

Session-3: Enhancing Competitiveness for promoting trade, investment and private sector development

Topic-3 "Improve Social, safety and environmental standards enforcement" in relation to

Topic-4 " Improved trade policy to ensure pro-poor growth & RMG exports"

Draft intervention by Mr. Erich Muller, Director for Asia, EuropeAid

Minister Saifur Rahman, Honorable Ministers, Government of the People's Republic of Bangladesh officials, representatives from the private sector and civil society, visiting development partner delegates, ladies and gentlemen. My brief speech will cover the issue of Social, safety and environmental standards. My Canadian colleagues will talk about complementary gender issues in relation to this topic.

On behalf of the European Commission, I would like to congratulate the Honourable State Minister for Energy for his presentation of the past impressive achievements and the general positive development in terms of economic growth and exports, despite the severe flooding last year and the end of quota regime under the Agreement for textiles and Clothing.

It is clear by now that the worst scenario expected with heavy job losses did not materialise and Bangladesh could remain its position in the vital garment export markets. However the full impact of Post-MFA era will be only seen from 2008 onwards when the temporary quotas for China will expire. The surges of Chinese exports in the beginning of the year were rather frightening for its competitors and I believe also Bangladesh felt the increased competition particularly in the market for woven garments.

Moreover, the competitive edge enjoyed by Bangladesh as a result of its duty-free access to the EU market under 'Everything But Arms' may become less pronounced if WTO negotiations deliver significant cuts in tariffs. In this climate, it will become increasingly important for the textile and clothing industries to sharpen their attractiveness - and not only with respect to price. Improvements of social, environmental and safety standards are becoming a survival issue for the garments sector. That is why the points relating to labour standards in the PRSP carry a vital importance. Social and environmental compliance makes sense in both moral and business terms. In an increasingly competitive global marketplace with evolving international standards on CSR, Bangladesh will benefit from demonstrating its commitment to improving workers' conditions. This is not just a question of fulfilling obligations which Bangladesh has assumed under major international conventions, such as ILO Convention 182 on the elimination of the worst forms of child labour. With more and more buyers signing up to Codes of Conduct on compliance issues – partly at the behest of consumer demands for ethical products – it is imperative that more Bangladesh businesses recognise the potential of investing in the health and welfare of workers.

Though compliance entails some costs, it should be seen as "investment" in terms of securing access to global markets and cultivating a more motivated and productive workforce. The pressure for compliance can only intensify as international standards mature. By working hard now to comply with these standards, Bangladesh will

position itself well in the global marketplace. The “broad coalition” of government, NGOs, social organizations, employers and trade bodies envisaged in the PRSP must be translated into a meaningful reality. We do appreciate the setting up of the **Social Compliance Forum for RMG** headed by the Ministry of Commerce and supported by development partners. Furthermore, it is government, which must take the lead in implementing legislative standards and monitoring compliance such as ensuring that a disaster as the collapse of the Spectrum factory, which damages the reputation of Bangladesh as a whole, can never happen again.

In parallel to strengthening the garment industry, the PRSP mentions export diversification as a priority. We are willing to work with the Government to develop an integrated trade policy and export diversification strategy that encourages those sectors with high export potential such as frozen foods and pharmaceuticals. Development partners are willing to jointly support the long-term efforts of the Government as through the currently prepared Private Sector Development Support Programme that has shown strong government leadership and through similar initiatives in the future.