



We all have a role to play

A top banker writes ways to boost China-Bangladesh trade and investments

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2016 marks the 41st anniversary of the establishment of formal diplomatic ties between Bangladesh and China. Although the trade routes that have facilitated the flow of goods and ideas between these two nations can be traced as far back as the Qin Dynasty period, the dynamic growth in trade and investment volumes over the past four decades have been remarkable.

CHINA AND BANGLADESH TRADE
Today, China is Bangladesh's largest trading partner, with bilateral trade amounting to around 12.6% of Bangladesh's total trade, worth an estimated over US\$10 billion in 2014-15 fiscal year. With both the economies targeting growth of more than 6 per cent, the Bangladesh-China corridor has become an increasingly significant trade artery in the region. However, historical trend has limited relevance on the future potential. China's import is US\$1.7 trillion of which Bangladeshi exporters can make efforts to encroaching shares in 3 of the top 5 imported product category i.e. Integrated Circuit (IC), Optical device and electric devices for telco which accounts for US\$ 310 billion of import of China. A mere 5% share is equivalent 50% of Bangladesh's total



export. To note, China accounts for >25% of Bangladesh's total import.

Both nations have been working together to address this imbalance. Bangladesh enjoys duty free market access benefits for over 4,700 products to China, mostly garments. Plans are ongoing to add 17 more products (including leather goods and tobacco) to the list of duty free items.

Our key export items to China are garments, leather, jute (raw and manufactured products) and frozen food. Garments, which account for 84 percent of our total exports, have the substantial potential to flourish in the Chinese market. Our key imports are electrical equipment, mechanical machinery, cotton and cotton fabrics, knitted fabrics, fertilisers and so on.

An important dimension of this trade flow is an increasing volume of RMB-backed trades. With increasing efforts to globalise the RMB, once again the financial sector will play a key part in establishing RMB as a truly global currency; reducing the cross-currency FX exposure for trading entities and lowering transaction costs, in turn enhancing trade flow efficiencies.

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New milestone in old friendship.

Opening the doors to a world of possibilities.

The diplomatic ties between Bangladesh and China has been of a 40 year old friendship. Amid this time, both the countries have seen rapid transformation in terms of economy and trade. China is at present the second largest economy in terms of nominal GDP, the largest exporter in the world (\$ 2.275 trillion) and has the largest foreign exchange reserve (\$ 3.5 trillion as of April 2016). Bangladesh is a growing economy itself with a 6 percent of GDP growth over the last decade.

Bangladesh - China corridor looks like an exciting trading prospect for the two economically emerging nations. In 40 years time, trade between the two countries has significantly increased. China is fast becoming an important investor in developing Bangladesh's physical infrastructure. The two-way trade between the two countries accounts for about \$12 billion (in 2014), making China Bangladesh's largest trading partner.

Standard Chartered sees immense opportunity of prosperity in the collaboration of the two nations and wants to be the partner in success. We continually strive to make financial activities as easy and hassle free as possible for the Chinese companies doing business in Bangladesh. Our recent activities towards fostering Bangladesh - China trade growth includes setting up a China Desk, Mandarin speaking Relationship Manager on board, publishing of a booklet on key notes of doing business in Bangladesh. We have also been active within the Chinese community and have participated in Chinese Food Festival, arranged Thanks-giving event (China Night). We are the bankers for the Chinese Embassy and a significant number of Chinese firms now operating in Bangladesh as well.

Standard Chartered Bank is glad to have played its part in fueling the collaboration among two of the fastest growing economies of Asia.

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