

## **TRADE AND POVERTY ALLEVIATION: THE CASE OF BANGLADESH APPAREL SECTOR**

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### **ABSTRACT**

Least developed countries beset with poverty are liberalizing trade policies with growth objectives. Trade contributions to economic growth are established, but impacts of liberalized trade policies on poverty have not been fully assessed. The impacts can be assessed at the micro-level through identifying the linkages between trade and poverty alleviation. In this paper the export-oriented Bangladesh apparel sector, the phenomenal growth of which came about through unilateral liberalized trade policies and quota-driven market access to developed countries under multilateral Multi Fiber Arrangement, has been studied as a case to observe if it contributed to poverty alleviation. The study revealed that the apparel sector has been very effective in reducing poverty by creating income-earning employment for unskilled workers, particularly women. However, the demise of the Multi Fiber Arrangement next year will severely affect the apparel sector's ability for poverty reduction unless protection to employment and income of the garment workers is assured through market access by the developed countries.

**Key Words:** Trade, poverty, linkage, apparel, garment, Bangladesh.

### **I. INTRODUCTION**

This paper reviews some conceptual and empirical evidence of trade impacts on poverty. Many developing countries are beset with chronic poverty. Indeed in many countries poverty is so acute that its alleviation becomes a major economic policy challenge. To meet this challenge the economic prescription most often advised is to adopt policies of growth-oriented economic development and reduce poverty through the so called 'trickle-down approach'. It is expected that the benefits of economic growth would trickle down to the reach of the poor masses through market forces. Since trade acts as the 'engine of growth', increased free-trade activities are advocated to augment economic growth and, inter alia, to expedite the process of poverty reduction. With these objectives in view, developing countries have been actively pursuing policies of economic growth for sometime and free trade more recently.

During the last three decades developing countries introduced trade policy reforms to achieve faster economic growth. Many countries discernibly changed their trade orientations from import-

substitution to export-promotion in slow but steady manner. Unilateral policies of trade openness undertaken by the countries became more focused after the successful completion of the WTO's Uruguay Round Agreements in 1994. Since then, countries not only actively pursued trade openness through implementation of the WTO's multilateral agreements, but also eagerly sought participation in various regional trade agreements.

The existence of a strong positive relationship between trade and economic growth is recognized in the economic literature (Bhalla, 2002). Empirical findings from many countries also show that trade contributes to achieving economic growth. But despite achieving respectable levels of economic growth, reduction of poverty through the 'trickle-down approach' has remained elusive. In fact, accumulated cross-country data show that growth had bypassed poverty reduction in many countries (World Bank, 2001). Now that trade is expanding and engulfing developing economies, it is being asked whether trade liberalization has made any contribution to poverty alleviation besides boosting economic growth (Bannister and Thugge, 2001; Winters, 2002a).

It is pertinent to ask this question because the impacts of trade liberalization on poverty alleviation have not been empirically well assessed to establish any universally acceptable relationship (Winters, 2002b). Although existence of some indirect but not necessarily strong relationship has been observed at the aggregate level, almost nothing has been brought to light from the micro-level (Quibria 2002). In order to establish the strong and more direct relationship that may exist between trade and poverty it is necessary to identify conceptually as well as assess empirically these linkages (Winters, 2002a ; Quibria, 2002). Once these linkages are identified and assessed it may then be possible to adopt more favorable trade policies that effect poverty alleviation.

This paper examines the case of Bangladesh with empirical information gathered from various secondary sources. The trade and commercial activities in Bangladesh were very weak until the 1980's, largely due to the paucity of national savings, investment opportunities, and technological skills, and a nearly-closed economy. Import-substituting trade policies were adhered to as a legacy of the past. The incidences of poverty remained unabated at very high levels showing no signs of declining. Since the 1980's, however, the Bangladesh economy began to change due largely to the emphases on pursuing policies of economic development and market opening to trade and commerce. Significant trade policy reforms which began in the 1980s became more prominent in the 1990's along with improved performance of the economy. The share of foreign trade (exports and imports) in GDP increased from 19 percent in 1984/85 to 35 percent in 2000/01. The share of exports of goods and services in GDP rose from 5 percent in the early 1980's to 14 percent in 2000. The GDP growth rate averaged a modest 4.3 percent per year between 1984 and 2000. The incidence of poverty declined from 59 percent in 1984 to 50 percent in 2000. (Khondkar and Mujeri, 2002). These performances in trade and growth suggest their positive influence upon the poverty reduction.

