

*Mohammad Jasim Uddin***ECONOMIC DIPLOMACY OF BANGLADESH: FOREIGN TRADE IN PERSPECTIVE****Abstract**

The paper focuses on Bangladesh's foreign trade-specific economic diplomacy. It argues that several important issues of such economic diplomacy need to be dealt with by relevant actors particularly the Government of Bangladesh and its foreign trade enhancing agencies at multi-level platforms. It finds that considering various trade uncertainties and addressing their likely adversities, reducing bilateral trade gap with major trading partners, moving towards global and regional value chains, and reducing tariff and non-tariff barriers are the most important issues of Bangladesh's trade diplomacy. Other issues are tariff concessions, preferential tariffs, flexible rules of origin, special and differential treatment, duty free quota free market access, exploiting benefits of duty free quota free market access already provided by several states and export promotion. The paper concludes that some vital instruments can be adopted to deal with these issues, which include finalising and updating legally binding contracts, strengthening the role of Bangladeshi missions abroad, delinking trade diplomacy at multiple levels, engaging Bangladeshi diaspora, exercising consular and commercial diplomacy, increasing skills of trade negotiators and promoting 'Brand Bangladesh'.

1. Introduction

How a country manages its economic diplomacy relies on how it oversees its foreign policy goals. The linkage between economic diplomacy and foreign policy is undeniable. Bangladesh foreign policy during its different regimes has made attempts to redirect focus from aid to trade. Again, promotion of Bangladesh's positive image as a destination for Foreign Direct Investment (FDI) is far behind the satisfactory level. Bargaining between donors and the Government of Bangladesh (GoB) on aid effectiveness and its disbursement also continues. Thus, trade in goods and services, FDI and Official Development Assistance (ODA) are priority sectors of Bangladesh's existing economic diplomacy.

On which issues, at what levels, with which countries, by what actors and through what instruments Bangladesh's foreign trade-centric economic diplomacy should be advanced? Such explicit questions are yet to be studied. The scope of the

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paper is thus confined to deal with these questions. The paper argues that considering uncertainties, reducing trade barriers and asking for trade preferential(s) on multi-level trade fronts are vital issues of Bangladesh's foreign trade-specific economic diplomacy. Relevant actors, such as, Ministry of Foreign Affairs (MoFA) and its overseas counterparts, Ministry of Commerce (MoC) and Export Promotion Bureau (EPB) of Bangladesh need to be aware of the issues while practicing instruments of economic diplomacy at multi-level platforms.

In order to address these questions, the paper adopts a framework of economic diplomacy developed by S. Khatibzadeh.¹ The framework is consisted of five components: issues, actors, levels and instruments of economic diplomacy and countries with which to practice the same. As the components are qualitative in nature and have causal relations with politico-economic institutions, the framework is adopted and applied on a single case, Bangladesh, and on a major pillar of economic diplomacy *viz.* foreign trade. For data elicitation, the paper reviews existing literature and conducts personal in-depth interviews of renowned experts from Bangladesh. It undertakes interpretive approach to analyse the scope of Bangladesh's foreign trade-centric economic diplomacy.

The paper is structured as follows. Section two reviews existing literature. Section three discusses the evolution of Bangladesh's foreign trade. Section four analyses foreign trade-specific economic diplomacy of Bangladesh in the light of Khatibzadeh framework. Section five concludes the paper.

2. Literature Review

Head and Ries argue that economic diplomacy is an instrument to influence inter-state economic relations, reduce trade barriers and increase bilateral trade.² Rose³ says that there are positive outcomes between trade in goods and economic diplomacy. According to Moons⁴, opening of each additional consulate increases exports. Moons and Bergeijk argue that trade and market liberalisations, trade-related negotiations, partnership, treaties and agreements as well as resolving inter-state trade dispute are facilitated by economic diplomacy.⁵ On the contrary, the study of Veenstra *et al.* explains that export promotion agencies at times play little role for

¹ Saeed Khatibzadeh, "Iran's Economic Diplomacy: An Assessment of Iran Economic and Trade Cooperation with Japan, China and South Korea", *V.R.F. Series No. 417*, 2006, available at <http://www.ide.go.jp/English/Publish/Download/Vrf/pdf/417.pdf>, accessed on 26 December 2011.

² Keith Head and John Ries, "Do Trade Missions Increase Trade?", *Sauder School of Business Working Paper Series*, University of British Columbia, 2006.

