

***Report of the Inception Workshop***  
**Mainstreaming International Trade into National Development Strategy**  
**(MINTDEV)**  
***A Pilot Project in Bangladesh and India***  
**Kolkata, February 07-08, 2007**

**Introduction**

CUTS Centre for International Trade, Economics and Environment (CUTS CITEE) organised a two-day Inception Workshop under the project titled *Mainstreaming International Trade into National Development Strategy: A Pilot Project in Bangladesh and India* in Kolkata, on February 07-08, 2007. The Centre is implementing this project with the support of the Royal Norwegian Embassy, New Delhi. Over a period of two years, this project would be built through scientific consolidation and expansion of the need-based and demand-driven agenda for mainstreaming international trade into national development strategies of two South Asian countries, viz, Bangladesh and India.

**Background**

It is evident from various estimates that have been put forward showing benefits that would accrue to the poor following successful conclusion of the Doha Round of trade negotiations that international trade is increasingly considered a crucial means to reduce poverty in developing countries. This may be true at a macro level, but is it equally true at micro levels? Will pro-development outcomes of trade negotiations at the international level lead to pro-poor growth outcomes at the local levels?

Evidence from the implementation of the Uruguay Round of trade liberalisation shows that while some sectors/countries benefited, a large section of the poor were either left behind or adversely affected. One reason for this could be that international trade has been looked at through the prism of WTO rules and procedures, and is mercantilist in its approach, hence, the human element is missing. Despite the fact that a large amount of literature argues that trade can indeed play a major role in poverty reduction, provided right complementary policies and associated institutions are in place, the human development aspect of international trade is largely ignored by policy-makers. This project will address a major problem of trade policy-making and its implementation in developing countries, i.e. the problem of social exclusion. Through collection of data/information from grassroots and their analysis, it will address several questions, such as:

- how to embed social and political considerations into trade policymaking?
- how to engage civil society into trade policymaking in a socially inclusive manner?
- what are the conditions necessary for mainstreaming trade into national development strategy?

The overall goal of the project is to establish upward and downward linkages between the grassroots and the policy-makers (both at the local and national level) so as to integrate people's views and concerns on issues of linkages between international trade and human development into the policy-making process – not just trade policy but development policy of a country.

## Objectives

The objectives of the Inception Workshop were to:

- deliberate and share experiences in generating awareness on the trade-development linkages in different parts of India and in Bangladesh;
- find out the conditions necessary for mainstreaming international trade into a national development (poverty reduction) strategy, keeping in mind the issues related to policy coherence; and
- facilitate a thorough discussion on the issues and research methodology of the project involving partner organisations, using this platform to define the agenda more precisely.

## Participants

The Inception Workshop was attended by 28 participants from India and Bangladesh comprising members of the Project Advisory Committee, project partners, government officials and other stakeholders.

## Inaugural

Pradeep S. Mehta, Secretary General, CUTS International inaugurated the Inception Workshop welcoming the participants, including the distinguished panel comprising of S. N. Menon, Former Commerce Secretary, Government of India, Veena Jha, Coordinator, UNCTAD India Programme and Atiur Rahman, Chairman, Unnayan Shamannay, Bangladesh. He set the mood in bringing out the primary objective of the Workshop. He threw light on trade liberalisation and its impact on development and poverty reduction, which throws up a lot of conceptions and misconceptions. He urged for the need to clarify conceptions and remove misconceptions elaborating that the WTO (World Trade Organisation), which was essentially put in place to regulate international trade, has entered into a large number of 'behind the border areas' that have inevitably and considerably affected domestic policy formulation. Thereby, it is reducing the sovereign space of national government(s), on issues such as intellectual property rights (IPRs) and subsidies in consumer goods and services, which directly affect people.



L-R: S. N. Menon, Former Secretary, Department of Commerce, Government of India; Pradeep S. Mehta, Secretary General, CUTS International; Veena Jha, Coordinator, UNCTAD India Programme

He informed the participants that CUTS has trained several GATT (General Agreement on Tariffs and Trade) practitioners in 1996-97 highlighting the importance of engaging the civil servants vis-à-vis trade issues. Contrary to the commonly held belief, he continued, in certain states of India it has been found that disaggregation exists and investment in health and education has been high but poverty reduction has been low. Yet trade liberalisation would help the poor not only by creating job opportunities but also by creating healthy and educated workers.

