

## Skilled and Unskilled Labour Migration under GATS Mode 4 Negotiations and Poverty Reduction in Bangladesh

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### Abstract

*The General Agreement on Trade in Services (GATS) came into force with the founding of the World Trade Organization (WTO) in 1995 as a result of the Uruguay Round negotiations. GATS provides for the 'movement of natural persons' among countries under its Mode-4, which is particularly significant for developing countries that have abundant supplies of semi-skilled and unskilled labour, which they can export to labour-short developed countries. Bangladesh is one of the participants in the global labour market as supplier of labour. Temporary Movement of Natural Persons (TMNP), i.e., mode 4 can provide it with the opportunity to send its people abroad to work and send remittances. Global liberalization in the services sector, especially allowing temporary movement of natural persons, can have a vital role in the alleviation poverty in the developing countries in general and in the LDCs in particular. When skilled personnel of a developing country work in a developed one, their incomes increase significantly. This contributes to raising the national income of the labour exporting country, although its poverty implication is not very clear. Since skilled workers were initially non-poor, it does not entail direct contribution to poverty alleviation*

*Liberalizing the movement of low skilled or unskilled workers from the developing countries to the developed ones is a far more secure route to general income growth and poverty alleviation in the developing countries. Because developed countries are poorly endowed with low and medium skilled people, the income increase for these people is likely to be very large, and by moving to developed countries for work they also reduce the over-supply of labour at home.*

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## **1. Introduction**

International labour migration is one of the most significant features of the recent globalization process. Nearly 200 million people or 3 percent of the world population live outside their countries of birth and world wide remittance flows are estimated to have exceeded \$ 318 billion in 2007, of which developing countries received \$ 240 billion (World Bank 2008a).

The General Agreement on Trade in Services (GATS) is a new trade agreement which came into force with the founding of the World Trade Organization (WTO) in 1995 as a result of the Uruguay Round negotiations. Now a days the negotiation under WTO framework is important for developing countries. Temporary Movement of Natural Persons (TMNP), i.e., mode 4 can provide it with the opportunity to send its people abroad to deliver services. The topic of skilled and unskilled labour migration is an important area for discussion in WTO.

Bangladesh is a big supplier of labour in the global labour market. Naturally, therefore, the remittance of workers' income has a significant role in this country.

This paper explores the scope of skilled and unskilled labor migration from developing countries like Bangladesh under GATS Mode 4 and suggests how Bangladesh will have to negotiate in the ongoing GATS negotiations in order to be able to increase the skilled and unskilled labour migration under Mode-4.

The paper contains four sections. After the introductory section, a review of the available literature has been done in the second section. The third section explains the concept of GATS Mode 4, and its implications for Bangladesh. The barriers to the movement of natural persons under Mode 4 are discussed in section 4. The findings of the paper are presented in section 5, while section 6 contains the conclusions and recommendations of the paper.

## **2. Literature Review**

This section reviews literature concerned with skilled and unskilled labour migration under GATS Mode 4 and poverty reduction in the context of different economies.

Winters and Walmsley (2002) argued that global liberalization in the service sector, especially allowing temporary movement of natural persons, can have a vital role in the alleviation poverty in the developing countries in general and in the LDCs in particular. It has been argued that liberalizing the movement of natural persons; i. e., by introducing a temporary visa system in rich countries

permitting movement of labour up to 3 percent of the total labour force, would increase world incomes by nearly US \$ 160 billion

Major developed countries are facing changing demographic and economic trends that project an important need for increased low skilled worker participation over the next 50 years. According to a study conducted by McDonald and Kippen (2001), demographic and economic trends from 2000 to 2050 are projected to reduce labour supply in many of the major developed countries such as the United States, Australia and Germany. Reduction in labour supply is a major factor contributing to the shortage of workers in low (and high) skilled workers in these countries (South Centre, 2005).

