

## The Role of Global Governance in International Trade: The Case Study of Bangladesh

Easir Arafat<sup>1</sup> and Mohammad Rafiqul Islam<sup>2\*</sup>

<sup>1</sup>Lecturer, Brac Institute of Languages (BIL), Brac University, Bangladesh

<sup>2</sup>PhD, Assistant Professor, Brac Institute of Languages (BIL), Brac University, Bangladesh

### Abstract

This paper examines the role of global governance in international trade, with a focus on the case study of Bangladesh. The aim of the research is to investigate the importance of trade policy in shaping the future growth of international trade, evaluate the role of global governance in international trade, and analyse data to recommend a comprehensive trade policy for the promotion of international trade in Bangladesh. The research questions explore the possible factors hindering the development of international trade in Bangladesh, the contribution of global governance in overcoming these barriers, and the effectiveness of Bangladesh's current trade policy in promoting international trade. The study argues that global governance is essential for ensuring fair and equitable international trade, and a sustained global governance approach is necessary to prevent the fragmentation of international trade into a regional and potentially discriminatory and protectionist bloc. The research recommends a comprehensive trade policy for Bangladesh to promote international trade and sustainable economic growth.

**Keywords:** global governance, international trade, trade policy, Bangladesh, sustainable economic growth, regional trade

### Introduction

#### Background of the Research

The researcher here clarifies the background knowledge of global governance and international trade. The term global governance is emanated out of complex emergencies which require a collective action from the international community to deal with political, economic, social and cultural issues of international importance (Duffield 2001, p. 12). Global governance is the aggregate of endeavour meant to bring more orderly and reliable responses to social and political issues beyond the capacity of an individual state (Weiss & Gordenker, 1999, p. 12). Finkelstein (1995) defines global governance as governing without sovereign authority with a relation that transcends a national frontier (p. 365). Global governance is an infrastructure of global regulation that has a deep penetration into the domestic concern of a state and a society (Held & McGrew, 2002, p. 8).

The actors in global governance can be grouped into nation states, international organisations, multinational corporations and international non-governmental organisations. The actors actually postulate that there is an existence of global governance in the international political and economic arena. In addressing common global issues of heightened interest, the role of actors is simply indispensable and second to none. To some people, the inclusion of the non-state actors has eroded the power of a nation state. The assumption is not true. Baltodano (1997) asserts that a nation-state is the natural context for public administration (pp. 615-638).

#### *Nation states*

The existence of a nation state in the shaping of global governance is a long-held history. The inclusion of a nation-state is automatic in the activity of global governance. The nation state plays an instrumental role in creating a political actor (Held, 2000, p. 398). The nation

---

\* Corresponding Author

states like the USA and China with a strong level of hegemonic and veto power respectively bear some proof of their control in the arena of global governance. The location of authority for global governance is shifting in the context of both integration and fragmentation. The world production and economic exchange are driving nation states to a borderless world (Rosenau, 2006).

#### ***International organisations***

International organisations result from state deliberation and agreement. International organisations have been created to oversee social, economic and political relations precisely. International organisations act as an arbitrator to negotiate whenever disputes between states arise. International organisations can be either multilateral or regional. Multilateral organisations include the United Nations (UN), the World Trade Organisation (WTO), the World Bank and the International Monetary Fund (IMF). The European Union, the North American Free Trade Agreement (NAFTA) and the African Union fall into the category of a regional organisation. With the result of that, international organisations form a vital part of global governance.

#### ***Multinational corporations***

Multinational corporations establish subsidiaries of their organisations in other countries apart from their home country due to huge capital or capacity. According to Held et al. (1999), “Multinational corporations account for about 25% of world production and 70% of world trade, while their sales are equivalent to almost half of the Gross Domestic Product (GDP) of the world” (pp. 236-282). Most of multinational corporations are privately owned. Transnational or multinational corporations include Adidas, Nike, Wal-Mart, General Electric and Toyota. It is important to say that multinational corporations almost exist in every industry. It is because multinational corporations are part of global governance. Levy and Asem (2003) state that multinational corporations create a market enabling regime at the international level and sustain economic and environmental regulation under private or national authority.

#### ***Non-governmental organisations***

Non-governmental organisations are not established by the government of any state. Non-governmental organisations usually address issues which affect society largely. Non-governmental organisations are the significant forces of global governance through their involvement on social justice and inequality (Held & McGrew, 2002, p. 244). In the broadest sense, non-governmental organisations act as the mouthpiece of the unprivileged, whose voice is never heard in the international arena. International non-governmental organisations include the Amnesty International, the Red Cross Society and Greenpeace. That is why the significance of non-governmental organisations is momentum for global governance.

International trade, a global phenomenon, is another integral part of this research paper. International trade exchanges capital, goods and services across a national border or territory. International trade represents a significant share of gross domestic product (GDP) of a country. Globalisation and international trade are interconnected. The continuation of globalisation depends on the increasing international trade. Nations become limited to their own territory of goods and services without international trade. It may be mentioned here that there is not a huge difference between international trade and domestic trade. The main difference is in respect of a cost. International trade is more costly than domestic trade due to some extra cost of the border, such as tariff and import quota. In this regard, it is necessary to discuss the role of the World Trade Organisation (WTO) in the promotion of international trade. The WTO is established with the purpose of promoting free trade and encouraging the economic growth in the world. Non-governmental organisations (NGOs) contribute to “the blurring of a regional as well as national boundary” (Skjelsbaek, 1971).

### ***The role of the WTO***

Non-discrimination is the principle of the WTO. This role of the WTO is controversial in promoting growth and prosperity through increased international trade. The underlying conduct of the WTO invites strong opposition and controversy (Cline, 2004, p. 264). The WTO has no statistically or economically significance on international trade (Andrew 2004a & 2004b). It is true that the WTO increases international trade strongly but unevenly across the world (Subramanian & Wei, 2007). It is assumed that the WTO favoured the developed world while failing to promote trade and the WTO has a discriminatory approach to the developing world (Shah, 2007). He also explains that the WTO is a non-discriminatory organisation which is supposed to act neutrally. Meaning that, the WTO should not favour a rich country rather than turning a blind eye on a poor one. The role of the WTO is so momentous in order to promote international trade all over the world equally which brings economic growth and prosperity and justifies the principle of the organisation itself.

### **Research Questions**

The research questions are:

- (a) What are the possible factors barricading the development of international trade in Bangladesh?
- (b) How does global governance contribute to overcome the barricades of international trade in Bangladesh?
- (c) Is the current trade policy of Bangladesh effective enough to promote international trade?

### **Statement of the Problem**

The intention of this research is to understand and explore the degree, nature, and gravity of influence, global governance has been exerting on the development of international trade in Bangladesh.

### **The Rationale of the Research**

The collapse of the Soviet Union in 1991 marks the end of a very long period of international history based on interdependence and it subsequently begins the era of global governance. Global governance is a cooperative problem-solving arrangement. It reduces war and contributes to social justice globally. Global governance makes the world strategically, economically and ecologically interrelated. The world we live is interdependent and increasingly globalised. The destiny of this world is now intertwined in an ever more complex way. The problem of one nation has got a proportion for another nation now (Reinicke et al., 2000). It is believed that the world can be more fluid and fragmented, and ridden with disorder and unpredictability in absence of this effective and legitimate governance. It can be said that global governance is an important area of study to evaluate the mechanism of the world.

On the other hand, international trade is a global phenomenon involving the exchange of goods and services all over the world. The WTO shares the governance of international trade with the World Bank and the International Monetary Fund. This governance of international trade is conflicting and disharmonious in nature. The question arises that there is a need of collective action to resolve this conflicting nature of international trade. This collective action is taken by global governance to regulate the world trading system very smoothly. This arrangement of global governance is very crucial in the development of international trade. Otherwise, the world trading system will be chaotic in order.

It is the body of global governance that can only bring every nation of the world under one umbrella leaving every scar behind. Taking everything into consideration, it is the demand of time to study global governance and to know the role of it particularly in making

international trade more accessible and sustainable. There is no denying the fact that the researcher has undertaken a well-timed topic of heightened interest almost to everybody.

### **Limitation of the Research**

The limitation of the research is about the case study of Bangladesh. The researcher could not go to Bangladesh in person to collect data because of geographic distance. Most of the data about the international trade of Bangladesh is written in Bengali. As a result, the researcher had to translate into English. Due to lack of resource and time, the researcher could not conduct any formal interview. Therefore, further research is recommended on this field for the better understanding of the problem.

### **Literature Review**

The first section of literature review describes global governance, the second section international trade and the third section global governance and international trade merged together as ‘global trade governance’.

### **Section I – Global Governance**

#### ***The Understanding of Global Governance***

Global governance is a contested concept that refers to policy-making in a political rather than physical space and provides more orderly and reliable responses to social and political issues beyond the capacities of states to address individually (Gordenker & Weiss, 1996). The concept emerged in the 1970s and deals with the emergence and function of international organizations and global issues such as economic, social, and ecological challenges (Lodge, 1995). It creates global value and manages the interdependent world to prevent disruptions and chaos that could harm all nations (Teegen, Doh & Vachani, 2004). Global governance originates within nation states but also results from the interplay of domestic regulatory institutions and market globalization and encompasses various areas (Bach, 2010; Blin & Marin, 2009). To strengthen global governance, there is a need to rationalize relationships among sovereign states, update existing multilateral institutions, and create an effective oversight body. The term global governance is sometimes used interchangeably with similar terms, including transnational public sphere (Boyd-Barrett, 2011), global public sphere (Stichweh, 2003), and global arena (Particelli, 1990).

#### ***The Achievements of Global Governance***

According to Gerry Stoker (1998), “global governance is ultimately concerned with creating the conditions for ordered rule and collective action.” Global governance has contributed significantly to world peace and security through the United Nations Security Council, which has resolved global issues such as trade embargoes and nuclear threats. The UN’s military enforcement mechanism has also helped decrease armed conflicts and ensure democratic stability in various countries. Additionally, global governance has facilitated the spread of democracies of liberal economy, allowing non-state actors to flourish internationally. Another significant achievement is the enhancement of international trade, technology, and economic integration through organizations such as the WTO, World Bank, and IDA. Finally, international and NGO relief efforts during natural disasters and humanitarian crises have had a positive impact on average life standards and human life expectancy.

