

# CHAPTER IV

## TRADE AND INVESTMENT RELATIONS BETWEEN BANGLADESH AND ASEAN

### **4.1 Bangladesh-ASEAN: Overall Trade Performance**

As it has been noted in the previous chapter that Bangladesh opened up its economy rapidly and extensively, it is also reflected in its export-import relations with the ASEAN 10 countries. The data on mutual trade dating back to 1990/91 up to 2003/04 show that Bangladesh's imports from the ASEAN countries progressively went up over the years. Table 4.1 shows Bangladesh's imports from the ASEAN 10 countries from the fiscal year 1990/91 to the fiscal year 2003/04. In the fiscal year 1990/91, Bangladesh imported commodities from the ASEAN countries of a value worth US\$ 424 million, which accounted for 12 per cent of Bangladesh's total imports from the world. The following three years, the volume of imports from the ASEAN 10 countries went down slightly. For these three years average imports were US\$ 368 million. But from the fiscal year 1994/95, the volume of Bangladesh's imports from the ASEAN 10 countries began to rise progressively and rapidly until recent times. In the fiscal year 1994/95, Bangladesh's imports from ASEAN jumped from an average US\$ 368 million to US\$ 483 million. The following years witnessed a progressive rise in this trend. In the fiscal year 2003/04, Bangladesh's imports from the ASEAN 10 countries reached to a peak point of US\$ 1,666 million. This figure accounted for 15 per cent of Bangladesh's total imports from the world.

**Table 4.1: Imports of Bangladesh from ASEAN: from 1990/91 – 2003/04.**

(In million US\$)

Year	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam	ASEAN	% of Total
1990/91	0.04	0	34.79	0	31.64	0.30	2.80	333.85	20.74	0	424.15	12.22
1991/92	0.50	0	40.19	0	40.80	0.13	0.81	274.47	23.62	0.20	380.73	10.99
1992/93	1.81	0.10	59.55	0.33	52.55	2.48	0.93	204.23	38.68	0.66	361.31	9.06
1993/94	0.40	0.11	54.62	0.11	56.52	6.70	0.37	198.06	41.21	3.02	361.11	8.87
1994/95	0.40	0.16	63.75	2.09	40.99	9.10	2.23	275.04	85.85	3.68	483.29	8.57
1995/96	0.52	0.25	71.72	1.39	68.54	1.85	2.48	343.26	61.52	0.48	552.03	8.34
1996/97	0.43	0.43	127.42	0.82	195.10	3.75	1.51	294.31	76.87	2.00	702.64	10.49
1997/98	1.51	0.34	164.24	0.60	168.88	8.55	2.22	321.41	107.03	5.53	780.31	11.10
1998/99	0.92	0.13	183.28	0.40	80.73	15.44	2.50	509.77	134.30	7.25	934.71	11.66
1999/00	1.05	1.54	161.65	0.63	107.50	13.09	2.41	697.63	153.87	5.03	1144.41	13.62
2000/01	1.25	0.42	189.17	0.61	147.25	24.70	9.62	812.01	199.53	7.32	1391.88	14.91
2001/02	0.25	0.24	173.61	0.57	145.07	16.94	11.32	840.47	158.91	2.86	1350.25	15.81
2002/03	0.24	0.08	187.61	0.33	169.19	35.94	18.74	919.30	176.90	3.27	1511.60	15.65
2003/04	0.29	0.08	241.50	1.18	254.46	26.53	13.05	887.62	238.86	2.74	1666.30	15.28

But the situation in Bangladesh's exports to the ASEAN 10 countries shows a very dismal picture. The data on mutual trade dating back to 1990/91 up to 2003/04 show that Bangladesh's exports to the ASEAN countries stranded at an average of US\$ 70 million per year. Table 4.2 shows Bangladesh's exports to the ASEAN 10 countries from the fiscal year 1990/91 to the fiscal year 2003/04. In the fiscal year 1990/91, Bangladesh exported commodities to the ASEAN countries of a value worth US\$ 49 million, which accounted for 3 per cent of Bangladesh's total exports to the world. In the Fiscal year 2003/04, Bangladesh's exports to the ASEAN 10 countries were US\$ 82 million. This figure accounted for 1 per cent of Bangladesh's total exports to the world. Although, the volume of exports by Bangladesh to the ASEAN 10 countries increased by a little margin, in percentage terms, the share reduced progressively over the years from 3 per cent in 1990/91 to 1 per cent in 2003/04.

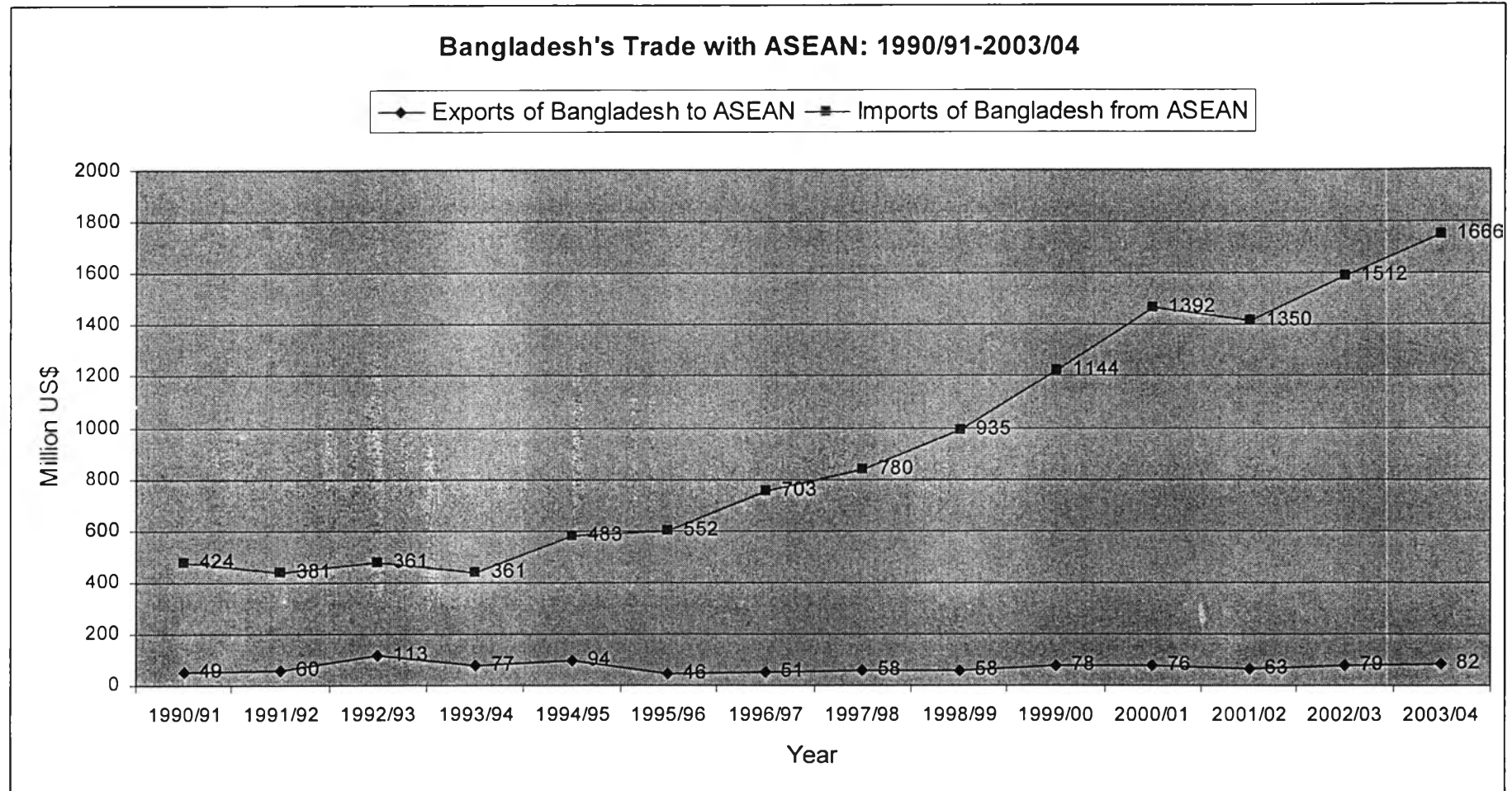
Bangladesh's imports from the ASEAN 10 countries have increased by 393 per cent from the fiscal year 1990/91 to the fiscal year 2003/04. On the other hand, its exports to the same countries increased by only 167 per cent during the same period. In 1990/91, Bangladesh earned a trade deficit of US\$ 375 million with the ASEAN 10 countries. By 2003/04, this trade deficit increased by four-fold and became US\$ 1585 million. Figure 4.1 shows a comparative picture of Bangladesh's trade with ASEAN. The bulk of the total imports of Bangladesh from ASEAN come from Singapore. In 1990/91, Singapore supplied 79 per cent of Bangladesh's total imports from ASEAN, while Indonesia 8 per cent, Malaysia 7 per cent, Thailand 5 per cent and the Philippines 1 per cent. Singapore's share in Bangladesh's total imports from ASEAN gradually reduced, and the share of Indonesia, Malaysia and Thailand went up by a small margin. But still it is more than half of the total. In 2003/04, Singapore constituted 53 per cent of Bangladesh's total imports from ASEAN while Indonesia and Malaysia's share were 15 per cent each, and Thailand's share was 14 per cent. Myanmar and the Philippines were 2 per cent and 1 per cent respectively. Figure 4.2 shows country-share in Bangladesh's total imports from ASEAN in 1990/91 and 2003/04.

