



SERVICES POLICY REVIEW



BANGLADESH (II)



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ACRONYMS AND ABBREVIATIONS

BASIS	Bangladesh Association of Software and Information Services
BMET	Bureau of Manpower, Employment and Training
FDI	foreign direct investment
GATS	General Agreement on Trade in Services
GDP	gross domestic product
ICT	information and communications technology
IT	information technology
LDC	least developed country
SAARC	South Asian Association for Regional Cooperation
WTO	World Trade Organization

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SERVICES POLICY REVIEW

**STRATEGIES FOR ADVANCING THE
DEVELOPMENT OF KEY PRIORITY
SERVICES SECTORS**

CHAPTER 1: INFORMATION AND COMMUNICATIONS TECHNOLOGY SERVICES SECTOR

The information and communications technology (ICT) services sector in Bangladesh has strong growth potential due to the availability of a large number of educated young people with strong aptitude and abilities in software development. It is widely held that Bangladesh – which has a population of over 150 million and a literacy rate of over 60 per cent – could move to developed country status through development of the ICT services sector. The Government of Bangladesh has thus given high priority to the development of this sector. In 2009, the Government outlined, under Vision 2021, its vision for a digital Bangladesh and, to date under this initiative, Bangladesh has made significant progress towards access to ICT services. The initiative is instrumental to reaching out to the greater population through technology and to creating domestic demand for information technology (IT) services.

Chapter 1 provides an analysis of supply-side capacity and constraints and dynamics in the domestic and international markets, as well as an assessment of government and private initiatives to further develop the ICT services sector. Upcoming opportunities and challenges are identified and some pragmatic policy recommendations for tapping the full potential of the ICT services sector are provided.

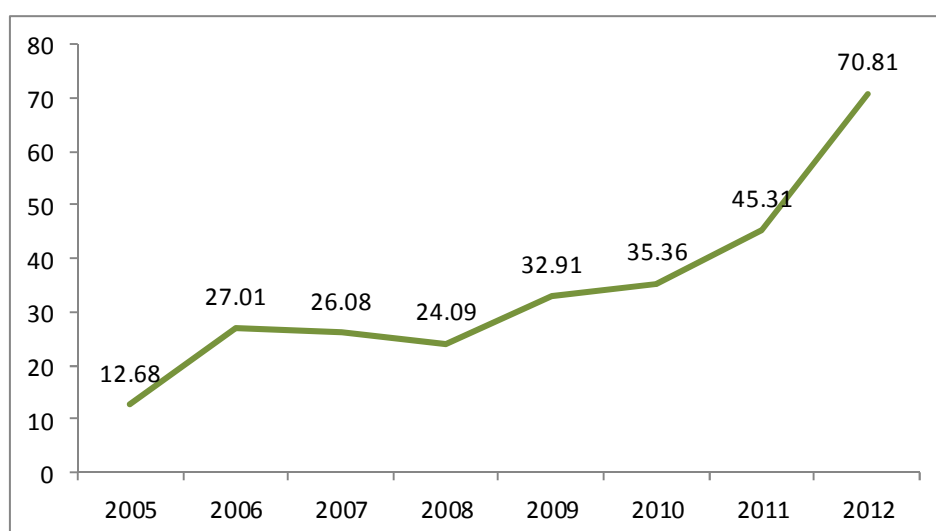
1.1. Information and Communications Technology Services Sector

1.1.1. Overview

This section provides an overview of the ICT services sector in terms of domestic market size, export capacity and other enabling factors, including skills, infrastructure and types of ICT services available in the industry.

The domestic market for ICT services in Bangladesh has been expanding rapidly and is currently estimated to be about \$250 million, excluding the telecommunications sector. There are about 800 software firms and 180 Internet service provider firms. Most of the software firms (about 70 per cent) are domestic-market oriented. The main clients in the domestic market are in the clothing, finance, health and telecommunications sectors. Only about 30 per cent of software firms export software and IT-enabled products and services, and earned about \$100 million in 2013. The growth of software and IT-enabled services exports accelerated after 2010, at a rate of more than 30 per cent, as shown in figure 1.

Figure 1. Exports of Software and Information Technology-Enabled Services, 2005–2012 (Millions of Dollars)

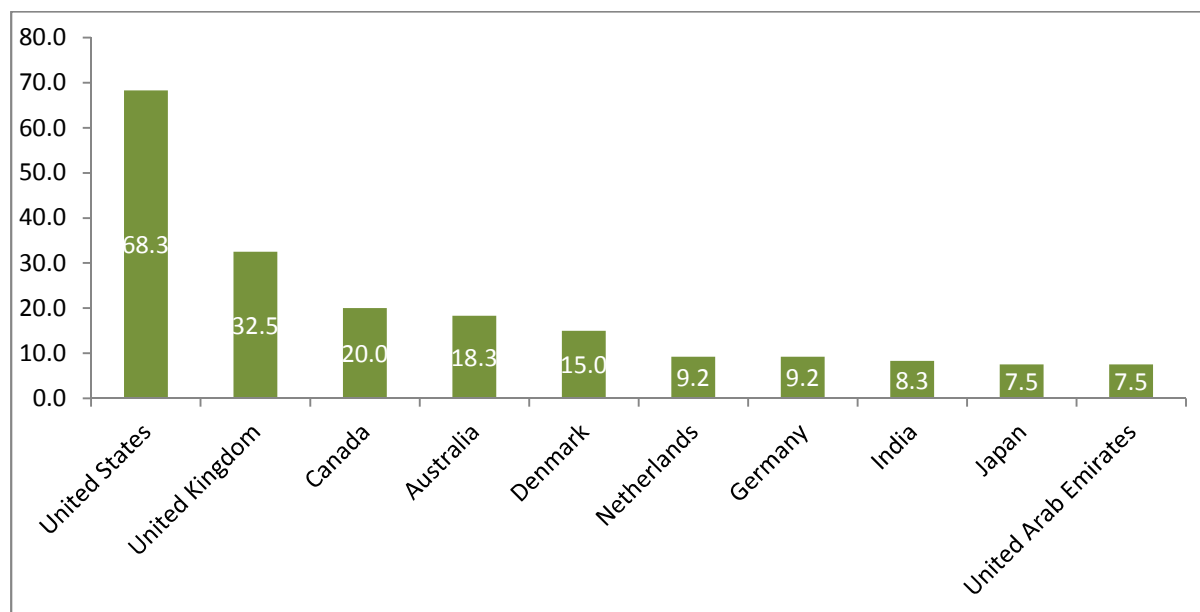


Source: Bangladesh Association of Software and Information Services (BASIS), 2013, Bangladesh software and IT service industry: Recent trends and dynamics, available at www.basis.org.bd/resource/About%20Bangladesh%20IT%20Industry.pdf (accessed 21 December 2015).

Software and IT-enabled services firms currently export their products and services to over 30 countries; the United States remains the leading destination for software exports, followed by the United Kingdom of

Great Britain and Northern Ireland, Canada, Australia, Denmark, Netherlands, Germany, India, Japan and the United Arab Emirates, as shown in figure 2.

Figure 2. Leading Destinations for Exports of Software and Information Technology-Enabled Services (Percentage of Organizations)



Source: BASIS, 2013.

From a macroeconomic perspective, in 2012, services exports from Bangladesh totalled \$2.6 billion, that is, about 10 per cent of total exports. ICT services exports constituted 26.53 per cent of services exports in 2012, and 37.73 per cent in 2011 (World Bank World Development Indicators database).ⁱ Exports of software and IT-enabled services constituted only about 3.8 per cent of ICT services exports and about 0.5 per cent of total exports by Bangladesh in 2013. Software exports appear to be underreported, as freelance exported IT-enabled services are not included due to payment transfer issues (BASIS, 2013). However, the amount of ICT services exports from Bangladesh is marginal compared to exports from India; exports from Bangladesh were about 26 per cent of India's total exports in 2011.ⁱⁱ

For exporting firms, services in enterprise resource planning are at the higher end of the value chain, followed by geographical information systems and digital content, graphics, e-commerce, website development and business process outsourcing. In a vertical chain context, demand for software mainly comes from the finance sector, followed by the medical and health, data entry and processing, pharmaceuticals, geographical information systems and telecommunications sectors. Manufacturing remains in the lowest segment of the vertical chain in Bangladesh. Local value chains are led by e-governance software, followed by graphics, e-commerce, enterprise resource planning, business process outsourcing, geographical information systems and website development.ⁱⁱⁱ

With regard to employment, about 30,000 IT professionals are engaged in the industry and a similar number or more work as freelancers (BASIS, 2013). Around 5,500 students graduate every year in IT and computer-related fields from more than 70 universities and 200 polytechnic and/or technical institutes. However, the level of graduates does not appear sufficient to meet the needs of the sector, given the prospects for higher growth. Capacity-building for IT institutes, in order that they may produce more qualified graduates in IT, could be an important area for further development of the ICT services sector.

Two factors – the phenomenal growth in mobile telephone services and the Government's digital Bangladesh initiative – have been instrumental in the current growth of the ICT services sector. The rate of mobile telephone penetration in Bangladesh is one of the highest among developing economies, with a teledensity of over 40 per cent. The Internet penetration rate was estimated to be 7 per cent in 2012 and 22 per cent in 2013, with most of the population using mobile Internet access, as shown in table 1. The use of international bandwidth increased by 200 per cent in the three years to 2011, with capacity upgrades for international bandwidth of over 500 per cent undertaken in 2012–2013. These are strengths for the development of the ICT services sector.

Table 1. Information and Communications Technology Development Indicators, 2006–2013

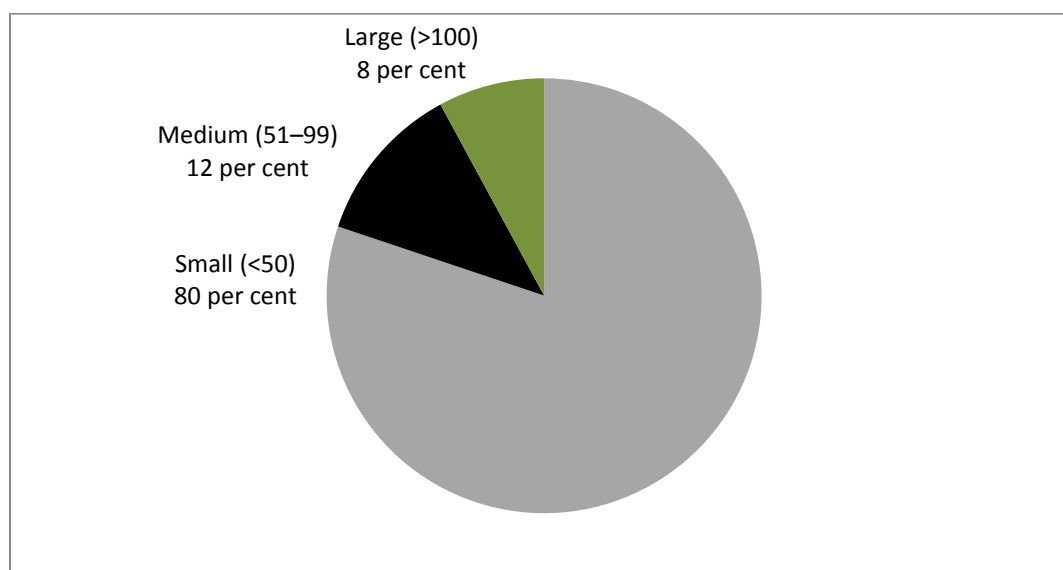
	2006	2007	2008	2009	2010	2011	2012	2013
Internet users (Millions of people)	0.45	0.50	0.56	0.62	1.00	5.50	9.70	33.00
Internet users (Per 100 people)	0.28	0.30	0.30	3.10	3.70	5.00	6.30	22.00
Secure Internet servers (Per 1 million people)	0.02	0.01	0.10	0.19	0.31	0.64	0.75	0.80+
Telephone mainlines (Per 100 people)	0.72	0.80	0.80	0.82	0.85	0.65	0.64	0.60
Investment in teleco mmunications, with private participation (Millions of dollars)	1 113.00	1 348.80	896.00	372.00	520.50	494.00	412.20	..

Source: World Bank World Development Indicators database.

1.1.2. Market Structure

1.1.2.1. Types of Firms

As shown in figure 3, most ICT firms are small in size (80 per cent), followed by medium-sized firms (12 per cent) and large firms (8 per cent). About 6 per cent of firms were established through joint ventures with foreign companies or as an offshore development centre with 100 per cent foreign capital.^{iv} Most such firms have started operations in the last 10 years, indicating that software and IT-enabled services in Bangladesh have only recently begun to be focused on by foreign clients.

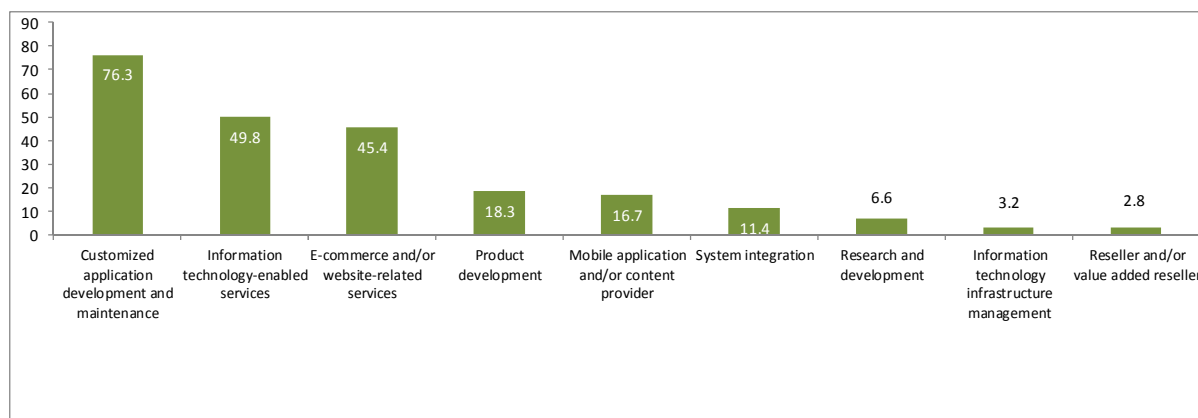
Figure 3. Types of Firms in the Information and Communications Technology Services Sector

Source: Shinkai and Hossain, 2011.

1.1.2.2. Types of Products

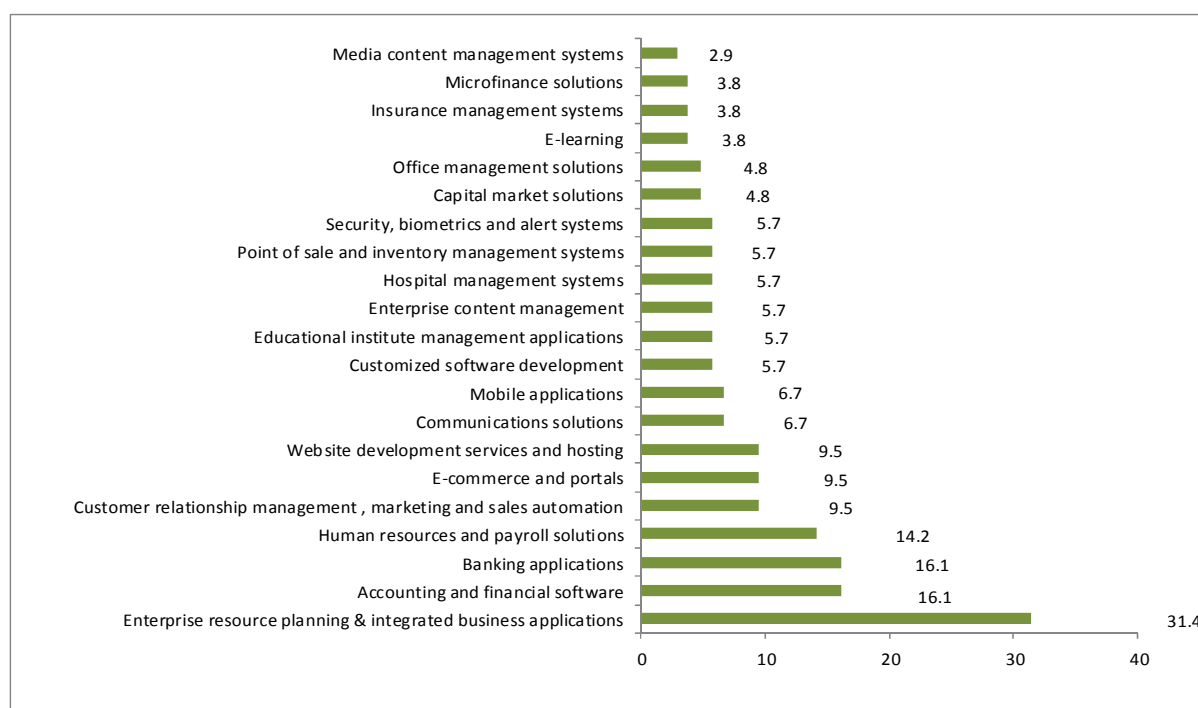
ICT firms and freelance software engineers produce various software products. The main products of the industry are in business process outsourcing, data entry, e-commerce, e-governance, geographical information systems content and graphics and processing. Sophisticated ICT services such as consultancy, knowledge process outsourcing and software systems development are almost entirely absent in Bangladesh. According to a survey conducted by BASIS, most ICT firms specialize in customized application development and maintenance, followed by IT-enabled services and e-commerce and mobile applications, as shown in figure 4 (BASIS, 2013). There is domestic demand mainly for customer relationship management, enterprise resource planning, banking and finance sector software and website hosting services. About 30 per cent of orders received by the industry are for enterprise resource planning and 30 per cent are for banking and finance sector software, as shown in figure 5.

Figure 4. Business Specializations of Member Firms of the Bangladesh Association of Software and Information Services (Percentage)



Source: BASIS, 2013.

Figure 5. Level of Demand, by Software Service and Product (Percentage)



Source: BASIS, 2013.

1.1.3. Freelancing Activities

IT-related freelancing has greatly expanded in Bangladesh, with around 200 per cent annual growth. About 10,000 freelance programmers in Bangladesh work from home for different global companies, with total earnings of around \$15 million per year.^v Unofficially, the number of freelancers is much higher than the reported number. With regard to sectors, 43 per cent of freelancers work in IT and programming, 24 per cent in design and multimedia, 16 per cent in sales and marketing, 10 per cent in administration support, 5 per cent in writing and translation and 2 per cent in miscellaneous jobs. Freelancers from Bangladesh are hired by employers in countries such as Australia, Canada, Singapore, the United Kingdom and the United States. Bangladesh competes with India, Pakistan and some Eastern European countries for freelance work, which indicates the high calibre of IT professionals from Bangladesh.^{vi}

About two thirds of freelancers from Bangladesh find jobs through Upwork (formerly Elance-oDesk), a global job marketplace for remote workers. In 2012, of jobs found via Upwork by contractors from Bangladesh, 30 per cent were in search engine optimization, 12 per cent in data entry, 8 per cent in software development and 6 per cent in web-related research. Freelancers earn \$15 to \$20 per hour on average for technical work and \$5 to \$10 for administrative or non-technical work. In 2009, freelancers from Bangladesh completed 2 per cent of the total work available on Upwork, and this level rose to 12 per cent in 2012. Freelance services and earnings remain largely unrecorded due to obstacles regarding transfers of funds, and are therefore not accounted for in exports figures (BASIS, 2013). Some freelancers emphasize that receiving payment is difficult as many clients prefer to pay via the online global payment platform PayPal, which does not operate in Bangladesh.

In order to promote freelancing, the Ministry of Information and Communications Technology has trained about 9,000 people in freelancing skills such as, among others, animation, graphics, search engine optimization and video editing. By 2013, they were expected to provide training to another 15,000 people free of charge, and the Ministry has undertaken projects related to training people to become freelance entrepreneurs, with a training module that includes skills in advanced IT, business and English communications. In addition, the Ministry is working on establishing an institute for freelancers in the Natore district in the Rajshahi division. While there are plenty of individuals who are highly skilled and interested in joining the freelancing trade, many do not have the funds to purchase computers. The Government and non-governmental organizations could provide loans in order to aid them to realize their potential.

1.1.4. Standards and Certification

1.1.4.1. Certification

As shown in table 2, over 5 per cent of software firms have obtained International Organization for Standardization certification. A number of firms are in the process of acquiring Capability Maturity Model Integration certification and at least six firms have achieved level 3 of this certification.^{vii} To date, none has achieved level 5. However, many firms in India have achieved level 5. Firms in Bangladesh are therefore lagging behind in terms of standardization and certification. Microsoft started operations in Bangladesh in 2004 and, to date, nine IT firms have received its gold certified partner certification (level 1), six have received its certified partner certification (level 2) and around 100 firms are registered partners (level 3). Such memberships allow partners to access several resources that help their businesses stay up to date with the latest Microsoft technologies, to be able to better serve their clients and expand their market potential.

Table 2. Certifications Obtained, by Number of Firms

Capability Maturity Model Integration	14
International Organization for Standardization	39
Microsoft gold certified partner	115

Source: UNCTAD secretariat calculations, based on 687 IT firms surveyed.

1.1.4.2. Intellectual Property Rights

The lack of enforcement of intellectual property rights has been a significant threat to the development of IT firms. For instance, when Microsoft entered the market in Bangladesh, it began to work with the Government on intellectual property rights. In 2009, the Government enacted an intellectual property rights act called the Trademarks Act. However, the lack of implementation and enforcement has become a significant issue in ensuring the potential of firms.

1.2. Demand and Supply

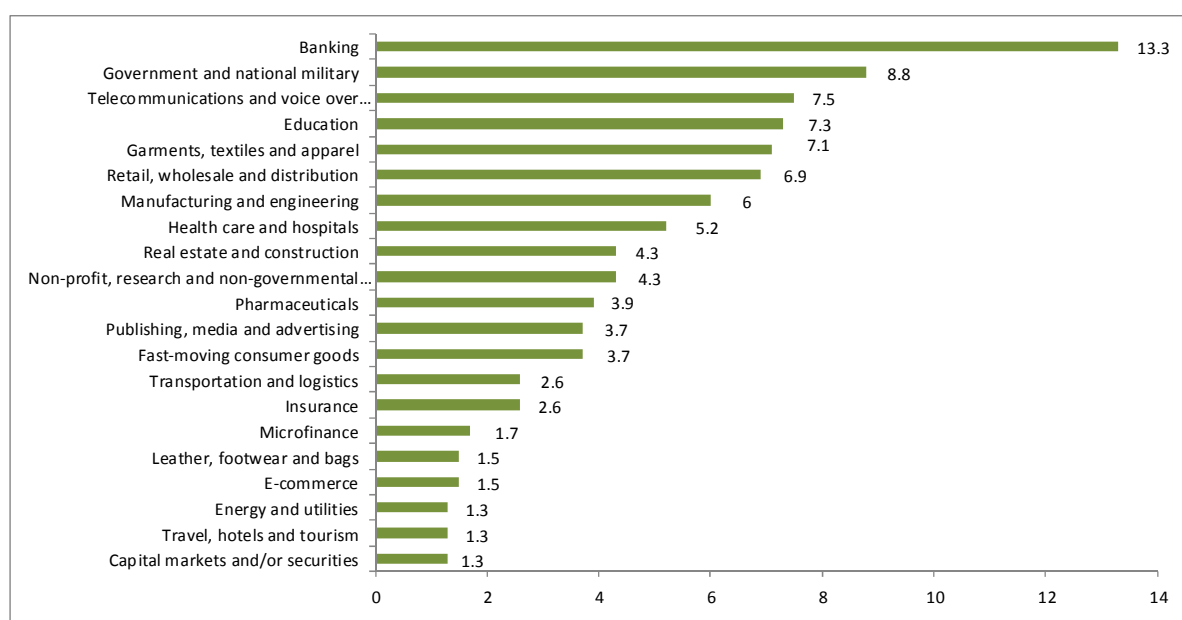
1.2.1. Demand-Side Analysis

As already noted, the size of the domestic market for ICT services in Bangladesh, excluding telecommunications, is estimated to be around \$250 million (BASIS, 2013). The market is rapidly growing, due to the Government's digital Bangladesh initiative. Large-scale automation projects have recently been implemented in the banking and finance, pharmaceuticals, telecommunications and textiles and clothing

sectors, which have contributed positively to domestic demand for software and IT-enabled services. Major exports markets include North America, followed by countries in the European Union and in East Asia, particularly Japan. Firms in Bangladesh mainly export IT-enabled services, including business process outsourcing, graphics and geographical information systems content and web-based solutions. Given its high level of potential, Bangladesh has set a target of earning \$1 billion from exports of software and IT-enabled services by 2018.

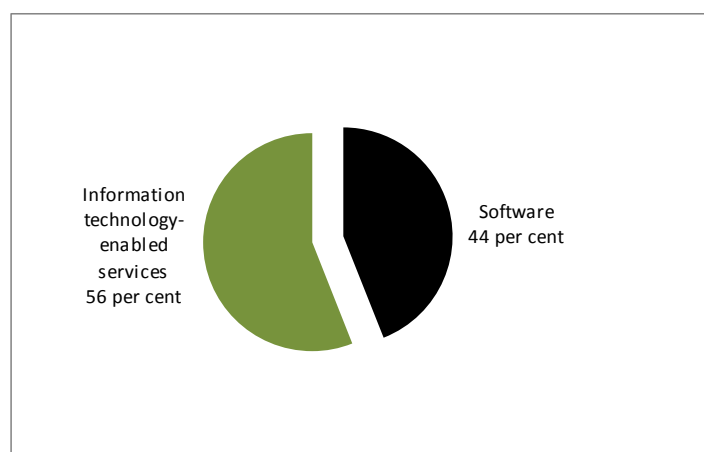
International demand for IT-enabled services from Bangladesh continues to be led by Canada and the United States, which together account for 39 per cent of industry demand, followed by Europe (28 per cent), Asia (18 per cent), Australia (8 per cent) and the Middle East (7 per cent) (Shinkai and Hossain, 2011). At the firm level, large firms receive the largest proportion of IT-enabled services, particularly in the higher segments of the value chain. At the industry level, the finance and medical and health sectors use most of the outsourced services, followed by the data entry, geographical information systems and telecommunications sectors. Local demand is driven mainly by the banking and finance sector, as shown in figure 6. An analysis of industry revenue sharing suggests that, in gross terms, software accounts for 44 per cent, while IT-enabled services account for the remaining 56 per cent, as shown in figure 7.

Figure 6. Demand for Information Technology Services by Industry (Percentage)



Source: BASIS, 2013.

Figure 7. Industry Revenue Proportions



Source: BASIS, 2013.

1.2.2. Supply-Side Constraints

A more skilled labour force, greater numbers of IT clusters and/or parks and training institutes and added infrastructure are required for overall development of the ICT services sector in Bangladesh. In addition, industry-academia linkages and foreign direct investment (FDI) are necessary to reap the benefits of the industry. It is important for the sector to attract more foreign investments, to increase technological know-how and access to niche markets. A number of constraints are detailed in this section.

1.2.2.1. Skilled Labour Force

The strength of an ICT firm lies in its labour skills and human capital development. Most firms state that the lack of qualified and skilled human resources, as well as the lack of mobility of skilled workers, poses a threat to the positions of firms in market niches. Graduates from academic institutes do not have skills appropriate to the ICT industry and, as a result, firms must provide them with on-the-job training. However, following completion of their training, most employees tend to move to other firms that offer better salaries and remuneration packages.

1.2.2.2. Intellectual Property Rights

As already noted, the lack of implementation and enforcement of the Trademarks Act, 2009 is a significant threat to the development of the IT industry.

1.2.2.3. Foreign Exchange Regulations

Firms exporting software and IT-enabled services can remit up to \$20,000 abroad in a calendar year for account verification and remittance test fees, domain registration and hosting fees, international alliance and software registration fees, server maintenance fees and other charges. The previous limit for this allowance was \$10,000; the industry is currently pursuing raising the limit to \$50,000. Online payment systems have not yet been developed in Bangladesh, which creates obstacles for remitting appropriate amounts in a quick and affordable manner. Bangladesh Bank has been negotiating with PayPal to initiate activity in Bangladesh.

1.2.2.4. Internet-Related costs and Value Added Tax

Many stakeholders state that the existing 15 per cent value added tax on Internet use has been a significant obstacle to ensuring greater Internet access by the majority of the population. While IT exporters are entitled to a tax rebate, Internet service providers are not permitted such a rebate, which also contributes to the high cost of Internet use. As shown in table 3, while the costs for fixed broadband Internet are relatively more affordable in Bangladesh, mobile broadband Internet access costs are relatively more expensive compared to costs in neighbouring South Asian countries. High-speed Internet access entails high costs, which prevents many from accessing the Internet, particularly freelance programmers. The issue of access speed also negatively affects Internet use at the rural level, particularly in the government-initiated Union Digital Centres (previously called Union Information Services Centres).

Table 3. Costs of Broadband Internet Access in South Asia, 2012

	Fixed broadband		Mobile broadband (handset based; 500 megabytes)	
	Percentage of gross national income per capita	Dollars	Percentage of gross national income per capita	Dollars
Afghanistan	17.8	8	-	-
Bangladesh	7.3	4.7	12.6	8.1
Bhutan	6.2	10.7	1.9	3.2
India	5.1	6.0	2.9	3.4
Nepal	15.5	14.5	-	-
Sri Lanka	2.1	4.5	0.8	1.8

Source: International Telecommunication Union, 2013, Yearbook of Statistics: Telecommunication/ICT Indicators 2003–2012 (Geneva).

1.2.2.5. Information Technology Parks

Establishing IT, software technology or high-technology parks may be a way to solve infrastructure bottlenecks in the IT industry. It is widely held that establishing IT parks is necessary for the development of the IT industry in Bangladesh, given experiences in India and other countries that have had success in the IT sector. Such parks should have facilities such as, among others, training institutes, uninterrupted electricity supplies and foreign company contact points.

The Government has undertaken various initiatives to establish several IT parks. In this context, the Bangladesh Hi-Tech Park Authority was established in 2010. There are currently two IT parks in Dhaka, and one has been proposed for the Mohakhali area in the city. The older IT park, started as an ICT incubator in 2002, operates in the Bangladesh Shilpa Rin Sangstha building, in which about 50 firms are accommodated. The second IT park was established following growing demand from the industry and a strong lobby from BASIS; in 2012, the Government allotted Janata Tower, a 12-storey building with 72,000 square feet of floor space in the Kawran Bazar district in Dhaka. For the proposed IT park at Mohakhali, 47 acres of land was demarcated, but has not yet been developed due to various legal and bureaucratic difficulties. The existing IT parks in Dhaka are no longer considered fully fledged IT parks. A proposed high-technology park in Kaliakair in the Gazipur district about 40 km north of Dhaka may be the largest and a fully fledged IT park. However, its development has been delayed due to inefficiency in bureaucratic and procurement processes. In addition, the Government aims to establish software technology and/or high-technology parks in each of the 64 districts and this welcome move is expected to create IT awareness in rural areas. In order to make IT parks outside Dhaka more attractive for IT firms and investors, it is important to offer attractive incentive packages. Ongoing projects are as follows:

- **Kaliakair Hi-Tech Park:** Plans for this park – the first State-level high-technology park – were initiated by the Government in 2011. The proposed park, with a total area of 231.7 acres, is intended to be a specialized economic zone, to attract foreign and local investors. To establish a world-class business environment and to enrich the facilities, a project entitled Support to Development of Kaliakair Hi-Tech Park has been undertaken, at a cost of Tk2.23 billion. However, progress on the project has been delayed.
- **Jessore Hi-Tech Park:** In February 2013, the Bangladesh Hi-Tech Park Authority launched a project entitled Support to Development of Jessore Hi-Tech Park, expected to be completed in June 2016. The total estimated cost of the project is about Tk479.53 million. The site selected for the project is on over 3 acres of land in Sadar in the Jessore district.
- **Other proposed projects** are as follows: Barendra Silicon City, Rajshahi; Sylhet Electronic City; Chondrodip Cloud Char, Barisal; Panchagarh Network City; and Chittagong Cyber City.

While the aims of the Government's initiative to establish high-technology parks in various districts are well endorsed, the lack of proper action plans is a cause for concern. Since the proposed parks have not yet been implemented, it is not clear whether ICT firms will be interested in investing in district-level IT parks. For this reason, as already noted, attractive incentive packages need to be offered.