Drawing from his experiences in South Africa he recalled that due to unrelenting problems of governance and policy hiccups, poverty is still an endemic disease there. Hence, the fruits of trade liberalisation to benefit the larger community are scarcely noticeable, he concluded.

In his address, S. N. Menon, Former Commerce Secretary, Government of India expressed his pleasure for participating in the Workshop. As a trade negotiator, he often emphasised how trade could be mainstreamed into national development strategy. In certain sectors like manufacturing of goods as well as services it is imperative to mainstream certain issues both at multilateral and regional and bilateral levels failing which the repercussions could be disastrous. Looking at the broader areas of globalisation, there is an evolving pattern of trade, migration, regulatory control, investment, and environmental capabilities, which are its results. He contended that no country can be isolated from the globalisation process and hence the emerging trends have to be handled with care. He opined that this project would have to be handled in a sensitive manner, taking into account the national policy issues that are important. He cautioned that in order to transfer pro-development outcomes at national level for pro-poor growth at local level, rigorous research is needed. Field level study, which is also a major component of this project, is also an important tool to explore some of the relevant issues. He outlined that while doing analyses on political and socio-economic issues, the following factors are to be considered:

- how to embed social and political considerations into trade policy?
- how to bring civil society and policy makers in to socially inclusive manner?
- what are the conditions necessary for mainstreaming international trade into national development strategy?

He suggested the need to demystify what is happening at the international level, including its tremendous impact on national industry. He pointed out that trade *per se* in India and Bangladesh is about 30 percent of gross domestic product (GDP). While both countries have been active members in trade negotiations, micro level data to support the understanding of trade in both the countries has been found to be lacking. Highlighting the lacunae in policy making and implementation, he pointed out that while India may boast of nine percent growth, it cannot escape the fact that poverty continues to exist in many pockets. In Bangladesh, one of the main causes of political unrest has been the narrow dividing line between stability and turmoil.

He stressed that this project could provide the middle path to the policy makers and said that a major component of this project is the need for continuous review of the ground realities. Expressing his enthusiasm for this project, he pointed out that it would help opening up of markets, which would entail India being a major player, having the responsibilities of providing easy movement of goods from and to her neighboring countries. He hoped that trade liberalisation would provide domestic and external markets, which, in turn, would enhance people's livelihood.

Veena Jha, Coordinator, UNCTAD India Programme made a presentation on the technical issues on mainstreaming international trade into national development strategy. She stated that it is not unknown that trade is a powerful driver of economic growth. However, other areas, which need to be considered in terms of eradicating poverty are IPRs and trade facilitation (TF). She threw light on the Millennium Development Goal 8, which targets the development of open, rule-based, predictable, non-discriminating trading and financial system. It has been seen that growth engines have been shifting from developed to developing countries such as India and China. The prospect of global interdependence will guide the adjustment of global imbalances.

She argued that trade policy must guard against global price shocks in agriculture as more than 60 percent of the population in both India and Bangladesh depends on agriculture for their livelihood. India's share in global trade has been targeted at one percent by 2006-07. In fact India is close to 1.2 percent in exports, taking goods and services together. She stated that there is the important recognition to reduce transaction costs and simplify procedures, including policy statements that have come out on trade, which have led to policy like National Common Minimum Programme (NCMP) of India.

The National Trade Policy (NTP) has been sensitive to the concerns of poverty by incorporating some aspects of NCMP, she added. The Foreign Trade Policy of 2005 focused on doubling the exports in global trade in five years and expanding employment opportunities, especially in semi-urban and rural areas highlighting the need to generate employment opportunities. The essence of the policy would point at:

- targeted export promotion schemes;
- negotiating positions taken in the Doha Round and in the regional trade agreements (RTAs) to take care of defensive concerns always been in the forefront of India's negotiating policy;
- calibrated liberalisation of investment and services to attract foreign direct investment (FDI); and
- autonomous measures on TF and IPRs.

She identified certain policy and knowledge gaps in National Trade Policy including:

- low general awareness on specific issues of WTO;
- inadequate exposure of technical issues in India and Bangladesh, hence, the need to go beyond emotive issues and responses;
- lack of exposure to objective consultative techniques;
- process and substantive knowledge gaps, exact knowledge of the process of negotiation, effective engagement in globalisation; and
- identification of substantive knowledge gap, lack of resources, technical trainings, and capacity gaps in national trade policy.

