

Sino–Bangla Bilateral Trade (Trade Analysis and Future Development)

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Abstract

Association between Bangladesh and China started long time ago but it get a pace when both the countries started bilateral relationships and trading. In 2010, the leaders from two countries declared to make closer comprehensive partnership of cooperation. The bilateral relationship between Bangladesh and China has maintained a good momentum of development since 2013. This paper analyzed the effect of current trade patterns, regional scenario and trade relations between China and Bangladesh and proposed the counter measures for improving further development. It also describes the strong products and sectors of trade in between these two countries which indicates the future of development sectors too.

Keywords: SINO-BANGLA trade statistics, Trade effect, Trade Development

1. Introduction

In current age of globalization, the world trade liberalization is the most serious issue for all countries governments, especially for developing countries. Trade liberalization is believed to improve economic growth and development through specialization advantage of the technology, natural resource, communications and technical workers. Consumers would be able to consume more products of better quality at cheaper prices and therefore human welfare would be increased (Gupta & Choudhry, 1997; World Bank, 2002). The developing and emerging economies have been facing remarkable rates of growth in international trade within an energy use concomitant increase (see Ozturk, 2010); and between international trade and economic growth (see Cuadros et al., 2004, Dritsaki et al., 2004 and Giles and Williams, 2000). Bangladesh and China Relations between observed its 42nd anniversary in 2017, with a decision to make a closer comprehensive partnership and cooperation from the strategic point of view¹ Bangladesh-China relations have only improved from strength to strength² in Bangladesh-China built friendship bridges over mighty rivers³

China made immense contributions to Bangladesh efforts to meet its development goes with a key focus on building economic independence for the country back from the day one china has come up very burly and very energetically to cooperate in work in our economic emancipation that is why by now in these 40 years China has become one of the largest development partners of the Bangladesh. AIIB (Asian infrastructure investment bank) and silk road specially BCIM corridor is a great idea which will help the developing nations in the region nationals of this eastern side of the world that is why Bangladesh have been really pleased with the launching of the Asian infrastructure investment bank and the initiative has been taken from China. Bangladesh appreciates globalization but the present globalization is uneven so that is not good for developing countries like Bangladesh and China. Regarding the bilateral trade between Bangladesh and China's one of the largest sources of machinery and raw materials, for example, national manufacturing industry. Bangladesh most important component of the economies are garments and textile industry and China is the great performer in garments and textile industry⁴ China recently announced a zero-tariff policy for 7800 products that is a great boost for the export of Bangladeshi product to the China.

This paper is mainly based on existing secondary literature such as journals, books, electronic journals, various websites, conference papers, etc.³ Here we particularly discuss on trade Analysis and Development between Bangladesh and China. Consulting of published materials and accessing to various websites which have not been sufficient for analyzing challenges as well as prospects of Bangladesh-China trade.³ Consequently, many of findings in concluding section of this article are generalized.

2. The SINO-BANGLA Background

Sino-Bangla diplomatic relations were established on oct 4, 1975. This cooperation has been achieved in the fields of economy, politics, military, culture and others. Two countries are maintaining close coordination with each other in the international field. Sino-Bangla basically identical views on most international and regional issues a joint committee on economy, trade, science and technology between two countries was set up in November 1983. In 1991, The Chinese leader stretched a friendly relationship with Bangladesh. In 1996 both countries come on Agreement on Encouraging and protecting Investment, this Agreement evading of double Taxation and prevention of Tax Evasion.

Bangladesh-China Friendship Center two countries signed an agreement on Economic and Technical Cooperation in January 2002. From 2001-2003 they were done by other four cultural Agreement. In December

2002 in same place they signed an Agreement on Economic and Technical cooperation. Textiles, machinery and electronic product, cement, fertilizer, tyres, raw silk, maize, etc China major exports to Bangladesh. Trade volume is Bangladesh-China on the rise and grew roughly six-fold between 2003 and 2011. 'The share of Chinese exports in all exports to Bangladesh increased from 13.6 per cent in 2000 to 24.7 percent in 2007' (Sahoo 2013:125). According to Chinese Embassy in Dhaka, 'In recent years China and Bangladesh economy and trade cooperation have maintained good momentum. Nowadays, Bangladesh has become China's third biggest trade partner in South Asia, while China is the largest origin of Bangladesh's imports. The trade volume reached \$8.45 billion USD in 2012, 7 times more than that of 2002. In economic year 2012-13, Bangladeshi imports from China amounted to \$ 6324 million while Bangladeshi exports to China amounted to \$ 458.12 million.

In recent years the economic and trade between China-Bangladesh have development considerably with gradual expansion in the areas of cooperation field. According to the export promotion bureau (EPB), the bilateral trade in 2015 amounted to US \$13101 million with an increase of 19% percent opposed to the previous year. This trade involved an export to china of \$803.72 million and an import from china of USD \$13904.8 Million.