The remainder of the paper is organized around five sections. The conceptual framework identifying the trade and poverty linkages are outlined from a review of the literature. In the next section trade reform policies of Bangladesh in general, and relating to the trade-intensive apparel sector in particular, are reviewed, followed by an analysis of

their impacts on poverty alleviation emanating from the evidence at the micro-level. In the closing section some concerns about the future trade of the Bangladesh apparel sector are discussed.

## II. TRADE LINKAGES WITH POVERTY

To identify the linkages between trade and poverty, it is first necessary to define poverty in more concrete terms.

In general sense, poverty means insufficient access to the economic resources necessary to meet basic needs (World Bank 2001; Khan 2000). More specifically stated, poverty is the lack of income/expenditure opportunities to make available a basket of goods and services that satisfies basic human needs. Income generation, on the other hand, depends upon the opportunities available for employment and wage earning while expenditures are dependent as much on income as on price levels and on the availability of goods.

One may define a minimum standard below which basic human needs are not satisfied by the means available. This threshold, or poverty line, which differs from country to country due to economic conditions, can change with economic development. In that sense, any deviation from the poverty line would be considered a change and any such change that are induced by trade is the focus of this study.

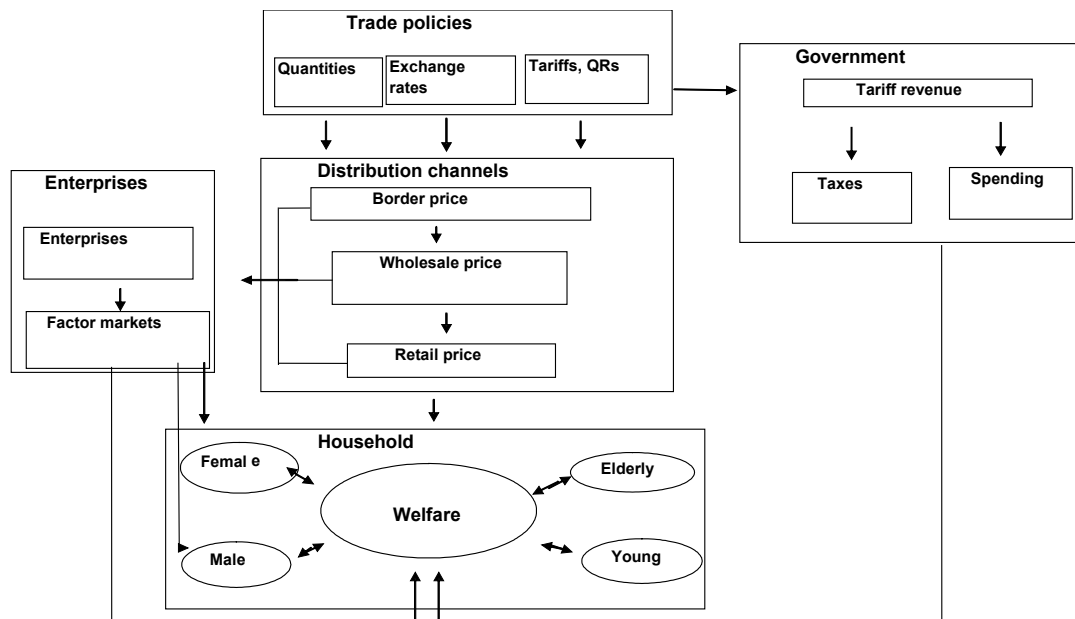
There are several other attributes of poverty that should also be considered (Banister and Thugge, 2001). First, poor people lacking physical, financial, and human capital are more vulnerable to sudden changes in the economic environment. Economic fluctuations can dislodge them from the position they hold and make difficult the attainment of another position. Second, households generally move into and out of poverty, either on transitory or permanent basis. Any economic shock can push them into permanent poverty and makes it impossible for them to exit the cycle (Winters, 2002a). Thirdly, the poor can be attached to the urban informal sector or rural subsistence agriculture sector. Thus a policy may alleviate poverty in one sector, but may not be very effective in doing so in the other sector.