³ Andrew K. Rose, "The Foreign Service and Foreign Trade: Embassies as Export Promotion", *The World Economy*, Vol. 30, No. 1, January 2007, pp. 22-38.

⁴ Selwyn J. V. Moons, "What are the Effects of Economic Diplomacy on the Margins of Trade?", *International Journal of Diplomacy and Economy*, Vol. 1, No. 2, 2012, pp. 147-62.

⁵ Selwyn J. V. Moons and Peter A. G. van Bergeijk, "A Meta-Analysis of Economic Diplomacy and Its Effect on International Economic Flows", *International Institute of Social Studies Working Paper No. 566*, October 2013.

trade promotion but there are positive outcomes between functions of embassies and traditional trade bodies.⁶ Bergeijk⁷ argues that the outcomes of trade diplomacy vary based on country's economic development. The relationship between economic diplomacy and foreign trade is positive when trade flows to low/middle-income economies from high-income economies. Such relations are insignificant between high-income economies. Bergeijk *et al.* state that estimating relations between foreign trade and economic diplomacy is tricky.⁸ The literature substantiates that economic diplomacy is interlinked with foreign trade.

Securing aid inflow from different corners of the world was a major practice of economic diplomacy in early days of Bangladesh.⁹ Economic diplomacy then increasingly focused on investment, trade in goods and services.¹⁰ It helped Bangladesh link economic diplomacy with its foreign policy.¹¹ Since joining the World Trade Organization (WTO), understanding rule-based global trade regime was crucial for Bangladesh.¹² Still, some literature continued to focus on how different geographical regions would be significant for Bangladesh foreign policy and its economic diplomacy.¹³ The key recommendations in the literature include searching geo-economic platforms, realising forthcoming multilateralism, negotiating global economic issues, mobilising inward investment and technological know-how, boosting trade and receiving aid. The GoB also substantiated the arguments by adding major tasks of economic diplomacy: boosting exports, increasing FDI, foreign employment opportunity and negotiating aid conditionalities.¹⁴

Multi-level dialogue and collaboration will continue to manoeuvre economic diplomacy. Realising such dynamism is vital for Bangladesh. Studies of Ahmed¹⁵,

⁶ Marie-Lise E. H. van Veenstra, Mina Yakop and Peter A. G. van Bergeijk, "The Geography of Trade and the Network Effects of Economic Diplomacy in the South", in Syed Mansoob Murshed, Pedro Goulart and Leandro A. Serino (eds.), *South-South Globalization: Challenges and Opportunities for Development*, London: Routledge, 2011.

⁷ Peter A. G. van Bergeijk, *Economic Diplomacy and the Geography of International Trade*, Cheltenham: Edward Elgar Publishing Limited, 2009.

⁸ Peter A. G. van Bergeijk, Jan Melissen and Maaik Okano-Heijmans (eds.), *Economic Diplomacy: Economic and Political Perspectives*, Leiden: Martinus Nijhoff Publishers, 2011, pp. 63-82.

⁹ Mohammad Tajuddin, "Diplomacy of Bangladesh in the Formative Phase", *BISS Journal*, Vol. 19, No. 1, 1998, p. 68.

¹⁰ M. Shafiqullah, "Economic Diplomacy and Bangladesh Syndrome", *The Independent*, Dhaka, 27 December 2001.

¹¹ Narendra Kr. Singh, *Bangladesh Diplomacy and Foreign Policy*, New Delhi: Anmol Publications Pvt. Ltd., 2003.

¹² Syeda Sharmin Absar, "Economic Diplomacy for Bangladesh: A Prescription for Less Developed Countries in the World Trade Organisation Era", *Journal of South Asian Studies*, Vol. 26, No. 3, 2003, pp. 349-57.

¹³ Akmal Hussain, "Bangladesh's New Foreign Policy Direction in Southeast and East Asia: Perspective and Goals", *Journal of International Development and Cooperation*, Vol. 12, No. 1, 2005, pp. 1-14.

¹⁴ Ministry of Foreign Affairs (MoFA), "Diplomatic Initiatives and Activities of the MoFA in 2009", *Bangladesh Foreign Policy 2009 in Perspectives*, Dhaka: MoFA, 2009, p. 68.

¹⁵ Hemayetuddin Ahmed, "Economic Diplomacy in a Multi-polar World", *The Daily Star*, Dhaka, 07 January 2010.

