

Meeting of the EEC-Bangladesh Joint Commission

The 7th session of the EEC-Bangladesh Joint Commission will take place in Brussels on 16-17 July 1984. The delegations will be led, on the Community side, by Mr Jos Loeff, Deputy Director-General for External Relations and, on the Bangladesh side, by Mr Syed Hasan Ahmed, Secretary in the Ministry of Commerce.

After a general discussion of the economic situation in Bangladesh and in the Community, the parties will exchange views on their cooperation in the commercial field, touching notably on the Community's trade promotion programme and Generalised Scheme of Preferences. This will be followed on the agenda by a review of economic cooperation where three issues will be discussed, industrial cooperation, energy cooperation and training. The meeting will close with an examination of the Community's technical, financial and food aid to Bangladesh as well as of the operation of the textiles agreement.

Development of EC-Bangladesh Relations

Bangladesh is linked to the Community by a non-preferential commercial cooperation agreement concluded in 1976. As a member of the Commonwealth having traditional links with the United Kingdom, Bangladesh was one of the beneficiaries of the Joint Declaration of Intent annexed to the Accession Treaty under which the Community undertook to seek solutions to the trade problems resulting from British accession for Asian Commonwealth developing countries.

Following the conclusion of a Commercial Cooperation Agreement between India and the Community in December 1973, the Council agreed in October 1974 to open negotiations for a similar agreement with Bangladesh, which was signed in October 1976 and came into operation in December of the same year. The agreement, which is non-preferential, provides for the mutual granting of MFN (Most Favoured Nation) treatment.

The essential provision of the agreement is the establishment of a Joint Commission with a mandate to study the means of overcoming trade barriers and to promote cooperation between the two parties with a view to developing and diversifying trade. The Joint Commission is also entrusted with supervising the operation of the sectoral agreements.

Since the agreement came into force in 1976, the Joint Commission has met every year either in Brussels or in Dhaka. It has assumed the task of examining the operation of the Community's trade promotion programme in favour of Bangladesh and has been a forum for promoting industrial cooperation between the two parties. It has also provided valuable exchanges of views on the Community's Generalised Scheme of Preferences and the Bangladeshi side has, with the Community's full agreement, offered suggestions for improvements to the Scheme.

Textiles

Trade between the Community and Bangladesh in textiles is regulated by a bilateral agreement negotiated in 1982 in the framework of the Third Multifibres Arrangement. The agreement is basically a framework for consultations as there are no quantitative restrictions on Bangladeshi textile exports to the Community.

Jute

Jute is an important element in Bangladesh's exports to the Community and to facilitate this trade the import duties on jute products have been suspended under the GSP and, since January 1984, all quantitative restrictions on imports have also been removed.

Generalised Scheme of Preferences (GSP)

As a member of the Group of 77 developing countries and of the group of least developed countries, Bangladesh benefits from exceptionally favourable access to the Community market both for industrial and agricultural goods. In the industrial and textile sectors unlimited duty free access to the Community market is granted, while in the agricultural sector she benefits from an almost equivalent access. Bangladeshi exporters made considerable use of these facilities and, in 1982, the last year for which full figures are available, 82% of eligible exports entered the Community duty free under the GSP.

Aid

Bangladesh is one of the largest beneficiaries of the Community's food aid programme, receiving 140 000 tonnes of cereals, 2 000 tonnes of butteroil and 700 tonnes of vegetable oil in 1983.

Bangladesh also derives substantial benefit from the Community's programme of financial and technical assistance for non-associated countries having received 76 MECU since 1976.

An essential element of the Community's aid strategy towards Bangladesh is aimed at making her more self-sufficient in food. Two projects which are on the point of being implemented, entitled "Cereal Seeds II" and "Improvement of Grain Storage" are aimed at a better use of cereals while a third project, under the Community's programme to fight against hunger in the world, will attempt to consolidate what has already been achieved by further improving grain production and its storage.

The Community and its member states are Bangladesh's largest aid donor contributing jointly some \$ 300 million per year.

Structure and Development of Trade

The Community is one of Bangladesh's principal suppliers sharing this position with the United States and Saudi Arabia. On the other hand the Community is by far Bangladesh's main market.

Trade has shown a considerable rise since the agreement came into force though the progression has not been steady due to the difficult situation Bangladesh has found itself in during the world recession. The trade balance has also moved against Bangladesh rising from 8 million ECU in 1976 to 119 million ECU in 1983.

The Community's principal imports from Bangladesh are leather and skins, crustaceans, textiles, clothing and jute. These six products account for more than 80% of the Community's imports from Bangladesh. On the export side the Community sends mainly machinery, food and chemicals to Bangladesh.

Trade between the Community and Bangladesh
(million ECU)(*)

	1976	1978	1980	1981	1982	1983
EC Imports	113	97	136	111	163	204
EC Exports	120	254	331	428	452	323
EC Balance	8	157	195	317	289	119

Source: EUROSTAT-Siena

(*) The exchange rate ECU/dollar varies daily as the various EC currencies, which make up the ECU, vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981, US\$ 0.98 in 1982 and US\$ 0.89 in 1983.