Her presentation also reflected on how trade affects poverty:

- Opening of agricultural markets including the positives and negatives.
- Raising the wages of unskilled labour, which is universally true in case of India. About 95 percent of India's GDP is from informal sector and wages of unskilled labour, which is more than that in formal sector.
- Boosting productivity has a labour displacement effect. There has been a rise in industrial productivity along with labour displacement.
- Inducing investment, after a long gestation period of about 10-15 yrs. FDI is taking place, which may be due to a discernable change in policy or vibrancy of globalisation effects.
- Possible head start through immediate free access for the poorest countries.
- Moving competitiveness from low value added products to high value added products

Considering the overall economic impact, she said that what is needed is flanking domestic policy vis-à-vis international trade policy for poverty reduction, thereby, creating right environment for trade to benefit the larger community. She, however, admitted that the causality between trade liberalisation and poverty reduction is difficult to establish and a challenge that trade policy faces is to go hand in hand with domestic reforms. Services have been the backbone of economy and access to education, financial services has been seen as planned targets. She threw light on huge infrastructural constraints and regulatory capacity deficits that need to be addressed. She said that trade issues are complex and technical, and globalisation has been more real than ever because of technology.

The last leg of her presentation covered the role of non-governmental organisations (NGOs) stating that the trade policy is an important part of the National Trade Policy, which is based on assessment influenced by various factors and appreciation. These factors would lead to effective advocacy that NGOs can do. In the context of this project, she summarised the role of NGOs as to:

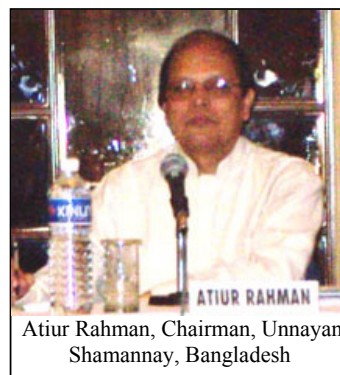
- bring the debate on trade policy to ordinary people and explain in a way understandable to all, especially targeting farmers, consumers and entire set of interest groups in the value chain;
- assess the human impact of trade policy; and
- break down the technical knowledge into simpler language, making it more interesting and comprehensible to the larger audience.

Atiur Rahman, Chairman, Unnayan Shamannay, Bangladesh shared issues concerning Bangladesh on livelihood, which depends on expansionary growth process in India having direct implications on the country's trade linkages – both formal and informal. He pointed out the vested interest in redesigning economic relation between two countries with main focus on international trade. On elements of advocacy in this context, he suggested:

- the need for an approach for demystifying the national budget to the poor;
- the need for revising the Poverty Reduction Strategy Paper (PRSP) to include an import policy;
- the need to look at the overwhelming dominance of the readymade garments sector and improvement in certain sectors like raw jute, leather, shrimps etc., while designing a trade policy;
- the need to know the trade policies of neighbouring countries or partner countries; and
- the need to consider the lack of funds for conducting advocacy.

He emphasised on the importance of eliciting the voices of small traders and work them into policies enunciated at the national level. He informed that high interest rate is another area where smaller exporters are suffering the most. He suggested some ways to move forward, including:

- bring the debate to the grassroots;
- eliciting constructive role of media; and
- ensuring export diversification through website.



Atiur Rahman, Chairman, Unnayan Shamannay, Bangladesh

### **Relationship between openness and growth: Research questions and methodology**

**Chair: Rajeev Kher**, Joint Secretary, Department of Commerce, Government of India

**Presenters: Sugata Marjit**, Professor, Centre for Studies in Social Sciences, Kolkata; **Selim Raihan**, Assistant Professor, Department of Economics, Dhaka University

Sugata Marjit, while initiating his presentation, referred to one of his earlier studies where he showed that wages and productivity of the workers in the informal sector increased during the period of economic reform and trade liberalisation in India. He shared the results of the survey, which aimed at registering the perception of change in livelihood patterns infused by globalisation at the local level. Such changes in livelihood patterns included change in income level, in children's schooling, the kind of houses, etc.

