



National Seminar on LDC Graduation

Organized by

Support to Sustainable Graduation Project (SSGP)

Economic Relations Division

Ministry of Finance

Government of the People's Republic of Bangladesh

17 November 2022

National Seminar on LDC Graduation

Organized by Support to Sustainable Graduation Project (SSGP) Economic Relations Division

Outcome Document

A daylong ‘National Seminar on LDC Graduation’ on 17 November 2022 at Pan Pacific Sonargaon Dhaka was organized by Support to Sustainable Graduation Project (SSGP) of the Economic Relations Division (ERD). Bangladesh achieved remarkable progress in almost all socioeconomic indicators that ultimately culminated to qualify for graduation from the LDC status in 2018 and 2021 consecutive reviews of the United Nations-Committee for Development Policy (UN-CDP) by meeting thresholds for all three criteria- Per capita income, Human Assets Index (HAI), and Economic and Environmental Vulnerability Index (EVI). On 24 November 2021, the United Nations General Assembly (UNGA) finally adopted the resolution of Bangladesh’s graduation with a five-year preparatory period in its 76th Session. Bangladesh is now set to leave the LDC category on 24 November 2026.

Navigating sustainable graduation with momentum requires a holistic approach coupled with strong support from the Prime Minister’s Office. A 22-member National Committee on LDC Graduation (NCG) was formed on 27 April 2021 under the Chairmanship of the Principal Secretary to the Honorable Prime Minister to assess the impact of graduation, identify the actions to adapt to post-graduation era, and outline time-bound action plans to this end. The NCG formed seven thematic subcommittees on 15 June 2021 based on the likely impacted areas or sectors due to the loss of ISMs. The core themes of the seven subcommittees are preferential market access & trade agreement; Intellectual Property Rights (IPR); WTO issues (other than market access & TRIPS); investment, domestic market development & export diversification; internal resource mobilization & tariff rationalization; smooth transition strategy (STS); and branding Bangladesh abroad.

The subcommittees, led and co-led by the relevant ministries and divisions, employed their expertise in engaging all key stakeholders, convened a series of meetings, and formed study groups, working groups, and task teams for sectoral research and studies. They organized workshops/ seminars/ stakeholder consultations for gathering expert opinions and validations of their works. The subcommittees, finally, submitted their action plans to the NCG. All these action plans were consulted among key stakeholders represented by the government, private sector, development partners, think tanks, and academia in a National Seminar held on 17 November 2022. This document is the compilation of the action plans developed by the subcommittees.

Objectives of the seminar

The primary objectives of the workshop are to:

- I. reviewing the progress, so far made, toward smooth and sustainable graduation;
- II. obtaining feedback from the stakeholders on the process, progress, and future actions of graduation; and
- III. charting the next course of action for preparing an effective graduation strategy aiming smooth transition from LDC status.

Structure of the Event

The daylong seminar commenced through a formal inaugural session. Hon'ble Planning Minister Mr. Muhammad Abdul Mannan, MP graced the occasion as the Chief Guest. Honorable State Minister for Foreign Affairs Mr. Md. Shahriar Alam, MP attended the closing session as the Chief Guest. Governor of Bangladesh Bank Mr. Abdur Rouf Talukder attended the inaugural session of the seminar as the Special Guest. President of the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) Mr. Md. Jashim Uddin was the Guest of Honor of the inaugural session. Principal Secretary to the Hon'ble Prime Minister and the Chair of the National Committee on LDC Graduation Dr. Ahmad Kaikaus chaired the inaugural session.



Hon'ble Planning Minister Mr. M A Mannan speaking during the inaugural session of the seminar



Principal Secretary to the Hon'ble Prime Minister and the Chair of the National Committee on LDC Graduation Dr. Ahmad Kaikaus speaking during the inaugural session of the seminar

The first working session was themed on **Preferential Market Access and WTO Issues**. **Honorable Commerce Minister Mr. Tipu Munshi, MP** was the Chair and Moderator of the session. Deputy Head of the Delegation of the European Union in Bangladesh Dr. Bernd Spanier and the Chairman of Research and Policy Integration for Development (RAPID) Dr. Mohammad Abdur Razzaque joined the session as panelists. Senior Secretary of the Ministry of Commerce Mr. Tapan Kanti Ghosh was the keynote presenter of the session.



