GLOBALIZATION AND ITS IMPACT ON BANGLADESH ECONOMY

"Globalization was supposed to bring unprecedented benefits to all. Yet, curiously, it has come to vilified both in the developed and developing world"—**Joseph E Stiglitz**, Making Globalization Work, 2006.

- PROF. DR. M A JALIL

State University of Bangladesh

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 to that. 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. There are scopes of win-win gains of the involved countries in their dealings. Since the issue of globalization is more a dream than reality, an effort was made 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**-** increasingly expanding the contributions of industries in GDP, trade liberalization, boosting up exports, exporting more manpower in abroad, encouraging them in sending remittances, and alluring the investors (both foreign and non-residents of Bangladesh) for DFI. 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, even vegetables to many countries including neighboring countries. The regional connectivity, which is under active consideration of various adjoining countries and agreements have already been made, and in some case operations are underway for bringing big opportunities for Bangladeshi products' market in those countries. To reap the benefits what is necessary for Bangladesh is to improve the quality of products and keep the prices comparatively 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 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 economics 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 economics. 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 share of national output devoted to imports and 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 with the outside world 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 more recent phenomenon. Under the above situation political domination by powerful countries has been relegated in the background and the scenario of political economy has been changing at a faster rate and this has become a usual phenomenon; various countries are now trying their best to reap the benefits of globalization to the maximum level and simultaneously trying to combat the negative impacts. So, there is a competition among countries in this respect. It is being observed that various neighboring countries are forming groups to protect their regional interests or gain mutually the economic benefits. Above all, a bilateral/multilateral interest plays dominant role in this respect.

During the course of last three decades, many forces in the larger global economy have made it imperative- and easier- 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 this study is to present the issue of globalization in short, putting emphasis on its origin, the intentions of the protagonists and hitherto how much of those were realized. Is it only serving the purposes of developed countries i.e. are the developing countries driving any benefits? If so, to what extent–a short account of such observations (covering its successes and failures) is discussed here in 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 up exports to different countries, both globally and regionally, hurdles faced in such a move and how to overcome those. Along with trade of 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 channel of movement of the people from this country to abroad and the receipt of foreign remittance. However, there are many more related issues which require discussion, but because of various constrains, we have not included all such discussion. A large number of studies have already been taken up by different bodies and everyday newspapers are covering on our export & import performances. Some selected ones have been mentioned here. Almost all of them provide a wide prospect, which inspire us. Of course, it is difficult to say that these are the effect of only globalization. The effect of globalization can hardly be segregated from overall impact of changes in the international market situation which is ceaselessly taking place in the global economy.

Limitations

The paper has been prepared on the basis selected number of literature and data available to us. It covers a vast area and in a short period of time it is difficult to present it in a befitting manner. Moreover, the issue is a dynamic in nature, continuously changes are taking place, sometime in positive direction and sometime otherwise. Along with those studies that have been made in recent years, some works like Sixth Five Year Plan FY2011-FY2015 and Industrial Policy 2010 have been taken in consideration. Studies undertaken by CPD provided inputs in forming findings.

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 to decrease tariffs as they increased the number of signatories. The series of talks, called Uruguay round, concluded in 1994, with the creation, in 1995, 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).

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. Those in both see corporate interests being advanced at the expense of other values.

There is much merit in these criticisms, but attempts should be made to make it more nearly up to its promise. Our main interest should hinge upon the economics of globalization outpacing political globalization and with the economic consequences of globalization outpacing our ability to understand and shape globalization and 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 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) evidence is overwhelmingly 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 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--those in both developed 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 our national heritage. Those who wanted to protect and develop their own cultural heritage saw too intrusions of globalization. These protestors did not accept the arguments 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 these countries. The worry was that globalization might be creating rich countries 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 advantages 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 percentages of the people living in poverty are 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 does not allow the entry of hot speculative money. India's success in lifting million 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 the experts, for how to make globalization work better. Some of these are small, that must and should meet little registence ; others are big, and may not be implemented for years.