1.2.2.6. Access to Finance

IT firms often claim that high interest rates – in Bangladesh, interest rates usually range between 14 and 21 per cent – and an unavailability of tangible collateral assets are the most important obstacles to receiving bank loans. To address this problem, the Government has introduced a venture capital fund for some specific sectors, including the IT sector, entitled the Equity and Entrepreneurship Fund.

1.2.2.7. Challenges to Exports

In addition to the various challenges faced by the industry already noted, two other important challenges that might affect the exports of software services from Bangladesh are briefly addressed, as follows:

- **Online payment systems:** Online payments remain limited or restricted. Consequently, the importation of software, as well as the realization of export proceeds, is greatly hampered. A major part of exports earnings are not channelled through official systems, which potentially underestimates the actual exports earnings in this services sector.

- Marketing and promotion: The need for better marketing strategies and production networks and the lack of a positive brand image of Bangladesh adversely affect the export of software services. Exploring new markets, developing networks and alliances with transnational companies and obtaining certificates of standards and membership in IT-related professional associations are some of the measures that could facilitate entry into global value chains and niche markets.

1.3. Policy, Regulatory and Institutional Frameworks

In the past decades, the Government has initiated some significant IT-related policies and regulations that have contributed to the rapid growth of the industry. In June 1996, the Government decided to allow private companies to act as Internet service providers using very small aperture terminals. In June 1997, the Government appointed a committee to investigate the problems of and prospects for software exports from Bangladesh. Following the recommendations of the committee, in June 1998, the Government decided to withdraw all import duties and value added tax levied on computer hardware and software. This brought computer-related costs down to levels affordable by middle-income households. At the same time, several mobile telephone operators were allowed to operate in Bangladesh, which has created phenomenal growth in mobile telephone services since 2000. Trade liberalization and finance sector liberalization policies were undertaken in the 1990s. In its export policies since the 1990s, the Government has formally identified the ICT sector, including the software industry, as one of the main sectors.

Some of the notable policies to promote the ICT industry, including initiatives regarding exemptions for the industry from income tax, value added tax and customs duties up to 2011, are the following:

- Formulation of national ICT policy
- Formulation of national IT task force (chaired by the Prime Minister)
- Establishment of ICT incubation centre
- Enactment of Trademarks Act, 2009 (copyright law)
- Enactment of Information and Communications Technology Act, 2006
- Increase of IT budget allocation (targeting 2 per cent of annual development plan expenditures)

With favourable policy support from the Government, the software industry in Bangladesh has been growing since the 2000s. The research and advisory company Gartner identified Bangladesh as one of the top 30 outsourcing destinations in 2011. However, the inadequate number of IT parks, as well as electricity and Internet access-related problems, remain key barriers to expansion of the industry.

As detailed in the Perspective Plan of Bangladesh 2010–2021: Making Vision 2021 A Reality of the Ministry of Planning, the Government envisions creating a digital Bangladesh by 2021. In this context, more automation projects have been undertaken, such as in e-governance, which increase the demand for IT-enabled services and contribute to further development of the sector. Large-scale automation projects have recently been implemented in the banking and finance, pharmaceuticals, telecommunications and textiles and clothing sectors and by some public sector entities, which have led to increased domestic demand for software and IT-enabled services.

Software technology parks and IT parks play an important role worldwide in the development of the industry. As it is difficult for some developing countries to provide essential infrastructure support – such as an uninterrupted electricity supply and high-speed Internet access – to all IT firms if their locations are scattered, establishing an IT park may help resolve infrastructure-related difficulties through the agglomeration of firms in a specific area. As previously noted, there are currently two IT parks in Bangladesh, both located in Dhaka. Another park has been proposed to be established at Kaliakair.

In 2006, Bangladesh was connected to the South-East Asia-Middle East-Western Europe-4 submarine cable system, facilitating its entry to the information superhighway. The Bangladesh Submarine Cable Company, a State-owned company, currently handles Bangladesh's single submarine cable and has a monopoly on bandwidth services. The connection is often cut due to subversive activities. A single submarine cable connection is thus inadequate and unreliable. Bangladesh requires faster access speeds and should strive to forge greater connectivity. The Government has recently undertaken policies to allow

the private sector to subscribe to the submarine cable network, in order that firms in Bangladesh may achieve greater access speeds.

A common criticism among freelancers is that the slow speed of Internet access is the single greatest problem they face. Offering Internet access with high-speed broadband at an affordable price, and allowing individuals to participate in the knowledge economy, would be the best possible way to boost the sector. Freelancers highly appreciate the fact that the Government has declared their earnings tax exempt, rather than treating it as remittances (UNCTAD, 2012). If the Government provides faster Internet service at a lower price, it could facilitate freelance activities in Bangladesh. Freelance work in turn may help alleviate unemployment, ultimately contributing to poverty alleviation.

In sum, Bangladesh has already formulated some important ICT sector-related policies. In all respects, most of the policies should have positive impacts on the development of the ICT sector and on ICT-based economic development. The challenge lies mainly in the timely and proper implementation of such policies. Significant policy barriers that might hinder expected growth in ICT services trade include foreign exchange regulations, licencing fees, value added tax and tax regulations, work permit requirements and delays in the implementation of IT parks. With regard to further development of the sector, stakeholders mainly emphasize the negative effects of policies regarding taxes and value added tax, bandwidth prices, exchange rate regulations, delays in the establishment of IT parks and obstacles to obtaining licences and work permits for foreign IT experts. A study by the World Bank also suggests that restrictions on foreign acquisitions, discrimination in licencing, restrictions on the repatriation of earnings and lack of legal recourse all have a significant and sizeable negative effect.^{viii} It is therefore important to identify the policy-related impediments that hinder the potential of ICT services trade in terms of investment, trade and market access, and to assess their impact on potential growth.

1.4. Analysis of Strengths, Weaknesses, Opportunities and Threats

Table 4 provides a comprehensive portrayal of the internal (strengths and weaknesses) and external (opportunities and threats) factors related to the ICT services sector.

Table 4. Information and Communications Technology Services: Analysis of Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> • Large number of educated and energetic young people (about 30 per cent of the total population) with aptitude and abilities in software development • More than 70 universities and 200 polytechnic and/or technical institutes, with over 5,000 graduates in IT each year • Existing submarine cable network and ongoing efforts to connect to a second network • Conducive policy framework, including attractive investment policies • Strong private and corporate sector • Adoption of Vision 2021 by the Government, facilitating an information society • Key sector products and services: Business process outsourcing, graphics, IT-enabled services and web-based solutions • More than 10,000 freelance programmers, earning more than \$15 million per year • Low wage rate compared to neighbouring countries • Women (almost 50 per cent of economically active population) better 	<ul style="list-style-type: none"> • A fully fledged IT park has yet to be established • Lack of industry–academia linkages • Lack of required human capital • Inadequate infrastructure, such as electricity supply and IT parks, and an inadequate submarine cable network subject to frequent disruption • Limited foreign investment in the sector • Lack of proficiency in English, hindering the prospect of providing call centre services • Lack of brand image • Limited access to finance for IT firms • Limited online payment opportunities • Non-convertibility of capital accounts and restrictions in online payments

poised to be engaged in ICT, including through freelance activities	
Opportunities	Threats
<ul style="list-style-type: none"> • Large number of educated and energetic young people with aptitude and abilities in software development and technology • Ongoing establishment of high-technology parks • Ongoing implementation of Vision 2021 • Digitization of the public sector, creating demand for ICT services • Strong and supportive private sector • Favourable FDI policies • High rate of mobile telephone penetration • Third generation network services available nationwide and provision of fourth generation network services in progress • Rapidly increasing literacy rate • Efforts to connect to a second submarine cable network under way, which would increase capacity to 1,300 gigabytes per second and permit exports of bandwidth 	<ul style="list-style-type: none"> • Bureaucratic bottlenecks in decision-making • Global economic and financial crisis • Limited capacity of IT institutes, compared to industry demand for human capital • Political instability • Lack of enforcement of intellectual property rights • IT infrastructure bottlenecks

1.5. Policy Recommendations

Overall, infrastructure development and tax exemptions are the preferred policies of IT firms, followed by exports promotion and the training of engineers. For further development and support of the IT industry, it is important to target these factors. Following consultations with stakeholders and based on the findings of the present study, problems related to further development of the sector may be grouped into several broad categories, and this section provides suggestions and recommendations under each category.

1.5.1. Information Technology Infrastructure

Suggestions related to connectivity are as follows:

- Due to the limitations of the spectrum, the utilization of third and fourth generation network services will not be able to support bandwidth requirements in Bangladesh in the near future. In addition, third and fourth generation mobile broadband may be too expensive for freelancers. Nationwide fibre-optic connectivity should be established to solve such problems. Wi-Fi hotspots should be created in different areas in Bangladesh to facilitate access to the Internet.
- Bangladesh should be connected to at least one other submarine cable network. The planned establishment of a second connection should therefore be ensured, to attract foreign investment in the IT sector and meet local demand. It is also important to establish last-mile connectivity and technology to facilitate nationwide connectivity, which will require a high level of investment.
- Bangladesh should encourage the supply of high-quality bandwidth at prices close to those offered in neighbouring cable landing stations such as in Chennai and Mumbai in India and in Singapore. To achieve this objective, Bangladesh should create favourable investment propositions for tier 1 Internet service providers, such as Bharati Airtel, Singapore Telecommunications and Tata Communications, to land cables in Bangladesh.
- In order to exploit services exports opportunities, Internet bandwidth prices should be lowered at the end-user level, to decrease entry barriers to the growth of services exports. Freelancers in particular face significant barriers in entering the lucrative services exports market through online job markets such as Upwork due to high costs, low data rates, unstable supply and the lack of availability of required Internet services. The current value added tax rate of 15 per cent should be lowered to a more affordable rate.

- The process of establishing several IT parks is ongoing. Such parks should be established as soon as possible in order to seize emerging opportunities in the global ICT services market, and bottlenecks in their implementation should be resolved as soon as possible. The initiative of establishing IT parks in various districts is a welcome move. However, attractive incentive packages need to accompany their establishment, to attract both local and foreign investment.

1.5.2. Financial Transactions and Incentives

The following suggestions are made:

- Online payment systems should be made easier and more affordable. International online global payment platforms should be encouraged to operate in Bangladesh.
- Foreign exchange regulations should be further relaxed, to foster quick and simple funds transfers by IT firms. It is important to have a better coordination mechanism between the central Bangladesh Bank and BASIS.
- The Equity and Entrepreneurship Fund and/or other venture capital should be made available to genuine IT-related entrepreneurs. Since the introduction of the Fund in 2002, few companies have received funds. There are issues to be addressed both in its policy (such as a proper tool for the valuation of assets, fund repayment policies and others) and in its implementation by the Investment Corporation of Bangladesh (such as proposal evaluations, disbursements, supervision and others), along with its buy-back methods, in order that it does not become a costly fund. A dedicated committee may be formed with representatives from Bangladesh Bank, Investment Corporation of Bangladesh and BASIS to review the problems based on experiences to date. Such a committee could revise the Equity and Entrepreneurship Fund procedures and develop concrete suggestions to simplify approval, disbursement and supervision processes.
- Tax rebates and other government incentives should continue, to encourage FDI in the sector.
- The value added tax rate on Internet use should be reduced from the current rate of 15 per cent, to help expand Internet use.

1.5.3. Human Capital Development and Productivity

The following suggestions are made:

- Talent is one of the key requirements for growth in the ICT industry. The Ministry of Information and Communications Technology undertakes various initiatives to train graduates, including women, in various ICT-related skills, in order that they may work as freelance programmers or become IT-related entrepreneurs. To help meet demand in this sector, the Ministry intends to establish an institute for freelancers in the Natore district. In addition to these efforts, the Institute of Technology and Management of BASIS has been providing training in line with industry requirements for the past five years, with over 7,000 graduates to date. Various other projects to train human resources in this sector are under way with support from donors. However, efforts in human capital development should be conducted on a greater scale, and public-private partnerships may be sought for this purpose.
 - Linkages between industry and academia should be strengthened, including through the initiative of BASIS and various universities to train students in state-of-the-art IT skills and English-language proficiency. A mismatch remains between industry and academia needs, and to make efforts in this area more sustainable in the long term there should be greater integration between industry requirements and academic courses.
 - Training abroad by international trainers should be arranged for database administrators and analysts, document writers, help desk support engineers, high-end project managers, implementation engineers, proposal writers, systems analysts, testers and others. Such training would help build national skills for international software projects, which is required in addition to the development of programming skills.
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- There are no local implementers of high-value software such as Oracle and Systems, Applications and Products in Data Processing. If international companies intend to sell software in Bangladesh, the establishment of training facilities may be made mandatory. This would help ensure knowledge transfer to local firms, which would enable them to implement software applications and, consequently, help generate employment and millions of dollars of revenue locally.

1.5.4. Market Expansion and Development

The following suggestions are made:

- Organizing software expositions and attending international software expositions on a regular basis could help in gaining access to markets.
- A positive branding of Bangladesh in the ICT sector is necessary. This may be achieved through participation in international roadshows, fairs, expositions and seminars; the establishment of IT desks in diplomatic missions to support the IT exports industry and provide a one-stop service for possible investors; and the development of better connections with non-resident nationals of Bangladesh.
- In the past few years, BASIS, in partnership with the Export Promotion Bureau, has been participating in international trade fairs such as the Gulf Information Technology Exhibition and the Centre for Office Automation, Information Technology and Telecommunications exhibition in Hanover, Germany. Such participation may achieve better results if market intelligence reports are developed (an area which BASIS is addressing), if annual promotion plans for Bangladesh are prepared at least one year in advance, if stalls at fairs are booked in a timely fashion and if budgets are planned well in advance. Current practices of last-minute booking and payment do not ensure optimum locations at fairs that could make a difference in terms of branding the ICT industry of Bangladesh.
- Statistics on the IT sector in Bangladesh and global rankings do not match. The Bangladesh Bureau of Statistics could collect IT industry-related statistics through an industry survey, in partnership with BASIS, thereby ensuring that the correct figures are shared with stakeholders.

1.5.5. Import and Export Policy

The following suggestions are made:

- IT firms should be able to import software or IT-enabled services without a requirement to open a letter of credit for their own use or for resale purposes. Since software and IT-enabled services are not physical products, application of the Imports and Exports (Control) Act, 1950 should be reviewed.
 - There is no specific policy for imports of software and IT-enabled services in the Act. The Act should be amended to require imports of software and IT-enabled services for re-export, in order that large international projects may be conducted by IT firms in Bangladesh. In addition, online deliveries should be included in the Act.
 - It is important for policymakers to have updated and reliable statistics on imports and exports of software. Bangladesh Bank is the only institution that records and publishes official statistics related to software and IT-enabled services exports. Figures related to imports and exports appear to be underestimated due to procedural complications. In this regard, a dedicated committee may be formed with representatives from Bangladesh Bank and BASIS to review the existing recording process for imports and exports of software and IT-enabled services and suggest suitable actions to amend the process. Addressing IT-enabled services instead of IT goods in import and export policy may improve the reporting system.
 - The transport of hardware and equipment through customs by the Export Promotion Bureau en route to participating in international IT fairs should be facilitated.
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1.5.6. Other

The following additional suggestions are made:

- Given the process and business nature of software and software-related services, the procurement process should be made easier. BASIS and other respective agencies should find solutions in this context.
 - More emphasis may be given to facilitating call centre services in Arabic to meet the needs of countries in the Middle East and expatriates from Bangladesh in the region. Bangladesh has a high level of potential in this sector due to the availability of Madrasah-educated youth with expertise in Arabic.
 - A dedicated cell may be established at the Ministry of Commerce in order to monitor and oversee ICT services exports and market expansion.
 - All diplomatic missions should be given special instructions to promote the IT sector of Bangladesh through proper advertisement, sharing of information and creation of market linkages.
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CHAPTER 2: TOURISM SERVICES SECTOR

Bangladesh offers many tourism attractions, including three World Heritage sites, archaeological sites, historical mosques and monuments, historical temples made of red earth, one of the longest natural beaches in the world, picturesque landscapes, hill forests and wildlife and rolling tea gardens. Different parts of Bangladesh offer distinctly different topographies, flavours and foods, and Bangladesh is home to Bengal tigers and freshwater dolphins. Tourists have noted that they find the colourful tribal life and rich flora and fauna enchanting.

Despite its considerable potential, tourism in Bangladesh is still at an early stage of development and the country is not considered a popular tourism destination. It remains far from realizing its potential. Chapter 2 provides an assessment of the economic aspects of tourism in Bangladesh and of the impact of tourism at a macro level. The chapter also includes an assessment and analysis of policy gaps, supply-side bottlenecks and other challenges and opportunities in the sector.

2.1. Role and Performance

Tourism in Bangladesh is still at an early stage of development and has huge unrealized potential. The Government included tourism in its list entitled “thrust sectors” in National Industrial Policy 2010, and identified it as one of the key drivers for future growth, economic diversification and poverty reduction. National policies on tourism are centred on developing the tourism industry as a major sector for the development of Bangladesh through employment generation, infrastructure development and the ensuring of inclusive socioeconomic development through linkages with local populations and local government organizations and by protecting the environment and natural diversity.

2.1.1. Contribution to the National Economy

Tourism services in Bangladesh have huge potential to contribute meaningfully to the country’s economic development and gross domestic product (GDP), poverty reduction and the creation of new employment opportunities, as shown in table 5. In particular, the labour-intensive nature of the tourism sector may create significant direct and indirect employment for a young and educated labour force aiming for greater economic opportunities. This sector has a high positive multiplier effect and is well placed to ensure inclusive and pro-poor growth, women’s empowerment and poverty alleviation.

Table 5. Contribution of Travel and Tourism to Gross Domestic Product and Employment, 1990-2030

	Actual							Estimates			
	1990	1995	2000	2005	2010	2011	2012	2013	2020	2025	2030
Direct contribution of travel and tourism to GDP											
Billions of dollars	0.456	0.637	0.906	1.434	2.126	2.26	2.353	2.595	5.497	9.142	15.042
Share (percentage)	1.5	1.6	1.9	2.4	2.1	2.1	2	2.1	2.2	2.2	2.1
Contribution of travel and tourism to GDP											
Billions of dollars	0.995	1.419	1.849	2.965	4.382	4.59	4.813	5.3	11.501	19.68	33.63
Share (percentage)	3.4	3.7	4	5.1	4.3	4.2	4.2	4.3	4.6	4.7	4.9
Direct contribution of travel and tourism to employment											
Billions of dollars	0.59	0.71	0.92	1.31	1.24	1.25	1.28	1.34	1.64	1.89	2.28
Share (percentage)	1.3	1.4	1.6	2	1.7	1.7	1.7	1.7	1.8	1.9	2.1
Contribution of travel and tourism to employment											
Billions of dollars	1.34	1.64	1.94	2.81	2.65	2.63	2.71	2.83	3.54	4.14	5.04
Share (percentage)	2.9	3.2	3.5	4.4	3.8	3.7	3.7	3.8	4	4.3	4.7

Source: World Travel and Tourism Council database.

2.1.2. Performance

Bangladesh has an enthusiastic and vibrant private sector, which has played a critical role in the steady growth of the tourism sector over the last two decades.

The potential of the tourism sector in Bangladesh is reflected in the World Travel and Tourism Council forecast, which states that the sector is likely to perform well and improve its contribution to the total economy. As shown in table 6, in 2012, Bangladesh was ranked 80 out of 184 countries in terms of

absolute size of GDP and 169 in terms of relative contribution of tourism to GDP. However, in the same year, it ranked 12 in terms of long-term growth prospects for the next 10 years (2013–2023). Further details are provided in table 7.

Table 6. Relative Importance of Travel and Tourism' Contribution to Gross Domestic Product (Rank out of 184 Countries)

Rank	Absolute size in 2012	Relative size: Contribution to gross domestic product in 2012	Growth: 2013 forecast	Growth: Long-term forecast, 2013–2023
	80	169	22	12

Source: World Travel and Tourism Council, 2013, Travel and tourism: Economic Impact 2013 – Bangladesh (London).

Table 7. Key Indicators of Travel and Tourism: Figures for 2012 and Projections for 2023

	2012	2023
Contribution to GDP	Direct contribution of travel and tourism: Tk193 billion (2.1 per cent of GDP)	Projected to grow by 7.7 per cent in 2013 and by 6.4 per cent per year from 2013 to 2023, to Tk384.7 billion in 2023 (constant 2012 prices)
	Total contribution of travel and tourism: Tk394.8 billion (4.3 per cent of GDP)	Projected to grow by 7.5 per cent in 2013 and by 6.8 per cent to Tk819.4 billion in 2023
Employment	Direct contribution of travel and tourism: 1.28 million jobs (1.8 per cent of total employment)	Projected to grow by 4.4 per cent in 2013 and by 2.9 per cent to 1.79 million jobs (1.9 per cent of total) in 2023
	Total contribution of travel and tourism (including jobs indirectly supported by the industry): 2.7 million jobs (3.7 per cent of total employment)	Projected to grow by 4.2 per cent in 2013 to 2.83 million jobs and by 3.2 per cent to 3.90 million jobs (4.2 per cent of total) in 2023
Investment	Investment in travel and tourism: Tk37.3 billion (1.6 per cent of total investment)	Projected to rise by 0.5 per cent in 2013 and by 6.0 per cent per year from 2013 to 2023, to Tk67.4 billion (1.5 per cent of total) in 2023

Source: World Travel and Tourism Council, 2013.

2.1.3. Comparison of Performance with that of Regional Partners

Tourism is thriving in Asia and the Pacific where, in 2010, inbound tourism arrivals totalled almost 204 million, or nearly 22 per cent of the world total, a 13 per cent rise from 2009, as shown in tables 8 and 9. All regions except the Pacific recorded increases in the percentage of inbound tourism arrivals above 10 per cent. Region-wide, expenditures by inbound tourists rose to \$249 billion in 2010, increasing by nearly 22 per cent in a single year from a total of \$203 billion in 2009. The three destination countries with the highest number of inbound tourism arrivals were China, Malaysia and Turkey.^{ix}

Table 8. South Asia: Inbound Tourism Arrivals (Hundreds of Thousands)

	1995	2000	2005	2008	2009	2010
Bangladesh	156	199	208	467	267	
Bhutan	5	8	14	28	23	27
India	2 124	2 649	3 919	5 283	5 168	5 584
Maldives	315	467	395	683	656	792
Nepal	363	464	375	500	510	
Pakistan	378	557	798	823	855	914
Sri Lanka	403	400	549	438	448	654

Source: United Nations Economic and Social Commission for Asia and the Pacific, 2011.

Table 9. South Asia: Travel and Tourism Competitiveness Index Rank by Country Group, 2013

	All countries	Asia and the Pacific
India	65	11
Sri Lanka	74	14
Nepal	112	22
Pakistan	122	24
Bangladesh	123	25

Source: World Economic Forum, 2013, The Travel and Tourism Competitiveness Report 2013 (Geneva).

With regard to arrivals, international visitor arrivals in Bangladesh have increased significantly, and more than doubled in the 10 years from 2003 (244,509 arrivals) to 2012 (588,193 arrivals). The impact of the global financial crisis, which negatively affected international tourism in 2008–2009, was not significant for tourism in Bangladesh. However, this achievement did not alter Bangladesh's rank among countries in South Asia, and it remained at the bottom rank of the Travel and Tourism Competitiveness Index in 2013.

In 2012, the direct contribution of travel and tourism to GDP was 2.1 per cent, lower than the world average of 5.2 per cent (World Travel and Tourism Council, 2013). Nepal and Sri Lanka were ahead in this regard compared to Bangladesh, and India's position was slightly behind that of Bangladesh. The figures were lower when considering the contribution of travel and tourism to employment. In Bangladesh, the direct and total contributions of travel and tourism were 1.8 per cent and 3.7 per cent, respectively, lower than the world averages of 5.4 per cent and 13.9 per cent, respectively. India, Nepal and Sri Lanka were ahead of Bangladesh in terms of both indicators.

The growth prospects for this sector in Bangladesh present a completely different scenario. The World Travel and Tourism Council's forecasted growth rates in terms of tourism's contribution to the GDP of Bangladesh and to the generation of employment, directly and in total, are far ahead of the world average, and in most instances also ahead of those of regional competitors.

2.2. Trade and Investment

2.2.1. Trends in Trade

International tourism arrivals in Bangladesh have increased in the recent past. However, international tourism receipts have not increased at the same rate. Expenditure per international tourist is only \$287, much lower than the world and regional averages. The contribution of tourism exports to Bangladesh's total exports is also negligible and has recently been further reduced, as shown in table 10. In 2012, earnings from tourism exports in Bangladesh were only \$0.1 billion (the world average was \$6.8 billion), and the country ranked 162 out of 184 countries. The contribution of tourism services exports to total exports was only 0.4 per cent (the world average was 16.6 per cent). However, the estimated growth rate was 3.2 per cent, slightly higher than the world average of 2.8 per cent. The long-term growth prospects of this sector are considerably promising.

Table 10. Bangladesh: Tourism Trends and Targets, 1990–2030

		Actual							Estimates			
		1990	1995	2000	2005	2010	2011	2012	2013	2020	2025	2030
Visitor exports	Billion of dollars	0.01	0.02	0.05	0.07	0.09	0.08	0.09	0.1	0.185	0.307	0.593
	Share (Percentage)	0.5	0.5	0.7	0.7	0.4	0.3	0.4	0.4	0.4	0.5	0.6
Capital investment	Billion of dollars	0.08	0.164	0.112	0.162	0.406	0.434	0.455	0.468	0.944	1.62	2.872
	Share (Percentage)	1.6	2.2	1	1.1	1.6	1.6	1.6	1.5	1.5	1.5	1.6

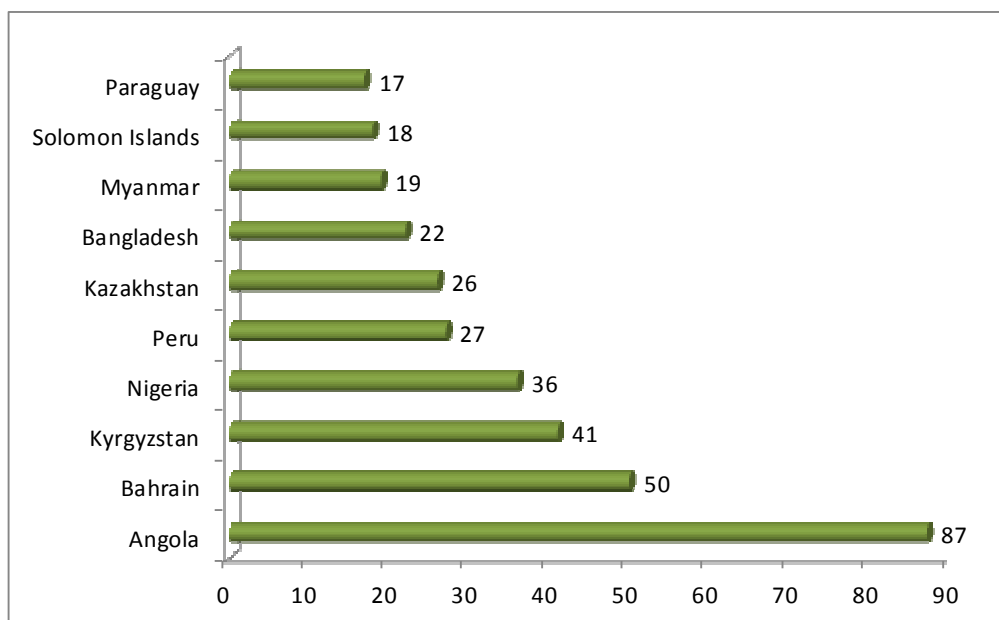
Source: World Travel and Tourism Council database.

2.2.2. Trends in Investment

Rates of FDI in Bangladesh are low, despite several optimistic forecasts and a good investment climate. Goldman Sachs has included Bangladesh among the next 11 economic growth centres, after Brazil, China, India, the Russian Federation and South Africa. Morgan Stanley has noted that Bangladesh is in the early stages of an investment boom. *The Travel and Tourism Competitiveness Report 2013* stated that Bangladesh had elevated its position by eight points in terms of attracting FDI in 2012 (World Economic

Forum, 2013). Citi Investment Research and Analysis has cited Bangladesh as one of the most promising countries in terms of per capita FDI growth prospects. The investment climate is considered open, as 100 per cent FDI is permitted, along with unrestricted exits. Local and foreign investments are given equal treatment in most instances. Finally, the rate of return in Bangladesh on inward FDI is high, as shown in figure 8.

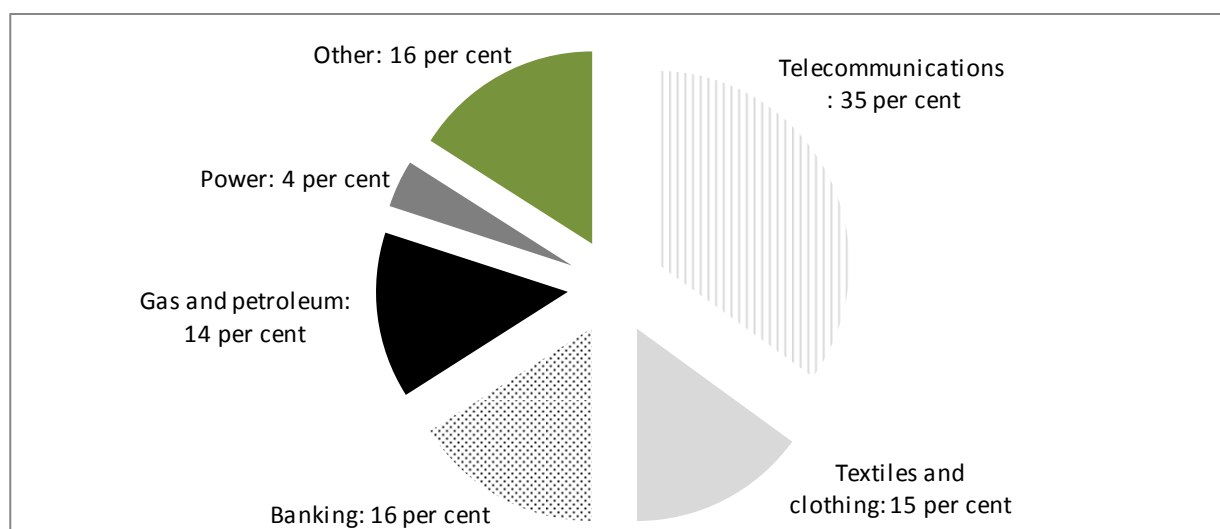
Figure 8. Top 10 Economies with Highest Inward Foreign Direct Investment Rates of Return, 2011 (Percentage)



Source: UNCTAD, 2013, World Investment Report 2013: Global Value Chains – Investment and Trade for Development (New York and Geneva, Sales No. E.13.II.D.5, United Nations publication).

However, the actual scenario of FDI in Bangladesh is not that robust. FDI stock stood at \$7.156 billion in 2012, below the level of least developed countries (LDCs) such as Cambodia (\$8.413 billion) and Uganda (\$8.191 billion), despite a boost in FDI in the recent past compared to the last 30 years (UNCTAD, 2013). FDI flow in Bangladesh in the last decade has mainly been limited to five sectors, namely telecommunications, banking, textiles and clothing, gas and petroleum and power, as shown in figure 9. FDI in other sectors is negligible.

Figure 9. Foreign Direct Investment by Sector, 2012



Source: UNCTAD, 2013, Investment Policy Review – Bangladesh (New York and Geneva, United Nations publication).

The tourism industry in Bangladesh has substantial potential for FDI. It can generate economic activities and revenue by creating backward and forward linkages in industry. However, FDI in the tourism sector remains negligible. As shown in table 11, only 0.08 per cent of total 100 per cent FDI in Bangladesh is invested in the tourism sector and the share of the tourism sector in total employment created by 100 per cent FDI is only 0.38 per cent.

