



### Bangladesh – a brief overview

The People's Republic of Bangladesh is a South Asian country located on the fertile Bengal delta. It is a developing nation which is intently working towards enhancing its economy. The country's economy has grown at the rate of 6-7% per annum over the past few years. More than half of the GDP is generated by the service sector, while nearly half of Bangladeshis are employed in the agricultural sector. Bangladesh has also seen a dramatic increase in foreign direct investment in the past few years. In order to enhance economic growth, the govt. set up several export processing zones to attract foreign investment.

Grameen Bank of Bangladesh, world's leading pioneer of microfinance, has become a global model for microcredit, low-income households and facilitating women's access to credit, serving around 8.4Mn rural women. The Bank enjoys a very high international profile where various UN agencies, private foundations, US and European govts and many private individuals deposit money with the Bank, thus increasing its lending-base.

The EU works closely with Bangladesh in the framework of the EU-Bangladesh Co-operation Agreement, concluded in 2001. This agreement provides broad scope for co-operation, extending to trade and economic development, human rights, good governance and the environment. Under EU's General Scheme of Preferences (GSP), Bangladesh has also been granted Everything But Arms (EBA) status where it can export products on zero tariff rates to EU countries. EU accounts for almost 12% of the country's total exports.

Bangladesh is also a recipient of American trade preferences and is allowed to export nearly 5,000 products duty-free to the United States, which buys about 25% of the country's \$ 18Bn in annual apparel exports.

### Key Industries of Bangladesh

The garment industry is a major driver of Bangladesh's economy, having more than 5,000 factories that employ about 4Mn workers. Bangladesh is the world's second-largest apparel exporter after China. Its low cost labour has been an attraction for manufacturers. Other than garments, major industries of Bangladesh includes jute, cotton, paper, leather, fertilizer, iron and steel, cement, petroleum products, tobacco, pharmaceuticals, ceramics, salt, sugar, edible oils, soap and detergent, fabricated metal products, electricity and natural gas.

Its major agricultural products include rice, jute, tea, wheat, sugarcane, potatoes, tobacco, pulses, oilseeds, spices, fruit, beef, milk and poultry. Shipbuilding and consumer goods manufacturing are important emerging industries, while the jute sector is re-emerging with increasing global demand for green fibres.

### Bangladesh's major trading commodities and partners

Major export commodities are garments, knitwear, agricultural products, frozen food, jute and jute goods and leather. The major export partners are US (16.7%), Germany (12.5%), UK (8.4%) and France (5%). Key imports are machinery and equipment, chemicals, iron and steel, textiles, foodstuffs, petroleum products and cement. The main import partners are China (19.5%), India (13.4%), Singapore (4.9%), Malaysia (4.7%) and South Korea (4.1%).

### Economic Relations between Pakistan and Bangladesh

Pakistan and Bangladesh share strong bonds of religion and the legacy of a common struggle of Independence. Pakistani investors have invested around \$ 2Bn in Bangladesh's garment, leather and textile sectors in the last few years giving way to healthy economic relations between the two regional countries.

### Bilateral Trade Relations between Pakistan and Bangladesh

Bilateral trade between the two countries has been growing slowly over the past years. Last year during 2013-14, Pakistan exports to Bangladesh grew at a rate of 6.51% to \$ 724.12Mn as against \$ 679.90Mn in 2012-13 whereas imports from Bangladesh experienced a decline of 10.97% to \$ 52.66Mn compared to \$ 59.15Mn during 2012-13. The total volume of trade (export plus import) between the two countries during 2013-14 was about \$ 776Mn.

### Trading Commodities between Pakistan and Bangladesh

Pakistan and Bangladesh exchange various goods through bilateral trade. Items exported by Pakistan to Bangladesh include cotton, woven fabrics and yarn, machines, vacuum & heat pumps, refrigerators, polyester, acrylic, silicon, maize and rice, animal leather, woven synthetic fabric, knitted fabrics etc. Imports from Bangladesh include goods like jute & textile bast fibres, jute yarn, unmanufactured tobacco, cruise and cargo ship, barges, knitted gloves & mittens, knitted T-shirts, knitted men's shirt, singlets, goat skin leather, tea, anise & badian seeds etc.