Dorussen *et al.*¹⁶, Shikha¹⁷ and Sobhan¹⁸ supported this argument. It requires (i) concluding legally-binding agreement on trade in goods and services, investment and avoidance of double taxation; (ii) dealing with aid conditionalities and (iii) tackling issues on debt. There are also some writings on economic diplomacy of Bangladesh but these are limited to provide any concrete suggestions as to how Bangladesh should exercise economic diplomacy to meet its foreign policy goals or whether the country needs to produce different sets of negotiators, having specialisation in various fields.¹⁹

The review of literature reveals that foreign trade-specific economic diplomacy of Bangladesh is still understudied. What are the priority issues of foreign trade-centric economic diplomacy of the country? What are the vital instruments to address the issues? How could the issues be dealt with at different levels? The paper is an attempt to meet such research gaps. In doing so, it looks into the evolution of Bangladesh's foreign trade and discusses foreign trade-specific economic diplomacy of the country bearing in mind the Khatibzadeh framework.

3. The Evolution of Foreign Trade of Bangladesh

Since its independence, Bangladesh has been suffering from significant trade deficit. Throughout the last more than two decades, export performance has been noticeable. It is owing to several reasons, e.g., (i) manufacturing high-value Ready Made Garment (RMG); (ii) receiving increasing work order; and (iii) utilising benefits of one-stage Generalised System of Preference (GSP) provided by the European Union (EU) and modified Rules of Origin (RoO). A negative aspect of the success is increasing focus on exports favouring RMG. More than three-quarters of total exports are sourced from RMG. The rest comes from non-RMG and traditional products, e.g., frozen food, jute and jute goods, chemical products, and leather and leather products. Shipbuilding and pharmaceuticals are newly added to non-RMG items. These two have started to contribute to Bangladesh's total exports.

Approximately 20 per cent of total exports in the early 1980s penetrated EU markets; almost 10-15 per cent entered markets in developing Asia, North America, Middle East and Africa.²⁰ For nearly two decades, EU and North America were steadily

¹⁶ Han Dorussen, Syed Mansoob Murshed and Hugh Ward, "Any Tied that Bind? Economic Diplomacy on the South Asian Subcontinent", in *Economic Diplomacy, Economic and Political Perspectives*, *op. cit.*

¹⁷ Meherun Nesa Shikha, "Economic Diplomacy between Bangladesh and East Asia", *The Daily Star*, Dhaka, 19 May 2012.

¹⁸ Farooq Sobhan, "Focus on Economic Diplomacy: the Priority Tasks", 2011, available at www.bei-bd.org/downloadreports/publicationdownload/55/download, accessed on 23 November 2011.

¹⁹ M. Serajul Islam, "Whither Bangladesh's Economic Diplomacy?", *The Daily Sun*, Dhaka, 22 October 2012; also see AKM Masudur Rahman, "Economic Diplomacy and Bangladesh", *The Financial Express*, Dhaka, 20 April 2014.

²⁰ Selim Raihan and Bazlul H. Khondker, "A Review of the Evolution of Trade Policies in Bangladesh", in *Bangladesh Country Report: Trade and Employment*, International Labour Organization, Dhaka, 2013, pp. 1-18.

the main focus of Bangladesh's total exports; almost three quarters is now absorbed by the two (see Table 1). Remaining part is absorbed by some markets of developing Asia, Middle East and Africa. Such shift is the result of changing structure of exportable items. Once jute and jute goods were vital items and earned huge foreign currency. Currently, RMG is the most important item and its major buyers are The EU and North America. Other buyers are Japan, India, China, etc.

It is important to mention that Bangladesh's exports are scarce to other South Asian countries, except India. More than 80 per cent of total exports are between Bangladesh and India. Exports are mainly conducted through South Asian Free Trade Area (SAFTA).

Table 1: Pattern of Exports by Destination, Excluding Export Processing Zones (EPZ) (in US\$ million)

Bloc/Group/ Community	FY 2014-15		FY 2013-14		Changes
	Amount (in US\$)	% of Total Export	Amount (in US\$)	% of Total Export	
EU	13,699	56.6	12,800	55.7	899
NAFTA	4,926	20.4	4,973	21.6	-47
Other Asian Countries	1,899	7.8	1,730	7.5	169
OIC	1,498	6.2	1,563	6.8	-65
Other European Countries	1,131	4.7	1,217	5.3	-86
Developing Eight (D-8)	884	3.7	1,025	4.5	-141
ACU	645	2.7	567	2.5	78
SAARC	582	2.4	492	2.1	90
OPEC	525	2.2	491	2.1	34
ASEAN	387	1.6	377	1.6	10
Other Countries	900	3.4	759	3.0	6,229
Total Export	24,200		22,974		1,226

North American Free Trade Agreement (NAFTA), Organisation of Islamic Cooperation (OIC), Asian Clearing Union (ACU), South Asian Association for Regional Cooperation (SAARC), Organization of the Petroleum Exporting Countries (OPEC), Association of South East Asian Nations (ASEAN).