#### ***The Challenges of Global Governance***

Global governance faces several challenges that hinder its effectiveness in promoting order in the world. Nationalism obstructs the implementation of global policies, as states prioritize their own interests over collective action (WTO Doha round and Copenhagen negotiations). Leadership deficiency limits the development of global governance, with short-sighted leaders prioritizing domestic over global issues. Prejudice presents a major obstacle to

global governance, as people's biases against different ethnic and religious backgrounds lead to the election of prejudiced political leaders who struggle to address global concerns (9/11 and Norwegian attack of July 2011).

### ***The Breakthroughs of Global Governance***

This section highlights the need for breakthroughs in global governance in the next 10 years to enhance world peace and liveability. Ding (2010) asserts that globalization has created numerous challenges that call for the recreation of a new world order system. Key areas that require breakthroughs include energy management, cyber world management, and transnational crime. Energy management should prioritize sustainable growth and environmental protection, with a focus on alternative energy sources such as solar and wind. Cyber world management needs to prioritize cyber security, privacy, and the facilitation of universal rules and regulations. Transnational crime, particularly human trafficking, requires a powerful form of global governance to eliminate human suffering, enhance justice and humanitarianism, and increase cooperation (Feng Zhongping et al., 2009).

## **Section II – International Trade**

### ***The Understanding of International Trade***

International trade is an exchange of goods or services between the countries of the world. In international trade, one nation purchases goods which are produced by another. One nation does exports and another nation does imports in the sphere of international trade. With the result of this residency difference, international trade indispensably involves a complex network of different domestic currencies, different national interests and different government policies which typically enhance exports from a country while barring imports from the country. International trade offers a greater competition and a competitive price in the market. The consumer has access to more affordable goods or services because of this rigorous competition.

### ***International Trade Flow***

The flow of international trade can be looked into from the perspective of the domestic sector and from the global economy aspect. The domestic outlook of the economy draws a line between goods or services that come out of the domestic economy and goods or services that come into the domestic economy. On the other hand, the global view of the economy sees that the exports of one nation are the imports of another nation. A balance between exports and imports is all the while marked in the global economy.

### ***Regular Market Trade and International Trade***

There is no difference between regular market trade and international trade in respect of motivation. People get engaged in trade to be financially solvent than they are before. In the buying context, buyers gain from regular market trade if they pay less than the demand price. From the selling side, sellers gain from regular market trade if they receive more than the supply price. Buyers and sellers are both winners in regular market trade.

The location of buyers and sellers separates international trade from regular market trade. In international trade, winners are the consumers of the importing nation and the producers of the exporting nation. In international trade, losers are the producers of the importing nation and the consumers of the exporting nation.

### ***Comparative Advantage Law of International Trade***

The law of comparative advantage formulated by David Ricardo is the key economic principle underlying international trade. As per the law of comparative advantage, the nation that has a production activity become liable for a lower opportunity cost than that of another nation. Meaning that, trade between nations becomes beneficial when every nation becomes specialised in the production of a good or service with a lower opportunity cost.

The law of comparative advantage is understood through absolute advantage and comparative advantage. A country enjoys absolute advantage when it produces more goods or services using fewer resources. When a country is technically efficient or superior, absolute advantage arises. A country enjoys comparative advantage when it produces goods or services at a lower opportunity cost than other goods or services in comparison to the production in another country.

It is necessary to mention here that even a technologically inferior nation may incur a lower opportunity cost when the nation produces something else on their own. In contrast, even a technologically superior nation may incur a relatively high opportunity cost when it produces something else.

The law of comparative advantage is applicable when every nation has at least one good that it can produce at a lower opportunity cost than another country. Another nation can therefore import that good rather than producing domestically. This is the key principle of the law of comparative advantage of international trade.

#### ***The Heckscher-Ohlin (H-O) Model***

The Heckscher-Ohlin (HO) model proposes that countries trade goods or services based on their factor endowments, such as land, labour, and capital (Heckscher & Ohlin, n.d.). Countries export goods or services that make use of locally abundant factors and import goods or services that use scarce factors (Heckscher & Ohlin, n.d.). Empirical studies have supported this theory, combining factor endowment differences with technology differences to explain trade patterns (Davis & Weinstein, 2002). However, the H-O model's validity has been questioned, and studies such as Leontief's suggest that actual trade patterns may deviate from the model's predictions (Wacziarg & Welch, 2008).

#### ***Trade Protectionism***

Trade protectionism is a policy implemented by all nations to restrict imports and promote exports, which helps domestic producers against foreign competitors. Tariffs, quotas, and subsidies are three forms of trade protectionism. Tariffs are taxes placed on imports, quotas restrict the quantity of imports, and subsidies are payments to individuals or businesses facing foreign competition. However, protectionism makes domestic producers less efficient, and ultimately leads to economic stagnation, making it an economically dangerous policy.

#### ***Who Maintains More Protectionism: Poor or Rich?***

Poor countries complain about rich countries' protectionism, but rich-country protectionism is greater than poor-country protectionism, making the world's trading system unfair. The protectionism of rich countries baffles exports of poor countries, and rich countries have lower trade barriers than poor countries. Agricultural protectionism in rich countries affects poor countries by depriving efficient agricultural producers of new export markets and hurting poor nations with higher prices of agricultural products. This makes the global agricultural system inefficient and distorts production and price patterns in the agricultural sector. Poor countries should lift their trade barriers for economic and trade growth despite rich nations' protectionist behaviour (Robinson, 2005, pp. 22-28). Export-centred trade policies of nations take advantage of international markets and flourish despite foreign protectionism.

#### ***The Open Economies***

An open economy accelerates economic growth in developing countries through increased innovation and efficiency, specialization, and access to advanced technology. Trade liberalization can increase productivity and lower costs, eliminate domestic monopolies, and increase consumer purchasing power. However, countries facing strong international competition also face the risk of being forced out of business. The World Trade Organization helps poor countries participate in trade negotiations with rich countries, allowing them to benefit from multilateral trade and economic prosperity (Taylor, 1999).

***Free Trade and the Environment: Rivalry or Alliance?***

Trade liberalization may lower the price of fixed capital, increasing the rate of capital information (Estevadeordal & Taylor, 2008). However, the debate over whether free trade benefits or harms the environment continues. Environmentalists argue that free trade leads to environmental destruction due to industries migrating to countries with less strict environmental regulations, challenges to other countries' environmental laws, and anti-environmental legal wording in agreements such as NAFTA (Coughlin, 2002). On the other hand, some scholars argue that free trade and protection for the environment are not necessarily conflicting ideals and that free trade agreements can even improve environmental conditions, depending on various factors such as national environmental protection laws, consumption rates, regime stability, and property rights.

**Section III – Global Trade Governance**

***The Understanding of Global Trade Governance***

Global trade governance predominantly consists of multilateral, regional and bilateral agreements. The World Trade Organization (WTO) forms multilateral agreements which encourage the most preferred nation (MFN) principle where a level of treatment accorded by one state to another in international trade. This one is the global mode. On the other hand, regional and bilateral agreements form preferential trade agreements where a discriminatory treatment granted by one state to another in international trade. This one is the regional mode. On that account, regional trade agreements constitute an exception to the MFN principle. The debate raises a pertinent issue whether regional trade agreements support or hinder the multilateral trading system in international trade. The section discusses the understanding of the co-existence of these forms of trade governance based on their characteristics of economic governance.

***Regionalism***

Regionalism refers to limited trading among a few partners (Koopmann, 2003). Regional integration has grown worldwide since World War II, with shallow and deep levels of integration possible. Regional trade agreements offer benefits such as regional convergence, successful resolution of trade issues, and stimulation of FDI and technology transfer (Zahrnt, 2005). However, regionalism undermines the WTO principle of non-discrimination and harms the economies of nations outside the agreements (Crawford & Laird, 2001; Bhagwati, 1992). The EU and NAFTA are significant examples of regional integration. It is necessary to analyse individual regional trade agreements to determine if they threaten the multilateral trading system.

***The European Union (EU)***

The European Union (EU) is a successful and integrated trading bloc, accounting for 20% of global export-import (Dingwerth & Pattberg, 2006, pp. 185-203). The EU's principles of multilateral liberalization and regional integration have made it a model for global governance. The EU is a critical part of the global economy and a major player in the economic integration of Europe (Gillingham, 2003).

***The North American Free Trade Agreement (NAFTA)***

The North American Free Trade Agreement (NAFTA) is the largest free trade area in the world, but its promotion of international trade has led to environmental concerns (Stone, 2003). The efficiency of regional trade agreements is measured by the magnitude of trade creation and diversion, and the NAFTA has been overwhelmingly trade-creating. The NAFTA is in line with multilateral liberalization and has increased trade and had an uplifting impact on global governance acceleration (Amadeo, 2003).

### ***Multilateralism***

According to Rafael (2011), the international trading system prioritizes multilateralism after the birth of the WTO in 1995. Multilateralism is considered the defining principle of the American-led strategy for international trade stability and prosperity. The principle of non-discrimination, which is the cornerstone of the WTO trading system, is based on multilateralism. Multilateral trade negotiations resulted in a reduction of developed country tariffs on industrial goods and services, and negotiators now focus on addressing non-tariff barriers to trade to a greater extent.

#### ***The World Trade Organization (WTO)***

The World Trade Organization (WTO) aims to establish a multilateral trading system by setting and enforcing rules, negotiating trade liberalization, improving policy transparency, and resolving trade disputes (Matsushita, 2004). However, the rise of regional and bilateral free trade agreements (FTA) poses a threat to the WTO's central role in managing the trading system (Keck & Low, 2004).

#### ***The International Monetary Fund (IMF)***

The International Monetary Fund (IMF) plays a central role in ensuring financial stability, which is necessary for the smooth operation of international trade (Wilczynski, 2011). The IMF maintains a cooperative relationship with the WTO to facilitate the expansion and balanced growth of international trade.

#### ***The World Bank***

The World Bank provides financial assistance to developing countries to establish economic infrastructure and strengthen systems of economic governance (Nunberg, 2007). The World Bank operates in cooperation with the WTO to promote the long-term growth of international trade through encouraging international investment.

#### ***The Organization for Economic Co-operation and Development (OECD)***

The Organization for Economic Co-operation and Development (OECD) pioneers global governance in competition, foreign direct investment, and tax policy, including developing the Model Convention for the Avoidance of Double Taxation and Transfer Pricing Guidelines to promote international trade and lessen tax conflicts (Kudrle, 2012). The OECD also maintains a cooperative relationship with the WTO to liberalize international trade.

