



AmCham

JOURNAL OF THE AMERICAN CHAMBER OF COMMERCE IN BANGLADESH

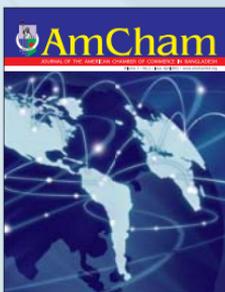
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AmCham Journal is a quarterly magazine of news and views for management executives and members of the AmCham in Bangladesh. Views published in the journal are of the authors, not AmCham.

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A. Gafur
Executive Director

President's Memo

Aftab ul Islam, FCA

President, American Chamber of Commerce in Bangladesh



Aftab ul Islam

I would like to offer my warm congratulations to the Participants of the US Trade Show 2012, held in February last, for their enthusiastic and active participation once again at the Show, cosponsored by the American Embassy and the American Chamber of Commerce in Bangladesh, which once again turned out to be a very successful one leaving a promising hope for the future.

About three and a half years have passed following taking over of the responsibility of running affairs of the government by the present elected government. Unfortunately the expectations of the people have still remained mostly unmet. The law and order situation is not up to the mark, political turmoil is mounting much ahead of the next parliamentary election, no signs of possible remedy in sight, making the future of Bangladesh uncertain and unpredictable. There could be a number of challenges facing a nation, but at the same time there should have serious and visible attempts by all stakeholders, especially by the democratically elected Government to address those challenges through effective consultations, discussions, compromises and reconciliations with all parties concerned. The whole nation and our international friends are waiting to see this happen. The deadlock in the political arena is sending wrong signals to the world, which

is bound to negatively impact our trade, investment and growth of the country. It is critically important to build on the past national achievements so that the nation can march ahead with a government that is based on good governance, accountability and transparency. The way Bangladesh fought the war of liberation in 1971 through national unity, the same kind of spirit is needed today to fight poverty, discrimination, corruption, mal-governance, unfriendly business atmosphere, etc. The need for higher GDP growth for the nation from 7-10 percent could be materialized only through united efforts and creative short-term, mid-term and long-term national strategy for economic development.

I take this opportunity to convey my sincere greetings and appreciation to AmCham Members, well-wishers of AmCham for their wonderful support and cooperation to AmCham activities. Please enjoy reading AmCham Journal April 2012 Issue.



Remarks by Robert O. Blake, Assistant Secretary, U.S. Department of State

(Remarks made by Mr. Robert Blake at AmCham Lunch Meeting on February 16, 2012)



Robert Blake

Thank you to Executive Director Gafur and President Aftab ul Islam for the kind introduction. I am delighted to be here in Dhaka with all of you today to convey my congratulations on organizing the 21st Annual U.S. Trade Show. I am pleased to have the opportunity to see the wide range of U.S. goods and services that AmCham members



are distributing in Bangladesh, and have been doing so for many years.

Our two countries will celebrate 40 years of diplomatic relations this year. As I reflect on our dynamic relationship, it is important to highlight that the U.S. is Bangladesh's

most important economic partner. We are Bangladesh's largest single export market, its leading source of investment, and its third biggest source of remittances. Our economic relations contribute to the livelihoods of millions of people in Bangladesh. Also, thanks in no small part to the entrepreneurship and leadership of AmCham members, U.S. exports to Bangladesh roughly doubled to more than \$1 billion in 2011 and helped support some 10,000 jobs at home.

Bilateral trade between the United States and Bangladesh now tops \$6 billion annually. Major U.S. companies – including Chevron and Conoco-Phillips – are poised to make significant long term investments in Bangladesh, particularly in the energy sector. In that regard, I am also excited to be attending the signing of a \$250 million deal today between General Electric and Summit to develop the Meghnaghat power plant project.

As you know U.S. companies are engaged with Bangladesh across a spectrum of industries. Last fall Boeing sold its first two aircraft to national carrier Biman and another 8 are on order for a total value of almost \$2.5 billion. With a resilient economy, which has consistently

grown at 6 percent for almost two decades and was largely unaffected by the 2008 global crisis, Bangladesh offers opportunities for increased U.S. investment and exports.

Our economic engagement with Bangladesh is designed to strengthen the American economy, create business opportunities in the region, and advance stability and prosperity in South and Central Asia. Our two countries are exploring ways to establish a formal mechanism for economic dialogue, which I hope will facilitate further discussion on the economic opportunities and challenges in Bangladesh.

We believe private sector participation and investment in this region not only makes good business sense, but is central to the success of our regional foreign policy objectives. So as we strive to meet President Obama's goal of doubling exports by 2015 through the National Export Initiative, we are looking for opportunities to do even more business in Bangladesh.