**Table 4.2: Exports of Bangladesh to ASEAN: from 1990/91 - 2003/04.**

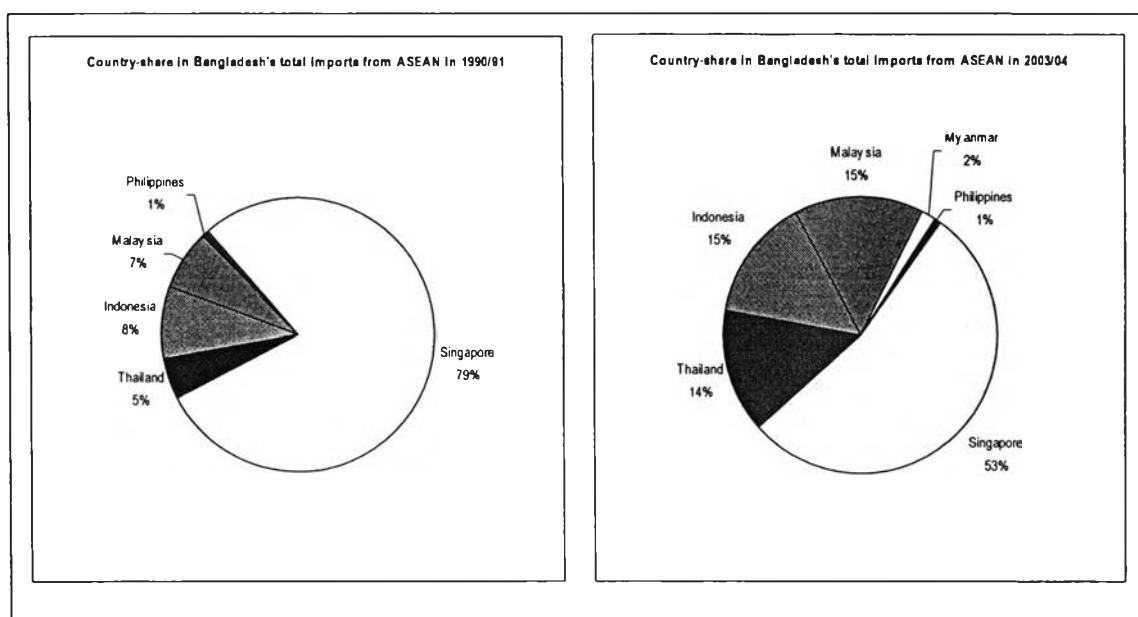
(In million US\$)

Year	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam	ASEAN	% of Total
1990/91	0.13	0	1.32	0.19	1.78	0.19	0.04	35.70	3.30	6.07	48.72	2.92
1991/92	0.15	0	8.22	0.06	5.85	0.59	3.25	32.55	8.75	0.33	59.73	3.14
1992/93	0.05	0	13.96	0.01	7.36	6.73	6.19	50.52	13.80	14.60	113.22	5.29
1993/94	0.19	0	10.01	0	6.38	10.41	4.26	33.99	11.72	0.23	77.19	3.29
1994/95	0.60	0	7.52	0.06	12.06	5.07	6.72	25.83	4.26	31.53	93.65	3.06
1995/96	0.04	0	2.64	0.32	6.85	1.67	1.87	18.23	11.37	2.51	45.52	1.46
1996/97	0.58	0.02	9.98	0.54	9.80	0.51	2.20	16.32	7.24	3.73	50.93	1.45
1997/98	0.14	0	8.80	0.16	15.20	0.30	1.03	17.25	9.04	5.66	57.59	1.46
1998/99	0.04	0	4.02	0	4.65	1.29	1.25	19.87	21.40	4.99	57.50	1.33
1999/00	0.18	0.03	7.02	0.12	7.11	0.64	0.93	17.97	37.35	6.55	77.90	1.57
2000/01	0.41	0	5.28	0.14	6.12	0.71	0.85	30.42	22.31	9.79	76.04	1.27
2001/02	0.81	0.04	5.11	0	6.10	0.82	0.46	25.70	12.14	11.85	63.03	1.17
2002/03	1.12	0.13	7.61	0	3.72	1.51	2.59	41.50	13.77	6.76	78.71	1.37
2003/04	0.29	0.83	7.41	0	6.24	2.80	6.77	29.90	12.43	14.85	81.51	1.18

Figure: 4.1: Bangladesh' trade with ASEAN: 1990/91-2003/04.

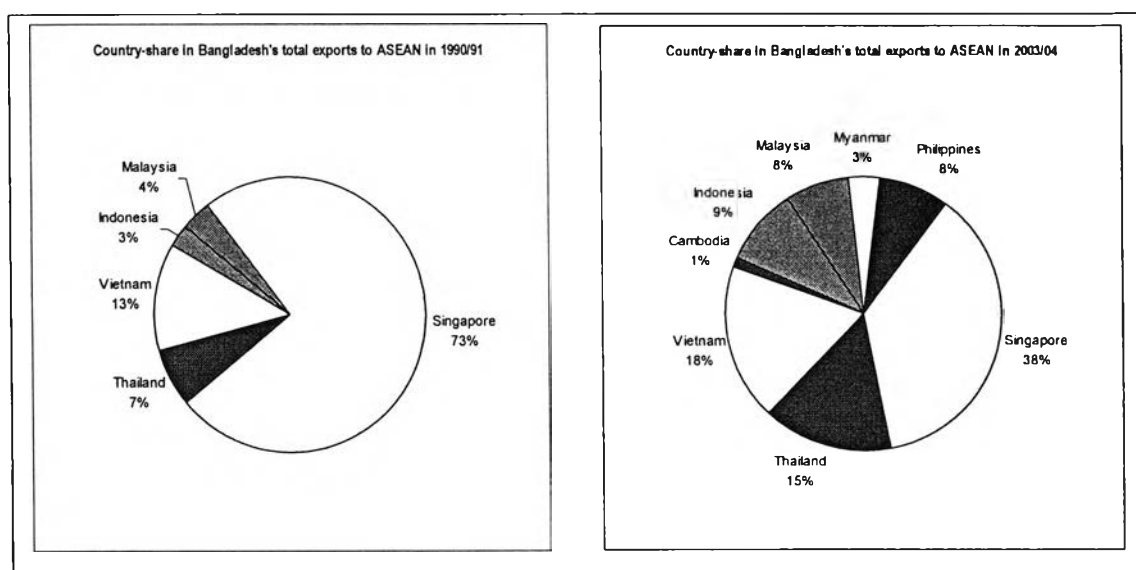


**Figure 4.2: Bangladesh's imports from ASEAN in 1990/90 and 2003/04**



On the other hand, Singapore again is the principal destination of Bangladesh's total exports to ASEAN. In 1990/91, 73 per cent of Bangladesh's total exports to ASEAN were destined for Singapore. In this year Vietnam was the second recipient of Bangladesh's exports to ASEAN whose share was 13 per cent. Thailand received 7 per cent, Malaysia and Indonesia received 4 per cent and 3 per cent respectively. Singapore's share progressively reduced while others' share increased over the years. Thus, in 2003/04, Singapore consumed 38 per cent of Bangladesh's total exports to ASEAN. Still Vietnam continued to be the second largest recipient of Bangladesh's exports to ASEAN whose share was 18 per cent in the same year. Thailand also increased its share to 15 per cent. Indonesia's share was 9 per cent, Malaysia and the Philippines' share were 8 per cent each, while Myanmar and Cambodia's share were 3 per cent and 1 per cent respectively. Figure 4.3 depicts country-share of Bangladesh's total exports to ASEAN in 1990/91 and 2003/04.

**Figure 4.3: Bangladesh's exports to ASEAN in 1990/90 and 2003/04**



## 4.2 Bangladesh-Brunei Trade Relations

Bangladesh-Brunei trade balance has always been in favour of Brunei. Table 4.3 shows a comparative picture of Bangladesh's imports from Brunei and its exports to the same.

