

## EXTERNAL SECTOR

*In spite of adverse conditions of global trade, Bangladesh has been able to maintain strong position in export sector. In the first eight months of the FY2018-19, both the export earnings and the import expenditure have increased in comparison to the same period in the previous fiscal year. During the July-February of FY2018-19, the total export earnings increased by 12.98 percent to US\$27,563 million compared to the same period in the previous fiscal year. Notable contribution of ready-made garments and knitwear products to the country's total export revenues has also been continuing in FY2018-19. On the contrary, imports rose by 5.6 percent to US\$40,895 million in the first eight months of the same fiscal year. Remittance increased by 10.03 percent in the first eight months of the current fiscal year. The trade deficit has reduced due to the high growth in export earnings and the reduction in the import expense rate. At the same time, due to the high growth of the remittance flow, deficit in the current account balance reduced. In spite the surplus of capital and financial accounts, the overall balance recorded the deficit of US\$ 499 million till February 2019 due to deficit in current account balance. Despite deficit in the overall balance, the foreign exchange reserve still remained steady. The foreign exchange reserve stood at US\$32.24billion at the end of 28 February 2019. The process of reducing import tariff rate of Bangladesh is still continued in FY2018-19 in order to increase the efficiency of the indigenous industries and makes consistency with the process of world-wide tariff reduction.*

**Global Trade Scenario**

Following strong momentum in 2017, growth in global trade slowed considerably in 2018 amid trade tension between major economies. According to IMF World Economic Outlook, April 2019, the growth rate of global trade volume (goods and services) is 3.8 percent in 2018 which was 5.4 percent in 2017. The outlook forecasts that the growth of global trade will further slowdown to 3.4 percent in 2019 and projected to some recovery at 3.9 percent in 2020.

According to the Outlook, the growth of import in advanced economies is expected to

reach at 3.0 percent and 3.2 percent in 2019 and 2020 respectively. Likewise, export of the advanced economies is expected to reach at 2.7 percent and 3.1 percent during the same period.

On the other hand, the growth of import in emerging markets and developing economies will decrease at 4.6 percent in 2019 and expected to reach at 5.3 percent in 2020. Likewise, export growth in emerging markets and developing economies will also decrease to 4.0 percent in 2019 and expected to reach at 4.8 percent in 2020. The trend of growth of world trade volume is shown in the Table 6.1.

Table 6.1: World Trade Volume

	Actual		Projections	
	2017	2018	2019	2020
<b>World Trade Volume (Goods and Services)</b>	5.4	3.8	3.4	3.9
<b>Imports</b>				
Advanced Economies	4.3	3.3	3.0	3.2
Emerging and Developing Economies	7.5	5.6	4.6	5.3
<b>Exports</b>				
Advanced Economies	4.4	3.1	2.7	3.1
Emerging and Developing Economies	7.2	4.3	4.0	4.8

