Preferential Market Access in the Canadian Market: Maximising Benefits for Bangladesh

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The present paper titled ***Preferential Market Access in Canadian Market: Maximising Benefits for Bangladesh*** was prepared under the *Trade Related Research and Development (TRRPD)* programme of the CPD. CPD's TRRPD programme was initiated in 1999 in response to a felt need to enhance Bangladesh's capacity to more effectively deal with emerging trade issues in the context of liberalisation and globalisation. As is known, accessing opportunities and addressing challenges originating from the ongoing negotiations in the WTO and various regional trading arrangements require that Bangladesh is adequately prepared to deal with the attendant trade, investment and other relevant issues. Thus, the objective of the aforesaid programme is to contribute to the emerging needs in the area of trade policymaking in Bangladesh.

Accordingly, CPD's TRRPD programme intends to (a) monitor the implications of multilateral trading regime on important sectors of the economy, (b) provide research based policy inputs to the Government of Bangladesh (GOB) and (c) raise awareness about the impact of various issues originating in the multilateral and regional trading system. The programme envisages following activities: (a) organisation of national and regional dialogues on trade issues of importance, (b) preparation of Trade Policy Briefs for the government, (c) publication of research studies, (d) holding of trade policy appreciation workshops for mid-level government officials, private sectors and NGOs, academics, journalists and students.

The present paper on *Preferential Market Access in Canadian Market: Maximising Benefits for Bangladesh* was conducted by Ms. May T. Yeung, Research Associate, Estey Centre for Law and Economics in International Trade, Saskatoon, Canada. The study explored the Canadian initiative that granted duty-free and quota-free market access facility for the LDCs, under the LDC-friendly Rules of Origin (at 25 per cent local value addition) identified opportunities for Bangladeshi products in the Canadian market, and highlighted the challenges faced by Bangladeshi exporters in diversifying their export baskets in Canadian market. The study came up with a number of concrete suggestions which could be helpful in terms of strengthening Bangladesh's market presence in Canada, and also in diversifying her exports to the Canadian market.

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CONTENTS

List of Acronyms ____ i
Executive Summary ____ ii
Harmonised System Codes and Categories at the HS2 Level ____ v

1. Canada's least developed country tariff ____ 1
2. The Canadian MAI – Provisions ____ 3
3. Impact of Canada's MAI on Bangladesh ____ 6
4. Opportunities in the Canadian Market ____ 17
    - 4.1 Diversification ____ 17
    - 4.2 Growth Sectors ____ 17
    - 4.3 United States ____ 26
    - 4.4 European Union ____ 31

5.0 Rules of Origin – MAI vs. NAFTA & MFN ____ 42
- 5.1 MAI ____ 42
- 5.2 NAFTA ____ 42
- 5.3 NAFTA and Textiles/Apparel Rules of Origin ____ 43
- 5.4 MFN ____ 44
- 5.5 Implications for Bangladesh ____ 44

6.0 Barriers to Trade ____ 45
- 6.1 Technical Barriers to Trade ____ 45

7.0 Canadian Consumers/Customers ____ 48
8.0 Conclusions ____ 52
Bibliography ____ 54

Appendix A – Rules of Origin under the MAI ____ 56
Appendix B – Non-Textile 'Exporter's Statement of Origin and Form A' ____ 58
Appendix C – Form B255 Certificate of Origin – Textiles and Apparel ____ 60
Appendix D – How to Determine NAFTA-Tariff Eligibility – Rules of Origin ____ 62

List of Tables and Charts

Table 1. Select Import Duties by Tariff Regime ____ 2
Chart 1. Canada's Imports from Bangladesh ____ 6
Table 2. Bangladesh's Top 25 Exports to Canada ____ 7
Table 3. Bangladesh's HS2 Exports to Canada ____ 8
Table 4. Bangladesh's top 25 Exporters to Canada ____ 10
Table 5. Bangladesh's HS2 Exports to Canada ____ 12
Table 6. Select LDC Exports to Canada ____ 14-15
Table 7. Canada's Major Suppliers or Textiles and Apparel ____ 16
Table 8. Bangladesh's Exports to Canada, 10 Year Comparison, HS2 ____ 18-20
Table 9. Bangladesh's Exports of HS07 to Canada ____ 21
Table 10. Bangladesh's HS53 Exports to Canada ____ 22
Table 11. Bangladesh's HS20 Exports to Canada ____ 23
Table 12. Bangladesh's Export Profile of HS55 to Canada ____ 24
Table 13. Specific Sectors to Potentially Develop, Immediate to Short-term ____ 24
Table 14. Specific Sectors to Develop, Medium to Long Term ____ 26
Table 15. Bangladesh's Top Exports to the US, HS6 ____ 27
Table 16. Bangladesh's Top Exports to the US, HS2 ____ 28
Table 17. Canada's HS 6 Textile and Apparel Imports from Bangladesh ____ 29
Table 18. US Top HS2 Imports from Bangladesh, Not Shared by Canada ____ 29
Table 19. US Imports from Bangladesh, Not Shared by Canada ____ 31
Table 20. HS03 and HS07 Imports by the EU Not Shared by Canada ____ 32
Table 21. EU HS16 Imports Not Shared by Canada ____ 33
Table 22. EU HS19 Imports Not Shared by Canada ____ 33
Table 23. EU Imports of HS41 and HS42 Not Shared by Canada ____ 34
Table 24. EU Imports of HS84 from Bangladesh, Not Shared by Canada ____ 36-37
Table 25. EU Imports of HS85 from Bangladesh, Not Shared by Canada ____ 37-38
Table 26. EU Vehicular Imports (HS86, 87 & 88), Not Imported by Canada ____ 39
Table 27. EU Imports of HS89, 90, 91 & 92, Not Shared by Canada ____ 39-40
Table 28. EU Imports of HS94 – 99, Not Shared by Canada ____ 41-42
Table 29. Canada – Technical and SPS Regulations, Main Agencies and Legislation ____ 47
Table 30. Apparent Domestic Market, Canadian Manufacturing ____ 49-50

LIST OF ACRONYMS

AAFC	Agriculture and Agri-food Canada
ADB	Asian Development Bank
AIT	Agreement on Internal Trade
ATC	Agreement on Textiles and Clothing
CFIA	Canadian Food Inspection Agency
CBSA	Canada Border Services Agency
DFAIT	Department of Foreign Affairs and International Trade (Canada)
EICB	Export Import Control Bureau (Canada)
EU	European Union
FTA	Free Trade Agreement
GMO	Genetically Modified Organisms
GPT	General Preferential Tariff
IMF	International Monetary Fund
LDC	Least Developed Country
LDCT	Least Developed Country Tariff
MAI	Market Access Initiative
MFA	Multi-Fibre Agreement
MFN	Most Favoured Nation
MOU	Memorandum of Understanding
NAFTA	North American Free Trade Agreement
NES	Not Elsewhere Specified
RO	Rules of Origin
SPS	Sanitary and Phyto-sanitary
TRQ	Tariff Rate Quota
UK	United Kingdom
UNCTAD	United Nations Commission on Trade and Development
US	United States
WCO	World Customs Organisation
WTO	World Trade Organisation

EXECUTIVE SUMMARY [*]

Bangladesh is faced with trying to ensure it maximises the economic benefits it receives from trade liberalization actions by the Government of Canada. Canada progressively reduced barriers to the exports of developing countries and Least Developed Countries[1] beginning in 2002 culminating with the Market Access Initiative (MAI) for Least Developed Countries, effective January 1, 2003. Bangladesh reaped considerable benefits from this initiative, capturing export gains, particularly in textiles and apparel where it was export ready and competitive. The MAI afforded preferential access to the Canadian market for Bangladesh in products where it is highly competitive and Bangladesh's exports to Canada grew rapidly.

Canada continued to liberalize its market in 2004 by reducing MFN tariff rates. Further liberalization will take place in 2005. As part of its WTO commitments, Canada also removed all quotas on textile and apparel imports on January 1, 2005. This round of liberalization however eroded Bangladesh's margin of preferential access as other exporters gained a reduction in tariffs and/or barriers to the Canadian market. This is particularly the case for the removal of quotas from textiles and apparel as Bangladesh faces global competitors now unfettered, having gained quota-free access to the Canadian market. The good news for Bangladesh is that MFN competitors still must face tariffs in textiles and apparel, but Canada's various partners in free-trade agreements[2] are on an equal footing as Bangladesh, with duty-free and quota-free access.

Bangladesh can continue to benefit from the MAI by seeking to diversify its export mix to Canada beyond textiles and apparel. One approach would be to examine what products Bangladesh is exporting to Canada that are exhibiting high growth rates since the implementation of the MAI, including products with small volumes. Products that are already entering the Canadian market indicate export readiness on Bangladesh's part, and an existing connection with the market that can be expanded upon. Secondly, an assessment of what Bangladesh is exporting to other markets that it is not currently exporting to Canada can be made. If it is already exporting elsewhere, then Bangladesh is likely capable of exporting additional volumes to Canada.

In 2003, Canada was Bangladesh's ninth most important export market after the US and various EU countries. Since the implementation of the MAI, Bangladesh's exports to Canada have grown by 41% to Cdn$458 million in Jan – Nov 2004, relative to the Cdn$326 million in the same period in 2003. Most of that export growth was in new product categories introduced during the first year of the MAI. Many other products that were already being exported to Canada also experienced high growth rates. Products being exported to Canada from Bangladesh that exhibited high growth rates in 2003-2004 are summarised in the following table. These products are prime candidates to achieve greater diversification of Bangladesh's export mix to Canada.

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[1] The terms 'Least Developed Countries' or 'LDC's' specifically refers to the United Nations list of forty-nine least developed countries, including Bangladesh. For this discussion, the term 'LDC' will specifically refer to these forty-nine Least Developed Countries.

[2] Chile, Costa Rica , Israel , United States and Mexico (NAFTA) with others under negotiations

[*] The Author thanks Mr James Leach and Dr Wa Kerr for their assistance in this paper

TABLE 1. SPECIFIC PRODUCTS: DIVERSIFICATION OF BANGLADESH'S EXPORT MIX TO CANADA IN THE IMMEDIATE TO SHORT TERM

Code	Description	% growth or value 2003-2004
HS030490	Fish meat NES – fresh, chilled or frozen	29.60% to $218982
HS 030559	Dried fish (other than cod), not smoked	New - $613
HS 030613	Shrimps and prawns, frozen	Grew 15.10% to 2,432,302
HS 030614	Crabs, frozen	New - $19292
HS 030729	Scallops, frozen, salted, dried or in brine	New - 13,946
HS 070820	Fresh or chilled beans	New - $3,455
HS 071022	Frozen beans	New - $8,960
HS 071029	Miscellaneous Legumes	New - $6,594
HS 071080	Frozen Miscellaneous Vegetables	New - $52,695
HS 071120	Olives not ready for consumption	New - $3,576
HS 071310	Dried and Shelled Peas	New – $2,417
HS 071490	Arrowroot and tubers	New – $520
HS 0801	coconuts/brazil nuts and cashews	New - $53
HS 0803	bananas	New - $157
HS 0804	dates, figs, pineapples, avocadoes etc	Grew to $2370 in 2004 from $26 in 2001
HS 0807	fresh melons, papayas and watermelons	New - $675
HS0811	frozen fruits and nuts	New - $257
HS 091091	Spice mixtures of two or more spices	Grew 669% to over $14,000
HS 091040	Bay and thyme leaves	Grew 15% to $546
HS 090420	Ground dried chili peppers	New - $430
HS1006	Rice	Grew from $20,000+ to $56 258
HS 110313	Maize groats and meal	New - $6,541
HS 110319	Cereal groats and meal miscellaneous	New - $1,916
HS1702	Molasses	New - $1000
HS1703	Chewing gum and other confectionary	New - $500
HS1901	Mixes and dough for baking	New - $13,667
HS1904		Grew 105%
HS190490	Pre-cooked cereals	New - $1,000
HS190420	Foods of un-roasted cereal flakes	New - $500
HS1905		Grew 298%
HS190510	Crisp bread	New - $1686
HS190530	Sweet biscuits	Grew 159%
HS190540	Toasted products	New - $6474
HS 190590	Bakers' ware communion wafers, empty cachets	Grew 270% to over $15,000
HS2001	Pickled vegetable, fruits or nuts	Grew 208% to $24,462
HS200110	Cucumbers & gherkins	Grew 1190% to $11,353
HS200190	Miscellaneous vegetables	Grew 86% to $13,109
HS200520	Potatoes and other vegetables, preserved without freezing or vinegar	New - $768
HS200799	Cooked fruits/jams, jellies, puree	Grew 2569.2% to $6673
HS2008	Non-cooked fruit preparations	New - $1196
HS200819	Miscellaneous nuts and seeds, prepared	New - $637
HS200899	Miscellaneous fruits, prepared	New – $559
HS2009	Fruit and vegetable juices	New - $924
HS200980	Miscellaneous juices	New – $802
HS200990	Mixture of juices	New – $119
HS210120	Tea extracts	New - $694
HS210410	Soup & broth	New - $224
HS340119	Soap not for toilet use	Grew 412%
HS340600	Candles	Grew 810%
HS4107	Other leathers	New - $56,000
HS4104	Bovine leather	Grew 14.1%
HS4602	Basketware & wickerware	Grew to $108,000 in 2004 from $64,583 in 2002
HS4902	Printed journals and newspapers	Grew to $9634 from $1800+ in 2002
HS5303	Jute & other textile based fibres, tow and waste of jute	Grew – 77%
HS5310	Woven jute/textile based fabrics	Grew – 70%
HS5509	Synthetic spun yarn, staple fibres, non-retail	New - $33,111
HS5513	Woven fabrics, synthetic staple fibres, (<85%) mixed with cotton fibres, <170G/M2	New - $346
HS5516	Woven fabrics of artificial staple fibres	Grew 115.3% to $155
HS5702	Woven floor coverings/carpets	Grew – 596% to $61,133
HS5705	Miscellaneous carpets	Grew 95.4% to $29,011
HS5802	Terry towels	New - $13,602
HS5807	Labels & badges	New - $62,456
HS6403	Leather footwear	New - $1 million+
HS7019	Glass fibres	Grew 410% to $26,928

The United States is Bangladesh's most important export market when European nations are accounted for individually rather than as the EU. In 2003, US imports exceeded over

US$2 billion from Bangladesh. The US and Canada have similar import profiles from Bangladesh, fundamentally differing only in volume. There are differences within product categories that differentiate US import patterns from those of Canada, and these differences could prove to be opportunities for Bangladesh to diversify its exports to Canada, based upon what it is already exporting to the US. This is especially true for products with high growth rates in the US market. The following table summarises products that the US is currently importing from Bangladesh, that Canada is not, and could serve to broaden Bangladesh's exports to Canada.

TABLE 2. US IMPORTS FROM BANGLADESH, NOT SHARED BY CANADA, OPPORTUNITIES FOR BANGLADESH

HS Code	Description	Canadian situation
HS0505	Down and stuffing	Canada is supplied by other countries – see main text
HS1605	shrimp/prawn preserves	Supplied mainly by China, Thailand
HS 190219	Uncooked pasta, no eggs	New growth category to the US market, but decreased by 50% in Canada
HS 190230	Other pasta, NES, with or without meat	Canada is supplied by other countries – see main text
HS24	Tobacco	Canada is an exporter as well as importer – see main text
HS310210	Urea	Canada supplied mainly by Russia, US, and Germany but Italy and Switzerland had high growth rates in 2004
HS 8513	Portable electric lamps	Canada is supplied mainly by US, Thailand, Taiwan, Mexico
HS 8517	Apparatus for telephone line use	Canada is supplied mainly by US, Mexico, China, Malaysia, Taiwan
HS 8524	Recorded media	Canada does import some from Bangladesh Canada is supplied mainly by US, Mexico, Japan, China, UK
HS8528	TV receivers, monitors and projectors	Canada is supplied mainly by Mexico, US, Japan, China, Thailand
HS 8529	Parts of radios, TV and similar	Canada is supplied mainly by US, Mexico, China, Sweden, Malaysia,
HS 8541	Diodes and transistors	Canada is supplied mainly by US, Japan, Malaysia, UK, China
HS 8544	Insulated wires, cables and other conductors	Canada is supplied mainly by US, Mexico, Japan, Taiwan, UK

The countries of the EU comprise the rest of Bangladesh's major markets: when taken together as a single entity under the EU25, they constitute Bangladesh's most important export market, importing over €3.6 billion in 2003.

The EU has a markedly different import profile than either Canada or the US. In its product mix sourced from Bangladesh, manufactures play a much larger role. There are multiple HS2 and HS4 categories imported by the EU that Canada does not import at all. These products have the potential to both deepen and broaden Bangladesh's exports to Canada if they were competitive in the Canadian market. There are many products in multiple industrial categories, including machinery, electrical machinery, seafood, vehicles, hides and leathers and agri-food. Please refer to the main text for details.

In order for Bangladesh to benefit from the MAI, a comprehensive understanding of its rules of origin provisions and the provisions applicable to Canada's other trading partners is essential. This will assist Bangladesh in determining the overall competitive advantages afforded through the MAI. The MAI's rules of origin are considered to be very generous and open, with two major components. Products wholly produced in LDC's qualify for MAI treatment. In products resulting from a cumulative manufacturing process, those with at least 40% of originating input from other LDCs or Canada will also qualify for MAI treatment. Textiles and apparel have five different applicable rules of origin that are the new feature of the MAI and are based upon NAFTA rules.

NAFTA rules of origin depend on significant transformation of a product sufficient to qualify under a new tariff heading. The transformation requirements for each product to qualify for NAFTA status are listed by individual tariff heading in Annex 401 of the NAFTA. Each specific product must be researched to determine degree of transformation required by referring to the Annex.

Both the MAI and NAFTA rules of origin afford greater access than MFN rules of origin.

Bangladesh must study any non-tariff barriers new export products may face in the Canadian market. Although considered one of the world's most open and transparent traders, Canada still has technical regulations, standards and other requirements that must be met. These pertain mostly to certification, inspection, labelling, packaging, safety, and specific product restrictions.

Finally, Bangladesh must determine whether its products can in fact meet the demands of Canadian importers, by monitoring and analysing trends in Canadian demographics and the market in sectors of potential interest to Bangladesh exporters.

HARMONISED SYSTEM CODES AND CATEGORIES AT THE HS2 LEVEL

01-LIVE ANIMALS
02-MEAT AND EDIBLE MEAT OFFAL
03-FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES
04-DAIRY PRODUCE; BIRDS' EGGS; NATURAL HONEY; EDIBLE PRODUCTS OF ANIMAL ORIGIN, NOT ELSEWHERE SPECIFIED OR INCLUDED
05-PRODUCTS OF ANIMAL ORIGIN, NOT ELSEWHERE SPECIFIED OR INCLUDED
06-LIVE TREES AND OTHER PLANTS; BULBS, ROOTS AND THE LIKE; CUT FLOWERS AND ORNAMENTAL FOLIAGE
07-EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS
08-EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUITS OR MELONS
09-COFFEE, TEA, MAT+ AND SPICES
10-CEREALS
11-PRODUCTS OF THE MILLING INDUSTRY; MALT; STARCHES; INULIN; WHEAT GLUTEN
12-OIL SEEDS AND OLEAGINOUS FRUITS; MISCELLANEOUS GRAINS, SEEDS AND FRUIT; INDUSTRIAL OR MEDICINAL PLANTS; STRAW AND FODDER
13-LAC; GUMS, RESINS AND OTHER VEGETABLE SAPS AND EXTRACTS
14-VEGETABLE PLAITING MATERIALS; VEGETABLE PRODUCTS NOT ELSEWHERE SPECIFIED OR INCLUDED
15-ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL OR VEGETABLE WAXES
16-PREPARATIONS OF MEAT, OF FISH OR OF CRUSTACEANS, MOLLUSCS OR OTHER AQUATIC INVERTEBRATES
17-SUGARS AND SUGAR CONFECTIONERY
18-COCOA AND COCOA PREPARATIONS
19-PREPARATIONS OF CEREALS, FLOUR, STARCH OR MILK; PASTRYCOOKS' PRODUCTS
20-PREPARATIONS OF VEGETABLES, FRUIT, NUTS OR OTHER PARTS OF PLANTS
21-MISCELLANEOUS EDIBLE PREPARATIONS
22-BEVERAGES, SPIRITS AND VINEGAR
23-RESIDUES AND WASTE FROM THE FOOD INDUSTRIES; PREPARED ANIMAL FODDER
24-TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES
25-SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT
26-ORES, SLAG AND ASH
27-MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES
28-INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES
29-ORGANIC CHEMICALS
30-PHARMACEUTICAL PRODUCTS
31-FERTILISERS
32-TANNING OR DYEING EXTRACTS; TANNINS AND THEIR DERIVATIVES; DYES, PIGMENTS AND OTHER COLOURING MATTER; PAINTS AND VARNISHES; PUTTY AND OTHER MASTICS; INKS
33-ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS
34-SOAP, ORGANIC SURFACE-ACTIVE AGENTS, WASHING PREPARATIONS, LUBRICATING PREPARATIONS, ARTIFICIAL WAXES, PREPARED WAXES, POLISHING OR SCOURING PREPARATIONS, CANDLES AND SIMILAR ARTICLES, MODELLING PASTES, 'DENTAL WAXES' AND DENTAL PREPARATIONS WITH A BASIS OF PLASTER
35-ALBUMINOIDAL SUBSTANCES; MODIFIED STARCHES; GLUES; ENZYMES
36-EXPLOSIVES; PYROTECHNIC PRODUCTS; MATCHES; PYROPHORIC ALLOYS; CERTAIN COMBUSTIBLE PREPARATIONS
37-PHOTOGRAPHIC OR CINEMATOGRAPHIC GOODS
38-MISCELLANEOUS CHEMICAL PRODUCTS
39-PLASTICS AND ARTICLES THEREOF
40-RUBBER AND ARTICLES THEREOF
41-RAW HIDES AND SKINS (OTHER THAN FURSKINS) AND LEATHER
42-ARTICLES OF LEATHER; SADDLERY AND HARNESS; TRAVEL GOODS, HANDBAGS AND SIMILAR CONTAINERS; ARTICLES OF ANIMAL GUT (OTHER THAN SILKWORM GUT)
43-FURSKINS AND ARTIFICIAL FUR; MANUFACTURES THEREOF
44-WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL
45-CORK AND ARTICLES OF CORK
46-MANUFACTURES OF STRAW, OF ESPARTO OR OF OTHER PLAITING MATERIALS; BASKETWARE AND WICKERWORK
47-PULP OF WOOD OR OF OTHER FIBROUS CELLULOSIC MATERIAL; RECOVERED (WASTE AND SCRAP) PAPER OR PAPERBOARD
48-PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD
49-PRINTED BOOKS, NEWSPAPERS, PICTURES AND OTHER PRODUCTS OF THE PRINTING INDUSTRY; MANUSCRIPTS, TYPESCRIPTS AND PLANS

50-SILK
51-WOOL, FINE OR COARSE ANIMAL HAIR; HORSEHAIR YARN AND WOVEN FABRIC
52-COTTON
53-OTHER VEGETABLE TEXTILE FIBRES; PAPER YARN AND WOVEN FABRICS OF PAPER YARN
54-MAN-MADE FILAMENTS
55-MAN-MADE STAPLE FIBRES
56-WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF
57-CARPETS AND OTHER TEXTILE FLOOR COVERINGS
58-SPECIAL WOVEN FABRICS; TUFTED TEXTILE FABRICS; LACE; TAPESTRIES; TRIMMINGS; EMBROIDERY
59-IMPREGNATED, COATED, COVERED OR LAMINATED TEXTILE FABRICS; TEXTILE ARTICLES OF A KIND SUITABLE FOR INDUSTRIAL USE
60-KNITTED OR CROCHETED FABRICS
61-ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED
62-ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED
63-OTHER MADE-UP TEXTILE ARTICLES; SETS; WORN CLOTHING AND WORN TEXTILE ARTICLES; RAGS
64-FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES
65-HEADGEAR AND PARTS THEREOF
66-UMBRELLAS, SUN UMBRELLAS, WALKING-STICKS, SEAT-STICKS, WHIPS, RIDING-CROPS AND PARTS THEREOF
67-PREPARED FEATHERS AND DOWN AND ARTICLES MADE OF FEATHERS OR OF DOWN; ARTIFICIAL FLOWERS; ARTICLES OF HUMAN HAIR
68-ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, MICA OR SIMILAR MATERIALS
69-CERAMIC PRODUCTS
70-GLASS AND GLASSWARE
71-NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMI-PRECIOUS STONES, PRECIOUS METALS, METALS CLAD WITH PRECIOUS METAL, AND ARTICLES THEREOF; IMITATION JEWELLERY; COIN
72-IRON AND STEEL
73-ARTICLES OF IRON OR STEEL
74-COPPER AND ARTICLES THEREOF
75-NICKEL AND ARTICLES THEREOF
76-ALUMINIUM AND ARTICLES THEREOF
78-LEAD AND ARTICLES THEREOF
79-ZINC AND ARTICLES THEREOF
80-TIN AND ARTICLES THEREOF
81-OTHER BASE METALS; CERMETS; ARTICLES THEREOF
82-TOOLS, IMPLEMENTS, CUTLERY, SPOONS AND FORKS, OF BASE METAL; PARTS THEREOF OF BASE METAL
83-MISCELLANEOUS ARTICLES OF BASE METAL
84-NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF
85-ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES
86-RAILWAY OR TRAMWAY LOCOMOTIVES, ROLLING-STOCK AND PARTS THEREOF; RAILWAY OR TRAMWAY TRACK FIXTURES AND FITTINGS AND PARTS THEREOF; MECHANICAL (INCLUDING ELECTRO-MECHANICAL) TRAFFIC SIGNALLING EQUIPMENT OF ALL KINDS
87-VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF
88-AIRCRAFT, SPACECRAFT, AND PARTS THEREOF
89-SHIPS, BOATS AND FLOATING STRUCTURES
90-OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, CHECKING, PRECISION, MEDICAL OR SURGICAL INSTRUMENTS AND APPARATUS; PARTS AND ACCESSORIES THEREOF
91-CLOCKS AND WATCHES AND PARTS THEREOF
92-MUSICAL INSTRUMENTS; PARTS AND ACCESSORIES OF SUCH ARTICLES
93-ARMS AND AMMUNITION; PARTS AND ACCESSORIES THEREOF
94-FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS, NOT ELSEWHERE SPECIFIED OR INCLUDED; ILLUMINATED SIGNS, ILLUMINATED NAME-PLATES AND THE LIKE; PREFABRICATED BUILDINGS
95-TOYS, GAMES AND SPORTS REQUISITES; PARTS AND ACCESSORIES THEREOF
96-MISCELLANEOUS MANUFACTURED ARTICLES
97-WORKS OF ART, COLLECTORS' PIECES AND ANTIQUES
99-OTHER PRODUCTS

PREFERENTIAL MARKET ACCESS IN THE CANADIAN MARKET: MAXIMISING BENEFITS FOR BANGLADESH

Canada has reduced its trade barriers for Least Developed Countries (LDC's[1]) with a variety of initiatives since 2002. In 2002, Canada completed its Phase 3 obligations of the World Trade Organisation's (WTO) Agreement on Textiles and Clothing (ATC) by removing some quotas from textiles and clothing sourced from LDC's, including Bangladesh. On January 1, 2003, Canada's Least Developed Countries Market Access Initiative (MAI) removed all tariffs and quotas on imports on all goods, with exceptions in dairy, poultry and eggs, from LDC's.

Bangladesh is a beneficiary of both these initiatives and as an internationally competitive exporter of textiles and apparel, the removal of barriers against these products allowed Bangladesh to capture export gains.

In 2004, Canadian tariffs for a range of imported goods were reduced as part of its WTO commitments. The most-favored nation (MFN) tariff rate applied to apparel fell to 18 percent, textiles to 12-14 percent, and footwear to 18 percent. The global trading environment for textiles and apparel changed again on January 1, 2005 with the end of the Multi-Fibre Agreement (MFA) as all remaining quotas from other suppliers of textiles and clothing were removed.

The liberalizing measures of 2004 and 2005 will effectively erode the margin of preferential access that Bangladesh had gained since 2002 in its existing areas of export strength, textiles and clothing. Bangladesh is therefore motivated to find other areas where the MAI could foster export growth in the Canadian market. In an effort to maximise the capture of any potential additional export gains, a study of the MAI's impact on Bangladesh's trade with Canada is needed.

I. CANADA'S LEAST DEVELOPED COUNTRY TARIFF

Canada has been providing preferential access for LDC exports to its market for decades. The General Preferential Tariff (GPT) was implemented in 1974, with additional measures targeting LDC's specifically (Least Developed Country Tariff - LDCT)[2], being introduced subsequently, including zero tariffs on GPT-applicable goods, more generous rules of origin (RO) and additional product eligibility. In 1999, the LDCT included most industrial and agricultural items, however, textiles, clothing and footwear were only partly covered, and agricultural products under tariff quotas are excluded (UNCTAD, 2001).

Table 1 compares duties in select industries under the LDCT regime with Canada's other tariff regimes in 1998.

[1]The terms 'Least Developed Countries' or 'LDC's' specifically refers to the United Nation's list of forty-nine Least Developed Countries, including Bangladesh. For this discussion, the term 'LDC' will specifically refer to these forty-nine Least Developed Countries. These countries are the poorest in the world. To be included in the LDC group, countries must have a Gross Domestic Product per capita less than US$900.
[2] The GPT lowers Canadian tariffs on a wide range of goods from more than 180 developing countries. The LDCT, introduced in 1983, benefits 48 of the world's poorest nations by providing duty-free access into Canada for all of their products, except certain agricultural goods, apparel and textiles.

TABLE 1. SELECT IMPORT DUTIES BY TARIFF REGIMES, CANADA, 1998

		LDCT	MFN	GPT	UST
Number of Ad Valoreum lines		312	379	314	111
Share of duty-free lines (%)		82	45	60	98
Average of dutiable rates^		29	14	16	202
Average ad valorem tariff (%)		5	7.7	6.2	3
of which:					
Agriculture and livestock*	ISIC 11	6.7	8.7	7.7	5.2
Crude petroleum & gas	ISIC 22	0	6.3	2.5	0
Food products*	ISIC 311	26.1	28.3	27.2	23.4
Animal feeds and other food products*	ISIC 312	34	37.3	35.4	30.7
Beverages*	ISIC 313	9.6	11.1	10.3	4.8
Tobacco products	ISIC 314	5.9	9.8	6.5	0
Textiles	ISIC 321	7.8	11.1	9.7	0
Clothing	ISIC322	14.3	17.2	16.1	0
Foodwear	ISIC 324	10.5	13	12.3	0
Furniture	ISIC 332	1.6	6.3	4.1	0
Rubber products	ISIC 355	2.5	8.1	5.2	0
plastic products	ISIC 356	0	7.1	4	0
Shipbuilding & repairing	ISIC 3841	0	11.1	9.5	0

a Duties consist of ad valorem tariff lines, available ad valorem equivalents of non-ad valorem lines and, if these are not available, ad valorem components of non-ad valorem lines.
^ Average of non-duty-free lines.
* Includes both in-quota and out-of-quota tariffs.
Note: The total number of lines is 8,073.

