

# CHAPTER I

## INTRODUCTION

### 1.1 Significance of the Study

Bangladesh and Thailand enjoyed in a long term friendship in many Areas. This study is going to research in the areas of Business co-operations and Trades between Thai-Bangladesh. This is Self research Paper covering information between two countries beginning from 1972. The research is mostly based on analyzing export-import procedures and related issues. The research intends to visit different places in Thailand and Bangladesh to collect resourceful information to support this study. The data will be from Thai-Bangladesh import-export companies, former industries and many other leading places like Thai Chamber of Commerce, Thai-Bangladesh import and export industries, companies on export-import, International Trade Promotion Bureau, The customs Department and Thai-Bangladesh chamber of commerce, to find out relevant information relating to this research topic, the researcher further would like to give help to provided accurate information and exact statistic relating to export-import business within Bangladesh and Thailand based on in depth of the systems and procedures involved in this trend.

Bangladesh and Thailand have long enjoyed friendly relations as trusted and tested friend relationships with each other before the two countries established diplomatic ties in October 5, 1972. The Friendship between them has grown from strength to strength, and it is clear that never before has it been in as good a shape as it is today. Great opportunities are opening for Bangladesh and Thailand to further expand cooperation in every area. The 37<sup>th</sup> anniversary of Bangladesh-Thai diplomatic relations marks a milestone in the long-standing friendship between the two democratic nations. It is high time for Bangladesh to boost relations with Thailand in order to involve her with ASEAN, East Asia, China and Japan, into a wider "Asian home" to nurture the economic diplomacy adopted in recent times. On the other hand,

Thailand's emerging economy might help shape our futures. Bangladesh needs to pay greater attention to creating economic linkages between South-East Asian nations through the Asian highway and its immediate neighbors -- Myanmar and Thailand. India's "Look East" policy is drawing it closer to South-East Asian countries. Bangladesh should join them actively and immediately.

Thailand's "Look West" policy is bringing that country closer to Bangladesh; the "Look East" policy of Bangladesh is drawing it closer to South-East Asian countries. We need to look at better trade relations with our nearest East Asian countries like Thailand, instead of concentrating on the West. We need to work towards integrating Bangladesh into the ASEAN economy. Thailand is an advanced economy, and is recognized globally as a hub of the Asia-Pacific region due to its impressive creation, innovation and development of versatile products. Being strategic partners in the region, Bangladesh and Thailand cooperate with each other both bilaterally and multilaterally. Bangladesh's export items to Thailand include, among others, finished jute products, knitwear, ceramic ware, light engineering products, leather products, acrylic yarn, fertilizer, shrimp, shark fin and fish maws, frozen foods, dry fish etc. Imports from Thailand include, among others, vegetable products, fresh fruits, processed food, mineral products, textile articles, oil, paper, iron and steel articles, rubber, plastic products, cement, polymers, woven fabrics, synthetic yarn, refrigerators, sugar, chemical products, machinery, fish etc.

Although the trade volume between Bangladesh and Thailand has increased steadily over the years, the trade balance continues to remain in favor of Thailand. But sustained growth of the Bangladesh economy and foreign investment in sectors like manufacturing, energy, agriculture and communication have created new avenues for Bangladeshi exporters to exploit the competitive Thai market. The Thai government has given duty concessions to 229 Bangladeshi products, which were granted in two phases. The first phase, which included 128 Bangladeshi products, has been effective since January 16, 2004. The second phase, which included 101 Bangladeshi products, was effective from May 28, 2004. Bangladesh has so far signed six

MOUs/Agreements with Thailand to promote bilateral trade between the two countries.

Bangladesh has the potential to become an investment destination for Thai investors, especially in the textile, agro-processing, leather, energy and tourism sectors. Thai investors can reap benefits by utilizing the low infrastructure cost, cheap labor and natural gas of Bangladesh. Thai investment in Bangladesh is gradually on the increase. Thailand is benefiting greatly as a large number of Bangladeshis travel to Thailand for various purposes, particularly trade, health, education, tourism etc. Bangladesh declared Thailand as a partner country at the Dhaka and Chittagong International Trade Fairs. The private sectors of the two countries are also working together to enhance bilateral trade for the benefit of both economies.

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) decided to concentrate on 13 sectors, including trade and investment, transport and communication, energy, agriculture, tourism, public health, counter-terrorism, environment and natural disaster and people-to-people contact. Our cooperation in the years ahead should be widened regionally and bilaterally by establishing land routes to Thailand through Myanmar, exporting manpower, initiating cooperation between ASEAN and Saarc, attracting foreign investment, pursuing a common active role within the UN system, collaborating in hospital management, building capacity in nurses' training, and promoting tourism.

Collaboration in drug trafficking and counter-terrorism drives, disaster management and post disaster rehabilitation, maritime cooperation, and energy security through energy conservation and use of bio-fuel should get highest priority. Thailand will boost import from Bangladesh and increase investment in the tourism and health sectors. Bangladesh shall also double its jewelry import from the world's leading jewelry exporter, Thailand.