Trade liberalization can affect poverty by changing employment and income levels of poor wage

earners in the production and distribution of tradable goods. In fact, this is by far the most important linkage through which trade contributes most to poverty alleviation. There are other channel transmissions through which trade can also affect poverty, such as, (i) by changing expenditure levels with relative price differentials in imported goods consumed by the poor; (ii) by changing prices of tradable goods that lower prices of imports for poor

consumers and increase prices of exports for poor producers; (iii) by changing incentives for innovation and investment in trade related activities that concern the poor, and (iv) by affecting government revenues from trade taxes which, inter alia, affect government's ability to fund programs for the poor (Bannister and Thugge, 2001). For this study we concentrate on assessing the trade impacts on employment and income of the poor<sup>1</sup>.

Figure 1



Adapted from Winters (2002a)

In a market-oriented economy trade policies initiate certain activities that involve several channels of transmissions. Winters (2002a) identified four groups of institutions through which trade policies are linked with the poor: distribution channels, enterprises, government, and households [figure 1]. Households are the final link; the others are intermediaries through which trade effects are channeled. The channels are connected: a change taking place in one is transmitted to others. Trade policies along with world demand and prices, exchange rates, tariffs etc, serve as the basis for determining border prices, which determine wholesale and retail market prices of the traded (both exportable and importable) factors and

products through the distribution channels. The market driven product prices in the distribution channels are transmitted to the enterprises which employ resources including labor from the factor market. The prices transmissions from the distribution channels are of importance to the enterprise's profit motives and in employing labor at wages determined in the factor market. The male and female labors thus earn wages which affect their welfare conditions or poverty. The other direct effect of the trade policies is on the government's revenue earnings from tariffs that are used in spending for households' welfare. As such, linkages between trade policies and household welfare or poverty are considered as indirect.

1. Complete assessment of the trade impacts on poverty require summed account of the channel transmissions to the households, but data paucity is a major problem to do so. Studies are currently underway to assess all other channel transmissions.

In addition, transmissions of trade effects to households may be immediate in some areas, but delayed in others, with or without any certainty of taking place at all. Moreover, non-trade related economic activities occur simultaneously which makes identifying the trade effects difficult. Moreover, the static effects of trade policies on poverty can be assessed by examining the transmissions through these channels, while the assessment of their dynamic consequences requires a continuation of the policies over a period of time. All these external disturbances make tracing of the linkages complex and the analysis difficult (Winters, 2002a, b).

While the conceptual framework of linkages as given above provides an analytical basis for studying the effects of trade on poverty, empirical analysis of micro-level trade effects is difficult due to data paucity. Besides, data isolating the extent of trade effects are hard to find without launching a full fledged micro survey. In this study, we have resorted to use secondary information obtained from various studies and sources.

### III. TRADE POLICIES IN BANGLADESH

We begin the empirical analysis by taking a stock of the trade openness in Bangladesh. The trade policies that opened the closed economy have evolved gradually over time through different stages of implementation<sup>2</sup>.

