

INTERVIEW WITH

H.E. MR. MD. SHAMEEM AHSAN, HIGH COMMISSIONER

HIGH COMMISSION OF THE PEOPLE'S REPUBLIC OF BANGLADESH TO MALAYSIA



Q. BMCCI has worked for the last 24 years to reduce the trade deficit between Bangladesh and Malaysia. What steps can the High Commission and BMCCI jointly take to meet the trade deficit?

Bangladesh is the second largest trading partner for Malaysia in South Asia, after India. During FY 2022-23, exports to Malaysia were USD 371.84 million and imports were USD 3.49 billion (thereby, making Malaysia our third largest importing partner after China and India). Bilateral trade between the two countries has been constantly growing and recorded the highest ever USD 3.86 Billion in the FY 2022-23 though it is overwhelmingly in favor of Malaysia. To reduce the trade deficit, the Bangladesh High Commission and BMCCI can jointly arrange trade delegation visits, organize seminars, Branding Bangladesh programs, and B2B matchmaking sessions and engage relevant industries to participate in the international trade fairs organized in Malaysia.

To reduce the huge trade gap, the High Commission has requested the Malaysian Government to grant duty-free market access to some Bangladeshi products under the Global System of Trade Preferences (GSTP), particularly for accumulator batteries, ceramics, footwear, leather and leather products, etc. The Malaysian side assured us to look into our concerns and we remained pro-actively engaged with the host country.

Q. BMCCI thinks that it will be difficult to increase Bangladesh's exports without diversification of exportable Products. We also came to know that Malaysia is highly dependent on imports of Mutton, Mango, and Beef to meet Malaysia's domestic demand, Can Malaysia become an agricultural export market for Bangladesh despite dependence on the RMG sector?

There exists a notable similarity in the culinary preferences shared between the people of Bangladesh and Malaysia. Bangladeshi vegetables, including potatoes, pumpkins, and cabbage, hold significant potential in the Malaysian market. Conversely, mangoes from Malaysia enjoy consistent demand throughout the year. Recognizing this, the Bangladesh High Commission has been vigorously working to facilitate the export of Bangladeshi mangoes to Malaysia in recent years, seeking the collaboration of chambers and trade associations for their support. Malaysian Government data from 2022 reveals that Malaysia's annual per capita demand for mangoes stands at 0.8 kg, with an import reliance of 79.7%. In compliance with the Malaysian Agriculture Department's regulations, the Agriculture Ministry of Bangladesh has furnished a 'Pest Risk Analysis' report on Bangladeshi mangoes, signaling a ripe opportunity for market penetration. Furthermore, for the export of beef and mutton, adherence to halal certification is imperative. This certification process falls under the jurisdiction of the Department of Islamic Development Malaysia (JAKIM) and it is mentionable that Islamic Foundation Bangladesh is a Recognized Halal Certificate Body by JAKIM. The key issue would be price competitive productivity and marketing strategy, as big names like Brazil, Australia and New Zealand are exporting halal meats to Malaysia. Another core area, where we may focus is on the digital economy, including backward linkages for the fast-growing semiconductor industry.

Q. Which challenges do you mark for trading between the two countries?

For Malaysia, the main export challenge is the high tariff rate. Most of the export competitors of Bangladesh are enjoying preferential treatment under bilateral and multilateral FTAs namely the ASEAN-China Framework Agreement and the Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA). Moreover, Malaysia with five other ASEAN Member States (Brunei Darussalam, Indonesia, Philippines, Singapore and Thailand) is a complete free trade area. These countries have eliminated import duties on 99 percent of products in the Inclusion List (except for products listed in the Sensitive and Highly Sensitive Lists). Besides, Malaysia has bilateral FTAs with Australia, Chile, India, Japan, New Zealand, Pakistan, and Turkey. As such, products of these countries enjoy preferential treatment in Malaysia.

Due to a narrow product basket/lack of product diversification, Bangladesh's trade gap is growing continuously. The export statistics of Bangladesh to Malaysia show that only 17 product categories out of 65 have crossed the 1-million-dollar threshold in FY 2022-23.

Q. Malaysia has proposed to sign a free trade agreement (FTA) with Bangladesh. Who will benefit more if the free trade agreement (FTA) between Bangladesh and Malaysia is inked?

Bangladesh is waiting for Malaysia's response to sign a bilateral Free Trade Agreement (FTA) that will help boost bilateral trade between the two friendly countries. To put the balance of trade in a win-win situation, a formal proposal to the Malaysian government was sent again to start the first round of negotiation of the proposed FTA in Kuala Lumpur in September 2019 and again in July 2023. To get the most out of the FTA deal, signing a comprehensive free-trade agreement covering trade goods, and services, investment, including mobility of the labor force, may work well for Bangladesh.

