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Bangladesh's Access to the Canadian Market: Implications of the New Canadian LDC Initiative and Prospects for Export Diversification

Paper 25

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The present paper, ***Bangladesh's Access to the Canadian Market: Implications of the New Canadian LDC Initiative and Prospects for Export Diversification***, has been prepared under the CPD programme on **Trade Policy Analysis and Multilateral Trading System**.This programme aims at strengthening institutional capacity in Bangladesh in the area of trade policy analysis, negotiations and implementation. The programme, inter alia , seeks to project the civil society's perspectives on the emerging issues emanating from the process of globalisation and liberalisation. The outputs of the programme will be available to all stakeholder groups including the government and policymakers, entrepreneurs and business leaders, and trade and development partners.

The programme has received support from the **Canadian International Development Agency** (**CIDA**) and is being implemented in collaboration with the **Centre for Trade Policy and Law** (**CTPL**), Otttawa, Canada.

The present paper titled ***Bangladesh's Access to the Canadian Market: Implications of the New Canadian LDC Initiative and Prospects for Export Diversification*** has been prepared by *Dr Ann Weston*, President and Research Coordinator, The North South Institute, Ottawa, Canada. The paper was presented at the Third CPD-CTPL Policy Appreciation Workshop on WTO and Bangladesh organised by the CPD which was held at BRAC Centre Auditorium, Dhaka on December 17-19, 2002.

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Bangladesh's Access to the Canadian Market: Implications of the New Canadian LDC Initiative and Prospect for Export Diversification

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1. Introduction

Traditionally the focus of Canada's relationship with Bangladesh was on aid and common interests in the Commonwealth. In the 1980s-90s, immigration levels grew, aid declined, and trade attracted increasing attention. This responded to the emphasis on export-led growth by the Bangladesh government, donors and multilateral agencies, to the emphasis on policy coherence in the DAC (especially the need to make trade more coherent with aid policies) and to the LDC conferences which underlined the LDCs marginalisation in world trade. In the second half of the 1990s, successive WTO Director-Generals *Renato Ruggiero* and *Mike Moore* called repeatedly for developed countries to support LDCs' own efforts by removing all tariff and non-tariff barriers to their exports.

The first major market to move was the US, although its offer was restricted to the African LDCs and other African countries, under the African Growth and Opportunities Act (AGOA), introduced in May 2000. While this group includes the majority of all LDC countries, in terms of population, it leaves out a significant share (41%[2]) and so strictly speaking this should not be considered a LDC scheme. It was also quite conditional, as outlined further below.

The EU was the next major market where LDCs saw the removal of all tariffs and quotas, under its Everything But Arms (EBA) proposal made in September 2000. This included only marginal changes in the rules of origin and some delays in tariff removal for sugar, rice and bananas, partly to protect the interests of African, Caribbean and Pacific exporters.

Canada held brief domestic consultations about improving market access for LDC products in the spring of 2002. These included a one-month window for responses to a notice published in the official gazette (March 30) and a government discussion paper, as well as parliamentary hearings on Canadian approaches to the next WTO round of negotiations. In June 2002, the government announced that all tariffs and quotas would be removed on all LDC products, except for dairy products, eggs and poultry.[3]

The implications of the new Canadian scheme are the focus of this paper. Frequent reference is made to the situation in the US and the EU, by way of comparison. The US is of particular relevance, not just because it is such an important market for Bangladesh, but

[1] With research assistance by Dan Poon and Luigi Scarpa de Masellis. Thanks are also due to the participants at the CPD-CTPL Third Policy Appreciation Workshop on "WTO and Bangladesh", December 17-19, 2002 in Dhaka, for their comments.

[2] This figure is for 1999 and is derived from UNCTAD, *The Least Developed Countries Report 2002. Escaping the Poverty Trap.* UN, 2002. The countries are Afghanistan, Bangladesh, Bhutan, Cambodia, Comoros, Haiti, Kiribati, Lao, Maldives, Myanmar, Nepal, Samoa, Solomon Islands, Vanuatu and Yemen.

[3] The decision was finally approved by the Canadian cabinet on December 23, 2002.

also given the increasing discussion in Canada about deepening economic integration with the US, and even a possible common market.[4]

2. Bangladesh-Canada Bilateral Trade

Canadian trade with Bangladesh remains rather low; as a share of Canadian exports and imports, Bangladesh accounts for less than one tenth of one percent (0.03 percent of exports and 0.06 percent of imports). (This is somewhat below Bangladesh's share of world trade – namely 0.07 percent of world exports and 0.13 percent of world imports in 2000.[5])

The trade balance has been in Bangladesh's favour for 7 years out of the last decade, and it has grown substantially as Canadian imports from Bangladesh grew by 16.3 percent annually on average during this period compared to Canadian export growth of 4.6 percent.

The situation is roughly similar in the U.S., though here Bangladesh products have accounted for a slightly higher share of imports (0.21 percent). Bangladesh has consistently exported more goods to the US than it has imported, generating a surplus of C$3,176 million in 2001, significantly more than the C$59 million surplus recorded in trade with Canada (even taking into account the relative difference in market sizes). The annual growth of US imports (in Canadian dollars) from Bangladesh over the last decade was 13.8 percent compared to 7.7 percent for US exports to Bangladesh.

Data on the relative share of different markets in Bangladesh exports vary somewhat, but it is clear that Canada is a relatively small market with some 2 percent of total Bangladeshi exports, compared to the US (37.4 percent in 1998/99 according to the Export Promotion Bureau – other estimates range from 33 percent to 45 percent) and the EU (43.5 percent according to the EPB – other estimates range from 39 percent to 47 percent).

[4] The stringent border controls introduced by the US after September 11, 2001 seriously disrupted production in several Canadian factories, notably in the auto industry, which are highly integrated with US factories and depend on a fast exchange of components and products. In response, Canadian business leaders like Tom D'Aquino from the Business Council on National Issues (BCNI) suggested that a customs union should be seriously considered (Canadian Council of Chief Executives, 2002).
[5] IMF, *International Finance Statistics*, May 2002.

Chart 2.1: Canadian Trade With Bangladesh

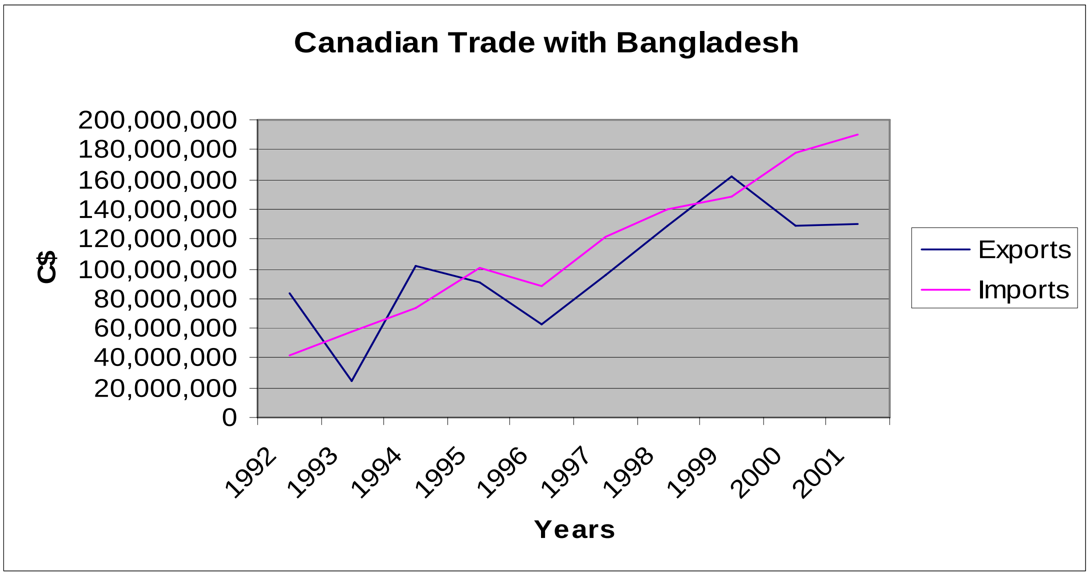


Chart 2.2: US Trade with Bangladesh

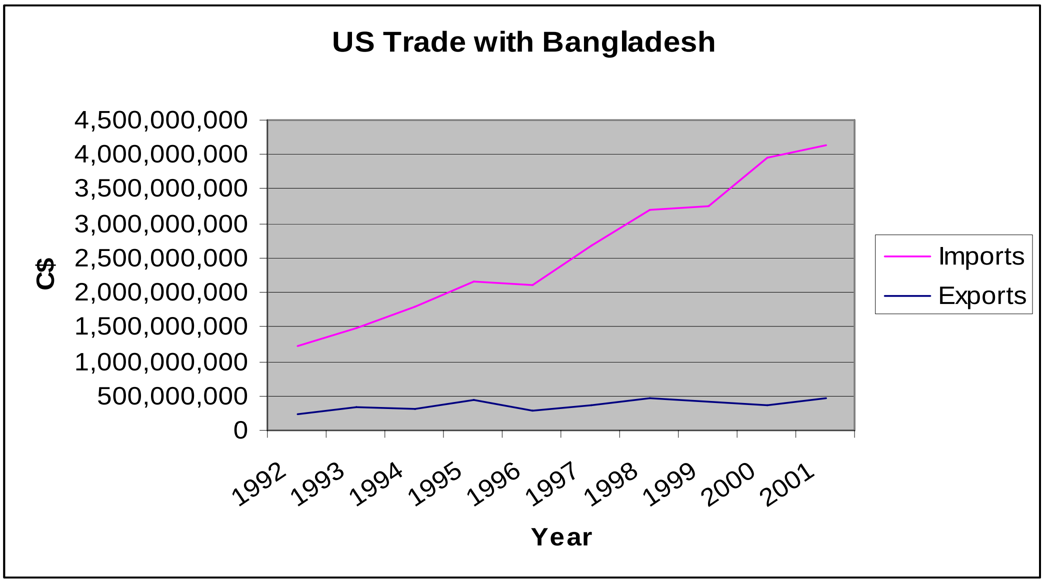


Table 2.1: Top 10 Canadian and US imports from Bangladesh, 2001

	Canada					United States			
			C$000 for comparison					C$000s for comparison	
	HS		2001	1992	HS			2001	1992
1	610910	T-shirts	20,546	7,652	620520	Male shirts, woven cotton	1	354,274	138,332
2	620342	Cotton trousers, woven	12,250	365	650590	Knitted hats	2	267,689	21,984
3	630622	Tents	11,861	..	620462	Female trousers, woven cotton	3	262,672	57,620
4	611420	Knitted garments	10,711	..	611020	Sweaters, cotton knitted	4	245,520	28,918
5	620193	Male anoraks	10,637	4,574	620342	Cotton trousers, woven	5	242,093	60,866
6	611030	Sweaters, knitted mmf	10,503	228	620630	Female blouses, woven cotton	6	190,158	64,952
7	620462	Female trousers, woven cotton	9,189	1,754	630613	Shrimps/prawns frozen	7	142,831	81,279
8	620343	Male trousers, woven synthetic	6,650	261	611030	Sweaters, knitted mmf	8	134,882	52,206
9	611020	Sweaters, cotton knitted	5,207	88	620193	Male anoraks	9	134,724	21,313
10	650590	Knitted hats	5,081	74	620343	Male trousers, woven synthetic	10	112,227	25,891
		Sub-total	102,635	14,996				2,089,071	555,353
		Total	189,654	41,894				3,652,864	1,004,070
		Top 10 as % of Total	54.1%	35.8%				57.2%	55.3%

Source: Calculated from Strategies

As Table 2.1 shows, the structure of Canadian imports from Bangladesh is quite concentrated – with the top 10 products accounting for more than half of the total in 2001 – roughly in keeping with the situation in the US. A number of products have emerged in the last decade (notably tents and knitted garments), whereas in the US the product basket has been more stable. In Canada, as in the US, textile and clothing products dominate, especially woven clothing products (HS 62). The overwhelming importance of these products is underlined in Annex Tables 1 and 2 which show, of the top 25 items imported, all are textile or clothing products, except for shrimps in both Canada and the US, and one type of machinery in Canada.

