

## OUTCOME DOCUMENT

# BANGLADESH: THE VIETNAM OF SOUTH ASIA LEVERAGING THE LEARNINGS FOR INDIA

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## **BANGLADESH: THE VIETNAM OF SOUTH ASIA LEVERAGING THE LEARNINGS FOR INDIA**

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This – March 2020-21 – is being celebrated as the Mujib Borsho (Mujib Year), the birth centenary of the Father of the Nation of Bangladesh, Bangabandhu Sheikh Mujibur Rahman. Also celebrated are the 50<sup>th</sup> anniversary of Bangladesh’s independence as well as the 50 years of diplomatic relation between Bangladesh and India.

A country that began as a case study for development, is now on top of the global GDP charts. GDP growth in 2019 was an enviable 8.4% - twice that of India’s during that year – and is one of the few countries to have maintained a positive growth rate during the Covid-19 pandemic. It is a proud moment for Bangladesh – and the Indian sub-continent. Just as Vietnam amazed the world with its fast-paced growth, so too with Bangladesh which has displayed a will to grow despite the odds.

Vietnam instituted market and economic reforms, known as Doi Moi, which enabled it to achieve rapid economic growth and industrialization. Starting with the manufacturing of textiles and garments, it has now a prominent global player in textiles, and the manufacturing of mobiles and electronics. As supply chains diversify from China, Vietnam is a beneficiary. It is now the “+1” in the “China +1” strategy of multinationals and has seen investment rise. Vietnam has always had a steady strategy on liberalization and trade. In 1986, Vietnam began its journey of becoming a market-oriented economy. It found a place in ASEAN in 1995 which enabled it to join the ASEAN free trade region. It has free trade agreements with U.S. bilaterally and with India, Japan, and China through ASEAN. Such agreements enabled Vietnam to export freely with negligible tariffs. It has provided skills to its population for labour-intensive manufacturing and produced at scale, bringing down costs of products to be exported.

Bangladesh has followed a similar strategy. Its rise is directly connected with the textiles and garments industry which accounts for 80% of the country’s exports. Bangladesh also enjoys preferential trade treatments with the European Union, Canada, Australia, and Japan with negligible or zero tax. With India too, Dhaka has zero export duty on key products like readymade garments. Over the years, Bangladesh has enhanced its agriculture, power generation, natural gas exploration and production, pharmaceuticals, and foreign remittances. Like Vietnam, its foreign investment regime increasingly investor-friendly. For instance, Bangladesh’s liberal FDI policy allows 100% equity in local companies and no limits on repatriation of profits in most sectors.

Bangladesh is a global leader in microfinance – a model it has exported. The world’s most successful and pioneering microfinance organizations like Grameen and BRAC have aided small business in the country - and regionally. This, along with government schemes like Pushti Apas (Nutrition Sisters) and community health clinics have helped Bangladesh in the development indices: Bangladesh fares better on infant mortality, sanitation, hunger and gender equality than many countries including India.

What can India, South Asia and the world learn from Bangladesh’s successful development trajectory? This webcast will focus on the economic growth pattern of countries such as Bangladesh and Vietnam, and the models they offer for others. It will be moderated by Gateway House, with three experts in discussion.

## AGENDA

The webcast will focus on the following issues

### TRADE & ECONOMICS

**Objective:** India is the fifth largest economy in the world and till recently enjoyed a GDP growth of around 7.5%. Similarly, Bangladesh has seen a GDP growth of 6-8% in the last decade. While India prefers bilateral trade agreements, countries such Vietnam and Bangladesh have trade treaties with many countries and groups. As part of ASEAN, Vietnam enjoys favourable trade with India, Japan, and China. Bangladesh enjoys preferential treatment with Europe with negligible or zero tax. The European Union accounts for 24% of Bangladesh's total trade. Within Asia, in 2019, bilateral trade between India and Bangladesh stood at \$9.5 billion, while between China and Bangladesh it stood at \$18 billion.

How can trade increase between India and Bangladesh for the overall benefit of the region? How can the two economies complement each other?

### SUPPLY CHAIN & CONNECTIVITY

**Objective:** Vietnam has been the traditional favourite as an alternate site to China. India is looking to take China's place in global supply chain. Avoiding the BRI (Belt and Road initiative) and promoting trade corridors such as BBIN (Bangladesh-Bhutan-India-Nepal) has been a major part of India's strategy.

Nestled between such rivals, Bangladesh has tactfully managed its trade relations with both India and China, being part of both BRI and BBIN. India and Bangladesh restored the Haldibari-Chilahati rail link which was closed in 1965. There are five rail links between the two countries. Other connectivity links such as Petrapole-Benapole, Gede-Darshana, Singhabad-Rohanpur, Radhikapur-Birol adds to the flourishing trade relations between the two countries. The Land Boundary Agreement between India and Bangladesh resolved the four decades' enclaves dispute and will help in boosting connectivity in the region.

How can India establish itself in the global manufacturing supply chain like Bangladesh and Vietnam?

### GEOPOLITICS

**Objective:** Asian geopolitics is at the centre stage of the world currently. Tensions between India and China; the Rohingya crisis in Bangladesh; the Myanmar Coup; the Hong Kong protests have all made the region a global hotspot. The importance of the Quad grouping and Indo-pacific have increased with a dominant China. The First Quad Summit between the leaders of U.S., India, Japan and Australia will take place in March. Some countries have already chosen sides while others are non-aligned.

How will the tussle between US-China, India-China, Quad-China affect other Asian countries in the region? Will they choose sides? How will they manage their relationships with conflicting powers?

### SOFT POWER

**Objective:** The cultural ties of India and Bangladesh are historic. Bangladesh is observing the year 2020-21 as 'Mujib Borsho' to celebrate the centennial birth anniversary of Bangabandhu Sheikh Mujibur Rahman, from March 17, 2020 to December 16, 2021. Prime Minister Modi and Prime Minister Hasina jointly unveiled a commemorative postal stamp issued by the Government of India on this occasion.

From Indira-Mujib to Modi-Hasina, Bangladesh and India have successfully capitalised on the cultural ties that the two countries have. How can the cultural relationship and soft power between India and Bangladesh be capitalised in the economic front?