I'd like to spend a bit of time discussing Secretary Clinton's vision for a New Silk Road, which seeks to establish energy, trade, transit, and people-to-people linkages between South and Central Asia, with Bangladesh playing a key role in this. In essence, this New Silk Road vision strives to strengthen regional economic integration and promote economic opportunity between countries in South and Central Asia through two primary means.

- First, through energy and infrastructure – which includes roads, bridges, electrical transmission grids, railways and pipelines – to connect goods, services, and people.

- And second, through trade liberalization – which includes the reduction of non-tariff trade barriers, improved regulatory regimes, transparent border clearance procedures, and coordinated policies – to accelerate the flow of goods, services, and people throughout the region.

As the New Silk Road vision becomes a reality, I can imagine goods produced here in Bangladesh making their way to neighboring markets in India, and beyond into Afghanistan and Central Asia, much like the historic Grand Trunk Road.

I am glad to see that AmCham is also attracting participation from U.S. companies based in India. This dovetails very well with the New Silk Road vision as it opens the untapped potential for economic cooperation in the region. The U.S. supports Bangladesh's efforts to strengthen regional economic ties, particular with India. Increasing trade will bring substantial benefits for the people of Bangladesh and India. With a growing market of more than 1 billion consumers, India offers enormous potential to companies in Bangladesh.

Additionally, I want to recognize the Governments of Bangladesh and India for their efforts to improve bilateral relations and resolve longstanding conflicts. Sheikh Hasina's landmark visit to New Delhi in January 2010 and Prime Minister Singh's visit to Dhaka in September 2011 are but the most visible examples of the two countries' remarkable recent efforts to put aside differences and build new bridges, presenting a credible model for regional cooperation throughout South Asia.

Just last year, Bangladesh's annual exports to India grew more than 60 percent – and that was before the tariff reductions announced by

Indian Prime Minister Singh during his visit. In a promising sign that this growth is likely to continue, I understand a Bangladesh trade delegation to India returned with \$90 million in orders shortly after India announced the tariff reductions.

But Bangladesh's economic future is not only about the future of South Asia, but about its growing relationship with East Asia and the rest of the world. Just last year, President Obama announced a renewed focus on American engagement with East Asia. The region already generates more than half of global output and nearly half of global trade.

It is not a coincidence that the three free trade agreements the President signed into law last fall were all with Pacific Rim partners. By virtue of its geography – linking South Asia and East Asia – Bangladesh is poised not just to take advantage of increased trade and economic opportunities with neighbors like India as part of the New Silk Road vision, but to tap into the vast East Asian markets as well.

As a consistent advocate for greater regional integration and

Regional organizations such as BIMSTEC, which seek to promote collaboration and economic links between South and Southeast Asia, and in which Bangladesh plays a prominent role, will gain increasing importance as countries seek to grow their economies. Never has the potential for collaboration been greater or more important.

Bangladesh has made substantial economic progress over the past two decades and it is well-positioned to accelerate its economic growth if it can address infrastructure constraints and other impediments to investment. Although the pace of change is often slow and the challenges substantial, U.S. engagement can and will focus on long-term, meaningful results, and we will look to business leaders like you as partners in this process. I am optimistic that the dynamism, resilience, and entrepreneurship of the Bangladeshi people, and the business community in particular, will help the country to weather its current challenges and build on its economic achievements.

Thank you again for your time and I'm happy to take some questions and hear from you about some



cooperation, Bangladesh has demonstrated that it understands the potential that lies to the east.

of the successes and challenges your companies encounter from operating in Bangladesh.

AmCham in Action

A. Gafur

Executive Director, American Chamber of Commerce in Bangladesh



A. Gafur

We are pleased to present our regular AmCham quarterly journal, the 17th issue. Once again, I am taking the opportunity to thank AmCham members, advertisers and authors for their continuing outstanding support for AmCham Quarterly Journal. The last quarter has been very eventful, including the organization of 21st US Trade Show in Dhaka, having Bangladesh Commerce Minister Mr. G.M. Quader, and U.S. Assistant Secretary Mr. Robert Blake as our Guests of Honor and Speaker. The following are some of the activities carried out by AmCham during the last quarter.

