Foreign Policy of Bangladesh

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Aas-Salaamu-A’laikum and Good Morning

Introductory Comments

I would first like to thank the NDC for taking the initiative to organize a lecture on the Foreign Policy of Bangladesh, as it is a crucial element of the national policy making in all countries, but bears particular significance in a fast growing economy with a large, dynamic workforce such as Bangladesh. In today’s lecture I would firstly like to discuss the objectives and challenges of Bangladesh’s Foreign Policy and the potential opportunities for diplomacy regionally as well as globally. Then I would like to suggest some possible measures of mitigating the current challenges posed by the global financial crisis through effective foreign policy.

Bangladesh’s Foreign Policy: Objectives

The foreign policy of a state can be defined as courses of actions that a state usually undertakes in its efforts to carry out national objectives beyond the
limits of its own jurisdiction. Every state, regardless of size or sphere of influence, incorporates foreign policy to advance national interest. In the context of Bangladesh, the dominance of national interest in the formulation of foreign policy is especially prevalent. Traditionally, the main objectives of foreign policy of Bangladesh have been self-preservation, maintenance of territorial integrity, economic advancement and augmentation of national power. The foreign policy of Bangladesh should invariably take into account the changing realities, both in the domestic and international scenes.

In the years to come, some of Bangladesh’s major objectives in building and maintaining its foreign relations will be to promote multilateralism, regional cooperation and security, combating terrorism, increasing remittances, mobilizing international support for debt reduction, market expansion, and promotion of trade. It will need the support of the major powers in pursuing these goals and objectives. It is important that the Bangladesh Government’s foreign policy is geared towards a comprehensive policy framework that accommodates financial support and foreign assistance in boosting agricultural productivity, training for civil servants, improving the infrastructure, combating corruption and terrorism, and expanding employment and labor productivity. Economic assistance in improving the education and health services and achieving export diversification should also get immediate priority. I would like to briefly outline some of the major objectives of Bangladesh’s foreign policy, namely fostering greater international trade and foreign direct investment, effective utilization of
Bangladeshi diaspora and manpower resources, building of effective international institutions and combating terrorism.

**International Trade: Readymade Garments (RMG) and Foreign Direct Investment with focus on Infrastructure and Energy**

Sustainable economic relations based on long-term strategies needs to be the focal point of Bangladesh’s engagement the US, EU, India and China. Bangladesh’s economic relations with these countries have also been greatly influenced by globalization. In such an event, issues of market, trade, and labour and the role played by the International Financial Institutions become of critical importance.

Improvements in female empowerment, female education, and a host of other social and economic indicators is directly attributable to the RMG sector creating the opportunities for women to work in urban Bangladesh, apart from the 14 million women in the rural areas who are self-employed. To that end, it is the United States and its other allies who must comprehend that the role of the RMG sector in Bangladesh goes much beyond simply creating employment. The RMG sector is the mainstay of the economy and accounts for more than 75% of Bangladesh’s exports. However, efforts to get a bill through the US Congress to extend duty free access for all least developed countries (LDCs) for their RMG exports, is of crucial importance. This is especially important since the United States allows duty and quota free access to all LDCs except the LDCs in Asia, whereas all other developed countries as well as some developing countries have extended the duty free benefit to all LDCs without any exception.
Bangladesh’s diplomacy should be effectively geared towards improving Bangladesh’s image in international markets. Its focus should lie in attracting FDI particularly for the infrastructure and energy sectors. Infrastructure constitutes the backbone of economic development of Bangladesh. Indeed, the importance of infrastructure for economic development and enhancement of trade and business activities in any country hardly needs to be stressed. According to studies by the World Bank, Bangladesh lags behind other developing countries in the region in transport, telecommunication, information, and energy infrastructure. So there is certainly plenty of room for improvement.

