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Bangladesh Economy in a Globalization World

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Abstract *Today all the modern and developed and developing countries are more or less within the fold of globalization. Bangladesh with its expanding sway of exports and imports is no exception. Globalization is increasingly becoming more and more popular, because most of the countries see their better fortune in this arrangement. Globalization covers a wide range of issues, economic, political, cultural, etc. Since the issue of globalization is still more a dream than reality, an effort is made in this paper to make the readers more aware about the issue so that they take more interest in implementing the nobler ideas of globalization.*

Bangladesh has been trying to bring structural changes in her economy-expanding the contribution of industries in GDP, trade liberalization, boosting up exports, exporting more manpower, and attracting the foreign investors (both foreign and non-residents of Bangladesh). The country found the results encouraging and more efforts will be rewarding. Recently, Bangladesh has taken efforts to diversify her trade, find out new markets for her exports- both traditional and non-traditional items, to many countries, including the neighbors. Enhancing regional connectivity is under active consideration of various adjoining countries. Some agreements have already been made, and in some cases operations are underway that will create big opportunities for Bangladeshi products to enter the market in those countries. To reap the benefits, what is necessary for Bangladesh is to improve the quality of products and keep their prices lower.

Introduction

Globalization refers to the tendency of firms to extend their sales, ownership, and /or manufacturing to new markets abroad. In the past decades the rate of

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globalization has been striking. For example, the total value of US imports and exports almost tripled, from $907 billion in 1991 to $2.5 trillion in 2000.

The term Globalization has already become quite popular; it denotes an increase in economic integration among nations. Broadly speaking, the term "globalization" means integration of economies and societies through cross-country flows of information, ideas, technologies, goods, services, capital, finance and people. Today we see dramatic growth in the flow of goods, services and capital across national borders. Of course, cross border integration can have several dimensions- cultural, social, political and economic. Globalization is a process by which an activity or undertaking becomes world-wide in scope. One major component of globalization is the steady increase in the imports in the share of national output devoted to exports. One crude measure of the degree of the integration of the economy with the rest of the world is the ratio of its trade to GDP. For example, in India Export plus Import/GDP was13.5 percent in 1980-81, increased to 36.0 percent in 2007-08. Globalization via the development the spread of MNE (Multi- National Enterprises) through direct foreign investment is a recent phenomenon, which has both positive and negative impacts on host economies. For this reason, various neighboring countries are forming groups to protect their regional interests or mutually reap the economic benefits.

During the course of last three decades, many forces in the larger global economy have made it imperative for firms to go abroad. There are three main macro forces that propelled the globalization of firms in the last few decades: (1) globalization of capital markets (including the growth and volatility of currency markets and interest rates); (2) the declining cost of transportation and communication, and (3) the growth of regional and international trading arrangements. While discussing the impact of globalization, two issues need to be kept in mind- (1) domestic producers now compete with the producers from around the world in their prices and design decisions, and (2) globalization reflects an extension of specialization and division of labor to the entire world.

The Objectives of the Paper

The purpose of the first part of this study is to briefly present the issue of globalization, putting emphasis on its origin, the intentions of the protagonists and how much of those were hitherto realized. Is it only to serve the purposes of developed countries, or are the developing countries deriving any benefits? If so, to what extent. A short account of such observations on its successes and failures) is presented here in the global context, referring to the cases of both developed and developing countries.

The second part deals absolutely with Bangladesh's efforts to diversify her trade and boost exports to different countries, both globally and regionally, hurdles faced in such a move and how to overcome those hurdles. Along with trade in goods and services, we have tried to include discussion on the capital movement and the flow of foreign direct investment (FDI). Besides, there is a discussion on the movement of people from this country abroad and the receipt of foreign remittance.

The Origin and Expectations from Globalization

Globalization is purely the product of a chain of international trade agreements that began in 1947 with the General Agreement on Tariffs and Trade (GATT), abetted by the modern tele- communications. Similar to the treaty, GATT laid out 123 rules of reducing tariffs between 23 signatories. Later negotiations continued at regular intervals to decrease tariffs as the number of GATT signatories increased greatly. The latest series of talks, called Uruguay round, concluded in 1994, with the creation, in 1995, of the World Trade Organization (WTO) to succeed GATT. In the same year the North American Free Trade Agreement (NAFTA) went into effect, signed by Canada, Mexico and the US1.(Almanac of World History, p-326)

In the mean time, America and Europe see the threat of outsourcing; developing countries see the advanced countries tilting the global economic regime against them. There is much merit in these criticisms, but our main interest the economic consequences of globalization outpacing our ability to understand and is to highlight the economic consequences of globalization and possible ways to cope with these consequences through political processes. After all, reforming globalization is a matter of politics.

