

BANGLADESH-EU RELATIONSHIP
Scenarios for the Next Decades

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The **Centre for Policy Dialogue (CPD)**, established in 1993, is a civil society initiative to promote an ongoing dialogue between the principal partners in the decision making and implementing process. The dialogues are designed to address important policy issues and to seek constructive solutions to these problems. Over the past years, CPD has organised a series of such dialogues at local, regional and national levels. CPD has also organised a number of South Asian bilateral and regional dialogues as well as international dialogues to pursue for the LDC interests in various fora including WTO, UN and other multilateral organisations. These dialogues have brought together ministers, opposition frontbenchers, MPs, business leaders, NGOs, donors, professionals and other functional groups in the civil society within a non-confrontational environment to promote focused discussions. CPD seeks to create a national policy consciousness where members of civil society will be made aware of critical policy issues affecting their lives and will come together in support of particular policy agendas which they feel are conducive to the well-being of the country.

In support of the dialogue process the Centre is engaged in research programmes which are both serviced by and are intended to serve as inputs for particular dialogues organised by the Centre throughout the year. Some of the major research areas of CPD include: *Macroeconomic Performance Analysis; Fiscal Policy and Domestic Resource Mobilisation; Poverty, Inequality and Social Justice; Agriculture and Rural Development; Trade, Regional Cooperation and Global Integration; Investment Promotion, Infrastructure and Enterprise Development; Climate Change and Environment; Human Development and Social Protection; and Development Governance, Policies and Institutions*. CPD also conducts periodic public perception surveys on policy issues and issues of developmental concerns. With a view to promote vision and policy awareness amongst the young people of the country, CPD is also implementing a *Youth Leadership Programme*. CPD maintains a broad network with institutions working in common areas of interest, and has partnered with some of these in organising international events both in Bangladesh and abroad.

It may be of interest to note that in recognition of the track record in research, dialogue and policy influencing, CPD was selected as one of the awardees under the Think Tank Initiative (TTI) through a globally held competitive selection process. TTI is supported by a number of governments and foundations, and is implemented by the International Development Research Centre (IDRC), Canada.

Dissemination of information and knowledge on critical developmental issues continues to remain an important component of CPD's activities. Pursuant to this CPD maintains an active publication programme, both in Bangla and in English. As part of CPD's publication activities, a **CPD Dialogue Report Series** is brought out in order to widely disseminate the summary of the discussions organised by the Centre.

The present report contains the highlights of the policy dialogue on ***Bangladesh-EU Relationship: Scenarios for the Next Decades***, held on 12 May 2012 at the Lakeshore Hotel, Dhaka. The dialogue was organised by CPD in associate with European Union Delegation to Bangladesh.

This report was prepared by *Ms Anjum Noor Choudhury*, Former Intern, Dialogue and Communication, CPD.

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THE DIALOGUE

The Centre for Policy Dialogue (CPD) organised a policy dialogue in association with the European Union Delegation to Bangladesh titled *Bangladesh-EU Relationship: Scenarios for the Next Decades* on 12 May 2012 at the Lake Shore Hotel, Dhaka. CPD Executive Director *Professor Mustafizur Rahman* presented the keynote paper and CPD Distinguished Fellow *Dr Debapriya Bhattacharya* chaired the session. *H E Mr William Hanna*, Ambassador and Head of Delegation of the European Union Delegation to Bangladesh provided a short background of Bangladesh-EU relationship. *Ambassador Ashfaqur Rahman*, Chair of the Centre for Foreign Affairs Studies, and *Mr Md Saiful Islam*, Chairman of the Western Marine Group and Managing Director of Picard Bangladesh Ltd attended as Designated Discussants.

The dialogue was attended by Ambassadors from Norway, Denmark and France, representatives of various missions in Bangladesh, political leaders, business group leaders, NGO activists, academics and other professionals. This present report provides highlights from Professor Mustafizur Rahman's keynote presentation and documents the issues raised during the floor discussion.