Mc Culloch et. al (2001) has explained impact of skilled and unskilled labor on poverty in the following:

“When skilled personnel leave a developing country for a developed one, typically their incomes are increased significantly. This contributes to raising the national income of the developing country, but its poverty implication is not so clear. Since skilled workers were initially non-poor, it does not entail direct contribution to poverty alleviation. But if the higher incomes of these skilled workers lead to greater remittances in the developing country, there could be a positive effect. Furthermore, working abroad may facilitate individuals to acquire greater skills and these benefits would be doubled if they eventually returned home. On the contrary, liberalizing the movement of low- and medium- skilled workers from the developing countries to the developed one is a far more secure route to general income growth and poverty alleviation in the developing countries. As because, developed countries are poorly endowed with low- and medium skilled people, the income increase for these people is likely to be proportionately larger and by moving, they also reduce the over- supply of labour at home. Moreover, far more workers would potentially be affected at the less skilled than at the highly skilled end of the spectrum (Mc Culloch et. al 2001, cited in Razzaque and Raihan 2008: 183)”.

One of the strongest arguments for Mode IV particularly of less skilled workers to developed countries is the forecast that in many developed countries there will be labour shortage within the next ten to twenty years. These are caused by ageing populations, early retirement policies, and young people entering the workforce at a later stage, low birth rates, and an increase in living standards leaving the local population less interested in low skilled work. Studies have shown that in most developed countries, zero immigration would mean that countries would face a

substantial fall in their labour force (MacDonald and Kippen, 2001. P. 17). The success of growth- oriented policies in developed countries will depend on a fast growing labour force of skilled workers. Without migration from labour surplus countries, developed countries will not be able to keep up with growth (Mistry, 2008).

In some developed countries, labour supply is projected to stagnate or fall in the next 10 years if present demographic trends continue. For example, Australia and Canada are likely to experience rising levels of labour force only until 2015, after which levels will become constant. For the Netherlands and Sweden on the other hand, labour supply is projected to fall after 2015. Additionally, current conditions in Germany are likely to lead to a fall in labour supply in the near term before 2015. So, the need for low skilled labour pool cannot be met entirely by domestic workers in developed countries. In short, the growth- oriented policies of developed countries will depend on a fast growing labour force that will require low skilled workers, whether provided domestically or from abroad (South Centre, 2005). Given the substantial need for low skilled workers in developed countries, LDCs may provide a good source of temporary workers. These countries as a whole are projected to have over 230 billion unemployed workers in 2010.

It is quite clear that developed countries' GATS commitments and initial offers do not include low skill occupations. Instead, many developed countries have more or less inscribed the same types of categories of high skilled workers with similar levels of liberalization commitments. However, if LDCs are urged to participate in current market access negotiations, they should do so only if benefits can be received through mode 4 commitments in low skill occupations (South Centre, 2005:8).

Razzaque, Raihan and Khatoon (2007) conclude that low-skilled and semi-skilled workers dominate the labour endowment in Bangladesh. It can be argued that liberalization in the services sector, especially allowing temporary movement of natural persons, can have a vital role in the alleviation of poverty. It has been argued that liberalizing the movement of natural persons, i.e., by introducing a temporary visa system in rich countries permitting movement of labour up to 3 percent of the total labour force, would increase world income by nearly \$160 billion (Winters and Walmsley 2002).

Razzaque and Raihan (2008) mentioned that more than 6 million Bangladeshis are working abroad. Low skilled workers are dominating the labour endowment in Bangladesh. The export of services from this country is dominated by Mode 4

exports (i.e. movement of natural persons). Bangladesh's large labour endowment, including low- skilled and semi- skilled categories, places the country's comparative advantage in exporting labour based services under the mode 4 of GATS.

Hossain (2006) concludes that for less Developed Countries (LDCs) like Bangladesh the greatest benefit of temporary labour migration is the direct impact that it can have on poverty alleviation.

Temporary Movement of natural Persons (TMNP) from Bangladesh can reduce the pressure on the acute unemployment problem of the country. Moreover, TMNP plays a vital role in poverty alleviation, in attaining a sound balance of payments (BOP) position (Ahmed and Yusuf, 2006).