His presentation focused on the effects of trade liberalisation in India at the regional/state level. For instance, what changes are taking place in the state of West Bengal on account of increasing openness of the Indian economy as a whole though such analysis is really hard to carry out due to lack of availability of region/state-specific data. Given that limitation, he went on to design a dynamic ranking according to the degree of openness of the various states and then compare it with the nations' aggregated indicators. This means that if India is a large exporter of steel and the only steel plant is located in West Bengal, then West Bengal is a more open state and that its performance has been good in this sector. Such a distinction is helpful not only in identifying the more export-oriented states, but will enable a clearer understanding of the incidence of poverty or income inequality *vis-à-vis* export-oriented states.



L-R: Selim Raihan, Assistant Professor, Dhaka University; Rajiv Kher, Joint Secretary, Department of Commerce, Government of India; Sugata Marjit, Professor, Centre for Studies in Social Sciences, Kolkata

He outlined the methodology, as given below:

- Rank industries (which are classified as major export earners) according to their contribution to the states' industrial value-added.
- Rank industries according to export orientation and also import orientation at the national level (The rationale for such ranking is intended to cross-check the fact that the industries doing very well in Gujarat are the same that are major export earners of the nation as a whole. If so, then one can conclude that Gujarat is more open in respect of the particular product relative to the other states).
- Rank states according to their degree of openness, their per capita net state domestic product, etc.

As regards the relationship between trade openness and human development, he pointed out the insufficiency of a proper theory explaining this relationship. However, he did mention the fact that though trade may not directly affect human development, there is definitely a positive impact on human development from the prosperity brought about by trade. In his concluding remarks, he expressed his interest in carrying out micro level analysis in understanding the change in livelihood (due to trade liberalisation) of the workers associated with trade in different products.

Selim Raihan, at the outset, made the following comments on Marjit's presentation:

- That he was not very convinced with the openness index as the indicator does not take into account the geographical factors; and
- That the regression analysis used in this analysis suffers from endogeneity bias, stationary and non-stationary problems, etc.

He then went on to present his analysis designed to draw a relationship between trade liberalisation and growth and poverty in Bangladesh. He addressed the issue of trade liberalisation and growth referring to one of the theories whereby in the absence of any structural rigidity, trade liberalisation lowers the price of imports, hence decreasing the domestic demand for import substitutes. The extent of decrease in demand depends on the elasticity of substitution between domestic output and imports. Decrease in the domestic demand for import substitutes will, in turn, lead to a contraction of the import-substituting sector.

Referring to one of his earlier studies, Raihan pointed out that most of the workers in the import-substituting sector are skilled labour, and a majority of the workers engaged in the export-oriented sector are unskilled. The expansionary force while, on one hand, increases the income of the unskilled labour (who belong to the poorer section of the population), on the other hand, the contractionary force leads to a fall in the income of the skilled labourers. To understand the net effect on poverty, he emphasised on the need to consider both the changes in household income (household expenditure survey data) as well as in poverty (head count poverty data) caused due to changes in real income, price of inputs and outputs, etc.

Apart from considering these changes, he stressed on the need to take into account the initial endowment of labour, capital etc., of households. As an example, he cited the result of a survey of 7,000 households conducted in Bangladesh, from which he classified the data broadly into nine categories with five categories in the rural sector, classified according to landholding and four categories in the urban area, classified according to educational qualification. The income earned by these households were then subdivided according to sources of income (namely, skilled labour and unskilled labour).

The results, which evolved out of this study, are as follows:

- The poorer households supplied the informal labour, and an export-oriented growth is likely to improve the condition of the people.
- The richer households, on the other hand, supply the skilled labour and are likely to be hurt due to trade liberalisation.

And this is the essence of mainstreaming international trade into national development strategy – in its economic as well as political-economic contexts.

With the existence of structural rigidities, however:

- Trade liberalisation would not necessarily lead to a fall in the price of imports.
- There are also some anti-competitive practices, which are acting as barriers in the trickle down effects of trade liberalisation.

It is these barriers, which need to be identified and addressed to ensure that trade facilitates economic growth and consequently leads to poverty reduction. Following the explanation of the mechanisms by which trade liberalisation affects growth and poverty, he explained the methods to understand the impact of trade on growth and poverty:

- Econometric analysis or *ex-post* analysis whereby one predicts the future based on observations from the past.
- Competitive General Equilibrium analysis or *ex-ante* analysis, whereby a general macro model was set up on the basis of some assumptions and then one introduces different shocks or changes due to trade liberalisation to understand what happens on the macroeconomic scenario or alternatively sector-specific scenario.

