



Government of the People's Republic of Bangladesh
WTO Cell, Ministry of Commerce

Bangladesh Regional Connectivity Project-1

Probashi Kollayan Bhaban
Eskaton Garden, Dhaka-1000

Policy Review/Policy Study/Policy Paper Preparation
on

The Policy Guidelines on the Free Trade Agreement, 2010



May 2022

Policy Review/Policy Study/Policy Paper Preparation

on

The Policy Guidelines on the Free Trade Agreement, 2010

[Package no. BRCP-1/MOC/SD-26]

Submitted to

Project Director

Bangladesh Regional Connectivity Project-1
WTO cell, Ministry of Commerce
Level-12 (Westside), Probashi Kallyan Bhaban,
71-72 Old Elephant Road, Dhaka 1000

Submitted by



South Asian Network on Economic Modeling (SANEM)

Flat K-5, House 1/B, Road 35, Gulshan 2

Dhaka 1212, Bangladesh

Phone: +88-02-58813075

Email: sanemnet@yahoo.com

<http://www.sanemnet.org>

May 2022

Team of Consultants

| S.N. | Team Members | Position in the Team |
|-------------|-----------------------------|------------------------------|
| 1 | Dr. Bazlul Haque Khondker | Team Leader |
| 2 | Dr. Selim Raihan | Co-Team Leader, Trade Expert |
| 3 | Mahtab Uddin | Policy Analyst |
| 4 | Mohammad Golam Sarwar | Legal Expert |
| 5 | Recardo Saurav Antor Halder | Senior Research Associate |
| 6 | Mir Ashrafun Nahar | Senior Research Associate |
| 7 | Zareen Tasnim | Research Associate |
| 8 | Samantha Rahman | Research Associate |
| 9 | Afia Mubasshira Tiasha | Research Associate |
| 10 | Shithee Ahmed | Research Intern |

Preface

The final report intends to respond to the requirement according to the provision of the contract agreement signed between Bangladesh Regional Connectivity Project-1 (BRCP 1) and South Asian Network on Economic Modeling (SANEM) for conducting **“Policy Review/Policy Study/Policy Paper Preparation under the Bangladesh Regional Connectivity Project 1)”** in collaboration with International Development Association (IDA), The World Bank. The objective of this technical assistance project is to review the existing government policies related to trade to strengthen cooperation in trade, transport, and transit facilities and facilitate the economic empowerment of women traders. The ongoing context and challenges are compared with the existing policies. It has also analyzed the best practices of regional comparators to promote and improve trade-related activities as well as the relevance of SHE trade with the existing policies. Finally, based on the findings, the recommendation for future policy has been identified.

Consultancy services for conducting the **“Policy Review/Policy Study/Policy Paper Preparation under the Bangladesh Regional Connectivity Project 1)”** were provided by the South Asian Network on Economic Modeling (SANEM), Bangladesh. The study team consists of four senior-level experts. The major objective of the study is to depict a clear picture of the current state of the implementation of the policies, and challenges and to provide suggestions for future policies. Furthermore, Reviewing and identifying the gaps in the existing policies were also aimed to be found for this study.

The review of the **Policy Guidelines on Free Trade Agreement, 2010** has analyzed some specific areas including the overview of the existing guideline paper, effectively identifying potential countries to formulate Free Trade Agreement, analyzing the tariff structure, intellectual property rights, studying the challenges after LDC graduation, 8th five-year plan of Bangladesh, provision of relevant investment, and mainstreaming the gender-specific consideration into the policy.

We are hopeful about the policy recommendations which would be beneficial for policymakers and other stakeholders for the improvement of the policy guideline of the Free Trade Agreement and aid towards the development of the formulation of future Free Trade Agreement of the country.

Md. Mijanur Rahman

Project Director (Joint Secretary)

Bangladesh Regional Connectivity Project-1

Ministry of Commerce

Acknowledgments

It is indeed a great pleasure that Bangladesh Regional Connectivity Project 1 (BRCP-1), Ministry of Commerce has entrusted International Development Association (IDA), and the World Bank to carry out “Policy Review/Policy Study/Policy Paper Preparation”. The policy review has been conducted following a mixed methodology.

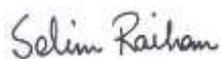
The policy review papers contain the objective, scope, and methodology for the studies, current context, and challenges, deviation from the international practices, and the relevance of the policies to the SHE trade. The consultants also described the best practices of regional countries adapted to facilitate trade-related activities. In the end, the findings from the analysis and recommendations for the upcoming policy papers are portrayed.

The authors wish to thank Md Mijanur Rahman, Project Director, Bangladesh Regional Connectivity Project 1, and Md Munir Chowdhury, National trade expert, BRCP-1 for their valuable comments and continuous support in undertaking the study.

We are also thankful to all the officials and participants who took part in the consultation meetings, both online and in-person, for helping us with their constructive criticism and valuable suggestions during the study period.

This work would not have been possible without the participation of the relevant stakeholders in the Key Informant Interviews (KIIs). Thanks are also due to all respondents of interviews and KIIs who helped us by providing their information during the data collection period.

The contribution and support provided by everyone for the study are greatly appreciated.



Dr. Selim Raihan
Executive Director, SANEM

Contents

| | |
|---------------------------------------------------------------------------------------------------------|-----|
| Acknowledgments..... | iv |
| List of Acronyms..... | vii |
| Executive Summary..... | ix |
| 1. Introduction | 1 |
| 1.1. Background..... | 1 |
| 1.2. Objectives and research question..... | 2 |
| 1.3. Scope of the study..... | 2 |
| 1.4. Methodology..... | 3 |
| 1.4.1 Desk Research..... | 3 |
| 1.4.2 Primary data collection..... | 3 |
| 1.5. Organisation of the paper | 4 |
| 2. The Free Trade Agreement Policy Guideline: Context and Challenges..... | 5 |
| 2.1. A brief overview of the Free Trade Agreement, 2010 | 5 |
| 2.2. Trade-Related Provision: Current State and Bottlenecks | 7 |
| 2.2.1 Tariff structure..... | 7 |
| 2.2.2 Rules of origin criteria..... | 7 |
| 2.2.3 SPS and TBT measures..... | 7 |
| 2.2.4 Domestic NTMs/ NTBs..... | 8 |
| 2.2.5 Movement of Natural person..... | 8 |
| 2.2.6 Intellectual property rights..... | 8 |
| 2.2.7 Provisions related to negotiation strategy (offensive and defensive interests) | 9 |
| 2.3. Changing Nature of the World Trade and Relevance of the Free Trade Agreement Guidelines, 2010..... | 9 |
| 2.3.1 LDC graduation | 10 |
| 2.3.2 The 8 th five-year plan..... | 10 |
| 2.3.3 Provision of investment in future FTA guidelines | 10 |
| 2.3.4 E-commerce..... | 11 |
| 2.3.5 Lack of reciprocity by the partner countries | 11 |
| 2.3.6 Inclusion of service sector in the future potential FTAs/RTAs | 11 |
| 2.3.7 Border clearance and trade facilitation..... | 12 |
| 2.3.8 Compatibility with WTO and WTO plus provisions | 12 |
| 2.4. Learning from the comparators and some significant FTAs | 12 |
| 3. SHE Trade and Free Trade Agreement policy guideline, 2010 | 29 |
| 4. Findings | 31 |
| 5. Recommendations for the future policy guidelines on FTA | 32 |
| 6. Conclusions | 40 |
| Bibliography | 41 |

List of Tables

| | |
|-----------------------------------------------------------------------------------------------------------------------------|----|
| Table 1: List of KIIs for the review of FTA Guidelines | 4 |
| Table 2: Focus, objectives, and measures to achieve the objectives of Policy Guidelines on Free Trade Agreement, 2010 | 6 |
| Table 3: Strategies of the comparators in the formulation of FTAs and regional trading agreements | 14 |
| Table 4: Key aspects of some significant trade agreements | 16 |
| Table 5: Key recommendations and proposed alterations, inclusions, and exclusions for the future guidelines | 33 |

List of Acronyms

| | |
|------------------|---------------------------------------------------------------------------------------|
| <i>AFTA</i> | <i>Asia-Pacific Trade Agreement</i> |
| <i>ACFTA</i> | <i>ASEAN–China Free Trade Area</i> |
| <i>AK-DSM</i> | <i>ASEAN-Korea Dispute Settlement Mechanism</i> |
| <i>AKFTA</i> | <i>ASEAN-Korea Comprehensive Economic Cooperation Agreement</i> |
| <i>AI</i> | <i>Artificial Intelligence</i> |
| <i>ANZCERTA</i> | <i>Australia - New Zealand Closer Economic Relations Trade Agreement</i> |
| <i>APTA</i> | <i>Asia- the Pacific Free Trade Agreement</i> |
| <i>ASEAN</i> | <i>The Association of Southeast Asian Nations</i> |
| <i>ATIGA</i> | <i>ASEAN Trade in Goods Agreement</i> |
| <i>BIDA</i> | <i>Bangladesh Investment Development Authority</i> |
| <i>BIMSTEC</i> | <i>Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation</i> |
| <i>BRCP-1</i> | <i>Bangladesh Regional Connectivity Project 1</i> |
| <i>B TTC</i> | <i>Bangladesh Trade and Tariff Commission</i> |
| <i>CAD</i> | <i>Comparative Advantage Defying</i> |
| <i>CAF</i> | <i>Comparative Advantage Following</i> |
| <i>CEPA</i> | <i>Comprehensive Economic Partnership Agreement</i> |
| <i>CIS</i> | <i>Commonwealth of Independent States</i> |
| <i>CPD</i> | <i>Centre for Policy Dialogue</i> |
| <i>CPTPP</i> | <i>Comprehensive and Progressive Agreement for Trans-Pacific Partnership</i> |
| <i>EU</i> | <i>European Union</i> |
| <i>FGD</i> | <i>Focus Group Discussion</i> |
| <i>FTA</i> | <i>Free Trade agreement</i> |
| <i>GATT</i> | <i>General Agreement on Tariffs and Trade</i> |
| <i>GoB</i> | <i>Government of Bangladesh</i> |
| <i>GDP</i> | <i>Gross Domestic Product</i> |
| <i>IP</i> | <i>Intellectual Property</i> |
| <i>KII</i> | <i>Key Informant Interview</i> |
| <i>KORUS FTA</i> | <i>United States-Korea Free Trade Agreement</i> |
| <i>LDC</i> | <i>Least Developed Country</i> |
| <i>MoC</i> | <i>Ministry of Commerce</i> |
| <i>MoFA</i> | <i>Ministry of Foreign Affairs</i> |
| <i>MOU</i> | <i>Memorandum of Understanding</i> |
| <i>MRA</i> | <i>Microcredit Regulatory Authority</i> |
| <i>NBR</i> | <i>National Board of Revenue</i> |
| <i>NSAPR</i> | <i>National Strategy for Accelerated Poverty Reduction</i> |
| <i>NTB</i> | <i>Non-tariff Barrier</i> |
| <i>NTM</i> | <i>Non-tariff Measures</i> |
| <i>PCT</i> | <i>Patent Cooperation Treaty</i> |
| <i>PTA</i> | <i>Preferential Trade Arrangement</i> |
| <i>RCEP</i> | <i>Regional Comprehensive Economic Partnership</i> |
| <i>ROK</i> | <i>Republic of Korea</i> |
| <i>RTA</i> | <i>Regional Trade Agreement</i> |
| <i>SAFTA</i> | <i>South Asian Free Trade Area</i> |

| | |
|---------------|--------------------------------------------------------------------------|
| <i>SPS</i> | <i>Sanitary and phytosanitary</i> |
| <i>TBT</i> | <i>Technical Barriers to Trade</i> |
| <i>TRIPS</i> | <i>Trade-Related Aspects of Intellectual Property Rights</i> |
| <i>UMIC</i> | <i>Upper Middle-Income Country</i> |
| <i>UNCTAD</i> | <i>United Nations Conference on Trade and Development</i> |
| <i>UPOV</i> | <i>International Union for the Protection of New Varieties of Plants</i> |
| <i>USTR</i> | <i>United States Trade Representative</i> |
| <i>WIPO</i> | <i>World Intellectual Property Organization</i> |
| <i>WTO</i> | <i>World Trade Organization</i> |
| <i>4IR</i> | <i>4th Industrial Revolution</i> |

Executive Summary

The Policy review report has been constructed under the initiative of the Government of Bangladesh (GoB) to launch the Bangladesh Regional Connectivity Project 1 (BRCP-1) with the collaboration of the International Development Association (IDA), and the World Bank. Since the country's independence, Bangladesh has undergone several policy modifications. Component Two is an umbrella project which is implemented under the Ministry of Commerce (MoC). The main objective of the technical assistance project is to have a detailed review of the existing policy papers of Bangladesh which are relevant to trade, to expand the trade-related institutional capacity, ensure sustainable development and cooperation among trade-related stakeholders, and aid the economic development and empower the women traders in the country. Since Bangladesh will be graduating from LDC status in 2026, the existing policies need to be reviewed to identify areas that require modifications to facilitate a smoother transition and to enhance the export performance of the economy the post-graduation. The policy review paper consists of the country comparison of Bangladesh with Vietnam, Malaysia, and South Korea regarding the trade agreements undertaken by these countries. The paper also has a section dedicated to the gender-specific provision regarding the mainstreaming aspect of women traders in the policy guideline of the Free Trade Agreement, 2010. SANEM has conducted several KIIs, and desk research to construct the review paper.