Note: Indonesia included in OIC and ASEAN.

Source: Bangladesh Bank, *Export Receipts*, 2015.

In the last four and a half decades, sources of Bangladesh's imports have undergone substantial changes. While shares of developed economies in total imports were erratic, shares of some emerging economies are growing. Two most important sources are China and India. On the other hand, by bloc/group/community, Bangladesh's major sources of total imports (for FY2014 and FY2015) are shown in

Table 2. Developing regions are becoming capable of supplying raw materials, capital and intermediate goods and consumer products at cheaper price. Therefore, growing importance of developing regions as vital sources of imports of Bangladesh is also noticeable.

Table 2: Pattern of Imports by Source, Excluding EPZ (in US\$ million)					
Bloc/Group/ Community	FY 2014-15		FY 2013-14		Changes
	Amount (in US\$)	% of Total Import	Amount (in US\$)	% of Total Import	
Other Asian Countries	13,650.2	36.3	12,648.2	33.5	1002
OIC	8,070	21.5	8,399.1	22.2	-329.1
ACU	6,426.5	17.1	6,777.1	17.9	-350.6
SAARC	6,395.9	17	6,679	17.7	-283.1
ASEAN	6,357	16.9	7,094	18.8	-737
D-8	3,379.9	9	3,952	10.5	-572.1
OPEC	2,873.8	7.7	3,074.4	8.1	-200.6
EU	2,426.7	6.5	2,371.9	6.3	54.8
NAFTA	1,462.2	3.9	1,427.6	3.8	34.6
Other European Countries	918.4	2.4	1,131.5	3.0	-213.1
Total Import	37,557.5		37,756.9		-199.4

Note: Bloc/Group/Community total do not agree with total imports due to inter classification of individual countries into Bloc/Group/Community, e.g., Indonesia is included in OIC and ASEAN.

Source: Bangladesh Bank, *Import Payments*, 2015.

Since early 1990s, trade liberalisation policies helped Bangladesh increase exports. Afterwards, the GoB has been continuing to liberalise trade policies in line with directions of WTO Uruguay Round.

Following adoption of the Doha Development Agenda (DDA), issues regarding WTO are being proactively handled by the GoB keeping some initiatives forefront, e.g., establishing 'WTO Cell' in the MoC, joining the Enhanced Integrated Framework (EIF) process and completing Diagnostic Trade Integration Study (DTIS). Other initiatives were conducting Needs Assessment exercise in identifying needs for technical/financial assistance to protect Intellectual Property Rights (IPRs) and submitting the report to the WTO. Besides, encouraging private sector engagement to face trade-negotiable concerns, working towards achieving greater market access in addition to safeguarding Bangladeshi interests in multilateral trading system and ratifying Trade Facilitation Agreement (TFA) of the WTO were vital initiatives. These were aimed at integrating Bangladesh with global and regional trade liberalisation systems.

On the regional front, Bangladesh is a party to the SAFTA and Asia-Pacific Trade Agreement (APTA). The country is getting benefits from tariff concessions on some exportable items provided by APTA members. Bangladesh is a partner of Trade Preferential System among OIC countries (TPS-OIC). Under the arrangement, (i) a Protocol on the Preferential Tariff Scheme for the TPS-OIC has been finalised; (ii) Tariff Reduction Programme (TRP) has already come into force; and (iii) an Agreement on RoO for Preferential Trade Agreement (PTA) has been signed. Bangladesh has been engaged with all the arrangements of TPS-OIC.

Bangladesh is a party to Preferential Trade Agreement (PTA) of D-8. Tariff Reduction Process (TRP) under the PTA has come into force. However, Bangladesh has not yet ratified the agreement due to divergent views on value addition criteria of RoO. The country is a member of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and its Free Trade Agreement (FTA). Besides, it is a member of South Asia Sub-regional Economic Cooperation (SASEC). The country is a party to the Global System of Trade Preferences among Developing Countries (GSTP) and it offers tariff concessions on several items to 47 members of Group of 48. Again, Bangladeshi products at present under the GSP avail preferential market access from several states.