OPENING REMARKS BY THE CHAIR

Dr Debapriya Bhattacharya initiated the proceedings of the day by expressing his appreciation to all those in attendance for joining the dialogue at the invitation of the CPD and the European Union Delegation in Dhaka. He informed the audience that the discussion was organised in view of the 40 years of partnership which Bangladesh and the EU are celebrating this year. The idea was to have a constructive discussion on the content of this partnership and the way forward in the coming years. He emphasised that the focus of the deliberation at this session should be more on how the partnership could be further deepened in the future rather than what has been the case in the past. *Dr Bhattacharya* pointed out that the world around us was changing and the Bangladesh-EU relationship will need to evolve in tune with the demands of the changing times.

Introductory Remarks by *H E Mr William Hanna*

Taking the floor, *H E Ambassador Hanna* thanked CPD for joining hands with the EU Delegation in organising the programme at a time when Bangladesh and the EU were celebrating the milestone of 40 years of partnership and friendship. He noted that both Bangladesh and EU had come a long way over these past four decades, and noted that Europe, like Bangladesh had come a long way in terms of dynamism in the last 40 years.

He mentioned Germany's capital Berlin, as an example to showcase the changes experienced by Europe in the last few decades. It was remarkable that a city once physically divided for so long is now united under one country.

Ambassador Hanna observed that at present the EU was facing difficult times ahead due to the economic crisis. He felt that this was the time to address fundamental questions in order to strengthen the foundations of EU's economic and monetary union and recover from the financial crisis. The European Commission was very keen to boost collective efforts to

promote growth and sustainable public investment in order to generate more jobs in its partner countries.

With regard to Bangladesh, *Ambassador Hanna* recalled the four pillars of cooperation which informed the partnership between Bangladesh and the EU over the past years.

- The first one related to the fact that the EU was one of Bangladesh's largest trading partners. The EU provides duty-free market access to all exports from Bangladesh under its everything but arms (EBA) initiative. On the other hand, Bangladesh specialised in the export of readymade garment (RMG). In this context he recalled that even in the midst of last year's crisis, Bangladesh's export posted a high growth rate of 28 per cent. He underscored the need for further diversification of exports and offered EU's assistance in overcoming the constraints experienced by Bangladesh's export-oriented industries.
- The second pillar was development and cooperation. Ambassador Hanna thought that this pillar must gradually become less important. This did not, however, mean that the European Commission would not provide assistance to Bangladesh, but that EU hoped and believed that Bangladesh will gradually become economically strong, and that within the next 10-15 years, would be at a stage of development when development assistance would no longer be necessary.
- The third pillar involved support to democracy, rule of law and human rights. Though EU had supported the 2008 election in Bangladesh, Ambassador Hanna believed that democracy was not just about the elections but also what happens in between them.
- The fourth and final pillar was the growing cooperation between Bangladesh and the EU regarding climate change in international forums. In this context Ambassador Hanna reiterated EU's resolution to help Bangladesh in the areas of climate change related adjustment, adaptation and mitigation.

THE KEYNOTE PRESENTATION

Professor Mustafizur Rahman's keynote presentation was split into three components. The following sections highlight the major issues flagged in the presentation.

Section I: Bangladesh-EU Multifaceted Partnership: Some Stylised Facts

Professor Rahman initiated his discussion by highlighting the milestones in the history of Bangladesh-EU relationship starting from the time when diplomatic relations with EU was established in 1973. Since then four country strategy papers were prepared – in 1993, 1999, 2002 and 2007 – which articulated the major policy directions, focus areas and implementational modalities to be pursued by EU.

Whilst speaking about the importance of the EU to Bangladesh, *Professor Rahman* noted that EU was a major player in the global economy – it accounted for one-fourth of global GDP (gross domestic product), more than one-fifth of global trade, and roughly two-thirds of the aid that comes from the OECD (Organisation for Economic Co-operation and Development) countries. He also noted that, as a group, EU was a key player in the global economy and in terms of trade, remittances, investment and aid. EU has remained a

significant trading partner, source of remittance and a source of investment for Bangladesh ever since the establishment of diplomatic ties.

