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Home » Law & Our Rights

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PEOPLE'S VOICE

Anti-dumping duties on Jute



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Though Bangladesh has many success stories in international trade market, nevertheless huge negative trade balance is still a matter of great concern. Bangladesh has been in deficit over the last few years and unfortunately, the trade relations with India are not only unsatisfactory but also highly frustrating.

Jute is an emerging billionaire domestic industry in Bangladesh. In the fiscal year 2015-16, about 29.46% of our total export earnings from India accounted for Jute and Jute Goods. This progress has stumbled drastically after New Delhi imposed anti-dumping duties from 5-30% over Jute products coming from Bangladesh on 5th January 2017. This measure is causing the destabilisation of \$ 1 billion jute export market and it has brought half million

jobs at stake. According to the latest data of the Export Promotion Bureau, Export earnings from jute and jute goods slipped to \$55.81 million in July-December of FY18 from \$106.54 million in the same period of FY17.

To combat this trade restrictive measure imposed by our neighboring country, the high official of the Government of Bangladesh requested the Government of India to rethink the issue of anti-dumping duties on Jute. Two countries engaged in bilateral negotiation to settle the issue but unfortunately that brought nothing for Bangladesh.

Bangladesh has the long four years of failed trade negotiating experience with India from 2001 to 2004, when India for the first time imposed anti-dumping duty on lead-acid battery exported from Bangladesh. Initially, Bangladesh prioritised bilateral negotiation to solve the trade dispute amicably, where the country found itself in a highly unequal position that did not produce a fair outcome.

Bangladesh needs to focus on WTO and should refer trade disputes before international forums where experts and observers from other countries get involved tilting the balance towards a more level playing field. Though the country took resort to WTO in 2004 for compelling India to withdraw anti-dumping duties on batteries, nonetheless she always seems to shy away from litigating trade issues before international forums.

Two possible factors could possibly prevent Bangladesh from not preferring multilateralism over bilateral negotiation. First, the culture on non-litigiousness with the mindset that litigation causes irreparable harm to the bilateral relationship and it is a kind of unfriendly behavior and damaging of foreign relationship. Second, a political power theory postulates that it is the external considerations of political powers that affect a country's decision on whether or not to take a dispute to a particular forum. Proponents suggest that a less powerful counterpart would be slow in bringing a dispute against more powerful counterpart for the fear that the defendant may consider such a move to be hostile, attracting retaliation through trade, foreign aid or other areas of international relations.

These theories and myths were not strong enough to prevent South Korea from bringing US before WTO for more than ten times though the country relies heavily on US for its security arrangements. Likewise, even though the US military is a major contributor to Japan's military as well, the latter has never shied away from bringing disputes before multilateral forum for about eight times. This is high time Bangladesh should think of making its claims.

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