Source: World Economic Outlook, April 2019, IMF

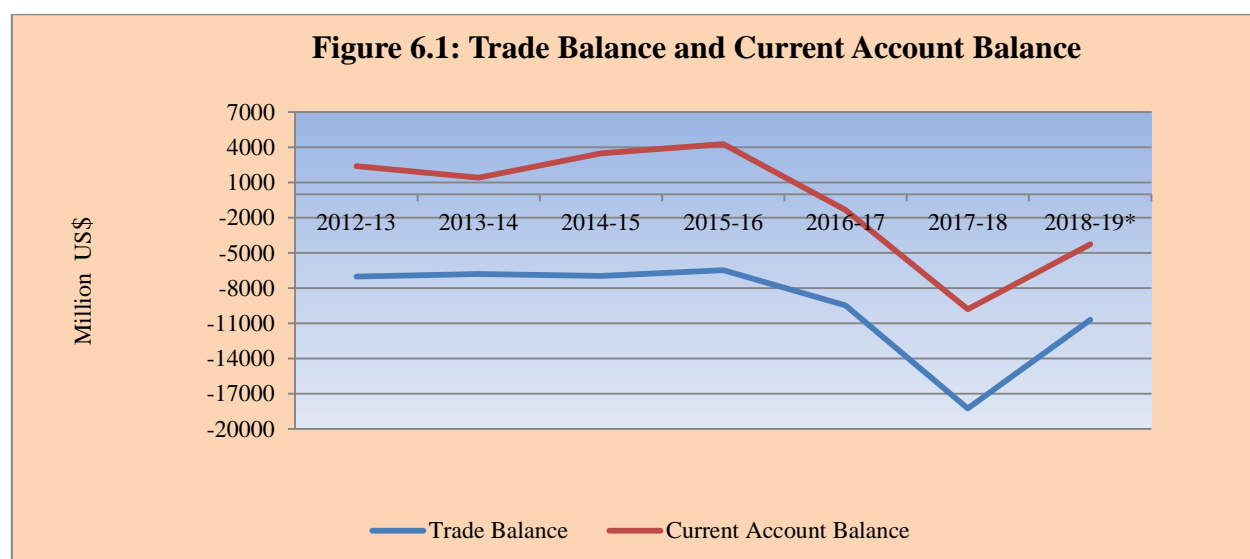
## Foreign Trade Scenario of Bangladesh

### Balance of Payments

During the July-February period of the current fiscal year, there was a deficit of US\$10,695 million in trade balance, which was US\$11,679 million at the same time during the previous fiscal year. The trade deficit has reduced due to the high growth in export earnings and the reduction in the import expense rate. As well as reducing the trade deficit, the high growth of the remittance flow has reduced deficits in the current account balance. During July-February in FY2018-19, there was a deficit

of US\$4,270 million in the current account balance, which was US\$5899 million at the same period in FY2017-18.

Despite the surplus of capital and financial accounts, the overall balance recorded the deficit of US\$499 million in February 2019 due to deficit in current account balance. It is to be noted that there was a deficit of US\$978 million in the overall balance during the same period of the previous fiscal year. The trend of trade and current account balance (from FY2012-13 to FY2018-19) has been shown in Figure 6.1 and the overall balance of payments position (from FY2012-13 to FY2018-19) has been shown in Table 6.2.



Source: Bangladesh Bank. \* Revised, \*\* July-February in FY2018-19.

**Table 6.2: Balance of Payments**

(In million US\$)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18*	2017-18**	2018-19**
<b>Trade balance</b>	-7009	-6794	-6965	-6460	-9472	-18258	-11679	-10695
Exports f.o.b. (including EPZ)	26567	29777	30697	33441	34019	36205	24141	27144
Import, f.o.b. (including EPZ)	33576	36571	37662	39901	43491	54463	35820	37839
<b>Services</b>	-3162	-4099	-3186	-2708	-3288	-4574	-2348	-2370
<b>Primary Income</b>	-2369	-2635	-2252	-1915	-1870	-2392	-1563	-1922
<b>Current transfers (Secondary Income)</b>	14928	14934	15895	15345	13299	15444	9691	10717
of which workers' remittances	14338	14116	15170	14717	12769	14982	9461	10410
<b>Current account balance</b>	2388	1406	3492	4262	-1331	-9780	-5899	-4270
<b>Capital and Financial Account</b>	3492	3411	1763	1408	4647	9368	5541	3879
<b>Capital account</b>	629	598	496	464	400	292	165	156
<b>Financial account</b>	2863	2813	1267	944	4247	9076	5376	3723
Foreign Direct Investment(net)	1726	1432	1172	1285	1653	1583	1849	2668
<b>Errors and omission</b>	-752	666	-882	-634	-147	-473	-620	-108
<b>Overall balance</b>	5128	5483	4373	5036	3169	-885	-978	-499

Source: Bangladesh bank. \* Revised, \* Up to February.

### Export Position and Composition of Export Commodities

Country's export earnings stood at US\$ 27,563 million during July-February of FY2018-19, which is 12.98 percent higher than the export earnings in the same period of FY2017-18. Export earnings increased due mainly to increases of export of ready-made garments and knitwear. Commodity-wise growth of export earnings show that, export earnings from petroleum products (620%), agricultural product (69.97%) and chemical

products (50%), handicraft products (27.27 %), ready-made garments (14.84%) and knitwear (13.50 %) have increased over the same period of last fiscal year. On the other hand, export earnings from jute goods (25.12 %), raw jute (19.44 %), and leather (7.14 %) have decreased during the same period. Commodity-wise percentage share in total export earnings and export growth from FY2016-17 to FY2018-19 (up to February 2019) are shown in Table 6.3.

**Table 6.3: Export Earnings Composition and Growth of Export Income**

(Million US\$)

Commodities	Export earnings				Percentage of Total Export		Growth (%)
	2016-17	2017-18*	2017-18**	2018-19**	2017-18**	2018-19**	
<b>A) Primary Commodities:</b>	<b>1248</b>	<b>1338</b>	<b>897</b>	<b>1124</b>	<b>3.68</b>	<b>4.08</b>	<b>25.31</b>
1. Raw Jute	168	156	108	87	0.44	0.32	-19.44
2. Tea	4	3	2	2	0.01	0.01	0.00
3. Frozen Food	526	508	383	394	1.57	1.43	2.87
4. Agricultural Products	275	381	293	498	1.20	1.81	69.97
5. Other Primary Commodities	275	290	111	143	0.45	0.52	28.83
<b>B) Manufactured Goods:</b>	<b>33408</b>	<b>35330</b>	<b>23500</b>	<b>26439</b>	<b>96.32</b>	<b>95.92</b>	<b>12.51</b>