Table 11. Foreign Direct Investment in Tourism

Type	Sector and subsector	Number of units	Investment (Millions of dollars)	Employment opportunities
100 per cent FDI	All	418	7 012.678	141 957
	Services	91	4 575.901	18 758
	Tourism	10	5.660	543
	a) Hotels, motels and restaurants	9	2.072	456
	b) Tourism Services	1	3.588	87
Joint venture FDI	All	1 179	10 172.470	259 207
	Services	301	6 693.352	47 394
	Tourism		89.555	2 599
	a) Hotels, motels and restaurants		83.002	2 253
	b) Three, four and five-star hotels	1	6.160	330
	c) Tourism services	1	0.393	16
				<i>Percentage</i>
Share of tourism in 100 per cent FDI				0.08
Share of tourism in total employment created by 100 per cent FDI				0.38
Share of tourism in joint venture FDI				0.88
Share of tourism in total employment created by joint venture FDI				1.00

Source: Board of Investment, 2010, Foreign Direct Investment in Bangladesh 1971–2010 (Dhaka, Investment Monitoring Cell).

According to various estimates and forecasts, tourism arrivals are expected to grow significantly in the next 10 years. Bangladesh requires increased FDI to meet the infrastructural needs of attracting and retaining tourism. As the rate of return on FDI is high, Bangladesh may be an attractive destination for such investment in the next decade, especially in the tourism sector. The main challenges to FDI in Bangladesh are related to approval processes and high corporate taxes, as shown in table 12, as well as the lack of fully serviced land with gas and electricity supply and road access.

Table 12. Comparative General Corporate Income Tax Rate, Selected Countries, 2012 (Percentage)

	General corporate income tax rate	Applicable range	
		Lower	Upper
Bangladesh	37.5	27.5	45
India	30	30	40
Malaysia	25	20	25
Maldives	5, 15 and 25	5	25
Thailand	23	10	50
Viet Nam	25	10	50

Note: In India, foreign companies are taxed at 40 per cent and resident companies at 30 per cent.

Source: Deloitte, 2015, Corporate tax rates 2015, available at

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-corporate-tax-rates-2015.pdf> (accessed 18 November 2015).

2.3. Competitiveness

The World Economic Forum conducts in-depth analyses of the travel and tourism competitiveness of economies worldwide. According to the *Travel and Tourism Competitiveness Report 2013*, out of 140 countries, Bangladesh ranked 25 in Asia and the Pacific and 123 overall, gaining six places since the previous report in 2011 (World Economic Forum, 2013). The following overview includes rankings in parentheses.

As shown in table 13, Bangladesh is a relatively price competitive destination (16), even in a regional context. However, some aspects of its tourism infrastructure remain somewhat underdeveloped (127), with few hotel rooms per capita by comparison internationally and low penetration of automated teller machines. Given the country's state of development and reasonable ground transport infrastructure (65), the quality of roads (111) and ports (119) require much improvement. ICT infrastructure also remains somewhat underdeveloped and underexploited (128). Another area of concern is environmental sustainability (133), especially due to high levels of particulate matter concentration (136) compared to the world average. Other areas requiring attention are health and hygiene standards (114), tourism openness (139), extension of business trips (130) and cultural resources base (116), especially in sports-related infrastructure (137).

Table 13. Travel and Tourism Competitiveness Index Rankings, 2011 and 2013

	2013 Rank out of 140	Score (1–7)	2011 Rank out of 139	Score (1–7)
Overall Travel and Tourism Competitiveness Index	123	3.2	129	3.1
Subindex A: Travel and tourism regulatory framework	124	3.6	130	3.4
Pillar 1: Policy rules and regulations	108	4.0	116	3.7
Pillar 2: Environmental sustainability	133	3.6	135	3.7
Pillar 3: Safety and security	83	4.4	105	4.2
Pillar 4: Health and hygiene	114	2.8	114	2.6
Pillar 5: Prioritization of travel and tourism	129	3.0	131	3.1
Subindex B: Business environment and infrastructure	109	2.9	113	2.8
Pillar 6: Air transport infrastructure	113	2.3	120	2.2
Pillar 7: Ground transport infrastructure	65	3.8	62	3.9
Pillar 8: Tourism infrastructure	127	1.6	132	1.3
Pillar 9: ICT infrastructure	128	1.7	129	1.8
Pillar 10: Price competitiveness in the travel and tourism industry	16	5.2	50	4.8
Subindex C: Travel and tourism human, cultural and natural resources	124	3.2	131	3.1
Pillar 11: Human resources	108	4.3	116	4.1
Pillar 12: Affinity for travel and tourism	130	4.0	133	3.9
Pillar 13: Natural resources	90	3.2	93	2.7
Pillar 14: Cultural resources	116	1.5	114	1.5

Source: World Economic Forum, 2011, The Travel and Tourism Competitiveness Report 2011 (Geneva); World Economic Forum, 2013.

Although Bangladesh achieved considerable advances in some indicators, there remains much scope for further improvement to make the country an attractive tourism destination. Bangladesh should begin exploring its potential as an attractive international tourism destination.

2.4. Policy, Regulatory and Institutional Frameworks

Bangladesh intends to develop tourism as one of the driving sectors of economic development and to help alleviate poverty. Bangladesh does not yet have a tourism master plan in place to accelerate and guide development of the sector, mainly due to initiative and capacity constraints. However, the need for tourism development has been recognized and is noted in most national development policies. The Government's most recent national tourism policy (2010) provides detailed objectives and strategies for developing the sector. An analysis of tourism in national policies is provided in this section.

2.4.1. Tourism in National Development Policies

Tourism is included in the list entitled "thrust sectors" in National Industrial Policy 2010 (as declared in the previous policy in 1999). National Industrial Policy 2010 aims to ensure that the Government takes environmentally friendly and technologically modern initiatives aimed at accelerating the growth of all important industrial sectors, including tourism and hospitality, by mobilizing the labour force and capital. The policy is aimed at actively supporting growing partnerships among the financing and training sections of the public sector, private sector and non-governmental organizations, to rapidly build investment and skills bases related to ecotourism. To this end, the Government intends to ensure compliance with basic standards for protecting the environment and safeguarding the proper utilization of scarce land.

The Government also intends to pave the way for global ecotourism marketing efforts through the Bangladesh Parjatan Corporation, to provide impetus to the growth of the ecotourism industry in Bangladesh. National Industrial Policy 2010 states that tourism industry projects and subsectors are entitled to a tax exemption under Income Tax Ordinance, 1984 and that women entrepreneurs should be given preference in the tourism and services industries. The policy also states that activities of training institutes under the different ministries engaged in human resources development in this sector should be made more dynamic and effective. The Ministry of Civil Aviation and Tourism is represented in the National Council for Industrial Development, which undertakes various development programmes aimed at establishing small, medium-sized and large industries nationwide. The secretary of the Ministry is on the Executive Committee of the National Council for Industrial Development, emphasizing the importance given to the tourism sector in National Industrial Policy 2010.

2.4.2. Policy Framework

2.4.2.1. National Tourism Policy 2010

There is substantial potential for the development of tourism in Bangladesh. The conservation and improvement of tourism-related products and services and capacity-building and human resources skills development in this sector can greatly contribute to the socioeconomic development of Bangladesh. In order to realize this unexplored potential, National Tourism Policy 2010 suggests the following activities:

- Declare the multidimensional tourism services industry as a thrust sector and allocate the necessary budgetary provision for the development of tourism. Undertake an integrated development plan bringing together all relevant ministries and agencies for the development of tourism services and mainstream tourism services in national development plans and strategies, including those related to the Millennium Development Goals.
- Attract private and foreign investment, motivate non-resident nationals of Bangladesh to invest in the tourism sector and implement tourism development initiatives through public-private partnerships.
- Identify new potential tourism-related products and convert identified products into attractive tourism-related products through initiatives by the Government, local government organizations and private entrepreneurs, and ensure quality control and proper promotion.
- Allocate funds in the national budget for the preservation and development of archaeological and historical symbols and places.
- Inspire private entrepreneurs to participate in infrastructure development in Bangladesh alongside the Government.
- Develop adventure tourism, cultural tourism, ecotourism, education-related tourism, medical tourism and sports tourism.
- Promote and popularize Bangladesh tourism products in tourist-generating countries and ease the entry of tourists into Bangladesh by ensuring visa openness.

2.4.2.2. Implementation Strategy

In order to develop tourism as a multidimensional industry, National Tourism Policy 2010 identifies the necessity of the following: having a long-term national plan, proper promotion and marketing and country branding, visa openness for foreigners, adequate capital investment and financial and technical assistance; preservation of historical and archaeological symbols; protection of diversity; and development of communications, infrastructure and handicrafts. The policy identifies the Government's role as a facilitator, while the private sector should take the necessary initiatives for tourism development, and close collaboration among the following Ministries is emphasized: Environment and Forest; Cultural Affairs; Road, Transport and Bridges; Land; Chittagong Hill Tracts Affairs; Posts, Telecommunications and Information Technology; Shipping; Foreign Affairs; Education; Home Affairs; Religious Affairs; Local Government, Rural Development and Cooperative; Youth and Sports; Industries; and Liberation War Affairs. Close collaboration among other ministries and departments is also emphasized, as well as all

investors in the sector, for the sustainable development of tourism. The Ministry of Civil Aviation and Tourism is expected to be the catalyst for expediting and coordinating such collaboration.

National Tourism Policy 2010 notes that tourism is a multidimensional services industry and that the development of this industry involves coordinated activities by several ministries in tourism areas and, to ensure the well-coordinated development of tourism from a national to a local level, suggests the following institutional framework:

- National tourism committee under the leadership of the Prime Minister, to ensure the overall and inclusive development of tourism and to facilitate coordination among the concerned ministries, departments and organizations.
- Ministerial committee on tourism under the leadership of the Minister of Finance, to ensure the growth and development of tourism.
- Advisory committee on tourism under the leadership of the Minister of Civil Aviation and Tourism, to ensure inclusive development, marketing and expansion of the tourism sector.
- Interministerial coordination and implementation committee under the leadership of the Ministry of Civil Aviation and Tourism, to implement the directions of the national tourism committee, ministerial committee on tourism and advisory committee on tourism and the national tourism policy.
- Divisional and local level committees on tourism to be formed and tasked according to the national tourism policy, to ensure the preservation and development of tourism properties and services at the division and city corporation levels.

2.4.2.3. Tourism Master Plan

Bangladesh does not yet have a master plan in place for the integrated and sustainable development of tourism. Such a plan was drafted in 1988 with support from the International Labour Organization and the United Nations Development Programme. The draft identified the strengths, weaknesses, opportunities and challenges of tourism development in Bangladesh, and also outlined short, medium and long-term plans and strategies for sustainable development and promotion in the tourism sector. The plan envisaged the establishment of six tourism development zones and aimed to ensure widespread participation at the national and local levels in the development of the tourism sector. An implementation plan for the proposed strategies and activities was included, along with a detailed budget for the accomplishment of the objectives of the plan. However, the draft was not finalized, adopted or implemented, mainly due to initiative and capacity constraints. Policymakers and practitioners strongly suggest having a proper tourism master plan in place.

2.4.2.4. Master Plan (Structure Plan and Action Area Plan) for Cox's Bazar and Master Plan for Kuakata

Cox's Bazar is in the south of Bangladesh and has one of the world's longest natural sandy sea beaches. Kuakata is a sea beach in the southernmost area of Bangladesh. The Master Plan for Cox's Bazar, prepared by the Department of Urban Development, was approved on 29 April 2013, as detailed in the Bangladesh Gazette dated 25 May 2013. A master plan for Kuakata is being developed by the local government engineering department. Both plans are in fact area development plans rather than master plans. However, both serve as good tools for promoting tourism.

2.4.3. Regulatory Framework

Bangladesh does not have a specific law to regulate the tourism sector. However, in 2010, the Government enacted the Reserved Areas for Tourism and Special Tourism Zones Act. The objective of the Act is to declare reserved areas for tourism and special tourism zones for the development and growth of the tourism industry and tourism services and to prevent and control unplanned construction and activities in potential tourism areas. The Act provides a clear definition of tourism in Bangladesh and provides the Government the authority to ban any activities in reserved areas for tourism and special tourism zones. In addition, the Act allows the Government, by itself or by appointing any private, autonomous or statutory body or person, to control and manage reserved areas for tourism and special

tourism zones. The Act also allows the Government to identify areas that have potential for tourism, to declare such areas as reserved for tourism, if necessary, in the government gazette, and to declare reserved areas for tourism as tourism special zones. Finally, the Act allows the Government to take legal measures against any person violating the Act. The Act ensures equal opportunities for both local and foreign investors. It states that, for the development and expansion of the tourism industry, investment initiatives may be taken in reserved areas for tourism and special tourism zones, for establishing tourism areas by local or foreign investors, through joint ventures between local and foreign investors, through government or private investment and through public-private partnership investment. Other relevant national laws and regulations related to the tourism sector include the following:

- Hotels and Restaurants Act, 2014 (replaced Hotels and Restaurants Ordinance, 1982)
- Travel Agencies (Registration and Control) Act, 2013
- Travel Agencies (Registration and Control) Ordinance, 1977
- Tourism Act, 2010
- Bangladesh Parjatan Corporation Order, 1972 (President's Order No. 143)

The above-mentioned laws and acts do not limit the nature of foreign investment or the presence of foreign services suppliers in the tourism sector. Nevertheless, Bangladesh has made a commitment under the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO) in subsector A (hotels and restaurants) for five-star hotels only under modes 3 and 4, which allows for 100 per cent foreign investment, but places some limits on the presence of foreign services suppliers in the subsector (see section 2.6 and chapter 4 for details of Bangladesh's commitments under GATS). Table 14 shows the rank of Bangladesh among selected countries in terms of its regulatory framework.

Table 14. Travel and Tourism Competitiveness Index Subindex A (Travel and Tourism Regulatory Framework) Rankings, Selected Countries

	Rank	Score
Bangladesh	124	3.56
India	110	3.92
Nepal	100	4.14
Pakistan	131	3.38
Sri Lanka	61	4.68

Source: World Economic Forum, 2013.

2.4.4. Institutional Framework

2.4.4.1. Ministry of Civil Aviation and Tourism

The Ministry is the main government institution responsible for the planning, development, marketing and promotion of tourism in Bangladesh. Prior to the country's independence in 1971, the Ministry of Civil Aviation and Tourism was a ministry under the central government. After 1971, matters related to communications and tourism were vested in the Ministry of Commerce. In 1972, a civil aviation division was created under the Ministry of Shipping, Inland Water Transport and Civil Aviation. In August 1975, an independent Ministry of Civil Aviation and Tourism was created, but in January 1976 it was made a division under the Ministry of Communications. In December 1977, a separate Ministry of Civil Aviation and Tourism was created, but was abolished on 24 March 1982 and a new civil aviation and tourism division was established under the Ministry of Defence. In 1986, the Ministry of Civil Aviation and Tourism was re-established and has continued operations since then.

In accordance with its rules of business, the Ministry of Civil Aviation and Tourism is responsible for the following:

- Civil aviation (all matters related to air space control, flight safety, aeronautical inspections, licencing of aircraft and aircrew, administration of airports and aerodromes, etc.)
- Airways and air services
- Air priority

- Coordination and research related to the ministry
- Legislation related to civil aviation and tourism and all laws on subjects allotted to the ministry
- Registration of travel agencies
- Classification of hotels
- Secretariat administration, including financial matters
- Administration and control of subordinate offices and organizations under the ministry
- Liaison with international organizations and matters related to treaties and agreements with other countries and world bodies related to subjects allotted to the ministry
- Inquiries and statistics on any subject allotted to the ministry
- Fees in respect of any subject allotted to the ministry except fees taken in courts

2.4.4.2. Organizations and Companies Affiliated with the Ministry of Civil Aviation and Tourism

The Ministry of Civil Aviation and Tourism is the statutory authority that provides travel agency registrations, updates and renewals. Some of the organizations and companies affiliated with the Ministry are as follows:

- **Civil Aviation Authority:** A public service enterprise and regulatory body in the field of air navigation, which aims to ensure the safe, regular and efficient operation of national and international air navigation in and over the territory of Bangladesh.
- **Bangladesh Services Limited:** A public limited company that began operations in 1973, 99.6 per cent of whose capital is owned by the Government. The Board of Directors consists of 11 members nominated by the Government and is chaired by the Secretary of the Ministry of Civil Aviation and Tourism. The company has been engaged in the hospitality business since its inception and has pioneered the international standard five-star hotel business in Bangladesh for over 30 years. The company operates Ruposhi Bangla Hotel and the very important person lounge (used by leading airlines as a business and first-class passenger lounge) in Hazrat Shahjalal International Airport in Dhaka.
- **Hotels International Limited:** A public limited company that owns the Pan Pacific Sonargaon Hotel in Dhaka, 100 per cent of whose shares are owned by the Government.

2.4.4.3. Bangladesh Parjatan Corporation

Bangladesh Parjatan Corporation is a statutory board under the Ministry of Civil Aviation and Tourism, tasked with promoting the tourism industry in Bangladesh. The Corporation was the only national tourism organization in Bangladesh before the establishment of the Bangladesh Tourism Board in 2010. The board of the Corporation was established in 1973 and consists of a chair and three full-time directors. The objectives of the Corporation are as follows:

- Promote tourism undertakings and control and regulate tourism installations and services
 - Organize receptions and information facilities in or outside Bangladesh
 - Create tourism awareness in the population
 - Establish institutes for the instruction and training of potential tourism personnel
-

According to Bangladesh Parjatan Corporation Order, 1972, the functions of the Corporation are, among others, to promote and develop tourism and to perform the following:

- Establish tourism infrastructures in Bangladesh
- Provide facilities to undertake measures and carry out all kinds of activities connected with tourism
- Acquire, establish, construct, arrange, provide and run hotels, restaurants, rest houses, picnic spots, camping sites, theatres, amusement parks and facilities for water skiing and entertainment
- Establish institutes for the instruction and training of potential tourism personnel

2.4.4.4. Bangladesh Tourism Board

It was considered imperative to have a national tourism organization in Bangladesh that could steward all promotional and development activities for the tourism industry. However, responsibility for a fully fledged national tourism organization was not properly aligned and identified for some time. Bangladesh Parjatan Corporation had been established in 1973, yet it could not play the role of a national tourism organization as it had the dual responsibility to pioneer and run tourism business installations and services as well as promotional activities. Realizing the importance of tourism, the Government established the Bangladesh Tourism Board under the Tourism Act, 2010, as another national tourism organization in addition to Bangladesh Parjatan Corporation. The Board was formed on the basis of a public–private partnership following strong demand from the private sector and the tourism industry and the recommendation of the United Nations World Tourism Organization to introduce public–private partnerships in tourism management. The Board is responsible for taking the lead role in promoting and marketing tourism in Bangladesh domestically and internationally. The Board is expected to be engaged in formulating tourism plans and policies for the development of tourism, along with attracting foreign investment in the sector. The formation of the Board is yet another positive step for promoting the tourism industry in Bangladesh. However, the Board is struggling to maintain its role as a national tourism organization with certain limitations. The Board is not fully operational as its regulations, organization chart, table of equipment and other matters are awaiting the approval of the Ministry of Public Administration and the recruitment process and other procurement is consequently delayed. A joint secretary of the Government currently serves as chief executive officer of the Board. Ten officers from the Bangladesh Parjatan Corporation and an officer from the Civil Aviation Authority are attempting to activate the Board with their limited capacities.

2.5. Recent Initiatives for the Development of Tourism

2.5.1. Initiatives by the Ministry of Civil Aviation and Tourism

To contribute to the transformation of Bangladesh into a middle-income country through the development and expansion of the tourism sector, the Ministry of Civil Aviation and Tourism has undertaken several short-term (3–5 years; 2014–2017), medium-term (6–10 years; 2014–2020) and long-term (10–15 years; 2014–2025) projects through its different departments. Based on potential tourism attractions and areas, eight tourism areas – the Chittagong Hill Tracts, Greater Chittagong and Cox’s Bazar, Greater Dhaka, Greater Khulna and the suburbs, Greater Mymensingh, Greater Rajshahi and the North, Greater Sylhet and the coasts and islands – have been delineated in Bangladesh, with different plans and diverse short, medium and long-term initiatives to improve the tourism facilities of each. In total, 127 short, medium and long-term projects have been proposed for the development of the tourism sector, to be implemented in 2014–2025, including four ongoing projects by the Ministry at both the national and city area levels. The proposed projects include the construction of new international and domestic airports, the development of infrastructure, tourism and transport systems and exclusive tourism zones and the upgrading of existing tourism facilities.^x

2.5.2. Initiatives by the Bangladesh Bureau of Statistics

The economy of Bangladesh is classified into 15 industrial sectors, according to International Standard Industrial Classification Revision 3.1, and tourism is not classified as a separate industrial sector in national accounts statistics. The tourism satellite account framework is the central platform developed by the United Nations and used globally as a tool for the economic measurement of tourism, including

estimates of the contribution of tourism activities to GDP. The Bangladesh Bureau of Statistics undertook a pilot tourism satellite account using results from a survey on selected tourism activities in 2011–2012 and other secondary sources to develop, for the first time in Bangladesh, a reliable database for this important sector. The Bureau successfully completed survey activities and compiled the pilot tourism satellite account for 2011–2012 in June 2014. This effort was of importance due to the significant contribution of the tourism sector to the economy of Bangladesh, and the study findings contribute to improving the quality of GDP estimates in Bangladesh with respect to coverage, comprehensiveness and reliability. The information is expected to be useful in the formulation of development policies for the tourism sector and of great benefit to other users in this field. However, this pilot was only the first, and several further rounds are required to develop a complete tourism satellite account for the economy of Bangladesh.^{xi}

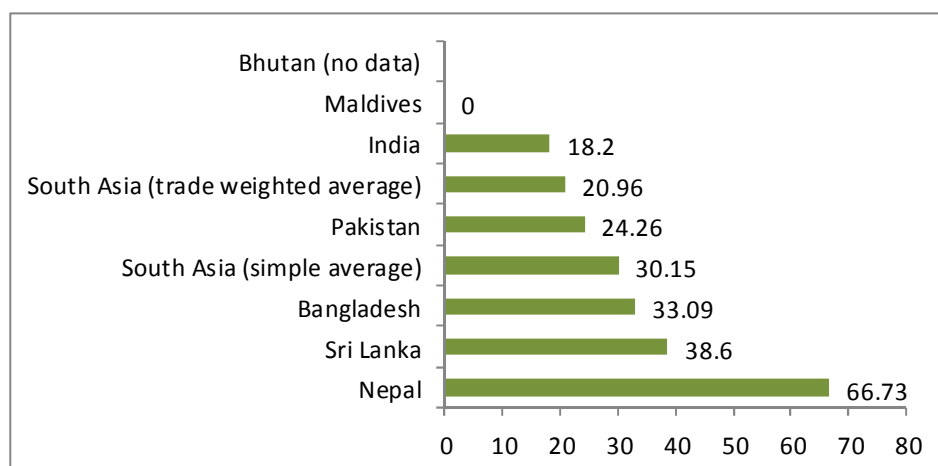
2.5.3. Initiatives by Public–Private Partnerships

The concept of public–private partnerships for development activities is relatively new in Bangladesh. In 2013–2014 (fiscal year) 35 public–private partnership projects were approved by the Cabinet Committee on Economic Affairs, six of which were related to the development of tourism, as follows: establishment of international standard tourism complex in existing Motel Upal (Bangladesh Parjatan Corporation) compound, Cox’s Bazar; development of tourism resort and entertainment village, Parjatan Holiday Complex, Cox’s Bazar; construction of exclusive tourism zone, Sabrang, Cox’s Bazar; surveillance system with radar, Hazrat Shahjalal International Airport, Dhaka; construction of watchtower, Kuakata; and establishment of five-star hotel and other facilities in existing Motel Sylhet (Bangladesh Parjatan Corporation) compound (Ministry of Finance, 2014).

2.6. Trade Liberalization Commitments Affecting the Sector

According to the GATS Restrictiveness Index for Tourism and Travel Services, Bangladesh is more restrictive than Australia, the United States and Europe. As shown in figure 10, although Bangladesh is more liberal than the South Asian average, Sri Lanka and, in particular, Nepal, are much more liberal.

Figure 10. General Agreement on Trade in Services Restrictiveness Index for Tourism and Travel Services, 2006–2009



Note: The index measures the extent of commitments for the tourism and travel services subsectors as classified by GATS and in the four modes of GATS, from 0 to 100, with 100 as the most liberal.

Source: World Bank database.

2.7 Analysis of Strengths, Weaknesses, Opportunities and Threats

Table 15 provides a comprehensive portrayal of the internal (strengths and weaknesses) and external (opportunities and threats) factors related to the tourism services sector.

Table 15. Tourism Services: Analysis of Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> • Abundant tourism assets and natural resources, including natural beauty and biodiversity • Long sandy beaches, including at Cox's Bazar and at Kuakata, which has both sunrise and sunset views • Large number of species, including the Bengal tiger, cobras and many birds • Numerous other natural attractions, including islands, hills and forests • Rich ecotourism and archaeological sites • The Sundarbans (World Heritage natural site with one of the largest contiguous mangrove forests in the world) • Two World Heritage cultural sites, namely the Historic Mosque City of Bagerhat, listed by Forbes in 2011 as one of 15 lost cities of the world, and the Ruins of the Buddhist Vihara at Paharpur, among the best known Buddhist monasteries south of the Himalayas • Rich cultural heritage and religious harmony • Ethnic diversity and traditional villages lending themselves to cultural tourism • Nation famous for hospitality • Around 10 million diaspora population, which could lead to nostalgia tourism and visits to friends and family 	<ul style="list-style-type: none"> • Lack of reliable tourism statistics and data • Absence of proper tourism policy and master plan • Inadequate allocation of funds in national budget and lack of implementation capacity • Inadequate infrastructure and facilities • Lack of modern and adequate recreational and tourism facilities • Lack of proper country branding • Lack of well-trained human resources in the sector • Visa restrictiveness • Lack of FDI • Underdeveloped communications system • One of most natural disaster-prone countries in the world • Low ranking in environmental sustainability (133), which could erode the country's natural resource base unless measures are taken to improve sustainability • Cultural and social restrictions on dress and behaviour that may deter travellers, particularly women, from less restrictive cultures. In particular, women might not fully enjoy beach vacations where they cannot wear swimsuits without being ogled and harassed • Harassment by law enforcement agencies and brokers at airports and tourism areas • Lack of proficiency in foreign languages • Lack of awareness in the population regarding the benefits of tourism, both locally and internationally • Illegal hunting and fishing in the Sundarbans, leading to loss of valuable wildlife • Absence of sufficiently trained guards at beaches to assist tourists in an emergency, and inadequate health facilities in tourism areas • Shortage of sufficient accommodation, food and beverage services and amusement services
Opportunities	Threats
<ul style="list-style-type: none"> • Price competitiveness • Demographic pattern, including a high proportion of youth and those of working age • Scope to diversify products related to tourism and expand ecotourism and niche tourism-related products and services such as education-related tourism, health tourism and religious tourism • Positive country branding by the Government and private sector may attract increased tourism inflow • Geographic location, landscapes and climate suitable for development of all 	<ul style="list-style-type: none"> • Political unrest and adverse security systems, including frequent strikes that turn violent, ethnic conflicts and occasional kidnappings, which may deter visitors. For example, the scenic Chittagong Hill Tracts are largely closed to tourists for this reason • Foreign perception as a country of poverty, political unrest and corruption, and prone to flooding

<p>kinds of tourism</p> <ul style="list-style-type: none"> • Scope to strengthen linkages between tourism sector and other related sectors as a means to promote economic development • Potential to develop joint marketing and promotion efforts and regional tourism activities as part of regional integration efforts of the South Asian Association for Regional Cooperation (SAARC) 	
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2.8. Policy Recommendations

Both the sixth Five-Year Plan (2011–2015 fiscal years) and Perspective Plan of Bangladesh 2010–2021 set short and medium-term specific and time-bound goals, objectives and targets for the development of tourism in Bangladesh, yet neither specifies an implementation mechanism to achieve the goals and targets. National Tourism Policy 2010 briefly notes an implementation strategy and suggests a specific intuitional framework to ensure the inclusive and well-coordinated development of tourism in Bangladesh, which has not yet been put in place. Although Bangladesh has much potential for the development of tourism, the current situation is not favourable, as emphasized in the sixth Five-Year Plan. Following consultations with stakeholders and based on the findings of the present study, the following suggestions are made with regard to the development of tourism in Bangladesh:

- A tourism master plan should be in place, specifying short, medium and long-term goals and targets for tourism development and establishing specific mechanisms to achieve them.
- Reliable and quality tourism data and information is required for the formulation of practically implementable development policies for the tourism sector. Developing a reliable tourism database and statistical infrastructure should be given high priority, for effective monitoring and evaluation of the implementation of a tourism vision, mission and targets.
- A sufficient and quality infrastructure and communications system is one of the prerequisites for attracting domestic and international tourism. Specific focus should be given to the development of infrastructure and communications systems in tourism areas, which need to be well connected by road, air and waterways. Tourism facilities should be developed in such areas, and security and means of communications, adequate safety measures and health facilities should be ensured.
- The allocation of a necessary budgetary provision should be ensured for the well-coordinated development of tourism services. Budgetary measures should be taken whereby significant public investment programmes, required to develop tourism areas and ecosystem services, are provided.
- Necessary steps should be taken to attract private and foreign investment in the tourism sector. Specific incentive schemes and policy support mechanisms should be designed for this purpose. Public–private partnerships may be a useful way to attract such investment.
- The financial and technical capacity of the concerned ministries and national tourism organizations should be substantially increased to implement the present tourism policy and achieve the targets set by the sixth Five-Year Plan and Perspective Plan of Bangladesh.
- Implementation of National Tourism Policy 2010 should receive utmost priority. The activities of Bangladesh Parjatan Corporation and the Bangladesh Tourism Board should be properly linked in order that they complement each other.
- A well-coordinated skills development scheme should be implemented for those involved in tourism services delivery, to ensure the development of tourism services, and also to contribute to employment generation, inclusive socioeconomic development and poverty reduction, one of the major objectives of National Tourism Policy 2010. Special training, English skills and capacity should be developed for human resources in this sector and tourist guides provided to cater high quality services to international tourists.