Analysis of data at the HS-2 digit level (Annex Tables 3 and 4) shows that besides knitted and woven clothing products (HS 61 and 62) there are a number of exports with a value above $0.5 mn. to Canada which grew in the last decade, notably headwear (HS 65), fish (03), mechanical appliances (84), toys (95), leather articles (42), and ceramic products (69). In the US, products above C$ 1 mn. which grew include headwear (65), other textile articles (63), fish (03), leather articles (42), toys (95), mineral fuels (27), ceramic products (69), cotton yarn and fabrics (52), plastic articles (39) and furniture etc (94). In Canada there was a decline in imports from Bangladesh of vegetable fibres and fabrics (53) while in the US, Bangladesh sales of hides and skins (41) and twine, rope (56) declined. The top three categories accounted for 90 percent of sales to Canada and 89 percent to the US in 2001 (up from 83 percent and 85 percent respectively in 1992). Notable differences are the emergence of mechanical appliances in Canada, and mineral fuels, cotton yarn/fabrics, plastic articles and furniture in the US.

In terms of Canadian exports to Bangladesh, these are dominated by primary commodities notably food – vegetables, cereals, oilseeds and fruits and nuts, which accounted for 88 percent of the total in 2001 – up from 74 percent in 1992, as the table shows.

Table 2.2: Top 10 Canadian exports to Bangladesh (HS 2 digits, $ million)

	1992		**2001**	
07 - Edible Vegetables	0	0.0%	53,253,441	40.9%
10 – Cereals	54,996,441	66.1%	52,080,494	40.0%
12 - Oil Seeds	6,696,976	8.0%	8,362,149	6.4%
72 - Iron and Steel	1,225,213	1.5%	4,066,784	3.1%
84 - Machinery	721,537	0.9%	3,100,340	2.4%
85 - Electrical Machinery	392,599	0.5%	2,143,891	1.6%
55 - MMF Yarns and Fabrics	545,832	0.7%	1,285,155	1.0%
47 - Wood pulp, paper etc	0	0.0%	1,195,860	0.9%
25 - Salt, Sulphur etc	17,529	0.0%	693,930	0.5%
08 - Edible Fruits and Nuts	0	0.0%	509,924	0.4%
Sub-total	64,596,127	77.6%	126,691,968	97.2%
Total	83,263,138	100%	130,320,238	100%

Source: Strategies

3. Canada's General Preferential Tariff (GPT) Scheme

Canada's GPT scheme has evolved since it began in 1974, with a number of special measures being introduced for LDCs over the last 20 years.
In 1981, Canada introduced a zero tariff for LDCs on GPT-covered products, though this did not come into force until 1983. Clothing, footwear, and some other labour-intensive industrial products as well as some agricultural products were excluded however. At this time Canada introduced more generous rules of origin for LDCs than for other developing countries (a minimum 40 percent value-added compared to the 60 percent required for other developing countries to qualify for GPT).

In 1994, when Canada extended its GPT scheme to 2004, consultations were initiated to consider how the scheme might be modified to compensate for the MFN tariff cuts under the Uruguay Round, and particularly to comply with the Decision on Measures in Favour of the Least-Developed Countries in the Final Act. In its submission, NSI noted that extending duty-free treatment to all LDC products should be one contribution from Canada in response to that decision (Weston 1994, p. 2). This did not happen at that time, however. The consultations led the government in 1996 to extend the GPT (and LDC) product coverage by some 220 product lines, whilst lowering the GPT tariff to two-thirds of the MFN rates to be applied in 1999 (thereby effectively cutting the LDC margin over other developing countries) (UNCTAD 2001, p. 15).

It was not until 2000 that another 570 products were added to the duty-free list for LDCs, bringing the share of all Canadian product lines that were duty-free for LDCs to 90 percent. But the bulk of the products were not significant for Bangladesh or any other LDC – according to UNCTAD, only 15 products were exported to Canada, with trade amounting to C$167,000.[6] Only 30.6 percent of LDC non-oil and non-arms imports were duty-free in 2000 – this was more than in the US (13.6 percent) but well behind Japan (63.1 percent) and the EU (97.3 percent) (Bacchetta and Bora 2002, Table 16).

Clothing and a few other sensitive products were still largely excluded.[7] This meant that LDCs, as other developing countries continued to face high tariffs and tariff escalation for these products. A study by UNCTAD and the Commonwealth Secretariat (2001) found that in 1999 of all Quad members, Canada had the highest proportion of imports from LDCs facing tariffs above 5 percent – 54.4 percent of all LDC imports, compared to 47.0 percent in the US, 22.2 percent in Japan and 3.12 percent in the EU. Canada had 5.8 percent of its industrial tariff lines still facing bound tariffs of 15 percent or more ("peak tariffs") – more than the US (3.5 percent) and the

[6] UNCTAD, "Improving Market Access for LDCs," UNCTAD/DITC/TNCD/4, Geneva: May 2001.
[7] Only four of these products (630491, 630492, 630493, and 630499 – all home furnishing articles) belonged to section 63 and another two to section 65 – none were added from 61 or 62. Bangladesh exported none of these items in 2000 and in 2001 it only exported $14,000 of 630492 (cotton furnishing articles).

other Quad countries.[8] These were concentrated in the product categories largely excluded from the GPT, namely textiles and clothing sector (41.9 percent of all tariff lines in this category faced applied tariffs of 15 percent or more in 2000) and leather, rubber footwear and travel goods (18.8 percent) (Bacchetta and Bora 2002, pp. 21 and 27). A number of agricultural products also faced tariff peaks. The average tariff in Canada was 8.3 percent for all products and 30.5 percent for tariff peak products (Hoekman et al, 2001). For both agricultural and industrial peak products, inputs faced relatively low tariffs, with the result that effective tariffs for the finished products were even higher.

More important for LDCs than the change in product coverage in 2000, were the further improvements in the rules of origin for LDCs, by allowing up to half of the 40 percent minimum value-added to be from another developing country. This should have helped LDCs to increase GPT utilisation. It also set an important precedent by lowering the floor for the subsequent LDCI.

Utilisation of the GPT and LDC tariffs has been an issue, with a discrepancy between those products eligible for GPT/LDC treatment and those actually receiving it. The ratio in Canada has improved somewhat (rising from 46 percent in 1996 to 53 percent in 1997 and 59 percent in 1998). This was roughly similar to the level recorded in the US (once mineral oils were discounted) but it was still a problem to be addressed (UNCTAD 2001, pp. 11-12). Data is not available to determine whether the changes in the origin rules announced in 2000 were effective in raising the utilisation rate by LDCs in 2001.

Table 3.1: GPT Imports and Utilisation by LDCs (by HS Section, $000s and %, 1998)

		Total	Dutiable	GPT Covered	GPT Receiving	Market Share %	Potential Coverage	Utilisation Rate (%)	Utility Rate (%)
HS	Product	A	B	C	D		B/A	D/C	D/B
01	Live animals & products	4,798	148	0	0	0.2	0	0	0
02	Veg. products	20,407	70	70	2	0.5	100	2.9	2.9
03	Fats and oils	2	2	1	0	0	50	0	0
04	Prep. Foodstuffs	1,795	1,643	1,626	1,517	0	99	93.3	92.3
05	Mineral products	108,822	0	0	0	1.1	0	0	0
06	Chem. Products	860	244	244	13	0	100	5.3	5.3
07	Plastics & rubber	1,262	564	564	246	0	100	43.6	43.6
08	Hides, skins etc	596	578	578	329	0.1	100	56.9	56.9
09	Wood & articles	449	191	191	128	0	100	67	67
10	Pulp, paper	232	118	118	88	1.5	2.8	74.6	74.6
11	Textiles & articles	101,478	84,131	2,348	1,544	0.3	88.4	65.8	1.8
12	Footwear, headgear	3,204	1,487	1,314	507	0	100	38.6	34.1
13	Stone articles	667	122	122	47	0	100	38.5	38.5
114	Precious stones	474	386	386	372	0	81.4	96.4	96.4
15	Base metal &	1,403	296	241	47	0	100	19.5	15.9

[8] These figures exclude petroleum.

	products								
16	Machinery	5,910	438	438	129	0	100	29.5	29.5
17	Transport equip.	636	390	390	181	0	100	46.4	46.4
18	Precision instruments	603	34	34	23	0	100	67.6	67.6
19	Arms etc	1	1	1	0	0	100	0	0
20	Misc. manu.	1,644	1,124	1,122	617	0	99.8	55	54.9
21	Art works	228	5	5	4	0.3	100	80	80
22	Special uses	420	0	0	0	0	0	0	0
	Total	255,891	91,972	9,793	5,794	0.1	10.6	59.2	6.3

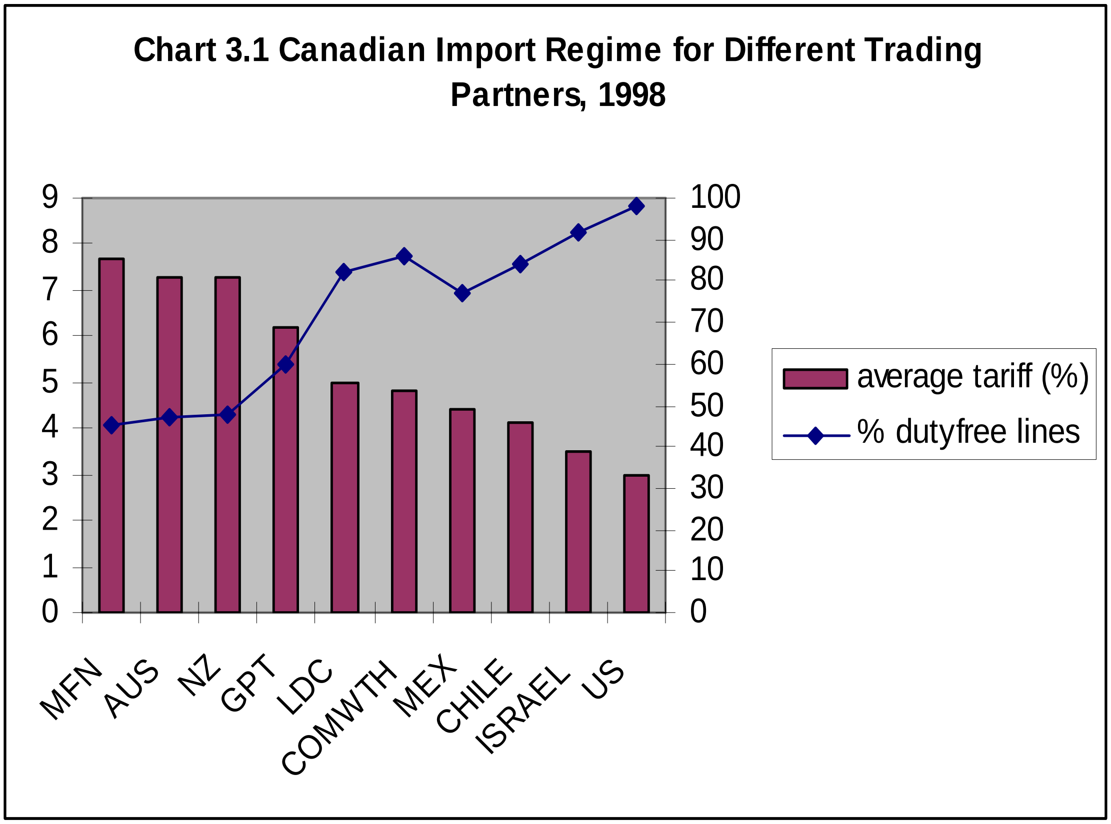
Source: UNCTAD 2001. p. 36

UNCTAD notes the importance of focusing on the “utility rate” of the GPT/LDC tariff scheme – rather than utilisation rates – as this takes into account GPT/LDC product coverage.[9] A high utilisation rate may translate into a low utility rate if coverage of products exported by LDCs is low. This is the case in Canada – with a utility rate of 6.3 percent (see Table 3.1), compared to 33.4 percent in the EU, 29.9 percent in Japan, and 4.3 percent in the US.[10]

A number of other problems have limited the benefits for LDCs of the GSP/GPT schemes. These include: declining preferential margins, their non-binding nature, associated conditionalities, and supply constraints. The concern is that these have created uncertainty and thus led to under-investment in export capacity. Canada has not made much use of safeguards or conditionalities in the application of its GPT, and it has no automatic graduation system, in sharp contrast to the schemes of the US and the EU. The more important issue therefore appears to be that of declining preference margins.