Citing the relevant data, *Professor Rahman* informed the audience that EU as a group was the most important export destination for Bangladesh, particularly for apparels, and for knit and woven RMG and frozen food, EU was the most important market for Bangladesh. Bangladesh's export to the EU in 2011 was the highest ever recorded (about USD 11 billion). Bangladesh was also the third largest institutional aid recipient from EU in Asia. And together, the EU members and institutions were the largest aid provider for Bangladesh.

Professor Rahman noted that Bangladesh was able to take advantage of the enhanced market access under the EBA initiative of the EU. Indeed, exports to EU increased from USD 2.9 billion in FY2001-02 to USD 11.9 billion in FY2010-11, a four-fold rise in nine years. Recent change in the rules of origin (RoO) for RMG (effective from January 2011) has helped Bangladesh to enhance utilisation of the EBA.

Moving on to the Bangladesh's import structure, *Professor Rahman* observed that most importing items from EU such as machinery, equipment, chemicals and transport goods, service the needs of the country's productive sectors, and maintain competitiveness of her industries both in domestic and global markets. He also noted that the trade surplus of nearly USD 9.6 billion earned by Bangladesh from the EU helps Bangladesh service its growing deficit with India and China, and maintain healthy foreign exchange reserves.

Professor Rahman, however, pointed out that investment flow into Bangladesh from EU had declined in recent years. He suggested that participants should dwell on attracting more foreign direct investment (FDI) from EU member countries in addition to the FDI that was coming from the United Kingdom and the Netherlands, two most important sources.

Concerning remittance from the EU, *Professor Rahman* pointed out that more than half a million Bangladeshi people lived in the UK, about 70,000 in Italy, and about 10,000 in Greece; but only 10 per cent of Bangladesh's annual remittance came from the EU countries.

Aid from the EU made up about 40 per cent of Bangladesh's total aid. A significant proportion of the aid came in the form of grants targeted to such areas as human resource development, poverty alleviation governance, gender equality and environmental sustainability. *Professor Rahman* also added that a significant part of EU aid was provided in the form of Technical Assistance covering a broad range of sectors and activities.

Section II: EU Strategies for Aid and Partnership in the New Context: What it Means for the Future of Bangladesh-EU Relationship

In drawing the attention of the audience to the strategies of partnership with Bangladesh pursued by the EU, *Professor Rahman* referred to three key documents which were published in recent years. These were:

- Country Strategy Paper for Bangladesh 2007-2013
- Communications from the Commission to the European Parliament: Increasing the Impact of EU Development Policy: An Agenda for Change (2011)
- Trade, Growth and Development (2012)

He shared information from the *Country Strategy Paper for Bangladesh 2007-2013* which identified the major objectives of Bangladesh-EU co-operation: fighting poverty, fostering sustainable economic and social development, and helping Bangladesh integrate into the global economy from a position of strength. The document also identified human and social development, good governance, human rights and economic and trade development as priority sectors. The document provides the partners with a guide for the future that ensures that aid is spent effectively, and that best possible results are delivered so that further financing for development could be leveraged.

Citing various evidences *Professor Rahman* made the observation that better results were observed when the European Commission operated directly with non-governmental organisations. *Professor Rahman* put emphasis on the need for the EC to give more prominence to governance and human rights issues in the future. He also underscored the need for EU to assist Bangladesh government in tackling the problems of low absorption capacity of government institutions. There was a need to overcome the lack of political will for reforms, *Professor Rahman* observed.