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6. Jute Goods	794	870	633	474	2.59	1.72	-25.12
7. Leather	233	183	126	117	0.52	0.42	-7.14
8. Petroleum Products	244	34	25	180	0.10	0.65	620.00
9. Ready-made Garments	14393	15426	10130	11633	41.52	42.21	14.84
10. Knitwear	13757	15189	10126	11493	41.51	41.70	13.50
11. Chemical Products	140	151	94	141	0.39	0.51	50.00
12. Shoe	241	244	171	169	0.70	0.61	-1.17
13. Handicrafts	14	17	11	14	0.05	0.05	27.27
14. Engineering Products	689	356	228	226	0.93	0.82	-0.88
15. Other mfg. Products	2902.9	2860.2	1956	1992	8.02	7.23	1.84
<b>Grand Total (A+B)</b>	<b>34656</b>	<b>36668</b>	<b>24397</b>	<b>27563</b>	<b>100</b>	<b>100</b>	<b>12.98</b>

Source: Export Promotion Bureau. \* Revised, \*\* July –February.

### Country-wise Export Earnings

Country-wise export data shows that USA is the main destination of our export. In FY2018-19, USA secured the top position in respect of importing commodities from Bangladesh. Export earnings from USA stood at US\$ 4593.72 million in FY2017-18 (July-February), which is 16.67 percent of country's total export earnings. The major

commodities exported to USA are woven garments, knitwear, home textile, cap, frozen food etc. The other major destinations of our exports are Germany (15.60 percent), UK (10.07 percent) and France (5.34 percent). The country-wise export earnings have been shown in Table 6.4.

**Table 6.4: Country-wise Export Earnings**

(In million US\$)

Fiscal Year	USA	Germany	UK	France	Belgium	Italy	Netherland	Canada	Japan	Others	Total
2008-09	4052.0	2269.8	1501.2	1031.1	409.8	615.51	970.80	663.20	202.60	3849.33	15565.19
2009-10	3950.5	2187.4	1508.5	1025.9	390.5	623.92	1016.88	666.83	330.56	4503.68	16204.65
2010-11	5107.5	3438.7	2065.4	1537.98	666.2	866.42	1107.13	944.67	434.12	6760.06	22928.22
2011-12	5100.9	3688.98	2444.6	1380.4	741.96	977.41	691.30	993.67	600.53	7682.20	24301.90
2012-13	5419.6	3962.6	2764.9	1513.9	730.8	1036.60	712.47	1090.02	750.26	9046.21	27027.36
2013-14	5583.6	4720.5	2917.7	1677.7	970.5	1332.38	858.13	1099.63	862.07	10164.37	30186.62
2014-15	5783.4	4705.4	3205.5	1743.5	975.1	1382.35	840.34	1029.13	915.22	10628.99	31208.94
2015-16	6220.7	4988.1	4017.6	1852.2	1015.3	1385.67	845.92	1112.88	1079.55	11947.24	34257.18
2016-17	5846.6	5475.7	3569.3	1892.6	918.9	1462.95	1045.69	1079.19	1012.98	12352.06	34655.9
2017-18	5983.3	5890.7	3989.1	2004.97	877.9	1559.92	1205.37	1118.72	1131.9	12906.24	36668.17
2018-19*	4593.7	4299.6	2775.8	1472.4	633.9	1138.6	873.4	885.4	947.3	9942.7	27562.8
Percentage share	16.67	15.60	10.07	5.34	2.30	4.13	3.17	3.21	3.44	36.07	100.00

Source: Export Promotion Bureau.\* July –February.

### Import Status and Composition of Imported Commodities

Country's total import payments (c&f) stood at US\$40,895 million in FY2018-19 (July-February), which is 5.6 percent higher than

the import payments in the same period of the preceding year. Commodity-wise import payments from FY2014-15 to FY2018-19 have been shown in Table 6.5.

