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BANGLADESH'S BUSINESS OPPORTUNITIES IN AFRICA

Abstract

What aspects of business opportunities between Bangladesh and Africa are potential? To address the question, this paper compares socio-economic scenarios between Bangladesh and Africa, and accommodates challenges from both sides. Trade and investment between Bangladesh and Africa are likely to be useful. Some issues are yet to be negotiated, e.g., reducing institutional and infrastructural barriers between the two, signing bilateral trade and investment agreements, etc. Investment in export-oriented sectors in Africa is important. It could amplify trade in goods and services bilaterally. Active involvement of private sector and increasing diplomatic engagement with as many African countries as possible are highly crucial for Bangladesh to tap business opportunities in Africa. It is arguable that in comparison with Chinese and Indian sectors-oriented engagement with Africa, Bangladesh is now not fully capable to materialise its economic potentials from the continent. This is why, Bangladesh has to pay due attention to its Look Africa policy and devise appropriate measures for its realisation.

1. Introduction

Africa, endowed with natural resources can be "a new driver of consumer demand, a new market and a new dynamo"[1] of contemporary world. Within a framework of South-South cooperation, Africa and emerging economies e.g. China and India are exploring their business opportunities. African engagement with the South may be of some reasons: it could assist Africa's trade and investment or diversify African sources of overseas assistance. Like China and India, Bangladesh could also explore business opportunities in Africa by strengthening its diplomatic endeavour with the continent. Bangladeshi contingent employed as UN peacekeeper for long is very familiar to some African countries.[2] Africa requires external capital and expertise for its economic development. By contrast, Bangladesh needs market (for exporting its goods and services), natural resources and agricultural land for its developing economy; all these may be accessible from Africa.[3] It is in these contexts, Government

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[1] "Africa as a Pole of Global Growth", Chapter 3, in United Nations Economic Commission for Africa (UNECA), and African Union, *Economic Report on Africa 2012 Unleashing Africa's Potential as a Pole of Global Growth*, Addis Ababa: Economic Commission for Africa, 2012, p. 67.
[2] Paper presented by Ilyas Iftekhar Rasul, "Bangladesh's Contribution to UN Peace Keeping Missions in Africa", in the Seminar on *Look Africa: An Emerging Foreign Policy Option for Bangladesh*, organised by Bangladesh Institute of International and Strategic Studies (BIISS), on 2 December 2010, Dhaka.
[3] United Nations Economic Commission for Africa, and African Union, 2012, *op. cit.,* pp. 59-73.

of Bangladesh (GoB) is focusing on its Look Africa policy, as an emerging foreign policy option.[4] Bangladesh sent a 'fact-finding' mission to Africa to look for business opportunities between the two.

A vital question this paper would try to answer is what aspects of business opportunities between Bangladesh and Africa are potential? In doing so, this paper analyses academic works, some relevant reports and materials. It draws a comparison (also common position in some aspects between Bangladesh and Africa) between the two's socio-economic scenarios. This paper explains economic sectors through which China is gaining from and contributing to Africa. Same applies for India. What challenges China and India are facing in Africa are also discussed in this paper. This paper then identifies Bangladesh's potential business opportunities in Africa. It highlights practical challenges from both Africa and Bangladesh to facilitate the latter's business opportunities to the former.

This paper reveals that trade and investment between Bangladesh and Africa are mutually beneficial. Though there are some challenges from both sides, Bangladesh has opportunity to be benefited from signing of joint venture investment or bilateral investment agreement where Bangladesh's private sector needs to be a part of these deals. If export-oriented sectors are selected for investment, it may increase bilateral trade both in goods and services. For increased bilateral trade, institutional and infrastructural barriers between Bangladesh and Africa have to be reduced. Most importantly, Bangladesh needs to work on how it can increase diplomatic engagement with as many African countries as possible.

This paper is structured as follows: introduction is section 1; section 2 explains differences and commonalities between Bangladesh and Africa; section 3 elaborates Chinese and Indian sectors-oriented engagements with Africa to explore Bangladesh's economic opportunities in the continent; section 4 details Bangladesh's trade and investment opportunities in Africa; section 5 focuses on identifying and meeting challenges to facilitate economic prospects between Bangladesh and Africa; and section 6 concludes the paper wherein some policy recommendations are also suggested.

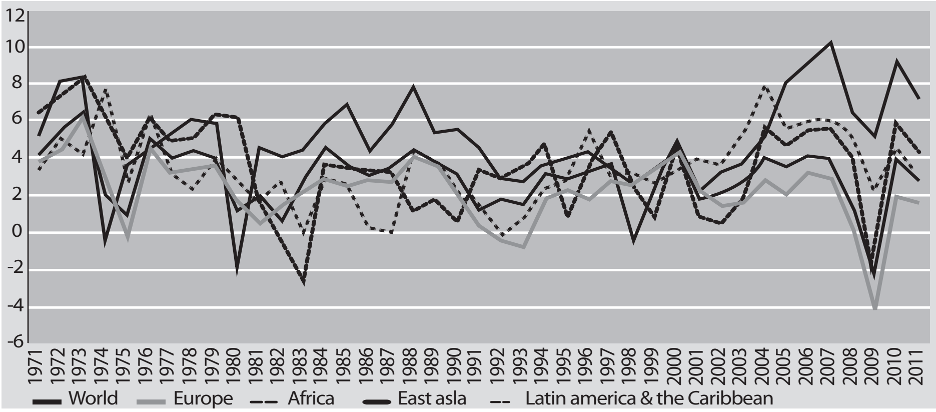
2. Africa and Bangladesh: Differences and Commonalities

