

FOCUS ON INTERNATIONAL TRADE

BANGLADESH

THE PEOPLE'S REPUBLIC OF BANGLADESH TODAY

Location	The People's Republic of Bangladesh lies in southern Asia, surrounded by Indian territory except for a short southeastern frontier with Myanmar (formerly Burma) and a southern coast fronting the Bay of Bengal.
Size	147,570 Sq. K.M. (56,977 Sq Miles)
Population	167,184,465 Estimated for 2023.
Population growth rate	0.91% Estimated for 2023.
Birth Rate	17.5 births/1000 population Estimated for 2023.
Death Rate	5.5 deaths/1000 population Estimated for 2023.
Life expectancy	74.96 years. 72.8 years (men), 77.21 years (women) Estimated for 2023.
Literacy	74.9 male 77.8% female 72% Est. For 2020.
Capital City	Dhaka
Other Large Cities	Chittagong, Khulna, Rajshahi, Rangpur, Barisal, Jessore, Comilla, Sylhet, Saidpur, Narayanganj, Tongi, Mymensingh, Dinajpur etc.
Religion	More than 89% of the people are Muslims, Islam being the state religion, and there are small minorities of Hindus, Buddhists and Christians.
Language	About 95% of the population speaks Bengali, the state language, while the remainder mostly uses tribal dialects.
Climate	The country has a tropical monsoon climate and suffers from periodic cyclones. The average temperature is 19°C (67°F) from October to March, rising to 29°C (84°F) between May and September. The average annual rainfall in Dhaka is 188 cm (74 ins), of which about three-quarters occurs between June and September.
International Relations	Bangladesh is a member of the UN, the Commonwealth, the Colombo Plan, D-8, Organization of Islamic Countries, SAARC and the Non-Aligned Movement.
Internet domain	.bd
International dialing code	+880
Currency	The unit of currency is the taka (BDT) of 100 paisa.

NATIONAL ECONOMY

Bangladesh has made substantial progress in its first 50 years of independence. Since 2010, per capita real GDP growth, averaging 5 percent annually, has resulted in a steady decline in poverty, with increasing access to education and healthcare. Bangladesh met the UN criteria to graduate from the category of Least Developed Countries in February 2021. Macroeconomic policies in recent years have been successful in keeping inflation stable, debt-to-GDP low, and external buffers adequate.

The authorities reacted quickly and decisively to address the economic fallout of the pandemic. Entering the crisis with macroeconomic stability, the authorities announced support packages worth Tk 1.9 trillion (or 6 percent of GDP) with space from curtailing non-priority current spending and suspending low-priority capital projects. Vaccination, dragged down by initial supply shortages, is catching up.

GDP grew by 3.5 percent in FY20 reflecting a sharp contraction in exports, remittances, and imports at the onset of the pandemic, and a nation-wide lockdown that decreased domestic activity. Growth is estimated to have picked up to 5 percent in FY21 supported by a rebound in exports reflecting the recovery of external demand from main trading partners, high take-up of stimulus packages by the export sector, and a partial exemption of the RMG sector from the second-round lockdowns. Remittances surpassed pre-crisis levels, supporting consumption and moderating the current account (CA) deficit to 1.3 percent of GDP in FY21 from 1.7 percent in FY20.

Growth is expected to pick up to 6.6 percent in FY22 supported by a robust rebound in exports, continued implementation of the stimulus packages, and accommodative monetary and fiscal policies. Headline CPI inflation is projected to rise to 5.9 percent in FY22 driven by higher international commodity prices. The fiscal deficit is projected to peak at 6.1 percent of GDP in FY22 as the authorities increase pandemic-related spending. The CA deficit is projected to widen to 2.4 percent of GDP in FY22 as imports rebound and remittances moderate. The uncertainty around the outlook remains high and risks are tilted to the downside.