- Positive country branding is essential to increase tourism exports. Widespread promotion and integrated marketing is necessary to attract both domestic and foreign tourism, along with the development of new tourism-related products and the conservation of local culture, archaeological wealth and heritage. Specific focus should be given to ensuring positive news in local and international media. Diplomatic and commercial missions abroad should be extensively involved in the promotion of tourism in Bangladesh through the distribution of promotional materials, increased advertisement, the arrangement of seminars, symposiums, workshops and country fairs and the use of Facebook, Twitter and other up-to-date communications tools and mechanisms for the promotion and advertisement of tourism attractions.
 - In order to diversify the tourism industry, there should be a focus on developing ecotourism and tourism related to beaches, cities, communities, culture, history, mountains, religion, rivers, seas, special interests, sports (such as skiing), villages, youth and other areas, as well as mass tourism.
 - While focusing on the development of tourism, ecological balances and natural diversity must be ensured, and negative impacts on the environment and related to climate change should be minimized. Specific focus should be given to encouraging green, low-impact, nature-related and soft tourism, among others.
 - The Government has signed agreements with 63 countries to grant visas on arrival for their citizens. This ensures easy entry for tourists from these countries. However, this system is only available at airports. Introduction of a visa-on-arrival system at all land ports would help to attract more tourists from these countries.
 - Specific initiatives should be taken towards developing regional tourism. Easy connectivity may be a vehicle for encouraging such tourism. Joint marketing and promotion efforts for such tourism as a part of Asia-Pacific Trade Agreement, Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation and SAARC regional integration processes, as well as bilateral cooperation, should be implemented.
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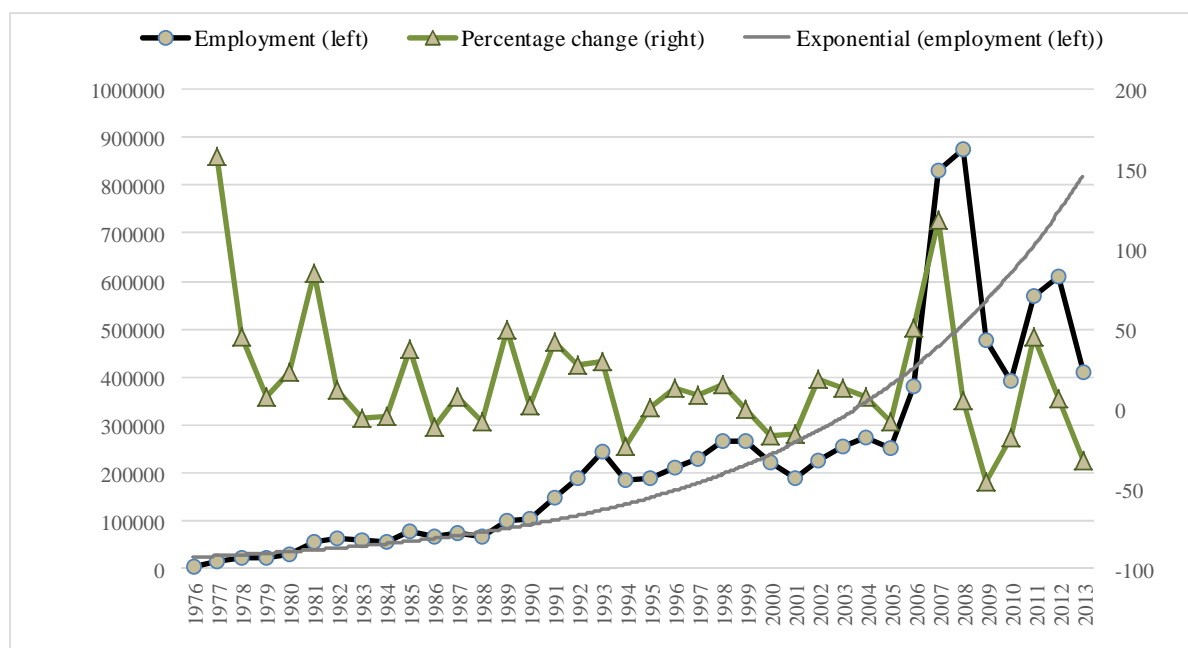
CHAPTER 3: LABOUR FORCE EXPORTS

Chapter 3 provides an overview of the export of services from Bangladesh under GATS mode 4 and the countries and sectors in which Bangladesh has potential for such exports, especially in professional and skilled categories, with particular attention to nursing and midwifery, engineering and architecture and accounting and auditing services, as earnings in these fields are higher and lead to greater amounts of remittances to Bangladesh. Supply-side capacity and constraints are identified and the removal of barriers is addressed, with relation to interest from the Ministry of Commerce in undertaking policy measures with regard to these aspects. Finally, the reasons for the delayed utilization by Bangladesh of the LDC waiver under mode 4 are examined, along with whether this waiver is applicable to labour force exports from Bangladesh and how Bangladesh may be brought into the waiver scheme in order to tap the potential for accessing labour markets in developed countries.

3.1. Trends

Data is not available for exports of professional services under mode 4. The following analysis therefore uses, as proxy for data on mode 4, data for labour force exports in general and for services trade in professional categories, which are available from secondary sources. Labour force exports show an encouraging trend over the long term, albeit with occasional drops, as shown in figure 11. However, the recent performance of gross annual exports, especially after the fallout from the global financial crisis, shows extensive fluctuation not previously seen in the history of labour force exports.

Figure 11. Trends and Annual Changes in Labour Force Exports, 1976–2013



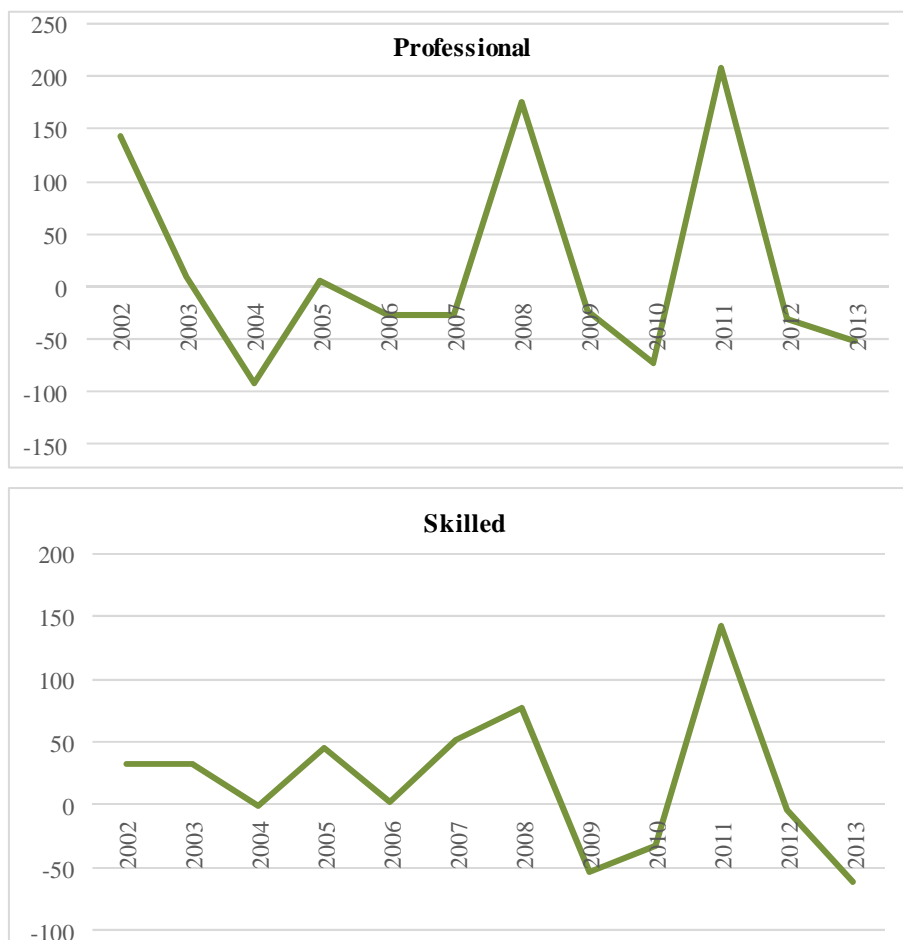
Source: Bureau of Manpower, Employment and Training (BMET) database.

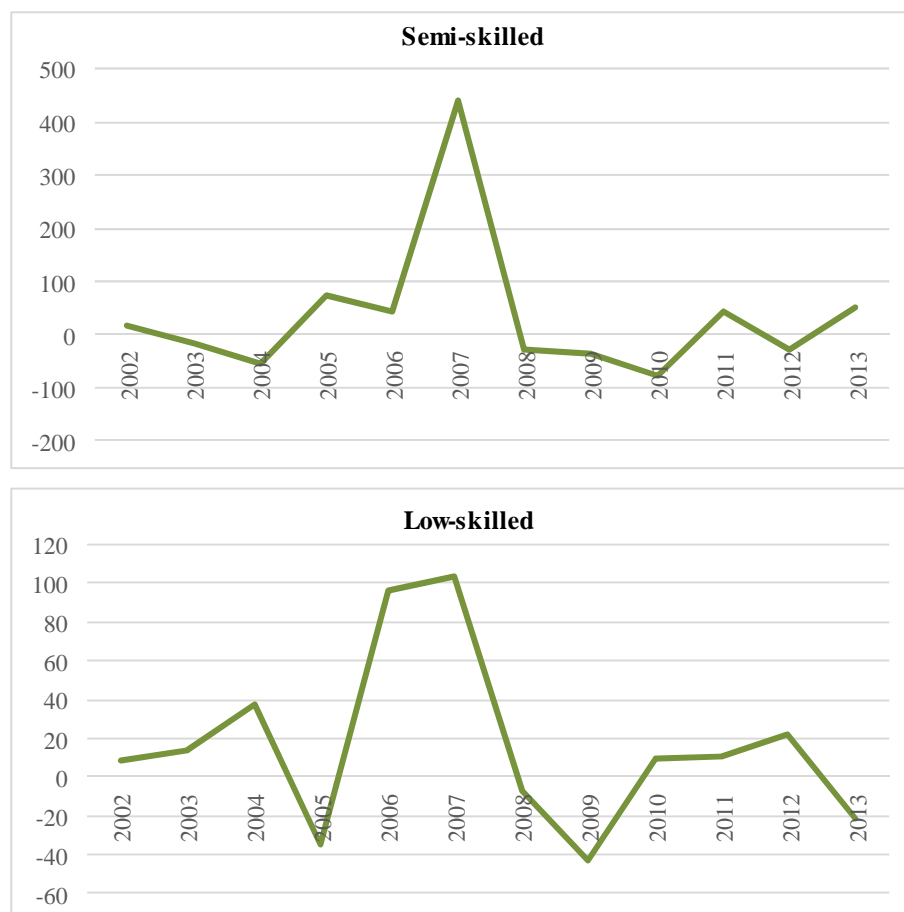
Total foreign employment of the Bangladesh labour force grew from 6,087 in 1976 to 409,253 in 2013. An overall increasing trend may be seen during this period, with positive growth in the 1980s and mid-1990s up to the late 2000s. In the recent past, there was a sudden leap after 2005, reaching a peak in 2008, following which there was a period of growth from 2010 to 2012 and then another sudden drop of about 33 per cent in 2013, compared to 2012. A recent volatility in labour force exports has been observed in all skill categories. Specifically, as shown in table 16 and figure 12, from 2001 to 2007, total labour force exports grew at an impressive rate of on average 33.5 per cent annually. However, after the outbreak of the global financial crisis, from 2008 to 2013, such exports registered negative growth of -6.4 per cent.

Table 16. Skill Composition of Migrant Workers, 2001–2013

	Professional	Skilled	Semi-skilled	Low-skilled	Other	Total
2001	5 940	42 742	30 702	109 581	..	188 965
2002	14 450	56 265	36 025	118 516	..	225 256
2003	15 862	74 530	29 236	134 562	..	254 190
2004	12 202	110 117	28 327	113 670	8 582	272 958
2005	1 945	113 655	24 546	100 316	12 240	252 702
2006	925	115 468	33 965	220 436	10 722	381 516
2007	676	165 338	183 673	472 700	10 222	832 609
2008	1 864	292 364	132 825	437 088	10 914	875 055
2009	1 426	134 265	84 517	246 585	8 485	475 278
2010	387	90 621	20 016	272 118	7 560	390 702
2011	1 192	229 149	28 729	301 552	7 440	568 062
2012	36 084	173 331	104 721	284 153	9 509	607 798
2013	689	133 754	62 528	203 058	9 224	409 253
1976–2013	219 668	2 716 997	1 307 670	4 377 659	94 898	8 717 002
Percentage	2.52	31.17	15.00	50.22	1.09	100.00

Source: BMET database.

Figure 12. Annual Changes in Labour Force Exports, by Skill Level, 2002–2013 [Percentage]

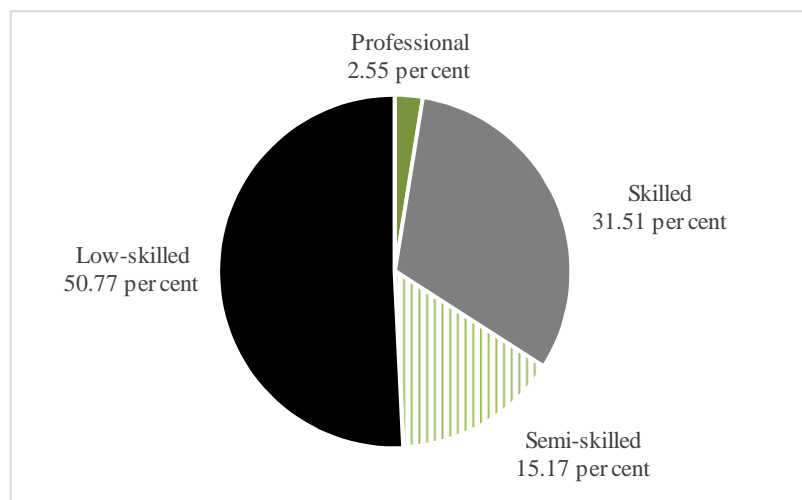


Source: BMET database.

Differences in the impact of the financial crisis may be seen in different categories of exports. Labour force exports in the professional category grew at a rate of 1.9 per cent annually between 2001 and 2007, and at a rate of 33.8 per cent in the following years. This may demonstrate an impressive performance despite the financial crisis. However, total exports in this category show a sharp decline since 2004, and have not managed to realize the gross levels attained in 2003.

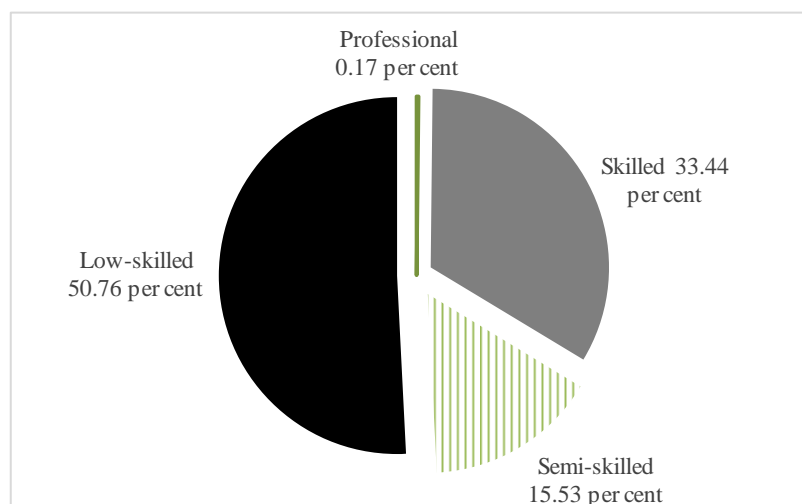
Over the long term, the share of the low-skilled labour force has been slightly higher than half of total exports, while the share of the skilled labour force has been nearly one third and the share of the professional labour force has been 2.55 per cent, as shown in figure 13. However, the share of the professional labour force has dropped significantly in recent years and was only 0.17 per cent in 2013, as shown in figure 14. Skilled and semi-skilled labour force exports have also dropped proportionately in recent years. The share of the low-skilled labour force remained half of total exports in 2013, in line with the long-term trend. This strongly suggests that Bangladesh is gradually relying on the low-earning labour force, due to falling demand for the other categories in the world market.

Figure 13. Skill Composition of Labour Force Exports, 1976–2013



Source: BMET database.

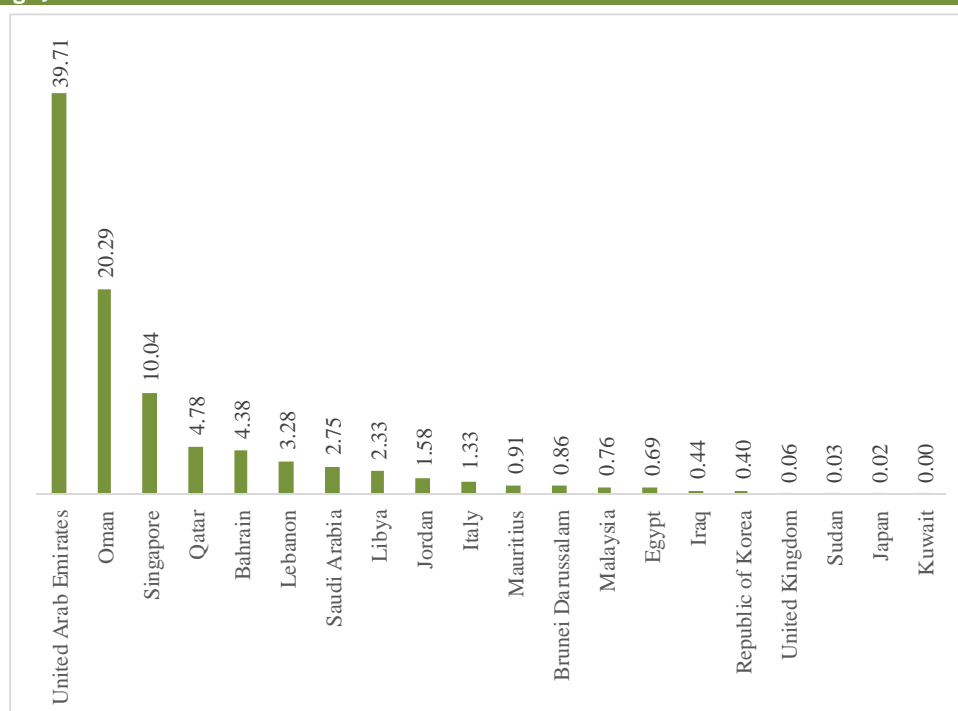
Figure 14. Skill Composition of Labour Force Exports, 2013



Source: BMET database.

Another significant characteristic of labour force exports is overdependence on traditional destinations. In 2009–2013, nearly three quarters of labour force exports were to nine Middle Eastern countries, and 60 per cent of this number was to Oman and the United Arab Emirates, as shown in figure 15. This labour force is overwhelmingly semi-skilled and low-skilled in nature. However, Singapore is becoming one of the prominent destinations, with a share of 10 per cent in 2009–2013, compared to a share of only 5.6 per cent in 1976–2013.

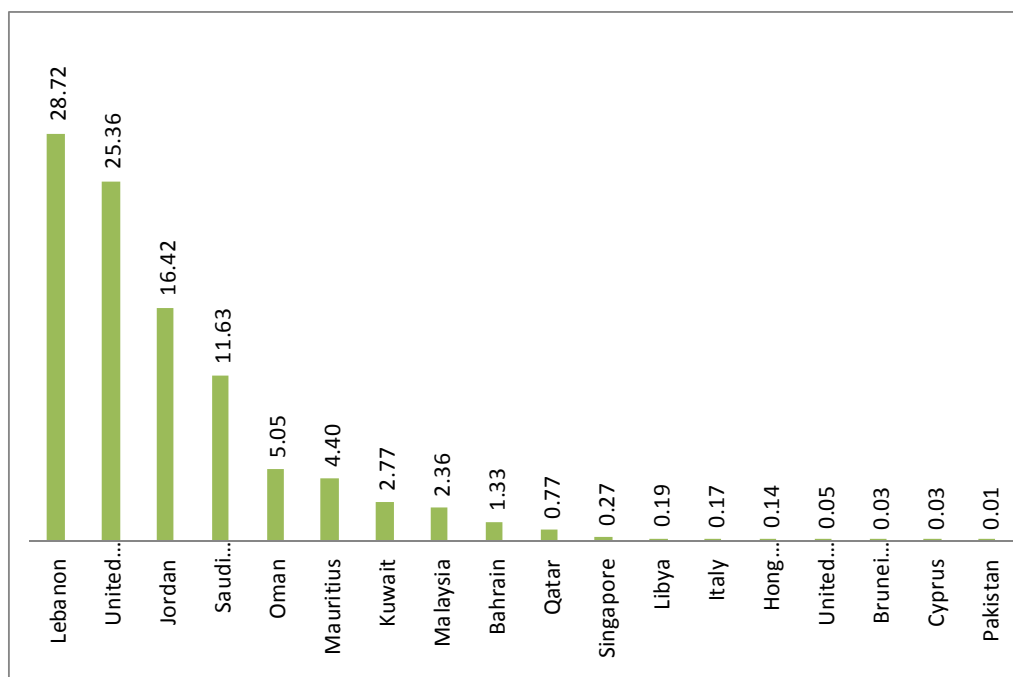
Figure 15. Shares of Notable Destinations of Labour Force Exports, 2009–2013 (Percentage)



Source: BMET database.

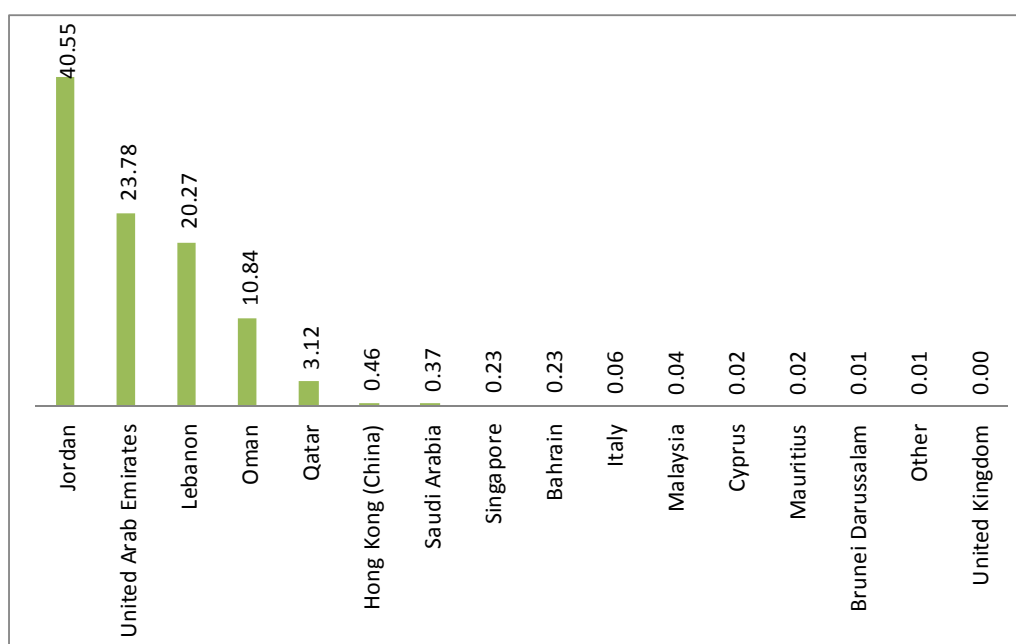
The export of women workers has recently attracted attention, mainly due to the increasing volume of exports and emerging job opportunities abroad. Although gross exports declined by about one third, exports of women workers increased by 24 per cent, from 37,306 in 2012 to 46,230 in 2013. The growth of exports of women workers thus shows a robust trend that was resistant to the global financial crisis. The overwhelming majority of exports of women workers are to the Middle East, due mainly to demand in the household and personal services sector. From 1991 to 2013, almost all exports of women workers (92.08 per cent) were to the Middle East, with Jordan, Lebanon, Saudi Arabia and the United Arab Emirates attracting 82.13 per cent, as shown in figure 16. Although their shares were smaller, other important destinations outside the region during this period were Malaysia, Mauritius and Singapore. In 2013, Jordan headed the list of destinations for women workers and, along with Lebanon, Oman and the United Arab Emirates, accounted for more than 95 per cent of labour force exports, as shown in figure 17.

**Figure 16. Shares of Destinations of Women Workers, 1991–2013
(Percentage)**



Source: BMET database.

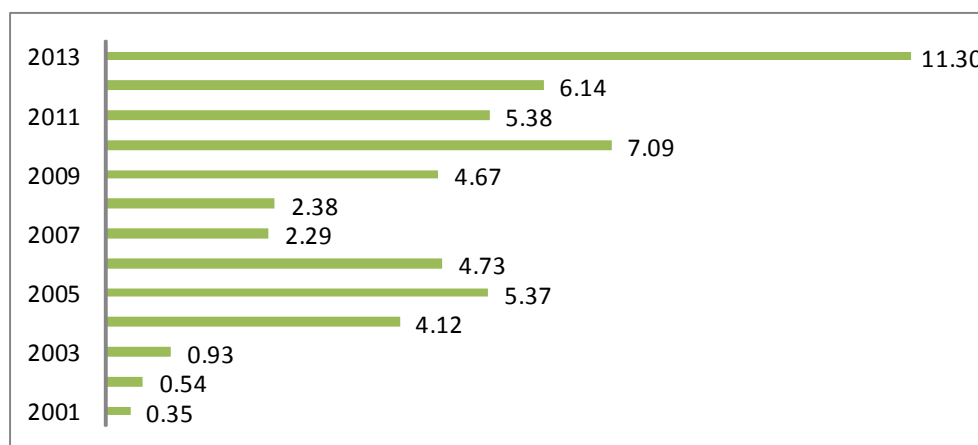
**Figure 17. Shares of Destinations of Women Workers, 2013
(Percentage)**



Source: BMET database.

Since 2009, the share of women workers in total labour force exports has shown an encouraging trend, ranging between 4.7 and 11.3 per cent, with the highest share in 2013, as shown in figure 18. Although there has been occasional encouraging news of opportunities in Hong Kong (China), Mauritius and Singapore in recent years, such opportunities remain far from being realized; the data show a meagre share of total employment of foreign women workers in these markets.

Figure 18. Share of Women Workers in Total Labour Force Exports (Percentage)



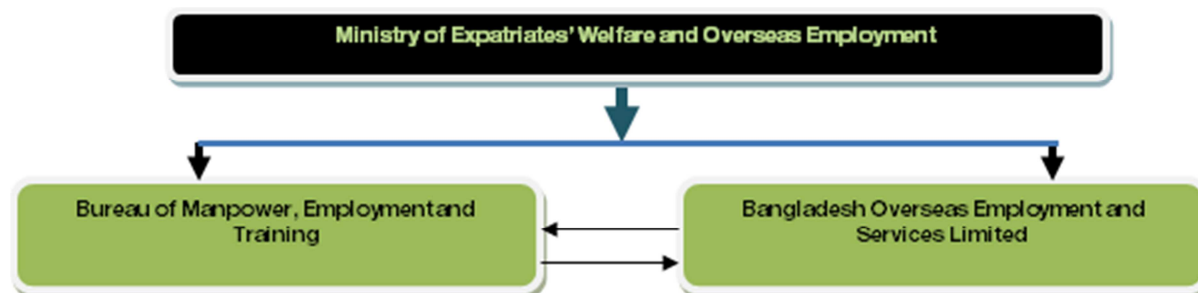
Source: BMET database.

3.2. Policy, Regulatory and Institutional Frameworks

3.2.1. Institutional Framework

Labour migration issues in Bangladesh are handled by five ministries, namely the Ministry of Civil Aviation and Tourism, Ministry of Expatriates' Welfare and Overseas Employment, Ministry of Finance, Ministry of Foreign Affairs and Ministry of Home Affairs. As shown in figure 19, the Ministry of Expatriates' Welfare and Overseas Employment is the core institution for all human resources export activities and BMET is the central regulatory body. Bangladesh Overseas Employment and Services Limited is a government-owned entity under BMET. The Bangladesh Association of International Recruiting Agencies is the largest and strongest separate entity, under which 1,400 independent private agencies work to explore new markets.

Figure 19. Administration of Foreign Employment



The Ministry of Expatriates' Welfare and Overseas Employment is responsible for facilitating the coordination and control of the function and activities of subsidiary offices for overall management of the migration process. The main functions of the Ministry are to ensure the welfare of workers from Bangladesh abroad, facilitate foreign employment, develop resource capabilities that meet the requirements of receiving countries, increase employment opportunities for the labour force in changing environments, develop the skill sets of workers and streamline the labour recruitment process in Bangladesh.

BMET was established to execute the plans and policies of the Ministry for enhancing labour migration, protecting the welfare of migrant workers and training workers. BMET controls and monitors the activity of recruiting agents. Its main activities are to register job seekers for local and foreign employment, promote employment at home and abroad, ensure the rights of migrant workers and extend welfare services to migrant workers. In addition, BMET is responsible for collecting, compiling and disseminating varied information on labour markets, but is not extensively involved in this regard. BMET is also engaged in human resources development through skills development training in various trades at its nationwide training centres. Currently, it has 38 training centres in nearly 30 districts. More training centres are

needed, to cover all districts in Bangladesh. In addition, the Government should increase the number of vocational schools and use them as training centres for labour force exports.

Established in 1984, Bangladesh Overseas Employment and Services Limited is a limited company, under the control of the Ministry, for increasing and processing foreign employment. Its main function is to recruit agents for the employment of Bangladesh nationals abroad, with a nominal service charge. It is also engaged in promotional campaigns in labour-receiving countries.

Labour wings in selected diplomatic missions also work under the Ministry. Officials are engaged for enhancing employment abroad, along with ensuring the welfare of migrant workers.

3.2.2. Policy and Regulatory Frameworks

Two major acts and policies regulate and guide labour force exports, namely Overseas Employment and Migrants Act, 2013 (which replaced Emigration Ordinance, 1982) and Overseas Employment Policy 2006, intended to be replaced by Overseas Employment Policy 2013. Both documents were drafted with technical assistance from the International Labour Organization, representatives of whom stated that they had adopted international standards of major labour and human rights treaties ratified by Bangladesh. National Skills Development Policy 2011 also aims to assist the foreign employment of Bangladesh nationals.

3.2.2.1. Overseas Employment and Migrants Act, 2013

Given the background of rampant unethical practices by recruiting agencies and the high costs for migration charged by such agencies, this Act is intended to regulate agencies in order to prevent fraud, deception and illegal practices and to protect the interests of job seekers and migrant workers abroad. It aims to make recruiting agencies transparent and accountable, and to protect the rights and interests of migrant workers. The Act allows migrant workers to file cases directly against recruiting agencies involved in fraudulent practices and other irregularities. The Act provides for a maximum of 10 years of imprisonment and a fine of at least Tk500,000 for violation of the law concerning labour force exports, and provides for seven years of imprisonment and a fine of Tk300,000 for forgery of a demand letter, visa or work permit, as well as for publishing false advertisements.

The Act defines the authority, powers, responsibilities and functions of BMET, primarily to regulate and secondarily to facilitate labour force exports from Bangladesh. The Act seems to imply that BMET is the only authority that handles this complicated issue, and the roles of other ministries and departments, such as the Ministry of Finance, Ministry of Foreign Affairs and Department of Immigration and Passports under the Ministry of Home Affairs, are not mentioned at all. The Act also does not include references to all migrant worker rights in line with international standards, although it notes that basic rights under international conventions that Bangladesh has ratified are included. In addition, the Act does not specify how government agencies may be compelled to provide services in accordance with the directives of the law other than by punishing the recruiting agencies. Other competing countries such as Nepal, Pakistan, the Philippines and Sri Lanka proactively provide support for training, soft financing, post-migration welfare and negotiations with host countries; government authorities in Bangladesh appear to be lagging behind in these aspects.

Finally, the Act does not reflect Overseas Employment Policy 2006 or Overseas Employment Policy 2013, although the Act provides legal binding for the policy assurances. The two main objectives of the Act are to replace Emigration Ordinance, 1982 and permit rapid punitive measures against illegal and unethical activities by recruiting agencies. No supporting rules and regulations have been prepared in order to make the Act functional.

3.2.2.2. Overseas Employment Policy 2013

Supported by the International Labour Organization in its preparation, this policy provides for a range of areas including, among others, bilateral agreements with host countries, country contexts, functions of different ministries and agencies, gender issues, international laws and obligations, rights of migrant workers, roles of private and international agencies and scope of migration in development subject to proper facilitation. The policy identifies relevant ministries – such as the Ministries of: Civil Aviation and Tourism; Commerce; Education; Finance; Foreign Affairs; Home Affairs; Local Government, Rural Development and Cooperative; Labour and Employment; Planning; Social Welfare; and Women and

Children Affairs – along with their respective functions in developmental issues, rights, safe migration and welfare. The major objectives are as follows:

- Create equal opportunities for all women and men interested in obtaining employment abroad in order that they may work independently and with safety and human dignity.
- Maintain consistency with international labour standards and legal documents that provide safety to migrant workers and their family members at all stages of the migration process by implementing domestic laws and rules.
- Maintain consistency with national and international labour standards, the United Nations Convention on the Elimination of All Forms of Discrimination against Women and other international legal documents aimed at protecting women from discrimination, safeguarding women workers and ensuring gender equity in the migration process by encouraging the participation of women in safe and dignified foreign employment.
- Incorporate migration in national development and planning frameworks by establishing greater consistency between the migration policy and other economic, social and labour-related national policies.
- Introduce an efficient and inclusive implementation framework to direct labour migration.

This policy document remains a generic one and is not intended to address long-standing issues of migration specific to Bangladesh. There is no commitment to attaining international standards related to the rights of migrant workers. While noting that gender equality should be achieved in migration, the policy does not clearly mention the steps to be taken to achieve such equality. The policy does not indicate where and how to receive services and what types of services and facilities the respective agencies and offices provide. For example, it notes a one-stop service but does not clarify, among others, the types of services, which matters are covered and where related centres will be established.

The policy refers to the role of the Ministry of Expatriates' Welfare and Overseas Employment, including the establishment of labour wings in diplomatic missions. Strong and effective labour wings are necessary in every diplomatic mission of Bangladesh, to handle the welfare of migrant workers, provide useful information to the Government and to migrant workers, generate market information and negotiate with host countries in expanding labour markets. Bangladesh currently has 28 labour wings in various missions. However, they lack relevant officials and are in many instances represented by officials from other ministries and bodies, such as information, intelligence and foreign affairs, who do not have backgrounds in labour affairs or welfare.