**Table 6.5: Commodity-wise Import Payments**

(In million US\$)

Commodity	2014-15	2015-16	2016-17	2017-18*	2017-18**	2018-19**
<b>1. Major Primary Commodities</b>	<b>4477</b>	<b>4227</b>	<b>4725</b>	<b>7270</b>	<b>4967</b>	<b>3911</b>
Rice	508	113	89	1605	1310	90
Wheat	983	949	1197	1494	1101	973
Oil Seeds	374	534	432	571	329	402
Crude Petroleum	316	386	478	365	231	278
Cotton	2296	2245	2529	3235	1996	2168
<b>2. Major Industrial Commodities</b>	<b>7906</b>	<b>8403</b>	<b>8894</b>	<b>10818</b>	<b>6872</b>	<b>8535</b>
Edible Oil	924	1450	1626	1863	1197	1161
Petroleum Products	2076	2275	2898	3652	2184	2999
Fertilizer	1339	1117	737	1006	823	1177
Clinker	638	574	644	766	426	643
Staple Fiber	1078	1018	1017	1180	785	860
Yarn	1851	1969	1972	2351	1457	1695
<b>3. Capital Machinery</b>	<b>3321</b>	<b>3556</b>	<b>3817</b>	<b>5462</b>	<b>3672</b>	<b>3966</b>
<b>4. Others Commodities (including EPZ)</b>	<b>25000</b>	<b>26936</b>	<b>29569</b>	<b>35315</b>	<b>23204</b>	<b>24483</b>
<b>Total (1+2+3+4)</b>	<b>40704</b>	<b>43122</b>	<b>47005</b>	<b>58865</b>	<b>38715</b>	<b>40895</b>
<b>%Change (over the corresponding year)</b>	<b>-0.07</b>	<b>5.9</b>	<b>9.0</b>	<b>25.2</b>	<b>26.2</b>	<b>5.6</b>

Source: Statistics Department, Bangladesh Bank and National board of Revenue (NBR). \*Revised, \*\*Provisional

### Country-wise Import Payments

In terms of value of total imported commodities, China secured the first position for our import up to February of FY2018-19. During this period 29.43 percent of the total imported commodities came from China.

India was the second largest source of import (13.49 %) while Singapore held the third position (3.62%). Country-wise import payments from FY2008-09 to FY2018-19 have been shown in Table 6.6.

**Table 6.6: Country-wise Import Payments**

(In million US\$)

Fiscal Year	India	China	Singapore	Japan	Hong Kong	Taiwan	South Korea	USA	Malaysia	Others	Total
2008-09	2864	3452	1768	1015	851	498	864	461	703	10031	22507
2009-10	3214	3819	1550	1046	788	542	839	469	1232	10239	23738
2010-11	4569	5918	1294	1308	777	731	1124	677	1760	15500	33658
2011-12	4743	6440	1710	1455	703	792	1544	709	1406	16014	35516
2012-13	4777	6328	1422	1180	612	733	1296	538	1903	15295	34084
2013-14	5985	7550	2407	1291	762	897	1182	792	2084	17782	40732
2014-15	5588	11268	2894	1816	881	1060	1417	880	1361	13539	40704
2015-16	5722	12582	1203	2075	827	1004	1417	1134	1184	15974	43122

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2016-17	6336	13292	2113	2031	726	990	1483	1358	1040	17636	47005
2017-18*	8941	15937	2255	2422	676	1129	1907	2160	1342	22096	58865
2017-18**	5867	10616	1405	1568	445	725	1156	1368	819	14746	38715
2018-19**	5515	12036	1479	1469	441	736	1087	1735	1007	15363	40895
Share (%)	13.49	29.43	3.62	3.59	1.08	1.87	2.66	4.24	2.46	37.57	100

Source: Statistics Department, Bangladesh Bank. \*Revised, \*\* July –February.

### Exchange Rate

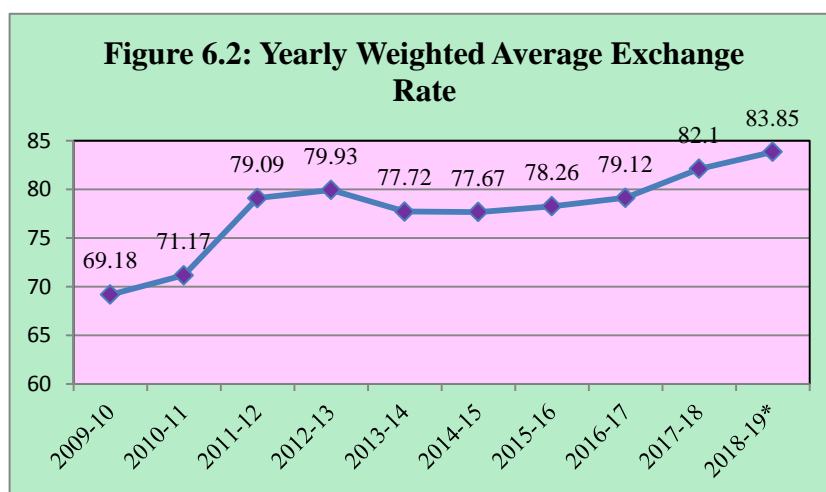
Exchange rate is being determined on the basis of demand and supply of the respective currencies. However, in order to avoid undue volatility in the foreign exchange market, Bangladesh Bank remains vigilant in its role in the foreign exchange market by close monitoring the exchange rate movement and the buying and selling of foreign exchanges for stabilizing market. Bangladesh observed

some depreciation of Taka against US dollar in February 2019 due mainly to increased demand for import payments. The weighted average inter-bank rate stood at Tk.83.85 per US dollar on 28 February 2019, which was Tk.82.10 per US dollar in FY2017-18 resulting in a depreciation of 2.83 percent. The weighted average of Taka-Dollar exchange rates from FY2009-10 to FY2018-19 is shown in Table 6.7 and Figure 6.2.