**Remittances and Intellectual Investment**

Bangladesh has an estimated 7.6 million workers abroad and remittance inflows hit a decade high of $12.17 billion in 2011, which is a 10% increase from 2010.\(^1\) The majority of Bangladeshi migrants work in the Middle East and North Africa and are mostly employed as laborers, particularly in the construction sector. In 2011, remittance inflows were equivalent to more than 11% of the GDP and are among the largest and most stable source of foreign exchange, making a noticeable developmental impact. Bangladesh has the capability to enhance its workforce through better training, framing of policies and private and public investment. Great opportunities lie in the area of finding jobs for Bangladeshis overseas and simultaneously building a healthy and productive relationship with the Bangladeshi diaspora all over the world. Sensibly managed, exploitation free movement of our workers, including in some cases permanent migration, will remain important for Bangladesh in the years ahead, given the important

\(^1\) Remittance hits a 10 year High
contribution of remittances to the growth and development of Bangladesh. Recent studies have shown that in the next five years Bangladesh’s remittances can increase to 30 billion US dollars.

MoFA and other relevant ministries should focus on boosting foreign remittances and attracting tangible and intangible investment from the Bangladeshi diaspora.

**International Institutions**

Bangladesh's relations with its neighbours have always been of vital interest not only for their national security implications but, also for the positive contribution they may make to the realization of our legitimate economic interests. Bangladesh pioneered regional co-operation in South Asia and considers the South Asian Association for Regional Cooperation (SAARC) to be a vital instrument for the consolidation of peace in the region, accelerated development, establishment of cooperative links and the harnessing of resources for our common good. As a founder member of D-8 and BIMSTEC, Bangladesh played important roles in the formation of these two regional organizations. Bangladesh has also strengthened ties with its East Asian neighbors. Bangladesh is a member of Asia Cooperation Dialogue (ACD), and the ASEAN Regional Forum (ARF). It continues its endeavors to develop closer ties with ASEAN and has signed the Treaty of Amity and Cooperation in South East Asia. In-spite of limited resources, Bangladesh must maintain a robust presence in the Non-Aligned
Movement (NAM), the Organization of Islamic Countries (OIC) and the Commonwealth. Playing an active role at the UN, UN Specialized agencies and in all the international organizations that Bangladesh is today a member, including taking initiatives, must remain central to Bangladesh’s diplomacy.

**Combating Terrorism**

Since the beginning of the new millennium, Bangladesh has witnessed a gradual increase in terrorism in the forms of political violence and religious extremism. This needs to be addressed within the framework of a national Counter Terrorism Strategy. Although the US-led ‘War on Terror’ was targeted at some specific states and groups, the repercussions have been felt throughout the Muslim world including Bangladesh. Since this government came to power, the authorities have successfully cracked down on Indian rebel groups and local militants within its borders. However, it needs to remain vigilant about the movement of terrorists across its borders, drug and human trafficking, and organized crime. The inflow and outflow of funds to finance the activities of these terrorist organizations is another area that needs careful attention in order to stem terrorist activities. All these issues can be addressed in cooperation with the international community.

**Challenges**

However, Bangladesh’s economic and social potential will not be fully utilized unless a number of key foreign policy challenges are effectively addressed.
While some steps have been taken to counter terrorism, there remains much to be done to stem the rise in religious intolerance and other forms of extremism. A major diplomatic initiative needs to be undertaken to improve cooperation with SAARC, ASEAN, OIC and the Gulf countries.

The maintenance of harmonious relationships between Bangladesh and her neighbors, particularly India, is an imperative component of Bangladesh’s foreign policy. Inequitable distribution of resources, mistrust and misunderstandings have long plagued cooperation on contentious but critical issues. Greater emphasis needs to be placed on track II and III diplomacy as civil society and people to people contact may play an important role in creating harmony in India-Bangladesh relationship, which has traditionally been a source of frustration for citizens of both nations. Some important initiatives need to be taken to improve the business and investment climate in the Bangladesh. In particular, we need to reform the existing foreign exchange regulations, in line with some of our neighbors in the region, most notably India, which could help in doubling our exports within the next two years.