**Table 4.3: Bangladesh's Trade with Brunei**

(In million US\$)

Year	1990/91- 1994/95 Average	1995/96- 1999/00 Average	2000/01- 2003/04 Average	1990/91- 2003/04 Total
<b>Imports from Brunei</b>	0.63	0.89	0.58	9.61
<b>Exports to Brunei</b>	0.22	0.20	0.66	4.73
<b>Balance</b>	(-) 0.41	(-) 0.69	(+) 0.08	(-) 4.88

From the fiscal year 1990/91 to 1994/95, Bangladesh imported commodities from Brunei worth of US\$ 0.63 million on the average per year. But during the same period, Bangladesh exported commodities to Brunei worth US\$ 0.22 million on the average per year. In these five years, Bangladesh fetched an

average trade deficit of US\$ 0.41 million with Brunei per year. During the next five

years *i.e.*, from fiscal year 1995/96 to 1999/2000, average trade deficit of Bangladesh against Brunei increased to US\$ 0.69 million every year. In these five years, Bangladesh's average exports dropped to 0.20 per year while imports to Brunei increased to US\$ 0.89 per year. However, the table shows that in the subsequent four years, *i.e.*, from the fiscal year 2000/01 to 2003/04, the trade gap reduced by a large margin. During these four years, average trade gap stood at US\$ 0.08 million per year in favour of Bangladesh. In this period, Bangladesh's exports to Brunei increased almost three-fold from the first five years mentioned in the table. Yet, there is a yawning trade gap in the total trade between the two countries, which is in favour of Brunei. From the fiscal year 1990/91 to 2003/04, Bangladesh imported commodities from Brunei worth US\$ 9.61 million in total. On the other hand, Bangladesh exported commodities to Brunei worth US\$ 4.73 million in total during the same period. Thus, the total trade gap in these years stood at US\$ 4.88 million in favour of Brunei.

The most traded commodity items between Bangladesh and Brunei were textile and textile articles (commodity group code 'K' in our research, see appendix-A). Fourteen items of products are included in this commodity group. This commodity group accounted for 29 per cent of the total imports of Bangladesh during the study period. Bangladesh imported mostly cotton (code '52') and man-made staple fibres (code '55') included in this commodity group, which constituted the bulk of total imports from Brunei. These two items formed 12 per cent and 10 per cent respectively of the total imports in the said period. The commodity group 'P' (machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers; and parts and accessories of such articles) made up 25 per cent of the total imports of Bangladesh from Brunei in the same period. Of which nuclear reactors, boilers, machinery and mechanical appliances; parts thereof alone constituted 24 per cent.

Bangladesh exported other vegetable textile fibres, paper yarn and woven fabrics of paper yarn (commodity code '53') to Brunei every year, which constituted the bulk of the total (87 per cent of the total exports to Brunei in the study period). The other most traded items of this commodity group were articles of apparels and



clothing accessories, knitted or crocheted (commodity code '61'); and articles of apparel and clothing, accessories, not knitted or crocheted (commodity code '62'). The next most exported commodity item was raw hides and skins (other than furskins), and leather (commodity code '41'), which constituted 7 per cent of the total exports to Brunei in the study period.

### **4.3 Bangladesh-Cambodia Trade Relations**

In terms of volume of trade, Cambodia is the last number country in the list of partners in Southeast Asia. A total of US\$ 4.93 million trade took place between Bangladesh and Cambodia during the period of our study. Bangladesh started imports from Cambodia since the fiscal year 1992/93. But exports to Cambodia have been sporadic (see table 4.2). The first exports to Cambodia took place in the fiscal year 1996/97; four years after imports from Cambodia had begun. The second exports occurred in 1999/2000. There was a gap of two years between the first and the second exports by Bangladesh to Cambodia. Again the following year there was no exports to Cambodia, while imports from the country by Bangladesh continued uninterruptedly. However, since the fiscal year 2001/02 exports to Cambodia seems to be stable. However, balance of trade is in favour of Cambodia. From the fiscal year 1990/91 to the fiscal year 1994/95, Bangladesh imported commodities from Cambodia worth on the average US\$ 0.12 million, while Cambodia's import from Bangladesh was nil during this period. During the second five years of our studied period, Bangladesh fetched an average trade deficit of US\$ 0.51 million per year (see table 4.4). But during the last four years of our studied period Bangladesh earned a trade surplus with Cambodia of a value of US\$ 0.12 million per year.

**Table 4.4: Bangladesh's Trade with Cambodia**

(In million US\$)

Year	1990/91- 1994/95 Average	1995/96- 1999/00 Average	2000/01- 2003/04 Average	1990/91- 2003/04 Total
<b>Imports from Cambodia</b>	0.12	0.54	0.21	4.54
<b>Exports to Cambodia</b>	00	0.03	0.33	1.05
<b>Balance</b>	(-)0.12	(-)0.51	(+)0.12	(-)3.49

Yet, Bangladesh had an overall trade deficit of US\$ 3.49 million in total in the fourteen years studied period of this research.

During the studied period, Bangladesh imported mostly cotton (code '52') from Cambodia, which constituted

39 per cent of the total. The second important items were salt, sulphur, earth and stone; plastic materials; lime and cement (our code no. '25'). This commodity group made up 10 per cent of the total imports of Bangladesh from Cambodia in the same period. Silk (code '50') was third in rank in the import items while special oven fabrics; tufted textile fabrics; lace; tapestries; trimming; embroidery (code '58') were fourth in volume. In the export baskets of Bangladesh to Cambodia, raw hides and skins (other than furskins) and leather (code '41') was on the top of the list. These category products constituted 73 per cent of the total exports to Cambodia. The second important items were articles of apparels and clothing accessories, knitted or crocheted (code '61'), which made up 6 per cent of the total. The third item was cotton, which formed 5 per cent of the total.

#### 4.4 Bangladesh-Indonesia Trade Relations

**Table 4.5: Bangladesh's Trade with Indonesia**

(In million US\$)

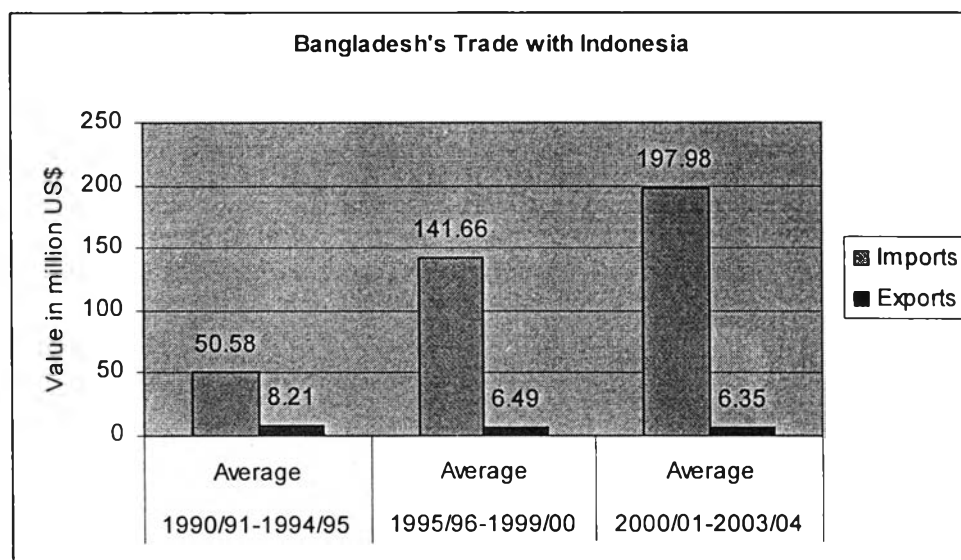
Year	1990/91- 1994/95 Average	1995/96- 1999/00 Average	2000/01- 2003/04 Average	1990/91- 2003/04 Total
<b>Imports from Indonesia</b>	50.58	141.66	197.98	1753.11
<b>Exports to Indonesia</b>	8.21	6.49	6.35	98.90
<b>Balance</b>	(-)42.37	(-)135.17	(-)191.53	(-)1654.21

Table 4.5 shows a comparative picture of Bangladesh's trade with Indonesia. This country has been the second largest trading partner of Bangladesh in ASEAN. Bangladesh and Indonesia had exchanged commodities

worth a total of US\$ 1852 million during the studied period of this research. Of which Bangladesh imported commodities from Indonesia whose value is US\$ 1753 million. Bangladesh exported only US\$ 99 million. With Indonesia, Bangladesh incurred a trade deficit of US\$ 1654 million. The table 4.5 shows that Bangladesh's imports from Indonesia progressively increased over the years, while exports to Indonesia followed a reversed course. During the first five years of the studied period, Bangladesh imported on the average more than US\$ 50 million worth commodities from Indonesia per year. The next five years this average imports jumped to US\$ 142 million per year. During 2000/01-2003/04, this average imports further increased and stood at US\$ 198 million per year. On the other hand, exports by Bangladesh to Indonesia followed the opposite direction. During the first five years annual average exports were only US\$ 8 million. The next five years the average exports reduced to US\$ 6.49 million. During 2000/01-2003/04 the annual average exports further reduced and stood at US\$ 6.35 million per year. The huge trade deficits against Bangladesh can be easily understood from the figure 4.4. During the first five years average trade deficit of Bangladesh with Indonesia was US\$ 42 million per year. The next five years average trade deficits jumped to US\$ 135 million per year. During

2000/01-2003/04, average trade deficit rose to its peak of 192 million per year. In total Bangladesh incurred a trade deficit of US\$ 1654 million over the studied years.

