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For immediate release

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Bangladesh initiative seeks new global trade options for the poor

Dhaka: More than a million garment workers in Bangladesh may lose their jobs by 2005 when the nation's biggest export industry – the Ready-Made Garment sector -- stands to lose guaranteed access to its main markets in the European Union and the United States of America.

Bangladesh is one of 49 Least Developed Countries (LDCs) meeting in Dhaka this week to define a common stance on numerous trade related concerns for the upcoming World Trade Organisation (WTO) talks in Mexico later this year. Among the hot issues to be discussed will be fairer market access for LDCs.

In 2001 the Governments of developing and developed countries agreed -- under the banner of the 'Millennium Development Goals' -- to provide market access for LDCs. They also agreed to reduce the average tariffs and quotas on agriculture products and textiles and clothing.

"The achievement of the Millennium Development Goals depends heavily on success in the eighth goal, which is to develop a global partnership for development. This is particularly true in case of Bangladesh, which is not yet fully equipped to meet the challenges of an increasingly open and competitive global system," Jorgen Lissner, UNDP Resident Representative said. "Bangladesh will need considerable international support, especially in terms of duty and quota free access to lucrative markets if it is to protect recent gains in human development and poverty reduction," UN Development Programme (UNDP) Resident Representative, Jorgen Lissner said.

The economic outlook of Bangladesh has improved significantly during the last decade. This has been primarily driven by the Ready Made Garments sector, which in 2001-2 brought in six billion dollars worth of export earnings. The sector currently employs 1.3 million people and supports almost two billion dollars worth of economic activity in areas such as banking, transport, insurance, packaging, real estate, utility services, and consumer goods.

In 2005, however, the Multi-Fibre Agreement (MFA) that has guaranteed quota-free market access to lucrative western markets for some developing countries like Bangladesh will expire. The level of impact



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anticipated in developing countries varies. However, in Bangladesh it is expected that the MFA expiration will cause a major downturn in growth and employment in the Ready-Made Garment sector, with ripple effects felt throughout the country's economy.

In response to this looming challenge, the Government of Bangladesh, supported by the United Nations Development Programme (UNDP) are planning to launch a people-centred initiative aimed at assessing the impact of the MFA phase-out on workers, and table policy options that will help retrenched workers retain their livelihoods. Under the new initiative an employment impact assessment of the MFA expiration will be conducted with the help of a UNDP supported modeling exercise that has been used in other areas of economic policy making in Bangladesh.

In addition, stakeholders from different corners of society will be brought to the table to help identify the implications of MFA expiration for Bangladeshi workers. The initiative also aims to create stronger links between export promotion and employment generation, so that alternative income and retraining opportunities for garment workers are developed.

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