#### A. Trade Orientation

Like other developing countries Bangladesh initially followed trade policies of strong commitments to import-substitution and rigid governmental controls on imports and foreign exchange. High tariffs, quantitative restrictions, licensing, state trading, foreign exchange control, and other non-tariff barriers were the mainstays of Bangladesh import policies. However, in the six consecutive Five-Year Plans drawn up since independence, trade orientation discernibly shifted from import-substitution to export promotion. While import substitution and balance-of-payment strategies continued to prevent import-export gaps from widening, adoption of various measures for export growth acceleration was gradually emphasized. By the Fourth Five-Year Plan (1990-

95) strategies were initiated to combine competitive import-substitution with export-oriented industrialization. Finally, the Fifth Five-Year Plan (1997-2002) designed subsequent to the Uruguay Round Agreement, envisaged the need for trade liberalization through tariff reduction, removal of quantitative restrictions, and restructuring of tariff rates as well as incentives for export-led growth. To attain the goal of export-led growth, the plan indicated strategies for direct export promotion and removal of supply-side constraints.

#### B. Trade Liberalization Policies

Bangladesh began the process of liberalizing its protectionist import policies in the 90's. Lowering tariff rates, reducing the number of rates, compressing tariff bands, and rationalizing tariff structures were parts of liberalized import policies. As a result, average tariff rates were brought down from 114 percent in 1989 to 22 percent in 1999. (Khondker and Mujeri, 2002). The trade-weighted average tariff rates of all tradable goods fell from 42 percent to 20 percent (Ahmed, 2001).

Quantitative restrictions (QR), a widely-used policy instrument in Bangladesh, were reduced to about one-fifth in a decade. The import licensing system was abolished, replaced by the import policy orders (IPO) which underwent continuous changes in content and structure. State trading in Bangladesh, conducted mainly by two agencies- bulk imports by Trading Corporation of Bangladesh and food grains by the Ministry of Food, still retain their state trading roles, but their monopoly positions were relaxed by allowing private sector imports.

In addition to simplifying import procedures, changes were made in the custom valuation system. As per WTO Agreement, Bangladesh introduced a Pre-Shipment Inspection (PSI) system in 2000. This ensured expeditious clearance of imported goods and improved collection of customs duty without leakage due to under/over valuation (Ahmed, 2001).

Since 1985 Bangladesh introduced export policy reforms with trade, fiscal and monetary incentives for export promotion. Export performance was linked to imports and was rewarded by entitling exporters of non-traditional products more than the normal level of import licenses on the basis of f.o.b value of their exports. Exporters were also given fiscal incentives including tax holidays, exemptions

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2. For detailed information on trade policy evolution in Bangladesh, see Ahmed (2001).

from income taxes, and concessionary duties on capital machinery imports for export-oriented industries, duty-free imports of machinery and raw materials for industries established in Export Processing Zones (EPZ). Export-oriented industries were given financial incentives in the form of export credit guarantees and bank loans to L/C holders, cash assistance for promoting backward linkages, and export promotion funds for new entrants.

The exchange rate restrictions were gradually reduced in line with overall trade reforms. The multiple exchange rate system was replaced by a unified exchange rate, pegging the Taka (the domestic currency) to a trade-weighted basket of currencies. The exchange rate was maintained through a managed float system and a policy of creeping devaluation which ultimately led to adoption of a floating system.

### **C. Liberal Trade Policies for the Ready-Made Garment Industry**

Some major policy changes, however, have been made specific to certain export-oriented industries such as the Ready Made Garment (RMG) industries. They are: Duty Drawback System, Special Bonded Warehouse System, and Back-to-back L/C System. Duty Drawback facilities allow exporters to clear imported raw materials used in the production of exportable products without actually paying duty or sales tax. The f.o.b values of the imported inputs are recorded in a suspense account for payment of duties and taxes, which are later removed on proof of exports.

A special bonded warehouse facility is an option granted to exporters who do not choose duty drawbacks. They can bring the imported inputs into the warehouse duty free for production of exportable goods. Another facility provided to the exporters is the back-to-back L/C system under which exporters are allowed to import raw materials on a deferred payment basis, payments being met out of the proceeds of exports. Back-to-back letters of credit and bonded warehouse facilities to RMG producers/exporters decreased their working capital requirements and allowed duty-free access to inputs for the sector. Though these facilities were initially offered only to the RMG industries, subsequently they have been extended to all non-traditional export-oriented industries.