Globalization encompasses many things: the international flow of ideas and knowledge, the sharing of cultures, global civil society, and the environmental movement. However, our concern is mostly about economic globalization, which entails the closer economic integration of the countries of the world through the increased flow goods and services, capital, and even labor. The great hope of liberalization that it will raise living standards throughout the world, give poor countries access to overseas markets so that they can sell their goods, allow in foreign investment that will make new products available at cheaper prices, and open the borders so that people can travel abroad to be educated, work, and send home earnings to help their families and fund new businesses. In that way globalization has the potential to bring enormous benefits to those in both the developing and the developed world. But, in the assessment of Joseph E. Stiglitz (2006) there is overwhelming evidence that it has failed to live up to potential. The problem is not with globalization itself but in the way globalization has been managed. Economics has been driving globalization, especially through the lowering of communication and transportation costs. But politics has shaped it. The rules of the game have been largely set by the advanced industrial countries, and, not surprisingly, they have shaped globalization to further their own interests. They have not sought to create a fair set of rules, let alone a set of rules that would promote the well-being of those in the poorer countries of the world.

Is 'Another World Possible'?

With the aim of materializing the slogan, "Another world is possible", the movers and shakers of the world attended various forums on invitation of various bodies at different places. Among those, the assembly at Mumbai (India) and Davos is worth mentioning. Those meetings were held in good places to take the pulse of the world's economic leaders. Although it was a gathering of white businessmen, supplemented by a roster of government officials and senior journalists, in recent years the invitation list has been expanded to include a number of artists, intellectuals, and NGO representatives.

At both Mumbai and Davos, there were discussions on 'reforms'. At Mumbai, the international community was asked to create a fairer form of globalization. At Davos, the developing countries were enjoined to rid themselves of their corruption, to liberalize their markets, and to open up to the multinational businesses so well represented at the meeting. But at both events there was an understanding that something had to be done. At Davos the responsibility was placed squarely on the developing countries; at Mumbai, it was on the entire international community.

Globalization—Achievement & Failure

In the early 1990s, globalization was greeted with euphoria. Capital flows to developing countries had increased six-fold in six years from 1990 to 1996. The establishment of the World Trade Organization in 1995—a goal that had been sought for half a century—was to bring the semblance of a rule of law to international commerce. Everyone was supposed to be winner— in both deve ofloped and developing world. Globalization was to bring unprecedented prosperity to all. Globalization had succeeded in unifying people from around the world—against globalization. Factory workers in the United States saw their jobs being threatened by the competition from China. Farmers in the developing countries saw their jobs being threatened by the highly subsidized corn and other crops from the United States. Workers in Europe saw hard-fought-for job protections being assailed in the name of globalization. AIDS activists saw new trade agreements raising the prices of drugs to levels that were unaffordable in much of the world. Environmentalists felt that globalization undermined their decades-long struggle to establish regulations to preserve their national heritage. Those who wanted to protect and develop their own cultural heritage saw, too, intrusions of globalization. These protestors did not accept the argument that, economically at least, globalization would ultimately make everybody better off.

The current process of globalization is generating imbalanced outcomes, both between and within countries. Wealth is being created, but too many countries and people are not sharing its benefits. They also have little or no voice in shaping the process. Seen through the eyes of vast majority of women and men, globalization has not met their simple and legitimate aspirations for decent jobs and a better future for their children. Many of them live in the limbo of the informal economy without formal rights and in a swathe of poor countries that subsist precariously on the margins of the global economy. Even in economically successful countries some workers and communities have been adversely affected by globalization. Meanwhile the revolution in global communications heightens awareness of these disparities—- these global imbalances are morally unacceptable and politically unsustainable.

Globalization may have helped some countries—their GDP, the sum total of goods and services produced, may have increased—but it had not helped most of the people even in those countries. The worry was that globalization might be creating countries rich with poor people.

Of course, those who are discontented with economic globalization generally do not object to the greater access to global markets or to the spread of global knowledge, which allows the developing world to take advantage of the discoveries and innovations made in developed countries. Rather, they raise five concerns, the first being—the rules of the game that govern globalization are unfair, specially designed to benefit the advanced industrial countries (Stiglitz, 2006).

Globalization and poverty

Critics of globalization point to the growing numbers of people living in poverty. The world is in a race between economic growth and population growth and so far population growth is winning. Even as the percentage of the people living in poverty is falling, the absolute number is rising (Jalil, 2010)

Globalization has played a part both in the biggest successes and in some of the failures. China's economic growth, which was based on exports, has lifted several hundred million people out of poverty. But China managed globalization carefully: it was slow to open up its markets for imports, even today it does not allow the entry of hot speculative money. India's success in lifting millions of people from poverty is no less praiseworthy. On the other hand, historically Africa is the region most exploited by globalization: during the years of colonialism the world took its resources but gave back little in return. In recent years, Latin America and Russia have also been disappointed by globalization. They opened up their markets, but globalization did not deliver on its promises, especially to the poor. To say about poverty, in the words of a young woman in Jamaica, 'Poverty is like living in jail, living under bondage, waiting to be free".

