

SOME BRIEF NOTES ON EXPORTS AND EXPORT POLICY  
A PIAG NOTE

Recent Export Growth Pattern

- o Overall export growth: 13 - 14 per cent annually on average in current US dollar. This is not a sufficiently satisfactory growth rate. For a number of reasons, Bangladesh's exports need to grow at a considerably higher rate.
- o The current export growth is mostly explained by rapid growth of readymade garments exports including knitwear exports, whose current relative weight in total exports is about 60%.
- o Growth of exports of other currently and dynamically significant export items such as frozen shrimp, leather and leather products is lack-lustre. Such exports need to grow at a much faster rate.
- o Growth of exports of other, including some relatively new, fast growing export items such as terry towels and other specialized textiles, engineering, ceramic and pharmaceutical products, which are still not relatively large enough in total exports, will take a while to make a significant difference to overall export growth.

Major Reasons for Relatively Unsatisfactory Export Growth

Among the major reasons we can identify as responsible for relatively unsatisfactory export growth are:

- o Inappropriate trade policy regime. This regime which continues to maintain a protected structure of production for the domestic market is adversely affecting exports in the following ways:
  - (1) It distorts the pre-tax rates of return on investments;
  - (2) It raises the cost of production of exportable goods not only with domestic inputs but also with imported inputs on which full tax offset is not available; and
  - (3) It distorts (overvalues) the exchange rate which provides less taka per dollar worth of exports.

- o Inadequate tax offset on imported inputs.
  - Not enough and slow coverage of goods under the special bonded warehouse system.
  - Not totally satisfactory duty drawback system.
- o Inadequate compensation for use of protected domestically produced inputs.
- o Inadequate access to bank finance. Not adequate provision and utilization of the export development fund.
- o Relatively slow use of the export credit guarantee scheme.
- o Last, but not least, less than satisfactorily flexible exchange rate system.

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Abdur Rab

**EXPORTS OF SELECTED GOODS IN SOME RECENT YEARS**

(Absolute Figures in Current US\$ Million)

GOODS GROUP	1986/87	1987/88	1990/91	1991/92	1992/93	% OF TOTAL (1991/92 & 1992/93)	AVERAGE ANNUAL GROWTH (%)				
							1992/93 over 1986/87		Ave. of FY92 & FY93 over Ave. of FY87 & FY88		
Readymade garments	298.67	433.92	735.62	1064.00	1240.48	52.65	26.78	30.05	25.76	29.10	
Knitwear	-	-	131.30	118.57	204.54	7.38	-		-		-
Frozen shrimp, fish, frog legs	134.16	139.65	141.80	130.53	165.34	6.76	3.54		1.56		
Leather	134.82	147.17	134.29	144.46	147.91	6.68	1.56	2.93	0.07	1.86	
Leather footwear	-	-	2.84	4.14	9.54	0.31	-		-		-
Other leather goods	-	-	-	0.24	2.89	0.07	-		-		-
Pharmaceutical products	0.15	0.09	0.86	1.26	2.12	0.08	55.49		69.72		
Ceramic products	0.27	1.96	3.67	5.38	5.64	0.25	65.95		37.65		
Engineering products	6.14	2.81	6.19	9.46	17.51	0.62	19.08		24.68		
Terry towels	1.04	0.70	23.20	10.91	17.26	0.64	}	74.15		93.70	
Other special textile				7.52	11.75	0.44					
Video/Audio cassettes	-	-	0.01	0.21	0.79	0.02	-		-		
Fertilizer (chemical)	4.18	24.93	36.32	21.35	51.18	1.66	51.18		20.03		
Petrol. products	12.64	11.98	32.45	8.33	36.81	1.03	19.50		12.89		
Tea	29.66	38.95	43.21	32.43	41.14	1.68	5.60		1.41		
Vegetables	17.48	14.92	4.37	5.46	8.06	0.31	-12.10		- 16.04		
Jute and jute goods	405.54	382.95	394.61	387.13	366.70	17.22	- 1.66		- 0.90		
Other	29.01	31.17	26.81	42.54	53.23	2.19	10.65		9.74		
TOTAL	1073.76	1231.20	1717.55	1993.92	2382.89	100	14.21		13.68		
Of which: EPZ exports	-	-	-	67.49 (3.4%)	110.31 (4.6%)	4.0	-		-		

Source of export figures: Export Promotion Bureau.

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