

Efforts to diversify exports still slow



From left, Shamim Ahmed, president of Bangladesh Plastic Goods Manufacturers and Exporters Association; Shubhashish Bose, vice chairman of Export Promotion Bureau; Isbahul Bar Chowdhury, deputy managing director of Prime Bank Ltd; Rokia Afzal Rahman, former adviser to caretaker government; and Halimuzzaman, chief executive officer of Healthcare Pharmaceuticals Ltd, attend a seminar on 'Bangladesh: Need for Exports Diversification' at Sonargaon Hotel in Dhaka yesterday.

STAR BUSINESS REPORT

WEAK infrastructure, power shortages, corruption and restrictive tariff regime impose serious constraints on products diversification, which is a crying need for increasing exports from Bangladesh now, said an analyst yesterday.

He also said the government focuses more on revenue collection, which also hinders exports diversification.

Bangladesh has the potential for both products and markets diversification as the demand for locally made items is higher on the global market, said Zaidi Sattar, chairman of Policy Research Institute.

But, the constraints are still hampering both products and markets diversification, he said.

"Quality and productivity of the exportable products should also be maintained carefully," Sattar said while presenting a keynote on 'Bangladesh: Need for Exports Diversification' at a seminar at Sonargaon Hotel in Dhaka.

Canada Bangladesh Chamber of Commerce and Industry (CanCham Bangladesh) organised the seminar on the sidelines of the ongoing Canada Showcase-2012 at the hotel.

He said, despite two decades of trade liberalisation, Bangladesh still has a highly restrictive trade regime.

Doing business by paying a 26 percent customs duty for imports is not viable, he said, adding that the duty structure should be liberalised more.

"Average nominal protection at 26 percent is on the very high side."

He said Bangladeshi entrepreneurs know how to exploit the opportunities in export of goods, but they need support from the government and the private sector.

Sattar said readymade garment was a non-traditional item in early 1990s, but gradually it became the main export item outshining jute and jute goods.

He said Bangladesh has the opportunity to diversify its products such as pharmaceuticals, leather and leather goods, footwear, plastic

products, furniture, ceramics and bicycle.

While chairing the session, Rokia Afzal Rahman, former adviser to a caretaker government, said the success of garment exports proved that Bangladesh can utilise the opportunities if there is scope for diversification.

She said many women have come out of their houses and joined the workforce for the development of the readymade garment sector. "We have the opportunity for more diversification," she said.

But, some big players are always enjoying the benefits, she added.

There are many small and medium enterprises that should be facilitated by the government to strengthen their capacity so that they can grab more export markets, she added.

Shubhashish Bose, vice chairman of Export Promotion Bureau, said Bangladesh exported 705 types of items to 187 countries in fiscal 2010-11, whereas the country exported 25 items to 38 countries in 1972-73.

"A heavy concentration on a very few markets and products has kept the country's exports at a vulnerable state, as any adverse situation in the US

and Europe badly impacts our exports," he said.

Isbahul Bar Chowdhury, deputy managing director of Prime Bank Ltd, said the bank has Tk 3,000 crore exposure to the garment sector.

"But, I think we need products diversification as there are many other emerging sectors," he said, adding that his bank has investment in jute and jute goods also.

Shamim Ahmed, president of Bangladesh Plastic Goods Manufacturers and Exporters Association, said a total of 5,000 plastic industries are in operations across the country now.

Many of those industries have the capacity to export different plastic products and toys, he said.

Halimuzzaman, chief executive officer of Healthcare Pharmaceuticals Ltd, said Bangladesh now exports pharmaceutical products to 82 countries.

The pharmaceutical sector was once import-dependent, but now the local companies can meet the demand and export, he said.

Canadian High Commissioner in Dhaka Heather Cruden and CanCham President Masud Rahman also spoke.

Bangladeshi entrepreneurs know how to exploit the opportunities in export of goods, but they need support from the government and the private sector. Readymade garment was a non-traditional item in early 1990s, but gradually it became the main export item outshining jute and jute goods

Trade with Canada in the fast lane

REFAYET ULLAH MIRDHA

BUSINESSMEN of both Bangladesh and Canada are giving all efforts to cross the \$2 billion mark this year in bilateral trade between the two countries.