There are many things that must be done. Six areas where the international community has recognized that is not well illustrated both in the progress that has been made and in distance which 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 half by 2051.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 destructed governments 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 grow in poor countries is that they were often unbalanced: the advanced countries were allowed to levy on goods produced by developing countries were, on average, four time higher than those on goods produced by other advanced industrial countries. While developing countries were forced to abandon subsidies designed to help their nascent industries, advanced industrial countries were allowed to continue own 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 hot 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, 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, an attempt to slow down global warming, disaster lies ahead. Global warming has become a true challenge of globalization. The successes of development, especially in India and China, have provided those 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 also a consensus, at least outside the United States, that something is wrong with the decisions are 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 both that there is a problem of governance in the international public institutions like the IMF that shape globalization and these problems contributes to their failures. 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, or 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 globalized 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 rules; a continent, Africa, striped of its assets, its natural resources, and left with Globalization of 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, 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 cooperation with their regional countries in different names such as SAARC, ASEAN, EU etc. Although, the performances of all are not up to expectation, yet their inducting the new members is on the increase. At one time, they will play their due role. Recently, a great expectation has been emerging among countries like Bangladesh, India, Nepal, Bhutan, even Myanmar, China in the form of regional connectivity. While passing comment on 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 job creation outside the 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 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, keeping Bangladesh at the hub, creating a big opportunity to expand her product market both at the regional and global level. But what is essential to achieve so 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 of financing SME can lead to the expansion of market at desired level. 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 author has 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 lack of integration of the transport system in South Asia, logistic costs are very high and ranges between 13-14 per cent of GDP, compared to 8 per cent in US.

Impact of Global Changes on Bangladesh Economy

Vision 2021 aspires for Bangladesh to attain a Middle Income Country (MIC) status by FY21. To achieve this it sets growth target that raises from 6.1 per cent annual growth in FY10 to 8 per cent per annum 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 sect oral composition of growth and ask how much structural change has happened 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.

Transforming Bangladesh's agrarian economy into modern and manufacturing services based economy is a long term challenges. Table-1 shows that Bangladesh has been able in establishing successful trend in cherished direction and the contribution of the industry sector to the country's gross domestic product (GDP) is continuously increasing. .

Table-1: Trend of Structural Transformation of Broad Sect oral Shares 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)

According to the GDP data released by BBS, in 2010-11, the contribution of manufacturing sector to GDP is 30.33 per cent, but this share was only 17.31 per cent in 1980-81. It is evident from Table-1 that steadily the structural transformation in GDP is taking place, the contribution of agriculture is decreasing and that of industry is increasing, virtually it has become double in last two decades.

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 percent actual growth recorded in FY 10. Sub-sect oral growth and share in GDP increased for manufacturing, large and medium scale industries and construction sub-sect ors in FY 11. Industry sector is showing positive sign of recovery. However, in FY 11, small scale industries, mining and quarrying, electricity, gas and water sub-sect ors recorded slower growth compared to actual growth in FY 10. Manufacturing sub-sector, the largest and the dominant part of overall industrial production, estimated to grow at 9.51 percent during FY 11 as against growth rate of 6.5 percent in FY 10.Exports marks a 41 percent hike during the first ten months of the current fiscal year. Besides, exports during the July-April period exceeded the target by 23 percent. Exports increased mainly due to additions of some new destinations and generalized system of preferences (GSP) facilities offered by the European Union (EU).

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

	Sect oral/ sub-sect oral growth rate					Sect oral/sub- sect oral 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
Manufacturing	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.

Export Performance of Bangladesh

An analysis of recent year's exports of Bangladesh reveals that the export earnings showed rebounded performance with 41.5 percent growth to USD 22.92 billion during the FY 11, as Table-3 shows, mainly due to higher demand abroad for the predominantly low end apparels, raw jute and jute goods, while some other manufactured exports from Bangladesh has picked up well, even in advanced economies in the period of global recovery. The quarterly data reveals that the year-on-year growth rate of export of Bangladesh registered 29.98 percent during the first quarter of FY 11 against a negative 11.69 percent growth during the same quarter of FY 10.The next three quarters experienced further growth in export than that of the first quarter. For example, while the second and third quarters registered 53.81 percent and 39.28 percent growth respectively, the fourth quarter recorded faster growth of 44.04 percent in exports. :

Table-3: Quarterly exports and export growth rates

Quarters	Exports(in billion USD)		Growth rate (percent, y-o-y)
	FY 11	FY 10	
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.

Although the 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 more than 41 percent in FY11, the two major export item in this group, namely woven garments and knitwear substantially contributed to this achievement by recording4o.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 following high growth performance recorded during the previous fiscal year (shown in Table-4).