LDCT - Least Developed Country Tariff
MFN - Most Favoured Nation
GPT - General Preferential Tariff
UST - United States Tariff

Source: derived from UNCTAD/CS, 2001

As discussed by Weston (2003), an additional 570 products[3] were added to the GPT/LDCT duty-free list for LDC's in 2000, although the bulk of eligible product lines were not significant for Bangladesh, and most other LDC's, as textiles, clothing, leather, rubber footwear and travel goods along with other sensitive products were largely excluded[4].

Prior to 2003, the Canadian tariff schedules allowed duty-free access for the exports of forty-seven LDCs to Canada in 90 percent of its tariff lines. In 2000, approximately 54 percent of imports from LDCs faced tariffs averaging 19 percent on a trade-weighted basis. The remaining 46 percent entered duty-free. Essentially all agriculture imports from LDCs (more than 99 percent) entered free of duty while 60 percent of textile items faced duties of 14-16 percent. Most apparel imports faced duties of approximately 19 percent and footwear tariffs were 19.5 percent (DFAIT, 2002d).

In other words, even under the auspices of the GPT where 90 percent of Canadian tariff lines allowed LDC exports duty-free entry into Canada,[5] approximately half of LDC exports to Canada faced tariffs averaging 19 percent. In 2000, Canada's imports from LDCs were one one-thousandth (0.1 percent) of total imports, half of what they were in

[3] Among those items eligible for inclusion are certain chemical products, iron and non-alloy steel, prepared foods such as pasta, confectionery products, beverages, cut flowers, and crustaceans
[4] In February 2004, Canada extended both the GPT and LDCT for an additional ten years beyond their original expiration date of 2004 to 2014.
[5] See Weston, 2003

1991. Canada imported $367 million of products from 48 of these countries. Over the past decade, imports from LDCs have averaged just over $300 million a year (DFAIT, 2002d). Despite this broad coverage of duty-free lines, the actual percentage of LDC exports benefiting from preferential access under the LDCT is a small 6.75% of total HS6 exports, as most LDC exports faced MFN tariff rates. This rather low share suggests that there is little matching between LDCT preferences and LDC export capacity. This low share may also be due to the fact that more than 40 per cent of LDC exports are eligible for zero MFN tariffs (UNCTAD, 2001)

Canada also maintained tariff rate quotas (TRQs) on beef and veal, wheat and barley and their products, and margarine. Exports above quota faced MFN tariff rates applied to most countries, with the exception of free trade agreement (FTA) partners[6]. LDC exports of these agricultural products were limited, and well within their duty-free access limits.

The LDCT can be summarised as:

- LDCT covers all products except textiles, apparel and footwear and the out-of-quota tariff rates for tariffied agricultural goods.
- 46% of all goods entered duty free
- 54% faced tariffs averaging 19%
- 99% of all agriculture goods entered duty-free
- TRQ's on beef, veal, wheat and barley and their products, and margarine
- 60% of textile items faced duties of 14-16%,
- Most apparel products had 19% duties, with quotas applicable to apparel sourced from Bangladesh
- Footwear tariff of 19.5%
- In 2000, 570 new 8-digit tariff lines were added to the LDCT.
- Approximately 90 per cent of tariff lines granted duty-free access for LDCs in 2000

In 2000, apparel imports from five of forty-eight LDCs eligible for LDCT (Bangladesh, Lesotho, Cambodia, Laos, and Nepal) also faced quotas; in fact, approximately one half of the imports of apparel from LDCs were under quota. On January 1, 2002, some quotas on textiles and clothing were eliminated as Canada completed Phase 3 of its quota elimination commitments under the ATC, benefiting among others, export-ready Bangladesh (DFAIT, 2002d).

The staggered convergence of the Phase 3 of the ATC in 2002, the MAI in 2003, WTO scheduled commitments in 2004 and the end of the MFA in 2005 results in the granting and then erosion of Bangladesh's preferential access to the Canadian market for clothing and textiles. The impetus is upon Bangladesh to investigate alternatives allowing it to continue to maximise benefits from the MAI despite this erosion of preferential access in clothing and textiles. The first step in achieving this goal is to understand the provisions of the MAI.

2. THE CANADIAN MAI – PROVISIONS

As discussed in Section 1, the 1983 LDCT allowed duty-free access on 90% of Canadian tariff lines for products from LDCs; these products continue to be covered by the existing

[6] Chile, Costa Rica , Israel , United States and Mexico (NAFTA) with others under negotiations

RO. Textiles, clothing and footwear were only partly covered, and agricultural products under tariff quotas are excluded from the LDCT.

In 2002, Canada's MAI was announced and became effective as an individual tariff program for LDC's on January 1, 2003. The MAI provides that all goods imported into Canada determined to be originating in an LDC will be granted duty- and quota-free status with the exclusion of dairy, poultry and egg products.

The MAI enlarges the coverage of the LDCT to bestow duty- and quota-free eligibility on additional products, including textiles, apparel and footwear, provided they meet the RO. New RO have been established to govern the tariff treatment for imports of newly-covered textiles and apparel products from the eligible LDCs.

For LDC exports of apparel, the MAI makes provisions that all quotas are removed and all tariffs are eliminated. For LDC exports of textiles, the MAI mandates the reduction of the tariff from roughly 14-16 percent to zero percent while textiles sourced from non-LDC sources would still have tariffs applied. No quotas were applied to LDC textiles so the MAI makes no quota-reduction provisions for textiles.

On January 1, 2004, Canada reduced MFN tariffs on textile imports from all countries to 12-14 percent for textiles and to 18 percent for apparel as part of its WTO commitments. Subsequently, on January 1, 2005, Canada eliminated all quotas on textiles and apparel from all countries but is permitted to continue imposing tariffs on these goods as part of the ATC[7].

The MAI provides that all goods imported into Canada determined to be originating in an LDC will be granted duty- and quota-free status with the exclusion of dairy, poultry and egg products. To be eligible, regulations pertaining to RO, certification; and direct shipment must be met.

There are two methods under which LDC goods can be considered eligible for the benefits of the Canadian MAI. First, all goods currently entitled to the benefits of the LDCT can qualify under two categories:

a) wholly produced rule (wholly produced in one or more LDCs); or

b) a cumulative manufacturing process in an LDC beneficiary with value-added inputs or cumulations from other LDCs or Canada (general 40% LDC cumulative) (CBSA, 2003a).

Second, specifically pertaining to textile and apparel goods, a good can qualify under:

a) a wholly produced rule (they have been manufactured or formed from inputs from any of the eligible LDCs,) or

b) one of the new specific rules of origin governing the country of origin of inputs and the manufacture of goods. In general terms, the conditions of the new RO are that the products have been formed from inputs from GPT beneficiary countries, provided the value-added in the LDC exporting country is at least 25 percent. Any materials used in these products that originate from Canada are deemed to have originated in the least developed country. (DFAIT, 2003a).

[7] which includes the end of the MFA

For textiles and apparel goods to qualify under either a) or b), the apparel would have to be assembled in an LDCT beneficiary country from fabric cut or knit to shape in that country. The RO for fabrics and yarn is based upon the North American Free Trade Agreement (NAFTA) with full accumulation of originating input from LDCT or GPT beneficiary countries or Canada. For textiles, the NAFTA rule requires double transformation, i.e. the fabric has to be made from territorially (LDC, Canada or GPT countries) produced yarns. The NAFTA rule for yarn requires that it be spun or extruded in the territory (DFAIT, 2003a). A discussion of NAFTA rules pertaining to textiles is provided below.

Specific information regarding rules or origin for all goods, including textiles and apparel can be found in Appendix A.

For all goods, certificates/proof of origin must be provided. For non-textile goods, samples of the ‘Exporter’s Statement of Origin’ and ‘Form A - Certificate of Origin’ are provided in Appendix B. A sample of the Certificate of Origin for textiles and apparel follows in Appendix C.

These forms certify the goods in question as being eligible for MAI treatment. The importer must have proof of origin at the time of accounting and it must be available for presentation to Canadian Customs officials upon request. All commercial shipments must meet this requirement regardless of value. The proof of origin does not have to be an original but it must be cross- referenced with the applicable invoice number. Goods qualifying for the GPT or LDCT tariff treatment must be listed separately on the relevant invoice. (CBSA, 2004a)

For goods other than textile and apparel products, currently entitled to the benefits of the LDCT, the existing rules of origin for the LDCT remains in force and may be used by exporters/producers to determine the entitlement of goods to the benefits of the MAI. Shipment of product from the LDC to Canada must be direct, however, transshipment through an intermediate country is allowed so long as the product remains in-transit[8].

Verification of the origin of imports from an LDC will be done initially through an origin questionnaire or letter sent to the exporter/producer of the goods in question. Subsequent actions will be based on the information provided - whether the goods meet the requirements of the rules of origin, do not meet the requirements or if additional information is required.
LDC governments whose exporters or producers wish to claim the benefits of the MAI must sign a Memorandum of Understanding (MOU) with the Government of Canada. The MOU ensures that the LDC Government will provide Canada with information and, where appropriate, with access to the production facility or facilities under investigation. The purpose is to enable Canadian auditors and investigators to obtain required information regarding shipments claiming eligibility under the LDC initiative. Bangladesh submitted its MOU on December 31, 2002.
If an LDC product does not qualify for duty free entry into Canada under the MAI, it may still be eligible for GPT or MFN treatment

[8] In control of the intermediate countries customs authority, undergoes no changes or consumption and only for a limited time.

An examination of the MAI's impact on Bangladesh's exports to Canada after one year will demonstrate areas where Bangladesh is a competitive exporter and may provide insight into areas where Bangladesh could expand its competitiveness in the Canadian market.

3. IMPACT OF CANADA'S MAI ON BANGLADESH

Chart 1 indicates the gradual growth of Canada's imports from Bangladesh for the period 1995 to 2004, during the coverage of the GPT/LDCT, up to the first year of the MAI. Weston's (2003) point that LDC-specific measures added to the GPT in 2000 were ineffective at improving Bangladesh's export performance in the Canadian market is shown by marginal and negative growth between 2000 and 2002. In 2002, Canada enacted Phase 3 of ATC quota reduction and Banglaesh's export value doubled from Cdn$1.65 million to Cdn$3.5 million from 2002-03, the highest levels achieved. In 2003, the MAI was implemented and Chart 1 shows a significant rise in Bangladesh's exports to Canada between 2003 and 2004, to a record export value of just over Cdn$490 million.

Chart 1 clearly illustrates that the value of Bangladesh's exports to Canada have been

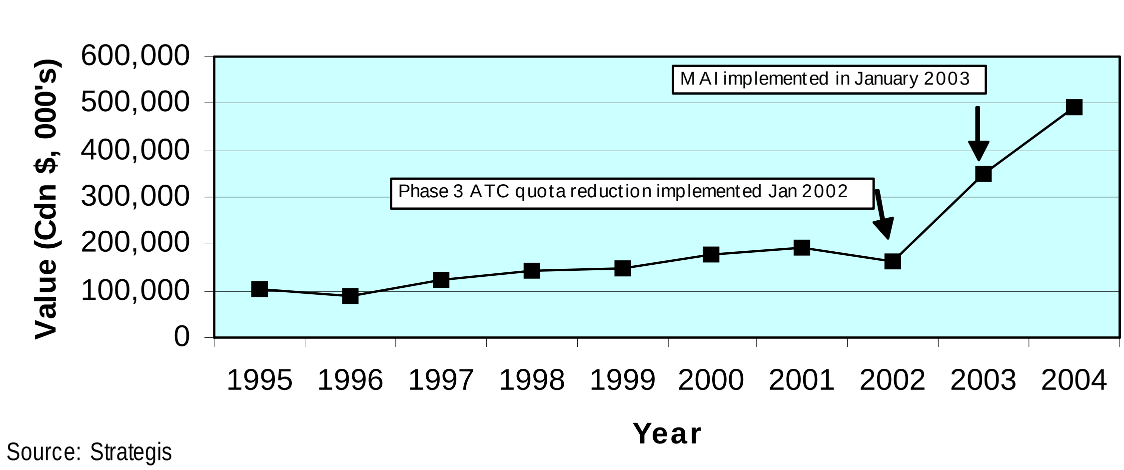

Chart 1. Canada's Total Imports from Bangladesh

raising the intended result of Canadian policies[9]. These policies are also changing the profile of Bangladesh's exports to Canada. Table 2 provides a breakdown of Canada's Top 25 Imports from Bangladesh, by HS6 category[10] for the period 2000-2004, showing pre-quota removal levels in 2000 and 2001, the Phase 3 ATC quota removal in 2002, the implementation of the MAI in 2003 and its first year through 2004.There is drastic and immediate growth from 2002 onwards in the values of Bangladesh's textiles and apparel exports to Canada as these are product categories where Bangladesh has traditionally excelled. In the following discussion, all data are provided in Canadian dollars unless otherwise stated and are sourced from Strategis.

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[9] In the preparation for implementing the MAI, the Government of Canada predicted that Bangladesh in particular, had the ability to increase exports of apparel to Canada considerably in the short term with the move to duty-free quota-free access for LDC products.

[10] All statistics in this study utilise the Harmonised Commodity Description and Coding System or Harmonised System (HS).The Harmonised System (HS) is an international commodity classification (with six-digit codes) developed under the auspices of the World Customs Organisation (WCO), an independent intergovernmental body formerly called the Customs Cooperation Council.

TABLE 2. BANGLADESH'S TOP 25 EXPORTS TO CANADA, CDN $000'S

			Phase 3, ATC, January 2002	MAI implemented January 2003		% change 2002 to 2004
	2000	2001	2002	2003	2004	
620462 - WOMENS/GIRLS TROUSERS, OVERALLS AND SHORTS - WOVEN - COTTON	9,887	9,192	7,923	48,245	76,183	861.54%
620342 - MENS/BOYS TROUSERS, OVERALLS AND SHORTS - WOVEN - COTTON	12,043	12,223	8,477	36,702	69,124	715.43%
611030 - SWEATERS, SWEATSHIRTS AND WAIST-COATS - KNITTED - MAN-MADE FIBRES	9,273	10,518	14,439	23,593	34,124	136.33%
610910 - T-SHIRTS, SINGLETS AND OTHER VESTS - KNITTED - COTTON	16,966	20,546	17,389	25,852	31,024	78.41%
610821 - WOMENS/GIRLS BRIEFS AND PANTIES - KNITTED - COTTON	4,404	3,568	3,850	8,813	17,553	355.92%
611020 - SWEATERS, SWEATSHIRTS AND WAIST-COATS - KNITTED - COTTON	2,707	5,207	8,251	15,471	15,359	86.15%
620520 - MENS/BOYS SHIRTS - WOVEN - COTTON	7,720	4,050	4,061	9,183	13,581	234.43%
620193 - MENS/BOYS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - MAN-MADE FIBRES	14,134	10,370	8,066	8,422	11,702	45.08%
620343 - MENS/BOYS TROUSERS, OVERALLS AND SHORTS - WOVEN - SYNTHETIC FIBRES	4,552	6,662	5,117	9,841	10,512	105.43%
611420 - OTHER GARMENTS NES - KNITTED - COTTON	3,773	10,769	5,041	9,046	10,503	108.35%
610822 - WOMENS/GIRLS BRIEFS AND PANTIES - KNITTED - MAN-MADE FIBRES	82	263	289	2,439	8,143	2717.65%
620452 - WOMENS/GIRLS SKIRTS AND DIVIDED SKIRTS - WOVEN - COTTON	280	1,014	1,256	5,055	7,796	520.70%
621040 - MENS/BOYS SNOWSUITS AND SIMILAR GARMENTS NES - WOVEN - COATED FABRICS	831	701	1,401	4,536	7,353	424.84%
620463 - WOMENS/GIRLS TROUSERS, OVERALLS AND SHORTS - WOVEN - SYNTHETIC FIBRES	1,883	2,673	2,695	4,799	7,021	160.52%
630622 - TENTS - SYNTHETIC FIBRES	3,580	11,861	4,982	9,225	6,955	39.60%
621210 - BRASSIERES	1,348	2,029	573	1,718	6,676	1065.10%
620293 - WOMENS/GIRLS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - MAN-MADE FIBRES	7,118	4,430	4,697	6,149	6,545	39.34%
610711 - MEN'S/BOYS UNDERWEAR - KNITTED - COTTON	816	2,295	2,696	4,165	6,287	133.20%
620821 - WOMENS/GIRLS PYJAMAS AND NIGHTDRESSES - WOVEN - COTTON	2,020	2,331	2,174	3,489	5,510	153.45%
650590 - HATS AND OTHER HEADGEAR - KNITTED OR FROM TEXTILE MATERIAL NOT IN STRIPS	4,717	5,061	5,406	5,128	5,500	1.74%
610510 - MEN'S/BOYS SHIRTS - KNITTED - COTTON	5,438	3,643	3,555	5,660	5,442	53.08%
630222 - BEDSHEETS, PILLOWCASES AND BED LINEN (INCL SETS) - WOVEN, PRINTED - MAN-MADE FIBRES	0	408	2,807	4,776	5,403	92.48%
620530 - MENS/BOYS SHIRTS - WOVEN - MAN-MADE FIBRES	3,770	2,282	1,325	4,275	5,110	285.66%
610230 - WOMENS/GIRLS OVERCOATS, SKI AND WIND JACKETS - KNITTED - MAN-MADE	1,825	2,912	2,615	3,671	4,800	83.56%
610130 - MENS/BOYS OVERCOATS, SKI AND WIND JACKETS - KNITTED - MAN-MADE FIBRES	6,033	4,677	2,358	2,638	4,457	89.02%
SUB-TOTAL	125,199	139,686	121,441	262,890	382,663	215.10%
OTHERS	53,024	50,117	43,160	87,916	107,882	149.96%
TOTAL (ALL PRODUCTS)	178,223	189,803	164,601	350,807	490,545	198.02%

Source: Strategis

The 25 products listed in Table 2 account for 78% of Bangladesh’s exports to Canada in 2004. The various subcategories of woven or knitted apparel, of either synthetic or cotton materials (HS61 and 62) including products such as trousers, shirts, sweatshirts, outerwear, women’s underwear, and skirts experienced drastic growth in 2003, and again in 2004. The Top 25 at the HS6 level have been and continue to consistently be comprised of HS61 and 62 to 2004.

However, when analysed at the HS2 level, a shift in the composition & ranking of product categories imported from Bangladesh by Canada, since the implementation of the MAI, is illustrated by Table 3. When studied at the HS2 level, the top 25 categories account for over 94% of Bangladesh’s exports to Canada for the period given. The only new product category exported from Bangladesh to Canada from 2002-2004 is HS60, knitted or crocheted fabrics, which Bangladesh did not export to Canada at all prior to the Phase 2 ATC quota reduction. Since then, it has grown by over 6600% between 2002 and 2004.

TABLE 3. BANGLADESH'S HS2 EXPORTS TO CANADA, CDN $

	2000	2001	2002	2003	2004	% change
			Phase 3, ATC, January 2002	MAI implemented January 2003		2002 to 2004
62 - Woven Clothing and Articles of Apparel	82,503,674	76,168,453	61,800,684	171,616,073	269,006,923	335.28%
61 - Knitted or Crocheted Clothing and Articles of Apparel	67,171,853	78,772,045	73,407,616	125,386,363	176,458,356	140.38%
63 - Other Made-Up Textile Articles and Worn Clothing	5,960,634	15,841,919	12,079,226	27,697,600	25,318,277	109.60%
65 - Headwear	4,853,510	5,183,952	5,600,298	5,584,323	5,984,869	6.87%
03 - Fish, Crustaceans, Molluscs and Other Aquatic Invertebrates	8,595,436	4,232,373	1,871,102	3,275,338	3,951,504	111.19%
53 - Other Vegetable Textile Fibers, Yarns and Fabrics	4,239,771	2,468,007	2,341,350	2,363,023	2,935,403	25.37%
95 - Toys, Games, Sporting Goods and Other Goods for Amusement	974,492	1,239,779	2,008,885	2,113,976	2,400,668	19.50%
64 - Footwear	124,401	4,861	243,132	140,675	1,155,073	375.08%
69 - Ceramic Products	203,021	773,497	2,800,028	1,344,942	761,398	-72.81%
39 - Plastics and Articles Thereof	60,806	385,454	223,100	1,195,193	376,476	68.75%
07 - Edible Vegetables and Certain Roots and Tubers	145,245	208,901	127,548	224,782	304,817	138.98%
42 - Articles of Leather; Saddlery and Harness, Travel Goods, Hanbags and Similar Containe	838,825	828,024	562,565	270,456	256,241	-54.45%
52 - Cotton, Cotton Yarns and Cotton Fabrics	2,142	1	22,536	167,933	200,636	790.29%
94 - Furniture, and Stuffed Furnishings; Lamps and Illuminated Signs; Prefabricated Buildings	25,866	411,767	509,875	1,018,861	199,000	-60.97%
67 - Prepared Feathers and Downs, Artificial Flowers and the Like	132,894	168,074	155,687	144,731	142,395	-8.54%
56 - Wadding, Felt, Nonwovens, Twine, Cordage, Rope, Cables and Related Articles	49,169	30,847	370,379	76,829	125,149	-66.21%
46 - Straw and Other Plaiting Materials; Basketware and Wickerwork	81,379	69,476	64,610	112,907	112,973	74.85%
58 - Special Woven or Tufted Fabrics, Lace, Trimmings, Embroidery and Tapestries	48,968	13,341	28,043	49,624	95,804	241.63%
57 - Carpets and Other Textile Floor Coverings	83,656	60,484	35,683	26,292	93,297	161.46%
41 - Raw Hides, Skins (Other than Furskins) and Leather	9,923	90,955	18,832	22,070	83,478	343.28%
60 - Knitted or Crocheted Fabrics	--	--	1,208	20,349	82,091	6695.61%
19 - Preparations of Cereals, Flour, Starch or Milk (Including Bread and Pastry)	13,240	12,542	20,526	18,333	57,978	182.46%
10 - Cereals	23,870	20,018	21,411	51,813	56,258	162.75%
08 - Edible Fruits and Nuts	49,851	63,877	26,565	34,355	36,816	38.59%
20 - Preparations of Vegetables, Fruit, Nuts or Other Parts of Plants	10,353	7,120	3,233	8,518	34,725	974.08%
SUB-TOTAL	176,202,979	187,055,767	164,344,122	342,965,359	490,230,605	198.30%
OTHERS	2,020,326	2,747,605	256,682	7,841,154	314,611	22.57%
TOTAL (ALL PRODUCTS)	178,223,305	189,803,372	164,600,804	350,806,513	490,545,216	198.02%

Source: Strategis

While the growth rates of several import categories at the HS2 level are impressive, the actual value of the imports is relatively small. HS20 - Vegetable/fruit preparations is a case in point, with a 974% increase between 2002-04, the actual value was just under Cdn$35,000 in 2004. A similar pattern is exhibited by HS10 – cereals, HS19 - cereal preparations, , and HS08 - edible fruits/nuts. These categories may be potential areas of focus to diversify Bangladesh's exports to Canada in the medium to long run which will be discussed in a following section.

Products with more convergence between a significant actual value and positive change between 2002 and 2004 include HS03 - seafood, HS07 – vegetables, HS64 – footwear, HS52 – cotton fabrics, HS53 – vegetable fibres, HS58 special fabrics, HS57 – carpets, and HS41 – leathers/hides. Table 3 also shows the negative growth of wadding, articles of leather, ceramics, furniture and feathers/down, despite relatively high values in the Canadian market since 2002.

Table 4 compares Bangladesh's Top 25 exports to Canada at the HS6 level, by value, between 2002 and 2004, to show and compare changes since the MAI was implemented.

At the HS6 level, the 25 products listed in Table 4 account for 78% of Bangladesh's exports to Canada, representing over Cdn$3.82 million of the over Cdn$4.90 million total. These products are all either knitted or woven goods, consisting mostly of apparel made from synthetic or cotton materials. Only two products are not apparel related – bedding products (HS630222) and tents (HS630622).

Table 4 utilises value to determine and rank Bangladesh's Top 25 exports to Canada between 2002 and 2004. The ranking provides a measure of the magnitude of change in value since the MAI was implemented. Women's underwear products (HS610821, HS610822), brassieres (HS621210) cotton trousers (HS620462) and skirts (HS620452) as well as men's outerwear (HS620293) exhibit the most dramatic increases in import value from 2002 to 2004, jumping in rank between five to fourteen places. Conversely, tents (HS6306222), headgear (HS650590), bedding (HS630222), women's outerwear (HS620293 and HS610230), men's outerwear (HS610130) and men's knitted (HS610510) shirts experienced significant drops in ranking of between five and thirteen places. Post-MAI, Canadian imports of men's (HS620342) and women's (HS620462) cotton trousers lead in terms of value, as well as exhibiting significant growth rates of 715% and 861% respectively between 2002-04.

Of the remaining products' ranking in the Top 25, even those that dropped in ranking from 2002 to 2004 in terms of import value maintained positive growth rates over the same period. The lowest growth rate is in headwear at 1.74%, with women's synthetic outerwear experiencing the second lowest growth rate of 39.34%..

Essentially, Table 4 shows that, for the most part, the composition of Bangladesh's most important exports to Canada at the HS6 level remains similar to the those pre-MAI profile but the value of the majority of these products is changing significantly.

TABLE 4. BANGLADESH'S TOP 25 EXPORTS TO CANADA, CDN $000'S & %

	Phase 3, ATC, January 2002	MAI implemented January 2003		% change	Rank in 2002	Rank in 2004	change in rank
	2002	2003	2004	2002 to 2004	pre-MAI	post-MAI	2002-2004
620462 - WOMENS/GIRLS TROUSERS, OVERALLS AND SHORTS - WOVEN - COTTON	7,923	48,245	76,183	861.54%	6	1	+5
620342 - MENS/BOYS TROUSERS, OVERALLS AND SHORTS - WOVEN - COTTON	8,477	36,702	69,124	715.43%	3	2	+1
611030 - SWEATERS, SWEATSHIRTS AND WAIST-COATS - KNITTED - MAN-MADE FIBRES	14,439	23,593	34,124	136.33%	2	3	-1
610910 - T-SHIRTS, SINGLETS AND OTHER VESTS - KNITTED - COTTON	17,389	25,852	31,024	78.41%	1	4	-3
610821 - WOMENS/GIRLS BRIEFS AND PANTIES - KNITTED - COTTON	3,850	8,813	17,553	355.92%	13	5	+8
611020 - SWEATERS, SWEATSHIRTS AND WAIST-COATS - KNITTED - COTTON	8,251	15,471	15,359	86.15%	4	6	-2
620520 - MENS/BOYS SHIRTS - WOVEN - COTTON	4,061	9,183	13,581	234.43%	12	7	+5
620193 - MENS/BOYS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - MAN-MADE FIBRES	8,066	8,422	11,702	45.08%	5	8	-3
620343 - MENS/BOYS TROUSERS, OVERALLS AND SHORTS - WOVEN - SYNTHETIC FIBRES	5,117	9,841	10,512	105.43%	8	9	-1
611420 - OTHER GARMENTS NES - KNITTED - COTTON	5,041	9,046	10,503	108.35%	9	10	-1
610822 - WOMENS/GIRLS BRIEFS AND PANTIES - KNITTED - MAN-MADE FIBRES	289	2,439	8,143	2717.65%	25	11	+14
620452 - WOMENS/GIRLS SKIRTS AND DIVIDED SKIRTS - WOVEN - COTTON	1,256	5,055	7,796	520.70%	23	12	+11
621040 - MENS/BOYS SNOWSUITS AND SIMILAR GARMENTS NES - WOVEN - COATED FABRICS	1,401	4,536	7,353	424.84%	21	13	+8
620463 - WOMENS/GIRLS TROUSERS, OVERALLS AND SHORTS - WOVEN - SYNTHETIC FIBRES	2,695	4,799	7,021	160.52%	17	14	+3
630622 - TENTS - SYNTHETIC FIBRES	4,982	9,225	6,955	39.60%	10	15	-5
621210 - BRASSIERES	573	1,718	6,676	1065.10%	24	16	+8
620293 - WOMENS/GIRLS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - MAN-MADE FIBRES	4,697	6,149	6,545	39.34%	11	17	-6
610711 - MEN'S/BOYS UNDERWEAR - KNITTED - COTTON	2,696	4,165	6,287	133.20%	16	18	-2
620821 - WOMENS/GIRLS PYJAMAS AND NIGHTDRESSES - WOVEN - COTTON	2,174	3,489	5,510	153.45%	20	19	+1
650590 - HATS AND OTHER HEADGEAR - KNITTED OR FROM TEXTILE MATERIAL NOT IN STRIPS	5,406	5,128	5,500	1.74%	7	20	-13
610510 - MEN'S/BOYS SHIRTS - KNITTED - COTTON	3,555	5,660	5,442	53.08%	14	21	-7
630222 - BEDSHEETS, PILLOWCASES AND BED LINEN (INCL SETS) - WOVEN, PRINTED - MAN-MADE FIBRES	2,807	4,776	5,403	92.48%	15	22	-7
620530 - MENS/BOYS SHIRTS - WOVEN - MAN-MADE FIBRES	1,325	4,275	5,110	285.66%	22	23	-1
610230 - WOMENS/GIRLS OVERCOATS, SKI AND WIND JACKETS - KNITTED - MAN-MADE	2,615	3,671	4,800	83.56%	18	24	-6
610130 - MENS/BOYS OVERCOATS, SKI AND WIND JACKETS - KNITTED - MAN-MADE FIBRES	2,358	2,638	4,457	89.02%	19	25	-6
SUB-TOTAL	121,441	262,890	382,663	215.10%			
OTHERS	43,160	87,916	107,882	149.96%			
TOTAL (ALL PRODUCTS)	164,601	350,807	490,545	198.02%			

Source: Strategis

Women's synthetic underwear products (HS610822) including brassieres (HS621210), exhibit the highest rates of growth since the implementation of the MAI with over 2717% and 1065% growth respectively. Women's (HS620462) and men's (HS620342) cotton trousers have each grown by 861% and 715% respectively during the same period. Women's cotton skirts (HS620452) grew by 520%, men's coated outerwear (HS621040) by 424%, women's cotton underwear (HS610821) by 355%, men's synthetic (HS620530) and cotton (HS620520) shirts grew by 285% and 234% respectively. In addition, there are six additional products with 100% plus growth rates.

Table 5 provides Canada's Top 25 imports from Bangladesh at the HS2 level, determined by value. The products presented in Table 5 accounted for 99% of Bangladesh's exports to Canada for 2004.