Professor Rahman then went on to discuss about EU's criteria for budget support eligibility, and its position on future direction of aid, and underscored the need for Bangladesh to take cognisance of this. For budget support, EU expects the recipients of its support to implement fiscal policies that promote macroeconomic stability, gear respective national policies and reforms to focus on sustainable growth and poverty reduction, and ensure that institutional, legislative and regulatory bodies are sound and these work in a transparent manner. EU's aid was based on the financing needs of the recipient countries; EU was keen to see that the recipient country was willing to strengthen its accountability in all its developmental work, and was also keen to promote mutual accountability in its bilateral relationships.

Professor Rahman emphasised the need for making trade an integral part of EU-Bangladesh partnership; and in this connection he felt that EU should focus more on raising trade-related supply side capacity building in Bangladesh. He highlighted the advantages of enhancing the use of EU instruments, such as relevant provisions in free trade agreements to enhance legal certainty of market access and combining of EU grants with loans. He particularly put emphasis on the need to promote FDI flow from EU countries to Bangladesh, and in this regard sought EU's support to meet international labour standards and labour-related compliances. *Professor Rahman* noted that in the current global context Bangladesh had enormous opportunities to enhance her exports, and EU could play a key role in enabling Bangladesh to access the potential opportunities by extending support in supply side capacity building and by promoting export-oriented FDI flows to Bangladesh.

Section III: The Way Forward: Scenarios of EU-Bangladesh Partnership in the Coming Decade

Professor Rahman believed that, on the demand side, aid will remain pertinent and important for Bangladesh for many years to come. Although the share of aid in Bangladesh's GDP has come down from 8.8 per cent in the early 1990s to 2.3 per cent in recent years, aid is expected to play a key role in several sectors in Bangladesh. He drew attention to the fact that about 40 per cent of the Annual Development Programme (ADP) was serviced by aid; aid could also leverage generation and use of Bangladesh's own investible resources. Concerning the aid flow in future, *Professor Rahman* expressed the apprehension that because of the ongoing state of affairs in many EU member countries, future aid from EU is likely be more focused on what results were actually delivered and whether aid was actually being able to bring concrete and real changes in developing countries.

Professor Rahman hoped that EU aid in future will be able to help Bangladesh focus on such promising areas as agro-exports, moving upmarket in the RMG exports particularly in the fashion and design segments, ship-building, information and communication technology (ICT) and pharmaceuticals. Support of EU in productivity enhancement, skills upgradation and technology transfer could contribute to diversification of export basket and market for Bangladesh.

Professor Rahman highlighted Bangladesh's need to pursue a policy of active regionalism. He noted that till now EU's involvement in regional projects in South Asia has not been significant. There was a need for more EU involvement here. *Professor Rahman* pointed out that improved connectivity, trade facilitation and infrastructure development in the South Asia region will benefit all the regional countries, and at the same time this will create business opportunities for EU investors, particularly in terms of taking advantage of the growing regional market access.

Professor Rahman drew attention of the audience to the need for energetic steps to support Bangladesh in areas of climate-related adjustments, mitigation and adaptation; and in this connection he noted that EU could further strengthen its role in a number of related areas. Some such areas of possible support could be infrastructure, human and institutional capacity building to adapt to natural disasters, technological support for sustainable agriculture and weather resistant cropping practice, technological support for greening of the export sectors, and support for capacity building to produce and trade in environmental goods and services.

In his concluding remarks, *Professor Rahman* said that it was conceivable that in the coming decade Bangladesh-EU relations will become more diversified and will move away from the present aid-centred development cooperation to a more comprehensive form of economic partnership. He noted that investment promotion, technology transfer and cooperation in the areas of tackling global commons may become key elements in this evolving partnership.

FLOOR DISCUSSION

The two designated discussants *Ambassador Ashfaqur Rahman* and *Mr Md Saiful Islam* as well as the distinguished participants highlighted a number of issues that were felt to be key to deepening Bangladesh-EU relationship in various areas.

Attracting FDI and Country Image

A number of participants underscored the need for attracting more FDI to Bangladesh and focused on how EU could assist Bangladesh in this connection.