**Table 6.7: Weighted Average Exchange Rate (Tk. per US\$)**

FY	Weighted Average Exchange Rate
2009-10	69.18
2010-11	71.17
2011-12	79.09
2012-13	79.93
2013-14	77.72
2014-15	77.67
2015-16	78.26
2016-17	79.12
2017-18	82.10
2018-19*	83.85

Source: Bangladesh Bank., \*\* July – February



### Foreign Exchange Reserves

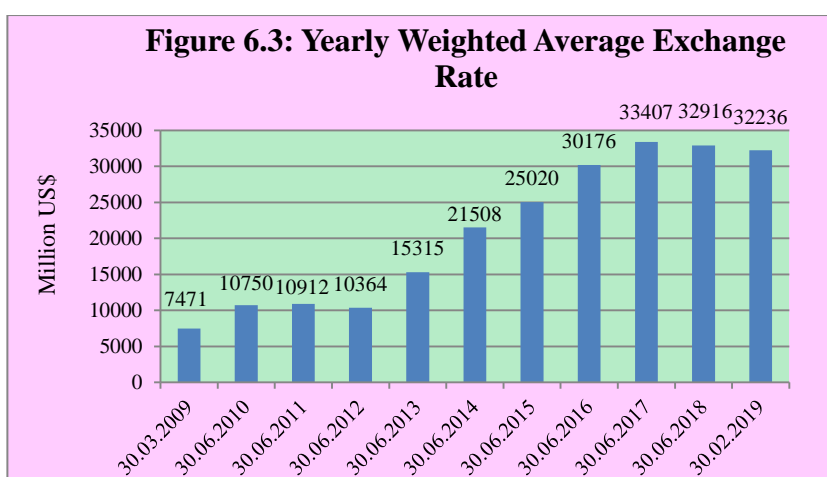
Bangladesh Bank maintained stability in retaining foreign exchange reserves. The gross foreign exchange reserves reached US\$32.24 billion at the end of February 2019. Foreign

exchange reserves were US\$32.92 billion on 30 June 2018. Table 6.8 and Figure 6.3 show the foreign exchange reserve position at the end of June 2009 to February 2019.

**Table 6.8: Foreign Exchange Position**

Date	Amount (In million US\$)
30.03.2009	7471
30.06.2010	10750
30.06.2011	10912
30.06.2012	10364
30.06.2013	15315
30.06.2014	21508
30.06.2015	25020
30.06.2016	30176
30.06.2017	33407
30.06.2018	32916
30.02.2019	32236

Source: Bangladesh Bank.



### Summary of major changes in foreign exchange regulations during FY2018-19

Bangladesh Bank in its ongoing endeavor to further ease the foreign exchange regulations embarked upon the following notable changes during FY2018-19:

- Bangladeshi private airlines operating in international route are instructed to submit monthly statement in a prescribed form. Bangladeshi private airlines are under the obligation of regular repatriation of the excess collection if any. They have to make an application to the Foreign Exchange Operation Department, Bangladesh Bank for remittance of the deficit or for meeting bonafide items of the disbursement.
- To encourage deposit in RFCD Accounts, Authorized Dealers are allowed to apply interest on the balances of the RFCD accounts at Euro currency deposit rates.
- AD banks maintain foreign currency clearing accounts with Bangladesh Bank
- in US Dollar, Pound Sterling, Euro, Japanese Yen and Canadian Dollar to economize the time and cost involved in settlements through correspondents abroad for international trade transactions. Along with the above settlement currencies, ADs are also allowed to open foreign currency clearing account with Bangladesh Bank in Chinese Yuan Renminbi (CNY).
- To facilitate the export sector, government decided to continue cash incentive/export subsidy at different rates against export of items under 35 specific categories for the FY2018-19.
- Type A and B enterprises of Export Processing Zones and Economic zones are allowed to access short term foreign currency loans from their subsidiaries/associates which are usable for bonafide business transactions including import payments. 'C' type industries are also allowed to access short term foreign currency loans from their

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subsidiaries/associates operating in the same EPZ/EZ for the same purposes.