Q. Is an FTA or PTA likely to encourage FDI to Bangladesh?

In addition to either of the two i.e Free Trade Agreements (FTA) or Preferential Trade Agreements (PTA), the investment climate in Bangladesh plays a crucial role in enticing Malaysian investment. Notably, with an amount of 832.70 million US\$ (September 2023), Malaysia stands as the 8th largest investor in Bangladesh, with investments spanning various sectors such as telecommunications, computer software and IT, textiles, construction, chemicals, and power. The Bangladesh High Commission remains pro-actively engaged with both public and private sectors in Malaysia, emphasizing the ample opportunities for Malaysian investors to avail mutually beneficial economic ventures IN BANGLADESH. Bangladesh Mission has been reaching the potential Malaysian companies to invest more, particularly in the 100 Economic Zones equipped with modern production facilities strategically located across the country. Additionally, Bangladesh has proposed the establishment of a dedicated country-specific 'Economic Zone' for Malaysia, akin to those established for China, Japan, South Korea and India. This initiative aims to leverage Bangladesh's geo-economic position nestled between China, India, and ASEAN, offering unparalleled advantages for business growth and regional connectivity, including a robust local market of 170 million.

Q. Both are Muslim-majority countries and Malaysia is in the leading position in Halal Industry. Can Bangladesh enter this halal industry with the help of Malaysia based on the existing good relations between us?

Malaysia is well-placed to assist Bangladesh in establishing a Halal Ecosystem (e.g., appropriate Halal authority and Halal Hub) by extending technical assistance and cooperation through the Department of Islamic Development Malaysia (JAKIM) and Halal Development Corporation (HDC). In the Global Islamic Economy Indicator (GIEI) of 81 countries, Malaysia ranked number 1 for the 10th consecutive year which puts the country in a unique position to help us. We already proposed and urgently discussed the possibility of establishing a "Halal Corridor" between Bangladesh and Malaysia to take joint efforts/projects to tap into the \$ 3 trillion global halal economy. The Halal Corridor proposition ensures that producers, manufacturers, suppliers, wholesalers, and retailers are given the right solution through an appropriate platform to enable their ability to meet this demand.

Q. Bangladesh is now a smart business hub. How can Bangladesh encourage Malaysian investors to invest more in Bangladesh?

Bangladesh can actively promote its investment opportunities through various channels such as business forums, investment summits, and exchange of trade delegations to disseminate information regarding investment procedures, investment facilities and incentives. Highlighting the sectors with high growth potential, such as telecommunications, IT, textiles, and infrastructure, Bangladesh can attract Malaysian investors seeking lucrative ventures. Furthermore, the Bangladesh Investment Development Authority and business chambers can organize programs aimed at sharing the positive experiences of current Malaysian investors. Such initiatives would provide valuable insights and firsthand accounts of successful ventures, thereby encouraging other Malaysian investors to consider investing in Bangladesh.

The Mission has been vigorously pursuing in this regard especially highlighting the very generous packages offered by the Government for the potential investors. The Mission took up with the host government the issue of increased cooperation in the field of development of Palm Oil Sectors especially in investing in the palm oil-centric downstream industries (e.g., refinery) in Bangladesh to diversify exports. I flagged the idea to the policy-makers to make Malaysian products competitive in the context of the decreasing trend of the export of Malaysian palm oil to Bangladesh (already taken over by Indonesia). The Malaysian side echoed my sentiment and assured me to look into Malaysian investment in the refinery facilities in Bangladesh, in particular.

Q. In what sectors Bangladeshi entrepreneurs can invest in Malaysia?

Bangladeshi entrepreneurs can explore investment opportunities in various sectors in Malaysia, leveraging their expertise and capital. Bangladeshi entrepreneurs could consider investing in Textiles and Apparel focusing on modest fashion also, Information Technology (IT) and Software Development, AI and related next-generation technologies, Agro-processing and Food Manufacturing, Halal Industry, Healthcare and Pharmaceuticals, Infrastructure Development, and Agriculture Farming sectors.

Q. Malaysia has developed its eco-tourism and medical travel business significantly. How can Bangladesh learn from the tourism industry of Malaysia?

Malaysia is ranked one of the top tourist destinations globally. As per official statistics, Malaysia attracted 20.14 Million foreign tourists in the year 2023, including 0.14 million from Bangladesh. Bangladesh can learn several valuable lessons from Malaysia's tourism industry to develop its tourism sector. Key areas where Bangladesh can draw inspiration and adopt best practices are Strategic Planning and Development, Investment in Infrastructure, Promotion, and Marketing, Diversification of Tourism Products, Training and Capacity Building, Regulatory Framework and Standards, Public-Private Partnerships and Community Involvement, and Sustainability.