Table 5 illustrates the critical role textiles and apparel continue to play in Bangladesh's export mix with woven apparel, knit apparel and other textiles/worn clothing comprising over 95% of Bangladesh's exports to Canada, in 2004. This is a large increase from the 50% share of Bangladesh's total exports to Canada that these products constituted in 2003. HS 52 – Cotton and related goods has grown by over 790% while HS60 - knitted or crocheted fabrics, HS 57 – carpets and floor coverings and HS58 - special fabrics have also grown significantly from 2002-2004, with 6695%, 161% and 241% growth respectively. HS41 – raw hides and leathers has also increased by 343% from 2002-2004.

Seafood (HS03) shows promising growth from pre-MAI levels, growing by 111.9% from 2002–04. Plant based textiles (HS53 – 25% growth), toys and games (HS95 – 19.5% growth), footwear (HS64 – 375% growth) and vegetables (HS07 – 138% growth) have demonstrated growth and significant value in these sectors in the initial stages of the MAI Other categories exhibiting promising growth rates include HS20 – vegetable and fruit preparations (974%), HS19 – preparations of cereals (182%), HS10 – cereals (162%), HS08 edible nuts/fruits (38%) and HS46 straw, baskets and wickerwork grew by 74%. Plastic goods HS39) has also grown by 68% since 2002.

Conversely, several categories of imports declined (showed negative growth rates) in value from 2002-2004, including: HS56 – wadding and rope (-66%), HS42 – articles of leather, handbags etc (-54%), HS94 – furniture (-60%), HS69 – ceramics (-72%) and HS67 – prepared downs etc (-8%). HS94 – furniture, had shown promising growth in 2003 nearly doubling 2002 levels, only to drop dramatically in 2004; and for HS56 – wadding, 2004 showed a recovery from 2003 where 2002's $370,000 dropped to less than $100,000, to increase again in 2004 to $125,000.

TABLE 5. BANGLADESH'S HS2 EXPORTS TO CANADA, CDN $ AND %

	2002	2003	2004	% change
	Phase 3, ATC, January 2002	MAI implemented January 2003		2002 to 2004
62 - Woven Clothing and Articles of Apparel	61,800,684	171,616,073	269,006,923	335.28%
61 - Knitted or Crocheted Clothing and Articles of Apparel	73,407,616	125,386,363	176,458,356	140.38%
63 - Other Made-Up Textile Articles and Worn Clothing	12,079,226	27,697,600	25,318,277	109.60%
65 - Headwear	5,600,298	5,584,323	5,984,869	6.87%
03 - Fish, Crustaceans, Molluscs and Other Aquatic Invertebrates	1,871,102	3,275,338	3,951,504	111.19%
53 - Other Vegetable Textile Fibers, Yarns and Fabrics	2,341,350	2,363,023	2,935,403	25.37%
95 - Toys, Games, Sporting Goods and Other Goods for Amusement	2,008,885	2,113,976	2,400,668	19.50%
64 - Footwear	243,132	140,675	1,155,073	375.08%
69 - Ceramic Products	2,800,028	1,344,942	761,398	-72.81%
39 - Plastics and Articles Thereof	223,100	1,195,193	376,476	68.75%
07 - Edible Vegetables and Certain Roots and Tubers	127,548	224,782	304,817	138.98%
42 - Articles of Leather; Saddlery and Harness, Travel Goods, Hanbags and Similar Containe	562,565	270,456	256,241	-54.45%
52 - Cotton, Cotton Yarns and Cotton Fabrics	22,536	167,933	200,636	790.29%
94 - Furniture, and Stuffed Furnishings; Lamps and Illuminated Signs; Prefabricated Buildings	509,875	1,018,861	199,000	-60.97%
67 - Prepared Feathers and Downs, Artificial Flowers and the Like	155,687	144,731	142,395	-8.54%
56 - Wadding, Felt, Nonwovens, Twine, Cordage, Rope, Cables and Related Articles	370,379	76,829	125,149	-66.21%
46 - Straw and Other Plaiting Materials; Basketware and Wickerwork	64,610	112,907	112,973	74.85%
58 - Special Woven or Tufted Fabrics, Lace, Trimmings, Embroidery and Tapestries	28,043	49,624	95,804	241.63%
57 - Carpets and Other Textile Floor Coverings	35,683	26,292	93,297	161.46%
41 - Raw Hides, Skins (Other than Furskins) and Leather	18,832	22,070	83,478	343.28%
60 - Knitted or Crocheted Fabrics	1,208	20,349	82,091	6695.61%
19 - Preparations of Cereals, Flour, Starch or Milk (Including Bread and Pastry)	20,526	18,333	57,978	182.46%
10 - Cereals	21,411	51,813	56,258	162.75%
08 - Edible Fruits and Nuts	26,565	34,355	36,816	38.59%
20 - Preparations of Vegetables, Fruit, Nuts or Other Parts of Plants	3,233	8,518	34,725	974.08%
SUB-TOTAL	164,344,122	342,965,359	490,230,605	198.30%
OTHERS	256,682	7,841,154	314,611	22.57%
TOTAL (ALL PRODUCTS)	164,600,804	350,806,513	490,545,216	198.02%

Source: Strategis

Tables 4 and 5 indicate that Bangladesh appears to be benefiting from the MAI as Bangladesh's total exports to Canada have grown by nearly 200% since its implementation. There are, however, other LDC's that benefit from the MAI. It is useful to compare Bangladesh's top exports with those of other LDC's for perspective. Table 6 takes the eight most important products exported by Bangladesh to Canada in the first eleven months of 2004 and compares them with the exports of other LDC's benefiting from the MAI, giving Bangladesh's relative market share amongst LDC's. Bangladesh leads in LDC exports to Canada for textiles and apparel; in Bangladesh's most important export sectors, it leads or dominates LDC competitors in Canadian market share.

The data for Table 6 is prior to the ending of the MFA in 2005. With the end of quotas in 2005, all countries exporting textiles to Canada will have greater access. Table 7 illustrates the Top 30 suppliers of HS 61, 62, 63 and 65 to Canada, for 2004, prior to the end of the MFA, and shows that even amongst global competition, Bangladesh is amongst the leading suppliers of textile and apparel products to Canada, ranking fourth, second, sixth and fifth for HS61, HS62, HS63 and HS65 respectively in 2004.

Table 7 shows a sample of the nations which, as textile and apparel exporters, will have greater market access to Canada in 2005, hence exposing Bangladesh to greater competition. The Top 30 each exported over Cdn$7 and $8 million of HS61 and 62, respectively to Canada in 2004; in fact, over 60 countries each export over Cdn$1 million of HS61 and HS62 respectively to Canada in 2004. That is significant increased competition for Bangladesh’s market share in Canada.

Table 6. Select LDC Exports to Canada, 2003 & 2004, Cdn $

HS 61 - Knitted or Crocheted Clothing and Articles of Apparel

MAI Beneficiary	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003
Bangladesh	**116,369,167**	**164,905,387**	**41.70%**
Cambodia	33,265,027	53,355,686	60.40%
Burma (Myanmar)	16,989,588	8,183,279	-51.80%
Haiti	7,926,982	7,536,586	-4.90%
Lesotho	5,227,791	7,003,628	34.00%
Madagascar	1,560,808	4,142,088	165.40%
Laos	2,698,707	4,130,376	53.00%
Nepal	1,591,504	2,432,166	52.80%
Tanzania	115	353,638	307411.30%
Maldives	584,811	77,921	-86.70%
Burundi	220	58,561	26518.60%
Burkina Faso	231	34,284	14741.60%
Sierra Leone	239,720	24,700	-89.70%
Ethiopia	13,509	17,013	25.90%
Mauritania	10,795	9,145	-15.30%
São Tomé and Principe	--	1,850	--
Bhutan	71	628	784.50%
Mozambique	20	429	2045.00%
Chad	--	427	--
Cape Verde	--	373	--
Senegal	30	260	766.70%
Malawi	174	241	38.50%
Uganda	--	217	--
Mali	373	215	-42.40%
Sudan	30	42	40.00%
Vanuatu (New Hebrides)	--	10	--
Niger	745	--	--
Guinea	320	--	--
Samoa (Western)	316	--	--
Gambia	214	--	--
Sub-Total	*186,481,268*	*252,269,150*	*35.30%*

HS 62 - Woven Clothing and Articles of Apparel

MAI Beneficiary	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003
Bangladesh	**159,124,568**	**251,897,141**	**58.30%**
Cambodia	45,733,933	73,316,094	60.30%
Burma (Myanmar)	10,186,343	6,383,095	-37.30%
Nepal	2,733,666	6,281,532	129.80%
Lesotho	2,978,744	5,665,205	90.20%
Laos	3,023,247	4,225,415	39.80%
Madagascar	1,452,293	2,833,019	95.10%
Maldives	6,131,262	2,695,080	-56.00%
Uganda	640	173,475	27005.50%
Haiti	150,423	165,282	9.90%
Malawi	472,772	135,508	-71.30%
Mauritania	25,844	37,128	43.70%
Ethiopia	97	22,658	23258.80%
Senegal	279	4,433	1488.90%
Sierra Leone	30,011	2,952	-90.20%
Burundi	4,506	1,605	-64.40%
Mali	96	648	575.00%
Gambia	--	548	--
Sudan	--	293	--
Niger	5,283	288	-94.50%
Burkina Faso	239	268	12.10%
Chad	362	213	-41.20%
Liberia	--	171	--
Congo (former Zaire)	--	110	--
Guinea	--	89	--
Togo	164	88	-46.30%
Somalia	60	79	31.70%
Eritrea	--	48	--
Central African Republic	--	47	--
Djibouti	--	46	--
Rwanda	923	40	-95.70%
Tanzania	13	28	115.40%
Yemen	26	22	-15.40%
Mozambique	1,271	3	-99.80%
Samoa (Western)	488	--	--
Cape Verde	130	--	--
Vanuatu (New Hebrides)	107	--	--
Comoros	84	--	--
Sub-Total	*232,057,874*	*353,842,651*	*52.50%*

HS 63 - Other Made-Up Textile Articles and Worn Clothing

MAI Beneficiary	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003
Bangladesh	**25,966,353**	**24,076,839**	**-7.30%**
Haiti	3,445,786	8,000,391	132.20%
Cambodia	53,677	539,077	904.30%
Nepal	25,730	178,645	594.30%
Burma (Myanmar)	77,354	23,935	-69.10%
Laos	2,634	1,982	-24.80%
Burkina Faso	--	1,629	--
Tanzania	--	962	--
Ethiopia	326	165	-49.40%
Maldives	--	106	--
Central African Republic	--	100	--
Madagascar	14,098	95	-99.30%
Senegal	--	26	--
Sierra Leone	6	7	16.70%
Yemen	--	7	--
Mauritania	2,064	--	--
Eritrea	1,334	--	--
Niger	1,130	--	--
Mozambique	573	--	--
Burundi	194	--	--
Malawi	189	--	--
Gambia	137	--	--
Chad	23	--	--
Sub-Total	*29,591,608*	*32,823,966*	*10.90%*

HS 65 - Headwear

MAI Beneficiary	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003
Bangladesh	**5,219,563**	**5,703,495**	**9.30%**
Cambodia	67,950	552,088	712.50%
Nepal	167,592	242,869	44.90%
Madagascar	17,656	30,637	73.50%
Burma (Myanmar)	18,359	10,707	-41.70%
Laos	469	4,753	913.40%
Haiti	75,326	1,410	-98.10%
Guinea	--	543	--
Sierra Leone	1,524	164	-89.20%
Mauritania	199	91	-54.30%
Burkina Faso	--	49	--
Senegal	--	37	--
Central African Republic	--	16	--
Niger	681	--	--
Samoa (Western)	83	--	--
Congo (former Zaire)	21	--	--
Gambia	9	--	--
Uganda	7	--	--
Sub-Total	*5,569,439*	*6,546,859*	*17.50%*

Note: If the LDC is not listed, its exports to Canada for the periods listed are nil
Source: Strategis

Table 6 cont. Select LDC Exports to Canada, 2003 & 2004, Cdn $

HS 03 - Fish, Crustaceans, Molluscs and Other Aquatic Invertebrates

MAI Beneficiary	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003
Burma (Myanmar)	8,147,705	7,073,659	-13.20%
Haiti	3,070,289	3,361,837	9.50%
Bangladesh	**3,205,948**	**3,252,284**	**1.40%**
Senegal	632,522	463,536	-26.70%
Uganda	155,375	345,719	122.50%
Tanzania	244,657	167,380	-31.60%
Madagascar	143,287	129,762	-9.40%
Djibouti	291,626	113,163	-61.20%
Sierra Leone	77,839	57,045	-26.70%
Mauritania	176,247	31,319	-82.20%
Malawi	10,312	13,341	29.40%
Kiribati (includes Tuvalu)	7,107	13,059	83.80%
Samoa (Western)	--	11,600	--
Maldives	72,246	5,273	-92.70%
Chad	--	4,599	--
Burundi	--	2,012	--
Benin	--	610	--
Solomon Islands	267	593	122.10%
Congo (former Zaire)	--	399	--
Vanuatu (New Hebrides)	7,974	369	-95.40%
Mozambique	24	160	566.70%
Guinea	1	90	8900.00%
Cambodia	18,838	78	-99.60%
Eritrea	11,062	--	--
Laos	3,215	--	--
Equatorial Guinea	806	--	--
Somalia	14	--	--
Sub-Total	*16,277,361*	*15,047,887*	*-7.60%*

HS 53 - Other Vegetable Textile Fibers, Yarns and Fabrics

MAI Beneficiary	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003
Bangladesh	**2,041,760**	**2,596,945**	**27.20%**
Tanzania	60,824	78,356	28.80%
Sierra Leone	--	22,417	--
Madagascar	226	1,205	433.20%
Haiti	--	1,179	--
Nepal	306	1,121	266.30%
Sub-Total	*2,103,116*	*2,701,223*	*28.40%*

HS 64 - Footwear

MAI Beneficiary	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003
Cambodia	526,503	2,576,775	389.40%
Bangladesh	**97,512**	**1,096,414**	**1024.40%**
Haiti	7,097	11,635	63.90%
Burma (Myanmar)	297,384	11,408	-96.20%
Ethiopia	3,351	2,853	-14.90%
Nepal	1,587	2,272	43.20%
Sierra Leone	9,533	204	-97.90%
Niger	--	128	--
Chad	156	88	-43.60%
Mauritania	--	44	--
Senegal	27,006	--	--
Maldives	731	--	--
Sub-Total	*970,860*	*3,701,821*	*281.30%*

HS 95 - Toys, Games, Sporting Goods and Other Goods for Amusement

MAI Beneficiary	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003
Bangladesh	**2,067,329**	**2,217,514**	**7.30%**
Haiti	116,793	387,917	232.10%
Sierra Leone	14,487	119,970	728.10%
Senegal	58	51,057	87929.30%
Madagascar	6,074	47,947	689.40%
Nepal	29,372	13,855	-52.80%
Congo (former Zaire)	--	6,010	--
Cambodia	941	4,546	383.10%
Central African Republic	--	4,522	--
Mali	1,788	2,780	55.50%
Tanzania	523	2,431	364.80%
Burma (Myanmar)	489	696	42.30%
Djibouti	--	483	--
Mauritania	--	380	--
Niger	1,366	365	-73.30%
Gambia	61	260	326.20%
Chad	559	246	-56.00%
Laos	3,212	130	-96.00%
Burkina Faso	4,826	98	-98.00%
Rwanda	5	2	-60.00%
Eritrea	14,082	--	--
Malawi	2,843	--	--
Bhutan	1,655	--	--
São Tomé and Principe	880	--	--
Samoa (Western)	536	--	--
Lesotho	196	--	--
Liberia	106	--	--
Yemen	58	--	--
Sudan	46	--	--
Uganda	20	--	--
Mozambique	11	--	--
Sub-Total	*2,268,316*	*2,861,209*	*26.10%*

Note: If the LDC is not listed, its exports to Canada for the periods listed are nil

Source: Strategis

Table 7. Canada's Major Suppliers of Textiles and Apparel, 2004

	HS 61 - Knitted or Crocheted Clothing and Articles of Apparel				HS 62 - Woven Clothing and Articles of Apparel				HS 63 - Other Made-Up Textile Articles and Worn Clothing				HS 65 - Headwear			
	Source	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003	Source	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003	Source	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003	Source	Jan-Nov 2003	Jan-Nov 2004	% Change 2004/2003
1	China	646,359,273	826,104,582	27.80%	China	921,259,361	1,054,499,706	14.50%	United States	365,084,378	328,769,890	-9.90%	China	93,212,941	102,234,790	9.70%
2	United States	283,746,955	269,167,659	-5.10%	**Bangladesh**	**159,124,568**	**251,897,141**	**58.30%**	China	254,692,539	324,382,104	27.40%	United States	41,352,085	39,209,869	-5.20%
3	India	225,343,996	215,982,637	-4.20%	United States	228,716,617	243,526,901	6.50%	India	63,577,327	70,958,407	11.60%	Taiwan	13,156,208	13,888,151	5.60%
4	**Bangladesh**	**116,369,167**	**164,905,387**	**41.70%**	Mexico	177,687,602	199,572,648	12.30%	Pakistan	56,746,787	53,340,156	-6.00%	Korea, South	11,537,071	11,786,998	2.20%
5	Hong Kong	160,235,144	139,913,792	-12.70%	India	165,155,403	157,094,951	-4.90%	Mexico	24,828,906	27,561,192	11.00%	**Bangladesh**	**5,219,563**	**5,703,495**	**9.30%**
6	Mexico	113,409,262	116,995,840	3.20%	Hong Kong	155,901,982	131,041,445	-15.90%	**Bangladesh**	**25,966,353**	**24,076,839**	**-7.30%**	Italy	5,119,535	3,165,773	-38.20%
7	Korea, South	94,397,613	78,975,182	-16.30%	Italy	121,358,717	123,837,380	2.00%	Brazil	18,907,415	21,783,667	15.20%	Thailand	719,619	3,060,357	325.30%
8	Taiwan (Taipei)	99,431,746	71,486,616	-28.10%	Indonesia	92,558,411	84,646,225	-8.60%	Turkey	16,030,339	18,493,803	15.40%	Switzerland	2,068,438	3,031,771	46.60%
9	Italy	61,328,407	61,893,672	0.90%	Cambodia	45,733,933	73,316,094	60.30%	Portugal	14,231,665	12,834,422	-9.80%	Belgium	2,599,096	2,608,299	0.30%
10	Thailand	66,231,657	60,395,964	-8.80%	Turkey	48,328,359	59,628,155	23.40%	Korea, South	10,716,567	8,576,000	-20.00%	Dominican Republic	2,742,717	2,243,519	-18.20%
11	Cambodia	33,265,027	53,355,686	60.40%	Korea, South	84,393,785	59,187,171	-29.90%	Taiwan (Taipei)	8,454,677	8,265,735	-2.20%	Sweden	2,215,736	2,111,274	-4.70%
12	Honduras	37,726,159	50,095,586	32.80%	Philippines	49,526,726	49,521,580	0.00%	Haiti	3,445,786	8,000,391	132.20%	Vietnam	1,017,961	1,967,267	93.30%
13	Pakistan	44,226,857	43,125,049	-2.50%	Vietnam	36,963,807	45,789,961	23.90%	Italy	5,488,858	7,847,347	43.00%	Japan	2,704,535	1,851,250	-31.60%
14	Philippines	41,189,297	41,895,422	1.70%	Thailand	74,280,189	42,493,357	-42.80%	United Kingdom	5,282,496	5,646,179	6.90%	Mexico	1,463,018	1,496,435	2.30%
15	Turkey	40,295,968	37,947,611	-5.80%	Sri Lanka	38,624,589	39,043,544	1.10%	Turks and Caicos Islands	7,311,186	5,614,883	-23.20%	Czech Republic	652,048	1,469,082	125.30%
16	Malaysia	34,669,422	32,805,563	-5.40%	France	33,439,499	32,241,207	-3.60%	Vietnam	5,440,874	5,273,150	-3.10%	Portugal	343,063	1,394,925	306.60%
17	Indonesia	40,679,687	28,438,937	-30.10%	Pakistan	33,979,508	29,010,819	-14.60%	Thailand	4,910,144	5,023,248	2.30%	Philippines	895,024	1,377,771	53.90%
18	Macau (Macao)	24,243,764	25,984,488	7.20%	Macau (Macao)	27,682,051	29,008,163	4.80%	Indonesia	4,529,614	4,288,640	-5.30%	United Kingdom	694,161	1,061,300	52.90%
19	Sri Lanka	18,844,375	21,051,077	11.70%	Bulgaria	18,237,405	24,510,528	34.40%	Egypt	1,817,556	2,448,272	34.70%	Hong Kong	833,137	963,453	15.60%
20	Vietnam	15,254,154	19,505,323	27.90%	Taiwan	27,497,351	22,331,402	-18.80%	France	2,865,174	2,442,280	-14.80%	Re-Imports (Canada)	533,894	844,696	58.20%
21	Peru	15,003,971	19,169,141	27.80%	Romania	11,122,743	17,103,518	53.80%	Germany	1,374,128	1,975,756	43.80%	Indonesia	920,006	795,100	-13.60%
22	Guatemala	12,329,883	16,193,822	31.30%	Russia	17,572,611	14,932,628	-15.00%	Spain	3,091,974	1,906,324	-38.40%	India	728,237	743,513	2.10%
23	France	17,208,479	16,153,537	-6.10%	Malaysia	27,045,249	14,631,212	-45.90%	Slovenia	52,480	1,884,413	3490.70%	France	996,263	716,522	-28.10%
24	U.S. Minor Outlying Islands	8,106,840	13,523,140	66.80%	Dominican Republic	13,320,477	13,942,147	4.70%	Dominican Republic	3,481,637	1,543,979	-55.60%	Cambodia	67,950	552,088	712.50%
25	Portugal	10,031,506	11,501,936	14.70%	Honduras	11,869,816	13,510,085	13.80%	Re-Imports (Canada)	1,012,502	1,525,779	50.70%	Malaysia	453,670	478,482	5.50%
26	Singapore	9,462,589	9,244,994	-2.30%	Guatemala	10,319,747	13,094,413	26.90%	El Salvador	1,513,579	1,483,438	-2.00%	Australia	338,449	360,881	6.60%
27	Egypt	6,263,398	8,702,641	38.90%	Mongolia	9,169,997	10,131,623	10.50%	Malaysia	1,171,808	1,104,807	-5.70%	Sri Lanka	272,553	312,791	14.80%
28	Burma (Myanmar)	16,989,588	8,183,279	-51.80%	Spain	9,280,819	9,812,058	5.70%	Netherlands	895,626	978,254	9.20%	New Zealand	144,062	255,471	77.30%
29	Mongolia	6,372,952	7,935,121	24.50%	Portugal	8,899,041	8,572,514	-3.70%	Russia	980,738	786,251	-19.80%	Nepal	167,592	242,869	44.90%
30	Haiti	7,926,982	7,536,586	-4.90%	Poland	8,409,951	8,287,335	-1.50%	Sweden	888,686	781,366	-12.10%	Macau (Macao)	113,415	154,037	35.80%

Source: Strategis

4. OPPORTUNITIES IN THE CANADIAN MARKET

4.1 Diversification

Bangladesh's primary exports in 2003 included animal and animal products, vegetable products, animal or vegetable fats, prepared foods, minerals, chemicals, plastics and rubber, hides and skins, wood and wood products, wood pulp, textiles and apparel, footwear and headgear, stone and related products, precious or semi-precious metals, base metals and articles thereof, machinery and mechanical appliances, transportation equipment, miscellaneous manufactures and works of art. Textiles and apparel, animal and animal products and hides/skins were the 3 most important export categories in 2003. Principal export commodities are jute manufactures, fish, leather, raw jute and tea (ADB, 2003)

Bangladesh's major markets for these export products are, in order of importance, the United States, Germany, UK, France, Netherlands, Italy, Belgium, Spain, Canada and Hong Kong/China (ADB, 2003). The US is the most important market, importing over US$ 2 billion followed by the various EU nations (when combined are the most important market at €3.6 billion).

Bangladesh depends heavily on the exports of textiles and clothing. In 2002, exports of textiles and clothing accounted for over 77 percent of Bangladesh's total merchandise exports—one of the highest shares among major exporting countries. For Canada, the US and the EU, textiles and apparel are the largest component of imports from Bangladesh. At the same time, Bangladesh depends on quota-restrained markets for about 94 percent of this sector's exports, among the highest ratios in the world (Mlachila & Yang, 2004). This combination of factors has the consequence that Bangladesh is potentially vulnerable to the large shock of the final stage of the ATC quota phase-out in 2005.

As a means to ameliorate the effects of the quota phase-outs in 2005, Bangladesh should investigate means to diversify its exports to Canada. One strategy is to examine Bangladesh's exports to Canada that have experienced high growth rates post-MAI, even if overall value is relatively small. Sectors that have high growth rates from 2003 to 2004 indicate an export gain likely due to the MAI and could prove to be sustainable sectors to foster and develop. The second strategy is to study exports to other developed markets to determine what goods Bangladesh is capable of, but not exporting to Canada. Textiles and apparel will be excluded as the purpose of this discussion is to find means of diversifying Bangladesh's exports away from its leading sectors.

4.2 Growth Sectors

Table 8 provides Canada's total imports from Bangladesh from 1995-2004. There are thirty-four HS2 categories that have either been consistently increasing exports since 2002 or are new exports since the implementation of the MAI in 2003 and are shaded. There are twenty-four HS2 categories Bangladesh is exporting to Canada that reached their highest export values ever in 2004. There are five HS2 chapters with growth in the thousands of percent (one at over 54,000%), nineteen chapters with 3-digit growth, and eleven with double-digit growth. Conversely, there are sixteen chapters with negative growth.

Table 8. Bangaldesh's Exports to Canada, 10 Year Comparison, HS2, Cdn $

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	% change, 2002 to 2004	pattern from 2002 onwards	historical export pattern, past 10 years
HS 01 - Live Animals	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 02 - Meat and Edible Meat Offal	--	--	--	10	--	--	--	--	--	--	none	none	1998 only
HS 03 - Fish, Crustaceans, Molluscs and Other Aquatic Invertebrates	1,978,024	2,973,267	9,721,668	5,854,280	7,261,569	8,595,436	4,232,373	1,871,102	3,275,338	3,951,504	111.19%	increasing	highest in 1997
HS 04 - Dairy Produce, Eggs, Honey and Other Similar Edible Products of Animal Origin	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 05 - Products of Animal Origin Not Elsewhere Classified	--	--	--	--	--	--	--	--	--	18	new	new	new
HS 06 - Live Trees and Other Plants (Incl. Cut Flowers and Ornamental Foliage)	3,310	706	567	--	--	--	--	--	--	--	none	none	none since 1997
HS 07 - Edible Vegetables and Certain Roots and Tubers	32,290	35,748	17,432	62,791	108,722	145,245	208,901	127,548	224,782	304,817	138.98%	increasing	highest exports in 2004
HS 08 - Edible Fruits and Nuts	5,396	344	3,057	22,265	40,145	49,851	63,877	26,565	34,355	36,816	38.59%	increasing	highest in 2001
HS 09 - Coffee, Tea, Maté and Spices	--	388	--	38,166	749	6,127	6,381	1,071	3,747	16,767	1465.55%	increasing	highest in 1998
HS 10 - Cereals	12,112	--	--	13,199	8,651	23,870	20,018	21,411	51,813	56,258	162.75%	increasing	highest in 2004
HS 11 - Products of the Milling Industry; Malt, Straches, Inulin and Wheat Gluten	109	--	--	127	--	--	383	1,350	--	8,457	526.44%	variable	sporadic, highest in 2004
HS 12 - Oil Seeds, Oleaginous Fruits, Industrial or Medicinal Plants, Straw and Fodder	--	1,114	13	22	4	--	--	--	--	708	new 2002-04	new	1996-1999 only
HS 13 - Lac, Gums, Resins and Other Vegetable Saps and Extracts	447	--	--	--	--	--	--	--	--	--	none	none	1995 only
HS 14 - Vegetable Plaiting Material and Other Similar Vegetable Products	6,154	506	734	--	86	168	--	--	--	--	none	none	intermittent
HS 15 - Fats, Oils, Their Cleavage Products and Waxes	--	--	--	1,108	158	211	1,478	3,000	949	3,891	29.70%	variable	highest in 2004
HS 16 - Meat, Fish and Seafood Preparations	79,771	14,678	697,125	153,061	282,405	658	--	--	--	483	new 2002-04	new	intermittent, highest in 1997
HS 17 - Sugars and Sugar Confectionery	--	--	726	14,054	6,870	6,150	4,978	4,967	5,860	8,293	66.96%	increasing	highest in 1998
HS 18 - Cocoa and Cocoa Preparations	--	--	--	6,179	2,201	--	--	--	--	--	none	none	only in 1998 & 1999
HS 19 - Preparations of Cereals, Flour, Starch or Milk (Including Bread and Pastry)	1,837	819	2,577	15,865	10,072	13,240	12,542	20,526	18,333	57,978	182.46%	variable	highest in 2004
HS 20 - Preparations of Vegetables, Fruit, Nuts or Other Parts of Plants	--	--	3,364	15,208	10,432	10,353	7,120	3,233	8,518	34,725	974.08%	increasing	highest in 2004
HS 21 - Miscellaneous Edible Preparations	--	--	--	1,858	2,085	337	--	--	54	12,953	new 2002-04	increasing	intermittent, highest in 2004
HS 22 - Beverages, Spirits and Vinegar	--	--	--	1,472	286	--	--	--	--	12	new 2002-04	new	intermittent
HS 23 - Residues and Waste from the Food Industries, and Prepared Animal Fodder	--	--	--	200	59	241	--	--	--	--	intermittent	none	none since 2000
HS 24 - Tobacco and Manufactured Tobacco Substitutes	--	--	--	--	--	1,037	--	55	57	3	-94.55%	declining	intermittent
HS 25 - Salt, Sulfur, Earths, Lime, Stone, Cement and Plastering Materials	4,287	15,772	25,878	32,437	32,978	17,865	13,849	19,906	4,129	--	declining	declining	highest in 1999
HS 26 - Ores, Slag and Ash	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 27 - Mineral Fuels, Mineral Oils, Bituminous Substances and Mineral Waxes	--	--	--	88	104	--	--	--	--	--	intermittent	none	only in 1998 & 1999
HS 28 - Inorganic Chemicals and Compounds of Precious Metals and Radioactive Elements	--	--	--	5	--	--	--	--	--	--	none	none	only in 1998
HS 29 - Organic Chemicals (Including Vitamins, Alkaloids and Antibiotics)	--	--	--	--	--	--	--	--	--	33	new	new	new in 2004
HS 30 - Pharmaceutical Products	--	--	130	27	6	--	--	--	2,544	28	intermittent	declining	intermittent

Table 8 continued. Bangaldesh's Exports to Canada, 10 Year Comparison, HS2, Cdn $