Africa is the second largest continent in the world. Its land areas are around 30 million sq/km.[5] Africa's land-man ratio is economically significant for agricultural production.[6] Since last decade, it has been experiencing some progress in its economic performance. During 2000-2008, its average annual GDP growth was 5.6

[4] Paper presented by Syed Anwar Husain, "Bangladesh and Africa: Changing Realities, Opportunities and Challenges", in the Seminar on *Look Africa: An Emerging Foreign Policy Option for Bangladesh,* organised by BIISS, on 02 December 2010, Dhaka.
[5] United Nations Economic Commission for Africa, and African Union, 2012, *op. cit.*
[6] *Ibid.*

per cent.[7] This made Africa the second-fastest growing region in the world. In 2010, fifteen fastest-growing economies in the world were listed; ten African countries were included in the list.[8] Both resource-dependent and non-resource-dependent African countries have witnessed significant growth. This has made Africa as 'a potential global growth pole' (Figure 1).

Figure 1: Growth Performance of Different Regions of the World, 1971–2011



Source: UN Economic Commission for Africa, 2012, *op. cit.,* p. 60.

If Africa could continue growing at an average annual rate of 2000-2008 and the world excluding Africa grows at 2.9 per cent, African share in world's GDP would reach 5.1 per cent by the next two decades (Table 1) and the continent could "meet growth imperative to be a global growth pole by"[9] the time.

Table 1: Projected Global and African GDP, 2012–2034 ($bn)

Year	Global GDP (including Africa)*	African GDP**	African share*** (%)
2012	42738.7	1033.0	2.4
2017	49418.0	1349.6	2.7
2022	57201.7	1800.3	3.1
2027	66329.2	2476.0	3.7
2032	77157.5	3562.7	4.6
2033	79573.5	3858.7	4.8
2034	82086.5	4190.7	5.1

Source: UN Economic Commission for Africa, 2012, *op. cit.,*p. 71.
Note: *World GDP (excluding Africa) is projected using average annual growth rate for 2000–2008, which is 2.9 per cent. Projected global GDP includes Africa. **African GDP is projected using average annual growth rate for 2000–2008 for individual African countries before summing to obtain projected African GDP. ***African share is African GDP relative to global GDP (including Africa).

[7] *Ibid.*
[8] *Ibid.*
[9] *Ibid.,* p. 72.

African growth is going to be multifaceted and benefited not only by rising trade and inward investment but also through increasing capital inflows (aid or debt relief). So far African dominant exportable items include agricultural goods and natural resources. In recent times, some African countries (e.g. Burkina Faso, Chad, Mali, etc.) have started to export manufacturing items such as textiles. This has been a result of intra- and inter-African (e.g. with China and India) trade. Destinations of African trade in goods are not yet diversified. African exports are highly concentrated to North America and Europe. Africa's trade is emerging by growing share of both manufacturing and non-manufacturing items with Asia. Growing trend in trade between the two contributes to Africa's investment inflows from Asia.

Contribution of Foreign Direct Investment (FDI) to GDP (average six per cent) in 2000s was significant.[10] A large volume of that investment targeted natural resources, infrastructure, agriculture and services. Africa wants to attract new investors. It could boost output of existing and new investment and assist Africa's economic transformation. During 1995-2010, gross capital formation as a share of African GDP had a rising trend, whereas overseas assistance for Africa was voluminous also.[11] Such capital inflows have benefited African growth. It has motivated many to be engaged economically with Africa, and thus produced several Free Trade Agreements/Areas (FTAs), Economic Integration Agreements (EIAs), Customs Union (CU), and so on. All these economic affairs have generated various employment opportunities in Africa. Hence, Africa has emerged as an important part of international economics.

Against this backdrop, Bangladesh is eager to develop its engagement with Africa. Though there are some differences in basic socio-economic indicators between Bangladesh and Africa (Table 2), the former in 1974 inaugurated diplomatic relationship with the latter. Both have experiences of colonialism. Hence, sometimes their politico-economic backwardness is similar. Both of them are NAM (Non-Aligned Movement) members. Since 1970s, they are working against poverty and economic backwardness. A large number of Bangladeshi peacekeepers are deployed in several African countries. Their constructive role has increased Bangladesh's engagement with Africa. Though Bangladesh's diplomatic relations (having just five missions in Libya, Egypt, South Africa, Morocco and Kenya) with Africa is limited, some non-government organisations (such as BRAC) of the former contributes to the latter's economic advancement. Both Bangladesh and Africa in several global forums jointly raise their voices on various international issues such as energy, food security or climate change.

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[10] *Ibid.*
[11] *Ibid.*

Table 2: Some Basic Socio-Economic Indicators of Bangladesh and Africa		
Indicators	**Bangladesh**	**Africa**
Real GDP Growth (%)	6.7 (2011)	2.7 (2011)
Per Capita GNI (US$, current)	818 (FY 2011)	1487 (2009)
Income Level	Low	Low
Poverty Head-Count Ratio (%)	31.5 (2010)	40 (2008)
Population (million)	142.3 (2011)	1007.7 (2009)
Land Area ('000' sq/km)	150.6	29,375
Population Density (pop/sq-km)	964.4	34.3 (2009)
Trade (% of GDP)	50.2 (2011)	66 (2009)
Agriculture Value Added (% of GDP)	19.95 (2011)	13.1 (2009)

Note: Figures in parentheses of second and third columns indicate year of date.
Source: World Bank's African Development Indicators 2011, UN Economic Commission for Africa, 2012, and Bangladesh Economic Review (BER), 2012, *op. cit*.