### ***Multilateralism: Whether or not an International Public Good?***

Non-discriminatory trade liberalization by WTO Members has the characteristics of a global public good. The WTO removes global distortions in prices encouraging countries to produce according to their comparative advantage. The WTO is the only instrument that can be used to deliver the global public good of non-discriminatory multilateral trade. But rich industrialized countries have drawn more benefits from the multilateral trade system than developing countries. Market opening of the multilateral trading system allows for a division of labour between countries. Moreover, it allows for resources to be used more appropriately and more effectively for production.

### ***Policy Adjustment for International Trade***

For effective governance of international trade, the WTO needs to establish cooperative relationships with other trade agreements and its member states' regulatory systems, as disharmony can create obstacles. Conflicts between trade agreements are inevitable as they serve different policy objectives, and tensions can arise when WTO requirements interfere with domestic legislation. Even among WTO agreements, disharmony can occur due to varying degrees of liberalization and principles. A coordinated approach is necessary to ensure smooth and efficient international trade governance.



---

## Research Methodology

### Research Method

Research methods refer to the procedures used to collect and analyse data in a research study. Qualitative research methods include phenomenology, ethnography, grounded theory, and case study. Case study is a method that provides a more complete picture of a project, its advantages include multiple data sources and innovation, while disadvantages include length, lack of rigor, and limited generalizability. The researcher chose a case study because it offers more insight into the investigated area and allows them to study the role of global governance in international trade in Bangladesh without being there in person.

### Data Collection

Data collection involves gathering information to draw conclusions based on evidence and reasoning about a chosen subject. It is organized systematically and can be divided into primary data (collected specifically for the research) and secondary data (already collected and available from another source). This research relies on secondary data as it is easier, quicker, and less costly to obtain. The researcher has chosen sources such as journals, articles, databases, and government publications, and uses a systematic approach called document review to collect the data.

#### *Document review*

This research involves reviewing a large number of written materials, including books, journal articles, and reports, mainly from 2005 to present. The researcher uses databases from the University of Ulster, websites of various organizations, and the Ministry of Commerce of Bangladesh. Document review is a primary tool for qualitative research, utilizing online archives of purposefully placed documents, such as articles, news, literature, and blogs. It is an appropriate tool to collect data on the role of global governance in international trade in Bangladesh.

### Data Analysis

Data analysis identifies patterns and themes in qualitative research, making interpretation more systematic. It examines each component through analytical reasoning and is integral to research. It reduces text and organizes responses to identify trends. Qualitative researchers analyse data inductively, using methods like content analysis. This research uses content analysis as a data analysis method.

#### *Thematic analysis*

Thematic analysis is a method used in qualitative studies to identify and report themes within data. It involves six phases: familiarizing yourself with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the report. Thematic analysis should not be rushed and develops over time. The final report should provide a clear and interesting account of the data without unnecessary complexity.

### Ethical Integrity

Ethical integrity is a cornerstone to conduct effective and meaningful research. The ethical behaviour of an individual researcher is under unprecedented scrutiny (Field & Behrman, 2004). This research is executed in a totally honest fashion. There has been no breach of data alteration and plagiarism. The researcher of this study is fully aware of ethical integrity.

## A Case Study of Bangladesh

### The International Trade of Bangladesh

International trade is a crucial factor in the development of economies, not just in terms of commodities but also technology, knowledge, resource allocation, market expansion, employment generation, and income creation. Bangladesh has undergone a trade liberalization process since 1982, after an inward-looking import substitution strategy led to foreign exchange shortages, low economic growth, and inefficiency. The three phases of Bangladesh's trade liberalization process involved denationalization of public property, simplification of investment and trade procedures, and reduction of import restrictions, tariffs, and licensing. The adoption of a flexible exchange rate marked the third phase. The graph shows the trend of goods and services exports from Bangladesh between 1971 and 2011.



**Figure 1: Exports of Goods and Services (% of GDP)**

Source: World Bank 2013 (Data Development Indicator)

This graph of exports of goods and services shows a period of bit-by-bit liberalisation of international trade in Bangladesh. When Bangladesh has become more liberalised, the trade volume of Bangladesh showed a significant trend of development.

### The Current Trade Policy of Bangladesh

The trade policy of Bangladesh adopts the multilateral trading system of the World Trade Organisation (WTO). It may be mentioned here that the trade policy of Bangladesh is not the comprehensive one of taking advantage of the broader scheme of trade liberalisation. The section describes the rules of regulations, instruments and institutions of international trade which are currently in operation in Bangladesh.

#### *Rules and regulations*

Bangladesh has a framework of policies, acts, and orders that regulate external trade, with the objective of promoting competitiveness and coping with global trading challenges. The Ministry of Commerce formulates export and import policies, while the Ministry of Finance determines important instruments like tariffs and taxes. Other regulations include customs clearance, valuation and inspection, and taxes like VAT and SD. Institutional coordination at various levels is important for effective trade policy.

#### *Instruments*

In Bangladesh, international trade is regulated by taxes, tariffs, non-tariff trade barriers, technical obstacles, and exchange rates. These instruments pose challenges to international trade. Tariffs, non-tariff trade barriers, and technical barriers to trade restrict trade and are disciplines of the WTO. Tariffs are taxes on imports that provide revenue and improve

economic returns for domestic industries. Tariff rates in Bangladesh have declined for primary, intermediate, and capital goods, as well as for industrial products. Non-tariff trade barriers restrict imports and can be replaced by tariffs. Technical barriers to trade include rules about packaging, labelling, and product definition. Currency depreciation affects exports and imports. Bangladesh has moved to a managed floating exchange rate regime to liberalize exchange rates.

**Institutions**

In Bangladesh, government ministries and departments like the Ministry of Commerce, Controller of Export and Import, WTO Cell, and Tariff Commission implement trade policies. Inter-ministerial coordination is crucial as multiple organizations are involved in policy formulation. Private sector trade bodies, civil society think tanks, academia, and intellectuals provide valuable input. Collaboration between public and private sectors strengthens policy formulation and ownership. Trade proposals should be considered in a comprehensive manner to achieve key goals. The Ministry of Commerce should act as a regulatory and monitoring authority to create a fair competitive environment.

**Challenges Facing International Trade in Bangladesh**

Factors such as tariffs, import duties, inflation, exchange and capital control, transportation costs, political instability, corruption, trade policy, GDP, and FDI have a critical impact on international trade in Bangladesh. Although all countries benefit greatly from free trade, it is a well-known fact that few countries implement it completely. Most countries employ protectionist measures to safeguard their businesses and industries, resulting in severe impediments to international trade. As a developing nation, Bangladesh is affected by protectionism, which significantly distorts international trade.



**Figure 2: International Trade Factor**

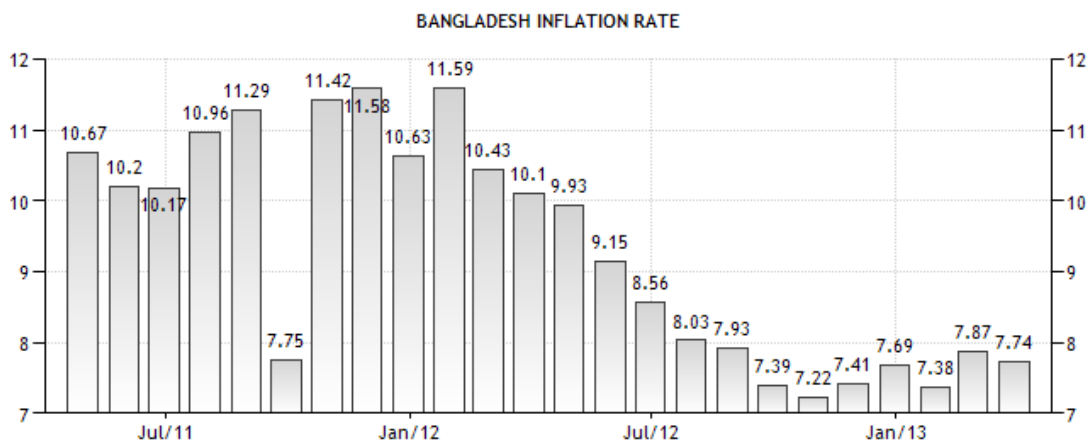
Source: [www.globalization101.org](http://www.globalization101.org)

**Tariff**

Tariff barriers are taxes imposed on imported goods and services (Riley, 2013) and are intended to increase the price of such products and reduce their demand in the local market. Non-tariff barriers, such as regulations and bureaucratic delays, can also hinder foreign goods and services from entering the local market. Technical barriers, such as health and safety standards, can be manipulated to block imports from specific countries (Riley, 2013). Policymakers should aim to eliminate tariff barriers to improve economic freedom. In Bangladesh, the tariff structure is inconsistent and does not consider all aspects of the economy. Harmonization between VAT, tax, and import duty should be considered, and protectionism through impromptu supplementary duty should be reduced (Riley, 2013).

### ***Inflation***

Inflation and international trade are interrelated. High or unpredictable inflation can severely affect international trade and the overall economy of a nation by reducing trade volume and slowing down economic growth (Weintraub, 1961). Inflation adds inefficiency to the market, making it difficult for companies to plan and budget in the long term. A country experiencing inflation may also see a decrease in domestic demand and an increase in commodity prices, making exporting less profitable than selling in the domestic market. Inflation also discourages investment and productivity, imposes an increase in tax, and affects currency exchange rates, leading to imbalanced international trade. The inflation rate is calculated by the annual rate of change in the price level of an economy and has a negative relationship with economic growth.



**Figure 3: Bangladesh Inflation Rate (Change on Annual Price Index)**

Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

In Bangladesh, the inflation rate averaged 6.59% from 1994 until 2013, reaching an all-time high of 12.71% in December of 1998 and a record low of -0.02% in December of 1996. The inflation rate in Bangladesh is measured by the broad rise or fall in price of a standard basket of commodities.

### ***Transportation cost***

Transportation cost is a critical factor affecting international trade, with landlocked countries facing 15% higher costs and lower trade volume than coastal countries. Poor communication networks increase transportation costs and reduce the volume of international trade. Skiba (2003) notes that transportation costs influence the direction of international trade, leading firms to export high-quality goods while keeping lower quality goods for domestic consumption. In Bangladesh, the Inland Container Depot and Port of Chittagong have limited road and rail connections, hindering trade. The road network requires significant maintenance investment, which could contribute to a decline in national poverty. Insufficient transportation infrastructure is a challenge for Bangladesh to compete in the global market.

### ***Import duty***

Import duty is a limit on the amount of goods that can be imported into a country and is imposed by governments to protect domestic industries. Quotas can also be used, but they result in higher prices and decreased consumer preference for foreign goods, benefiting domestic producers at the expense of consumers. Import quotas are harmful to a country's economy, and import duty is a crucial factor in promoting trade liberalization. However, import duty has been damaging to economic growth and prosperity, affecting the standard of living. In Bangladesh,

import duty has a detrimental impact on international trade and can lead to damaging trade wars (Hoque & Yusop, 2010).