Executive Board Assessment

In the course of Article IV consultation between IMF and Bangladesh, Executive Directors of IMF commended the authorities for their prompt and decisive policy response to the pandemic, which has facilitated a faster recovery. Directors recognized Bangladesh's impressive economic growth and social development, but noted the risks, including from the uncertain path of the pandemic, low vaccination rates, and vulnerabilities to climate change. Directors emphasized that continuing with sound macroeconomic policies, modernizing policy frameworks, and addressing structural impediments will be key to successfully graduate from the Least Developed Country status and realize the country's aspiration of reaching upper-middle income status.

Directors commended the authorities for exercising fiscal prudence and maintaining a low risk of debt distress, while noting that Bangladesh's capacity to repay the Fund remains sound. They underscored that modernizing revenue administration and implementing tax policy reforms would help raise revenues to sustainably increase development, social, and climate spending. Revenue measures should be accompanied by measures to rationalize spending and improve spending efficiency.

Directors highlighted the need to closely monitor inflation developments and stand ready to normalize monetary policy. They suggested phasing out caps on interest rates to improve credit allocation. Directors encouraged the authorities to continue modernizing the monetary policy framework and suggested to gradually increase exchange rate flexibility. Noting that reserves coverage is adequate, they emphasized need to safeguard reserves and cautioned against using them for nonmonetary purposes.

Directors noted that the pandemic increased existing vulnerabilities in the banking sector that could impair medium-term growth. They called for exiting the COVID-19 policies in a timely and orderly way, monitoring bank asset quality closely, and ensuring adequate capital buffers. Directors stressed the need to strengthen banking regulation and supervision, improve corporate governance, and reform legal

systems to stem the flow of high non-performing loans, particularly in the state-owned commercial banks. They urged the authorities to implement the recommendations of the 2021 safeguards assessment and to further strengthen the AML/CFT framework. Further developing capital markets and strengthening governance to attract private financing will also be necessary. Directors welcomed the completion of the audits related to COVID-19 spending and urged the authorities to publish them without further delay.

Directors noted that to lift growth potential, structural policies should focus on diversifying exports, increasing FDI, enhancing productivity, investing in human capital and addressing corruption. They welcomed the authorities' efforts to build resilience to climate change and natural disasters, including by allocating budgetary support for climate adaptation. Directors also encouraged the authorities to undertake reforms to help catalyze climate financing.

Table 1. Bangladesh: Selected Economic Indicators, FY2018–23 1/						
Macroeconomic Indicators						
	FY18	FY19	FY20	FY21	FY22	FY23
			Est.	Est.	Proj.	Proj.
National income and prices (annual percent change)						
Real GDP	7.9	8.2	3.5	5.0	6.6	7.1
GDP deflator	5.6	4.5	4.1	5.3	5.6	5.8
CPI inflation (annual average)	5.8	5.5	5.6	5.6	5.9	5.8
CPI inflation (end of period)	5.5	5.5	6.0	5.6	5.9	5.7
Nonfood CPI inflation (end of period)	4.9	5.7	5.2	5.9	6.4	5.9
Central government operations (percent of GDP)						
Total revenue and grants	10.4	9.5	9.8	10.9	10.8	10.9
Total revenue	10.3	9.4	9.7	10.9	10.8	10.9
Tax	9.3	8.7	8.1	8.9	8.9	9.0
Nontax	1.0	0.7	1.6	1.9	1.8	1.8
Grants	0.1	0.1	0.1	0.1	0.0	0.0
Total expenditure	15.2	15.7	15.4	15.1	16.9	16.5
Current expenditure	8.2	8.7	8.6	8.7	9.9	9.3
Annual Development Program (ADP)	5.9	5.9	5.7	5.3	5.5	5.9
Other expenditures	1.1	1.1	1.1	1.1	1.5	1.3
Overall balance (including grants)	-4.8	-6.3	-5.6	-4.2	-6.1	-5.7
(Excluding grants)	-4.8	-6.3	-5.7	-4.3	-6.1	-5.7
Primary balance (excluding grants)	-3.0	-4.4	-3.6	-1.9	-3.7	-3.0
Total central government debt (percent of GDP)	34.6	36.1	39.5	41.4	42.5	42.7
Money and credit (end of fiscal year; percent change)						
Credit to private sector by the banking system	17.0	11.3	8.6	8.3	11.6	11.5
Reserve money	4.0	5.3	15.5	22.3	10.0	13.7
Broad money (M2)	9.2	9.9	12.7	13.6	15.0	13.7
Balance of payments (billions of U.S. dollars)						
Exports, f.o.b.	36.3	39.6	32.1	36.9	43.2	44.6
(Annual percent change)	6.7	9.1	-18.9	14.9	17.0	3.3

