

CHAPTER : 2

EXPORTS AND IMPORTS OF BANGLADESH

Pre-independence period : 1947-48 to 1969-70

2.1 INTRODUCTION

Bangladesh became independent on 16th December, 1971. Before that it had been partitioned out of Indian subcontinent on 14th August, 1947 as the eastern wing of Pakistan and was named East Pakistan.

During the quarter century of its partnership with Pakistan the trade of Bangladesh was divided into two parts: (i) Interwing trade with West Pakistan and (ii) Foreign trade with the rest of the world other than West Pakistan.

The present chapter of the study will have an overview on the performances and analyse the importance of exports and imports in the economy of Bangladesh during pre-independence period from 1947-48 to 1969-70. It would help us to have a birds' eye view on export performances, changing trend, composition and direction of exports during pre-independence period.

2.2 THE PATTERN OF FOREIGN TRADE OF BANGLADESH: 1947-48 to 1969-70

The pattern of foreign trade of a country highlights structural features of its economy. In fact the changing pattern of trade and items of exports and imports will indicate

the stage of economic development of the country. An analysis of the pattern of foreign trade would reveal the structural change if there had been any during pre-independence period.

Table 2.1 presents the position of exports and imports of Bangladesh during pre-independence period. The first column shows the fiscal year from 1st July to 30th June and column 2 indicates value index of yearly export receipt of Bangladesh (former East Pakistan) at current price considering 1948-49 as the base year. The year 1947-48 being an incomplete year is not considered as the base.

The total export receipts of Bangladesh showed a certain increasing trend starting from 1947-48 to 1969-70 with exception in few years. The value index of her exports receipts in 1947-48 was 57.62 which rose to 378.32 in 1969-70 exhibiting about 4 times increase over base year 1948-49. The total export receipts in the years 1951-52, 1956-57, 1958-59, 1962-63, 1963-1964 and 1967-68 declined over their respective immediate previous year. Excepting these years the total export receipts in each year increased over previous year^{bi} during the whole period.

When compared with the export receipts of Pakistan as a whole Bangladesh's exports in almost every year was more than 50% of Pakistan total omitting only five years. These exceptions were 44.6% in 1948-49, 47.4% in 1950-51, 42.6% in 1952-53 and 44.3% in 1957-58 of Pakistan's total export receipts. The lower percentages in these years were due to two causes: (1) Bangladesh total exports decreased while that of West Pakistan increased and (2) West Pakistan's exports increased at a higher rate than

Table : 2.1

The changing pattern of Bangladesh Exports during pre-independence period.

Value in crores rupees						
Base year : 1948-49						
Year	Value Index (Exports receipts) (BD)	BD exports as % of her imports	BD exports as % of Pakistan exports	Annual growth (BD exports) %	BD's share in Pakistan GDP %	BD's popn. as % of Pakistan total popn. %
1	2	3	4	5	6	7
47-48 ¹	57.62	610.37	35.1			
48-49	100	151.97	44.8	73.5		
49-50	146.60	163.44	52.7	46.6		
50-51	282.31	267.41	47.4	92.6	1949-50	
51-52	253.29	142.32	54.1	-10.3	50.57	54.45
52-53	149.77	175.35	42.6	-40.9		
53-54	150.37	219.57	50.2	0.4		
54-55	170.54	228.48	59.8	13.4	1954-55	
55-56	242.73	288.69	58.4	42.3	49.48	54.47
56-57	211.98	111.11	56.5	-12.7		
57-58	230.33	234.33	69.5	8.6		

cont-

cont.

Table : 2.1 (cont.)

1	2	3	4	5	6	7
58-59	205.36	159.08	66.5	-10.8	1959-60	
59-60	251.66	164.75	58.6	22.5	47.62	54.45
60-61	293.52	124.13	70.0	16.6		
61-62	303.17	133.70	70.6	3.3		
62-63	291.21	122.64	55.6	-3.9		
63-64	285.34	84.51	53.2	-2.0	1963-64	
64-65	295.59	74.52	52.7	3.6	48.17	54.46
65-66	352.94	114.00	55.7	19.4		
66-67	357.06	100.52	54.1	4.0		
67-68	345.97	111.80	44.3	-5.8		
68-69	359.67	83.41	na	4.0		
69-70	378.82	97.49	na	5.2		

Average annual growth in % 4.65

Continuous compound growth % 5.58

Note: 1 Incomplete year from 15 August 1947 to 30th June 1948

Source: Appendix Table : 1

that of Bangladesh.