Hon'ble Commerce Minister Mr. Tipu Munshi Speaking at the first working session



Senior Secretary to the Ministry of Commerce Mr. Tapan Kanti Ghosh delivering the keynote presentation of the first working session

The second working session was themed on **Investment and Export Diversification**. **Honorable Commerce Minister Mr. Tipu Munshi, MP** was also the Chair and Moderator of the session. Senior Secretary of the Ministry of Foreign Affairs Mr. Masud Bin Momen, President of Dhaka Chamber of Commerce and Industry Mr. Rizwan Rahman, and the Country Economist of UNDP Bangladesh Dr. Nazneen Ahmed joined the session as panelists. Senior Secretary of the Prime Minister's Office Mr. Md. Tofazzel Hossain Miah was the keynote presenter of this session.



Senior Secretary to the Prime Minister's Office Mr. Md. Tofazzel Hossain Miah delivering the keynote presentation of the second working session



Speakers during the second working session

The third working session of the seminar was themed on **Intellectual Property Rights**. **Honorable State Minister for Planning Dr. Shamsul Alam** was the Chair and Moderator of the session. Director General of the WTO Cell of the Ministry of Commerce Mr. Md. Hafizur Rahman, President of Bangladesh Association of Pharmaceutical Industries Mr. Nazmul Hassan, MP, and Senior Research Fellow of Bangladesh Institute of Development Studies (BIDS) Dr. Kazi Iqbal joined the session as panelists. Secretary of the Ministry of Industries Ms. Zakia Sultana was the keynote presenter of the session.



Hon'ble State Minister for Planning Dr. Shamsul Alam speaking during the third working session



Secretary of the Ministry of Industries Ms. Zakia Sultana delivered the keynote presentation of the session

The fourth working session was themed on **Tariff Rationalization and Domestic Resources Mobilization**. Chairman of the National Board of Revenue Mr. Abu Hena Md. Rahmatul Muneem and Distinguished Fellow of the Centre for Policy Dialogue (CPD) Professor Dr. Mustafizur Rahman were the panelists of the session. Senior Secretary of the Finance Division Ms. Fatima Yasmin was the keynote presenter of the session.



Speakers during the fourth working session of the seminar



Senior Secretary of the Finance Division Ms. Fatima Yasmin delivered the keynote presentation of the session

The daylong seminar was wrapped up with a formal closing session. **Honorable State Minister for Foreign Affairs Mr. Md. Shahriar Alam, MP** attended the closing session as the Chief Guest. UN Resident Coordinator in Bangladesh Ms. Gwyn Lewis was the guest of Honor of the session. The Chair of the National Committee on LDC Graduation Dr. Ahmad Kaikus chaired the session. ERD Secretary Ms. Sharifa Khan delivered the Vote of Thanks.



Hon'ble State Minister for Foreign Affairs Mr. Md. Shahriar Alam, MP speaking during the closing session



Chair of the National Committee on LDC Graduation Dr. Ahmad Kaikus speaking during the closing session



ERD Secretary Ms. Sharifa Khan speaking during the closing session of the seminar



UN Resident Coordinator in Bangladesh Gwyn Lewis speaking during the closing session