Reforming Globalization

Making globalization work will not be easy. Those who benefit from the current system will resist change, and they are very powerful. But forces for change have already been set in motion. There will be reforms, even if they are piecemeal ones. A number of suggestions were given by experts, for how to make globalization work better. Some of these are small that must and should meet little resistance; others are big, and may not be implemented for years. There are many things that must be done in areas where the international community has recognized that some progress that has been made long distance is yet to go.

1) The pervasiveness of poverty

Poverty has, at last, become a global concern. The United Nations and multinational organizations such as World Bank have all begun focusing more on poverty reduction. In September 2000, some 150 heads of state or government attended the Millennium Summit at the United Nations in New York and signed the Millennium Development Goals, pledging to cut poverty by half by 2015.They recognized the many dimensions to poverty—not just inadequate income, but also, for instance, inadequate health care and access to water.

2) The need for foreign assistance and debt relief

Countries seeking foreign aid are typically asked to meet a large number of conditions; for example, a country may be told that it must quickly pass a piece of legislation or reform social security, bankruptcy, or other financial systems if it is to receive aid. The enormous number of conditions often obstructed government to do from more vital tasks. Excessive conditionality was one of the major complains against the IMF and the World Bank. Of course, both the organizations admitted the allegations and they have actually greatly reduced conditionality.

3) The aspiration to make trade fair

Trade liberalization—opening up markets to the free flow of goods services—was supposed to lead to growth. The evidence is at best mixed. Part of the reason that international agreements have been so unsuccessful in promoting growth in poor countries is that they were often unbalanced: the advanced countries were allowed to levy duties on goods produced by developing countries, which were, on average, four times higher than those on goods produced by advanced industrial countries. While developing countries were forced to abandon subsidies designed to help their nascent industries, advanced industrial countries were allowed to continue with enormous agricultural subsidies, forcing down agricultural prices and undermining living standards in developing countries.

4) The limitations of liberalization

In the 1990s, when the policies of liberalization failed to produce the promised results, the focus was on what the developing countries had failed to do. If trade liberalization did not produce growth, it was because the countries had not liberalized enough, or because corruption created an unfavorable climate for business. Today, even among many of the advocates of globalization, there is more awareness of shared blame.

The most hotly contested policy issue of the 1990s was capital market liberalization, opening up markets to the free flow of short term, hot and speculative money. The IMF even tried to change its charter at its annual meeting in 1997, held in Hong Kong, to enable it to push countries to liberalize. By 2003, even the IMF had conceded that, at least for many developing countries, capital market liberalization had led not to more growth, but just to more instability.

5) Protecting the environment

A failure of environmental stability poses even a greater danger for the world in the long run. A decade ago, concern about the environment and globalization was limited only to environmental advocacy groups and experts. Today, it is almost universal. Unless we lessen environmental damage, conserve on our use of energy and other natural resources, any attempt to slow down global warming will fail.

Global warming has become a true challenge of globalization. The successes of development, especially in India and China, has provided these countries with economic benefits wherewithal to increase usage, but the world's environment simply cannot sustain such onslaught.

A flawed system of global governance

There is a consensus, at least outside the United States, that something is wrong with the decisions made in the global level; there is a consensus, in particular, on the dangers of unilateralism and on the "democratic deficit" in the international economic institutions. Both by structure and process, voices that ought to be heard are not available. Colonialism is dead, yet the developing countries do not have representation that they should.

There is a growing consensus that there is a problem of governance in the international public institutions like the IMF that shape globalization and that these problems contribute to their failure. At the very least, the democratic deficit in their governance has contributed to their lack of legitimacy, which has undermined their efficiency—especially when they speak on issues of democratic governance.

In the end we want to conclude on the issue of globalization with a few observations

The conventional wisdom that the United States' development was the result of unfettered capitalism is wrong. Even today, the US government, for instance, plays a central role in finance. It provides, guarantees for a significant fraction of all credit, with programs for mortgages, student loans, exports and imports, cooperatives and small businesses.

A change in the mindset will be essential if we want to change the way globalization is managed. Such a change is already under way. We have realized the positive potential of globalization: almost half of humanity—Asia, including China and India— is being integrated into the global economy.

China's average growth over the past three decades has been tripled. These successes are partly due to globalization. In manufacturing and services (particularly soft ware, business processing, etc), respectively, China and India have made huge strides internationally, and their acquisition of global companies has attracted considerable attention. Expansion of exports of labor-intensive manufacturers has nonetheless lifted many Chinese out of poverty. That is not true of India, where exports are still mainly skill- and capital-intensive. (Pranab

Bardhan-2011). But we have also seen the darker side of globalization: recessions and depressions that global instability has brought a continent, Africa, striped of its assets, its natural resources, and left a debt burden beyond its ability to pay.