January 17, 2012: Lunch Meeting with Honorable Minister for Commerce

At AmCham monthly Lunch Meeting for January Mr. G.M. Quader, Honorable Minister for Commerce, Govt. of the People's Republic of Bangladesh attended as a Guest of Honor and Speaker. Mr. Quader spoke on "Doing Business

in Bangladesh: Opportunities and Challenges". In his remarks the Minister said that Bangladesh needs to get rid of bureaucratic red tape and corruption to attract foreign investors. Infrastructure bottleneck is not the greatest challenge; the real challenges are slow bureaucracy and corruption. Talking about his own Ministry Mr. Quader said there would be no compromise on corruption in the Ministry of Commerce. Cases of corruption would not be allowed to go unchallenged and no file would get stuck in the process of bureaucracy. He said Bangladesh attracted US\$ 913.32 million

prices and gas prices had gone up frequently in the recent few months that had an impact on the prices locally. AmCham President in his speech said Fiscal management was facing challenges along with inadequate revenue resources, decline in aid absorption, and accelerated bank borrowing. He said the country needs substantial amount of investment to promote economic development, which is crucially required to create huge employment and eventually to reduce widespread poverty. He added saying that the country had enormous potentials and opportunities to take off, but



Mr. G.M. Quader, Honorable Commerce Minister Speaking at AmCham Lunch Meeting

FDI in 2012, up by 30 percent compared to 2009, according to recent World Investment Report of the United Nations. But the FDI flow has been stagnant below US\$ 1 billion for a long time due to inadequate supply of gas and electricity, lack of bargaining capacity and scarcity of land. The Minister said that the Government is open to FDI and offer various incentives to the investors. On the question of price hike of essential commodities Mr. Quader said external factors were largely responsible for this. Petroleum

the real challenges lies in having appropriate leadership at every level to lead the country to desired level of prosperity.

January 19, 2012: Roundtable with H.E. Ambassador Dan Mozena

Ambassador Dan Mozena met a group of AmCham members and informally exchanged views on various matters of economic interest for both Bangladesh and the United States. This interactive discussion included the issues such

as; Huge Opportunities to Expand Bangladesh Market, Economic and Social Progress made since the birth of Bangladesh, Need for massive Industrialization, Role of the growing Private Sector, Public Private Partnership (PPP), Product and Market Diversification, Emerging new opportunities in

promoting trade, business and investment.

February 16, 2012: Lunch Meeting with H.E. Robert Blake, U.S. Assistant Secretary

AmCham Monthly Lunch Meeting for February has been graced by



U.S. Assistant Secretary Robert Blake Speaking at AmCham Lunch Meeting

RMG, Infrastructure development and its financing, Governance, Country branding, Predictability, Raising both way trade between Bangladesh and U.S., Business Climate, Regulatory Reforms, Country Rating, Delay in decision making, Importance of FDI, Difficulty in land acquisition, Institutional equity investment, Transparency in reporting, Ensuring equal playing fields for all, High inflation, Massive depreciation of the value of Taka, Decreasing gas resources, Need for decentralization, Educational opportunities in the U.S., Ability to use the coal resources- Coal Policy, Overall energy policy, Contractual obligation, Intellectual Property Rights (IPR), Growing Traffic Jam. The roundtable focused on the tremendous amount of opportunities available in Bangladesh, and the difficult challenges ahead and agreed on the accelerated Government actions to create congenial business atmosphere and continued greater private sector participation towards

H.E. Mr. Robert Blake, Assistant Secretary, South Asia and Central Asia, U.S. Department of State.

Mr. Blake in his remarks congratulated AmCham and the US Embassy for organizing the 21st U.S. Annual Trade Show.



He considered the United States as Bangladesh's most important economic partner. He thanked the entrepreneurship leadership AmCham members. He said that their economic engagement with Bangladesh is designed to

strengthen the American economy, create economic opportunities in the region, and advance stability and prosperity in South and Central Asia. He said Bangladesh made substantial economic progress over the past two decades and it is well-positioned to accelerate its economic growth if it can address infrastructure constraints and other impediments to investment. The speech of Mr. Blake has been incorporated separately.

February 16-18, 2012: US Trade Show 2102

The 21st Annual US Trade Show 2012 was held at the Ruposhi Bangla Hotel, from February 16-18, 2012, cosponsored by the US Embassy and the American Chamber of Commerce in Bangladesh (AmCham). The objective of the Show has been to accelerate the awareness among the consumers in regard to competitive availability of US goods and services in Bangladesh. In this year's Trade Show 62 Exhibitors participated, occupying 116 booths.

A press release was made in November 2011 in various dailies announcing the dates of the Show. Additional newspaper and television advertisements were organized in leading dailies and private TV channels prior

and during the Show. A press conference was organized on February 14, 2012 at the Ruposhi Bangla Hotel. The response from the press and the electronic media was excellent. Among others, AmCham President and Executive Director and American Embassy Economic Officer were present on the occasion.



The US Embassy hosted a reception on February 15, 2012 at the Ruposhi Bangla Hotel to celebrate the 21st US Trade Show. US Trade Show Participants, foreign and local dignitaries attended the reception. The Reception was sponsored by Chevron Bangladesh.

