

# **Bangladesh-Australia Trade Relations: Way Forward**

**Md. Tohidul Islam**

Australia is a multicultural country with a diverse population drawn from various parts of the world. It is also a popular destination for international students and skilled migrants, including those from Bangladesh. Around 11,000 Bangladeshi students were enrolled in Australian universities last year. Currently, about 100,000 Bangladeshi Diaspora live in Australia and are contributing to the Australian nation-building efforts. Australia recognized Bangladesh on 31 January 1972, the first among the developed nations that influenced recognition from other countries. The then Australian Prime Minister Gough Whitlam visited Dhaka in January 1975 and met Father of the Nation Bangabandhu Sheikh Mujibur Rahman, giving Bangladesh-Australia relations a strong beginning. Although the momentum in bilateral relations was not sustained in the subsequent period. However, Australian support came in the reconstruction of Bangladesh and the field of socio-economic development that continues till today.

Given Bangladesh's emergence as a middle economy in the Indian Ocean region, Australia is interested in strengthening economic ties with the country, especially considering the present geopolitical situation. Now, Australia considers Bangladesh as a key trade partner as BD is the 27<sup>th</sup> trading partner of the country. Australia's interest in Bangladesh has increased due to Bangladesh's enhanced capacity to export in significant quantum to the Australian market and to take in more Australian exports. Bangladesh-Australia signed a Trade and Investment Framework Arrangement (TIFA) between the two countries in 2021. TIFA opened a new horizon to boost bilateral trade and investment opportunities. Despite not being a regulatory obligation, TIFA serves as a platform to identify areas of comprehensive cooperation and create a favorable environment for trade liberalization, thereby increasing trade and investment flows between the two countries. TIFA facilitates the trade of new products, resulting in a positive outlook for both countries. A Joint Working Group was formed under TIFA, with due representations from relevant sectors and sub-sectors of both countries. The JWG is working to offer a mechanism to take forward discussion to realize fuller trade and investment possibilities. Two meetings of the JWG were held in Canberra and Dhaka, with the next scheduled for Canberra in May this year. Australia has assured to continue the Duty-Free Quota-Free (DFQF) access for Bangladesh's products even after the latter's graduation from LDC, as agreed upon in the first JWG meeting. "Graduation from LDC status would not make any changes to existing access of Bangladesh's products to the Australian market," also confirmed by Senator Tim Ayres, Australian Assistant Minister for Trade, in a meeting with Bangladesh High Commissioner to Australia M Allama Siddiki last year.

Australia-Bangladesh two-way trade now stands at more than A\$4 billion from less than A\$300 million about a decade back, registering the highest growth among all Australian trade partners. Australia is the 10th export market for Bangladesh. Two-way trade between Bangladesh and Australia grew at an average of over 11 percent per year over the last decade. Compared to 2021, Bangladesh's exports to Australia increased by about 38% last year. Although Australia is a new trade partner for Bangladesh, the country is playing an important role in importing readymade garments. Bangladesh exports about \$1.5 billion annually to Australia in readymade

garment products, which is about 93 percent of our exports to the country. Bangladesh has captured approximately 12% of the Australian market in this particular sector. Even though bilateral trade has increased significantly in recent years, both countries have yet to fully utilize their potential.

The Bangladesh High Commission in Australia has already taken various initiatives to promote Bangladeshi products. Last year, Bangladeshi companies participated in two trade fairs in Australia's largest cities, Sydney and Melbourne, under the initiatives of the High Commission. The Sydney fair was attended by 22 Bangladeshi public and private organizations, while 19 participated in Melbourne. The Bangladesh Apparel Summit was held in Melbourne last year. The Summit was organized by the Bangladesh Garment Manufacturers & Exporters Association (BGMEA), supported by the Bangladesh High Commission. The event signified a milestone in fostering collaboration and strengthening the bonds between the apparel manufacturing industries of Bangladesh and Australian retailers. The High Commission organized an IT event to pave the way for partnership in this area.

Bangladesh can import a range of essential and agricultural products from Australia, including liquefied natural gas, wool, wheat, and pulses. Australia offers a variety of quality products that can be imported quickly and cost-effectively, making it a better option than the US or European countries. There are also ample opportunities for increased trade and investment between the two countries, particularly in the areas of cotton, minerals, Fintech, ITES, education, and skill development. Australia is keen to export wool to Bangladesh, while the garment sector in Bangladesh could benefit from processing Australian wool. Australia could also take steps to identify investment opportunities in Bangladesh, specifically in the infrastructure, IT, and other prospective sectors. Bangladesh's 100 Special Economic Zones can be an attractive destination for Australian investors.

Bilateral trade between the two countries can grow significantly by introducing new products to benefit both economies. Beyond diversification of products, trade in services, particularly in education, skills development, and financial services, are prospective areas. Australia has the potential to meet Bangladesh's increasing education, training, and energy needs. The country also offers world-class expertise in agriculture and infrastructure development. Bangladesh can develop and modernize its educational curriculum, emphasizing the demand for skilled manpower, technical skills, and English education in Developed countries, including Australia. Still there is no scope to export unskilled or low-skilled manpower to Australia. However, Australia provides world-class technical and vocational training. While we are going to graduate from a least developed country to a developing country, it is crucial to upskill Bangladesh's workforce to be competitive in the global competition. Bangladesh can seek the support of Australia in capacity building and human resource development through technical and vocational education cooperation. Australia's support in the agricultural sector, particularly in food processing and refrigeration technology, as well as quality control, can be beneficial for Bangladesh. There is no barrier to launching direct air connectivity between Bangladesh and Australia as per the Memorandum of Understanding (MoU) signed between the two countries. Airlines of both countries can initiate direct flights at any time. The Bangladesh side emphasized the need for agreements to avoid double taxation and protect investment to further strengthen

bilateral trade relations with Australia at the JWG meetings. Besides, people-to-people contacts and exchange of sports and culture between the two countries can further develop bilateral relations.

Greater understanding between Bangladesh and Australia under TIFA is expected to increase student mobility, skilled manpower and knowledge and technology sharing. Following the initiative by the Bangladesh High Commission in Australia, 18 more universities from Bangladesh have been added to Australia's education profile in 2023. This integration with the existing 12 universities will make it easier for graduates of a total of 30 public and private universities in Bangladesh to access Australian universities, research, and education. Furthermore, the Bangladesh High Commission is working towards signing of MoUs between some universities in Bangladesh and Australia, which will expand the field of higher education and research between the two countries.

Bangladesh is focused on building and preserving peace and stability in the Bay of Bengal and the Indian Ocean region and would like to keep its development journey uninterrupted. In this context, Bangladesh's close engagement with Australia, one of the major players in the Indian Ocean region, will impact regional peace, stability, and security, as well as the development of economic relations between the two countries. Bangladesh is making its efforts to become economically more connected to Australia by jointly exploring vast areas of cooperation. Exchange of high-level political and business visits in the coming months is expected to strengthen further political and economic relations between both nations.

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Writer: Counsellor, Bangladesh High Commission, Canberra, Australia

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