Some say globalization is inevitable, that one has to simply accept it with its flaws. But as most of the world has come to live in democracies, and if globalization does not benefit most of the people they will eventually react.

Regional Cooperation, Connectivity and |Trade Diversification

Various countries of different regions have their schemes of regional cooperation in different names such as SAARC, ASEAN, EU etc. Although, the performances of all are not up to expectation, yet their inducting new members is on the increase. At one time, they will play their due role. Recently, a great expectation has emerged among countries like Bangladesh, India, Nepal, Bhutan, even Myanmar and China to boost regional connectivity. While commenting on a regional route to development, an analyst rightly pointed, "If Bangladesh and India act imaginatively, this region can be transformed from being a relatively underdeveloped periphery of the subcontinent as well as South-East Asia to being centre of a thriving and integrated economic region"(The Daily Star,11Oct, 2011).

In a labor surplus country like Bangladesh small and medium enterprises can play a substantial role in providing the impetus to the development of modern manufacturing sector and in the creation of jobs outside agriculture and informal services. Bangladesh is now vigorously putting efforts in finding markets in various countries including new ones and to reap the benefits of globalization, and regional connectivity, now in the offing, has opened a fresh hope of taking advantage of expanding her market in India, especially in North-Eastern Indian States.

Globalization and the recent development in regional connectivity, with Bangladesh at the hub, are creating a big opportunity to expand her product market both at the regional and global level. But what is essential is to develop her competency in producing quality goods at a competitive cost. Again, under the present day context technological advancement (also innovation of appropriate technology even at the regional level) and adequate facilities for financing SMEs can lead to the expansion of the regional remarket. Bangladesh could emerge as a transport hub for the sub-region comprising Bangladesh, Bhutan, Nepal and India. We need to include China and Myanmar in the framework of regional connectivity to reap the highest benefits.

A number of authors have highlighted the importance of better regional connectivity to foster and promote intra-regional trade and deepen economic cooperation among the regional countries. Rahmatullah (2010) points out in this connection that due to the lack of integration of the transport system in South Asia, logistic costs are very high and range between 13-14 per cent of GDP, compared to 8 per cent in the US.

Bangladesh Economy in the Global Context

Vision 2021 goal of Bangladesh is to attain a Middle Income Country (MIC) status by FY21. To achieve this, it the sets growth target to rise from 6.1 per cent in FY10 to 8 per cent in FY 15 and 10 per cent in FY 21. A review of Bangladesh's past growth experience tells a remarkably encouraging story. In order to understand the determinants of growth it is helpful to look at the sectoral composition of growth and ask how much structural change has taken place in the Bangladeshi economy. It is now well recognized that the growth dynamism is largely provided by modern manufacturing and service sectors. This transformation of a peasant agrarian economy to an organized manufacturing and services economy also provides the employment base for absorbing a growing labor force into productive and well paid jobs. Table-1 shows that Bangladesh the contribution of the industry sector to Bangladesh's gross domestic product (GDP) has been continuously increasing while the share of agriculture has been falling and that of services remained around 49- 50 percent throughout.

An analysis of sectoral growth, as seen in Table-2, shows that in FY 11 the industry sector registered an 8.16 percent growth, which is higher than the 6.49

Table 1: Share Broad Sectors in GDP and Growth Rate (at Constant Prices) (Base year: 1995-96)

Sector	1980-81	1985-86	1990-91	1995-96	2000-01	2005-6	2008-9	2009-10	2010-11
Agriculture	33.07	31.15	29.23	25.68	25.03	21.84	20.48	20.29	19.95
Industry	**17.31**	**19.13**	**21.04**	**24.87**	**26.20**	**29.03**	**29.86**	**29.93**	**30..33**
Service	49.62	49.73	49.73	49.45	48.77	49.14	49.66	49.78	49.72
Total	100	100	100	100	100	100	100	100	100
Average growth rate(percentage)									
Agriculture	3.31	3.31	2.23	3.10	3.14	4.94	4.12	5.24	4.96
Industry	5.13	6.72	5.57	6.98	7.45	9.74	6.46	6.49	8.16
Service	3.55	4.10	3.28	3.96	5.53	6.40	6.32	6.47	6.63
GDP (at producer prices)	3.74	3.34	3.24	4.47	5.41	7.02	5.90	6.22	6.75

Source: *Ministry of Finance, Bangladesh Economic Review, 2011, p-23 (Bangla Version)* percent actual growth recorded in FY 10. Sub-sectoral growth and share in GDP increased for manufacturing, large and medium scale industries and construction sub-sectors in FY 11. Manufacturing sub-sector, the largest and the dominant part of overall industrial production, grew at 9.51 percent during FY 11 as against 6.5 percent in FY 10.