On the bilateral front, Bangladesh has not concluded any FTA. It has examined the possibility of signing bilateral FTAs with Malaysia, India, Turkey, Sri Lanka, Macedonia, Jordan, Mauritius, South Africa, and separate FTAs/PTAs with five countries of Africa, e.g., Morocco, Nigeria, Senegal, Mali and Sierra Leone. Besides, examinations on the possibility of signing PTA among member countries of the Indian Ocean Rim Association (IORA), and with Myanmar and Bhutan have been completed. Meanwhile, Bangladesh has started its preliminary negotiation to formulate FTA with Turkey. Most importantly, it has signed Trade and Investment Cooperation Forum Agreement (TICFA) with the US. TICFA is likely to provide a platform for regular discussion on trade issues between the two countries.

Till date, Bangladesh has signed more than forty Bilateral Trade Agreements (BTAs).²¹ All these do not cover exchange of tariff preference or trade facility. These were signed only for promoting bilateral diplomatic relation, except PTA with Iran.

4. Foreign Trade-Centric Economic Diplomacy: Bangladesh Perspective

Understanding comparative advantages, capitalising opportunities to access to diverse markets, and diversifying export items and destinations are vital tasks of foreign trade for Bangladesh. These rely much on how the country, with its trade facilitation arrangements, showcases itself before global trade community and fits it in economic diplomacy of foreign trade. Therefore, it is important to recapitulate

²¹ For details, see *Bangladesh Economic Review*, 2015, p. 78.

on which issues, at what levels, with which countries, by what actors and through what instruments, Bangladesh's foreign trade-centric economic diplomacy or in other words trade diplomacy should be advanced. Recapitulation of the five questions is dealt with the Khatibzadeh framework of economic diplomacy.

4.1 *Issues*

Industrial accident, labour unrest and lack of globally standard working condition in some RMG factories at times push buyers to reconsider their sourcing options and withdraw trade privileges. This may lead to lose competitiveness of Bangladesh on global trade front. Again, with a zero-duty benefit under the African Growth and Opportunity Act (AGOA), export of RMG originating in different African nations has been increasing to the US. Big companies are exploring Africa as a future site for apparel production that can be exported to the US, duty-and-quota-free. Bangladesh may lose its competitiveness to African nations for exporting RMG to the US in the face of discriminatory duty benefits. Bangladesh's competitive advantage due to GSP in the EU markets may also be under threat following Vietnam's free trade deal with the EU. If Bangladesh graduates from its LDC status and loses its existing preferential access to major markets, export growth would face strong barriers. Unless it enters similar free trade agreements, export-led growth may decline. Another recent concern is Brexit. Grabbing bigger market share by competing countries and rising cost of imports in the UK, imposing tariffs on imports to protect local industries and depressing demands among the UK people are some of the future concerns for Bangladesh. These may erode competitiveness of Bangladeshi exports. Factoring in the uncertainties is a vital issue of Bangladesh's foreign trade-specific economic diplomacy.

Another issue is export promotion. Capacity to exploit and strategy to access markets, vertical and horizontal diversification of products, constant observation of the extent of trade liberalisation, non-tariff and para-tariff barriers, customer credibility and country familiarisation are related to export promotion. Thus, export promotion-specific trade diplomacy lies with how to move towards value chain, reduce high reliance on particular product/destination, prioritise South-South trade, promote North-South cleavage and advance regional trade integration.

As the decisions of the US and the EU demanding implementation of controversial labour standards in Bangladesh pose a threat to rule-based global trading system, raising WTO Duty Free Quota Free (DFQF) market access in the agenda of TICFA meeting, negotiating Bangladesh-US Comprehensive Free Trade Agreement (CFTA) under the basic terms of TICFA and Bangladesh-EU CFTA without prejudice to each other's rights and obligations under the WTO are vital issues.²²

²² Author's interview with Dr. Debapriya Bhattacharya, Distinguished Fellow, Centre for Policy Dialogue, in 2014.

Indeed, making the best out of the WTO membership is crucial. Hence, demanding DFQF market access, preferential RoO, Special and Differential (S&D) treatment and devising strategies for negotiation in the WTO remain central issues of Bangladesh's foreign trade-specific economic diplomacy.