[9] The GPT utlity rate is equal to the value of imports receiving GPT treatment as a share of those imports that are dutiable, expressed as a percentage.
[10] Excluding both mineral oils and CBI beneficiaries.

Chart 3.1



Source: Derived from UNCTAD and Commonwealth Secretariat 2001, p. 14.

With the proliferation of bilateral and regional trade agreements, many countries export on more favourable terms to Canada and other Quad members than the LDCs. This is particularly apparent in Chart 3.1, which is based on 1998 data. The situation continues to change with Canada negotiating further preferential trade arrangements under the Free Trade Area of the Americas, as well as with the Andean countries, Costa Rica, Central America, the Dominican Republic, EFTA, the Commonwealth Caribbean and Singapore. In effect, what has emerged is an inverse pyramid of privilege – i.e. suppliers in some of the more advanced developed and developing countries receiving better tariff treatment than many of the poorest countries. To the extent that LDCs and developing countries enjoy any preferential margins, these may decline further as a result of the MFN tariff cuts likely to be negotiated as part of the WTO Doha round.

Turning to the particular position of Bangladesh in the Canadian market, data for 2001 (in Table 3.2) show that Canadian imports from Bangladesh generated tariff revenue of $31.4 million, with an average tariff rate of 16.6 percent. Of all developing countries, Bangladesh experienced the ninth highest tariff rate (ranking third amongst the 7 LDCs falling in the top 20 developing countries in this respect) and contributed the tenth highest amount of tariff revenue (the highest of any LDC). As the table shows, the average tariff on countries like India and China was much lower – this reflected a more diversified export structure, whereas in the case of Mexico, the much lower rate is due to the NAFTA preferential regime. Data from earlier years show a varying experience – while the average tariff levied on imports from Bangladesh and a few other countries has risen, many others have experienced a falling average tariff. This reflects the changing pattern of exports – i.e., in Bangladesh's case, increasing concentration on dutiable products and products with higher tariffs, rather than an increase in Canadian tariffs. Canadian MFN tariffs have been cut under the Uruguay Round, but the cuts for apparel products have been much lower than for other areas.

Finally, it is important to underline a point raised earlier, namely that these average tariffs conceal wide dispersions, and for some products, tariff escalation, tariff peaks and other barriers may actually have deterred exports from Bangladesh.

Table 3.2: GPT-Receiving Countries with Highest Duty Collected and Highest Average Tariff

2001 Country Name	**2001 Total Imports $CDN (a)**	**2001 Duty Collected $CDN (b)**	**2001 Average Tariff Rate****	**For Comparison: 2000 Average Tariff Rate**	**For Comparison: 1990 Average Tariff Rate**
Highest duty collected (top 10)					
China People's Rep.	12,714,905,221	651,442,755	5.1%	5.1%	11.6%
Korea, South	4,602,517,178	177,826,975	3.9%	3.1%	10.0%
Hong Kong	1,223,069,664	107,105,576	8.8%	7.7%	13.6%
India	1,151,554,761	89,641,693	7.8%	7.1%	11.1%
Indonesia	960,985,622	59,870,111	6.2%	5.8%	9.7%
Thailand	1,687,010,199	57,062,427	3.4%	3.3%	8.5%
Mexico	12,027,326,390	40,095,442	0.3%	0.01%	2.8%
Brazil	1,524,858,378	37,239,338	2.4%	2.1%	5.0%
Pakistan	274,988,828	35,500,600	12.9%	12.6%	16.0%
Bangladesh*	**189,708,811**	**31,435,787**	**16.6%**	**15.6%**	**15.1%**
Highest average tariff (top 20)					
Falkland Islands	1807	349	19.3%	0%	na
Brunei Darussalam	3,496,352	667,004	19.1%	18.7%	17.5%
Moldova	2138153	396,650	18.6%	6.7%	na
Lesotho	9,973,751	1,848,016	18.5%	6.7%	22.2%
Maldives*	14,558,226	2,582,111	17.7%	15.7%	19.7%
Mariana Islands	12,384,735	2,181,561	17.6%	19.8%	na
Turkmenistan	1,241,440	218,532	17.6%	19.8%	na
Cambodia*	23,387,373	4,030,319	17.2%	18.6%	na
Bangladesh*	**189,708,811**	**31,435,787**	**16.6%**	**15.6%**	**15.1%**
Laos*	2,868,706	472,777	16.5%	18.6%	22.1%
Macau	79,178,582	12,989,794	16.4%	17.1%	na

Botswana	628,963	93,598	14.9%	13.6%	0.0%
Mauritius	16,761,769	2,362,777	14.1%	15.8%	19.5%
Armenia	1,815,784	252,147	13.9%	16.9%	na
Sri Lanka	119,379,393	15,452,781	12.9%	10.3%	13.4%
Pakistan	2,7498,8828	35,500,600	12.9%	12.6%	16.0%
Haiti*	1,0511,962	1,271,425	12.1%	9.5%	3.3%
Jordan	3,900,231	448,270	11.5%	4.6%	5.8%
Madagascar*	6,271,371	711,596	11.3%	5.6%	0.1%
Nepal*	9,441,777	1,018,901	10.8%	11.9%	16.9%
TOTAL incl. others	51,868,467,376	1,539,435,946	3.0%	3.4%	3.5%

Source: derived from Finance Canada data *=LDCs **=(b)/(a)*100

4. The New LDC Initiative (LDCI)

As noted in the previous section, Canada has taken several steps over the last two decades to improve market access for LDCs through the provision of duty-free treatment to goods covered by the GPT, the addition of other goods, and relaxation of the rules of origin. It has also expanded the quotas on LDC clothing products at an accelerated rate, as required under the Uruguay Round Agreement (as discussed further below).

In early 2002 the government organised further domestic consultations on a proposal to extend duty-free and quota-free access to Canada's imports from LDCs with the exception of three supply-managed agricultural products (dairy, poultry and eggs). Both the call for responses to a DFAIT discussion paper and hearings by the parliamentary sub-committee on international trade stimulated a wider range of input than previously, from the business community as well as development groups and public policy analysts.

The majority of the submissions (26 out of 38) to the government were quite positive; a small number (8) were opposed and 4 were non-committal.[11] Amongst those who supported the proposal, some objected to the exclusion of supply-managed agricultural commodities; others mentioned the need to ensure the LDCI was not limited to African countries; and still others noted the importance of ensuring that the rules of origin were flexible. Others called for complementary technical assistance to address supply problems, as well as measures to ensure that the benefits reach the workers in the LDCs. Finally the government was urged to provide adjustment assistance to any Canadian workers who might be affected.

Amongst the opponents, there was particular concern about the impact on the Canadian clothing industry, especially small- to medium-knitwear contractors in Quebec. For this reason they opposed the initiative and urged the government if it went ahead to have strict rules of origin and controls to avoid transshipment. Numbers for the potential job losses ranged up to 15,000 in the clothing industry. But in general there was little quantitative analysis of the likely impacts. The government was criticised for implying that historical trends might continue, on the grounds that

[11] An overview of the submissions can be found at http://www.dfait-maeci.gc.ca/tna-nac/submission_received-e.asp

the international companies are quite mobile and can relocate quickly. Others, however, questioned the likely impact of the initiative on LDC export performance in Canada given the size of the Canadian market, parallel developments in the EU and US markets, the end of the MFA in 2005 and China's accession to the WTO.

A similar range of views was expressed in the parliamentary committee hearings.[12] Apparel industry representatives (the Canadian Apparel Federation and the Canadian Textiles Institute amongst others) were concerned that the LDCI would disrupt the Canadian industry, without providing much long-term benefit to the LDCs, whose short-term export gains would be eroded after 2004 by surges in imports from China. The Retail Council of Canada and several NGOs and trade analysts spoke out in favour. The committee report concluded that the government should unilaterally eliminate all remaining tariff and quota restrictions on imports from LDCs, no later than December 31, 2002, with the exception of supply-managed agricultural products. It noted the importance of discouraging transshipment from countries still under quota restraint. It also called on the federal government to establish a transitional assistance programme for affected industries and workers.

The decision to remove all tariffs and quotas on LDC imports except dairy, poultry and eggs, effective January 1, 2003, was finally announced on June 27, 2002 on the fringes of the G8 summit at Kananaskis. Details of the rules of origin under the new duty and quota-free Canadian regime for LDCs were released on January 1, 2003, though the principles were announced in the summer of 2002 – namely "modified NAFTA rules" for textiles and clothing. This means that cloth would have to be cut and sewn in the exporting country, or fabric woven from yarn produced in that country. Inputs (cloth, yarn) from another developing country or Canada would count as originating, provided there is a minimum 25 percent value-added in the LDC exporting country.[13] Products which do not meet the rules of origin will continue to be subject to MFN or GPT tariffs and quotas (in the case of categories still covered by quotas under the MFA).

In response to industry concerns, the government has earmarked some $44 million for compensatory measures in Canada. Some $33 million will be available over four years for adjustment assistance (helping manufacturers to implement 'best practices', marketing ideas, and e-commerce). Another $11 million will be used to increase import monitoring, i.e. to deter other countries from attempting to get quota- and duty-free access by transshipping their exports to Canada through LDCs – as many as 25 staff will be dedicated to investigations relating to the LDCI. Finally, a Working Group on Textiles and Apparel has been set up to monitor the

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[12] SCFAIT Sub-Committee on International Trade, Trade Disputes and Investment, *Building an Effective New Round of WTO Negotiations: Key Issues for Canada*, 19th Report, May 2002.
available at http://www.parl.gc.ca/InfoComDoc/37/1/FAIT/Studies/Reports/faitrp19/07-toc-e.htm

[13] http://www.dfait-maeci.gc.ca/tna-nac/rules_origin-e.asp The final details were set out in JUS-604320 and JUS-604321 (SORS/DORS) and Canada Gazette, Part II of January 1, 2003. These are available at http://www.dfait-maeci.gc.ca/tna-nac/604320-en.asp and http://www.dfait-maeci.gc.ca/tna-nac/604321-en.asp and http://canadagazette.gc.ca/partII/2003/20030101/html/sor20-e.html and http://canadagazette.gc.ca/partII/2003/20030101/html/sor19-e.html respectively.

implementation of the LDCI and to consider how best to support the long-term competitiveness of the Canadian industry.[14]

In the case of Bangladesh, it is not expected that either the rules of origin or transshipment will be an issue.[15] A new certificate of origin has been created by the Canada Customs and Revenue Agency (CCRA) for textile and clothing products to be completed by the exporter.[16] Importers will still have to obtain import permits for products which remain under the Import Controls Act (notably textiles and clothing) though these will be freely available. The Canadian customs authorities will expect to be able to visit manufacturing units in Bangladesh and other LDCs to verify whether origin rules are being met (this will largely be an issue of the origin of the cloth used), and to inspect factory order books for at least four preceding years. If it is found that origin rules have not been met, the importer would have to pay the full MFN tariff for the contested imports. [17]

According to DFAIT, the new regime means that some $150 million of Canadian imports from all LDCs will no longer face an average duty of 19 per cent – in effect the Canadian government is foregoing annual tariff revenue of some $30 million or the equivalent of 10 percent of the bilateral aid which Canada gives to LDCs each year. The bulk of these imports are clothing – with Bangladesh being the largest LDC supplier to Canada, with a 75 percent share of imports from LDCs.[18] Using 2001 data (Table 3.1) suggests that the tariff revenue foregone will be even higher (some $50 million), with savings of $31.4 million for Bangladesh alone, if all products meet the origin rules.

