



**Workshop on
Developing Supply Chains in South Asian Textile and Clothing Industry**

Jointly Organised by UNCTAD India Programme, Commonwealth Secretariat, and Centre for WTO Studies in partnership with South Asian Network on Economic Modelling (SANEM)

Speech of **Dr. Atiur Rahman**, Governor, Bangladesh Bank

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Mr Chair, special guests, the organizers from SANEM, UNCTAD India, Centre for WTO Studies, Commonwealth Secretariat, and other distinguished guests; a very good morning to you all.

It is indeed a great pleasure for me to be able to attend the opening session of this important workshop on *Developing Supply Chains in South Asian Textile and Clothing Industry*. The theme of this workshop is truly interesting and the issue itself is sure to draw attention amongst stakeholders.

South Asian countries initiated the process of preferential trade liberalization with the establishment of the South Asian Association for Regional Cooperation (SAARC) in 1985. The South Asian Preferential Trade Agreement (SAPTA) came into operation in 1996 with the expectation of moving towards a South Asian Free Trade Agreement (SAFTA), the implementation of which eventually began in 2006. Under the proposed tariff liberalization program, SAFTA will become fully effective for non-least developed member countries of SAARC by 2013 and by 2016 for least developed member states, including Bangladesh.

Despite all this, South Asia remains a least integrated region with the intra-member countries' trade accounting for only about 5% of their total trade. When it comes to regional cooperation, most people in the region think of trade in goods alone. However, it is high time that the concept should be expanded beyond trade in goods if welfare gains are to be maximised. In this backdrop, extended cooperation involving services and infrastructure development, are being discussed at different forums. Apart from the areas of extended cooperation, the other potential scope arises from greater collaboration amongst business communities and entrepreneurs in the region. To the best of my knowledge, this is an area where we need to do a lot of work.

In fact, I don't think it would be an exaggeration to state that not much attention has been given in studying the potentials for building supply chains based on industrial units located

in different countries within the region. While under an ideal situation economic fundamentals come into force to establish such supply mechanisms, starting from a state of very limited integration marred with numerous tariff and non-tariff barriers in the backdrop of often misinformed hostile policy environment, proactive initiatives need to be undertaken to unleash the strength of regional cooperation based on country-specific comparative advantage. Therefore, cooperation for developing regional supply chains holds great promises for growth and development in the region.

In the above context, this particular project – jointly undertaken by UNCTAD India Programme, Centre for WTO Studies, and Commonwealth Secretariat can shed important insights. As part of this project, research is being conducted to address the issues analytically and identify the potential supply chains, and then stakeholder consultations are being organised to discuss and disseminate the findings.

I find this project particularly interesting since rather than following a very general and broad approach, it looks into industry specific dynamics so that the research can be useful to policymakers and industries. The choice of the textiles and clothing sector as the case study is also well thought-out. Most South Asian countries have significant supply side capacities in the sector and thus it can constitute a very productive area of collaboration. Based on actual disaggregated trade statistics, this hands on research will indeed be of great relevance to industry representatives as well as those policy makers who care to take informed policy decisions.

I would like to point out that, on the whole the South Asian region is now poised for high economic growth. Despite the recent severe economic crisis South Asian countries on average have managed to achieve a growth rate around 6 percent. This shows certain features of our region's resilience to absorb external shocks while taking advantage of expanding domestic productive capacities. This is the time for us to give a big push towards extended regional cooperation.

To conclude, I would like to thank the organisers for initiating this innovative project and organising the stakeholder consultation in Dhaka. I would also like to welcome our guests from other South Asian countries. I hope you will have very productive deliberations and find this workshop useful.

I thank you all for your patient attention.

Thank you Mr Chair.

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