The formulation of the policy paper involved extensive desk research, multiple consultation sessions with the relevant stakeholders, and intensive study of existing papers related to the Free trade agreements. Chapter one of the paper highlights the introduction and research questions which are the purpose of the study and describes the methodology used in detail to construct the policy paper. Chapter two outlines a detailed overview of the policy guideline, lists of bottlenecks, and challenges of the policy implementations regarding the trade-related provision and address the current global state relevant to trade agreements. Chapter three explains the existing provisions related to women entrepreneurs including examples of Trade Agreements negotiated in other developed nations and African regions. The section also provided recommendations relevant to mainstreaming the gender-specific provisions in Trade Agreements. Chapter four outlines the essential recommendations and findings through a recommendation matrix table in detail.

The major finding of the review paper suggests the need for Free Trade Agreements negotiations for Bangladesh to facilitate trade in the post-LDC graduation period. As the global trade scenario is constantly evolving and changing with time, there is growing popularity of negotiating FTAs and Regional trading Blocs. Importantly, the policy review paper has incorporated some major recommendations for future FTA policies. One of the key recommendations while the formulation of the agreement is to initially focus on Trade on goods, services, and investment. Moreover, such documents and policies need to be revised and modified every five years. The policy guideline should include necessary provisions to develop the country's negotiation tactics, trade facilitation, tariff reduction or elimination, developing and easing of the investment climate, IP rights, EE-commerce Labour issues, and many more. Furthermore, the provision under the guideline must also include an establishment of a committee for proper assessment of potential countries for future

negotiations of FTAs that comprises representatives from government bodies, agencies, business associations, and researchers.

To conclude, the policy paper review outlines the need for extensive negotiations of Free Trade Agreements with potential countries and suggests recommendations regarding modification of the policy guidelines on Free Trade Agreement, 2010.

1. Introduction

1.1. Background

The multilateral system does permit the signing of preferential trading arrangements, for example- Free Trade Agreement (FTA). Such FTAs may be signed under ARTICLE XXIV of GATT. This will allow the formation of trade blocs, legally permitting WTO members of the trade bloc to discriminate against the non-members (given that, the agreement results in trade liberalization among the countries signed under the contract and extends what is available under the WTO). Moreover, FTAs in modern time is not just limited to trade in goods but also includes trade in services and investment.

There are several notable benefits of FTA such as FTAs boosting economic growth and creating employment. Studies by US International Trade Commission estimated that the NAFTA agreement can contribute to growth by 0.1% to 0.5% annually. Moreover, by removing protection, the country can move towards constructing a more dynamic business environment. Investors might flock to the country which will lead to the expansion of domestic businesses. When multinational firms partner with local businesses, there is an opportunity to transfer technology and skill into the local market where resources are developed and such local firms have access to newer more effective methods. On the other hand, there are chances of increased outsourcing of jobs as multinationals might outsource jobs to an emerging market country. Moreover, many developing countries lack legal protection for patents and inventions, hence, there are increased chances of theft of intellectual property. Further, such agreements might also lead to crowd-out of domestic industries as it is unable to compete with the subsidized developed countries corresponding industry.

There is an increasing number of developed and developing countries seeking to sign FTAs on a regional or bilateral basis. Bangladesh currently stands with only one regional FTA (SAFTA) and no bilateral FTA has caused the country to fall behind in this game of trade openness beyond the WTO. Hence, the importance of FTA comes from its potential of creating access for Bangladesh exports to a larger market. FTAs might force local industries to improve competitively simultaneously, open a new market, increase GDP, and encourage new investment. Such agreements also allow companies to discover new technologies and learn about the more effective production process. FTAs may also create “competitive liberalisation” as nations will open their markets to each other. On the flip side, FTAs may also bring disruptive competition, destruction of traditional livelihood, and adverse implication for employment.

The current Policy Guideline of Free Trade Agreement, 2010 is an appreciable initiative taken by the Ministry of Commerce and Bangladesh Trade and Tariff Commission, back in 2010. It has been 12 years since then. Bangladesh hasn't performed significantly in terms of FTA or RTA negotiations. Back in 2010, Bangladesh did not feel the necessity to the formation of FTAs and joining in other regional trade blocks as Bangladesh was already enjoying concessional duties in its major export destinations, as an LDC. However, the time has changed, and the global trade dynamics are also undergoing serious reforms. The issues of Brexit and US-China

trade wars have made countries more and more skeptical about the functionality of the WTO. Therefore more and more countries are eager to form regional, bi-lateral, and multi-lateral FTAs. In this regard, the current guidelines on FTA need revision.

1.2. Objectives and research question

The Policy Guidelines on Free Trade Agreement, 2010 is concerned with the trade in goods and therefore has fallen short in terms of international standards. The policy guideline on FTA is prepared with an objective to establish a deeper trade integration and enhance Bangladesh's trade diversification by expanding the exports and increasing competitiveness in the foreign market. The policy guideline suggests that the trade in the service sector has globally increased but the service sector of Bangladesh is less involved in international trade, despite having the highest contribution to the country's GDP. The service sector contributes a 51.48% share of the GDP at a constant price for the fiscal year 2019-2020. The policy guideline on FTA needs to be updated in the areas of the service sector and intellectual property rights. In the context of the post-LDC graduation, as Bangladesh is posed to negotiate FTAs/PTAs with China, Sri Lanka, Malaysia, Turkey, Indonesia, etc., a review of the current guideline has become imperative. Revising the guideline on a priority basis and creating scopes for women entrepreneurs accordingly are thus the main goals of this review. In this regard, the broad objective of this study is to review the existing Policy Guideline on Free Trade Agreement, 2010, and provide feedback to the government to strengthen the concept of cooperation in international trade, tariff, transport, and transit facilities. The policy reviews will also provide advocacy for mainstreaming female traders and facilitate policy coherence between national development priorities and international obligations on trade facilitation. The broad research questions of this policy review are as follows:

- (i) What are the primary objectives of the Policy Guideline on Free Trade Agreement, 2010, and its importance in the present context of the country?
- (ii) What are the suggested measures to achieve those mentioned objectives?
- (iii) What are the bottleneck/ implementational challenges of the Policy Guideline on FTA, 2010?
- (iv) How can women entrepreneurs receive the benefits from the FTA policy guideline?
- (v) Take away from comparators, for better formulation of the FTA policy guideline.
- (vi) What could be the necessary inclusions, extensions, and alterations of the provision of the policy guideline to make it more effective in the future?

1.3. Scope of the study

The policy review of the Policy Guidelines on the Free Trade Agreement, 2010 is to analyze the stated objectives in the guideline and the suggested measures to achieve those objectives in the current domestic and global economic scenario. In addition, the review paper will look over if the objectives are consistent in the context of Bangladesh's possible future goals such as LDC graduation, UMIC graduation, 8th Five-year plan, Bangladesh's second perspective plan, etc. The review paper will also take note of and analyse the FTA policies of the comparators and suggest important takeaways. The policy review paper will try to identify if there are scopes of taking initiatives at different levels to expand export product coverage

through various types of preferential market access arrangements. Hence, the review will also identify the potential obstacle to forming any regional/bi-lateral trading blocks and suggest recommendations accordingly. The review will also take into consideration the SHE trade aspect and recommend potential measures so that the women entrepreneurs can be benefitted from the future FTA policies.

1.4. Methodology

The review of the Policy Guideline on the Free Trade Agreement, 2010, uses mixed methodologies to conduct the policy review. In general, the methodology was based on two significant tasks:

- i. Rigorous desk research of all relevant policy documents, literature, and secondary data, and
- ii. Primary data collection and analysis through Key Informant Interviews (KIIs) from relevant and appropriate stakeholders

Therefore, the research methodology can be categorised as follows:

1.4.1 Desk Research

The research team has conducted detailed desk research consisting of all documents and relevant literature to the locus of the study. This has involved examining and analysing the available secondary data and identifying potential policy gaps in the formulation of a proper FTA policy for Bangladesh. The desk review has also helped to analyse several FTAs and their functionalities.

During the desk research, the research team has reviewed the following documents-

- Policy Guidelines on Free Trade Agreement, 2010
- 8th Five-year Plan
- Bangladesh Perspective Plan 2021-2041
- The Australia - New Zealand Closer Economic Relations Trade Agreement
- Documents related to ASEAN-Korea FTA
- Documents related to RCEP
- Documents related to CEPA
- Comparing Bangladesh's FTA policies/strategies to Vietnam, Malaysia, and South Korea
- Other relevant literature sources

1.4.2 Primary data collection

In collecting primary data, the research team will follow a qualitative approach. Social aspects that are mostly unrepresented in the quantitative data can be addressed through qualitative data, which are expected to provide in-depth information on social dimensions and characteristics. As part of the qualitative data, the team will conduct Key Informant Interviews (KIIs).

Key Informant Interview (KII)

The KIIs will be helpful for an in-depth understanding of the policies, assessment of projects, and identifying gaps. For this study, the research team will carry out a total of 10 KIIs. Table 1 provides a list of the key informants for this study.

Table 1: List of KIIs for the review of FTA Guidelines

| Organisation/Association | Key informant |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key personnel from think tanks working on international trade (2) | <ul style="list-style-type: none">• Professor Mustafizur Rahman (Distinguished Fellow, CPD)• Md Shahidul Haque, Professorial Fellow, SIPG, NSU (Ex Foreign Secretary) |
| Ministry of Commerce (1) | <ul style="list-style-type: none">• Noor Mohammad Mahbubul Haque, Additional Secretary, FTA wing, MoC. |
| Legal representative (1) | <ul style="list-style-type: none">• Dr. Rumana Islam, Professor, Department of Law, Dhaka University |
| Bangladesh Trade and Tariff Commission (1) | <ul style="list-style-type: none">• Ms. Sumaiya Zabeen, Assistant Chief, Bangladesh Trade and Tariff Commission |
| Other experts (1) | <ul style="list-style-type: none">• Mr. Nesar Ahmed (Ex Additional Secretary, MoC) |

The mode of KIIs was virtual interviews through Zoom.

1.5. Organisation of the paper

The remaining parts of this policy paper are arranged in the following manner:

In chapter two, of this paper, the current policy's context, challenges, general overviews, and trade-related provisions are scrutinized. The relevance of the Policy Guidelines on Free Trade Agreement, 2010 in the present changing trade scenario and the deviation of the policy guideline from the regional comparators are analysed. Chapter three has discussed the relevance of the current policy in promoting and mainstreaming women entrepreneurs in international trade and global value chains. Chapter four provides the findings of the study and possible recommendations and a way forward are included in chapter five. Chapter six provides the concluding remarks of this policy review.