3. SINO-BANGLA trade statistics

3.1 Trading Patterns of China and Bangladesh with World:

Table 1: China's Major trading partner in terms of export sales

Serial No	China's Major trading partner in terms of export sales				
	Country	Exports sales in Billions of US\$ 2015	Exports sales in Billions of US\$ 2014	Percentage of total Chinese export 2015	Percentage of total Chinese export 2014
1	United States	410.8	397.1	18%	16.95%
2	Hong Kong	334.3	363.1	14.6%	15.50%
3	Japan	135.9	149.4	6%	6.38%
4	South Korea	101.5	100.3	4.4%	4.28%
5	Germany	69.2	72.7	3%	3.10%
6	Vietnam	66.4	63.7	2.9%	2.72%
7	United Kingdom	59.7	57.1	2.6%	2.44%
8	Netherlands	59.6	64.9	2.6%	2.77%
9	India	58.3	54.2	2.6%	2.31%
10	Singapore	53.1	48.9	2.3%	2.09%
11	Taiwan	45.1	46.3	1.97%	1.98%
12	Malaysia	44.2	46.4	1.9%	1.98%
13	Australia	40.4	39.1	1.8%	1.67%
14	Thailand	38.3	34.3	1.7%	1.46%
15	Unites Arab Emirates	37.1	39.0	1.6%	1.67%
32	Bangladesh	13.9	11.8	0.61%	0.5%

Source: World Bank

In above table China's top trading partners are shown in terms of export sales. This means these are the countries who imported most of the Chinese shipments in dollar value during 2015 and 2014. The percentage of the total Chinese exports also shown. These 15 countries hold over two-third's 68.1% of Chinese exports in 2015 and 67.3% in 2014.

In last 2 years only few of the China's top trading partners decreased the value of purchases. Whereas Germany down to 3%, Malaysia to 1.9%, UAE to 1.6% and Japan 6% till 2015.

In 2015, United State is in the top among all the countries. China exports sales almost \$410.8 billion which is Chinese 18% of the total export .With Vietnam China's Exports has increased by great percentage; it's almost 2.9% on 2015. Malaysia and Singapore also increased a lot. From 2014 to 2015 Bangladesh's trading volume increased to \$13.9 billion from \$11.8 billion, who is also one of the rising partners of China.

Table 2: Bangladesh's Major trading partners in terms of exports

Bangladesh's Major trading partner in terms of export sales year 2014-2015					
Serial No	Country	Exports sales in Millions of US\$ 2015	Exports sales in Millions of US\$ 2014	Percentage of total Bangladesh export on 2015	Percentage of total Bangladesh export on 2014
1	United States Of America	4052	4062	16.7%	17.7%
2	Germany	3862	3705	16%	16.1%
3	United Kingdom	2361	2243	9.9%	9.8%
4	France	1467	1455	6.1%	6.3%
5	Spain	1349	1113	5.6%	4.8%
6	Italy	1201	1056	5%	4.6%
7	Canada	771	809	3.2%	3.5%
8	Belgium	754	693	3.1%	3.0%
9	China	720	533	3.0%	2.3%
10	Netherlands	644	662	2.7%	2.9%
11	Turkey	605	730	2.5%	3.2%
12	Other Courtiers	6482	5913	26.4%	25.7%

Source: Bangladesh-Bank-2015

In table 2 shows the comparative position of export receipts from major trading partners during the years 2014-2015, 2013-2014 along with their comparative shares in the export earning of Bangladesh.

As regard the dictating pattern of exports, the U.S.A. were the most prominent buyer which bought goods worth \$4052 Million (16.7%) during the year of 2015 under review as compared to \$2062 (17.7%) in the previous year 2013-2014.

The second largest buyer of Bangladeshi goods was Germany amounted to \$3862 (16.0%) during the year under review as compared to \$3705 (16.1%) during 2013-2014.

The next important trading partner was the U.K. Export earnings from U.K. amounted to \$2361 (9.9%) during the year 2014-2015 as compared to \$2243 (9.8%) in the previous year 2013-2014.

France purchased goods worth \$1467 (6.1%) during the year under review. The shares of France in export receipts during 2013-2014 were 1455 (6.3%).

Canada, Belgium, Netherlands and Turkey followed by descending order of magnitude in respect of our export earnings and accounted for 771(3.2%),754(3.1%),644(2.7%) and 605(2.5%) respectively where as France, Spain ,Italy ,China and Other Countries increased in the export earning with Bangladesh.

Bangladesh's export sales to China were \$533 million on 2014 where it became \$720 million on 2015 which is almost 3% of the Bangladesh total export on 2015.