## FLOW OF WEBCAST

Date: 18 March 2021

Time: 1 hour 10 minutes (5:30pm IST to 6:40pm IST)

## OPENING REMARKS

Time: 5:30pm – 5:36pm

Welcome remarks from Gateway House (3 mins)	<b>Manjeet Kripalani</b> , Executive Director and Co-founder, Gateway House
Opening remarks from KAS (3 mins)	<b>Peter Rimmele</b> , Resident Representative to India, Konrad-Adenauer-Stiftung

## MODERATED PARTICIPANTS DISCUSSION

Time: 5:36pm – 6:19pm

Moderator	<b>Ambassador Rajiv Bhatia</b> , Distinguished Fellow, Foreign Policy Studies Programme, Gateway House
Panellists	<b>Ambassador Samina Naz</b> , Bangladesh Ambassador to Vietnam <b>Dr. Ahsan Mansur</b> , Executive Director, Policy Research Institute & Chairman, BRAC Bank <b>Mr. Madhu Singh</b> , General Manager & Country Head, Bangladesh, Tata Motors Ltd.

## AUDIENCE Q&A

Time: 6:19pm – 6:34pm

Moderator	<b>Ambassador Rajiv Bhatia</b> , Distinguished Fellow, Foreign Policy Studies Programme, Gateway House
Panellists	<b>Ambassador Samina Naz</b> , Bangladesh Ambassador to Vietnam <b>Dr. Ahsan Mansur</b> , Executive Director, Policy Research Institute & Chairman, BRAC Bank <b>Mr. Madhu Singh</b> , General Manager & Country Head, Bangladesh, Tata Motors Ltd.

## CLOSING COMMENTS BY PANELISTS

Time: 6:34pm – 6:37pm

## SUMMATION OF DISCUSSION & CLOSING REMARKS

Time: 6:37pm – 6:40pm

Closing remarks from Gateway House	<b>Ambassador Rajiv Bhatia</b> , Distinguished Fellow, Foreign Policy Studies Programme, Gateway House
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## HOUSE RULES AND INTERVENTION GUIDELINES

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### FLOW OF DISCUSSION

Time: 1 hour 10 minutes

Welcome remarks	3 mins	Welcome remarks by Manjeet Kripalani, Gateway House.
Opening remarks	3 mins	Opening Remarks by Peter Rimmele, Konrad-Adenauer-Stiftung
Moderated discussion	43 mins	Moderator informs participants about flow of the session and house rules. Discussion begins; questions asked to each of the experts on the subject by the Chair
Q&A	15 mins	Audience Q&A
Closing Comment by each panellist	3 mins	Panellists
Closing Remarks	3 mins	Closing remarks by Ambassador Rajiv Bhatia, Gateway House

Note:

- Time will be strictly adhered to.
- No Power Point slides, audio or videos permitted.
- Bios will be shared in advance. There will be no formal introductions.

### SPEAKING GUIDELINES

Participants in each session must address the policy question presented for discussion. It helps keep the discussion focused and facilitates documenting specific assessments and policy recommendations.

- Designated speakers: Responsible for giving introductory remarks to launch the discussion
- All session participants and delegates: Encouraged to participate during the roundtable discussion.
- We encourage evidence-based interventions.
- We discourage generalized assessments and repetition of facts that are already well-known.
- Please use the raise hand option on Zoom when seeking the Chair's attention to make an intervention.

### INFORMATION DISCLOSURE POLICY

This meeting is open to the public.

## PARTICIPANTS

### **Ambassador Rajiv Bhatia**

*Distinguished Fellow, Foreign Policy Studies Programme,  
Gateway House*



Ambassador Rajiv Bhatia is a Distinguished Fellow, Foreign Policy Studies Programme at Gateway House. He is a member of CII's two bodies: International Trade Policy Council and Africa Committee. He served as Chair of FICCI's Core Group of Experts on BIMSTEC and continues to head its Task Force on the Blue Economy. He is a founding member of the Kalinga International Foundation. As Director General of the Indian Council of World Affairs (ICWA) from 2012-15, he played a key role in strengthening India's Track-II research and outreach activities. During a 37-year innings in the Indian Foreign Service (IFS), he served as Ambassador to Myanmar and Mexico and as High Commissioner to Kenya and South Africa. He dealt with a part of South Asia, while posted as Joint Secretary in the Ministry of External Affairs. A prolific columnist, who has also written a critically acclaimed book, *India-Myanmar Relations: Changing Contours* (Routledge), he is a frequent speaker on foreign policy issues in India and abroad.

### **Peter Rimmele**

*Resident Representative to India, Konrad-Adenauer-Stiftung*



Peter Max Rimmele is currently the Resident Representative of Konrad Adenauer-Stiftung Office, India. He has a First Law Degree from Freiburg University, as well as a Second Law Degree from the Ministry of Justice Baden-Württemberg, Germany and a M.A. in Geography. After working as a jurist, judge and lecturer, he took public office as Ministerialrat, Head of Division at the State Ministry of the Interior in Saxony, Germany, from November 1991 on until 2000. There he first served in the Police and Security and later in the Local Government Department. On behalf of the German Foreign Ministry he served in East Timor as Registrar General, Head of Civil Registry and Notary Services (UNTAET), and became later the principal Advisor for Governance Reform for GIZ (German International Cooperation) to the Ministry of Administrative Reform and the Anti-Corruption-Commission of the Republic of Indonesia, where he served for 7 years. He then moved to Rwanda, also as Principal Advisor Good Governance/Justice Program. Earlier he was Resident Representative Lebanon, Director of Rule of Law Program Middle East North Africa, Konrad-Adenauer Stiftung.

**Ambassador Samina Naz**

*Bangladesh Ambassador to Vietnam*



Ambassador Samina Naz is the current Ambassador Extraordinary and Plenipotentiary of the People’s Republic of Bangladesh to the Socialist Republic of Vietnam. She was the Bangladesh Deputy High Commissioner in Mumbai, India from 20 September 2013 to 18 August 2017. Amb. Naz was the first woman diplomat to open a new diplomatic Mission for Bangladesh (in Mumbai, India). She has also served as Second Secretary at the Bangladesh Embassy in The Hague, the Netherlands (1999-2000), as First Secretary/Counsellor for Social and Human Rights and Humanitarian Issues at the Bangladesh Permanent Mission to the United Nations in New York (2001-2005) and in Bangladesh High Commission in New Delhi as Counsellor (Political) from 2005 to 2007. She has also served as the first woman officer in the position of Director for Foreign Minister’s Office from 2007-2008. Along with Bangladesh, she is also the Ambassador of Bangladesh to Lao P.D.R.

