



# **Development Financing and Cooperation Beyond 2015–Role of Trade**

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# Issues covered in the presentation

- Role of trade in Asia
- Volume and nature of sub-regional arrangements and where there is scope for regional cooperation
- Aid for Trade with focus on LDCs and Bangladesh, and
- How can we make the global trading system less discriminatory and more equitable in the post-2015

# Role of Trade in Asia

- In the current globalized world, like many other regions, economic integration in Asia is extremely crucial.
- *Key elements of regional economic integration in Asia are:*
  - ***An integrated Asia-Pacific market***– *This would involve integrating numerous bilateral and sub-regional agreements into broader arrangements open to all Asia-Pacific countries.*
  - ***Seamless physical connectivity***– *Through better transport, energy and ICT links and adoption of best practices in trade.*
  - ***Financial cooperation***– *To ensure the optimal use of the region's financial resources for mutual benefit.*
  - ***Addressing shared vulnerabilities and risks***– *Mutual cooperation will enable countries to respond more effectively to concerns about energy and food security, disasters, pressures on natural resources, social exclusion and rising inequality.*

# Role of Trade in Asia

- Of these key elements, an integrated market is the most important. Trade integration in Asia therefore receives the highest attention of the member countries.
- Major examples of initiatives to foster trade integration in the region include:
  - ✓ ASEAN Free Trade Agreement (AFTA), which advanced its year of implementation to 2002 from 2008.
  - ✓ Agreement on South Asian Free Trade (SAFTA), which is to be implemented over 10 years from 2006.
  - ✓ Asia-Pacific Trade Agreement (APTA), which was signed in 1975, and currently conducts third round of negotiations.
- Other initiatives include the Economic Cooperation Organization Trade Agreement (ECOTA) of 2003 and the Pacific Island Countries Trade Agreement (PICTA) of 2001.

# Role of Trade in Asia

- Trade in this region has been contributing to overall development of the economies through :
  - Enhancing inclusive growth
  - Reducing poverty
  - Generating employment opportunities for millions
  - Attracting foreign investment
  - Integrating the economies with the global system

# Export Performance of Asia in 2012

*Source: World Trade Report 2013*

Region/Country	Value in US\$ billion	Share in world export (%)
Asia	5,640	31.59
China	2049	11.49
Japan	799	4.47
India	293	1.64
ASEAN	1254	7.02
Bangladesh	27	0.15

# Import Performance of Asia in 2012

*Source: World Trade Report 2013*

Region/Country	Value in US\$ billion	Share in world import (%)
Asia	5,795	31.90
China	1818	10.01
Japan	886	4.88
India	489	2.69
ASEAN	1221	6.72
Bangladesh	33	0.18

# Intra-regional trade in Asia

- In recent decades, trade interdependence has made commendable progress in the Asia Pacific region
- Taking advantages of cheap and qualified labor, sound economic infrastructure and extensive supply networks, intra-regional trade has increased across the region
- Intraregional trade has been rising much faster than the total trade of the region with the rest of the world
- Coordinated and enhanced regional cooperation, removal of trade and investment barriers, have resulted in removing the resource imbalances across the region and also widen the integrated market in this region

# Sub-regional Arrangements

- Bangladesh actively takes part in SASEC (South Asian Sub-regional Economic Cooperation), which comprises Bangladesh, India, Bhutan and Nepal.
- Upon request from SAARC Secretariat, ADB established **SASEC** in 2001. This means that funding comes from ADB.
- The aim was to facilitate economic cooperation initiatives covering these four sub-regional countries.
- Cooperation under SASEC focuses on three areas : trade facilitation (TF), transport connectivity, energy connectivity
- Under TF, MoC has undertaken a project for establishing a national trade portal, with an interactive window for online processing of import & export registration certificates.
- If properly implemented, SASEC initiative will enhance trade and cooperation among the four countries

# Sub-regional Arrangements

- Bangladesh also participates actively in the sub-regional economic initiative, named Bangladesh, China, India and Myanmar (BCIM) Forum, which is a joint initiative by Bangladesh, China, India and Myanmar.
- It aims at creating a transit and transport route and corridor from China to India via Myanmar and Bangladesh.
- BCIM has initiated a **Car Rally**, which is held every year from Kunming to Kolkata via Yangon and Dhaka.
- Many other regional arrangements/initiatives may be taken to enhance trade and investment in this region

# Aid for Trade

- Aid for Trade is part of overall development aid with special focus to help developing countries and LDCs in developing their trade-related capacity
- Aid for Trade is given in six broad categories:
  - (a) trade policy and regulations,
  - (b) trade development,
  - (c) trade-related infrastructure,
  - (d) building productive capacity,
  - (e) trade-related adjustment, and
  - (f) other trade-related needs

# Aid for Trade for LDCs and Bangladesh

- Till now, no dedicated Aid for Trade fund for LDCs, however the EIF (Enhanced Integrated Framework) initiative is only for LDCs for enhancing their trade capacity
- For LDCs, DTIS (Diagnostic Trade Integration Study) under EIF is considered as the basis for accessing Aid for Trade fund
- The DTIS of Bangladesh is being conducted by the World Bank, which will be completed by this year
- DTIS will identify constraints and challenges of Bangladesh trade regime and formulate a prioritized Action Matrix
- Once the Action Matrix is finalized, Bangladesh will be in a better position to identify the Aid for Trade needs

# Aid for Trade for LDCs and Bangladesh

- Even though Bangladesh has designated 17 priority sectors for foreign assistance, there is no category for trade/Aid for Trade
- For this reason data on flow of Aid for Trade cannot be gathered from government sources
- There is no set of indicators accepted by all stakeholders, e.g., Government, development partners and private sector
- Currently the indicators are developed by donors and imposed on the recipients, which leads to less-effective results of the Aid for Trade projects

# Role of global system for trade

- Trade has been playing very important role for all the economies to achieve socio-economic goals
- In the current globalized world, every economy is getting more and more integrated into the global system
- The WTO has established a rule-based and non-discriminatory multilateral trading system (MTS), which is fair and equitable for all the parties
- Countries should strictly follow the WTO rules to maintain the non-discriminatory MTS
- Countries should not, in any case, adopt protectionist and discriminatory measures

# Role of global system for trade

- In addition, developing and least developed countries should be given opportunities to make best use of legitimate S&D (special & differential) treatments
- LDCs should be given better market access, particularly duty-free & quota-free market access so that trade can contribute more in socio-economic development of LDCs
- Through enhanced international cooperation and partnerships, global trading system needs to be made more development-friendly in post-2015 period



**Thank You**