Although a major portion of Bangladesh's entire population relies to a great extent on agriculture, land-man ratio for its agricultural production is not statistically significant. Annual average GDP growth for last few years was around six per cent successively. In 2011, shares of agriculture, manufacturing and service sectors to GDP were 19.95, 18.41, and 49.72 per cent respectively.[12] In 2011, exports and imports amounted to $22,924 and $33,658 million respectively.[13] Ready-Made Garments (RMG), holding 3rd position in the world, constitutes two-thirds of export earnings. Also two-thirds of exports are destined to the US and EU. Diversification of export items and their destination is important for Bangladesh to keep its trade and economic growth away from sudden global shock. For trade, it is enthusiastic to be benefited from SAFTA (South Asian Free Trade Area) and BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) FTA (under negotiation now).

3. Chinese and Indian Sectors-Oriented Engagements in Africa

This section compares Chinese and Indian engagements (Table 3) in Africa, looks at why China has been successful and why India is far behind China in Africa.

[12] Finance Division, *Bangladesh Economic Review 2012*, Ministry of Finance, Government of Bangladesh, Dhaka, 2012, p. 39.
[13] *Ibid*.

Table 3 : China and India at a Glance in Africa

Indicators	China	India
Relations when	Decades long; renewed push since 1990s	1960s and 70s with newly liberated countries; waned in 1990s and grown remarkably in last decade
Factors of interests	Outward Foreign Direct Investment (OFDI) push; searching for new source of energy and natural resource; economically driven pragmatism	Rapid economic growth; soaring energy need; naval affairs with Africa's Indian Ocean littorals (Seychelles, Mauritius, Madagascar); tackling piracy off Somalia's coast; multifaceted but focused on economic dimension
Trade	\$11billion in 2000; \$160 billion in 2011; surpassed US and EU as Africa's largest trading partner in 2012, with \$200b	\$3.39 billion in 2000; \$53 billion in 2011; expected \$75 billion by 2015; fourth largest trade partner
With whom	Major concentration in West Africa (key importer of China's goods)	Nigeria, Niger, Uganda, Tanzania, Kenya, Mauritius, Anglophone countries, West Africa, East Africa, South Africa
To Africa	Light industry goods, technology, expertise (e.g., agricultural experts), high value added products, machinery, electronic equipment, hi-tech products	Manufactured goods, pharmaceuticals, machinery and transport equipment
From Africa	Petroleum oil mainly along with others	Petroleum oil, gold, rough diamond (for diamond-cutting industry), platinum, copper, manganese, uranium (for nuclear power industry)
Programmes	Increasing duty-free treatment for exports, advocating trade dispute settlement, seeking FTAs	
Forms of trade	Trade agreements, commodity acquisition, production deals	
Investment	1979-2002 3rd choice of OFDI to Africa; 2003-2005 \$385 million; \$20 billion in 2012	Gross FDI exceeded \$35 billion (total) by 2011

Sectors	Energy, natural resources, agriculture (training on better farming, instituting joint agriculture training centre [more than 10 exist]) in many countries, roads, telecommunication, airport terminals, hospitals, govt. facilities, convention centres, mining, and trade	Infrastructure, locomotives, processing plant, vehicle assembly plant, institutional capacity building, food processing, agriculture, textiles, weather forecasting, rural development, training in diamond cutting, polishing and grading, agriculture land, oil exploration and production
Levels	Bilateral and Regional - East Africa, Southern Africa	Pan-Africa, regional, bilateral
With whom	Nigeria, Mauritius, South Africa, Sudan, Uganda, Angola, Liberia, Ivory Coast, Sierra Leone, Ruanda, Ethiopia, and Algeria	Botswana (enabling in diamond business), Ethiopia, Liberia, Uganda, Tanzania, Malawi and Mozambique (leasing land to cultivate cash crops), and 8 oil producing countries such as Sudan
What companies	Mainly state-owned entities, others e.g. Lee Group of Enterprises (rubber processing entity in Liberia)	Mainly private sector, Karturi Global (one of world's largest exporter of rose), entrepreneurs, oil firms such as ONGC Videsh Ltd (OVL), Tata, Bharti Airtel, generic drug producers, Cipla and Ranbaxy
Programmes	Providing export credits, investment protection, double taxation accord, joint business promotion	Assistance to FDI via joint ventures, wholly owned subsidiaries and export credits
Way of competition	Bid low on contract and get them	
Mode of investment	100 per cent; joint ventures with state-owned company	Private sector unilateral investment
Aid	1990s annual average - nearly $450; $1.4 billion in 2007; 2006-2009 promised $3 billion 'preferential loans' and $2 billion 'preferential buyers' credits', $5 billion for China-Africa Development Fund, $20 billion loans for diverse projects; and growing rapidly	Promised $5 billion loans for next 3 years to facilitate trade; another $1 billion to pay for education, railways and peacekeeping
With	At least 25% gratis	