Export Performance of Bangladesh

Data on Bangladesh's exports presented in Table 3 reveals that export earnings increased by 41.5 percent to USD 22.92 billion during the FY 11. Although the

Table 2: Sub-sect oral growth and share in GDP of industry sector output (in percent)

	Sectoral/ sub-sectoral growth rate					Sectoral/sub- sectoral share in GDP				
	FY07	FY08	FY09	FY10	FY11(P)	FY07	FY08	FY09	FY10	FY11(p)
Industry Sector	8.38	6.78	6.46	6.49	8.16	29.45	29.7	29.86	29.93	30.33
Manufacturin	9.72	7.21	6.68	6.5	9.51	17.55	17.77	17.9	17.94	18.41
Large and Medium	9.74	7.26	6.58	5.98	10.41	12.47	12.63	12.71	12.68	13.12
Small scale	9.69	7.1	6.9	7.77	7.34	5.08	5.14	5.18	5.26	5.29
Mining and quarrying	8.33	8.94	9.84	8.8	4.85	1.18	1.21	1.25	1.29	1.26
Electricity, gas and water	2.1	6.77	5.91	7.28	5.96	1.57	1.59	1.59	1.6	1.59
Construction	7.01	5.68	5.7	6.01	6.37	9.15	9.13	9.12	9.1	9.07

Source: *BBS-2011, Quoted from Monetary Policy Statement (MPS) January-June, 2012, p14, p stands for provisional estimate of BBS.*

competitive strength of apparels and textile exports (to lower ends of the markets in advanced economies in North America and Europe) has kept overall export growth above 41 percent in FY11, the two major export items , namely woven garments and knitwear substantially contributed to this achievement by recording

Table 3: Quarterly exports and export growth rates

Quarters	Exports(in billion USD)		Growth rate
	FY 11	FY 10	(percent, y-o-y)
July-September	5.03	3.87	29.98
October-December	5.23	3.40	53.81
January-March	5.94	4.27	39.28
April-June	6.72	4.66	44.04
July-June	22.92	16.20	41.47

Source: *Export Promotion Bureau.*

4o.23 percent and 46.25 percent growth, respectively. In the agricultural product category, outstanding performance has been shown by raw jute and jute goods with 82.03 percent and 28.04 percent y-o-y growth, respectively, during FY11 over the previous fiscal year (Table-4).

Table- 5 shows that the export sector performed well throughout the 1990s. The table also shows that during the FY 1999-2000 to FY 2009-2010 this sector achieved a remarkable growth with the exception in FY 2001-2002 only. It may

Table 4: Commodity- wise exports (in million USD)

Products	Export value July-June 2010-2011	Export value July-June 2009-2010	Change during July-June of FY11 over FY10 (in percentage)
Raw Jute	457.28	196.27	82.03
Jute goods	757.65	591.72	28.04
Tea	3.2	5.65	-43.36
Frozen food	625.04	445.18	40.40
Leather	297.83	226.1	31.72
Woven garments	8432.4	6013.43	40.23
Knitwear	9482.06	6483.29	46.25
Chemical products:	104.76	102.87	1.84
Of which fertilizer	39.53	38.55	2.57
Agri. Products:	333.94	242.35	37.79
Engineering products	309.55	311.09	-0.50
Others	2181.14	1548.15	40.89
Total	22924.38	16204.65	41.47

Source: *Export Promotion Bureau.*

be noted here that the World Bank examined the 1990-2000 average trade-HDP ratio in Bangladesh and found that it rose from 19 percent to 35 percent during those 20 years.

Bangladesh's Exports to SAARC Countries

The South Asian Association for Regional Cooperation (SAARC) came into existence in 1985 to promote economic, technological, social and cultural development and achieve collective self-reliance

Table-6 shows that India accounted for the bulk(72%) of Bangladesh's total export to the SAARC countries. from Bangladesh. It may be pointed here that export to the SAARC countries in FY 2009-10 was only 3 percent of the total

Table 5: Performance of Exports during 1999-2010 (in million USD)

FY	EXPORT INCOME	Growth Rate in % (Y-O-Y)
1999-2000	5752.20	--
2000-2001	6767.00	+17.64
2001-2002	5986.00	-11.54
2002-2003	6548.00	+9.38
2003-2004	7602.99	+16.10
2004-2005	8654.52	+13.86
2005-2006	10526.16	+21.63
2006-2007	12177.86	+19.08
2007-2008	14110.80	+15.87
2008-2009	15565.19	+10.31
2009-2010	16204.65	+4.10

Source: *Bangladesh Bank*

Table 6: Exports from Bangladesh to SAARC countries (in million USD)

country	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
India	101.16	186.95	279.14	289.41	358.08	276.58	304.63
Pakistan	34.78	84.14	50.26	61.06	71.01	76.22	77.67
Sri Lanka	10.15	12.16	14.39	14.82	19.32	18.67	23.74
Afghanistan	6.07	0.51	0.88	0.75	2.77	3.68	2.74
Bhutan	3.99	3.35	1.65	1.40	1.35	0.61	2.24
Maldives	-	0.48	0.26	0.27	0.08	0.14	0.74
Nepal	1.27	0.47	0.83	0.85	6.71	8.06	8.79
Total	157.42	288.06	347.41	368.56	459.32	383.56	420.55

Source: *Export Promotion Bureau*

export of Bangladesh. The total export income was USD 16204.65 while export income from SAARC countries was only USD 420.55 in FY 2009-2010. But viewed from the situation that prevailed seven years back (2003-2004), the situation has been improving and increased by 167 percent in 2009-10.