The 3-day US Trade Show was inaugurated on the morning of February 16. The inaugural ceremony included US Embassy Deputy Chief of Mission (DCM), AmCham President, and US Consul General in Kolkata. The Show received wide newspaper, radio and TV coverage. The speech of the DCM has been separately incorporated.

A Welcome Dinner was also organized on February 16th to greet the overseas guests of the Trade Show Participating Companies and the Participants, where distinguished members of the business community and the civil society were also invited. A colorful cultural program was presented. The welcome dinner

was hosted by Bangla Trac Limited (Bangla CAT).

On the 2nd day of the US Trade Show some air tickets were distributed to the participants through a raffle draw.

The donors and winners of the raffle tickets were as follows:

A. QATAR AIRWAYS

1) One Economy Class Air Ticket for Dhaka-USA-Dhaka

Winner: U.S. Food Mart

1) One Economy Class Air Ticket For Dhaka-USA-Dhaka

Winner: Telemedicine Reference Center Ltd.



B. BIMAN BANGLADESH AIRLINES

1) One Economy Class Air Ticket For Dhaka-Hong Kong-Dhaka

Winner: Transcom Beverages Ltd.

C. TECHNO HVAC SYSTEM LTD.

1) One Economy Class Air Ticket for Dhaka-Bangkok-Dhaka

Winner: National Bank Ltd.

Coca-Cola Far East Limited Bangladesh sponsored the Trade Show Gates.

ConocoPhillips Bangladesh Exploration 10/11 Ltd. sponsored the Backdrop of the inaugural session.

Abdul Monem Ltd. sponsored the Trade Show Festoons

American Embassy and the Ruposhi Bangla Hotel did an outstanding job and deserve warm appreciation for their excellent support.

US Trade Show has become an annual trade event and a remarkable networking platform for US business firms, for their agents and distributors and for Bangladeshi consumers. The exhibitors and their employees consider this event not only as a business event, but also as a memorable and remarkable

annual get-together under the banner of the US Trade Show. The Show holds bright promises for the future towards promoting US trade and investment in Bangladesh.

Remarks by Dan Mozena, U.S. Ambassador to Bangladesh

(Remarks made by Ambassador Dan Mozena at the US Trade Show 2012 Welcome Dinner on February 16, 2012)



Dan Mozena

The Honorable Foreign Minister
Dr. Dipu Moni

Aftab ul Islam, President
American Chamber of Commerce
– Bangladesh

AmCham Executive Director A.
Gafur

Good Evening!

First, I wish to offer a special thank you to BanglaTrac for sponsoring this event. Since Caterpillar World Headquarters is located only a three-hour drive from my hometown, I have always had a special attachment to Caterpillar.

America is Bangladesh's great friend and partner.

The relationship between America and Bangladesh is strong and deeply rooted in shared values and interests. I come to Bangladesh with a great mandate to take this relationship to new heights ... to advance the interests of America, the region and, of course, the people of Bangladesh

by promoting a Bangladesh that is peaceful, secure, prosperous, healthy, and democratic. To this end, America and the government, civil-society and people of Bangladesh are strong partners. I commit myself and my mission to do whatever possible to further broaden, deepen and strengthen this relationship to the benefit of the people of both America and Bangladesh.

The annual U.S. Trade Show manifests the powerful trade and investment relationship between America and Bangladesh. America is the largest single export market for Bangladesh; America is the largest foreign investor in Bangladesh; America is the third largest source of remittances to Bangladesh. Last

played in fostering this trade and investment and in advancing the economic well being of the people of both countries.

As you visit the over 120 booths at this trade show, you will see firsthand the depth of America's economic and commercial relations with Bangladesh, relations that are growing ever stronger and deeper. Just a few hours ago, I joined visiting Assistant Secretary of State Robert Blake in witnessing the signing of an agreement between General Electric Company and Summit Power to build a 335 MW, gas-fired power generation plant at Meghnaghat. This project will bring inexpensive power to Bangladesh while lessening dependence on expensive imported fuels.



Picture shows part of cultural event organized during US Trade Show Welcome Dinner

year, our bilateral trade set a new record: over \$6 billion dollars. This trade created hundreds of thousands of jobs in Bangladesh and about ten thousand jobs in America. You, members of the American Chamber of Commerce of Bangladesh, can rightly be proud of the central role you have

Boeing has already delivered the first two planes of a larger order to help Biman upgrade its fleet. Chevron is investing hugely in Bangladesh. Dozens of other American companies are contributing to our growing bilateral trade by providing engineering services to build refineries, dredges that will develop

Bangladesh's waterways, seeds and insecticides to increase agricultural productivity, wheat to diversify diets, cotton to supply Bangladesh's vast readymade garment industry, equipment to increase power supply, information technology, education and healthcare services, and the list of business engagement goes on and on.