Figure 4.4: Trade deficits of Bangladesh against Indonesia



Bangladesh imported a wide range of commodities from Indonesia from 1990/91 to 2003/04. Out of 97 commodity groups, Bangladesh imported commodity items that belong to 95 commodity groups. The most imported items were mineral products that belong to code '25' *i.e.*, salt; sulphur; earths and stone; plastering materials; lime and cement. These items made up 18 per cent of the total imports from Indonesia. The second most imported items were animal or vegetable fats and oils and cleavage products; prepared edible fats; animal or vegetable waxes (code '15'). The third and fourth imported items were commodity groups '55' (man-made staple fibres) and '52' (cotton) respectively. In the export basket of Bangladesh to Indonesia only a few commodities have been found. Out of 97 commodity groups, Bangladesh exported commodities that belong to only 36 commodity groups. The most exported items from Bangladesh to Indonesia were 'other vegetables textile fibres; paper yarn and woven fabrics of paper yarn (code '53'). These items constituted 50 per cent of the total exports to Indonesia by Bangladesh. The second and third exported items made up 31 per cent and 6 per cent respectively of the total. These two commodity groups are '63' (other made up textile articles; sets; worn clothing and worn textile

articles; rags) and '41' (raw hides and skins (other than furskins) and leather) respectively. Only three commodity groups formed 87 per cent of the total exports of Bangladesh to Indonesia.

#### 4.5 Bangladesh-Lao PDR Trade Relations

As a trading partner in Southeast Asia, Lao PDR is comparatively a new one. In terms of volume of trade Laos is the second from the bottom. Total trade between Bangladesh and Laos during the studied period amounted to only US\$ 10.66 million. Bangladesh started imports from Lao PDR since the fiscal year 1992/93. But exports to Lao PDR had started before imports began. In spite of this, trade balance is in favour of Lao PDR.

**Table 4.6: Bangladesh's Trade with Lao PDR**

(In million US\$)

Year	1990/91- 1994/95 Average	1995/96- 1999/00 Average	2000/01- 2003/04 Average	1990/91- 2003/04 Total
<b>Imports from Lao PDR</b>	0.84	0.77	0.70	9.16
<b>Exports to Lao PDR</b>	0.08	0.29	0.14	1.60
<b>Balance</b>	(-)0.76	(-)0.48	(-)0.56	(-)7.56

Up to the fiscal year 2003/04, Bangladesh imported commodities from Lao PDR worth US\$ 9.16 million. Although exports began earlier than imports, the total exports up to the fiscal year 2003/04 stood at a value of US\$

1.6 million, thus, leaving a total trade gap of US\$ 7.56 million in favour of Laos. Table 4.6 shows data on Bangladesh-Lao PDR trade relations. Bangladesh's average exports to Laos had increased a little during the fiscal years 1995/96 – 1999/2000 than the average exports of the previous five years. But since the fiscal year 2000/01, exports to Laos had stopped while imports from the country have been continuing uninterruptedly.

Bangladesh imports from Laos mostly cotton, machinery and mechanical appliances, and knitted or crocheted fabrics. From the fiscal year 1990/91 to the fiscal year 2003/04, cotton made up 41 per cent of the total imports from Laos. Nuclear reactors, boilers, machinery and mechanical appliances; and parts thereof (code '83') constituted 11 per cent of the total imports. Knitted or crocheted fabrics (code '60') occupied the third position in the imports basket from Laos. Man-made staple fibres (code '55') and impregnated coated, covered or laminated textile fabrics; textile articles of kind suitable for industrial use (code '59') have taken the fourth and fifth positions respectively with a contribution of 6 per cent each in the imports basket. Another 40 commodity groups fill the rest of the imports basket with 28 per cent contribution. On the other hand, Bangladesh exported only 7 commodity groups out of 97. Raw hides and skins (other than furskins) and leather (code '41') formed 48 per cent of the total exports of Bangladesh to Laos. Commodity code '53' (other vegetable textile fibres; paper yarn and woven fabrics of paper yarn) was second in rank, that constituted 42 per cent of the total. Articles of apparels and clothing, accessories, not knitted or crocheted (code '62'), and fish and crustaceans, molluscs and other aquatic invertebrates (code '3') made up 4 per cent and 3 per cent respectively of the total exports to Laos.

#### **4.6 Bangladesh-Malaysia Trade Relations**

Malaysia is the fourth largest trading partner of Bangladesh in Southeast Asia. Since the fiscal year of 1990/91 to the fiscal year 2003/04, a value of US\$ 1658 million trade took place between Bangladesh and Malaysia. But the bulk of this total trade was imports from Malaysia. During this period, Bangladesh imported commodities from Malaysia of a value of US\$ 1559.30 million. But exports to Malaysia were only US\$ 99.22 million during the studied period. As a result, a huge trade gap had developed over the years in favour of Malaysia. Bangladesh's trade deficits against Malaysia during this period were US\$ 1460.08 million. If we look at table 4.7, we find that Bangladesh's imports from Malaysia have progressively increased over the years. On the other hand, exports to Malaysia have declined. Thus, while the average imports from Malaysia during the fiscal years 1990/91 to 1994/95

was a value of US\$ 44.52 million, exports were only of a value of US\$ 6.69 million on the average.

**Table 4.7: Bangladesh's Trade with Malaysia**

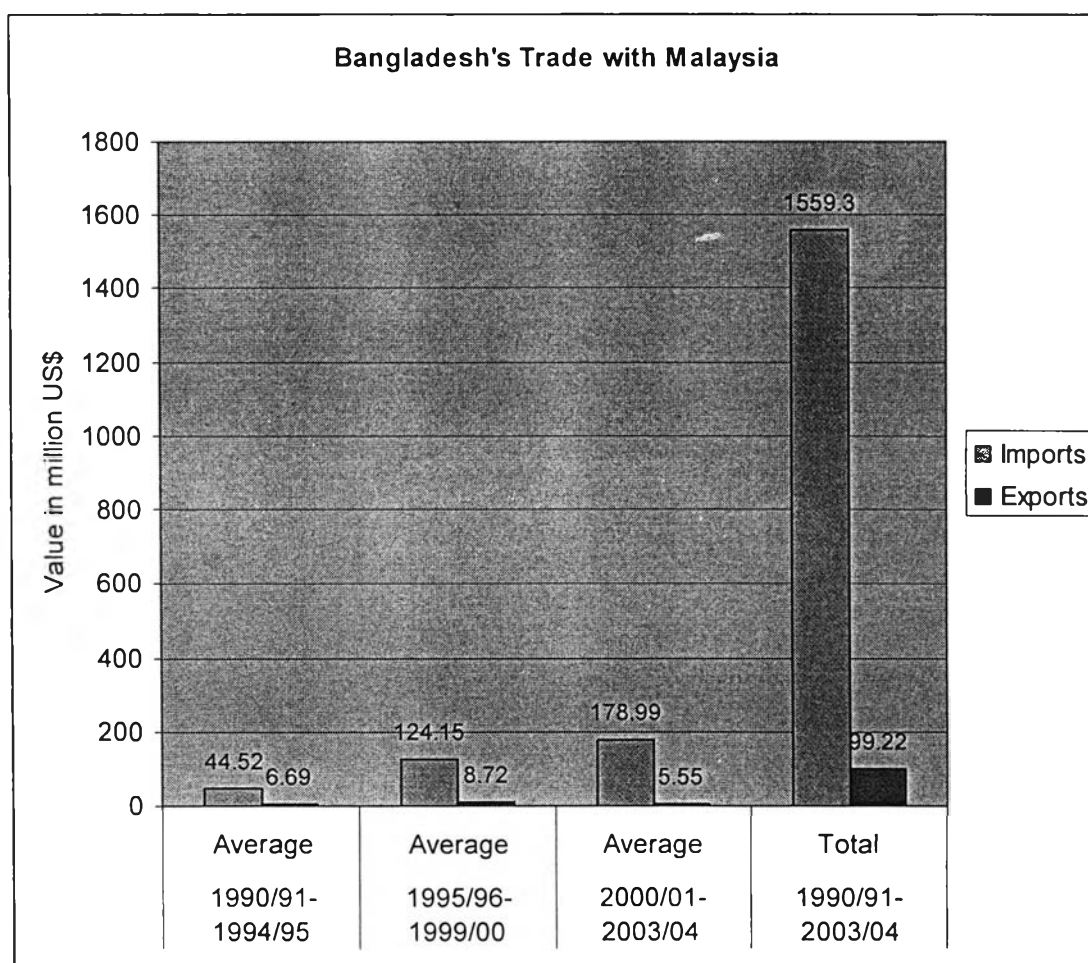
(In million US\$)

Year	1990/91- 1994/95 Average	1995/96- 1999/00 Average	2000/01- 2003/04 Average	1990/91- 2003/04 Total
<b>Imports from Malaysia</b>	44.52	124.15	178.99	1559.30
<b>Exports to Malaysia</b>	6.69	8.72	5.55	99.22
<b>Balance</b>	(-)37.83	(-)115.43	(-)173.44	(-)1460.08

During these five years, trade deficits of Bangladesh against Malaysia were US\$ 37.83 million. During the next five years, Bangladesh's average imports from Malaysia jumped to US\$ 124.15 million per year, while

exports were only US\$ 8.72 million per year. During this time trade deficits of Bangladesh against Malaysia, thus, rose to US\$ 115.43 million per year. During the next four years, imports further jumped to US\$ 178.99 million per year. But most interestingly, exports declined to US\$ 5.55 million per year during the same period. As a result, trade deficits of Bangladesh further deteriorated. During these four years trade deficits of Bangladesh increased to US\$ 173.44 million per year. Figure 4.5 shows Bangladesh's trade deficits against Malaysia during the fiscal years 1990/91 – 2003/04.

