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TICFA PRESS CONFERENCE

Dhaka, Bangladesh

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Moderator Ministry of Foreign Affairs, Director General America's Mahfuz Rahman: We are going to start the joint press conference with the delegation of the United States and the Bangladesh delegation at the first ever TICFA Council Meeting between Bangladesh and the United States. Dear journalists, we welcome you all to our joint press conference this afternoon. We would request you to have patience so that you can hear from our leaders.

The first ever TICFA Council Meeting between Bangladesh and the United States was successfully held today. The Bangladesh side was led by Senior Secretary of the Ministry of Commerce; and the United States side was led by Assistant USTR for South Asia, Mr. Mike Delaney. I would like to request Senior Secretary Minister of Commerce Mr. Mahbub Ahmed to deliver his opening remarks.

Senior Secretary Mahbub Ahmed, Ministry of Commerce: Thank you, Mahfuz. Dear journalists, good evening. It's a great pleasure for me to be here in front of all of you. You know that TICFA was signed between Bangladesh and United States on 25th November 2013. And it became effective from 30th January 2014 after the exchange of letters between these two countries. And this is the first meeting of TICFA Forum held in Dhaka this morning. And the TICFA team from USA, they arrived in this country the day before yesterday. By this time they

have visited the EPZ in Chittagong and some of the offices there. And they also met Honorable Commerce Minister yesterday morning. We had a fruitful meeting with private sector representatives from both USA and Bangladesh yesterday afternoon.

The formal meeting started this morning at 10:00 a.m. in this hotel, and we discussed various issues in a very friendly and congenial atmosphere.

The issues we discussed are mainly: first we reviewed the bilateral trade and investment situation between Bangladesh and USA. Then we reviewed the GSP action plan the progress of which we have submitted to USA on 15th of this month. And we discussed the issue of market access for goods to USA. We discussed market access for goods and services to the USA. We also discussed U.S. investment in Bangladesh and transfer of technology. And we also discussed implementation of Bali Package. And we discussed progress in Istanbul Plan of Action.

From the U.S. side, they have several issues that are also discussed here. The issues raised by USA are tariff on fire, electrical and structural safety equipment; public tender specifications, double fumigation of cotton from USA, diabetic drugs, currency issues, delayed payments, intellectual property rights, and regional cooperation. We have also discussed labor affairs and women economic empowerment affairs, as raised by U.S. side.

These are the issues we have discussed. Thank you very much.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: Thank you, sir. Now I would like to request the leader of the U.S. delegation Assistant USTR for South Asia, Mr. Mike Delaney.

Assistant USTR Michael Delaney: Thank you. And thank you, Mr. Senior Secretary.

As the Senior Secretary mentioned, this is the first inaugural meeting of the Trade and Investment Cooperation Forum Agreement. This has been a long time coming. We think this has been in process for maybe 11 or 12 years, so we're delighted that we're able to finally come to agreement and finally hold our first meeting. This will be the first of many meetings, we hope.

Allow me to characterize this first meeting and sum up briefly and echo a bit of the Senior Secretary's remarks.

I would characterize this first inaugural meeting as very productive. It was very pragmatic, and it was characterized by a very problem-solving oriented attitude on the part of all the participants. We had a very good discussion covering a wide range of trade and investment issues.

As the Senior Secretary mentioned, there's a number of issues that both sides raised. They're all different, but the common denominator is they all inhibit trade or investment in some way. The purpose of this TICFA is to boost U.S.-Bangladesh trade and investment, so this was quite

logical that we would be focusing on these issues.

We solved some problems today. For example, we're gratified to hear that the government of Bangladesh is going to eliminate tariffs on the fire safety equipment that's necessary for improvement of the conditions in the RMG factories. We identified a path to solving other problems. And we gained a better understanding of the rest of the problems that should give us a good foundation for solving those as well.

We also had a very good discussion of our GSP action plan, which is designed to create favorable conditions for considering the reinstatement of GSP privileges for Bangladesh. We had a very, very good, very cooperative, highly informative discussion. I learned a lot, I think our delegation learned a lot.

Basically, we tried to look at what we've done so far, where we're at right now in terms of implementing the GSP action plan and what work remains to be done. We all recognize there has been tremendous progress. There's been a very good attitude and a lot of cooperation on the part of all the stakeholders, and we've made good progress in a number of areas. We also recommend that a lot of work remains to be done. So we look forward to working with the government of Bangladesh and other stakeholders in seeing this through and fully implementing the GSP action plan in the future.

To sum up, we've been working on establishing this forum for a long time. The details can get rather complicated, but the basic idea is very simple. The idea is to create a dialogue, a way of talking to the government of Bangladesh, talking to each other on a regular basis so that we can grow our trade and investment relationship. That is the basic idea. It is born of the firm belief that trade and investment between our two countries create jobs, they create prosperity, and they create frankly a better future for the people of both of our countries, particularly the people of Bangladesh.