2. The Free Trade Agreement Policy Guideline: Context and Challenges

2.1. A brief overview of the Free Trade Agreement, 2010

The bilateral Free Trade Agreement is established to expand and maintain the economy's market access (Kawai and Wignaraja 2010). The guideline states that Bangladesh adopted an open market policy relying on the private sector initiatives in the early 1990s. Since then, the major objective of the national economic policy is to have export-oriented growth. Increasing intra-industry trade between member countries of the bilateral trade agreement, it might aid in a reduction of the cost of production and thus, improve the competitiveness in the global market. In general, FTA can aid in strengthening the process of industrialisation of developing countries like Bangladesh. Several factors determine to what extent the FTA will be effective for the country such as the size of the economies involved, the extent of trade integration, and the terms and conditions of FTAs.

The Policy Guideline on Free Trade Agreement, 2010 is a five-page document that has provided a more detailed explanation for the identification of prospective countries considering the different aspects of these countries' markets in terms of trade in goods, services, and investment. The guideline has provided a list of possible markets for Bangladeshi products in Asia, South America, and Africa, countries with increasing demand for manpower, member countries of the Commonwealth of Independent States (CIS), and least developed countries (LDCs), and developed countries. The primary focus of the coverage of FTAs is to focus on the trade of goods, and services, and may also cover investment depending on sectoral requirements. While covering the trade in goods several issues need to be addressed such as tariffs, effective mechanism for removal of nontariff barriers (NTBs), rules of origin criteria, customs cooperation, safeguard measures, dispute settlement mechanism, and an institutional mechanism to oversee the implementation of the agreements. In the case of trade in services, FTA's focus should be on the movement of natural persons.

Table 2 summarises the Policy Guidelines on the FTA, 2010.

Table 2: Focus, objectives, and measures to achieve the objectives of Policy Guidelines on Free Trade Agreement, 2010

| Primary Focus | Objectives | Measure to achieve the objectives |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Increasing intra-industry trade between member countries of the bilateral trade agreement. • Enhancing Economic strength, growth potential, and demand for partner countries. • FTA can aid in developing a diplomatic relationship. • Consideration to elevate bilateral cooperation to the strategic level. • Increase market access conditions for Bangladesh. | <ul style="list-style-type: none"> • FTAs have become very prominent features of the international trading system and hence will have an important national trade policy instrument. • Increasing market access in developing countries. Rather Bangladesh faces stiff competition in these markets from the countries having FTAs with them. • Exposing the service sector to international trade more as the service sector has the highest contribution to GDP. • To diversify export products and markets through long-term arrangements with its prospective trading partners. • Bangladesh can enhance its international movement of natural persons through long-term arrangements with the countries in need of human resources, the scope of which is limited by the WTO. • FTAs will strengthen economic and political ties with partner countries. • FTAs to be negotiated should cover trade in goods and services. FTAs may also cover investment depending on sectoral needs. • Agreements on trade in services should cover, among others, the movement of natural persons and cooperation in the sector and will be in form of a step-by-step approach towards liberalization. | <ul style="list-style-type: none"> • Identifying and selecting potential countries for FTAs. Bangladesh needs to take a specific position regarding specific markets. • Bangladesh might need to pursue negotiations for preferential market access including bilateral FTAs on a case-by-case basis. • Bangladesh could initially look for a Preferential Trading Agreement (PTA) with a positive list approach. Because Bangladesh's export competitiveness is limited to few products, hence, broad-based FTAs could have repercussions that need to be considered. • To increase export, Bangladesh needs to pursue countries to extend their product coverage under their GSP schemes, this can be possible under the DDR agreement. • Bangladesh should look for markets in the developing countries, particularly in the global South region to get better market access for its products. Since Bangladesh might face erosion of preferences in developed countries markets. |

Source: Authors compilation from Policy guidelines on Free Trade Agreement, 2010.

2.2. Trade-Related Provision: Current State and Bottlenecks

The provisions and sections of the Policy Guidelines on the Free Trade Agreement, 2010 are mostly related to issues related to trade. In this section, we have identified the current condition and bottlenecks of several issues that are stated in the policy guideline. This will help analysing the overall trade condition of Bangladesh to assess its capacity to become a lucrative contender for future FTA or CEPA negotiations. Some of the significant aspects that require attention for Bangladesh's effective formation of FTA formation are addressed in the following sub-sections.

2.2.1 Tariff structure

One significant aspect of signing a bi-lateral or multi-lateral FTAs with other countries is the commitment of the countries to eliminate or lower their current tariff structure. Depending on the nature of the agreement, the overall time to remove tariffs and other restrictive regulations varies. In most cases 10 years is considered to be the optimal time to eliminate all forms of tariffs, substantially. As per the current practice, tariffs on around 90% of the trade should be eliminated within the 10 years time frame. Depending on the FTA nature countries can also exclude some products whose tariffs won't be eliminated. The question may arise whether a country like Bangladesh whose tax to GDP ratio is really low¹ and fiscal activities significantly rely on import duties, can overcome the challenge of tariff elimination due to the formation of FTAs. Alongside tariff elimination, the formation of FTAs also requires the elimination of regulatory and supplementary duties. The concerns of the National Board of Revenue (NBR) regarding the loss of tariff revenue are justifiable.

2.2.2 Rules of origin criteria

Depending on the nature of the FTAs the rules of origin criteria of the products might vary. Mainly three broad categories are followed according to the WTO; Change in the tariff classification, Value addition criteria, and Particular processing requirements. Currently, bi-lateral and multi-lateral FTAs around the world follow all three criteria separately/ combined, mainly through product-specific rules. For Bangladesh's future, FTAs defining product-specific rules of origin criteria will be a challenge, and both/all the parties need to agree. Knowledge about handling technical issues related to particular processing requirement criteria is also a must while forming FTAs. The rules of origin criteria need to be negotiated in such a way that the products from Bangladesh qualify the criteria while being exported to the partner country/ countries.

2.2.3 SPS and TBT measures

The SPS and TBT measures in any FTA follow the WTO SPS and TBT Agreement. However, WTO plus provisions are often seen in several newly formed FTAs, such as audits and mutual recognition agreements among the standards and conformity assessing authorities². While forming FTAs Bangladesh needs to assess whether the country is prepared to maintain the WTO plus provisions regarding the SPS and TBT measures. If MRA among the standards and

¹ According to FY 2019 data, the tax to GDP ratio of Bangladesh (9.3%) is lower compared to the developing country average (15%). [Why is tax-GDP ratio so low in Bangladesh? | The Daily Star](#)

² Presentation of Dr. Mostofa Abid Khan, Ex Member of BTTC (20 Dec 2021). "Preparation of FTA Guidelines and Template for Free Trade Area Agreement: Key findings and possible challenges."

certification agencies of Bangladesh and partner countries are not agreed upon, Bangladesh will face the same hurdle while exporting to the partner country.

2.2.4 Domestic NTMs/ NTBs

Generally, when the issues of NTMs are discussed, our initial focus goes to the NTMs we face in other countries while exporting. However, the NTMs existing in Bangladesh, faced by the importers are also of great significance. An ITC study states that 91 percent of Bangladeshi exporters face burdensome NTMs and about 53 percent of the importers face NTMs while importing raw materials and consumer items in Bangladesh (Kibria, 2018). Document requirements, port congestion, lack of adequate testing facilities, lack of full automation in the clearance process, and delay in receiving test results, are some of the significant NTMs when importing to Bangladesh³. Despite the elimination of the tariffs, NTBs add trade costs while importing to Bangladesh. The countries with which Bangladesh would like to sign bi-lateral or multi-lateral FTAs will assess the NTMs/NTBs faced in the Bangladeshi market. These NTBs often provide a negative signal for the countries to sign FTAs with Bangladesh.

2.2.5 Movement of Natural person

The Policy Guidelines on the Free Trade Agreement, 2010 mentions about service sector as well. In general, the FTAs that are functional contain the provision of service sector liberalisation. Service modes 1,2 and 4 are mostly considered. FTAs generally contain both positive and negative lists regarding terms of opening up sectors. There are some FTAs that contain separate chapters regarding the movement of Natural persons. However, in the Policy Guidelines on Free Trade Agreement, 2010 there is no specific mention of how the FTA in service will be carried out. The FTAs in general do not contain any specific measures related to un-skilled labors. Bangladesh should carefully consider opening up the service sector in FTA negotiations, as the country is yet to generate skilled manpower like neighbouring India and Srilanka. Bangladesh already possesses disguised unemployment, meaning, people are working in lesser positions than their actual potential⁴. In this scenario, negotiating FTAs and allowing service sectors to open up has to be carefully considered. As Bangladesh has abundant unskilled and semi-skilled workers, the government should open up the service sector in FTA negotiations where the partner countries have a demand for those unskilled and semi-skilled workers.

2.2.6 Intellectual property rights

The newer comprehensive economic partnerships and FTAs are gradual including the IP provisions. After graduation from the LDC category in 2026, if Bangladesh negotiates FTA, especially with established trading blocks (EU, ASEAN), or particular developed countries, ensuring intellectual property rights would become a core challenge for Bangladesh. Most FTAs contain TRIPS-plus provisions. This might require Bangladesh to become a signatory or comply with several international treaties. Some of the noteworthy conventions or treaties are the PCT, WIPO, 1991 UPOV convention, Hague Agreement, Geneva Act, etc⁵. Currently,

³ Kibria, Asjadul. (2018). Giving NTMs adequate space in budget. *The Financial Express*, May 11, 2018 (Retrieved on 6th September 2021)

⁴ Rahman (2018). Foreign Workers in Bangladesh. *The daily sun*, 26 April, 2018. [Foreign Workers in Bangladesh | Print Version \(daily-sun.com\)](#)

⁵ Presentation of Dr. Mostofa Abid Khan, Ex Member of BTTC (20 Dec 2021). "Preparation of FTA Guidelines and Template for Free Trade Area Agreement: Key findings and possible challenges."

Bangladesh enjoys WTO TRIPS exemption being an LDC. However, experts opine that complying with IP rights is a far-fetched issue for Bangladesh. At present Bangladesh should focus on trade in goods, services, and investment liberalisation. Nevertheless, Bangladesh needs an FTA policy guideline that will have necessary provisions, preparing Bangladesh to comply with the IP issues by 2026⁶.

2.2.7 Provisions related to negotiation strategy (offensive and defensive interests)

The current FTA Policy Guidelines have no particular mentions regarding the strategies and the procedure to negotiate. Strategies for negotiation need to be determined. There are two types of interest, one is offensive interest and the other is defensive interest. Every negotiator tries to bring all the benefits to their side- a “win-win-win strategy”. Moreover, the public and their benefits need to be considered too. Activities in the pre-negotiation period, during the negotiation period, and the post-agreement signing activity mechanism need to be addressed in the future RTA/FTA guidelines of Bangladesh.

2.3. *Changing Nature of the World Trade and Relevance of the Free Trade Agreement Guidelines, 2010*

A Free Trade Agreement is an extreme form of Preferential Market Access providing duty-free or lower-duty access to markets of partner countries on a wide range of products. In the context of Bangladesh, FTA could be an attractive proposition as Bangladesh will be graduating from the least developed country (LDC) category. This may result in market losses due to preference erosion following graduation in 2026. Currently, the FTA Bangladesh is already a part of and has signed is the South Asian Free Trade Agreement (SAFTA). However, SAFTA according to most analysts has not made much impact in expanding intra-regional trade in South Asia (which is one of the goals of the agreement).

However, from the rise of economic nationalism and protectionism, globalization has come under serious strain. Hence, FTAs may lead to more exposure for the Bangladesh export market. This section provides an analysis stating the relevance of the current Policy Guidelines on Free Trade Agreement, 2010 in the context of changing world trade scenarios.