BANGLADESH'S EXPORT OPPORTUNITIES IN INDIAN MARKET

India continues to remain one of the Bangladesh's major trading partners, accounting for 8.7 per cent of Bangladesh's global trade FY2008-09, a year when India was Bangladesh's fourth most important trading partner .Table -7 shows the export earning ,import payment situation with India for the period 2003-2004 to 2009-10. However, the situation has been improving (though irregularly). During the FY2010-11 Bangladesh export to India was only$ 512.5 million and import from India was $ 4574.9 million. The deficit was $ 4062.4 million (with an import to export ratio 8.9 to 1). The increasing bilateral trade deficit and issues of trade barriers with India and the search for avenues to enhance Bangladesh's export opportunities in the growing Indian market have assumed high significance in related discourse in Bangladesh in recent time.

A number of studies have tried to identify potential opportunities for Bangladeshi sectors/products in Indian market. Bhuyan and Ray (2006) identified a set of potential exportable products from Bangladesh that could enjoy export potential in the Indian market. These were fish products (including shrimp), leather goods, cement, light engineering items, jute products, pharmaceuticals products, ceramic products and processed agro-products. Another study by Siriwardana and Yana (2007) estimated that a number of Bangladeshi items, including beverages and tobacco, fabricated metal products, textile and leather, petroleum and other minerals, food manufactures, vegetables and fruits , will gain substantially in the Indian market both in the short-run as well as long-run, if market duties are abolished by India .In a recent study, the World Bank(2006) said that the prospect for trade between Bangladesh and India, through bilateral FTA was rather limited. Analysis undertaken for a number of items including cement, light bulbs, cycle rickshaw tires and sugar indicate that if a bilateral FTA is signed with India it will be India which would be able to expand her exports to Bangladesh; Bangladesh's export potential to Indian market is rather limited.

Trade with different Countries of the World

Table-8 shows data on Bangladesh's exports, imports and trade balance for the last 11 years. This pronounced negative balance of trade has dragged our development efforts backward. The country could divert her resources spent for import payments for long term development goals. With higher growth of export

Table 7: Exports Earning and Import Payment to India(in million US$)

Fiscal Year	Export	Import	Balance	Ratio(Export vs. Import)
2003-2004	101.16	1602	-1500.84	1:15.83
2004-2005	186.95	2030	-1843.05	1:10.85
2005-2006	279.14	1868	-1588.86	1:6.69
2006-2007	289.41	2268	-1978.59	1:7.83
2007-2008	358.08	3393	-3034.92	1:9.47
2008-2009	276.58	2864	-2587.42	1:10.35
2009-2010	304.83	3214	-2909.37	1:10.55

Source: *Export Promotion Bureau & Bangladesh Bank* income since 1991, the trade deficit situation has improved. To reduce the trade gap, the government has been trying to boost exports by aiding private exporters in different ways. Arrangement of trade fairs at home and abroad is one of the effective measures of promoting exports. The establishment of Export Processing Zone (EPZ) for encouraging foreign investors to produce exportable commodities is another measure. As a result of negotiations with different countries like, India, USA, Canada, Germany, etc. the exports to these countries have been increasing. The role of our missions in abroad can be important is to boost exports. The performance of Bangladeshi missions abroad should naturally be judged by their success in promoting exports, encouraging foreign investors to invest in Bangladesh and increasing employment of Bangladeshi migrant workers abroad. Recently, Bangladesh has been trying to diversify her trade relationship with various countries both neighboring and far-flung countries.

Strategic Policies for Manufacturing Exports in the Sixth Plan

In order to get maximum leverage out of the manufacturing sector and its competitiveness in the global marketplace, the Sixth Plan would focus on different strategic approaches.