The policy does not accurately reflect migration management in Bangladesh. Such management may be successful if major bodies such as the Ministry of Expatriates' Welfare and Overseas Employment (International Labour Wing), Ministry of Finance, Ministry of Foreign Affairs and Department of Immigration and Passports work together in a concerted way. There is a strong need to bring training under the Ministry of Expatriates' Welfare and Overseas Employment, to provide specialized and specific training to those seeking employment abroad. In order to make it more migrant-friendly, the Department of Immigration and Passports may be separated from the Bangladesh Police or brought under the Ministry of Expatriates' Welfare and Overseas Employment. Such critical issues are not covered by the policy.

Finally, another important issue not addressed by the policy is how to compel host countries and organizations to safeguard the rights and interests of migrant workers. Bangladesh has no bilateral agreements or protocols regarding international standards for labour recipients to be brought to justice in the event of a violation of workers' rights.

3.2.2.3. National Skills Development Policy 2011

Since the 1970s, exploration of the labour force market has remained one of the core objectives of the foreign policy of Bangladesh. The current international market situation is dramatically different than that in the 1970s, however. Processes of globalization and technological development have increased the value of skilled workers, while unskilled workers are becoming marginalized. The decline in the number of workers in the developed world has increased the demand for labour from developing countries and the least developed countries. Developed countries are interested in importing workers from countries that have a positive security and law enforcement image. The skills, reputations and strategies of labour force-

exporting countries attract the attention of recipient countries. Within this context, National Skills Development Policy 2011 has a specific focus on skills development for employment abroad. The major objectives of the policy are as follows:

- Provide a clear statement of the reform agenda and strategy for skills development.
- Improve the quality and relevance of skills development.
- Establish more flexible and responsive delivery mechanisms that better serve the needs of individuals, labour markets and the wider community.
- Improve access to skills development for various citizens including women and marginalized groups such as persons with disabilities, encourage participation in skills development by industry organizations, employers and workers and improve skills acquisition in communities.
- Enable more effective planning, coordination and monitoring of skills development activities by different ministries, donors and industry and public and private providers.

The policy identifies some major target groups that require skills development and may be potential employees in different professions, including youth, women, low-skilled individuals and other marginalized and socially excluded persons, as well as self-employed workers and workers in small and medium-sized enterprises, the informal economy and the rural sector. The policy envisages the provision of demand-driven, flexible and responsive training, which would be attained by implementing a range of structural reforms in order that, through the Bangladesh skills development system, the Government, industry and social partners may more easily assess the skills needs of industry in Bangladesh, deliver nationally and internationally recognized qualifications that meet the needs of learners and employers and deliver higher quality skills outcomes to maintain the employability of individuals and increase their productivity. The policy outlines the skills development system, which consists of the following:

- National vocational and technical qualifications framework
- Competency-based industry sector standards and qualifications
- National quality assurance system

The national vocational and technical qualifications framework aims to expand the number of qualifications available in Bangladesh to better reflect the growing and changing occupational and skills profiles in both domestic and international labour markets. The framework aims to provide a new benchmark for international recognition of the skills and knowledge of workers from Bangladesh. The Bangladesh Technical Education Board is responsible for the implementation and periodic review of the framework. In addition, under National Skills Development Policy 2011, a competency-based training and assessment system will be introduced to respond to present and future industry needs. A national quality assurance system will also be introduced to ensure nationally consistent and high-quality training and assessment services for learners, to ensure that training providers in Bangladesh meet minimum standards related to the facilities and equipment they use.

The policy notes that the volume of remittances from migrant workers significantly depends on the skills development of such workers. The skills development system outlined by the policy aims to increase exports of quality labour through, among others, the following functions:

- Develop a national qualifications system to attain skills certification of an international standard, to attract international recruiting agencies and high-income host countries.
- Improve education and training through the involvement of other government agencies.
- Provide comprehensive pre-departure orientation, including ensuring a minimum level of host-country language skills.
- Provide career and vocational guidance.
- Increase the resources available for the skills training of migrant workers.

- Ensure a more coordinated approach to skills development for migrant workers.
- Provide skills training via public–private partnerships to those aspiring to work abroad.

National Skills Development Policy 2011 outlines approaches that may not be achievable, as the private sector, although it has substantial potential and capacity, has not been involved in the process. An overly regulatory approach may not work when there is a need for multi-stakeholder involvement. Instead, to achieve better migration-related outcomes, a comprehensive approach is necessary, and is missing from the current policy. Such an approach may be initiated by incorporating more content on migration-related concerns in different levels of schooling and formal training. More vocational and technical education with international accreditation should be initiated and promoted for job seekers migrating abroad.

The Government has introduced trade courses at vocational and technical levels to tap into opportunities in the international market for skilled and semi-skilled workers, as well as to meet domestic demand. The Government intends to set up a technical school in each upazila (district subunit) to expand vocational and technical education. An engineering college in the Barisal district and two women's polytechnic institutes in the Barisal and Sylhet districts, as well as 10 polytechnic institutes in other districts, are being established. In addition, 11 modern languages training institutes have been set up in six divisions, to teach the Arabic, Bahasa Malaysia, English and Korean languages to professionals seeking employment in the international market. However, there are concerns regarding curricula and course contents, the availability of technical equipment in practical classes, teaching standards for foreign languages, the quality of faculty and the overall quality and effectiveness of vocational and technical education and training.

Bangladesh should invest in and develop the required infrastructure to fully realize National Skills Development Policy 2011, and should improve skills training programmes and coordination among donors, government and non-governmental bodies, non-governmental organizations and private training organizations in delivering both formal and informal skills training. The National Skills Development Council should be more efficient and encompass the full range of formal and non-formal vocational, technical and skills-based education and training and pre-employment and livelihood skills training, including vocational and technical education and training and apprenticeships, education and training for employed workers, including workplace training, and employment oriented and job-related short courses for both domestic and international markets. Finally, Bangladesh should strengthen existing institutions such as BMET and the Bangladesh Technical Education Board and set up several standards and parameters for the improvement of skills.

Bangladesh has an opportunity to meet the demand for naval services, which are high earning and have the scope to provide jobs in all labour force categories. The rate of unmet global demand is currently 60 per cent, including professions such as captains, crews, deck hands, sailors and shipment officials. Bangladesh should take rapid steps to develop the labour force in this area to seize early benefits.

National Skills Development Policy 2011 was formulated to ensure the development of professional skills to serve domestic and foreign markets. However, the achievement of policy intents and commitments in practice may not be feasible unless the long-standing question of quality is properly addressed, to tap into opportunities in the dynamic and extremely competitive international market.

3.3. Supply of Professional Labour Force Exports

Bangladesh has the potential to export a professional labour force if available opportunities are properly explored, as shown in table 17. Three specific services are addressed in this section, namely nursing and midwifery, engineering and architecture and accounting and auditing, to assess whether Bangladesh has sufficient capacity to produce a competent labour force to respond to global demand.

Table 17. Employed Persons Aged 15 Years and Over, by Occupation, 2010

	Total	Men	Women
Engineers, architects and related professionals	10 487	8 440	2 047
Health-care professionals (except nursing)	23 175	18 588	4 587
Nursing and midwifery professionals	17 735	8 076	9 659
Modern health-care associate professionals (except nursing)	7 481	6 560	921
Nursing and midwifery associate professionals	1 190	0	1 190
Total employed persons	54 084	37 882	16 202

Source: Ministry of Planning, 2011, Report on Labour Force Survey 2010 (Dhaka, Bangladesh Bureau of Statistics).

3.3.1. Nursing and Midwifery

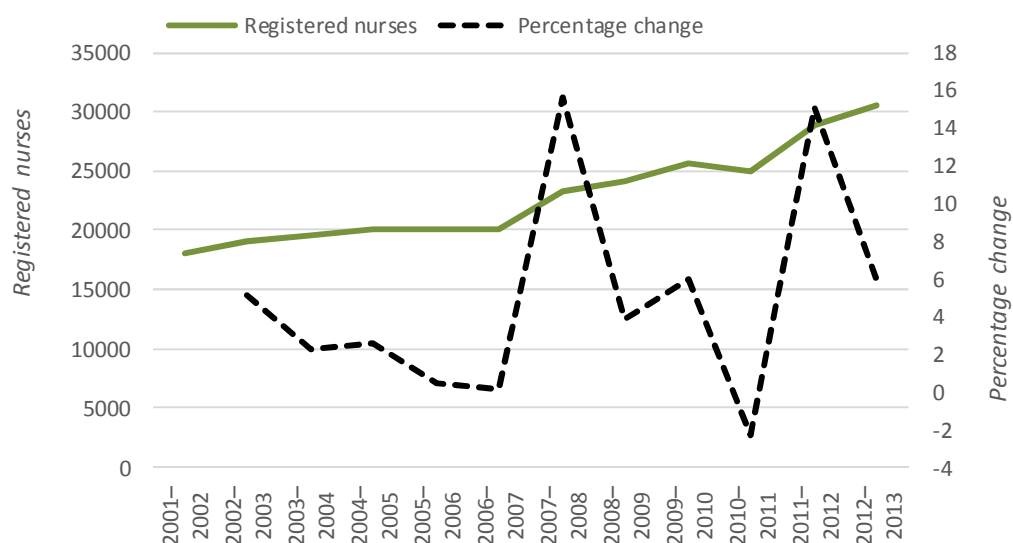
There is considerable demand for qualified nurses and midwives in Europe, the Middle East and North America, and in Australia, Japan and the United States, which alone needs 1.5 million new nurses. Bangladesh could potentially earn \$7 billion in foreign remittances per year if 200,000 nurses, earning an average annual salary of \$70,000 and remitting half of their income, were provided to these countries.

There were 856 registered midwives in Bangladesh in 1973–1974, of whom 523 were nurse-midwives.^{xii} No registration was required for midwifery practice, but the Nurses, Midwives and Health Visitors Council had regulations covering midwifery services. In 1974, there were 15 midwifery training schools capable of training 240 midwives, focused on serving the domestic market. Over the past decades, there has been considerable improvement in the training of midwives.

At the sixty-fifth General Assembly of the United Nations in 2010, the Prime Minister committed to improving maternal health, with regard to Millennium Development Goal 5. In order to increase the number of midwives (to produce and employ 3,000 midwives by 2015 and 7,000 in the ensuing years), two approaches were adopted, namely to skill up existing nurse-midwives through a certificate in midwifery programme and to scale up training with a three-year direct-entry diploma in midwifery programme. The certificate in midwifery programme, a short-term skill-up solution, was developed jointly by the Bangladesh Nursing Council, Directorate General of Health Services, Directorate of Nursing Services, Obstetrical and Gynaecological Society of Bangladesh, United Nations Population Fund and World Health Organization. The programme began as a pilot project in three selected training sites in 2010. Existing nurse-midwives with two years of work experience from the public sector, and now also from the private sector, are admitted to the training. There are 20 centres and a total of 710 certified midwives have been trained to date. The three-year direct-entry diploma in midwifery programme, a scale-up solution, was developed in 2012 and initiated in December 2012, with 525 students at 20 training sites.

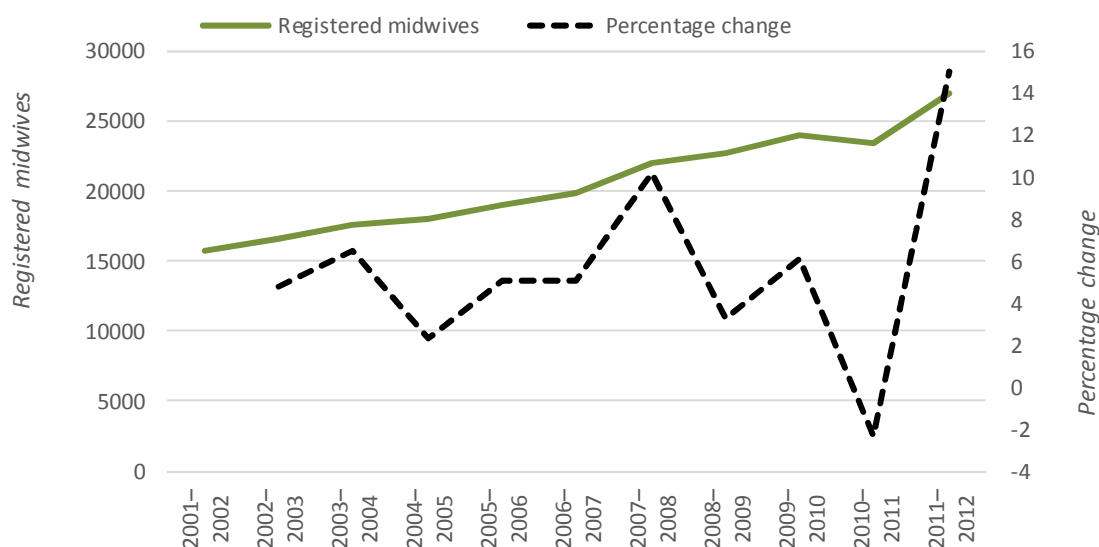
Currently, there are 30,418 nurses registered with the Bangladesh Nursing Council, of whom 17,753 are in government service, 1,100 work abroad and 10,000 work in private hospitals throughout Bangladesh. In addition, 174 nurses were provided a six-month midwifery certificate course as part of the programme to train up to 3,000 midwives. Figures 20 and 21 show the trends in the numbers of registered nurses and midwives.

Figure 20. Trends in Numbers of Registered Nurses, 2001–2013



Source: Ministry of Finance, 2015, Bangladesh Economic Review 2014 (Dhaka, Finance Division).

Figure 21. Trends in Numbers of Registered Midwives, 2001–2012



Source: Ministry of Finance, 2015.

A separate nursing directorate was established under the Ministry of Health and Family Welfare in 1977 to improve nursing services. There are 43 nursing institutes and 10 nursing colleges in the public sector and 39 nursing institutes, nine nursing colleges and five post-basic nursing colleges in the private sector. Each year, 1,250 nurses graduate from public nursing institutes and 530 nurses graduate from private nursing institutes. To increase the number of experienced nurses, the Government has undertaken an initiative to establish a nursing college in Dhaka offering a Master of Science degree, which, if implemented, could increase the number of nurses to 40,000 by 2016.

Nursing colleges and institutes lack posts for quality instructors and lecturers in nursing and midwifery. Existing faculty are mainly senior staff nurses. The United Nations Population Fund and World Health Organization are supporting the Government in planning, implementing, monitoring and evaluating the midwifery programme. The Directorate General of Health Services oversees the midwifery programme, the Directorate of Nursing Services oversees the placement of midwives and the Nursing and Midwifery

Council is attempting to improve quality in education.^{xiii} The Nursing and Midwifery Council Act was approved by the Cabinet in 2014 but is still in draft form.

Against the backdrop of significant prospects for employment abroad, nursing and midwifery training in all public and most private institutes suffers from the following serious drawbacks:

- The quality of nursing education and training does not meet domestic demand, let alone the demand for high-quality nurses in the international market, which is quite competitive. The ability of nurses to record and report in English is poor, and they are not able to interact with patients and attendants in an international environment.
- There is an acute shortage of teachers, with a vacancy of one third of all nursing instructor posts in public nursing institutes. The teacher–student ratio is high, at 1 to 57, given that a ratio of 1 to 20 is considered standard.
- There is a scarcity of nursing faculty with specialized knowledge and clinical skills, coupled with limited teaching and learning resources. Seconded nursing staff, physicians, medical assistants and retired faculty are employed as trainers, working in more than one institute at a time. They lack updated knowledge and English skills and therefore cannot produce a qualified labour force.
- The current curricula and syllabuses are outdated and can only provide limited knowledge through training. Although there is international support for curriculum development, teachers continue to use outdated curricula as they lack the capacity or resources to deliver new courses.
- There is a lack of classrooms of sufficient size and facilities, resulting in overcrowding of students and hampering quality of life and education. Many institutes lack the necessary equipment for practical training, and the number of practical classes is insufficient.
- Nursing training does not cover specializations required internationally such as cardiology, community service, gerontology, nephrology, neurology, orthopaedics, paediatrics, psychiatry and trauma.

As nurses with certificates and diplomas cannot be exported to the international market, the Government should focus on developing nurses and midwives with Bachelor of Science degrees. Curricula with special emphasis on spoken and written English should be developed for exporting such labour to developed country markets. The private sector should further invest in this sector. BRAC University has initiated a three-year diploma in midwifery programme with international faculty members in its Department of Midwifery at its Institute of Global Health, with support from the United Kingdom Department for International Development, to provide quality midwifery education. To tap into opportunities in the international market, Bachelor of Science degree courses in nursing and midwifery should be introduced at BRAC and other leading private universities.

3.3.1.1. Policy and Regulatory Frameworks

National Education Policy 2010 has a separate section on health education and medical services and sets the following aims and objectives:

- Produce consultants of a high standard and competent dentists, health-care assistants, nurses, physicians, specialists, technicians and workers and a competent labour force in health care.
- Ensure that health-care professionals are motivated and trained to work as sensitive and conscientious human beings.
- Make the benefits of advancements in medical sciences available to all sections of society.
- Develop qualified medical educators and specialists.

To attain these aims and objectives, the following strategies are suggested with regard to nurses (there is no strategy for midwives):

- Take measures to introduce Bachelor of Science and Master of Science degree courses in nursing, including nursing training centres with hospital management.

- Form a medical accreditation council with efficient personnel with the appropriate powers to evaluate and certify such institutes.

The main objective of National Health Policy 2011 is focused on nursing education, noting that the education system for all medical and nursing education and medical technology and health-related support staff must be modernized and updated to meet current needs in Bangladesh. The basic principles of the policy are as follows:

- Establish proper and acceptable administration, decentralize services provision and delivery systems and develop human resources. Take necessary measures to improve health services delivery and the quality of health services and amenities.
- Develop qualified and trained physicians at all levels to achieve health-related national-level targets.

The policy accordingly suggests the following strategies with regard to nurses and midwives:

- Establish a proper, demand-based health-related human resources development system to ensure optimum success in acquiring knowledge and efficiency.
- Include increased numbers of health-care workers such as nurses, paramedics, pharmacists, physicians, physiotherapists and technologists in human resources development.
- Take steps to employ additional labour, including nurses, paramedics, pharmacists, physicians, physiotherapists and technologists.
- Update education in medicine and for nurses, paramedics, physiotherapists and technologists and other health-care workers, along with training facilities, and ensure that such upgrades are people-oriented and in line with domestic needs.
- Nursing: Increase appropriate improved education institutes to fulfil the need for nurses and midwives with diplomas, and emphasize practical training and modern technology-based learning. Bangladesh has a lack of graduate-level nurses and their numbers may be increased by expanding the number of learning institutes. Education in specialized nursing disciplines such as cardiac surgery, coronary care, neurosurgery and others will be introduced. Bangladesh also has a lack of nursing teachers, and post-graduate nursing education will be initiated at Bangabandhu Sheikh Mujib Medical University and other institutes.
- Midwifery: Take necessary steps to develop human resources via education and training.
- Strengthen the Bangladesh Medical and Dental Council regulatory authority to monitor ethical practice-related issues, professional skills and registration with regard to medical practitioners. Similarly, reorganize and strengthen the Bangladesh Nursing Council.

3.3.1.2. Analysis of Strengths, Weaknesses, Opportunities and Threats

Table 18 provides a comprehensive portrayal of the internal (strengths and weaknesses) and external (opportunities and threats) factors related to nursing and midwifery services.

Table 18. Nursing and Midwifery Services: Analysis of Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> • Generally favourable policy and legal regime • Large number of public and private training institutes with external collaboration • Nursing faculty will be initiated at Bangabandhu Sheikh Mujib Medical University, to produce qualified nurses with 	<ul style="list-style-type: none"> • Ineffective curricula and syllabuses in training institutes • Quality of nursing and midwifery education and training falls far short of host-country requirements • Acute shortage of qualified teachers, practical classes and standard practical training materials

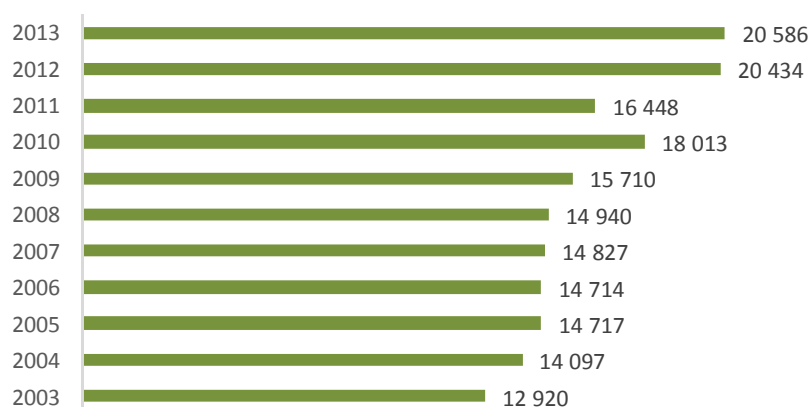
Bachelor of Science degrees, who may obtain employment abroad	<ul style="list-style-type: none"> No Bachelor of Science courses in midwifery to meet needs of international market Nursing training does not cover specializations required internationally, such as cardiology, community service, gerontology, nephrology, neurology, orthopaedics, paediatrics, psychiatry and trauma No mapping or database of global job opportunities
Opportunities	Threats
<ul style="list-style-type: none"> Growing demand for nurses and midwives in developing country markets Opening markets for skilled workers in Australia, Canada, Japan and New Zealand Higher-wage opportunities in the international market that attract nurses and midwives 	<ul style="list-style-type: none"> Strong competition from nurses from China, India, Pakistan, the Philippines and Sri Lanka, who may be of higher quality Emerging competition from migrant worker-exporting countries such as Cambodia, Nepal and Viet Nam Adverse cultural, technological and linguistic complexities, especially for women nurses

3.3.2. Engineering and Architecture

Engineers and architects are some of the leading professionals in Bangladesh. Until recently, only one public university – Bangladesh University of Engineering and Technology – produced high-quality engineers and architects. The Government has now transformed some institutes of technology in various districts into public universities, such as the universities of engineering and technology in Dhaka, Chittagong, Khulna and Rajshahi, although not all have faculties as highly qualified as that of the Bangladesh University of Engineering and Technology. A number of public institutes, such as the Institute of Leather Engineering and Technology of the University of Dhaka and the Bangladesh University of Textiles, produce specialized engineers in vocational fields. Such institutes aim to provide professionals to meet the needs of the domestic textiles and leather industries. The Bangladesh Marine Academy produces high-quality marine engineers, for which there is a high level of demand in the international market. Given this success, the United Maritime Academy, a private initiative of the United Group, has begun to produce marine engineers.

The number of engineering and architecture students at public universities is considerable, as shown in figure 22, and they work in various sectors alongside their own professions. Many private universities currently offer higher degrees in this field, including BRAC University and Ahsanullah University of Science and Technology. The Institution of Engineers of Bangladesh also has academic activities, and provides a Master of Engineering degree.

Figure 22. Number of Students in Public Engineering and Technology Universities

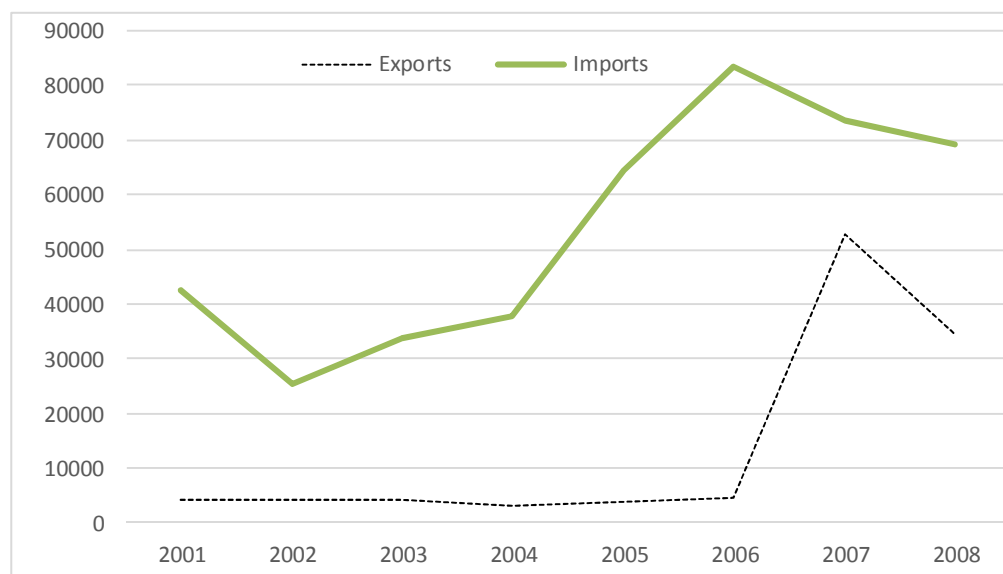


Note: Figures for 2013 are estimates.

Source: Bangladesh Bureau of Educational Information and Statistics database.

Trade in engineering and architecture services shows a persistent gap heavily disfavoured Bangladesh, although exports showed a sudden upward movement in 2007, rising from less than \$5 million to more than \$50 million, as shown in figure 23. Recent trends show Bangladesh's prospects for exporting a significant volume of services in this professional category.

**Figure 23. Trade in Engineering and Architecture Services
(Hundreds of Thousands of Dollars)**



Source: International Trade Centre Trade Map database.

3.3.2.1. Policy and Regulatory Frameworks

National Science and Technology Policy 2011 is a general policy on the scientific and technological development of Bangladesh, to be applied to different sectors, including health, agriculture and the environment. No specific mention is made in the policy objectives of developing a professional labour force. However, one of the activities included in the policy addresses the labour force related to science and technology and states that the policy will facilitate developing and strengthening such a labour force by providing for education and training at various levels, such as formal and informal technical school, pre-university, university and formal and informal post-graduate. The policy aims to meet the demand for labour in various sectors of the research and production system. Various subcomponents of activities are detailed as follows:

- Devise a strategy and introduce programmes to update professional and technological skills for better training.
- Continue training, develop and improve the labour force and organize new training, particularly for researchers and technologists employed by industries.
- Enhance management and institutional capacity in science and technology.
- Reverse the permanent outward migration of an efficient labour force in science and technology (brain drain).

National Education Policy 2010 has a separate section on engineering education, and sets the following aims and objectives:

- Develop a technically trained labour force to work for the development of Bangladesh.
- Place special emphasis on IT in all spheres of life, to develop an IT-based Bangladesh and create engineers who are likely to work towards fulfilling this goal.

To attain these aims and objectives, the following strategies are suggested:

- Ensure that teachers at engineering institutes work more than one shift, to respond to the demand for skilled engineers at national and international levels, and take steps to increase the number of engineering and technology universities if necessary.
- Focus greater attention on university-level research and post-graduate courses, to produce highly skilled engineers.
- Develop curricula in line with the unprecedented rapid growth of modern technology.
- Introduce new faculties of study in science and technology universities to produce competent engineers and technologists required in the fields of ceramics, chemicals, engineering, gas, IT, jute, leather and textiles, through further public funding.
- Make engineering, IT and technology-related courses more effective through updated curricula and course contents, in view of national and international demands.
- Introduce continuous training, education and professional development programmes for professional engineers to handle rapidly changing ICT, sciences and technology.
- Create opportunities for higher level studies in engineering and technology universities.
- Introduce a system of evaluation and recognition to ensure the proper evaluation and standardization of current engineering and technical education to maintain international standards. Relevant professionals and institutions will be engaged in this process.

3.3.2.2. Analysis of Strengths, Weaknesses, Opportunities and Threats

Table 19 provides a comprehensive portrayal of the internal (strengths and weaknesses) and external (opportunities and threats) factors related to engineering and architecture services.

Table 19. Engineering and Architecture Services: Analysis of Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> • Some public and private universities and institutes producing graduates in engineering and architecture • Favourable policy directives to produce quality engineers, keeping in mind demand from abroad (National Education Policy 2010) • Engineering and architecture institutes have chapters in almost all developed countries, which can help obtain employment • Government initiative to increase numbers of teaching shifts at public universities 	<ul style="list-style-type: none"> • Lack of proper evaluation and standardization of current engineering and technical education • Scarcity of highly qualified teaching faculties at engineering and technology universities • Lack of proper orientation and motivation to obtain employment abroad • Lack of market research on employment opportunities abroad • Excessive focus on domestic market
Opportunities	Threats
<ul style="list-style-type: none"> • Increasing export of engineering and architecture services and expanding market of services from Bangladesh • Prospects for computer and marine engineers in the international market • Emerging countries in Central Asia, Eastern Europe and Latin America have expressed interest in importing labour force in engineering and IT 	<ul style="list-style-type: none"> • Strong competition from China and India with regard to employment in developed country markets • Global financial crisis and eurozone crisis

3.3.3. Accounting and Auditing

Higher level degrees in accounting are provided at universities, including Bangladesh National University, through its affiliated colleges throughout Bangladesh. However, the quality and effectiveness of graduates from most of the universities and their affiliated colleges, with regard to working in an international environment, remains a challenge, except for graduates from a few leading public and private universities.

Chartered accountants are produced by leading chartered accountant firms such as the Institute of Chartered Accountants of Bangladesh – the only institution to train the most prestigious professionals and which regulates the chartered accountancy profession in Bangladesh – and can work in the international market.

Student enrolment in cost and management accounting professional education shows an encouraging trend. On average, close to 4,000 students were enrolled per year in recent years, the majority of whom were at the foundation level, as shown in table 20. Professional-level students are in high demand in developed country markets such as in Australia and North America.

Table 20. Enrolment of Cost and Management Accounting Professionals

Number of students by year, 2007–2012		Number of students by level, 2011–2012	
2007–2008	3 241	Foundation	3 088
2008–2009	4 297	Professional I	669
2009–2010	3 730	Professional II	86
2010–2011	3 832	Professional III	187
2011–2012	4 100	Professional IV	70

Source: Institute of Cost and Management Accountants of Bangladesh, 2012, Annual Report (Dhaka).

Qualified chartered accountants are highly paid professionals who are in high demand in the international market and therefore important in trade in services. They are trained in and possess expertise to perform, among others, accounting, auditing, computer-related auditing, financial management, information systems-related, IT-related, management, project appraisal and taxation services. As chartered accountants are recognized internationally, their quality is maintained through high standards of assessment and regulation by the Institute of Chartered Accountants of Bangladesh. The Government may therefore devise a strategy to export them to the international market. The data show an increasing number of articled students enrolled in chartered accountancy programmes under the Institute of Chartered Accountants of Bangladesh. As shown in figure 24, in 2012–2013, the Institute granted registration for articling to 1,477 students. A total of 1,136 students completed articling training and, in the second half of 2013, 739 students were registered for articling, and completed advanced level (part 3) training, for which there is a high level of demand in the international market.

Figure 24 Articled Students of Chartered Accountancy, 1994–2013



Source: Institute of Chartered Accountants of Bangladesh, 2013, Annual Report and Financial Statements 2012–2013 (Dhaka).

3.3.3.1. Policy and Regulatory Frameworks

National Education Policy 2010 has a separate section on business education, including accounting, and sets the following aims and objectives:

- Develop skilled human resources, including low, middle and high-ranking accountants, executives, managers and officers, in accordance with the needs of organizations of variable sizes.
- Facilitate earning of professional degrees in accounting, bank and insurance management, financial management and management.

To attain these aims and objectives, the following strategies are suggested:

- Take measures to coordinate, extend and revise business studies based on demand in domestic and international markets.
- Create facilities to improve teacher training at all levels of business studies education and encourage the establishment of a business studies training institute.
- Form a joint committee with university teachers, industrialists and representatives of a managerial level to prepare university-level curricula and course contents.
- Make short-term internships in the industry, trade and services sectors compulsory for graduate and post-graduate students in order that they may gain practical knowledge and experience.

3.3.3.2. Analysis of Strengths, Weaknesses, Opportunities and Threats

Table 21 provides a comprehensive portrayal of the internal (strengths and weaknesses) and external (opportunities and threats) factors related to accounting and auditing services.

