

ABSTRACTS FOR ETE STUDIES IN BANGLADESH

EFFECTS OF INTERNATIONAL TRADE AND FOREIGN DIRECT INVESTMENT ON EMPLOYMENT IN BANGLADESH: A SURVEY OF LITERATURE

The paper attempts to review the empirical studies on the impact of international trade and foreign direct investment on the labour market outcomes in Bangladesh. The common outcome variables of interest are export and import growth, employment effect (scale, composition and productivity effect). The paper also looks at the methodologies that have been used in the empirical literature and identified their drawbacks. Finally the paper also identified further research avenues on trade and employment.

Although there are number of studies accomplished on the impact of international trade on Bangladesh economy however literature focusing on effect of trade on employment in the context of Bangladesh is limited. Both ex-ante and ex- post studies were conducted and the analyses were done using aggregate and macro and micro level data and using econometric model and Computable General Equilibrium (CGE). They show trend overtime and changes that may have occurred before and after the liberalization. In general, most of the studies shows that trade liberalization will have positive impact on employment. Nevertheless, the benefit may not be distributed equally across groups (skilled vs. unskilled, male vs female, etc). Labour productivity in export sectors, impact of regional trade agreements, and future supply of women labour force due to trade liberalization would be some of areas where further researches could be done.

About the researcher

Dr Mahfuz Kabir is currently working as research fellow at Bangladesh Institute of International and Strategic Studies (BISS)

Employment Effects of FTA Agreements: The Perspectives from Bangladesh

Bangladesh has entered into several regional FTA agreements and is in the process of signing bilateral FTA agreements with a number of countries. Any FTA deal has two important aspects: the market access aspect (the export side) and the trade liberalisation aspect (the import side). The employment effects of these two aspects might be in different directions. While increased exports may create new employment in the export oriented sectors, increased import through liberalisation of trade may contract employment in the import competing sectors. The net effect may depend on the relative strength of the aforementioned two effects. Against this backdrop, this paper investigates the economy-wide impacts of three different FTA agreements on the Bangladesh economy. These FTA agreements are Bangladesh-India bilateral FTA, Bangladesh-Malaysia bilateral FTA and BIMSTEC. This study uses several models such as WITS/SMART global partial equilibrium model, SAM multiplier model, CGE model and an employment satellite matrix to explore the employment effects in Bangladesh out of three different FTA scenarios. The analysis of the macro impacts of the FTA scenarios suggest that such bilateral and regional FTAs would be beneficial for Bangladesh in terms of impact on consumer prices, exports, real wages and employment. At the sectoral level, a number of export oriented sectors would gain from such FTAs. However, the sectoral level impacts also suggest that a large number of sectors would experience fall in production because of large inflow of imports, which would result in loss in employment in these sectors. Therefore, these FTAs have important sectoral implications in terms of production, exports, import and employment. It however appears that at the aggregate level employment would rise which would mean that the loss in employment in some sectors will be more than compensated by rise in employment in other sectors. Therefore, the net effect on employment is likely to be positive. It should however be mentioned that there might be some important costs for such adjustments of employment at the sectoral level. Therefore, the policy makers should be aware of such adjustment costs and find ways to mitigate them.

About the Researcher

Dr Selim Raihan is currently teaching at Economics Department of Dhaka University as an Associate Professor. Dr. Raihan has worked for several international organisations including UNDP, World Bank, Asian Development Bank, DFID, IFPRI, and Commonwealth Secretariat, and has also presented his analytical works in a number of national and international conferences.

The Impact of Trade in Agriculture on Employment in Bangladesh

This study, in general, will explore the impact of trade and trade liberalization on employment in the agricultural sector in Bangladesh. Specifically, the study will answer the following questions:

- How important is the agriculture sector in the Bangladesh economy in terms of its linkages with other sectors? What is the number of jobs and quality of work in the agriculture sector?
- What is the current state of Bangladesh's international trade in agriculture, how has it evolved, and what are its prospects?
- What is the link between trade and/or trade liberalisation and employment in agriculture in Bangladesh? Have or will trade policy changes in Bangladesh lead to employment and/or wage changes. What is the potential to create employment in this sector in Bangladesh? Are there specific consequences for poverty reduction, for example, because the poor happen to work in the agriculture sector?
- Have trade policy changes outside of Bangladesh (i.e., liberalization or FTA's of other countries) had an impact on employment in agriculture?
- How coherent is government policy in other areas (fiscal, transport and infrastructure, and education) in supporting trade-induced employment in the agricultural sector?
- Which policy reforms could be recommended to maximize the benefits of agricultural trade to Bangladesh in terms of food security, income distribution, addressing the problems of the informal sector, and productivity growth? How consistent would these policy reforms be with the promotion of agricultural employment?

About the Researcher

Dr Selim Raihan is currently teaching at Economics Department of Dhaka University as an Associate Professor. Dr. Raihan has worked for several international organisations including UNDP, World Bank, Asian Development Bank, DFID, IFPRI, and Commonwealth Secretariat, and has also presented his analytical works in a number of national and international conferences.

The Impact of Trade in Services on Employment in Bangladesh with an Especial Reference to the IT Sector

This study, in general, will explore the impact of rise in export of services on employment in Bangladesh with an especial reference to the IT sector. Specifically, the study will answer the following questions:

- What are the employment and trade situations in the services sector in Bangladesh? An overview using available data to show the employment situation in terms of number of jobs and quality of work in the services sector. Bangladesh's international trade in services will be discussed.
- What is the link between trade and/or trade liberalisation and employment in the IT services sector in Bangladesh? How trade policy changes in Bangladesh lead to employment and / or wage changes. How trade policy changes outside of Bangladesh had an impact on employment quantity and quality in the services sector?
- The issue of services as an important input for other sectors on one hand and employment creation in the services sector itself will be addressed.
- Specifically important are regulatory issues in IT services. These will be analysed. How is this linked to trade and employment in this sector?
- The study shall identify the potential for employment in the services sector and develop policy recommendations that are as much possible related to coherent trade and labour market policies. For example, which skills would be needed to maximise the benefits in this sector, are there any obstacles in terms of social dialogue (e.g. trade unions) or productivity issues related to workers' characteristics or behaviors. What trade policy would be most supportive? What regulations would be needed to be consistent with the trade policy?

About the Researcher

- Dr Selim Raihan is currently teaching at Economics Department of Dhaka University as an Associate Professor. Dr. Raihan has worked for several international organisations including UNDP, World Bank, Asian Development Bank, DFID, IFPRI, and Commonwealth Secretariat, and has also presented his analytical works in a number of national and international conferences.