

WTO's duty waiver to Pakistan won't hurt Bangladesh: RMG exporters

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THE country's apparel exporters are not worried over the decision of the World Trade Organisation (WTO) of providing duty-waiver benefit to 75 Pakistani products to the European Union.

The exporters said Bangladesh could still be competitive even after WTO announced the waiver for two years to Pakistan on Wednesday.

Bangladesh, in a league with Indonesia, Brazil and Peru, protested the WTO decision. But Pakistan's archrival India interestingly withdrew its long-term objection against the waiver last year.

Bangladesh placed some conditions before the WTO for the waiver of the products where 64 are garment items.

The country disagreed with the multilateral trade body as Pakistan is a developing country. Bangladesh also asked the WTO to impose a cap on eight garment items if Pakistan gets the waiver to keep Bangladesh's export to the EU unhurt.

Primarily, Bangladesh may lose a market of \$800 million a year to EU due to the WTO's approval, as both the countries are strong in eight garment items.

However, the WTO's waiver was more of a political decision than an economic one, as a massive flood in Pakistan in 2010 was in consideration. Legally, a developing country like Pakistan cannot enjoy such duty-waiver facility.

The EU is Pakistan's largest trading partner. The country's main exports to EU consist mainly of textiles, which account for more than 70 percent of its exports to European countries.

"Regarding the waiver, the best possible solution for WTO was to impose a cap on export of eight garment items. The WTO did it," said Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association.

The WTO recently imposed a cap on seven items, out of the eight proposed by Bangladesh, for export from



Women work at a garment factory in Dhaka. An EU move to give duty-waiver to some Pakistani products will not hurt Bangladeshi exporters, they said.

Pakistan.

So, Bangladesh may not be seriously hurt by the move, Mohiuddin said.

"But we have to improve our efficiency and production capacity so that we can also compete strongly in the EU," he said.

"We need more gas connections and adequate gas supply for full-time production at the factories. If we can run our factories in full capacity, Pakistan will not be competitive to us in the EU market," he said.

"We will not feel any bad impact in export of garment items to EU for the

WTO's move as Pakistan is not competitive to us. But we have to solve our internal problems firstly, like solving gas crisis, improving infrastructures and updating apparel related laws," said AKM Salim Osman, president of Bangladesh Knitwear Manufacturers and Exporters Association.

"We have defeated China, the world's largest apparel supplier. And Pakistan is very negligible to us," he said.

"We will not face a major crisis in the EU for the waiver. But we have to be competitive in production at the

factory level," said Zaid Bakht, research director of Bangladesh Institute of Development Studies.

He said cost of production in Pakistan is higher than Bangladesh. So, Pakistan may not be the competitor for Bangladesh in the EU.

But, prices of Bangladesh garment items to the EU may be squeezed a bit if Pakistan government gives incentives to the exporters for the market.

"But, the WTO's duty-waiver facility to Pakistan reflects the weak economic diplomacy of Bangladesh," Bakht said.

Currently, Bangladesh is the third

largest garment supplier to the EU after China and Turkey, whereas Pakistan is not among the top 10 supplying countries in the EU.

One of the main reasons for becoming a top player in the EU is the preferential duty benefit that Bangladesh has been enjoying for years.

Bangladesh exported knitwear worth \$6.90 billion and woven worth \$3.61 billion to the EU in 2010-11, according to the Export Promotion Bureau data. The amounts were \$4.71 billion and \$2.48 billion respectively in the previous year.

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Bangladesh can rely more on Canadian wheat

MD FAZLUR RAHMAN

BANGLADESH can rely on high-quality wheat from Canada to ensure quality of end products to cater to the needs of the changing food habit of the young generation, said an official of Canadian Wheat Board (CWB).

"Canadian farmers are very careful about growing high quality products. We believe our wheat quality is going to give benefit to the Bangladeshi flour mills," said Graham Worden, senior manager of technical services at CWB.

"We feel the Canadian wheat is good for blending," he told The Daily Star in an interview.

Worden was in Dhaka last month to attend a daylong technical training session for wheat millers, bakers and lab technicians of Bangladesh. The Canadian High Commission in Bangladesh, in association with CWB and Canadian International Grains Institute (CIGI) organised the programme.

Controlled by Western Canadian farmers, the CWB is the largest wheat and barley marketer in the world. As one of Canada's biggest exporters, the Winnipeg-based organisation sells grains to more than 70 countries.

Bangladesh's imports grew more than three times to over 30 lakh tonnes recently from below 10 lakh tonnes since the beginning of 2000, according to official estimates.

Worden said the CWB is the marketing agency for Canadian wheat around the world. "We have spent a lot of time developing the quality of wheat grown in Western Canada. So, we develop our relationships with countries and mills in order to benefit from the quality of our wheat. We work closely with CIGI

to promote the quality."

"Our main marketing strategy is to maintain quality and show customers how it can be used. We offer technical support and bring industry people to Canada to learn. We have technical experts that can visit countries that are using the wheat."

He said he thinks the biggest benefit for Canadian wheat is it can be blended with many types of wheat for producing a good quality. "The gluten strength of Canadian wheat is excellent. It allows Canadian wheat to be used in many different types of products such as biscuits, cakes and breads."

Worden, who joined CWB in July 1993, said the Bangladeshi market is interesting and has expanded greatly in the last few years, thanks to a rise in income.

"Today there is a better focus on end product quality. There are wider choices of different products in Bangladesh."

"What we see around the world is as countries expand and grow and become more affluent, people want to eat many different types of foods. We know rice is the staple food in Bangladesh, but young people today want different choices."

He said Bangladesh over the last few years has become an important customer to Canada because of their interest in the country's wheat due to the expanding demand of higher quality products.

Worden, who has been in the food industry for the last 36 years, said the CWB is closely working with the farmers in Canada to produce good quality of wheat. "There is a strong competition in the world. We are small produc-



Graham Worden

ers of wheat compared to the global yield. But we feel that having a good quality focus is the best strategy for us to develop the best quality wheat so that customers around the world appreciate our efforts."

Global production of wheat is now around 660 million tonnes and Canada accounts for 25 million tonnes. "In terms of the global production, we are small. But Canada is a big country with a very small population. So, about

80 percent of our wheat is exported," he said.

He said Bangladeshi market and its flour mills have shown confidence in Canadian wheat. "I think they like the quality. Sometimes you pay a little more to have better quality produce, but it costs less at the end because you get consistent quality in a range of products. So, it becomes beneficial for Bangladeshi industries."

Bangladesh can buy more wheat from Canada not only for quality flour but also to ensure a smooth supply, said Worden, who graduated from McGill University in Montreal in food science in 1975.

During the visit, he met some top flour millers in Bangladesh. "They are interested in understanding the quality of Canadian wheat better."

He said Canada has developed many varieties of wheat. "But the quality system in our country has, however, restricted the number of varieties to help us maintain quality. We conduct various tests to ensure it."

He said the prices of wheat are falling globally due to good crop last year.

The 58-year-old said Bangladesh has become a strong partner of Canada. "We have a strong relationship with Bangladesh for years. Both Bangladesh and Canada are part of the Commonwealth, which provides the natural advantage for relationship for Canada and Bangladesh. We hope two-way trade will continue to grow in future."

Bangladesh's exports to Canada are also growing with the country sending goods worth more than \$1 billion in 2011, according to Canada Bangladesh Chamber of Commerce and Industry.

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