Overall, the impact of this measure on competing Canadian producers is projected by most sources to be small. LDCs supply 0.1 percent of total Canadian imports and less than 5 percent of all Canadian clothing imports. The DFAIT discussion paper notes a number of reasons why apparel imports will not surge: slower supply response in most LDCs, with the exception of Bangladesh and some others who “have the ability to increase their exports of apparel to Canada in the short term”; and some substitution of LDC imports for imports from other countries. It also notes the increasing export orientation of the Canadian apparel industry – “annual LDC imports have been far less than the increases in Canadian exports to the USA”. But the paper does not make any projections for import growth, let alone impacts on Canadian employment. It just quotes a World Bank study as forecasting a 10 percent increase in LDC revenues if all high-income countries adopted a scheme similar to the EU’s EBA.

[14] http://www.dfait-maeci.gc.ca/tna-nac/info_bulletin-en.asp
[15] Discussion with DFAIT officials, November 25, 2002.
[16] The details are found at http://www.ccra-adrc.gc.ca/E/pub/cm/cn488/README.html and http://www.ccra-adrc.gc.ca/E/pbg/cf/b255/b255-02e.pdf For all other products, the GSP or GPT Form A certificate will continue to be used.
[17] The details are to be set out in bilateral memoranda of understanding between the Canadian and LDC governments.
[18] DFAIT, “Improving access for the products of the LDCs to the Canadian market,” March 27, 2002 available at http://www.dfait-maeci.gc.ca/tna-nac/ldc-dis02-e.asp

In contrast, a survey by the Asia-Pacific Foundation conducted in May 2002 suggested that as many as 10,000 Canadian jobs might be lost. This was based on a "worst-case scenario" in which imports from LDCs would quadruple to $800 million with all of the increase being borne by Canadian production. [19] (This suggestion led half of those surveyed, who initially supported the removal of market access barriers on imports from developing countries, to reduce their support for the LDCI. Surprisingly, support in Quebec was slightly stronger than in other parts of the country, despite the fact that it accounts for 60 percent of clothing employment in Canada.)

According to UNCTAD and the Commonwealth Secretariat, the combined effect of a tariff-free and quota-free regime in Canada, the US and Japan will be ten times the impact of the EU's EBA and should increase LDC exports by 3 percent. As their protection has been biased against textiles and clothing imports, where Bangladesh is now internationally competitive, Bangladesh should gain the most, with an estimated increase in exports of 7.6 percent or some $400 million. The bulk of these gains are associated with reallocation of resources towards textiles and clothing, rather than with improvements in the terms of trade. In the case of the US alone, it is estimated that Bangladesh apparel exports would increase by some 30 percent. [20] In the case of Canada, total Bangladesh exports are projected to grow by $8.5 million (some 6 percent) compared to $1.1 billion to the US.[21]

These estimates are based on fairly optimistic assumptions – namely that there are no short-term supply constraints or adjustment problems and that all goods qualify for duty-free and quota-free treatment. In reality, rules of origin will likely limit these gains. Also, some products may be excluded. In Canada's case, for instance, poultry has been excluded yet this is product in which Bangladesh could have export capacity. (This is discussed further below). On the other hand, these estimates are also quite static, and may underestimate some of the benefits from trade expansion.

LDCs hope that their new tariff-free access to the Canadian market (while China still faces a 19 percent tariff) will help them to regain some of their apparel market share, and in turn renew employment opportunities for many women garment workers who lost their jobs with the slump in world demand and increasing competition from other suppliers (Centre for Policy Dialogue, 2002). This tariff margin will decline, however, as the Canadian tariff for apparel will fall to 18 percent in 2004, textiles to 12-14 percent, and footwear to 18 percent. And all remaining quotas on other suppliers of textiles and clothing will be lifted at the end of 2004.

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[19] Other assumptions were that 1. imports from LDCs are perfect substitutes for domestic producton, and displace domestic output on a one-for-one basis; 2. there is no international competition between exporters to Canada, e.g. that Chinese exports do not lower their prices to match the lower price of Bangladeshi exports; and 3. every % decline in output leads to an equal % decline in employment. See Technical Brief #2, p. 7, at http://www.asiapacific.ca/analysis/pubs/pdfs/surveys/ProvincialResults.PDF

[20] UNCTAD and Commonwealth Secretariat, 2001, pp. 42-4.

[21] Ibid. p. 66.

These issues are discussed more in the next section. To put the LDCI into perspective, we now briefly examine the US AGOA and the EU EBA.

The *US AGOA* was passed into law in May 2000, with some improvements added in May 2002 (under what is known as AGOA II, with effect from August 2002).[22] It will expire in July 2009. In addition to the GSP list of 3,000 products, it offers the 48 countries of sub-Saharan Africa duty-free access on the 1600 products previously only duty-free for LDCs, and a further 215 products that were not previously included even for LDCs in the US GSP – products such as footwear, leather apparel, luggage, watches and flatware.[23] In addition AGOA apparel will be tariff- and quota-free.

There are still some products that are excluded, however, as being too sensitive. While AGOA producers are exempted from the competitive need criterion that can lead to reimposition of MFN tariffs on certain products and/or suppliers, products may be withdrawn from the AGOA list if AGOA supplies are found to be causing or threatening to cause serious injury to the US industry.

The same rules of origin apply under AGOA as under the GSP, namely a minimum 35 percent value-added in the country of export, though there may be cumulation with other AGOA countries and US inputs (up to 15 percent).

In the case of apparel, products must meet special rules of origin. There will be no limits on the tariff-free and quota-free access for products using US inputs (fabric, yarn and thread). All other products face a cap (i.e. a tariff quota). All countries may use regional (African) fabric and yarn. Only a subset of poorer countries (less than US$1500 per capita GNP) and a couple of favoured countries may use non-regional, non-US imports until October 2004. The total cap has been increased to 3 percent of overall US imports (by volume) rising to 7 percent in 2007 (though the cap for products using non-regional inputs did not change).

The provisions were implemented after October 2000. Countries had first to meet certain eligibility tests. These included a broad range of political and economic policy conditionalities – for example, countries had to show that they were making progress towards protection of intellectual property, combating corruption and protection of human rights and workers' rights. As of May 2002, some 36 countries were declared eligible. In addition the preferential treatment for apparel required countries to have in place a strict monitoring and verification system, to control third-countries trans-shipping products to take advantage of AGOA. As of April 2002, 17 countries had qualified for AGOA's apparel benefits.

There are a number of other notable aspects of the AGOA package including regular US-African trade and economic cooperation forums and the posting of commercial officers to Africa to promote bilateral trade. This will be complemented by trade-related technical assistance.

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[22] US Dept of Commerce, AGOA website, at www.agoa.gov

[23] UNCTAD, *Improving Market Access for Least Developed Countries*, May 2001, p. 3. UNCTAD notes that this will dilute the preferences which LDCs in Africa and elsewhere had previously enjoyed.

Initial data suggest that the programme has triggered an increase in investment, employment and exports particularly in the apparel sector. Total exports to the US rose 62 percent in two years to May 2002, and apparel exports by 60 percent – though they still accounted for less than 1.6 percent of US apparel imports in 2001.[24] Apparel exports in the first quarter of 2002 were 27 percent higher than a year earlier, and 73 percent benefited from duty-free AGOA treatment – most of them under the special provisions for non-US fabric. While the benefits of AGOA overall have been concentrated – with Nigeria, Gabon and South Africa accounting for 92 percent – in the case of apparel, leading beneficiaries in 2002 have been Lesotho, Mauritius, Madagascar, South Africa and Kenya.[25] To secure greater benefits, however, the countries in the Southern African Customs Union have begun talks with the US about a free-trade agreement, suggesting that AGOA does not give them the security and degree of preferential market access that they would like.

The *EU's EBA* came into force on March 5, 2001. It has no time limit. It added duty-free treatment to some 919 tariff items or roughly 10 percent of the items already covered – including agricultural products as well as textile and clothing items. Duty-free coverage was granted immediately for all but three products for which it will be phased out more gradually – bananas from January 2002 to 2006, sugar from July 2006 to 2009, and rice from September 2006 to 2009. In addition there are to be no quotas (n.b. all quotas had already been lifted on LDC textiles and clothing products).

The rules of origin are generally considered to be quite restrictive. In the case of apparel, a two-stage transformation is required. For some regions (e.g. SAARC) there are special provisions allowing for cumulation i.e. inputs from the same region may count as originating in the exporting country, though the value-added must at least equal the value of the regional inputs.

These LDC privileges may be withdrawn temporarily if there are *massive increases* in imports from LDCs, which is defined as 'in relation to their usual levels of production and export capacity,' and when this is associated with decline in EU producers' output, market share, employment, profitability etc. In the case of sugar, bananas and rice, the safeguard is more stringent – i.e. the EU will automatically consider withdrawing duty-free treatment when LDC imports rise more than 25 percent above the levels of the previous year.

The EBA is expected to have the greatest impact on agricultural products (in the long-term once all tariffs are phased out), as this has been the sector most protected in the EU in the past. In percentage terms the largest beneficiaries are projected to be smaller countries in Africa. But Bangladesh is estimated to be the largest beneficiary in absolute terms – with welfare gains of $8.2 million, or 0.02 percent, with the terms of trade effects slightly outweighing the allocative effects. Exports from Bangladesh to the EU are projected to increase by 0.034 percent. [26]

[24] US Dept. of Commerce, 2002 AGOA Report to Congress, 2002.
[25] Ibid and *Emerging Textiles,* May 27, 2002.
[26] UNCTAD and the Commonwealth Secretariat, 2001, pp. 38-39.

Box 4.1: Comparison of Key Elements of LDCI, AGOA, EBA

	LDCI	AGOA	EBA
Country coverage	All LDCs (except Myanmar)	All sub-Saharan Africa subject to economic and political conditionalities plus visa/other enforcement tests for apparel – so far 36 (of 48) covered, of which only 17 covered for apparel	All LDCs
Product coverage	All except eggs, poultry and dairy products	Nearly all (some products excluded as still considered too sensitive when imported from Africa)	All except 20 categories of arms and delays for bananas, rice and sugar
Tariff provisions	Tariff-free	Tariff-free (TQs for apparel)	Tariff-free
Quota provisions	Quota-free	Quota-free	LDC T&C exports were already quota-free
Rules of origin	To be confirmed. Likely -- for most products: 20% minimum plus up to another 20% from other GPT countries (for total 40% min.); for textiles and clothing: 25% plus use of inputs from other GPT countries or Canada (for total 40% min.)	35% with regional cumulation or US input (up to 15%); special rules for apparel	Stringent though some provisions for regional cumulation i.e. LDCs may use inputs from SAARC, ASEAN
Safeguards	Not bound; it is possible that if GPT model is followed, products may be withdrawn following petition and enquiry by the CITT	Not bound; Exempt from GSP competitive need test but serious injury may lead to product removal from AGOA benefits	Not bound; may be withdrawn when massive increases in imports from LDCs (reduced to 25% for 3 sensitive ag. products) and when EC financial interests are at stake
Duration	?	June 30, 2009 (apparel benefits may end earlier)	Unlimited
Other comments		Regular forum to discuss issues; US commercial officers to promote bilateral trade; complementary TRTA	

To sum up, the Canadian LDCI appears likely to have more impact in terms of expanding market opportunities for LDC industrial exports than the EBA. This is partly because the EU had already removed many barriers to LDC exports (notably quotas), and such tariff protection as still existed was lower than in Canada. In terms of agricultural products, the EU EBA will have more of an impact in the longer term, as its agricultural protection has been relatively high compared to Canada, and the coverage of the EBA will be more comprehensive than Canada's LDCI. (On the other hand, the EBA benefits may be undermined by the costs to LDCs of EU agricultural subsidies to its own farmers.) The LDCI appears quite generous compared to the US' AGOA, particularly with respect to the proposed rules of origin. As discussed above, there is considerable variation in origin amongst one importing country's different trade arrangements let alone between different countries. One benefit of the LDCI may be that it creates a liberal precedent for the US and the EU to follow.

5. Market Opportunities for Bangladesh

In this section, we review the market opportunities created by the LDCI. First, we review the extent to which other barriers may continue to restrict access to the Canadian market – focusing in particular on anti-dumping duties (ADD), safeguards, technical barriers (SPS/TBT) and environmental/social standards. Second, we examine how the LDCI will affect Bangladesh's performance relative to current and potential competitors. The focus is primarily on the prospects for Bangladesh's clothing exports which stand to benefit the most from the LDCI.

i. Continuing Barriers

While there has been considerable concern about the potential for *ADD* to be used to restrict imports as quotas are phased out under the MFA, this has not been an issue in Canada as yet. Canada has been amongst the major users of ADD, but not against clothing imports. It is possible that ADD use in the case of clothing will increase after 2004, though some clothing industry representatives have argued that ADD is too slow to provide much protection. If the US were to use ADD more aggressively against clothing imports then Canada might follow the US lead as it often has in other sectors (notably steel), to prevent goods shut out of the US market from being diverted to the Canadian market (though clothing products may not be as substitutable as steel).