⁶ Information gathered from KII

2.3.1 LDC graduation

Bangladesh is a significant beneficiary of the multilateral trading system (WTO) as the country enjoys the benefit of the certain differential dispensation of LDCs and developing countries. An estimate by UNCTAD states that the export earnings of Bangladesh might fall by 5.5 to 7.5 percent after graduating from LDC. After graduation, Bangladesh will face an average rise of 6.7 percent tariff⁷. As Bangladesh will be graduating from LDC in 2026, the country may have to negotiate a trading arrangement with the EU. Bangladesh may opt for another negotiation with the post-Brexit United Kingdom to ensure favorable access to these important markets. Furthermore, Bangladesh may seek more bilateral or regional FTAs because FTAs may create trade growth and may contribute positively to employment creation.

It can be expected that “preference erosion” will occur in the post-LDC scenario, hence, the country might face the strongest force of competitiveness in the global market. Bangladesh needs to take strong measures to raise productivity, efficiency, and competitiveness of Bangladesh products. Therefore, the formation of functional FTAs with significant trading partners is an imperative task post-graduation era. Bangladesh needs an effective policy guideline to ensure the formation of such bi-lateral and multi-lateral FTAs, CEPA, and RTAs.

2.3.2 The 8th five-year plan

Bangladesh Planning Commission (2020)⁸ states that Industrial strategies are of two kinds-export-oriented industrialization and Import-substituting industrialization depending on the country’s preferred destination of production (foreign or domestic). Trade policy is an important instrument used in steering the direction of industrial development toward the foreign and domestic markets. In the next quarter-century, it can be expected that there will be major job creation in Bangladesh in a diversified manufacturing sector that is globally competitive, export-oriented, and focused on breaking into emerging markets while expanding its market share in developed economies of the world.

The government’s sixth and seventh Five Year Plans, the Perspective Plan 2010-21 and Perspective Plan 2021-41 already laid out the blueprint for trade and industrial policies for growth acceleration through an outward-orientated trade policy regime. In the 8th Five Year Plan, the strategies for outward-orientated trade policies will ensure export-led or trade-led growth. Policies must be put in place that ensures Comparative Advantage Following (CAF)-Based export competitiveness on one hand and restore the balance between production for exports and import substitute production for sale in the domestic market on the other. To diversify the export basket and destinations, Bangladesh needs to participate in FTAs, CEPA, and RTAs.

2.3.3 Provision of investment in future FTA guidelines

In the changing global trade scenario, bi-lateral and multilateral investment has been gaining more and more importance. The WTO Investment Facilitation Agreement is getting prepared

⁷ FTA to address trade challenges after LDC graduation | The Asian Age Online, Bangladesh (dailyasianage.com)

⁸Bangladesh Planning Commission. (2020). *8th Five Year Plan, July 2020 - June 2025: Promoting Prosperity and Fostering Inclusiveness*. General Economics Division (GED), Bangladesh Planning Commission.

and is about to be declared at the upcoming ministerial conference⁹. Most of the functional FTAs contain bi-lateral and multi-lateral investment provisions. These investment provisions consist of investment coverage, pre-FTA commitments, post-FTA measures, dispute settlement with the government, etc¹⁰. In negotiating FTAs or CEPAs, Bangladesh needs to address the bilateral investment provisions as well. Ensuring an appropriate investment climate is a challenge for Bangladesh. Bangladesh will be benefited from the inward investments of an FTA. Therefore, before signing an FTA having provisions related to investment, Bangladesh needs to carefully rethink.

2.3.4 E-commerce

E-commerce has gained increasing popularity in recent times globally, especially during the pandemic. Modern era FTAs contain chapters related to e-commerce. Issues such as the electronic supply of services, data protection, digital payment, duties on electronic deliveries, and online consumer protection are some vital issues that Bangladesh might need to develop for future FTAs, where e-commerce will be introduced. Bangladesh currently is not equipped enough for handling cross-border e-commerce.

2.3.5 Lack of reciprocity by the partner countries

Most often this is the case, when negotiators of Bangladesh approached the interesting countries for RTAs, the response experienced from the other side was not fully reciprocal. It is therefore another significant aspect to consider while forming RTAs/FTAs, whether or not the partner country considers Bangladesh as potentially important. For instance the importance of Bangladesh to countries like China, India, and the ASEAN members.

In the case of Malaysia, they have not been sharing any positive feedback so far. Singapore is another country Bangladesh is trying to negotiate and they have already sat for meetings with the Bangladeshi negotiators, however, since then they have not responded to date. On the other hand, Indonesia did come to a discussion with Bangladesh but the interest or objectives of both countries have not aligned. Hence, taking such experiences into account, we need to review the policy guideline paper.

2.3.6 Inclusion of service sector in the future potential FTAs/RTAs

RTAs in recent times are increasingly considering the inclusion of trade in services. Bangladesh lacks adequate preparation for opening up its service sector. Currently, Bangladesh has opened up the telecommunication and tourism sector for foreign investors. For future, e FTAs Bangladesh might consider opening up other service sectors as well and a thorough analysis of benefits and costs needs to be carried out. Bangladesh also needs to develop human capital to tap such RTAs where trade in services are included. Currently, Bangladesh exports low-skilled labors. In the short run, Bangladesh needs to consider including service sectors in RTAs with countries where there is a demand for low-skilled and semi-skilled labor. However, in long-run Bangladesh must focus on developing its human capital to tap the benefits of RTAs

⁹ [WTO | 2021 News items - Investment facilitation agreement negotiators set up roadmap towards Ministerial Conference](#)

¹⁰ Presentation of Dr. Mostofa Abid Khan, Ex Member of BTTC (20 Dec 2021). "Preparation of FTA Guidelines and Template for Free Trade Area Agreement: Key findings and possible challenges."

that include trade in services. Also, domestic service sector openness is mandatory in this regard.

2.3.7 Border clearance and trade facilitation

To make future RTAs and FTAs effective and functional, trade facilitation and easing the border clearance process for both Bangladesh and partner countries are important. Stringent border clearance processes result in NTBs. Lack of automation, port infrastructure, and testing facilities are some significant reasons that impede border clearance. Partner countries are also reluctant to go for any RTAs if they have to bear higher trade costs due to the cumbersome customs and border clearance formalities. Bangladesh needs to address such issues to prepare itself for future potential RTAs. Interagency coordination is vital for this to happen. Bangladesh can also sign MRAs with the partner countries' certifying authorities to ease the border clearance process even more.

2.3.8 Compatibility with WTO and WTO plus provisions

Bangladesh needs to ensure its capacity to comply with WTO and WTO plus provisions to become a potential signatory of FTAs and RTAs. RTAs in recent times include WTO plus provisions like environmental, labor, and social compliances. Bangladesh needs to increase its capacity to comply with such WTO plus provisions in potential RTAs. Providing WTO notifications about tariff structure, SPS, and TBT requirements, ensuring the functionality of Bangladesh the Trade Portal, and establishing national inquiry points for providing WTO notifications can start to make Bangladesh compliant with WTO and WTO plus provisions.

2.4. Learning from the comparators and some significant FTAs

While planning for trade policies, Bangladesh can learn from the experience of developing countries that adopted trade policies and industrial strategies that yielded huge returns in terms of growth and poverty reduction. From poor developing countries in 1960, the East Asian Tigers (for example, Korea, Taiwan, Hong Kong, and Singapore) joined the ranks of developed countries in about 50 years. Such economies adopted export-led growth strategies with policies that involved trade openness. To pursue such trade and industrial policies, LDCs and other developing countries received guidance as well as financial support from the World Bank and IMF.

Two strains of policy adopted by East Asian economies:

- i. Openness to international trade.
- ii. Selective industrial policy interventions, often use trade policy instruments to capture opportunities from dynamic scale economies in the global market.

Studying the group of East Asian countries, most of these economies began industrialization with a protectionist orientation and then gradually shifted towards free trade strategies. The following table shows three countries overall standing on Free Trade Agreement and its impact on their economy.

In the years of hyper-globalization, there has been an escalation of RTAs/PTAs. Compared to 1990, the number of PTAs has crossed 300. The data suggests that approximately half of the export volume of the top 30 exporters goes to RTA partners. Singapore, Thailand, Malaysia,

Indonesia, and the Philippines formed ASEAN and the circle was later joined by countries like Vietnam, Myanmar, Laos, and Cambodia. The ASEAN has a similar vision to the EU but differs in the level of integration compared to the EU. The ASEAN Economic Community is promoting further economic integration over time. In addition to ASEAN Trade in Goods Agreement (ATIGA), ASEAN has also signed a free trade agreement with China, India, Japan, Korea, and Australia. Moreover, countries like Indonesia, Malaysia, the Philippines, Thailand, and Vietnam have earned the nickname “tiger cub economies” which is a reference to the Asian Tigers (Hong Kong, South Korea, Taiwan, and Singapore). These Asian Tigers have achieved high economic growth and development in the second half of the 20th century through export-led growth along with technological content. (Kuusinen et al., 2019). The ASEAN+ is expanding its coverage and has the potential to become an economic community of East Asian countries Regional Comprehensive Economic Partnership (RCEP).

This section of the review has analysed the strategies of Vietnam, Malaysia, and South Korea in the formulation of FTAs and regional trading blocks. The section also scrutinised three significant FTAs, their coverage, and key takeaways (Table 3).

Table 3: Strategies of the comparators in the formulation of FTAs and regional trading agreements

| Vietnam | Malaysia | South Korea |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Vietnam is one of the most open economies and has a trade-to-GDP ratio of 190% in 2018. The economy pursued export-led industrialization as a strategy. • The economy achieved trade liberalization and integration with several regional and global trade agreements by removing both tariff and non-tariff barriers. • The FTAs will result in Vietnam’s economic development shifting away from exporting primary goods and low-tech manufacturing products to high-tech goods like electronics, vehicles, machinery, and medical devices. • Vietnam’s manufacturing sector steadily grew between 2014-and 2016 (even when the global trade has become stagnant). • Vietnam underwent domestic reform through deregulation and lowered the cost of doing business. • Samsung, Nokia, etc. have set up shops to manufacture export electronics in Vietnam. Currently, the country has shown signs to develop its product from the transfer of Know-How technology. Such business practice can be a catalyst to boost the country’s labor productivity and increase the country’s export capacity. | <ul style="list-style-type: none"> • The Malaysian economy has been largely open to trade and investment for decades, hence, the country has always been a trading nation. • The country joined GATT (General Agreement on Trade and Tariff) in 1957. Malaysia was also the founding member of WTO which later replaced the GATT. • Currently, Malaysia has 7 bilateral FTAs with countries like Australia, Japan, New Zealand, Chile, Turkey, India, and Pakistan. • Malaysia is also part of the ASEAN Free Trade Area (AFTA) which is established as a trading bloc agreement to aid the domestic manufacturers of all the member countries in the ASEAN circle. • FTAs such as Trans-Pacific Partnership (TPP) and Malaysia EU-FTA will initiate expansion of the market access for Malaysia. The current FTAs offer a wider range of opportunities beyond tariff reduction. These FTAs cover policies regarding competition and investment, non-tariff measures, labor standards, intellectual property rights, and opening government procurement for competition. • The country has a market-friendly government and a strong track record of reforms, hence newer opportunities brought | <ul style="list-style-type: none"> • When South Korea was a developing economy, the economy opened its market only to a minimum. However, when Korea elevated its global economic position, the country recognized the importance of trade liberalization and mutual reciprocity between the trading countries. • Korea’s government in February 2008, decided to develop the “Global FTA network” as its major foreign-trade policy. • The United States-Korea Free Trade Agreement (KORUS FTA) was officially signed on 30th June 2007. The top export categories to the Us were vehicles, machinery, electrical machinery, mineral fuels, and plastic (as of 2019).¹¹ (USTR, 2022) • EU-South Korea FTA proved to be beneficial for both partners because it resulted in increased “volume of trade” (due to the elimination of 99% of tariff) and level of integration. The FTA with the EU helped South Korea earn its position in the circle of FTA Hub nations simultaneously signaling its movement towards “Bilateral Trade Liberalization”. • The importance of entering the group of FTA Hub nations is that it provides preferential access to each “spoke” market. Secondly, it makes South Korea more attractive for |

