



Country Report Presentation on

Istanbul Programme of Action (IPoA)

Priority Area : Trade, Commodities and Investment

National Focal Points meeting on IPoA Implementation

UN Hq, New York, 13-14 November, 2019



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Outline of discussion

- Bangladesh at a glance
- Achievements in trade, commodities and investment
- Lesson learnt
- Challenges and way forward

Bangladesh at a glance

- Population: 163.7 m
- Population growth rate: 1.3
- Total area: 1,47,570 sq. km.
- **Per capita income: \$ 1909**
- **Human Asset Index: 74.6 > 66**
- **Economic Vulnerability Index: 25.1 < 32**
- **GDP growth rate: 8.13% (2018)**
- Investment GDP ratio: 31.56%
- Tax- GDP ratio: 12.48%
- Adult literacy rate: 72.3%
- Life expectancy at birth: 72
- Poverty: 21.8%
- Mortality rate: 31
- Maternal Mortality Rate: 172
- Gender Gap index: 47th (2017)
- Total export: \$40.53b
- Remittance: \$ 15b

Trade: Achievements and challenges

Target	Actions taken to achieve target	Result or impact	Lessons learned
(a) Doubling the share of least developed countries' exports in global exports by 2020, including by broadening least developed countries' export base;	Trade and trade capacity-building policies are integrated into national development plans & strategies	<ul style="list-style-type: none"> • Export earnings increased by 117% during FY-11 to 19 • Product diversification did not happen much • Market diversification achieved slightly • (mentioned in following slides) 	Lessons learned are mentioned in separate slide
	Various actions taken for increasing exports, export diversification and enhancing competitiveness are mentioned in following slides		
(b) Efforts for an early and successful conclusion of the Doha Round	Bangladesh participated in the Doha Round negotiations as an individual country as well as LDC Co-coordinator	Doha is now in a stalemate condition	More collective efforts are required

Actions Taken for the Target (a)

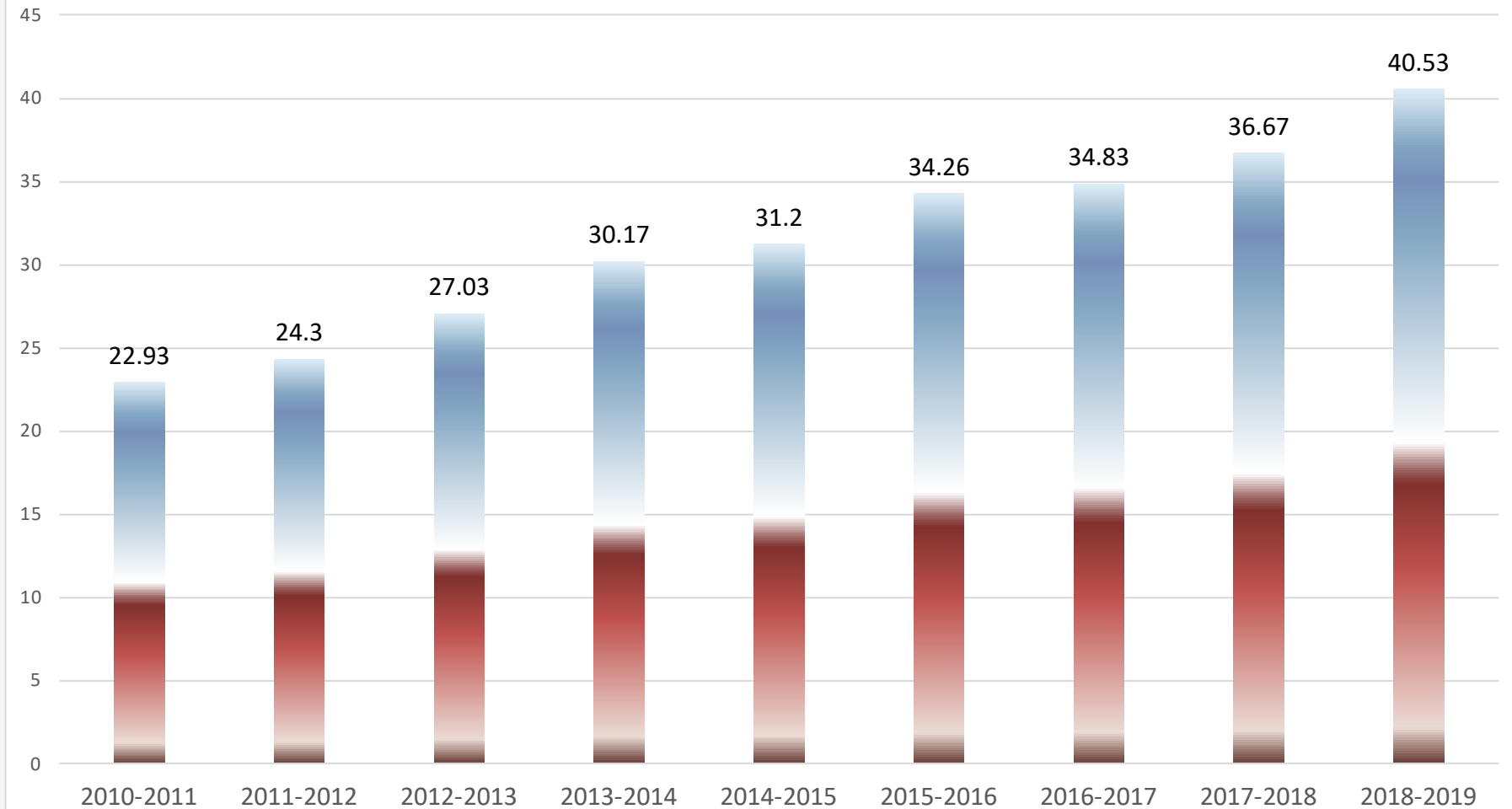
- Government of Bangladesh has been providing various policy supports as well as other incentives for increasing and diversifying exports
 - Simplification of rules & regulations related to imports of capital machinery, raw materials and exports
 - Providing concessional loans and cash incentives to exports as per the WTO rules
 - Bonded warehouse facilities are introduced for exports
 - Back-to-back LC system is in operation for exports
- Various initiatives are underway for enhancing capacities of the organizations related to exports
 - Many services has been made available online
 - One-stop services canters are introduced in many offices