### **D. Multilateral Trade Agreements**

Bangladesh's trade policies were influenced by two multilateral trade agreements: Multi Fiber Arrangement (MFA) and Uruguay Round Agreement (URA) of the WTO. The MFA began under the auspices of GATT in 1974 with nine signatories, including the USA, the EU, and Canada. Under the MFA apparel-importing countries were allowed to impose quota restrictions. Many established exporting countries restrained by the quota limits sought to invest or relocate their excess RMG factories in MFA eligible countries, such as Bangladesh, that were either quota-free or could not fully utilize their quotas. Bangladesh made its initial breakthrough into the world apparel market with relocated productive capacities of the established exporters. After gaining a foothold in the world market, garment entrepreneurs expanded the sector with zeal and ingenuity. The quota-restrictive MFA thus acted as a catalyst to the growth of Bangladesh apparel sector.

Currently quotas are imposed in the United States and Canada on certain categories of Bangladesh apparels. The quotas on apparel imports meant guaranteed market access to US and Canadian markets Bangladesh apparels. Apparel exports to the United States and Canada account for 43 percent and 6 percent respectively of the total RMG exports from Bangladesh (Bhattacharya and Rahman, 2001b). The EU, on the other hand, has given apparel exports from Bangladesh quota-free status and made duty-free under Generalized Systems of Preference (GSP) if the exporters could prove fabrics were woven in Bangladesh (rules of origin). The GSP provided a crucial competitive edge to RMG exports from Bangladesh so much so that 51 percent of total RMG exports from Bangladesh went to EU. But satisfying the rules of origin was a difficult task for Bangladesh as domestic production of fabrics could not meet the huge demand and quality sought by the RMG industries. In a later concession, the EU expanded the area of origin to SAARC countries, known as the SAARC Cumulation.

The MFA was integrated with the WTO's Agreement on Textiles and Clothing (ATC) under which all quota restrictions will be lifted at the end of 2004. The MFA will demise in January, 2005, after which all apparel exporters will have to face the competition in the world market.

As a member of WTO, Bangladesh has been fulfilling its obligations in accordance with the Uruguay Round Agreement (URA) of 1994. The trade liberalizing policies described above have followed the paths laid down by the agreement. Although its trade openness is slow and the extent of reforms is less than expected, there is no turning back for the country: the only viable alternative is to liberalize its trade policies further.

#### IV. THE APPAREL SECTOR IN BANGLADESH

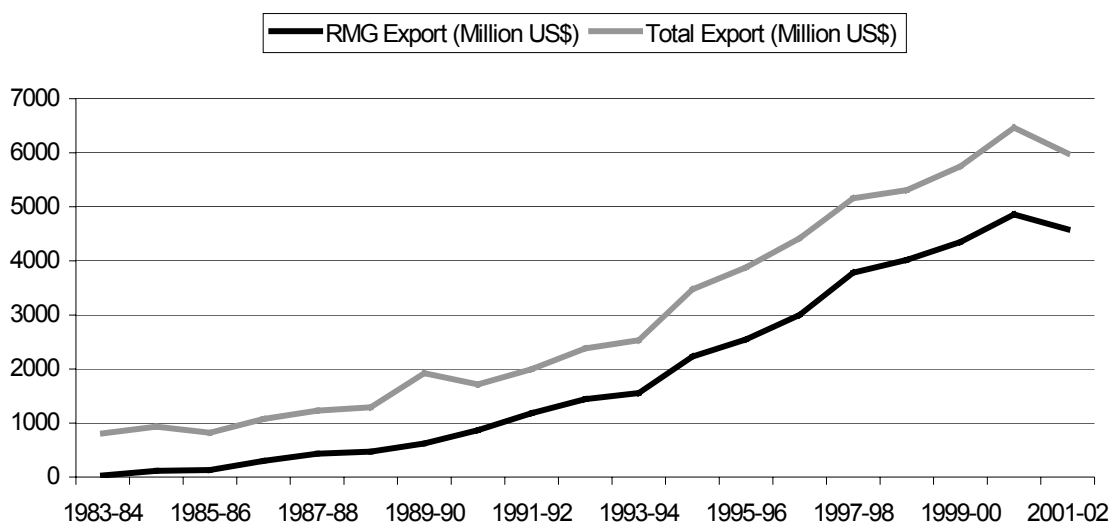
In Bangladesh, the one manufacturing sector that stands to enjoy the most benefit from trade liberalization is the Ready-Made Garment (RMG) sector. The RMG sector is a fully export-oriented industry that came into existence in Bangladesh in the early 1980's and succeeded to claim a prominent role in the Bangladesh economy. Its coming into Bangladesh is rooted primarily in the indomitable zeal of some Bangladeshi entrepreneurs, unlimited labor at low wages, and the cooperative policies of the government. The most significant factors that provided sustained its prominence are the unilateral and multilateral trade policies. On the one hand, the liberalized import and export-promotion policies of the government provided the impetus to and help towards the establishment of the RMG industry. On the other hand, the 1974 Multi-Fiber Agreement, which