I think I have made my point: American business is Bangladesh's partner. I am pleased that this year AmCham has taken this partnership to a new level by bringing to the trade show U.S. companies based in India. United States Consul General in Kolkata

Dean Thompson is here tonight to underscore the importance of this added dimension of the economic relations between America and Bangladesh. As Assistant Secretary Blake said at a luncheon here a few hours ago, India, too, offers the prospect of being an important trading partner for Bangladesh.

Recently, I have spoken much of my vision of the New Bangladesh, the Golden Bangladesh, the middle income Bangladesh, the Bangladesh that offers its citizens great hope and optimism for an ever better future, the Bangladesh that is the next Asian Tiger ... the

Bengal Tiger. This Bangladesh would be the world's largest exporter of readymade garments, the world's largest exporter of household textiles, an important player in the global market for pharmaceuticals, information technology, and ship building. This Bangladesh would provide healthcare, education, and skills training so its people could compete in the global marketplace.

This Bangladesh is no idle dream. I believe this Bangladesh could be a reality in my own lifetime.

Of course, the challenges and obstacles are many, but I believe the creative, energetic, dynamic and resilient people of Bangladesh will overcome them all, as they realize the Golden Bangladesh.

To that end, America and American companies as represented at this trade show will be Bangladesh's partner.

I am pleased and proud that America is Bangladesh's friend and partner in building the new Bangladesh, the Bangladesh that offers an ever improving quality of life to the citizens of this wonderful country.

Thank you.



Remarks by Nicholas Dean, Deputy Chief of Mission, U.S. Embassy Dhaka

(Remarks made by Mr. Nicholas Dean at US Trade Show 2012 Opening Ceremony on February 16, 2012)



Nicholas Dean

Mr. Altob al Islam, President of the American Chamber of Commerce,

AmCham Executive Director Gafur

Distinguished Guests,

Ladies and Gentlemen:

Assalam-u-Alaikum, Namasker and Good Morning. I am truly delighted to join you here today to celebrate the opening of the 21st annual U.S. Trade Show. For more than twenty years now, the U.S. Embassy has been working with AmCham to organize this annual event as a showcase for a growing roster of companies offering U.S. products and services in Bangladesh.

A lot has changed since the first U.S. Trade Show in 1992. Bangladesh's economy has grown steadily from a \$30 billion economy to an economy of more than \$100 billion last year. As Bangladesh's economy has grown, so has its economic relationship with the United States. As Bangladesh's

largest single export market, the U.S. has helped Bangladesh develop one of the most dynamic ready-made garment industries in the world. The U.S. is also the largest source of investment in Bangladesh, particularly in the energy sector, where U.S. firms are continuing to invest in projects that will help to reduce energy shortages. The U.S. is a major source of remittances with more than \$1.5 billion last year. Finally, the U.S. is also the largest bilateral source of development assistance, and our development programs are growing following Bangladesh's designation as a focus country for all four of President Obama's development initiatives.

Our bilateral trade is growing faster than ever. U.S. exports roughly doubled last year from \$577 million in 2010 to more than \$1.1 billion in 2011. In the same



period, Bangladesh exports to the U.S. rose to nearly \$4.9 billion. This growing trade contributes to the livelihoods of hundreds of thousands of Bangladeshis.

The U.S. Trade Show showcases many of the great companies and U.S. brands that have contributed to our growing economic relationship. These companies are helping to create jobs and contribute to economic growth and development in the U.S. and in Bangladesh. They also provide a variety of products and services that are contributing to economic development in Bangladesh. Let me cite just a few examples:

- Boeing Corporation, a U.S. Trade Show participant, is supplying aircraft to Biman Bangladesh Airline that will help to modernize Bangladesh's national carrier and improve air transportation connectivity.
- Chevron, the largest foreign investor in Bangladesh, is providing natural gas and helping to reduce energy shortages.

- GE is providing advanced healthcare technology and is partnering with Summit Power to provide low-cost power using advanced GE turbine technology.

- Caterpillar is offering construction equipment, engines and generators that contribute to Bangladesh's development in myriad ways.
- Other companies are offering products and services that help to increase agricultural productivity, improve education and healthcare services, increase access to

I am particularly pleased that this year's trade show will include, for the first time, a catalogue show featuring 25 U.S. companies that are exploring business opportunities in Bangladesh. The U.S. Embassy has partnered with the Foreign Commercial Service in Kolkata to recruit 25 American suppliers representing an array of diverse industries

ways to foster business linkages with U.S. firms India. Dean has served in Bangladesh before and he understands very well the tremendous economic potential and business opportunities that Bangladesh offers.