Raihan and Mahmood, (2004) cited in their study that the TMNP has direct poverty alleviation impact. They also cited a study by IOM (2003) that shows that the higher the skill and education level of the overseas workers and employees, the lower their ties with the host country and incidence of sending remittances back home. About 94 percent of the Bangladeshi overseas workers are outside professional categories; they have strong ties with home and tend to send a significant portion of their remittance back to Bangladesh.

IOM (2008a: 65) concludes, that the General Agreement on Trade in Services (GATS) is seen as the most promising approach towards a broad multilateral framework to govern the mobility of skilled persons. The Mode 4 elements of the GATS can reduce the risks of a loss of scarce skilled human resources because it offers a managed approach to the temporary movement of service workers. Developing countries with the highest initial barriers to trade in services stand to gain the most from the liberalization of this type of movement. Developing countries like Brunei, China, the Philippines and Thailand and aware of this and made more commitments under Mode 4 delivery of services by "natural persons abroad" than under other Modes. Future progress requires the adoption by all parties of clear definitions and transparent regulations.

Walmsley and Parson (2005) provides further evidence of the potential gains to be made by both labour exporting and importing regions from negotiations under GATS Mode 4. They examine the impact on welfare, Real GDP and wages of Australia and New Zealand increasing their quotas on skilled and unskilled labour from the Pacific island economies by 1% of the labour force. The results show that Australia and New Zealand would gain considerably from increasing these quotas through GATS Mode 4. Although most of the negotiations have focused on the

mobility of skilled labour, this paper provides further evidence that the gains from North- South agreements under Mode 4 are greatest when applied to unskilled labour. This result is consistent with other findings, such as Walmsley and Winter (2005).

Mode 4 is unique from the other modes of delivery because it is the only one that directly regulates people. Of the four modes of supply Mode 4 is by far the most significant for developing countries. Most developing countries have significant labour surpluses and the temporary movement of natural persons provides a clear export opportunity for most developing countries, and is therefore of significant interest to Bangladeshi policy makers and negotiators. In theory, mode 4 embodies today's international trade regime insofar as it highlights the interdependence between countries, regardless of the level of economic development. In practice, it remains one of the least liberalized areas of GATS, particularly for medium and less skilled workers (Mistry, 2008).

Assessing the current level commitments, it is clear to see that there is poor coverage of sectors where Mode 4 is important; there are few sector specific entries in mode 4. There are ten restrictions on geographical or sectoral mobility and only seventeen percent of schedule (horizontal) cover low-skilled persons; the current commitments focus towards highly skilled labour and often tied with mode 3, which is of particular interest to most developed countries (Raihan, A., 2005).

The LDC group strengthened their demands on movement of natural persons (Mode 4), suggesting that Members should open their markets to "all categories of natural persons from LDCs, particularly unskilled and semi-skilled persons" without applying a so-called economic needs test. The LDC group argued that mode 4 of unskilled and semi-skilled persons was the most significant means for LDCs to market their services globally as well as to reduce poverty (Raihan, A., 2005).

Walmsley and Winters (2003) conduct such an analysis in order to see who might benefit from increasing the temporary movement of natural persons and by how much. A computable model, based on the GTAP Model is developed to examine the effects of an increase in TMNP between developing and developed countries on wages and remittances. They conclude "We estimate that by increasing developed economies' quotas on inward movements of both skilled and unskilled labour by just 3% of their labour forces, world welfare would rise by US\$ 156 billion - about 0.6% of world income. This figure is half as large as the gains expected from the liberalization of all remaining goods trade restrictions (US \$104 billion).

Walmsley and Winters (2003) also conclude that, in general, developing countries gain most from the increase in quotas, with higher gains from the increase in quotas on unskilled labour than on skilled labour. Developed economies generally experience falling wages, but their returns to capital and overall welfare increase in most cases. The relaxation of restrictions on unskilled labour is also found to be the more important component of TMNP for the developed economies. This is because it has widespread positive effects on production and hence on real GDP, whereas the benefits from skilled labour movements is felt primarily in specific service sectors.