Another issue is how to exploit benefits from DFQF market access given by individual countries. Concerns lie with RoO, provision for value addition and several duties. Bangladeshi products must have 40 per cent local content and it is a sticking point to increase trade between Bangladesh and the Republic of Korea. Exports to China are low due to RoO stipulating that Bangladesh must have 40 per cent value addition. Japan is yet to become a major destination for Bangladesh's apparel. Only relaxed RoO for exporting knitwear, jute and jute products, home and woven textiles and tableware as well as waiving duties on the products can make Japan a key export destination. India has turned down Bangladesh's plea for lifting countervailing duty on RMG import. It has also imposed countervailing duty and additional tax of 3 per cent on garments imported from Bangladesh. Again, India's clamping anti-dumping duty on its imports of jute goods is a concern. Therefore, negotiations on RoO, provision for value addition and several duties with individual states are important issues.

Issues vary for regional arrangements. For example, how to further reduce tariff and non-tariff barriers and number of items from sensitive lists are vital for SAFTA. Eyeing APTA to deepen tariff concession, increase product coverage, address non-tariff barriers and boost trade facilitation is vital. For D-8, important issues include claiming DF market access, advocating for 30 per cent value addition in the RoO of the TRP under the PTA and negotiating S&D treatment under the PTA. Again, dealing with preferential tariffs and trade preferential of TPS-OIC is crucial. As a new step, finalising Memorandum of Understanding (MoU) between Bangladesh and the Eurasian Economic Commission (EEC) to increase trade relations also remains significant.

Besides, how to engage with global value chain is a vital issue. Achievement in garment sector can be replicated for assembling and manufacturing small parts of products in value chain. Japan has sourced out many automobile component manufacturing to ASEAN countries. The same can be sourced out to Bangladesh for better products at cheaper prices. A Japanese company has already set up factory in Chittagong to fit energy saving LED lamps in vending machines to produce efficient products.²³ Bangladesh can also produce several miniature components which Japan is now producing because of its engineering skills and craftsmanship. These substantiate that engaging with the east, e.g., with Japan and putting incentives in place are vital issues of Bangladesh's foreign trade-specific economic diplomacy.

²³ "Explore Asian Markets", *The Daily Star*, 14 August 2014.

4.2 Countries and Levels

While eyeing traditional markets for traditional and non-traditional garment products is vital for Bangladesh's foreign trade-specific economic diplomacy, exploring new markets is of high importance (Table 3).

Table 3: Countries, Rationales and Items		
Countries	Rationale	Items
China	Rising middle-class population and labour cost in China, moving towards high-end product and ever-increasing retail values of garments and textiles consumption in China, Bangladeshi prospect of meeting growing demand of Chinese low-end consumers, etc.	Labour-intensive products such as textiles and clothing, garments.
Japan	Looking for lower-cost new suppliers for rising demands of apparels in Japan, relaxation of RoO by Japan, better workmanship, low labour cost, availability of backward-linkage industry and competitiveness in price of Bangladesh, emerging as potential importer of Bangladeshi leather goods, etc.	RMG, apparels, high-end formal suits, leather and leather goods.
India	Ever-increasing retail values of garments and textiles consumption in India, increasing India's middle class and market size, ²⁴ growing domestic demand of textiles in India, increasing DF market access for Bangladesh, prospect of exporting to North-eastern market, emerging as potential importer of Bangladeshi leather goods, etc.	Garments and textiles, leather goods.
Russia	Negotiation ongoing for reducing NTBs, Russian buyers' increasing interests for RMG, Bangladeshi RMG exporters are advised to deploy local agents in Russia, etc.	RMG
South American Countries	Regular participation in trade fair in Brazil, recent preparation on signing PTA with Chile, sending fact-finding mission of Bangladesh in the region, etc.	RMG
African Countries, CIS markets (Azerbaijan), Sri Lanka, US	Bangladesh is capable to export quality pharmaceuticals and it is free from patent protection, the country has opportunity to dig up access to the markets, many countries have agreed to import pharmaceuticals from Bangladesh and are looking to the country as a supplier of pharmaceuticals, several MoUs are being signed, etc.	Pharmaceuticals
Nepal, Australia, Canada	Emerging as potential importers of Bangladeshi leather goods, eager to import larger volume of leather and leather goods, jute and jute goods, etc.	Leather and leather goods, jute and jute goods.

²⁴ Author's interview with Dr. M A Taslim, Professor, Department of Economics, University of Dhaka, in 2014.

