

Australia Bangladesh Trade Conference, Sydney, 2019

Date: 14 November 2019
Session: 09:00am ó 10:45am
Theme: Inaugural Session- Prospects of a dynamic Trade and Economic Relations between Bangladesh and Australia

A. Background:

The recent progress in Bangladesh is creating enormous opportunities for dynamic trade and investment relations with Australia. Australia-Bangladesh two-way trade now stands at A\$ 2 billion from less than \$300 about a decade back. As Bangladesh maintains growth of 7-8% in recent years and is expected to continue such trajectory for some years in future, demand for energy (coal and LNG in particular), minerals and metals are expected to grow over 10-12%. If some of these non-traditional items could be sourced from Australia, our bilateral trade may easily exceed \$5 billion marks within the next five years.

B. Bangladesh is an emerging economy:

Bangladesh has been maintaining remarkable social development and economic progress in recent time. Among the *Next Eleven* emerging countries (beyond BRICS) as was identified by Goldman Sachs, Vietnam and Bangladesh have been making particularly impressive growth. The report of PricewaterhouseCoopers projected that Bangladesh's GDP could surpass that of Australia within 20 years. HSBC in its report *the World in 2030* expects Bangladesh to be one of the fastest risers in rank on a GDP basis. The PWC in its report- *The Long View* and the Lowy Institute in its report on Asia Power Index made similar projections of Bangladesh fast emerging as a middle power.

The Market-based economy of Bangladesh is the 42nd largest in the world in nominal terms and 31st largest by purchasing power parity. According to the IMF, Bangladesh's economy is the second fastest growing major economy of 2017, with a rate of 7.5%. Foreign debt to GDP and net foreign assistance are on the wane as domestic resource mobilisation is constantly improving. The economic growth, in particular, greater self- dependence and social development stories of Bangladesh along with major infrastructure projects taken by the current Government needs greater publicity.

Sound economic fundamentals of Bangladesh:

Particulars	2013	2018
Forex reserve	US\$ 21.51 Billion (7 Months of Import Bill)	US\$32.92 Billion (8 Months of Import Bill)
Domestic resources mobilisation	28.69 % of GDP Tk 3,876 Billion	31.23 % of GDP Tk 7,028 Billion, 1.81 time
Foreign aid Net Foreign Assistance	US\$ 2.14 Billion	US\$ 1.50 Billion (0.45% of GDP)
Debt to GDP	30.42	27.9
Foreign Debt to GDP	14.9	11.3
Remittances	US\$ 14.23 Billion (8.19% of GNI)	US\$ 14.98 Billion (5.47% of GNI)

C. Trade and Investment relationship between Australia and Bangladesh:

The total volume of the Bangladesh-Australia trade has increased significantly. Bangladesh's export to Australia in 2018 was US\$ 721 million against the import of goods worth US\$ 680 million from Australia during the same period. Bangladesh's export to Australia mainly consists of readymade garments, woven fabrics, knitwear, textile manufactures, home textile, leather goods and footwear, processed food, fish, jute goods etc. Major Australian export consists of cotton, wheat, vegetables, lentil and pulses, copper, zinc, lead, milk cream and other dairy products, oilseeds, primary plastic products, machinery and transport equipment, scraps and some other industrial raw materials.

Bangladesh imports from Australia are mainly cotton (32.3% of total import), edible vegetables, pulses (30.9%), wheat (11.1%), and non-ferrous metals (10%). The cumulative growth rate of these is quite high in these imported products. The major export items of Bangladesh to Australia are knitwear (53% of total export), woven wear (33%) and home textile items (5.9%). The major competitors in the Australian market on these products are China, Vietnam, India, Indonesia, Thailand, etc.

Bilateral Trade (goods) between Australia and Bangladesh

Unit: US Dollar thousand

Particulars	Value in 2013	Value in 2014	Value in 2015	Value in 2016	Value in 2017	Value in 2018
Bangladesh's Export to Australia	447,817	502,176	635,557	659,789	712,923	721.898
Bangladesh's Import from Australia	546,531	494,883	520,293	616,110	917,188	680.203
Bilateral Trade between Australia and Bangladesh	994,348	997,059	1,155,850	1,275,899	1,630,111	1,402.101

Data Source: The International Trade Centre (ITC)

Despite not having any Free Trade Agreement, Bangladesh's trade with Australia has increased about five times in the last ten years. However, the initial growth rate is gradually stabilising. The growth secured in the last five years is still impressive, in comparison to Australia's trade with other partners. Almost similar trend could be discerned if DFAT data are used. Trade in goods increased by 86% in the last five years, while trade in services increased by 72%. While Bangladesh could increase export of goods (almost double), export of services has not increased much.