Taking part in the discussion *Ambassador Ashfaqur Rahman*, Chairman of Centre for Foreign Affairs Studies and one of the Designated Discussant at the dialogue noted that investment by EU member countries in Bangladesh has not been very encouraging. Bangladesh's image in the international community was a major reason for this, he felt.

Sharing his views, *Dr Wajedul Islam*, General Secretary of Bangladesh Trade Union Kendra, was of the opinion that Bangladesh's image could be improved if the working conditions and living standards of workers in the RMG and other sectors of the economy could be improved. He thought that EU could play an important role in influencing the wages of RMG workers in Bangladesh, because factory owners were more likely to comply with demands coming from international buyers than they were likely when local authorities tried to enforce the rules that were there on paper. He stressed that social security of workers needed to be ensured through raising real wage of the workers. When *Dr Bhattacharya* enquired whether he thought that it will be appropriate if there was outside interference in Bangladesh's domestic industries, *Dr Islam* argued that according to the International Labour Organization (ILO) convention, steps ought to be taken to introduce internationally recognised standards and democratic laws in Bangladesh, and that anyone can hold Bangladesh responsible if we did not comply with what was stipulated under the conventions. Otherwise the country's image is definite to suffer.

H E Mr Svend Olling, Ambassador of Denmark was straight forward in saying that the EU was enthusiastic about channelling FDI to Bangladesh, but was unable to do so due to reasons such as confrontational nature of politics, frequent strikes and corruption. He also noted that various bottlenecks such as unavailability of land, inadequate supply of energy and power, and underdeveloped infrastructure are also constricting the development prospect for Bangladesh.

Development of Port Facilities and Ship Building

Bangladesh was at the epicenter of a dynamic Asia; at the same time the Indian Ocean was emerging once again as a major trade route. According to *Ambassador Ashfaqur Rahman*, this has provided Bangladesh a unique opportunity to develop into an important regional hub; Bangladesh will be able to take full advantage of this opportunity, and will also be able to attract FDI if her port facilities and infrastructure are adequately developed.

The other discussant at the dialogue, *Mr Md Saiful Islam*, Chairman of Western Marine Group and Managing Director of Picard Bangladesh Ltd. informed the audience about the developments taking place in the ship-building sector. He shared the good news that Bangladesh was at present building a ferry for Denmark. Denmark has never previously outsourced the construction of its ferries and there was huge potential for Bangladesh in this sector.

Regional Connectivity

Good connectivity within the South Asian region was perceived by many participants to be vital for the future of Bangladeshi exports. Underscoring the importance of *Dr Meghna Guhathakurta*, Executive Director of Research Initiative Bangladesh (RIB) mentioned that good relations with neighbouring countries will enable Bangladesh to share common resources in a manner that will generate win-win outcomes. The synergies that will be generated will encourage FDI flow to the region and to Bangladesh, she noted. She also drew attention of the participants to the fact that Bangladesh was at a great advantage because she shared a border with Myanmar. She suggested that CPD should take initiative through a dialogue to explore on how relations with neighbours in the East could be further strengthened to improve trade prospects among countries of the region.

Mr Ludvig Bontell, Second Secretary, Embassy of Sweden felt that further pursuit of the Chittagong Hill Tracts peace accord will eventually lead to better connectivity within the region, and will help in attracting more FDI to Bangladesh.

Assistance for Trade-related Support Services

Several speakers proposed that EU should dedicate a part of its funds to developing the trade-related infrastructure and support services to promote Bangladesh's export sectors and to enhance her competitiveness in the international market. *Mr Md Saiful Islam* observed that Bangladesh lacked innovation and research and development (R&D) facilities which were key to raising competitiveness of her export sectors. He believed that the EU should undertake a comprehensive programme for skills upgradation and training of workers under Trade Related Technical Assistance (TRTA) programme which would contribute to raising capital and labour productivity in the export-oriented sectors of Bangladesh in attracting more FDI.