Looking at the same issue from a trade perspective, experts assert that the current structure of the movement of natural persons under GATS does not provide adequate access to international labour markets with very limited commitments under Mode 4. In fact, it discriminates against the poor and exacerbates inequalities. Some experts even claim a definitional misinterpretation of Article 28 of the General Agreement on Trade in Services (GATS), which defines MNP or Mode 4 as “supply of the services (includes the production, distribution, marketing, sales, and delivery of a service) by a service supplier of one member, through the presence of natural persons of a member in the territory of any other member”. This is distinct from a juridical person (commercial presence or mode 3) moving to another territory on a temporary basis. Nevertheless, more MNP in regional and bilateral trade accords is still linked with commercial presence or Mode 3. Experts also recommend that both trade and migration policy makers need to come to an agreement on resolving contradictions between the interlinked issues of trade and migration policies ((Bhadra Chandra, 2007: 17).

Raihan and Mahmood (2004) shows that Bangladesh would gain substantially through increased export of service providers through TMNP. The potential benefit from the increase of number of skilled service providers is lowest, which may be explained by the low ratio of skilled workers in total composition of migrant workers. An increase of 2 lakhs skilled workers would bring USD 381 million. The potential benefit from exporting unskilled workers is more than that of exporting skilled workers. An increase in the number of unskilled workers by 2 lakhs would bring additional USD 3.5 billion. The benefit from export of professionals by increased number is even higher. The potential benefit from exporting of 2 lakhs professionals would be USD 11.57 billion.

Raihan, S. and Razzaque (2007), conclude that there is no denying the fact that Bangladesh has important stakes in the negotiation on global liberalization of the service sectors. It is understood that there are significant scopes for Bangladesh

for taking a firm position in the WTO negotiations in the case of services, especially with respect to Mode 4. Bangladesh has large endowment of low skilled and semi- skilled labour, and the remittances incomes from the low and semi- skilled labours have significant shares in its national income. It is suggested that on the whole Bangladesh's policy stance should focus on negotiations relating to the 'non- reciprocal' Mode 4 liberalization, separation of temporary from permanent movements of natural persons, and to go for plurilateral negotiations with the developing countries to place the request for multiple entry GATS visa. Further, there should be requests for provisions to bring uniformity in the definition of service personnel and to increase coverage. To foster the negotiation under mode 4 market access Bangladesh should prepare for submitting proposals highlighting the sectors of their interest for consideration of the negotiators focusing on issues like inclusion of the less skilled under contractual service suppliers under a new sub- category, addressing definitional and classification issues, non- uniform enforcement issues to develop a revised model schedule to incorporate lower skill categories of service providers. Bangladesh along with other LDCs may seek special provisions under LDC modalities, in terms of 'non reciprocal treatment'. According to GATS document (article XIX), the developing countries are allowed appropriate flexibility in an individual country basis for negotiation. This implies Bangladesh should consider the country specific interests of the developing countries to take a proper policy stance.

### **3. GATS Mode 4 and its Implications for Bangladesh**

#### **3.1 Origin of GATS**

The General Agreement on Tariffs and Trade (GATT) was established on a provisional basis after the Second World War. Since the inception in 1947, the focus of multilateral trading system under GATT was largely on trade in goods. From 1947 through the Tokyo Round (1973-79) of GATT, services were not covered in successive rounds of trade negotiations. Services were included in the multilateral trade negotiations by the Uruguay Round (1986-94), but a new round of multilateral services negotiations began only in 2000, as foreseen in Article XIX of the General Agreement on Trade in Services (GATS). With the launch of the Doha Development Agenda (DDA) in November 2001, services became part of a broader negotiating round (IOM, 2008a: 6).



### 3.2. Concept of GATS Mode 4

Trade in services differs from the trade in goods. The GATS identifies four modes of supplying services.

**Mode 1 (Cross-Border supply):** Cross border supply covers services that flow from the territory of one Member to the territory of another (e.g., services provided through internet, electronic banking, telecommunication, satellite television, telemedicine etc.)

**Mode 2 (Consumption abroad):** Consumption abroad refers to situations where a consumer travels from his territory to another Member's territory to obtain a service (e.g. patients, tourism).

**Mode 3 (Commercial Presence):** Commercial presence implies that a service supplier of one Member establishes a territorial presence in another Member's territory to provide a service (e.g. hotel chains, bank). In most cases, foreign investment (FDI) is involved in mode 3. It includes, among others, corporations, joint ventures, partnerships, representative offices and branches.