- To facilitate backward linkage industries the usance period for import of unprocessed yarn for own use by industrial importers producing outputs for only local delivery against back to back LCs has been enhanced from 180 days to 270 days. Authorised Dealers are allowed to arrange refinance under buyer's credit for the additional 90 days to settle EDF loan used to import unprocessed yarn for the tenure of 180 days usance basis.
- It has been observed that exporters need to furnish guarantees to quality standard authorities/agencies in the country of

import as a commitment to comply with their specified quality standards. To facilitate the transactions Authorized Dealers are allowed to issue guarantees on account of Bangladeshi exporters in favor of such competent authorities/agencies in the country of import.

### Tariff Regime

Bangladesh has been following the Most Favored Nation tariff rate from FY2000-01 in order to facilitate smooth implementation of the import policy of the government. Tariff structure from FY2000-01 to FY2018-19 has been presented in Table 6.9.

**Table 6.9: Tariff Structure from FY2000-01 to FY2018-19**

Fiscal Year	Operative Tariff (%)	Maximum Tariff Rate (%)	Number of Operative Tariff Slabs
2000-01	0, 5, 15, 25, 37.5	37.5	5
2001-02	0, 5, 15, 25, 37.5	37.5	5
2002-03	0, 7.5, 15, 22.5, 32.5	32.5	5
2003-04	0, 7.5, 15, 22.5, 30	30	5
2004-05	0, 7.5, 15, 25	25	4
2005-06	0, 7.5, 15, 25	25	4
2006-07	0, 5, 12, 25	25	4
2007-08	0, 10, 15, 25	25	4
2008-09	0, 3, 7, 12, 25	25	5
2009-10	0, 3, 5, 12, 25	25	5
2010-11	0, 3, 5, 12, 25	25	5
2011-12	0, 3, 5, 12, 25	25	5
2012-13	0, 3, 5, 12, 25	25	5
2013-14	0, 2, 5, 10, 25	25	5
2014-15	0, 2, 5, 10, 25	25	4
2015-16	0,1, 2, 5, 10, 25	25	4
2016-17	0,1,5,10,15,25	25	6
2017-18	0,1,5,10,15,25	25	6
2018-19	0,1,5,10,15,25	25	6

Source: NBR Database



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Duty concessions and general exemptions to the applied MFN tariff rates are being provided in accordance with Section 20 of Customs Act on a case-by-case basis through Gazette notification. At present, three types of tariff concessions on these MFN rates are being provided: (i) import under different bilateral/regional trade agreements, (ii) imports of capital machinery and spares/parts by registered industrial consumers including export-oriented industries and (iii) import of raw material for a specific use or user (i.e. end use provisions) such as dairy and poultry, pharmaceuticals, leather and textile industries. At present tariff concession are being provided along with MFN tariff rate in respect of following goods:

- Capital machinery and parts imported by export oriented industry
- Capital machinery and parts imported by registered industry
- Raw materials imported by pharmaceutical industry
- Raw materials used in textile industry
- Accessories used in agriculture sector
- Computer and computer accessories
- Medical equipment and accessories
- Newsprint imported by newspaper and periodical publishers
- Raw materials used by the insecticide manufacturers which used in agriculture
- Machinery, parts and accessories imported by poultry firm.

### Reduction of Tariff

The process of reducing import tariff rate of Bangladesh started since FY1991-92 is still continued in FY2018-19 in order to increase the efficiency of the indigenous industries and

makes consistency with the process of world-wide tariff reduction. The Un-weighted import average tariff rate in FY1991-92 was 57.22 percent which decreased at 14.50 percent in FY2018-19. At present, ad-valorem duties are being imposed on 99.57 percent tariff line. Specific duties are in existence at different rate on some products such as cement clinker, bitumen, gold, steel products-scraped ship against 0.43 percent tariff line. Value Added Tax, Regulatory Duty, Supplementary Duty, Advanced Income Tax and Advanced Trade VAT are imposed on importable goods in addition with Customs Duty. The MFN Un-weighted import average from FY2004-05 to FY2018-19 is given in Table 6.10.

**Table 6.10: MFN Un-weighted Import Average**

Fiscal Year	MFN Un-weighted average (%)
2004-05	16.53
2005-06	16.39
2006-07	14.87
2007-08	17.26
2008-09	15.12
2009-10	14.97
2010-11	14.85
2011-12	14.83
2012-13	15.10
2013-14	14.44
2014-15	14.44
2015-16	14.37
2016-17	14.61
2017-18	14.56
2018-19	14.60

Source: National Board of Revenue (NBR).