Table 3: Bangladesh and China top 10 exported products to world in 2015:

Bangladesh top 10 exported product to world in 2015				China top 10 exported product to world in 2015			
Serial	Sectors	With World Export Amount in USD\$(million)	Percentage of Total Exports	Serial	Sectors	With World Export Amount in USD(million)	Export Product Share (%) World
1.	Clothing	15200	(43%)	1.	Capital goods	1008.2	44.2%
2.	Knit or crochet clothing	15000	(42.2%)	2.	Mach and Elec	963.6	42.2%
3.	Other textiles ,worn clothing	1000	(2.8%)	3.	Consumer goods	830.7	36.4%
4.	Footwear	807	(2.3%)	4.	Intermediate goods	365.6	16.0%
5.	Paper yarn, woven fabric	631.7	(1.8%)	5.	Textiles and Clothing	273.6	11.9%
6.	Fish	569.9	(1.6%)	6.	Miscellaneous	239.4	10.5%
7.	Raw hides excluding fur skins	302.5	(0.9%)	7.	Metals	176.7	7.8%
8.	Headgear	240.2	(0.7%)	8.	Transportation	107.3	4.7%
9.	Leather, animal gut articles	205.1	(0.6%)	9.	Chemicals	106.1	4.7%
10.	Tobacco	119.3	(0.3%)	10.	Plastic or Rubber	86.5	3.8%

Source: World Bank-2015

For the year 2015, top ten exported goods of China and Bangladesh are showed in the table 3. Though the amount of Bangladesh is very small comparing to China but according to economy both are playing good position in world market. China's strongest product is capital goods which is \$1008.2 billion where as Bangladesh's strongest one is Clothing, amounted \$15.2 billion. On the second run China is exporting almost \$963.6 billion dollars machines and electronics with the world's other countries and Bangladesh is doing on knit clothing worth \$15 billion. Other than top 2 products Bangladesh's other leading products are Other textiles , Clothing , Footwear ,Paper yarn, Woven fabric , Fish , Raw hides excluding fur skins Headgear, Leather, animal gut articles Tobacco where as China's are Consumer goods Intermediate goods ,Textiles and Clothing ,Miscellaneous, Metals, Transportation , Chemicals, Plastic or Rubbers. These products are very important for the both the countries to earn from international market. They need to continue their export on these sectors though China is facing troubles on low labour goods like garments, textiles and agro goods on the other hand Bangladesh is getting stronger on these sectors. Which clearly indicates the co-operation between these two countries can create a win-win situation.

3.2 Trade Patterns between China and Bangladesh:

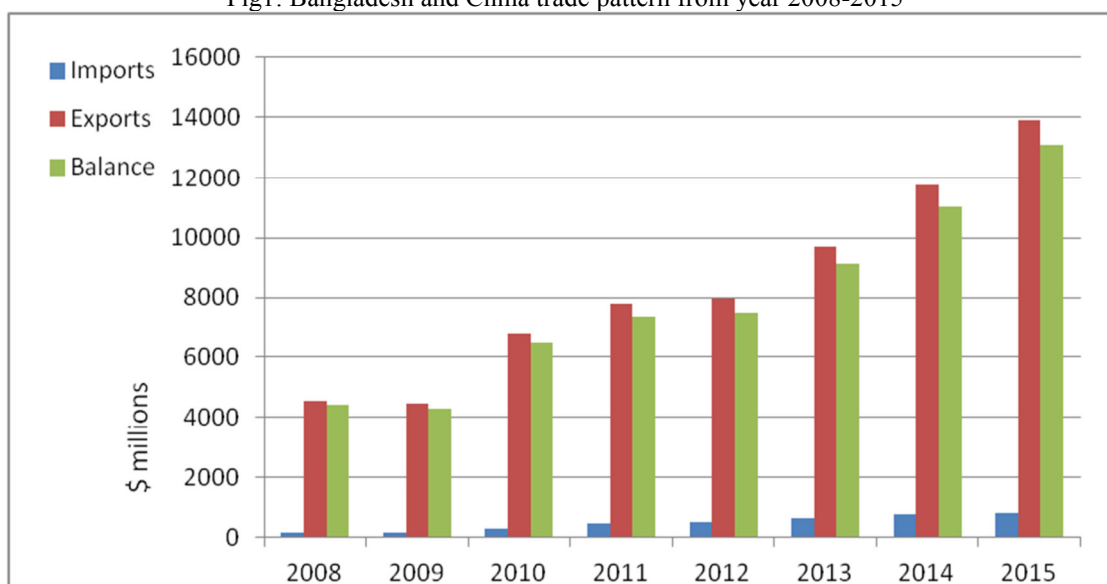
Trade pattern of China with Bangladesh is always positive. China has captured almost the whole market of Bangladesh and is one of the strongest trading partners. During the year 2008 to 2015 the import value increased from \$131.91 million to \$803.72 million but still it's not enough to reduce the trade imbalance between the two countries. From year 2008 to 2015 export value also increased, but this increased on a high scale that import value is negligible. After the financial crisis at 2008 China started to grab the market of Bangladesh and the value changes to \$7972.96 million on 2012 and keep increasing to \$13,904.8 till 2015. In terms of price, Chinese products are unbeatable no matter how their quality is. There are high-quality Chinese products, but they are hardly being imported. From 2008 to 2015 Trade between China and Bangladesh almost 196% increased. Chinese goods are less expensive compared to the same standard products of India. China offers odds with wide price range and importers cling to China because of its easy trade procedure and speedy shipment.