Bilateral Trade (goods) between Australia and Bangladesh

Unit: A\$ Million

Particulars	Value in 2013	Value in 2014	Value in 2015	Value in 2016	Value in 2017	Value in 2018
Bangladesh's Exportation to Australia	465	558	848	887	850	965
Bangladesh's Importation from Australia	567	549	688	822	1,194	902
Bilateral Trade (Goods) between Australia and Bangladesh	1,032	1,107	1,537	1,708	2,044	1,867

Data Source: Statistics Section, Office of Economic Analysis, DFAT

Bilateral Trade (Services) between Australia and Bangladesh

Unit: A\$ Million

Particulars	Value in 2013	Value in 2014	Value in 2015	Value in 2016	Value in 2017	Value in 2018
Bangladesh's Exportation to Australia	78	100	82	83	102	124
Bangladesh's Importation from Australia	259	302	321	335	378	455
Bilateral Trade (Services) between Australia and Bangladesh	337	402	403	418	480	579

Data Source: Statistics Section, Office of Economic Analysis, DFAT

Bilateral Trade (goods and Services) between Australia and Bangladesh

Unit: A\$ Million

Particulars	Value in 2013	Value in 2014	Value in 2015	Value in 2016	Value in 2017	Value in 2018
Bangladesh's Exportation to Australia	543	658	930	970	952	1089
Bangladesh's Importation from Australia	826	851	1,009	1,157	1,572	1,357
Bilateral Trade (Goods & Services) between Australia and Bangladesh	1,369	1,509	1,939	2,127	2,524	2,446

Data Source: Statistics Section, Office of Economic Analysis, DFAT

D. Future Direction of the trade and investment relationship:

Bangladesh's sustainable economic growth and developments underpinned by social justice and progressive policies merit better reflection in Australia's strategic and economic engagements, plans and policies. With one of the fastest growing economy, sizable population and future economic potentials of Bangladesh, there is ample room for collaboration and interactions between Australia and Bangladesh and it is the high time to work for building a broader partnership milieu. Since Bangladesh and Australia share the values of inclusive development, democracy and rule-based international order, both countries may initiate forming an economic partnership in the region, beyond traditional focus on aid and trade.

In recent years, energy production from coal has been on the frontline of energy policy for the Government of Bangladesh. Bangladesh has put a strong emphasis on an energy mix where coal-based power plants are expected to play a significant role. Coal consumption in Bangladesh is growing rapidly not only for power generation but also for industrial production. To reach the ambitious goal of doubling power generation to 40,000 MW, GOB has formulated 'Power Sector Master Plan (PSMP) 2016', which emphasizes on diversification of energy mix including clean coal technology.

Coal (HS Code 2701) Imported by Bangladesh

Exporters	2014	2016	2018
	Imported quantity, Tons	Imported quantity, Tons	Imported quantity, Tons
Total	792,752	2,851,916	4,075,511
Indonesia	159,065	1,537,298	2,613,237
South Africa	84,067	630,125	750,168
India	549,563	640,377	525,358
Russian Federation		30,114	110,028
Malaysia		13,835	66,900
China	38	154	9,820
Australia	19		

Data Source: The International Trade Centre (ITC)

Coal (HS Code 2701) Exported by Australia

Unit: Million Tons

	2008	2013	2018	2025(estimate)
Total	254.380	353.912	382.230	400.000
Japan	117.737 (46.3%)	121.781 (34.41%)	116.84 (30.57%)	120.000 (30%)
China	3.543 (4.38%)	88.189 (24.92%)	87.69 (22.94%)	80.000 (20%)
India	22.440 (8.8%)	32.225 (9.11%)	48.73 (12.75%)	70.000 (17.5%)
Korea, Republic of	38.202 (15%)	50.450 (14.25%)	47.77 (12.50%)	45.000 (11.25%)
Bangladesh	-	-	-	25.000 (5.00%)

Data Source: The International Trade Centre (ITC)

Coal demand by 2026 may stand at 80 million tons. Bangladesh imports a limited amount of coal mostly from Indonesia, India and South Africa and recently has started importing from Russia and Malaysia. Given stabilisation of major destinations of Australian coal, India and Bangladesh could emerge as alternate destinations. At the same time, demand for coking coal in Bangladesh is increasing significantly for the fast-growing steel industries which has reached a production capacity of about 9 million metric tonnes.