**Foreign Direct Investment (FDI)**

Foreign direct investment (FDI) involves an individual or business entity exercising significant control over and interest in a recipient economy’s enterprise. FDI is a critical catalyst for developing nations’ economic transformation by boosting employment, capital stock, and technological change. Training, skill development, and knowledge diffusion stimulate productivity and economic growth. However, FDI requires a foreign investment-friendly atmosphere. Bangladesh’s poor governance, corruption, and economic mismanagement hinder foreign investment. For example, the World Bank withdrew a \$1.2bn loan due to corruption allegations in building a bridge on the Padma River. This environment hampers international trade and leads to a low trade volume-to-FDI ratio.

**Gross Domestic Product (GDP)**

Gross domestic product (GDP) measures a country’s economic health and growth, serving as a key indicator of economic and social well-being. GDP can be calculated through either the income or expenditure method, with both approaches yielding the same result. The ratio of trade volume to GDP can indicate a country’s openness to international trade, and while Bangladesh has seen gradual GDP growth, it has not kept pace with globalization. However, the country appears to be increasingly open to international trade.



**Figure 4: Bangladesh Gross Domestic Product (in \$bn)**

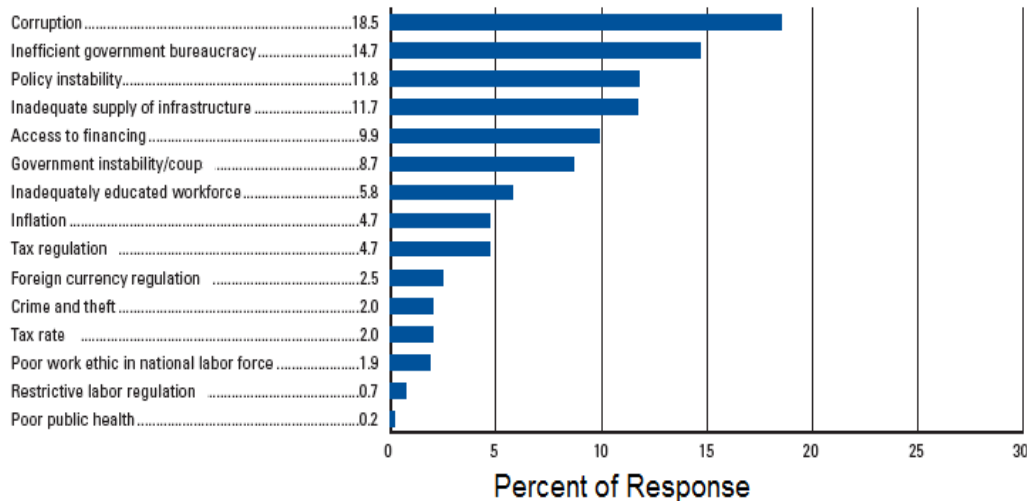
Source: [www.tradingeconomics.com](http://www.tradingeconomics.com) (World Bank)

**Political instability and corruption**

Political instability and corruption have caused intense conflict and economic damage in Bangladesh, leading to stagnation, poverty, terrorism, and a fragile law-and-order situation. This has negatively affected the country’s production, business, financial institutions, and international trade. However, the situation can be improved with the cooperation of the business community and political administration to establish a healthy political culture and a favourable law and order situation.

**The Role of Global Governance in the Economy of Bangladesh**

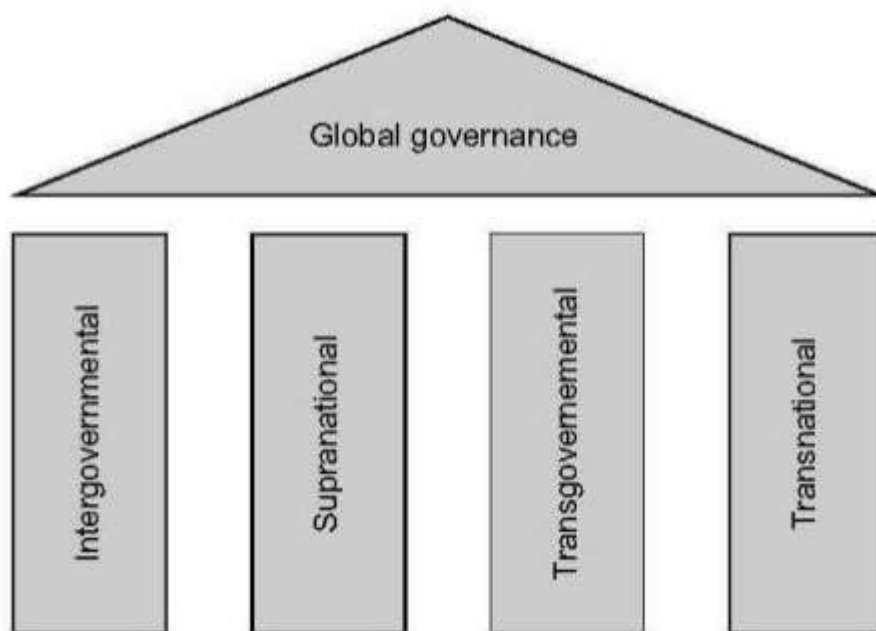
Global governance plays a critical role in addressing political conflict and corruption in Bangladesh’s economy. It involves activating social practices, assigning roles, and guiding interactions to resolve conflicts. This collective action is necessary to address common regional or global problems in the absence of world governance. Despite challenges, global governance can help create a favourable business environment for international trade in Bangladesh.



**Figure 5: The Challenging Area of Bangladesh for Global Governance**

Source: The Global Competitiveness Report 2008-2009 (WEF)

As Bangladesh embraces globalization, it loses control of its destiny due to the rapid pace of the globalizing world and supranational political authority. Trade liberalization and export-oriented growth drive the country’s integration, making trade performance crucial for its socio-economic environment.



**Figure 6: The Arena of Global Governance**

Source: [www.slideshare.net](http://www.slideshare.net)

Trade has played a key role in generating employment, increasing income, and promoting economic growth in Bangladesh. A supportive global environment is crucial for Bangladesh's economic integration, and it has received preferential treatment as a least developed country through various initiatives such as WTO provisions, GSP schemes, and regional trade agreements. Bilateral relationships with developing countries such as India, China, and the USA have also benefited Bangladesh. The integration with global governance has led to financial and capital account liberalisation, which has contributed to robust export growth. Trade liberalisation and export growth are directly linked.

### Discussion and Analysis of Findings

The researcher examines a large number of documents to gather data and then uses a six-phase thematic analytic tool developed by Braun to analyse the data. Due to the massive amount of data collected, manual sorting can be difficult, and the researcher employs computer-assisted qualitative data analytic software NVivo 10 for analysis.

#### The NVivo Software

The NVivo software supports qualitative research to collect, organise and analyse data deeply from books, journal articles, reports, interviews, audios, videos, web pages and social media data. NVivo allows the researcher to get a strong footing on an astoundingly huge amount of data.

##### *The features and benefits of NVivo*

- Analyse data using powerful search, query and visualization tools;
- Uncover subtle connections among the data set;
- Add insights and ideas as the researcher works with data;
- Justify findings rigorously with the input of data;
- Share what the researcher works effortlessly.

#### Document Review

The researcher trawls through data and see what is there, what theme or pattern is emerging there. The researcher also jots down whenever any thought and idea has come into the mind. At the initial stage of document review, the researcher develops an initial coding scheme after getting immersed in the text. The researcher then produces a detailed account of necessary data for research purpose. In the broadest sense, as a typical document analyst, the researcher gets marinated in the data until the researcher comes up with a new, alternative interpretation. A study comprises of too many direct quotations equals to transcription, not inquiry (Morse & Lyn, 2002). In this study, the researcher puts inquiry into the entire data set to produce a genuine interpretation of reliable and validated data for the reader. This is how the researcher develops some initial thoughts or categories about the data through document review and a specimen of this rigorous document review is more reflected on the thematic analytic part of the data set.

#### Thematic Analysis

The researcher adopts a six-phase thematic analysis for his research to analyse data. Though the data corpus is vast, the researcher has analysed data through NVivo 10, a qualitative data analytic tool. As the research scope of this study revolves around global governance and international trade, the researcher codes the data set of each category separately through NVivo 10. The coding takes place in three iterations in order to get the most relevant themes or patterns regarding international trade. The reason why, it is really impossible to sort out a huge pile of data for the coding at one go.

**Global governance**

*Coding – What Is It?*

Coding is performed to analyse and categorise qualitative data for addressing the aim of the researcher. The researcher has done the coding to analyse the data of global governance and international trade. Finally, the researcher links the importance of global governance in the arena of international trade. The researcher first goes through the coding of global governance.

The researcher has coded global governance in three iterations. At the time of *Iteration I*, the researcher has coded 80 nodes or themes regarding the concept of global governance. Among them, there was 15 parent and 65 child themes. The researcher then does the *Iteration II* in order to have the more specific idea about global governance and international trade. At this stage, the researcher comes up with 10 parent and 65 child nodes. However, the concept of global governance remains slightly elaborative and the researcher feels an urge to go for another round of coding. At the level of the *Iteration III*, the researcher settles down at 7 parent and 41 child themes to impart the most precise knowledge of the concept of global governance and the researcher links it with international trade.

The complete chart of *Iteration III* is given below to continue analysing data about the high concept of global governance and what role it plays in international trade. It is necessary to mention here that *Iteration III* is obtained through the merging of *Iteration I and Iteration II*. Iteration III is presented below.

*Coding of Global Governance*

The researcher has coded the data of global governance mentioning sources of data and the references of the used data. Meaning that, a number of sources and references imply the level of concern in the academic world. The researcher then elaborates and links it up with the purpose of the research question.