Trade Diversification

Professor Mustafizur Rahman noted in his keynote paper that, the majority of Bangladesh's export earnings come from the RMG sector. Referring to this, speakers at the dialogue urged the policymakers to make good use of Bangladesh-EU partnership towards enhanced market and product diversification of Bangladesh's exports. Several sectors were emphasised in this regard.

Ambassador Ashfaqur Rahman believed that it would be of benefit to Bangladesh if EU helped her to exploit maritime resources such as oil, gas and minerals it had at its disposal. *Mr Md Saiful Islam* noted that ship-building and pharmaceuticals had significant export

potentials. *Dr Wajedul Islam* believed that Bangladesh's jute industry had enormous potential, but was in need of modernisation. *Mr A S M Shafiqur Rahman*, Communications Specialist at Water Aid informed that several new ICT products, I-phone applications and a 3D model of Denmark's landmap were being developed by Bangladesh for foreign markets and could prove to be a prospective sector for the country. All these distinguished participants were of the opinion that EU's targeted support could help Bangladesh realise her emerging potential opportunities in these sectors.

Whilst the majority of speakers agreed that there was not enough trade diversification in Bangladesh's export sector, *Mr Suhel Ahmed Choudhury*, Former Commerce Secretary and Former Chairman of Janata Bank pointed out that the RMG sector accounted for almost 75-77 per cent of exports. If there was no diversification, RMG sector's share would be closer to 90-95 per cent. The challenge for Bangladesh now was to focus on the rest 25-30 per cent export and increase export earnings from this non-RMG sector.

Ambassador Ashfaqur Rahman pointed out that different global markets have specific nature and demands. It is important for Bangladesh's exporters to recognise these distinctions to excel their performance and bring prosperity. Policy support should be calibrated accordingly, the participants felt.

Everything But Arms (EBA) Initiative

The EBA initiative of the EU turned out to be a debated issue at the dialogue. The EBA initiative allowed least developed countries (LDCs) such as Bangladesh to export to the EU under duty-free quota-free conditions. *Mr Suhel Ahmed Choudhury* observed that the EBA helped boost exports but went on to say that the EU had taken an inordinately long time to relax the rules of origin. EBA initiative was put in place in 2001, but the related rules of origin came to be implemented only in January 2011. This delay gave rise to apprehensions about how sensitive the EU actually will turn out to be in future should there be need for change of EU's existing rules to benefit LDCs such as Bangladesh.

Mr Md Fazlul Hoque, President of the Bangladesh Employers' Federation (BEF) argued that the EBA may not benefit Bangladesh in the long-run. EU's Free Trade Agreements (FTA), along with many other agreements it is signing with several countries, will come into full effect in the coming years. When this happens, Bangladesh will have to compete with India and other countries who would also receive preferential market access. So the actual preferential margin will be significantly eroded. This will not only affect trade promotion, he maintained, but will have adverse implications for Bangladesh's industrialisation as well.

In clarifying any misconceptions about the EBA initiative *Mr Zillul Hye Razi*, Trade Advisor of the Delegation of the European Commission, pointed out that the EBA was an initiative that extended the Generalized System of Preferences (GSP) facility to the LDCs for additional items over an indefinite period. EU has been giving Bangladeshi goods duty-free quota-free market access since 2001; however the nature of Bangladesh's exports are such that they would enjoy this access regardless of the EBA initiative. Therefore, Bangladesh should not suffer when the EU's FTA and other agreements come into effect subsequently.

Creating More Opportunities for Remittance

Some of the speakers elaborated on Professor Mustafizur Rahman's view about remittance and expressed disappointment at the low flow of remittance coming to Bangladesh from the EU countries in spite of the large population of Bangladeshis in these countries. *Professor Selina Mohsin*, Former Bangladesh High Commissioner to the Maldives, maintained that the majority of the EU members were not positive towards Bangladeshi migrant workers, other than the UK. This was because the workforce from Bangladesh was mostly unskilled. She underscored the need for higher literacy and training programmes for the migrant workers.