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	% change, 2002 to 2004	pattern from 2002 onwards	historical export pattern, past 10 years
HS 31 - Fertilizers	--	--	--	--	--	--	--	--	7,498,412	--	once	variable	only in 2003
HS 32 - Tannins, Dyes, Pigments, Paints, Varnishes, Inks, Putty and Other Similar Substances	--	--	153	334	212	--	15	--	1,354	86	intermittent	variable	highest in 2003
HS 33 - Essential Oils and Resinoids, Perfumes, Cosmetics and Toilet Preparations	--	--	6,018	13,184	527	6,105	3,055	--	960	1,690	intermittent	increasing	highest in 1998
HS 34 - Soap, Washing and Lubricating Preparations, Waxes and Related Articles	--	--	10,244	2,289	1,237	3,360	2,338	1,196	2,945	25,923	2067.47%	increasing	highest exports in 2004
HS 35 - Albuminoidal Substances, Modified Starches, Glues and Enzymes	--	--	--	87	34	--	--	--	--	--	none	none	only in 1998 & 1999
HS 36 - Explosives, Matches and Other Miscellaneous Combustible Preparations	--	--	--	5	--	--	--	--	--	--	none	none	only in 1998
HS 37 - Photographic or Cinematographic Goods	--	--	--	927	897	--	--	159	--	--	intermittent	declining	intermittent
HS 38 - Miscellaneous Chemical Products	--	--	--	81	17	--	114	--	--	1	intermittent		intermittent
HS 39 - Plastics and Articles Thereof	--	4,603	138,992	423,900	5,144	60,806	385,454	223,100	1,195,193	376,476	68.75%	variable	highest in 2003
HS 40 - Rubber and Articles Thereof	--	--	--	494	568	--	246	22,732	889	6,215	-72.66%	variable	highest in 2002
HS 41 - Raw Hides, Skins (Other than Furskins) and Leather	182,862	53,809	28,472	64,918	64,401	9,923	90,955	18,832	22,070	83,478	343.28%	increasing	highest in 1995
HS 42 - Articles of Leather, Saddlery and Harness, Travel Goods, Hanbags and Similar Containe	122,088	148,519	197,674	115,753	136,355	838,825	828,024	562,565	270,456	256,241	-54.45%	declining	highest in 2000
HS 43 - Furskins, Artificial Fur and Related Articles of Apparel or Clothing Accessories	--	--	--	--	--	--	--	1,760	--	--	none	declining	only in 2002
HS 44 - Wood and Articles of Wood (Incl. Wood Charcoal)	6,472	2,769	111	903	1,720	1,406	198	2,162	194	876	-59.48%	variable	highest in1995
HS 45 - Cork and Articles of Cork	--	--	--	13	10	--	--	159	--	--	intermittent	declining	intermittent
HS 46 - Straw and Other Plaiting Materials; Basketware and Wickerwork	94,068	37,645	27,913	31,559	69,079	81,379	69,476	64,610	112,907	112,973	74.85%	increasing	highest in 2004
HS 47 - Pulp of Wood and The Like; Waste and Scrap of Paper or Paperboard	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 48 - Paper, Paperboard and Articles Made From These Materials	12,199	4,852	27,382	92,272	58,904	31,657	20,638	29,507	35,805	9,999	-66.11%	variable	highest in 1998
HS 49 - Printed Books, Newspapers, Pictures, Manuscripts and The Like	28,226	3,879	10,820	41,891	25,545	18,534	12,905	15,358	24,436	26,198	70.58%	increasing	highest in 1995
HS 50 - Silk	--	--	--	--	13,506	--	--	--	--	43	intermittent	new 2002-04	highest in 1999
HS 51 - Wool, Wool Yarns and Wool Fabrics	--	--	--	--	--	--	--	--	--	1	new	new	only in 2004
HS 52 - Cotton, Cotton Yarns and Cotton Fabrics	--	--	49,809	--	--	2,142	1	22,536	167,933	200,636	790.29%	increasing	intermittent, highest in 2004
HS 53 - Other Vegetable Textile Fibers, Yarns and Fabrics	4,971,149	2,686,409	1,931,348	2,981,244	3,930,413	4,239,771	2,468,007	2,341,350	2,363,023	2,935,403	25.37%	increasing	highest in 1995
HS 54 - Man-Made Filaments, Filament Yarns and Fabrics	--	--	--	90	550	--	--	322	3	1	-99.69%	declining	intermittent
HS 55 - Man-Made Staple Fibers, Staple Fiber Yarns and Fabrics	--	--	222,753	15	1,259	162	64,513	62	7,289	33,613	54114.52%	increasing	highest in 1997
HS 56 - Wadding, Felt, Nonwovens, Twine, Cordage, Rope, Cables and Related Articles	--	1,188	21,968	36,383	23,913	49,169	30,847	370,379	76,829	125,149	-66.21%	variable	highest in 2002
HS 57 - Carpets and Other Textile Floor Coverings	239,254	279,403	205,699	204,582	45,159	83,656	60,484	35,683	26,292	93,297	161.46%	variable	highest in 1996
HS 58 - Special Woven or Tufted Fabrics, Lace, Trimmings, Embroidery and Tapestries	74,558	34,235	27,024	7,145	15,681	48,968	13,341	28,043	49,624	95,804	241.63%	increasing	highest in 2004
HS 59 - Coated, Impregnated, Covered or Laminated Fabrics and Industrial Textiles	--	--	--	--	88	64	253	--	1,314	1,431	intermittent	increasing	highest in 2004
HS 60 - Knitted or Crocheted Fabrics	6,531	--	--	3,639	--	--	--	1,208	20,349	82,091	6695.61%	increasing	intermittent until 2002, highest in 2004

Table 8 continued. Bangaldesh's Exports to Canada, 10 Year Comparison, HS2, Cdn $

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	% change, 2002 to 2004	pattern from 2002 onwards	historical export pattern, past 10 years
HS 61 - Knitted or Crocheted Clothing and Articles of Apparel	33,268,991	28,846,190	33,959,240	54,391,115	60,909,944	67,171,853	78,772,045	73,407,616	125,386,363	176,458,356	140.38%	increasing	highest in 2004
HS 62 - Woven Clothing and Articles of Apparel	56,331,198	49,790,174	67,524,070	65,786,894	63,662,306	82,503,674	76,168,453	61,800,684	171,616,073	269,006,923	335.28%	increasing	highest in 2004
HS 63 - Other Made-Up Textile Articles and Worn Clothing	187,093	141,936	1,966,113	2,969,059	5,352,612	5,960,634	15,841,919	12,079,226	27,697,600	25,318,277	109.60%	variable	highest in 2003
HS 64 - Footwear	573,332	163,444	153,112	36,502	22,849	124,401	4,861	243,132	140,675	1,155,073	375.08%	variable	highest in 2004
HS 65 - Headwear	484,797	489,190	1,808,612	4,242,702	4,678,472	4,853,510	5,183,952	5,600,298	5,584,323	5,984,869	6.87%	variable	highest in 2004
HS 66 - Umbrellas, Whips, Walking-Sticks and Similar Articles	--	--	--	172	143	--	12	523	310	--	declining	declining	intermittent
HS 67 - Prepared Feathers and Downs, Artificial Flowers and the Like	213,235	134,643	113,805	84,239	130,934	132,894	168,074	155,687	144,731	142,395	-8.54%	declining	highest in 1995
HS 68 - Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials	10,792	15,363	16,331	20,819	19,596	29,602	42,657	137	179	549	300.73%	increasing	highest in 2001
HS 69 - Ceramic Products	238,375	296,679	308,941	354,645	139,811	203,021	773,497	2,800,028	1,344,942	761,398	-72.81%	variable	highest in 2002
HS 70 - Glass and Glassware	--	203	293	862	889	1,924	16,362	2,166	11,242	26,928	1143.21%	increasing	highest in 2004
HS 71 - Pearls, Precious Stones or Metals, Coins and Jewellery	24,297	1,357	--	249	5,742	1,796	2,007	1,792	1,911	2,383	32.98%	increasing	highest in 1995
HS 72 - Iron and Steel	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 73 - Articles of Iron or Steel	404	15,394	3,472	6,260	2,975	953	3,108	330	810	572	73.33%	variable	highest in 1996
HS 74 - Copper and Articles Thereof	22,863	5,394	3,500	2,652	645	4,386	1,773	--	3,250	--	none	variable	intermittent, highest in 1995
HS 75 - Nickel and Articles Thereof	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 76 - Aluminum and Articles Thereof	--	--	--	541	15,148	6,131	447	839	688	4,307	413.35%	increasing	highest in 1999
HS 78 - Lead and Articles Thereof	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 79 - Zinc and Articles Thereof	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 80 - Tin and Articles Thereof	--	--	--	31	852	--	--	--	--	--	none	none	only in 1998 & 1999
HS 81 - Other Base Metals, Cermets and Articles Thereof	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 82 - Tools, Implements, Cutlery, Spoons and Forks of Base Metals	--	--	80	2,396	1,161	161,360	308	76,064	124,712	31,276	-58.88%	variable	highest in 2000
HS 83 - Miscellaneous Articles of Base Metal	228	5,375	16	1,802	1,812	636	13,277	771	1,118	3,320	330.61%	increasing	highest in 2001
HS 84 - Nuclear Reactors, Boilers, Machinery and Mechanical Appliances	1,449	1,591	15,872	17,993	56,161	1,542,075	2,282,006	23,001	17,465	3,306	-85.63%	declining	highest in 2001
HS 85 - Electrical or Electronic Machinery and Equipment	151,170	24,000	67,252	207,078	55,323	22,342	32,408	32,672	12,453	22,253	-31.89%	variable	highest in 1998
HS 86 - Rail Transportation (incl. Tramways and Traffic Signalling Equipment)	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 87 - Motor Vehicles, Trailers, Bicycles, Motorcycles and Other Similar Vehicles	--	--	88,926	269,878	462,111	74	618	195	423	74	-62.05%	variable	highest in 1999
HS 88 - Aircrafts and Spacecrafts	--	--	--	--	--	24,807	868	259	20	431	66.41%	variable	new and highest in 2000
HS 89 - Ships, Boats and Floating Structures	--	--	--	146	334	74	41	--	148	--	none	variable	intermittent
HS 90 - Optical, Medical , Photographic, Scientific and Technical Instrumentation	2,739	--	3,186	4,087	4,583	775	33,444	8,431	16,956	176	-97.91%	variable	highest in 2001
HS 91 - Clock and Watches and Parts Thereof	--	--	--	284	--	14	--	380	176	--	declining	declining	intermittent
HS 92 - Musical Instruments	--	--	--	308	347	--	--	791	3,917	3,635	359.54%	variable	highest in 2003
HS 93 - Arms and Ammunitions and Parts Thereof	--	--	--	--	--	--	--	--	--	--	none	none	never
HS 94 - Furniture, and Stuffed Furnishings, Lamps and Illuminated Signs; Prefabricated Buildings	8,570	9,095	3,912	25,188	16,672	25,866	411,767	509,875	1,018,861	199,000	-60.97%	variable	highest in 2003
HS 95 - Toys, Games, Sporting Goods and Other Goods for Amusement	1,417,634	1,570,605	1,491,072	1,553,461	868,404	974,492	1,239,779	2,008,885	2,113,976	2,400,668	19.50%	increasing	highest in 2004
HS 96 - Miscellaneous Manufactured Articles	285	--	316	5,778	41,221	122,903	180,680	373	1,151	85	-77.21%	variable	highest in 2001
HS 97 - Works of Art, Collector's Pieces and Antiques	--	--	--	--	--	--	--	446	2,082	1,815	306.95%	variable	new in 2002, highest in 2004
Bangladesh, Total Exports to Canada	100,798,596	87,811,286	120,907,772	140,239,271	148,613,848	178,216,913	189,797,127	164,597,058	350,755,311	490,489,438	197.99%	increasing	total exports have increased nearly 200% between 2002 to 2004

Source: Strategis

Table 8 shows Bangladesh's varying export patterns for many HS2 categories over the past decade, where some goods have been consistently exported to Canada, such as HS03. Others have been exported intermittently, with long periods where no products are exported or only a year or two in between exports. Other products have been one-off exports. Table 8 provides the basis for determining what Bangladesh is currently capable of exporting as indicated by chapters with high growth post-MAI, or existing chapters with high growth, post-MAI, despite low actual value or volume. This is particularly true if long periods where no exports of a specific chapter are present, or exports of a chapter were intermittent until 2003. Best prospects for enhancing Bangladesh's exports are those chapters with consistent exports prior to and growth since 2003. Unless otherwise indicated, all dollar values are in Canadian dollars and all data is sourced from Strategis[11].

HS2 chapters with significant growth (50% and over between 2002-2004) and some volume at the HS2 level (over $50,000 total in 2004), indicating Bangladesh's existing export capability and a degree of successful market entry include:

HS03 – Seafood	HS07 – Edible Vegetables	HS10 – Cereals
HS19 – Cereal Preparations	HS41 – Hides and skins	HS46–Straw,
wicker/basketware	HS53 – Vegetable fabrics	HS57 – Carpets
HS58 – Special fabrics	HS64 – Footwear	

At the HS2 level, seafood shows 111% growth from 2002-2004. Within the chapter, two HS6 categories, HS030490 – miscellaneous frozen fish meat and frozen shrimp (HS030613) have grown by 337% and 178% respectively. Frozen shrimp is now Bangladesh's largest export of HS03 to Canada, valued at over $3 million. Also in 2004, Bangladesh exported frozen crabs ($19,292 worth, after the only other export in 2001 valued at $2695), dried fish ($613, of which, Bangladesh had consistently exported from 1995-2000) and scallops ($13,946 – the first time in the past 10 years) to Canada in 2004.

Vegetable/fruit preparations, HS07, has also grown with five new export categories and rapid growth in existing products, ranging from 86–2500%. Bangladesh's traditional HS07 export of miscellaneous fresh or chilled vegetables (HS070990) grew 9% to $209,040 in 2004. However, Bangladesh also exported new categories of HS07 in 2004, including:

Table 9. Bangladesh's Exports of HS07 to Canada, 2004

HS Code	Description	Export Value $
HS 070820	Fresh or chilled beans	3,455
HS 071022	Frozen beans	8,960
HS 071029	Miscellaneous Legumes	6,594
HS 071080	Frozen Miscellaneous Vegetables	52,695
HS 071120	Olives not ready for consumption	3,576
HS 071310	Dried and Shelled Peas	2,417
HS 071490	Arrowroot and tubers	520

Bangladesh's exports of HS10 – Cereals to Canada in 2004 consists entirely of rice, valued at over $56,000, more than double 2002 levels, and marks the highest export value ever reached in this category.

[11] The term 'miscellaneous' is substituted for Strategis's term 'not-elsewhere-specified' or NES

Cereal-based food preparations have benefited from the MAI with rapid growth rates in two existing exports, HS1904 and HS1905, of 105% and 298% respectively. HS1901 was introduced as an export, consisting entirely of mixes and dough for baking, with an initial value of $13,667 in 2004. HS1904 can be broken into HS190490 (pre-cooked cereals) as the major product with a value of just over $1,000 and HS190420 (foods of un-roasted cereal flakes) as a new export in 2004, valued at under $500. HS1905 consists of crispbread (HS190510 is a new export valued at $1686), sweet biscuits (HS190530 grew 159% from 2003), toasted products (HS190540 is new at $6474) and HS 190590 – bakers' ware, communion wafers, empty cachets etc, grew by 270% to over $15,000. The only category in HS19 to not gain from the MAI is HS1902 – pasta, which declined by over 70% in 2004.

For HS41, Bangladesh had exported mostly HS 4104 (bovine leather) prior to the MAI and this product grew by 14.1% post-MAI to over $33,000. Exports of HS4106 (goat leather) and HS4107 (other leathers) are new exports in 2004, with values over $2,000 and $56,000 respectively. Other leathers are now the major leather product exported to Canada.

In terms of HS46, the majority of Bangladesh's exports to Canada consist of basketware and wickerware, valued at over $108,000 in 2004. The remainder is comprised on plaited materials and mats.

Canada's imports of vegetable-based fabrics (HS53) from Bangladesh are comprised mainly of jute-based products. Two of three categories in HS53 grew by over 70% post-MAI, while one grew marginally by 2.7%. As the global demand for jute has been stagnant, this growth is a welcome change for jute exporters. Table 10 summarises HS53 exports from Bangladesh to Canada.

TABLE 10 – BANGLADESH'S HS53 EXPORTS TO CANADA, 2003 & 2004, CDN$

Description	2003	2004	% change
HS 5303 - JUTE AND OTHER TEXTILE BASED FIBRES; TOW AND WASTE OF JUTE	8,171	14,473	77.1%
HS 5307 - YARN OF JUTE OR OF OTHER TEXTILE BASED FIBRES	1,301,403	1,336,988	2.7%
HS 5310 - WOVEN JUTE/TEXTILE BASED FIBRE FABRICS	732,186	1,245,484	70.1%

The composition of Bangladesh's exports of carpets (HS57) also changed post-MAI. Woven floor coverings/carpets (HS5702) and miscellaneous carpets (HS5705) both grew, to over $61,133 (596%) and $29,011 (95.4%) respectively. Knotted (HS5701) and tufted (HS5703) carpets were eliminated from the export mix in 2004.

Special fabrics have also seen a large change in composition post-MAI. Terry towels (HS5802) and labels & badges (HS5807) were new exports in 2004 valued at $13,602 and $62,456 respectively. Conversely, HS5806, narrow woven fabrics declined by over 60% from over $49,000 in 2003 to just over $19,000 in 2004.

For HS64, Bangladesh's footwear exports to Canada have changed significantly since the MAI. Exports of both rubber/plastic (HS6401 and 02) and textile (HS6404) footwear have declined dramatically to nearly zero from a combined value of nearly $100,000 in 2003. The MAI reduced barriers to leather footwear (HS6403) and 2004 marks the first year Bangladesh exported these products to Canada, valued at over $1 million.

There are also products with significant growth rates since 2002, whose value is less than $50,000 but greater than $5,000. These products could also prove promising as a means to expand Bangladesh's export focus away from textiles and apparel and include:

HS08 – Edible fruits and nuts HS09 – Coffee & Tea HS11– Milled Products HS17 – Sugar and confectionary HS20 – Vege/fruit preparations HS21 – Edible Preparations HS34 - Soap and Lubricants HS49 – Printed Materials HS55 – Synthetic Textiles HS70 – Glass and glassware

In terms of HS08 – fruits and nuts, Bangladesh has exported some new categories in 2004 that it had not for the past five years, including HS 0801 – coconuts/brazil nuts and cashews ($53), HS 0803 - bananas ($157), HS 0807 – fresh melons, papayas and watermelons ($675) and frozen fruits and nuts (HS0811) valued at $257 in 2004. The category experiencing the largest growth has been HS 0804 – dates, figs, pineapples, avocadoes etc which increased to $2370 in 2004 from $26 in 2001. Bangladesh's exports of HS0805 – citrus fruits has remained relatively constant in the past five years.

HS09 – coffee, tea, & spices has also exhibited growth in exports to Canada. Exports of tea (HS0902) has declined by over 50%, but is more than compensated for by the growth in spice mixtures (HS 091091) of two or more spices, which grew 669% to over $14,000, bay and thyme leaves (HS 091040) valued at $546, a 15% increase, and dried, crushed or ground chili peppers (HS 090420), a new export in 2004 valued at $430.

Milled products (HS11) are a completely new export category in 2004, comprised entirely of maize groats (HS110313) and miscellaneous cereal groats (HS110319), valued at $6,541 and $1,916 respectively in 2004.

Sugar and confectionary products consist of HS1701 – cane or beet sugar which has remained relatively constant in the past five years, ranging in value between $4900 to a high of $6700 in 2004. Molasses (HS1702) is a new export in 2004 (no exports in the past 5 years) valued at nearly $1000. Chewing gum and other confectionary (HS1703) is also a new export in 2004 valued at just under $500.

Table 11 provides details for HS20 - preparations of vegetables, fruit, nuts or other parts of plants, including seven new export categories and spectacular growth, accompanied by measurable values.

TABLE 11. BANGLADESH'S HS20 EXPORTS TO CANADA

Product Code	Detailed description	Value in 2004(Cdn$)	% growth over 2003
HS2001	Pickled vegetable, fruits or nuts	$24,462	208%
HS200110	Cucumbers & gherkins	$11, 353	1190%
HS200190	Miscellaneous vegetables	$13,109	86%
HS200520	Potatoes and other vegetables, preserved without freezing or vinegar	$768	new
HS200799	Cooked fruits/jams, jellies, puree	$6673	2569.2%
HS2008	Non-cooked fruit preparations	$1196	new
HS200819	Miscellaneous nuts and seeds, prepared	$637	new
HS200899	Miscellaneous fruits, prepared	$559	new
HS2009	Fruit and vegetable juices	$924	new
HS200980	Miscellaneous juices	$802	new
HS200990	Mixture of juices	$119	new

HS21 underwent dramatic growth from 2003 to 2004: the largest change has been in mixed sauces and condiments (HS 2103) which grew by over 22,000% to $12,034. Tea extracts (HS210120) and soups/broth (HS210410) also gained, however their values are minor, $692 and $224 respectively. Exports of HS34 consist entirely of soap other than for toilet use (HS340119) and candles (HS340600) which grew by 412% and 810% respectively.

HS34 – Soaps and lubricants have seen growth in several sub-categories in 2004 including HS 3401 – soap which reached the highest value of $1569 in 2004 from a low of $317 in 2000. The only other significant category is HS 3406 – Candles etc which has increased significantly in 2004 to $24,354 from a low of $476 in 2002.

Most categories of HS49 have been consistently exported by Bangladesh for the past ten years, with wide variance in values from year to year. However, HS4902 – printed newspapers and journals has grown significantly from 2003-2004 to over $9600 from a low of $1800 in the past 5 years.

In HS55, two new categories were exported to Canada in 2004, HS5509 and HS5513 valued at $33,111 and $346 respectively. Table 12 summarises Bangladesh's HS55 exports to Canada in 2004.

TABLE 12. BANGLADESH'S EXPORT PROFILE OF HS55 TO CANADA, 2004

Code	Description	Value or change
HS 5509	Synthetic spun yarn, staple fibres, non-retail	$33,111 – new in 2004
HS 5513	Woven fabrics, synthetic staple fibres, (<85%) mixed with cotton fibres, <170G/M2	$346 – new in 2004
HS5514	Woven fabrics, synthetic staple fibres, (<85%) mixed with cotton fibres, >170G/M2	Declined to 0 in 2004 from $6534 in 2003
HS5516	Woven fabrics of artificial staple fibres	$155, growth of 115.3% from 2003

Glass products (HS70) saw rapid expansion of one category, HS7019 – glass fibres, in 2004 while exports of three others disappeared completely. HS7019 grew by 410% to $26,928 while household glassware, the largest export in 2003, declined completely to zero from $2261.

These products appear to have benefited from the MAI and focusing on increasing their existing volumes are the best means to diversify Bangladesh's export mix to Canada in the immediate to short term. Table 13 summarises trade in these products.

TABLE 13. SPECIFIC SECTORS TO POTENTIALLY DEVELOP: DIVERSIFICATION OF BANGLADESH'S EXPORT MIX TO CANADA IN THE IMMEDIATE TO SHORT TERM

Code	Description	% growth or value
HS030490	Fish meat NES – fresh, chilled or frozen	29.60% to $218982
HS 030559	Dried fish (other than cod), not smoked	New - $613
HS 030613	Shrimps and prawns, frozen	Grew 15.10% to 2,432,302
HS 030614	Crabs, frozen	New - $19292
HS 030729	Scallops, frozen, salted, dried or in brine	New - 13,946
HS 070820	Fresh or chilled beans	New - $3,455
HS 071022	Frozen beans	New - $8,960
HS 071029	Miscellaneous Legumes	New - $6,594
HS 071080	Frozen Miscellaneous Vegetables	New - $52,695
HS 071120	Olives not ready for consumption	New - $3,576
HS 071310	Dried and Shelled Peas	New – $2,417
HS 071490	Arrowroot and tubers	New – $520
HS 0801	coconuts/brazil nuts and cashews	New - $53
HS 0803	bananas	New - $157

Code	Description	% growth or value
HS 0804	dates, figs, pineapples, avocadoes etc	Grew to $2370 in 2004 from $26 in 2001
HS 0807	fresh melons, papayas and watermelons	New - $675
HS0811	frozen fruits and nuts	New - $257
HS 091091	Spice mixtures of two or more spices	Grew 669% to over $14,000
HS 091040	Bay and thyme leaves	Grew 15% to $546
HS 090420	Ground dried chili peppers	New - $430
HS1006	Rice	Grew from $20,000+ to $56 258
HS 110313	Maize groats and meal	New - $6,541
HS 110319	Cereal groats and meal miscellaneous	New - $1,916
HS1702	Molasses	New - $1000
HS1703	Chewing gum and other confectionary	New - $500
HS1901	Mixes and dough for baking	New - $13,667
HS1904		Grew 105%
HS190490	Pre-cooked cereals	New - $1,000
HS190420	Foods of un-roasted cereal flakes	New - $500
HS1905		Grew 298%
HS190510	Crisp bread	New - $1686
HS190530	Sweet biscuits	Grew 159%
HS190540	Toasted products	New - $6474
HS 190590	Bakers' ware communion wafers, empty cachets	Grew 270% to over $15,000
HS2001	Pickled vegetable, fruits or nuts	Grew 208% to $24,462
HS200110	Cucumbers & gherkins	Grew 1190% to $11,353
HS200190	Miscellaneous vegetables	Grew 86% to $13,109
HS200520	Potatoes and other vegetables, preserved without freezing or vinegar	New - $768
HS200799	Cooked fruits/jams, jellies, puree	Grew 2569.2% to $6673
HS2008	Non-cooked fruit preparations	New - $1196
HS200819	Miscellaneous nuts and seeds, prepared	New - $637
HS200899	Miscellaneous fruits, prepared	New – $559
HS2009	Fruit and vegetable juices	New - $924
HS200980	Miscellaneous juices	New – $802
HS200990	Mixture of juices	New – $119
HS210120	Tea extracts	New - $694
HS210410	Soup & broth	New - $224
HS340119	Soap not for toilet use	Grew 412%
HS340600	Candles	Grew 810%
HS4107	Other leathers	New - $56,000
HS4104	Bovine leather	Grew 14.1%
HS4602	Basketware & wickerware	Grew to $108,000 in 2004 from $64,583 in 2002
HS4902	Printed journals and newspapers	Grew to $9634 from $1800+ in 2002
HS5303	Jute & other textile based fibres, tow and waste of jute	Grew – 77%
HS5310	Woven jute/textile based fabrics	Grew – 70%
HS5509	Synthetic spun yarn, staple fibres, non-retail	New - $33,111
HS5513	Woven fabrics, synthetic staple fibres, (<85%) mixed with cotton fibres, <170G/M2	New - $346
HS5516	Woven fabrics of artificial staple fibres	Grew 115.3% to $155
HS5702	Woven floor coverings/carpets	Grew – 596% to $61,133
HS5705	Miscellaneous carpets	Grew 95.4% to $29,011
HS5802	Terry towels	New - $13,602
HS5807	Labels & badges	New - $62,456
HS6403	Leather footwear	New - $1 million+
HS7019	Glass fibres	Grew 410% to $26,928

HS2 chapters with high growth between 2003 and 2004, but relatively small values and volumes (under $5000 total) include:

HS05 – Animal products NES HS12 – Oilseeds HS15 – Fats and oils
HS16 – Meat, fish, seafood preparations HS22 – Beverages etc
HS29 – Organic chemicals HS33 – Toiletries/Cosmetics HS50 – Silk
HS51 – Wool HS59 – Coated Textiles HS68 – Stone products
HS71 – Pearls and precious stones HS76 – Aluminum HS83 – Misc. Metal goods
HS88 – Aircraft HS97 – Art & antiques

Table 14 lists the detailed breakdown of these categories.

TABLE 14. SPECIFIC SECTORS TO DEVELOP IN ORDER TO DIVERSIFY BANGLADESH'S EXPORT MIX TO CANADA IN THE MEDIUM TO LONG TERM

Code	Description	% growth or value
HS 051199	OTHER PRODUCTS OF ANIMAL ORIGIN NES – UNFIT FOR HUMAN CONSUMPTION	New - $18
HS 120740	SESAMUM SEEDS (WHETHER OR NOT BROKEN)	New – 554
HS 120750	MUSTARD SEEDS (WHETHER OR NOT BROKEN	New – 154
HS 151319	COCONUT (COPRA) OIL AND ITS FRACTIONS – REFINED BUT NOT CHEMICALLY MODIFIED	Grew 144% to 2317 from 949
HS 151491	RAPE (CANOLA), COLZA OR MUSTARD OIL NES – CRUDE	New - $229
HS 151499	RAPE (CANOLA), COLZA OR MUSTARD OIL NES – NOT CRUDE	New – 1946
HS 160239	MEAT AND MEAT OFFAL OF OTHER POULTRY NES – PREPARED OR PRESERVED	New – 483
HS2202	WATER AND NON-ALCOHOLIC BEVERAGES (EXCL. JUICES) - WITH SUGAR, SWEETENING OR FLAVOURING	New - $12
HS 2927	DIAZO-, AZO- OR AZOXY-COMPOUNDS	New - $33
HS 330129	ESSENTIAL OILS NES	New – 838
HS 330499	BEAUTY OR MAKE-UP PREPARATIONS NES (INCLUDING SUNSCREEN OR SUNTAN PREPARATIONS	Grew 378.6% to $852 from $178
HS 3822	COMPOSITE DIAGNOSTIC OR LABORATORY REAGENTS, NES (EXCL THOSE FROM BLOOD, ANTISERA AND MICROBES	New – 1
HS 5007	WOVEN FABRICS OF SILK OR SILK WASTE	New – 43
HS 5107	YARN OF COMBED WOOL- 85% OR MORE WOOL – NOT FOR retail	New – 1
HS 6804	MILLSTONES, GRINDSTONES, GRINDING WHEELS, HAND SHARPENING OR POLISHING STONES	New – 193
HS7117	IMITATION JEWELLERY	Grew 66% from $1578 to $2379
HS 7616	OTHER ARTICLES OF ALUMINUM	Grew 2591.9% to 4307
HS 8306	BELLS, GONGS, STATUETTES, ORNAMENTS, PICTURE OR MIRROR FRAMES – BASE METAL	Grew 102.8% to 2129
HS 8308	METAL CLASPS, BUCKLES, HOOKS, EYES, EYELETS AND THE LIKE; TUBULAR OR BIFURCATED RIVETS OF METAL	New – 17
HS 8803	PARTS OF HELICOPTERS, AIRPLANES, BALLOONS, DIRIGIBLES AND SPACECRAFT	Grew 2055% to 431
HS 9703	ORIGINAL SCULPTURES AND STATUARY IN ANY MATERIAL	New 1815

These products appear to be gaining benefit from the MAI and their small volumes indicate more nascent stages of combining export capability with market entry. Bangladesh may be export ready in these products but has not yet achieved significant market penetration or may not yet be export ready. These products may contribute to broadening Bangladesh's export diversity in the medium to long-term.

It is noteworthy that this data pertains to the first two years of the MAI and export patterns will continue to evolve and change. Continued monitoring and analysis is required to determine changes in import demand patterns in Canada for Bangladesh's products.

