

# Why Bangladesh?

## Summary

**Area:** 147,610 km<sup>2</sup> (56,990 mi<sup>2</sup>) – of which 6.4% is water

**Population:** 163 million [*Source – World Bank 2016*]

**Urban population:** 35%

**Population density:** 1,251.8 people per km<sup>2</sup>

**Population growth rate (change):** 1.0%

**Capital city:** Dhaka

**Language:** 98% Bengali (Bangla), plus 2% local dialects

**Currency:** Bangladeshi Taka (BDT)

**Nominal GDP:** US \$228.4 billion

**Real annual GDP growth:** 7.2%

**GDP per capita:** US \$1,414.1

**Annual inflation rate:** 5.7%

**General government gross debt:** 33% of GDP

**Fiscal balance:** - 3.4% of GDP

**Current account balance:** 0.6% of GDP / US \$1.4 billion

**Exports of goods to UK:** £2,296 million

**Imports of goods from UK:** £243 million

[*Source – mostly FCO Economics Unit, Dec 2017*]

## Geography

Bangladesh is a South Asian country on the Bay of Bengal, and bordered by India and Myanmar (Burma).

Although there are hill ranges and plateaux to the north-west, north-east, centre and south-east, most of the country is flat, marked by lush greenery and many waterways. Its Padma (Ganges), Meghna and Jamuna rivers have created fertile plains where travel by boat is common. On the southern coast the Sundarbans, an enormous mangrove forest shared with Eastern India, is home to the royal Bengal tiger.

The Ganges Delta is formed by the confluence of the Ganges, Brahmaputra and Meghna rivers and their respective tributaries, finally flowing into the Bay of Bengal.

Bangladesh is predominately rich fertile flat land. Most parts of the country are less than 12m (39.4ft) above sea level, 17% of the country is covered by forests and 12% by hill systems. With an elevation of 1,064m (3,491ft), the highest peak of Bangladesh is Keokradong, near the border with Myanmar.



## General overview

Bangladesh, with a population of 163 million, has the highest population density in the world. More than 25% of people live below the poverty line. Approximately 43% of the population are under the age of 20.

Bangladesh aims to become a middle income country by 2021.

The government's strategic vision for 2021 is a plan for growth through massive investment in infrastructure, skills development and trade. Co-operation with the private sector and international donor agencies is expected.

Almost 100 UK businesses operate in Bangladesh, including well-known companies such as HSBC, Unilever and GSK.

Contact a Department for International Trade (DIT) Bangladesh export adviser at: <https://www.contactus.trade.gov.uk/enquiry/topic> for a free consultation if you are interested in exporting to Bangladesh.

Contact UK Export Finance (UKEF) about trade finance and insurance cover for UK companies, see: <https://www.gov.uk/government/organisations/uk-export-finance>. You can also check the current UKEF cover position for Bangladesh: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#bangladesh>.

*[Source – DIT/ UKEF/gov.uk]*

## Government overview

### **Political situation**

Bangladesh became independent in 1971 following a short but bloody conflict with Pakistan of which it was formerly a part. Bangladesh is a parliamentary democracy with a free market economy. Two main parties – the Awami League and the Bangladesh Nationalist Party (BNP) – dominate local politics. Relations between the two parties are poor and the political system remains confrontational and highly centralised. Democratic institutions, including parliament and local government, are weak.

The current government is led by Prime Minister Sheikh Hasina. Her Awami League-led Grand Alliance won a landslide victory in the general election on 5th January 2014, after the BNP decided not to participate, leaving more than half the seats uncontested. Opposition parties had wanted elections under a neutral interim government.

A controversial constitutional amendment, adopted in June 2011, had removed the provision for a temporary caretaker form of government during election periods. As a result of the boycott, Jatiya Party is now the official opposition, although it also enjoys the unique position of forming part of the governing alliance, including holding ministerial portfolios. The opportunity for a renewed focus on democratic processes presented by the city corporation elections in Dhaka and Chittagong in April 2015 was lost after the BNP withdrew part way through, citing widespread irregularities. The next general election must take place by January 2019 with the most likely timing being the last quarter of 2018.

*[Source – FCO Overseas Business Risk/gov.uk, June 2017]*

## **Human rights**

Bangladesh has ratified the core international human rights agreements including the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social, and Cultural Rights (ICESCR), and the Convention on the Rights of the Child (CRC), but implementation and enforcement under domestic law can be weak.

Fundamental rights guaranteed under the Constitution include: the right to work; the right to protection and to equal treatment under the law; and equal opportunities for women. Freedom of assembly and freedom of association are guaranteed “subject to any reasonable restrictions imposed by law”.

Labour rights are subject to intense scrutiny in the wake of the Rana Plaza tragedy. Trade unions do exist but are subject to a number of restrictions and alleged harassment. Child labour is prohibited under the Labour Act of 2006 but remains a significant concern, particularly in the informal employment sectors.

