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**REMARKS**

by

**U.S. AMBASSADOR DAN MOZENA**

**AT THE BANGLADESH GARMENT MANUFACTURERS EXPORT  
ASSOCIATION EXECUTIVE COMMITTEE**

**BGMEA COMPLEX**

**JUNE 6, 2012**

**DHAKA, JUNE 6** -- U.S. Ambassador Dan Mozena delivered the following remarks at the BGMEA Executive Committee Meeting.

(Begin text)

Mr. Md. Shafiul Islam, President, BGMEA

Mr. Ghulam Hussain, Secretary, Ministry of Commerce

Respected Former Presidents and Vice Presidents of BGMEA

Members of the BGMEA Board of Directors

Prof. Mustafizur Rahman, Executive Director, Center for Policy Dialogue, Dhaka

Other BGMEA members present

Distinguished participants, colleagues and friends

Good afternoon ... and thank you for the kind invitation to join you for this luncheon discussion.

I am truly honored to be here and to have this opportunity to exchange views. I wish first to share with you my vision of Bangladesh as the next Asian Tiger; I wish then to review the steps needed to make the Bengal Tiger a reality; I wish then to conclude by sharing with you my views of emerging developments in the United States that concern Bangladeshi ready-market exports to its largest single market, America.

I believe that Bangladesh is a rich country, a country that God has blessed and re-blessed so many times. I believe that Bangladesh's greatest asset is its people, who are truly most extraordinary. I know of no other people more optimistic, energetic, creative, resourceful, generous, hard-working, entrepreneurial, tough and resilient. Bangladesh has the richest soil, vast flows of water, unparalleled climate for agricultural production, significant reserves of gas and the promise of even more, huge deposit of clean, low sulfur coal, a geographical location that makes it the natural hub of the New Silk Road, connecting Central and South Asia with China and Southeast Asia ... the blessings go on and on.

Yet the Bangladesh that we all know and love is filled with poor people. About a third of the people live in poverty; 40% of the children are stunted ... you know the picture better than I. I

believe fervently that it need not be so. I believe that within a decade or two Bangladesh could be a middle income country, where its people have the means to create a good quality of life for themselves and their children, where people have ample and nutritious food, decent housing, access to quality education for their children, affordable and effective health care, and prospects for a secure and even better future for the next generation.

The Bangladesh of my vision, the middle-income Bangladesh, the Golden Bangladesh, the Bengal Tiger would emerge from the following phenomena:

Bangladesh would be the world's largest/largest exporter of readymade garments and household textiles. Of course, I am looking at the very people who can make that aspiration, as defined in McKenzie Report, a reality.

Bangladesh would be a major global player in building small freighters, in information technology, in production of generic drugs, in producing and processing silk and jute, in exporting finished leather goods, in production and export of quality frozen shrimp and fish, in highest quality bone china products, and the list goes on and on, creating in the process millions upon millions of new jobs.

Bangladesh's agriculture would continue to grow and the nation would become food self-sufficient, and mothers would know how to prepare a diversity of foods so their children would grow healthy and strong.

Bangladesh would educate and train its young people so they would have the skills needed to build Bangladesh and other countries around the world. Bangladesh would tap its energy reserves to provide ample energy and power for its surging economy. Bangladesh would use its geographical position to fullest advantage and become the transit hub of the region.

This middle-income is not mythical; it not the idle dream of some ambassador seeking to curry favor. It could be Bangladesh's new reality within our lifetimes, in'shallah. Of course, realizing this dream would take some tough decisions by government and the business sector. Tough decisions that would, among other things: Build new, improved, expanded port facilities, roads, railroads, airports. Develop high quality schools and training institutions so Bangladesh's young people are prepared for the 21st century world. Develop Bangladesh's gas and coal reserves and harness this energy to generate ample and reliable power supplies. Tackle endemic problems of corruption, rule of law and investment climate.

Create political stability as major political parties reach early agreement on a mechanism for holding free, fair, credible and participatory elections, allowing the political process to focus on the decisions needed to build the infrastructure to support a middle income Bangladesh.

As I said earlier, Bangladesh is a truly blessed country. Each of these challenges to Bangladesh's becoming the Bengal Tiger is resolvable; no problem is insurmountable, given political will to resolve it.

I wish to shift focus and assess a more immediate challenge to Bangladesh's economy and its prospects of becoming the Bengal Tiger. I speak of emerging developments in the United States, Bangladesh's single largest export market for readymade garments; these developments could coalesce into a perfect storm that could threaten Bangladesh the Bangladesh brand in America, which could drive away key American buyers of Bangladeshi RMG.