The econometric study can be further sub-divided into the following:

- Cross-country study as used by the World Bank
- Single country study
- Dynamic panel econometric study as carried out by him on Bangladesh's manufacturing sector

Before concluding, Raihan pointed out some relationships between trade liberalisation and poverty, which could be useful in designing the methodology needed for this project, including:

- It is necessary to understand the price mechanism through which trade policies affect the population.
- The bottom 10 percent of the households under poverty could be identified by the commodities that are consumed and sold by them. Following this an account of the changes in the unit prices of the commodities can be calculated due to change in the trade policies.
- Such changes in the unit prices could be attributed to trade liberalisation or due to changes in the government policies. Hence, the need to identify and decompose the cause and effects.
- There is also a need to disaggregate the population according to different income groups, between agriculture and non-agriculture houses, rural and urban households etc.
- Trade policy affects poverty through government revenue. For instance, if trade liberalisation leads to decline in government's tariff revenue, then this may in turn reduce government's expenditure on health and education and other poverty reduction programmes.
- He emphasised on the importance of real income to understand the problem of poverty.

He concluded by raising a pertinent question regarding the cause for inconclusive relationship between trade liberalisation and poverty. He wanted to know whether the household income and expenditure survey data could be used in the analysis to understand the change in prices of the commodities. Marjit responded by making it clear that the paper presented by him only intends to find a measure of openness at the regional/state level. He, however, agreed with Raihan's point on the correlation between two variables, which do not necessarily point to any causality, but conventional wisdom matters. It is this 'commonly held' wisdom that he attempted to prove with rigorous econometric works.

Bipul Chatterjee Deputy Executive Director, CUTS International raised a couple of questions. He asked Marjit about the key messages and the policy implications that could be derived from his presentation. He requested Raihan to further extend the analysis to the micro level to catch the positive as well as the negative side of the story.

Addressing the issue of key messages, Marjit pointed out that the study would intend to answer the questions in the following manner:

- Is it true that trade is causing regional disparity?
- Is it true that trade is leading to poverty reduction?

Raihan responded that since there are some gainers and losers from trade liberalisation, micro level case studies are indeed necessary. Furthermore, he voiced his opinion on the measure of openness used by Marjit, including trade-GDP ratio, which suffers from the problem that cross-country variation do not explain the variation in cross-country trade barriers.



On this point, Atiur Rahman pointed out that poverty is not only about lack of purchasing power but also lack of human dignity. He was indicating towards relating trade with the qualitative aspects of poverty. In this regard, he referred to the works of M. A. Razzaque of Dhaka University (currently Trade Policy Advisor, Commonwealth Secretariat, London) where he looked at the impact of trade liberalisation on the empowerment of the poor from the point of view of their access to resources for livelihood security. As an example he cited how the boom in the shrimp exports from Bangladesh leads to destruction of common property resources. He suggested the need for looking beyond absolute poverty.

Nabinanada Sen, Reader, Department of Business Management, Calcutta University, argued that the need of the hour is to understand the trade policy and disseminate it to the lower levels in simplest language. He suggested that one way could perhaps be the media. Research agencies like Council of Scientific and Industrial Research (CSIR) and other funding agencies could be encouraged to take up well concerted and coordinated research projects. Environmental issues need a concerted and coordinated effort given that the existing studies are sporadic.



Nabinanada Sen of Calcutta University making an intervention

### **Political economy of trade liberalisation: Research questions and methodology**

**Chair: Ibrahim Khaled**, Former Deputy Governor, Bangladesh Bank

**Presenters: Taiabur Rahman**, Associate Professor and Chairperson, Department of Development Studies, Dhaka University; **Indranil Bose**, Head, Department of Political Science, St. Xavier's College, Kolkata

Ibrahim Khaled, while initiating the Session, stressed on the need for analysing the effects of trade liberalisation in the context of local political environment, although it is different in India and Bangladesh. Given that different countries could boast of different forms of political government, which form of political government would favour/facilitate international trade liberalisation – democracy or autocracy is the question. He opined that it is important to understand what type of political government will facilitate trade liberalisation. He pointed out that when globalisation became more apparent in Bangladesh in early 1990s, it had a democratic government, so to speak, but a concomitant democratic culture was missing. Having laid an emphasis on the political structure, he emphasised on the need to discuss:

- What sort of political norm would facilitate trade liberalisation and to what extent?
- Whether it is possible to realise a totally liberalised trade regime?



