

Unlocking China's market: Strategies for Bangladesh to enhance exports

UNB NEWS- Bangladesh faces significant hurdles in benefitting from duty-free market access to China, the world's second-largest economy, due to various systemic and strategic issues. Business leaders emphasize the necessity of signing a Free Trade Agreement (FTA) with China to boost Bangladeshi exports.

A recent study by the Research and Policy Integration for Development (RAPID) revealed that Bangladesh could potentially earn an additional \$27 billion by exporting quality and diversified goods to China, provided its market share increases to 1 percent. However, the report also identifies several critical barriers preventing this growth.

One primary obstacle is Bangladesh's heavy reliance on the ready-made garment (RMG) sector. Although China imports \$10 billion worth of garment items, Bangladesh's inability to meet high-quality standards limit its export success.

"China is the top garment exporter to the USA, EU, and UK, while Bangladesh's exports rely 84 percent on garments," noted Dr. MA Razzaque, Chairman of RAPID.

Dr. Razzaque highlighted that China prefers high-quality garments from Italy and other European countries, importing around \$10 billion of such products. To penetrate the Chinese market, Bangladesh must diversify its exports and improve product quality. He emphasized the need for aggressive policies, including attracting China-oriented investments and signing trade agreements.

Other significant barriers are:

- Lack of integration with Chinese retailers.
- Insufficient participation in marketing, sales, and after-sale services.
- Cultural and language barriers.
- Stringent Chinese labeling and packaging regulations.

Dr. Razzaque also pointed out the price competitiveness issue, noting that Chinese products often have lower prices than similar quality Bangladeshi products. The burgeoning e-commerce sector in China represents another challenge, as Bangladeshi entrepreneurs need better skills to tap into this market effectively.

Dr. Razzaque suggests that encouraging Chinese investors to set up manufacturing hubs in Bangladesh could be a strategic move. These factories could produce goods for export back to China and other countries, thus boosting Bangladesh's export volumes.

Al-Mamun Mridha, General Secretary of the Bangladesh China Chamber of Commerce and Industry (BCCCI), echoed these sentiments. He mentioned that some Chinese investors are considering shifting their manufacturing industries to Bangladesh, recognizing it as a significant market for Chinese products.

To attract more Chinese investment, Bangladesh is organizing a trade and investment summit in Beijing during Prime Minister Sheikh Hasina's state visit from July 8 to 10. Mridha hopes that establishing Chinese factories in Bangladesh will eventually increase the volume of Bangladeshi exports to

China.

Currently, Bangladesh imports around \$24 billion annually from China, while its exports to China remain below \$1 billion. To address this trade imbalance, Bangladesh plans to offer lucrative incentives to Chinese investors in sectors such as ceramics, leather, pharmaceuticals, electric cars, high-end garments, and household appliances.

Enhancing Bangladesh's access to the Chinese market requires strategic diversification, quality improvements, and strong bilateral trade agreements. The upcoming summit and potential Chinese investments could pave the way for increased exports, ultimately benefiting Bangladesh's economy.

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