¹¹ The information is taken from USTR website: <https://ustr.gov/trade-agreements/free-trade-agreements/korus-fta>

| Vietnam | Malaysia | South Korea |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • The economy welcomes foreign direct investment without conditions and restrictions. • Through public investment, the country heavily invested in human and physical capital. This helped them build a strong economic infrastructure in the power sector and connectivity. High public investment, and greater power generation, transmission, and distribution capacity aided the country to meet up the increasing demand. • Vietnam is a signatory to 16 bilateral and multilateral FTAs. • The country is a member of WTO, and ASEAN, and holds bilateral agreements with the USA, Japan, South Korea, the EU, and the Eurasian Customs Union. The country also joined CPTPP along with 10 other countries. • The trade agreements opened Vietnam to foreign investment- more than 10,000 foreign companies such as Samsung, Intel, and LG operate in Vietnam. The economy focuses on export-oriented, labor-intensive manufacturing. • Vietnam heavily invested in Human Capital by promoting access to primary education and ensuring its quality. • Vietnam has decreased its corporate income tax from 32% to 20% in 2003. Thus, the economy progressed in improving its | <p>by the FTAs will initiate structural reforms to support private sector-led economic growth.</p> <ul style="list-style-type: none"> • In the 11th Malaysia Plan, the key aspect of the study is to initiate acceleration in productivity growth to bring the country to high-income status. • MITI Malaysia (n.d.) stated that international trade is a major aspect aiding towards economic growth and development of the country. • Ever since Malaysia joined regional trading arrangements, the economy's GDP increased significantly. Hence, international trade is one of the reasons for Malaysia's economic boost (Yusoff, 2005). • The economy is also involved in ACFTA, ASEAN-Korea Comprehensive Economic Cooperation Agreement (AKFTA), and many others. Hence due to such FTAs, Malaysia's GDP growth rate peaked in 2014. • Research on FTAs impacting the Malaysian economy suggests that the population size and GDP of the partner country provide a significantly positive impact on Malaysia's bilateral trade. This implies that the larger the population greater the market size and the higher the GDP indicated the better the economic performance of the country. (Min, Yi, Wen, Woei & Yan, 2017) | <p>foreign direct investment due to its privileged position as the only market with preferential access compared to others in the Hub-and-spoke network.</p> <ul style="list-style-type: none"> • The FTA between South Korea and the EU has resulted in an increased integration between the two parties' supply chains such as it initiated technological specialization and achieve larger economies of scale. However, one major issue that came into notice due to deeper integration is labor and hygiene standards which are part of the SPS (sanitary and phytosanitary) measure. Differing views of labor standards are a major source of friction between the two parties. EU stands with the view that South Korea needs improvement in its core labor standards as outlined and defined by ILO.¹² (EIAS, 2021) • Due to such economic benefits, South Korea signed FTAs simultaneously with US and EU and soon after with China in 2015. • South Korea decided to further strengthen its strategic trading position by joining the Regional Comprehensive Economic Partnership (RCEP) which is a free trade agreement (FTA) signed by 15 nations from the Asia-Pacific. Hence, many small and medium-size EU exported found South Korea attractive for their first Asian Business collaboration because this might gain them |

¹² <https://eias.org/policy-briefs/eu-south-korea-fta-a-ten-year-perspective/>

| Vietnam | Malaysia | South Korea |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>investment situation and ease of doing business.</p> <ul style="list-style-type: none"> • Vietnam’s industrial protection was there but was never intentionally allowed to be high enough to discourage export incentives. | <ul style="list-style-type: none"> • The same study showed that inflation in the partner country will have a negative impact as higher inflation lowers the import from Malaysia due to lower purchasing power. Furthermore, Trade openness between Malaysia and the host country gives a significantly positive impact on the country’s bilateral trade. (Min et al, 2017) | <p>backdoor access to the other growing markets in the region.</p> <ul style="list-style-type: none"> • By signing FTAs with the EU, the country strengthened its “middle power influence” in the expanding areas of bilateral trade liberalization. To conclude, trade liberalization through FTAs has made its export-oriented industries more competitive and strengthened its development strategies. |

Source: Compiled by authors from various sources

Table 4: Key aspects of some significant trade agreements

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Comprehensive Economic Partnership Agreement (CEPA) India-Republic of Korea ¹³ | <ul style="list-style-type: none"> • Trade in Goods: This portion of the agreement covers some specific areas which are National Treatment and Market Access for Goods, trade remedies (antidumping and countervailing duties, safeguard measures, technical regulations, and SPS measures), etc. • Rules of Origin: This portion includes several issues and definitions such as CIF value, FOB value, Fungible materials, Generally Accepted Accounting Principles, indirect materials, non-originating materials used in production, originating materials, packaging materials and containers for shipments, and so on), provisions on originating goods, wholly obtained or produced, not wholly obtained or produced, indirect materials, non-qualifying operations, accumulation, de minimis, the principle of territoriality, exemption from the principle of | <p>This CEPA between India and the Republic of Korea includes some specific objectives:</p> <ul style="list-style-type: none"> • Between the parties, liberalization, and facilitation of trade in goods and services and expansion of investment. • For the enhancement and emphasizing the economic relations among the parties, setting up a cooperative framework. | <ul style="list-style-type: none"> • The Republic of Korea has become a valuable trading partner for India. The trade between India and the Republic of Korea has reached USD 17.5 billion as of 2020-21. <p>Moreover, India can be served as a large market for ROK (electronic, automobile, and consumer durable products such as white goods). Also, The comparative advantage in terms of goods lies in ROK</p> |

¹³<https://commerce.gov.in/wp-content/uploads/2020/05/INDIA-KOREA-CEPA-2009.pdf>

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| | <p>territoriality, direct consignment, consultations and modifications, products specific rules and so on.</p> <ul style="list-style-type: none"> • Origin of procedures: This part covers the definitions, provisions on issuing authorities of certificate of origin, application for certification of origin, issuance of certificate of origin, the validity of certificate of origin, invoicing by a non-party operator, discrepancies on the certificate of origin, waiver of certificate of origin, record-keeping requirement, verification by the competent authority of exporting party, verification of by customs authority of importing party, verification of materials that are used in the production, denial of preferential tariff treatment, confidentiality, penalties, review, uniform regulations/rules. • Trade Facilitation and customs cooperation: This chapter includes objectives and principles, and covers provisions on release of goods, automation, risk management, express shipments, transparency, review and appeal, advance rulings, customs cooperation, customs committee, and customs contact points. • Trade in services: This chapter covers definitions and includes scope and coverage that applies measures by a Party affecting trade in services, market access, national treatment, additional commitments, domestic regulation, recognition, monopoly and exclusive service suppliers, | <ul style="list-style-type: none"> • Setting up a favorable framework for a more conducive environment for businesses and flourishing in conditions of fair competition in the free trade area. • For governing trade and investment between the parties, inseminating a framework consisting of transparent rules. • Generation of workable methods for the implementation and application of this Agreement. • Experimenting with new fields of economic cooperation and exhibiting accurate and necessary measures for closer economic partnership between the Parties | <p>and the comparative advantage in terms of services lies in India.¹⁴</p> |

¹⁴ Banik, N., & Kim, M. (2022). India–Republic of Korea CEPA: Assessment and Future Path. *Economies*, 10(5), 104.

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| | <p>business practices, safeguard measures, payments, and transfers, restrictions to safeguard the balance of payments, general exemptions, security exemptions, subsidies, schedule of specific commitments, modifications of schedules, progressive liberalization, transparency, disclosure of confidential information, denial of benefits, service investment linkage.</p> <ul style="list-style-type: none"> • Telecommunication: This chapter comprises some definitions and provision and measures on scope and coverage that covers measures that affect trade in telecommunication services, access to and use of public telecommunications transports networks and services (access and use), the conduct of major suppliers (treatment by major suppliers, access to major suppliers' infrastructure, competitive safeguards, interconnection), other measures (independent regulatory bodies universal service, licensing conditions, allocation and use of scarce telecommunications resources, resolution of telecommunications dispute and appeal process transparency) • Movement of natural persons: This chapter is enclosed with general principles, scope, and definitions, grants of temporary entry, employment of spouses and dependents, regulatory transparency, resolution of problems, and dispute settlement. • Audiovisual coproduction: This chapter comprises general principle, scope, benefits, and amendments. | <ul style="list-style-type: none"> • Ameliorating the competency and competitiveness of their manufacturing and services sectors and expanding trade and investment between the Parties. • Setting up a framework for further regional and multilateral cooperation to expand and enhance the benefits of this Agreement throughout Asia, and thereby, encourage the economic integration of Asian economies. | |

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------------------------|
| | <ul style="list-style-type: none"> • Investment: This chapter comprises four sections. Section A includes definitions, and section B covers investment (which specifies scope and coverage, national treatment, minimum standard of treatment, senior management and board of directors, transparency, non-conforming measures, review of reservations, transfers, temporary safeguard measures, expropriation and compensation, losses and compensation, subrogation, special formalities and information requirements, health, safety and environmental measures, denial of benefits, exceptions, access to judicial and administrative procedures, others obligation), section C includes settlement of disputes (this area covers settlement of disputes between a party and an investor of the other party) and Section D governs final provisions (entry into force, duration, and termination, expropriation, security exceptions for investment, nonjusticiability of security exceptions) • Competition: This part comprises the purpose, definitions, consultations, cooperation, and non-application of dispute settlement provisions. • Intellectual property rights: This chapter includes some definitions (PCT, CGPDTM, KIPO), provisions for general obligations, more extensive protection, enforcement, cooperation in the field of intellectual property, and non-application of dispute settlement provisions. • Bilateral cooperation: This portion comprises the provisions on trade and investment promotion, energy, information, and communications technology, science, | | |

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>and technology, small and medium enterprises, infrastructure and transportation, audiovisual content, textile and leather, pharmaceuticals, tourism, government procurement, renewable energy resources, non-application of dispute settlement provisions.</p> <ul style="list-style-type: none"> • Dispute settlement: This portion covers cooperation, provisions on scope and coverage, choice of forum, consultations, good offices, conciliation or mediation, request for an arbitral panel, composition of arbitral panels, termination of proceedings, proceedings of arbitral panels, information and technical advice, initial report, final report, implementation of the final report, non-implementation: compensation and suspension of benefits, official language, expenses, model rules of procedure. • Administrative and final provisions: This portion comprises the provisions of the fulfillment of obligation and commitments, joint committee and review, contact points, annexes and appendices, amendments, amendment of the WTO Agreement, entry into force, and termination. | | |
| <p>Comprehensive Economic Partnership Agreement (CEPA) between the Government of the Republic of India and the Government of</p> | <p>CEPA with UAE covers-</p> <ul style="list-style-type: none"> • Trade in Goods: the tariff commitment of India covers 11,908 items, whereas the UAE covers 7,581 items. The agreement covers 97% of its tariff lines which account for 99% of Indian exports to the UAE in value terms. Sectors such as gems and jewelry, textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering products, medical devices, and | <ul style="list-style-type: none"> • To strengthen, enhance, liberalise and facilitate the trade and economic cooperation between India and UAE according to the provision of this agreement. | <ul style="list-style-type: none"> • It is expected that India will benefit from the preferential market access provided by the UAE. • The CEPA is expected to benefit from around \$26 billion in Indian goods that are now subject to a 5% |