Comprised	Majority - large and growing amount of state and state-backed commercial and bilateral credit; grants, interest-free loans, concessional, low-interest and market rate loans; soft loans (ranging from grants to near-market loans); military aid; aid not much of ODA but cheap loans	60 per cent directed to technical assistance
Objectives	Bolstering trade and investment	
Targeted sectors	Infrastructure, construction	
To whom	Angola, Nigeria, Mozambique, Sudan, Zimbabwe	
Debt relief	Since 2000 reduced and exempted $1.3 billion owed by 31 African countries; already cancelled all interest-free govt. loans at end of 2005 owed by poor countries; urging global community for debt relief and unconditional aid for Africa	
Instruments of economic relations	China's Africa policy – a formal strategy document issued in 2006; increasing diplomatic ties; China-Africa Cooperation Forum (CACF) established in 2000; finding African govt. Support; bilaterally; Forum on China-Africa Cooperation (FOCAC) established in 2000 and so on	Diaspora; G2G bilaterally; strengthening diplomatic relations; 'Focus Africa' initiative; India-Africa Summit; India-Africa Framework for Cooperation Forum; membership of Africa Capacity Building Foundation (ACBF); financing of exports to members of Economic Community of West African States (ECOWAS)

Source: Compiled from various sources.

Table 3 shows how China and India with a variety of instruments have economically developed their relations with Africa. When and what factors motivated their economic relations are also identified. India in Africa is "largely commercially driven, private, and facilitated by the Exim bank and Confederation of Indian Industries"[14]. Indian commerce is focused on manufacturing, pharmaceuticals and telecommunication sectors.[15] Xi Jinping, China's new President, took his first overseas visit to Tanzania, South Africa and Republic of Congo. It articulates the significance Xi Jinping (Chinese

[14] Ian Taylor, "India's Rise in Africa", *International Affairs*, Vol. 88, No. 4, 2012, pp. 779-780.
[15] *Ibid*., pp. 779-798.

President), in fact, China adds to Sino-African relations.[16] Besides, China has established headquarter for African Union (AU), contributed to African Development Bank (AfDB), increased ties with AU and advocated widespread diplomatic network in and economic diplomacy with Africa. China has been a dedicated partner-in-development for Africa. China's leading appearance in comparison with India in Africa is its competence to develop African infrastructural setting. Therefore, China with its all-round approach and economic offers is succeeding in Africa.

Growth of China and that of India in Africa have some similarities and dissimilarities. Their annual growth rates of trade with Africa are almost in similar pace: 26.3 and 24.8 for China and India respectively.[17] Both are eager to access African natural and mineral resources. By contrast, China's share in Africa's global trade is more than three times higher than that of India's: 16.9 and 5.2 per cent respectively in 2011.[18] While Chinese state-backed firms dominate investing in Africa, India relies largely on its private sector. Whereas Chinese firms employ huge Chinese workers to their programmes in Africa, Indian companies in their joint ventures in the continent still recruit huge African locals. On the other hand, growing amount of Chinese aid and its diversification and link with oil and investment are major concerns for India. India with its limited number of embassies and diplomats is struggling in Africa. On the contrary, Chinese embassies in Africa are large in numbers and well staffed. Whatever differences exist, both are ardent to explore their business opportunities in Africa. Bangladesh needs to acclimatise with such phenomenon and explore its economic potentials in Africa as well.

In comparison with Chinese and Indian sectors-oriented engagements with Africa, Bangladesh's business and economic opportunities in the continent are yet to be studied and this is the core of section 4.

4. Bangladesh's Business Opportunities in Africa

4.1 *Trade*

Medicine, fruit juice, jute goods and engineering products are major export items of Bangladesh to Africa. A comparison between 1980s and 2000s shows erratic export trends from Bangladesh to some African countries. In 1980s, average export to Sub-Saharan African countries was about $65 million; it became one-third of 1980s in first half of 2000s, however, second half exhibited some momentum.[19]

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[16] Harun ur Rashid, "Xi Jinping Defends China's Economy Policy in Africa", *The Daily Star*, 24 April 2013.
[17] Sudha Ramachandran, "India's African "Safari"", available at http://thediplomat.com/2012/12/04/indias-african-safari/, accessed on 28 February 2013; "India in Africa Catching up", *The Economist*, 26 May 2011, available at http://www.economist.com/node/18745335, accessed on 28 February 2013.
[18] *Ibid*.
[19] Mahfuz Kabir and Sharif M. Hossain, "Why 'Look Africa'? An Analysis of Economic Potential for Bangladesh", *BIISS Journal*, Vol. 31, No. 3, July 2010, pp. 300-321.

Kabir and Hossain (2010) applying Maximum Likelihood Estimates of Stochastic Frontier Gravity Model on 51 African countries identify 26 potential countries yet to be tapped for Bangladesh's exports.[20] Likely gains would be $57.66 million, of which $48.27 million would come from 7 countries (Table 4).[21] Potentiality is estimated considering a country's several aspects: economic diversification, trade and market liberalisation, level of integration with world economy, type of economy and recent economic performance.

Table 4: Top Seven African Countries of Bangladesh's Export Potential

Country	Growth Depends Mainly On	Bangladesh's Export Potential
Algeria	Gas, oil, hydrocarbon, construction	Unutilised - $9 million
Angola	Oil	Continuously underutilizing
Egypt	Agriculture, petroleum, tourism	Untapped potential – high ($7.16 million)
Ethiopia	Agriculture (marketing, processing, exports)	Utilising potential - $3.74 million
Morocco	Tourism, telecommunication, manufacturing, mining, construction, textiles, IT	Predicted - $7.61 million
Nigeria	Petroleum products	Unutilised - $9.49 million
Tunisia	Agriculture, manufacturing, mining, textiles, making car parts and electric machinery, petroleum, tourism	Unutilised - $4.39 million

Source: Estimated results are taken from Kabir and Hossain (2010).