Table 4: China's Trade Pattern with Bangladesh (2008-2015)

Period	Imports	Exports	Balance
2008	131.91	4556.0	4424.16
2009	140.72	4441.0	4300.35
2010	268.88	6789.1	6520.22
2011	449.04	7810.6	7361.62
2012	479.13	7972.9	7493.83
2013	602.37	9705.08	9102.71
2014	760.84	11,783	11022.1
2015	803.72	13,904.8	13101.1

Source: Comtrade.un.

Fig1: Bangladesh and China trade pattern from year 2008-2015



Bangladesh is in the seat of trade deficit with China. Though from year 2008 to 2015 Import and export volume of Bangladesh increased. Trade deficit also increased with time. It becomes -4424.16 to -13101.1.

Table 5: Bangladesh Top Imported products from China from 2011-2015

Bangladesh Top Imported products from China from 2011-2015					
In Millions					
Category	Years				
	2011	2012	2013	2014	2015
Cotton	1787583	1828670	2164176	2146426	2256960
Machinery, mechanical appliances, nuclear reactors, boilers	983620	1000805	1139822	1538264	1679663
Electrical machinery and equipment and parts	825559	763760	944591	1146778	1442816
Man-made staple fibres	737564	651792	722348	794010	897102
Iron and steel	128363	144894	138835	234290	697430
Knitted or crocheted fabrics	268245	304781	379671	460794	616425
Man-made filaments; strip and the like of man-made textile materials	300701	301205	352034	403715	487617
Plastics and articles	154178	181930	255942	361457	400811
Vehicles other than railway or tramway rolling stock, and parts and accessories	258693	182403	247455	351745	366653
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings	39324	65713	110591	262793	344414

Source: Trade Map

According to the table 5, trade in some commodity sectors has dominated bilateral trade between China and Bangladesh. Bangladesh imported many products from China but among those top imported Products is Cotton , Machinery, mechanical appliances, nuclear reactors, boilers, Electrical machinery and equipment, television, Man-made staple fibers, Iron and steel, Knitted or crocheted fabrics, Man-made filaments, strip and

the like of man-made textile materials, Plastics and articles there of Vehicles other than railway or tramway rolling stock, Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings. From 2011 to 2015, volume of cotton stands to \$2256960 million from 1787583, mainly cotton is used in textile industries which Bangladesh again exports in world market. Trade in Machinery, mechanical appliances, nuclear reactors, boilers used to have second largest, amounting \$1679663 millions in 2015 which represent of high-tech products. However the labor-intensive products also accounted for a vertain portion. Bangladesh imported Man-made staple fibres , Man-made filaments, strip , Knitted or crocheted fabrics from China, indicating there is an increasing demand for these emerging trade products , and the emerging trade products have very potential market prospects. Bangladesh's other import products are Iron and steel, Plastics and articles, Vehicles and Furniture which relies on China's Natural resources, technologies and designs.

While exporting products to China from Bangladesh is little bit different in scenario. China mostly imported labor intensive products from Bangladesh and it's increasing day by day as the labor cost in China increasing. In table 6, from 2011 to 2015 Bangladesh's largest exported goods were apparel and clothing accessories both not knitted and knitted crocheted amounted from \$55586, \$48152 million to \$256257, \$169461 million respectively. Other than these vegetables, textile fibers, paper yarn and woven fabrics took the third place, though the amount decreased from \$118831 to \$106901 million. On the agro based products of Fish and crustaceans, raw hides and skins, leather, Oil seeds and oleaginous fruits are also exported to China from Bangladesh. So these are the products of two countries which are leading in trading.