Table 21. Accounting and Auditing Services: Analysis of Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> • Favourable policy directives to produce quality accountants (National Education Policy 2010) • Institute of Cost and Management Accountants of Bangladesh under the Ministry of Commerce produces advanced-level (level 4) professionals that can provide services in the international market • The Institute of Chartered Accountants of Bangladesh produces advanced-level (part 3), professionals that may obtain quality employment abroad and offer services in the international market based in Bangladesh 	<ul style="list-style-type: none"> • Lack of proper orientation and motivation among accountants graduating from general universities to obtain employment abroad • Lack of market research and a database of employment opportunities abroad • Most Institute of Chartered Accountants of Bangladesh and Institute of Cost and Management Accountants of Bangladesh students that complete articling and foundation levels prioritize the domestic market
Opportunities	Threats
<ul style="list-style-type: none"> • High export potential of accounting and auditing services and expanding market of services from Bangladesh • Good prospects for high-level professionals of both the Institute of Chartered Accountants of Bangladesh and the Institute of Cost and Management Accountants of Bangladesh • Lucrative employment and salaries in Canada, the United States and other developed countries 	<ul style="list-style-type: none"> • Competition from professionals from China, India and Pakistan • Global financial crisis and eurozone crisis

3.4. Opportunities and Challenges in the International Market^{xiv}

Close consideration of recent dynamics in the international labour force market reveals three types of opportunities for Bangladesh. First, there are ongoing opportunities in the existing market; second, new opportunities are developing in the existing market; and third, new opportunities are developing in new and emerging markets. This section addresses such opportunities in various countries and regions, along with challenges and possible ways forward.

3.4.1. Africa

Africa is emerging as a vital destination for labour force exports. The Government of Bangladesh is interested in further expanding into this labour force market. Countries such as China, India and the United States, as well as the European Union, are interested in accessing previously untapped resources through investments, which in turn generate employment opportunities. The following are established markets for labour force exports from Bangladesh: Algeria, Angola, Botswana, Libya, Nigeria and South Africa. Africa has a shortage of technical labour such as engineers, health-care and ICT professionals and physicians, which Bangladesh should try to meet. Other possible sectors include construction, manufacturing, mining and tourism.

3.4.2. Central Asia

This region may be an important destination for job seekers from Bangladesh. In the last two decades, economic developments in the region, coupled with existing huge amounts of natural resources and energy reserves, have attracted global attention. Large multinational companies are interested in investing in the region and exploiting energy resources. Despite the global financial crisis, the region has continued to achieve remarkable economic growth. Uzbekistan has shown interest in importing labour from Bangladesh.

3.4.3. East and South-East Asia

There are good prospects in Hong Kong (China), which is already importing women workers from Bangladesh for household and domestic services. The Government recently signed an agreement to export around 200,000 women workers and such exports are currently in progress.

In 2005, Bangladesh signed a memorandum of understanding with Japan with regard to exporting labour. There are good prospects in Japan; under the Japan International Training Cooperation Organization work programme, 70,000 to 80,000 workers from Bangladesh may be employed in the coming years. There are substantial exports opportunities for semi-skilled and low-skilled workers in small industries. Other potential areas are in halal food outlets, ethnic retail stores, restaurants and travel agencies, as well as in the used vehicle business. In 2012, Japan initiated a points-based system to promote the migration of highly skilled foreign nationals. Japan provides preferential treatment such as granting five years of stay and relaxing legal permanent resident requirements, thereby creating opportunities for professional and highly skilled workers from Bangladesh. Moreover, as Japan is expected to have an ageing population by 2020, Bangladesh could take steps to train nurses, as this service may be in high demand in the future.

Malaysia is one of the main lucrative labour-receiving countries, which has insufficient labour in sectors such as agriculture, construction, manufacturing and services. Under a recent Government-to-Government initiative, workers began to migrate to Malaysia in February 2013. Bangladesh has the possibility of exporting 500,000 additional workers over the next five years in such sectors.

The Republic of Korea is an important development partner of Bangladesh and there is a growing trend of labour exports to the country as well as demand for more skilled and semi-skilled workers. Bangladesh has prospects in the automobile and electronics industries and the IT and manufacturing sectors. Additional information is provided in section 3.5.2.

Singapore is an established market for labour force exports from Bangladesh. It is a net labour-receiving country that imports all categories of labour, with particular emphasis on professional and skilled labour.^{xv} Workers from Bangladesh currently work mainly in shipyards and in the construction and infrastructure development sectors. Additional labour may be exported in relation to, among others, carpentry, construction work, laying tile and welding. There are also many employment opportunities in other areas such as catering and hotel management and hospitals, including nurses, midwives and other health-care professionals.

Thailand is another vital importer of semi-skilled and low-skilled workers in this region. Immigration Act, 1950 and Foreign Employment Act, 1978 control the flow of foreign workers, mainly from China. Under the provisions, only professionals are permitted, not semi-skilled and low-skilled workers. However, since the early-1990s, encouraging economic prosperity in Thailand has led to the import of foreign workers, mainly in agriculture, construction, fishing, mining and tourism, all sectors to which Bangladesh may export a sizeable labour force. Dialogue has been initiated at the government level and should be expedited and given further impetus. More semi-skilled and low-skilled labour should be included.

3.4.4. Eastern Europe and Western Asia

Labour force demand in Eastern Europe is growing, as skilled workers from countries in the region migrate to the European Union in search of higher wage opportunities. Estonia, Latvia and Lithuania are known for their food processing, manufacturing and wood industries, and there is demand for workers who can operate machines and other equipment, as well as for health-care workers and salespersons. Armenia and Azerbaijan have chemicals, natural gas and oil industries that may require additional labour; Azerbaijan has shown interest in importing labour from Bangladesh. There is growing demand for construction workers and low-skilled workers in the oil industry. In many countries in the region there is demand in banking and services and for health-care workers, nurses and salespersons.

3.4.5. Middle East

Bangladesh is an overall labour-exporting country to the Middle East, in the low-skilled category. Bangladesh may strengthen its presence in this region by carefully considering the region's economic drive and development goals. Gulf Cooperation Council countries are attempting to reduce dependence on oil by diversifying their economic activities towards agriculture, industry, tourism and other sectors. Occupations currently in high demand in the Middle East include blacksmith, carpenter and joiner, cutter, driver, electrician, machine operator, mason, mechanic, operator, overseer, painter, plumber and pipefitter, refrigeration and air conditioning technician, steel fixer, salesperson and technician. In addition, there is

demand for skilled and professional workers such as accountants, architects, chemical and health-care technicians, diploma engineers, engineers, medical technicians, nurses and midwives, oil and gas exploration technicians, physicians, surveyors and others. Bangladesh has an opportunity to export more labour in these sectors.

Through its National Vision 2030 strategy, Qatar is attempting to diversify sources of income from exclusive reliance on hydrocarbons, and is investing significantly in rebuilding and revamping its infrastructure. There are many opportunities for exporting labour, mainly in the professional and skilled categories.

Saudi Arabia is becoming more diversified, with manufacturing and construction contributing to around 40 per cent of GDP. The Saudi Arabian General Investment Authority has identified many investment opportunities in the transport and logistics sector between economic hubs and other cities. An overall amount of \$100 billion in investment is anticipated over the next 10 years, including investments in air and sea ports, logistics, railways and roads. Government expansion plans for transport sector spending in 2010–2014 totalled SRI101.5 billion.^{xvi} The construction sector includes education, health, industry, infrastructure (marine, road, rail and airports), residential services, telecommunications and IT, water and power and waste management. The Saudi Arabian General Investment Authority intends to spend \$500 billion by 2020 on investments in education, energy, logistics and ports. Saudi Arabia has a high number of workers from Bangladesh, which may be further increased by tapping into such emerging opportunities.

Workers from Bangladesh may also be exported to other countries in the Middle East, such as Jordan and Lebanon, which are experiencing high GDP growth and undertaking many construction and economic diversification projects and therefore, due to an insufficient number of domestic workers, depend heavily on foreign workers. This may open up opportunities for workers from Bangladesh in the coming years. Potential sectors include agriculture, carpentry, computers and IT, construction, driving, electricity, engineering, nursing and occupational therapy, oil and gas, painting, plumbing, services, tailoring and welding, as well as jobs for chefs and cooks.

3.4.6. Oceania

Oceania may be a lucrative region for professional, skilled and semi-skilled workers from Bangladesh.

Australia has a labour shortage in certain areas and currently needs, among others, labour in the IT sector, nurses, physicians and specialists in computer science. Since the 1980s, the Government has been modifying migration policies to attract more professional and skilled workers. It is now encouraging temporary skilled migration rather than permanent settlement and has designed a general skilled migration programme to encourage skilled workers. The Department of Immigration and Border Protection establishes between 130,000 and 140,000 migration openings to meet labour market demands. The Government also has province-based strategies such as the skilled independent visa, regional skilled migration scheme and state and territory nominated independent scheme, to attract skilled migration, particularly from developing countries such as Bangladesh, India and Nepal.

Fiji is one of the developing economies in the Pacific. It is rich in forest, mineral and fish resources, and its tourism sector is rapidly flourishing, requiring labour in hotel management. Bangladesh may consider exporting labour to the tourism sector.

New Zealand is also encouraging skilled migration due to labour shortages, especially in the agriculture, construction and livestock sectors. Each year the Government establishes the requirement for workers in factories and industries and reviews the nature of occupations, to invite workers accordingly.

Papua New Guinea was the sixth fastest growing economy in the world in 2011, and is rich in mineral deposits (copper, gas, gold and oil). The country has expressed interest in workers from Bangladesh in the gas and infrastructure sectors.^{xvii}

3.4.7. South America

South American countries are emerging as important players in the global economy. The region is expected to become a global hub in the coming years due to investments by China, India and the United States, mainly in the mining and manufacturing sectors. These economies may be good destinations for labour from Bangladesh. They are also rich in mining, minerals, food processing and

tourism opportunities, which may be of interest to the Bangladesh labour force. Brazil has expressed interest in importing labour in the engineering and IT sectors.

3.4.8. Western Europe and North America

Most immigrants from Bangladesh are in France, Germany, Italy, Spain, Sweden and the United Kingdom in Europe, and in Canada and the United States. In recent years, there has been an increasing trend of migration to Austria, Belgium, Netherlands, Norway and other countries. In the global share of skilled migration to North America and Western Europe, Bangladesh is lagging behind in exploring the labour market. Some developed countries have flexible visa regimes for health-care workers, for instance Canada's live-in caregiver programme, to bring migrant workers to meet the growing demand for nurses. Migrant populations in France, Greece, Ireland, Italy, Luxembourg, Sweden and Switzerland, as well as the Isle of Man, comprise 10 to 50 per cent of the total population of each country or territory.^{xviii}

3.4.9. Challenges

Major challenges are as follows:

- Strong competition from workers from China, India, Pakistan, the Philippines and Sri Lanka, who may be of higher quality, and emerging competition from migrant worker-exporting countries such as Cambodia, Nepal and Viet Nam.
- Cultural, technological and linguistic complexities, especially for women workers. Workers from Bangladesh are not generally proficient in English and other host-country languages.
- Insufficient government-level initiative to facilitate labour force exports.
- Lack of constant liaison among different government institutions, namely the Ministry of Civil Aviation and Tourism, Ministry of Expatriates' Welfare and Overseas Employment, Ministry of Finance, Ministry of Foreign Affairs and Ministry of Home Affairs.
- Lack of diplomatic missions in many potential countries, and absence of labour wings in many existing missions.
- Unethical recruiting agencies with excessive charges for migrant workers and illegal methods of exporting labour. Some recruiters employ deceptive practices towards both foreign employers and local migrants.
- Short and ineffective pre-departure orientation, with little orientation in handling technological devices and with respect to health and hygiene.
- Ineffective professional training of nurses and midwives, coupled with poor quality English skills.
- Poor technical training. There are 54 technical training centres in Bangladesh to provide training to migrant workers. Most training programmes cover entry-level job criteria but not country-specific training or high-level training for skilled and semi-skilled workers.
- Lack of research on employment opportunities abroad and low investment in market exploration and external publicity of the labour force.
- Unauthorized workers from Bangladesh in many countries, leading to difficulty in exporting to existing destinations. Some workers have established unfavourable precedents due to their behaviour in host countries, including absenting themselves without leave from the workplace.

3.5. Possible Non-Traditional Destinations

In addition to traditional destinations and professions, there are new market opportunities that may be pursued for the temporary migration of semi-skilled and low-skilled workers, of which there are many. Temporary workers must return after completing a job, but may migrate again depending on the availability of opportunities. Three examples of such destinations are provided in this section.

3.5.1. Canada

The Seasonal Agricultural Workers Programme is a Canadian government programme introduced in 1966, initiated to support the country's agricultural sector and balance the shortage of local agricultural workers by allowing the temporary movement of agricultural workers from Jamaica during planting and harvesting seasons. Later, it was extended to allow workers from Mexico and from other countries in the Caribbean. The programme is implemented by Human Resources and Skills Development Canada with Service Canada, for adult populations (minimum 18 years of age) from labour-exporting countries. Workers are eligible for employment insurance and the Canada Pension Plan, must qualify under the immigration laws of Canada and the exporting country and be willing to work according to their employment contract, and are subject to income tax laws in Canada. Under the programme, temporary workers are allowed to remain in Canada for a maximum of eight months between 1 January and 15 December of a given year. Employers that wish to hire temporary workers must request authorization through a labour market impact assessment from Employment and Social Development Canada. Workers may be recruited more than once but must return to their home countries to apply for another work permit.

As the programme is limited to Jamaica, Mexico and other countries in the Caribbean, Bangladesh would need to sign a memorandum of understanding with Canada for short-term access to the labour force market. Diplomatic initiative is thus required from Bangladesh. However, while there is scope for workers from Bangladesh under this programme, exporting large numbers of workers may not be feasible as, for instance, corn and wheat farms are highly mechanized and workers are not in high demand during sowing and harvesting seasons. However, tomato and fruit (especially strawberry) farms and greenhouses need manual workers throughout the year. Workers from Bangladesh would have difficulty competing with workers from Jamaica, whose travel costs are lower, and who are more easily able to return to Jamaica during lean seasons and return to work during harvesting seasons. Affordable airfare packages are thus required, along with training in English and technological skills, to enable workers from Bangladesh to compete.

3.5.2. Republic of Korea

Labour from countries such as Indonesia, Mongolia, Pakistan, the Russian Federation and Viet Nam is exported to the Republic of Korea, and there are opportunities for Bangladesh. Employment is available in areas involving dirty, difficult and dangerous labour and in the last two decades there has been a significant increase of foreign workers in these areas, especially semi-skilled and low-skilled workers. There are considerable opportunities in sectors facing labour shortages such as the manufacturing of metal, plastic and wood products. Proactive initiatives should thus be taken by the Government; as there is a Government-to-Government arrangement between Bangladesh and the Republic of Korea, it may be easier for the Government to pursue such opportunities. In addition, the Republic of Korea will upgrade its services sector, which may require highly educated and highly skilled foreign workers. Given the existing low tax rate, the Republic of Korea may thus be a lucrative destination for skilled workers from Bangladesh.

3.5.3. United States

The guest worker programme in the United States, which has existed for many years, allows foreign workers to temporarily reside and work in the country. Workers typically perform semi-skilled or low-skilled agricultural, domestic or industrial labour in areas with labour shortages and return to their country of origin at the end of a contract. The guest worker programme in the United States does not exclusively focus on a specific country, and workers from Bangladesh thus have an opportunity to seek employment under this scheme. Currently, the H-2 visa programme, a non-immigrant temporary visa for low-skilled labour, offers both agricultural and non-agricultural opportunities for guest workers. The H-2A programme allows farm owners to apply to the Department of Labour to bring in low-skilled labourers for seasonal agricultural work, and the H-2B programme covers all non-agricultural work. Visas are valid for a maximum of one year, and may be renewed for a total of three years. To hire guest workers, employers must show that the following two major conditions are in place: there are inadequate able, willing and qualified American workers for the position; and employment of guest workers will not adversely affect the wages and working conditions of American workers in similar employment.

The Border Security, Economic Opportunity and Immigration Modernization Act, approved by the Senate in 2013, proposes a new visa for temporary low-skilled foreign workers for a registered employer in a registered position. The Act also proposes to establish a new agency called the Bureau of Immigration and Market Research, to set annual caps on visas and monitor the programme. To acquire documentation,

employers would have to be registered with the Bureau and could not be registered if found in violation of minimum wage or overtime laws or child labour provisions. Workers may not be hired if American workers are able and willing to work in the same position. Benefits of the new visa include allowing foreign workers to enter the United States for three years, along with a spouse and dependent children, and to renew the visa for an additional three years. The number of visas issued may be 20,000 in the first year, 35,000 in the second year, 55,000 in the third year and 75,000 in the fourth year, although the exact number would be determined by the Bureau.

Although workers from Bangladesh have an opportunity to seek employment under the guest worker programme, they may face uneven competition from workers from neighbouring countries, due to high travel costs, inadequate familiarity with the language and work environment and the requirement to return to Bangladesh if a position is not available after two months. However, in comparison with Canada, opportunities in the United States to remain for longer periods and to bring family members may partly offset the higher costs of temporary migration. Therefore, the Government should exploit this opportunity.

3.6. Market Access under Mode 4 of the General Agreement on Trade in Services

Mode 4 specifies the temporary movement of natural persons. The Government may undertake efforts to take advantage of the international movement of labour by collaborating with other developing countries in negotiations with the international community on implementing the provisions.

3.6.1. Least Developed Country Modalities

A set of LDC modalities was established in 2003 to guide access to developed country markets. The modalities require WTO members to provide effective market access in sectors and modes of supply of export interest to LDCs when making specific commitments and develop appropriate mechanisms to fully implement GATS article IV, paragraph 3. In addition, members are requested to make commitments to provide access under mode 4, keeping in mind all categories of natural persons identified by LDCs in their requests. At the series of ministerial meetings in July 2008, members noted that special priority for LDCs could be ensured in large part through a waiver mechanism, which was adopted at the eighth WTO Ministerial Conference held in Geneva, Switzerland in December 2011. The LDC waiver allows WTO members to deviate from the most-favoured nation obligation of non-discrimination in order to grant, on a temporary annual basis, preferential treatment to services and services suppliers, including under mode 4, from LDC members.

The Ministry of Expatriates' Welfare and Overseas Employment has formed a national committee comprising members from the ministry, the Ministry of Commerce, BMET and scholars from research organizations. This committee is preparing ways and means for negotiating the movement of skilled and semi-skilled persons, mainly to developed countries.

3.6.2. Issues Related to Notification by Recipient Countries

Members must notify the Council for Trade in Services before preferential treatment is granted, and the LDC waiver expires 15 years after notification. The Council conducts annual reviews to assess whether the exceptional circumstances to justify a waiver still exist. For example, Bangladesh may apply to the United States for an LDC waiver for its labour force exports in order to secure preferential treatment vis-à-vis competing nations such as India or Sri Lanka for the same category of exports. The United States would then have to notify the Council, which would conduct an annual review to determine whether the waiver continues to be justified. However, a country granting a waiver is unlikely to notify the Council, as this may cause additional burdens and an obligation to grant similar waivers to the other LDCs, thereby increasing the work load. The LDC waiver is thus impractical for use in a sustainable and predictable manner. Conversely, the LDC modalities adopted in 2003 are permanent mandatory obligations under article XIX, paragraph 3, which guarantees special treatment for LDC members under the provisions of article IV, paragraph 3, which states that special priority shall be given to LDC members in the implementation of paragraphs 1 and 2. If it is followed, then there is no need for an LDC waiver, which makes it difficult for LDCs to access markets in developed countries. Therefore, Bangladesh should request the Council for Trade in Services to re-establish article IX and operationalize the LDC modalities as an obligation under article IV, paragraph 3 and article XIX, paragraph 3, in order that Bangladesh may gain better access to the labour force market in developed countries.

3.6.3. Difficulties in Recognition, and Way Forward

Bangladesh should view opportunities under mode 4 as skill-driven, which currently also includes labour in the semi-skilled category. This would provide Bangladesh better outcomes to access developed country markets in the medium and long terms. The labour force in the semi-skilled categories may find it difficult to obtain employment in developed country markets as curricula and training provided are below the levels required and do not match requirements. Therefore, semi-skilled and low-skilled workers should be excluded from the list of requests.

In the professional category, nurses and midwives and engineers and architects cannot find short-term employment simply through a physical presence as workers in the semi-skilled category might, mainly because the existing curricula and training do not necessarily meet the requirements of host countries and there is a lack of global accreditation. However, chartered accountants and cost and management accountants may easily export services or travel worldwide in the short term due to their accreditation. Alongside the Institute of Chartered Accountants of Bangladesh and Institute of Cost and Management Accountants of Bangladesh, some leading global accounting and auditing institutions now operate in Bangladesh. For example, global bodies for professional accountants – the Association of Chartered Certified Accountants and the Chartered Institute of Management Accountants – have established an opportunity for professionals from Bangladesh to export quality accounting and auditing services under mode 4, with global recognition as a professional labour force.

Despite the lack of international accreditation, engineering and architecture services may be exported by attracting international investment in Bangladesh. If international firms are allowed to open offices in Bangladesh and recruit labour in the country, they may export services based on demand from international clients. Existing financial rules in Bangladesh would have to be changed in order for such firms to not be exposed to difficulties in conducting financial transactions, both inward and outward. If, for instance, 100 per cent repatriation of income was allowed for foreign firms, they would be able to establish international recognition and networks for engineers and architects from Bangladesh in the international market. This would be beneficial for Bangladesh in the long term.

To provide a gateway for the technical and professional labour force to the international market, initiatives should be taken to overhaul the education system in order to attain international standards and accreditation, including the standardization of engineering education, in accordance with commitments in National Education Policy 2010.

3.7. Analysis of Strengths, Weaknesses, Opportunities and Threats

Table 22 provides a comprehensive portrayal of the internal (strengths and weaknesses) and external (opportunities and threats) factors related to the foreign employment of professionals from Bangladesh as well as the export of skilled, semi-skilled and low-skilled labour.

Table 22. Labour Force Exports: Analysis of Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> • Large pool of exportable young labour • Large number of women in labour force interested in employment abroad • Generally favourable policy and legal regime • Specialized ministry and department to support employment abroad • Generally comprehensive Overseas Employment Policy, specifying a number of ministries and divisions, to achieve greater cohesion in handling labour force exports and welfare • Specialized expatriate welfare bank for financing migration • Existing National Skills Development Council • Large number of public training institutes with external collaboration 	<ul style="list-style-type: none"> • Ineffective curricula and syllabuses in training institutes. Most training programmes cover entry-level job criteria but not country-specific training or high-level training for skilled and semi-skilled workers • Insufficient and ineffective pre-departure orientation, including with regard to technological devices and health and hygiene • Overseas Employment Policy does not include all rights of migrant workers in line with international standards • No measures may be taken against host countries or organizations for violation of worker rights, due to lack of bilateral agreements or protocols • Overseas Employment Policy does not indicate where and how to receive services

<ul style="list-style-type: none"> • Government interested in accessing developed country markets under mode 4 • Labour wings in some diplomatic missions 	<p>and what types of services and facilities respective agencies and offices provide</p> <ul style="list-style-type: none"> • Shortage of labour wings in diplomatic missions and lack of labour specialists in existing wings • Lack of liaison with government institutions, namely the Ministry of Civil Aviation and Tourism, Ministry of Expatriates' Welfare and Overseas Employment, Ministry of Finance, Ministry of Foreign Affairs and Ministry of Home Affairs • Lack of diplomatic missions in many potential countries in Africa, Central Asia, Eastern Europe and South America • Lack of labour force planning and transition to develop more skilled and semi-skilled workers, to improve the image of Bangladesh • Lack of research on employment opportunities
Opportunities	Threats
<ul style="list-style-type: none"> • Opening markets for skilled workers in Australia, Canada, Japan and New Zealand • Growing demand for homemakers in Hong Kong (China) and other countries in East and South-East Asia • Recent economic prosperity in the Russian Federation and countries in Central Asia, Eastern Europe and South America has triggered demand for foreign workers; Azerbaijan and Uzbekistan interested in importing labour from Bangladesh and Brazil interested in importing engineering and IT-related labour • Saudi Arabia, the United Arab Emirates and other countries in the region are significantly expanding infrastructure and diversifying economic activities, which will require more skilled and semi-skilled labour 	<ul style="list-style-type: none"> • Strong competition from workers from China, India, Pakistan, the Philippines and Sri Lanka, who may be of higher quality • Emerging competition from migrant worker-exporting countries such as Cambodia, Nepal and Viet Nam • LDC waiver may not be fully utilized as Bangladesh expects to graduate from LDC status by 2021 • Adverse cultural, linguistic and technological complexities, especially for women workers

3.8. Policy Recommendations

Following consultations with stakeholders and based on the analysis in the present study, issues related to enhancing labour force exports in different professional and skill categories and gaining better access to the labour market in developed and emerging countries may be grouped into several broad categories, and this section provides recommendations under each category.

3.8.1. Diplomacy and Institutional Coordination

The following suggestions are made:

- The Government's economic diplomacy and promotional activities should be pursued, including negotiating with other countries to find more opportunities. Relevant ministries should enhance expertise in temporary migration and open institutional wings dealing exclusively with migrant workers. Bangladesh should maintain good relations with existing migrant destinations such as Oman, Qatar, Saudi Arabia and the United Arab Emirates through diplomatic interventions.

- There should be a procurement and advertisement section as part of promotional activities. All concerned authorities, such as the Head of Government, the Ministry of Expatriates' Welfare and Overseas Employment, the Ministry of Foreign Affairs, the Ministry of Labour and Employment, BMET and diplomatic missions, as well as the Bangladesh diaspora should undertake economic diplomacy in destination countries.
- Diplomatic missions should regularly update the Government on the feasibility of exporting workers to their respective countries, and handle bilateral and regional issues related to Bangladesh's temporary migrant workers. Opening labour wings and assigning at least one economic diplomat, labour expert or labour attaché to each diplomatic mission is necessary to address ongoing issues, legalize unauthorized workers, reopen markets for workers from Bangladesh and explore markets.
- The Government should try to establish bilateral agreements or memorandums of understanding with destination countries and potential countries that incorporate elements pertaining to basic rights and working conditions, such as workplace safety and full wages paid every month. Such Government-to-Government initiatives may be an important means of reducing the costs of migration and of legally exporting workers.
- Initiatives should be taken to restore the image of Bangladesh by counselling workers against illegal activities and to raise awareness of the rules, regulations and cultural norms of destination regions.
- Functional coordination among the different ministries and agencies is required. In particular, the Ministry of Expatriates' Welfare and Overseas Employment and Ministry of Foreign Affairs, along with other relevant ministries and bodies, should ensure greater coordination, to facilitate labour force exports. A national coordination committee should be formed, along with a one-stop service.

3.8.2. Regulation and Legal Issues

The following suggestions are made:

- The Government should take action regarding the unethical labour force export methods of recruiting agencies that lead to employment in unhygienic work environments abroad, uneven salary payments and underpayment by employers and even physical torture and the arrest of illegal workers at workplaces.
- Initiatives should be taken to identify, screen and regulate a set of agents or recruiting agencies, both in Bangladesh and in destination countries.
- An extensive awareness programme is needed to educate and sensitize rural populations, who are the main source of migrant workers, regarding the fraudulent activities of intermediaries and recruiting agencies.

3.8.3. Education and Skills Development

The following suggestions are made:

- As there is a growing need for a skilled labour force, workers should be transformed from low-skilled to semi-skilled and from semi-skilled to skilled.
 - The Government should establish permanent institutional mechanisms to deal with issues such as infrastructure, market exploration, ongoing challenges for migrant workers in host countries, pre-departure orientation and training, including training for concerned officials.
 - To tap into opportunities in more lucrative markets such as in countries in East and South-East Asia, Bangladesh should upgrade the quality and skill sets of workers. Country-specific and job-specific training is required to help workers adapt to technological improvements, employment as described and the cultures, etiquette, languages, laws and manners of host countries.
-

- Bangladesh may focus on professional diversification to expand the volume of exports, for which Australia and New Zealand may be potential markets. The existing English language course provided by BMET should be outsourced, to obtain better outcomes.
- Bangladesh may establish more diplomatic missions in Africa, Central and South America and Eastern Europe. If this is not viable due to administrative difficulties, trade missions should be opened to, among others, initiate and continue economic exchanges and labour force exports.
- The National Skills Development Council should be more efficient and encompass the full range of formal and non-formal vocational, technical and skills-based education and training and training in pre-employment and livelihood skills. Bangladesh should strengthen BMET and the Bangladesh Technical Education Board, and establish standards and parameters for skills improvement.
- The Government and recruiting agencies should increase their efforts to facilitate and encourage existing skilled and experienced individuals to migrate temporarily and send remittances to Bangladesh. A system of incentives and logistical support may be implemented to encourage individuals to temporarily migrate to developed countries.
- Women-specific measures should be adopted, namely confidence-building and the development of communications and technical skills, in order that they may adapt to any adverse developments in destination-country conditions.

3.8.4. Market Research

A national database of potential migrant workers that can serve as a reliable source of information on expatriates should be developed. Bangladesh should establish a market research unit to continuously seek opportunities in the international market.

CHAPTER 4: TRADE LIBERALIZATION AND NEGOTIATIONS

Bangladesh appears to have a liberal services sector in terms of regulatory framework, and offer generous incentives to attract FDI in the sector. Bangladesh is a founding member of WTO and an active participant, including in negotiations on trade in services. In addition to GATS, Bangladesh has signed two regional services trade agreements, namely the Agreement on Trade in Services of SAARC, signed in April 2010, and the Framework Agreement on the Promotion and Liberalization of Trade in Services among participating States of the Asia-Pacific Trade Agreement, signed in August 2011. It is currently negotiating the draft agreement on trade in services under the Free Trade Area Framework Agreement of the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation.

4.1. The General Agreement on Trade in Services and the World Trade Organization

Bangladesh has not made use of the GATS framework in building investor confidence with regard to its commitment to liberalization of the services sector. Bangladesh has made certain specific horizontal commitments on market access and national treatment, with some limitations related to commercial presence (mode 3) and the movement of natural persons (mode 4) only in five-star hotel and lodging services in tourism and travel-related services and in telecommunications services. Such commitments do not constitute liberalization but simply maintain the status quo. Details of Bangladesh's commitments under GATS in the tourism sector is described in chapter 2. Bangladesh noted some specific commitments during the Uruguay Round of negotiations, and received a substantial number of requests from several WTO members in line with the GATS request-offer process to open up certain services sectors to international competition. Such requests from trading partners covered 10 out of 12 sectors and 127 out of 161 subsectors, and were limited to market access under modes 1, 2 and 3, except in telecommunications; national treatment requests covered all subsectors.^{xix} To date, Bangladesh has taken a unilateral liberalization approach with regard to its services sector without applying the GATS request-offer process. Under the Doha Round of negotiations, as it is an LDC, Bangladesh is not expected to submit services offers, according to the Ministerial Declaration of the sixth WTO Ministerial Conference held in Hong Kong, China in 2005. To a certain extent, Bangladesh has already liberalized its key services sectors for international competition, such as banking, finance and telecommunications. In comparison with other LDC members, Bangladesh is active in WTO services negotiations, especially on LDC-related matters, such as the LDC collective request under mode 4 and LDC waiver.

The waiver mechanism, adopted at the eighth WTO Ministerial Conference, invokes an enabling clause and gives a legal basis for WTO members willing to offer privileged access on a non-reciprocal basis to LDC services providers. For the first time, legal positive discrimination in favour of LDCs is permitted in the services sector under GATS, which to date has only permitted narrow exceptions to the most-favoured nation clause. The waiver provides direct market access preferences to LDCs in the form of preferential quotas and exemptions from requirements and allows for other non-market access preferences, subject to authorization by the Council for Trade in Services. However, although it appears to be a significant gain for LDCs, the waiver does not by itself confer direct economic benefits. The waiver should help lead to conditions whereby a business in an LDC that could not do so in the absence of such a preference may export services to a preference-granting country. This will require both initiative on the part of LDCs to seek appropriately targeted preferences that are grounded in business realities and interest among LDC trading partners to grant such preferences.