Actions Taken for the target (a)

- Actions are being taken for enhancing competitiveness by increasing productivity and reducing cost of doing business- Trade-related infrastructures, roads, port facilities are being built or improved
- Bangladesh is also implementing Trade Facilitation Agreement of the WTO to facilitate trade
- Maximum utilization of DFQF market access is ensured. Utilization rate of DFQF under Everything But Arms (EBA) scheme of EU is more than 95%
- For export diversification – Product specific business promotion councils (engaging private sector stakeholders) have been formed
 - Special supports & incentives are being given to those products and Various projects are in progress

Results or impacts: Exports increased by 177%

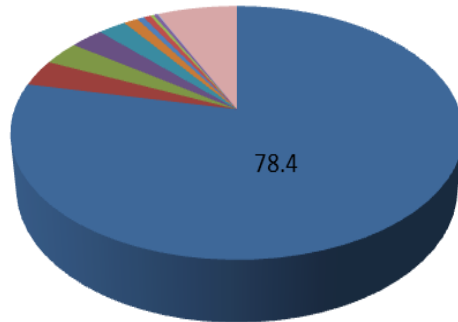
Growth of Exports in billion US\$ FY 2010-11 to FY 2018-19



Results – Product diversification

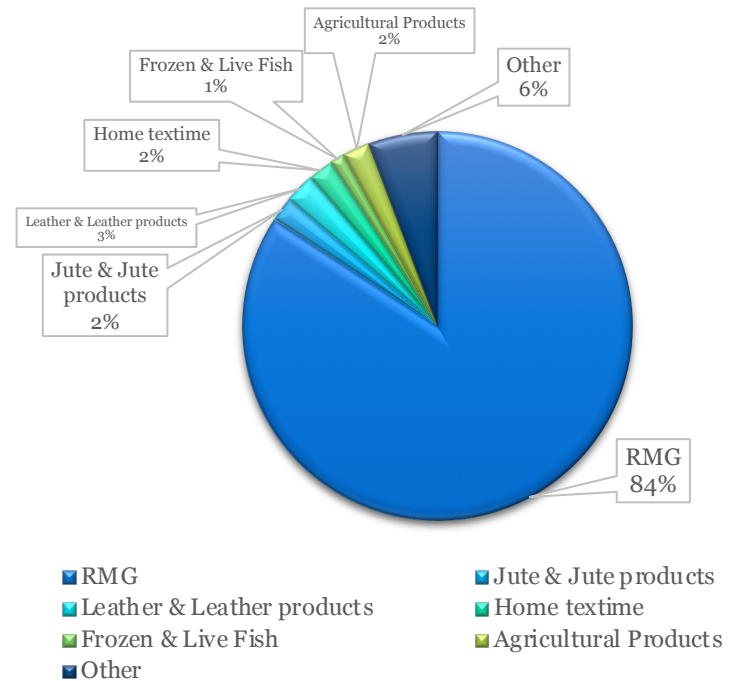
Did not happen as expected

Commodity Wise Export 2011-12



- Readymade garments
- Fish, shrimps and prawns
- Home Textile
- Petroleum and Petroleum products
- Bicycle
- Handicrafts
- Fertilizer
- Jute manufactures
- Leather and leather manufactures
- Raw Jute
- Terry Towe
- Pharmaceutical products
- Tea
- others