The use of *safeguards* against clothing imports is initially most likely on a selective basis, notably against China, as allowed under the transitional arrangement to 2008, rather than against competing exporters in Bangladesh or other countries. According to clothing industry representatives, however, their immediate trade policy strategy to increase their competitiveness is to seek reductions in their input costs by persuading the government to cut Canadian textile tariffs, thus raising their effective protection rate.

In the Canadian market another factor that may affect clothing imports is the increasing interest in *social labelling*, with calls on the government to amend the labelling act and require the factory of production to be identified on the label (as well as the country of export). This proposal is now the subject of a study by the Conference Board of Canada on behalf of Industry Canada. A growing, though still small, number of consumers want to be more informed about conditions of production before they make their purchasing choices. In principle, if the factory is identified, consumers would be able to consult a data base and learn about that factory's work record. In the meantime, Students against Sweatshops, in collaboration with other Canadian groups (such as the Ethical Trade Action Group) have persuaded some universities to pass ethical buying codes. These require suppliers to ensure certain labour standards are respected by their manufacturers. Similar efforts are targeting municipal governments and other institutions in the public sector that purchase large volumes of uniforms.

Box 4.2: Recent Action on Social Standards in Canada

- 1998/99 ETAG lobbied the Canadian government to set up a Federal Taskforce on Sweatshops to work with industry and social justice groups to develop a code of conduct.
- 1999/00 industry (the Retail Council and the footwear association) and social justice groups negotiated without the government. Discussions broke down when the Retail Council of Canada produced a code well below ILO norms and lacking transparent/independent monitoring.
- ETAG now has a 4-pronged strategy:

1. persuade public institutions (universities, school boards, municipalities and hospitals) to use their buying power to insist suppliers disclose the location of factories where clothes/uniforms they supply are made. At least 8 Canadian universities have agreed including the University of Toronto and McMaster University.
2. Lobby Industry Canada to change the textiles labelling act to require disclosure of the factory where a product is made. Companies like MEC, Roots and some Eastern Canadian stores support this proposal but the Retail Council is opposed. Industry Canada has commissioned the Conference Board to study the issue and to hold consultations in spring 2003.
3. Engage with Canadian companies on particular issues e.g. The Bay and working conditions at one of its supplying factories in Lesotho.
4. Work with Southern groups on monitoring.

- Another group is working with trade unions to survey uniform sourcing and to include reference to sourcing "union-made" uniforms in bargaining agreements (not necessarily "made in Canada").
- SHARE (based in BC) is lobbying shareholders in retail chains (The Bay and Sears Canada). In 2002 a shareholder proposal on working conditions in suppliers won 37% of The Bay's shareholders.

For further information consult www.maquilasolidarity.org

In the food sector, *TBT/SPS* are an issue that exporters in Bangladesh have to take into account. There has been no suggestion that Canadian standards are unnecessarily high, as there has in the US and the EU for certain products. But the standards need to be respected by exporters of frozen shrimps/prawns (and poultry, if this is ever to be exported to Canada). As in other countries, the standards are regularly reviewed and amended, with growing use of audit-based verification rather than inspection (e.g. in the case of poultry). Environmental standards have been raised by some NGOs, in Canada as elsewhere, with questions being posed particularly about the sustainability of shrimp/prawn farming. This has led some consumers to boycott shrimps/prawns altogether, unless they can be assured of the way in which the shrimps were cultivated/caught.

ii. Changing Competition

A key feature of the LDCI is the removal of all quotas on LDC clothing products, thus treating Bangladesh and other LDC suppliers preferentially compared to suppliers in other developing countries, at least for the next two years. It also helps to put Bangladesh and other LDCs on the same footing in the Canadian market as more preferred partners (notably the US, Mexico, Chile and others). The other key feature is the preferential tariff margin of some 19 percentage points over other developing country suppliers still trading on MFN terms with Canada. This will last beyond 2004, but its importance will be reduced gradually, as the MFN tariff is further cut and as more developing countries sign preferential, reciprocal trade agreements with Canada. The third issue addressed here is the likely impact of the tariff change for other products exported from Bangladesh, taking into account key competitors for those products.

By way of background, Tables 5.1 and 5.2 show the major suppliers for all clothing to Canada and the US for the last five years. A number of key points should be noted. In Canada, China has emerged as the top supplier (in value terms) displacing the US, whose exports to Canada have declined steadily since 1998. Hong Kong has also experienced a decline in market share, whereas imports from Korea have grown significantly. But the highest growth rate was recorded by Mexico, which was the only country to have overtaken Bangladesh in terms of its share of the Canadian market. This reflects the direct impact of the NAFTA preferential trade regime. It may also be the indirect result of increasing concentration in the Canadian retail sector, with more US ownership of Canadian retail outlets leading to sourcing that reflects US patterns (i.e. from Mexico and Central America). Bangladesh maintained its position in the top ten – and increased its share of Canadian imports slightly, to 2.9 percent. The key question is whether the LDCI will stimulate further growth – and for how long? Will it be sustained beyond 2004, when all quotas are finally lifted? This issue is addressed further below.

In the US, Mexico has overtaken China as leading supplier, though this situation could be reversed – imports from Mexico fell off in 2001 while imports from China have continued to grow steadily. There is no clear indication that preferences for clothing trade were enough to secure steady import growth – while Honduras did well, imports from the Dominican Republic leveled off and its import share fell. Imports from South East Asia also improved their market share, with the exception of Thailand. Bangladesh performed relatively well – growing steadily and increasing its market share slightly to account for 3.3 percent of total US clothing imports – putting it in eighth place. India did not figure among the top ten suppliers at all.

Table 5.1: Canadian Imports of Clothing (HS 61 and 62)

	1997 (In Mln C$)	Share of total imports	1998 (In Mln C$)	1999 (In Mln C$)	2000 (In Mln C$)	2001 (In Mln C$)	Share of total imports	Growth 2001/1997	Growth 2001/2000
China	698	*18.6%*	800	892	1,045	1,235	*22.9%*	77%	18%
United States (U.S.)	754	*20.1%*	832	738	715	665	*12.3%*	-12%	-7%
Hong Kong	493	*13.1%*	526	484	506	508	*9.4%*	3%	0%
India	219	*5.8%*	253	307	353	367	*6.8%*	68%	4%
Korea, South	159	*4.2%*	232	255	293	326	*6.0%*	105%	11%
Mexico	90	*2.4%*	125	160	201	281	*5.2%*	212%	40%
Indonesia (includes East Timor)	106	*2.8%*	130	125	132	182	*3.4%*	72%	38%
Taiwan (Taipei)	122	*3.3%*	146	132	149	181	*3.4%*	48%	21%
Italy	144	*3.8%*	165	143	153	174	*3.2%*	21%	14%
Bangladesh	**101**	***2.7%***	**120**	**125**	**150**	**155**	***2.9%***	**53%**	**3%**
Sub-total	2,885	*76.9%*	3,340	3,371	3,697	4,073	*75.6%*	41%	10%
Others	864	*23.0%*	1,027	1,018	1,154	1,315	*24.4%*	52%	14%
Total (all countries)	3,750	*100.0%*	4,367	4,388	4,851	5,389	*100.0%*	44%	11%

Source: Statistics Canada Report Date: 09-Jun-2002

Table 5.2: US Imports of Clothing (HS 61 and HS 62)

	1997 (In Mln C$)	Share of total imports	1998 (In Mln C$)	1999 (In Mln C$)	2000 (In Mln C$)	2001 (In Mln C$)	Share of total imports	Growth 2001/1997	Growth 2001/2000
Mexico	7,261	*11.7%*	9,938	11,499	12,800	12,430	*13.7%*	71%	-3%
China (excluding Mongolia)	8,305	*13.4%*	8,411	8,582	9,211	9,956	*11.0%*	20%	8%
Hong Kong	5,500	*8.9%*	6,597	6,351	6,672	6,506	*7.2%*	18%	-2%
Honduras	2,335	*3.8%*	2,822	3,262	3,588	3,775	*4.2%*	62%	5%
Dominican Republic	3,030	*4.9%*	3,424	3,428	3,550	3,447	*3.8%*	14%	-3%
Indonesia	2,219	*3.6%*	2,467	2,511	3,059	3,430	*3.8%*	55%	12%
Korea, South	2,152	*3.5%*	2,823	3,123	3,360	3,363	*3.7%*	56%	0%
Bangladesh	**1,843**	***3.0%***	**2,222**	**2,266**	**2,884**	**2,989**	***3.3%***	**62%**	**4%**
Philippines	2,178	*3.5%*	2,559	2,636	2,786	2,906	*3.2%*	33%	4%
Thailand	1,766	*2.9%*	2,178	2,266	2,734	2,848	*3.1%*	61%	4%
SUB-TOTAL	36,590	*59.2%*	43,441	45,924	50,645	51,651	*57.0%*	41%	2%
OTHERS	25,221	*40.8%*	30,407	31,938	37,288	39,007	*43.0%*	55%	5%
TOTAL (ALL COUNTRIES)	61,811	*100.0%*	73,848	77,863	87,932	90,658	*100.0%*	47%	3%

Source: Statistics Canada

Quotas under the MFA have played an important part in the evolving pattern of imports to Canada as elsewhere. As shown in Table 5.3, Bangladesh has been able to exhaust its quotas in Canada for several products, even as they have expanded more rapidly than quotas for other non-LDC countries.

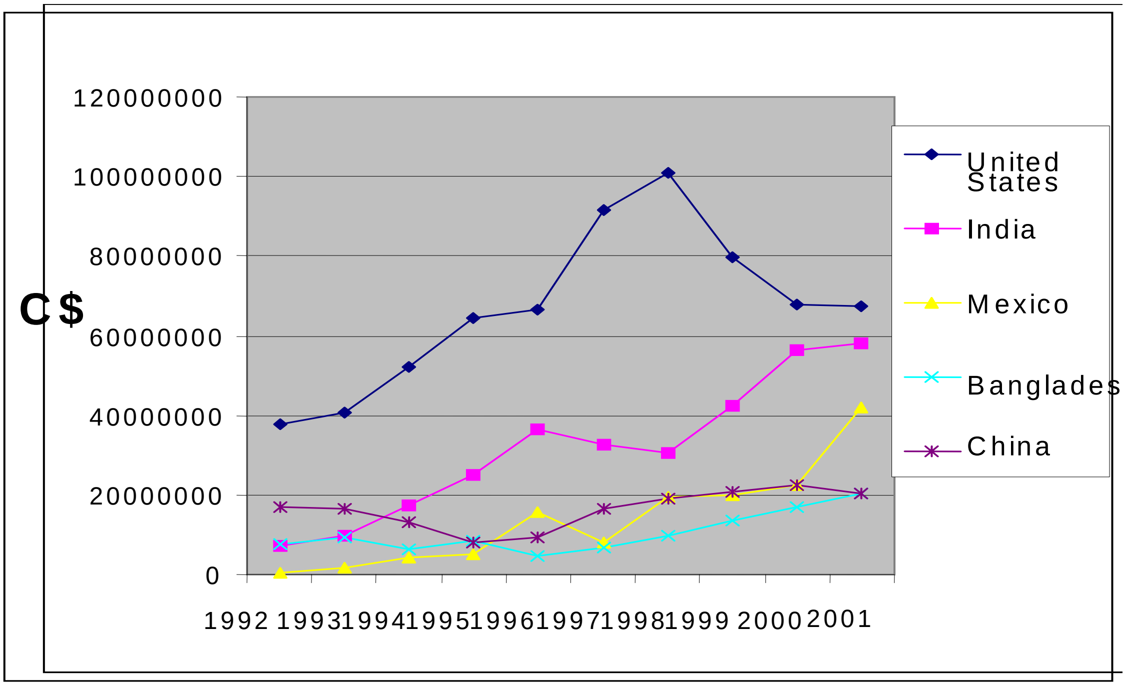
Table 5.3: Quota fill rates by Bangladesh in Canada

	1997	**2001**
01	100%	90%
02	100%	100%
03/04A	5%	5%
03/04B	4%	0%
05	68%	100%
05A	100%	93%
06	100%	n/a
07/08A	95%	83%
07/08B	96%	8%
08C	46%	62%
09	55%	95%
14	38%	49%

Source: http://www.dfait-maeci.gc.ca/~eicb/reports/BRXA02E-o2.pdf

In the case of T-shirts (HS610910), Bangladesh has been able to expand its exports steadily from 1996 overtaking China in 2001 – though both Bangladesh and China were overtaken by Mexico which rapidly expanded its sales in Canada after the NAFTA came into force (as Chart 5.1 shows). India's performance, without any preferences, is also notable.