**Dr. Ahsan H Mansur**

*Executive Director, Policy Research Institute, Bangladesh & Chairman, BRAC Bank*



Dr. Ahsan Mansur is the Executive Director of the Policy Research Institute, Bangladesh and Chairman, BRAC Bank Ltd. Dr. Mansur joined the International Monetary Fund under its Economist Program in 1981. During his long career at the IMF, Dr. Mansur has worked on Middle Eastern, Asian, African and Central American countries. He worked in important functional departments (Fiscal Affairs and Policy Review and Development departments) and area departments (Middle East and Central Asia and Asian departments) of the IMF. He also served as the IMF Senior Resident Representative to Pakistan during 1998-01 and as the Fiscal Advisor to the Minister of Finance, Government of Bangladesh (1989-91). During his assignment in Bangladesh, Mr. Mansur was primarily involved with the successful introduction of Value Added Tax in Bangladesh in 1991. Most recently, he served as the Division Chief of the Gulf Cooperation Council (GCC) Division and was the IMF Mission Chief for Saudi Arabia, Kuwait and Oman.



### **Madhu Singh**

*Country Head & General Manager, Bangladesh, Tata Motors Ltd.*



Mr. Madhu Singh is currently the Country Head of Tata Motors Ltd. in Bangladesh. He has more than one and a half decade of techno-commercial experience in the Automotive Industry and International Business. Prior to this, he has also been the Country Head of Tata Motors in Sri Lanka from 2016-19 based in Colombo and for Southern Africa from 2013-2016 based in Johannesburg. Bangladesh holds an important place in Tata Motors international footprint & contributes about 35% to its Commercial Vehicle International Business. Tata Motors entered Bangladesh with commercial vehicles in 1972 and established the first Automobile Assembly plant in 1992 under a joint venture with Nitol Motors. Today, about two-thirds of the commercial vehicles sold in Bangladesh bear the Tata Motors logo. Under Mr. Singh's leadership, Tata Motors has maintained its dominant market leadership position in Bangladesh with a market share growth of 3% in 2019-20. As an Indian business in Bangladesh, Tata Motors holds a dominant position in the cargo and commercial vehicle sectors and is flag bearer for potential Indian investors in Bangladesh.

### **Manjeet Kripalani**

*Executive Director and Co-founder, Gateway House*



Manjeet Kripalani was India bureau chief of *Business week* magazine from 1996 to 2009. She holds two bachelor's degrees – in law, and English and history – from Bombay University and a master's degree in international affairs from Columbia University, New York. Her political career includes being deputy press secretary to Steve Forbes during his first run in 1995-1996 as Republican candidate for U.S. President in New Jersey and press secretary for independent candidate Meera Sanyal's Lok Sabha election campaign in 2008 and 2014 in Mumbai. She is currently a member of the Center for American Progress' U.S.-India Task Force, a member of the Asian advisory board of the International Centre for Journalists and the Overseas Press Club, and sits on the executive board of Gateway House, the Indian Liberal Group and Emancipation, all non-profit organisations.

## **OBSERVERS**

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- Pankaj Madan, Deputy Head- India Office, Konrad-Adenauer-Stiftung
- Neha Aneja, Executive Assistant to Representative to India, Konrad-Adenauer-Stiftung
- Simran Dhingra, Research Officer, Konrad-Adenauer-Stiftung
- Ashish Gupta, Research Officer, Konrad-Adenauer-Stiftung
- Prableen Kaur, Accounts Officer, Konrad-Adenauer-Stiftung
- Kripal Singh Rawat, Accounts Officer, Konrad-Adenauer-Stiftung
- Manu Emmanuel, Senior Accounts Officer, Administration, Konrad-Adenauer-Stiftung
- Cdr. Amrut Godbole, Indian Navy Fellow, Gateway House
- Sameer Patil, Fellow, International Security Studies, Gateway House
- Amit Bhandari, Fellow, Energy and Environment Studies, Gateway House
- Chaitanya Giri, Fellow, Space and Ocean Studies, Gateway House
- Sifra Lentin, Bombay History Fellow, Gateway House
- Ambika Khanna, Senior Researcher, International Law Studies, Gateway House
- Sagnik Chakraborty, Researcher, Cybersecurity Studies, Gateway House
- Aliasger Bootwalla, Media and Outreach Associate, Gateway House
- Kunal Thakkar, Research Associate, Gateway House
- Kartik Astha, Intern, Gateway House
- Saloni Rao, Intern, Gateway House

## SECTION II KEY FINDINGS

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The increasing acknowledgement from the global community of Bangladesh's success on economic and social parameters could not have come at a better time. 2021 marks the occasion with triple celebrations: the Mujib year signifying the 100<sup>th</sup> birth anniversary of Bangabandhu Sheikh Mujibur Rahman, the father of the nation; the 50 years of Bangladesh's independence; and 50 years of India Bangladesh diplomatic ties. Considered as South Asia's Vietnam, Bangladesh is increasingly seen as a model for South Asian countries.

### ❖ **BANGLADESH: A South Asian growth story**

- **Economic success:** Bangladesh is poised to be the 25<sup>th</sup> largest economy by 2035 and aims to be a middle-income country by 2021 and a developed country by 2041.

Bangladesh is now among the leading exporters of ready-made garments (RMGs) and textiles. It is becoming an important link in global supply chains and a global leader in microfinance. The country is taking steps to diversify its export mix and move beyond its staple of RMGs and textiles, which currently account for around 80% of its exports.