Major Recommendations

Preferential Market Access and WTO Issues

- Bangladesh with LDC Group has placed a revised submission in September 2022 before the WTO to extend the ISMs beyond graduation and to phase out preferential market access over a period of 6 years after graduation. Great persuasion is needed for adopting the WTO decision in favor of LDCs. Ministry of Commerce and Ministry of Foreign Affairs would do the needful in this regard;
- Ministry of Commerce, ERD, Ministry of Foreign Affairs, and other concerned ministries will continue discussions with major preferential market access-providing countries, like Canada, Australia, Japan, etc. for EBA-like transition periods after the graduation;
- The government would put efforts into availing EU GSP+ facility after the expiry of EBA in 2029;
- Compliance with international standards including ratification and implementation of all relevant ILO conventions on labor rights, human rights, governance, and environmental standards would be crucial to attaining GSP Plus. Full and timely implementation of the National Action Plan for labor sector reform and the revision of the Bangladesh Labor Act according to that action plan would be vital in this regard;
- The private sector should put its best efforts into making maximum utilization of the existing ISMs during the preparatory period;
- Ministry of Commerce would continue its efforts for signing FTA, PTA, or CEPA for creating new market access opportunities;
- Bangladesh needs to enhance its competitiveness by increasing productivity, reducing the cost of production, reducing the time and cost of business transactions, upgrading technology, etc.

Investment and Export Diversification

- Measures should be taken to diversify exports in terms of both product and destination; upscaling the RMG sector through diversification within the sector, moving up the global value chain, investing more in backward & forward linkage industries, increasing the use of Man-Made Fibre (MMF);
- Incentives and other facilities given to the RMG sector may be extended to other sectors including SMEs;
- Trade facilitation has to be improved through complying with the WTO Trade Facilitation Agreement along with improving trade infrastructure;
- Bangladesh has to devise WTO-consistent alternative support measures for the exporters in the absence of cash incentives after graduation;
- For reducing the time and cost of doing business, Bangladesh needs to simplify rules, regulations, and procedures and improve trade logistics. Bangladesh may consider introducing the central bonded warehouse which will reduce the lead time significantly;
- The following measures would be vital for the diversification of the country's export:
 - ✓ Addressing anti-export bias policy
 - ✓ Enhancing competitiveness- quality and productivity
 - ✓ Regional trade agreements
 - ✓ Branding Bangladesh
 - ✓ More spending on health and education
 - ✓ Promoting green production
 - ✓ WTO-compliant incentives and policy
 - ✓ Preparedness for 4IR- hi-tech parks, technology upgradation fund
- Enabling infrastructures like Economic Zones, ports, multi-modal connectivity, strengthening financial & capital market, simplification of business processes, sectoral diversification, support to CMSMEs, capacity development, performance-linked fiscal incentives as well as technology and innovation would be crucial for boosting investment in the country;
- The following measures should be taken to improve the trade financing scenario:
 - ✓ Operationalizing Export Credit Guarantee Scheme
 - ✓ Facilitating soft loans from development agencies
 - ✓ Upgrading Contract Act 1872
 - ✓ Introducing Green Trade Finance
 - ✓ Assessing Currency Swap and associated risks
 - ✓ Strengthening oversight of trade based money laundering (TBML)

Intellectual Property Rights

- New laws should be enacted if necessary or amended the existing ones, like the Patent Law 2022 to make those more businesses friendly and instrumental in facing the post-LDC situation;
- Bangladesh requires rigorous work on strengthening the Intellectual Property (IP) regime with a reinforced enforcement mechanism to face the post-LDC era in the absence of the TRIPS exemptions;
- Bangladesh should focus more on a digital and knowledge-based economy utilizing IT, IT-enable services where enabling IP regime would be critical;
- More thrust should be given to quality education system and upskilling and reskilling programs to remain competitive;
- The API (Active Pharmaceutical Ingredients) Park needs to be operationalized in earnest to reduce Bangladesh's dependency on imported API;
- Department of Patents, Designs and Trademarks (DPDT) and Copyrights offices are to be strengthened with adequate manpower, technical knowledge, and automation of the registration process;
- Laws to protect trade data secrets and protection of genetic resources and Utility model Laws for protection of innovation need to be enacted. Farmers' rights and traditional knowledge are to be protected within the legal framework;
- Mass awareness about the general benefits of IPRs- particularly, their ethical, financial and moral values needs to be publicized widely;
- The private sector should be properly made aware of the benefits of IP protection;
- NBR, judiciary, police along with IP offices, Directorate of National Consumer Rights Protection , and Competition Commission offices should work in coordination to prevent IP infringement;
- Bangladesh should start API production for the selected patented medicines and declare them off-patent before the transition period is over;
- The IPR Enforcement (Import and Export) Rules, 2019 of NBR need to be amended to make it feasible and implementable;
- The gamut of the intellectual property regime in the country should be expanded to take into account digital or e-commerce transactions.

