, to prepare them to be well conversant in WTO rules and procedures. By doing so, it was expected that the human resource capacity of these institutions would be developed to such a state that they would be able to conduct the trade policy issues in a more informed and efficient manner.

BTSP had four components, namely, the MOC, the BTC, the BFTI and the MOS. Studies on eight issues were conducted. They were, inter alia, effect of bilateral trade between Bangladesh, India, Pakistan and Sri Lanka, on value chain etc. Dissemination workshops were arranged involving stakeholders in Dhaka and elsewhere in the country on the information revealed in those studies. Besides, international study tours were conducted for the officers of the ministries and organizations to sensitize those regarding practices in other developed countries.

Operational expenditure of the BFTI was borne through this programme with the aim to make it a pioneering research and training institute in the country. Training courses for government as well as private sectors were arranged on WTO matters, training of trainers were also arranged. Several policy workshops were arranged; foremost of them was Conference on Shipbuilding in Bangladesh.

Similarly, studies on issues related to the BTC were completed. There were trainings for the BTC officials on anti-dumping and other relevant issues. Support was given to upgrade anti-dumping software as well.

There were workshops for the MOS, study tours and training for at least 150 staff members.

4. Problems Encountered

Initially, due to complicated approval process, both on the development partner and receiver's side, the programme took some time to start. As a result, the BFTI could not start operating meaningfully as it was dependant on the programme for its operational expenditure. Afterwards, as more time had elapsed between the conception and implementation phase, the beneficiaries idea of what to expect from the programme changed somewhat which was difficult to incorporate into the programme due to issues of procedure on the development partner's side.

In addition, initially the Programme Director (PD) who is an appointee of the government of Bangladesh changed thrice which posed problem for continuity. Similarly, technical assistance team changed several times, especially in the last year of the programme which was a big problem.

Due to late start of the programme and subsequent late recruitment of the BFTI staff, budget was unspent that could be used for very worthwhile purpose.

It was also felt that when selecting the consulting firm for the project the beneficiaries should be given more influence over the decision. Similarly, during the project, the beneficiaries' input should have been sought while hiring a short/long-term expert for any particular task.

5. Factors for Success/Failure

a. **Bangladesh Foreign Trade Institute (BFTI)**

- i. Provision of specialized WTO training to trade specialists and researchers
- ii. Training the trainers to support specialized international trade courses for Foreign Service and Sectoral Business Associations.
- iii. Support/twinning of visiting scholar
- iv. Supporting private sector dialogue, seminars/dissemination to local stakeholders
- v. Support to start-up costs of BFTI

b. **Bangladesh Tariff Commission**

- i. Capacity building and policy advice to the Bangladesh Tariff Commission in order to better represent and defend the interests of the Bangladesh Government to WTO.
- ii. Develop the skill of BTC in dealing with issues of anti-dumping, countervailing and safeguard measures.

- iii. Strengthen the negotiating capacities of Bangladesh Tariff Commission relating to trade defence mechanism.
- iv. Dissemination of information to local stakeholders.

c. Ministry of Commerce

- i. Technical assistance/studies commissioned to European consultants to enable Bangladesh to comply with WTO commitments, and contribute to substantiate and expand the government trade agenda and reforms. In particular, attention should be given to facilitate trade in services, e.g. professional, financial and telecommunications, and in the so-called Singapore issues (investment, trade facilitation, competition and government procurement)
- ii. Technical assistance/study on trade and environment issues with the aim of enhancing the mutual support between trade and environment
- iii. Technical assistance/studies commissioned to reputed local institutions / think tanks to enable Bangladesh to establish trade positions and engage in trade reforms in a global, regional or bilateral basis.
- iv. Policy dialogue, stakeholders' seminars and dissemination of information

a. Ministry of Shipping

- i. Policy advice to the Ministry of Shipping in general and on the national shipping policy
- ii. Inland Shipping ordinance, the Chittagong port Authority ordinance, Dock Workers Act, Merchant Shipping ordinance, Bangladesh Flag Vessel protection ordinance, Carriage of Goods by Sea Act, Customs Act, Bangladesh merchant Shipping Rules, Bangladesh Shipping Corporation ordinance, Bangladesh inland water Transport Authority ordinance, etc.);
- iii. Technical assistance for improvement of transport maritime/multi-modal services, including stakeholders' dialogue. The consultants should produce a 'roadmap' study proposing an action plan with concrete measures for the improvement of the maritime transport sector, ports performance and its linkages with other transport infrastructure. The consultants should also launch and supervise the inception phase of the action plan.
- iv. Technical assistance for training to high-level officials on international maritime issues.

6. Results Achieved

During the implementation of the programme, the BFTI ran approximately fifteen trainings, seminars and workshops. It also conducted six training and twinning programme for its staff abroad. Approximately six hundred officials from the public

and private sector took part in these training programmes. Under this programme, website of the BFTI has been established, computers and software were installed, and an office with classrooms had been set up. All these have been done in last two years of the programme.

The Ministry of Shipping has translated its laws into Bangla, distributed them to the stakeholders; it has also trained around hundred and fifty staffs and arranged six workshops.

Bangladesh Tariff Commission has completed five studies on various issues, arranged seven training programme for its officials, organized five international study tours for its senior staff and developed its anti-dumping software to perform efficiently.

Ministry of Commerce has completed eight studies on subjects such as bilateral FTA and value chain. It has also organized six international study tours and organized seminars all over the country to raise awareness on various trade issues.

7. Lessons Learned

In addition to the conception and approval period of the BTSP, the total implementation period is a valuable lesson to be learned and remembered for future reference. The first and foremost lesson that could be derived from the programme is: it takes an awfully lot of time for the approval of a programme. Both the development partner and the beneficiary are almost equally to blame for this lapse. In addition to this, it should be remembered that international consultant is not a panacea to all ills plaguing the country. So, the development partner needs to be careful regarding the selection of the international consulting firm, their qualification and relevance. The beneficiary needs to be precise and firm as to what it needs from the particular project. Considering all these, the foremost lesson is that Bangladesh will be even more benefitted if it can derive from the experience of developed countries and their best practice scenarios once the above problems are addressed.

8. Conclusion (Applicability to other Programmes)

BTSP was a successful programme given all the hurdles it had to jump or by-pass. It is imperative to keep in mind while planning for any project in trade sector or in any other sector that if it takes too long to start a project, the whole purpose of that programme gets defeated even before inception. In case of projects where consultants are heavily involved, due care should be given to find out their relevance and qualification. It does not do to have just another expert unless s/he is an expert in the relevant field.

Bangladesh Trade Support Programme (BTSP) with the assistance of the European Union (EU) was designed to assist the Ministry of Commerce and its associated organizations to prepare them to handle the aftermath of the expiration of the MFA and also, to prepare

them to be well conversant in WTO rules and procedures. The issues that were to be addressed in this programme were-strengthening of the Ministry of Commerce, strengthening of the Bangladesh Tariff Commission to maintain the trade defence mechanism, make the Bangladesh Foreign Trade Institute; the leading research and training institute for trade and Strengthening of the Ministry of Shipping. BTSP was a successful programme given all the hurdles it had to jump or by-pass.