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| the United Arab Emirates (UAE) | <p>automobiles are included in the agreement. On the other hand, India will also be offering preferential access to the UAE which accounts for over 90% of its tariff lines, including lines of export interest to the UAE.</p> <ul style="list-style-type: none"> • Trade in Services: India has given market access to over 100 sub-sectors of the UAE regarding trade-in services coverage. On the other side, Indian service providers are allowed access to approximately 111 UAE sub-sectors which account for 11 broad service criteria, for example, business services, communication services, construction, and related engineering services, distribution services, educational services, environmental services, financial services, health-related and social services, tourism and travel-related services, recreational cultural and sporting services and transport services. • Rules of Origin: The agreement specifies the Rules of Origin and origin criteria for obtaining a Certificate of Origin (COO) of Goods to curb the misuse of CEPA. COO stipulates those goods are deemed to be originated in a country if it is wholly obtained or produced in the country's territory or have undergone sufficient working or production as per the product-specific rules. Moreover, it should be issued before or within five working days of the date of exportation as per the format set out in this trade agreement. However, this can also be issued retrospectively. Precisely, the COO shall be valid for 12 months from the date of issue. A paper COO in electronic or hard copy format or an entirely digitised COO (E-Certificate) issued by a competent authority will be | <ul style="list-style-type: none"> • Enhancing the investment facilitation between the parties. • Improving the efficiency and competitiveness of both the countries' manufacturing and service sector, simultaneously, expanding trade between parties. • Furthermore, the agreement also seeks joint exploitation of commercial and economic opportunities in non-parties. • To facilitate the expansion of regional economic cooperation and integration. • To build upon the parties' existing commitments to WTO. | <p>import charge by the UAE, India's third-largest trading partner after the United States and China.</p> <ul style="list-style-type: none"> • The agreement provides for automatic registration and marketing authorization, reducing the time barrier for pharmaceuticals approved by a developed country to 90 days. Furthermore, the countries have joined together to address food security challenges. The UAE contains large swaths of arable and non-cultivable terrain, making it reliant on food imports. The 'Food Security Corridor Initiative,' under which the countries would create infrastructure and specialised logistic services connecting farms to ports and final destinations in the UAE, aims to alleviate the UAE's food security concerns. • The agreement will lower tariffs to zero for 90% of India's exports to the UAE, benefiting labor-intensive |

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>treated as a COO under CEPA. Also, an origin declaration made out by an approved exporter can be considered a COO under the agreement.</p> <ul style="list-style-type: none"> Technical Barrier to Trade: The objectives of this section of the agreement are to facilitate trade in goods among the Parties by: <p>Firstly, ensuring that standards, technical regulations, and conformity assessment procedures do not create unnecessary obstacles to trade; Secondly, furthering cooperation under the TBT Agreement. Thirdly, promoting mutual understanding of each Party's standards, technical regulations, conformity assessment procedures, and enhancing transparency;</p> <p>Fourthly, facilitating information exchange and cooperation among the Parties in the field of standards, technical regulations, and conformity assessment procedures, including in the work of relevant international bodies; Lastly, addressing the issues that may arise under this Chapter.</p> Sanitary and phytosanitary measures: The CEPA as an agreement also covers SPS measures to protect human, animal, and plant life or health in both the countries- India and UAE. <p>Another major objective of the SPS measure is to strengthen communication, consultation, and cooperation between parties.</p> | | <p>industries such as textiles, apparel, leather, jewelry, engineering goods, pharmaceuticals, medicines, and agriculture, and generating 10 lakh employment in India. CEPA is expected to assist India's jewelry industry as well. The Indian jewelry industry now pays a 5% charge to the UAE; however, under the deal, India will have duty-free access to the UAE's market, boosting jewelry exports to US\$ 10 billion by 2023.</p> |

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------------------------|
| | <p>Moreover, the section mentions ensuring that the SPS measure implemented by the parties should not create an unjustified barrier to trade.</p> <ul style="list-style-type: none"> <li data-bbox="488 416 1218 807">• Dispute settlement: The main objective of this section is to establish an effective and efficient mechanism for avoiding and settling disputes between parties concerning the interpretation and application of this Agreement to reach, where possible, a mutually agreed solution. The chapter consists of the establishment, composition, and requirements of panelists. The panelist must set out a detailed objective assessment of all the facts of the cases. Hence, the decision and report submitted and prepared by the panelists must be backed by findings and appropriate laws. <li data-bbox="488 847 1218 1126">• Movement of natural persons Supplying Services: this section of the agreement includes the provision of information such as it covers all categories of visas and work permits relevant to the entry, this also accounts for temporary stay and work of natural persons. Furthermore, the section covers in detail the requirement of procedures for application and renewing existing permit applications. <li data-bbox="488 1166 1218 1375">• Intellectual property rights: this contributes to the promotion of technological innovation through the protection and enforcement of the rights. The IP rights also contribute to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner | | |

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------------------------|
| | <p>conducive to social and economic welfare, and to a balance of rights and obligations.</p> <ul style="list-style-type: none"> <li data-bbox="488 384 1218 911">• Investment: The investment treaty is a sub-section of the overall agreement which includes the promotion of investment through facilitating an attractive investment climate and expanding trade in products and services. Moreover, both the parties must form Technical Council on investment and Trade Promotion and Facilitation. Some of the objectives of the council are to monitor investment and trade relations. Moreover, the council seeks to identify opportunities for expanding investment and trade and to identify issues relevant to this field. This includes identifying and working toward the removal of impediments and facilitating investment and trade flows. The chapter also states that the agreement seeks the view of the private sector on all the matters related to the work of the Council. <li data-bbox="488 959 1218 1310">• Digital Trade: The agreement focuses on this section and provides that India and UAE shall construct and comply with a legal framework governing electronic transactions consistent with the UNCITRAL Model Law on Electronic Commerce (1996). The section also mentions avoidance of any unnecessary burden on digital trade. This includes that India and UAE shall not adopt any measures relevant to authentication which will prohibit an electronic transaction and shall not deny digital signature validity except under the circumstances provided stated in its law. | | |

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Australia - New Zealand Closer Economic Relations Trade Agreement (ANZCERTA or the CER Agreement) | <ul style="list-style-type: none"> • Has been recognized by the World Trade Organization as the world’s most comprehensive, effective, and mutually compatible FTA. The FTA covers a wide range of trade issues- <ol style="list-style-type: none"> i. All Trans-Tasman Trade in Goods including agricultural products. Since June of 1990, all the goods meeting the rule under the ANZCERTA guideline have been free of duty and did not face quantitative import restrictions. ii. Trade-in Service protocol (excluding services like Aust- Air service, Television, and broadcasting services, third party insurance, postal services, coastal shipping. New Zealand airway services, and coastal shipping.) iii. Investment • There is a high level of economic integration between the two economies and the ANZCERTA is supported by an extensive web of bilateral agreements known as the CER agenda. The CER relationship covers Trade and movement of people, aviation, business law coordination, mutual recognition of goods and professions, taxation, health care, food standard, social security, and government procurement along with other things. | <ul style="list-style-type: none"> • To strengthen the border relationship between New Zealand and Australia. • To develop a closer economic relationship between the member states by further expansion of free trade which is mutually beneficial to both the parties. • Elimination of barriers to trade between Australia and New Zealand in a scheduled and progressive manner with as minimum disruption as possible. • Develop trade between the two parties given the condition of fair competition. | <ul style="list-style-type: none"> • ANZCERTA is a document that can serve as a template for future FTAs. • As most of the trade goals and objectives were met, the CER focuses on “third-generation” trade facilitation and building closer economic integration through regulatory harmonization, hence, creating a more favorable climate for Trans-Tasman Business collaboration. • After the ANSCERTA, the two-way trans-Tasman trade increased seven-fold. • Steady and vulnerable progress was accomplished on the Single Economic Market (SEM) agenda- such as: <ol style="list-style-type: none"> i. Establishing Trans-Tasman council on Banking supervision. ii. Memorandum of Understanding (MOU) |

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>on Business Law Coordination.</p> <p>iii. Organizing the Trans-Tasman taxation and security offerings to increase efficiency for future trading.</p> <p>iv. Negotiation on protocols regarding further liberalization of Trans-Tasman investment flows.¹⁵</p> |
| <p>ASEAN-Korea Free Trade Agreement (AKFTA)</p> | <ul style="list-style-type: none"> Trade-in Goods- This allows 90% of the products to be traded between Korea and ASEAN to enjoy duty-free treatment. Trade-in Services- Liberalization of services that would generate further trading between the parties. Investment Agreement- promotes the expansion of investment between both parties through measures such as improved protection for investors and Most-Favoured-Nations (MFN). This will guarantee protection from discriminatory measures taken by the government. Dispute Settlement Mechanism (AK-DSM)- Under all stand-alone agreements in ASEAN-Korea FTA, DSM will provide a mechanism for any dispute arising between | <ul style="list-style-type: none"> To strengthen the international economic relations between the Republic of Korea and ASEAN member countries. To stimulate economic growth and development and increase the standard of living of the people living in Korea and the ASEAN regions. To aid in the facilitation of more effective economic integration of lesser | <ul style="list-style-type: none"> This FTA will multiply the trading volume in goods, services, and investments between the two parties by cutting tariff barriers among the parties. Through the elimination of Tariff and non-tariff barriers, the business from both parties will be able to expand through inter-regional exports and enjoy the benefits of economies of scale. |

¹⁵ Source: Australian Government website: <https://www.dfat.gov.au/trade/agreements/in-force/anzcerta/Pages/australias-economic-relationship-with-new-zealand-under-the-umbrella-of-anzcerta>

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>parties from implementation, interpretation, or application pointed in the agreement.</p> | <p>developed ASEAN members to help bridge the development gap between the two regions.</p> | <ul style="list-style-type: none"> • The huge free-market covering 11 countries will attract more foreign direct investment. This will result in more job creation and facilitate the transfer of advanced technology. • Similar standards for production technology, product regulations, distribution, and after-sales services could spread across all the member countries.¹⁶ |
| <p>Regional Comprehensive Economic Partnership Agreement (RCEP)</p> | <ul style="list-style-type: none"> • Trade-in Goods: this part of the agreement governs the implementation of goods-related commitment and seeks to achieve a high level of trade liberalization among the parties involved. Goods originating under the RECP agreement are legally eligible for preferential tariff treatment. • Trade-in Service: Seeks to provide avenues for more service in trade among the involved parties by removing restrictive and discriminatory measures that affect Trade services. Services include- Financial Services, Telecommunication Services, and Professional Services. • Investment: Creates an enabling investment climate in the region. The agreement covers four provisions- | <ul style="list-style-type: none"> • To facilitate trade and investment with concentration to trade in goods and service liberalization and aiding towards building a competitive investment environment. • The main objective for RCEP was to combine all ASEAN+1 agreements into one single trade agreement. | <ul style="list-style-type: none"> • The reduction in barriers to trade and investment will result in an increase in economic integration among countries involved in the agreement allowing for significant gains from trade. • In recent studies regarding the RCEP agreement, it was forecasted that by 2030, the GDP of the trading bloc might increase by 0.4% with |

¹⁶ Source: [https://www.asean.org/wp-content/uploads/images/resources/ASEAN%20Publication/2013%20\(11.%20Nov\)%20-%20AKFTA.pdf](https://www.asean.org/wp-content/uploads/images/resources/ASEAN%20Publication/2013%20(11.%20Nov)%20-%20AKFTA.pdf)

| Group | Coverage | Objective | Benefits/ Impact on the economy |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| | <p>protection, liberalization, promotion, and facilitation of investment.</p> <ul style="list-style-type: none"> • Temporary movement of a natural person- covers rules and regulations regarding the temporary entry and stay of a person related to trade, service, and investment. • Intellectual Property rights provide a balanced approach regarding the protection and enforcement of intellectual rights in the region. • Electronic Commerce: calls to generate future liberalization in e-commerce. • Dispute settlement: a standard approach with a possibility to mitigate conflicts through convening a panel of experts to administrate an arbitration procedure. | <ul style="list-style-type: none"> • RCEP was created in such a way that it generates new trade relations to evolve under PTA. • The agreement is flexible and accounts for differentiated commitments. This is because the member countries involved in RCEP are at very different stages of economic development.¹⁷ | <p>0.3% for China and 0.2% for ASEAN members.¹⁸</p> |

Source: Compiled by Authors from various sources

¹⁷ Source: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/653625/EXPO_BRI\(2021\)653625_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/653625/EXPO_BRI(2021)653625_EN.pdf)

¹⁸ Source: <https://www.brookings.edu/blog/future-development/2020/11/20/the-significance-of-the-regional-economic-partnership-agreement/>

3. SHE Trade and Free Trade Agreement policy guideline, 2010

Women's economic empowerment and gender equality are common goals that aid an economy to move toward sustainable development. To make sure that trade agreements contribute toward inclusive growth and promote equitable opportunities for all genders, such agreements need to include the specific need of men and women while constructing the content of the policy.