allowed importing countries to impose quotas on RMG exports, served as a catalyst to the growth of RMG industries in the country.

The RMG factories started slowly in 1978 but mushroomed then soon. It continued to grow phenomenally in the 90's and today Bangladesh has over 3,600 RMG factories (EPB, BGMEA). More than 95 percent of the output of the RMG units and about 90 per cent of output of the knitwear units are exported to foreign markets.

The RMG sector significantly contributed to the economic growth of Bangladesh. Within two decades apparel exports from Bangladesh increased from \$ 0.2 million in 1979/80 to over \$4,500 million in 2001/02 (Bow, 2001; Quddus and Rashid, 2000; EPB, 2002). [ Figure 2] Between 1992 and 1997 apparel exports grew at the robust annual compound rate of 19.4 percent, four times higher than the GDP growth rates registered during the same period (Bhattachariya and Rahman, 2001a). The apparel sector contributed 3.28 percent to the GDP growth in 1997/98 (Zohir, 2001). Today, apparel exports constitute 77 percent of the total exports from Bangladesh (Bow, 2001, BGMEA). It is now the largest foreign exchange earning source in Bangladesh's external trade. In addition, the apparel sector supports nearly \$ 2 billion of linked activities domestically and produces 80 percent of the accessories valued at \$ 0.5 billion (BGMEA).

Figure 2



Source: BGMEA

## V. IMPACTS OF THE EXPORT-INTENSIVE APPAREL SECTOR ON POVERTY

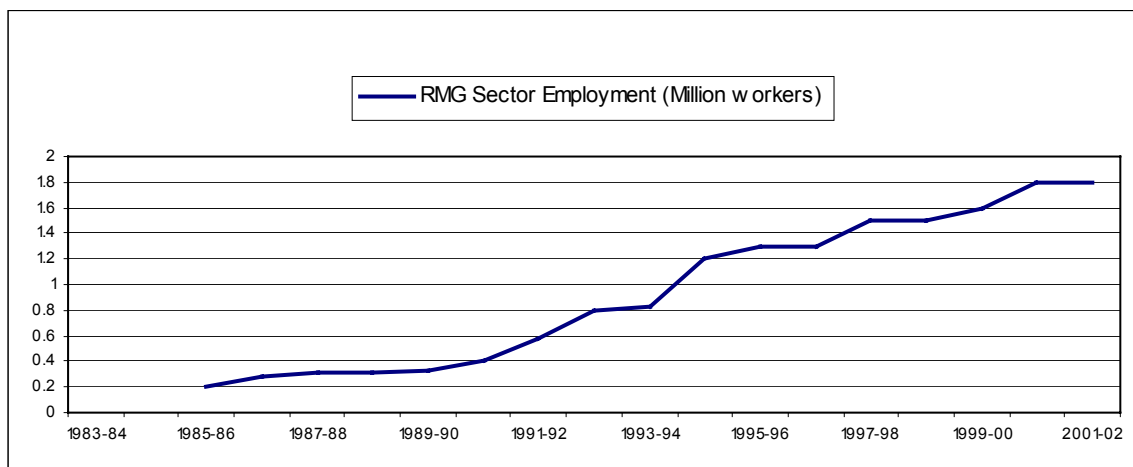
In this section we take a look at how the growth of the apparel sector induced by the export-led trade policies contributed to the creation of employment and generation of income among the poor.

