

A S S I G N M E N T

Introduction to Macroeconomics

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Ques.

Identify 5 Industries over which Bangladesh has competitive advantage.

Ans.

Bangladesh is a developing country. Its trade is increasing day by day. Export and export items are also increased in a good number. For our export many government and non-government organizations are working for monitoring and increasing our export.

The annual export/import is US\$ 8.65 (2004-2005) billion/US\$ 10.80 (2003-2004) billion. Major Exports are readymade garments, frozen foods (shrimps), leather, leather products, jute, jute products, tea, ceramic, textile fabrics, home textile, chemical product, light engineering products including bi-cycle. The major trading partners for Bangladesh are USA, EU countries, China, India, Pakistan, Japan, South Korea, Canada, Australia, Malaysia, Hong Kong, Taiwan, Thailand, Indonesia, Saudi Arabia and UAE.

The 5 industries of Bangladesh which have competitive advantage are described below.

Woven Garments

In Bangladesh, the BGMEA (Bangladesh Garment Manufacturers and Exporters Association) is the only recognized trade body that represents the export oriented garment manufacturers and exporters. Starting in late 70s as a small nontraditional sector of export Ready-made Garment (RMG) emerged as a promising export earning sector of the country by the year 1983.

Today its development rate is on an average 20% per annum. BGMEA's registered 2700 garments factories having about 1.5 million workforces is earning 73% of the country's total foreign currency. About 15 million people are directly dependent on this sector.

The growths of freight transport, bank, insurance, hotel etc. in the country are the gift of the garment industry.

The advantages are:

1. Timely government support for this sector.
2. Entrepreneur's talent & effort.
3. Huge supply of cost-effective labour force.
4. Country's economic factors are in favour of development.
5. It is a low capital and high labour intensive industry

For these advantages the buyers got confidence in it.

Leather

From the ancient age our arts and craft are closely linked with our culture & heritage. Leather and leather products have always been a part of that heritage. After the independence of our country this industry received a fresh impetus. Today Bangladesh earns a good amount of foreign currency every year through export of leather and leather products to a number of foreign markets.

Export of leather and leather goods (including Footwear) earned US\$ 228 million for Bangladesh in the fiscal year 1997-98. Bangladesh is capable of producing 180 million square feet of leather annually. More than 80% of the country's annual production is exported worldwide as semi finished/finished leather, footwear and accessories.

Footwear and Leather accessories had indeed made great strides during the decade. There are 15 large scale modern shoe factories engaged in the production of high quality footwear with 2500 smaller footwear units spread all over the country those are producing for the domestic market. More than 50 manufacturers are producing various leather items such as: travel goods, suitcases, briefcases and fashion accessories, along with belts, wallets, hand bags, case holders etc. for export.

The advantages are:

1. The industry produces the world's finest quality goatskin of a very fine and smooth grain pattern.
2. Country's cow leather has excellent natural compact fiber structure with a round feel and touch.
3. The leather industry has been given particular attention for developing its infrastructure.
4. Use of latest technology with abundant raw materials.
5. Inexpensive skilled labour work force.

Bangladesh has also entered the field of leather fashion garments with items of distinction and prestige.

Fish

Bangladesh has 0.33 million hectares of inland water and 480 km coast line. During 1996-97 fiscal year about 1.5 million metric ton of fish including shrimp were produced from different sources. Fisheries sector plays a vital role in the economic development of Bangladesh contributing about 4.7% of the countries GDP. About 1.2 million people directly and 10 million people indirectly are associated with this sector for their livelihood.

During the last 25 years, number of fish processing plants increased from 15 to 128 and export earning increased from US\$ 3.17 million to US\$ 314 million. Export of shrimp generally accounts 85% of this export earning. The existing processing plants in the country have a total capacity of processing 200,000 metric tons of fishery products.

The country exported 76.05 million pounds fishery products in the year 1997-98. Bangladesh is exporting frozen shrimp to about 30 countries of the world of which USA, Japan, Belgium, UK, the Netherlands and Germany are the most leading buying countries. During the year 1996-97 the country exported 56.75 million pounds of shrimps to the overseas countries.

The advantages are:

1. Bangladesh is crisscrossed by many rivers.
2. Our warm tropical climate is ideally located and offers a vast reserve of fresh brackish water fish.
3. The development of fisheries sector is one of the top priorities of the government and hence included in the 'thrust sector' of our export policy.