**Mode 4 (Movement of Natural Persons):** Movement of natural persons consists of persons of one Member entering the territory of another Member to supply services (such as doctors, accountants etc). The term "Natural Persons" is an Orwellian euphemism used in the GATS to describe working class people that are considered to be nothing more than commodities. However, this connotation has been proven to be wrong as natural persons may include all categories of professionals, with low to high skills. It has become essential to change the connotation of the "natural persons" to remove the stigma of lower skilled people (Raihan, A., 2005: 38).

Mode 4 is defined in Article I.2 (d) of the GATS as "the supply of service \*\*\*\* by a service supplier of one member, through presence of natural persons of a member in the territory of another member". A "natural" Person is a human being as opposed to merely legal entity, such as business. Mode 4 is an important component of the negotiations on services and has been identified by a number of World Trade Organization (WTO) Members, particularly developing countries, as one of the areas where they seek improved market opening commitments (IOM 2008a: 6).

Mode 4 is the smallest mode of delivery in terms of the amount of trade flows and volume of commitments. Recent estimates, based on limited empirical information, suggest that commercial presence (Mode 3) accounts for more than half of world trade in services and cross- border trade (mode 1) accounts for about

a fourth, while consumption abroad (Mode 2) contributes less than one-sixth of world trade in services. Temporary movement of natural persons (Mode 4) was found to be nearly insignificant, accounting for just over 1 percent of world services trade (Collantes Verona, 2003). So, the current commitments under Mode 4 are less significant for developing countries because their comparative advantage lies in low to medium skilled workers (Ostrovsky, Aaron, A., 2003).

Winters (2003) identifies within GATS Mode 4, three types of (North-South) flows, the movements of the skilled from developed to development countries, the flow of skilled workers from developing to developed nations, and the flow of the unskilled from developing to developed countries.

### **3.3 GATS Mode 4 and Bangladesh**

The GATS regime is important for the developing, least developed, countries. These countries are suffering from severe constraints in economic development due to poor infrastructure, and institutional and human capacities to cope with the challenge emanating from the liberalization of trade in services (Raihan, A. 2005). Trade in Services has become a significant component for Bangladesh and without necessary precautions and adequate readiness Bangladesh will be lucrative targets for strong market players.

The contribution of services sector in Bangladesh economy has increased over time, currently accounting for about 50% of the total GDP of the country (Bangladesh Economic Review 2008). More than 40 percent of the labour force is employed by the services sector, which is more than the employment created in the manufacturing sector (Labour Force Survey 2005-06). Remittances from abroad have become a significant part of the country's national income.

GATS Mode 4 or Temporary movement of natural persons is especially important for Bangladesh. A remittance inflow from Bangladeshis working abroad has contributed significantly to the macroeconomic stability. Bangladesh can reduce the pressure on the acute unemployment problem of the country. Moreover, TMNP plays a vital role in poverty alleviation. All these show that Bangladesh has significant scope of gaining benefits from GATS especially in terms of exporting services through Mode 4. Thus the supply of workers and professionals of various skill levels to the global market is of considerable export interest to Bangladesh (Ahmed and Yusuf, 2006).

The liberalizing process begins at the negotiations stage and is based on an offer-request process. Bangladeshi negotiators need to submit an initial request in order

for them to be able to participate in the negotiations process, and therefore they have to express their area of export interest. It is also important that Bangladeshi negotiators do not submit any offers without a full assessment of the requests that have been made to them.

### **3.4 Offer and Request by Bangladesh**

- During the conclusion of the Uruguay Round, Bangladesh committed to liberalize basic telecommunications and tourism sector. Specifically, the offer was limited to only voice telecommunications through government operator's circuit and five star hotels.
- Bangladesh has not made any request so far. Bangladesh prepared a request list to submit it to some developed countries in the Mode 4 across the sector. However, it was not submitted due to lack of preparedness to sit for bilateral negotiations.