Dr Muhammad Ibrahim, Chairman of Centre for Mass Education in Science and Chairman, Federation of NGOs, Bangladesh felt that more opportunities for educational interchanges should be made available to Bangladeshi students so that they could receive necessary technical and vocational training which will enable them to compete for jobs in the EU member countries. *Ambassador Ashfaqur Rahman* stressed the need to have a migration policy in place in the EU so that capable and qualified Bangladeshis could go to the EU countries, perform well in their jobs, and send back remittance to Bangladesh.

Paving the Path to the Future Bilateral Relationship

H E Mr William Hanna believed that the EU's relationship with Bangladesh had, "already moved away from a relationship based on charity approach to one of mutual interest." As to how best to make full use of this partnership, *Ambassador Ashfaqur Rahman* felt that it was important to spot opportunities early on through identification of trends. Systematic scanning of the media could serve a useful purpose in this context. Extrapolation of data could help to find out what steps to take next. *Dr Bhattacharya*, however, was not entirely convinced with this argument interjecting with the comments that non-linear growth often cannot be projected through extrapolation since many new variables come into play over time and surprises are rather common.

Ambassador Ashfaqur Rahman stressed the importance of having a stream of intellectual exchanges and dialogues on both political and economic issues and encouraged cultural connectivity as effective ways to deepen Bangladesh-EU partnership in future.

The current financial crisis in the EU made it difficult to project how strong Bangladesh-EU relations will remain in the coming years. France's approach to combat the crisis by promoting economic growth through greater spending and Germany's approach by imposing austerity measures posed two distinctly different scenarios that were likely to have two very different outcomes. This also had implications for Bangladesh's relationship in trade and other areas with the EU. *Professor Selina Mohsin* observed that whilst the EU was in a financial mess, Bangladesh herself was going through a political impasse and any speculation about how the Bangladesh-EU relationship could evolve in future should be made with some cautions.

Trade Politics

“Bangladesh is on the crux of a paradox of growth,” said *Mr Syed Nasim Manzur*, President of Leathergoods & Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) and Managing Director Apex Footwear and Pharmaceuticals Ltd. “The EU’s FTAs with other countries have indeed led to a dilution of the advantage that helped Bangladesh reach where it is now. If Bangladesh grows and attains the Millennium Development Goals (MDG) targets, she stands to lose her trade accesses.”

Mr Manzur stressed the importance of job creation through improvement of access to infrastructure and land. He suggested that the EU should help set up special economic zones (SEZ) like the ones that are there in India and China. In many SEZs producers have the opportunity to use the unutilised land that previous owners are still shareholders of. *Mr Zakir Kibria*, Policy Analyst at the Uttaran Justice Development Agency felt that government should initiate the distribution of *khas* land to the landless. *Professor Rehman Sobhan*, Chairman of CPD responded to this by noting that though it would be ideal to put unused land to use, *khas* lands and other government-owned properties in many instances had been occupied illegally by vested quarters. Carrying out *Mr Kibria’s* proposal would require active involvement and goodwill of political parties and local governments, he noted.

H E Mr Svend Olling was hopeful that the Bangladeshi market for goods from the EU would broaden in the future. *Mr Manzur* mentioned that Holland and Denmark were two small countries like Bangladesh who were also two of the world’s most important exporters. He was optimistic that they would share their methods and technology with Bangladesh. In this context he urged the EU to take initiative to facilitate transfer of knowledge and technical know-how.

Female Empowerment through Skill Development

Ambassador Nasim Firdaus, Executive Director of Bangladesh Alliance for Women Leadership (BDAWL) noted that the EU had a fantastic track record in assisting the empowerment of women in other countries. Those countries, according to her, were highly successful in terms of development since women are key developmental agents.

Ambassador Salma Khan, President of Women for Women brought up the issue of disparity in wage rate between men and women in Bangladesh. According to her, records show men in Bangladesh earning one dollar when women were earning only 12 cents for the same work. This gap needs to be eliminated. Women also have less access to skill development programmes that could offer them proper technical and vocational training. She requested for EU’s assistance in addressing this problem and in bridging this gap.