Ghana, Liberia, Senegal and Ivory Coast would as well be potential for Bangladesh's exports because these countries are gradually increasing their imports from Bangladesh in textiles and textile articles; pharmaceutical products; base metals and articles of base metals; preparations of vegetables, fruits, nuts and other parts of plants; footwear; etc.[22] In addition, there are discussions going on with regard to cultivating agricultural land by taking lease of them in some African countries.[23] Already there has been some positive development. Expectation is that there would be increased trade expansion in agriculture in Africa. However, transport or transhipment cost, institutional and infrastructural complexities could hamper Bangladesh's potential exports to Africa, and these factors must be taken into consideration before trading. Bangladesh shipping lines should gradually be increased in number to assist its export potentials to Africa. Veenstra et al., argue that "number of embassies and consulates that a country employs in a host country in general has a consistently positive effect on bilateral exports to that host country"[24].

[20] *Ibid.*
[21] *Ibid.*
[22] In 2010, Bangladesh's exports to these countries were $1.46, $1.34, $0.88 and $0.19 million respectively; currently the figures are on rising trend. See, *The Daily Star*, 10 May 2010.
[23] Sahabuddin Sagar, "Bangladesh Farming in Africa", *The Daily Jaijai Din*, 19 December 2010.
[24] Marie-Lise E.H. van Veenstra, Mina Yakop and Peter A.G. van Bergeijk, "Economic Diplomacy the Level of Development and Trade", 2010, available at http://www.clingendael.nl/publications/2010/20101000_cdsp_artikel_%20van%20Veenstra,%20Yakop%20and%20van%20Bergeijk.pdf, accessed on 23 February 2013.

In line with that argument, Bangladesh could think of opening temporary consulates or trade missions in some African countries (e.g. Algeria, Angola, Ethiopia, Nigeria, Tunisia owing to Bangladesh's export potential) to explore its export potentials. It would help Bangladesh identify what products are potential to the African countries. It would also facilitate to sign MoU/agreement on trade between Bangladesh and potential African countries.

Africa may require skilled and technical workforce for its growing manufacturing and agricultural sectors. Being burdened with economically active population, Bangladesh has no way but to explore potential labour market for its workforce. Already GoB has started to send Bangladeshi temporary migrant workers to some African countries such as Angola, Botswana, Nigeria, Congo and South Africa. However, long-term and recent trends (Table 5) show that Mauritius and North Africa, particularly Libya, Egypt and Sudan are potential for Bangladesh's manpower export. Even one of five high-level committees employed for searching new labour markets for Bangladesh identify aforesaid countries prospective for Bangladeshi workers.[25] Five high-level committees were formed and sent to Asia, Europe/Eurasia, Africa, North America, and Australia/Oceania under "Fact-Finding Missions" of the GoB.[26] Fact-Finding Mission to Africa also identified Tanzania, Liberia and Sierra Leone as potential for Bangladesh's manpower export.[27] Some important factors are considered to assess potentiality: higher per capita nominal GDP in comparison with other African countries (countries with higher per capita nominal GDP are Algeria, Angola, Botswana, Libya, Mauritius, Nigeria, South Africa, Sudan, Egypt), existing sectors (service sectors, physician, nurse, labour in oil field and construction, tourism, personal and community services) where Bangladeshis are already working, and prospective sectors (manufacturing, agriculture, ICT, agro-processing, investment-driven sectors, textiles, financial sector, health technician, mining, education, retail shop, business services, etc) where they could be employed.[28] Africa thus could be a new option for Bangladesh's manpower export.

[25] Finance Division, *Bangladesh Economic Review 2012*, Ministry of Finance, Government of Bangladesh, Dhaka, 2012, p. 39.
[26] *Ibid*.
[27] *Ibid*.
[28] UN Economic Commission for Africa, 2012, *op. cit.*; Bureau of Manpower Employment and Training (BMET), Bangladesh, 2013.

Table 5: Trend of Bangladesh's Manpower Export to Some African Countries

Year or Decade	Libya	Sudan	Egypt	Mauritius
2nd half of 1970s	5,254			
1980s	26,068			
1990s	14,880	8 (1998) 16 (1999)		868
2000s	48,992	7,739	9,641	16,377
2012	89	79	3,312	5,353
2013	14,975	23	6,981	5,421
Total	1,10,258	7,865	19,934	28,019
% of Total	1.38	0.10	0.25	0.35

Note: Figures in parentheses of third column indicate year of date.
Source: Bureau of Manpower Employment and Training (BMET), Bangladesh, 2013.

Being endowed with oil and minerals, Africa is gaining huge investment to these growing sectors that require both blue- and white- collar workers. It also requires engineers, physicians, healthcare experts, tourism-related workers, etc. African existing industry (e.g. mining) and service sectors are potential for Bangladesh's manpower export. If Bangladesh invests in African agriculture (e.g. joint venture farming), agro-processing and pharmaceutical industries, it would have opportunity to export its manpower to these sectors. Such argument is supported by Kabir and Hossain (2010), Kabir and Shakir (2011) and Mahmud (2012). They argue that investment in those sectors would generate other opportunities. Rice mill or it's by product industry originated from investing in agro-processing or agriculture could absorb more manpower from Bangladesh. Again, some of exported manpower from Bangladesh could start doing small businesses in Africa and such initiative may have greater significance to Bangladesh's manpower export sector. Therefore, if Bangladesh wants to explore African labour market, it has to undertake pragmatic policy at home and initiate effective diplomacy with Africa.