Bangladesh Statement on behalf of the Least Developed Countries at the informal review session of the General Assembly on Chapter III of the Monterrey Consensus "International Trade as an Engine for Development", New York, 19 May 2008 addressed the movement of labour under Mode 4 of GATS. But little progress has been achieved thus far. A successful conclusion of the Doha Round will need a concrete outcome in the services negotiations. Special priority needs to be accorded to modes and sectors of export interest of the LDCs. Bangladesh therefore called upon the developed countries to liberalize their markets for service providers of the LDCs under Mode 4 of GATS.

Bhattacharya, et al (2005) concludes that negotiations on trade in services have not yet seen any significant progress. Only on the regulatory issues negotiations have made some progress. The regulatory issues are expected to make progress in market access for mode 4, but only for the skilled categories service providers. The issues of ENT, mutual recognition, transparency in information related to TMNP are being discussed now. GATS visa issue might be the most tangible outcome of the Doha Round. Classification issue is back on the negotiation table.

A few member countries submitted requests on mode 4 using ISCO-88 categories. A new group titled "friends of mode 4" has emerged; however, the focus of the activities of the group is only with the current classification of the services. The core members of the group are Brazil, Columbia, India and Philippines. There is another group of 32 member countries. This is lead by Canada. Most of the developed countries still have strong reservations on market opening under mode

4; they do not think that any progress is possible in the Doha round on mode 4. Developing countries have pushed the regulatory issues and have made some progress in this area. They are not showing any tangible interest in mode-4 related less skilled labour movements.

Assessing the current level commitments, it is clear to see that there is poor coverage of sectors where Mode IV is important; there are few sector specific entries in Mode IV. There are ten restrictions on geographical or sectoral mobility and only seventeen percent of schedule (horizontal) cover low-skilled persons; the current commitments focus towards highly skilled labour and are often tied with Mode III, which is particularly of interest to most developed countries (Raihan, 2005).

#### **4. Barrier of GATS Mode 4**

- Barriers for Temporary Movement of Natural Persons are
- Wage- parity requirement discourages import of cheap labour
- Strict visa procedure
- Economic Needs Tests (ENT)
- Non- recognition of professional qualifications
- Imposition of discriminatory standards of burdensome licensing requirements
- Payment of social security without corresponding benefits like medical and pension insurance schemes
- Requirements of registration with or membership of professional organizations.

Bangladesh signed the WTO Agreement in 1994 without much consultation with stakeholders and with little understanding about the implications of the agreement. Gradually, the government started to mobilize professionals to deal with the negotiations. A WTO cell has been formed with a Director General as the chief of the Cell. The Bangladesh Foreign Trade Institute was established with public-private partnership to provide research support to the negotiating body of the government and provide training to government officials on WTO issues (Raihan, A., 2005).

Despite these efforts, the capacity to manage the whole negotiation machinery is still very low. The total number of people dealing with the negotiations in Bangladesh and in Geneva is limited. It is impossible to deal with the whole

negotiations process with such limited capacity. The negotiating body is missing economists and lawyers which are essential for successful negotiation. It is to be mentioned that for progressing negotiations on TMNP the involvement of lawyers is essential as much of the debate for inclusion of all categories will concentrate on interpretation of LDC modalities.

Immigration regulations and barriers related to visa and work permit procedures are one of the major restrictions of services trade liberalization, especially under mode 4 of services trade. In most of the cases, no distinction has been made between temporary and permanent movements of workers and the process involves complicated, non-transparent and costly steps through labour market regulations. Even, sometimes temporary workers have to undergo a two-permit entry procedure: one for visa and the other for work permit. The restrictions and regulations get more demanding for the developing and least developed countries due to their existing administrative barriers. Moreover, services trade barriers for developing country suppliers are more binding than for developed country suppliers in each other's market.

In terms of migration regulations, they are biased towards high skilled workers and it is relatively easier to obtain visa for intra company transferees and those associated with establishment of commercial presence. In general, movement of low skilled workers is the most restricted one. There are barriers in terms of Economic Needs Test, which restricts the market driven process of service providers, makes the process unpredictable and non-transparent, and therefore creates arbitrary barriers to Mode 4.