Name	Sources	References
Institutional matrix of governance	7	135
The WTO	1	19
The European Union	1	15
The GATT	2	17
The NAFTA	3	35
The World Bank	2	39
The IMF	4	9
Technical and environmental safety	2	16
Ozone depletion	1	5
Intellectual property	1	8
IT development	1	2
International governance perspectives	2	11
International relations	1	3
World Politics	1	7

(Continued to the next page)



Name	Sources	References
Global governance actor	7	151
Nation states	4	21
International organisations	3	14
Intergovernmental organisations	6	26
Nongovernmental organisations	3	39
Public-private networks	2	9
Public and private actors	2	11
Multinational corporations	4	18
The Civil Society	2	8
Global social movements	1	4
Focus of global governance	23	139
Global security	7	10
Regulatory harmonization	5	14
Institutional reform	2	5
Labor rights	3	11
International agreement	10	37
Infrastructure	3	4
State regulation	5	13
Macroeconomics	2	9
Multiactor performance	12	29
Obliteration of power imbalance	2	2

Figure 7: Nodes by Coding Similarity of Global Governance-Iteration III

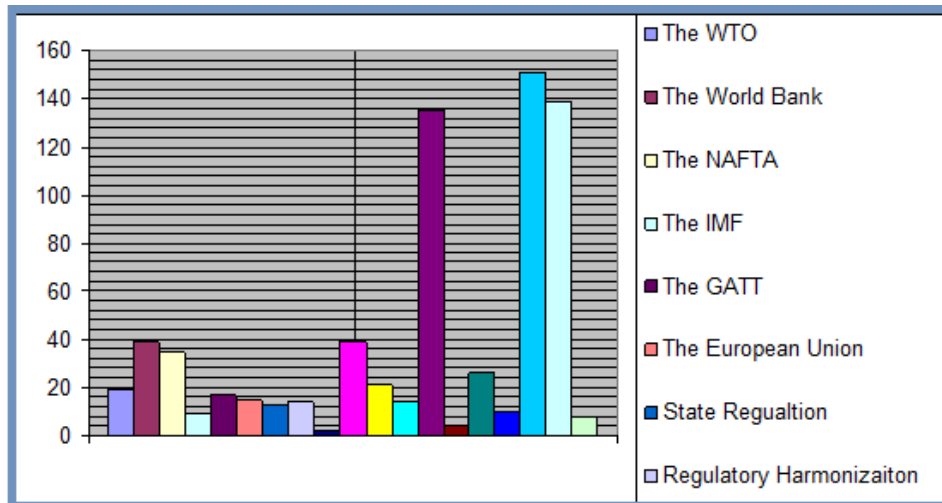
Name	Sources	References
Development	4	74
Peace and security	2	13
Public health	1	15
Hunger	2	6
Basic education	3	22
Poverty reduction	2	17
Trade	9	103
Free trade	5	14
Market liberalisation	2	3
Removal capital control	5	16
Tariff reduction	8	43
Economic globalisation	3	22
Trade liberalisation	4	4

Figure 8: Nodes by Coding Similarity of Global Governance-Iteration III

The above mentioned three tables are the parent and child themes of global governance. The parent themes are: (1) institutional matrix of governance, (2) technical and environmental standard, (3) international governance perspective, (4) development, (5) trade, (6) global governance actor and (7) focus of global governance. A child theme extends the central idea of a parent theme.

**Discussion and analysis of the theme institutional matrix of governance**

The parent theme ‘institutional matrix of governance’ comprises of 7 sources and 135 references. It includes different institutions of global governance such as the WTO, the GATT, the IMF, the European Union, the NAFTA and the World Bank. The researcher has basically identified the possible structure of global governance through this parent theme.



**Figure 9: Institutional Platform of Global Governance**

This graph is drawn as per how many references collected by the researcher for each theme like the WTO, the World Bank, the NAFTA, the IMF and the European Union. It shows that the WTO has got the highest number references as a global governance institution.

In the literature review, the researcher emphasizes the significance of the WTO in the field of global governance. According to Alexander Keck and Patrick Low (2004), the WTO system encourages the development of global governance. 19 references of 1 source for the WTO show that the multilateral trading system is really important in making global governance more efficient. On the other hand, the NAFTA and the European Union has also been brushed through in the literature review as a role of regionalism to promote global governance. According to Don McIntosh (2003), the NAFTA has bagged the recognition of the largest free trade agreement in the world and it has boosted up the world economy. Consequently, it has turned up as a global actor to regulate the world trading system. The researcher has also identified the importance of the NAFTA as a global governance actor. The researcher has found 35 references of 3 sources to back up the promotion of global governance.

Another vital part of the ‘institutional matrix of governance’ is the European Union. In the literature review of this study, according to John Gillingham (2003), the European Union has been built to promote peace, stability and economic prosperity in the European Union and it is regarded as an integral part of global governance. The researcher has got the same results of the analysis in compatibility with the opinion of John Gillingham (2003) about global governance. The result is that the WTO, NAFTA and the EU are the integral part of global governance.

**Discussion and analysis of the theme focus of global governance**

The parent theme ‘focus of global governance’ indicates the range of global governance. In the literature review, according to Arnaud Blin and Gustavo Marin (2009), global governance covers a diverse range of study. The researcher has experienced the same thing. The range of global governance is bottomless. According to analysis of the researcher, it includes governance of global security, state regulation, obliteration of power imbalance and regulatory harmonisation. In the literature review, global security, according to Feng

Zhongping et al. (2009), is the prime concern of global governance. Organised crime and increased co-operation on justice, humanitarianism and regulatory harmonisation should be addressed by global governance. The researcher has analysed 7 sources supporting with 10 references for global security. In case of regulatory harmonisation, the researcher has discussed in the literature review. Here the researcher has provided 14 references out of 5 sources to get the understanding of the importance of global governance in the field of global security. The result is that the significance of global governance in global security and regulatory harmonisation are crucial.

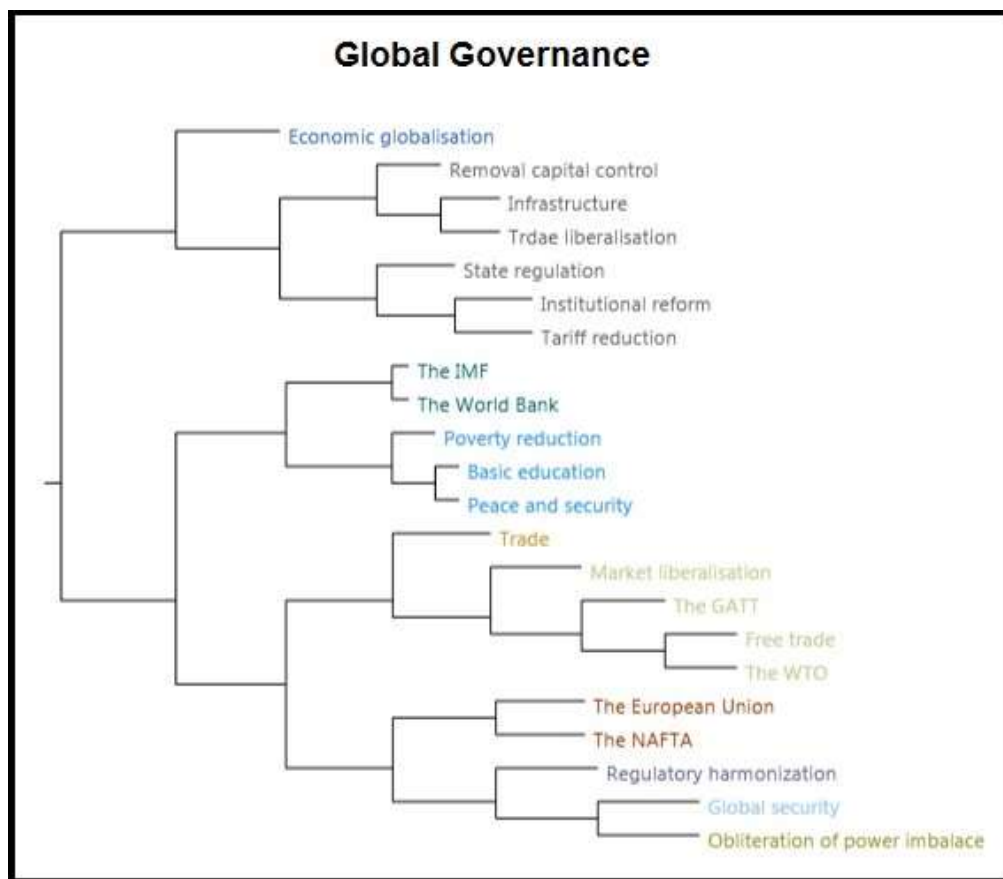


Figure 10: Clustering Analysis by Word Similarity of Global Governance-Iteration III

Here the clustering analysis will provide the correlation between the themes coded for global governance. This cluster represents a group of elements concerning the area of global governance. This clustering analysis of the themes provides the researcher insight to delve deep into the study of global governance.

**Discussion and analysis of the theme global governance actor**

Another parent theme called ‘global governance actor’ is about nation states, multinational corporations and the civil society. The researcher has collected 151 references out of 7 sources about the node of ‘global governance actor’. In the introductory part of this study, the researcher has pointed out the importance of nation states in global governance. According to Rosenau (2006), nation states are transformed as a borderless world and they are part of global governance. After analysing data rigorously, the researcher has found 21 references out of 4 sources about the concept of a nation state yielding the results of the importance of a nation state in the arena of global governance. Multinational corporations (MNCs) play a radical role in the processes of global governance. In the introductory part, it is found that MNCs are market-enabling regimes at the global level (Levy & Aseem, 2003) and

it is a significant component of global governance. The researcher has found that 18 references from 4 sources have referred to the influence of multinational corporations in global governance. Non-governmental organisations (NGOs) have gained momentum in the analysing part of the study. There have been 39 references of 3 sources for carrying the weight of non-governmental organisations in global governance. In the introductory part of the study, non-governmental organisations (NGOs) have a greater contribution to the blurring of a regional as well as national boundary (Skjelsbaek, 1971). The researcher has found 39 references from 3 sources to validate the meaning of non-governmental organisations (NGOs) in global governance.

#### ***Discussion and analysis of the theme trade***

Global governance in the form of the World Trade Organisation is really important to govern the world trading system. The parent code 'trade' consists of the child notes such as free trade, market liberalisation, tariff eradication and economic globalisation. In case of free trade, the researcher has previously mentioned in the literature review that free trade is impeded by restrictions on goods and services and factors of production (Coughlin, 2002). This restriction is regulated by some kind of global governance like the WTO. Otherwise, nations of the world would act arbitrarily in the field of international trade. The researcher has found 14 references out of 5 sources to support the notion that the existence of global governance in the field of international trade is really important.

The intensive coding of data on global governance shows that the significance of global governance is a crying need in the field of knowledge, science, education, and the information and communication society. Global governance is also concerned with peace, security and armed conflict. The political, economic and institutional structure of a state is equally emphasized. Global governance in the environment and management of the planet plays a pioneering role. The existence of global governance is crucial in the liberalisation of trade. Without global governance, the world would be an utter chaotic place and international would be imbalanced.