Imports, f.o.b.	-54.5	-55.4	-50.7	-60.7	-67.8	-71.0
(Annual percent change)	25.2	1.8	-8.6	19.7	11.7	4.7
Current account balance	-9.6	-4.5	-5.4	-4.6	-9.4	-11.3
(Percent of GDP)	-3.5	-1.5	-1.7	-1.3	-2.4	-2.6
Capital and financial account balance	9.5	6.1	9.5	13.3	9.5	9.3
<i>Of which: Foreign direct investment</i>	1.9	2.6	1.3	1.4	1.6	1.8
Overall balance	-0.7	1.0	3.8	9.3	0.1	-2.1
Gross official reserves (billions of U.S. dollars) 2/	32.9	32.7	36.0	46.4	47.7	45.5
In months of prospective imports of goods and services	6.0	6.5	6.1	7.0	6.9	6.4
Exchange rate (taka per U.S. dollar; period average)	82.1	84.0	84.8	84.8
Exchange rate (taka per U.S. dollar; end-period)	83.7	84.5	84.9	84.8
Nominal effective rate (2010=100; period average)	95.1	97.6	99.1	95.6
Real effective rate (2010=100; period average)	132.3	139.9	146.9	147.0
<i>Memorandum item:</i>						
Nominal GDP (billions of taka)	22,505	25,425	27,393	30,284	34,086	38,610

"NATIONAL ECONOMY" is based on IMF Executive Board Concludes 2021 Article IV Consultation with Bangladesh March 3, 2022.

FOREIGN TRADE

Bangladesh's total exports in 2016 were of the order of US\$ 30,188 Million. It increased to US\$ 30,768 Million in 2020. Exports during the period from 2016 to 2020, in terms of percentage, grew highest (7.23%) in 2018 and fell maximum (-1.34%) in 2020 in comparison with 2017 and 2019 respectively. The annual average compound growth rate worked out at 0.48%.

Imports, on the other hand, were of the order of US\$ 45,777 Million in 2020 while in 2016 it was US\$ 41,250 million. Imports during the period from 2016 to 2020, in terms of percentage, grew highest (15.97%) in 2018 and fell maximum (-16.80%) in 2020, as compared to 2017 and 2019 respectively. The annual average compound growth rate worked out at 2.64%.

Volume of trade registered an annual average (compound) rate of growth of 1.74% from US\$ 71,438 million in 2016 to US\$ 76,545 million in 2020.

Bangladesh faced a deficit balance of trade payment during the period from 2016 to 2020.

Bangladesh's export and import, volume and balance of trade between 2016 and 2020 along with their growth rates are given in **Table-I**.

The main exports are jute and jute goods, tea, hides and skins, newsprint, fish and garments, and the main imports are wheat, edible oil, chemicals, cotton, yarn, iron and steel, machinery, transport equipment, manufactured goods, minerals, fuels and lubricants.

Principal trading partners are Australia, China PR, Hong Kong, India, Indonesia, Japan, Korea Republic, Singapore, United Kingdom, USA, Belgium, Canada, France, Germany, Italy and Netherlands etc.

There are international airports at Dhaka (Zia) and Chittagong. There are also airports at all major towns. In 1997 the civil aviation industry was deregulated to permit domestic competition to Biman Bangladesh Airlines.

