



Assessing and Addressing the Effects of Trade on Employment (ETE) Project

It is our pleasure to share with you the sixth issue of the e-newsletter of the ETE project in Bangladesh. This newsletter is a forum for information about issues related to the effects of trade on employment in Bangladesh and the activities of the ETE Project. Our aspiration is to reach a large number of readers and to further engage and enhance cooperation with our stakeholders, constituents and key partners. This issue gives highlights of the recent events and activities of the ETE Project, a summary of ETE research findings and information about ongoing research. We hope you enjoy the contents in this issue of the newsletter. As always, we look forward to your suggestions and thoughts on trade and employment issues. Please feel free to e-mail us at ete_dac@ilo.org



EC/ILO Project -Assessing and Addressing the Effects of Trade on Employment

Objective

Analyzing and supporting formulation of effective and coherent trade and labour market policies to address the effects of trade on employment and expand creation of decent work

Duration: 4 Years (February 2009-June 2013)

Expected results:

- Have a better understanding of the link between trade and employment in Bangladesh;
- Have the capacity to assess the impact of trade on employment in all tripartite group members;
- Support the design of coherent trade and labour market policies

Policy Working Group Meeting on Trade and Employment in Services: IT Sector



Bangladesh has the potential to be in a strong position in the global information technology (IT) industry. However, special measures are needed to be taken to enable the sector to further grow which include favorable policies, regulations and investment support- said Mr. Md Ghulam Hussain, Secretary of the Ministry of Commerce and the ETE Policy Working Group (PWG) Co-Chair, in a recently held meeting of the ETE project. Emphasizing the improvement of the quality of the IT-related curriculum and internship provisions, Mr. Hussain said that to cover all required measures it is immensely important to develop an Action Plan for the IT sector and to implement it in a coordinated manner.

The meeting was held on 7 October 2012 at Hotel Ruposhi Bangla. The theme of the meeting was Trade and Employment in Services with particular reference to the IT sector. The meeting was co-chaired by Mr. Md Ghulam Hussain, Secretary, Ministry of Commerce and Mr. Mikail Shipar, Secretary, Ministry of Labour and Employment. Mr. André Bogui, Director, ILO Country Office for Bangladesh delivered the welcome remarks in the meeting.

The meeting gathered representatives from the Ministry of Commerce, Ministry of Labour and Employment, General Economics Division, Ministry of Information and Communication Technology, Ministry of Industry, Industry Skills Council of the IT sector, Bangladesh Foreign Trade Institute, Bangladesh Institute of Development Studies (BIDS), Bangladesh Employers' Federation (BEF) and National Coordination Council for Workers' Education

(NCCWE) to speak on different aspects of trade and employment in the IT sector. Representatives from development partners namely the Swiss Agency for Development and Cooperation (SDC), the EC Delegation in Bangladesh, the German Agency for International Cooperation (GIZ), the Netherlands Embassy, and the Trade Policy Support Programme (TPSP) also attended the meeting. The recent ETE study on trade and employment in the IT sector by Dr. Selim Raihan, Associate Professor, Dhaka University was presented and discussed at the meeting. Mr. Mostan Hossain, Deputy Secretary, Ministry of Labour and Employment and the Member Secretary of the PWG facilitated the discussion.





Highlighting the mutually supportive relationship between services and the IT subsector, Mr. Bogui mentioned that the services sector being one of the main purchasers of ICT equipment has been significantly transformed by ICT in terms of both performance and quality improvements. He also said that the IT subsector has been playing an increasingly important role in Bangladesh economy with a sharply increasing export volume to over 60 countries. While increasing trade, this sector has also been establishing linkages between education and industry, improving the skill base of the country and generating employment.

Now it is important for the country to improve sectoral quality and overall competitiveness of the IT industry's to reap the new opportunities of global transfer of services and to turn Bangladesh into an important destination of global outsourcing, he mentioned.

How PWG Works:

- Sharing and analyzing ETE research findings
- Identifying country priorities and facilitating social dialogue
- Guiding and recommending policy formulation



Mr. Mikail Shipar, Secretary of the Ministry of Labour and Employment and Co-chair of the PWG, in his remarks mentioned that in 1999 the government declared IT as a thrust sector and embarked on multi-pronged initiatives which include: moderately high speed telecom links, enactment of software copyright law and bank loan facilities for the industry. Besides, the government has put emphasis on skill training. With this basic support, the industry is already in a good position now and there has been a rising global confidence in Bangladesh and its IT industry in recent years- he said. To boost further growth of the sector, Mr. Shipar emphasized addressing the following challenges: skill gap determination and targeted training programmes to overcome skill shortage, reliable IT structure, marketing promotion and branding for Bangladeshi IT product and enhancement of productivity and competitiveness of the IT firms.

The members discussed the opportunities and challenges for Bangladesh with regard to Trade and Employment in the IT sector and pointed out that the country should harmonize its sectoral policies, regulations, investment policies and skill policies to reap the employment opportunities created from a vibrant IT sector.



Research Findings

Economic Reforms and Agriculture in Bangladesh: Assessment of Impacts using Economy-wide Simulation Models

This study is an attempt to look at the links between major economic policy reforms and growth in the agricultural sector in Bangladesh. The overall objective of this study is to explore how economic policy reforms affect the agricultural sector in Bangladesh in terms of output, import, export and employment. The study explores three trade liberalization scenarios (a global agricultural trade liberalization scenario under WTO-Doha agreement, Bangladesh – India bilateral FTA, and domestic agricultural trade liberalization), one fiscal policy scenario (rise in agricultural subsidy) and one technological change scenario (rise in agricultural productivity). Dr. Selim Raihan, Associate Professor, Department of Economics, Dhaka University has conducted the study.

The major results of this study are as follows:

1. Global agricultural trade liberalisation under WTO-Doha agreement will lead to a rise in prices of agricultural products in the global market as well as in the domestic market. Taking the benefit of rise in the prices of agricultural products, there will be some positive effects on the sectoral production and employment in agricultural sector in Bangladesh. However, this could also have some concerns for the households who are net consumers and therefore would likely be negatively affected because of the rise in food prices.
2. Bangladesh – India bilateral FTA would result in limited expansion of the agricultural sector and some export-oriented sectors, though most of the import competing sectors would contract. However, the expansion of the agricultural and export-oriented sectors would be larger enough to result in a net employment generation.
3. The domestic agricultural trade liberalisation would lead to increased imports of agricultural products and this would result in the contraction of the agricultural sectors. Overall industrial and services sectors would contract. There would be a large employment loss for unskilled labour.
4. Rise in subsidies in agricultural sectors would lead to a rise in the production in the agricultural sectors and some of the industrial and services sectors would contract. There would be a rise in overall employment of unskilled labour because of larger employment generation in the agricultural sectors and lesser loss in employment in the industrial and services sectors. The effect on the employment of skilled labour would however be negative.
5. Rise in total factor productivity in the cereal crop sector would lead to a large expansion of the cereal crop sector. Also, rice milling and grain milling would experience expansion. Imports will fall in all these sectors. The industrial and services sectors would experience some expansion. Overall agricultural sector would experience a large fall in employment of unskilled labour because of the rise in productivity in the cereal crop sector. Therefore, despite the result that employment would increase in the overall industrial and services sectors, the net employment effect for unskilled labour would be negative.

We hope you have enjoyed reading the newsletter. Please feel free to forward it to anyone who you think would be interested to learn about the ETE project in Bangladesh.

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