Chart 5.1 Canadian T-shirt imports, C$



But the experience in products where the quota has been lifted altogether gives some cause for concern, as in the case of HS6205 – men's woven shirts. The quota was lifted unilaterally by Canada as of 1998 and the gains were mostly secured by China, as the following table shows. Canadian imports from China grew steadily so that by 2001 they had increased by $82 million or 237 percent above the level in 1997 and were more than double 1992 levels. Imports from Bangladesh fell steadily – as did imports from most other leading suppliers with the exception of Italy and India – so that in 2001 they had fallen by 58 percent, almost to the level recorded in 1992.

The question is whether this trend will be reversed – allowing Bangladesh to regain some of its market share – following the introduction of the LDCI in January 2003, and whether the LDCI tariff margin will be sufficient to offset the removal of all quotas in January 2005.

In contrast, Bangladesh steadily increased its exports of HS 6205 to the US in the last decade, recording an increase of $2770 million (C$) or 179 percent. In fact Bangladesh overtook China in 1999 to become third largest supplier after Hong Kong and Korea. China's exports in 2001 were below 1992 levels. Imports from most other countries expanded over the decade, though only Mexico and Honduras recorded increases that exceeded Bangladesh's. The almost 800 percent increase in Mexican trade underlines the importance of the NAFTA provisions, though the fall-off in US imports from Mexico in 2001 should be noted. Another difference with the Canadian market was the higher growth in total US imports of HS6205.

Table 5.4: Canada Imports of HS6205 ($million)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	% change 1992-2001	1997-2001
China	53.2	41.4	20.2	23.8	25.8	34.6	68.1	81.1	105.1	116.6	119%	237%
India	15.5	22.7	26.6	38.9	31.7	25.2	26.9	30.9	30.1	30.2	94%	20%
Hong Kong	33.2	34.3	32.9	39.7	35.6	34.0	23.4	17.9	14.2	12.9	-61%	-62%
United States (U.S.)	10.9	14.6	17.4	17.8	16.7	19.9	19.3	15.3	16.4	12.6	16%	-37%
Korea, South	21.6	34.9	36.2	25.4	15.3	18.4	13.7	16.5	14.2	12.1	-44%	-34%
Italy (includes Vatican City State)	6.0	5.0	6.0	7.0	6.9	7.8	10.7	10.1	9.6	10.9	80%	40%
Indonesia (includes East Timor)	6.5	6.6	4.9	6.6	8.5	13.0	11.8	7.1	7.4	8.9	36%	-32%
Vietnam	1.8	2.0	0.7	4.9	6.7	13.1	9.1	6.4	6.4	7.2	290%	-45%
Bangladesh	**6.4**	**7.8**	**7.6**	**10.8**	**11.8**	**15.3**	**13.4**	**13.5**	**11.5**	**6.5**	**2%**	**-58%**
Thailand	3.9	4.2	5.2	6.7	5.9	10.5	11.4	9.9	7.0	5.5	41%	-48%
SUB-TOTAL	159.1	173.5	157.8	181.6	164.9	191.9	207.8	208.6	221.8	223.3	40%	16%
OTHERS	55.5	51.3	59.2	60.0	51.2	50.0	52.3	44.0	40.3	42.0	-24%	-16%
TOTAL	214.6	224.8	217.0	241.5	216.2	241.9	260.2	252.5	262.1	265.3	24%	10%

Table 5.5: US Imports of HS6205 (C$ million)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	% change 1992-2001	1997-2001
Hong Kong	4,333	4,774	5,126	4,959	4,658	4,500	5,393	5,063	5,399	5,129	18%	14%
Korea, South	2,806	2,922	2,732	2,907	2,235	2,142	2,718	3,431	4,683	4,453	59%	108%
Bangladesh	**1,550**	**1,303**	**2,144**	**2,363**	**2,577**	**2,731**	**3,284**	**3,106**	**4,203**	**4,320**	**179%**	**58%**
China (excl. Mongolia)	4,148	5,627	4,177	2,901	2,585	3,166	3,322	3,082	3,538	4,002	-4%	26%
India	1,378	1,520	2,001	2,468	2,322	2,453	3,109	2,931	3,216	3,035	120%	24%
Indonesia	1,122	1,159	1,474	1,815	1,866	2,176	2,364	2,271	2,403	2,470	120%	14%
Mexico	221	319	403	654	901	1,265	1,786	2,059	2,328	1,963	788%	55%
Sri Lanka	898	1,196	897	1,226	1,046	1,399	1,911	1,713	1,660	1,917	113%	37%
Honduras	626	1,036	1,350	1,828	1,685	1,938	2,229	2,299	2,245	1,898	203%	-2%
Philippines	807	1,076	1,178	1,226	928	1,214	1,614	1,830	2,075	1,810	124%	49%
SUB-TOTAL	17,890	20,931	21,483	22,345	20,803	22,985	27,730	27,786	31,751	30,997	73%	35%
OTHERS	10,855	13,987	16,214	18,592	15,531	15,093	17,280	17,378	18,137	15,965	47%	6%
TOTAL	28,745	34,919	37,697	40,937	36,334	38,078	45,010	45,163	49,888	46,962	63%	23%

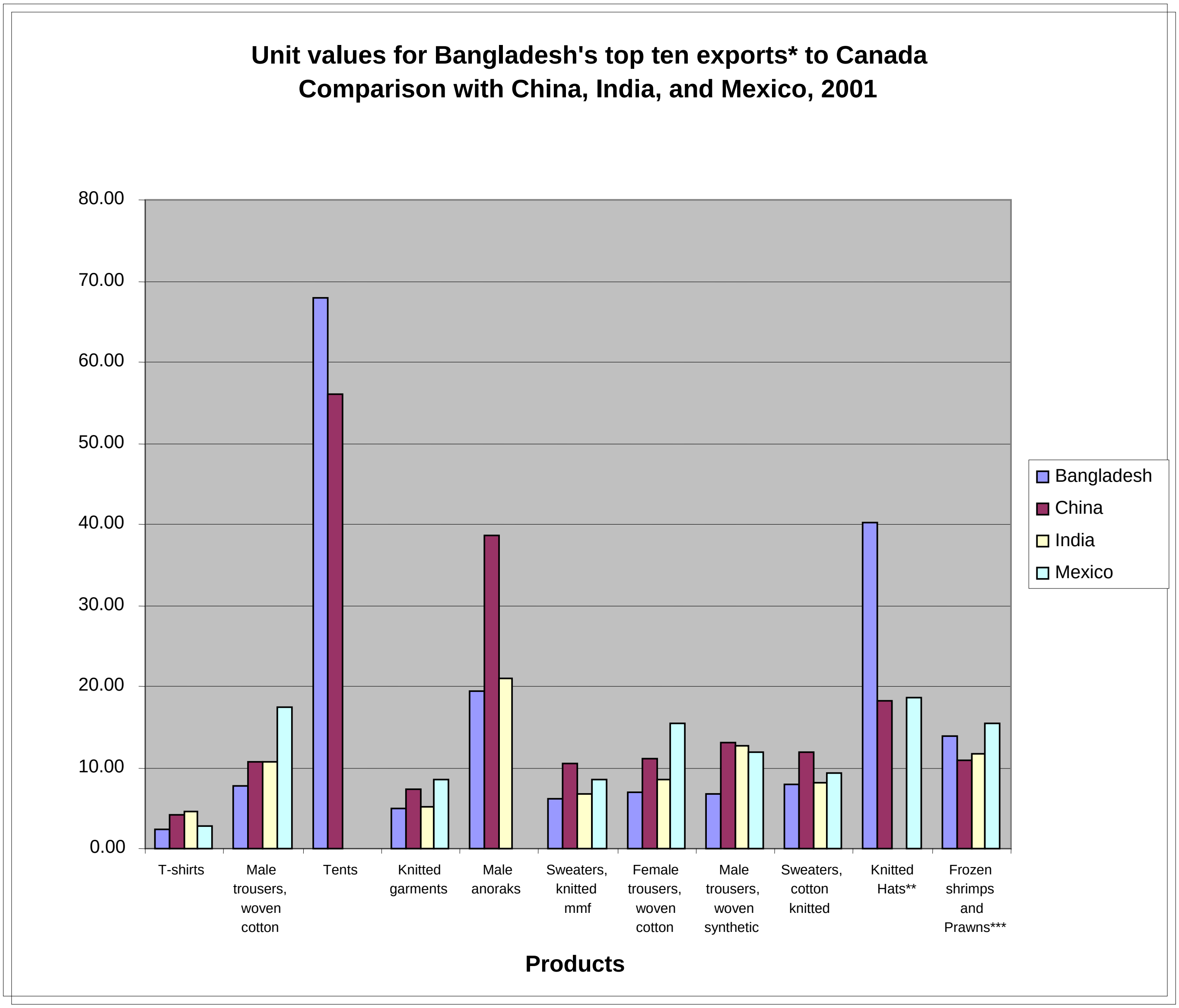
Table 5.6: Comparison of Unit Values for Bangladesh's Top Ten Exports* to Canada in 2001 (C$ per unit)

		1992**				2001			
		Bangladesh	China	India	Mexico	Bangladesh	China	India	Mexico
610910	T-shirts	1.91	3.22	3.73	2.55	2.35	4.22	4.53	2.75
620342	Male trousers, woven cotton	4.56	7.37	4.96	8.45	7.72	10.61	10.76	17.52
630622	Tents	na	37.97	na	na	67.98	56.06	na	na
611420	Knitted garments	na	na	na	na	4.87	7.39	5.13	8.56
620193	Male anoraks	10.78	22.30	24.98	na	19.47	38.53	20.92	na
611030	Sweaters, knitted mmf	na	6.59	5.93	na	6.16	10.49	6.75	8.44
620462	Female trousers, woven cotton	4.38	7.24	5.94	6.73	6.88	11.19	8.42	15.37
620343	Male trousers, woven synthetic	na	7.07	na	na	6.72	13.09	12.74	11.81
611020	Sweaters, cotton knitted	na	10.37	5.89	6.00	8.01	11.92	8.13	9.25
650590	Knitted hats*	na	13.71	na	na	40.25	18.22	na	18.53
(030613	Frozen shrimps and prawns***)	11.71	10.40	10.58	21.42	13.88	10.96	11.76	15.40

Notes: 1992 values are in 2001 prices (deflated by import price index)
*and shrimps/prawns ** price per dozen
*** price per KG

Source: Calculated from Statistics Canada, Imports by Commodity (December 1992 and December 2001)

Chart 5.2: Unit Values for Bangladesh's Top Ten Exports to Canada Comparison with China, India and Mexico, 2001



Note: *Frozen shrimps/prawns are outside the top 10, but were added here for interest
** price per dozen *** price per kg.

The above table and chart suggest that Bangladesh has been quite cost-competitive with other suppliers on the Canadian market. There are only three products where the unit value is higher than for competing suppliers – tents, knitted hats and frozen shrimps/prawns. These numbers should be used with caution, however, for several reasons. One is that the unit value of garment exports may reflect the cost of quotas as well as production costs. Another is that different values may reflect different qualities of product, both in the case of garments, tents and also shrimps/prawns. What is emerging from studies of the garment sector in Canada as in the US is that price is only one factor in determining competitiveness. There are many other supply factors that are critical. These are addressed in section 6. But first we examine briefly some of the opportunities that may exist for Bangladesh's non-textile/garment exports.

iii. Non-textile/garment products

The dominance of textile and garment products in Bangladesh's exports to Canada makes it difficult to anticipate areas of potential growth outside these categories -- at the HS 4-digit level, the top 25 products exported in 2002 account for 91.5% of the total and all but two are textile/garment products.