Many existing trade agreements have included gender-specific considerations while constructing their trade policies. The Comprehensive and Progressive Agreement of the Trans-Pacific Partnership has included gender concerns in its chapter of development. The agreement mentions cooperation activities that concentrate on activities such as increasing the access to market, information sharing, and capacity building for women. The Economic Community of West African State is another example of an economic treaty that has included gender-specific considerations. Under such a treaty, the parties construct institutions and policies that seek to implement gender-related commitments. The agreements include gender-specific provisions in its dispute settlement system. Canada-Israel and Canada-Chile trade agreements have a specific chapter on gender and trade. Such agreements include cooperation activities that seek to pursue increasing access to education for women and increase the availability of resources for their skill development that can lead to high-paid job opportunities. These activities envision women not just as an employee but as an entrepreneur, leaders, decision-makers, etc. The parties under the agreement encourage their industries and companies to integrate social responsibilities that are specific to a particular gender. Moreover, specialized consultation groups are included that function to resolve gender-related disputes. Next, the East African Community is another example of an agreement that sensitized and related trade agreements to gender. The agreement outlines gender equality as one of the fundamental principles. The agreement is mentioned to enhance the role of women in social, cultural, and economic development scenarios. All the parties in the agreement seek to have a balanced gender composition in community institutions. Furthermore, the agreement has a chapter on "Enhancing the role of women in Socio-Economic Development". (International Trade Centre, 2020)¹⁹.

National Strategy for Accelerated Poverty Reduction (NSAPR) identified trade expansion as a major channel aiding in reducing poverty and promoting equitable development mainly through developing and increasing employment in the export sector (USAID, 2006).²⁰ The Policy Guidelines on Free Trade Agreement, 2010 of Bangladesh was constructed and designed without being gender-biased. Hence, the policy guideline includes neither any discriminatory provisions nor any specific women-friendly facilities. To enhance the human capital of Bangladesh, the country must incorporate gender-inclusive provisions into the

¹⁹ International Trade Centre (2020). Mainstreaming Gender in Free Trade Agreements. ITC, Geneva

Source

link:

https://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/ITC%20Mainstream%20Gender_FTA_20200707_web.pdf

²⁰ USAID.(2006). Gender and Trade in Bangladesh: A Legal and Regulatory Analysis. https://pdf.usaid.gov/pdf_docs/Pnadj402.pdf

policy guideline. Free Trade Agreements policies can contribute to and aid the economy to move toward gender equality through:

Including gender-specific considerations in the preamble- including the gender equality aspect in the preamble section can be an effective way to mainstream gender aspects in future trade agreements.

Increasing access to develop skills for women in the diverse field: Parties under the agreement should encourage women to study science, technology, engineering, mathematics, and other diverse fields of knowledge. Increasing women's access to skill-based training to prepare themselves for high-paid employment opportunities in their respective fields of study. Moreover, these provisions should include understanding and pledge towards financing such activities. Companies may also focus on issues such as access to finance and productive resources and creating a women-friendly business environment.

Include minimum legal standards: The trade agreement should include clauses such as "requirement on equal pay on equal work". Previously, many agreements have mentioned such clauses but such statements are usually made in a permissive tone rather than concealing it as a requirement.

Encourage social responsibility in corporations: Parties under the trade agreement can encourage their domestic businesses to incorporate and develop corporate social responsibility.

Set up or establish committees to monitor gender disputes: Some recent agreements such as the Chile-Uruguay Free Trade Agreement has created a specialized committee (members of this committee are the representatives of government institution) responsible to monitor gender and liberalization of concerned parties. Future FTAs for Bangladesh can incorporate such Committees and outline their specific functions.

4. Findings

The FTA Policy Guidelines, 2010 is an initial guideline or a first step towards the GoB's initiative to move for RTAs and PTAs. This document is not very comprehensive as it was prepared back in 2010. The review of this policy guideline generated some crucial findings which need to be addressed in future policies.

The policy should not be limited to FTAs, rather should be more comprehensive and include FTAs, PTAs, RTAs, and CEPAs. As Bangladesh is yet to negotiate any significant FTAs/RTA, therefore the capacity building of the negotiators is a must. While forming any particular FTAs/RTAs, the offensive and defensive interest of the country (including the interest of the business and common people) needs to be addressed. A proper economic modeling-based assessment is necessary while the formation of the RTAs. The future FTA/RTA policies need to consider incorporating such provisions which will detail the mentioned issues.

The future policy also needs to identify the coverage of the FTA negotiations. The policy also should focus on provisions regarding our domestic capacity building, and provide necessary provisions to make Bangladesh compliant with the WTO plus provisions. The future FTA/RTA policy needs to incorporate separate sections/provisions detailing the action plans for domestic capacity building while negotiating RTAs. The capacity building of the negotiators needs to be mentioned strongly. Along with that, there needs to be a proper action plan to make Bangladesh gradually compliant with the WTO plus requirements that might be a requirement of some partner countries (especially developed countries). The policy guidelines need to address appropriate action plans for our domestic capacity building in the areas of labor issues, environmental compliance, Intellectual Property issues, trade facilitation, etc.

The RTA policies also need revision every 5 years to keep pace with the global changing trade dynamics. The future policy guideline needs to incorporate provisions mentioning the formation of a committee for the analysis of potential FTAs/RTAs and comprehensive economic partnerships. Provisions in the upcoming policy should mention the frequent meeting of this committee for chalking out action plans and negotiation strategies for potential FTAs/RTAs. The mention of a pre-feasibility study can also need to be addressed in the upcoming policy.

As the issue of bilateral investment is gaining more popularity, the new policy needs to contain strong and concrete provisions on bi-lateral and multilateral investment. As most of the recent regional trading agreements and FTAs contain Investment provisions, therefore, Bangladesh needs to chalk out investment-related aspects and detail those in the upcoming FTA/ RTA policy.

5. Recommendations for the future policy guidelines on FTA

The current Policy Guideline of Free Trade Agreement, 2010 is an appreciable initiative taken by the Ministry of Commerce and Bangladesh Trade and Tariff Commission, back in 2010. It has been 12 years since then. Bangladesh hasn't performed significantly in terms of FTA or RTA negotiations. Back in 2010, Bangladesh did not feel the necessity to the formation of FTAs and joining in other regional trade blocks as Bangladesh was already enjoying concessional duties in its major export destinations, as an LDC. However, the time has changed, and the global trade dynamics are also undergoing serious reforms. The issues of Brexit and US-China trade wars have made countries more and more skeptical about the functionality of the WTO. Therefore more and more countries are eager to form regional, bi-lateral, and multi-lateral FTAs. In this regard, the current guidelines on FTA need revision.

Currently, Bangladesh is a member of Asia- the Pacific Free Trade Agreement (APTA), The South Asian Free Trade Agreement (SAFTA), BIMSTEC Free Trade Agreement, and has signed a recent PTA with Bhutan. The functionality of the SAFTA and BIMSTEC Free Trade Agreement is often questioned. Our key recommendations received from the informants were to initially focus on FTAs on goods, services, and investments. The issues of IP rights, e-commerce, government procurement, labor compliance, and environmental compliance are far-fetched issues that require more time. However, we propose the new guideline should also provide concrete provisions in terms of capacity building in the mentioned areas.

Rigorous desk research and opinions from the experts (KIIs), have guided us in providing some crucial recommendations for future FTA policy guidelines. Table 4 provides a detailed recommendation matrix. The matrix shows what is stated in the current policy guideline and what inclusion, extension, and alterations we propose from our analysis.

Table 5: Key recommendations and proposed alterations, inclusions, and exclusions for the future guidelines

| Relevant sections in FTA policy guidelines, 2010/ New suggestions | Issues addressed in FTA policy guidelines, 2010 | Proposed extension | New inclusion | No change | Drop |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------|------|
| Title | Policy Guidelines on Free Trade Agreement | The future guidelines should also take into consideration CEPAs, PTAs, and RTAs | NA | NA | NA |
| Objectives | Identification of potential countries for FTAs, coverage, and procedure to negotiate | NA | NA | Unchanged | NA |
| Potential countries for FTAs | 7. Priorities for FTAs will be based on the economic strength and growth prospect of the partner countries, potential demand, and supply in the partner countries, geographical proximity, and connectivity, market access conditions for Bangladesh, the willingness of the partner countries, the scope for manpower export in the partner countries, the resource base of the partner countries, diplomatic relationship, consideration to elevating bilateral cooperation to a strategic level, the prospect of cooperation, overall economic benefit to Bangladesh. | NA | The provision may also suggest or elaborate on the scientific method for the assessment of the potential countries for FTA negotiations | NA | NA |

| Relevant sections in FTA policy guidelines, 2010/ New suggestions | Issues addressed in FTA policy guidelines, 2010 | Proposed extension | New inclusion | No change | Drop |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------|-----------|------|
| Coverage of FTAs | D9. Primarily, FTAs to be negotiated should cover trade in goods and services. FTAs may also .or", investment depending on sectoral needs. Trade-in goods should cover tariffs, effective mechanism for removal of non-tariff barriers, rules of origin, customs cooperation, safeguard measures, dispute settlement mechanism, and institutional mechanism to oversee and monitor the implementation of the agreements' Agreements on trade in services should cover, among others, the movement of natural persons and cooperation in the sector and will be in form of a step-by-step approach towards liberalization. | The future policy guideline may focus on investment, logistic connectivity, and e-commerce. | NA | NA | NA |

| Relevant sections in FTA policy guidelines, 2010/ New suggestions | Issues addressed in FTA policy guidelines, 2010 | Proposed extension | New inclusion | No change | Drop |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------|
| Issues for consideration | E.10 a,b Export potential of goods to the domestic market of the proposed country and import potentials from the proposed country and concerns for domestic industries | NA | NA | Unchanged | NA |
| | E. 10 c Extent of tariff and non-tariff measures in the country concerned and ways to address the barriers affecting trade | The provision should also indicate the conditions of the tariff and non-tariff measures in Bangladesh. | NA | NA | NA |
| | E 10 d, e Scope for cooperation in the service sector, and movement of Natural person | NA | The new guideline may also mention provisions on selecting countries for FTA where there is demand for semi-skilled or unskilled labor. A sensitive list of service sectors needs to be identified by separate provisions and the sensitive list needs to be as short as necessary. | NA | NA |
| | E 10 f Revenue implication of commitments on tariff | NA | NA | Unchanged | NA |
| | E 10 g Scope for the acquisition of technology | NA | NA | Unchanged | NA |

| Relevant sections in FTA policy guidelines, 2010/ New suggestions | Issues addressed in FTA policy guidelines, 2010 | Proposed extension | New inclusion | No change | Drop |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|-----------|------|
| | E 10 h Probable requirements of possible FTA partners and Bangladesh's ability to fulfill such requirements | This provision requires an extension detailing the capacity-building mechanism of Bangladesh to comply with such requirements by the partners. The detailed issues may include IP rights, labor issues, environmental issues, audits, etc. that are WTO plus provisions | NA | NA | NA |
| | E 10 I Compatibility of FTAs with WTO. | NA | NA | Unchanged | NA |
| Procedures to be followed for initiating Negotiations on FTA | F 11. The government may consider initiating an FTA with any country suo moto or upon a proposal made by any country. | NA | NA | Unchanged | NA |
| | F 11 a. While considering "an FTA the Ministry of Commerce will request Bangladesh Tariff Commission to conduct a study on the possibility of FTA with any country. The study will be finalized in consultation with relevant stakeholders including the private sector. | NA | The new policy guideline should also actively involve private think-tanks for analysing the potential of a proposed FTA or CEPA | NA | NA |