- **Covid Management:** Bangladesh's economy grew by 5.2% during the pandemic. The economy opened up quickly after a brief lockdown and the public and private sector returned to work in order to stabilise production and maintain investments and trade. Its aim was to strike a 'balance between life and livelihood'. This was buttressed by economic stimulus packages to stimulate and direct monetary support to citizens.
- **Gender-inclusive growth:** A significant part of Bangladesh's growth story is the socio-economic empowerment of women. Helmed by a woman, Bangladesh is a pioneer in the advancement of women in the domestic and international sphere. Women constitute 95% of the RMG sector workforce. With the advent mobile phones, digital literacy and microfinance, women are further setting up their own businesses. In the United Nations, Bangladesh has actively raised women-centric issues.

### ❖ **VIETNAM: A model to emulate**

- **Doi Moi:** The success of Vietnam is credited to the Doi Moi policy which was initiated in 1986 with plans and guidelines for the country's growth and development. Vietnam is evolving from a centrally-planned economy to a market-oriented economy and is restructuring itself to efficiently use all resources while focusing on institutional reforms, human resources and infrastructure development.
- **Economic miracle:** Vietnam now has 16 new Free Trade Agreements (FTAs) including the recent EU-Vietnam FTA which has eliminated nearly 99% of customs duties between the two countries. Vietnam is also part of the Regional Comprehensive Economic Partnership. It is important in the global supply network, aided by rising labour costs in China and geopolitical reasons driving countries, to reduce their dependence on China.

Vietnam's \$260 billion export mix has evolved away from the dependence on textiles, now reduced to 24% of total exports. Electronics are increasingly being produced and exported from Vietnam, as companies shift from China. Vietnam's ecosystem is conducive for export growth and supports its small and medium size companies, which in turn feed into the larger multinational companies, and eventually themselves become major exporters.

- **Geopolitics:** Vietnam's success is also credited to its pragmatic policies. Vietnam has unburdened its economic relationships of its history and established extensive trade relations with countries like the United States, which was its biggest enemy a few decades ago.

## ❖ LEARNINGS FOR INDIA AND SOUTH ASIA

- **Awareness:** India needs to expand its awareness of neighbouring countries like Bangladesh. Misinformation and lack of knowledge have become obstructions in the relations. Instead, the close cultural affinity can be leveraged to India's advantage. This is evident in the automobile market where the customer profile among consumers in Sri Lanka, India and Bangladesh are similar, and where India provides both customisation and supportive after sales service. This is where Indian companies score over their Chinese counterparts. Indian businesses are loved and welcomed in Bangladesh. Companies such as Tata Motors, Godrej, Marico, Emami, Asian Paints have a strong presence.
- **Connectivity:** South Asia can learn from ASEAN's example of development through regional economic cooperation. South Asia is the fastest growing region in the world, but also the least integrated. Institutional arrangements such as SAARC have not lived up to expectation, despite scope for cooperation in the IT sector, regional investment zones, trade and transport. Transport infrastructure like development of inland waterways between Bangladesh and India can effectively serve the regional economy. For instance, the Chittagong Port in Bangladesh and India's North-eastern states have been linked. Other areas such as trade in power are opportunities for further cooperation.
- **Pragmatic policies** ASEAN is a model of regional integration. Intra-regional trade stands at 29%-30% of all trade, as opposed to 5% in SAARC countries. A key takeaway for South Asia is the pragmatism which allows economic relations to not be compromised by political differences. Such differences have hindered the prospects of regional integration in South Asia.

## SECTION III

### WEBCAST TRANSCRIPTS' BRIEF

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#### **Introduction**

##### **Manjeet Kripalani:**

- Welcome everybody to the sixth Gateway House-KAS webcast. Today, we have a story about a neighbouring country who has been wondrous in their growth and that is Bangladesh, which is really the Vietnam of South Asia. We're here to discuss how Bangladesh got to this fantastic position and what India can learn from Bangladesh and from its experience and strategy.
- The month of March is being celebrated as the Mujib year, which is the birth anniversary of the father of the nation of Bangladesh. Also being celebrated this year is the 50th anniversary of Bangladesh's independence as well as 50 years of diplomatic relations between India and Bangladesh. Our relationship between Bangladesh and India has really taken a very positive journey and it's never been better.
- Bangladesh's growth, a country that began 50 years ago as a case study for development, is now at the top of the GDP charts. GDP growth in 2019 was 8.4%, that was twice that of India, and it's one of few countries to have maintained a positive growth during the Covid-19 pandemic.
- It's a proud moment for Bangladesh and also for the Indian subcontinent. Just as Vietnam amazed the world with its fast growth, so too will Bangladesh, which has displayed a will to grow despite the odds. Bangladesh followed a similar strategy to Vietnam. It's rise is directly connected with the textiles and garments industry which accounts for 80% of the country's exports.
- It has over the years enhanced its agriculture, power generation, natural gas exploration, pharmaceuticals and foreign remittances. Part of this is Bangladesh's unique USP of being a global leader in microfinance, a model that it is exported. The world's pioneering microfinance organizations like Grameen and BRAC Bank have aided small businesses in the country and regionally.
- So what can India, South Asia and the world learn from Bangladesh's successful development trajectory? We have with us today three terrific experts. First, Ambassadors Samina Naz, who before her position as Bangladesh's envoy to Vietnam was the dynamic Consul General in Mumbai. We have Dr Mansur of the BRAC Bank. It has played a crucial role in Bangladesh's development and as a model around the world. And we have Madhu Singh, the General Manager and Country Head of Tata Motors in Bangladesh. The Tata group has been a pioneer in investing in Bangladesh and we are keen to hear his views.

#### **Opening Remarks:**

##### **Peter Rimmele:**

- With the onset of industrial revolution, the world witnessed the rise of several manufacturers concentrated in the UK, Germany, USA, then later in Japan, South Korea before they gradually shifted to the services segment and high-tech manufacturing.
- Recently, the Wall Street Journal has mentioned that Bangladesh has become the economic bull of South Asia due to its impressive growth in the manufacturing and export sector primarily driven by the booming garment industry. While the exports of its neighbours Indian and Pakistan have declined marginally, Bangladesh has not only seen significant economic growth and decreasing poverty in the last decade, but also two weeks ago the UN Committee for Development Policy has again recommended for Bangladesh

graduation from its least developed countries status. Bangladesh has met for the second time all required criteria regarding per capita income, human resources and economic mobility.