In the year 1950-51 Bangladesh's total exports increased at a high rate although her share in Pakistan's total exports was 47.4%. This was so because West Pakistan's total exports increased at higher rate. In the years 1952-53 and 1967-68 her exports declined due to agriculture crop failure caused by flood along with other reasons.

Some major policy decision of Pakistan affected the export performance of Bangladesh. The nondevaluation of Pak rupee in September 1949 was crucial to her exports. On September 17, 1949 India decided to devalue her rupee to the same extent 30.5% as the devaluation of the pound sterling. But Pakistan did not follow suit. The main arguments behind this decision were that in view of the inelastic supply of exports and relatively inelastic demand for imports the balance of payments would not improve. The result was virtual stand still of trade between India and Pakistan and Bangladesh raw jute export to India received a severe blow since India refused to accept the new parity between the Indian and Pakistani rupee. However, this loss was compensated to some extent by higher jute exports to overseas countries. The consequent strain of this deadlock with India was continued on her economy until February 1951 when India finally agreed to the new exchange ratio. The Korean war boom of 1950-51 stimulated exports by increasing prices of principal export items which caused improvement in the terms of trade. After the collapse of the Korean war boom, the condition of Pak economy rapidly worsened. The export receipts sharply dropped in 1952-53 and

1954-55. There were strong inflationary pressures and in spite of substantial foreign assistance, foreign exchange resources declined drastically. Under the circumstances, Pakistan decided to devalue her rupee effective from August 1, 1955 to the extent of 30.5% vis-a-vis pound sterling. This decision expanded exports of raw jute and jute goods of Bangladesh and raw cotton and cotton manufacturing of west Pakistan. Bangladesh's percentage share in total exports of Pakistan was much higher in 1955-1956 (58.4%), 1957-58 (69.5%), 1959-60 (58.6%), 1960-61 (70.6%). Her share became higher due to higher rate of increase in exports in 1954-55, 1955-56, 1957-58, 1959-60, 1960-61, 1961-62 and 1965-66. In all other years she obtained higher share due to decline of export earnings of West Pakistan.

This scenario might be compared with share of Bangladesh in total GDP and population of Pakistan. Her share in total GDP of Pakistan varied between the ranges from 47.62% to 50.57% during 1949-50 to 1963-64 at 1959-60 factor cost. During the same period she constituted about 54.47% of the total population of Pakistan. That is her share in total exports and population of the country was more than 50% but in total GDP was less than 50%. This bears the symptom of discriminatory economic policy of the government of Pakistan.

The devaluation in 1955 along with other measures like the introduction of export bonus scheme in 1959, rebates of import duties on raw materials used in export industries, rebate of direct taxes on industries, exemption of exported goods from domestic sales and excise taxes etc., gave impetus to exports

during 1960s. The imposition of trade embargo with India after 1965 war created some hurdles on the way of export expansion of Bangladesh though it was less exposed in aggregate export receipts.

The export bonus scheme discriminated against traditional exports like raw jute in favour of manufactured and new primary exports. Items like cotton textiles and jute manufactures were allowed 20 percent bonus while other manufactured goods qualified for 40 percent bonus.

One important function of exports in developing countries is to finance their developmental needs of imports. In this purview the export of Bangladesh played a pivotal role in financing her imports during the pre-independence period. Her exports during 1947-48 to 1969-70 were more than her imports in almost all the years. Only in the years 1963-64, 1964-65, 1968-69 and 1969-70 her export receipts were less than her import payments. It would be noticed that her exports as a percentage of imports ranged from 74.52 percent to 610.37 percent during the reviewed period. Bangladesh's imports share in the total imports of Pakistan was less than 50 percent in all the years although her exports share in the total exports of Pakistan was more than 50 percent in almost all the years.

The above facts stated that Bangladesh imported less than what it exported in each year to foreign countries during 1947-48 to 1969-70. Her average annual exports were Rs.110.57 crores against average annual imports of Rs.89.91 crores. The trade surplus created was used to finance the imports of Bangladesh from West Pakistan. Though "almost the entire

import into Bangladesh from Pakistan was trade diversion in the sense that except for the common external tariff these goods would be imported from elsewhere" (Azizur, R.K., 1972, p.85).

