

Bangladesh's Potential as a Regional Economic Corridor

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Editorial

Bangladesh is located at a very strategic position in South Asia. It is connecting countries of the South Asian Association for Regional Cooperation (SAARC) and the Association of Southeast Asian Nations (ASEAN) states. One can reach the doorstep of half of the world population within 24 hours in a motor vehicle from Bangladesh. This means one can have direct access to the half of the world market here to build a channel of distribution especially of consumer goods. The Asian highway, the inter-SAARC connectivity, will highlight Bangladesh's prospect in tomorrow's business world as a hub between SAARC and ASEAN member-states.

Current population of SAARC plus ASEAN states are about 2.41 billion i.e. 33% of the world population. China has a border with both the regional bodies i.e. SAARC and ASEAN. China could be a bonus market for the marketers of this region. Total population of SAARC, ASEAN and China is about 3.79 billion i.e. 51% of current world population. SAARC, ASEAN plus China are geographically interconnected and culturally nearby. This region has potential to lead the world economy in near future. A combined SAARC, ASEAN plus China region is much more powerful than any other region of the world.

Total GDP of SAARC and ASEAN is about US\$ 5,110 billion i.e. about 6.5% of the world GDP (gross domestic production). Another important message is that 33 per cent of the world population of this region produces only 6.5% of total products of the world. Productivity of the region is comparatively lower; that is why this region belongs to the poor people. If we include China, the total GDP of SAARC + ASEAN plus China is about US\$ 15,465 billion i.e. about 20% of the world GDP. World trade of the SAARC and ASEAN is US\$ 3,533 billion i.e. 9.3% of the total global trade in 2014. While we think about SAARC, ASEAN and China, then the amount rises into US\$ 7,833 billion i.e. about 20% of the global trade in 2014. China has a large positive trade balance while most of the countries of this region have negative trade balance.

A similar picture will be found if we consider the list of products, inward FDI flow, and export growth, economic growth of SAARC and ASEAN states. China and India have greater product baskets, greater export, and greater FDI inflow etc. than any other state of the region. Therefore, this region will include China and India within their development programmes to grow faster. Without these two major economic powers, other states of SAARC and ASEAN will have to struggle more to be developed. Therefore, it is the right time to align with these powers and work hand in hand for combined development of the entire region.

Bangladesh has many things to do for capturing the opportunity of being a regional economic corridor. Not only in SAARC or ASEAN, Bangladesh could work on it in the Bay of Bengal Initiative for Multi-

Sectoral Technical and Economic Cooperation (BIMSTEC), or the Asia-Pacific Trade Agreement (APTA) platforms. All the major players of both the regions are members of APTA. Our strategic geographical location could help us most to offer the connectivity through land, sea and even in the air. We have good diplomatic relations with all these countries. Now we have to develop our infrastructural facilities like deep sea port, national highways, participate in the Asian Highway system, and offer a competitive policy to attract investors to this particular process.

Bangladesh's sea ports, especially Mongla Port, can offer transport facilities to land-locked Nepal and Bhutan. Indian north-eastern states could be our major partner for using Bangladeshi ports for their international trade. Bangladesh could offer one-stop service facility for both local and foreign investors to invest here and manufacture products which could be sold to countries of SAARC and ASEAN and even be exported to the western countries either Europe or America with our duty free market access facility around the globe.

Delay in establishment of deep sea port is keeping the country lagging behind others in this regard. We are hesitating to select right partners in many development projects like deep sea port. Both the powerful neighbours are willing to work with us in many cases. Why are we not going to establish two deep sea ports, one with partnership of India and another with the help of China. We are taking much time to turning the Dhaka-Chittagong highway into four lanes. Bangladesh also needs an alternative to the highway. We need eight-lane highway connectivity to all divisional cities to make the land transportation system faster and efficient.

We could offer more emphasis to develop existing 177 SME clusters as specialized production areas to meet local demands and increase export earnings. Import-substituting SME entrepreneurs should get special attention of the government. Foreign investors having interest for joint ventures could be navigated to these SME clusters. Thus existing enterprises could enjoy a boost through technology transfer, quality improvements etc.

Not only in road or sea connectivity. Bangladesh has opportunity to establish new airports, being a regional transit point for the global citizens. Once all the South Asians were Singapore-bound to catch transit planes. Similarly, Dubai and Doha have established themselves as global transit points. Why not Dhaka which could be a popular transit destination for increased people's movement here in Bangladesh. It will increase our acceptability, reputation, FDI opportunity as well as export of products.

It is already been proved that policies support or investment incentive alone is not working at all to get attention of foreign investors. Investment summit in abroad without concrete project proposals has failed to give us expected amount of foreign direct investment. Now is the time to have a look at local investment

environment from multiple aspects like regulatory regime, required infrastructure, skilled manpower, related connectivity, adequate market access in home and abroad, transparency of bureaucracy, rule of law, legal and physical security of investors, availability of hassle-free logistics etc. Otherwise, only cheap labour and limited EPZs, with

fiscal incentives could not make us a lucrative destination for foreign as well as local investors. New initiatives and time-bound action plans are required for Bangladesh to become a regional economic corridor while existing ties with BIMSTEC, APTA, ASEAN and SAARC platforms could help the country expand its market.