Domestic gas field production of Bangladesh was the peak in 2017 and then it would decline gradually. However, the demand for gas is forecasted to increase substantially. As such, the gap in demand and supply has to be filled in with imported gas (LNG). The introduction of LNG via Floating Storage and Regasification Unit (FSRU) was launched in June 2018 and it will provide around 17% of gas. Many gas based power units are in the pipeline.

LNG (HS Code 271111) exported by Australia

Unit: Million Tons

	2008	2013	2016	2018	2025(estimate)
Total	15.225	22.161	28.378	67.113	120.00
Japan	11.98 (78.71%)	17.92(80.86%)	22.42 (78.90%)	28.70 (42.77%)	50.00 (41.67%)
China	2.718 (17.85%)	3.56 (16.05%)	11.98 (42.21%)	23.50 (35.01%)	40.00 (33.33%)
Korea, Republic of	0.398 (2.61%)	0.62 (2.82%)	4.69 (16.52%)	7.88 (11.74%)	15.00 (12.5%)
India	0.126 (0.83%)	-	0.92 (3.22%)	1.47 (2.19%)	10.0 (8.33%)
Bangladesh	.	-	.		5-8 (5-7%)

Data Source: The International Trade Centre (ITC)

The Bangladesh market for minerals and metals is small for Australia. In 2018 Australia's non-ferrous metals trade with Bangladesh was in copper with a value of 35 million USD, zinc

valued at 35 million USD and lead with an amount of around 4 million USD, Aluminium with a value of 1.2 million USD.

Similarly, Bangladesh has been emerging as an essential market for minerals and metals in particular for iron and steel. Bangladesh is expected to import US\$ 3,000 million worth of steel and iron in 2022 from the world, projection from Australia is US\$ 100 million.

Unit: US Dollar Million

Particulars	Bangladesh's Import from World		Bangladesh's Import from Australia	
	in 2013	in 2018 (increase in time)	in 2013	in 2018 (increase in time)
Copper	127	199.2 (1.56)	0.081	34.4 (425)
Iron and Steel	1,714	2759 (1.60)	2.088	44.1 (21.12)
Aluminium	223	409 (1.83)	0.01	1.2 (120)
Zinc	104	163.4 (1.57)	0	34.8
Lead	39	61 (1.56)	0	3.7

Data Source: The International Trade Centre (ITC)

Australia's abundant resources and proximity to Asia underpin its position as a major global exporter of mineral and energy resources and products. Bangladesh can explore importing Coal, LNG, minerals and metals from Australia.

E. Export Potential for Bangladesh to Australia

Bangladesh will have to diversify its export basket further from readymade garment to boost trade with these countries. In that case, Bangladesh might focus on leather articles, footwear, frozen fish & vegetables, plastic products, woven fabrics, jute yarn and jute polymer, pharmaceuticals and furniture items. Jute bags could emerge as a potential export item of Bangladesh given Australian focus to increase reusable bags. There is a need to create a market for jute products and promote a campaign for that in Australia.

Unit: US Dollar Million

Particulars	Products Imported by Australia				Product-wise Main Exporting countries to Australia
	From World		From Bangladesh		
	Actual in 2017	Forecasted in 2022	Actual in 2017	Forecasted in 2022	
All Products	221,359	280,000	652	1,000 to 1,200	
Knitted Apparel	3,088	3,500 to 4,000	350	500 to 600	China (66%) , Bangladesh (11.3%), Viet Nam (2.75%), Cambodia (2.6%)
Not Knitted Apparel	3,114	3,500 to 4,000	223	400 to 500	China (66.2%) , Bangladesh (7.2%), Viet Nam (4.1%), Indonesia (4.1%)
Other made-up textile	1,359	1,500 to 1,800	46	100 to 200	China (64.6%) , India (9.8%), Pakistan (4.7%), Bangladesh (3.3%),
Articles of Leather	1,323	1,500 to 1,800	3.26	10 to 15	China (53.9%) , Italy (14.7%), France (8.2%), India (6%), Bangladesh (0.25%),
Headgear	208	250 to 300	6	15 to 20	China (66.3%) , USA (6.7%), Italy (3.6%), Bangladesh (2.9%),
Footwear	1,669	1,800 to 2,000	3.07	10 to 15	China (55.2%) , Viet Nam (17.4%), Italy (6.8%), Bangladesh (0.2%),