Both countries will increase cooperation in many potential sectors like agro-processing, food, textiles and footwear, fishery products, rice, rubber, automobiles,

computers and electrical appliances. Bangladesh can be member of ASEAN with active support of Thailand, which will allow economic integration with South-East Asia.

Bangladesh will, therefore, continue to promote partnership with Thailand to further enhance opportunities, and to work together to address economic and security challenges in the years to come. Bangladesh's bilateral relations with Thailand are natural and close. We do believe that this strong bond of friendship and mutual cooperation will continue to grow in depth and dimension in the days ahead of this two BIMSTEC nations. Best wishes for the people of both countries on this auspicious day! Bangladesh is one of the least developed countries (LDCs), it is considered the country's economic potential that Thailand should not be overlooked the sources of natural gas and marine resources.

To promote tourism, Bangladesh economy based on marketing and export promotion policies. However, the export products of Bangladesh are just a few species. New export markets. To increase exports and reduce trade deficits Bangladesh imports from India have to rely mostly worth U.S. \$ 4 billion per year. Government of Bangladesh is trying to expand the volume of trade with other countries. To reduce dependence on India down in early 2533, Bangladesh has changed the policy in place to encourage and promote investment. From overseas as there is no limit on foreign shareholding. Allow earnings and income from abroad freely. The measures focus on foreign investment in the United States is the largest investor in Bangladesh, followed by Malaysia, Japan and the United Kingdom. Industry, investors should focus on the exploration of natural gas, which has more than 11 million square feet. Fisheries, Agricultural Products, Industries such as leather garments, light industry, Services fields, and the manufacture of basic consumer products

The main barriers that hinder investment in Bangladesh, including the threat of cyclones and floods, Shortages and infrastructure and domestic political issues, the demonstrations (Hartal) are an opposition party State violence. The number of crimes

increased in Bangladesh reflects the insecurity of life and property of the Government of Bangladesh; however that it was trying to control the situation by accelerating the defeat. Dissuade those who use violence. In addition to the treatment Peace and order in society then. Also avoids the problem of political intervention. Especially from the opposition party is accusing the government of the AL and the BNP group on terrorism and the Thales Group and now with the government to maintain its current focus on economic issues in particular. The price of rice and other major consumer goods, increasing the government also announced that it will maintain a focus on issues of political rights of women and eradicate poverty through microfinance, such as the right and does not promote violence (Marginalization of extremism).

### **Products Traded between Bangladesh and Thailand**

The manufacturers of Thailand continue to make firm foothold in Bangladesh market for their industrial and consumer goods while Bangladeshis are yet to make their presence prominent in the Thai market.

**Table 1.1 Thai-Bangladesh export-import Commodities**

➤ <b>Bangladesh's export to Thailand</b>	➤ <b>Thailand's Export to Bangladesh</b>
Finished jute, Products, Knitwear, Ceramic ware, Leather products, Acrylic yarn, Fertilizer, Shrimp, Frozen foods, Dry fish, Light engineering products, Shark fin and fish maws	Vegetable products, Fresh fruits, Processed food, Mineral products, Textile articles, Oil, paper, Rubber, Plastic products, Cement, polymers, Woven fabrics, Synthetic yarn, Refrigerators, Sugar, Chemical products, Machinery, Fish, Iron and steel articles

The trade wing of the Thai Embassy in Dhaka has made desperate market promotion activities which helped brighten brand image for Thai industrial and consumer goods in Bangladesh market.<sup>1</sup> MA Momen, president of the Bangladesh-Thai Chamber of Commerce and Industry, said that Thai trade centre in Dhaka played exemplary role in promoting their businesses in Bangladesh.<sup>2</sup> Such efforts are very rare in the Bangladesh missions abroad,<sup>3</sup> he observed.

Weaker product base in Bangladesh's export basket is also responsible for not having significant shipment to Thailand despite the kingdom had provided Bangladesh duty-free access on nearly 200 products. He advised Bangladeshi exporters to search market in Thailand for processed food and beverages, leather goods, jute and jute goods and many products that enjoy duty free facility (Momen).<sup>3</sup>

Therefore, The research based on assumption that Political Stability, Market Economic, Economic Growth, Growth of Infrastructures, Language, Commodities and Procedures encourage Export-Import Trades in between Bangladesh and Thailand.

## **1.2 Research questions**

The above problem will be investigated basing on the following research questions:

- What is the significance of Trade between Thailand and Bangladesh?
- How has the trade between the two countries impacted both economies?
- Are Thai consumers happy and satisfied with imported products from Bangladesh?
- What is the future of this market in the next decade?

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<sup>1</sup> Afsarul Arifeen, Bangladesh-Thai Chamber of Commerce and Industry

<sup>2</sup> MA Momen, president of the Bangladesh-Thai Chamber of Commerce and Industry

<sup>3</sup> Bangladesh Economics News By Kazi Azizul Islam, Pulished on December 5, 2009, viewed on September 26, 2012, <http://bangladesheconomy.wordpress.com/2009/12/05/thai-products-gain-ground-on-vigorous-drives/>

These questions will be addressed through qualitative analysis of Thai-Bangladesh import-Export Trade.