I want to thank the honorable Commerce Minister his support and for joining us here in spirit to inaugurate this trade show.



I also want to express my appreciation to AmCham President Aftab ul Islam Executive Director Gafur, and their team, for their tireless efforts to organize this event.

Finally, let me thank all of the companies that are participating in this trade show. Your companies have played a key role in developing our bilateral trade. The U.S. Trade Show is a celebration of your accomplishments and a showcase for the U.S. products and services that your companies offer. As we look ahead to twenty more years of U.S. trade shows and beyond, I am confident that our economic relationship will continue to prosper, led by the growing ranks of U.S. companies that are recognizing the bright future of Bangladesh.

information technology and the list goes on and on...

Many of these companies are also model corporate citizens in Bangladesh. Through corporate social responsibility programs, they contribute to improving health care and education, increasing access to information technology and much more.

from automotive, consumer and lighting products to educational services and renewable energy. In addition, we have recruited two U.S. firms from India to participate as exhibitors at this year's trade show. I would like to acknowledge our Consul General from Kolkata, Dean Thompson, who is visiting Dhaka this week to attend the U.S. Trade Show and to explore

Thank you.



India's Recent Market Access Initiative: Realizing the Potential Opportunities for Bangladesh

Professor Mustafizur Rahman

Executive Director, Centre for Policy Dialogue

There is no denying the fact that the offer made by the Indian Prime Minister at the Seventeenth SAARC Summit in Malé in November, 2011, relating to duty-free market access for virtually all products of export originating from SAARC LDCs, is a crucially important initiative as far as Bangladesh was concerned. Since the other SAARC LDCs have already been enjoying such preferential market access under various bilateral arrangements, it was mainly Bangladesh which was likely to gain the most from this initiative. It may be recalled here that under the SAFTA the Indian Sensitive List, containing a large number of Bangladesh's tradable goods, in spite of the periodic pruning of the list over time, had remained a nagging concern for Bangladesh. In view of this, the decision by India to do away with the negative list, and offer duty-free access to virtually all Bangladeshi export items (barring twenty five items of no significant trade value for Bangladesh) must be seen as having created a window of opportunity for Bangladesh to significantly increase her export to the fast-growing Indian market.

As is known, India is the second most important import source for Bangladesh (USD 4573.1 million in FY2010-11), conceding only to China (USD 5924.7 million in FY2010-11). Indeed, this ordering could as well change if informal trade is also factored into the trade equation. However, till now Bangladesh has not been able to take advantage of the growing Indian import market in any significant manner. True, it is satisfying to note that in recent years Bangladesh's export to India has experienced quite a robust growth, rising

from USD 97.0 million in FY2005 (Bangladesh's import from India over the corresponding year was USD 2030.0 million) to USD 513.0 mln in FY2011 (import from India was USD 4562.0 million in this year). As can be seen from the above data, in spite of the growth in Bangladesh's export, her bilateral trade deficit with India, through formal trading channels, has been on the rise over the corresponding period – between FY2005 and FY2011 Bangladesh's bilateral trade deficit with India has almost doubled, rising from USD 1933.0



million to USD 4049.0 million. Share of Bangladesh's export in the global import of India was a mere 0.2 per cent in FY2011; to compare, Bangladesh's own import from India accounted for about 13.2 per cent of her total import in the same year.

It is true that in a globalised world it is the global trade deficit which should be of concern to countries, not the bilateral deficit. Additionally, as is well-known, a large part of the Indian import includes raw materials that go for export-oriented industries in Bangladesh. If one looks at the structure of imports from India, it will be seen that a significant share in

Bangladesh's import was accounted for by imports of cotton, yarn and fabrics, as also other inputs which are used by Bangladesh's export-oriented industries such as the readymade garments. Also, many of Bangladesh's import-substituting and other industries access their raw materials, intermediate inputs and capital machineries from India. Indeed, such imports from India help Bangladesh maintain a trade surplus with some of her other important trading partners including USA (Bangladesh's bilateral trade surplus with USA

was to the tune of about USD 3480 million in FY2010). It should also be kept in mind in this context that it is Bangladesh's private sector which accounts for bulk of imports from India. Bangladesh's producers, entrepreneurs and traders import from India because they find Indian goods to be competitive and good value for money which has resulted in some trade being diverted to India from other traditional sources. Nonetheless, a persistent and widening bilateral trade deficit with India should necessitate a closer examination of the factors that impede and constrain Bangladesh's capacity and ability to export more to the Indian market. In this backdrop, implications of India's

recent duty-free market access offer should be carefully studied in order to identify measures to take advantage of the offer to enhance Bangladesh's export to India and thereby help reduce Bangladesh's bilateral deficit with India.