Tariff Rationalization and Domestic Resources Mobilization

- Domestic Resource Mobilization (DRM) is the most important in the context of continuing growth and any economic setback. NBR would take appropriate measures in enhancing the DRM;
- Instead of drastic tariff cuts, Customs Duty and other duties and taxes at the import stage need to be rationalized gradually over a period of time so that local industries and revenue earning are not adversely affected.
- The application of Supplementary Duties (SD) needs to be rationalized. Regulatory Duty needs to be applied only temporarily. A starting point can be items, where SD and RD are imposed, but not on the items that are imported in large quantities.
- Instead of giving duty protection to local industry for an indefinite period, any such protection should be time bound and be given for a specific period;
- Tariff rates need to be predictable. NBR has started drafting Medium Term Revenue Strategy (MTRS), which needs to be finalized at the earliest;
- NBR needs to work on Revenue Impact Analysis and its impacts before deciding on a tariff rate;
- Initiative to be included in the list of Annex VII of the WTO Agreement on Subsidies & Countervailing Measures needs to be pursued so that export incentives/subsidies can be provided after the graduation;
- Bangladesh needs to gradually withdraw export incentives/ cash incentives for some RMG products, which have crossed the highest threshold for competitiveness ;
- Bangladesh should try to be included in the WTO list of Net Food Importing Developing Countries (NFIDC) by 2026 so that it can continue with export incentives/cash subsidies to exporters of agricultural products after the graduation;
- Greater interface and collaboration between NBR and the Bangladesh Bureau of Statistics would be crucial for evidence-based decision-making regarding taxation;
- Bangladesh should reduce dependency on customs revenue and should increase revenue generation from direct tax;
- The current tariff structure should be rationalized. The tariff policy should be aimed at increasing the export basket and export competitiveness of the country. There should not be any specific target for revenue generation for customs;
- There should be an integrated system based on the National ID card (similar to the Adhar scheme in India)- through which, it would be possible to get all the information about taxable personal expenditures of citizens;
- The government should explore and devise alternative modes of providing indirect subsidies to the exporters in the aftermath of graduation;
- A thorough overhaul and simplification of income taxes and proportional inclusion of the new customs act would be required. Alternative Dispute Resolution should be incorporated in the VAT and Customs Act;

-
- A proper system of property taxes needs to be introduced with revenues earmarked for local government;

Next courses of action

- Ministry of Commerce would take necessary measures in preparing for the greater international obligations, particularly in the WTO as a non-LDC developing country;
- Continuous engagement in negotiations on trade, environment, and economic issues needs to be maintained by the relevant stakeholders;
- There should be enhanced coordination between the Ministry of Industries, the Ministry of Commerce, and the National Board of Revenue to ensure a coherent industrialization policy;
- ERD may intensify collaboration and engagement with the development partners in the development cooperation efforts;
- The subcommittees should revise their Action Plans considering the views of this seminar and send those to ERD for inclusion in the STS;
- The subcommittee on STS preparation should take the necessary steps to prepare the zero draft of the Smooth Transition Strategy (STS) by June 2023 so that the elements of STS could be integrated into the 9th FYP. Other subcommittees would submit their strategies, action plans, etc. at the earliest possible. ERD would complete the ongoing studies proposed by various sub-committees and conduct other necessary background studies for the LDC graduation through the SSGP project;
- ERD should continue this kind of stakeholder consultation in the process of graduation till the end of the preparatory period in 2026.