#### **Coding for International Trade**

At *Iteration I*, the researcher has coded around 60 themes of international trade. The researcher has to go through sources, such as approximately 103 A-rated journals of writers of different versatility. The researcher then cuts it short to 47 themes at the time of *Iteration II* which is the more concise and compact than the previous coding to the subject of inquiry. At the stage of *Iteration III*, the researcher settles down at 32 most relevant themes for addressing the possible factors barricading the development of international trade in Bangladesh.

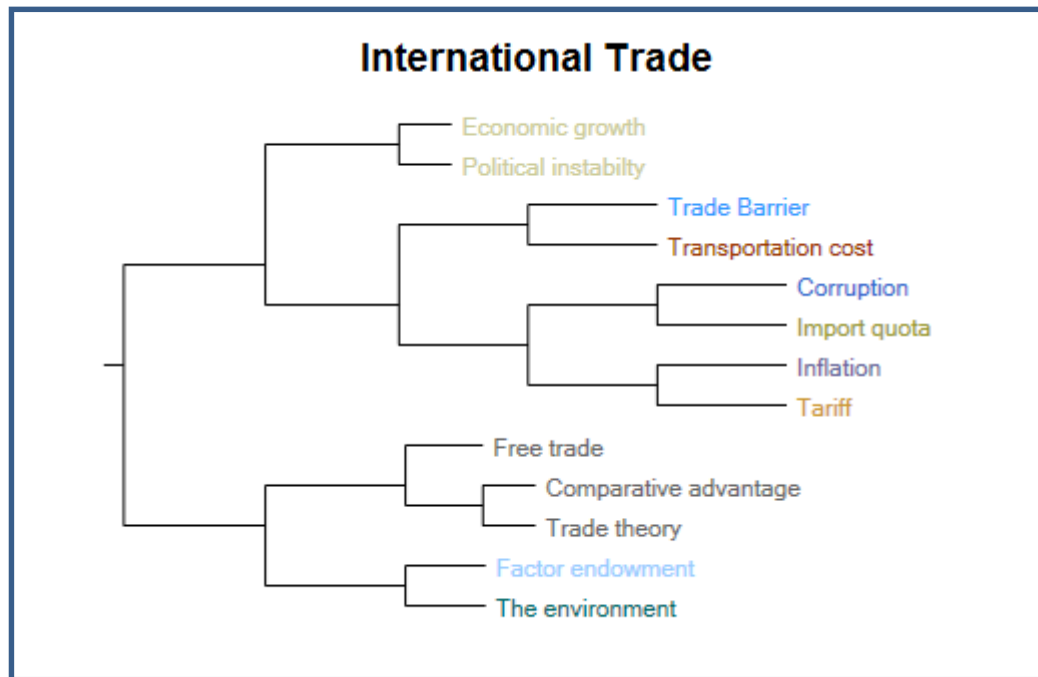
Name	Sources	References
Free trade	23	103
The environment	12	57
Economic growth	7	30
Trade theory	5	19
Comparative advantage	3	8
Factor endowment	2	6
Trade Barrier	42	167
Transportation cost	6	11
Tariff	5	9
Political instability	24	49
Inflation	15	26
Import quota	6	14
Corruption	19	31

Figure 11: Nodes Used in Coding for International Trade

Name	Sources	References
Proposed trade policy	11	213
Production variety	4	16
Employment opportunity	7	48
Export share	8	17
Linkage effect	3	4
Market diversification	10	27
Logistic facility	1	3
Macroeconomic side	5	8
Inter-ministerial co-ordinati	2	2
Copyright protection	1	3
Strategic Concern	2	4
Better diplomacy	4	5
Effective governance	6	13
Global value chain	3	7
Trade institutionalism	5	9
Trade distortion	22	46
Product labelling	4	6
Under Invoicing	2	2
Dumping	5	7

Figure 12: Nodes Used in Coding for International Trade

This chart shows that the number of codes used in the study is to clarify the possible factors centring on international trade. It is imperative to say that some of the notes are detrimental to the development of international trade and the rest is interconnected or complementary. It may be exemplified that free trade and economic growth are complementary. On the other hand, economic growth and political instability cannot go hand-in-hand.



**Figure 13: Cluster Analysis by Coding Similarity for International Trade**

The above-mentioned cluster shows a number of important themes which affect international trade differently. Meaning that, international trade is indisputably affected by each and every theme of the cluster. This cluster leads the researcher to ascertain some of the current challenges of international trade that must be obliterated to promote trade globally for a nation.

***Discussion and analysis the theme political instability***

Challenge 1: Political instability

Number of coding references: 49

Number of sources coded: 24

It is true that political instability and international trade are interconnected. In case of the political restlessness of a country, the development of international trade is absurd. In the literature review, according to Alesina (1996), political instability and economic growth are connected with each other. That is why, 49 references have demonstrated ‘political instability’ is a major obstacle of international trade.

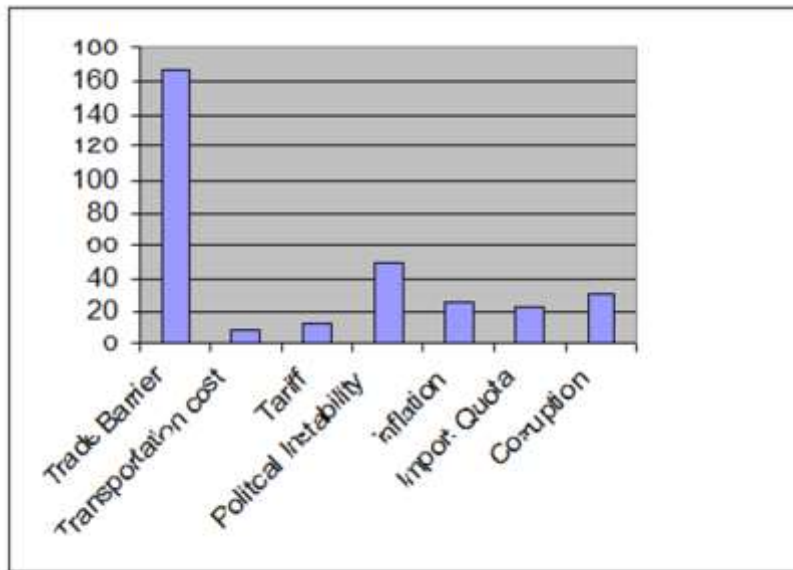
***Discussion and analysis of the theme tariff***

Challenge 2: Tariff

Number of coding references: 9

Number of sources coded: 5

The tariff structure and international trade are deeply correlated to each other. If the tariff structure of a nation is so important to maintain the flow of foreign goods or services in the domestic market. According to Bryan Riley (2013), in the literature review, tariff and economic freedom go side by side. In order to improve the economic environment of a nation, the tariff structure of a nation is really important to be considered. The researcher has found 9 references from 5 sources to support the solid tariff structure needed to promote international trade.



**Figure 14: Trade Barrier of International Trade**

This bar shows the barriers of international trade and how intense each and every barrier in the context of international trade. The researcher has arranged this bar according to the number of themes collected.

***Discussion and analysis of the theme inflation***

Challenge 3: Inflation

Number of coding references: 26

Number of items coded: 15

Inflation affects international trade strongly. In case of rapid or chronic inflation, the flow of international trade is stagnant. The economy of a country starts to slip away if the country is high or unpredictable inflation. It can be said that inflation is a huge block on the way to the effective promotion of international trade. The researcher has found 26 references to back up the notion that inflation is a stumbling block of expanding international trade. In the literature review, according to Weintraub (1961), inflation is affected by the foreign exchange rate and a purely monetary phenomenon. Inflation affects the entire scenario of international trade and the foreign businessmen do not want to invest in a nation where the inflated situation is prevalent.

***Discussion and analysis of the theme import duty***

Challenge IV: Import duty

Number of coding references: 14

Number of items coded: 6

The government imposes an import duty on a foreign good in order to protect a domestic industry. If the import duty is high, the flow of international trade is strongly impeded. This import quota has an adverse effect on the economy of a nation. According to Hoque and Yusop (2010), import duty affects trade liberalisation and import duty is considered a crucial factor for international trade. The researcher has got 14 references to back up the notion that import duty is so momentous for international trade. It is clear that the import quota is an important factor to improve the scenario of international trade.

***Discussion and analysis of the theme transportation cost***

Challenge IV: Transportation cost

Number of coding references: 11

Number of items coded: 6

Transportation cost is another significant factor for the betterment of international trade. The transportation system of one nation suggests how solid the infrastructure to invest in that country. Moreover, it determines the cost of doing international trade. In this regard, the researcher has found 11 references to tell that transportation cost does really matter in the uplift of international trade. In the literature review, according to Sikba (2003), transportation cost has a significant impact on the volume of international trade.



Figure 15: Source of Theme for International Trade by Word Similarity

**Pearson Correlation Coefficient**

Pearson correlation coefficient is a measure of how well themes are related to each other. The most important thing about Pearson correlation coefficient is that it does not give you any information about the slope of the line, it only gives information about whether there is a high correlation. The above-mentioned diagram is proof that sources of themes coded for international trade are highly correlated.

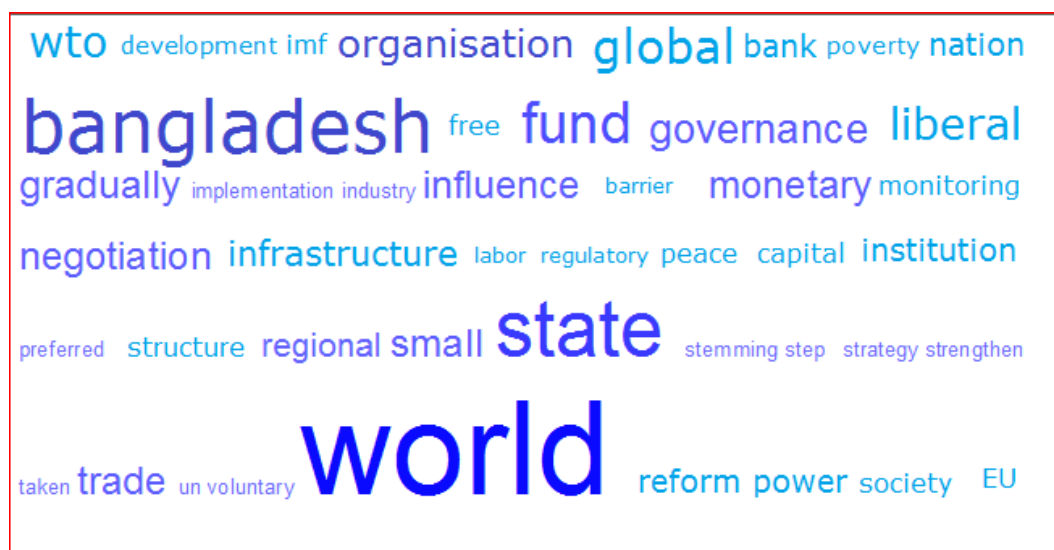


Figure 16: Tag Cloud of Coding-International Trade



**Tag Cloud of International Trade**

The tag cloud of international trade shows the much-needed areas to cover. From the above-mentioned box of tag cloud, the researcher has come up with the notion that the trade policy of Bangladesh should be brought into attention. Meaning that, Bangladesh needs a comprehensive trade policy to get rid of the current challenges of international trade. Under this situation, actors of global governance should come forward with strict rules and regulations to remove all the barriers concerning international trade.