Table 6: Bangladesh Top Exported product to China from Year 2011 to 2015

Category	Bangladesh Top Exported product to China from Year 2011 to 2015 in Million				
	2011	2012	2013	2014	2015
Articles of apparel and clothing accessories, not knitted or crocheted	55,586	89,656	142,318	190,901	256,257
Articles of apparel and clothing accessories, knitted or crocheted	48,152	63,368	88,883	143,711	169,461
Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	118,831	92,030	92,257	104,036	106,901
Fish and crustaceans, molluscs and other aquatic invertebrates	30,476	47,548	65,602	68,649	67,083
Raw hides and skins (other than furskins) and leather	35,772	42,573	50,906	52,985	49,669
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	42,525	31,883	34,576	45,148	41,194
Plastics and articles thereof	38,102	39,670	31,438	36,317	25,910
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	9,832	13,529	15,171	23,878	19,874
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal	4,595	3,871	14,326	29,875	12,132
Footwear, gaiters and the like; parts of such articles	3,554	3,404	6,189	9,286	11,301

Source: Trademap-2015

Table 7: Monthly minimum wages applicable to the garments sector in selected some of ASIAN countries

Monthly minimum wages applicable to the garments sector in selected some of ASIAN countries		
Country	Lowest relevant applicable to unskilled garments workers	Highest relevant applicable to unskilled garments workers
India	\$ 70	\$131
Vietnam	\$ 90	\$128
Indonesia	\$ 74	\$219
China	\$ 156	\$266
Bangladesh	\$ 68	N/A

Source:http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/publication/wcms_325219.pdf

In table 7 the wages per month for Bangladesh is the lowest among most of the countries from Asian region. As the Chinese wages is increasing with their economy, so to keep continuing their market on the comparative advantage goods they might need to increase their market size to other countries, like Bangladesh, Indonesia and India. Here in table, Bangladesh holds only \$68/month where as China is \$156.

4. Foreign Direct Investment

China Bangladesh has strong diplomatic relations from the last 40 years, China and Bangladesh are close and friendly neighbors ever since in fact the relationship started much earlier when the religious leader Attish A. Depunker travel to china from Bengal on foot. Bangladesh is trying to develop its market economy china actively participates in the infrastructure construction throughout Bangladesh becoming its biggest trading partner. now a days others countries interested to invest in IT and Telecom sector. China –Bangladesh have \$12.5 billion dollar trade relation Bangladesh is the world’s 48th largest economy, 70 largest exporting country GDP \$225 billion USD 68th largest importer 21st fastest growing GDP. Bangladesh had vision in 2011 to be a middle-income country (MIC). In 2030 Bangladesh wants to be 30th largest economy GDP more then \$1trillion,percapita \$6000. Transportation & ship building, ICT, light engineering, pharmaceuticals are new growth drivers. Bangladesh has a large population and a rich labor as the country is included in China’s one belt one road initiative its people are hoping that the initiative can promote economic development and deeper in their countries ties with China all with the hopes that the relationship between the two peoples will enter a new golden age. Meanwhile the integration of Chinese culture has brought many changes to people live in Bangladesh. Chinese food is one of the typical example which reaches in local cuisines it also has become famous for the china Bangladesh friendship. Two countries signed 27 agreements worth billions of dollars. China decide \$1.5 billion dollars FDI in Bangladesh deep see port project , china already signed 1320 MW coal power station, electricity and power sector altogether eighteen project \$ 28.7 billion now a days china invest with those project⁵.

2016 china signed \$186 million investment and import agreements between Seven Chinese state-owned companies with 13 Bangladeshi companies aim is boosting bilateral trade. Chinese company invest in jute and jute goods, leather sectors, according this agreements Chinese investors also purchase jute goods from Bangladeshi companies and the Chinese investors make partnership with Bangladeshi partners company.⁶ Chinese president put long term investment in Bangladesh’s ICT sector, modern world ICT is identified as one of the most promising sector China is expected to provide \$1.31 billion for five livelihood projects and \$1.15 billion for four projects in the ICT sector.

Table 8: FDI Inflows and Outflows of China and Bangladesh from 2006 to 2014 in USD at current price in Millions

Years	CHINA FDI FLOWS		BANGLADESH FDI FLOWS	
	China Inflows	China Outflows	BD Inflows	BD Outflows
2006	72715	17633.97	792.48	3.6
2007	83521	26506.09	666.36	21
2008	108312	55907.17	1086.31	9.3
2009	95000	56528.99	700.16	29.3
2010	114734	68811.31	913.32	15.4
2011	123985	74654.04	1136.38	13.04
2012	121080	87803.53	1292.56	43.37
2013	123911	107843.7	1599.16	33.73
2014	128500	123119.9	1551.28	44.46

Source: Unctadstat.unctad-2014

In table 8, we can see the FDI in flows and out flows of Bangladesh and China from year 2006 to 2014.

In 2006, China’s FDI in flows were \$72715 million where as Bangladesh’s were \$792.48 million. In 2007 Chinese Inflows went to \$83521 million where Bangladesh came down on \$666.36 from previous year \$792.48. But from 2008 to 2014, the FDI Inflows increase with the time in both of the country from \$108312 to \$128500 for China and \$1086.31 to 1551.28 for Bangladesh.

In 2006, China’s FDI out flows were \$17633.97 million where as Bangladesh’s were \$3.6 million. In 2007 Chinese Inflows went to \$26506.09 million where Bangladesh up to \$21million. But from 2008 to 2014, we can see the FDI outflows increase with the time in both of the country from \$55907.17 to \$123119.9 for China and \$9.3 to \$44.96 for Bangladesh.