A major challenge is in the development of Bangladeshi missions abroad. Bangladesh currently has diplomatic missions in only around 46 countries. More importantly, Bangladesh does not have any diplomatic missions in South America and only around three missions in the vast and economically dynamic continent of
Africa. The rising economic powerhouses in South America, especially Mexico, Brazil and the resource rich countries of Venezuela and Columbia engender opportunities of bilateral cooperation in economic trade and development, which would remain unexplored in the face of inadequate or non-existent foreign policy. Bangladesh is also lagging behind the regional powerhouses of India and China in establishing strong diplomatic relations in Africa. A young population and a vast array of resources have made Africa the new destination for foreign investment and Bangladesh should expand its missions in Africa to endorse trade and economic relations. Special attention should also be given to the Nordic countries and Central Asia.

**Mitigating Current Challenges through Foreign Policy**

The world economy is currently experiencing the worst global financial crisis since the Great Depression. The impact on LDCs like Bangladesh has been muted in the first and second instances. However, there is growing evidence that third round impacts are making themselves felt, manifested in declining exports, declining migration of labour and reduced growth.

Growth in Bangladeshi exports has slumped to near zero, with orders drying up as the key markets of the United States and Europe are caught up in their own economic crises. The EU is the largest export destination for Bangladeshi products, and the US accounts for one-third of Bangladesh’s exports. In July-September quarter of 2011, the country’s knitwear sector exports totaled
US$ 2.57 billion, showing an 18.26 percent growth over the corresponding quarter of previous fiscal year, as per the data of Export Promotion Bureau (EPB). However, the pace of growth slowed down in September 2011. Readymade garment (RMG) exports from Bangladesh may witness a slower pace of growth during the current fiscal year up to June 2012 owing to the deepening debt crisis in Europe.

About 438,736 Bangladeshis went abroad for jobs during the fiscal year 2010-11 while a total of 427,202 local nationals secured overseas jobs during the same period of previous year (2009-10), according to a provisional data of the Bureau of Manpower, Employment and Training (BMET). Despite this many analysts predict that due to the deepening global financial crisis and the continuing ban on Bangladeshi workers by several countries, the number of migrant workers is set to decline in 2012.

The global economic crisis has adversely affected two of the most important contributors to out economy, the export of RMG and remittance of migrant workers.

Robust diplomatic efforts need to be undertaken to explore new markets for RMGs. Particular emphasis should be made on securing unimpeded entry of its products, especially RMG into the US, Japan, China, Russia and India and also exploring new markets in Africa. The Bangladeshi missions in countries where RMG is exported should play a role in fostering robust relations between the
manufacturers in Bangladesh and the retailer’s abroad. Greater number of expositions, in cooperation with RMG manufacturers must be undertaken by these missions to showcase the quality of Bangladeshi garments to prospective importers.

On the issue of manpower export, the missions abroad must play a role in protection of workers rights and working with local authorities to negate the exploitation of workers by middle men. Officers with special training in labour laws and welfare may be commissioned to missions where there are a large number of expatriate workers. Bangladeshi missions abroad often do not provide the adequate level of service and support that is required by workers in a foreign country. To bolster the manpower export, the missions abroad must diversify their policies to explore the skilled labour market and maintain robust relationships with the labour importing nation. Joint venture training centers in Bangladesh can be undertaken with the participation of the receiving countries. In addition to developing close relations with receiving countries on skilled and unskilled manpower export, Bangladesh can also deliberate trade, investment and other bilateral issues.

Overall, Bangladesh must take advantage of the ample opportunities in the international sphere through robust foreign policy initiatives. The global economic crisis has had a negative effect on two of the most important aspects of Bangladesh’s economy, RMG and Manpower export. Despite this, opportunities exist to minimize the economic downturn through innovative foreign policy
initiatives. We hope that the diplomats of Bangladesh would rise to the complex challenges ahead.