That was what the premise was. And frankly, what I saw today verifies that premise 100 percent. That's exactly what we did today. We identified ways of growing our trade and investment relationship, so I regard this as a highly successful meeting. It's a great start. We look forward to working together to find ways to continue to advance our economic relationship.

Thank you very much.

Moderator Ministry of Foreign Affairs, Director General America's Mahfuz Rahman:
Thank you, sir.

Now there is question and answer session. Before I go to you I have a small announcement. I would request you to confine your question to the TICFA meeting. You can address your question to any of the delegation here. If I indicate you please identify yourself and then offer your question.

Probably you know all the people who are here so I didn't introduce them, but our Secretary for

Labor and Employment Ministry, he is here; the Ambassador, Dan Mozena is here; there are other people from the U.S. delegation and Bangladesh delegation.

I have seen three hands. Shahariar Zaman of *Dhaka Tribune*; Humayun Kabir Bhuiyan from *the Independent*; and from *The Daily Star*.

Question: Thank you. I am Shahariar Zaman from the *Dhaka Tribune*. I have a question for the U.S. Assistant USTR.

In the TICFA agreement, the first sentence is that bonds of friendship, spirit of cooperation, expansion of trade and extending economic relationship. Can you give one or two examples of where we can find a reflection of bonds of friendship and spirit of cooperation? Can you just tell one or two examples?

And there is another question I want to ask our Commerce Secretary. So far I understand TICFA is a bilateral discussion thing, but my understanding is that probably the multilateral wing of the Commerce Ministry actually helps you in negotiating process. Don't you have any competent people, person in your bilateral wing to help you in this negotiation process? If that is the case, has Bangladesh sought any assistance from the U.S. side for capacity building of the Commerce Ministry?

Thank you.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: Humayun Kabir Islam

Question: Actually my name is Humayun Kabir Bhuiyan, and I work for *The Independent*.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: I have a friend named Humayun Kabir Islam. Sorry.

Question: Humayun Kabir Bhuiyan, *The Independent*: It doesn't matter.

My question to U.S. Assistant Trade Representative, if I may. A few days back our Finance Minister of the country who is second to the Prime Minister, told a press conference that the political relations with U.S. was not comfortable. I would like to ask with this uncomfortable political relationship, how can you move forward with trade and investment relationship? Thank you.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: Question from *The Daily Star*.

Question: My name is Refayet Ullah Mridha. I am a senior staff reporter of *The Daily Star*.

My question is very specific. Thank you so much for the opportunity.

My question is that the duty on export of garment items to the U.S. is very high and it is discriminatory to other competing countries. So do you have any plan to reduce the duty? For your information I just want to mention, Bangladesh pays 15.62 percent duty on export of garment; whereas China pays only 3 percent and Vietnam pays 8.36 percent, and Hong Kong 1.16 percent. So the competing countries are so less and Bangladesh is being so high despite being a member of the LDC. Thank you so much.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: For replies I would now request the dignitaries.

Assistant USTR Michael Delaney: I think all the questions were directed at me.

You asked can we give examples of bonds of friendship. Look, I would say that the entire meeting was held in an atmosphere of friendship and cooperation. The whole meeting was “let’s see if we can solve these problems.” There was a positive consideration. People wanted to solve problems. That was true for my delegation as well when we were asked for various, assistance on various things by the government of Bangladesh.

A specific example that immediately comes to mind that I’m extremely gratified by is the decision by the government of Bangladesh to reduce to zero the tariffs on the fire and safety equipment. This is very important and it enables me to go back to the United States and tell my government that the Bangladesh government is really facilitating the improvements in these factories. They’re taking this very seriously and doing everything they can to address these fire and safety issues. That’s one example.

If I can move to the next question, my understanding of the question was did we discuss capacity building.

Senior Secretary Mahbub Ahmed, Ministry of Commerce : Somebody asked me a question about the capacity building of the officials of the Ministry of Commerce. We have competent officers in all the wings of the Ministry of Commerce, no doubt, but improvement in capacity has no end, you know. At this moment we have a capacity building program for the officials of different wing of this ministry and the projects funded by DFID and European Union. Thank you.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: There were two other questions. One was probably on Finance Minister’s comments and another one was on heavy duty or very high duty.

Assistant USTR Michael Delaney: Yes, I did note the Finance Minister’s remarks. I read them in the local media and I assume they’re accurate. The question here is they’re asking me to explain the Finance Minister’s remarks. I would leave it to the Finance Minister to explain the Finance Minister’s remarks.

Question: Humayan Kabir Bhuiyan, *The Independent*: What I said is that we felt uncomfortable political relations. How can you move forward in comfortable trade and investment relations?