- This achievement not only strengthens the role of Bangladesh in South Asia but also attracts investments. It intensifies the focus of Europe in the region in terms of FDI and trade, and Germany is no exception to that. Through the combination of the country's young demographic structure and a growing middle class, the economy has the possibility to create a wide pool of expertise and sustainably diversify its economy by investing into the IT sector.
- Its export industry is overwhelmingly focused on garment manufacturing, about 80%, which is a large proportion. This creates some vulnerability and therefore the next step for Bangladesh would be to transition towards higher value addition forms of manufacturing and exports, following the footsteps of Vietnam in establishing itself in the global manufacturing supply chains.
- Some interesting statistical comparisons from an interactive website developed by Royal Oak Interactive Inc.: If you would live in India, instead of in Vietnam, you are two times more likely to be unemployed and if you live in India instead of Bangladesh, you are 46% likely to be unemployed. In India, you die five years sooner than in Vietnam and three years sooner than in Bangladesh. In Vietnam you are 78% more likely to be in prison and 26% more likely to be in prison in Bangladesh than in India. If you look at the health sector, in India there is 40% less money on health than in Vietnam, but two and a half times more than in Bangladesh. If you compare the income, Vietnam and India would be about the same money, but in India you would make 90% more money than in Bangladesh, that shows something maybe about competitiveness.
- With emerging tensions between China and the West, and China's regional hegemonic ambitions and coercive behaviour, many European states are reconsidering their relations to the country. Germany, embedded in the European Union, has a great interest in participating in Asia's growth dynamics and in being involved in the Indo-Pacific region as well as in upholding the older norms. It has launched its own Indo-Pacific policy guidelines, which highlights the federal government's support for inclusive regional cooperation initiatives.
- Germany's position regarding Asia points out that neither a region characterized by unipolarity nor by bipolarity is desirable. Bangladesh is a country that maintains good relations with both India and China as part of the aspirations of a balanced and stable region. Today's discussion will also focus on leveraging learnings and hereby I would like to bring in a German perspective.
- Germany as we know it today was built after the end of the Second World War in 1945 and the process continues. It was the experience and the learning from the Allied forces that formed the way Germany structured and organized today. History has shown that to get ahead in this world you do need to learn from your own mistakes and from others.
- It was Konrad Adenauer, after whom our organization is named, who understood exactly the benefit when he was pushing the West integration policy as the German Chancellor. He knew that Germany was better off with strong economic and political relationships with the Western powers. It was this policy that helped Germany achieve good economic success in Europe.
- Before I yield the floor I would just like to first enunciate that being committed to Konrad Adenauer's principles, I strongly believe that social, economic, human development and multilateral cooperation in trade and matters are separate issues but common pieces of a framework of stability which are tightly connected and mutually dependent. With Prime Minister Modi's visit to Bangladesh the cooperation between the two countries is said to get more intense and rewarding. Lastly, with Bangladesh, India has successfully been

acting East, but with the rest of the East it has been more looking. With these comments I conclude my remarks and I look forward to an undoubtedly thought promoting event.

### **Panel Discussion:**

#### **Amb. Rajiv Bhatia to Amb. Samina Naz:**

Let me congratulate you and your great nation on “Mujib year” which is the triple celebration that Manjeet has already explained and we feel very happy that this particular event is being organized virtually as part of the larger celebration that will culminate in Prime Minister Narendra Modi's visit to Bangladesh, very soon.

- How do you assess the achievements of Bangladesh in tackling the Covid 19 pandemic and the management of economy in its crucial aspects?

#### **Ambassador Samina Naz:**

- The year 2020 has been a challenging year, all over the globe, whether it comes to economy, diplomacy, political or social development. Bangladesh has done a remarkable job in tackling the global pandemic and at the same time keeping the economy almost fully functioning. For 15-21 days, during the peak, Bangladesh observed lockdown. But very soon the economy opened up and came back to full functionality. Our government, the public sector and the private sector, everyone, came back to work with the best calculations to stabilise the production ecosystem and keep trade and investments flowing. Bangladesh is doing what our PM Sheikh Hasina described as ‘striking balance between life and livelihood’.
- Our Prime Minister announced many relief packages to stand beside the poor, needy and helpless and these provided a social safety net. Economic packages were also there providing direct money and food to people. The government offered special stimulus packages not only to keep the momentum of economic activities to maintain the trend in growth and development, but also to keep the global supply chains uninterrupted.
- Despite the crisis our per capita income has risen to \$2,064 and we maintained a growth rate of (for 2020) 5.2%, which is the highest in Asia. Before that, GDP growth had been above 8%. Credit goes to our prime minister, her bold leadership and guidance and the way she personally involved herself in moving us forward. This has been very recently recognised, especially for the Covid pandemic handling situation, as she has been named as one of the 3 most inspirational leaders in the commonwealth, beside New Zealand's and Barbados's Prime Ministers.
- Bangladesh is a development miracle. In terms of sustainable GDP growth and social economic parameters, we have become a vibrant economy from what was 50 years ago called a bottomless basket. Bangladesh is poised to become the 25th largest economy by the year 2035 and we have huge potential to become an international hub for business and manufacturing and global incubators for innovation and entrepreneurship.
- According to Heritage Foundation, a Washington based think tank, Bangladesh is the most economically free country in South Asia and Bangladesh's score increased in government integrity, tax burden, business freedom and labour freedom. The Prime Minister's Vision 2021 is to be a middle income country and a developed country by 2041. This is all possible through our resilience, determination, innovative and indomitable spirit.

#### **Ambassador Rajiv Bhatia to Dr. Ahsan Mansur:**

What do you think of the spectacular success of Vietnam? In what fashion is this of some relevance to South Asia?