Let me share my views on some variables that could coalesce to undercut Bangladeshi RMG exports to the U.S.:

The murder of Aminul Islam, a prominent labor activist who was associated with the AFL-CIO-affiliated, USG-supported Solidarity Center here in Dhaka. Although this murder has elicited little attention or interest in Bangladesh, that is not the case in the U.S., where labor rights supporters have seized on this issue, highlighting it as a major escalation in the erosion of labor rights in Bangladesh. Several members of Congress have written the Secretary to convey their concern about this case. Secretary Clinton raised Aminul by name with the Prime Minister, Foreign Minister and Leader of Opposition; the Secretary discussed the labor situation in Bangladesh in each of those meetings.

The pending AFL-CIO petition to suspend Bangladesh's GSP (Generalized System of Preferences) rights. Although RMG products don't benefit directly from GSP, the suspension of these rights would send a negative message across America that Bangladesh is anti-labor; that message would not be lost on RMG buyers or consumers.

The continuing delay in concluding the U.S.-Bangladesh Trade and Investment Cooperation Forum Agreement (TICFA) is being interpreted in Washington as the result of Bangladesh's trying to walk back from its international labor obligations, as put forth in the International Labor Organization Declaration, which both Bangladesh and America joined the international community in adopting and from which the U.S. cannot/will not back away. The TICFA is quite simple and has only a single action item (the establishment of a forum to identify and seek to resolve obstacles to increasing bilateral trade and investment); it has now been dragging on for four years.

Recently the CEO of one of Bangladesh's biggest buyers called me at almost midnight to share his increasing concern that the tarnishing Bangladesh brand may be putting his company's reputation at risk. He expressed his concern about a spate of critical reporting about Bangladesh in America's major media. He was especially worried about the impact of another factory fire. When queried, he said lack of labor organization contributes to poor working conditions as organized workers don't accept dangerous working conditions. I have never had a call like this one during my career. He said his company would gladly pay more for a Bangladeshi product if it were Fair Trade; his company's reputation is worth more than saving a few cents per shirt by buying Bangladesh, he summarized.

At a recent dinner here in Dhaka, six buyers for major American brands took me aside and shared with me the increasing concerns coming out of their respective headquarters about what they see happening in Bangladesh, as conveyed to the American public through negative stories in the media, including the New York Times, Wall Street Journal, ABC News, among others.

They, too, expressed concern about exposing their companies' reputation to negative perceptions of developments in Bangladesh.

I am sure you saw the Dow Jones Newswire report on concerns raised by Swedish fashion retailer Hennes & Mauritz (H&M) senior leadership about political and labor unrest and sourcing delays in Bangladesh. Several key members of BGMEA itself have shared with me that buyers have raised similar concerns and even canceled visits.

Closer to home, Bangladeshi activists who monitor labor in the RMG sector tell me that workers are becoming increasingly restive, due mainly to the growing failure of wages to keep up with the rising cost of living and the increasing vulnerability labor leaders feel as a result of the murder of Aminul Islam and harassment of other labor activists. I'm told that this frustration could spark wildcat actions such as recently occurred in Narayanganj and Ashulia. Such disturbances could add to buyers' unease about the Bangladesh label.

The Secretary discussed RMG labor-related issues with Bangladesh's leaders, underscoring the potentially high cost to Bangladeshi exports if the country were to be branded as anti-labor. She urged Bangladesh to consider the examples of Colombia (now the fastest growing economy in South America) and Cambodia; both countries have pursued tripartite dialogue and agreements (labor, owners, government) to address the labor situations in each. Although the agreements might not be perfectly implemented, they have helped each country brand itself as a responsible production base, attract high-end socially responsible buyers, and make great strides forward economically. The ILO's Better Work Initiative here in Bangladesh offers a promising and dynamic program to move Bangladesh forward, and it depends on the support of forward-thinking entrepreneurs like you.

Although my European colleagues can speak for themselves in describing the situation in Europe vis-à-vis the Bangladesh brand, I know that many of the negative perceptions of Bangladesh that may be taking root in America are also growing in Europe. The Clean Clothes Campaign that is spreading in Europe largely targets clothes made in Bangladesh.

I share with you the changing perceptions of Bangladesh among American RMG buyers as I believe these changes potentially threaten the economic well-being of this country, one about which I care most deeply.

Again, I thank you deeply for the opportunity to meet with you today and look forward to exchanging views.

Thank you.

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*\*As prepared for delivery\**

**GR/ 2012**