4. Planned culture of shrimp and fish has been encouraged in the country through the private sector by the government.
5. Adequate financial and technical support of the government.
6. The high spirit of the entrepreneurs together with the given support
7. Maintenance of appropriate quality of the products is considered vital for achieving desired success in the global trade of this product.
8. Government Fish Inspecting and Quality Control (FIQC) Department have been well equipped with modern laboratory facilities.
9. Bangladesh shrimp and fish are grown under natural environment maintaining the original taste and texture of the products.
10. Quality control and management of the processing plants along with quality of products help us to meet the growing demand of the overseas consumers.

Scientifically processed and absolutely free from industrial pollution, Bangladesh offers a unique combination of natural resources and export friendly infrastructure, thereby making country's fisheries items genuinely popular all over the world.

Ceramic

Bangladesh has emerged as one of the successful manufacturing and exporting countries of quality ceramic tableware. She has now reached such a stage of development that she is second to none in respect of manufacturing and exporting ceramic tableware.

The types of products presently being marketed are: dinner sets, tea sets coffee sets, soup sets, fruit sets, plates, bowls, flower vases, mugs and various types of souvenir items.

At present, Bangladesh is exporting ceramic tableware to more than 30 countries, the most important of which are the USA, the UK, Italy, Spain, France, New Zealand, the Netherlands, Australia and Sweden.

The advantages are:

1. The traditional skill and craftsmanship handed down from generation to generation and the favorable environment created have given support for investment and export.
2. Providing the quality products & is rated as one the best in the world.
3. To ensure proper quality and goodwill, the ceramic tableware producing units use high quality raw materials.
4. The machinery and equipments are also modern and conform to the latest technology and standard.
5. Each of the units has its own in-house laboratory facility and quality control and testing mechanism.
6. Most of the ceramic products are oven-proof, chill-proof and dishwasher-proof and free from any chemical hazards.
7. The preferential tariff treatments available under the GSP schemes are contributing to the growth of export of this merchandise to these markets.

Bangladesh offers a great opportunity for international consumers looking for high quality, fashionable and hygienic ceramic tableware at a reasonable price tag.

Jewelry

Bangladesh is known all over the world as an abode of artistic designs and craftsmanship. Jewelry is an area where manifestation of these artistic designs and craftsmanship has found its way to excellence. Because of the comparative advantage the country possesses and in the pursuit of product diversification to broaden the export base. The measures taken by the government have generated a good deal of interest and enthusiasm among the business community and the export of jewelry has started picking up. Interested importers of jewelry can now just place their order with the manufacture-exporters and get the customs-made product out of the materials either supplied by the importers or procured by the manufacturers from national or international sources. By the fiscal year 2004-2005 this industry exported the products which cost US\$ 8463.

All types of jewelry are on the export list. The present range of production includes gold-made or gold coated/plated ornaments; silver-made or silver-coated/plated ornaments, precious/semi-precious tone-studded gold/silver ornaments; and platinum, palladium, iridium, precious/semiprecious, artificial, synthetic stone-studded ornaments. Within these broad categories, the usual types of jewelry products that are found in demand encompass necklace, bracelets, earrings, fingerings, chains, bangles, wedding sets, bridal and other occasional souvenirs, decorative pieces etc.

The advantages are:

1. The high degree of precision combined with the touch of human imagination has made Jewelry produced in Bangladesh as one of the best in the world.
2. The workmanship and the special effect created out of it by our country is very attractive.
3. Our every piece of jewelry is unique and that gives it an exclusive look with finest details.
4. The government of Bangladesh has adopted a crash program to develop a few non-traditional high potential items for export, jewelry is one of them.
5. A new jewelry export policy has already been formulated to simplify and streamline the export procedures and create an investment-friendly environment with a view to promoting export of this product.
6. Quality is given the topmost consideration.
7. Wide variety of products.
8. Skilled workforce.
9. Prompt delivery.
10. Reasonable price.

The Bangladesh jewelry Association or the Bangladesh Standard Testing Institute are obliged to issue a pre-shipment quality inspection certificate, if so required by the customers.

Source

<http://www.epbbd.com>

(The official web site of Export Promotion Bureau, Bangladesh)
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