**Dr. Ahsan Mansur:**

- Vietnam has always been a puzzle to all of us with respect to its meteoric rise. We can only compare with the speed with which Vietnam had progressed from 1990 onwards and see where the differences lie. Vietnam is a centrally planned economy. The leadership has a focus on the economy. They have a vision to turn the country into something much more developed and they have been executing this vision very meticulously.
- We sometimes compare Bangladesh with Vietnam. The comparison is valid, in terms of social development and many other sectors, but on exports, Vietnam is now exporting more than \$260-270 billion. Vietnam has moved into the third step of the ladder where it is exporting electronics as well, while Bangladesh is still in the first step of the ladder which is ready-made garments (RMGs). For Vietnam, RMG is important. It exports about the same level as Bangladesh, but their export share is 24% whereas in Bangladesh it is over 80%.
- Vietnam has been focusing on sustainable development where Bangladesh needs to do a lot more. Vietnam has been really successful in attracting FDI to such an extent that many a times domestic entrepreneurship get dwarfed by the flow of funds coming from abroad.
- They have also developed an industrial ecosystem. For example, when Samsung went to Vietnam a decade ago, Vietnam set up an ecosystem wherein the middle and bottom parts consist of Vietnamese companies and at the apex is Samsung. They developed a series of companies which are feeding into each other and they have now become independently sizable and are export leaders. This is helping a Vietnam economy significantly.

**Ambassador Rajiv Bhatia:**

Part of that very question on the economic side you have beautifully explained, but I think we are also interested to know as to how the Vietnamese model is especially relevant to vibrant democracies that Bangladesh and India are.

**Dr. Ahsan Mansur:**

- I would think that we have a democratic system and we respect that and value that. Democracy should stay, flourish and further develop in all of South Asia because we have progressed with democracy but we need much more progression with that.
- What we can learn from Vietnam is geopolitics. For example, in the past, Vietnam has been bombed by the Americans but who is their biggest trading partner this year? It's the USA. They are practical. They are not emotional like us, they are not stuck on issues. They resolved their issues with Americans, established a strong diaspora, trade, investment relationship with their biggest enemy in the 60s. This is where I see they are fundamentally different quite. We need pragmatism like them.

**Amb. Rajiv Bhatia to Madhu Singh:**

What are the lessons that Tata has had in charting its business strategy for the Bangladesh market in particular and for other countries in Southeast Asia in general?

**Madhu Singh:**

I'll answer your question in two parts. Firstly, about our success in Southeast Asia and the ASEAN countries to be more in general as we call them and then I'll come to Bangladesh in South Asia.

- Before that allow me a minute to talk about Tata Motors as many of our viewers may not be fully aware of our brand and the business. Tata Motors is the flagship company of the overall business group, which has a market capitalization of upwards of \$240 billion, the largest private group in the country in India and Tata Motors specifically has a market



capitalization of about 42 billion dollars and is the largest automobile company by revenue in India with presence in over 125 countries.

- The estimated GDP of Vietnam for this calendar year is about \$369 billion. That would be 36th rank in the world and that of Bangladesh is a little bit ahead of \$378 billion, 35th rank. More or less both the countries are in the same range. But the GDP per capita in Vietnam is about double of what it is in India and Bangladesh.
- The GDP composition of both Bangladesh and Vietnam shares almost the same pattern, about 50% plus from the service sector, about 30-35% from industry and about 13 to 15% from agriculture. In Bangladesh, the industry segment has a major dependence on RMG and textiles whereas in Vietnam there are several industries like electronics, food processing, wood industry, textile, tourism. In Bangladesh food processing and pharmacy are coming up in a major way. Diversity in Vietnam is a good thing and the over dependence on one sector in Bangladesh is recognised by policymakers.
- Tata Motors' entry has been very successful in Southeast Asia. It wasn't easy as most of these markets are the backyard of the Japanese automobile OEMs. The Chinese are coming in heavily and Japanese have been a very dominant player for historical, cultural and technological reasons. For the same reasons, Indian automobile players are largely very dominant in the subcontinent. One of the most important learnings in ASEAN has been to not treat ASEAN as one cluster. These are ten different countries with hundreds of different customer requirements and each market has its own local flavours. The import duties are different in these markets. Products which may be a star product in one market may completely not be acceptable in the other market for the reasons of difference in the customer requirements and the customer tastes.
- We operate in an industry which has a very high ticket purchase value. The importance of customer service in a high involvement category becomes important. Therefore, the spares and the service availability in the nook and corner of that country become important.
- The other mistake that many of the new players make is that they try to be very aggressive. You need to be patient and that's one of the learnings that we've added to most of the markets that wherever we have been patient and stuck to our strategy we have been successful.
- Sri Lanka was our first export market for Tata Motors in 1952. After that we entered Nepal and Bangladesh. The degree of similarity and customer profiles in these markets is very high. Therefore, Tata is not only a market leader in all these three markets, but a dominant one. Reasons for such a high market share are the suitability of Tata vehicles for Bangladesh road and fuel conditions. We not only customize, but also make vehicles specifically for the Bangladesh market. With our 67 service centers and more than 600 spare parts outlets across Bangladesh, we have the best after sales network in the country. Tata Motors is present in Bangladesh with its joint venture partner of more than three decades.
- The foremost strategy that Tata motors has always followed and the learnings that we have imbibed is developing products as per the market requirements. We have always reached out to the customers and captured their feedback as to what are the expectations in terms of product features, specifications and attributes that suit the business requirements of Bangladesh.

**Ambassador Rajiv Bhatia:**

I think from the viewpoint of companies which are trying to go into these markets, your observations are very useful and I think you made a remarkable observation that don't make the mistake of treating ASEAN as a single cluster.

**Ambassador Rajiv Bhatia to Dr. Ahsan Mansur:**

Do you think that economic decoupling from China is desirable and doable? Or is the debate on this subject stamped by too much rhetoric and exaggeration? What should countries like Vietnam, Bangladesh and India do to create an enabling environment which attracts more foreign companies to move out of China and specifically to these three nations?

**Dr. Ahsan Mansur:**

- Immediate decoupling from China is not a viable option. There can be a gradual process of diversification. The movement away from China is actually benefiting Vietnam the most. Labour cost is increasing in China. Also there is the issue of over dependence on a particular country and Covid highlighted that aspect. Even in this Covid year, China received the highest amount of foreign investments. India and Bangladesh have also done well, but China is particularly striking because they made another record in this particular year when everyone was talking about moving away from China. We have to be pragmatic about the relationship with China.
- Secondly, India-China relationship is very important for Bangladesh, for the region and for the global economy. Asia will be the centrepiece of the global economy by 2050, and China is going to become the largest economy. India is on its way also to become a very large economy. So India has that potential. ADB projections show that China will be number one, India will become number three, Japan will be number four, Indonesia at number five and the US at number two, the only country from Western world. This geopolitical aspect we need to calibrate into our whole economic investment.
- Bangladesh has to play that middle ground to balance it out between the two major economic powers: India and China.