### **1.3 Objectives of the Research**

The follows are the objectives of research which will be researched throughout the Process to get a successful research. Objectives of Research as follows:

- To Study the sources of development of Trade
- To study on impacts on both countries
- What is the future of this Trade relation
- To analyze the Systems and Procedures that applied from 1990-2012
- How to encourage new generations of Business men to invest in this trade
- To study the Problems faced by investors on both countries

### **1.4 Scope of Study**

This is an independent Studies research paper work for Master Degree on Thai-Bangladesh Trade which is going to be in between 2012-2022. This study will cover aspects of growth of import-Export Trade between Bangladesh and Thailand and the systems and procedures as equipments supported.

### **1.5 Definition of Terms**

- **Import-** An import is any good or service brought into one country from another country in a legitimate fashion, typically for use in trade.
- **Exports-** Goods and services that are produced domestically and sold to buyers in another country.
- **Tariff-** A tariff is a tax on imports or exports. Money collected under a tariff is called a duty or customs duty. Tariffs are used by governments to generate revenue or to protect domestic industries from competition.

- **Quota-** A limited quantity of a particular product that under official controls can be produced, exported, or imported: "an import quota on oil.
- **Barrier-** A bar or gate that stops people or vehicles from entering a place.
- **ASEAN-** Association of South East Asian Nations

## **1.6 Research Methodology**

The Research is used in this paper proceeded according to the following steps:

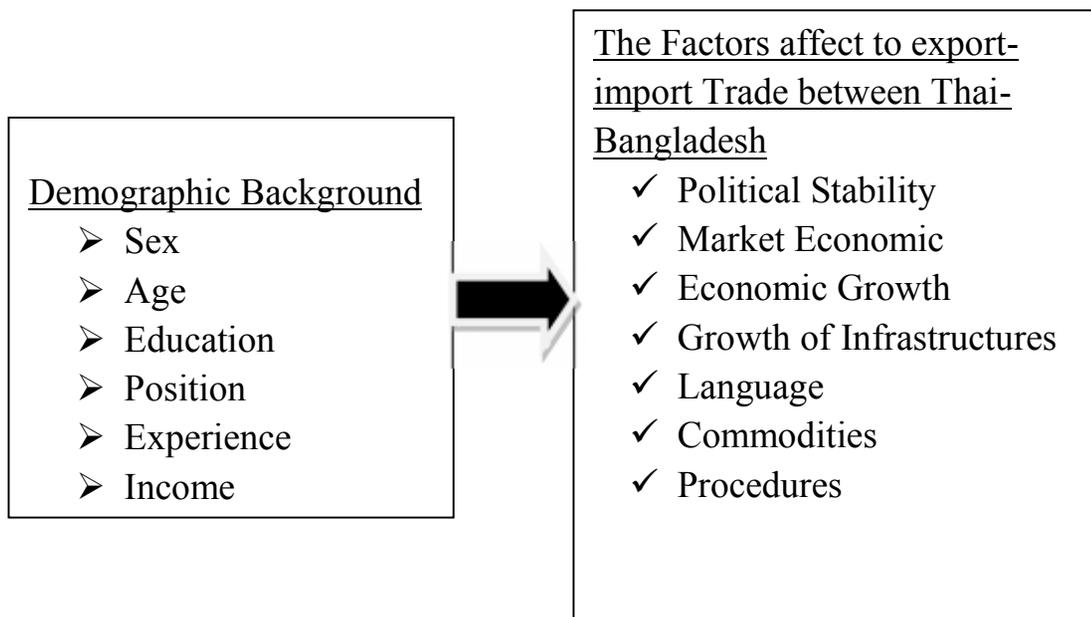
- Gathering Information Primary from questionnaires based on related Export-Import Companies between Bangladesh and Thailand.
- Collecting data from (secondary) sources such as academic research, journals, export-import journals, Newspapers, college and University Libraries, CD, Mp3, DVD, and the Internet.
- Questionnaires
- Making a conclusion and recommendation

**Figure 1.1 Conceptual Framework of the Study**

### 1.7 Conceptual Framework of the Study

Independent Variables

Dependent Variables



### 1.8 Research Hypothesis

H1 People with different sex has different attitude towards export-import trade between Thai-Bangladesh.

H2 People with different age has different attitude towards export-import trade between Thai-Bangladesh.

H3 People with different education has different attitude towards export-import trade between Thai-Bangladesh.

H4 People with different Position has different attitude towards export-import trade between Thai-Bangladesh.

H5 People with different Experience has different attitude towards export-import trade between Thai-Bangladesh.

H6 People with different income has different attitude towards export-import trade between Thai-Bangladesh.

### **1.9 Results to be obtained**

1. This section will be the aims at promoting import-Export Business Trade by providing necessary information all those who are studying on import-export Business for self search paper and academic Studies.

2. It will be helpful to those who are trying to open up a business between Bangladesh-Thailand on import-Export for more information.

3. It would be helpful to special key success for my fulfillment in the award of master Degree, English Program in International Business Administration and for those future Generations who are studying at Siam University and also, would be helpful to students who are going to write their Thesis on the Field of Import-Export Trade.

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