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)
1. Raw Jute	457.28	196.27	82.03
2. Jute goods	757.65	591.72	28.04
3. Tea	3.2	5.65	-43.36
4. Frozen food	625.04	445.18	40.40
5. Leather	297.83	226.1	31.72
6. Woven garments	8432.4	6013.43	40.23
7. Knitwear	9482.06	6483.29	46.25
8. Chemical products:	104.76	102.87	1.84
Of which fertilizer	39.53	38.55	2.57
9. Agri. Products:	333.94	242.35	37.79
10. 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.

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.

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

It may be noted here that the World Bank examined the 1990-2010 average trade &GDP ratio of Bangladesh and found that it has risen from 19 percent to 35 percent during those 20 years. But, Gross domestic savings (GDS) as percent of GDP declined from 20.10 percent in FY 10 TO 19.59 percent tin FY 11, this decline occurred both in private and public sectors savings, due presumably to higher consumption expenses as a result of rising trends of food inflation during FY 11, slow growth of workers' remittance and downward revision of profit rates of national savings scheme. Similarly, Gross national savings (GNS)- GDP ratio also decreased from 30.02 percent in FY 10 to 28.40

percent in FY 11 because of lower inflows of net factor income (NFI) and net current transfer (NCT) during FY11. Provisional BBS data show that NFI grew by only 1.12 percent in FY 11 as against 15.57 percent growth in FY 10.

Bangladesh's Exports to SAARC Countries:

The South Asian Association for Regional Cooperation (SAARC) initiated first in Bangladesh in 1977 by the then President Ziaur Rahman, which finally came into existence in 1985 dedicated to economic, technological, social and cultural development emphasizing collective self-reliance.
Although established long back with lofty aims and objective and identified 16 areas of co-operation, but it failed to achieve even minimum expectation. We believe that such cooperation is more needed to improve the economy of the concerned countries, especially in agriculture, industry, trading and poverty eradication.

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

Table-6 shows that export to the SAARC countries from Bangladesh, India secured the highest position and in 2009-10 its quantity among the SAARC countries was about 72%. It may be pointed here that export in the SAARC countries in the FY 2009-10 compared to the total export of Bangladesh is only about 3 percent. The export income was USD 16204.65 while export income from SAARC countries was 420.55 in FY 2009-2010. But viewed from the situation prevailed in seven years back (2003-2004), the situation has been improving and increased to 167 percent.

Although the complete picture of export-import for the FY2011-12 can't be expected now, we can cite only half year's (July- December) performance. During this period Bangladesh exported goods worth $ 31 crore 37 lakh. In return, the country imported goods worth $ 268 crore 94 lakh. Thus, the deficit was to the tune of $ 237 crore 57 lakh. Of course, during the FY 2010-11 Bangladesh's export to SAARC countries was $ 65 crore 14 lakh, whereas the total import from those countries was $ 535 crore 49 lakh (amounting the deficit of $ 470 crore 30 lakh Prothom Alo,13 March,2012).

PROSPECT FOR SOUTH-SOUTH TRADE

We can explore the scope of expanding trade in South-South trade. The share of such trade was 11% of global trade in 1995, increased to 12% in 2000, 16% in 2005, 16% in 2008, and 19% in 2008. Therefore, there is a prospect in seeking fortune in this direction.

BANGLADESH'S EXPORT OPPORTUNITIES IN INDIAN MARKET

India continuous to remain one of the Bangladesh's major trading partners, accounting for 8.7 per cent 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 FY2010-11Bangladesh export to India was only$ 51 crore 25 lac, in return import from India was $ 457 crore 49 lac. The deficit was $406 crore 24 lac.(with an import to export ratio 8.9 to 1) and an increasing bilateral trade deficit, issues of barrier to trade with India and search for avenues to enhance Bangladesh's export opportunities in the growing Indian market, have assumed high significance and prominence in related discourse in Bangladesh in recent time.

Bangladeshi products in the Indian market require a strategy of reducing her huge deficit. A significant part of literature on the state of bilateral and regional economic and trade cooperation in South Asia deals with the factors contributing to weak cooperation involving SAARC member countries (CPD 2004).

Given the fact of export opportunities in India, a number of studies have tried to identify potential market opportunities for Bangladeshi sectors/products particularly in Indian market. Bhuyan and Ray (2006) 9 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) 10 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 fruit sector, will gain substantially in the Indian market both I n the short-run as well as long-run, if market duties are abolished by India .In a recent study, the World Bank(2006) 11 FTA finds that the prospect for trade between Bangladesh and India, through bilateral FTA, to be 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.