Ibrahim Khaled, Former Deputy Governor, Bangladesh Bank

Taiabur Rahman underscored that the political economy of trade liberalisation warrants an understanding of globalisation and development and at the outset he defined globalisation and its five different phases. He argued that the World Bank, International Monetary Fund, WTO-enabled globalisation is making capitalism a new order of the day, dictating neo-liberal policies. Globalisation has been acclaimed as the cause for building a new civilisation, but imbued with paradoxes. It has allegedly threatened territorial sovereignty. Summarily, it is important to note that benefits of trade liberalisation in the context of the current phase of globalisation depend on factors other than trade liberalisation such as governance, income distribution, etc.

In the context of Bangladesh, it can be said that the performance of trade liberalisation has been relatively strong in the last five years. Prior to the current scenario, in 1970s Bangladesh used import control measures like quantitative restriction (QR). High tariff was also imposed to protect domestic industries and maximum tariff rate was 400 percent in 1978 though it varied widely among products. A breakthrough occurred in 1982 when government introduced new industrialisation policy. The revised industrialisation policy was adopted in 1986. Since 1982 investment climate has been liberalised as incentives were given to attract foreign direct investment. The government announced significant liberalisation in its 1991 policy. That was another significant breakthrough, since at that time tariff rate fell from 400 percent to 100 percent, except for a few commodities. Trade liberalisation allowed big business to emerge as a major player in national decision-making process. He highlighted that although the economy of Bangladesh made important strides in liberalisation it lacks an effective regulatory framework. He concluded by suggesting that research could be carried out on questions of:



Taiabur Rahman, Associate Professor,  
Dhaka University

- Who are the major actors and stakeholders including international finance institution, business community and common masses?
- What are the key institutions involved?
- What is the impact on livelihood of the poor after trade liberalisation?
- What are the factors that excite the poor to contribute in development strategy and action?
- What is the linkage between trade liberalisation and privatisation, which is necessary to explore the role of internal actors?

Indranil Bose, for purposes of clarity, reiterated the key issues that were raised and stressed that the project should address lack of awareness among people at the grassroots level, other stakeholders and policy makers on the implication of globalisation, international trade, and liberalisation on their livelihoods.

Given this broad perimeter it is necessary to acquire data on the perceived problems of rural poor, farmers, and weavers with the onset of globalisation. For practical purposes this can be considered as post-1995 period. Contextually speaking, he shared some apprehensions voiced by some farmers of Phulia and Balia villages of Nadia district of West Bengal (where he has done some fieldwork) as:

- The Seed Bill 2004, which they felt would benefit big business;
- Sense of insecurity; and
- Conspicuous absence of agricultural insurance schemes.

He also highlighted some of the major apprehensions of the weavers as:

- Lack of rural credit facilities
- Eclipse of handloom by the power loom
- Threat of competition posed by influx of Chinese Silk

It is only through generating awareness of these problems and difficulties of the people at the grassroots level that would enable a clear understanding that is necessary for policy shifts and changes to be designed in tune with development. Taking into consideration the marriage of micro and macro analysis, one can understand what safety nets need to be provided. He cautioned that it is not always sufficient to have a right policy in place; what is important to see is its outcomes: whether it is implemented as per its objectives or not.

Adding to Indranil's point, Nabinananda Sen said that prior to information dissemination we need to emphasise on access to information. India has a Right to Information (RTI) Act but it suffers from the problem of implementation. This is pertinent when looking at the effects of trade liberalisation.



Bipul Chatterjee suggested that there should be more emphasis on the role of state in the process of trade liberalisation. This would entail discussions on how aspirations of people are reflected in the trade policy of a country. When we look at the Foreign Trade Policy of India, the missing element is people. He listed some other pertinent questions that demand attention as:

- Could a trade policy be necessarily pro-poor?
- How can the interest of the poor be integrated into a trade policy, ensuring its implementation?
- What could be the reason for the lack of motivation among politicians on issues of trade liberalisation?