Figure 4.5: Trade deficits of Bangladesh against Malaysia



A wide range of commodities are imported from Malaysia by Bangladesh. Out of 97, Bangladesh imported 93 commodity groups from Malaysia. Animal or vegetable fats and oils and cleavage products; prepared edible fats; animal or vegetable waxes (code '15') filled up 33 per cent of the total imports basket of Bangladesh from Malaysia during 1990/91 – 2003/04. Plastics and articles thereof (code '39') and mineral fuels, mineral oils and products of their distillation, bituminous substances; mineral waxes (code '27') were second and third in the import items' list from the top. They contributed 8 per cent each to the imports basket. Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof (code '83'), and salt; sulphur; earths and stone; plastering materials; lime and cement (code '25') were fourth and fifth in rank with 6 per cent and 5 per cent contributions respectively.



On the other hand, out of 97 commodity groups, Bangladesh's exports to Malaysia belonged to 53 groups. The main export items in the exports basket of Bangladesh to Malaysia were fish and crustaceans, molluscs and other aquatic invertebrates (code '3'), which formed 28 per cent of the total. The second important commodity group was mineral fuels, mineral oils and products of their distillation bituminous substances; mineral waxes (code '27'). The share of these commodities in the exports basket is 14 per cent. But exports of these commodities of the group do not happen every year. They had appeared sporadically. Out of 14 years of our studied period, they were exported only 7 years. The third important items that were exported 13 years out of the 14 years covered by our study, were other made up textile articles; sets; worn clothing and worn textile articles; rags (code '63') with 8 per cent contribution in the exports basket. Other two commodity groups also had 8 per cent share each in the exports but they are exported sporadically. For example, fertilizers (code '31') had a share of 8 per cent but were exported only 4 years out of 14. Yet, fertilizers had the fourth position in the total exports to Malaysia. Man-made staple fibres (code '55') also shared 8 per cent in the total exports and had its place in the fifth position. But they were exported 8 years out of 14. The commodities belonging to code '53' (other vegetable textile fibres; paper yarn and woven fabrics of paper yarn) with 7 per cent contribution to the total exports ranked the sixth position. But these commodities were exported every year.

#### **4.7 Bangladesh-Myanmar Trade Relations**

For Bangladesh, Myanmar is an important country in ASEAN. Because Myanmar is the country through which Bangladesh physically connects with ASEAN. It is not only that, Myanmar is also important because Bangladesh shares its boundary with two countries and Myanmar is one of them. But Bangladesh's trade with Myanmar has not flourished up to the potentials. Bangladesh's imports from Myanmar comprise 32 commodity groups out of 97. The volume of trade is also meagre keeping in mind its geographical position. With a total trade value of US\$ 198.74 million, Myanmar is the fifth largest trading partner of Bangladesh in ASEAN. Table 4.8 shows data on Bangladesh-Myanmar trade relations.



**Table 4.8: Bangladesh's Trade with Myanmar**

(In million US\$)

Year	1990/91- 1994/95 Average	1995/96- 1999/00 Average	2000/01- 2003/04 Average	1990/91- 2003/04 Total
<b>Imports from Myanmar</b>	3.74	8.54	26.03	165.50
<b>Exports to Myanmar</b>	4.60	0.88	1.46	33.24
<b>Balance</b>	0.86	(-)7.66	(-)24.57	(-)132.26

During the first five years of our studied period from the fiscal year 1990/91 to the fiscal year 1994/95, Bangladesh had an average trade surplus with Myanmar by a small margin of US\$ 0.86 million annually.

During these five years Bangladesh annually exported commodities worth US\$ 4.6 million on an average, and it imported commodities worth US\$ 3.74 million annually on the average. During the next five years Bangladesh's imports rose to US\$ 8.54 million on the average per year. But during the same time, exports to Myanmar fell down drastically. Annual average exports were recorded US\$ 0.88 million only. As a result, Bangladesh fetched a trade deficit of US\$ 7.66 million per year. During the last four years of our studied period, from 2000/01 to 2003/04, imports from Myanmar jumped to US\$ 26.03 million on the average per year. On the other hand, exports to Myanmar were only US\$ 1.46 million per year on the average. Thus, trade deficits of Bangladesh against Myanmar also jumped to US\$ 24.57 million on the average per year. From 1990/91 to 2003/04 Bangladesh imported commodities from Myanmar a total of US\$ 165.5 million. But Bangladesh exported to Myanmar during the same period of a total value of US\$ 33.24 million creating a trade deficit of US\$ 132.26 million in favour of Myanmar.

Bangladesh imported mainly wood and articles of wood, wood charcoal (code '44') from Myanmar uninterruptedly during the 14 years of our study. This commodity group filled 53 per cent of the basket of the total imports from Myanmar. The second important commodity group was cereals (code '10'). The third important

commodities were edible vegetables and certain roots and tubers (code '7'). These two commodity groups formed 29 per cent and 9 per cent respectively. They also were imported uninterruptedly almost every year. On the other hand, 31 commodity groups had been found in the exports basket of Bangladesh to Myanmar. Fertilizers (code '31') had been found to top the list of exports to Myanmar filling 54 per cent of the exports basket. But this was not a frequently exported item. Fertilizers were exported only 3 years out of 14 of our studied period. Pharmaceutical products formed the second largest volume in the exports list. These products had a share of 14 per cent and were frequently exported to Myanmar. Articles of iron and steel (code '72'), and other made up textile articles; sets; worn clothing and worn textile articles; rags (code '63') were third and fourth largest items respectively with each 9 per cent contributing to the total exports. Other vegetables textile fibres; paper yarn and woven fabrics of paper yarn (code '53') were listed in the fifth position with 4 per cent contribution to the total exports to Myanmar.

#### **4.8 Bangladesh-Philippines Trade Relations**

The Philippines was the seventh largest trading partner of Bangladesh in ASEAN in terms of volume of trade. A total of US\$ 109.4 million were traded during our studied period. Like Myanmar, initially Bangladesh had a trade surplus with the Philippines. During the first five years of our studied period, Bangladesh had a trade surplus of US\$ 2.66 million on the average every year (Table 4.9). Bangladesh had exported on the average US\$ 4.09 million per year to the Philippines in these five years. Imports were on the average of a value of US\$ 1.43 million per year. But during the next five years, from 1995/96 to 1999/2000, average imports from the Philippines rose to US\$ 2.22 million per year, while average exports fell down to US\$ 1.46 million per year. This created an average trade deficit of US\$ 0.76 million per year.

**Table 4.9: Bangladesh's Trade with the Philippines**

(In million US\$)

Year	1990/91- 1994/95 Average	1995/96- 1999/00 Average	2000/01- 2003/04 Average	1990/91- 2003/04 Total
<b>Imports from Philippines</b>	1.43	2.22	13.18	70.99
<b>Exports to Philippines</b>	4.09	1.46	2.67	38.41
<b>Balance</b>	(+)2.66	(-)0.76	(-)10.51	(-)32.58

Average imports from the Philippines jumped by a large margin to US\$ 13.18 million per year during the last four years of our studied period, from 2000/01 to 2003/04. By contrast, average exports to the Philippines were only

US\$ 2.76 million per year, which created a big gulf in the trade balance. Bangladesh this time earned an average trade deficit of US\$ 10.51 million per year. The total trade deficits during the 14 years stood at US\$ 32.58 million with imports from the Philippines of a value of US\$ 70.99 million, and exports to the Philippines of a value of US\$ 38.41 million.

