

## Opening Remarks by Ms. Christine I. Wallich, Country Director, World Bank

Thanks very much.

It sounds like yesterday was a day I shouldn't have missed. I'm very impressed with the range of topics discussed, and the conclusions that seem to have emerged for further discussion.

I'd like to thank the organizers of the roundtable for inviting me to participate on the second day of this conference. The subject of this roundtable is one of immense importance to Bangladesh, and so I'd like to thank, first of all, DFID and JICA and the BEI for putting the event together. I'm very delighted that the World Bank has been able to provide support to the event, and I also want to commend both FIAS and SEDF for all the work they've put in to make this event such a success.

In, I think, exactly two week's time, the Multi-Fibre Agreement is due to expire. As we enter this very challenging new era, Bangladesh is going to face a very competitive and a very different environment, I think. Globalization has already made the environment competitive, but it will be intensified in the post-MFA scenario. But at the same time, opportunities are opening up, and I think how well Bangladesh does in this new environment depends on how quickly Bangladeshi firms acquire the ability to be cost-effective, to deliver goods rapidly, to maintain high standards of quality, to adhere to social and environmental standards, and to be proactive in product development and marketing.

In this regard, I'd like to highlight the need for a critical mass of high-performing firms that are, in some sense, trailblazers; these are firms that would make breakthroughs in export markets and help establish "Made in Bangladesh" as a brand in the global sense. They would show that Bangladesh can be the source of high quality products, with firms that can operate in a world where rapid response and quality are key, and they would also be a conduit, through which good practices and management, marketing and production techniques can be disseminated to other firms.

For this critical mass of dynamic firms to emerge, foreign investment will have to come in a big way, including through joint ventures. This will require, in turn, a sound policy framework, and especially one that allows freedom of entry, for example allowing FDI into the garments sector, and a trade regime that is less biased against exports than the present one, and, of course, as Dr. Siddiqui said, [...] efficient infrastructure, and a more streamlined regulatory regime. All of these were discussed yesterday.

In this regard, I would like to join those who highlight the importance of special economic zones, which is the subject of today's discussion. While across the board improvements in infrastructure and the regulatory regime are important, these are going to be slow to emerge; they take time to develop. High performing firms, especially foreign investors who have other options, don't want to wait that long. EPZs, SEZs and industrial parks that provide an assured supply of infrastructure, a hassle-free regulatory

environment, and in some cases, even policy concessions, are potentially useful as a means of developing this critical mass of firms in a shorter timeframe, than waiting for the overall economy to improve its performance in regulatory and infrastructure terms. These zones are also a vehicle through which dead assets, such as land locked up in closed down state-owned enterprises, can be put back to use, and the recent decision by the government to convert the Adamjee Jute Mills into an EPZ exemplifies this. I think it's a very good decision, and I hope that the design of that zone takes into account all of the suggestions and advice and knowledge that emerges from your discussions today. I think it's a very important decision for Bangladesh to have done this, and the opportunity that it offers is significant. So my more general point is that it's important to do these economic zones well. In Bangladesh, as Dr. Siddiqui already said you discussed yesterday, there have been successes with some zones but not with others. There are more than 60 industrial parks in the country, but many are under-occupied, and most are ill-maintained. But we have examples of very successful zones and parks here, but also in other countries to draw from.

A new model of zones is emerging with emphasis on private sector participation in the development of the zone and in the management of the zone, and in the provision of a wider range of facilities that has been in practice conventionally. There's also an increased emphasis on forging links with firms within the zones and with those outside, so that good practices, technology and other things can be disseminated. And of course, one can also experiment with an enclaved regulatory regime. This was very successfully done in China, where the five SEZs that were set up in the late 1970s were the basis for experimenting with regulation that China later mainstreamed into the entire economy over 15 or 20 years [...]. I think all of us know the success that that has brought; Shenzhen, which used to be a village surrounded by empty land and a very, very long fence, but is now something that looks like downtown Manhattan, and has changed the face of the Pearl river delta. So they can be very powerful tools, if well-managed and well-designed.

So I'm very delighted with all of the expertise that has been brought from all over the world to visit with us these two days and to tell us about global good practices; what's happening in Dubai, India, Mauritius, Jordan, the Philippines and other countries as well. The World Bank itself actually was involved in the transformation of the Subic Bay economic zone; the transformation from a military base abandoned by the US some 10 years ago into a very powerful engine for the entire Luzon province and the Philippines generally. So it can't be business as usual in Bangladesh; I think that there is an urgent need to catch up with global best practices, and our foreign guests, I hope, will find great eagerness [here] to learn from their experience and to tap into their knowledge.

So I'll end by saying that this isn't just an academic exercise; helping Bangladesh meet post-MFA challenges is a major objective for the country, for its people, and for the donors who support it. The World Bank itself is developing a [...] private sector development support project, which is dedicated precisely to the goal of meeting the post-MFA challenge. We are working with other donors in that regard. Several of our other projects in other areas and our policy support activities also contribute to this goal. So

this is really a top priority agenda, not only for us and for other donors, but for the country as a whole, and the deliberations of this roundtable will feed into the preparation of these projects and into the policy framework that emerges in Bangladesh. So I hope that your suggestions will be operational and that in time that they will be carried forward here in Bangladesh. I look forward to hearing more of the recommendations.

Thank you.