He further said that the consumers' interest is rarely reflected as the national interest while talking about trade and state governments in India are apathetic towards issues that concern trade. For instance, in India, most of the states have WTO Cells, essentially meant to assist and gather information on a state's trade-related issues, but very few are functional, exposing a blatant lack of human and financial resources. He stressed on the need for analysing trade policy-making in India in the light of its political aspects and by particularly taking into account the interests of the states.

Manzur Ahmed, Advisor, Federation of Bangladesh Chamber of Commerce and Industry voiced his opinion on what kind of political governance would facilitate trade policy reform and a pro-poor trade regime. Focusing on Bangladesh, he pointed out that there are politically sensitive trade policy measures, which are unilaterally administered by the government. For instance, in case of public procurement political decisions are taken by line agencies; service sectors like banking, etc. have no policy package.

### **Effective advocacy techniques: What works for whom?**

**Chair:** Atiur Rahman, Chairman, Unnayan Shamannay

**Presenters:** Bipul Chatterjee, Deputy Executive Director, CUTS International; Taifur Rahman, Project Coordinator, Unnayan Shamannay

At the outset, Atiur Rahman outlined an overview of the advocacy practices to be undertaken in the project. He suggested that a concerted advocacy campaign should be undertaken and the techniques of this campaign should be shared not only among the project partners and targeted stakeholders but also widely and particularly with the civil society organisations. He emphasised the need to create credible and effective messages, which would result from research and not just a survey. Good research by qualitative and quantitative methods can be carried out so that one could get the perception of primary stakeholders in particular.

Bipul Chatterjee made a presentation to highlight that in order to create an impact on the stakeholders, it is important to link research with advocacy. This could be done either through a linear approach of linking research with advocacy or through a modern approach, which involves target groups, stakeholders, and policy makers along with the research work. He pointed out that sensitising people in simple language and dissemination of information are very essential to make the policy-making process more inclusive so as to ultimately ensure enunciation of pro-poor development in the realms of trade. Media ought to be involved, with advocacy being a multi-pronged strategy, he added.

Taifur Rahman's presentation elaborated further on Bipul's point that advocacy is meant to establish upward and downward linkages between international trade and human development. He suggested that local trade promotion groups (LTPGs) could be developed in different places. This would be formed (at least) in two districts of a state/region. And they should be linked with a National Level Working Group on Trade (NLWGT). He also emphasised on the need for collecting primary data at the household level, entrepreneurs, policy-makers and implementers and experts to provide guidance on how to move forward for mainstreaming international trade into national development.

The discussions that followed teased out new ideas and some excerpts are as follows.

S. N. Menon said that in the run-up to the formation of India's Foreign Trade Policy, the Office of the Directorate General of Foreign Trade and other concerned agencies hold a series of meetings where the main participants are small-scale enterprises. He said that although the nomenclature of the EXIM (Export-Import) Policy has been changed to Foreign Trade Policy, it does not incorporate some crucial issues such as WTO negotiations, impact of regional and bilateral trade agreements. On a very practical note he mentioned that disseminating information in Bangladesh is relatively easier than it is in India, given that Bangladesh has only one language, whereas in India there are a number of different languages spoken in states. He suggested that advocacy should be focused and media should be used productively to this end.

Rajiv Kher shared his thoughts and said that India's Foreign Trade Policy is an evolving process and put emphasis on exports and employment generation. The missing elements are the implications on international trade on multi-sectoral and multi-dimensional development channels and effective institutional mechanism is to be in place for a better flow of information from top to bottom and vice-versa.

Selim Raihan talked about the importance of training for different stakeholders. He shared the experience of providing training of young Bangladeshi journalists on WTO and related issues.

Taibur Rahman added that views from NGOs should be useful resources for understanding the political economy of trade liberalisation, because they have the experience of working at the grassroots. Also, students and teachers at the university level could be sensitised to do advocacy and trade unions could be roped in too.