The new offer made by India is important for Bangladesh on several counts. Firstly, structure of Bangladeshi products exported to the Indian market is distinct from Bangladesh's overall export structure with regard to the global market. Exports to India from Bangladesh are dominated by non-RMG exports; this is a significant departure from her traditional export markets. Whilst RMG constitutes 78 per cent of Bangladesh's global export, almost 93 per cent of Bangladeshi exports to India are accounted for by non-RMG items. These are raw jute and jute goods, fertilizer, plastic items, cement, ceramic and melamine products, juice, frozen-food items, dry-cell battery etc. Consequently, expansion of exports to India will help Bangladesh not only in terms of market diversification (away from

Firstly, attaining this will hinge on putting in place the needed supply-side capacities in Bangladesh by encouraging domestic investment geared towards the Indian-market. Since most of the exporters to the Indian market are SME producers, ability to cater to their specific needs will be important. Secondly, attracting FDI, both from India, and from other countries, targeting the Indian market, to take advantage of the duty-free market access, should be promoted and supported as a winning strategy. In some cases, ability to comply with Rules of Origin requirements will also depend on attracting new investment. Till now, investment flows from India to Bangladesh has been rather paltry whilst total FDI flow to Bangladesh has also been rather small at less than a billion dollar each year. However, ability to attract Indian market oriented FDI will depend on presence of an overall-conducive investment environment and availability of the needed infrastructure support in Bangladesh. Thirdly, since non-tariff barriers (NTBs) pose formidable challenges for Bangladeshi exporters

and Testing Institute) to cater to standardization, certification, laboratory testing and other forms of quality control requirements in India will be important. It is good that progress is being made with regard to signing of a framework agreement for mutual recognition relating to testing, certification and issuance of accreditation certificates (India is also providing some technical assistance to BSTI in these areas). That the SAARC countries have agreed that the SARSO (South Asia Regional Standardisation Organisation) will be established in Dhaka is a welcome decision. Fourthly, Bangladesh will also stand to gain significantly from better trade facilitation, customs harmonization, speedy crossing of goods across borders and better infrastructure facilities at border points. Investment in these areas will be helpful not only for exporters, but also for importers as these will reduce cost of Bangladesh's imports from India, with attendant benefits accruing to investors, producers and consumers. As is known, some important initiatives are being considered at present towards greater and more efficient transport connectivity with India and within the region. These initiatives will hopefully contribute to raising trade-related efficiency, reduction of transport costs and could help reduce Bangladesh's bilateral deficit with India through export of services if fees are appropriately designed.



traditional markets of the EU and North America) but also product diversification (beyond the RMG).

Whether Bangladesh will be capable of taking full advantage of India's market offer, and will be able to enhance her export to India beyond the one billion dollar watershed, over the next three years, by FY2015, will depend on a number of factors.

in terms of accessing the Indian market, addressing these on a priority basis will be critically important. As is known, large number of NTBs in place in India relate to health-hygiene and SPS-TBT related concerns. In this context, building Bangladesh's supply-side capacities at enterprise level, and particularly by strengthening the capacities of the BSTI (Bangladesh Standardisation

Whilst the duty-free initiative itself is a promising development, realization of the potential opportunities originating from the initiative will hinge on how effectively Bangladesh will now be able to do undertake the needed homework. If the attended tasks can be adequately addressed then the ambition of exporting goods worth more than a billion dollar to the Indian market, by FY2015, should no longer remain a dream and could surely be achieved.

Penetration of Mobile Phones and Internet in Bangladesh

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In the recent years, Bangladesh has experienced a phenomenal growth in ownership of durable and electronics products especially mobile/ cell phones. Mobile penetration at household level has been one of the most aspiration categories among households.



The number of mobile phone users has reached at 90.636 million at the end of April 2012 in Bangladesh (source BTRC). The subscribers' growth of six operators showed positive trends per BTRC statistics. Grameenphone (GP), the country's biggest operator by 37.748 million subscribers (42% market share) followed by Orascom Telecom Bangladesh Limited (Banglalink; 25.008 million i.e. 28% market share).

The third largest operator Robi Axiata Limited (Robi) has a subscriber base of 18.243 million (20%). Other operators include Indian telecom operator Airtel with 6.538 million subscribers (7.2%), and Citycell (1.801 million subscribers i.e. 1.98%). Teletalk Bangladesh Limited (Teletalk) is the only state-owned telecom operator as 1.295 million

subscribers with 1.43% of the market.