There are four categories where there seems to be some possibilities for growth: fish products (HS 03), leather products (HS 42), ceramic products (HS 69), and sporting goods (HS 95).

Table 5.7 shows Bangladesh's exports to Canada in these categories in 2002, changes since 1998, their share of total Canadian imports in those categories, and tariff ranges applicable in 2003. There is no tariff advantage in the case of frozen shrimps/prawns, and Bangladesh exports have fallen both absolutely in the last five years and as a share of imports. In contrast, for most leather product categories, notably leather bags, Bangladesh now has a tariff advantage over MFN and GPT suppliers. In the case of porcelain tableware, Bangladesh enjoys a tariff margin only over MFN suppliers; its share of Canadian imports grew to more than 3% in 2002. Finally in the case of sporting goods, the margin ranges from zero over GPT and MFN suppliers to 5 and 7 percentage points respectively. Here too, Bangladesh was able to increase its exports and share of Canadian imports.

Table 5.7: Selected other Canadian Imports from Bangladesh and all Countries

HS Category		1998 Bangladesh (C$)	2002	1998 All countries	2002	1998 Bangladesh's share	2002	Tariff MFN	2003 (%) GPT
03	Fish etc	5854	1871	1327590	1616212	0.44%	0.12%		
0303	Frozen fish	190	531	255727	213281	0.07%	0.25%	0	0
0304	Fish fillets	1	242	164522	264346	0.00%	0.09%	0	0
0306	Crustaceans	5360	1092	539562	683640	0.99%	0.16%	0	0
030613	Frozen shrimps etc	5360	1092	371026	364554	1.44%	0.30%	0	0
0307	Molluscs	36	6	111621	144951	0.03%	0.00%	0 to 3	0
42	Leather products	116	563	741306	917372	0.02%	0.06%		
4202	Leather bags etc	115	511	497209	571777	0.02%	0.09%	7 to 11	5 to 7
4203	Leather apparel etc		46	205569	288611	0.00%	0.02%	7 to 15.5	0 to 10
4205	Other leather articles		6	91056	18346	0.00%	0.03%	0	0
69	Ceramic products	355	2800	807086	970725	0.04%	0.29%		
6911	Tableware	305	2695	85446	89046	0.36%	3.03%		
691110	Porcelain tableware	305	2695	80598	82705	0.38%	3.26%	7	0
6912	Other ceramic tableware	42	52	132082	170254	0.03%	0.03%	7	3
95	Sporting goods etc	1553	2009	3010244	3894181	0.05%	0.05%		
950639	Other golf equipment	50	1781	86548	56993	0.06%	3.12%	0 to 7	0 to 5

Source: Derived from Strategies On-Line Trade Statistics and CCRA Tariff Information.

6. Supply Constraints and Bottlenecks in Bangladesh

In this section we review briefly some of the changes in the North American garment market which may require responses from Bangladeshi exporters if they are to retain and/or increase their share in the Canadian market. We also note other changes that may be required for Bangladesh to diversify its exports and take advantage of the tariff cuts in other sectors.

Increasingly backward linkages are considered important for reasons besides meeting importing countries' origin rules or generating additional employment. Several analysts have noted the changing nature of garment production, with many retailers and brand-merchandisers in Canada, as in the US, now searching for suppliers that can provide "full package" production i.e. taking care of the purchase of materials and other inputs, as well as stitching, washing, pressing, and even pricing and packaging the product ready for putting on the shelf (Gereffi 1999, MSN et al, forthcoming). This transition from assembly or export-processing types of production is particularly striking in the case of Mexico where there are now many backward linkages to textile production, as well as forward linkages to garment finishing/packaging, and new garment industrial clusters have emerged. Some of this vertically integrated production is foreign-owned (principally US-owned), but there are also a number of Mexican-owned companies. There are still a large number of sub-contractors, from factories to home-based production units. Nonetheless, it is Mexico's capacity to provide a full range of services to retailers and brand-merchandisers, coupled with proximity to the US and Canadian markets, the preferential trade regime, and competitive production costs, that are considered to have contributed to the expansion of their exports to the US and Canada. Whether or not this restructuring will be sufficient to compete with China after the end of all quotas in the US and Canadian markets, however, remains to be seen. But there may be some lessons for the Bangladeshi garment industry to consider.

Some of these points are recognised in the recent report for the Ministry of Commerce on technical assistance needed by the garment sector to adjust to the post-MFA regime (GTO and PPMA 2002). The report notes that buyers increasingly prefer suppliers who show an understanding of the buyer's problems, demonstrate an understanding of market dynamics and product trends, show transparency in costs, prices and delivery, develop sound personal and business relations, and perform well in terms of delivery time, quantity and quality. Pressures on suppliers will increase post-MFA with companies being favoured if they have good backward linkages to textile producers, so as to accelerate delivery times. It sets out a long list of recommended actions for the government and industry to undertake to secure a strong future for Bangladesh's garment exports. These range from assistance with marketing, trade promotion, training and infrastructure to investments in various types of backward linkages (spinning, weaving and fabric processing) and enforcement of workplace health and safety standards.

Exporters may choose to ignore the growing attention being paid by some consumers and institutional buyers as well as a few retailers and brand-merchandisers to working conditions and environmental standards. There are several reasons, however, for giving it greater attention. In an increasingly competitive market, not only might improving working conditions generate higher productivity and quality, it might also help to differentiate one's products from those of a competitor. The government and businesses should consider cooperating in the implementation of SA8000 – one of the social accountability standards that has emerged in the last decade[27] .

For the expansion of Bangladesh's food exports, enhancement of SPS is generally recognised as essential.[28] Certainly this has been underlined by the experience with shrimp exports to the EU. In the case of Canada, SPS do not appear to have been as much of an issue as in the EU, Australia and the US, according to a survey of exporters by Henson et al.[29] It is possible that the investment in upgrading plants in 1997-98 and the regular standards monitoring programme introduced in response to EU concerns may be sufficient to meet Canadian requirements. Generally, though, one of the problems for LDC exporters has been the different standards demanded by importing countries and for this reason, it is important for Bangladesh food exporters and the government authorities to be in regular communication with the Canadian Food Inspection Agency. For now, Bangladesh does not appear on the "A" list of fish product suppliers, nor does it have an MOU or Mutual Recognition Agreement with Canada, which may put its exporters at a competitive disadvantage.[30]

7. Conclusions

In many respects Canada's new LDC tariff initiative is very important for Bangladesh

- It improves access to the Canadian market for key labour-intensive products, which otherwise faced high tariffs (peaks and escalation). This should create some new market opportunities.

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[27] GTO and PPMA 2002, p. 18. According to the Social Accountability International (SAI) web-site, http://www.cepaa.org/, SA8000 has nine core areas: child labor, forced labor, health and safety, compensation, working hours, discrimination, discipline, free association and collective bargaining, and management systems. SA8000 specifies corrective and preventive actions; encourages continuous improvement; and focuses on management systems. SA8000 requires: specific performance standards with minimum requirements; auditors to consult with and learn from interested parties, such as NGOs, trade unions and, of course, workers; and a complaints and appeals mechanism for workers and others to raise issues of noncompliance at certified facilities.

[28] UNCTAD and Commonwealth Secretariat, 2001, pp. 113-116.

[29] Henson, S. J. and R. Loader, A. Swinbank, M. Bredahl and N. Lux, "Impact of sanitary and phytosanitary measures on developing countries," University of Reading, Dept. of Agricultural and Food Economics, May 2000. At

[30]These lists can be found at http://www.inspection.gc.ca/english/anima/fispoi/import/importe.shtml In the past there were problems with some shipments from certain Bangladeshi suppliers whose names were therefore put on an alert list (which can be found at http://active.inspection.gc.ca/active/ialresults.asp .

- It puts Bangladesh on the same basis as previously more preferred suppliers to the Canadian market, and in some cases the treatment may even be better (to the extent that the LDC origin rules are more flexible).
- It provides Bangladesh with a margin of preference over key competitors in the garment trade (notably China and India). While the quota preference will only last for two years, the tariff preference will be significant for the medium-term.
- One concern may be that the LDCI will stimulate increased concentration on clothing exports. Certainly, there is some lost ground to make up, as illustrated in the case of tailor-collared shirt market share to China. But there is a need to review the medium-term strategy for clothing exports. In Canada, as in the US, the market is being restructured and competitiveness is a function of more than price. The business community and the government need to use the next two years as an opportunity for repositioning Bangladesh in the Canadian market, in anticipation of increased competition post-2004.
- In the case of other products, like shrimps, additional measures will be needed to realise the opportunities created by the LDCI, including efforts to ensure product standards comply with the levels required in Canada.
- The LDCI may be important for the precedent it creates for the US to consider – and the more flexible approach to origin rules should also be considered by the EU.
- There is still scope for improving the LDCI – in terms of product coverage and making the commitments binding and without a time limit. While Bangladesh has had only a limited interest in poultry exports to date, this could change if tariff exemption were combined with some assistance on SPS. Canada could follow the US example with AGOA of having a regular forum for LDC governments and exporters to exchange views on the LDCI with Canadian traders and officials.
- To allay fears that Bangladesh garment exports might be affected by ADD or safeguard action, ways should be considered of exempting LDCs from such action. (This was the intent of the Uruguay Round Decision on Measures in Favour of Least-Developed Countries.)

At the same time, the LDC initiative must be put in a broader context. There are many other areas where additional, complementary action is needed by Canada if its trade policy towards Bangladesh and other LDCs is to support their development needs. For instance:

- Canada should support amendments to the TRIPs agreement on drug patents and other aspects that recognise LDC needs.
- Canada should support amendments to the agreement on agriculture (notably a development box) allowing countries to safeguard their small farmers as needed
- Canada should consider liberalising trade in labour-intensive services.
- Finally, there is a need to increase support for demand-driven trade-related technical assistance.

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Annex Table 1: Top 25 Canadian Imports from Bangladesh (HS-6 digit, C$)