**Ambassador Rajiv Bhatia:**

There is a need for others to learn from how Bangladesh runs that calibrated approach with regard to all its neighbours.

**Amb. Rajiv Bhatia to Amb. Samina Naz:**

What is the secret of Vietnam's success in the domains of economy, national cohesion and the management of external relations?

**Ambassador Samina Naz:**

- About Vietnam, I do agree with what was said about Vietnam being pragmatic. What was their biggest enemy is now their good friend and trading partner.
- Vietnam's success is the outcome of the Doi Moi process that started in 1986. They have certain plans for their economy and development and the National Party Congress has set up the socio-economic guidelines for specific years.
- And 35 years later, it has become a market oriented economy coming out from a centrally planned economy. They are concentrating on market oriented deeply integrated economy, transforming from a low-income country to a middle income one.
- If you look at the recent successes and also the pandemic, Vietnam very successfully handled the pandemic situation, which helped them to reopen their economy and get back on their development track. They were having over the 6% growth rate before 2020 but in 2020, they slowed down to 2.9%, but this year again the World Bank and ADB are forecasting that Vietnam would be the rising star.
- Vietnam recently agreed to 16 FTAs and 14 of them already took effect. The very recent one - the EU-Vietnam FTA is paving the way for increased trade between EU and Vietnam with the elimination of almost 99% of custom duties. It is expected to help Vietnam's GDP

grow by 4.6% and its exports to the EU by 42.7% by 2025. The European Commission has forecast the EU's GDP to increase by \$29.5 billion by 2035. Analysts hope that the trade deal will give a much needed boost to Vietnam's industries such as manufacturing as it looks to recover from the Covid-19 pandemic.

- Most recently we have witnessed the RCEP agreement. It covers 2.2 billion people with a combined GDP of \$26.2 trillion. Recently, RCEP have also entered into a free trade agreement with the UK. Vietnam will be the number one destination in Southeast Asia this year according to investors. A leading role of capital flows is likely to belong to investors from Europe.
- Vietnam is now focusing on the country's development strategy for the next decade on: institutional reform, improvements to science and human resources, and infrastructure development.

#### **Ambassador Rajiv Bhatia to Madhu Singh:**

- Explain to us as to how the Bangladesh auto market is different from the Indian and the ASEAN markets? One or two major characteristics of difference.
- How are Indian companies perceived in Bangladesh?

#### **Madhu Singh:**

- Firstly, to answer how the Bangladeshi market is different from India or from the ASEAN: it is different in terms of the emission norms. India has already moved to Bharat Stage VI, which is equivalent to Euro 6. In Bangladesh, we still do not have an emission norm and for that reason we have to customize a lot of products.
- The second thing is that the Indian market has moved to a rated payload kind of a market, in terms of the regulations. In Bangladesh, we still see a lot of overloading happening (on vehicles) although the new highways that are coming up in Bangladesh have started regulating the payload and the overloading requirements. This would go a long way in making sure that the transport and connectivity in Bangladesh is also much better.
- The other difference that you see in Bangladesh in the passenger car market is that it's heavily loaded by the second hand or reconditioned Japanese cars which get offloaded from Japan at good prices and that's something you don't see very much in ASEAN or in India. ASEAN is also very different in that sense that the brand new Japanese cars are very popular.
- Coming to the second part of the question, to give you a very candid feedback, India and Bangladesh enjoy very strong ties ever since Bangladesh became a new country. There seems to be an imaginary line between the people of these two countries. There are so many similarities about the culture, language, food, traditions, attires, taste. Yet, there is a lack of awareness and information among Indians and Bangladeshis. For example, there are 54 rivers which come from India to Bangladesh, and that's a huge link to the past, culture, rich marine life and a strong point of transportation between the two countries.
- The fate and destiny of these two countries are coupled, and both countries have been growing together and prospering together. Products of each country are loved by the consumers in the other country. Marico is an Indian company but a strong market leader in Bangladesh and customers swear by it. Pran-RFL which is one of the largest companies in Bangladesh, has its products loved in many states of India. Pran has recently exported its products to India through the inland waterways. So the kind of focus which is there between the two countries on improving the connectivity is great.
- There are several Indian companies in Bangladesh like Marico, Sun Pharma, Dabur, Himalaya, Pidilite, Asian Paints, Godrej, Ashok Leyland, Eicher etc. which are perceived to be adhering to high quality standards and they provide the utmost value for money. All the

Indian companies which are operating here are also working on welfare under CSR initiatives.

**Ambassador Rajiv Bhatia:**

A key takeaway is that India needs to expand its awareness of Bangladesh.

**Audience Q&A (integrated with Moderator's questions)**

**Ambassador Rajiv Bhatia to Dr. Ahsan Mansur:**

Vietnam had a lot of use of maritime connectivity with the rest of Southeast Asia and here in Bangladesh there is the potential value for maritime connectivity through the Bay of Bengal. So in that specific context, what do you think in general of the expanding connectivity between India and Bangladesh and where do you feel we need to go? What is more that needs to be done by the two governments?

**Dr Ahsan Mansur:**

- The government of India should get credit for taking the initiative on that front. The connectivity issue has been underscored by the Indian government through a line of credit to the Bangladesh government. The total amount is over \$7 billion and it's being used to develop waterways, railways, road lines and bridges. Recently the two Prime Ministers inaugurated the India Bangladeshi Maitri Setu, which connects Chittagong Port with the Northeast of India. These are very vital development issues for both Bangladesh and India.
- We need to invest in power interconnection, which is a very important thing. We need to integrate with the Indian power system and trade power with India. It has started at the government level, but we have to make it more at the people-to-people level so that the private sector can come in.
- Both countries should take a very liberal approach towards each other and try to reach free trade. These are very similar economies in terms of per capita income. We should move beyond political issues that sometimes overtake the economic relationships. Focus should be on trade, investment and connectivity. India is certainly the number one trading country with Bangladesh. With the right political attitude, this relation can reach the next level, from the political level and business-to-business level to the people-to-people level.
- Visa issue has been resolved by and large and now we can get a five-year multiple entry visa, but it's only limited to people who are 65 years old or older. This should change. There should be freer flow of people between the countries. The number of people visiting India every year from Bangladesh is 1.5 million. There is a lot that India can offer particularly due to the cultural affinity.