## **Closing**

Indranil Bose wrapped up the two-day's discussions in the following manner:

- The project should clarify conceptions and remove misconceptions pertaining to trade liberalisation
- It should look into the linkages of trade liberalisation and development of wider sections of a community
- Rigorous research is necessary to gauge the impact of trade liberalisation on poverty and it necessitates field study
- Identification of definite need to demystify what is happening at the international level
- Identification of the need for micro level data for supporting general understanding of trade, continuous review of which in the long run would improve the living standards of people
- Trade policy must guard against global price shocks in the realm of agricultural sector
- Bridging the capacity gaps in national trade policy making
- Trade policy should go hand in hand with domestic reforms
- Need for integrating both macro and micro approaches related to trade and development
- Address the issue of non-interest and inactive participation of local-level government officials in trade related areas

S. N. Menon mentioned that modulation of any unconnected issue with trade should be a part of advocacy and right kind of message should be disseminated among people. It is here that the domestic policy makers should ensure that these messages are sent across properly. Balance between consumers and producers are also important. He stressed that trade policy should include and give equal emphasis on the service sector, besides the goods sector.

Pradeep Mehta reiterated how important the India-Bangladesh trade is in the international trade mosaic and not just as an issue of bilateral trade, as issues are integral to globalising economy. He agreed with Menon on underscoring the need for adopting a middle path. With re-energising spirit, he recalled the philosophy of CUTS that work should not result in mere outputs but concrete outcomes. Hence, he raised the point on ensuring safety nets, while being supportive of trade liberalisation. He reasoned that globalisation is fundamentally a process of evolution. WTO is itself a commitment made by the international committee to raise the living standard of the people.

Manzur Ahmed highlighted what he found valuable at the workshop as:

- Given the objective of this project, the process of carrying it forward promises to be dynamic, especially with active involvement and participation of organisations such as CUTS, Unnayan Shammanay as well as with the support and cooperation of the governments of both the countries.
- Trade policy dynamics are discussed, which are to strengthen and promote mutual benefits of the two countries and linking these with poverty reduction is a challenge.

While thanking the participants for their comments and valuable suggestions, Bipul Chatterjee iterated that there would be two sets of research work in Bangladesh and India – one set will be on economic research to look into the relationship between openness and growth in the two countries, and the other set will be on political-economic research to look into trade liberalisation and its impact on these respective countries. In short, there will be four research papers – two for Bangladesh and two for India. Details of the research work are as follows:

- Similar terms of reference (taking into consideration local factors in Bangladesh and India) will be followed for each set of research papers. This is required for consistency of research outputs.
- Draft research papers (four in numbers) would be ready by December 2007 and they would be discussed at a project review meeting.
- All four research papers would be finalised by March 2008 incorporating comments and suggestions from the members of the Project Advisory Committee (PAC) and other experts.
- Policy implications and key messages would be drawn from these four research papers and they will be taken forward for advocacy.
- Based on the research results (economic research as well as politico-economic research) case studies for mainstreaming international trade into national development strategy would be conducted in Bangladesh and in two states of India, viz. Rajasthan and West Bengal. There would be at least one case study in these places – thus, there would be at least three case studies, which will be taken forward for advocacy.
- A set of briefing papers on pertinent issues addressed by the project will be prepared for wider dissemination, sensitisation and advocacy.

Addressing a particular point raised by S. N. Menon (that the importance of the services sector cannot be overlooked) Bipul said that there are many service sectors, such as banking, in countries like Bangladesh and India, which are open but proper regulation is absent. As a result of lack of effective and functional domestic regulation, consumers suffer. Also there is not much link between trade policy-makers and regulators of the service sectors.

He concluded the Workshop by thanking the Royal Norwegian Embassy, New Delhi for supporting this project, the members of the Project Advisory Committee for their active participation and suggestions for implementing the project, the project partners and researchers for taking up the challenges of mainstreaming international trade into national development strategy, and his colleagues for their efforts in conceiving the project and initiating its implementation by organising this Inception Workshop. He made it clear that this being a pilot phase, CUTS is looking forward to develop a good methodology for analysing “mainstreaming international trade into national development strategy”, particularly in poor countries. He underscored the importance of active involvement of the two governments in implementing this project, thanked the representatives of the Government of Bangladesh and the Government of India for their active participation in this Inception Workshop and urged for such continued cooperation in future.

As Chairperson of the Project Advisory Committee, S. N. Menon assured that he and other members of this body will extend all help and assistance for implementing the project, particularly on commenting on the research methodologies, the research papers, identifying sectors and methodology for conducting case studies and by guiding the implementers in taking the research results forward through advocacy at different levels.



Bipul Chatterjee, Deputy Executive Director, CUTS International