**Figure 17: The Platform of the Proposed Trade Policy**

This bar is an indication of the future trade policy of Bangladesh. After analysing data, the researcher has found that the current trade policy is uncompetitive for the development and international trade. The new trade policy will be on the platform of product and market diversification, better diplomacy with the outer world, a global production linkage and the macroeconomic policy.

## Recommendation and Conclusion

### Recommendation

The recommendation of this study centres on the proposed trade policy of Bangladesh. The current trade policy of Bangladesh is uncompetitive in the domestic and international market. The goal of the proposed trade policy will enhance productivity, efficiency and better governance in a trade-related activity. Enhanced domestic production will be stimulated and an increase in trade will be predicted through applying the proposed trade policy. This proposed trade policy will bring a higher level of growth, more employment scope and poverty reduction.

The trade policy will undertake an appropriate policy tool and technique highlighting a strategic trade policy. The major purpose of the trade policy will diversify production, improve product quality and standard and employ the cutting-edge technology. The export-oriented industry will be provided with necessary support with a view to confirming growth and development. The service industry will be given priority through making the domestic policy more strong. With the enforcement of a new marketing technique, e-commerce and a modern IT-based tool, the export market will be diversified. The trade policy will facilitate trade through the improvement of the physical and institutional capacity. It may be mentioned here that the proposed policy has been drafted keeping the purpose of this research in mind.

### *Secure strategic trade policy*

The strategic trade policy will be a more appropriate tool in order to achieve the targeted level of growth and employment through increasing production for the domestic and export market. The strategic promising industry will be identified by the government and the market force in respect of their potential and from the perspective of a long-term development plan.

The proposed policy will depict the direction for selection of the strategic sector. The market and production diversification, export share, the domestic market potential, linkage effect, employment generation are the indicators of selection of the strategic industry.

The strategic industry will need the policy support for a specified time period. The strategic industry will enjoy the targeted support such as tariff protection, fiscal incentive, financial support including through preferential credit, infrastructural and logistic facility. The support structure and time schedule for providing support are to be decided as per requirement of the particular industry. The successful strategic policy identifies the appropriate policy tool to support the strategic sector, monitors the effectiveness and phases out of the incentives when the objectives are reached.

***Ensure better governance***

The unfair competition of a Bangladeshi product is prevalent in the domestic and international market. Misrepresentations of imported products, under-invoicing and dumping are the most distortive practices in international trade. Imposition of anti-dumping restriction is a major obstacle in the international market. The institutional mechanism of Bangladesh should be strengthened to recognise a distortive trade practice. Bangladesh should take a necessary legal step in order to tackle distortive trade practice. The labelling of a product, standard keeping and the keying out of a dumping issue need to be brought into light by the technical capacity of a trade-related institution.

***Assure supportive macroeconomic policy***

The strategic policy should be pursued through better coordination of various components of the macroeconomic policy. The proposed trade policy should be in sync with fiscal, monetary and exchange rate policy. The macroeconomic policy for the support sector of potential and promise should be catered to the financial market information. The powerful inter-ministerial harmonisation will play a very crucial role under this situation.

***Make the business process more competent***

The business process is a determining factor of the competitiveness of any sector. The private sector plays a key role in the business environment of Bangladesh. The existing business processes should be reengineered by the government. The modern efficient firms introduce training of productivity expansion, addition of more efficient technology and extensive application of information technology. The proposed trade policy will put forward a very congenial atmosphere where firms are swept with modern and state-of-the-art technology and skilled personnel according to the demand of the sector. The trade policy will offer a program for bringing up the demand of the enterprises and entrepreneurs. Standardisation of modern business practices such as modern accountancy adoption, record keeping and insurance service are really necessary. The government should pay attention to contract enforcement, intellectual property right and copyright protection.

***Insure product and market diversification***

The export sector of Bangladesh is not vast. The product range is limited and the market is fixed. With result of that, the strategy development for diversification of export is really crucial to Bangladesh. It is a known fact that if there is an ambience of product and market diversification, this scenario will surely expand the portfolio and save the export market from the global market volatility. The institutional arrangement for product designing and product finishing should be incorporated in the proposed trade policy.

***Strengthen a linkage with the global value chain***

The proposed trade policy should be strengthened with the global production network of a different manufacturing producer. As the production chain is linked to a diverse and disperse location, only the well-suited policy arrangement can enable the value chain more efficient and functional. The proposed trade policy should push forward Bangladesh to a common platform framework agreement with the outer world in the upstream part of the value chain particularly

in the textile and apparel sector. The RMG sector is the prime focal point of the export market. In this regard, expanding intra-investment between Bangladesh and the outer world should be brought into surface.

***Improve trade facilitation***

Transaction cost has a negative effect on the competitiveness of a product in Bangladesh. The proposed trade policy will improve the trade logistic support to remove a restriction in cross-border trade. In order to enhance trade at the global and regional level, the proposed trade policy will provide facility at a border customs station and establishing a region-based testing institution for reducing hassle and cost. The proposed trade policy will simplify and harmonise the trade procedure in international trade establishing a single window for a trade-related document submission as well as a committee for managing a trade-related dissatisfaction. It is important to gradually develop the automation system in the border point. The government should provide assistance to open up a foreign outlet in order to facilitate the presence in the international market very strongly.

***Reinforce a powerful trade institutionalism***

The institutions of Bangladesh that deals with trade need to be further improved to provide their required service. In this regard, the strong co-ordination between different ministries and the relevant departments is an importunate need. The ministries and their associated departments carry out their responsibilities within their set time limit. The continuing negotiation with the private sector is a prerequisite to take the business environment to the next level. In this connection, the Ministry of Commerce should come forward with the regular monitoring and assessing the materialisation of a trade-related policy and surfacing the relevant issue with the implementing agency and also with the private sector. The proposed trade policy should employ an effective mechanism to face the distortive trade practice in the market. A new issue concerning trade such as patenting and intellectual property right (IPR) should also be addressed in the proposed trade policy to make it more competent.

***Consolidate better trade diplomacy***

The trade diplomacy of Bangladesh should be strengthened with the world market for export growth as well as to get a better market penetration in the international market. In this context, Bangladesh should be more forward-thinking toward attending a WTO meeting and a forum of bilateral, regional or multilateral kind. The new trade policy will offer a ground for enhancing the trade diplomacy with an emerging nation like Japan, China, Brazil and Russia by the side of the export market in North America and Europe.

Bangladesh should take part in discussing at bilateral and multilateral levels about reduction of tariff in a developed country. The diplomatic channel should be created for attracting business leaders of various countries to invest in the export-oriented sector of Bangladesh. Another important aspect of the new trade policy will be a breeding ground for signing a new agreement with the outer world. After that, each of the agreement should be considered by a policy-maker of Bangladesh for judging the possible effect before signing the agreement. If required, expert advice from a think tank and the research community of Bangladesh may be sought to evaluate the possible implication of the new agreement.

**Conclusion**

Since this study centres on the role of global governance in the context of international trade, the researcher has firstly described and explained the significance and possible structure of global governance and then the researcher has linked it up with the international trade of Bangladesh. Global governance, as a direct outcome of globalisation, has gradually strengthened the idea of justice as a common feature of contemporary society. According to this study, the researcher has identified the role of global governance in (i) countering transnational crime, (ii) protecting the environment and promoting energy security, (ii)

managing the global economy, (iii) preventing and responding to a violent conflict, and (iv) promoting international trade which go beyond a single state to solve. The recognition for the growing need of collective action is emerged in a global issue of this scale. It can be said that the importance of global governance or collective action is prevalent in the environment and management of the planet, more specifically in the promotion of international trade.

According to this study, the researcher has identified global governance in the form of nation states, international organisations, multinational corporations, international non-governmental organisations, the public-private network and the civil society. Moreover, the institutional platform of global governance is discussed through the WTO, the IMF and the World Bank. It is also important to mention here that regionalism is reflected here in this study through the NAFTA, the EU and the OECD. This is how the researcher has identified the possible structure of global governance.

In this study, global governance is found in Bangladesh in the form of the WTO cell, the IMF, the World Bank, Bilateral FTA with India, Pakistan and Sri Lanka, Asia Pacific Trade Agreement (APTA), BIMSTEC Trade Negotiating Committee (TNC), SAARC Preferential Trading Arrangement (SAPTA) and Asian Development Bank (ADB) to enhance international trade in the country. This global governance is absolutely necessary for a country like Bangladesh. It is an impartial agent to promote transparency and prevent corruption.

In Bangladesh, good global governance is an ideal which is difficult to achieve in the genuine sense. Corruption, inefficiency of bureaucracy, nepotism and politicization in public administration, improper and non-observance of the rule of law, resource misuse and poor planning strategy obstruct the development of good global governance. Bangladesh is ridden with this kind of governance negativity. In this context, global governance needs to supervise each and every project to control corruption and ensure better governance in Bangladesh.