4.3 The United States

The United States is Bangladesh's second largest market for exports after the EU (IMF, 2003). Table 15 lists Bangladesh's top exports to the United States for 2003-04 at the HS6 level, while Table 16 provides HS2 information for the same period. Products that Bangladesh is currently exporting to the US and not to Canada may provide opportunities to diversify exports to Canada, given similar consumer tastes and common marketing techniques. Products with high growth rates in the US could be promising avenues to broaden exports to Canada.

Table 15. Bangladesh's Top Exports to the US, HS6, 2003-04, thousands of US$ and % change

Ranked By Value	Jan-Oct 2003	Jan-Oct 2004	% Change 2004/2003
620520 - MENS/BOYS SHIRTS - WOVEN - COTTON	206,053	214,844	4.30%
620342 - MENS/BOYS TROUSERS, OVERALLS AND SHORTS - WOVEN - COTTON	106,788	163,229	52.90%
030613 - SHRIMPS AND PRAWNS - FROZEN	67,858	139,381	105.40%
620462 - WOMENS/GIRLS TROUSERS, OVERALLS AND SHORTS - WOVEN - COTTON	117,132	107,643	-8.10%
650590 - HATS AND OTHER HEADGEAR - KNITTED OR FROM TEXTILE MATERIAL NOT IN STRIPS	79,301	91,183	15.00%
620630 - WOMENS/GIRLS BLOUSES, SHIRTS AND SHIRT-BLOUSES - WOVEN - COTTON	94,803	90,578	-4.50%
611020 - SWEATERS, SWEATSHIRTS AND WAIST-COATS - KNITTED - COTTON	105,902	83,678	-21.00%
611030 - SWEATERS, SWEATSHIRTS AND WAIST-COATS - KNITTED - MAN-MADE FIBRES	65,781	80,230	22.00%
620193 - MENS/BOYS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - MAN-MADE FIBRES	71,368	59,723	-16.30%
620343 - MENS/BOYS TROUSERS, OVERALLS AND SHORTS - WOVEN - SYNTHETIC FIBRES	53,498	57,084	6.70%
610821 - WOMENS/GIRLS BRIEFS AND PANTIES - KNITTED - COTTON	49,319	39,072	-20.80%
620640 - WOMENS/GIRLS BLOUSES, SHIRTS AND SHIRT-BLOUSES - WOVEN - MAN-MADE FIBRES	25,762	37,712	46.40%
630260 - COTTON TERRY TOWELS AND HOUSEHOLD LINEN OF COTTON TERRY FABRICS	26,875	32,340	20.30%
620530 - MENS/BOYS SHIRTS - WOVEN - MAN-MADE FIBRES	28,340	31,466	11.00%
620293 - WOMENS/GIRLS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - MAN-MADE FIBRES	39,608	30,926	-21.90%
620452 - WOMENS/GIRLS SKIRTS AND DIVIDED SKIRTS - WOVEN - COTTON	29,872	30,530	2.20%
620920 - BABIES GARMENTS (INCL COATS AND SNOWSUITS) AND CLOTHING ACCESSORIES - WOVEN - COTTON	31,309	29,380	-6.20%
621111 - MENS/BOYS SWIMWEAR - WOVEN	32,261	29,295	-9.20%
630622 - TENTS - SYNTHETIC FIBRES	34,735	29,250	-15.80%
610910 - T-SHIRTS, SINGLETS AND OTHER VESTS - KNITTED - COTTON	25,238	27,873	10.40%
610343 - MEN'S/BOYS TROUSERS, OVERALLS AND SHORTS - KNITTED - SYNTHETIC FIBRES	21,127	26,396	24.90%
620463 - WOMENS/GIRLS TROUSERS, OVERALLS AND SHORTS - WOVEN - SYNTHETIC FIBRES	29,633	23,861	-19.50%
621040 - MENS/BOYS SNOWSUITS AND SIMILAR GARMENTS NES - WOVEN - COATED FABRICS	12,649	21,839	72.70%
620192 - MENS/BOYS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - COTTON	17,200	21,752	26.50%
621210 - BRASSIERES	13,190	20,828	57.90%
SUB-TOTAL	1,385,603	1,520,093	
OTHERS	459,824	436,712	
TOTAL (ALL PRODUCTS)	1,845,427	1,956,805	

Ranked By Growth Rate	Jan-Oct 2003	Jan-Oct 2004	% Change 2004/2003
030613 - SHRIMPS AND PRAWNS - FROZEN	67,858	139,381	105.40%
621040 - MENS/BOYS SNOWSUITS AND SIMILAR GARMENTS NES - WOVEN - COATED FABRICS	12,649	21,839	72.70%
621210 - BRASSIERES	13,190	20,828	57.90%
620342 - MENS/BOYS TROUSERS, OVERALLS AND SHORTS - WOVEN - COTTON	106,788	163,229	52.90%
620640 - WOMENS/GIRLS BLOUSES, SHIRTS AND SHIRT-BLOUSES - WOVEN - MAN-MADE FIBRES	25,762	37,712	46.40%
620192 - MENS/BOYS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - COTTON	17,200	21,752	26.50%
610343 - MEN'S/BOYS TROUSERS, OVERALLS AND SHORTS - KNITTED - SYNTHETIC FIBRES	21,127	26,396	24.90%
611030 - SWEATERS, SWEATSHIRTS AND WAIST-COATS - KNITTED - MAN-MADE FIBRES	65,781	80,230	22.00%
630260 - COTTON TERRY TOWELS AND HOUSEHOLD LINEN OF COTTON TERRY FABRICS	26,875	32,340	20.30%
650590 - HATS AND OTHER HEADGEAR - KNITTED OR FROM TEXTILE MATERIAL NOT IN STRIPS	79,301	91,183	15.00%
620530 - MENS/BOYS SHIRTS - WOVEN - MAN-MADE FIBRES	28,340	31,466	11.00%
610910 - T-SHIRTS, SINGLETS AND OTHER VESTS - KNITTED - COTTON	25,238	27,873	10.40%
620343 - MENS/BOYS TROUSERS, OVERALLS AND SHORTS - WOVEN - SYNTHETIC FIBRES	53,498	57,084	6.70%
620520 - MENS/BOYS SHIRTS - WOVEN - COTTON	206,053	214,844	4.30%
620452 - WOMENS/GIRLS SKIRTS AND DIVIDED SKIRTS - WOVEN - COTTON	29,872	30,530	2.20%
620630 - WOMENS/GIRLS BLOUSES, SHIRTS AND SHIRT-BLOUSES - WOVEN - COTTON	94,803	90,578	-4.50%
620920 - BABIES GARMENTS (INCL COATS AND SNOWSUITS) AND CLOTHING ACCESSORIES - WOVEN - COTTON	31,309	29,380	-6.20%
620462 - WOMENS/GIRLS TROUSERS, OVERALLS AND SHORTS - WOVEN - COTTON	117,132	107,643	-8.10%
621111 - MENS/BOYS SWIMWEAR - WOVEN	32,261	29,295	-9.20%
630622 - TENTS - SYNTHETIC FIBRES	34,735	29,250	-15.80%
620193 - MENS/BOYS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - MAN-MADE FIBRES	71,368	59,723	-16.30%
620463 - WOMENS/GIRLS TROUSERS, OVERALLS AND SHORTS - WOVEN - SYNTHETIC FIBRES	29,633	23,861	-19.50%
610821 - WOMENS/GIRLS BRIEFS AND PANTIES - KNITTED - COTTON	49,319	39,072	-20.80%
611020 - SWEATERS, SWEATSHIRTS AND WAIST-COATS - KNITTED - COTTON	105,902	83,678	-21.00%
620293 - WOMENS/GIRLS ANORAKS, SKI AND WIND JACKETS AND SIMILAR ARTICLES - WOVEN - MAN-MADE FIBRES	39,608	30,926	-21.90%
SUB-TOTAL	1,385,603	1,520,093	
OTHERS	459,824	436,712	
TOTAL (ALL PRODUCTS)	1,845,427	1,956,805	

Source of data: Strategis

Table 16. Bangladesh's Top Exports to the US, HS2, 2003-04, thousands of US $ and % change

Ranked By Value	Jan-Oct 2003	Jan-Oct 2004	% Change 2004/2003	Ranked By Growth Rate	Jan-Oct 2003	Jan-Oct 2004	% Change 2004/2003
62 - Woven Clothing and Articles of Apparel	1,130,794	1,164,884	3.00%	16 - Meat, Fish and Seafood Preparations	451	2,281	405.60%
61 - Knitted or Crocheted Clothing and Articles of Apparel	443,796	427,322	-3.70%	19 - Preparations of Cereals, Flour, Starch or Milk (Including Bread and Pastry)	132	343	159.60%
03 - Fish, Crustaceans, Molluscs and Other Aquatic Invertebrates	69,539	143,233	106.00%	64 - Footwear	281	662	135.40%
65 - Headwear	79,458	91,228	14.80%	24 - Tobacco and Manufactured Tobacco Substitutes	684	1,561	128.10%
63 - Other Made-Up Textile Articles and Worn Clothing	86,624	84,486	-2.50%	31 - Fertilizers	3,397	7,436	118.90%
53 - Other Vegetable Textile Fibers, Yarns and Fabrics	6,292	9,493	50.90%	03 - Fish, Crustaceans, Molluscs and Other Aquatic Invertebrates	69,539	143,233	106.00%
31 - Fertilizers	3,397	7,436	118.90%	52 - Cotton, Cotton Yarns and Cotton Fabrics	1,567	2,863	82.70%
39 - Plastics and Articles Thereof	5,098	5,514	8.20%	05 - Products of Animal Origin Not Elsewhere Classified	261	448	71.80%
95 - Toys, Games, Sporting Goods and Other Goods for Amusement	6,723	4,185	-37.70%	53 - Other Vegetable Textile Fibers, Yarns and Fabrics	6,292	9,493	50.90%
69 - Ceramic Products	2,298	3,035	32.10%	85 - Electrical or Electronic Machinery and Equipment	298	446	49.60%
52 - Cotton, Cotton Yarns and Cotton Fabrics	1,567	2,863	82.70%	96 - Miscellaneous Manufactured Articles	172	238	38.40%
16 - Meat, Fish and Seafood Preparations	451	2,281	405.60%	69 - Ceramic Products	2,298	3,035	32.10%
24 - Tobacco and Manufactured Tobacco Substitutes	684	1,561	128.10%	57 - Carpets and Other Textile Floor Coverings	673	870	29.30%
42 - Articles of Leather; Saddlery and Harness, Travel Goods, Hanbags and Similar Containe	2,614	1,090	-58.30%	46 - Straw and Other Plaiting Materials; Basketware and Wickerwork	245	287	17.10%
57 - Carpets and Other Textile Floor Coverings	673	870	29.30%	65 - Headwear	79,458	91,228	14.80%
64 - Footwear	281	662	135.40%	39 - Plastics and Articles Thereof	5,098	5,514	8.20%
94 - Furniture, and Stuffed Furnishings; Lamps and Illuminated Signs; Prefabricated Buildings	676	599	-11.50%	62 - Woven Clothing and Articles of Apparel	1,130,794	1,164,884	3.00%
41 - Raw Hides, Skins (Other than Furskins) and Leather	596	500	-16.20%	63 - Other Made-Up Textile Articles and Worn Clothing	86,624	84,486	-2.50%
05 - Products of Animal Origin Not Elsewhere Classified	261	448	71.80%	61 - Knitted or Crocheted Clothing and Articles of Apparel	443,796	427,322	-3.70%
85 - Electrical or Electronic Machinery and Equipment	298	446	49.60%	56 - Wadding, Felt, Nonwovens, Twine, Cordage, Rope, Cables and Related Articles	199	179	-9.90%
19 - Preparations of Cereals, Flour, Starch or Milk (Including Bread and Pastry)	132	343	159.60%	94 - Furniture, and Stuffed Furnishings; Lamps and Illuminated Signs; Prefabricated Buildings	676	599	-11.50%
46 - Straw and Other Plaiting Materials; Basketware and Wickerwork	245	287	17.10%	41 - Raw Hides, Skins (Other than Furskins) and Leather	596	500	-16.20%
55 - Man-Made Staple Fibers, Staple Fiber Yarns and Fabrics	713	259	-63.70%	95 - Toys, Games, Sporting Goods and Other Goods for Amusement	6,723	4,185	-37.70%
96 - Miscellaneous Manufactured Articles	172	238	38.40%	42 - Articles of Leather; Saddlery and Harness, Travel Goods, Hanbags and Similar Containe	2,614	1,090	-58.30%
56 - Wadding, Felt, Nonwovens, Twine, Cordage, Rope, Cables and Related Articles	199	179	-9.90%	55 - Man-Made Staple Fibers, Staple Fiber Yarns and Fabrics	713	259	-63.70%
SUB-TOTAL	1,843,582	1,953,442		SUB-TOTAL	1,843,582	1,953,442	
OTHERS	1,845	3,363		OTHERS	1,845	3,363	
TOTAL (ALL PRODUCTS)	1,845,427	1,956,805		TOTAL (ALL PRODUCTS)	1,845,427	1,956,805	

Source of data: Strategis

At the HS6 level, Bangladesh's top exports to Canada and the US are similar in the dominant role played by apparel. The types of apparel in both markets are also similar, although values differ widely. Of the fifty products (Top 25 for each market), only fifteen products differ between the Canada and US. As shown by Table 17, Canada imports underwear, pajamas, bedding, men's knitted cotton shirts and synthetic fibre outerwear in as part of its Top25 imports from Bangladesh while the US does not. Conversely, the US imports women's woven cotton and synthetic shirts, babies clothing, towels, swimwear, men's synthetic trousers and men's cotton outerwear as part of its Top25 from Bangladesh while Canada does not.

TABLE 17. CANADA'S TOP HS6 TEXTILE AND APPAREL IMPORTS FROM BANGLADESH, NOT SHARED BY THE US, 2004

HS611420 other knitted cotton garments	HS630222 synthetic woven bedsheets
HS610822 female knitted synthetic panties	HS610510 male knitted cotton shirts
HS610711 male knitted cotton underwear	HS610230 female synthetic outerwear
HS620821 female cotton knitted pajamas	HS610130 male synthetic outerwear
US's Top HS6 Textile and Apparel Imports from Bangladesh, Not Shared by Canada, 2004	
HS620630 female woven cotton blouses/shirts	HS620640 female woven synthetic blouses/shirts
HS630260 Cotton terry towels and household linens	HS620920 Babies garments
HS621111 Male woven swimwear	HS610343 Male knitted synthetic trousers
HS620192 Male woven cotton outerwear	

The Canadian apparel industry produces women's, men's and children's wear, furs, foundation garments and a wide range of knitted apparel such as t-shirts, underwear, gloves, sweaters and hosiery. The apparel industry is particularly known for exports of men's tailored clothing, outerwear, furs, leather goods, and children's wear. Canada continues to carry an apparel trade deficit determined primarily by imports from low-wage countries lead by China, India, Mexico and Bangladesh.[12] Differences in specialization between the Canadian and US apparel industries may explain the variation in import activity from Bangladesh.

At the HS6 level, there is little differentiation between the Canadian and US market beyond textiles and apparel. However, at the HS2 level (Tables 17 and 5), there is a broader divergence between the products sourced from Bangladesh and imported by Canada and the US. Those product categories imported by the US exhibiting promising growth rates could be categories to assess as opportunities to diversify Bangladesh's export mix to Canada. Table 17 lists US imports from Bangladesh by rate of growth.

Several product categories from Bangladesh are imported in significant quantities by the US but not by Canada. These are listed in Table 18. All data is sourced from Strategis and are in Canadian dollars unless otherwise stated.

TABLE 18. US TOP HS2 IMPORTS FROM BANGLADESH NOT SHARED BY CANADA

HS 16 – Meat, Fish and Seafood Preparations	HS 24 – Tobacco and substitutes
HS 31 – Fertilizers	HS 05 – Animal Products not elsewhere classified
HS85 – Electrical Machinery	HS 96 – Misc manufactured articles
HS55 – Synthetic Fibres	HS19 – Preparations of Cereals, flour etc

Of US imports in HS16 and 19, the most significant growth (over 400%) has been in HS1605 – consisting entirely of shrimp/prawn preserves/preparations. Canada did not import any product of HS1605 from Bangladesh in 2004 but does source HS1605

[12] Industry Canada, Canadian Apparel Industry Profile

products from other countries[13]. China and Thailand are dominant suppliers to Canada in this product category.

Similarly, US imports of HS19 for 2004 have been in pastries/bakery goods (HS1905) and pastas (HS1902). Canada is importing small quantities of HS19 products from Bangladesh: HS1904[14] doubled in 2004 over 2003, but the overall value is very low at $1500. Similarly, Canada imported roughly $36, 000 of HS1905 in 2004, almost a 300% increase over 2003[15]. Canada did import egg-based, uncooked pasta (HS190211) from Bangladesh as a new product in 2004[16] but this growth was balanced by an almost equal decline in imports of non-egg-based uncooked pasta (HS190219)[17], which is a growth category in the US, resulting in an overall decline of 70% in 2004 for HS1902.

Canada's main suppliers for HS19 are the United States, Italy, Germany, United Kingdom, China, France, South Korea, Belgium, Thailand and Denmark

For HS24 (tobacco and related products), Canada is supplied by United States, Brazil, Denmark, China, Belgium, Cuba, Re-Imports (Canada), Dominican Republic, Netherlands, and the United Kingdom. Bangladesh is negligible as a supplier in HS24. Canada is also a producer of tobacco, with a large share of raw tobacco production destined for export markets (AAFC, 2004b) There are 3 major tobacco purchasers in Canada, including Imperial Tobacco Ltd, which controls about 70% of the Canadian market (Sibbald, 2000).

In the fertilizer industry (HS31), Russia, United States, Germany, Venezuela, Netherlands, Egypt, Italy, Ukraine, Re-Imports (Canada), Austria, Chile, India, Switzerland, France are Canada's current suppliers of urea in 2004. However, this supplier list is dynamic, shifting considerably from year to year[18].

Bangladesh exported HS310210 (Urea) to Canada in 2002 but none since. It has capacity but the global urea market is determined by cost competitiveness and technological development. The Canadian market prefers high-quality granular urea as granules facilitate application, particularly when carried out mechanically or aerially, and is well-suited for precision agriculture. Granular urea is likely to face increasing competition with new granulation technologies readily available at attractive pricing, with new plants, likely to be erected in the low price, gas-rich regions, such as Russia and the Middle East utilising it. These plants are likely to be largest competitors in the export markets; granular urea can compete through more sophisticated blends (Soh, 2001).

For HS05, animal products not elsewhere specified, 98% of US imports consist of down and stuffing. Bangladesh does not supply Canada with any down or stuffing, although. Canada imports these products from China, United States, Taiwan, Poland, Ukraine, Russia (both new suppliers in 2004), Germany, Belgium, Dominican Republic (another new supplier), and France.

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[13] Thailand, China, United States (U.S.), Vietnam, India, Indonesia (includes East Timor), South Korea, United Arab Emirates, Japan and Australia are the Top 10 suppliers of HS1605 to Canada
[14] Prepared foods obtained by swelling or roasting cereals
[15] Bread, pastry, cakes, biscuits and other bakers' wares
[16] Cdn$1387 worth in 2004
[17] Cdn$1065 in 2004 down from $3603 in 2003
[18] Indonesia, Trinidad and Tobago, Bahrain, Lithuania, Kuwait, Belgium, Qatar, Norway, China, Finland were all suppliers in 2003 and have no shipments in 2004

Of chapter HS85, electrical machinery, Canada imported mainly recorded media products (HS8524) in 2004, roughly $3500 worth. The US imports a much wider range of products of HS85 including HS 8513, portable electric lamps, HS 8517, apparatus for telephone line use, recorded media (HS 8524), TV receivers, monitors and projectors (HS8528), parts of radios, TV and similar (HS 8529), diodes and transistors (HS8541), and insulated wires, cables and other conductors (HS 8544) for a combined value of nearly US$500,000. These are all new exports to the US in 2004, or existing categories with significant growth. Canada's major suppliers for these categories are United States, Mexico, China, Re-Imports (Canada), Japan, Malaysia, Taiwan, Thailand, United Kingdom, Sweden

The US also imported HS9602, carvings from other materials, valued at US$238,000, in 2004, while Canada imported Cdn$7. Finally, the US's imports of HS55 – synthetic fibres is of HS5509[19] only, valued at US$258,000 in 2004, a sharp decrease from over US$700,000 in 2003. In comparison, Canada imported only Cdn$33,000 of HS5513[20] in 2004, but this category is a growth area.

Table 19 summarises product categories that the US imports from Bangladesh but Canada does not. These categories could provide additional means to diversify and broaden Bangladesh's export mix to Canada. A snapshot of the current Canadian situation for each product category is also provided.

TABLE 19. US IMPORTS FROM BANGLADESH, NOT SHARED BY CANADA, OPPORTUNITIES FOR BANGLADESH

HS Code	Description	Canadian situation
HS0505	Down and stuffing	Canada is supplied by other countries – see main text
HS1605	shrimp/prawn preserves	Supplied mainly by China, Thailand
HS 190219	Uncooked pasta, no eggs	New growth category to the US market, but decreased by 50% in Canada
HS 190230	Other pasta, NES, with or without meat	Canada is supplied by other countries – see main text
HS24	Tobacco	Canada is an exporter as well as importer – see main text
HS310210	Urea	Canada supplied mainly by Russia, US, and Germany but Italy and Switzerland had high growth rates in 2004
HS 8513	Portable electric lamps	Canada is supplied mainly by US, Thailand, Taiwan, Mexico
HS 8517	Apparatus for telephone line use	Canada is supplied mainly by US, Mexico, China, Malaysia, Taiwan
HS 8524	Recorded media	Canada does import some from Bangladesh Canada is supplied mainly by US, Mexico, Japan, China, UK
HS8528	TV receivers, monitors and projectors	Canada is supplied mainly by Mexico, US, Japan, China, Thailand
HS 8529	Parts of radios, TV and similar	Canada is supplied mainly by US, Mexico, China, Sweden, Malaysia,
HS 8541	Diodes and transistors	Canada is supplied mainly by US, Japan, Malaysia, UK, China
HS 8544	Insulated wires, cables and other conductors	Canada is supplied mainly by US, Mexico, Japan, Taiwan, UK

4.4 European Union

The members of the EU are Bangladesh's most important trading partner both as an export market and as a source of imports. The EU's import profile from Bangladesh consists of more manufactures than either the US or Canada's, notwithstanding the dominant role textiles and apparel have in the imports of all three major import markets. The EU's fastest growing imports are mostly in the manufactures and industrial sectors, rather than natural resources and agri-food. The EU import profile from Bangladesh is much more diversified than Canada's, with products from virtually every HS Chapter.

The EU is based on the EU25, consisting of Austria, Belgium, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, Great Britain, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, Netherlands, Poland, Portugal,

[19] Synthetic spun yarn – staple fibres, non-retail
[20] Woven fabrics, synthetic staple fibres,(<85%) mixed with cotton fibres, <170G/M2

Sweden, Slovenia, and Slovakia. Products that Bangladesh is currently exporting to the EU and not to Canada may provide opportunities to diversify exports to Canada. Due to the diversity and range of products the EU imports from Bangladesh, compared to Canada, the EU's growth rates for imports are less important in this discussion than in the case of Canada or the US.

All data is in Euros unless otherwise stated and is sourced from Eurostat. None of the products in the following discussion are imported by Canada, hence are potential candidates for Bangladesh to diversify its export mix to the Canadian market. The product category is not mentioned if Canada and the EU share similar imports, even if the category is a large one, such as HS 39 – plastics. As this paper is examining the potential diversification of Bangladesh's exports, textiles and apparel are not included.

As with the US and Canada, the EU's largest imports from Bangladesh consist of textiles and clothing, ranking amongst the top four imports in 2003. However, HS03 - seafood is the third largest import of the EU, the largest proportion of which is comprised of frozen shrimp (HS030613) and cooked shrimp (HS030623). The EU imports a wider variety of seafood from Bangladesh than Canada including: HS030420, frozen fish fillets, squid and cuttlefish (HS030749), frozen cooked lobster and crawfish (HS030611 and 030612), other frozen crustaceans (HS030619), frozen yellowtail tuna (HS030342), octopus (HS030759), eels (HS030376) and snails (HS030760). Canada does not currently source these seafood products from Bangladesh with the exception of shrimp and frozen crabs.

The EU imports a variety of HS05 – animal products that Canada does not. These include HS0504 – innards, second largest at €32,901, HS0505 – birds' skins with feathers, third at €8,744, and the largest category, HS0507 – shells, bones, horns, antlers and hooves valued at €94,886 in 2003.

The EU's thirteenth largest category of imports from Bangladesh is vegetables and tubers (HS07), with a broad variety of products, for a total value of €9.8 million in 2003. Table 20 lists vegetable products the EU imports that Canada does not and also summarises the EU's seafood imports not shared by Canada as discussed above.

TABLE 20. HS03 AND HS07 IMPORTS BY THE EU NOT SHARED BY CANADA

HS Code	Description
HS070320	Garlic Fresh or Chilled
HS070960	chili peppers Fresh or Chilled
HS070970	Spinach Fresh or Chilled
HS070920	Asparagus Fresh or Chilled
HS070930	Aubergines Fresh or Chilled
HS070700	Cucumbers Fresh or Chilled
HS070310	onions and shallots Fresh or Chilled
HS071339	'vigna' & 'phaseolus' beans, dried
HS071030	Spinach, frozen
HS071090	vegetable mixes, frozen
HS030420	Frozen fish fillets
HS030749	Squid and cuttlefish
HS030611 and 030612	Lobster and crawfish
HS030619	Frozen crustaceans
HS030342	Frozen yellowtail tuna
HS030759	Octopus
HS030376	Eels
HS030760	snails

While not major categories, the EU imports some fruits and nuts (HS08) from Bangladesh including coconuts, walnuts, dates, lemons, papayas and other tropical fruit, in fresh and dried forms and mixtures for a total of over €138,000 in 2003. The same is true for tea and coffee (HS09) where the EU imports a large amount of fermented black tea (HS

090240 valued at €375,000 plus in 2003). The EU also imports mostly rice products from the HS10 chapter – brown rice, rough rice and partly milled rice, for a combined total of over €200,000 in 2003. Canada does not source any of these products from Bangladesh.

Canada imported its first 2 products of milled preparations (HS11) from Bangladesh in 2004, both groats-based. The EU has a much more diversified import mix from Bangladesh including: cereal flours (HS1102), rolled or flaked cereal grains (HS1104), HS1005 - potato flakes/granules or pellets (which is the largest import valued at nearly €72,000 in 2003), and flours of dried leguminous vegetables (HS1106). In terms of oilseeds (HS12), the EU only imported sesame seeds (HS120740) from Bangladesh in 2003. Canada does not import any oilseeds from Bangladesh.

Regarding HS13 – lac, gums and resins, the EU imported mostly HS 130190, natural gums and resins (€24,590 in 2003) and some vegetable saps (HS130219). The EU imports of bamboo and miscellaneous vegetable fibres comprise its total activity in HS14, valued at roughly €20,000 in 2003. Sesame oil, soya-based oil and fractionations of canola oil constitute the EU's imports of vegetable based oil (HS15), a minor category valued at just over €3500 in 2003.

For preserved or prepared meat and seafood products (HS16), the EU again imports a much wider variety and larger volume of products than Canada, which in 2004 only imported approximately Cdn$400 worth of the category. The EU's total imports of HS16 were €11,053,164 in 2003, the twelfth largest import category with the great majority of which being preserved shrimps and prawns (HS160520).

TABLE 21. EU HS16 IMPORTS NOT SHARED BY CANADA

HS Code	Preserved or prepared product
160520	shrimps/prawns
160419	fish whole or in pieces
160590	Molluscs and invertebrates
160510	crab
160430	caviar
160540	crustaceans
160412	Herrings, whole or in pieces
160415	Mackerel, whole or in pieces

The EU imported roughly €204,000 worth of cereal preparations and mixes (HS19) from Bangladesh in 2003. Canada and the EU have some products in this category in common, mixes and dough being a relatively new import for both markets, although the EU's imports of €110,283 in 2003 are significantly more than Canada's $13,667 in 2004. The EU imports a greater variety of products under the HS19 category however as shown by Table 22:

TABLE 22. EU HS19 IMPORTS NOT SHARED BY CANADA

HS Code	Description	Value 2003 (€)
190410	Prepared foods, swelling or roasting cereals	14,546
190300	Tapioca and substitutes	8,591
190211	Uncooked pasta, not stuffed or otherwise prepared, containing eggs	922
190230	Pasta, cooked or otherwise prepared, (excl stuffed)	3,600

The EU and Canada both import similar categories of HS21 – miscellaneous edible preparations, from Bangladesh but the values considerably. While Canada's largest import is mixed sauces and condiments (HS210390), the EU's is miscellaneous preparations (HS2106) followed by soup/broth (HS2104). Canada does not import any HS2016 and is just beginning to import HS2104. EU imports of HS22 include grape wine (HS2202) with a 57% share, un-denatured ethyl alcohol and spirits (HS2208), second with a 26% share, and flavored waters (HS2202) with the smallest share of the category at 16%. Canada does not import any HS22 products from Bangladesh.

Like the US, the EU imports a significant amount of tobacco (over €5.3 million in 2003) from Bangladesh while Canadian imports are negligible. The EU does not import any products in significant amounts from category HS25-29, although the growth rate for imports of granite (HS251611) was nearly 800% in 2003 for a total of just over €3600. The EU imports a small amount (€9,052) of ash and residues (HS2620) as the sole product from HS26.

The EU imported roughly €500, 000 worth of pharmaceutical products (HS30) from Bangladesh in 2003, consisting mainly of mixed medicaments in bulk (HS3003) and packaged (HS3004). The EU imported over €12 million of non-granular urea in 2003 (HS 310210) as the only product from HS31, the eleventh largest import category, a nearly 26,000% increase over 2002. Shaving and bath products are the largest product category (HS3307) from HS33 – toilet and cosmetic preparations imported by the EU.

The EU imports photographic film (HS37) from Bangladesh, specifically, HS370253[21] and 370610[22], valued at €112,000 and €863 respectively. Canada does not source these products from Bangladesh. Given the widespread uptake of digital cameras in developed countries this is unlikely to be a product with future growth potential. Regarding miscellaneous chemicals (HS38), the EU imports lubricant-type products (HS3811) and prepared binders (HS3824) from Bangladesh. While Canada does import some rubber products from Bangladesh, the EU imports two different categories: retreaded tires (HS4012), and rubber clothing/accessories (HS4015).