The evaluation process of quality and skills of workers in the developing countries and LDCs is considerably under stress. Domestic constraints like lack of uniformity in training and standards within the country apart, the upgraded recognition requirements for workers of developing and least developed countries are a daunting barrier to labour movement under Mode 4 from these countries. To assess qualification and skills, some countries apply Mutual Recognition Agreements (MRA), which is mostly used for certified and licensed professionals who already have internationally established standards. There are different testing procedures like USMLE for medical professionals and CGFNS for nursing in the developed countries like USA prior to providing license for job to foreigners.

All these problems act as barriers to Bangladesh's services export. In addition to service categorization and classification problems, commitments of developed countries under Mode 4 are the least in WTO services negotiations, and after the incident of nine- eleven, 2001, there is not much scope for any significant liberalization in this regard.

## 5. Findings

1. From 1976 to 2008, half of the total migrants (50.01%) from Bangladesh were unskilled. The percentage of skilled migrants was 49.99.
2. Mode 4 is the smallest mode of delivery in terms of the amount of trade in services and the number of commitments.
3. During the conclusion of the Uruguay Round, Bangladesh committed to liberalize basic telecommunications and tourism sector. Specifically, the offer was limited to only voice telecommunications through government operator's circuit and five star hotels.
4. Bangladesh has not made any request so far. Bangladesh prepared a request list to submit it to some developed countries in Mode 4, but it was not submitted due to lack of preparedness to sit for bilateral negotiations
5. Global liberalization in the services sector, especially allowing temporary movement of natural persons, can play a vital role in the alleviation poverty in the developing countries in general and in the LDCs in particular.
6. When skilled personnel leave a developing country for a developed one, typically their income increases significantly. This contributes to raising the national income of the developing country, though its impact on poverty implication is not very clear. Since skilled workers were initially non-poor, it does not entail direct contribution to poverty alleviation. But if the higher incomes of these skilled workers lead to greater remittances to the home country, there could be a positive effect. Furthermore, working abroad many facilitate individuals to acquire greater skills and these benefits would be doubled if they eventually returned home.
7. The Movement of less skilled workers to developed countries under Mode 4 is likely to increase in future as many developed countries will be facing labour shortage within the next ten to twenty years.

## 6. Conclusions and Recommendations

From the analysis of potential demand for workforce in developed markets as well as Bangladesh's supply capacity, Bangladesh should be following these negotiating points (Raihan, A., 2005):

- There should be a reference to Article 3 of the Annex on Movement of Natural Persons Supplying Services under the Agreement which specifies, “In accordance with part III and part IV of the agreement, Members may negotiate specific commitments applying to the movement of all categories of natural persons supplying services under the agreement.” The text in LDC modalities reinforces the text of Annex, specific to the LDCs.
- In the negotiations Bangladesh should highlight the poverty alleviation linkage of TMNP and relate it with paragraph 2 of “Special Modalities” The importance of trade in services for LDCs should be seen in light of the major role services can play for achieving social and development objectives and as means of addressing poverty, upgrading welfare, improving access to basic services, and ensuring sustainable development. This linkage could serve as leverage for Bangladesh in the services negotiations (Raihan, 2005: 38).
- The benefit from the framework of special Modalities largely depends on how effectively Bangladesh plays a pro-active role in the GATS negotiations. It has been made clear that LDCs should prepare requests considering their own interests. Furthermore, to include a classification of service providers based on ISCO-88, Bangladesh should make specific proposals.
- When formulating policy on mode 4, there needs to be a clear idea of the national interests. The mission in Geneva is alleged to have been far removed from the domestic situation; it is therefore, up to the central government to know what the national interest is. Temporary labour mobility is a complex issue and covers several ministries and agencies. Hence, even though there is a lead ministry to deal with all matters relating to WTO negotiations, there should be the created a central body to establish effective communication and structural links between the departments.
- Bangladesh should concentrate on negotiating for gaining market access of its unskilled labour in the developed countries for poverty alleviation. Side by side, understanding the skills requirement for the global marketplace is an essential task for the government so that it can design and promote appropriate policies and plans for manpower development.

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