In the imports basket of Bangladesh from the Philippines 60 commodity groups had been found out of 97. In terms of value of the imported items salt; sulphur; earth and stone; plastering materials; lime and cement (code '25') had been found to top the list. But these products had been imported since the fiscal year 2000/01. Still their contribution to the total imports is 48 per cent. Oil seeds and oleaginous fruits miscellaneous grains, seeds and fruit, industrial or medicinal plants; straw and fodder (code '12') had been found in the second position with 7 per cent contribution to the total imports. Man-made staple fibres (code '55'), and iron and steel (code '72') were in the third and fourth positions respectively with 6 per cent contribution by each product group to the total imports. Fertilizers (code '31'), and nuclear reactors, boilers, mechanical appliances; parts thereof (code '83') had fifth and sixth positions respectively with 5 per cent contribution by each commodity group to the total imports from the Philippines.

On the other hand, 31 commodity groups out of 97 had been found in the exports basket of Bangladesh to the Philippines. Bangladesh had exported fertilizers to the Philippines from the fiscal year 1991/92 to the fiscal year 1994/95. Bangladesh no longer exports fertilizers to the Philippines. Yet, in terms of value fertilizers constituted the largest part of the total exports to the Philippines with 44 per cent contribution. It should be noted here that Bangladesh imported fertilizers from the Philippines from the fiscal year 2000/01 to the fiscal year 2003/04. Bangladesh exported articles of stone, plasters, cement, asbestos, mica or similar materials (code '68') only two years in 2002/03 and 2003/04. But still these products occupied the second position in terms of value with a contribution of 23 per cent in the exports basket to the Philippines. Raw hides and skins (other than furskins) and leather (code '41') had been exported to the Philippines uninterruptedly during the studied period. This product group with the third position formed 12 per cent of the total exports to the Philippines. Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn (code '53') contributed 6 per cent to the total exports to the Philippines and were placed in the fourth position. Bangladesh also exported iron and steel (code '72'), which made up 4 per cent of the total and had the fifth place in the exports list.

#### **4.9 Bangladesh-Singapore Trade Relations**

Singapore is the largest trading partner of Bangladesh in ASEAN. From 1990/91 to 2003/04, a total of US\$ 7307.18 million trade took place between Bangladesh and Singapore. In percentage terms, 56 per cent of the total trade with ASEAN happened with Singapore. Every item of the total of 97 commodity groups had been imported from Singapore. As the volume of trade between Bangladesh and Singapore is the largest in ASEAN, so is the trade gap between the two countries. Imports by Bangladesh from Singapore are on the ever increase. Table 4.10 shows a summary of the trade that took place between Bangladesh and Singapore in the studied period.

**Table 4.10: Bangladesh's Trade with Singapore**

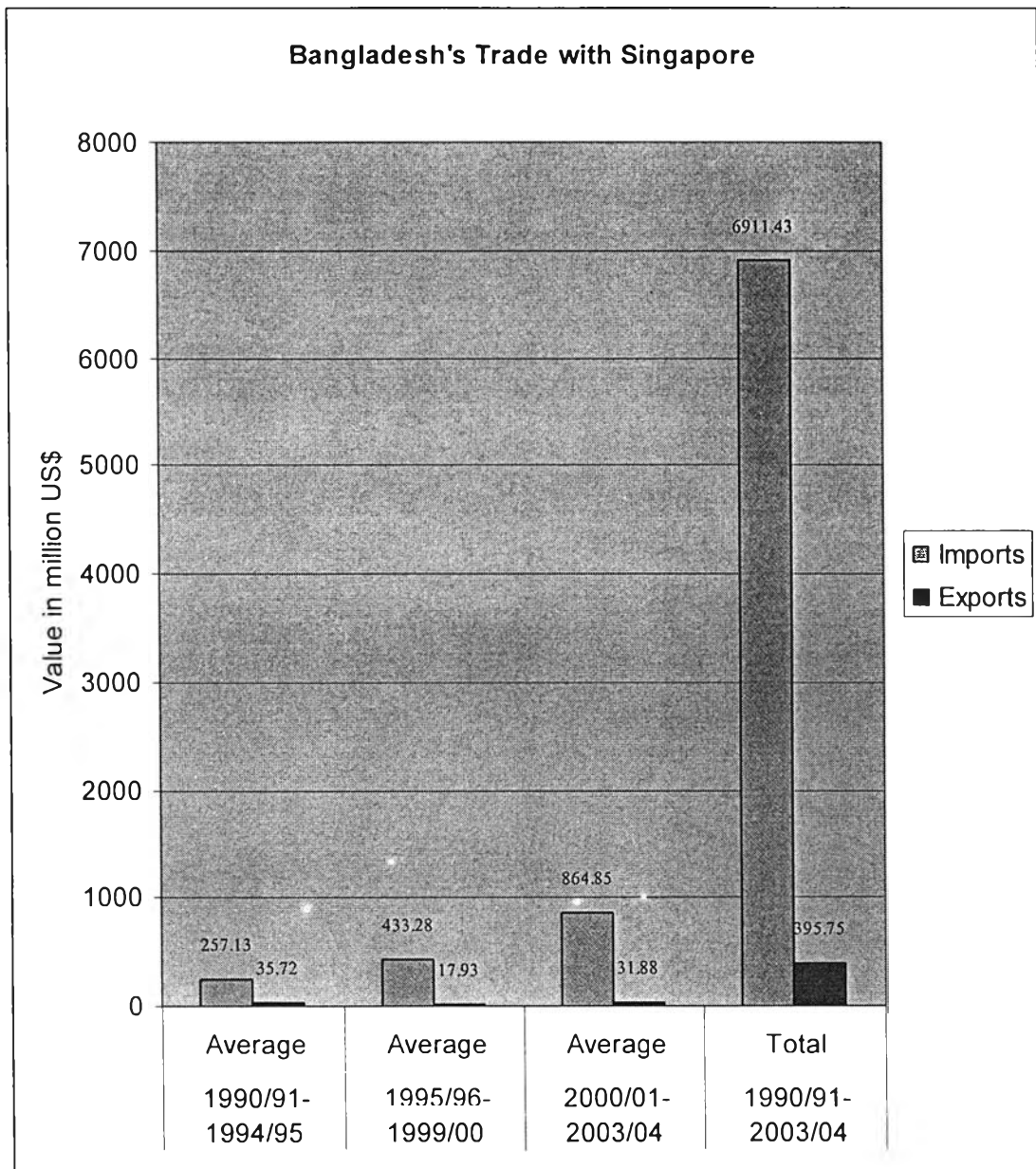
(In million US\$)

<b>Year</b>	<b>1990/91- 1994/95 Average</b>	<b>1995/96- 1999/00 Average</b>	<b>2000/01- 2003/04 Average</b>	<b>1990/91- 2003/04 Total</b>
<b>Imports from Singapore</b>	257.13	433.28	864.85	6911.43
<b>Exports to Singapore</b>	35.72	17.93	31.88	395.75
<b>Balance</b>	(-)221.41	(-)415.35	(-)832.97	(-)6515.68

During the first five years of the studied period, average imports from Singapore by Bangladesh were US\$ 257.13 million per year. On the contrary, Bangladesh exported only US\$ 35.72 million on the average per year

during the same period. Thus, a huge trade gap of US\$ 221.41 million on the average per year during the above mentioned period existed in favour of Singapore. Trade gaps between Bangladesh and Singapore can be best understood by the figure 4.6.

**Figure 4.6: Trade deficits of Bangladesh against Singapore**



During the next five year, from the fiscal year 1995/96 to 1999/2000, average imports from Singapore almost doubled. By contrast, exports became half than the previous five year. In this period, Bangladesh imported US\$ 433.28 million on the average every year. But exports to Singapore fall to half to US\$ 17.93 million on the average every year. As a result, also trade deficits of Bangladesh against Singapore became doubled. In this period average trade deficits against Singapore were US\$ 415.35 million per year. In the last four years of your studied period, average imports from Singapore again became doubled than the average of the previous five years.

This time average imports from Singapore were US\$ 864.85 million per year. On the other hand, average exports were only US\$ 31.88 million per year. Finally, the average trade deficits stood at US\$ 832.97 million per year. During the 14 years of our studied period, total trade gap stood at US\$ 6515.68 million with total imports from Singapore of a value of US\$ 6911.43 million, and total exports to Singapore of a value of US\$ 395.75 million.

Bangladesh imported a wide range of commodities from Singapore during the studied period. Mineral fuels, mineral oils and products of their distillation bituminous substances; mineral waxes (code '27') constituted the largest part of the imports basket. This commodity group made up 38 per cent of the total. Animal or vegetable fats and oils and cleavage products; prepared edible fats; animal or vegetable waxes (code '15') contributed 11 per cent of the total imports with the position of second. Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof (code '83') were in the third position and made up 9 per cent of the total imports. Plastics and articles thereof (code '39') had the fourth position and contributed 5 per cent of the total imports. Ships, boats and floating structures (code '88') had the fifth position with a contribution of 4 per cent. Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles (code '84') had the sixth position and contributed 3 per cent of the total imports from Singapore.