4.2 *Investment*

Africa is receiving growing amount of FDI from China (during 1979-2002, China's 3rd choice of OFDI is Africa; China's FDI to Africa is $385 million for 2003-2005; $20 billion in 2012) and India (exceeded $35 billion in total by 2011) (Table 3). Although Bangladesh is far behind the two Asian countries in OFDI, there are some signs of capital investment transferred from third countries by Bangladeshi investors to some African countries.[29] Bangladesh is in short supply of capital. Presently investing in capital-intensive sector may not be economically viable. Bangladesh could invest in labour-intensive sectors in both West Africa (Liberia) and East Africa (Ethiopia, Uganda, Tanzania, Malawi, Mozambique) endowed with vast lands fertile for producing agricultural goods.

[29] Mahfuz Kabir and Golam Shakir, "'Look Africa' Policy: Bangladesh's Investment Potential in Liberian Agriculture", *BIISS Journal*, Vol. 32, No. 4, October 2011, pp. 285-302.

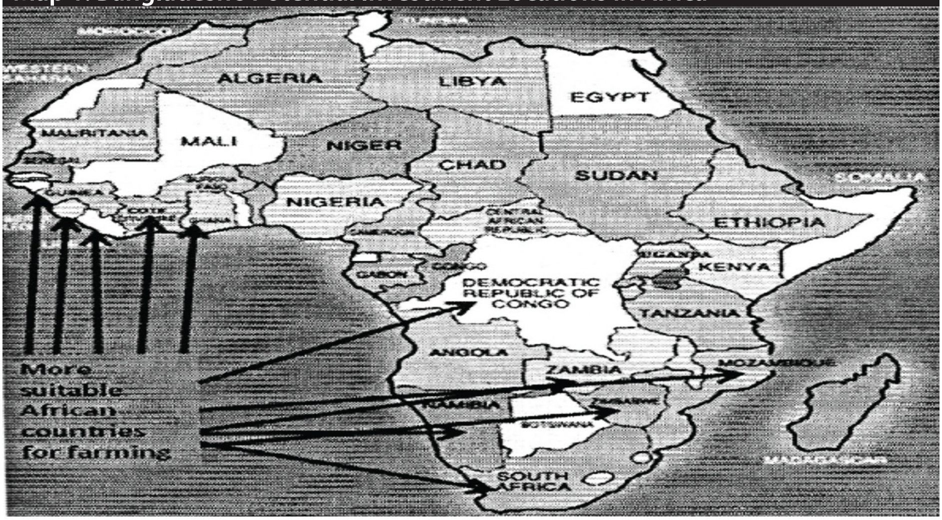
Investment in Agriculture: A Case in Liberia	
Facts	1 acre land is given lease at $1; many acres leased for several years by deal; land and weather highly suitable for palm and rubber production
Agriculture characterised by	Low productivity with structural barrier; poor policy, prolonged conflict hampering farming community, and lack of adequate transport, processing infrastructure, and productive capacity
FDI growing in	Mining, rubber, agro-forestry, light industry, etc.
Successful foreign projects	Malaysian Same Darby Company (in palm and rubber); US-based Firestone Tire and Rubber Company; Chinese LD Rubber plantation; China-Liberia Agriculture Technology Centre; BRAC (targeting people involved in small scale farming)
BRAC initiatives	Support to modern farming techniques and livestocks providing investment capital; selling agricultural inputs
View on Bangladesh	Liberia looks for joint venture on agriculture; people like Bangladesh with its peacekeeper's good image (Kabir and Shakir (2011) via FGD)
Bangladesh could invest in production and processing of	Rice, Wheat, pulse, onion, garlic chili, tamarind, sugarcane, palm oil, rubber, etc.
	Bangladesh's Potential Investment Locations in Africa  Lofa County suitable for all types of agricultural product Many places of Bong, Nimba and Grand Bassa suitable for agricultural products Source: Kabir and Shakir (2011): 298
Issues to be considered before joint venture in Liberia	Weak land and water management, impaired market access, poor infrastructure, rudimentary production techniques, poor food value chains (in storage, processing and marketing), low institutional capacity, lack of access to improved seeds, fertilizers and other inputs, etc.

Source: Compiled from Kabir and Shakir (2011) and Ministry of Agriculture, *Liberian Agriculture Sector Investment Program (LASIP) Report*, Liberia, September 2010.

Lands for agricultural production are scarce resource in Bangladesh. It may persuade the country investing in African agriculture. There is an estimation that if GoB "allows joint venture farming in Africa, it could produce 77,000 metric tonnes, expected to be valued at $31 million, of rice every year"[30]. Including West and East Africa, Zimbabwe, Zambia, Congo, Sierra Leone, Guinea, Uganda, Tanzania and South Africa with their fertile lands and reasonable rain could be potential for joint venture or contract farming projects. Therefore, bilateral investment agreement on agriculture between Bangladesh and any African country (Map1) could permit the former to initiate any sort of farming project into the latter. Investment in edible oil or sugar cane production and agro-food processing industries in Africa could as well be potential for Bangladesh. Africa produces huge fruits. Preserving fruits is a concern for the continent. Investors from Bangladesh could initiate processing such local products in Africa and then exporting those to third countries.