Table 9: FDI Inflows in Bangladesh (Net) classified by Major Countries and Major sectors for the year 2014

Sector	Textile and Wearing	Banking	Telecommunication	Food Product	Power	Trading	Chemical and Pharmaceuticals	Agriculture and fishing	Leather and Leather products	Fertilizer	Cement	Metal and Machinery products	Computer Software and IT	NBFT	Construction	Other Sectors	Total net Inflows
Country																	
United Kingdom(UK)	39.53	92.30	0.00	13.37	0.00	0.32	14.68	7.84	0.08	0.00	0.00	0.92	0.08	1.17	0.04	10.65	180.98
South Korea	99.60	2.28	0.00	0.00	0.00	5.18	0.04	7.54	10.10	0.00	0.00	0.00	0.85	0.00	0.08	9.03	134.70
Pakistan	-0.59	110.24	0.00	0.00	0.01	0.19	0.04	0.00	0.00	0.00	0.00	20.39	-0.02	0.00	0.00	0.48	130.74
Singapore	12.16	0.00	51.22	16.23	3.21	1.29	0.61	12.94	0.00	0.00	2.87	0.00	0.73	0.00	0.05	15.82	117.13
Hong Kong	46.41	26.91	0.00	1.66	3.42	0.31	0.10	0.21	4.82	0.01	1.29	0.00	6.05	0.00	1.05	19.17	111.41
Norway	0.00	0.00	103.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.09	103.58
Japan	3.06	0.00	4.76	0.32	4.07	3.13	5.09	0.00	2.63	13.73	0.00	0.71	0.26	0.00	0.15	57.80	95.71
Netherlands	11.53	- .19	0.00	-0.89	12.86	18.15	0.00	0.00	6.42	0.74	13.19	0.00	0.06	-0.81	2.01	15.63	78.70
India	9.12	16.83	0.49	1.54	0.00	6.24	10.22	0.34	0.07	0.00	0.00	0.06	0.05	1.03	0.00	21.83	67.82
Srilanka	4.12	43.28	0.00	0.81	10.48	0.03	0.01	0.00	0.00	0.6	0.00	0.00	0.00	0.47	0.00	1.54	61.35
Malaysia	-0.09	0.00	51.89	0.00	0.00	-0.05	4.71	0.00	0.08	0.00	0.00	0.00	-0.13	0.37	0.00	1.30	58.08
Taiwan	24.41	0.00	0.00	0.00	0.00	4.19	0.06	0.04	0.01	0.00	0.00	1.03	0.00	0.00	2.38	11.28	43.40
China	29.40	0.00	0.00	0.60	0.69	0.43	0.02	1.55	3.46	0.00	0.00	0.29	0.00	0.00	0.35	6.27	43.06
Other Country	40.17	1.94	13.02	7.41	1.97	1.58	2.75	1.09	3.75	-0.01	1.07	0.02	0.79	0.93	1.56	37.03	115.07
Total Net Inflow	390.92	311.87	226.79	53.19	45.48	45.44	39.97	31.58	31.52	25.45	24.82	23.46	10.43	8.70	7.94	249.14	1526.70

Table 10: FDI Inflows (Net) classified by Major Countries and Major sectors for the year 2015

Country/Sector	Textile & wearing	Gas & Petroleum	Banking	Telecommunication	Power	Food	Trading	Fertilizer	Cement	Pharmaceuticals	Chemicals	Insurance	Agriculture, fishing	Leather	Vehicle & Transport	Computer & Software	Other Sector	Total FDI net Inflows
United States Of America	5.70	320.87	14.23	0.32	198.66	0.59	0.37	-0.02	--	--	--	21.46	--	--	--	1.62	9.97	573.77
United Kingdom	43.86	--	170.77	0.32	--	46.09	0.60	-0.35	--	11.77	--	--	7.14	0.11	0.87	0.05	19.57	300.80
Singapore	5.05	-2.72	0.28	52.47	1.81	8.54	43.51	0.34	2.03	1.17	--	--	14.32	--	--	0.44	48.03	175.27
South Korea	128.22	--	2.43	--	--	--	3.70	--	--	0.08	--	--	0.50	1.32	--	--	14.01	150.23
Hong Kong	98.78	--	5.60	--	3.76	2.78	0.91	0.00	2.70	--	--	--	0.22	9.52	--	--	17.31	141.58
Malaysia	-1.76	--	0.13	102.96	0.05	--	0.09	-0.16	--	1.73	--	--	--	0.05	--	3.50	3.87	110.46
India	20.36	--	23.71	0.18	6.11	2.75	3.96	0.06	--	2.96	6.38	2.21	0.06	2.70	0.27	30.99	102.70	
Netherlands	8.19	4.97	-3.40	--	22.21	-1.10	8.01	0.92	13.87	--	--	--	7.52	3.11	0.01	32.89	97.20	
Norway	--	--	--	74.59	--	--	--	--	0.03	--	--	--	--	--	--	--	2.98	77.60
Sri Lanka	10.62	--	42.45	--	2.59	0.99	0.65	0.46	--	--	--	--	--	--	--	0.01	5.02	62.79
China	37.11	--	--	--	0.25	--	1.41	0.61	--	0.02	--	--	5.78	--	--	--	11.61	56.79
Thailand	0.91	--	--	--	0.27	47.64	1.36	--	-0.45	--	--	--	0.03	0.27	--	--	3.16	53.19
Japan	4.50	--	0.21	2.47	4.60	0.27	2.03	18.99	--	0.05	--	--	0.31	2.31	0.01	0.29	9.33	45.37
Other Country	38.19	2.68	-6.12	8.36	4.31	0.33	9.42	-2.69	7.49	7.06	0.00	-0.01	-0.75	0.05	1.77	30.38	100.47	
Total FDI Net Inflows	442.92	325.84	309.64	254.58	247.76	125.15	80.97	31.89	31.30	30.06	27.84	24.72	23.09	8.87	8.26	262.50	2235.39	