There are seaports at Chittagong and Mongla, and inland ports at Dhaka, Chandpur, Barisal, Khulna and 5 other towns. The chief ports are Chittagong, where the constructions of a second dry-dock is planned, and Chalna, a modern seaport is being developed at Mongla.

In Bangladesh there are some 8,433 km of navigable waterways, which transport 70% of total domestic and foreign cargo traffic and on which are located the main river ports of Dhaka, Narayanganj, Chandpur, Barisal and Khulna. A river steamer service connects these ports several times a week. Vessels of up to 175-m overall length can be navigated on the Karnaphuli River.

BILATERAL TRADE WITH INDIA

Indo-Bangladesh bilateral trade in 2018-19 was of the order of Rs.71,747.28 crores. It increased to Rs.113,933.08 crores in 2022-23. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-23 was 12.26%. India enjoyed a favourable balance of trade payment during the said period (**see table II**). The average annual compound growth rates of exports and imports worked out at 10.97% and 22.03% respectively.

India's exports to, and imports from Bangladesh of Merchandise Goods between 2018-19 and 2022-23 along with their growth rates are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Bangladesh during 2018-19 to 2022-23, along with their growth rates are depicted in **Table III & IV** respectively.

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Source

**The Statesman Year Book, the Europa World Year Book,
Monthly Bulletin on Statistics UN Publication, IMF, World Bank.org,
BBC News, the World Fact Book, World Development Indicator, Visa HQ, MEA,
wikipedia.org, expresstextile.com and D.G.C.I & S etc.**

“NOTICE”

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TABLE - I**BANGLADESH PR'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE****BETWEEN 2016 TO 2020.****(Figures in US MILLION DOLLARS)**

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2016	30,188		41,250		71,438		0
2017	31,367	3.91	47,742	15.74	79,109	10.74	-16375
2018	33,634	7.23	55,368	15.97	89,002	12.51	-21734
2019	35,919	6.79	55,019	-0.63	90,938	2.18	-19100
2020	30,768	-14.34	45,777	-16.80	76,545	-15.83	-15009
Annual Compound Growth Rate	0.48		2.64		1.74		
NOTE	: Figures relate to calendar year, January to December.						
SOURCE	: UN COMTRADE PUBLICATION						

TABLE - II**INDIA'S EXPORT TO AND IMPORT FROM BANGLADESH PR OF MERCHANDISE****GOODS DURING 2018-2019 TO 2022-2023****(Value in Rs. CRORES)**

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018-19	64421.17		7326.11		71747.28		57095.06
2019-20	58092.98	-9.82	8968.10	22.41	67061.08	-6.53	49124.88
2020-21	67216.27	15.70	7894.40	-11.97	75110.67	12.00	59321.87
2021-22	120535.20	79.32	14749.50	86.83	135284.70	80.11	105785.70
2022-23	97687.82	-18.95	16245.26	10.14	113933.08	-15.78	81442.56
Annual Compound Growth Rate	10.97		22.03		12.26		
NOTE :	Figures relate to Financial Year April to March.						
SOURCE :	Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata 700 107.						