## **World Trade Organisation (WTO) and Bangladesh**

WTO cell, under the Ministry of Commerce, primarily is mandated to discharge all functions related to WTO. Implementing WTO rules and regulations, availing the opportunities under the WTO, building trade capacities and protecting interest of the state in international trade regime are important of those responsibilities. Some remarkable constituents of WTO cell are stated below:

- The WTO is facilitating rule-based multilateral trading system across the world in order to expedite international trade in an easy and rapid manner. Due to the expansion of trade across the nations, the WTO acts as a platform of talks and negotiations where each country has equal rights. Against these backdrops, the WTO cell under the Ministry of Commerce is ordained to coordinate and operate among the different strata of trade entities (both public and private) that fall within the purview of WTO ambit.
- In order to raise awareness among the stakeholders concerned, WTO cell conducts routine workshops/training programs and symposia every year. Multiple workshops/training on TRIPS, SPS, TBT Notification, Trade in Services, Non-Agricultural Market Access (NAMA) and ‘Outcome of 11<sup>th</sup> WTO Ministerial Conference and way forward for the LDC graduation’ were held.
- To capacitate Bangladesh’s trade regime ‘Strengthening Institutional Capacity and Human Resource Development for Trade Promotion’ project was undertaken

supported by TIER-1 of the Enhanced Integrated Framework (EIF). Moreover, the studies like ‘Export Potentiality of Trade in Services of Bangladesh: Identifying Opportunities and Challenges’ and ‘Identification of Non-tariff Barriers Faced by Bangladeshi Products in Major Export Markets’ have been done under TIER-1 project of EIF. Other projects- Bangladesh Regional Connectivity Project, Export Diversification and Competitiveness Development Project (tier-2), *E- banijjo korbo*, *nijer babsa gorbo* projects are going on. These initiatives will certainly contribute to boost up commerce in Bangladesh.

- Bangladesh played the role of LDC coordinator for fourth term consecutively from 15 February 2015 to 18 February 2016. During the period Bangladesh laid the stone for granting the LDCs an exemption from obligations to implement or enforce patents as well as data protection for pharmaceutical and agro-chemical products until January 2033. Nonetheless, Bangladesh also paved the way for formulating a guideline for preferential Rules of Origin and Service Waiver extension (Preferential Market Access Waiver until 2030). Around 30 developed and developing countries have declared special preferential market access for LDCs in service sectors. Availing these offers will genuinely boost service export of Bangladesh.
- Bangladesh has been trying to get duty free quota free facility (DFQF) from all developed countries. DFQF facility for LDCs has also been promised by

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developing countries: China, India, South Korea, Chile, and Thailand. All developed countries excluding the USA, Russia and Ireland give 100 percent DFQF facility for LDCs. The European Union, Canada and China have simplified their Rules of Origin for LDCs.

### **Regional Trade**

#### **South Asian Free Trade Area (SAFTA)**

SAFTA has been established by SAARC member countries to enhance regional trade and to extend economic co-operation among the member states. Under Trade Liberalization Program (TLP) Phase-II, all member states reduced their sensitive list by 20 percent, which has been effected from 01 January 2012. Bangladesh, as an LDC enjoys duty free access to India for all products except 25 items. The number of products under SL of Bangladesh is 1,031 for non LDCs and 1,022 for LDCs. Successful completion of negotiation under phase-III would significantly increase market access of Bangladesh in all the SAFTA member countries.

#### **SAARC Agreement on Trade in Services (SATIS)**

SAARC Agreement on Trade in Service (SATIS) was signed during the Sixteenth SAARC Summit held in Thimphu on 28-29 April 2010. The offer list and request list of service have been exchanged among the member countries. All the member states have ratified Agreement and exchanged the offer list and request list of service with a view to finalize the schedules of commitments. In the meantime Bangladesh has offered 02 service sectors (telecom and

tourism) and submitted its schedules of commitments. Bangladesh has also requested to all the member states to liberalize ten service sectors. Discussion and negotiations among the member states are going on for finalizing the Schedules of Commitments. Bangladesh would be benefitted in the area of investment and trade after implementation of the Agreement.

#### **Asia-Pacific Trade Agreement (APTA)**

The objective of the Agreement is to enhance intra-regional trade through the exchange of tariff concessions among member countries. Members of the APTA are Bangladesh, India, China, South Korea, Sri Lanka, Laos and Mongolia. The 4<sup>th</sup> round negotiation has been concluded and announced during 4<sup>th</sup> Ministerial Council held in Bangkok, Thailand on 13 January 2017. The preparation for the 5<sup>th</sup> round of negotiation is underway.

#### **Trade Preferential System among OIC Countries (TPS-OIC)**

A Framework Agreement on Trade Preferential System among OIC Countries (TPS-OIC) was signed in 1991 with a view to expanding trade within the OIC countries. Subsequently, under the purview of the Framework Agreement, Trade Negotiating Committee (TNC) has drafted the Protocol on the Preferential Tariff Scheme (PRETAS) and Rules of Origin (RoO) for the TPS-OIC. Bangladesh has signed and ratified all of the agreements. As an LDC, Bangladesh has received three years grace period. Besides, Bangladesh has got 10 percentage special privileges on value addition which is 30

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percent as an LDC that will help Bangladesh to export in other member states.