Source: Bangladesh Bank-2015

FDI net inflows by major countries of the world in some major sectors of Bangladesh are very impressive. The one of the strongest investor of Bangladesh is United Kingdom. In 2014 it has invested total of \$180.98 million in which major sectors are textile and wearing, Banking, food and chemical and Pharmaceuticals (Table 9) on the other hand it increased to \$300.80 million in 2015 (Table 10). South Korea is in the second position with total investment of \$134.70 million USD in which the major sector is Textile and wearing with almost \$99.60 million investments (Table 9) but moves to third position on 2015 as United States invested almost \$573.77 million in 2015 and positioned first place (Table 10). USA mostly investment sectors are Gas and petroleum, Banking, Power, Insurance and textile. Pakistan, Singapore, Hong Kong, Norway and Japan invested near about \$100 million by each of them on 2014 where as only Hong Kong, Malaysia and India stands near \$100 million investments on 2015. China on the other hand not standing in the top but their investment is increasing as the year passed. While on 2014, Chinese investments were \$43.06 million (Table 9) but in 2015 it increased to \$56.79 million. The major sectors of Chinese investment in Bangladesh are Textile and wearing, Agriculture and fishing and Leather amounted \$29.40 million, \$1.55 million and \$3.46 million on 2014 and which stands to \$37.11, \$1.41 and \$5.78 on 2015 respectively.

4.1 Chinese benefit of FDI in Bangladesh

Being a least developed country, Bangladesh enjoys duty benefits from developed countries like the US, the EU, Canada, China, Japan and Australia, If the Chinese businesses invest in Bangladesh, they will be eligible to enjoy the duty benefit to those countries,

Investors in the EPZs enjoy tax break for five years, duty-free import of raw materials and machinery, and avoidance of double taxation, they can also fully repatriate their profit and capital from Bangladesh if they want.

The Chinese government allows a duty-free facility to 5,054 products of Bangladesh bilaterally. Furthermore, China, being a developed country, gives a duty benefit to 97 percent Bangladesh-originated products as per the World Trade Organization rules. Liu Changyu, deputy director general of the department of foreign trade of the Chinese commerce ministry, said the Chinese and Bangladeshi economies complement each other.⁶

Chinese FDI benefit can be enhancing in many ways. From table 3, we describe the top ten products that China export to world market but there are lot of goods like capital goods, textile and clothing which require low cost labor. Again from table 7, the current situation of labor wages described. Where China is facing problem as the lowest unskilled garments workers minimum wages become \$156 where as Bangladesh holds \$68 on monthly wages. By FDI investment in Bangladesh, China can still hold their international market in Low Labor goods as well and as the Bangladesh is technologically and economically behind so also can move forward in world economy. This is one of the biggest benefits of FDI in Bangladesh and China which is a beneficial situation for both the countries.

5. China trade effect in Bangladesh economy

China not only a good friend or neighbor country to Bangladesh but also one of the largest trading partner. In 2015, the country exported goods and services worth about \$ 13.9 to Bangladesh and imports \$804 million. Though Bangladesh's import from is diversified compared to that of its export. Bangladesh's mostly import raw materials, intermediate products and machineries for export-oriented and import substituting industries, various kinds of fabrics, fertilizers, motorcycle parts, consumer goods, machinery equipments. Bangladesh's export to China is mostly high value added products like as Textile and wearing, agricultural and fish foods, leathers. Higher comparative advantage is in several Bangladeshi products which are textile and wearing products, jute yarn, leather goods and agricultural products.⁷ Recently, Bangladesh Government has decided to fast-track 6 projects, including the Padma Bridge, a deep-sea port and the metro rail. This clearly showed the determination to improve communications and trade effect. Machinery, equipments, electronic products are one of the top imported product from China. In 2015, Bangladesh almost \$1679663 and \$1442816 million imported on these sectors (table 5). Which is indicating Bangladesh is trying to move to production based economy. Bangladesh is also importing lots of raw materials which are used to reproduce and then export to outer world.