Senior Secretary Mahbub Ahmed, Ministry of Commerce : That was a suggestion from him that the relationship.

Ambassador Dan Mozena: I would just echo what Mike just said, the Finance Minister's views, he will fully explain. I myself have been very clear about our partnership with Bangladesh, which I see becoming ever stronger and broader and deeper. And I would offer that the developments of the last two weeks would speak direction to that.

We had last week the Security Dialogue, where we had two very large delegations meeting for a most constructive engagement on all aspects of security, and you've already heard the two delegation heads speak to the just concluded very first TICFA. I could not be more pleased with this meeting today. I think a few of you will remember that when I arrived here November 19, 2011, I shared with you my dreams. And one of those dreams was concluding TICFA, and today that dream came true.

Assistant USTR Michael Delaney: I just jotted down the last question. I believe it was directed to me. The question regarded U.S. tariffs. The questioner said the U.S. tariffs for Bangladeshi export to the United States are very high and you cited the example of China that they're much higher than the tariffs we provide, we impose on China. This is incorrect ... a little bit of explanation here.

The tariff structures that we use are, these are under the authority of, the relevant authority of the World Trade Organization and these tariffs are bound at a level as agreed by the World Trade Organization of which Bangladesh is a member.

Bangladesh is afforded Most Favored Nation treatment, MFN treatment, by the United States, and you're afforded those MFN tariffs. China receives the identical MFN tariffs. So what is the difference between the tariffs the U.S. imposes on China versus Bangladesh? There is no difference. Both China and Bangladesh are afforded MFN tariff rates.

Moderator Ministry of Foreign Affairs, Director General America's Mahfuz Rahman: Thank you. I have identified three. I'll come to you later on. One from the first row, another from the second row and Mohsin from Banik Barta

Question: My name is Nurul Islam Hasib. I work with BDNNews24.com.

So, there has been a perception in Bangladesh for long that behind the TICFA formation there is a political aspect because U.S. pursues ... in the U.S. ... the politics and economic diplomacy are interlinked and in recent weeks, the Commerce Minister said that because of politics, U.S. may not reinstate GSP. So what do you say?

Question: My name is Jakir Hossain, and I work for *The Daily Samakal*. I will ask my question

in Bengali for my convenience. My question is to Assistant USTR.

You have said that to restore GSP facility, Bangladesh needs to do more work, but our Commerce Minister often says that Bangladesh has fulfilled most of the conditions set out in the GSP Action Plan, and recently he is saying that we have fulfilled almost all the conditions, and we hope that GSP facility will be reinstated, and you are saying that is a lot more to be done, We want to know what else needs to do according to the Action Plan? And my second question is if Bangladesh wants to get duty and quota free access in the U.S. market, will that be possible to make it happen bilaterally out of WTO forum ... and from today's meeting have you given any indication or commitment regarding this matter?

Question: I'm Tasnim Mohsin and I work for *Banik Barta*, my question is to honorable Senior Secretary. Since TICFA is a trade and investment-related forum where we discuss issues related to trade and investment, in this meeting what have you told the USTR delegation about our duty and quota free access in the U.S. market and what was their reply? And from this meeting how much investment we have ensured from the U.S.?

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: I think it's time for reply. I would request Mr. Mike Delaney.

Ambassador Dan Mozena: I think it's very important to remember what TICFA is. TICFA is, and it was mentioned by both the Senior Secretary and Mike Delaney, but I'm going to repeat it for clarity. TICFA does one thing. It sets up a council meeting, a forum, that identifies obstacles to increasing bilateral trade and investment and how to overcome those obstacles ... so full stop ... period. The question was in regard to political issues or something. I don't know the relevance of that. I just defined what TICFA is.

Assistant USTR Michael Delaney: I think the second question is directed towards me and the question was what is United States perception of progress, the status of the GSP Action Plan.

Question: Zakir Hossain, *Daily Samakal*: Basically, what needs to be done?

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: In your statement, Mr. Mike Delaney, you said there was some progress, but there is some more to do. So his question is what are the things that we need to, that Bangladesh needs to do.

Assistant USTR Michael Delaney: As you know we're working together on implementation of the GSP Action Plan. As I said, we believe there's been substantial progress in a number of areas. We also think there's considerable more work to do. So I think we're on our way. I'm very encouraged by the direction we're headed, but I do think there's more work to be done.

There's more work to be done, we believe, in implementation of labor law reform. There's more work to be done in terms of safety inspections. These are things that have been launched, but they're very much a work in progress and they're not complete. So I think that is a fair perception of where we're at on this.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: The second question that he raised was whether duty-free, quota-free market access belongs to WTO or is there any scope for bilateral negotiation on this?