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

Trade with different Countries of the World

The difference between monetary value of exports and imports of our country can be seen in Table -8. The Table shows data of last 11 years; our import expenditures are quite high compared to our export earnings representing negative balance of trade. This pronounced negative balance of trade has dragged our efforts for development backward. The country could divert her resources spent for import payments for long term development goals. During the period between 1971-1991 expenditure on import had been more than double of the value of export. With the boost of growth of export income since 1991, the trade deficit situation has improved. In reducing the gap between import and export, the government has been trying to boost up 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 the foreign investors to produce exportable commodities is another measure. Over the last few years some non-traditional items have been enlist in the list of exportable commodities. As a result of negotiations with different countries like, India, USA, Canada, Germany, EC etc. the exports to a number of countries has been increasing. A close look on Table -8 shows that during FY 2005-2006 and 2006-2007 the trade gap was somewhat reduced, compared to earlier period , but again it increased last few years. The deficit in the trade has taken a shape which deserves our all out efforts. In this connection we can mention the overriding importance of our missions in abroad is attached to economic interests. The performance of Bangladeshi missions abroad should naturally be judged by the success in promoting exports, encouraging foreign investors to invest in FDI IN Bangladesh and increasing employment of Bangladeshi migrant workers. There is no doubt the extension of global supply chains creates new opportunities for poor countries and contributes in the production of more goods and services, expansion of their trade abroad ,which means more job creation and reduction of poverty(Pascal Lamy,' Role of Trade in Development', BEA, Public Lecture on 01.04.2012).

Recently, Bangladesh has been trying to diversify her trade relationship with various countries both neighboring and far-flung countries. One such example is trade with Canada. During the last one year, the export to Canada has increased to 52%. During 2006 the bulk of import-export between the two countries was $ 62 crore 40 lakh, but in 2010 such bulk became double and from valuation viewpoint it was $ 139 crore. Bangladeshi export was $ 100 crore 7 lakh (Prothom Alo, 28 March,2012). To take another example, export to Germany totaled $2.48 billion during July- February period, which was 15.61 percent of the total export earnings. Similarly, the country's export to UK amounted to $ 1.57 billion during July-February period of the current fiscal, which was 9.88 percent of the total export earnings. The amount was $ 1.234 billion during the same period in last year (the daily Independent, March 14,2012).

Table- 8: Balance of World 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.

According to the GPD data released by BSS, in FY2010-2011, the contribution of manufacturing sector to GDP is 18.41 per cent (planned) which is .47 per cent higher than last year (!7.94 %).The

Table -3 shows the size and growth performance of the manufacturing sector (in segregating form such as , small & cottage and medium-large) in the country's GDP from FY 2002-03 to FY 2011.

As envisaged in Vision 2021, Bangladesh will have, by 2021, a dominant industrial sector where it will account for at least 40 per cent of the gross domestic product (GDP) with a capacity to absorb 25 per cent of the workforce. The goal of development strategies of the government is to keep the contribution of the industrial sector to the GDP on increase gradually. The structure of the industrial sector will be consistent with the comparative advantage of the economy, which will make the sector globally competitive.
Since SME sector has considerable role in employment generation of the country, Bangladesh Bank (BB) is continuously providing credit support to this sector. Unfortunately, the lack of data makes it difficult to find out position and contribution SMEs in the industry sector (Jalil, 2011). This has been clearly mentioned in Sixth Five Year Plan (p-106).

In the backdrop of the dual track recovery of the global economic environment, Bangladesh economy in the early months of fiscal year 2010-11 demonstrated mixed signals. These emerging signals portend new tensions in the fiscal, monetary and balance of payment (BOP) situation. In the domestic sector, there are indications of strong production performance in the crop sector as well as positive turnaround in industrial investment. These trends were underpinned by higher credit flow and enhanced imports. However, the apparently buoyant state of the capital market appears to have more to do with lack of adequate investment opportunities in the country, rather than an upsurge of investor interest in the equity market of the country *per se*.