HS Code	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
610910	7,651,638	9,129,259	6,247,146	8,447,611	4,796,939	6,712,719	9,592,068	13,457,464	16,965,987	20,545,826
620342	364,531	2,436,857	4,035,954	3,005,292	1,889,392	1,949,933	2,139,437	6,239,709	12,042,876	12,250,155
630622	0	248,438	1,294,514	40,049	33,694	1,800,669	2,599,460	4,606,190	3,580,271	11,860,797
611420	0	0	1,355,630	6,136,649	1,482,418	2,018,443	3,913,969	3,068,050	3,772,711	10,711,288
620193	4,574,052	4,327,888	5,536,653	7,496,326	9,162,574	16,154,807	15,259,563	13,528,429	14,134,346	10,637,135
611030	227,960	2,304,099	3,106,342	3,311,589	3,690,005	5,544,508	10,445,568	10,377,470	9,271,206	10,502,729
620462	1,753,832	2,732,518	4,030,650	2,318,273	2,499,768	1,561,992	2,906,133	4,290,016	9,886,711	9,188,902
620343	260,996	762,268	2,738,852	3,301,591	2,840,402	3,954,161	4,679,759	3,889,767	4,552,018	6,650,323
611020	88,216	89,461	317,057	720,931	84,584	801,863	1,306,036	1,361,446	2,707,144	5,206,850
650590	74,123	127,271	427,254	462,359	459,236	1,743,807	4,153,221	4,509,810	4,716,733	5,080,646
610130	0	0	567,265	794,833	991,817	1,649,636	1,280,951	3,480,885	6,032,679	4,695,493
620293	1,801,089	1,979,794	2,284,438	3,982,455	2,992,292	4,973,677	6,073,210	5,727,557	7,117,787	4,551,620
620520	2,789,001	3,264,701	4,218,915	5,602,210	6,936,671	8,232,017	8,630,143	9,966,655	7,720,178	4,173,635
610510	235,147	1,256,217	1,598,974	2,163,395	1,931,914	3,435,614	4,290,589	5,690,893	5,438,254	3,646,012
030613	2,816,948	3,563,730	4,616,573	1,689,237	2,429,134	8,965,533	5,359,633	6,535,112	7,496,267	3,595,681
610821	718,842	1,296,447	665,709	1,011,049	2,269,497	1,491,773	3,165,761	7,443,491	4,404,044	3,568,494
621111	506,265	1,124,801	1,110,387	1,024,557	1,292,177	961,468	853,147	838,621	1,649,119	2,984,962
610230	230,686	116,109	258,338	746,297	1,137,130	1,329,617	1,056,169	857,463	1,825,384	2,911,760
620463	362,806	402,287	965,450	1,132,130	928,205	679,148	1,098,999	1,007,041	1,883,052	2,688,448
620821	0	0	540,142	1,917,383	710,912	928,278	1,241,158	610,043	2,019,973	2,330,585
620530	3,574,761	4,553,441	3,406,658	4,893,710	4,816,557	6,931,284	4,751,046	3,505,044	3,769,620	2,296,853
610711	150,341	295,765	279,900	622,178	617,690	1,044,329	951,797	932,865	816,158	2,294,699
843930	0	0	0	0	0	0	0	0	0	2,278,088
610610	72,388	252,041	720,543	638,321	1,412,556	2,234,112	3,258,112	4,597,007	5,805,760	2,102,226
621210	0	0	0	0	289,855	261,532	243,890	1,472,051	1,347,876	1,886,225
Subtotal	28,253,622	40,263,392	50,323,344	61,458,425	55,695,419	85,360,920	99,249,819	117,993,079	138,956,154	148,639,432
Others	13,640,508	17,478,299	23,848,194	39,459,918	32,270,857	35,642,336	40,993,440	30,627,317	39,265,052	41,014,480
Total	41,894,130	57,741,691	74,171,538	100,918,343	87,966,276	121,003,256	140,243,259	148,620,396	178,221,206	189,653,912

Source: Strategies

Annex Table 2: Top 25 US Imports from Bangladesh (HS-6 digit, C$)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
620520	138,331,944	116,548,635	193,043,329	199,208,374	221,257,141	257,334,072	308,252,250	270,653,289	350,791,130	354,723,645
650590	21,983,924	52,171,325	66,485,748	97,081,868	143,134,208	161,725,566	191,140,251	225,168,188	260,009,412	267,689,420
620462	57,619,691	63,889,826	65,667,100	59,797,189	71,707,228	158,204,630	199,754,626	213,068,865	220,544,623	262,672,284
611020	28,917,820	21,193,278	22,859,873	26,975,923	28,904,736	43,111,826	68,484,772	106,491,357	147,690,018	245,520,303
620342	60,865,633	60,778,570	92,467,745	126,859,283	141,575,906	177,705,593	205,755,457	258,330,945	273,114,276	242,093,027
620630	64,952,234	142,405,551	118,487,558	125,841,498	77,379,439	101,090,682	122,767,856	177,086,162	210,046,277	190,158,165
030613	81,278,992	102,478,249	133,146,158	90,204,584	149,481,514	182,950,917	134,708,287	166,957,618	215,667,345	142,830,507
611030	52,206,288	33,515,389	35,990,818	43,779,103	47,062,427	87,273,159	93,618,934	108,936,308	183,164,409	134,882,239
620193	21,313,264	42,063,121	40,369,202	51,527,523	69,733,908	108,311,706	105,210,724	77,670,153	121,770,424	134,724,488
620343	25,890,985	20,905,559	28,554,344	41,287,727	46,242,726	62,022,013	85,313,548	63,579,207	91,162,268	112,226,632
610821	22,702,973	28,357,757	39,956,114	48,913,298	40,905,394	71,293,320	73,640,471	77,798,810	76,477,043	84,542,245
620920	9,540,815	12,011,913	15,120,583	19,662,100	21,093,695	32,586,310	41,746,064	38,091,018	54,797,376	76,810,798
630622	7,493,854	5,280,087	5,687,340	13,109,504	18,676,515	12,783,170	30,398,223	32,788,532	46,275,426	73,445,988
620293	17,292,337	25,050,830	37,457,263	34,605,472	43,310,505	62,150,265	68,775,510	50,024,354	72,300,473	72,950,505
621111	8,321,816	6,234,346	11,949,672	27,230,593	29,392,185	33,908,959	41,962,300	36,071,165	53,007,825	63,466,759
620463	9,357,023	7,195,410	11,715,820	15,423,164	23,018,130	33,325,806	31,756,547	40,938,843	46,440,097	56,739,988
620640	25,582,827	18,449,957	34,077,271	17,573,182	20,433,922	20,664,968	29,895,109	25,297,580	50,674,105	52,074,161
621142	3,614,150	13,378,635	14,550,986	46,380,722	49,274,803	50,663,902	45,450,283	49,514,783	52,959,429	46,834,144
620530	16,305,103	9,799,560	2,667,625	2,573,198	6,926,870	5,475,565	5,605,147	13,300,179	46,539,749	45,319,174
611120	2,982,466	5,358,319	8,018,800	13,449,339	18,996,140	25,127,448	32,664,282	31,585,486	35,229,914	41,638,817
620821	24,596,956	22,612,775	23,551,966	28,126,306	30,553,708	41,760,102	44,912,511	38,490,297	46,946,651	39,876,345
620452	5,315,074	7,795,038	6,555,602	9,139,564	19,073,977	13,613,655	17,212,881	21,249,720	37,914,255	37,036,367
610510	19,824,953	19,554,116	22,091,222	42,370,883	48,701,410	52,634,428	40,716,781	31,428,649	30,622,829	33,273,040
620690	104,802	4,899,240	11,185,977	2,073,189	1,106,204	877,339	15,164,936	10,437,831	26,353,414	33,148,671
620469	35,710,238	14,400,238	34,503,068	22,410,849	11,281,083	9,457,266	19,108,317	22,124,728	34,499,510	32,383,447
Subtotal	762,106,162	856,327,724	1,076,161,184	1,205,604,435	1,379,223,774	1,806,052,667	2,054,016,067	2,187,084,067	2,784,998,278	2,877,061,159
Others	241,963,827	286,956,706	399,097,650	520,061,380	452,138,687	518,919,172	683,685,442	662,944,548	806,807,816	775,803,129
Total	1,004,069,989	1,143,284,430	1,475,258,834	1,725,665,815	1,831,362,461	2,324,971,839	2,737,701,509	2,850,028,615	3,591,806,094	3,652,864,288

Source: Strategies

Annex Table 3: Top 25 Canadian Imports from Bangladesh (HS 2 digit, C$)			Change
	1992	2001	1992-2001
61 - Knitted or Crocheted Clothing and Articles of Apparel	$10,597,370	$78,734,828	643%
62 - Woven Clothing and Articles of Apparel	$22,710,689	$76,182,939	235%
63 - Other Made-Up Textile Articles and Worn Clothing	$1,329,873	$15,841,919	1091%
65 – Headwear	$74,123	$5,203,198	6920%
03 - Fish, Crustaceans, Molluscs and Other Aquatic Invertebrates	$2,976,882	$4,232,373	42%
53 - Other Vegetable Textile Fibers, Yarns and Fabrics	$2,717,183	$2,468,007	-9%
84 - Nuclear Reactors, Boilers, Machinery and Mechanical Appliances	$0	$2,282,006	
95 - Toys, Games, Sporting Goods and Other Goods for Amusement	$14,983	$1,239,779	8175%
42 - Articles of Leather; Saddlery and Harness, Travel Goods, Handbags and Similar Containers	$11,333	$828,024	7206%
69 - Ceramic Products	$66,240	$773,497	1068%
94- Furniture, and Stuffed Furnishings; Lamps and Illuminated Signs; Prefabricated Buildings	$496	$411,767	82918%
39 - Plastics and Articles Thereof	$0	$239,425	
07 - Edible Vegetables and Certain Roots and Tubers	$8,277	$208,901	2424%
96 - Miscellaneous Manufactured Articles	$0	$180,680	
67 - Prepared Feathers and Downs, Artificial Flowers and the Like	$0	$168,074	
41 - Raw Hides, Skins (Other than Furskins) and Leather	$786,257	$90,955	-88%
46 - Straw and Other Plaiting Materials; Basketware and Wickerwork	$40,117	$69,476	73%
55 - Man-Made Staple Fibers, Staple Fiber Yarns and Fabrics	$0	$64,513	
08 - Edible Fruits and Nuts	$0	$63,877	
57 - Carpets and Other Textile Floor Coverings	$0	$60,484	
68 - Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials	$0	$42,657	
90 - Optical, Medical , Photographic, Scientific and Technical Instrumentation	$0	$33,444	
85 - Electrical or Electronic Machinery and Equipment	$0	$32,408	
56 - Wadding, Felt, Nonwovens, Twine, Cordage, Rope, Cables and Related Articles	$4,322	$30,847	614%
48 - Paper, Paperboard and Articles Made From These Materials	$1,169	$20,638	1665%
Sub-Total	$41,339,314	$189,504,716	358%
Others	$554,816	$149,196	-73%
Total (All Products)	$41,894,130	$189,653,912	353%
Top 3 as % of Total	83%	90%	

Source: Strategies

Annex Table 4: Top 25 US Imports from Bangladesh (HS 2 digit, C$)			Change
	1992	2001	1992-2001
62 - Woven Clothing and Articles of Apparel	622,944,450	2,244,496,050	260%
61 - Knitted or Crocheted Clothing and Articles of Apparel	207,192,099	744,292,516	259%
65 – Headwear	21,983,924	267,908,558	1119%
63 - Other Made-Up Textile Articles and Worn Clothing	24,063,860	147,431,614	513%
03 - Fish, Crustaceans, Molluscs and Other Aquatic Invertebrates	82,491,267	146,049,719	77%
42 - Articles of Leather; Saddlery and Harness, Travel Goods, Handbags and Similar Containers	1,657,426	31,185,852	1782%
95 - Toys, Games, Sporting Goods and Other Goods for Amusement	10,371,704	19,833,309	91%
53 - Other Vegetable Textile Fibers, Yarns and Fabrics	16,302,225	17,400,891	7%
27 - Mineral Fuels, Mineral Oils, Bituminous Substances and Mineral Waxes	0	10,317,965	-
69 - Ceramic Products	1,644,108	5,373,564	227%
52 – Cotton, Cotton Yarns and Cotton Fabrics	257,668	4,293,538	1566%
39 - Plastics and Articles Thereof	9,483	2,189,284	22986%
94- Furniture, and Stuffed Furnishings; Lamps and Illuminated Signs; Prefabricated Buildings	2,163	1,937,962	89496%
41 - Raw Hides, Skins (Other than Furskins) and Leather	2,301,436	1,394,954	-39%
56 - Wadding, Felt, Nonwovens, Twine, Cordage, Rope, Cables and Related Articles	5,035,935	1,051,506	-79%
57 - Carpets and Other Textile Floor Coverings	907,540	989,980	9%
55 - Man-Made Staple Fibres, Staple Fibre Yarns and Fabrics	0	864,222	-
96 - Miscellaneous Manufactured Articles	1,551	824,936	53087%
05 - Products of Animal Origin Not Elsewhere Classified	15,321	485,317	3068%
35 - Albuminoidal Substances, Modified Starches, Glues and Enzymes	0	443,085	-
46 - Straw and Other Plaiting Materials; Basket ware and Wickerwork	130,684	387,721	197%
85 - Electrical or Electronic Machinery and Equipment	641,963	287,875	-55%
90 - Optical, Medical , Photographic, Scientific and Technical Instrumentation	0	258,574	-
48 - Paper, Paperboard and Articles Made From These Materials	31,909	244,057	665%
58 - Special Woven or Tufted Fabrics, Lace, Trimmings, Embroidery and Tapestries	252,194	157,900	-37%
Sub-Total	998,238,910	3,650,100,949	266%
Others	5,831,079	2,763,339	-53%
Total (All Products)	1,004,069,989	3,652,864,288	264%
Top 3 products as % of Total	85%	89%	-

Source: Strategies