On the other hand, Bangladesh exported 78 commodity groups to Singapore out of 97. As in the case of imports from Singapore, mineral fuels, mineral oils and products of their distillation bituminous substances; mineral waxes (code '27') took the first place in the case of exports to Singapore as well. This commodity group made up 40 per cent of the total exports to Singapore. Other vegetables textile fibres; paper yarns and woven fabrics of paper yarn (code '53') were the second in rank and contributed 14 per cent of the total exports. Fish and crustaceans, mollusks and other aquatic invertebrates (code '3') were the third mostly exported items which formed 10 per cent of the total exports. Knitted or crocheted fabrics (code '60') were the fourth



largest export items being 6 per cent of the total exports. Raw hides and skins (other than furskins) and leather (code '41') were the fifth largest commodities and were 5 per cent of the total exports from 1990/91 to 2003/04.

#### 4.10 Bangladesh-Thailand Trade Relations

Thailand is the third largest trading partner of Bangladesh in Southeast Asia.

**Table 4.11: Bangladesh's Trade with Thailand**

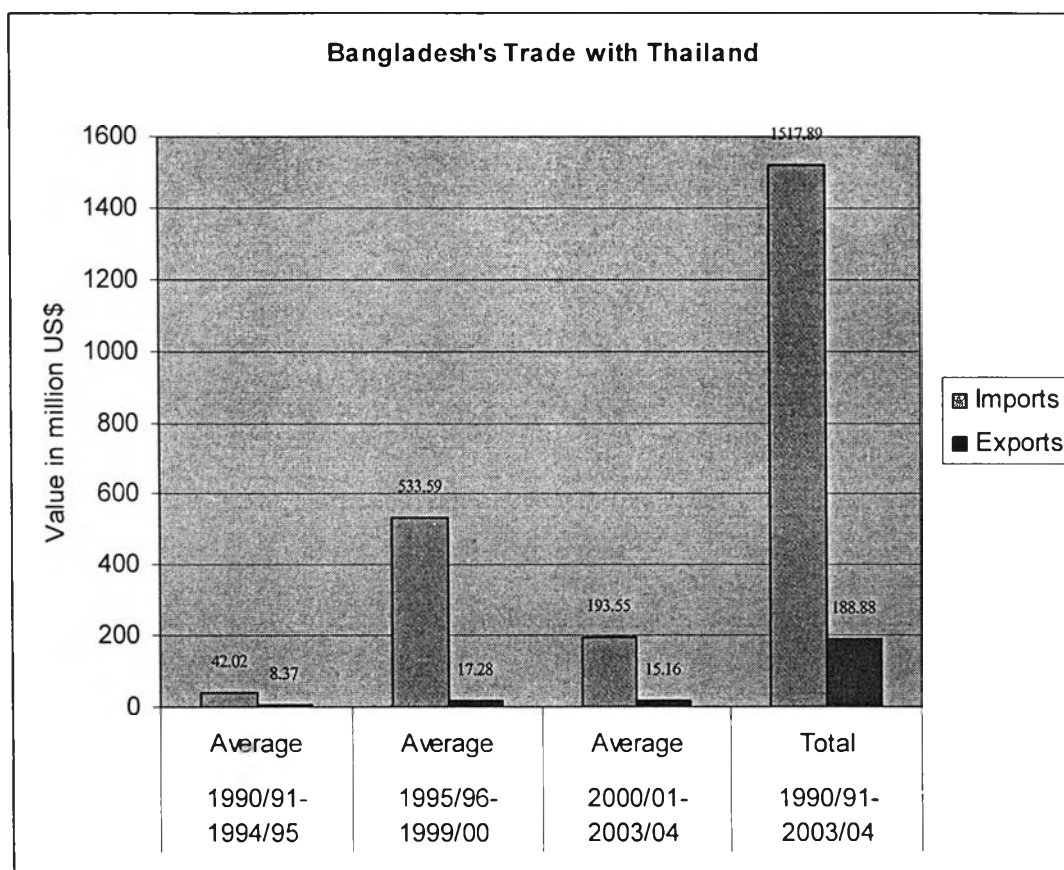
(In million US\$)

Year	1990/91- 1994/95 Average	1995/96- 1999/00 Average	2000/01- 2003/04 Average	1990/91- 2003/04 Total
<b>Imports from Thailand</b>	42.02	533.59	193.55	1517.89
<b>Exports to Thailand</b>	8.37	17.28	15.16	188.88
<b>Balance</b>	(-) 33.65	(-) 516.31	(-) 178.39	(-) 1329.01

From 1990/91 to 2003/04 a total of US\$ 1706.77 million were traded between Bangladesh and Thailand. As usual, a huge trade gap existed between the two countries in favour of Thailand. Table 4.11

summarises trade data on Bangladesh and Thailand. From 1990/91 to 1994/95, Bangladesh imported on the average US\$ 42.02 million per year from Thailand. But Bangladesh's average exports to Thailand during this period were US\$ 8.37 million per year. So there existed a trade deficit against Bangladesh of a value of US\$ 33.65 million. Figure 4.7 illustrates Bangladesh's trade deficits against Thailand.

**Figure 4.7: Trade deficits of Bangladesh against Thailand**



During 1995/96 to 1999/2000, Bangladesh's average imports from Thailand drastically jumped to US\$ 533.59 million per year. On the other hand, average exports Thailand were only US\$ 17.28 million per year. Thus, a huge trade gap of average US\$ 516.31 million existed against Bangladesh per year during the same period. During 2000/01 to 2003/04, average imports from Thailand went down to US\$ 193.55 million per year. Also average exports to Thailand went down to US\$ 15.16 million per year during the same period. As imports were reduced, average trade deficits also reduced to US\$ 178.39 million per year. However, total trade deficits against Bangladesh during the studied period stood as high as US\$ 1329.01 million. Total imports of Bangladesh from Thailand were US\$ 1517.89 million and total exports to Thailand were US\$ 188.88 million.

Imports of Bangladesh from Thailand comprise 94 commodity groups out of 97. The most imported items were plastics and articles thereof (code '39'). This

commodity group constituted 16 per cent of the total imports from Thailand. Also salt; sulphur; earths and stone; plastering materials; lime and cement (code '25') made up 16 per cent of the total imports but were ranked the second. Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof (code '83'), and man-made staple fibres (code '55') were ranked as the third and the fourth commodity groups with 10 per cent and 9 per cent contribution to the total imports. Cotton (code '52'), and sugars and sugar confectionary (code '17') were ranked in the fifth and sixth positions and contributed 7 per cent and 5 per cent of the total imports respectively.

On the exports side, Bangladesh exported 41 commodity groups out of 97. Fish and crustaceans, molluscs and other aquatic invertebrates (code '3') were recorded in the top of the export items to Thailand. This product group occupied 56 per cent of the total exports basket. Other vegetables textile fibres; paper yarn and woven fabrics of paper yarn (code '53') were the second largest commodity group with a contribution of 27 per cent in the total exports to Thailand. Raw hides and skins (other than furskins) and leather (code '41') had the third position and contributed 5 per cent in the exports basket. These three commodity groups were noticed as the items exported every year. The other 38 commodity groups that were exported to Thailand were sporadic in appearance. None of them was exported on a continuous basis.

#### **4.11 Bangladesh-Vietnam Trade Relations**

Vietnam is the sixth largest trading partner of Bangladesh in ASEAN. Vietnam is the only country in Southeast Asia with whom Bangladesh enjoys a trade surplus. From 1990/91 to 2003/04 a total of US\$ 163.49 million trade took place between Bangladesh and Vietnam. During the first five years of our studied period, Bangladesh's average imports from Vietnam were US\$ 1.89 million per year, while average exports were US\$ 10.55 million per year. Thus, during these five years, Bangladesh enjoyed a trade surplus of US\$ 8.66 million per year. Table 4.12 summarizes trade data on Bangladesh versus Vietnam.