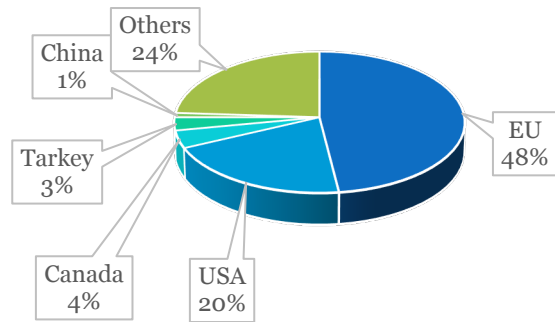
Commodity wise exports, FY 2018-19



Results – Market diversification

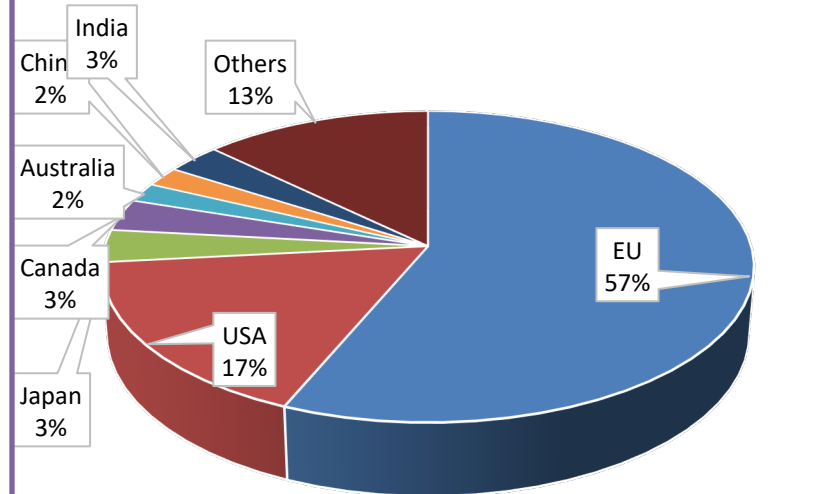
Happening slowly

Country wise export share, FY-2011-12



■ EU ■ USA ■ Canada ■ Tarkey ■ China ■ Others

Country wise export share, FY-2018-19



■ EU ■ USA ■ Japan ■ Canada ■ Australia ■ China ■ India ■ Others

Lessons Learned

- DFQF market access increase Bangladesh exports significantly
- Market diversification is slow due to various non-tariff barriers, like stringent compliance measures in export destinations
- Productivity needs to be increased for enhancing competitiveness
- Trade-related infrastructures and trade facilitation system of the country need to be further improved to meet the growing demands of trade and to save both time and cost
- New market access opportunities, particularly through FTA, need to be created
- *Loss of the DFQF market access after the graduation will pose a serious challenge for Bangladesh*

Commodities

- Unlike many LDCs, Bangladesh is comparatively less dependent on primary commodities and the share of primary commodities in total export earnings in FY 2018-19 was only 3.5%
- Readymade garment, a manufactured product, alone accounts for around 84% of the total export earnings of the country
- However, Bangladesh needs to import a significant amount of primary products, including essential products. Import Policy of Bangladesh is very liberal, and does ensure abundant supply of essential products in the market to meet the growing demand
- In addition, Government conducts regular market monitoring in order to maintain market stability and to avoid price volatility

- Bangladesh does maintain a very liberal investment regime to attract both domestic and foreign investments
- For FDI, 100% foreign equity is allowed with unrestricted exit
- Various incentives are being provided, including tax holiday
- 100 Special Economic Zones are being developed to provide ready land and other infrastructural facilities to the investors, of which many are already in operation
- Initiatives taken for improving ease of doing business situation of the country through necessary policy reforms
- To facilitate FDI, One Stop Service (OSS) Act has been enacted

Foreign Direct Investment



In 2011, FDI was \$1.13B

Challenges and Way Forward

- Attaining the goal of high growth in GDP with the existing low investment-GDP ratio remains the biggest challenge
- In spite of maintaining very liberal regime and providing various incentives, FDI in Bangladesh is still not up to the expectation
- Bangladesh has been implementing various initiatives, like enacting One Stop Service (OSS) Act, to improve doing business environment to create enabling environment for FDI

Towards next LDC Agenda

- Major part of Bangladesh export is carried out under DFQF market access facilities. This facility is considered as one of the main reasons for Bangladesh's continuous export growth. Increased export has been contributing to overall socio-economic situation of the country.
- ***International Support Measures (ISMs) should be extended for a substantive period after graduation of LDCs***

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Thank you