### A. Employment

The labor-intensive apparel sector has continually expanded the large pool of wage earning jobs for

unskilled and semi-skilled labor in Bangladesh since its initiation in 1979/80. From employing merely 4500 employees in 1981/82, the apparel sector has grown to employ over 1.8 million workers in over 3,600 apparel factories in 2001/02 (EPB, BGMEA). [Figure 3] Employment increased from 2 percent to 30 percent of all manufacturing employment during the period, thus becoming the single largest manufacturing employment sector in Bangladesh (Bhattachariya and Rahman, 2001a).

Figure 3



Source: BGMEA

The RMG industry is also unique in another respect. Of the 1.8 million workers in the RMG industry, about 1.6 million, or 90 percent of the employees, are female workers. Nine out of the ten jobs went to women workers who came from the 'unlimited supply pool' of low wage labor (Khundker, 2001). Women workers fitted well to the nature of the apparel industries. The unskilled women were given some training in garment making before being placed in makeshift factories in the urban areas.<sup>3</sup>

For most women workers, the RMG industries provided opportunities to break away from the

3. Ninety-one percent of the female manufacturing employment is concentrated in enterprises that either produce for direct export or that produce outputs 'deemed exports' because they constitute export linkage industries (Bhattachariya and Rahman, 2001a).

poverty cycle with wage earning. The 1997 survey conducted by the BIDS showed that the garment industry provided first wage employment to 96 percent of the male and female workers who previously were doing unpaid household work (Zohir, 2001). According to an early survey, also by BIDS, 49.1 percent women garment workers had been unemployed or worked at home before joining the garment industry and 23.9 percent had been students with no work experience (Majumdar and Chaudhuri, 1994). In contrast, less than 2 percent of non-garment working women in urban areas, and less than 1 percent in rural areas had not worked previously in manufacturing jobs (Hewett and Amin, 2001). The women took wage earning jobs in the apparel factories because of extreme poverty in the household (Kibria, 2001). Thus a very large number, if not all, workers came from poor households to work in first-time wage-earning jobs provided by the export-oriented garment industries.

Most women workers migrated from the rural areas to take wage earning jobs in the urban apparel factories (Afsar, 2001a). Ninety percent of the garment factory workers are migrants from rural areas (Afsar, 2000a). Among the migrants, 90 percent of males, and 69 percent of females migrated because of poverty and job opportunity in the garment factory. Four-fifths of female and about three-fifths of male migrants came from functionally landless households (<0.5 acres) (Afsar, 2001a). The opportunities for earning wages as well as making financial contributions with wage earning to the poverty-stricken households remain practically nonexistent in the rural areas.

In a study conducted by Zohir and Paul-Majumder (1996), it was found that 69 percent of the male workers and 67 percent of female workers originated from the rural districts that are among the poorest. The study concluded that employment in the garment industry has reduced poverty in those areas.

### **1. Income Earnings**

Bangladesh garment workers earn on average \$ 0.23 per hour of work (Bhattachariya and Rahman, 2001b). The average wage in 1991 was Taka 1608 and in 1995 was Taka 1717 [in 1991 prices] (Bhattachariya, 1996). Real wages have increased by about 6.8 percent between 1991 and 1995. The wage increases, however, have been modest primarily because abundant unskilled labor are available at low wages. The wages are low comparative to other low-wage countries (Bow, 2001), but that made Bangladesh a lucrative ground for investment. The wage levels of male garment workers are 70 percent of that of all employees and 90 percent of that production workers in the manufacturing sector both these proportions are higher than their respective sector averages (Bhattachariya and Rahman, 2001b).