6. Trade problem between SINO-Bangla

High volume of trade gap between the two countries is one of the key challenges. From the very beginning of bilateral trade relationship, Bangladesh has been suffering from huge trade deficits with China.⁸ Bangladesh economy is not diversified and is highly dependent on the agricultural sectors, service and apparel which only make small percentage change in economy. FDI from Chinese company's can one of the ways to reduce this trade gap. As one of the developing country, Bangladesh's infrastructure is not that good so it might will be little problem for Chinese company to settle down in the beginning. Bangladesh needs to maintain a balance and utilize her significant geo-strategic location. Bangladesh also needs to promote itself as a manufacturing hub, and therefore taking measures to materialize the investment potentials in the country. Bangladeshi export baskets to China need to be diversified. Another main reason for trade gap is low cost Chinese goods. Bangladesh like other countries of the world also getting dependent on the Asian just because of their low cost goods and it creates difficulties for local manufacturer.

7. Future Trade development between SINO-Bangla

China-Bangladesh economies can be stabilized by the corporation of two countries. From 2013 the bilateral trade relationship between these countries trade increases comprehensively. China-Bangladesh trade volume reached a record high of 10.3 billion US dollars with a growth rate of 21.9% compared with 2012, 10 times that of 2002⁹ and in 2015 it stands to \$13 US billion. Recently, China's economy external addition is growing and strengthening trade with Bangladesh. Free trade Area can help China-Bangladesh to expand their development, China can also become familiarized to economic globalization by enhancing the ability to undergo economic risks and expand China's economic cooperation with nations. Even though trade links between the two countries is happening but there exists a huge trade surplus in China's favour. To reduce the disparity, under the auspices of the Asia-Pacific Free Trade Agreement (AFTA), China removed tariff barriers to 84 types of import commodities from Bangladesh and has been working to reduce tariffs over the trade of jute and textiles, which are Bangladesh's main domestic products. Moreover, in 2014, China offered duty-free access to some 7800 Bangladeshi products as a goodwill gesture in order to enhance economic ties between the two countries. So, China will import Bangladesh's goods on zero tariffs so more and more goods will be imported from Bangladesh to China.⁸ Introduction of Chinese Industry zone(CIZ) will attract more Chinese companies to invest in Bangladesh which will also improve the trade development of the two countries. To expand and deepen the trade and Investment Corporation between two countries Bangladesh has agreed to support on China's "Silk Road

Economic Belt” and the “21st Century Maritime Silk Road”. Identified infrastructure, industrial capacity cooperation, transportation, energy and power, IT sector, Agricultural sectors are the key sectors of Bangladesh and China Corporation.⁷ There is no doubt that Asia has already started to dominate in this century and China is one of the key players for progress and prosperity. China’s focused on improving connectivity; improve economic integration which will continue the growth of economic momentum. Bangladesh-China uttered their liking at the positive progress made in a number of projects such as 1320 MW Payra thermal power plant, construction of multi-lane tunnel under the river Karnaphuli, Dahserkandi Sewerage Treatment Plant, procurement of six vessels, Padma Bridge, IV Tier National Data Centre. The Chinese side agreed to consider and encourage Chinese Enterprises to explore cooperation on the 22 projects proposed by the Bangladeshi side in power, ICT, river management, infrastructure and other areas on the basis of equality and mutual benefit.¹⁰ Although there is a power gap between China and Bangladesh but still they both of them have shown a clear commitment over the years to build a positive cooperation and comprehensive relationship. Bangladesh’s relations with China over the next decade clearly present a host of opportunities with pick up the economic momentum in future. Both the country may expect that with coming years hopefully overcome the existing constraints and become a beneficial and strategic partner.

8. Conclusion

This paper is to study the development of trade between China and Bangladesh on import and export flows focusing on the trade of major products. We used data for top ten categories of products including manufactured products, Agricultural products, Machinery and equipment traded between China-Bangladesh from 2011 to 2015. In this paper, we also analyze the major trading partners and products exported by these two countries which show the strong categories and sectors of both the countries. By promoting regional connectivity both the country can be benefited and continue their economical progress in the world economy. However, there are many problems in economic and trade cooperation between China and Bangladesh, such as the trade gap has widen, trade barriers have existed, and the political situation and investment environment are poor in Bangladesh. Both the country has good relationships by which these problems can be overcome and gain the economical progress.

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