Tunisia, Libya, Thailand	Revival of global jute markets. Tunisia and Libya widely use jute bags and buy from third party in Europe, jute goods are being more attractive to Thai people also, etc.	Jute and jute goods.
EU Countries (Denmark, Italy and Germany)	Placing increasing orders for Bangladesh to produce small ships, Bangladesh is encouraged by comparative advantages, e.g., low-cost labour, straightforward provision to import raw material, DF market access, etc.	Ocean-going ships, ship-building.
GCC Countries	Growing amount of South Asians holding different psychographics are used to almost same food habits and socio-economic status.	Food items, ceramics, plastic goods.

Source: Author.

Table 3 explains some imperatives and potential items to realise why countries identified are to be under Bangladesh’s foreign trade-specific economic diplomacy. There are issues to be negotiated with the countries at different levels. Accessing markets, reducing preference erosion, demanding trade preferences, liberalisation and rule-making in trade are some key issues. Table 4 identifies the levels and issues for negotiation.

Table 4: Levels and Issues

Levels	Issues for Negotiation	Example
Bilateral	Signing FTA and PTA, getting additional (also protecting) RoO relaxation, DFQF market access, reducing per cent of provision for local value content in the RoO, eliminating trade barriers, etc.	Negotiating agreement with the UK to get DFQF access even at post-Brexit situation, demanding DF market access for more items from India, examination of signing FTA with India, China, US etc.
Regional	Reducing non-tariff and para-tariff barriers, items under sensitive lists, signing PTAs, FTAs and Regional Trade Agreements (RTAs), implications of agreements signed by regional groupings with non-members (e.g., ASEAN-China FTA, EU-India FTA, ASEAN-India FTA), etc. ²⁵	Accelerating TRP under the BIMSTEC FTA, proactively seeking FTA engagements and associating with mega trading blocs (e.g., ASEAN, EU or Latin American blocs), demanding greater market access, pursuing to engage with regional value chain, etc.
Sub-regional	For example, at BBIN ²⁶ , developing production or value chains, containerisation of trade, setting up of economic and industrial zone, thinking of exploring BBIN FTA, energy trading, etc.	Demanding trade concessions from India and accessing markets of Nepal and Bhutan within BBIN framework, strengthening BBIN business forum and expo, etc.

²⁵ Author’s interview with Dr. Ahsan H. Mansur, Executive Director, Policy Research Institute, Dhaka in 2014.

²⁶ Bangladesh-Bhutan-India-Nepal (BBIN) is a sub-regional initiative, began with a Motor Vehicle Agreement (MVA) signed in 2015.

Plurilateral	Signing CFTA, FTA dispute settlement mechanism, revised GSP offer, agreement on trade in services, etc.	Establishing Bangladesh-EU CFTA without prejudice to each other's rights and obligations under the WTO.
Multilateral	Framing institutional mechanism and trade negotiable issues, trade facilitation through Aid for Trade (AFT), implementing global trade mechanism, etc.	Addressing tariff reduction, DFQF market access, S&D treatment, preferential RoO, trade preferential, etc.

Source: Author.

4.3 Actors and Instruments

Important actors for Bangladesh's foreign trade-specific economic diplomacy are MoFA and its counterparts abroad, MoC, EPB, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), joint trade associations and committees. Besides, trade oriented think-tanks, non-Resident Bangladeshis (NRBs) and Bangladeshi personnel working in international trade bodies are vital actors. Foreign trade-specific economic diplomacy and its success depend a lot on what sorts of instruments actors are exercising and their appropriateness.²⁷ There are several instruments of economic diplomacy Bangladesh can exercise to boost up its foreign trade. Table 5 identifies and explains some vital instruments of trade related economic diplomacy.

Table 5: Instruments and their Details

Instruments	Detailing the Instruments
Concluding and updating legally binding contracts	Signing BTAs, MoUs and protocols on trade, signing bilateral FTAs with several countries, having persistent bilateral meeting at Track-I and Track-II levels, updating terms and conditions of already signed bilateral arrangements (e.g., TICFA), taking steps to sign (preferential) trade deals with ASEAN, negotiating RTAs, etc.
Strengthening the role of Bangladesh's missions abroad	Turning ambassadors into sales persons, increasing trade missions, facilitating to organise international trade fair/show and trade dialogue at home and abroad, helping to campaign potential exportable items, assess trade policies of potential markets and their products-oriented demands, making contact with potential importers, continuing periodic interaction with business leaders in potential countries, pursuing commodity and services specific promotional activities in potential destinations, appointing local agents/exporters in potential markets, employing trade/economic diplomats to intensify trade lobbying, helping to arrange visits for business delegations in target states, etc.