Table 8: Bangladesh's Balance of Trade (in million USD)

Fiscal year	Export Income	Import Payment	Balance	Ratio (Export vs. Import)
1999-2000	5752.20	8374	-2621.80	1:1.46
2000-2001	6767.00	9335	-2568.00	1:1.38
2001-2002	5986.oo	8540	-2554.00	1:1.43
2002-2003	6548.00	9658	-3110.00	1:1.47
2003-2004	7602.99	10903	-3300.01	1:1.43
2004-2005	8654.52	13147	-4492.48	1:1.52
2005-2006	10526.16	14746	-4219.84	1:1.40
2006-2007	12177.86	17157	-7979.14	1:1.41
2007-2008	14110.80	21629	-7518.20	1:1.53
2008-2009	15565.19	22507	-6941.81	1:1.45
2009-2010	16204.65	23738	-7533.35	1:1.46

Source: *Bangladesh Bank, Export Promotion Bureau.*

Export diversification. Bangladesh experienced double digit export growth over the past two decades. Yet this superior performance masks the fact that the surge was limited to one product group—readymade garments—aided not the least by the MFA regime. With over three million jobs and 80% of export earnings from the RMG sector, too much of the nation's fortune depends on this one sector.

Export concentration in garments makes the economy, jobs and income, extremely vulnerable to external shocks arising from changes in global demand for RMG.

Export Restructuring in a Globalized Economy

Global production sharing has been a striking feature of world trade in recent years. It generally entails the breaking up of the production process into critically separate stages carried out in more than one country, involving both backward and forward linkages from the production stage in commodity chain. Analysts have pointed out that the superior export performance of East Asian countries can be partly attributed to their strategic use of cross-national production networks within a globalized production system. Both the types of commodity chains can be tried. These are: Production- driven commodity chains (PDCC) and Buyer-driven commodity chain (BDCC).

Working on Market Access Issue

Producing products of export interest and in accordance with Bangladesh's competitive advantage based on its factor endowments is only the first albeit the key step for export growth. Yet being competitive in exports is only a necessary condition for export success. Global trade is subject to various tariff and non-tariff measures that serve as barrier to market access, particularly for an LDC like Bangladesh seeking new export destinations and trying to widen the existing market.

RECENT GROWTH TRENDS IN EXPORT PERFORMANCE

Center for Policy Dialogue (CPD) has conducted a number of studies on Recent Growth Trends in export. In one study it says:

"A robust export growth of 40.9 per cent during the first ten months of FY2011 provided a welcome departure from low growth posted during the corresponding period of 2009-10 and gives some indication that the country's export sector has started to recover from the average of global financial crisis." The recovery was fairly broad based shared by both RMG non-RMG sectors such as raw jute, jute goods, foreign food and leather. It needs to be mentioned here that some of the Bangladesh's competitors in the global export market (e.g. China, Vietnam and Cambodia) have also been doing well.

The RMG industry contributes to the Bangladesh economy in a distinctive manner. Last 20 years witnessed unparalleled growth in this sector, which is also the largest exporting industry in Bangladesh. During 2008-09, RMG alone contributed 79.5 % of the total export of Bangladesh. The Non- RMG sector has gained added significance with the emergence of the RMG sector. Table -9 highlights the share of selected Non-RMG export items in total exports. After a gap of long years, export of jute manufactures has revived. Sixth Five Year Plan has emphasized the importance of a good number prospective industry for their, agro-processing, shipbuilding, electronic, steel and engineering, chemical (also

Table 9: Changes In The Share of Selected Non-RMG Export Items

Export Items	**Share in Non-RMG export in FY1999-00**	**Share in Non-RMG export in FY 2009-10**	**Changes in Share**
Engineering products	0.5	8.4	7.8
Home textile	6.9	10.9	4.0
Jute yarn & twine	7.9	10.7	2.9
Footwear	3.7	5.5	1.8
Tobacco	0.2	1.4	1.3
Frozen fish	1.5	2.4	0.9
Pharmacuceuticals	0.4	1.1	0.7
Fruits	0.0	0.5	0.5
Vessels	0.0	9.3	9.3
Vegetables	1.0	1.3	0.3
Raw jute	5.1	5.3	0.2
Glass & glass ware	0.0	0.2	0.2
Handicrafts	0.4	0.1	-0.3
PVC Bags	1.8	0.8	-1.0
Tea	1.3	0.2	-1.1
Specialized textiles	6.9	5.0	-1.9
Leather product	3.9	0.8	-3.1
Chemical fertilizer	4.3	1.0	-3.2
Leather	13.9	6.1	-7.8
Frozen food	24.6	12.0	-12.6
Frozen shrimps	23.1	9.4	-13.7
Share of non-RMGin total Exports	24.3	22.8	-1.5

Source: *Estimated from EPB data.intra RMG diversification* thrust sector). As regards shipbuilding sector, according to informed source, the local shipbuilding industry has a potential to handle 8 to 10 percent of the global shipbuilding manufacturing market and this can fetch export of $40 billion a year (the daily Independent, March 15, 2012).