Canada and the EU share some similar imports in raw hides and skins (HS41) and leather articles etc (HS42) but the EU imports a wider range of products. HS41 is the fifth largest product chapter imported by the EU in 2003, after textiles and apparel and seafood, at over €54.4 million. Specific categories include:

TABLE 23. EU IMPORTS OF HS41 AND HS42 NOT SHARED BY CANADA

HS Code	Abbreviated description	(€)
410150	Whole raw hides and skins of bovines etc	32,175
410712	Bovine, grain splits leather, whole hides and skins, etc	16,401,707
410719	Bovine leather, further prepared after tanning or crusting etc	7,284,643
410791	Bovine full grains leather, further prepared after tanning or crusting, hairless etc	1,105,675
411200	Sheep or lamb leather further prepared after tanning or crusting, whether or not split…etc	2,255,863
411310	Goats / kids leather further prepared post tanning or crusting, hairless/wool less etc	10,893,038
411330	Reptile leather further prepared after tanning or crusting etc	1,335
411390	Wild game leather further prepared after tanning or crusting, hairless/wool less etc	430,760
411420	Patent leather and patent laminated leather etc	127,797
411510	Composition leather based on leather or leather fibre, in slabs, sheets or strip etc	24,860
420100	Saddlery and harness for any animal	28,906
420211	Trunks, suitcases, vanity cases etc, with outer surface of leather	60,330
420219	Trunks, suitcases, vanity cases etc, non-leather, not plastic or not textile outer surface	4,908
420229	Handbags, outer surface of vulcanized fibre or paperboard	52,754
420291	Travelling bags, insulated food/beverage bags, backpacks, etc with outer surface of leather	594,852
420299	Travelling bags, insulated food or beverage bags, backpacks, etc with outer surface of leather with outer surface of non-leather, non-plastic or textiles etc	15,450
420321	Specially designed gloves for sport use of leather	14,458

The EU imports a variety of wood products (HS44) from Bangladesh including: HS4404, hoopwood, poles and stakes, HS4409 wood for parquet flooring, HS4413, metallized wood, HS4414 wooden frames, HS4418 builders joinery and carpentry, and HS4421 other wood articles. Pertaining to EU import patterns of paper products (HS48), in addition to finished paper goods, which is the majority of imports, the EU also imports

[21] Photographic film, sensitized, in rolls, unexposed, with perforations, for color photography, 'polychrome', width > 16 MM to 35 MM, length <= 30 M, for slides
[22] Cinematographic film, exposed and developed, whether or not incorporating sound track or consisting only of sound track, width >= 35 MM

raw goods, such as HS4802 – uncoated paper and paperboard, HS4807 – composite paper, HS4810 coated papers and HS4811 - wadding paper. Canada’s imports are of finished products only, such as envelopes and albums but Canada’s imports of paper products have been declining. The only category of HS49 – printed materials, the EU imports that Canada does not is HS4907 – unused postage.

Other vegetable fibres (HS53) are a significant EU import from Bangladesh, ranking seventh overall in 2003 with an overall value of over €40 million. Canada imports a limit selection of HS53, mostly jute related products. The EU’s import profile includes: HS 5301 – unspun flax, HS5305 - coconut and abaca fibres, and HS5309 - woven flax fabric. The EU also imports products from HS54 including HS5402 – synthetic filament yarn, and HS5407 – woven fabrics of synthetic filament yarn. From HS55, the EU imports HS5505 – waste of man-made staple fibres, HS5508 – sewing thread of made-made fibres, HS5510, yarn of artificial fibres, and HS5512, woven fabrics of >= synthetic fibres. Regarding HS56, EU imports include HS5601 – wadding, HS5603, non-wovens, and HS5609 yarn or strip, various materials. Canada does not import any of these specific categories from Bangladesh.

Carpets (HS57) imports by the EU are comprised of HS5701- knotted textile carpets and HS5703 - tufted, needle punched textile carpets. Canada imports mainly products classified under HS5702 and HS5705. The EU imports three categories of special fabrics (HS58) that Canada does not: tulles and other net fabrics (HS5804), hand-woven tapestries (HS5805) and braids of textiles (HS5808). The only coated textiles (HS59) that the Canada imports from Bangladesh are HS5903, also imported by the EU. However, the EU also imports HS5911 – textiles for technical use from Bangladesh.

The EU imports umbrellas (HS6601) from Bangladesh while Canadian imports of Bangladeshi umbrellas declined to zero in 2004. The EU also imports bird parts with feathers or down (HS6701) from Bangladesh, while Canada does not. In terms of articles of stone, the EU imports HS6802 – natural building stones, and HS 6806 – wool of slag and rock. The EU’s tenth largest import category is in ceramics, valued at €15.3 million in 2003, consisting of HS6901 – bricks, blocks and tiles, HS6909 - ceramic wares for technical uses, and HS6910 – ceramic sinks, basins and pedestals from Bangladesh. Canada does not import any of these products from Bangladesh.

The EU imports several types of glass (HS70) from Bangladesh including safety glass (HS7007), glass mirrors (HS7009), bottles and other glass containers (HS7010), glassware (HS7013), and glass beads (HS7018), none of which Canada imports from Bangladesh. Similarly, the EU imports precious and semi-precious stones (HS7103), gold or silver-smithed wares (HS7114), and coin (HS7118) from Bangladesh.

In terms of iron and steel, the EU imports pig iron (HS7201), ferrous waste and scrap (HS7204), iron tube or pipe fittings (HS7307), chain and parts of (HS7315), screws, nuts, bolts etc (HS7318), iron or steel household articles (HS7323), iron or steel sanitary wares and parts (HS7324) and miscellaneous articles of iron and steel (HS7324). Copper is also an EU import from Bangladesh, consisting of unrefined copper (HS7402), copper powders and flakes (HS7406), copper tubes and pipes (HS7411), copper tube or pipe fittings (HS7412) copper stranded wire and cables (HS7413) and miscellaneous copper articles (HS7419). The only nickel based product that the EU imports is waste and scrap of nickel (HS7503). Bangladesh also supplies aluminum products to the EU including HS7607 – aluminum foil, HS7609 – aluminum tube or pipe fittings, HS7615 – household items of aluminum and miscellaneous aluminum products (HS7616). The last metal that the EU imports from Bangladesh is tungsten and articles thereof – (HS 8101). Canada does not import any base metals or metal products from Bangladesh

The EU imports a wide variety of metal tools and cutlery from Bangladesh including HS8207 – interchangeable tools for hand tools and HS8213 – scissors/shears and related cutting instruments. Under HS83 – miscellaneous metal items, the EU imports padlocks and locks (HS8301), sign, name and address plates (HS8310) and HS8311 – wire, rods tubes, electrodes etc.

Bangladesh exported nearly €5 million of HS84 to the EU in 2003. Table 24 lists all EU imports from Bangladesh of HS84, not shared by Canada.

Table 24. EU Imports of HS84 from Bangladesh, Not Shared by Canada, 2003

HS code and Description	€
84-NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF	***4,692,545***
840690-PARTS OF STEAM AND OTHER VAPOUR TURBINES, N.E.S. 75840	75,840
840790-SPARK-IGNITION RECIPROCATING OR ROTARY INTERNAL COMBUSTION PISTON ENGINE (EXCL. THOSE FOR AIRCRAFT OR MARINE PROPULSION AND RECIPROCATING PISTON ENGINE OF A KIND USED FOR VEHICLES OF CHAPTER 87)	2,556,672
840810-COMPRESSION-IGNITION INTERNAL COMBUSTION PISTON ENGINE 'DIESEL OR SEMI-DIESEL ENGINES', FOR MARINE PROPULSION	44,689
840890-COMPRESSION-IGNITION INTERNAL COMBUSTION PISTON ENGINE 'DIESEL OR SEMI-DIESEL ENGINES' (EXCL. ENGINES FOR MARINE PROPULSION AND ENGINES FOR VEHICLES OF CHAPTER 87) 8426	8,426
840991-PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH SPARK-IGNITION INTERNAL COMBUSTION PISTON ENGINE, N.E.S.	11,125
840999-PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH COMPRESSION-IGNITION INTERNAL COMBUSTION PISTON ENGINE, N.E.S.	720,476
841112-TURBO-JETS OF A THRUST > 25 KN	422
841191-PARTS OF TURBO-JETS OR TURBO-PROPELLERS, N.E.S.	428
841199-PARTS OF GAS TURBINES, N.E.S	595,368
841231-PNEUMATIC POWER ENGINES AND MOTORS, LINEAR-ACTING, 'CYLINDERS'	819
841330-FUEL, LUBRICATING OR COOLING MEDIUM PUMPS FOR INTERNAL COMBUSTION PISTON ENGINE	1,113
841381-PUMPS FOR LIQUIDS, POWER-DRIVEN (EXCL. THOSE OF SUBHEADING 8413.11 AND 8413.19, FUEL, LUBRICATING OR COOLING MEDIUM PUMPS FOR INTERNAL COMBUSTION PISTON ENGINE, CONCRETE PUMPS, GENERAL RECIPROCATING OR ROTARY POSITIVE DISPLACEMENT PUMPS AND CENTRIFUGAL PUMPS OF ALL KINDS)	22,856
841480-AIR PUMPS, AIR OR OTHER GAS COMPRESSORS AND VENTILATING OR RECYCLING HOODS INCORPORATING A FAN, WHETHER OR NOT FITTED WITH FILTERS, HAVING A MAXIMUM HORIZONTAL SIDE > 120 CM (EXCL. VACUUM PUMPS, HAND- OR FOOT-OPERATED AIR PUMPS, COMPRESSORS FOR REFRIGERATING EQUIPMENT AND AIR COMPRESSORS MOUNTED ON A WHEELED CHASSIS FOR TOWING)	6,158
841490-PARTS OF : AIR OR VACUUM PUMPS, AIR OR OTHER GAS COMPRESSORS, FANS AND VENTILATING OR RECYCLING HOODS INCORPORATING A FAN, N.E.S. 2706	2,706
841590-PARTS OF AIR CONDITIONING MACHINES, COMPRISING A MOTOR-DRIVEN FAN AND ELEMENTS FOR CHANGING THE TEMPERATURE AND HUMIDITY, N.E.S.	35,708
841690-PARTS OF FURNACE BURNERS SUCH AS MECHANICAL STOKERS, INCL. THEIR MECHANICAL GRATES, MECHANICAL ASH DISCHARGERS AND SIMILAR APPLIANCES, N.E.S.	2,733
842119-CENTRIFUGES, INCL. CENTRIFUGAL DRYERS (EXCL. ISOTOPE SEPARATORS, CREAM SEPARATORS AND CLOTHES DRYERS)	12,681
842121-MACHINERY AND APPARATUS FOR FILTERING OR PURIFYING WATER	378
842123-OIL OR PETROL-FILTERS FOR INTERNAL COMBUSTION ENGINES	83
842139-MACHINERY AND APPARATUS FOR FILTERING OR PURIFYING GASES (EXCL. ISOTOPE SEPARATORS AND INTAKE AIR FILTERS FOR INTERNAL COMBUSTION ENGINES)	63
842199-PARTS OF MACHINERY AND APPARATUS FOR FILTERING OR PURIFYING LIQUIDS OR GASES, N.E.S.	150,493
842542-JACKS AND HOISTS, HYDRAULIC (EXCL. BUILT-IN JACKING SYSTEMS USED IN GARAGES)	810
843390-PARTS OF HARVESTING MACHINERY, THRESHING MACHINERY, MOWERS AND MACHINES FOR CLEANING, SORTING OR GRADING AGRICULTURAL PRODUCE, N.E.S.	1,928
844190-PARTS OF MACHINERY FOR MAKING UP PAPER PULP, PAPER OR PAPERBOARD, N.E.S.	2,615
845180-MACHINERY FOR DRESSING, FINISHING, COATING OR IMPREGNATING TEXTILE YARNS, FABRICS OR OTHER MADE-UP TEXTILE ARTICLES AND MACHINES USED IN THE MANUFACTURE OF LINOLEUM OR OTHER FLOOR COVERINGS FOR APPLYING THE PASTE TO THE BASE FABRIC OR OTHER SUPPORT (EXCL. MACHINERY FOR DRESSING OR FINISHING FELT, CALENDERS AND GENERAL PURPOSE PRESSES)	17,140
846599-MACHINE-TOOLS FOR WORKING WOOD, CORK, BONE, HARD RUBBER, HARD PLASTICS OR SIMILAR HARD MATERIALS (EXCL. MACHINES FOR WORKING IN THE HAND, MACHINES OF SUBHEADING 8465.10, SAWING MACHINES, PLANING, MILLING OR MOULDING -BY CUTTING- MACHINES, GRINDING, SANDING OR POLISHING MACHINES, BENDING OR ASSEMBLING MACHINES, DRILLING OR MORTICING MACHINES AND SPLITTING, SLICING OR PARING MACHINES)	601
846692-PARTS AND ACCESSORIES FOR MACHINES-TOOLS FOR WORKING WOOD, CORK, BONE, HARD RUBBER, HARD PLASTICS OR SIMILAR HARD MATERIALS, N.E.S.	1,325

847010-ELECTRONIC CALCULATORS CAPABLE OF OPERATION WITHOUT AN EXTERNAL SOURCE OF ELECTRIC POWER AND POCKET-SIZE 'DIMENSIONS <= 170 MM X 100 MM X 45 MM' DATA RECORDING, REPRODUCING AND DISPLAYING MACHINES WITH CALCULATING FUNCTIONS	901
847130-DATA-PROCESSING MACHINES, AUTOMATIC, DIGITAL, PORTABLE, WEIGHING <= 10 KG, CONSISTING OF AT LEAST A CENTRAL PROCESSING UNIT, A KEYBOARD AND A DISPLAY (EXCL. PERIPHERAL UNITS)	2,229
847180-UNITS FOR DIGITAL AUTOMATIC DATA PROCESSING MACHINES (EXCL. PROCESSING UNITS, INPUT OR OUTPUT UNITS AND STORAGE UNITS)	2,167
847190-MAGNETIC OR OPTICAL READERS, MACHINES FOR TRANSCRIBING DATA ONTO DATA MEDIA IN CODED FORM AND MACHINES FOR PROCESSING SUCH DATA, N.E.S	50,335
847990-PARTS OF MACHINES AND MECHANICAL APPLIANCES, N.E.S.	1,113
848130-CHECK 'NON-RETURN' VALVES FOR PIPES, BOILER SHELLS, TANKS, VATS OR THE LIKE	816
848180-APPLIANCES FOR PIPES, BOILER SHELLS, TANKS, VATS OR THE LIKE (EXCL. PRESSURE-REDUCING VALVES, VALVES FOR THE CONTROL OF PNEUMATIC POWER TRANSMISSION, CHECK 'NONRETURN' VALVES AND SAFETY OR RELIEF VALVES)	18,888
848210-BALL BEARINGS	4
848280-ROLLER BEARINGS, INCL. COMBINED BALL/ROLLER BEARINGS (EXCL. BALL BEARINGS, TAPERED ROLLER BEARINGS, INCL. CONE AND TAPERED ROLLER ASSEMBLIES, SPHERICAL ROLLER BEARINGS, NEEDLE AND CYLINDRICAL ROLLER BEARINGS)	247
848310-TRANSMISSION SHAFTS, INCL. CAM SHAFTS AND CRANK SHAFTS, AND CRANKS	390
848590-PARTS OF MACHINERY OF CHAPTER 84, NOT INTENDED FOR A SPECIFIC PURPOSE, N.E.S.	3,566

Similarly, Table 25 lists all the EU imports of Electrical Machinery - HS85 from Bangladesh, for 2003, in Euros, not shared by Canada. The largest export of Bangladesh to the EU in this chapter is transmission apparatus for telecommunications and broadcasting – HS 8525 for 2003.

Table 25. EU Imports of HS85 from Bangladesh, Not Shared by Canada, 2003

HS Code and Abbreviated Description	**€**
85-ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF	***1,232,523***
850433-TRANSFORMERS HAVING A POWER HANDLING CAPACITY > 16 KVA BUT <= 500 KVA (EXCL. LIQUID DIELECTRIC TRANSFORMERS)	9,147
850440-STATIC CONVERTERS	8,645
850990-PARTS OF ELECTRO-MECHANICAL DOMESTIC APPLIANCES, WITH SELF-CONTAINED ELECTRIC MOTOR, N.E.S.	27,698
851130-DISTRIBUTORS AND IGNITION COILS OF A KIND USED FOR SPARK-IGNITION OR COMPRESSION-IGNITION INTERNAL COMBUSTION ENGINES	2,135
851140-STARTER MOTORS AND DUAL PURPOSE STARTER-GENERATORS OF A KIND USED FOR SPARK-IGNITION OR COMPRESSION-IGNITION INTERNAL COMBUSTION ENGINES	7,300
851310-PORTABLE ELECTRICAL LAMPS DESIGNED TO FUNCTION BY THEIR OWN SOURCE OF ENERGY	208
851730-TELEPHONIC OR TELEGRAPHIC SWITCHING APPARATUS	2,439
851750-APPARATUS FOR CARRIER-CURRENT LINE SYSTEMS OR DIGITAL LINE SYSTEMS, FOR LINE TELEPHONY OR LINE TELEGRAPHY (EXCL. TELEPHONE SETS, VIDEOPHONES, FACSIMILE MACHINES, TELEPRINTERS AND SWITCHING APPARATUS)	6,087
851790-PARTS OF ELECTRICAL APPARATUS FOR LINE TELEPHONY OR LINE TELEGRAPHY, INCL. LINE TELEPHONE SETS WITH CORDLESS HANDSETS AND TELECOMMUNICATION APPARATUS FOR CARRIER-CURRENT LINE SYSTEMS OR DIGITAL LINE SYSTEMS AND VIDEOPHONES, N.E.S.	26,676
852190-VIDEO RECORDING OR REPRODUCING APPARATUS (EXCL. MAGNETIC TAPE-TYPE)	3,210
852432-DISCS, RECORDED, FOR LASER READING SYSTEMS, FOR REPRODUCING SOUND ONLY	2,247
852439-DISCS, RECORDED, FOR LASER READING SYSTEMS, FOR REPRODUCING SOUND AND IMAGE OR IMAGE ONLY	10,079
852451-MAGNETIC TAPES FOR REPRODUCING SOUND OR IMAGE, RECORDED, OF A WIDTH <= 4 MM	2,925
852452-MAGNETIC TAPES FOR REPRODUCING SOUND OR IMAGE, RECORDED, OF A WIDTH > 4 MM BUT <= 6,5 MM	236
852491-RECORDING MEDIA (EXCL. THOSE FOR SOUND OR IMAGE RECORDINGS, DISCS FOR LASER READING SYSTEMS, MAGNETIC TAPES, CARDS INCORPORATING A MAGNETIC STRIPE AND GOODS OF CHAPTER 37)	31
852499-RECORDED MEDIA FOR SOUND OR IMAGE REPRODUCING PHENOMENA, INCL. MATRICES AND MASTERS FOR THE PRODUCTION OF RECORDS (EXCL. GRAMOPHONE RECORDS, DISCS FOR LASER READING SYSTEMS, MAGNETIC TAPES, CARDS INCORPORATING A MAGNETIC STRIPE AND GOODS OF CHAPTER 37)	31,396
852510-TRANSMISSION APPARATUS FOR RADIO-TELEPHONY, RADIO-TELEGRAPHY, RADIO-BROADCASTING OR TELEVISION	610,310
852520-TRANSMISSION APPARATUS INCORPORATING RECEPTION APPARATUS, FOR RADIO-TELEPHONY, RADIO-TELEGRAPHY, RADIO-BROADCASTING OR TELEVISION	142,164
852691-RADIO NAVIGATIONAL AID APPARATUS	2,027
852719-RADIO-BROADCAST RECEIVERS CAPABLE OF OPERATING WITHOUT AN EXTERNAL SOURCE	50

OF POWER, INCL. APPARATUS CAPABLE OF ALSO RECEIVING RADIO-TELEPHONY OR RADIO-TELEGRAPHY, NOT COMBINED WITH SOUND REPRODUCING APPARATUS	
852732-RADIO-BROADCAST RECEIVERS, FOR MAINS OPERATION ONLY, INCL. APPARATUS CAPABLE OF ALSO RECEIVING RADIO-TELEPHONY OR RADIO-TELEGRAPHY, NOT COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS BUT COMBINED WITH A CLOCK (EXCL. THOSE OF A KIND USED IN MOTOR VEHICLES)	67
852830-VIDEO PROJECTORS	5,746
852990-PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH TRANSMISSION AND RECEPTION APPARATUS FOR RADIO-TELEPHONY, RADIO-TELEGRAPHY, RADIO-BROADCASTING, TELEVISION, TELEVISION CAMERAS, STILL IMAGE VIDEO CAMERAS AND OTHER VIDEO CAMERA RECORDERS, RADAR APPARATUS, RADIO NAVIGATIONAL AID APPARATUS OR RADIO REMOTE CONTROL APPARATUS, N.E.S. (EXCL. FOR AERIALS AND AERIAL REFLECTORS OF ALL KINDS)	26,229
852910-AERIALS AND AERIAL REFLECTORS OF ALL KINDS; PARTS SUITABLE FOR USE THEREWITH, N.E.S.	10,804
853120-INDICATOR PANELS WITH LIQUID CRYSTAL DEVICES [LCD] OR LIGHT EMITTING DIODES [LED] (EXCL. THOSE FOR CYCLES, MOTOR VEHICLES AND TRAFFIC SIGNALLING)	12,129
853180-ELECTRIC SOUND OR VISUAL SIGNALLING APPARATUS (EXCL. INDICATOR PANELS WITH LIQUID CRYSTAL DEVICES OR LIGHT EMITTING DIODES, BURGLAR OR FIRE ALARMS AND SIMILAR APPARATUS AND APPARATUS FOR CYCLES, MOTOR VEHICLES AND TRAFFIC SIGNALLING)	478
853190-PARTS OF ELECTRIC SOUND OR VISUAL SIGNALLING APPARATUS, N.E.S.	1,974
853400-PRINTED CIRCUITS	1,422
853620-AUTOMATIC CIRCUIT BREAKERS FOR A VOLTAGE <= 1.000 V	105
853690-ELECTRICAL APPARATUS FOR SWITCHING ELECTRICAL CIRCUITS, OR FOR MAKING CONNECTIONS TO OR IN ELECTRICAL CIRCUITS, FOR A VOLTAGE <= 1.000 V (EXCL. FUSES, AUTOMATIC CIRCUIT BREAKERS AND OTHER APPARATUS FOR PROTECTING ELECTRICAL CIRCUITS, RELAYS AND OTHER SWITCHES, LAMP-HOLDERS, PLUGS AND SOCKETS)	2213
853890-PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE APPARATUS OF HEADING 8535, 8536 OR 8537, N.E.S. (EXCL. BOARDS, PANELS, CONSOLES, DESKS, CABINETS AND OTHER BASES FOR THE GOODS OF HEADING 8537, NOT EQUIPPED WITH THEIR APPARATUS	17,620
853910-SEALED BEAM LAMP UNITS	1,677
853921-TUNGSTEN HALOGEN FILAMENT LAMPS (EXCL. SEALED BEAM LAMP UNITS)	14,371
853929-FILAMENT LAMPS, ELECTRIC (EXCL. TUNGSTEN HALOGEN LAMPS, LAMPS OF A POWER <= 200 W AND FOR A VOLTAGE > 100 V AND ULTRA-VIOLET OR INFRA-RED LAMPS)	4,219
853932-MERCURY OR SODIUM VAPOUR LAMPS; METAL HALIDE LAMPS	4,040
853939-DISCHARGE LAMPS (EXCL. FLOURESCENT, HOT CATHODE LAMPS, MERCURY OR SODIUM VAPOUR LAMPS, METAL HALIDE LAMPS AND ULTRA-VIOLET LAMPS)	3,831
853990-PARTS OF ELECTRIC FILAMENT OR DISCHARGE LAMPS, SEALED BEAM LAMP UNITS, ULTRA-VIOLET OR INFRA-RED LAMPS AND ARC-LAMPS, N.E.S.	3,906
854110-DIODES (EXCL. PHOTOSENSITIVE OR LIGHT EMITTING DIODES)	3,193
854140-PHOTOSENSITIVE SEMICONDUCTOR DEVICES, INCL. PHOTOVOLTAIC CELLS WHETHER OR NOT ASSEMBLED IN MODULES OR MADE-UP INTO PANELS; LIGHT EMITTING DIODES (EXCL. PHOTOVOLTAIC GENERATORS)	180,634
854221-MONOLITHIC INTEGRATED CIRCUITS, DIGITAL (EXCL. CARDS INCORPORATING AN ELECTRONIC MONOLITHIC DIGITAL INTEGRATED CIRCUIT 'SMART CARDS')	5,653
854229-ELECTRONIC INTEGRATED CIRCUITS, MONOLITHIC, ANALOGUE OR ANALOGUE AND DIGITAL	11,215
854459-ELECTRIC CONDUCTORS, FOR A VOLTAGE > 80 V BUT <= 1.000 V, INSULATED, NOT FITTED WITH CONNECTORS, N.E.S	480
854460-ELECTRIC CONDUCTORS, FOR A VOLTAGE > 1.000 V, INSULATED, N.E.S.	3,778
854520-CARBON BRUSHES FOR ELECTRICAL PURPOSES	128
85SSS7-CONFIDENTIAL TRADE OF CHAPTER 85 AND SITC GROUP 7	20,012

Canada does import some items of HS85 – a minimal amount of HS8501, and a decreasing amount of HS8509 in 2004. However, HS8524 and HS8542 have experienced rapid growth in 2004.

Canada does not import rail and tram vehicle related items (HS86) nor boats and floating structures (HS89) manufactured in Bangladesh. Canada imported negligible amounts ($44 in 2004) of non-rail vehicle products (HS87) and aircraft related goods, HS88 ($431) in 2004, from Bangladesh, a sharp contrast from the EU. Aircraft related (HS88) goods are the EU's eighth largest import category from Bangladesh, valued at €19.3 million in 2003, followed by vehicles (HS87) valued at €18.6 million. Rail and trams (HS86) ranks twenty-ninth in 2003, valued at €420,301. HS89 – boats etc is a small chapter, valued at just over €31,000 in 2003. Table 26 summarises the EU's imports of these four chapters.

Table 26. EU Vehicular Imports (HS86, 87 & 88), Not Imported by Canada

HS Code and Description	€
86-RAILWAY OR TRAMWAY LOCOMOTIVES, ROLLING-STOCK AND PARTS THEREOF	***420,301***
860400-RAILWAY OR TRAMWAY MAINTENANCE OR SERVICE VEHICLES, WHETHER OR NOT SELF-PROPELLED, E.G., WORKSHOPS, CRANES, BALLAST TAMPERS, TRACKLINERS, TESTING COACHES AND TRACK INSPECTION VEHICLES,	420,301
87-VEHICLES OTHER THAN RAILWAY OR TRAMWAY ROLLING-STOCK, AND PARTS AND ACCESSORIES THEREOF	***18,681,842***
870323-MOTOR CARS AND OTHER MOTOR VEHICLES PRINCIPALLY DESIGNED FOR THE TRANSPORT OF PERSONS, INCL. STATION WAGONS AND RACING CARS, WITH SPARK-IGNITION INTERNAL COMBUSTION RECIPROCATING PISTON ENGINE OF A CYLINDER CAPACITY > 1.500 CM¦ BUT <= 3.000 CM¦ (EXCL. VEHICLES FOR THE TRANSPORT OF PERSONS ON SNOW AND OTHER SPECIALLY DESIGNED VEHICLES OF SUBHEADING 8703.10)	172,793
870333-MOTOR CARS AND OTHER MOTOR VEHICLES PRINCIPALLY DESIGNED FOR THE TRANSPORT OF PERSONS, INCL. STATION WAGONS AND RACING CARS, WITH COMPRESSION-IGNITION INTERNAL COMBUSTION PISTON ENGINE 'DIESEL OR SEMI-DIESEL' OF A CYLINDER CAPACITY > 2.500 CM¦ (EXCL. VEHICLES FOR THE TRANSPORT OF PERSONS ON SNOW AND OTHER SPECIALLY DESIGNED VEHICLES OF SUBHEADING 8703.10)	26,236
871120-MOTOR-CYCLES, INCL. MOPEDS, WITH RECIPROCATING INTERNAL COMBUSTION PISTON ENGINE OF A CYLINDER CAPACITY > 50 CM¦ BUT <= 250 CM¦	626
871190-SIDE CARS FOR MOTOR CYCLES	263423
871200-BICYCLES AND OTHER CYCLES, INCL. DELIVERY TRICYCLES, NOT MOTORISED	18167969
871419-PARTS AND ACCESSORIES FOR MOTOR-CYCLES, INCL. MOPEDS, N.E.S.	16
871491-FRAMES AND FORKS, AND PARTS THEREOF, FOR BICYCLES, N.E.S	39,166
871492-WHEEL RIMS AND SPOKES, FOR BICYCLES	10,690
871499-PARTS AND ACCESSORIES, FOR BICYCLES, N.E.S.	245
871680-VEHICLES PUSHED OR DRAWN BY HAND AND OTHER VEHICLES NOT MECHANICALLY PROPELLED (EXCL. TRAILERS AND SEMI-TRAILERS)	678
88-AIRCRAFT, SPACECRAFT, AND PARTS THEREOF	***19,370,180***
880240-AEROPLANES AND OTHER POWERED AIRCRAFT OF AN OF AN UNLADEN WEIGHT > 15.000 KG (EXCL. HELICOPTERS AND DIRIGIBLES)	19,000,000
880310-PROPELLERS AND ROTORS AND PARTS THEREOF, FOR AIRCRAFT, N.E.S	551
880320-UNDER-CARRIAGES AND PARTS THEREOF, FOR AIRCRAFT, N.E.S	156,456
880330-PARTS OF AEROPLANES OR HELICOPTERS, N.E.S. (EXCL. THOSE FOR GLIDERS)	98,038
88SSS7-CONFIDENTIAL TRADE OF CHAPTER 88 AND SITC GROUP 7	115,135
89-SHIPS, BOATS AND FLOATING STRUCTURES	**31,701**
890399-VESSELS FOR PLEASURE OR SPORTS; ROWING BOATS (EXCL. MOTOR-BOATS AND MOTOR YACHTS POWERED OTHER THAN BY OUTBOARD MOTORS, SAILBOATS AND YACHTS WITH OR WITHOUT AUXILIARY MOTOR AND INFLATABLE BOATS)	31,701

Canada imports negligible amounts of HS90, nothing of HS91 and some goods of HS92, mostly wind instruments (HS9205, valued at $3463 in 2004). Table 27 summarises the EU's far more significant imports of these chapters.