A major share of Bangladesh's annual cotton requirement is imported from India, Uzbekistan, Pakistan, Africa, Brazil and the US.[31] It is a backward linkage industry for Bangladesh's readymade garments. There is an argument that "an investment in cotton farming in Sub-Saharan Africa will no doubt be risky, but could help Bangladesh enjoy some leverage in global clothing market"[32]. West Africa also produces huge cotton. Bangladesh's likely areas of investment in Africa could include cotton sector or establishing cotton manufacturing industry utilising Africa's accessible raw cotton.

Map 1: Bangladesh's Potential Investment Locations in Africa



Source: Kabir and Shakir (2011): 297.

[30] Abdul Motaleb Sazzad Mahmud, "Joint Venture Farming in African Countries – Prospects for Bangladesh", *NDC Journal*, Vol. 11, No. 1, 2012, pp. 113-132.

[31] "Bangladesh to Increase Cotton Imports from Uzbekistan", *The Financial Express*, 26 August 2013.

[32] Abdul Motaleb Sazzad Mahmud, 2012, *op.cit.*, p.132.

Africa every year imports huge quantity of pharmaceuticals. Bangladesh produces good quality pharmaceuticals and exports these products to various countries, also eight countries in Africa. Being exempted from patent protection until 2016 and having a strong base in production and marketing, Bangladesh could invest in pharmaceutical sector in Africa. If Bangladesh could set up pharmaceutical plant and provide quality medicine with cheap price in African local market, it would offer huge business opportunity for Bangladesh. However, two points Bangladesh must consider before investing in African market: investing initially through pilot projects in identified sectors and understanding challenges and prospects of the sectors in Africa.

5. Meeting Challenges and Facilitating Prospects

5.1 *Challenges*

There are several challenges to facilitate Bangladesh's business opportunities in Africa. Sudan, Ethiopia and Congo have huge lands. Because of inadequate rains these lands may not be appropriate for farming.[33] African locals sometimes disagree with 100 per cent foreign investment or any joint venture projects owing to clash between government force and locals.[34] Such clash at times creates refugees and leads to land dispute between farmer community and farming company.[35] Clash is usual when African locals deny leaving their lands and are forced to move.[36] Capitalising on such clash some NGOs try to undermine foreign projects by promoting 'plea of neo-colonialism'.[37] If investment deals do not show 50-50 benefits and investors do not consider African culture, ethnic and linguistic aspects, policy and land laws, overall returns of investments would be in question.[38] Land's farming suitability, fear on neo-colonialism, land disputes between different parties and NGO aggravations are thus crucial for investing in Africa.

Clashes between different communities and powerful actors are common in Africa.[39] It hampers investment climate in Africa. Poor law and order situation fuels the clash.[40] Again, irrigation, transport, power supply and other utility services are some issues of concern.[41] Not only agricultural but other development project also in Africa face difficulty (Table 6) due to uncertainty, politico-security threats and poor infrastructure. Some African countries do not have necessary skills and value chain

[33] *Ibid.*, p. 119.
[34] *Ibid.*, p. 120.
[35] Sahabiddin Sagar, 2012, *op. cit.*
[36] Abdul Motaleb Sazzad Mahmud, 2012, *op. cit.*, p. 123.
[37] *Ibid.*
[38] Mahfuz Kabir and Golam Shakir, 2011, *op. cit.*, p. 293.
[39] *Ibid.*
[40] Ian Taylor, 2012, *op. cit.*, p. 781.
[41] Mahfuz Kabir and Golam Shakir, 2011, *op. cit.*, p. 293.

approach in financing investment in agriculture.[42] Poor financial foundations of Africa are likely to hamper functioning of joint farming projects as well.[43]

Table 6 : Risk State of Projects in Africa

Fiscal Year	At risk (%)	
	Development	Agriculture
2000	13.9	18.4
2001	14.8	14.5
2002	26.2	32.9
2003	19.0	17.6
2004	22.8	22.0
2005	29.0	39.1
2006	21.9	23.0

Source: WB data and Mahmud (2012): 120.

From Bangladesh side, central bank of the country with its existing Foreign Exchange Regulation Act (FERA) has limitation to permit investment abroad.[44] Again, inadequacy of Bangladesh missions in Africa, financial protocols between Bangladesh and African countries and its related local laws could make joint investment more complex.[45] These are likely to be major issues and would create bureaucratic dilemma in functioning of joint investment in Africa. Additionally, bureaucratic chain and maintaining *slow go* policy by GoB may result in missing golden opportunity (as was in Myanmar in farming projects) in Africa.