Foreign Direct Investment (FDI)

As a developing country, Bangladesh needs FDI for its development. The magnitude of FDI played a minor role in the economy of Bangladesh until 1980.The Government of Bangladesh (GOB) enacted the "Foreign Investment Promotion and Protection Act, 1980" in an attempt to attract DFI. Except five industries, which are reserved for public sector: defense equipment and machinery, nuclear energy, forestry in the reserved forestry area, security printing and minting, and railways, DFI is allowed in every sector of the economy. However, although Bangladesh enjoys a comparative advantage in labor-intensive manufacturing, has adopted investment friendly policies and regulations, established EPZs in the different suitable locations, FDI flows failed to accelerate. However, in 2005 substantial improvement has been achieved. But, during 2006 and 2007 FDI decreased, but in 2008 it reached highest record of 1086 and in recent years it is declining. In the midst of slow recovery of global economy from economic downturn, total inflow of FDI in Bangladesh decreased by 12.5 percent to USD 716 in the first eleven months of FY 11 as compared to inflow of corresponding period of FY 10. With the establishment of three Non- Resident Banks (NRBs) in Bangladesh with conditions that these would contribute to the economy by boosting up remittance inflows, we can a further boost up in remittance earning.

Remittances

Table-10 shows the trend of labor force working abroad since 2000. It has been recorded that expatriate labor force was 2.13 lakh in 2000, but slightly declined in 2001. An upward trend started from 2002 and this trend continued up to 2007. In 2007 the employment figure reached 9.81 lakh (the highest number). The downward trend started again in 2008. In 2011 expatriate employment was only 3.90 lakh. However, the trend of remittance showed upward movement, with the exception of only in 2001. The amount of remittance could be much more if we could keep upward trend of expatriates during recent years. Bangladesh Bank statistics showed that the remittance flows into the country maintained a steady growth for the past four months since December 2011.The volume of remittance in January 2012 was USD 1221.41 million, highest in a single month in

Table 10: Fluctuation of Remittances and Some Economic Variables since 2000

Year	Remittances		No. of Expatriate workers/ Employment Abroad(In lac)	GDP US$ (in billion))	Gross National Savings %of savings	Domestic	
	(CroresTk.)	US$ (billion)				Demand (000 Taka)	Investment (% of GDP)
2000	10266.00	1.95	2.13	47.048	22.74	11.546	23.06
2001	14390.19	1.88	1.95	47.194	22.942	11.937	23.118
2002	17719.58	2.50	2.51	49.56	24.189	12.246	23.28
2003	19872.39	3.06	2.77	54.476	25.171	12.598	23.73
2004	23646.97	3.37	2.50	59.12	25.654	12.824	24.29
2005	32274.60	3.85	2.91	61.127	26.81	13.147	24.59
2006	41298.50	4.80	5.64	65.204	28.198	13.629	24.55
2007	54293.24	5.98	9.81	73.969	29.494	14.336	24.33
2008	66674.87	7.91	6.50	84.462	29.874	14.932	24.29
2009	76010.96	9.69	4.27	94.733	29.182	15.609	24.68
2010	86210.00	10.99	3.90	104.919	26.668	16.10	25.24

Source: *Ministry of Finance*

Bangladesh history. A recent article (published in the daily Independent, 4 April, 2012) shows that Bangladesh received remittances $ 12.17 billion in 2012. It has been found out that in Bangladesh exports plus imports as percentage of GDP now stands 34%.

Concluding Remarks

With the wave of globalization, expansion in exports is taking place following international trade agreements signed among developing and developed countries. Many countries, both developing and mid-way developed countries are making brisk preparation to maximize their gains from the situation. Export and import of Bangladesh have been increasing over the last few years. The export sector achieved a remarkable growth during the last 10 years. It has been observed from our above discussion that the composition of export goods is changing. The share of primary commodities in the total export is gradually decreasing whereas the corresponding share of manufacturing commodities is gradually increasing. This is a good sign for our economy. Recently India has allowed duty free entry of Bangladeshi garment products in her market has opened big opportunity for us. Bangladesh should fully utilize the scope and try for more of such opportunity.

Bangladesh has been diversifying her traded goods and very recently goods like vegetables and fruits are exported to many countries. The export earnings of

Bangladesh have increased about 47 times (from US $ 5752.20 in FY 1999-2000 to US $ 16204.65 in FY 2009-10). We have a wide scope to export these goods, even perishable items to neighboring countries such as Nepal, Bhutan, Maldives, North-East Indian States etc. Needless to say, globalization has opened th door for entering into trade agreement with various countries of the world.

A number of initiatives could be taken to stimulate trade both bilateral with India, and other traditional countries and newly identified prospective countries. We have already achieved something—India has agreed to allow access of 46 items of RMG products duty free in their market. India could be persuaded to provide duty free market access to all export originating from Bangladesh. At the same time Bangladesh should put renewed emphasis on the diversification her export basket in the Indian market. But this should not mean that other activities not listed lack the potential for achieving export success. History has shown that neither RMG nor shipbuilding was expected to become high achievers but they did so under the current globalization production system. Where different stages of production can be fragmented, it is possible to locate these various stages in different countries in accordance with their comparative advantage and it is our task to determine export policy and execute them accordingly.

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