Bangladesh, along with other LDC members, is working on operationalizing the waiver. In order to do so, Bangladesh and the other LDC members must identify their services export needs, as well as potentials and possibilities in services export, and submit requests to potential trading partners. Trading partners, in turn, must design and effectively implement new trade preference schemes covering services. On 21 July 2014, LDCs submitted a collective request to the Council for Trade in Services pursuant to the decision on operationalization of the LDC waiver made at the ninth WTO Ministerial Conference held in Bali, Indonesia in December 2013. The request had been prepared based on country studies, analysis, experiences, interviews and research conducted by LDCs in order to identify the sectors and modes of supply of key interest to LDCs. The decision provides for a high-level meeting to take place six months after submission of the request, at which members in a position to do so indicate the preferences granted in services sectors and modes of supply in favour of LDCs.

The scope and depth of preferences granted under the LDC waiver may vary substantially, depending on the country granting the preferences, and may be constructed in a manner that could conceivably

overcome many barriers faced by LDCs in services exports. Bangladesh may potentially gain from the LDC waiver, especially from the possible facilitation of exports under mode 4. Bangladesh's advantages include its population size (over 150 million), a significant portion of which are young people, and the availability of a sizeable semi-skilled and low-skilled labour force. However, the realization of benefits under the waiver remains unclear, as the granting of preferential access is voluntary on the part of developed and developing countries. The waiver may not be granted in the sectors and modes of greatest interest to Bangladesh or other LDCs. The operational aspects of the waiver also remain unclear. Given these uncertainties, it is important for an LDC such as Bangladesh to determine the services and modes of export of interest and formulate a proactive strategy to benefit from preferential access.

4.2. Regional Services Trade Agreements

In addition to GATS, Bangladesh is a party to three regional services trade agreements. Bangladesh's objectives in the negotiations for these agreements, aside from liberalization of trade in services in the regional context for mutually beneficial cooperation for development, was to ensure special and differential provisions for LDCs such as provided for in agreements on trade in goods. Bangladesh's position was supported by other member States, and LDC-specific provisions were incorporated in both the Agreement on Trade in Services of SAARC and the Framework Agreement on the Promotion and Liberalization of Trade in Services under the Asia-Pacific Trade Agreement, as detailed in box 1. However, whether these provisions will bring specific benefits or liberalization commitments for LDCs will be determined after finalization of the schedule of commitments.

Box 1. Least Developed Country- Specific Clauses

The Agreement on Trade in Services of SAARC, in article 22 on special and differential treatment for LDCs, states as follows:

"In addition to other provisions of this Agreement, all contracting States shall provide, wherever possible, special and more favourable treatment to least developed contracting States as stated in the following subparagraphs:

(a) There shall be appropriate flexibility for least developed contracting States for opening fewer sectors, liberalizing fewer types of transactions and progressively extending market access in line with their development situation.

(b) All contracting States shall, wherever possible, consider providing special concessions to least developed contracting States while undertaking commitments on a request-offer basis.

(c) Technical assistance shall be provided to least developed contracting States for enhancing their supply capabilities in services sectors and infrastructure development; for research and capacity-building programmes; and for catering to the institutional and regulatory needs with a view to strengthening their domestic service capacity, efficiency and competitiveness. Such technical assistance may be provided bilaterally or through subregional/regional projects under the economic window of SAARC Development Fund as per its charter and byelaws. A detailed plan of action including time frame for technical assistance in these areas shall be prepared on a priority basis within a reasonable time frame after entry into force of the Agreement."

The Framework Agreement on the Promotion and Liberalization of Trade in Services under the Asia-Pacific Trade Agreement, in article 6 on special considerations, states as follows:

"1. The LDC participating States shall be provided flexibility in the submission and implementation of all schedules of specific commitments, programmes and action plans under this agreement. The participating States shall, wherever possible, consider special concessions to these economies in their schedules of specific commitments, programmes and action plans.

2. Special consideration shall be given by participating States to requests from the LDC participating States for technical assistance and cooperation arrangements designed to assist them in expanding their relations in trade in services with other participating States and in taking advantage of the potential benefits of this agreement."

4.2.1. Agreement on Trade in Services of the South Asian Association for Regional Cooperation

In order to widen cooperation in trade and further deepen the integration of regional economies, and with the aim of liberalizing intraregional trade in services, SAARC signed the Agreement on Trade in Services at its sixteenth Summit in April 2010.

The process of integrating services in a South Asian free trade area mechanism had started more than a decade before the signing of the agreement. SAARC member States^{xx} first recognized the importance of services, especially tourism, at the tenth Summit in Colombo in July 1998. At the thirteenth Summit in

Dhaka in November 2005 the potential of trade in services, especially informal trade, was underscored and SAARC decided to conduct a study to examine the potential of services to be integrated into a South Asian free trade area process. The Ministerial Council of the South Asian Free Trade Area, at its first meeting in Dhaka in April 2006, approved the course of action, including completion of the study on services in the SAARC region in a time-bound manner. At its second meeting in Kathmandu in February 2007, the Council approved the recommendations made by the Committee of Experts of the South Asian Free Trade Area and directed the secretariat to ensure that the study was compliant with WTO and WTO-plus commitments. At its fourteenth Summit in New Delhi in April 2007, SAARC agreed to the vision of a South Asian community with a free flow of capital, culture, goods, ideas, knowledge, people, services and technologies. It stressed that, to realize its full potential, the South Asian Free Trade Area should integrate trade in services, and called for the finalization of an agreement on trade in services at the earliest. The Committee of Experts, at its third meeting in New Delhi in March 2008, took note of the revised regional study prepared by a coordinator from the Research and Information System for Developing Countries. At its third meeting in New Delhi in March 2008, the Council considered the study on the potential of an agreement on trade in services, and endorsed the recommendations of the Committee of Experts and decided that the Research and Information System for Developing Countries should draft the text of an agreement on trade in services and form an expert group by 30 June 2008 to commence negotiations on the agreement. SAARC, at its fifteenth summit in Colombo in August 2008, expressed its satisfaction at the conclusion of the study and welcomed the Council's decision to commence negotiations. The study had summarized the importance of the services sector in the SAARC economies, and listed some sectors of high priority as identified by national studies on education, energy, finance, health, IT, tourism and transport, among others. Finally, the study had proposed a positive list approach to negotiations, to enable progressive, sequential liberalization, including some special and differential treatment for LDCs, as recognized in the South Asian Free Trade Area.

The objectives of the Agreement on Trade in Services of SAARC are to promote and enhance trade in services among contracting States in a mutually beneficial and equitable manner by establishing a framework for liberalizing and promoting trade in services within the region in accordance with GATS article V. The agreement entered into force on 29 November 2012 following ratification by all SAARC member States, with the issuance of a notification by the Secretary-General of SAARC.

The Agreement on Trade in Services of SAARC resembles GATS in its architecture, provisions, exceptions and scheduling modalities. General understanding of the principles and guidelines for negotiations on the Agreement on Trade in Services set the modalities of the negotiations, whereby the Agreement will provide real and effective market access to all contracting States in an equitable manner. It was agreed that negotiations for the scheduling of specific commitments would take place in view of national policy objectives and the level of development and size of the economies of contracting States both overall and in individual sectors. The Agreement would progressively cover the liberalization of trade in services with broad-based and deeper coverage of a majority of services sectors and subsectors, with a view to fulfilling the objectives of GATS article V. It was also agreed that a positive list approach would be followed and that negotiations for specific commitments for progressive liberalization would be based on the request-offer approach. The WTO services sectoral classification list would be a basis for, but not limit, the coverage of sector-specific commitments. It was further agreed that initial offers from WTO member States would be in addition to existing levels of multilateral commitments, with substantial sectoral and modal improvements to such commitments.

SAARC member States have not yet scheduled specific liberalization commitments under the Agreement on Trade in Services. Since the signing of the Agreement, the Committee of Experts has been engaged in negotiating schedules of specific commitments. Ministers of commerce of member States have been monitoring progress in this regard and providing the requisite directives aimed at time-bound actions for the finalization of schedules. To date, initial offers have been made by all member States except Afghanistan and initial request lists received by all member States except Afghanistan. The requests are extensive and cover a large number of services; common across the lists are services such as business, construction, education, engineering, finance, tourism and transport. Offers are minimal and subject to many conditions. Curve-outs with respect to measures affecting mode 4 services are common.^{xvi}

Bangladesh has finalized a schedule of specific commitments for telecommunications and tourism under the Agreement on Trade in Services, to further operationalize the Agreement. The Government agreed to allow higher management and specialized personnel from other countries in both the telecommunications and tourism sectors under the Agreement, to allow network facilities to be bypassed and to allow 30 to 60 per cent foreign investment in the telecommunications sector. The Government made a commercial presence for foreign tourism services providers mandatory (foreign companies are allowed to own 100 per cent of equity) and agreed to allow the employment of foreign natural persons in both sectors,

although this is subject to immigration and labour guidelines, laws, procedures and regulations in Bangladesh.^{xxii} Bangladesh is willing to open its services sectors to neighbouring States in phases, with the objective of permitting the freer movement of people and ideas and creating employment through the flow of investments. India has requested Bangladesh to open up many services sectors, including accounting, advertising, auditing, construction and related engineering, educational, electronic media, environmental, medical and dental, pipeline transport, rail transport and urban planning. Nepal, Pakistan and Sri Lanka have also recently submitted request lists to Bangladesh. However, member States have yet to finalize the schedule of specific commitments under the Agreement. To date, five discussions have been held on finalizing the schedule, and a final outcome is expected in 2016.

4.2.2. Framework Agreement on the Promotion and Liberalization of Trade in Services under the Asia-Pacific Trade Agreement

The Agreement was signed by all participating States on 24 August 2011.^{xxiii} The text of the Agreement was finalized during the thirty-fourth session of the Standing Committee of the Asia-Pacific Trade Agreement, held on 13 and 14 December 2009. A revised draft by the Republic of Korea was accepted by all participating States except Bangladesh. During the thirty-eighth session of the Standing Committee, held on 8 and 9 March 2011, Bangladesh accepted the Agreement and subsequently signed the Agreement in August 2011. As of the forty-first session of the Standing Committee, held on 3 and 4 June 2013, all participating States other than Sri Lanka had ratified the Agreement.

Articles 3(b) and 3(c) set the objective of the Agreement to substantially reduce restrictions with a view to facilitating trade in services among participating States and to liberalize trade in services by expanding the depth and scope of liberalization beyond that under GATS. Article 5 requires liberalization in trade in services in a substantial number of sectors by gradually reducing existing discriminatory measures and market access limitations among participating States through specific commitments and refraining from introducing new or more discriminatory measures and market access limitations. Article 7 refers to the negotiations of specific commitments in accordance with GATS articles XVI to XVIII and article XX. Articles 6 and 7 provide the scope of special preferences for Sri Lanka and LDCs, for which the most-favoured nation principle would not be applied. According to these articles, the principles of the Framework Agreement on the Promotion and Liberalization of Trade in Services are as follows:

- Liberalize trade in services in a substantial number of sectors by gradually reducing existing discriminatory measures and market access limitations among participating States.
- Liberalize trade in services by expanding the depth and scope of liberalization beyond that under GATS.
- Refrain from introducing new or more discriminatory measures and market access limitations.
- Liberalize through specific commitments in accordance with articles XVI to XVIII and article XX.
- Maintain the most-favoured nation principle in undertaking commitments, with special preferences for LDCs.

Liberalization will be undertaken gradually, without any specific time frame. However, GATS article V, paragraph 1(b) requires any economic integration in trade in services to eliminate any discriminatory measures, either upon entry into force of the agreement or on the basis of a reasonable time frame. In the notifications submitted by WTO members, no duration has been notified. Although the agreement does not specifically mention that liberalization will occur through successive rounds of negotiations, gradual liberalization implies liberalization through such rounds. The first round of negotiations should have accordingly commenced soon after ratification of the Agreement. However, following the request of the Standing Committee, the Asia-Pacific Trade Agreement secretariat is now working on preparing a plan of action to implement the Agreement.

4.2.3. Free Trade Area Framework Agreement of the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation

The Initiative was established to promote economic cooperation in the region, and its Free Trade Area Framework Agreement was signed in February 2004. The services-related clause is shown in box 2. Bangladesh signed the Agreement on 25 June 2004. A Trade Negotiating Committee was formed and held its first meeting in Bangkok in September 2004. Its negotiations cover trade in economic cooperation,

goods and services, investment and trade facilitation and technical assistance for LDCs under the Initiative. Once negotiations on trade in goods have been completed, the Committee will proceed with negotiations on trade in services and investment. As negotiations on the former have not yet been concluded, an agreement on services has not yet been finalized. However, the Committee prepared a draft agreement on trade in services in 2009 and provided it to member States for comments. At the third Summit in Myanmar in March 2014, leaders of the Initiative resolved to expedite conclusion of an agreement on trade in goods by the end of 2014 and to continue efforts for early finalization of an agreement on services and investments.

Box 2. Services-related clause in the Free Trade Area Framework Agreement of the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation

Article 4 on trade in services states as follows:

“With the view to expediting the expansion of trade in services, the parties agree to enter into negotiations to progressively liberalize trade in services with substantial sectoral coverage through a positive list approach. Such negotiations shall be directed to:

- (a) Progressive elimination of substantially all discrimination between or among the parties and/or prohibition of new or more discriminatory measures with respect to trade in services between the parties, except for measures permitted under GATS article V, paragraph 1(b).
- (b) Expansion in the depth and scope of liberalization of trade in services beyond those undertaken by the parties under GATS.
- (c) Enhancing cooperation in services among the parties in order to improve efficiency and competitiveness, as well as to diversify the supply and distribution of services of the respective service suppliers of the parties.”

4.3. Analysis of Strengths, Weaknesses, Opportunities and Threats

Table 23 provides a comprehensive portrayal of the internal (strengths and weaknesses) and external (opportunities and threats) factors related to trade liberalization and negotiations.

Table 23. Trade Liberalization and Negotiations: Analysis of Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> • National development policies (sixth Five-Year Plan, Perspective Plan of Bangladesh and Export and Industrial Policy) emphasize the role of the services sector for economic development and poverty alleviation in Bangladesh • Different ministries and departments work for the development of their respective services sectors. The Ministry of Commerce is the lead entity with regard to services negotiation and organizes interministerial and stakeholder consultations before finalizing the negotiating position of Bangladesh in any services negotiation. Private sector actors are always involved in such consultations. The Ministry creates awareness among stakeholders, enabling them to provide effective feedback, which is crucial for determining the negotiating position of Bangladesh • Long-term experience and wide knowledge of the key negotiator of the Bangladesh Tariff Commission and both the Director General and the Director of the WTO Cell in trade policy and multilateral, regional and bilateral trade negotiations 	<ul style="list-style-type: none"> • Lack of knowledge of institutional frameworks, procedures, regulations and rules that regulate services sectors and subsectors makes it difficult to determine negotiating position of Bangladesh • Lack of clear understanding of actual market access barriers in target markets for services exports • Services exports opportunities under LDC waiver that Bangladesh may realize are mostly measures other than measures under GATS article XVI, such as visa openness • Lack of proper statistical infrastructure for services trade both nationally and internationally. Global information also scarce, except for member States of the Organization for Economic Cooperation and Development • Strict foreign exchange controls by Bangladesh Bank is a cross-cutting domestic supply-side constraint, negatively impacting the ability of services suppliers to effectively export their services

Opportunities	Threats
<ul style="list-style-type: none"> • Preferential treatment opportunities for services and services suppliers of Bangladesh under LDC waiver (collective request submitted by LDCs) • Opportunities in the region created by special and differential provisions for LDCs under Agreement on Trade in Services of SAARC and Framework Agreement on the Promotion and Liberalization of Trade in Services under the Asia-Pacific Trade Agreement • Government exploring possibilities for free trade agreements with some important trading partners. In some instances, joint economic and/or trade commissions, working groups and consultative councils have been established to foster bilateral trade. Services trade may be included in such free trade agreement initiatives and other bilateral trade-related forums 	<ul style="list-style-type: none"> • Critical lack of pool of knowledge in trade policy and multilateral, regional and bilateral trade negotiations • Bangladesh envisages becoming a middle-income country by 2021. If Bangladesh graduates from LDC status, it will lose preferential treatment opportunities under the LDC waiver and special and differential provisions for LDCs under both services agreements • Bangladesh may need to open up some of its services sectors following requests from trading partners, as services negotiations under GATS and regional agreements will be reciprocal • Critical to ensure standard and quality of services exports under mode 4 as, otherwise, low quality services providers may enter exports market, which could create image problems for Bangladesh in future

4.4. Policy Recommendations

The following suggestions are made with regard to trade liberalization and negotiations:

- Immediate initiatives should be taken to create a pool of experts on national and international trade policy and multilateral, regional and bilateral trade negotiating techniques.
- Bangladesh should focus on building the necessary training facilities and skills development infrastructure for developing the required skills base to tap into opportunities in services exports. Initiatives should be taken to develop an increased knowledge base on negotiations through a series of sectoral economic impact analysis and training courses for national negotiating teams in order that they may more effectively formulate positions in the national interest and engage in negotiations, and to ensure an increased negotiation capacity and level of information regarding the services sector, including opportunities and challenges. Capacity-building initiatives should be undertaken on management, negotiation skills and technical issues to raise the negotiation capacity and expertise of staff of the Ministry of Commerce and concerned departments. It is also important to retain Ministry of Commerce officials involved in services trade negotiations in the long term, to ensure optimum outcomes from negotiations-related capacity-building initiatives.
- In order to support Bangladesh in the many ongoing multilateral, regional and bilateral services trade negotiations, it is essential for information gauging the impact of various negotiating positions and on expected positions of negotiating partners to be made available to negotiating teams in advance of such negotiations. This would provide the Government with the necessary information to better coordinate negotiations policy and manage its priority negotiations.
- To ensure an informed negotiating position in identified priority negotiations, a compendium of procedures, regulations and rules and an institutional framework regulating services sectors and subsectors should be developed. It is crucial to have proper data on the services sector. Bangladesh should develop specific modalities and statistical infrastructure for properly preserving sector-related data.
- LDCs submitted a collective request to the Council for Trade in Services pursuant to the decision on operationalization of the LDC waiver. As approaches to providing preferential access differ under article XVI measures and measures other than those provided for by article XVI, Bangladesh should take the necessary steps to distinguish such measures in the collective request, to clearly define areas of preference and indicate the rationale behind requesting preferential treatment, which is absent in the present submission. For effective negotiation under

GATS, it is also important to clearly distinguish between article XVI measures and measures other than those provided for by article XVI.

- The collective request submitted by LDCs is lengthy. Bangladesh should emphasize the prioritization of services that have the potential for export from Bangladesh. Potential target markets and modes of supply of services for export from Bangladesh should also be clearly identified. These may include education, ICT-related, maritime and professional services. The request should clearly define the priority modes and sectors of services trade.
 - Bangladesh should take the necessary initiative to seize opportunities under the LDC waiver and the special and differential provisions for LDCs under the Agreement on Trade in Services of SAARC and the Framework Agreement on the Promotion and Liberalization of Trade in Services under the Asia-Pacific Trade Agreement as soon as possible. If Bangladesh is able to enter a target market with its services and services suppliers and can create goodwill, it may continue its services exports to that market even after graduating from LDC status.
 - Bangladesh has a favourable demographic pattern with a large number of young and educated people. Labour is also relatively inexpensive in Bangladesh. Bangladesh should therefore take initiative to operationalize services exports under mode 4 and should clearly identify in the schedule whether mode 4 includes semi-skilled and low-skilled workers.
 - The labour wings of diplomatic missions should be strengthened to better negotiate with the trading partners of Bangladesh to tap into services exports opportunities under mode 4.
 - It is critical to ensure the standard and quality of services exports under mode 4 as, otherwise, low quality services providers may enter the export market, which could create image problems for Bangladesh in the future. To avoid such risks, quality standard criteria should be carefully designed and strictly maintained.
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SERVICES POLICY REVIEW

CONCLUSIONS AND RECOMMENDATIONS

CHAPTER 5: POLICY RECOMMENDATIONS

The present comprehensive analysis of the services sector in Bangladesh reveals its importance to the economy and aims to help identify policy strategies for making the sector work better for the development of Bangladesh. In addition to an analysis of the services sector in general, deeper analysis is provided of the policies and strategies regarding selected services sectors with greater potential for attaining accelerated growth and development. A few promising sectors are thus identified, namely ICT and software, tourism and labour force exports, including of professional categories (nursing and midwifery, engineering and architecture and accounting and auditing), and an analysis conducted of supply-side bottlenecks and sectoral drawbacks, as well as a review of policies and strategies. An analysis of strengths, weaknesses, opportunities and threats for each sector identifies opportunities and challenges in internal and external contexts for initiating change and interventions in the Government's policies and strategies, to bring about greater dynamism and synergies among the sectors. Finally, the present study reviews the various regional and international trade agreements affecting services sectors through liberalization both regionally and globally. The analysis shows that there are certain challenges and policy issues common to all sectors, while some issues remain sector-specific in nature.

5.1. General Recommendations

The present study notes that the services sector is not only the highest contributor to the economy, but also the second largest contributor (after agriculture) in terms of employment. Although the importance of the services sector is increasing globally and is accordingly expected to increase in Bangladesh, the Perspective Plan of Bangladesh 2010–2021 projects that the importance of this sector in overall GDP will decline as a result of relatively higher growth in the industry sector. However, this does not disregard the absolute growth of this sector and its importance for the overall growth of the economy and in the growth of the agriculture and industry sectors. Among the services categories, the main contributors are transport, storage and communications, wholesale and retail trade and restaurants and hotels. Services contribute to GDP not only as final products; as shown in the present study, 35 per cent of total services produced in Bangladesh are used in the agriculture and manufacturing sectors. However, Bangladesh is far from achieving the potential of its services sector and, in general, Bangladesh should take the following initiatives to increase the growth of the sector:

- Skills development depends on the quality of education, and requires attention. In this regard, institutional capacity-building is crucial, especially for technical education.
- The greatest imperative is for education and skills development to provide better ICT and tourism-related services and train a quality labour force to meet the needs of host countries. The existing curricula and education and training facilities should be significantly improved, for sustained growth and better market access. Convergence to international standards is required to derive greater contributions to the national economy from such services and generate sustainable employment, both domestically and in the international market.
- Basic weaknesses of the Bangladesh economy include weak infrastructure, power crises and poor transport and port facilities. These constrain the growth of the services sector. The overall growth of services is greatly dependent on the growth of energy and transport infrastructure and banking. Developing infrastructure is necessary to support both skills development and the provision of services to clients.
- Clearly defined sectoral targets should be set to upgrade the standard of services, which is currently lacking in sectoral policies. At the same time, individual services should be developed and fully integrated with the national growth and development agenda.

5.2. Sector-Specific Recommendations

The present study makes several recommendations for achieving the potential of selected services sectors. These are summarized below.

5.2.1. Information and Communications Technology Services

Bangladesh has a large population of educated and energetic young people with the necessary qualities, skills and interest in driving the ICT industry, especially in software development, who contribute significantly to earning foreign currency through ICT services exports. The Government is committed to achieving the targets of the digital Bangladesh initiative through generally conducive policies and programmes. The supply side of ICT services has made satisfactory progress in the last two decades, although there is ample scope for further progress. Bangladesh currently has around 70 universities and 200 polytechnic and technical institutes to produce ICT professionals, strong private and corporate sectors to absorb the labour force and provide services, supportive relevant services sectors and a submarine cable network (although this is subject to frequent cuts). The Government is gradually initiating digitization efforts in public institutions and services to achieve the ICT-related targets of Vision 2021. FDI policies and laws are supportive to attracting foreign investment in this sector and, to enhance capacity, high-technology parks and a private submarine cable are currently under construction. Despite these strengths and such progress, certain internal and external challenges act as barriers to unlocking the potential of this sector. Linkages between industry and academia remain weak. Bandwidth costs and taxes and value added tax are relatively high, restraining the rapid expansion of ICT services. The sector suffers from low domestic and foreign direct investment despite an attractive policy regime. To a greater extent, the quality of human capital has yet to match international standards. ICT services providers and software developers face constrained payment options due to the non-convertibility of capital accounts and restrictions in online payments of required amounts. Specific suggestions with regard to development of the ICT sector are provided below.

5.2.1.1. Policy Framework

The following suggestions are made:

- Fiscal measures on Internet use should be in line with the digital Bangladesh initiative. The value added tax on Internet use should therefore be reduced from the current 15 per cent to promote Internet access.
- Tax rebates and other fiscal incentives should continue, to encourage domestic and foreign investment in this sector.
- Online payment systems should be made easier and more affordable. International online global payment platforms should be encouraged to operate in Bangladesh.
- The Equity and Entrepreneurship Fund and/or other venture capital should be made available to IT entrepreneurs.
- The Government might consider expanding education and IT-enabled services at secondary and college levels, especially in some target cities. The availability of high-quality construction services, including the provision of engineering and architecture services, and reliable access to energy, the Internet and telecommunications, are key. In selecting target cities, possible climate change-related impacts should be taken into account. Pilot projects should be located out of current and potential flood zones.

5.2.1.2. Regulatory Framework

The Government should immediately ease foreign exchange regulations to enable the quick and expeditious transfer of funds by IT firms.

5.2.1.3. Institutional Framework

The following suggestions are made:

- Several IT parks should be established, to expand the ICT sector and utilize growing opportunities in the international market.

- An additional submarine cable network should be provided, to promote ICT services, Internet connectivity and software exports.
- Industry–academia linkages should be strengthened, to promote IT skills and derive mutually gainful exchanges. Such linkages may be strengthened through initiatives taken by BASIS and by universities to train students in state-of-the-art IT skills and English-language proficiency.
- Collaboration with firms such as International Business Machines and Microsoft should be undertaken, to develop the capacity and skills of faculty and students.
- Bangladesh has yet to take full advantage of potential regional trade and investment linkages in the sector. Opportunities to provide services in the region in China, India and Viet Nam via modes 1 and 4 merit more attention from stakeholders.
- Organizing software expositions and attending international software expositions on a regular basis could help in gaining market access.

5.2.2. Tourism Services

Bangladesh has abundant tourism assets and natural resources, including the Sundarbans (World Heritage natural site with one of the largest contiguous mangrove forests in the world) and long sandy beaches such as those at Cox's Bazar and Kuakata, as well as archaeological sites. Areas that attract domestic and international tourists include two World Heritage cultural sites (Historic Mosque City of Bagerhat and Ruins of the Buddhist Vihara at Paharpur), areas with natural views in the Sylhet district and the Chittagong Hill Tracts and wetlands and forests. Bangladesh has a positive image of generosity, modesty and hospitality towards tourists, especially international tourists. It offers price competitiveness in various tourism services. The Government is currently promoting related sectors, including ecotourism, through generally conducive policies and programmes and by engaging the private sector in the development of these sectors. However, development may be further expanded through diversifying tourism-related products, expanding ecotourism and niche tourism-related products and services and attracting domestic and foreign investment in travel and tourism. Bangladesh may make use of its 10 million diaspora for country branding and to promote the tourism sector. Initiated and supported by regional governments, private sector actors in South Asia may jointly develop regional tourism activities and marketing and promotion at the level of SAARC and the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation to unlock the potential of the sector.

The sector suffers from a range of weaknesses and challenges that include a lack of necessary initiatives by the Government and private sector. Budgetary support is considerably low compared to developmental needs for facilitating better tourism-related products and services. Over the years the sector has not attracted adequate domestic and foreign direct investment. Despite the large diaspora, there is hardly any initiative for effective country branding. There is also an absence of pragmatic tourism policies and a tourism master plan. Bangladesh suffers from a negative image due to political unrest and weak security arrangements. There is also inadequate infrastructure for accessing tourism destinations. Other drawbacks include inadequate modern recreational facilities, a paucity of trained human resources, especially guides to support foreign tourists, insufficient numbers of trained lifeguards at beaches and insufficient levels of accommodation and food and beverage services. Finally, cultural and social restrictions on dress and behaviour may deter travellers, particularly women, from less restrictive cultures. In particular, women might not be able to fully enjoy beach vacations.

Specific suggestions with regard to development of the tourism sector are provided below.

5.2.2.1. Policy Framework

The following suggestions are made:

- Special initiatives should be taken to expand the tourism sector through diversifying tourism-related products, encouraging ecotourism and promoting niche tourism-related products and services. As noted in the Perspective Plan of Bangladesh, Bangladesh Parjatan Corporation should take the lead on ecotourism marketing.

- Bangladesh should have a tourism master plan specifying short, medium and long-term goals and targets for tourism development and establishing specific mechanisms to achieve such targets.
- Fiscal incentives should be offered for private domestic and foreign investment to boost the sector, including tax exemptions, special credit schemes and other incentives. Local government may be engaged to develop tourism areas.
- Budgetary measures should be taken whereby significant public investment programmes, required to develop tourism areas and ecosystem services, are provided. To attract more domestic and
- international tourism, infrastructure and communications should be developed considerably.

5.2.2.2. Regulatory Framework

The implementation of National Tourism Policy 2010 should receive the utmost priority, and the activities of Bangladesh Parjatan Corporation and the Bangladesh Tourism Board should be appropriately linked in order that they complement each other.

5.2.2.3. Institutional framework

The following suggestions are made:

- Special training, English skills and capacity should be developed for human resources in this sector and tourist guides trained to provide high-quality services for foreign tourists. At the same time, the numbers of trained lifeguards should be increased at beaches.
- The Government and the private sector should jointly initiate positive country branding to alter the image of Bangladesh and the tourism sector, complemented by sufficient modern facilities.
- The financial and technical capacity of the concerned ministries and national tourism organizations should be substantially increased, to implement the tourism policy and achieve the targets set in the various national documents.
- Specific focus should be given to the development of infrastructure and communications systems. Tourism areas should be well connected by road, air and waterways, and security and means of communications in such areas should be ensured.

5.2.3. Labour Force Exports

Bangladesh is known as a notable source of semi-skilled and low-skilled labour, and the main destinations are countries in the Middle East, North Africa and South-East Asia. Policies and regulatory frameworks are generally favourable, with a specialized ministry, an expatriate welfare bank to finance external migration, a National Skills Development Council and a large number of public institutes to train the labour force for employment abroad. The draft Overseas Employment Policy is generally comprehensive and includes responsibilities for a number of ministries and divisions, to facilitate labour force exports and welfare. Emerging demand in existing and new destinations (namely Central Asia, East and South-East Asia, Eastern Europe, Oceania and South America) reveals new opportunities for Bangladesh which should be further assessed and proactively explored. Traditional destinations such as Saudi Arabia, the United Arab Emirates and other countries in the Middle East are expanding their physical infrastructures and diversifying economic activities, giving impetus to the employment of additional foreign workers. Growing demand for a professional labour force, such as nurses and midwives, engineers and architects and accountants and auditors, if met by a sufficiently trained and eligible labour force, can increase remittances and thereby raise foreign reserves considerably, contributing to altering the current brand of Bangladesh as a low-end labour force exporter.

Despite growing demand and new opportunities in the international market, there remain constraints on the expansion of labour force exports from Bangladesh. The most important hindrance is on the supply side, related to the production of a quality labour force. Curricula, syllabuses, learning environments and faculties in public and most private training facilities are ineffective and outdated and fail to provide country-specific and high-level training for skilled and semi-skilled workers. The quality of nursing and midwifery education and training does not meet potential host-country requirements. There are also some constraints at the policy and regulatory levels, both domestically and internationally. For instance, the draft Overseas Employment Policy does not fully address all rights of migrant workers. The lack of bilateral agreements and/or protocols limits the ability of Bangladesh to take measures against host countries and/or organizations for violations of workers' rights. The policy also does not state where and how to receive services and what types of services and/or facilities the respective agencies and/or offices will provide, which appears to contradict the Right to Information Act, 2009. In addition, there are no diplomatic missions in many potential labour-receiving countries, and many existing missions lack labour wings. Ineffective coordination among the relevant ministries leads to ineffective services for migrant workers. The Government is interested in utilizing the LDC waiver under mode 4 to avail of labour force markets in developed countries. However, the waiver has a 15-year duration and, given the obligation of a host country to notify the Council for Trade in Services and submit to an annual review, its use depends on the willingness of host countries to assume the required administrative and legal obligations. Finally, the lack of statistics on labour force exports related to GATS prevents analyses of LDC waiver use.

Specific recommendations on labour force exports are provided in chapter 3. General suggestions with regard to the development of labour force exports are provided below.