It's worth mentioning that Tourism Malaysia and the Malaysia Healthcare Travel Council conduct programs in various countries, including Bangladesh, to bolster their tourism initiatives. Beyond governmental efforts, private sectors and business chambers like BMCCI can collaborate with these institutions to amplify the promotion of Bangladesh's tourism sector, drawing on their policy expertise and networks to expand outreach and engagement.

Q. With the development of Cyber Jaya, Malaysia earned global attractions in technology. Bangladesh is also developing hi-tech parks. How do both countries support together in tech exchange and development? Or, What are the specific areas of collaboration that both Bangladesh and Malaysia are looking to explore in the realm of ICT and the Digital Economy, and how do they plan to enhance cooperation for mutual benefit?

The collaboration between Bangladesh and Malaysia in technology exchange and development holds huge potential for mutual benefit. Areas where both countries can support each other in this regard are Knowledge Sharing and Capacity Building, Research and Development Collaboration, Entrepreneurship and Startups, Tech Parks and Special Economic Zones, Joint Ventures and Investment, Policy Coordination and Harmonization, Cross-Border Collaboration Platforms and so on. By leveraging their respective strengths, resources, and expertise, Bangladesh and Malaysia can forge closer ties and collaborate effectively in technology exchange and development, driving innovation, economic growth, and prosperity for both countries.

It's worth noting that, through the active initiatives of the Bangladesh High Commission, the Malaysia Digital Economy Corporation (MDEC), operating under Malaysia's Digital Ministry, has established connections with key entities such as the ICT Division, A2I, Start-up Bangladesh, and the Semiconductor industry of Bangladesh. It is encouraging to learn that BMCCI is also in the process of formalizing collaboration with MDEC. By fostering potential collaborations, maintaining regular interactions among relevant agencies and chambers, organizing delegation visits to Bangladesh, and hosting promotional events, cooperation in the Digital Sector can be greatly enhanced. Malaysia's support in this endeavor can undoubtedly contribute to the realization of the 'Smart Bangladesh' vision as declared by the Honorable Prime Minister Sheikh Hasina.

Q. Please enlighten us about the High Commission's future endeavor to further strengthen the existing cordial relations between Bangladesh and Malaysia.

Bangladesh enjoys extremely cordial and friendly bilateral relations with Malaysia, one of the most visible economic power-houses in South-east Asia. It should be noted that Malaysia was the first among Southeast Asian countries to recognize independent Bangladesh (31 January 1972). Over the past few decades, Malaysia has been considered one of the preferred destinations for our workers, and currently, over 1.2 million expatriate Bangladesh nationals are working in various sectors making it the second-largest home of our community globally after the Kingdom of Saudi Arabia. In addition to a visible and vibrant presence in the labor market, the Bangladesh High Commission in Kuala Lumpur is working closely with the Malaysian government and the private sector to pursue 'Economic Diplomacy' aggressively in line with the policy thrust of the Hon'ble Prime Minister Sheikh Hasina.

Bangladesh High Commission always maintains regular communication with the Ministry of Investment, Trade and Industry of Malaysia regarding signing the Free Trade Agreement and increasing the quota of duty-free products in the Malaysian market, among others. In addition, Bangladeshi business entities from different sectors are participating in various international fairs held in Malaysia under the supervision of the High Commission to expand the market of Bangladeshi products further in the ASEAN region - operating as the gateway to the ASEAN, including Malaysia, and through this, the Mission is trying to expand the export market for Bangladeshi products.

Bangladesh High Commission has been actively engaged in fostering bilateral cooperation across various sectors, including agriculture (Rice, Palm Oil, Rubber), information technology, logistics, halal trade, education, and culture, with both the Malaysian government and private organizations. Collaborative efforts extend to economically prosperous regions such as Selangor, Penang, Johor Baru, Sarawak, and Sabah State Governments, aimed at bolstering bilateral trade relations to ensure economic development. In line with these endeavors, the formation of the Bangladesh-Malaysia Joint Business Council, facilitated by relevant Ministries and business chambers of both countries, emerges as a pivotal focus area for the Mission. Notably, the High Commission has entered into a Memorandum of Cooperation with the Sarawak Business Federation (SBF), fostering mutual interests in promoting trade, investment, and business opportunities between Bangladesh and the state of Sarawak. This collaboration provides chambers and business entities on both ends with an opportune platform to explore new markets and expand their horizons.

It should be noted that the Bangladesh government has already decided to open two Consulates General, respectively, in Penang and Johor Bahru, which are very important economically and commercially, and the functioning of the two Sub-missions, expected to be launched soon, will play a critical role in our commercial and economic drive.