Assistant USTR Michael Delaney: Yes. The duty-free, quota-free discussions have been in the context of WTO. More specifically, they're in the context of the Doha Round and the commitment on DF/QF was made as part of the Doha Round and as part of the overall package. As most of you may be aware, the Doha Round has yet to be completed, so that is the status of DF/QF. It is tied to the Doha Round.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: There were two questions maybe addressed to our Senior Secretary, so I would like to request our Senior Secretary, Minister of Commerce to reply to those questions.

Commerce Secretary of Bangladesh Mahbub Ahmed : I was asked in Bangla that what we have said to the U.S. delegation to get duty-free, quota-free market access in the U.S. and how much investment we are ensured from this meeting? We showed them the products we export to the U.S. How much duty the U.S. charges on those and the products we import from U.S. and how much duty we charge to them. You have learned through your question that we pay higher duty than other countries, and we also showed a comparison of duty rate with other countries. We also told them that the benefit Bangladesh gets from WTO as LDC Bangladesh deserves duty-free, quota-free market access. The 3% of products they keep out of duty-free, quota-free access, the RMG products are the main among those. That means we don't get duty-free, quota-free access for RMG products. We also asked, as decided in the Bali Package discussion, whether the developed countries will increase the amount of duty-free, quota-free access they give to the LDC countries. We have learned how they will increase that duty-free, quota-free amount and if there is any time frame for that. We also reminded them that according to Istanbul Plan of Action, the developed countries have responsibilities to increase their trade in the developing or least developed countries. They are already providing support to some Sub-Saharan and some Caribbean countries, they said those countries' situation is more vulnerable than Bangladesh and that's why they are giving that increased amount of duty-free, quota-free access to those countries. We gave our logic on that point that geographically and considering the effects of climate change, Bangladesh is at great risk so like the Sub-Saharan and the Caribbean countries, Bangladesh also should get those privileges from the U.S. We also told them that we have 160 million people living within the area of 56,000 square miles, so we can't go further and we (cannot) eradicate poverty only depending on agriculture. We don't have any other way, but industrialization. For industrialization we need markets to export our products. Since we have structural problems, we can't progress further even if we produce, we can't sell those products in Bangladesh, so I draw U.S. attention in this regard. In reply, the U.S. delegation said that they will consider those things stated above in the future. Regarding the investment, I would say that this forum is not to ensure U.S. investment. They discussed what obstacles we face to increase investment, we showed them that gradually U.S. investment has decreased and at present it is limited into two sectors, and we discussed how we can increase the amount of investment. They said together we will work it out in the future.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman:
Thank you, sir.

I think the leaders of both the delegations have answered your questions very eloquently and in detail. If there are any more questions, I would like to take one more round.

Question: My name is Nazmul Hasan, and I represent *The New Age*. I understood your explanation and your analysis that you asked for duty-free, quota-free market access. As Delaney said that we have to trade under WTO regulation, but is there any way that through a bilateral approach the U.S. can provide duty-free, quota-free facility towards Bangladesh?

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman:
Actually this question was answered. It was answered before. Maybe from the back.

Question: My name is Fakhru Islam Harun, I'm a Senior Reporter of *Prothom Alo*. My question is to our Commerce Secretary. My question is in this first meeting of TICFA, what were the demands of Bangladesh to the U.S. and vice versa and have you reached any consensus regarding any issues?

Senior Secretary Mahbub Ahmed, Ministry of Commerce: I don't know whether you were here from the beginning, I have already read out a list of things that we have discussed in today's meeting. For your sake, I'm reading it out again. The things that were in the agenda of the meeting are as follows: Review of bilateral trade and investment situation, review of GSP action plan, one of the main topics was market access for our goods, market access for services, U.S. investment in Bangladesh and transfer of technologies, implementation of the Bali Package and the roadmap to implement that Package, and we discussed about the roadmap to implement the Istanbul Plan of Action, because we have our interests in both. The issues raised by USA are tariff on fire, electrical and structural safety equipment; different forums in our country also raised that issue and NBR is taking necessary action regarding this. The U.S. wanted to know about our public tender specifications; they wanted to know about double fumigation of cotton from the U.S.; and they demanded that if there is any way that Bangladesh can do single fumigation instead of twice, but we said that we do twice because of substantial reasons. U.S. also wanted to know whether there is any obstacle in exporting diabetic drugs? They also raised questions regarding the delay of payment in shipments, and we told them it's the mechanism of Bangladesh Bank; they raised a complaint regarding Intellectual Property Rights violation; and they asked what programs we have taken regarding regional development. Our Foreign Secretary explained these things to them.

Moderator Ministry of Foreign Affairs, Director General Americas Mahfuz Rahman: I again thank the leaders and also the two delegations, and I thank the U.S. Embassy for its assistance in arranging this press conference. I thank the hotel authority, and I thank the journalists, because it was crowded in this room, but the patience that you have shown, we are very happy, and we would like to work with you in the future. I thank you all.

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