**Ambassador Rajiv Bhatia:**

You're given a very powerful message here that needs to be heard by everybody including politicians.

**Amb. Rajiv Bhatia to Amb. Samina Naz:**

ASEAN is perceived to be a great success, whereas the SAARC and BIMSTEC are struggling. What are your thoughts on this? Secondly, with a woman Prime Minister like Sheikh Hasina, in what fashion do women of Bangladesh and the diplomats of Bangladesh feel empowered, feel more motivated and inspired to make contribution to society?

**Ambassador Samina Naz:**

- SAARC and BIMSTEC cannot be at the same platform because unlike ASEAN, SAARC is a regional cooperation and BIMSTEC is a sectoral cooperation. We have recently witnessed that Vietnam was the chair for the ASEAN in 2020, and there were many developments.
- If you compare ASEAN and SAARC, we see it is the least integrated region. There are political issues where much more needs to be done. During this pandemic situation, we saw that there was an emergency SAARC meeting and the leaders met virtually and a package was also declared. There are many avenues of sectoral cooperation that could have taken place.
- If we look at ASEAN, intra-regional trade is 29-30% whereas in SAARC it's only 5%. In terms of trade connectivity, sectoral cooperation, and inter-regional investment SAARC is lacking, whereas ASEAN is economically and trade-wise vibrant.
- SAARC remains fragmented despite potential in domains like healthcare, regional investment zone, IT Parks and digital economy. The founding ideas associated with SAARC, like flying geese, are absent. Many institutions associated with SAARC have shut down, like 4 out of the 11 regional centres. We really need to look at ASEAN and take their best practices and follow their model. We need more regional integration. Railway agreements, water connectivity, regional flights etc. need to be developed.
- On the second question, our Prime Minister has been recognised among the most charismatic women leaders by international publications. It is not because of being a woman. She is our Prime Minister and for the last 12 years, the country has witnessed steady growth, socially and economically. The empowerment and advancement of women is one of the key primary issues for us not only in the region but in the United Nations as well. Bangladesh is one of the countries that made possible the conventions for the rights of the girl child and other issues that relate to women's social development. Bangladeshi women feel that they can do anything.
- Looking at statistics, it is very fascinating to see that since our independence, this is the time during which Bangladesh has the highest number of women ambassadors at eight currently serving women ambassadors. In the foreign services, women are 24% of the workforce. Women in Bangladesh really are very important to the industries. 80% of our exports come from the RMG sector which employs 95% of women. From the grassroots to the diplomatic level to judiciary to police to the army, even peacekeeping, women are holding their own business with the help of digital systems and are becoming self-empowered.

**Ambassador Rajiv Bhatia to Madhu Singh:**

How are Indian companies viewed in Vietnam? How are Indian companies coping up with the competition from Chinese companies in Bangladesh?

**Madhu Singh:**

- We are still an emerging challenger brand in Vietnam. Customers view Indian companies as somebody who is providing better value for money. So, there is an acceptance and I think that acceptance is going to grow with the number of years. In the next couple of years, specifically with the electric vehicles, the learning curve is very fast and that is when we can be at par with the Japanese.
- The domain of Chinese companies in Bangladesh largely consists of the electronics and the infrastructure project space. In the field of infrastructure, the projects assigned to a Chinese group are a function of the degree of lending extended by the Chinese government. This is similar to the line of credit system by the Indian government. Both Indian and Chinese governments are playing in that space by funding more and more infrastructure projects.

- Coming to automobiles, specifically the commercial vehicle segments, Indian products are by far the market leaders because of the best value for money and the lowest operating cost. Chinese in the automobile sector, not only in Bangladesh but in other countries also, have often flirted with the market, tried to sell a couple of vehicles. When they are unable to provide the after sales support, they pack their bags and go. Customers don't give you a second chance and the Indian companies have an edge here.

### **Closing Observations:**

#### **Dr Ahsan Mansur:**

- I think Bangladesh has a long way to go and so does India. We need to work with a global perspective. Delhi's attention should go beyond and develop into the relation the two countries deserve.

#### **Ambassador Samina Naz:**

- About the topic: Bangladesh as Vietnam of South Asia, I feel that each country has a unique position. What Vietnam is doing in ASEAN countries, maybe Bangladesh is doing in the South Asian region. But I think Bangladesh should be called as the rising star in South Asia or the fastest growing economy. The spirit comes from our great leader, the father of the nation, and his daughter who is now the torchbearer. This is leading us to make our Bangladesh 'Shonar Bangla' or Golden Bangla. With that view, we are trying to relentlessly work towards making Bangladesh an example for the whole world.

#### **Madhu Singh:**

Three points:

- Mobile and digital penetration in Bangladesh is better than India and I think that is going to drive the growth number
- Indians and Bangladeshis and India and Bangladesh are not in competition with each other. They are friends, partners. In each other's prosperity lies a better future.
- Bangladesh is already a part of the 'next 11' but I think it deserves to displace the first alphabet of BRICS and I think that the 'B' belongs to Bangladesh and the future belongs to Bangladesh.

#### **Ambassador Rajiv Bhatia:**

- I'm quite confident that our audience has noted that there was a purpose behind this programme. Firstly, the panel was made deliberately with representation from the government, civil society and business.
- Secondly, the purpose of the philosophy was to establish that we have built a lot of unnecessary walls around us. South Asia ending with Bangladesh and then Southeast Asia is starting from Myanmar. This is the wall.
- We are trying to say here in Gateway House that the eastern neighbourhood of India, particularly Bangladesh and the four Indo-China countries, are our natural home and that is the reason why we wanted to specially understand and study the relevance of Vietnam's model for South Asia, the way Bangladesh has learned from it and the way India also needs to learn from it. Southeast Asia is a very natural priority domain for us and our panelists have brought this story out to all of us, very clearly.

Thank you, everyone.