Although 9 of 10 apparel workers are females, their earnings are less than that of male workers. Average monthly gross take-home income in 1997/98 of a male RMG worker was Taka 1781, and that of female was Taka 1581 (Afsar, 2001b). Female workers remitted on average one-third, while male workers sent two-fifth of their earnings to families they left behind in rural areas (Afsar, 2001). The 1997 BIDS survey found that 31 percent of female workers were the primary bread winners, and 43 percent contributed substantial portions of

their incomes to families, as against 78 percent and 65 percent respectively for the male workers (Zohir, 2001).

### **2. Poverty**

In Bangladesh where half of the rural households fall below the poverty line, garment workers were able to lift themselves over the poverty threshold as their consumption expenditures met basic needs. Hossain, Afsar, and Bose (1999) estimated poverty line to be Taka 992 per month. At the average monthly gross take home income in 1997/98 of Taka 1781 and Taka 1581 of a male and a female worker respectively it is estimated that about 91 percent of male and 81 percent of female workers earned over the poverty line (Afsar, 2001b). The remaining 9 percent of male and 19 percent of female workers thus earned incomes below the poverty line. Thus, a substantial proportion of workers in the export-intensive apparel sector alleviated their poverty. Over one-fourth of the workers who had no earned income before, had been earning at levels far above the poverty line. In fact, 29 percent of males and 25 percent of females earned twice the poverty line amount. Had they not migrated to seek job in the export-intensive apparel sector, they would have remained either unemployed or engaged in non-paying home-based activities, or worked as wage laborers if they found jobs in the rural areas.

From the facts and figures discussed above, it is apparent that export-oriented trade has contributed towards alleviating poverty by providing employment and income-earning opportunities. The apparel sector contributed heavily because of its export intensiveness. Rita Afsar (2001b) concludes: 'The RMG sector made significant economic changes in Bangladesh apart from its recognized role as the major foreign exchange earner. It has lead to poverty alleviation to a great extent by creating employment opportunities for rural poor predominantly from landless families. From no income of their own, more than 80 percent of migrant women workers earn above poverty threshold income.'

## **VI. CONCLUSION**

The microeconomic assessment of a developing country economic sector shows that trade liberalization contributes towards poverty alleviation, if there exists strong and efficient links between them. The magnitude of the contributions



depends on how closely they are connected and how effectively transmissions channel through them. The more directly the households are linked, the more poverty alleviation will result from trade liberalization.

However, trade liberalization could be utilized more fully if poverty alleviating sectors are broad based and diversified. Widespread participation of the poor in trade-intensive activities will help to move more of them over the poverty line. In addition, setting up of backward linkages for the production or distribution of tradable goods would spread benefits of trade liberalization among more people.

Even if unilateral liberalized export policies are directly linked with poverty alleviating economic sectors, they alone cannot become effective unless market access is granted by developed countries. This is all the more true in the case of the least developed countries which are trying to overcome investment and technological dearth. It is proven that initial multilateral trade restricting devices, such as MFA, helped the least developed countries and gave time to catch up with the global progress.

According to WTO's Agreement on Textile and Clothing (ATC), the MFA will expire in 2004 and quota on the apparels will be totally phased-out from January 2005. As a result apparel-exporting countries, including Bangladesh, will lose the erstwhile guaranteed market access to the importing countries and will have to sell their apparels instead in the competitive world market. In Bangladesh the impacts of post-MFA may be severely felt. As many as half of the 3000-plus apparel factories may close down if they cannot compete in the world market. In such a case, there will be large lay offs in the apparel industry and whatever gains the apparel sector has contributed in the area of poverty alleviation will be threatened.

Lifting those restrictions may be necessary for achieving free trade globally, but such action may hurt least developed countries if it is done without providing them some alternative means of protection on employment and income generation. It is interesting to note that free trade does not always favor least developed countries.

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