



No. MFA/IO/D-8/33

The Ministry of Foreign Affairs of the People's Republic of Bangladesh presents its compliments to the D-8 Secretariat in Istanbul and has the honour to put forward, on behalf of the Government of the People's Republic of Bangladesh, a formal proposal regarding effecting 30% local value addition criteria for the LDC (Least Developed Countries) members of the D-8 with regard to the Rules of Origin under Preferential Trade Agreement (PTA) among D-8 Member Countries, for its circulation among the D-8 Member States and its consideration by them, as follows:

I. Bangladesh is a founding member of the D-8 and she is committed to its agreed goal of achieving greater economic and commercial cooperation among the Member States, particularly that of increasing intra-D8 trade from its current modest value to Roadmap target of 15% to 20% by the year 2018;

II. Bangladesh has been participating, in an observer capacity, in all proceedings of the D-8, particularly of the D-8 PTA, including its technical committee meetings with a view to participating in the D-8 PTA process, as a state party, at the earnest;

III. The 10th session of the High Level Trade Officials' meeting adopted 40% local value addition criteria in the D-8 PTA Rules of Origin, despite Bangladesh's disagreement to the criteria, which are clearly detrimental to the legitimate trade interest of Bangladesh;

IV. Bangladesh also later conveyed her disagreement to the 40% local value addition criteria officially through the Ministry of Foreign Affairs, after rigorous studies confirmed that it would not be possible for Bangladesh to comply with the 40% local value addition criteria, for any product;

V. Bangladesh thus confirms, once again, that she could not become a party to the D-8 PTA on serious practical grounds related to its trade interest and feels frustrated—as a founding member of the D-8—for not being able to participate in the most important core area of cooperation among the D-8 Member States;

VI. As far as the objectives and general principles of the D-8 PTA are concerned, Bangladesh would like to draw the attention of the D-8 Member States to the following:

- a. The objectives of the D-8 PTA are to strengthen trade relations among Contracting Members, more specifically, promotion and expansion of trade, contributing towards the harmonious development of economic relations among the Contracting Members (Article-2) and creation of enabling conditions for fair competition among the contracting members; and
- b. The governing principles of the D-8 PTA include overall reciprocity and mutuality of advantages to benefit equitably all Contracting Members, taking into account their respective levels of economic development, external trade, tariff policies and import procedures; and recognition of needs of the Least Developed Contracting Members (Article-3).

VII. Bangladesh would also like to inform the D-8 Member States that Bangladesh, as an LDC, is entitled to preferential and special treatment in trade groupings, and that this universal principle has duly been reflected in all the trade groupings where Bangladesh is a member, including in the TPS-OIC (local value addition of 40% for non-LDC Members and 30% for LDC Members) where all the D-8 Member States are also members, as well as in the SAFTA (South Asian Free Trade Agreement) (local value addition of 40% for non-LDC Members and 30% for LDC Members); thus the D-8 PTA Rules of Origin has been an unfavourable exception made to Bangladesh;

VIII. The fact that Bangladesh has not been able to benefit, as an LDC, from D-8 PTA, unlike the TPS-OIC and SAFTA, has been reflected by Bangladesh's huge trade deficit with other D-8 countries (in FY 2011—2012, Bangladesh's import from its D-8 partners was US\$ 3,526 million against its export of only US\$ 821.05 million—thus incurring a huge annual trade deficit of US\$ 2.7 billion);

IX. Bangladesh also wishes to draw attention of the D-8 Member States to several trade constraints of Bangladesh, including a weak supply side, lack of diversification in exportable goods, weak backward linkage and so on, negatively affecting Bangladesh's capability to comply with the D-8 PTA Rules of Origin criteria of 40% local value addition; and

X. Bangladesh believes that ensuring balanced economic development of the Member Countries have been one of the prime agenda of the D-8 PTA; however, this has been compromised by the existing D-8 PTA Rules of Origin; this warrants immediate revision with a view to harmonising it with the governing principles of the D-8 in general and the D-8 PTA in particular.

The Ministry of Foreign Affairs of Bangladesh, as per decision of the First D-8 Trade Ministers' Council Meeting held in Abuja, Nigeria on 24-25 June 2013, hereby, formally places the above-mentioned proposal to amend the D-8 PTA Rules of Origin (Annex to Article 12 of the D-8 PTA Agreement), incorporating provision therein for 30% local value addition criteria for the LDC Member States of the D-8/D-8 PTA.

The Ministry of Foreign Affairs of Bangladesh would, therefore, be grateful if the esteemed D-8 Member States convey their agreement to the above-placed Bangladesh proposal for incorporation of provision for 30% local value addition criteria for the LDC Member States of the D-8 in the D-8 PTA Rules of Origin at their earliest convenience, thereby allowing Bangladesh to join the D-8 PTA at the soonest.

The Ministry of Foreign Affairs of the People's Republic of Bangladesh avails itself of this opportunity to renew to the D-8 Secretariat the assurances of its highest consideration.

Secretariat of the Organization of Developing Eight (D-8)
Istanbul, Turkey