Transfer of Green Technology for Climate Adaptation

H E Mr Olling commended Bangladesh’s efforts regarding climate change, saying that there was a great deal of respect for the Bangladeshi negotiators when they go to the UN to discuss climate change.

Dr A Atiq Rahman, Executive Director of Bangladesh Centre for Advanced Studies (BCAS) urged Bangladesh to comply with international climate adaptation policies by using green technology. *Dr Fahmida Khatun*, Head of Research of CPD, questioned whether existing green technology was suitable for Bangladesh's climate-weather conditions and underscored the need to explore if there was further scope for innovation.

Climate adaptation was essential to reduce poverty as it could have important implications for human security, food security and social security. *Dr Atiq Rahman* felt that the EU should assist in undertaking a meticulous study with regard to which particular projects to allocate its funding to and also should closely monitor whether funds were being used effectively.

Mr Zakir Kibria urged in favour of the use of traditional knowledge in climate change adaptation initiatives. He cited the example of the South-East coastal region of Bangladesh. It was apprehended that this area was going to be submerged under the sea. However, it was preserved by local communities who raised an area of 31 square kilometres where land was raised 2 metres at two locations using traditional knowledge of water and river management.

Security Essential to Successful Trade

Lieutenant General A T M Zahirul Alam, rcds, psc, Director of Global Education Research Awareness Motivation for Enriching Rural Architecture, flagged an important point regarding the EU's involvement in developing Bangladesh's security sector. He believed that security was an essential element for successful trade between countries, and requested cooperation between Bangladesh and the EU about the training of security officials in non-combatant areas. He was hopeful that this will help the Bangladesh security sector in a positive manner by uncalculating the ideas of human rights and the rule of law.

CONCLUDING REMARKS FROM THE CHAIR

Dr Debapriya Bhattacharya wrapped up the discussion by briefly summarising the key points deliberated in the course of the dialogue. *Dr Bhattacharya* underscored the point that the EU has played an important role in the development of Bangladesh over the past decades and hoped that this partnership will remain strong in future. He was convinced that EU's contribution to Bangladesh's growth and development will expand and gain once the Eurozone countries fully recovers from the financial crisis that it was experiencing at present.

Dr Bhattacharya observed that the partnership between the EU and Bangladesh could not be treated in isolation from the rest of the world; rather the Bangladesh-EU relationship had to be integrated into the global broader picture to achieve its full potential. Sharing peaceful borders with Myanmar and resolving the conflict in the Chittagong Hill Tracts could make all the difference to Bangladesh as it strives to develop its economy EU's contribution to peace keeping through development gave its involvement a unique feature.

Dr Bhattacharya hoped that speakers including *H E Mr Hanna* were right in predicting that the Bangladesh-EU relationship was moving away from an aid-driven partnership to one that was trade-driven. The next challenge will thus be in enabling the partnership to work

for trade-related supply side capacity building in Bangladesh. Promoting the cause of investment flow to Bangladesh targeting the Eurozone market was the key in this regard, *Dr Bhattacharya* stressed. In this connection he flagged the opportunities of bilateral cooperation to develop new export-oriented sectors with potentials such as ship-building, pharmaceuticals and cut flowers.

With regard to EU's concerns about human development, *Dr Bhattacharya* recalled that this was one of the four pillars of support in the EU's policy towards Bangladesh. He felt that such programmes could only be successful if their outreach went beyond the capital and brought within its fold the greater Bangladesh, with all its geographical diversity, in an inclusive manner.

In concluding *Dr Bhattacharya* thanked all those who attended the dialogue and hoped that the recommendations emerging from the dialogue will encourage the respective officials and stakeholders to do their 'domestic homework', so that the EU could help catapult Bangladesh into the next decade, and be a partner of Bangladesh in the attainment of her ambition to become middle-income country.

LIST OF PARTICIPANTS

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