Table 27, EU Imports of HS89,90,91 and 92, Not Shared by Canada

HS Code and Abbreviated Description	€
90-SPECIALIZED AND PRECISION INSTRUMENTS	**359,048**
900319-FRAMES AND MOUNTINGS FOR SPECTACLES, GOGGLES OR THE LIKE (EXCL. OF PLASTICS)	1,613
900669-PHOTOGRAPHIC FLASHLIGHTS AND FLASHLIGHT APPARATUS (EXCL. WITH ELECTRONIC DISCHARGE LAMPS, AND FLASHBULBS, FLASHCUBES AND THE LIKE)	882
900999-PARTS AND ACCESSORIES FOR PHOTOCOPYING AND THERMO-COPYING APPARATUS, N.E.S. (EXCL. AUTOMATIC DOCUMENT FEEDERS, PAPER FEEDERS AND SORTERS)	1,481
901310-TELESCOPIC SIGHTS FOR FITTING TO ARMS; PERISCOPES; TELESCOPES DESIGNED TO FORM PARTS OF MACHINES, APPLIANCES, INSTRUMENTS OR APPARATUS OF CHAPTER 90 OR SECTION XVI, CHAPTERS 84 AND 85	1,300
901380-LIQUID CRYSTAL DEVICES, N.E.S. AND OTHER OPTICAL APPLIANCES AND INSTRUMENTS NOT ELSEWHERE SPECIFIED IN CHAPTER 90	731
901410-DIRECTION FINDING COMPASSES	6,147
901420-INSTRUMENTS AND APPLIANCES FOR AERONAUTICAL OR SPACE NAVIGATION (EXCL. COMPASSES AND RADIO NAVIGATIONAL EQUIPMENT)	6,693
901490-PARTS AND ACCESSORIES FOR COMPASSES AND OTHER NAVIGATIONAL INSTRUMENTS AND APPLIANCES, N.E.S.	164,477
901580-INSTRUMENTS AND APPLIANCES USED IN GEODESY, TOPOGRAPHY, HYDROGRAPHY, OCEANOGRAPHY, HYDROLOGY, METEOROLOGY OR GEOPHYSICS (EXCL. COMPASSES, RANGEFINDERS, THEODOLITES, TACHYMETERS 'TACHEOMETERS', LEVELS AND PHOTOGRAMMETRICAL SURVEYING INSTRUMENTS AND APPLIANCES)	64,949

901730-MICROMETERS, CALLIPERS AND GAUGES (EXCL. GAUGES WITHOUT ADJUSTABLE DEVICES OF SUBHEADING 9031.80)	521
901780-INSTRUMENTS FOR MEASURING LENGTH, FOR USE IN THE HAND, N.E.S.	12,487
901811-ELECTRO-CARDIOGRAPHS	154
901812-ULTRASONIC SCANNING APPARATUS	1,306
901819-ELECTRO-DIAGNOSTIC APPARATUS, INCL. APPARATUS FOR FUNCTIONAL EXPLORATORY EXAMINATION OR FOR CHECKING PHYSIOLOGICAL PARAMETERS (EXCL. ELECTRO-CARDIOGRAPHS, ULTRASONIC SCANNING APPARATUS, MAGNETIC RESONANCE IMAGING APPARATUS AND SCINTIGRAPHIC APPARATUS)	6,361
901849-INSTRUMENTS AND APPLIANCES USED IN DENTAL SCIENCES, N.E.S.	2,509
901890-INSTRUMENTS AND APPLIANCES USED IN MEDICAL, SURGICAL OR VETERINARY SCIENCES, N.E.S.	101
902139-ARTIFICIAL PARTS OF THE BODY (EXCL. ARTIFICIAL TEETH AND DENTAL FITTINGS AND ARTIFICIAL JOINTS)	12,982
902519-THERMOMETERS, NOT COMBINED WITH OTHER INSTRUMENTS (EXCL. LIQUID-FILLED AND FOR DIRECT READING)	572
902610-INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW OR LEVEL OF LIQUIDS (EXCL. METERS AND REGULATORS)	819
902690-PARTS AND ACCESSORIES FOR INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW, LEVEL, PRESSURE OR OTHER VARIABLES OF LIQUIDS OR GASES, N.E.S.	1,132
902720-CHROMATOGRAPHS AND ELECTROPHORESIS INSTRUMENTS	4,106
902780-INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, OR FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE, OR FOR MEASURING OR CHECKING QUANTITIES OF HEAT, SOUND OR LIGHT, N.E.S.	2,063
902790-MICROTOMES; PARTS AND ACCESSORIES OF INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE, INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING QUANTITIES OF HEAT, SOUND OR LIGHT, AND OF MICROTOMES, N.E.S.	1,873
902810-GAS METERS, INCL. CALIBRATING METERS THEREFOR	12,002
903031-MULTIMETERS FOR VOLTAGE, CURRENT, RESISTANCE OR ELECTRICAL POWER (EXCL. RECORDING DEVICE)	7,690
903040-INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING ELECTRICAL QUANTITIES, SPECIFICALLY FOR TELECOMMUNICATIONS, E.G. CROSS-TALK METERS, GAIN MEASURING INSTRUMENTS, DISTORTION FACTOR METERS, PSOPHOMETERS	5,517
903089-INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING ELECTRICAL QUANTITIES, N.E.S. (EXCL. RECORDING DEVICE)	27,288
903090-PARTS AND ACCESSORIES FOR INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING ELECTRICAL QUANTITIES OR FOR DETECTING IONISING RADIATIONS, N.E.S.	10,133
903180-INSTRUMENTS, APPLIANCES AND MACHINES FOR MEASURING OR CHECKING, NOT ELSEWHERE SPECIFIED IN CHAPTER 90 (EXCL. OPTICAL	1,159
91-CLOCKS AND WATCHES AND PARTS THEREOF	***2,428***
910211-WRIST-WATCHES, WHETHER OR NOT INCORPORATING A STOP-WATCH FACILITY, ELECTRICALLY OPERATED, WITH MECHANICAL DISPLAY ONLY (EXCL. OF PRECIOUS METAL OR OF METAL CLAD WITH PRECIOUS METAL)	435
910310-CLOCKS WITH WATCH MOVEMENTS, ELECTRICALLY OPERATED (EXCL. WRIST-WATCHES, POCKET-WATCHES AND OTHER WATCHES OF HEADING 9101 OR 9102, AND INSTRUMENT PANEL CLOCKS AND THE LIKE OF HEADING 9104)	57
910400-INSTRUMENT PANEL CLOCKS AND CLOCKS OF A SIMILAR TYPE FOR VEHICLES, AIRCRAFT, SPACECRAFT OR VESSELS	936
910511-ALARM CLOCKS, ELECTRICALLY OPERATED	170
910610-TIME REGISTERS; TIME-RECORDERS	80
910690-TIME OF DAY RECORDING APPARATUS AND APPARATUS FOR MEASURING, RECORDING OR OTHERWISE INDICATING INTERVALS OF TIME, WITH CLOCK OR WATCH MOVEMENT OR WITH SYNCHRONOUS MOTOR (EXCL. CLOCKS OF HEADING 9101 TO 9105, TIME REGISTERS, TIME RECORDERS AND PARKING METERS)	750
92-MUSICAL INSTRUMENTS; PARTS AND ACCESSORIES OF SUCH ARTICLES	***4,126***
920600-PERCUSSION MUSICAL INSTRUMENTS, E.G. DRUMS, XYLOPHONES, CYMBALS, CASTANETS AND MARACAS	95

Canada and the EU import the same product categories in HS95, although in differing values. The largest category imported by Canada is HS9506 valued at over $2.2 million in 2004, followed by HS9505 valued at $8310. The remaining categories are of nearly negligible amounts (under $1000), for an overall HS95 total of Cdn $2,217,514. The EU imported roughly the same amount. The EU imports much more of HS96 than Canada, although of its overall imports from Bangladesh, this is a small category for the EU. Canadian imports of HS96 totaled $68 in 2004. The same is true for HS97 where Canada imported a total of $1815 in sculptures in 2004, compared to the EU's more diverse product range. Table 28 summarises the EU's imports of HS95, 96 and 97.

TABLE 28. EU IMPORTS OF HS94 – 99, NOT SHARED BY CANADA

HS CODE AND ABBREVIATED DESCRIPTION	€
95-TOYS, GAMES AND SPORTS REQUISITES; PARTS AND ACCESSORIES THEREOF	***1,163,104***
950210-DOLLS REPRESENTING ONLY HUMAN BEINGS, WHETHER OR NOT CLOTHED	1,951
950291-GARMENTS AND ACCESSORIES, FOOTWEAR AND HEADGEAR FOR DOLLS REPRESENTING ONLY HUMAN BEINGS	31,907
950299-PARTS AND ACCESSORIES FOR DOLLS REPRESENTING ONLY HUMAN BEINGS, N.E.S	7,712
950330-CONSTRUCTION SETS AND CONSTRUCTIONAL TOYS (EXCL. SCALE MODEL ASSEMBLY KITS)	1,689
950341-STUFFED TOYS REPRESENTING ANIMALS OR NON-HUMAN CREATURES	3,910
950349-TOYS REPRESENTING ANIMALS OR NON-HUMAN CREATURES (EXCL. STUFFED)	15,646
950390-TOYS, N.E.S.	46,235
950430-GAMES WITH SCREENS, FLIPPER AND OTHER GAMES, OPERATED BY COINS, BANKNOTES 'PAPER CURRENCY', DISCS OR OTHER SIMILAR ARTICLES (EXCL. BOWLING ALLEY EQUIPMENT)	3,778
950490-TABLES FOR CASINO GAMES, AUTOMATIC BOWLING ALLEY EQUIPMENT, AND OTHER FUNFAIR, TABLE OR PARLOUR GAMES, INCL. PINTABLES (EXCL. OPERATED BY COINS, BANKNOTES 'PAPER CURRENCY', DISCS OR OTHER SIMILAR ARTICLES, BILLIARDS, VIDEO GAMES FOR USE WITH A TELEVISION RECEIVER, AND PLAYING CARDS)	6,622
950510-CHRISTMAS ARTICLES (EXCL. CANDLES AND ELECTRIC LIGHTING SETS, NATURAL CHRISTMAS TREES AND CHRISTMAS TREE STANDS)	58,010
950590-FESTIVAL, CARNIVAL OR OTHER ENTERTAINMENT ARTICLES, INCL. CONJURING TRICKS AND NOVELTY JOKES, N.E.S.	16,871
950631-GOLF CLUBS, COMPLETE	13,441
950632-GOLF BALLS	4,586
950639-GOLF EQUIPMENT (EXCL. BALLS AND COMPLETE CLUBS)	873,760
950662-INFLATABLE BALLS	10,742
950669-BALLS (EXCL. INFLATABLE, TENNIS BALLS, GOLF BALLS, AND TABLE-TENNIS BALLS)	34,390
950691-ARTICLES AND EQUIPMENT FOR GENERAL PHYSICAL EXERCISE, GYMNASTICS OR ATHLETICS	21
950699-ARTICLES AND EQUIPMENT FOR SPORT AND OUTDOOR GAMES N.E.S; SWIMMING AND PADDLING POOLS	13,696
950730-FISHING REELS	35
950790-LINE FISHING TACKLE N.E.S; FISH LANDING NETS, BUTTERFLY NETS AND SIMILAR NETS; DECOYS AND SIMILAR HUNTING OR SHOOTING REQUISITES (EXCL. DECOY CALLS OF ALL KINDS AND STUFFED BIRDS OF HEADING 9705)	16,820
950890-ROUNDABOUTS, SWINGS, SHOOTING GALLERIES AND OTHER FAIRGROUND AMUSEMENTS; TRAVELLING THEATRES (EXCL. TRAVELLING CIRCUSES AND TRAVELLING MENAGERIES, BOOTHS, INCL. THE GOODS ON SALE, GOODS FOR DISTRIBUTION AS PRIZES, GAMING MACHINES ACCEPTING COINS OR TOKENS, AND TRACTORS AND OTHER TRANSPORT VEHICLES, INCL. NORMAL TRAILERS)	1,173
96-MISCELLANEOUS MANUFACTURED ARTICLES	***61,562***
960200-WORKED VEGETABLE OR MINERAL CARVING MATERIAL AND ARTICLES OF THESE MATERIALS N.E.S; MOULDED OR CARVED ARTICLES OF WAX, OF PARAFFIN, OF STEARIN, OF NATURAL GUMS OR NATURAL RESINS OR OF MODELLING PASTES, AND OTHER MOULDED OR CARVED ARTICLES N.E.S; WORKED, UNHARDENED GELATIN, AND ARTICLES OF UNHARDENED GELATIN, N.E.S.	1,665
960321-TOOTH BRUSHES, INCL. DENTAL-PLATE BRUSHES	500
960390-MOPS AND LEATHER DUSTERS; PREPARED KNOTS AND TUFTS FOR BROOM OR BRUSH MAKING; SQUEEGEES OF RUBBER OR OTHER FLEXIBLE MATERIALS; BROOMS AND BRUSHES, N.E.S.	18
960621-BUTTONS OF PLASTICS, NOT COVERED WITH TEXTILE MATERIAL (EXCL. PRESS-FASTENERS, SNAP-FASTENERS, PRESS-STUDS AND CUFF LINKS)	119
960711-SLIDE FASTENERS FITTED WITH CHAIN SCOOPS OF BASE METAL	10,102
960810-BALL-POINT PENS	2,371
960850-SETS OF ARTICLES FROM TWO OR MORE OF THE FOLLOWING: BALL-POINT PENS, FELT OR FIBRE-TIPPED PENS AND MARKERS, FOUNTAIN PENS AND PROPELLING PENCILS	490
960899-PARTS OF BALL-POINT PENS, FELT-TIPPED AND OTHER POROUS-TIPPED PENS AND MARKERS, FOUNTAIN PENS AND PROPELLING PENCILS N.E.S, PENCIL-HOLDERS, PEN-HOLDERS AND THE LIKE, AND DUPLICATING STYLOS	5,777
961220-INK-PADS, WHETHER OR NOT INKED, WITH OR WITHOUT BOXES	74
961310-POCKET LIGHTERS, GAS FUELLED, NON-REFILLABLE 1550	1,550
961320-POCKET LIGHTERS, GAS FUELLED, REFILLABLE 160	160
961511-COMBS, HAIR-SLIDES AND THE LIKE OF HARD RUBBER OR PLASTICS	33,071
961519-COMBS, HAIR-SLIDES AND THE LIKE (EXCL. OF HARD RUBBER OR PLASTICS)	3,716
961590-HAIRPINS, CURLING PINS, CURLING GRIPS, HAIR-CURLERS AND THE LIKE, AND PARTS THEREOF, N.E.S. (EXCL. ELECTRO-THERMIC APPLIANCES OF HEADING 8516)	1,949
97-WORKS OF ART, COLLECTORS' PIECES AND ANTIQUES	***16,111***
970110-PAINTINGS, E.G. OIL PAINTINGS, WATERCOLOURS AND PASTELS, AND DRAWINGS EXECUTED ENTIRELY BY HAND (EXCL. TECHNICAL DRAWINGS AND THE LIKE OF HEADING 4906, AND HAND-PAINTED OR HAND-DECORATED MANUFACTURED ARTICLES)	1,033
970300-ORIGINAL SCULPTURES AND STATUARY, IN ANY MATERIAL	14,651
970400-POSTAGE OR REVENUE STAMPS, STAMP-POSTMARKS, FIRST-DAY COVERS, POSTAL STATIONERY, STAMPED PAPER AND THE LIKE, USED, OR IF UNUSED, NOT OF CURRENT OR NEW ISSUE IN WHICH THEY	174

HAVE, OR WILL HAVE, A RECOGNISED FACE VALUE	
970500-COLLECTIONS AND COLLECTOR'S PIECES OF ZOOLOGICAL, BOTANICAL, MINERALOGICAL, ANATOMICAL, HISTORICAL, ARCHAEOLOGICAL, PALAEONTOLOGICAL, ETHNOGRAPHIC OR NUMISMATIC INTEREST	253

It is obvious that the EU is a wide, diverse and broad market for Bangladesh's exports, much more so than either Canada or the US. As such, Bangladesh can examine the various products identified above to determine their suitability for and competitiveness in the Canadian market. Once a product has been identified as a potential export to Canada, determining whether it requires approvals or certifications, meets standards or other regulations is essential.

5. RULES OF ORIGIN - MAI VS. NAFTA AND MFN

The benefits of the MAI can be compared with Canada's other trade policy instruments, including tariff and rules of origin arrangements under the GPT, MFN and NAFTA, to assess the width, depth and extent of preference accorded to LDC's. A comparison of the provisions of the MAI and NAFTA rules of origin may also assist Bangladesh by clarifying options for the NAFTA market.

5.1 MAI

As discussed previously, there are two methods under which LDC goods can be considered eligible for the benefits of the Canadian MAI. First, all goods currently entitled to the benefits of the LDCT can qualify under 2 categories:

a) Wholly produced rule (wholly produced in one or more LDCs); or

b) A cumulative manufacturing process in an LDC beneficiary with value-added inputs or cumulations from other LDCs or Canada (general 40% LDC cumulative) (CBSA, 2003a).

Second, specifically pertaining to textile and apparel goods, a good can qualify under:

a) A wholly produced rule (they have been manufactured or formed from inputs from any of the 48 eligible LDCs,) or

b) One of the new specific rules of origin governing the country of origin of inputs and the manufacture of goods. In general terms, the conditions of the new RO are that the products have been formed from inputs from GPT beneficiary countries, provided the value-added in the LDC exporting country is at least 25 percent. Any materials used in these products that originate from Canada are deemed to have originated in the least developed country. (DFAIT, 2003a).

For textiles and apparel goods to qualify under either a) or b), the apparel would have to be assembled in an LDCT beneficiary country from fabric cut or knit to shape in that country. The RO for fabrics and yarn is NAFTA-based with full accumulation of originating input from LDCT or GPT beneficiary countries or Canada. For textiles, the NAFTA rule requires double transformation, i.e. the fabric has to be made from territorially (LDC, Canada or GPT countries) produced yarns. The NAFTA rule for yarn requires that it be spun or extruded in the territory (DFAIT, 2003a).

5.2 NAFTA

Canada's relationship with the United States and Mexico is guided by the NAFTA, which provides for duty-free access to the Canadian market in all goods with the exception of the supply-managed dairy and poultry products, and trade in services and investment where additional rules and restrictions apply. Trade is virtually duty-free, with most remaining tariffs phased out in 2003.

NAFTA adopts an objective, rules-based approach to substantial transformation where origin is determined by transformation and/or regional content. In general, a product utilising non-NAFTA inputs must undergo substantive change sufficient to be classified under a new tariff heading to receive NAFTA tariff treatment. The specific degree of change in tariff classification required as well as any regional content requirements for a good to be considered as NAFTA-originating is specified for each good in Annex 401 of the NAFTA.

5.3 NAFTA and Textiles/Apparel Rules of Origin

For textiles and apparel, qualifying as NAFTA originating involves a change in tariff heading from that which the input was classified as when it entered the US or Mexico and when it gains access to the Canadian market. These required changes are prescribed on the basis of the chapters, headings and subheadings of the Harmonised System of tariff classification. The requirements set out by the rules are:

General Rule: For most products, the rule of origin is 'yarn forward', which means that the textile and apparel product must be produced from yarns made in a NAFTA country to qualify for full NAFTA benefits. Exceptions to the General Rule are covered by the Specific Rules. (Industry Canada, 2004)

Specific Rules: Certain products are required to meet a stricter fibre forward rule of origin. The fibre forward rule applies to products such as cotton and man-made staple fibre yarns and threads (HS chapters 52 and 55), which means that the yarn or thread must be produced from fibre made in a NAFTA country. Man-made filament yarns must be composed of filaments that are extruded in a NAFTA country, but petrochemical or cellulosic feedstock may be sourced from non-NAFTA countries. Fibre forward also applies to certain woven and knit fabrics of cotton or man-made staple fibres, and to non-woven fabrics of man-made filament or man-made staple fibres. A less strict fabric forward rule applies to some textiles, such as coated fabrics using a woven substrate fabric. (Industry Canada, 2004)

Most apparel will have to be made from North American fabrics manufactured from North American yarns (known as triple transformation). However, apparel cut and sewn in one or more of the NAFTA countries from certain imported fabrics, which the Parties agree are in short supply in North America, can qualify for preferential tariff treatment. This is referred to as single transformation. (Industry Canada, 2004)

The "yarn forward" rule, in most cases, determines that the only textiles and clothing items to fully benefit from the free trade between the signatories are items produced from inputs originating in the respective trade agreement partner, starting with yarn/fibre and including all transformations (WTO, 2003)

The NAFTA also provides a de minimis rule for textiles and apparel. A textile good containing non-originating fibres or yarns can qualify for full NAFTA benefits if the total weight of the non-North American fibres or yarns does not exceed 7 percent of the total weight of the component of the good that determines the tariff classification of the textile good being exported. The de minimis rule, on a weight basis, applies only to textile goods of HS chapters 50 to 63. Other textile goods outside these chapters have access to the value-based de minimis rule (see Chapter 4, Article 405 of NAFTA). To summarise, a good qualifies as originating if the foreign content is 7 percent or less by weight of the component that determines the tariff classification (Industry Canada, 2004).

5.4 Most Favoured Nation

In general, preferential access under free-trade agreements entails a significant advantage in areas protected by high most favoured nation (MFN)[23] tariffs. In 2002, Canada's average MFN tariff declined from 7.2% to 6.8%[24]. However, considerably higher tariffs continue to apply to agri-food, clothing, and boats and ships. In particular, the production of dairy products and margarine, as well as chicken, turkey, eggs and broiler hatching eggs is protected by the use of a tariff rate quota system where the over quota or out-of-quota tariffs frequently exceed 200%; in-quota access is in some instances extremely small, or reserved for imports covered by certain preferential arrangements (WTO, 2003 and EU, 2004)

Canada's Uruguay Round commitments now mean that more than one half of Canada's MFN tariff schedule is duty-free. Generally, tariffs perform a protection function rather than being motivated by revenue generation. (WTO, 2003)

MFN rules of origin are in place to distinguish MFN imports from those under the General Tariff[25]. At least 50 percent of the cost of production of the good must have been incurred in one or more MFN partners for it to be considered of MFN origin. In addition, a separate rule, which applies to only a limited number of imported goods, exists for marking purposes. Other MFN rules apply for textiles and clothing: for textiles, the origin is deemed to be where the fabric was woven; clothing originates where the parts of the garment are first sewn together, or where a knitted garment is first fitted to shape. (WTO, 2003)

Of final note regarding rules of origin, the three NAFTA partners reached a tentative agreement to liberalize the rules of origin for a broad range of foods, consumer and industrial products in 2004, which will affect over $20 billion in trilateral trade. Member governments initiated respective domestic procedures required to implement these changes on January 1, 2005. The NAFTA Working Group on Rules of Origin is to continue to pursue further liberalization of the rules of origin, including those for chemicals, pharmaceuticals, plastics and rubber, motor vehicles and their parts, footwear and copper, as well as any items for which the NAFTA partners have a common MFN duty rate of zero (USTR, 2004).

The implications for Bangladesh of the rules or origin liberalization is that the NAFTA partners will likely enjoy less restrictive rules of origin across a broad range of products than that conferred to the MAI beneficiaries, meaning they gain a market access advantage relative to countries covered by the MAI.

5.5 Implications for Bangladesh

With the MAI, virtually all of Bangladesh's exports to Canada can enter duty-free and quota free. Whether or not a specific product can then be re-exported to either the United

[23] These are the rates extended to other member states of the WTO and are considered the normal tariff rates for all but those countries that do not belong to the WTO. In regional and preferential arrangements tariff rates can be no higher than MFN rates and should be lower over a wide-range of products.
[24] Canada completed another round of tariff reductions in 2004 and again in 2005 but aggregated data concerning tariff rates is not yet available at time of writing.
[25] Applicable only to the exports of Democratic People's Republic of Korea, and Libya, and levied at 35% on most products

States or Mexico under the NAFTA depends upon the degree of subsequent processing completed in Canada, prior to shipping to NAFTA partners, and the applicable degree of change in tariff classification stipulated for that product under the NAFTA in Annex 401. There may also be a regional content component in addition to a change in tariff classification in order for a good to qualify for NAFTA tariff treatment. The Annex is comprehensive: the rules of origin requirements for a specific product must be individually assessed by researching the Annex.

Bangladesh's exporters attempting to determine whether their product is eligible for NAFTA-treatment must first determine the six-digit HS classification of their product. They must then refer to the NAFTA Annex 401 and find their product's 6-digit HS classification. The Annex will then provide the degree of transformation within a NAFTA country necessary in order for their product to qualify for NAFTA treatment if moving from Canada to another NAFTA partner country.

6. BARRIERS TO TRADE

Canada is rated as one of the world's most open and transparent trading economies (WTO, 2003) with a significant share of GDP reliant upon exports. However, a select few barriers to trade remain for MFN trading partners without preferential access accorded via an FTA particularly.

For Canada's MFN and non-FTA partners, in some sectors, tariff protection remains significant, with tariff peaks still affecting items such as agri-food products, footwear, and shipbuilding (with tariffs up to 25%). Canada also utilises tariff escalation for non-NAFTA exporters of value-added products, especially in agri-food, wood products, chemicals and non-metallic mineral products. For these sectors, the average tariff on finished goods can reach nearly twice the level on raw materials (EU, 2004).

Canada also utilises TRQs. Under these TRQs, imports within the TRQ level (i.e. within the access commitment), will require a permit issued through the Export and Import Controls Bureau (EICB) in order to benefit from the lower rate of duty, while imports e.g. of dairy products, wheat and barley over the quota level, subject to higher rates of duty, may enter under a General Import Permit. The above-quota or out-of-quota tariffs can reach levels as high as 224% (poultry and dairy products (EU, 2004).

MAI beneficiaries and NAFTA partners enjoy virtually tariff-free trade with Canada, placing them at a similar competitive advantages specifically pertaining to tariffs. Canada's trade with the United States and Mexico, with the exception of the supply-managed dairy and poultry products is virtually duty free. Canada's various FTA's offer 'NAFTA or less' benefits to respective partners. However, MAI beneficiaries attempting to increase their exports to Canada must overcome obstacles other than tariffs and quotas.

6.1 Technical Barriers to Trade

The Canadian federal government maintains numerous commodity standards to safeguard public welfare. Bangladesh manufacturers and exporters should determine what standards are applicable to their products. If certification is required, it generally must be obtained before the goods are imported into Canada. The process can be time-consuming and, therefore, certification should be one of the first steps taken to establish an export market in Canada.

Canada maintains various technical standards for most manufactured products including electrical products, cars, motorcycles, children's goods, heaters, valves, pumps, faucets, and hoods. These are products for which, for example, EU exporters have encountered additional delays and cost because standards were difficult to obtain, not transparent and costs were incurred to conform to the standards (Dehousse et al, 2002). Labelling is also a complaint: for example, motorcycles have specific labeling requirements, chemical products have complex labelling requirements and cosmetics have specific labeling regulations unique to Canada (Dehousse et al, 2002).

In addition, technical regulations and standards continue to differ among Canadian provinces, despite the work being undertaken under the Agreement on Internal Trade (AIT) and the Canadian Standards Strategy launched in 2000. Diverging provincial regulations and standards impede inter-provincial trade but also hinder international trade (EU, 2004).

Certain Canadian regulations and standards, notably those related to sanitary and phyto-sanitary (SPS) measures, can seriously hinder imports of animals and meat products. Canada's inspection regime for agri-food products has been accused of being difficult to comply with. Exporters have stated that obtaining the approval of goods before exporting them to Canada is nearly impossible (Dehousse et al, 2002). Inspections conducted in Canada imply additional costs for repatriation of refused goods or destruction of the products. An example is Canada's Meat Inspection Act which forbids importing a meat product into Canada unless at the time it was prepared for export, the country from which it originated and any country in which it was processed had meat inspection systems, those systems and the relevant establishments in those countries were approved in writing by the Canadian authorities before that time, and the approvals were valid at that time (EU, 2004). Canada's veterinary standards have also been accused of hampering trade by making it virtually impossible to obtain a veterinary certificate (Dehousse et al, 2002).

Canada is regularly reviewing and amending its standards, hence exporters to Canada must ensure they have complied with the most recent amendments. Canada is also focusing upon audit-based verifications rather than inspections hence exporters must ensure their documentation is current and compliant with Canadian requirements.

For Bangladesh, difficulties in meeting Canadian standards are highlighted in seafood and fish products. Despite the acceptance that Canadian standards are not unnecessarily high, certain Bangladeshi exporters have a history of poor compliance with Canadian standards, and were subsequently placed on alert lists where inspection efforts are directed at foreign processors that have exhibited poor compliance. If a country has established an MOU with Canada regarding reliable inspection systems, Canadian inspection effort is reduced. Bangladesh does not have an MOU with Canada, has not met the CFIA's 'A-list' requirements[26] and in 2004, several exporters were placed on the CFIA import alert list[27].

Canada also maintains bilingual labeling and marking requirements for most products and the following information must appear on the package/label of a consumer good sold in Canada:

- Product Identity Declaration: describes a product's common or generic name, or its function, in both English and French.

[26] found at http://www.inspection.gc.ca/english/anima/fispoi/import/ae.shtml
[27] found at http://www.inspection.gc.ca/english/anima/fispoi/import/ae.shtml

- Net Quantity Declaration: should be expressed in metric units of volume when the product is a liquid or a gas, or is viscous; or in metric units of weight when the product is solid or by numerical count. Net quantity may be expressed in other established trade terms.
- Dealer's Name and Principal Place of Business: where the prepackaged product was manufactured or produced for resale. In general, a name and address sufficient for postal delivery is acceptable. This information can be in either English or French.
- The agency responsible for inspection of imports, Canada Customs and Revenue Agency, also requires an indication of the country of origin, such as "Made in the USA," on several classes of imported goods. Goods not properly marked cannot be released from Canada Customs until suitably marked. (US State Dept, 2001)

In addition to bilingual requirements, the labeling and packaging for agri-food products can be very specific, requiring nutritional labeling, detailed product descriptions, all of which increase an exporter's costs of compliance. Pertaining to packaging, Canada has specific container integrity requirements that have been accused of being more stringent than global norms (EU, 2004). This again increases an exporter's costs in packaging products for the Canadian market.

Table 29 summarises the various sectors with technical and SPS regulations that must be complied with by exporters.