| Relevant sections in FTA policy guidelines, 2010/ New suggestions | Issues addressed in FTA policy guidelines, 2010 | Proposed extension | New inclusion | No change | Drop |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------|
| | F 11 b. The findings of the study would be considered by the inter-ministerial meeting with the participation of private sector representatives. | NA | NA | Unchanged | NA |
| | F 11 c. Recommendations of the inter-ministerial meeting would be placed for approval | NA | NA | Unchanged | NA |
| Provisions regarding investment | No specific mention | NA | The new guideline needs to contain strong and concrete provisions on bi-lateral and multilateral investment. As most of the recent regional trading agreements and FTAs contain Investment provisions, therefore, Bangladesh needs to chalk out investment-related aspects and detail those in the upcoming FTA policy guideline. | NA | NA |
| Dynamic nature of the policy with targets | No specific mention | NA | The future policy guidelines should be dynamic. It should be regularly revised and updated catering to changing trading scenarios. The guidelines may be formulated for 5 years with some specific targets and measures to achieve those targets. The targets | NA | NA |

| Relevant sections in FTA policy guidelines, 2010/ New suggestions | Issues addressed in FTA policy guidelines, 2010 | Proposed extension | New inclusion | No change | Drop |
|---------------------------------------------------------------------|-------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------|
| | | | should focus on the preparation of Bangladesh for FTAs | | |
| Formation of a committee for potential FTA analysis and negotiation | No specific mention | NA | The future policy guideline needs to incorporate provisions mentioning the formation of a committee for the analysis of potential FTAs and comprehensive economic partnerships. The committee needs to be formed consisting of the officials from MoFA, MoC, NBR, BTTC, think tanks, and chamber representatives. Provisions in the upcoming guideline should mention the frequent meeting of this committee for chalking out action plans and negotiation strategies for potential FTAs. The mention of a pre-feasibility study can also need to be addressed in the upcoming policy guideline. | NA | NA |

| Relevant sections in FTA policy guidelines, 2010/ New suggestions | Issues addressed in FTA policy guidelines, 2010 | Proposed extension | New inclusion | No change | Drop |
|-------------------------------------------------------------------|-------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------|
| Capacity building | No specific mention | No specific mention | The future policy guidelines need to incorporate separate sections/provisions detailing the action plans for domestic capacity building while negotiating FTAs. The capacity building of the negotiators needs to be mentioned strongly. Along with that, there needs to be a proper action plan to make Bangladesh gradually compliant with the WTO plus requirements that might be a requirement of some partner countries (especially developed countries). The policy guidelines need to address appropriate action plans for our domestic capacity building in the areas of labor issues, environmental compliance, Intellectual Property issues, trade facilitation, etc. | NA | NA |

Source: Compiled by authors from various sources

6. Conclusions

The formulation of the Policy Guidelines on Free Trade Agreement, 2010 is a much-appreciated effort put forward by the officials of the Ministry of Commerce (MoC) and Bangladesh Trade and Tariff Commission (BTTC). It is a first-of-its-kind document in Bangladesh assessing and addressing the need to negotiate FTAs for Bangladesh. As Bangladesh was enjoying concessional duties in its major exporting destination back then, the country did not feel the urgency to negotiate any significant FTAs or get associated with any significant functional trading blocks. However, the global trade scenario is undergoing significant changes, and Bangladesh is soon to graduate from the LDC category and lose the preferential market access as an LDC. Therefore Bangladesh must negotiate FTAs to tackle the preference erosion and diversify its exports.

The review of this policy guideline has used mixed approaches; desk review for secondary data analysis, and conducting KIIs with experts and relevant stakeholders for gathering primary information. Our critical analysis suggests that negotiating FTAs is a paramount task. Ample assessment is required in terms of revenue loss, domestic NTMs, things to consider in FTAs, investment, liberalising service sector, IP issues, labor, and environmental compliances, negotiation capacity, and the willingness of the partner country to sign FTA, domestic industry lobbying, etc.

However, in the changing world trade scenario countries are getting more and more interested in the formation of regional trading blocks and FTAs. If Bangladesh does not act fast we might miss the train. Also as per the mandate of the 8th five-year plan and perspective plan 2021-41, on increasing export and employment generation, the formation of functional FTAs, CEPA, and is a necessary approach. To do so Bangladesh needs to revise its existing Policy Guidelines on Free Trade Agreement, and tailor it with necessary adjustments, considering the changing scenario. Each FTA negotiation will be unique, but the purpose of the guideline will be to provide a skeleton regarding partner country consideration, domestic capacity building, the scope of the FTA, etc.

This policy review has provided some useful recommendations that future FTA policy guidelines may incorporate. Making a combined guideline for FTAs, CEPAs, and RTAs is a significant recommendation. The new guideline needs to contain separate chapters regarding investment and service export. The guideline needs to be a dynamic document and needs modification every 5 years. At the moment the guideline should contain detailed provisions regarding the choice of potential countries for FTAs. Both the government and private think tanks must work jointly to assess potential countries for FTA negotiation. The guideline should also mention necessary provisions to increase the country's capacity for negotiation tactics, trade facilitation, tariff elimination, ensuring investment climate, IP rights, e-commerce, service trade, and labor issues, ensuring competition, SPS and TBT measures, and mutual recognition of the testing and certifying authorities. The guideline also needs to address provisions for the formation of a committee, comprising the representatives from MoC, NBR, BIDA, Bangladesh Bank, MoFA, BTTC, Private think tanks, chambers, and business associations for the assessment of potential countries for FTA or CEPA negotiations. To incorporate all the

mentioned provisions and their effective implementation and monitoring inter- ministerial combined effort is a must.

Bibliography

The ASEAN secretariat. (2013). *ASEAN-KOREA Free Trade Agreement*. [https://www.asean.org/wp-content/uploads/images/resources/ASEAN%20Publication/2013%20\(11.%20Nov\)%20-%20AKFTA.pdf](https://www.asean.org/wp-content/uploads/images/resources/ASEAN%20Publication/2013%20(11.%20Nov)%20-%20AKFTA.pdf)

Ahmed, N., (2020, February 13). Why is tax-GDP ratio so low in Bangladesh?. The Daily Star. <https://www.thedailystar.net/business/news/why-tax-gdp-ratio-so-low-bangladesh-1867315>

Australian Government Department of Foreign Affairs and Trade. (n.d.). Australia's Economic Relationship with New Zealand under the Umbrella of ANZCERTA. <https://www.dfat.gov.au/trade/agreements/in-force/anzcerta/Pages/australias-economic-relationship-with-new-zealand-under-the-umbrella-of-anzcerta>

Bangladesh Planning Commission. (2020). *8th Five Year Plan, July 2020 - June 2025: Promoting Prosperity and Fostering Inclusiveness*. General Economics Division (GED), Bangladesh Planning Commission.

Bangladesh Planning Commission. (2020). *Making Vision 2041 a Reality PERSPECTIVE PLAN OF BANGLADESH 2021-2041*. General Economics Division (GED), Bangladesh Planning Commission, Ministry of Planning, Government of the People's Republic of Bangladesh, 2020.

Banik, N., & Kim, M. (2022). India–Republic of Korea CEPA: Assessment and Future Path. *Economies*, 10(5), 104.

Bhagwati, J., *Protectionism*, Cambridge, Massachusetts, MIT Press, 1988.

Yusoff, M. B. (2005). Malaysian bilateral trade relations and economic growth. *International Journal of Business and Society*, 6, 55-68.

Cali, M. (2020, November 20). The significance of the Regional Economic Partnership Agreement. Brookings. <https://www.brookings.edu/blog/future-development/2020/11/20/the-significance-of-the-regional-economic-partnership-agreement/>

Department of Commerce. (2022, May 24). *Comprehensive Economic Partnership Agreement (CEPA) between the Government of the Republic of India and the Government of the United Arab Emirates (UAE)*. Ministry of Commerce and Industry. Government of India. <https://commerce.gov.in/international-trade/trade-agreements/comprehensive-economic-partnership-agreement-between-the-government-of-the-republic-of-india-and-the-government-of-the-united-arab-emirates-uae/>

Department of Commerce. (2009). *India-Republic of Korea Comprehensive Economic Partnership Agreement(CEPA)*. Ministry of Commerce and Industry. Government of India. <https://commerce.gov.in/wp-content/uploads/2020/05/INDIA-KOREA-CEPA-2009.pdf>

EAIS. (2021). EU-South Korea FTA: A Ten-Year Perspective. <https://eias.org/policy-briefs/eu-south-korea-fta-a-ten-year-perspective/>

Express, T., 2022. *Giving NTMs adequate space in budget*. [online] The Financial Express. Available at: <<https://thefinancialexpress.com.bd/views/views/giving-ntms-adequate-space-in-budget-1526051356>> [Accessed 25 January 2022].

Francois, J. & Elsig, M. (2021). Short overview of the Regional Comprehensive Economic Partnership (RCEP). [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/653625/EXPO_BRI\(2021\)653625_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/653625/EXPO_BRI(2021)653625_EN.pdf)

Hoque, M.M. (2020, December 17). FTA to address trade challenges after LDC graduation [Editorial]. Daily Asian Age. <https://dailyasianage.com/news/249889/fta-to-address-trade-challenges--after-ldc-graduation#:~:text=To%20address%20the%20trade%20challenges%20in%20the%20LDC,are%20underway%20for%20signing%20Preferential%20Trade%20Agreements%20%28PTAs%29.>

International Trade Centre. (2020). Mainstreaming Gender in Free Trade Agreements. ITC, Geneva. <https://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/ITC%20Mainstream%20Gender%20FTA%20200707%20web.pdf>

Kuusinen, M., Pierzynowski, K., & Yuson, G. (2019). The Rise of the Southeast Asian Tiger. *Business Sweden*, 2, 1–20.

Min, L.K., Yi, L.J., Wen, S.J., Woei, T., & Yan, W.X. (2017). THE IMPACTS OF FREE TRADE AGREEMENTS (FTA)S ON MALAYSIA’S EXPORTS: AN EVIDENCE STUDY FROM GRAVITY MODEL. <http://eprints.utar.edu.my/2510/1/BFE-2017-1305140.pdf>.

Ministry of Commerce and Industry. (2022, May 01). *India-UAE Comprehensive Economic Partnership Agreement (CEPA) enters into force*. Government of India. <https://pib.gov.in/PressReleasePage.aspx?PRID=1821785>

Observer Research Foundation. (2022, March 30). *The UAE-India CEPA: Analysing the potential approaches to maximising gains*. <https://www.orfonline.org/expert-speak/the-uae-india-cepa/>

Office of the United States Trade Representative. (n.d.). U.S. - Korea Free Trade Agreement. <https://www.bibguru.com/g/apa-government-website-citation/#:~:text=According%20to%20the%20APA%20guidelines,to%20government%20information%20and%20services.>

Rahman, M.O. (2018, April 26). Foreign Workers in Bangladesh. Daily Sun. <https://www.daily-sun.com/printversion/details/304755/Foreign-Workers-in-Bangladesh--->

USAID. (2006). Gender and Trade in Bangladesh: A Legal and Regulatory Analysis. https://pdf.usaid.gov/pdf_docs/Pnadi402.pdf

World Trade Organization. (2021). Investment facilitation agreement negotiators set up roadmap towards Ministerial Conference. https://www.wto.org/english/news_e/news21_e/infac_29jan21_e.htm



South Asian Network on Economic Modeling
Flat K-5, House 1/B, Road 35, Gulshan-2, Dhaka-1212, Bangladesh
Tel: +88-02-58813075, E-mail: sanemnet@yahoo.com, www.sanemnet.org