In case of trade, long distance between Bangladesh and Africa, inadequate infrastructure in and Bangladeshi shipping lines to Africa could increase shipment/transportation/import cost of food grains produced under joint venture to Bangladesh. Because of food crisis in Africa any deal on food grain shipment ratio to Bangladesh could also have connotation among African locals.[46] In case of manpower export to African labour market, Bangladesh has to compete with its competitors (e.g. China, India) who produce and send skilled executive and workforce. Besides, lack of legal framework or agreement on sending Bangladeshi workers to Africa, African cultural and linguistic complexity would be key issues for Bangladesh.[47] Also concern is limited initiative by GoB to export Bangladeshi manpower to Africa.[48]

[42] *Ibid.*
[43] Mahfuz Kabir and Sharif M. Hossain, 2010, *op. cit.,* p. 312.
[44] Under the Foreign Exchange Regulation Act (FERA), Bangladeshi investors are not allowed to invest more than US$5000 outside Bangladesh. This amount was seemed to be appropriate in mid-1970s but in recent years Bangladeshi investors demand such amount to be increased.
[45] Abdul Motaleb Sazzad Mahmud, 2012, *op. cit.,* p. 123.
[46] *Ibid.*
[47] Mahfuz Kabir and Golam Shakir, 2011, *op. cit.,* p. 293.
[48] *Ibid.*

5.2 *Facilitating Prospects*

In order to look for business opportunities in Africa, Bangladesh might face challenges coming from both sides. Bangladesh needs to realise land sensitivity and socio-economic policies of Africa. Also, Bangladesh needs to be aware of phobia of neo-colonialism in Africa.[49] GoB could ease that plea by exercising economic and public diplomacy, launching Bangladesh-Africa Friendship Association and associating with African development initiatives.[50]

In case of investment, the foremost task is to amend FERA 1974 and strengthen concerned financial infrastructure. That is, the amount of US$5000 for OFDI must be increased considering suggestions from Bangladeshi overseas investors. On the other hand, there should be agreements between Bangladesh and destination countries on how to reinvest capital, return dividends, or regulate financial flows. Opening of Bangladeshi financial institutions in necessary destinations is also very important. While capital investment in Africa by reputed export oriented industries could be encouraged, exploring more local resources (e.g. taking initial capital or bank loans or workforce from destination countries) for initial settlement might be considered.[51]

Studying feasibility of any investment against inadequate infrastructure and placing the risk on negotiation table before finalising any deal are crucial. If destination is land-locked (e.g. Uganda, Congo, Mali, etc.), engagement with neighbours within overall design of joint venture is significant.[52] Involving leading local entrepreneurs in joint venture would secure initial settlement. More importantly, mode of investment should be of win-win for both parties so that future of investment is not affected by changing of government.[53] Bangladesh has opportunity to investment, at individual level also, in agriculture, manufacturing, SME and service sector.[54] Diplomacy to ease politico-economic risks must be supportive to permit entrepreneurs' investment drive.

In case of trade, Bangladesh needs to concentrate first on its existing items that are exported to Africa. How more and more volume of the items could be exported to its existing destinations is important for Bangladesh. For new destinations, certain incentives in Bangladeshi export-oriented products may be offered. In order to reduce transhipment cost of produced goods in Africa, regular shipping lines with Bangladeshi flag may be introduced with Africa. Africa is growing notably requiring semi-skilled and skilled manpower. There are demands for physicians and nurses, ICT graduates and skilled tourism workers. In case of service trade, Bangladesh must work on its migrants' technical and communication skills. This would help Bangladeshi workers survive with unfavourable African environment. Training of migrants on local laws and values

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[49] Abdul Motaleb Sazzad Mahmud, 2012, *op. cit.*, p. 123.
[50] *Ibid.*
[51] Sahabuddin Sagar, 2010, *op. cit.*
[52] Abdul Motaleb Sazzad Mahmud, 2012, *op. cit.*
[53] *Ibid.*
[54] Mahfuz Kabir and Golam Shakir, 2011, *op. cit.*

of Africa is crucial. Also vital is opening of new diplomatic missions or at least trade missions to begin and persist on exporting manpower from Bangladesh to Africa.

Even with so many challenges, Chinese and Indian sectors-oriented economic engagements with Africa are significant. Therefore, meeting challenges and facilitating economic prospects should be the key of Bangladesh's diplomacy with Africa. And for that, coordination among concerned ministries viz., Ministry of Foreign Affairs, Ministry of Finance, Ministry of Commerce, Ministry of Shipping and Ministry of Expatriates' Welfare and Overseas Employment and agencies i.e., Board of Investment, Bureau of Manpower Employment and Training, Bangladesh Foreign Trade Institute, Bangladesh Association of International Recruiting Agencies, etc. is highly significant to look for business opportunities in Africa.

6. Conclusion and Recommendations

It is expected that Africa would grow remarkably in the decades to come. Asian emerging economies such as China extensively and India to a certain extent but less than China's efforts are becoming very important development partners of Africa. Bangladesh with its socio-economic similarities and dissimilarities with Africa is yet to exploit business potentials from the continent. It is arguable that in comparison with Chinese and Indian engagement with Africa, Bangladesh is now not fully capable to materialise its economic potential in the region. It could uncap export potentials by reducing institutional and infrastructural barriers and initiating export facilitation measures with prospective African countries at G2G and private levels. It could take initiatives to invest in African agriculture (through leasing lands), agro-food processing, pharmaceuticals and cotton industries. It may offer employment opportunity for Bangladeshi workers in Africa as well.

There are several challenges to overcome and for gaining mutual benefits on trade and economic affairs. To facilitate Bangladesh's business opportunities in Africa, the former has to initiate practical survey and detailed studies in all areas of economic cooperation to the latter. In brief:

- Bangladesh has to strengthen its diplomatic channels in Africa and has to be equipped with sufficient diplomatic instruments to compete with other developing countries.
- GoB, foreign missions and Bangladeshi people living in Africa have to work together to promote peace loving image of Bangladesh.
- Also crucial is setting up of Bangladesh-Africa business and economic forum.
- Engaging with as many regional blocs as possible is the key of modern economic diplomacy. Bangladesh has to respect its *Look Africa* policy and pay due attention on that.