### References

- Alesina, A., Ozler, S., Roubini, N., & Swagel, P. (1996). Political instability and economic growth. *Journal of Economic Growth*, 1(2), 189-211.
- Amadeo, K. (2003). *Facts about the NAFTA: The Impact of the NAFTA Agreement on its Members*. US Economy Guide.
- Bach, D. (2010). Varieties of cooperation: The domestic institutional roots of global governance. *Review of International Studies*, 36(3), 561-589.
- Baltodano, A. P. (1997). The study of public administration in times of global interpenetration: A historical rationale for a theoretical model. *Journal of Public Administration Research and Theory*, 7(4), 615-638.
- Bhagwati, J. (1992). The threats to the world trading system. *World Economy*, 15(4), 443-456.
- Blin, A., & Marin, G. (2009). Inventing a new world governance now. *Forum for a New World Governance*. Retrieved from <http://www.world-governance.org/spip.php?article438>
- Boyd-Barrett, O. (2011). Global communication and transnational public sphere. *Journalism and Mass Communication Quarterly*, 88(2), 444-446.
- Cline, W. R. (2004). Trade Policy and Global Poverty. *The Peterson Institute for International Economics*, 32(2), 264.
- Coughlin, C. C. (2002). The controversy over free trade: The gap between economists and the general public. *Federal Reserve Bank of St. Louis Review*, 84(1), 1-22.
- Crawford, J., & Laird, S. (2001). Trade liberalization and the new regionalism in the Asia-Pacific: taking stock of recent events. *International Relations of the Asia-Pacific*, 5, 217-233.
- Davis, D. R., & Weinstein, D. E. (2002). An account of global factor trade. *American Economic Review*, 91, 1423-1453.

- Ding, X. (2010). Crisis and Governance: To Establish a New Global Economic and Political Order. *World Review of Political Economy*, 1(1), 173-179.
- Dingwerth, K. & Pattberg, P. (2006). Global Governance as a Perspective on World Politics. *Global Governance*, 12(2), 185-203.
- Estevadeordal, A., & Taylor, A. M. (2008). *Is the Washington Consensus Dead? Growth, Openness, and the Great Liberalization, 1970s-2000s*. NBER Working Papers, 14264.
- Feng, Z., Hutchings, R., Kumar, R., Sidiropoulos, E., Wrobel, P., & Zagorski, A. (2009). *Global security in a multipolar world*. Retrieved 09/05/13 from <http://www.iss.europa.eu/uploads/media/cp118.pdf>
- Field, M. J. & Behrman, R. E. (2004). *Ethical conduct of clinical research involving children*. Washington, D.C.: Institute of Medicine of the National Academies, The National Academies Press.
- Gillingham, J. (2003). *European Integration, 1950-2003*. Cambridge University Press, p. 484.
- Gordenker, L., & Weiss, T. G. (1996). Pluralizing Global Governance: Analytical Approaches and Dimensions. In *NGOs, the UN, and Global Governance* (p. 17). Boulder: Westview.
- Held, D., & McGrew, A. (2002). *Governing globalization: Power, authority and global governance*. Cambridge: Polity Press.
- Held, D., et al. (1999). Corporate power and global production networks. In D. Held, et al. (Eds.), *Global transformations* (Ch. 5, pp. 236-282). Stanford, CA: Stanford University Press.
- Hofer, B. (2004). Exploring the dimensions of personal epistemology in differing classroom contexts: Student interpretations during the first year of college. *Contemporary Educational Psychology*, 29, 129-163. Retrieved on April 22, 2013, from <http://www.sciencedirect.com/science/article/pii/S0361476X03000807>
- Hoque, M. M. & Yusop, Z. (2010). Impacts of trade liberalisation on aggregate import in Bangladesh: An ARDL Bounds test approach. *Journal of Asian Economics*, 21(1), 37.
- Keck, A., & Low, P. (2004). *Special and differential treatment in the WTO: Why, when and how?* Economic Research and Statistics Division, WTO Staff Working Paper, ERSD-2004-03.
- Koopmann, G. (2003). Regionalism Going Global. *Intereconomics*, 38(1), 2-3.
- Kudrle, R. T. (2012). Governing Economic Globalization: The Pioneering Experience of the OECD. *Journal of World Trade*, 46(3), 695-731.
- Levy, D. L., & Prakash, A. (2003). *Bargains Old and New: Multinational Corporations and the Future*.
- Lodge, G. C. (1995). International Organization and Industrial Change: Global Governance since 1850. *Business History Review*, 69(3), 445-445.
- Matsushita, M. (2004). Governance of international trade under World Trade Organization agreements-Relationships between World Trade Organization agreements and other trade agreements. *Journal of World Trade*, 38(2), 185-210.
- Morse, J. M., & Richards, L. (2002). *Read me first for a user's guide to qualitative methods*. Thousand Oaks: Sage Publications.
- Nunberg, B. (2007). Generational shifts in international governance assistance: The World Bank and state-building after 911. *International Journal of Economic Development*, 9(1), 59-110.
- Particelli, M. C. (1990). A Global Arena. *The Journal of Consumer Marketing*, 7(4), 43-53.
- Rafael. (2011). Proliferation of Regional Trade Agreements: Complementing or Supplanting Multilateralism? *Chicago Journal of International Law*, 11(2), 597-629.
- Reinicke, W., & Deng, F. with Witte, J. M., Benner, T., Whitaker, B., & Gershman, J. (2000). *Critical Choices-The United Nations, Networks, and the Future of Global Governance*. UN Vision Project on Global Public Policy Networks: IDRC Publications.

- Riley, B. (2013). Tariff reform needed to boost the U.S. economy. *The Heritage Foundation*. Retrieved 12/05/13 from <http://www.heritage.org/research/reports/2013/04/tariff-reform-needed-to-boost-the-us-economy>
- Rosenau, J. N. (1995). Governance in the Twenty-first Century. *Global Governance*, 1(1), 13.
- Rosenau, J. N. (2006). *The Study of World Politics: Volume 2: Globalization and Governance*. Taylor and Francis, Inc.
- Shah, A. (2007). *The WTO and free trade*. Retrieved 03/05/13 from <http://www.globalissues.org/article/42/the-wto-and-free-trade>
- Skiba, A. (2003). *The effects of transportation costs on international trade*. Purdue University.
- Skjelsbaek, K. (1971). The Growth of International Non-governmental Organisation in the Twentieth Century. *International Organization*, 25(3), 420-442.
- Stichweh, R. (2003). The Genesis of a Global Public Sphere. *Development*, 46(1), 26-29.
- Stoker, G. (1998). Governance as theory: Five propositions. *International Social Science Journal*, 155, 17-28.
- Stone, M. (2003). NAFTA Article 1110: Environmental friend or foe? *Georgetown International Environmental Law Review*, 15(4), 763-789.
- Subramanian, A., & Wei, S. J. (2007). The WTO Promotes Trade, Strongly but Unevenly. *Journal of International Economics*, 72(1), 151-175.
- Taylor, M. S. (1999). Trade and Trade Policy in Endogenous Growth Models. In J. Piggott and A. Woodland (Eds.), *International Trade Policy and the Pacific Rim* (pp. 3-21). Houndsmill: Macmillan.
- Teegen, H., Doh, J. P., & Vachani, S. (2004). The Importance of Non-governmental Organizations in Global Governance and Value Creation: An International Business Research Agenda. *Journal of International Business Studies*, 35(6), 463-483.
- Wacziarg, R., & Welch, K. H. (2008). Trade liberalization and growth: new evidence. *The World Bank Economic Review*, 22(2), 187-231.
- Weintraub, S. (1961). *Classical Keynesianism Monetary Theory and the Price Level*. Chilton Company.
- Wilczynski, R. (2011). Global Financial Governance: A Perspective from the International Monetary Fund. *Contemporary Economics*, 5(1), 4-n/a.
- Zahrnt, V. (2005). How Regionalization Can Be a Pillar of a More Effective WTO. *Journal of World Trade*, 39(4), 671-691.

Appendices

Appendix I: Few of the Sources Used in Coding for International Trade

Name
Trade and the Environment, Jonathan, M H.
THE ROLE OF TRANSPORTATION IN LOGISTICS CHAIN, YUE, W. L.
The Role of the International Trade Regime in Global Governance, Lester, S.
The Real Issue Lurking Behind the Trade and Environment Debate, David M. Driesen
Research on Corruption, Fjeldstad, O.
Political Instability and Economic Growth, Alesina, A.
Is Free Trade Good for the Environment, Taylor, M. S.
International Trade Theory, James E. Anderson
Inflation and it's impact on business, 2009
Import Quota, Bangladesh, 2013
Governance of International Trade Under WTO, Mitsuo Matsushita
World Trade Organization, 2012
Free Trade and Growth in the World Economy, Lloyd, P.
EUROPEAN COMMISSION, 2013

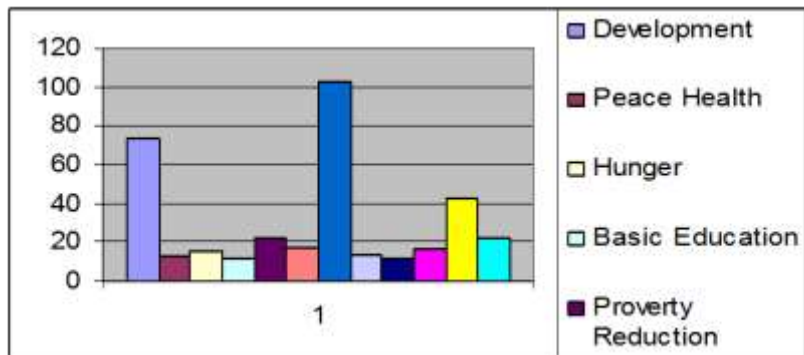
The above mentioned chart refers to the number of sources have been used for the coding of international trade. The chart shows that sources of coding data are used to get knowledge of international trade. Number of coding references and nodes coding signify the depth of the research study.

Appendix II: Few of the Sources Used in Coding for Global Governance

Name
Governance Models: Lessons From The Global Crisis, Lloyd, B. 2009
Emergent institutions in global governance, Kolk, A. & Pinkse, J. 2008
Private Actors and Public Governance Beyond the State, Backer, L.C. 2011
Consensus on Global Governance Principles, Verhezen, P. & Morse, P. 2009
A global governance framework, Greve, J. 2008
Global corporate governance: debates and challenges, Malla, P.B. 2004
Corporate governance: A basic for the global economy, Witherell, W. 2000
Complex accountability and power in global governance, Keohane, R.O. 2008
Global governance, McLellan, D. 2003
Business and global governance, Florini, A. 2003
World Bank Finds Little Improvement In Global Governance, Barkley, T. 2009
The globally integrated firm and its role in global governance, Hans, U.M. 2008
Natural law, and human rights in global governance, Jackson, K. 2008
Global collaborative governance: there is no alternative, Zadek, S. 2008

The above mentioned chart refers to the number of sources have been used for the coding of global governance. The chart shows that sources of coding data are used to understand global governance. Number of coding references and nodes coding emphasize the depth of the research study.

Appendix III: The Focal Area of Global Governance on Development



This graph shows that global governance is needed to manage the humankind and the environment of the planet.