In line with the global economic trends, Bangladesh has experienced two volatile years (FY2008-09 and FY2009-10) when her economic growth was restrained to below 6.0 per cent level (Table 4). The first one, FY2008-09, was the year of global financial and economic crisis. In the face of fall in global demand, commodity prices as well as domestic inflationary trend declined considerably. Incidentally, during this period, Bangladesh economy not only benefited from low prices of imports, but was also able to avoid negative pressure on her export of goods and services. It is interesting to note here that during last eight months of current fiscal year n Bangladesh export to US has increased to 25 % ($ 279.23 to $ 349.19 crore, The Prothom Alo,18 Oct.2011)

On the other hand, in the next year (FY2009-10), the impacts of the global economic and financial crises started to have alarming consequences for the Bangladesh economy. Export revenues and remittance income growth started to decelerate, while the domestic inflationary trend took an upturn in consonance with the international market. A visible improvement in public investment (in terms of ADP implementation as per cent of the gross domestic product (GDP)) has also been a promising feature of the last fiscal year.

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.

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 at least by the MFA regime. With over two million jobs and 77% of export earnings from the RMG sector, too much of the nation's fortune in riding on this one sector. Export concentration in garments makes the economy, jobs and income, extremely vulnerable to external shocks arising from changes in global demy and 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 and 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 open existing market wider.

Industrial Policy 2010 to Support SFYP Strategy

Industrial Policy 2010 initiates the first year implementation of the Sixth Plan strategy for deepening of industrialization in Bangladesh. It lays the foundation for a dynamic manufacturing sector and robust export growth. Slowly but steadily Bangladesh is now gearing up with the right package of policies to attain double digit manufacturing growth during the SFYP.

RECENT GROWTH TRENDS IN EXPORT PERFORMANCE

Center for Policy Dialogue (CPD) has conducted a number of studies on Recent Growth Trends In export performance. 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. With 42.3 per cent growth for the RMG, 36 per cent growth in non-RMG exports, total export for the first ten months of the current year was ahead of the target set for the year2010-11(Table-6). Even when we account for the export-related imports, a 38.1 per cent net export growth product was attained during the first ten months of FY 2010-11. It needs to be mentioned here is that some of the Bangladesh's competitors in the global export market (e.g. China, Vietnam and Cambodia) have also been doing well.

Table-9 : Growth Rates Of Exports

Sector	Growth target for FY 2010-11	Growth target for FY 2010-11 (July-April)	Growth tar for FY2009-10(July-April)
RMG	10.0	42.3	-1.8
Knit	10.0	45.9	-2.1
Woven	10.0	38.6	-1.4
Non RMG	28.2	36.0	11.6
Raw jute	30.0	69.2	45.1
Leather	30.0	36.4	15.8
Frozen foods	1.1	53.6	-13.6
Home textile	40.0	97.8	21.7
TOTAL	14.2	40.9	1.0

Source: Estimated from EPB (2011) data by CPD

The RMG industry contributes to the Bangladesh economy in a distinctive manner. Last 20 years witnessed unparallel 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 textile industry has gained added significance with the emergence of the RMG sector. Table -7 highlights the share of selected Non-RMG export items in total exports .It is known to all that after a gap of long years' jute production, jute manufacturing has revived her position. Sixth Five Year Plan has emphasized the importance of a good number prospective industry for their contribution to employment output, value addition and exports. These are: jute, light engineering pharmaceutical, agro-processing, shipbuilding, electronic, steel and engineering, chemical (also thrust sectors) are in priority list. 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 $40 billion a year (the daily Independent, March 15, 2012).

Table-10: 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
Pharmaceuticals	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-RMG in total Exports	24.3	22.8	-1.5

Source: Estimated from EPB data .intra RMG diversification

Paul Krugman (2008) has analyzed the fruits of globalization with special emphasis on the expectation of third world countries. He mentioned that only handful of small East Asian nations had attained rapid development, developing countries like the Philippines, or Indonesia or Bangladesh were still mainly what they had always been: exporters of raw materials, importers of manufactures. However, what changed all of that was globalization: transfer of technology and capital from high-wage to low-wage countries, and the resulting growth of labor-intensive third world exports. However, over these two years Bangladesh remained an underinvested country. The investable surplus (reflected by the gap between national savings and total investment) could not be made use of due to the lack of domestic infrastructure. Growth in manufacturing sector (and hence in industry sector) remained modest. On the other hand, strong growth in agriculture sector helped maintain the GDP growth at respectable level, and expansion of safety net program provided some protection to the living standard of the marginalized groups.

Macroeconomic management in FY2010-11 thus had to confront the twin tasks of: (i) accelerating the GDP growth by energetically domestic investment, and responding to the lag impact of the global financial crisis with its demonstrated adverse consequences for Bangladesh's increasingly globalizing economy; and (ii) maintaining macroeconomic stability to aid a broad-based and inclusive economic growth.