### **Preferential Trade Agreement among Developing Countries 8 (D-8)**

Eight developing OIC countries reached at consensus to form a regional bloc on 15 June 1997 in Istanbul, Turkey aimed at trade and economic cooperation. The regional bloc consists of Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. A Preferential Trade Agreement (PTA) among D-8 Member States was signed on 13 May 2006 and entered into force on 25 August 2011. Bangladesh has ratified the preferential trade agreement in 2017 agreeing 40 percent value addition criteria. The agreement is expected to increase trade of Bangladesh with member countries.

### **Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)**

The BIMSTEC Framework Agreement was signed in June 1997, and subsequently, another Framework Agreement was signed in February 2004 with a view for forming BIMSTEC Free Trade Area. It is an alliance of South and south East Asian countries; the member countries are Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal and Bhutan.

Negotiations are on in trade in goods, trade in services and investment sectors under this agreement. Fourteen sectors have been identified for cooperation under the agreement. A BIMSTEC Trade Negotiating Committee (TNC) has been constituted to conduct negotiations on (1) Agreement on Trade in Goods, (2) Agreement on Trade in

Services, (3) Agreement on Investment, (4) Agreement on cooperation and Mutual Assistance in Customs Matters, (5) Protocol to Amend the Framework Agreement on the BIMSTEC Free Trade Area, (6) Agreement on Dispute Settlement Procedures and Mechanism. The committee has already finalized instruments on (1) The Agreement on Trade in Goods, (2) Agreement on Cooperation and Mutual Assistance in Customs Matters and (3) Agreement on Dispute Settlement Procedures and Mechanism were finalized.

21<sup>st</sup> TNC meeting was held in Dhaka, Bangladesh on 18-19 November 2018. 21<sup>st</sup> TNC meeting made significant progress in finalizing the draft texts of three important agreements relating to BIMSTEC FTA, namely Agreement on Trade in Goods, Agreement on Cooperation and Mutual Assistance in Customs Matters, and Agreement on Dispute Settlement Procedures and Mechanisms. The Meeting also made progress on developing texts of three other agreements relating to Investment, Services and Trade Facilitation.

### **Free Trade Area (FTA)**

FTA Policy Guidelines-2010 was approved by the government of Bangladesh to examine the possibilities of forming FTAs with different countries. Meanwhile, preliminary negotiation has started between Bangladesh and China to formulate bilateral FTA. Besides, Bangladesh has examined the possibility of forming bilateral FTAs/PTAs with Malaysia, Sri Lanka, Myanmar, Nigeria, Mali, Macedonia, Mauritius, Jordan, and GCC-countries. Bangladesh has started its

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preliminary negotiation to formulate FTA with Thailand, USA and other countries.

### **Bilateral Trade**

Till to date Bangladesh has signed more than forty bilateral trade agreements. All these agreement are goodwill trade agreements which did not cover exchange of tariff preference or trade facility. All agreements were signed only for promoting bilateral diplomatic relation. Besides, negotiation with India, Nepal, Sri Lanka, Thailand and Bhutan is in progress to make Bangladesh's bilateral trade more dynamic.

- **Border Haats**

Border Haats along the India-Bangladesh Border were established with the intention to contribute to the economic benefits of the border communities, and also to build a much needed mutual trust and higher trade openness. Four Border Haats are currently operating at the India-Bangladesh border and six new border haats are under construction.

- **Trade and Investment Cooperation Forum Agreement (TICFA)**

The Trade and Investment Cooperation Forum Agreement (TICFA) was signed

between Bangladesh and United States of America on 25 November 2013 and came into force from 30 January 2014. Signing the TICFA has created an opportunity for discussion between the two countries on a regular basis. The 4th bilateral meeting under TICFA was recently concluded on 15 September 2018 in Washington, D.C.

During discussion Bangladesh mainly focused on implementation of the Trade Facilitation Agreement (TFA), bilateral trade, US investment in Bangladesh, expansion of market access for Bangladeshi goods and service to the US market, and implementation of WTO's Bali Ministerial decisions. Furthermore, Bangladesh sought cooperation from the USA trade preferences for Bangladeshi goods, fixing fair prices of Bangladeshi goods, technology transfer, trade related capacity building, digital economy and sustainable graduation of Bangladesh as a developing country. On the other hand, the U.S. side discussed expansion of US export to Bangladesh, particularly cotton and medicine, protection of intellectual property, government procurement and labour issue.