

Government targets \$80b in exports in the new export policy

But stakeholders say the ease of doing business has to improve



Mahmud Hossain Opu/Dhaka Tribune
Saddam Hossain

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The Cabinet on Sunday gave its approval to the draft "Export Policy 2021-24" with a target of \$80 billion export for fiscal year 2023-24.

The approval was given on Monday in the Cabinet meeting with Prime Minister Sheikh Hasina in the chair.

The draft policy was approved on January 12 earlier this year by the Cabinet Committee on Economic Affairs (CCEA) and the Cabinet Committee on Public Purchase (CCPP).

Now it has received the final go-ahead from the government.

The government has also decided to allow food ingredients to be imported from Japan.

Bangladesh recorded its highest ever single-month export earnings amounting to \$4.91 billion in December last year, thanks to a strong rebound in demand for apparel in western markets even amid the Covid-19 Omicron spread.

Export earnings exceeded the \$3.91 billion target set for the month, registering more than 48% year-on-year growth, according to provisional data of the Export Promotion Bureau (EPB).

The export target for FY2021 was \$60 billion.

Talking to Dhaka Tribune, Shahidullah Azim, vice-president of the Bangladesh Garments Manufacturers and Exporters Association (BGMEA), said that the new export target is not an unrealistic, given the current situation.

“However, we have many challenges in achieving this. The ease of doing business needs to be further simplified. We often compare Bangladesh with other countries as a country, but if we compare our policies with these of them, our shortcomings and limitations become clear,” he added.

He also said that Vietnam takes 2-5 days to unload any products but Bangladesh needs 20-30 days, like this, there are many issues that weaken competitiveness.

“Frequently there are problems at our ports, customs, etc. We have to adopt good policies like competitive countries to solve these,” he added.

Moreover, the cost of doing business here is high and entrepreneurs have to address policy to solve this.

“Many decisions are made overnight without consulting traders or stakeholders, which is another big challenge to achieve targeted amounts,” he added.

He also said that \$80 billion in exports can be achieved, if policymakers and entrepreneurs can work together.

“We entrepreneurs are sincerely trying; our workers are working hard. Now the government has to adopt a policy to make business easier,” he added.

If the problems like abnormal delay in renewing papers, VAT, tax, port, NBR can be solved, it is not impossible to achieve \$80 billion export earnings, he added.

Shovon Islam, managing director of the Sparrow Group, told Dhaka Tribune that according to the current business perspective, the \$80 billion export target is a very realistic target and very much achievable as the current condition of the apparel industry in China, Vietnam, and India.

“But here are some obstacles. We have to keep an eye on how ready our infrastructure, ports, airports, highways, and infrastructures of our industrial hubs are to achieve this target,” he added.

Moreover, the gas crisis, VAT, customs, NBR, bond-related issues have not been resolved yet, he added.

He also said that in the context of all these problems, it can be said that the target may not be fully achieved, missed by 20-30% and this will be possible only when all these issues are resolved through efficient export policy.

“Achieving a big target is not just about workers, it's about ease of doing business, cost of doing business, and the whole system,” he added.

However, there is also a crisis of skilled workers for the last few months. A policy was taken to set up garment worker training centers in every upazila, but has not seen the light yet, he added.

“Industry-related courses should be introduced in every university and college to create strong local mid-management employees and industrial engineers,” he added.

He also said that it's not like they set a target and achieve it, the whole system has to be changed.

“In our country, there are bureaucratic complications in the industry, there are also allegations of non-cooperation. These two need to be addressed,” he added.

He also said that the entrepreneurs are working; the workers are working happily in their workplaces. Now it needs the necessary policy, support, and resolution of existing issues.

“This target is big but impossible to achieve, if all the existing issues are resolved once by working together, then it is achievable. But are we really ready to work together?” he questioned.

Experts optimistic, yet cynical of target

Ahsan H Mansur, executive director of Policy Research Institute (PRI), said: "It is possible to achieve this if the current growth rate is maintained at this rate which is increasing every month. But we still don't know if this momentum will continue for years. Because in the past we have seen that growth did not sustain."

"Another thing is that even if this goal is achieved, it becomes apparel-dependent, as we cannot export in huge amounts from any other sector. Therefore, the question of setting an \$80 billion export target on the strength of a single industry also remains," he also said.

"If they really want to achieve that, they have to take action. One of them is to provide others with the kind of facilities that are given to the RMG sector. They must also increase the bonded warehouse facility for small organizations. Number three is the fact that despite our capabilities, many products have not been able to enter the international market. There are many industrial products like leather which are not able to enter the market like Europe due to compliance," the economist observed.

Therefore, policymakers need to come up with agreements with different countries and organizations on how to increase the destination of export products through proper diplomatic relations and not just think about these things in a consistent manner but also constantly think about these things and encourage new export products, Mansur added.

The target of export earnings of \$80 billion is now very ambitious for Bangladesh, said Prof Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD).

In order to achieve this goal, export earning has to be increased by more than 30%, which is somehow difficult. In addition, the rise in raw material prices, which has led to a decline in net earnings, is also a major challenge, he added.