Table 11: Sect oral Contribution to GDP Growth
(in Per cent)

Sector	FY2006	FY2007	FY2008	FY2009	FY2010	Required in FY2011 (CPD Projection)
Agriculture	16.7	15.6	11.3	14.0	15.5	11.9
Crops	*9.1*	*7.8*	*4.8*	*8.8*	*10. 3*	*9.0*
Industry	39.4	35.9	30.6	31.6	29.3	37.3
Manufacturing	*25.8*	*25.0*	*19.4*	*19.3*	*17.2*	*25.4*
Service	45.5	51.6	50.0	52.6	53.4	49.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Estimated from MoF (2010a) data and CPD projection.

Foreign Direct Investment (FDI):

As a developing country, Bangladesh needs FDI for its ongoing development process. 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. Table-1 shows that the total DFI inflow (including that in Export Processing Zones, EPZs) over 15 years, 1995-2010. Data reveals that in 1999 there was a sudden fall in FDI, and again in 2001, mainly because of political unrest, which discouraged foreign investment, and it took several years to regain the confidence of the foreign investors. It stabilized afterwards but remained below the average reached during 1997-2000.Although Bangladesh enjoys a comparative advantage in labor-intensive manufacturing, adoption of investment friendly policies and regulations, establishment of EPZs in the different suitable locations and other privileges, 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 earn

Table- 12: Fluctuation of Remittances and Some Economic Variables since 2000.

Year	Remittances		No. of Expatriate workers/ Employment Abroad(In lakh)	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

Table-12 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 drastically the figure is declining till 201 when the expatriate employment reached to 3.90 lakh only. However, the trend of remittance showed upward movement, with the exception of only in year 2001. Although, the flow of remittance depends on the number of expatriate workers, and the amount of remittance could be much more if we could keep upward trend of expatriate during recent years. Bangladesh Bank statistics showed that the remittances 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 Bangladesh history. In 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%. Besides, Bangladesh got encouragement from the assessments of some eminent persons like noble laureate Amartya Sen, world marketing guru Philip Kotler and Pascal Lamy(WTO) during their recent visits to Bangladesh. According to their views, the socio-economic performances, trade diversification and search for new markets for Bangladeshi products have a prosperous future, sustained and more efforts are needed to achieve the targets.

Concluding Remarks on Growth Outlook for FY2011-12 and Trade Diversification and gains achieved by Bangladesh under globalization

With the wave of globalization, at same time country's pick up in various field, especially in agriculture and industry (reveals in Table 1), expansion in exports are taking place following international trade agreements signed among developing and developed countries. Many countries, both developing and mid-way developed countries are taking brisk preparation to maximize their gains from the situation. Export and import share of Bangladesh in percent of GDP has been increasing over last few years. The export sector achieved a remarkable growth rate during the last 10 years. It has been observed from our above discussion 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. The share of primary commodities in the total export is gradually decreasing, whereas the corresponding share of manufacturing commodities is gradually increasing. 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 (US $ 5752.20 FY 1999-2000 to US $ 16204.65 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 the scope for coming to trade agreement with various countries of the world.

At the halfway mark of FY2010 11, there are several indications that the economy has gained some momentum, particularly due to pick in the external demand. Enhanced export receipts during the early months of FY2010 11 also speak about the upbeat manufacturing growth. Greater investment demand is reflected in strong industrial credit flow leading to growing imports demand for capital machinery and other production inputs. The outcome of crop sector is also expected to match the recent past performance. The productions of Aus and Aman have been satisfactory, while optimistic outcome is being forecasted for the Boro yield by several quarters. The performance of services sector generally has been very steady in nature, and should be consistent with the energetic performance of the real sectors. Thus, in the final analysis, broad-based manufacturing growth will define the final growth outcome in FY2010-11.

The evolution of the manufacturing sector in Bangladesh sector, FY 75-FY10 and the faster pace of manufacturing relative to the total GDP since FY91 has enlarged our expectation for production diversification both in RMG and Non-RMG sectors and export expansion also. A number of organizations/research bodies and Sixth Plan have embarked upon their activities on production in manufacturing sector (a study conducted by CPD, mentioned in Table-7) and their findings have been cited here.

A number of initiatives could be taken to stimulate trade both bilateral with India and international arena with various existing trading partner countries and newly identified prospective countries for the expansion of trade. 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 of 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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