### Regional Trade Agreements of Bangladesh

In order to enhance trade, Bangladesh has signed various regional trade agreements with partners. It has signed a Preferential Trade Agreement (PTA) with D-8 Countries in 2006. D-8, also known as Developing-8, is an arrangement for development cooperation among the member countries: Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey are its members. The country is also negotiating for special and differential treatment as Least Developed Country (LDC) under this agreement. Some Bilateral Trade Agreements (especially with Pakistan, India and Sri Lanka) are also in offing.

### Trade Agreement between Pakistan and Bangladesh

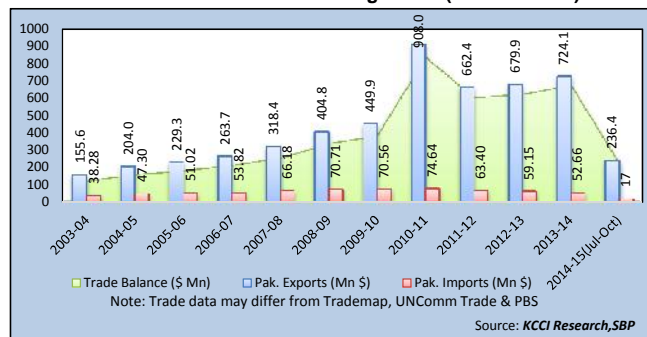
To give a boost to bilateral trade between Pakistan and Bangladesh, both countries have decided to finalise a bilateral Free Trade Agreement which will pave the way for opening trade opportunity and will help expansion of trade.

### Economic Indicators

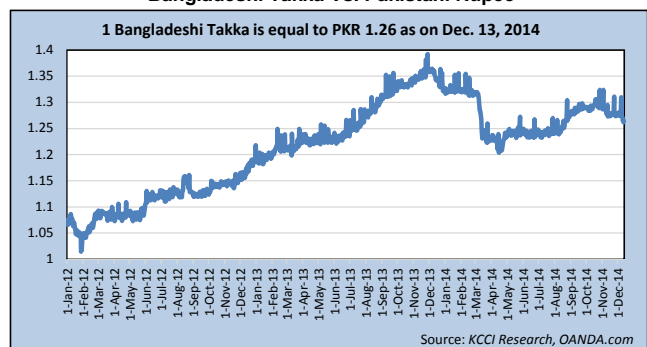
Indicators	Unit	2012	2013 est.	Change
GDP (PPP)	\$ Bn	307.00	324.60	5.73%
GDP per Capita	\$	2,000	2,100	5.00%
GDP growth	%	6.1	5.8	-0.30%
Forex Reserves	\$ Bn	12.75	15.74	23.45%
External Debt	\$ Bn	29.53	30.69	3.93%
Exports	\$ Bn	24.92	26.91	7.99%
Imports	\$ Bn	32.29	32.94	2.01%
Trade Balance	\$ Bn	-7.37	-6.03	18.18%
Current Account	\$ Bn	1.75	3.54	101.88%
CPI	%	6.6	7.6	1.00%
Unemployment	%	5.0	5.0	0.00%
Bank Lending Rate	%	13.0	13.0	0.00%

Sources: KCCI Research, CIA Factbook

### Trade between Pakistan & Bangladesh (FY04 - Oct'14)



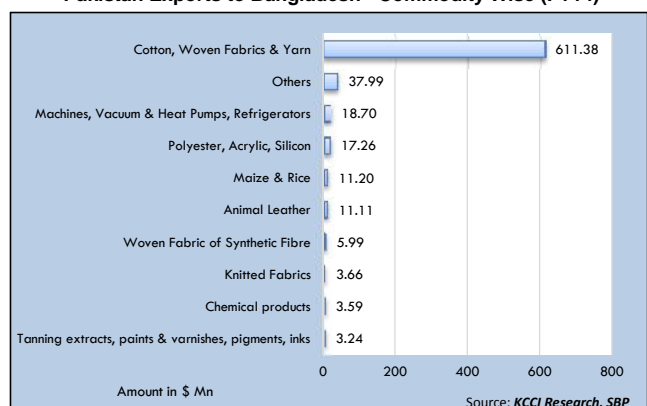
### Bangladeshi Takka Vs. Pakistani Rupee



### Key Memberships

ADB, CICA (observer), CP, D-8, FAO, G-77, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IFAD, IFC, IFRCs, IHO, ILO, IMF, OIC, SAARC, SACEP, UN, WHO, WIPO, WMO, WTO

### Pakistan Exports to Bangladesh - Commodity Wise (FY14)



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