TABLE -III										
INDIA'S MAJOR MERCHANDISE EXPORT TO BANGLADESH										
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES										
(Value in Rs.CRORES)										
Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Cotton Yarn	5168.99	4203.45	4970.80	17213.91	6399.78	-18.68	18.26	246.30	-62.82
	Share in total export	8.02	7.24	7.40	14.28	6.55				
2	Petroleum Products	4181.78	2385.30	3687.54	9088.22	4453.32	-42.96	54.59	146.46	-51.00
	Share in total export	6.49	4.11	5.49	7.54	4.56				
3	Other Cereals	511.90	118.76	2440.05	3245.05	4329.73	-76.80	1954.61	32.99	33.43
	Share in total export	0.79	0.20	3.63	2.69	4.43				
4	Cotton Fabrics, Madeups Etc.	3431.41	3388.59	2548.12	5274.45	4183.74	-1.25	-24.80	106.99	-20.68
	Share in total export	5.33	5.83	3.79	4.38	4.28				
5	Cotton Raw, Including Waste	4841.29	4458.53	5885.59	12264.43	3751.64	-7.91	32.01	108.38	-69.41
	Share in total export	7.52	7.67	8.76	10.17	3.84				
6	Sugar	530.42	1036.45	551.05	4220.23	3385.16	95.40	-46.83	665.85	-19.79
	Share in total export	0.82	1.78	0.82	3.50	3.47				
7	Indl, Machinery For Dairy Etc.	2769.57	2361.58	2033.98	2719.49	3272.74	-14.73	-13.87	33.70	20.34
	Share in total export	4.30	4.07	3.03	2.26	3.35				
8	Wheat	39.59	63.52	2191.37	8885.83	3077.24	60.44	3349.89	305.49	-65.37
	Share in total export	0.06	0.11	3.26	7.37	3.15				
9	Auto Components, Parts	2196.99	2009.54	2278.87	3258.91	2565.10	-8.53	13.40	43.01	-21.29
	Share in total export	3.41	3.46	3.39	2.70	2.63				
10	Iron And Steel	2264.38	2474.27	1640.77	3548.54	1618.22	9.27	-33.69	116.27	-54.40
	Share in total export	3.51	4.26	2.44	2.94	1.66				
	Total export to BANGLADESH	64421.17	58092.98	67216.27	120535.20	97687.82	-9.82	15.70	79.32	-18.95
NOTE : Figures relate to Financial Year, April to March.										
SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.										

TABLE -IV**INDIA'S MAJOR MERCHANDISE IMPORT FROM BANGLADESH****2018-2019 TO 2022-2023 AND THEIR GROWTH RATES****(Value in Rs. CRORES)**

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	RMG Cotton Incl. Waste	1876.18	1989.84	1348.11	2658.90	4102.39	6.06	-32.25	97.23	54.29
	Share in total imports	25.61	22.19	17.08	18.03	25.25				
2	Cotton Fabrics, Madeups Etc	245.61	620.12	652.05	1029.93	1228.91	152.48	5.15	57.95	19.32
	Share in total imports	3.35	6.91	8.26	6.98	7.56				
3	RMG Manmade Fibres	466.09	565.54	478.25	821.95	1147.43	21.34	-15.43	71.87	39.60
	Share in total imports.	6.36	6.31	6.06	5.57	7.06				
4	Spices	59.75	585.16	914.04	1543.97	1002.32	879.35	56.20	68.92	-35.08
	Share in total import	0.82	6.52	11.58	10.47	6.17				
5	Jute, Raw	235.83	350.33	179.28	449.40	830.27	48.55	-48.83	150.67	84.75
	Share in total import	3.22	3.91	2.27	3.05	5.11				
6	RMG Of Other Textile Marerials	214.56	282.84	297.02	393.69	738.19	31.82	5.01	32.55	87.51
	Share in total import	2.93	3.15	3.76	2.67	4.54				
7	Other Jute Manufactures	286.31	530.42	352.14	469.93	516.68	85.26	-33.61	33.45	9.95
	Share in total import	3.91	5.91	4.46	3.19	3.18				
8	Jute. Yarn	274.82	385.14	309.03	386.32	508.42	40.14	-19.76	25.01	31.61
	Share in total import	3.75	4.29	3.91	2.62	3.13				
9	Marine Products	159.36	247.10	385.63	344.27	483.35	55.06	56.06	-10.73	40.40
	Share in total import	2.18	2.76	4.88	2.33	2.98				
10	Footwear Of Leather	79.29	88.43	121.75	248.23	396.44	11.53	37.68	103.89	59.71
	Share in total import	1.08	0.99	1.54	1.68	2.44				
	Total import from BANGLADESH	7326.11	8968.10	7894.40	14749.50	16245.26	22.41	-11.97	86.83	10.14

NOTE : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.