**Table 4.12: Bangladesh's Trade with Vietnam**

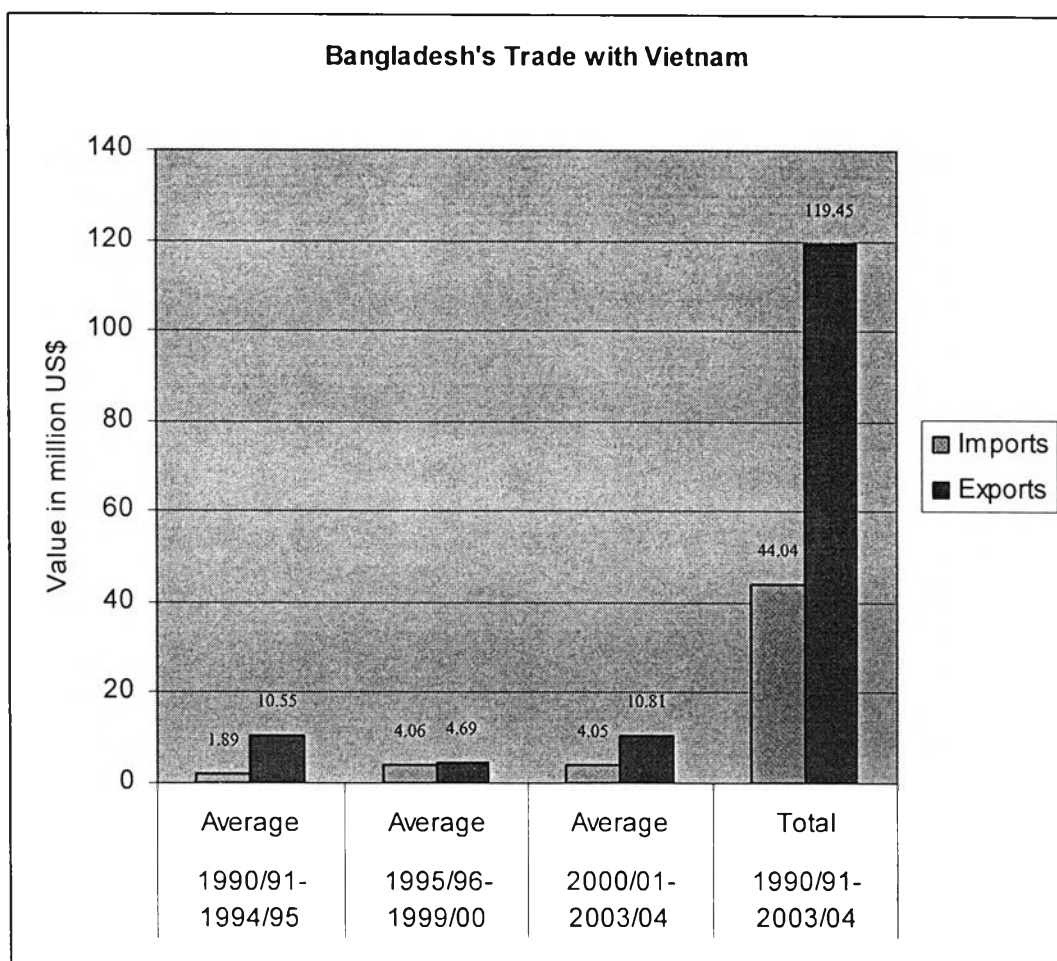
(In million US\$)

Year	1990/91- 1994/95 Average	1995/96- 1999/00 Average	2000/01- 2003/04 Average	1990/91- 2003/04 Total
<b>Imports from Vietnam</b>	1.89	4.06	4.05	44.04
<b>Exports to Vietnam</b>	10.55	4.69	10.81	119.45
<b>Balance</b>	(+) 8.66	(+) 0.63	(+) 6.76	(+) 75.41

During the next five years from 1995/96 to 1999/2000, average imports from Vietnam increased more than double, but average exports to Vietnam reduced to less than half. Bangladesh's average imports were

US\$ 4.06 million per year, while average exports were US\$ 4.69 million per year. Still Bangladesh had an average trade surplus of US\$ 0.63 million each year. During the last four years of our studied period, from 2000/01 to 2003/04, Bangladesh's average imports remained constant at US\$ 4.05 million per year, while average exports became doubled again – US\$ 10.81 million every year. Thus, during these four years, Bangladesh gained an average trade surplus of US\$ 6.76 million each year. In total, during these 14 years Bangladesh imported commodities from Vietnam of a value of US\$ 44.04 million, and exported commodities of a value of US\$ 119.45 million. The overall trade surplus was US\$ 75.41 million in favour of Bangladesh. Figure 4.8 depicts Bangladesh's trade balance with Vietnam.

**Figure 4.8: Bangladesh's Trade Balance with Vietnam**



Bangladesh's imports from Vietnam fall in 61 commodity groups. Imports from Vietnam were topped by cereals (code '10') whose contribution to the imports basket was 34 per cent. But cereals were not imported every year. Out of the 14 years covered by this study cereals were imported in 6 years. Silk occupies the second position in the imports basket. It had a contribution of 16 per cent and was imported in almost every year. Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles (code '84') had the third position and contributed 8 per cent of the total imports from Vietnam. Since 1996/97, these products had been imported on a continuous basis. Cotton (code '52') was placed in the fourth position in the imports list and 6 per cent of the total imports. Cotton also was imported almost in every year. Oil seeds and oleaginous fruits, miscellaneous grains, seeds and fruit, industrial or medicinal plants; straw and fodder (code '12'),

and nuclear reactors, boilers, machinery and mechanical appliances; parts thereof (code '83') had been discovered in the fifth and sixth positions respectively with 4 per cent contribution by each group.

In the exports basket of Bangladesh to Vietnam 30 commodity groups out of 97 such groups had been found. Raw hides and skins (other than furskins) and leather (code '41') with a contribution of 47 per cent to the exports basket were placed in the first position. These commodities had been exported continuously since 1993/94. Fertilizers (code '31') were exported in only five years. Yet they had been found in the second place with a contribution of 36 per cent to the total exports to Vietnam. Pharmaceutical products (code '30'), and fish and crustaceans, molluscs and other aquatic invertebrates (code '3') were accorded the third and fourth positions respectively with a contribution of 5 per cent by each group to the total exports. Other vegetables textile fibres; paper yarn and woven fabrics of paper yarn (code '53'), and wood and articles of wood, wood charcoal (code '44') were in the fifth and sixth positions respectively each group separately contributing 2 per cent to the total exports to Vietnam.

#### **4.12 Bangladesh-ASEAN: FDI Relations<sup>1</sup>**

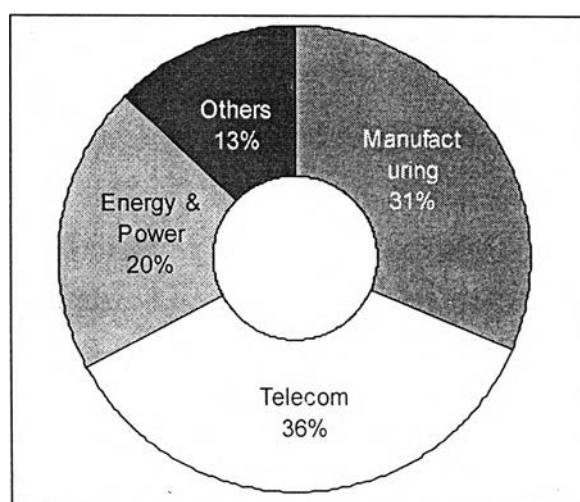
We have already seen in the previous chapter while analyzing trade and investment policies of Bangladesh that the country offers foreign investors every possible incentive to attract more and more foreign direct investment (FDI) in Bangladesh. 'The 15<sup>th</sup> Survey of Investment-Related Cost Comparison in Major Cities and Regions in Asia' conducted in March 2005 by the Japan External Trade Organization (JETRO) noted that *investment cost in Bangladesh has become cheaper compared to the last year and Bangladesh succeeded to develop herself as more competitive than other countries which are potential from the investment point of view to foreign investors*. This comment by the JETRO reflects the investment policy

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<sup>1</sup> This section is based on the 4<sup>th</sup> FDI Inflow Survey report titled **FDI in Bangladesh During 2004**, conducted by the Board of Investment, Bangladesh, June 2005.

development in Bangladesh. The 4<sup>th</sup> FDI Inflow Survey by the Board of Investment (BOI) Bangladesh found that during the calendar year 2004, actual FDI inflow into the country had grown to US\$ 660.8 million, which is 49.7 per cent higher than the previous year. The service sector drew the bulk of the FDI in 2004. Figure 4.9 shows Sectoral distribution of FDI in 2004.

**Figure 4.9: Sectoral Distribution of FDI in 2004**



Source: BOI, Bangladesh

From ASEAN, three countries had made investment in Bangladesh in 2004. These countries are Malaysia, Singapore and Thailand. They had invested a total of US\$ 660.81 million in 12 projects. This investment is 7.66 per cent of the total FDI in Bangladesh in 2004. Table 4.13 shows FDI in Bangladesh from the ASEAN countries in 2004 in comparison with the world. Investment from the ASEAN countries in Bangladesh could not be known before the year 2004.

**Table 4.13: FDI Inflow in Bangladesh in 2004 from ASEAN Countries**

Country	No. of Projects	Investment In million US\$	Country Share %	Country Rank
Malaysia	8	44.93	6.80	5
Singapore	3	5.59	0.85	14
Thailand	1	0.06	0.01	30
ASEAN	12	50.58	7.66	-
World	222	660.81	100.00	-

Source: BOI, Bangladesh

Bangladeshi entrepreneurs are also coming to the ASEAN countries with FDI. Such entrepreneurs had invested in some projects in Myanmar and Cambodia. But the number of projects and the invested amount could not be known because of lack of reliable source.