But even a few years ago they were struggling to cross the \$1 billion mark as trade growth was slow.

They had to hold scores of seminars and meetings at different levels to make both the markets popular to the businessmen.

At last, their dream came true in 2009 when the bilateral trade volume crossed the \$1 billion mark.

The growth has picked up since then, driving on huge exports of Bangladeshi garments to the North American country.

Exports of wheat and lentil from Canada to Bangladesh also marked a rise after 2009.

Bangladesh imported wheat worth \$300 million in 2011, while the amount was zero before 2004.

Similarly, import of lentils rose to \$150 million in 2011 from \$30 million in 2004.

The bilateral trade reached \$1.39 billion in 2010 and \$1.63 billion in 2011.

And the trade balance between the two countries was heavily in favour of Bangladesh.

Of the total bilateral trade in 2011, Bangladesh exported goods worth \$1.07 billion and imported products worth \$555 million.

"We are celebrating the achievements. The bilateral trade will cross the \$2 billion mark at the end of 2012 as the volume is increasing at a faster rate," said Masud Rahman, president of Canada Bangladesh Chamber of Commerce and Industry (CanCham Bangladesh), in an interview with The Daily Star.

The bilateral trade between Canada and Bangladesh was at \$624 million even in 2006.

But growth marked a turning point in 2008 when local exporters launched a drive to grab more share of the Canadian market riding on duty- and quota-free benefits.



Masud Rahman

Previously, the trade volume was low as many of the Bangladeshi businessmen did not know about the market, Rahman said.

Now, many Bangladeshi businessmen are going to Canada to know about the demand of its consumers, he said.

Canada has awarded Bangladesh duty- and quota-free benefits since 2003.

"Now, our target is to diversify Bangladesh's exports as currently 95 percent products exported to Canada are garment items," Rahman said.

There is an ample opportunity to export pharmaceuticals, software and IT services, plastic

products, footwear and leather goods, ceramics, furniture and bicycle to Canada, he added.

"We should not depend only on garments. We have the opportunity for other products also," he said.

Like other western countries, Canada is also shifting its focus to other destinations as its long-time trade partner China has become expensive for Canadian consumers.

Moreover, China is now opting for high-end technological gadgets, rather than garments. As a result, Bangladeshi businessmen can easily grab more market share of Canada, Rahman added.

The main Canadian exports to Bangladesh include iron and steel, lentils, cereals, machinery, oil seeds, electrical machinery and pharmaceutical products.

In an effort to strengthen the bilateral trade, the CanCham started holding Canada Showcase since 2011.

He said the Canadian investment in Bangladesh is also increasing at a faster rate.

The value of total Canadian investment in Bangladesh will cross \$300 million mainly in the sectors like telecom, renewable energy, infrastructures and power.

Bangladesh is the second largest exporter to Canada after India among the South Asian nations, he said.

"Our target is to brand Bangladesh positively in Canada."

Both the countries need to increase people-to-people contact further to strengthen the bilateral ties and harness trade potentials, he added.

According to Rahman, one of the major challenges in bilateral trade is that many people are not aware of different information of the two countries.

"We are holding seminars and exhibitions to remove the barrier of information gap between Canada and Bangladesh."

He said the chamber is trying to strengthen the bilateral relationship also by involving the non-resident Bangladeshis in Canada.

More than one lakh Bangladeshis residing in Canada are also playing a vital role in strengthening the relationship, he said.

Moreover, the year 2012 marks the 40th anniversary of Bangladesh-Canada bilateral relationship.

Canada has been assisting Bangladesh since its independence, and the amount of assistance through Canadian International Development Agency has been \$4 billion so far.

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Growth marked a turning point in 2008 when local exporters launched a drive to grab more share of the Canadian market riding on duty- and quota-free benefits. Previously, the trade volume was low as many of the Bangladeshi businessmen did not know about the market