5.2.3.1. Policy Framework

The following suggestions are made:

- The Government should initiate bilateral agreements and/or protocols with host countries and/or organizations for the protection of workers' rights, consistent with conventions of the International Labour Organization.
- In accordance with the Right to Information Act, 2009, full information regarding services provisions, types of services and facilities, respective agencies and offices and means of obtaining services should be noted when finalizing the Overseas Employment Policy, for the free flow of information and to make agencies more accountable and help reduce the harassment of migrant workers.
- International labour wings should be established in existing diplomatic missions. Existing wings should be strengthened and made more functional to guarantee the welfare of migrant workers.

5.2.3.2. Regulatory Framework

The following suggestions are made:

- National Skills Development Policy 2011 should provide for actions to achieve a better migration outcome, by incorporating more content on migration concerns at different levels of schooling and formal training.
 - The Overseas Employment and Migrants Act, 2013 should provide legal binding for policy objectives. Supporting rules and regulations should be immediately promulgated to make the Act functional.
 - Appropriate domestic regulations should be strengthened to ensure that education, qualifications and standards are implemented in a manner that meets the needs of clients and importing country regulations. In addition to regulations exercised through professional bodies, the Government should extend extensive support to education and training-related activities in the sector. Given the limited resources of Bangladesh, areas of export interest such as accountancy may be considered a target area for Aid for Trade under WTO.
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5.2.3.3. Institutional framework

The following suggestions are made:

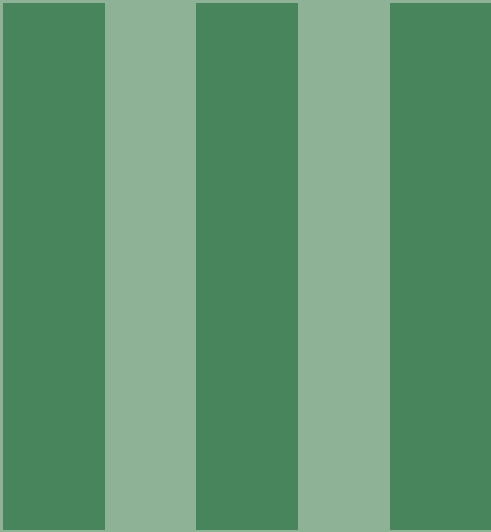
- The Department of Immigration and Passports should either be separated from the Bangladesh Police or brought under the Ministry of Expatriates' Welfare and Overseas Employment to make it more migrant-friendly.
- The Ministry of Expatriates' Welfare and Overseas Employment (International Labour Wing), Ministry of Finance, Ministry of Foreign Affairs and Department of Immigration and Passports should work together in a concerted way for better migration management. Other relevant ministries and bodies should be supportive, to facilitate labour force exports. A national coordination committee should be formed to accelerate such coordination.
- The Government should invest in and develop the required infrastructure to fully realize the goals of National Skills Development Policy 2011 and should strengthen BMET and the Bangladesh Technical Education Board and establish standards and parameters for skills improvement.
- Additional vocational and technical education with international accreditation should be initiated and promoted for those seeking employment abroad. The Government should improve skills training programmes and coordination among donors, government bodies, non-governmental organizations and private training organizations in delivering quality formal and informal skills training.
- The Government should establish permanent institutional mechanisms to deal with issues such as infrastructure, market exploration, ongoing challenges for migrant workers in host countries, pre-departure orientation and training, including training for concerned officials.
- The National Skills Development Council should be more efficient and encompass the full range of formal and non-formal vocational, technical and skills-based education and training and training in pre-employment and livelihood skills.
- The Government should establish a market research unit to assess market situations and potential markets, sectors and regions, drawing on lessons learned from the Philippines and Sri Lanka.
- In order to ensure skilled and motivated health-care professionals to be present in the right place at the right time, there is an urgent need to develop a comprehensive approach to integrating human resources education, management, planning, professional regulations and training, with strong support from national leadership, good governance and information systems.
- The collection of statistics on labour force exports should be strengthened with a view to gathering data related to mode 4.

5.3. Trade Liberalization and Negotiations

Bangladesh appears to have a liberal services sector in terms of regulatory framework, and offer generous incentives, to attract FDI in the sector. Under the Doha Round of negotiations, as an LDC, Bangladesh is not expected to submit services offers, according to the Ministerial Declaration of the sixth WTO Ministerial Conference. However, Bangladesh has already unilaterally liberalized, to a certain extent, its key services sectors, such as banking, finance and telecommunications, for international competition. In addition to GATS, Bangladesh has signed two regional services trade agreements, namely the Agreement on Trade in Services of SAARC, signed in April 2010, and the Framework Agreement on the Promotion and Liberalization of Trade in Services among participating States of the Asia-Pacific Trade Agreement, signed in August 2011. It is currently negotiating the draft agreement on trade in services under the Free Trade Area Framework Agreement of the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation. The challenges identified in the present study largely concern the lack of data, information, knowledge and skills for formulating the position of Bangladesh and negotiating effectively. In this respect, the following policy recommendations are made:

- In order to support Bangladesh in the many ongoing multilateral, regional and bilateral services trade negotiations, it is essential for information gauging the impact of various negotiating positions and on expected positions of negotiating partners to be made available to negotiating teams in advance of such negotiations. This would provide the Government with the necessary information to better coordinate negotiations policy and manage its priority negotiations.
 - Capacity-building initiatives should be undertaken on management, negotiation skills and technical issues to raise the negotiation capacity and expertise of staff of the Ministry of Commerce and concerned departments. It is also important to retain Ministry of Commerce officials involved in services trade negotiations in the long term, to ensure optimum outcomes from negotiations-related capacity-building initiatives.
 - To ensure an informed negotiating position in identified priority negotiations, a compendium of procedures, regulations and rules and an institutional framework regulating services sectors and subsectors should be developed.
 - It is crucial to have proper data on the services sector, to develop an informed services negotiation strategy. Bangladesh should develop specific modalities and statistical infrastructure for properly preserving sector-related data.
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SERVICES POLICY REVIEW



ANNEXES AND NOTES

ANNEX 1. INFORMATION AND COMMUNICATIONS TECHNOLOGY SERVICES SECTOR

The following tables present information on the ICT sector.

Table 1.1. Persons Consulted

<i>Name</i>	<i>Title</i>	<i>Organization</i>
HA Begum	Managing Director (Additional Secretary)	Bangladesh Hi-Tech Park Authority, Bangladesh Computer Council
ANM Safiqul Islam	Project Director (Deputy Secretary)	Bangladesh Hi-Tech Park Authority (Kaliakair Hi-Tech Park), Bangladesh Computer Council
J Alam	Project Director (Deputy Secretary)	Bangladesh Hi-Tech Park Authority (Jessore Hi-Tech Park), Bangladesh Computer Council
AKM Fahim Mashroor	Ex-President and Chief Executive Officer	BASIS
SM Iqbal	Founding President	Internet Service Providers Association of Bangladesh
A Manju	President	Internet Service Providers Association of Bangladesh

Table 1.2. Foreign Exchange Rules for Software Business and E-Commerce

<i>Rule</i>	<i>Comments</i>
Use of international credit cards for online payments	Allowed on a limited scale since 2013, yet not sufficient to meet demand.
Foreign Exchange Policy Department Circular 15, 7 August 2011, on incoming remittances through online global payment platforms such as PayPal and Skrill	Authorized dealers permitted to offer the facility of repatriation of remittances against small-value services exports in non-physical form such as business process outsourcing, data entry and/or processing services and offshore IT-enabled services. Dealers may enter into standing arrangements with internationally recognized online global payment platforms and maintain a separate nostro collection account for each such provider. This facility is only available for services exports in non-physical form of a value not exceeding \$500. In addition to reporting transactions to Bangladesh Bank in monthly schedules and/or statements, dealers must submit all relevant information and documents related to any transaction under this arrangement to Bangladesh Bank, as and when advised to do so.
Foreign Exchange Policy Department Circular 5, 24 February 2013, on foreign exchange transactions for BASIS members	Authorized dealers may remit up to \$20,000 abroad in a calendar year on behalf of software and IT-enabled services firms without prior approval from Bangladesh Bank, subject to some conditions. Within the \$20,000 limit, dealers may issue an international card for \$1,000 in favour of a nominated official of a firm with the recommendation of BASIS.
Bangladesh Bank Guidelines for Foreign Exchange Transactions, chapter 13/123, on exporters' retention quotas	Exporters of computer software and data entry and/or processing services may retain 50 per cent of export earnings repatriated in foreign exchanges in export retention quota accounts.
Bangladesh Bank Guidelines for Foreign Exchange Transactions, chapter 19/158, on payment via international cards	An international credit and/or debit card may be issued against the balance held in an exporter's retention quota foreign exchange account, in accordance with the entitled amount, and this card may be issued in favour of up to three high-level

	executives of an exporting firm and/or organization holding an export retention quota account.
Foreign Exchange Policy Department Circular 6, 30 May 2011, on inward remittances for providing business process outsourcing services	Authorized dealers may credit the proceeds of inward remittances to the accounts of individual services providers subject to some conditions, including keeping records in support of the transactions and reporting the same in relevant monthly schedules and/or statements to Bangladesh Bank.
Foreign Exchange Policy Department Circular 3, 22 February 2012, on inward remittances against the export of services in non-physical form	Authorized dealers may credit to exporter accounts the proceeds of inward remittances received as payment against business process outsourcing services provided to non-residents in non-physical form. For individual non-physical labour, 50 per cent of remittances from abroad should be credited to local currency accounts and 50 per cent to the export retention quota accounts of the concerned exporters.

Table 1.3. Definitions of Activities of Software Firms

<i>Activity</i>	<i>Definition</i>
E-commerce	Any transaction that involves the buying and selling of products and services by businesses and consumers through an electronic medium, without using any paper documents. Includes the following three categories: business to business (such as Cisco Systems); business to consumer (such as Amazon); and consumer to consumer (such as eBay).
E-governance	Use by government agencies of information technology (such as the Internet, mobile computing and wide area networks) that has the ability to transform relations with citizens, businesses and other arms of government. Such technology may serve a variety of different ends, as follows: better delivery of government services to citizens; improved interaction in business and industry; citizen empowerment through access to information; and more efficient government management.
Enterprise resource planning	An integrated software solution that is used to manage a company's resources, both internal and external (also known as enterprise requirement planning).
Business process outsourcing	Involves contracting out the operations and responsibilities of specific business functions or processes to a third-party provider. Related activities include, among others, comprehensive financing and accounting, content and document management, customer relationship management, enterprise resource management, human resources management, payroll and benefit administration and procurement logistics and supply chain management.
Knowledge process outsourcing	Allocation of relatively high-level tasks to an external organization or a different group within the same organization. Also refers to moving up the value chain from business process outsourcing, unlike which its focus is not on process expertise but on knowledge expertise, that is, high-level tasks. Related activities include, among others, engineering services, reference data management and research and advisory services.
Graphics	Visual presentations on some surface, such as a canvas, computer screen, paper, stone or wall to brand, entertain, illustrate or inform. Examples include diagrams, drawings, graphs, line art, photographs and typography. Graphics often combine colour, illustration and text.

Table 1.4. Tax-Related Policies for the Information and Communications Technology Sector

<i>Policy</i>	<i>Comments</i>
Value Added Tax Ordinance, 1991, chapter 2 (for software and IT-enabled services exporters) and finance bill under the 2012–2013 budget, with amendments in Income Tax Ordinance, 1984 (No. XXXVI)	A 15 per cent tax rate is imposed on each imported or domestically supplied commodity (except commodities noted in schedule 1) and on each service (except services noted in schedule 2) according to the prices noted in article 5. No tax is imposed on any commodity or service exported or intended to be exported from Bangladesh. The following is required when exporting any service: an agreement signed by both the importer and exporter; documentation of value added tax and foreign exchange earnings; and foreign currency to be received by Bangladesh.
Value added tax (on bandwidth)	In August 2012, the Government cut the bandwidth price by 20 per cent, to Tk8,000 from Tk10,000. In a bid to shift services to a grassroots level, the Government is set to cut the bandwidth price by 37.5 per cent. In March 2013, the Bangladesh Submarine Cable Company decided to cut the price for 1 megabyte per second from Tk8,000 to Tk5,000, and this proposal was approved by the Bangladesh Telecommunications Regulatory Commission.
Income tax exemption on software and IT-enabled services up to 2015	Any income derived from software development and IT-enabled services from 1 July 2008 to 30 June 2015 is exempt from tax, provided that an income tax return is filed in accordance with section 75(2)(c) of the ordinance. IT-enabled services refer to business process outsourcing services, call centre services, data entry, data processing, digital content development and management (both two and three-dimensional), e-commerce and online shopping document conversions, geographic information services, graphic design (digital services), imaging and archiving, IT support and software maintenance services, search engine optimization, web listings and website-related services.

Table 1.5. Significant Information and Communications Technology-Related Policies

<i>Policy</i>	<i>Comments</i>
Private companies allowed to act as Internet service providers, 1996	In Bangladesh, Unix-to-Unix Copy e-mail began to be used in 1993 and Internet protocol connectivity was established in 1996. By July 1997, there were an estimated 5,500 Unix-to-Unix Copy and Internet protocol accounts. In June 1996, the Government decided to allow private companies to act as Internet service providers, using very small aperture terminals.
Committee formed to consider problems of and prospects for software exports, 1997	The Committee submitted a report in September 1997. In June 1998, the Government decided to withdraw all import duties and value added tax from all computer hardware and software. This reduced the prices of computers to a level affordable by middle-income households.
Draft national ICT policy, 2002	A national ICT policy was drafted.
Establishment of ICT incubation centre, 2002	An ICT incubator was established in the Bangladesh Shilpa Rin Sangstha building in Dhaka with a view to providing infrastructure support, such as uninterrupted electricity, better bandwidth and subsidized office space. Around 50 firms are now located there.
Connection to submarine cable network, 2006	Bangladesh was late in connecting to a submarine cable network and hence late in entering the information superhighway. The Bangladesh Submarine Cable Company, a State-owned company, currently handles Bangladesh's connection to the South-East Asia-Middle East-Western Europe-4 submarine cable system and participates in the

<i>Policy</i>	<i>Comments</i>
	related consortium. By providing submarine cable bandwidth, the company contributes to the revenue earned by the Government.
Information and Communications Technology Act, 2006	The Act is intended to provide a legal framework and infrastructure to secure e-transactions and electronic data transfers, maintain the latest technology by freeing it from obstructive punitive provisions and prevent, among others, the publishing of obscene or defamatory information in electronic form.
Income tax exemption for software and IT-enabled services	The Government waived income tax requirements for software and IT-enabled services firms for 2008–2011. All software for import and export is exempt from all duties and taxes.
Trademarks Act, 2009	A copyright act enacted to ensure intellectual property rights.
National ICT Policy, 2009	The Government approved the National ICT Policy that had been drafted in 2002.
Foreign exchange regulations relaxed, September 2010	Firms exporting software and IT-enabled services can remit up to \$20,000 abroad in a calendar year for account verification and remittance test fees, domain registration and hosting fees, international alliance and software registration fees, server maintenance fees and other charges. The previous limit for this allowance was \$10,000. The fees may be remitted from a firm's export retention quota account without the prior approval of Bangladesh Bank.
Second IT park approved, 2012	In 2012, the Government allocated space (Janata Tower, Dhaka) for a second IT park.
Proposed high-technology park	A high-technology park is proposed to be established in Kaliakair. The park will be on 247 acres of land, and have high-speed Internet connections and an uninterrupted power supply, to help make Bangladesh a global outsourcing destination

Table 1.6. Chronology of Information and Communications Technology-Related Policies

	<i>Policy or current situation</i>	<i>Comments</i>
July 1993: One mobile telephone operator; November 1996: additional licences provided	The Government issued more licences in order to eliminate monopoly businesses and allow the general public greater access to mobile telephones	Currently, there are six mobile telephone operators in Bangladesh, and 59.98 million total users
1996	355 Internet service providers in Bangladesh	160 providers nationwide, 112 in the Dhaka metropolitan area and 83 in central Bangladesh
June 1998	Value added tax and taxes on computer hardware lifted	
May 2005	Bangladesh connected to the South-East Asia–Middle East–Western Europe 4 submarine cable system	Landing station installation at Cox's Bazar. Capacity of fibre-optic submarine cable: 160 gigabytes per second; designed capacity: 1.28 terabytes per second
October 2005	Nationwide fibre-optic telecommunications transmission network	Only one organization (Power Grid Company of Bangladesh Limited)
April 2008	290 call centre licences provided by Bangladesh Telecommunications	

	Regulatory Commission to develop the Bangladesh economic sector	
18 November 2008	Three companies (Banglalion Communications Limited, Brac Bdmil Network Limited and Aguri Wireless Broadband Bangladesh Limited) won licences to operate Worldwide Interoperability for Microwave Access or broadband wireless access from Bangladesh Telecommunications Regulatory Commission, a milestone in the history of the Bangladesh ICT sector	Banglalion started Worldwide Interoperability for Microwave Access services in Dhaka in June 2009 and Aguri started its own services brand Qubee on 21 October 2009
January and December 2009	Nationwide telecommunications transmission network service provider licence	Two organizations have received this licence
August 2009	Internet protocol telephony service provider licence	A total of 39 organizations have received this licence
Proposed high-technology park	A high-technology park is proposed to be established in Kaliakair	The park will be on 247 acres of land, and have high-speed Internet connections and an uninterrupted power supply

ANNEX 2: LABOUR FORCE EXPORTS

The following tables present information on labour force exports, including potential markets and employment opportunities (Kabir et al., 2013).

Table 2.1. Persons Consulted

<i>Name</i>	<i>Title</i>	<i>Organization</i>
A Chakraborty	Director General	WTO Cell, Ministry of Commerce
N Ahmed	Director	WTO Cell, Ministry of Commerce
M Riaz Hamidullah	Director General (Economic Affairs)	Ministry of Foreign Affairs
M Ahmed	Adviser	Dhaka Chamber of Commerce and Industry
M Rahman	Executive Director	Centre for Policy Dialogue
AK Enamul Haque	Director	Insight School of Learning

Table 2.2. Potential Opportunities for Employment in Canada and Western Europe

Canada	Existing flexible visa regimes for health-care workers and introduction of live-in caregiver programme, to bring migrant workers to meet growing demand for nurses; open as of May 2013 to skilled migrants Seasonal Agricultural Workers Programme may be used as a model
Western Europe	Climate change may extend crop growing seasons; the risk of frost may be reduced and make new crops viable, leading to demand for agricultural labour

Table 2.3. Potential Sectors and Positions for Employment in Canada, the United States and the European Union

Canada	Auditors and accountants, carpenters, chefs, chemical processing and utilities specialists, college and other vocational school instructors, computer and information systems managers, construction managers, contractors and supervisors, crane operators, drillers and blasters, electricians, financial managers, geological engineers, geologists, heavy construction equipment crewmembers, machine operators, mechanics, mining engineers, nurses, occupational therapists, oil and gas drilling and services contractors, pathologists, physicians, physiotherapists, plumbers, restaurant and food services providers, university professors and welders
United States	Accounting, advertising, banking, computers and IT, construction, design and creative fields, driving, education and teaching, engineering, farming, homecare and special care, hostelry, housekeeping and cleaning, human resources and training, insurance, legal and paralegal services, management and executive positions, marketing, media, nursing, real estate, retail sales and travel and tourism Caretakers, receptionists, factotums, chefs and cooks, nannies and babysitters
European Union	Banking and finance, computers and IT, construction, design and creative fields, driving, engineering, farming, homecare and special care, hostelry, housekeeping and cleaning, human resources and training, insurance, legal and paralegal services, finance management and executive positions, media, nursing, retail and sales Babysitters and nannies, caretakers, chefs, cooks and kitchen workers, factotums and receptionists

Table 2.4. Potential Sectors for Employment in the Caribbean, Central America and South America

	<i>Economy and major sectors</i>	<i>Potential sectors for labour force exports</i>
Argentina	Automotive parts, export-oriented agriculture, food processing, manufacturing, natural resources, pharmaceuticals and steel and aluminium	Agriculture, engineering, IT, manufacturing and services
Brazil	Agriculture, manufacturing, mining, services and tourism	Agriculture, construction, engineering, IT, manufacturing, mining and services
Chile	Copper, lithium and other minerals, fish processing, foodstuffs, iron and steel, textiles, tourism, transport equipment and wood and wood products	Engineering, IT, manufacturing and services
Colombia	Agriculture, natural resources and services	Engineering, IT and services
Jamaica	Agriculture, finance and insurance-related services, manufacturing, mining and tourism	Engineering and IT
Mexico	Agriculture, manufacturing and services, including hospitality	Engineering, IT and services
Panama	Banking, services and tourism	Engineering and services
Peru	Manufacturing, mining and services	IT

Table 2.5. Potential Sectors for Employment in East and South-East Asia

	<i>Economy and major sectors by skill level</i>	<i>Competitors</i>
Brunei Darussalam	Professional: Petroleum and mining engineers Skilled: Electricians and workers in oil and construction Low-skilled: Plumbers, welders and workers in hostelry services	Cambodia, India and the Lao People's Democratic Republic
China Hong Kong Special Administrative Region	Semi-skilled: Women workers in household service	India and Pakistan
Japan	Professional: Engineers and ICT professionals Skilled: Drivers, technicians and workers in textiles Low-skilled: Caterers, chefs, shopkeepers and workers in reconditioned vehicles industry	China, India and Sri Lanka
Malaysia	Professional: Computer engineers, programmers and software developers Skilled: Cargo handlers and workers in construction and manufacturing Semi-skilled: Carpenters and masons Low-skilled: Agricultural workers, catering staff, hotel managers and workers in the palm oil sector and tourism	India, Indonesia and Pakistan
Republic of Korea	Professional: Engineers, English teachers, ICT professionals and IT workers Skilled: Workers in construction, electronics, manufacturing and services Low-skilled: Caretakers, domestic helpers, farmers, fishers and workers in livestock rearing	China, India and Sri Lanka
Singapore	Professional: Biomedical scientists, biopharmaceuticals manufacturers, ICT programmers and mechanical engineers Skilled: Lab technicians, nurses, physiotherapists, welders and workers in chemicals, electronics, petroleum refining and shipbuilding Semi-skilled: Workers in tourism	India, Indonesia and Pakistan

	Low-skilled: Carton packers and cleaners	
Thailand	Semi-skilled: Resort workers Low-skilled: Fishers	Brunei Darussalam and Taiwan Province of China

Table 2.6. Potential Sectors for Employment in Europe and Western Asia

	<i>Economy and major sectors</i>	<i>Potential sectors for labour force exports and positions for employment</i>
Albania	Agriculture, basic metals, cement, chemicals, food processing, hydropower, lumber, mining, oil, textiles and tourism	Electricity, health and social activities, telecommunications, transport and water supply and production
Armenia	Chemicals, electronics, machinery, processed food, synthetic rubber and textiles	Banking, construction, IT and services
Azerbaijan	Agriculture, natural gas and oil	Specialists and skilled workers in oil and workers in construction and trades
Bulgaria	Beverages, basic metals, chemical products, electricity, food, gas and water, machinery and equipment, petroleum coke, refined petroleum and tobacco	IT specialists and skilled workers in agriculture and forestry, construction, industry, services, tourism and wood processing and furniture
Cyprus	Cement and gypsum production, food and beverage processing, light chemicals, metal products, ship repair, textiles, tourism and wood, paper, stone and clay products	Accounting, banking, construction, education, health care, insurance, IT and communications, manufacturing industries, public administration, real estate, services and trade
Czech Republic	Armaments, brewing and ceramics, chemicals, electronics, glass, iron and steel, machinery and equipment, pharmaceuticals, textiles and transport equipment	Skilled manual workers (assemblers, craftspersons and machine operators), services workers and skilled clerks
Estonia	Construction, electronics and food	Specialists and skilled workers in energy and oil and skilled machinery and equipment operators
Hungary	Chemicals, construction materials, metallurgy, mining, motor vehicles, pharmaceuticals, processed food and textiles	Engineers and IT specialists
Latvia	Electronics, food, machine building, textiles, wood and paper	IT specialists, retail salespersons and sales managers and skilled workers in engineering, health care and transport
Lithuania	Chemical products, dairy products, food processing and manufacturing	Skilled machinery and equipment operators, retail salespersons and sales managers and skilled workers in catering, construction and transport
Poland	Beverages, cars, chemicals, food processing, furniture, glass, iron and steel, machinery, mining, pulp and paper, textiles and yacht and shipbuilding	Agriculture and forestry, banking and finance, catering, construction and real estate
Republic of Moldova	Agricultural machinery, food processing, foundry equipment, hosiery and shoemaking, refrigerators and washing machines, sugar, textiles and vegetable oil	Food processing, transport and trades Skilled architects, designers, pharmacists, support staff (guards, porters, sweepers, etc.) and workers and operators in housing management and utilities
Slovakia	Ceramics, chemicals, earthenware, electrical and optical apparatuses, electricity, food and beverages, gas,	Health-care specialists, nutrition specialists, personal trainers, specialized workers in energy,

	machinery, metal and metal products, nuclear fuel, oil, paper and printing, rubber products, synthetic fibres, textiles and vehicles	biotechnology and technology and sports instructors
Slovenia	Chemicals, electrical engineering, electronics, food processing, lumber, metal, pharmaceuticals, textiles and vehicles	IT specialists, labourers in construction and metal and skilled workers in health care
Turkey	Cars, construction, electronics, food processing, lumber, mining (boron, chromate, coal and copper), paper, petroleum, steel, textiles and tourism	Skilled technical workers

Table 2.7. Potential Sectors and Positions for Employment and Opportunities in the Middle East

<i>Sectors and positions</i>	
Bahrain	Construction, education, health care, IT, manufacturing, oil and gas exploration, services, shipbuilding and repairing, telecommunications and transport
Jordan and Lebanon	Agriculture, computers and IT, construction, driving, engineering, nursing, occupational therapy, oil and gas, services and welding Carpenters, chefs, cooks, electricians, painters, plumbers and tailors
Kuwait	Air conditioner mechanics, catering personnel, computer programmers, construction workers, engineers, health-care technicians, hotel managers, nurses and vehicle mechanics
Oman	Agriculture, business management, construction, domestic service, fishing, IT, metalwork and vehicle repair
Saudi Arabia and United Arab Emirates	Chemicals industry, health services, hospitality, oil and gas exploration, services and tourism Accountants, architects, construction workers, diploma engineers, doctors, draftspersons, engineers, forepersons, masons, medical technicians, nurses, pipefitters, plumbers, steel fixers, surveyors and tile layers
<i>Opportunities</i>	
Kuwait	Construction of islands, a new seaport, a new cargo terminal at Kuwait International Airport, a third railway and a number of hospitals
Qatar	Projects in relation to the International Federation of Association Football World Cup to be held in 2022, including a \$25 billion public transport network and a \$14 billion international airport in Doha; National Vision 2030 aims to diversify from a reliance on hydrocarbons
Saudi Arabia	\$500 billion to be invested by 2020 in education, energy, logistics and ports by Saudi Arabian General Investment Authority (plans for transport sector in 2010–2014 totalled approximately SRI101.5 billion)
United Arab Emirates	\$500 billion invested in construction sector in 2010–2015 and \$40 billion invested in nuclear power plant projects

Table 2.8. Potential Sectors for Employment in Oceania

	<i>Economy and major sectors by skill level</i>	<i>Competitors</i>
Australia	Professional: Accountants, agriculture professionals, bankers, computer programmers, engineers, IT specialists, nurses and physicians Skilled: Babysitters, plumbers and welders Semi-skilled: Agricultural and construction workers, chefs and cooks Low-skilled: Cleaners, waiters and workers in poultry farms	China, India, Indonesia and Papua New Guinea
Fiji	Skilled: Tourism sector workers	China and India
New Zealand (part time or	Professional: Accountants, agriculture professionals, bankers, computer programmers, engineers, IT specialists, nurses and physicians	China, India, Indonesia

full time)	Skilled: Babysitters, carpenters, plumbers and welders Semi-skilled: Agricultural workers, chefs, cooks and waiters Low-skilled: Cleaners and farmers	and Papua New Guinea
Papua New Guinea	Semi-skilled: Workers in gas, health, infrastructure, mining, petroleum and resources	India and Indonesia

NOTES

Estimates of ICT services exports include communications and computer-related services (telecommunications and postal and courier services) and information services (computer data and news-related services transactions).

ⁱⁱ National Association of Software and Services Companies, 2013, Indian IT and business process management industry: Financial year 2013 performance review, financial year 2014 outlook, available at <http://tinyurl.com/hwqpasr> (accessed 21 December 2015).

ⁱⁱⁱ M Hossain, N Shinkai, M Yunus and Z Bakht, 2012, Integration of ICT industries and its impact on market access and trade: The case of Bangladesh and India, in: SH Rahman, S Khatri and H-P Brunner, eds., *Regional Integration and Economic Development in South Asia* (Cheltenham, United Kingdom and Northampton, United States, Asian Development Bank and Edward Elgar Publishing:100–164).

^{iv} N Shinkai and M Hossain, 2011, Productivity and performance of IT sector in Bangladesh: Evidence from the firm level data, *Bangladesh Development Studies*, 34(2):1–22.

^v *The Daily Star*, 2012, IT freelancing booms in Bangladesh, 3 December; UNCTAD, 2012, *Information Economy Report 2012: The Software Industry and Developing Countries* (New York and Geneva, Sales No. E.12.IID.14, United Nations publication).

^{vi} *The Daily Star*, 2012, oDesk to help transfer freelancers' payments, 27 May.

^{vii} The Capability Maturity Model certification was created in 1989 with the purpose of developing and refining software development processes. Software development firms worldwide adopted it as a means of quality certification. It was replaced by Capability Maturity Model Integration in 2007, which is a process improvement approach that aims to increase the efficiency and quality of processes and functions applied in any sector.

^{viii} I Borchert, B Gootiiz and A Mattoo, 2012, Policy barriers to international trade in services: Evidence from a new database, Policy Research Working Paper 6109, World Bank.

^{ix} United Nations Economic and Social Commission for Asia and the Pacific, 2011, *Statistical Yearbook for Asia and the Pacific 2011* (Bangkok, Sales No. E.11.II.F.1, United Nations publication).

^x Ministry of Finance, 2014, *Development and Expansion of Tourism Industry* (Dhaka, Finance Division).

^{xi} Ministry of Planning, 2014, *Tourism Satellite Accounts of Bangladesh 2011–2012* (Dhaka, Bangladesh Bureau of Statistics).

^{xii} M Minca, 2011, Midwifery in Bangladesh: In depth country analysis, background document to World Health Organization, 2011, *The State of the World's Midwifery Report* (Geneva).

^{xiii} *The Daily Star*, 2013, Accountability in the development of midwifery in Bangladesh, 28 August.

^{xiv} This section draws on M Kabir, HJ Shewly, R Sultana, MM Rahman and N Arifeen, 2013, Manpower export of Bangladesh: Exploring the potential, report prepared for the Ministry of Foreign Affairs.

^{xv} MN Ajis, MN Saludin, A Ismail, OF von Feigenblatt, MS Shuib and MF Keling, 2010, Managing foreign workers in South-East Asian countries, *Journal of Asia Pacific Studies*, 1(3):481–505.

^{xvi} Saudi Arabian General Investment Authority, 2015, Transport and logistics, available at <http://www.sagia.gov.sa/en/Key-sectors1/Transport-and-Logistics/> (accessed 18 November 2015).

^{xvii} *The Daily Star*, 2010, Papua New Guinea keen to recruit Bangladeshi workers, 22 April.

^{xviii} International Organization for Migration, 2010, *World Migration Report 2010: The Future of Migration – Building Capacities for Change* (Geneva).

^{xix} S Raihan and M Ahmed, 2008, Services trade liberalization and domestic regulation: Perspectives from Bangladesh, Commonwealth Secretariat, London.

^{xx} In 1998, SAARC consisted of seven countries in South Asia, namely Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Afghanistan joined SAARC in 2007.

^{xxi} R Chanda, 2014, Services liberalization in South Asia, presented at the round table meeting for the SAARC study on the road map for achieving a South Asian economic union, Manila, 24–25 March.

^{xxii} *The Financial Express*, 2012, Schedule of commitments under SAARC Agreement on Trade in Services finalized, 4 September.

^{xxiii} The five original members of the Agreement (previously known as the Bangkok Agreement) were Bangladesh, India, the Lao People's Democratic Republic, the Republic of Korea and Sri Lanka. China became the sixth member in 2001 and Mongolia became the seventh member in 2013.