Access to justice in Bangladesh can be difficult. Implementation and enforcement of laws can be weak, and the court system faces a significant backlog. Bangladesh retains the death penalty. There are regular allegations of abuse, including extra-judicial killings, physical mistreatment and corruption, against members of the law enforcement agencies. The UK supports a number of programmes to improve access to justice and the ILO’s ‘Decent Work’ agenda.

The UK Government’s Action Plan “Good Business: Implementing the UN Guiding Principles on Business and Human Rights” makes clear the Government’s commitment to protect human rights and sets out the clear expectations for UK companies in this area. See: <https://www.gov.uk/government/publications/bhr-action-plan>

*[Source – FCO Overseas Business Risk/gov.uk, June 2017]*

## **Economic overview**

The overall strength of economic growth has contributed to a substantial decrease in poverty over the past decade. The government's "Vision 2021" aims to eliminate extreme poverty completely and achieve Middle Income Country (MIC) status by the 50th anniversary of the country's birth.

Balance of payments remains in surplus and foreign currency reserves at US \$32 billion provide a comfortable nine month cushion. The tax/GDP ratio is still very low in global terms at c.10%.

Despite a shake in business confidence after the terrorist attack at the Holey Artisan Bakery in July 2016, economic growth remains strong. Growth has averaged 6.45% in the last five years and came close to 7% in financial year 2016/17.

Bangladesh's highly-competitive ready-made garment (RMG) sector accounts for over 80% of export earnings and around 12% of GDP. Despite fall-out from the disastrous collapse of the Rana Plaza building in April 2013, which left over one thousand workers dead, RMG exports continue to expand.

With pressure and support from western governments and investors, the government is working to improve labour conditions and building safety in an industry, the good health of which is important for Bangladesh's future growth. Whilst significant steps have been taken in this arena – including the US \$30 million Rana Plaza fund, which has now been met in full – there is more to be done.

Order books are healthy and Bangladeshi RMG exports, many of which are still items of basic apparel, increased market share in Europe and the US during the economic downturn. Collectively the EU and USA take 90% of the sector's exports: Bangladeshi RMG manufacturers now have about 13% of the European market.

*[Source – FCO Overseas Business Risk/gov.uk, June 2017]*

### **Industries importing into Bangladesh**

The top ten industries importing into Bangladesh are:

- cotton
- machines, engines, pumps
- electronic equipment
- iron and steel
- plastics
- manmade staple fibres

- oil
- vehicles
- animal/vegetable fats and oils
- cereals

You can read more about what Bangladesh imports at World's Top Exports: <http://www.worldstopexports.com/bangladeshs-top-10-imports/>.

### **Benefits of the Bangladesh market**

Benefits for UK businesses exporting to Bangladesh include:

- English widely spoken in business
- British made goods regarded as reliable among end users
- strong consumer demand for products, equipment and services
- concessionary duty on imported capital machinery

### **Strengths of the Bangladesh market**

Strengths of the Bangladesh market include:

- annual growth rate of at least 5.3% over the last 16 years
- stable credit rating
- close to issuing first Sovereign Bond
- poverty levels cut by half in the last decade
- competitive labour force
- ready-made garment (RMG) export levels quadrupled in five years

In addition:

Bangladesh was ranked 145th out of 176 countries in Transparency International's latest Corruption Perceptions Index (the UK ranked 10th): [http://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](http://www.transparency.org/news/feature/corruption_perceptions_index_2016).

Bangladesh is ranked 177th out of 190 countries in the World Bank's 2018 Ease of Doing Business index (the UK ranks 7th): <http://www.doingbusiness.org/rankings>.

The World Economic Forum's Global Competitiveness report 2017-18 ranks Bangladesh 99th out of 137 (the UK is ranked 8th): <http://reports.weforum.org/global-competitiveness-index-2017-2018/competitiveness-rankings/>.

Contact a DIT export adviser at: <https://www.contactus.trade.gov.uk/enquiry/topic> for a free consultation if you are interested in exporting to Bangladesh.

Contact UK Export Finance (UKEF) about trade finance and insurance cover for UK companies. You can also check the current UKEF cover position for Bangladesh. See: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#bangladesh>.

*[Source – DIT/UKEF/gov.uk]*

Sponsored By:

## Travel / Airline Corporation Travel Services



## Law / Legal Services



## Accountants / Professional Business Services





;

Contact IMA

International Market Advisor

IMA House

41A Spring Gardens

Buxton

Derbyshire

SK17 6BJ

United Kingdom

Email: [info@ima.uk.com](mailto:info@ima.uk.com)

General enquiries switchboard: +44 (0) 1298 79562

Website: [www.DoingBusinessGuide.co.uk](http://www.DoingBusinessGuide.co.uk)