Source: ITC calculations based on Australia Bureau of Statistics

Unit: US Dollar Million (2017)

Particulars	Bangladesh Export to Australia	Bangladesh's exportation to world	Australian Importation
Frozen fish & vegetable	2.8	561	842
Plastic Products	0.6	93	5,800
Woven fabrics of jute & Yarn	2.77	756	5.53
Pharmaceutical	1.25	95	7,868
Jute Polymer	-	-	

Source: ITC calculations based on Australia Bureau of Statistics

F. Trade Conference:

To enhance business interaction and trade with Australia, the Bangladesh High Commission, Canberra and Australia Bangladesh Business Council (ABBC) is going to jointly organise Australia Bangladesh Trade Conference 2019 in Sydney from the 13th November to the 15th of November, 2019.

The event is set to be one of the most significant dialogues on trade bringing together business entities in Bangladesh and Australia with current and future business interest in each other. Industry bodies and associations, researchers, industry and policy analysts, government officials of both countries and policymakers are expected to exchange views in an attempt to demonstrate and discuss opportunities in trade, development and technical assistance in a range of industries of mutual interest intending to growing the bilateral trade and economic interactions between Australia and Bangladesh.

G. Expected Participants:

a. Expected participants from Bangladesh-

- ◆ Ministry of Commerce, Export Promotion Bureau (EPB), Bangladesh Investments Development Authority (BIDA), Power Division- Ministry of Power, Energy and Mineral Resources
- ◆ Federation of Bangladesh Chambers of Commerce and Industries (FBCCI), Bangladesh Association of Pharmaceutical Industries(BAPI), Bangladesh Finish Leather- Leather Goods and footwear Exporter Association, Bangladesh Garments Manufacturers & Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA), Bangladesh Women Chamber of Commerce & Industry, Dhaka Chamber of Commerce and Industry (DCCI), ICC Bangladesh, Leather goods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB), Metropolitan Chamber of Commerce and Industry (MCCI), Association of Bankers Bangladesh (ABB), Bangladesh Foreign Trade Institute, Centre for Policy Dialogue (CPD), Bangladesh University of Professionals, Bangladesh Cotton Association, Bangladesh Frozen Foods Exporters Association (BFFEA), Special Economic Zone Authority, Bangladesh Bank, United Commercial Bank Limited, Bangladesh Economic Association, Bangladesh Agricultural Research Institute (BARI), Bangladesh Agricultural Research Council

(BARC), Summit Group, Bangladesh Solar and Renewable Energy Association (BSREA), Islami Bank, etc.

b. Expected participants from Australia-

Department of Foreign Affairs & Trade (DFAT), Austrade, New South Wales Business Chambers, Australian Chamber of Commerce, Australian Cotton Shippers Association, Australian Hide and Leather Exporters Association, Australian Mining Association, Efic - Australian Govt's Export Credit Agency, Export Council of Australia, ICC Australia, Queensland Resources Council, Oxfam Australia, Target, Kmart, Department of Local Government, Racing and Multicultural Affairs, QLD, CSIRO, Ministry for Agricultural Industry Development and Fisheries, QLD, TAFE Queensland International, Griffith University, Education Queensland International, Department of Education, QLD, South Asia Forum, Department of Agriculture and Water Resources, Department of Industry- NSW Government, Santos Limited, Inpex Australia, Woodside Energy, Central Petroleum Limited, Canberra Institute of Technology, Sydney Institute of Business and Technology, Costa Exchange, Australian Council of Wool Exporters & Processors Inc., Australian Council of Prawn etc..

**H. Tentative Programme for the Conference:
(Venue: Intercontinental, Sydney)**

Date & Time

Segment

I. The aim of the session is to set the context of informed engagement on trade, investment relations towards a robust economic partnership between Australia and Bangladesh.

Inaugural Session: 09:00am ó 10:45am

1.	Words from M/C and respect to traditional owners of the Land	03 Minutes
2.	One speaker from Bangladesh private sector	08 minutes
3.	One dignitary from Australia	10 Minutes
4.	Chief Guest's Statement (Hon'ble Commerce Minister, Bangladesh) and formal inauguration	15 Minutes
5.	Moderator take over	04 Minutes
6.	Presentation on Prospects of a dynamic Trade and Economic Relation between Bangladesh and Australia (Bangladesh High Commissioner, Canberra)	20 Minutes
7.	General Discussion	40 Minutes
8.	Vote of thanks ó President ABBC	05 Minutes