Table 29
Canada - Technical and SPS Regulations, Main Agencies and Legislation

Area	Main responsible agency	Main legislation
Chemicals	Health Canada (Product Safety Bureau, Health Protection Branch), Environment Canada, Pest Management Regulatory Agency (relating to pesticides)	Hazardous Products Act unless covered by the Explosives Act, Food and Drugs Act, Pest Control Products Act or Atomic Energy Control Act, Canadian Environmental Protection Act
Building	Provincial/territorial agencies	Provincial/territorial legislation based on national codes (National Building Code, National Fire Code, National Plumbing Code, National Energy Codes)
Consumer products other than food	Industry Canada, Health Canada	Consumer Packaging and Labelling Act and Regulations, Hazardous Products Act, Precious Metals Marking Act and Regulations, Textile Labelling Act and Textile Labelling and Advertising Regulations
Energy	Natural Resources Canada (Office of Energy Efficiency) and provincial agencies	Energy Efficiency Act and regulations, and provincial regulations based on national standards
Environment	Environment Canada, Health Canada, Canadian Food Inspection Agency, and provincial/territorial agencies	Federal and provincial acts and regulations dealing with environmental protection, pollution, preservation of wildlife and environmental assessment
Food	Canadian Food Inspection Agency, Health Canada	Food and Drugs Act and regulations and other statutes (e.g., Canada Agricultural Products Act, Consumer Packaging and Labelling Act, Feeds Act, the Fertilizer Act, Fish Inspection Act, Food and Drug Act, Meat Inspection Act, Seeds Act) complemented by provincial legislation
Measuring devices	Industry Canada	Electricity and Gas Inspection Act, Weights and Measures Act
Medical devices	Health Canada	Food and Drugs Act, Medical Devices Regulations
Pharmaceuticals	Health Canada	Food and Drugs Act and Regulations, National Narcotic Control Act and regulations
Telecommunications Equipment	Industry Canada (Director General, Spectrum Engineering Branch)	Telecommunications Act, Radio Communications Act and interference-causing equipment regulations
Transport equipment	Transport Canada and provincial/territorial agencies	Motor Vehicle Safety Act and regulations, complemented by provincial legislation

Source: WTO, Trade Policy Review – Canada, 2003, WT/TPR/S/112, Page 55

NAFTA partners enjoy the same tariff-free access as MAI beneficiaries but also have the additional advantages of geographic proximity, congruent time zones, familiarity with the regulatory regime, a common language, cultural and historical ties, and similar business and technological developments. As a result of NAFTA, the Canadian and US economies are highly integrated, with over 40% of US-Canada trade occurring intra-firm. The US was the source of 68.4 percent of total Canadian imports in 2003 (DFAIT, 2004a), and this dominant role is a difficult one to overcome, particularly in certain sectors, including the automotive industry

Canada's top trading partner is overwhelmingly the United States, followed by China, who can be a direct competitor to Bangladesh for many export categories. Mexico is the third most important source of imports for Canada, and can also be a direct competitor for Bangladesh's products. Bangladesh's exports will need to be competitive against the exports of these countries when trying to gain market share in Canada.

7. CANADIAN CONSUMERS/CUSTOMERS

The Canadian market is consumer driven, with changing demographics affecting demand for all types of goods and services. Several demographic factors are currently shaping the Canadian marketplace: 1) slow population growth where the current population of more than 30 million is projected to grow at a rate of only 1.2% annually over the next decade; 2) immigration patterns are shifting as the source of new immigrants has shifted from European to Asian, (57% of immigrants between 1991 and 1996 were from Asia). Central and South America, Africa and the Caribbean are also becoming increasingly significant source for immigrants; 3) an aging population where by 2016, 44% of the population in Canada will be 45years old or more and; 4) the size of Canadian families is continuing to fall.

Many of Bangladesh's short to medium term prospects to diversify exports to Canada beyond textiles and apparel are agri-food related (see Tables 13), either as products to the final consumer or as inputs in the Canadian agri-food industry.

Regarding the agri-food products, Canadian consumers expect and demand affordable, quality products. They are knowledgeable and informed. Suppliers of agri-food products must be aware that Canadian consumers expect:

- Variety - Strong demand for new and innovative foods on store shelves and restaurant menus. Growing popularity of imported exotic fruits and vegetables, ethnic foods and restaurant concepts.
- Quality and freshness - Consumers are willing to pay more for quality, and many won't settle for anything but the best. For many consumers, freshness means quality. Many private-label products offer exceptional quality for the price (value).
- Convenience - Time pressures of dual-earner and lone-parent families increases demand for convenience foods (prepared meals, microwavable foods, sauces and condiments, fresh chilled prepared foods, "home meal replacements") and for foodservice (i.e. take-out foods).
- Health and nutrition - Health-conscious Canadians, especially ageing baby boomers, are eating more fruits, vegetables and "light" foods (low fat, cholesterol, sodium, etc). Current reviews of nutrition labelling may address heightened demand for more information about nutritional content of foods. Functional foods and nutraceuticals may offer future opportunities.
- Environmental concerns - Especially among the youth market, environmental concerns may have implications for food demand (processing, bulk packaging, organic foods, and avoidance of certain food product categories (i.e. meat).
- Safety of the food supply - Especially given heightened media attention to such issues as mad cow disease, hoof and mouth disease, product recalls, irradiation of ground meats in the US, GMOs, etc. (AAFC, 2004a)

Canada's food and beverage processing industry is the third largest manufacturing sector in the country. Agriculture and food production is a high-tech, high-value, knowledge-based sector which generates $Cdn 130 billion in sales annually and employs almost two million workers. Every year, Canada's world-class food industry develops a large variety of new, healthy products that line grocery shelves from China to the United States. The value of Canada's agriculture and food exports has doubled in the last 10 years, reaching over $Cdn 23 billion in 2000. (DFAIT, 2004d)

As discussed earlier, Bangladesh is also exporting many types of manufactures to the EU and the United States that it is not exporting to Canada in significant amounts (Tables 19, 23-27). If Bangladesh wishes to export these products to Canada, the likely purchaser will be a Canadian manufacturer who will use these products as inputs to manufacture a final end product. In other words, Canadian customers of Bangladesh's manufactures exporters will probably not be the final consumer, but a Canadian manufacturer purchasing an input. As a result, Bangladesh's manufacturing industries need information about the various Canadian manufacturing industries that would likely be purchasing inputs from Bangladesh.

A detailed discussion of each industry is beyond the scope of this paper, however, a snapshot can be provided illustrating the health of various Canadian manufacturing industries. Growth in domestic market indicates expanding production which in turn is a barometer for the need of inputs, be they supplied domestically or sourced from foreign suppliers. Table 33 highlights the apparent domestic market for Canada's manufacturing industries from 2001 – 2002. Following Table 30 are excerpts from Canadian government documents profiling specific industries in Canada that may be of interest to Bangladesh's exporters.

Table 30 Apparent Domestic Market, Canadian Manufacturing, millions of Cdn $

	2001	2002
NAICS 311 - Food Manufacturing	57,456	58,884
NAICS 312 - Beverage and Tobacco Product Manufacturing	12,039	12,518
NAICS 313 - Textile Mills	5,691	5,578
NAICS 314 - Textile Product Mills	3,943	4,106
NAICS 315 - Clothing Manufacturing	10,778	10,592
NAICS 316 - Leather and Allied Product Manufacturing	2,955	2,963
NAICS 321 - Wood Product Manufacturing	13,811	16,524
NAICS 322 - Paper Manufacturing	16,871	16,743
NAICS 323 - Printing and Related Support Activities	11,161	10,872
NAICS 324 - Petroleum and Coal Products Manufacturing	26,915	26,562
NAICS 325 - Chemical Manufacturing	49,648	53,225
NAICS 326 - Plastics and Rubber Products Manufacturing	21,458	23,064
NAICS 327 - Non-Metallic Mineral Product Manufacturing	11,671	12,594
NAICS 331 - Primary Metal Manufacturing	27,838	27,860
NAICS 332 - Fabricated Metal Product Manufacturing	36,437	37,101
NAICS 333 - Machinery Manufacturing	37,221	37,497
NAICS 334 - Computer and Electronic Product	49,830	44,580

	2001	2002
Manufacturing		
NAICS 335 - Electrical Equipment, Appliance and Component Manufacturing	17,525	15,635
NAICS 336 - Transportation Equipment Manufacturing	108,181	117,481
NAICS 337 - Furniture and Related Product Manufacturing	9,397	9,513
NAICS 339 - Miscellaneous Manufacturing	13,111,097,101	14,450,687,026

Source: Strategis

Canada's consumer products industry consists of a wide range of retail categories, including furniture, clothing, textiles, toys, sporting goods, household goods, electronics, and appliances. In 2000, domestic consumer expenditures grew by 6.3% to $Cdn 277 billion, the third largest annual increase in the past decade. Furniture sales led the way with 10.7% growth, while clothing and general merchandise sales grew by 5.5% and 4.4%, respectively. Over the five year period, from 1996 to 2000, the best performing export areas in the industry were furniture, with shipments increasing from $Cdn 3.7 billion to $Cdn 6.9 billion, and clothing, with shipments increasing from $Cdn 1.6 billion to $Cdn 3.0 billion.(DFAIT, 2004d)

In terms of Canada's manufacturing industries, demand is based upon multiple specific factors for each individual industry. Demand is based upon domestic production, supply of materials, labour, value of the Canadian dollar, amongst many other factors. Changes in domestic production within a particular subsector will depend on a variety of factors such as evolving international export markets, trends in consumer demand and patterns of consumption, competition with imports in the domestic market, economic conditions which affect production (including labour costs), profitability, and so on. Technological changes will impact the subsector by affecting consumer demand as well as the cost of production. (DFAIT, 2004d)

Canada's chemical industry is the fourth largest manufacturing sector, producing over 70,000 different products for the industrial and consumer markets. In 2001, Canada's chemical industry employed 83,000 workers, and registered total sales in excess of $Cdn 34 billion or 7% of the manufacturing production in Canada. Canada's 1,400 chemical firms have an established global presence, with exports accounting for about $Cdn 24 billion or more than two-thirds of total annual production. Canada is a world leader in promoting environmental responsibility within the chemical production process. The Canadian chemical industry successfully exported its innovative environmental awareness program to more than 40 countries (Industry Canada, 2004)

Canada is a leading manufacturer and exporter of agricultural equipment. With manufacturing products valued at $Cdn 2.6 billion and exports of $Cdn 1.1 billion annually, the agricultural technology and equipment sector provides high-value employment to some 12,000 workers mainly in the Prairie provinces (Alberta, Saskatchewan, Manitoba), Ontario, and Quebec. Key export markets are the United States and Australia. Examples of agricultural equipment manufactured in Canada are large-scale tillage implements, grain and oilseed seeding, harvesting, conditioning and storage equipment, and state-of-the-art poultry and livestock production equipment. (DFAIT, 2004d)

Canada's advanced manufacturing technologies sector employs 22,000 highly skilled workers to manufacture products valued at $Cdn 6 billion annually. Some 600 Canadian companies use advanced manufacturing technologies. Canada has 6% of the global advanced manufacturing technologies market, estimated at $Cdn 123 billion. The advanced manufacturing technologies sector combines innovative manufacturing techniques and equipment with new technology, microelectronics, and organisational practices. Examples of advanced manufacturing technologies are computer numeric control, vision systems, computer aided design, computer aided manufacturing, just in time management, total quality management, and global concurrent engineering. (DFAIT, 2004d)

Canada's automotive industry accounts for 15% of the Gross Domestic Product and employs more than 545,000 Canadians in vehicle assembly, parts manufacturing, dealerships, and after-sale services. Canada produces 20% of all vehicles manufactured within North America. In 2001, passenger cars accounted for 51% and light trucks made up 49% of Canadian light vehicle production. Productivity in Canadian assembly plants is 11% higher than in United States plants, while direct labour costs are 38% lower in Canada than in the United States. As a result, Canada remains highly competitive for automotive assembly and parts manufacturing investments. (DFAIT, 2004d)

Canada's building products industry is one of the largest and strongest in the country, with a local production valued at $Cdn 41.9 billion, and exports reaching $Cdn 19.7 billion in 2000. There are more than 5,000 manufacturers of building products in Canada. The building products industry has developed a world-wide reputation, particularly in the area of wood-based products. Canada also has renowned expertise with products made from steel, concrete and plastic. The building products sector reflects the high priority placed on quality and energy conservation while making efficient use of sustainable resources. Some of the high value-added building products produced in Canada are prefabricated homes, doors, windows, kitchen and bathroom cabinets, hardwood flooring, and insulation products (DFAIT, 2004d).

Canada's technological capabilities are impressive, with over 98% of households having telephones, 28% having cell phones, and 51% having home computers and Internet access. Canada also has one of the fastest (40Gbs) Internet backbones in the world, making it one of the most technology-savvy and connected countries in the world. In 2000, the industry generated revenues in excess of $Cdn 125 billion. Over the period from 1993 to 2000, this sector achieved a compounded annual growth rate of 9.9%, and employment showed increases of 5.7%. Canada has developed a vibrant information and communications technologies industry, with strong competitors in telecommunications, wireless, network and optical technologies, semiconductor design, and software development (DFAIT, 2004d).

Canada is one of the largest producers of metals and minerals in the world. Canada produces over 60 key metals and minerals, and ranks first globally for production of potash and uranium. The metals and minerals sector contributes almost 4% of Canada's Gross Domestic Product. Over 80% of production is destined for world markets, and exports in 2000 were worth $Cdn 49 billion. Canadian mining companies use the most advanced techniques and environmental technologies.

Canada has global recognition for excellence in engineering, prospecting and consulting services with over 2,200 companies providing quality mining equipment and services. Canada has a strong global presence in over 100 countries, and Canadian companies are involved in more than 6,000 projects worldwide at all stages of the mining development cycle. (DFAIT, 2004d)

Canada has a dynamic transportation equipment manufacturing sector. Canada's main urban bus manufacturers are New Flyer Industries Ltd. in Winnipeg, Manitoba, NovaBUS Corporation in Saint-Eustache, Quebec, and Orion Bus Industries Ltd. in Mississauga, Ontario. The three bus manufacturers produce a range of urban buses, and sell their products mainly to municipal transportation authorities in Canada and the United States. Canada's major rail car manufacturer is Bombardier Inc. from Quebec. (DFAIT, 2004d)

Canada produces about 2 percent of the total world volume of plastic products, based on its proportion of world resin consumption. Canadian and worldwide demand for plastic products are expected to continue growing faster than the economy as a whole, although not as rapidly as in the past. (Industry Canada)

In 2003 about 2065 establishments in Canada had as their principal activity the processing of synthetic resins into plastic products. This generated shipments valued at $19.3 billion and employed 101 250 people. The plastics processing industry is characterized by a large number of small and medium-sized enterprises (SMEs) that are almost all Canadian-owned and a few large firms, an estimated 60 percent of which are Canadian-owned. Overall, it is estimated this industry is 95 percent Canadian-owned. (Industry Canada)

In addition to being produced by companies within the defined plastic products industry, plastics production is a secondary activity of firms in other industry groups (for example, plastic toys and furniture) and for internal consumption (such as plastic bottles made in-house by a shampoo manufacturer). The plastics processing industry accounts for 0.5 percent of national gross domestic product (GDP), 0.5 percent of total national employment and 3.9 percent of manufacturing employment. The plastics industry continues to grow much faster than overall manufacturing and the economy as a whole. The continuous growth trend of the industry was interrupted only by the mid-1970s oil crisis and the 1981–82 and 1990–92 recessions. Growth is continuing strongly in 2003. Plastic products is a high-growth industry whose average annual growth rate continues to be more than double that of total manufacturing and the economy overall. (Industry Canada)

Canada has one of the most valuable commercial fishing industries in the world. Canada's fish and seafood products industry is worth almost $Cdn 5 billion a year, and provides employment to more than 120,000 Canadians. The capture fishing industry operates in three broad regions: Atlantic, Pacific, and freshwater. In 1999, total landings from capture fisheries reached 1,039,000 tonnes with a record value of $Cdn 1.92 billion, an increase of 18% from 1998. Canada exports over 75% of its fish and seafood production to more than 80 countries. In 2000, exports of 495,976 tonnes were valued at $Cdn 4.06 billion, an increase of 8.7% from 1999 (DFAIT, 2004d).

8. CONCLUSIONS

For Bangladesh, the Canadian market presents opportunities beyond textiles and apparel. In order to capture any potential export gains afforded by the MAI, Bangladesh's exporters must first determine whether there is demand for their product in Canada, and whether or not they can in fact meet that demand on a reliable basis. From there, these exporters must assess whether or not they can accomplish these tasks competitively, across a broad range of factors, against other suppliers to the Canadian market.

The specific tariff and quota preferences that Bangladesh enjoys under the MAI should be compared to the tariff/quota regimes faced by competitors as a starting point. However, these are not the only issues affecting competitiveness in the Canadian market. Price, quality, style, distribution, industry linkages, market dynamics, transparency, inter-personal and inter-business relationships, delivery, familiarity with the regulatory regime, language, reliability, cultural and historical ties, and similar business and technological developments all affect a product's competitiveness and ability to capture market share.

There are significant opportunities for Bangladesh to increase its agri-food exports to Canada, as many of these categories have exhibited high growth rates in the first year of the MAI. While initial volume and values are relatively low, these categories are promising avenues to deepen. Bangladesh must become more adept at meeting the requirements of Canada's regulatory regime pertaining to agri-food, particularly SPS requirements, as well as the Canadian consumer's tastes and expectations. Familiarity with specific segments of the Canadian agri-food industry that may utilise Bangladesh's products as inputs would also be useful. A similar process should be followed for non-food-related manufactured products.

In the fish and seafood markets, the importance of meeting standards and regulations is highlighted. In order to take advantage of potential opportunities, Bangladesh should undertake the necessary steps in either obtaining status on CFIA's 'A-list' of foreign suppliers, or completing an MOU with CFIA regarding fish and seafood. Without these, Bangladesh's export expansion in these products will be seriously hindered as its ability to compete with suppliers on the 'A-list' or from countries with an MOU is limited.

In addition, there are non-governmental initiatives, driven by Canadian consumers which can affect Bangladesh's exports to Canada. These include ethical and social labeling (i.e. Not using child labor, working conditions of labor utilised to produce the product) and environmental labeling (ie. sustainably harvested, organic) which can affect a consumer's purchasing decision for or against a particular product.

These issues facing the fish and seafood exports of Bangladesh typify the largest types of barriers facing Bangladesh's exports overall. Compliance with Canada's standards and regulations will require a significant effort on the part of Bangladesh's producers. The government of Bangladesh can assist its exporters by addressing these issues at a policy level, by negotiating MOU's, obtaining technical assistance, and disseminating information.

Beyond agri-food products, when examining Bangladesh's exports to the US and EU particularly, the greater role of manufactures in their respective export mixes is apparent. Bangladesh's export capability in these products is illustrated by the volume and variety of manufactures exports to the EU especially, yet Bangladesh currently exports very few manufactures to Canada.

The reasons for this disparity are beyond the scope of this paper but further study would contribute to Bangladesh's efforts to diversify its exports to Canada to take full advantage of the MAI. The MAI provides duty and quota free access for virtually all manufactured products, yet Bangladesh's exports of these products to Canada have not for the most part, noticeably increased.

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Appendix A – **Rules of Origin under the MAI**

For all goods except textiles and apparel:
1. Wholly Produced in One or More LDC's
A good originates in a beneficiary country or a least developed country if the good is:

(a) a mineral good extracted from the soil or the sea-bed of the country;

(b) a vegetable good harvested in the country;

(c) a live animal born and raised in the country;

(d) a good obtained in the country from a live animal;

(e) a good obtained from hunting or fishing in the country;

(f) a good derived from sea fishing or other marine goods taken from the sea by a vessel of the country;

(g) a good produced on board a factory ship of the country exclusively from a good referred to in paragraph (f);

(h) waste and scrap derived from manufacturing operations of the country;

(i) used goods of the country imported into Canada for use only for the recovery of raw materials; or

(j) a good produced in the country exclusively from a good referred to in any of paragraphs (a) to (h).

2. General 40% LDC Cumulative
All goods currently entitled to the benefits of the LDCT originate in an LDC if the value of the materials, parts or products originating outside that country, or in an undetermined location, and used in the manufacture or production of the goods is no more than 60% of the ex-factory price of the goods as packed for shipment to Canada.

3. Specific Rules of Origin for Textiles and Apparel under MAI

General: Except in the case of goods listed in Parts A1, B1, C1 and D of the schedule, goods originate in a least developed country if the value of the materials, parts or products originating outside that country, or in an undetermined location, and used in the manufacture or production of the goods is no more than 60% of the ex-factory price of the goods as packed for shipment to Canada.

Goods listed in **Parts A1 and A2** of the schedule originate in a least developed country if they are spun or extruded in a least developed country and do not undergo further processing outside a least developed country.

Goods listed in **Parts B1 and B2** of the schedule originate in a least developed country if they are produced in a least developed country from yarns originating in a least developed country, a beneficiary country or Canada, provided:

(a) the yarns do not undergo further processing outside a least developed country, a beneficiary country or Canada; and
(b) the fabrics do not undergo further processing outside a least developed country.

Goods listed in **Parts C1 and C2** of the schedule originate in a least developed country if they are assembled in a least developed country from fabric cut in that country or in Canada, or from parts knit to shape, provided the fabric, or the parts knit to shape, are produced in:

(a) any least developed country or Canada from yarns originating in a least developed country, a beneficiary country or Canada, provided the yarns or fabric do not undergo further processing outside a least developed country or Canada; or

(b) a beneficiary country from yarns originating in a least developed country, a beneficiary country or Canada, provided:

(i) the yarns and fabric do not undergo further processing outside a least developed country, a beneficiary country or Canada; and

(ii) the value of any materials, including packing, that are used in the manufacture of the goods and that originate outside the least developed country in which the goods are assembled is no more than 75% of the ex-factory price of the goods as packed for shipment to Canada.

Goods listed in **Part D** of the schedule originate in a least developed country if they are cut, or knit to shape, and sewn or otherwise assembled in the least developed country from fabric produced in any least developed country or Canada from yarns originating in a least developed country, a beneficiary country or Canada, provided the yarns and fabric have not undergone further processing outside a least developed country or Canada.

Source: Canada Border Services Agency, 'An Introductory Guide to the Market Access Initiative for the Least Developed Country and the Least Developed Country Tariff', January 2003, RC4322(E)

Appendix B – **Non-Textile 'Exporter's Statement of Origin' and 'Form A'**

EXPORTER'S STATEMENT OF ORIGIN

I certify that the goods described in this invoice or in the attached invoice No. ______________ were produced in the beneficiary country of _______________________ and that at least _______ % of the ex-factory price of the goods originates in the beneficiary country/countries of ____________________________________.

____

Name and title

____

Corporation name and address

____

Telephone and fax numbers

____

Signature and date (day/month/year)

Instructionary Note:
This Statement of Origin must be completed and signed by the exporter in the beneficiary or least developed country in which the goods were finished. The statement may be written out on a Form CI1, Canada Customs Invoice, or a commercial invoice or provided as a separate document. The information required in the statement must be provided in its entirety for goods to qualify for the GPT or LDCT.

If the statement is provided as a separate document from the invoice, the statement must reference the applicable invoice number(s). If the statement is for multiple invoices, the invoice numbers must be identified within the statement. A statement with an attached list of invoice numbers will not be acceptable. The CCRA must be certain that the exporters certified the origin of goods and that they are aware of the goods being certified

Form A – Certificate of Origin, Non-Textile or Apparel Good

1. Goods consigned from (Exporter's business name, address, country)			Reference No. GENERALIZED SYSTEM OF PREFERENCES CERTIFICATE OF ORIGIN (Combined declaration and certificate) FORM A		
2. Goods consigned to (Consignee's name, address, country)			Issued in .... (country) See the instructions that follow.		
3. Means of transport and route (as far as known)			4. For official use		
5. Item number	6. Marks and numbers of packages	7. Number and kind of packages: description of goods	8. Origin criterion [See the instructions that follow.]	9. Gross weight or other quantity	10. Number and date of invoices
11. Certification It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct. .... Place and date, signature and stamp of certifying authority			12. Declaration by the exporter The undersigned hereby declares that the above details and statements are correct: that all the goods were produced in .... (country) and that they comply with the origin requirements specified for those goods in the Generalized System of Preferences for goods exported to .... (importing country) .... Place and date, signature of authorized signatory		

Appendix C - Form B255 Certificate of Origin – Textiles and Apparel

Canada Customs and Revenue Agency — Agence des douanes et du revenu du Canada

PROTECTED (when completed)

CERTIFICATE OF ORIGIN
Textile and Apparel Goods Originating in a Least Developed Country
(Instructions attached)

Please print or type

1. Exporter's business name, address and country	2. Business name and address of importer in Canada

3. Means of transport and route (if known)

4. Markings and number of packages	5. Description of good(s)	6. Preference criterion	7. Number and date of invoices

8. "As the exporter, I hereby declare that the above details and statements are correct, namely:

1. all the goods were produced in ______________________ (name of country) ; and

2. the goods comply with the requirements specified for those goods in the *General Preferential Tariff and Least Developed Country Tariff Rules of Origin Regulations*."

Name	Position in the company
Telephone number	Facsimile number

Signature ______________________ Date (yyyy/mm/dd) ______________________

B255 E (03) (Ce formulaire existe aussi en français)

Canada

Textile and Apparel Goods Originating in a Least Developed Country (LDC)
Certificate of Origin Instructions

For purposes of obtaining the LDC preferential tariff treatment, this document must be completed legibly and in full by the exporter and be in the possession of the importer at the time the declaration is made.

Field 1: State the name, address, and country of the manufacturer or exporter of the goods. The manufacturer or exporter must be located in the Least Developed Country (LDC) in which the goods are being certified. **Do not identify a trading house, freight forwarder, export broker, etc.**

Field 2: State the name and address of the importer in Canada.

Field 3: Indicate the shipping details, as far as known when the *Certificate of Origin* is completed.

Field 4: If the goods are crated or otherwise packaged, indicate the quantity of packages or crates. Also indicate any markings on the crates that can cross- reference the *Certificate of Origin* to the Through Bill of Lading.

Field 5: Provide a full description of each good. Indicate model numbers, styles, serial numbers, or any other relevant description. It is in the exporter's interest to give as full a description as possible. If known, provide the Harmonised System heading or subheading number for each good.

Field 6: For each good described in Field 5, state which criterion (A through G) is applicable. To be entitled to the Least Developed Country Tariff (LDCT), goods listed in the Schedule to the *General Preferential Tariff and Least Developed Country Tariff Rules of Origin Regulations ('Regulations')* must meet at least one of the criteria below.

> **A** The good is produced in a LDC and the value of the materials, parts or products originating outside that LDC, or in an undetermined location, and used in the manufacture or production of the good does not exceed 60% of the ex-factory price of the good as packed for shipment to Canada. For the purpose of this criterion, up to 20% of the ex-factory price may originate from General Preferential Tariff (GPT) eligible countries. **This criterion does not apply to goods listed in Part A1, Part B1, Part C1 or Part D of the Schedule to the** *Regulations.*
>
> **B** The good is listed in Part A1 or Part A2 of the Schedule to the *Regulations* and has been spun or extruded in a LDC and has not undergone further processing outside a LDC.
>
> **C** The good is listed in Part B1 or Part B2 of the Schedule to the *Regulations* and is produced in a LDC from yarns originating in a LDC, a GPT beneficiary or Canada and the yarns have not undergone further processing outside a LDC, a GPT beneficiary or Canada and the fabric has not undergone further processing outside a LDC.
>
> **D** The good is listed in Part C1 or Part C2 of the Schedule to the *Regulations* and has been assembled in a LDC from fabric cut in that LDC or Canada, or from parts knit to shape, and the fabric (or parts knit to shape) has been produced in any LDC or Canada from yarns originating in a LDC, a GPT beneficiary or Canada and the yarns or fabric have not undergone further processing outside a LDC or Canada. **Note: This criterion applies if the fabric (or parts knit to shape) is produced in any LDC or Canada.**
>
> **E** The good is listed in Part C1 or Part C2 of the Schedule to the *Regulations* and has been assembled in a LDC from fabric cut in that LDC or Canada, or from parts knit to shape, and the fabric (or parts knit to shape) has been produced in a GPT beneficiary from yarns originating in a LDC, a GPT beneficiary or Canada and neither the yarns or the fabric have undergone further processing outside a LDC, a GPT beneficiary or Canada and the value of any materials, including packing, that are used in the manufacture of the good and that originate outside the least developed country in which the good is assembled is no more than 75% of the ex-factory price of the good as packed for shipment to Canada. **Note: This criterion applies if the fabric (or parts knit to shape) is produced in a GPT beneficiary.**
>
> **F** The good is listed in Part D of the Schedule to the *Regulations* and was cut (or knit to shape) and sewn or otherwise assembled in a LDC from fabric produced in any LDC or Canada from yarns originating in a LDC, a GPT beneficiary or Canada and the yarns and fabric have not undergone further processing outside a LDC or Canada.
>
> **G** The good is 'wholly obtained or produced entirely' in the territory of one or more LDC.

Field 7: State the date(s) and invoice number(s) for the goods described in Field 5.

Field 8: This field is to be completed by the exporter of the goods in the LDC in which the goods were finished in the form they were imported into Canada. The individual completing the *Certificate of Origin* on behalf of the company must be knowledgeable regarding the origin of the goods and have access to production information, should a verification be requested. This field is the exporter's declaration that the *Certificate of Origin* is accurate and that the goods meet the LDCT origin for textile and apparel goods.
Preference Criteria

Appendix D - How to Determine NAFTA-tariff Eligibility – Rules of Origin

How to Use the Rules of Origin

Canadian exporters to the United States or Mexico may find the following steps useful in verifying whether their products qualify for NAFTA tariff preference:

- Step 1. If the good is manufactured in Canada using inputs wholly manufactured in North America, it qualifies as originating and is entitled to preferential tariff treatment when exported to the United States or Mexico.
- Step 2. If the good uses non-North American inputs, the tariff classification must be identified for both the good and its non-North American inputs.
  Exporters should note that some inputs purchased from North American suppliers may have been produced or imported from non-North American sources. For assistance in determining the tariff classifications of inputs and/or goods, contact the appropriate customs agencies identified in this booklet.
- Step 3. The exporter should consult NAFTA to identify the specific rule of origin for a specific good (see Chapter 4, Annex 401, Section B Specific Rules of Origin, and Section XI: Textiles and Textile Articles).

  As the rules mention tariff chapters, headings, subheadings and items, some understanding of the tariff classification is necessary. Under the Harmonised System (HS), a tariff item has eight digits. The first two digits identify its chapter, the first four digits the heading, and the first six digits the subheading of the good.

  For example:

  5407.60.10.00

  Chapter (54) - Man-made filaments
  Heading (5407) - Woven fabrics of synthetic filament yarn
  Subheading (5407.60) - Other woven fabrics, containing 85 percent or more by weight of non-textured polyester filaments
  Tariff item (5407.60.10) - Solely of polyester, of single yarns measuring not less than 75 decitex but not more than 80 decitex, having 24 filaments per yarn and a twist of 900 or more turns per metre

  Note: The first six digits are consistent internationally.

- Step 4. In most cases, a rule will indicate what changes in tariff classification must occur between each of the non-North American inputs and the finished good. It will read something like, a change to heading (AAAA) from any other heading, except heading (BBBB). The first code refers to the good, the second code to excluded inputs, meaning inputs that must also be produced in North America. As long as all non-North American inputs come from permitted headings, or subheadings, the good qualifies as originating. If the good is made from non-North American inputs, those inputs that are considered in the tariff change requirements must each meet the rules of origin for the good to be considered originating. If there is any ineligible non-North American input, the good is considered to be non-originating (unless it meets the de minimis rule). It will be subject to a duty rate according to the MFN or the NAFTA rate of duty if the Tariff Preference Level (TPL) is available. The TPL is explained in more detail in a following section.

Source: Industry Canada, NAFTA and the Textile Sector found at:
http://strategis.ic.gc.ca/epic/internet/intextiles-textiles.nsf/en/tx01188e.html