Similarly, the Internet revolution seems to be in full swing in Bangladesh. As the Internet spins a web of interconnectivity around the globe, as it grows literally by the hour, Bangladesh

generation (3G). Based on NMDS 2011, the recent trend of mobile and internet usage in Bangladesh are shown below.

Mobile Penetration at Individual Level

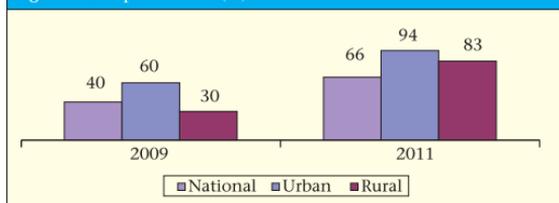
In 2011, 66% of the individuals of age 15 years and above own at least one mobile set with active SIM which was 40% in 2009. Among the rural respondents, 59% own a mobile set which was 30% in 2009. Similarly in the urban areas, it is currently 80% compared to 60% in 2009. As expected, 84% of the metropolitan respondents have access to mobile which was 62% in 2009.

According to Bangladesh Telecommunication Regulatory Authority (BTRC), mobile SIM connection is given to population of age 18 and above.

Availability of SIM at household levels: Eighty seven percent of the households (where respondents were 15 years and above age) own at least one SIM. The mobile SIM availability at

is trying hard to cope up with globe pace! There is a significant growth of the internet users in Bangladesh, especially in the urban areas to around 25% up in early 2011 from 3.0 percent in 2007. According to Nielsen Demographic and Media Survey 2011 (NMDS 2011), majority of

Fig 1: Mobile penetration (%)



the internet users are the youth, and using through mobile handset. Bangladesh's mobile phone users are ready for third

household level has increased more rapidly in the rural areas, from 3% in 2005 to 83%, i.e. 27 times in last six years. Among the

urban dwellers, SIM penetration has reached to 94% of them. As expected, currently 95% of the metropolitan households have access to mobile SIM, which was 23% in 2005.

Table 1: Penetration of mobile set with active SIM

Age	National	Urban	Rural	Metro
15 years +	66%	80%	59%	84%
18 years +	62%	77%	56%	80%

Ownership of Computer

Across the country in 2011, computer is currently available to more than (5%) of the households



which was 3% in 2009. Among the urban dwellers, 12% of the households claim to own computers and 1% in the rural areas. However, in metros, 20% of the household owns computers.

Among different brands, Samsung (48%) is most popular followed by Dell (10%), LG (9%), Intel (7%), Sony (4%), and Acer (3%).

Use of Computer

Overall, 9% of the population ever used computers. As expected the urban people (19%) use more computers than the rural (5%). More than 26% of the people in the metros used computers.

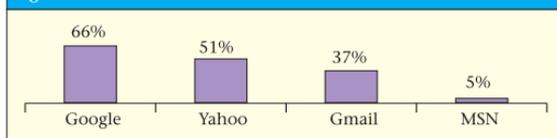
Among the computer users, about half of the (48%) uses computers at their houses followed by offices (21%). Other places for using computers are at their schools/colleges/universities (11%),

friend's/relatives (14%) and cyber café (10%).

Awareness and Use of Internet

About half of the respondents (52%) are aware of internet. In general, the awareness was higher in the urban

Fig 2: Aware of website



areas (69%) in comparison to that of the rural areas (45%). The highest awareness was found among the people in Sylhet division (74%), which was followed by Barisal (60%). The least number of people of Dhaka and Khulna is aware of this (50%). Among the metro dwellers, 74% are aware of internet.

A few number of people ever used internet (10%), where the number of users was higher in the urban areas (16%) in comparison to that of the rural areas (6%). One's home is the most common place for using internet by those who ever used Internet (55%), followed by office/work place (20%). Other places are cyber café (19%), relatives' homes (9%), school/colleges/universities (5%), and in mobile (5%).

One third of internet ever user used it once or twice in a week (27%) and 13% used it sometimes in a month. Another 26% uses almost every day and 25% in few days per week.

Forty one percent of the users use internet for about 30 minutes and another 31% for around one hour. Rest of the users use for more than an hour. Major purposes of using internet are sending/receiving emails (62%), listening music (25%), download software (48%), playing games (31%), getting latest news (20%), job search (15%) etc.

Website Reach

Among the internet users, they are aware of websites like Google (66%), Yahoo (51%), Gmail (37%), MSN (5%) etc. However, as expected, majority of the users mentioned about Facebook as their most preferred social media network.

Reference:

Nielsen Media and Demographic Survey 2011
 BTRC: Bangladesh Telecommunication Regulatory Commission (website)
 MoneyLink; www/moneylinkbd.com
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