²⁷ Vanu Gopala Menon, "A New Approach to Trade Negotiations", in C. L. Lim and Margaret Liang (eds.), *Economic Diplomacy Essays and Reflections by Singapore's Negotiators*, Singapore: World Scientific Publishing Co. Pte. Ltd., 2011, pp. 91-102.

Delinking trade diplomacy at multiple levels	<i>At multilateral (e.g., WTO) level</i> Devising trade negotiable strategies considering stands of LDCs and strengths/weaknesses of Bangladesh, being aware of preference erosions and agricultural negotiation, being responsive to Non-Agricultural Market Access (NAMA) negotiation and claiming sovereignty whilst amplifying binding coverage, continuing trade lobbying to get DFQF market access with simple RoO, claiming increased provision for Aft, etc.
	<i>At regional level</i> Examining competitiveness of export items and trade complementarities, facilitating goods/services specific promotion, claiming S&D treatment and tariff concessions, exploiting optimum benefits from already engaged regional arrangements, negotiating with new potential regional trade and economic blocs, addressing common trade barriers, engaging with regional value chain, etc.
	<i>At plurilateral level</i> Being aware of revised GSP offers (e.g., provided by the EU), harmonising stands on trade diplomacy, etc.
	<i>At bilateral level</i> Surveying particular country-market to assess potential exportable items, participating to 'single country trade fair', fortifying and if necessary opening new trade missions in required places, etc.
Exercising consular and commercial diplomacy	Opening Bangladeshi consulates in key trade cities of global importance, engaging NRBs with those consulates and appointing well-known business icons as honorary consuls, boosting interaction between Bangladeshi foreign missions abroad and various countries, pursuing commercial diplomacy advocated by commercial diplomats (usually with economics-background) working for foreign trade missions and providing information on overseas export potentials, generating opportunity for Bangladeshi commercial diplomats to be employed at standard global trade setting agencies, etc.
Marketing 'Brand Bangladesh'	Branding and marketing of exportable items, globalising local brands, finding better ranked in diverse global trade reports, launching professional website to ease trade requirements, publishing trade newsletters with necessary details in local language and wider dissemination etc. ²⁸
Others	Decoupling ²⁹ , liberalising trade regime, assigning diaspora in prospective destinations with a task of expanding trade ³⁰ , strengthening joint trade and business councils, utilising social media comprehensively, etc.

Source: Author.

²⁸ Author's interview with Md. Jakir Hossain, Deputy Director, Policy (C.C.), Export Promotion Bureau (EPB), Ministry of Commerce (MoC), Bangladesh, in 2014.

²⁹ Market diversification, e.g., engaging with the east.

³⁰ Author's interview with Elias Ahmed, former Commerce Secretary and Chair of India-Bangladesh Trade Commission, in 2014.

5. Concluding Remarks

The paper aimed at identifying important issues of Bangladesh's foreign trade-specific economic diplomacy and ways of dealing with the issues. It finds that considering trade uncertainties and addressing their likely adversities, lessening bilateral trade gap with major countries, moving towards global and regional supply chain, reducing tariff and non-tariff barriers are the most important issues of Bangladesh's trade diplomacy. Other issues are asking for tariff concessions, preferential tariffs, flexible RoO, S&D treatment, DFQF market access, exploiting benefits of DFQF market access already provided by several countries and export promotion.

The paper reveals that besides traditional markets with some imperatives, traditional and non-traditional garment products, and diversifying markets with potential items are important. Issues aforesaid are to be negotiated with both potential and traditional markets, and at bilateral, regional, sub-regional, plurilateral and multilateral levels. Other issues include reducing preference erosions, demanding trade preferences and rule-making in trade.

The paper identifies several instruments that actors particularly the GoB can exercise to deal with the issues of Bangladesh's foreign trade-specific economic diplomacy. These include: finalising and updating legally binding contracts; strengthening the role of foreign missions of Bangladesh; delinking trade diplomacy at multilateral, regional, plurilateral and bilateral levels; exercising consular diplomacy and commercial diplomacy; marketing 'Brand Bangladesh' with its product image; liberalising trade regime (e.g., restructuring tariff structure), increasing efficiency of trade negotiators and engaging Bangladeshi diaspora in prospective countries/regions to enhance Bangladesh's international trade. Given the existing capacity, it may not be possible for the GoB and its trade facilitating agencies to exercise all the instruments at once. However, these should be simultaneously put into practice in short, medium and long term.