When annual growth rate is considered it can be seen that Bangladesh exports had positive percentage change in all the years over previous years except in 1951-52, 1952-53, 1956-57, 1958-59, 1962-63, 1963-64 and 1967-68. The average annual rate of growth of her exports was 4.65 percent and the continuous compound rate of growth was 5.58 percent per annum during 1948-49 to 1969-70. The year 1947-48 is excluded from this calculation because it is an incomplete year.

2.3 COMPOSITION OF BANGLADESH EXPORTS TO FOREIGN COUNTRIES

(Pre-independence period)

Bangladesh used to export raw jute, jute manufactures, fish, tea, hides and skins, leather and spices to foreign countries. In exchange it imported rice, wheat, raw cotton, coal, kerosene, diesel, petroleum and petroleum products, chemical, drugs and medicines, fertilizers, machinery, transport equipments etc., from abroad. Table 2.2 shows the relative position of export items of Bangladesh in some selected years during pre-independence period. Raw jute reached the zenith with respect to its total exports. It earned 77.62% in 1956-57, 67.44% in 1960-61, 61.67% in 1963-64, 51.28% in 1967-68 and 47.36% in 1968-69 of the total export earnings of the country. This shows that the relative position of raw jute in total exports was coming down. The reason behind this was the establishment of jute

industry in the country. With the growth of jute industry internal consumption of raw jute was increasing and the country was exporting more jute manufactures instead of raw jute.

Jute manufactures was the second important export item of Bangladesh. Its relative position experienced a gradual upward trend. Its share was 9.29% in 1956-57 and rose to 42.52% in 1968-69 in the total exports. This was 33.23 percentage points more in 1968-69 than that in 1956-57. The share of raw jute was 30.26 percentage points less in 1968-69 than that in 1956-57 in total export receipts.

Fish exports showed an increasing trend upto 1963-64 and afterwards a decreasing trend with regards to its share in total export receipts. Its share in total exports of the country was 2.36% in 1956-57, 3.03% in 1960-61, 5.77% in 1963-64, 0.8% in 1967-68 and 0.97% in 1968-69. Tea earned 5.35% in 1956-57, 0.08% in 1960-61, and very negligible percent in 1963-64 of total export receipts. From 1967-68 and onwards tea export was almost zero to foreign countries. The exports of tea was entirely redirected into exports to West Pakistan by keeping its effective rate of exchange in export one of the most unfavourable.

Undressed hides and skins was losing its relative importance in total exports of the country. This was so as with advancement of the country, the industries for dressing and making leather was increasing. As a result relative share of leather and dressed hides and skins in total export receipts was increasing. Its share rose from very small percentage in 1956-57 to 4.88% in 1968-69.

Relative share of spices in total exports was increasing during this period at a slow rate. Its share increased from 0.18% in 1956-57 to 0.41% in 1968-69.

Table : 2.2

The composition of Bangladesh exports to foreign countries:

Item	Percentage share in total exports				
	56-57	60-61	63-64	67-68	68-69
Raw Jute	77.62	67.44	61.67	51.28	47.36
Jute manufacture	9.29	24.68	25.69	41.87	42.53
Fish	2.36	3.03	5.77	0.80	0.97
Tea	5.35	0.08	*		
Hides and skins (undressed)	2.52	2.27	2.07	0.14	0.01
Leather and dressed hides and skins	*	0.29	0.54	2.91	4.88
Spices	0.18	0.04	0.18	0.28	0.41
Others	2.68	2.17	4.68	2.72	4.21
Total	100	100	100	100	100

Note: * negligible

Source: Calculated on the basis of appendix table : 2

2.4 CHANGING PATTERN OF QUANTITY AND PRICE OF MAJOR EXPORT ITEMS

The major export commodities of Bangladesh during pre-independence period were raw jute, jute manufactures, fish, tea and leather. These commodities together contributed 94.62% in 1956-57 and 95.74% in 1968-69 to aggregate export receipts of the country. The commodities were pulling up the aggregate exports earnings of the country. The combined share of other export commodities in total export receipts of the country was insignificant. So the price and quantity of the above major export items except leather are selected to analyse their changing pattern. Leather is excluded due to nonavailability of its price and quantity data.

The period selected is from 1954-55 to 1969-70 to make a common beginning for all commodities.

The changing pattern of price and quantity of major export items will tell us what were the major factors behind rise of export receipts of the country during pre-independence period.

Raw jute:

Raw jute was the largest export earner of Bangladesh during pre-independence period. As the biggest jute producing country of the world she enjoyed the monopoly market in the international trade.

Table 2.3 shows changing pattern of quantity and price of major export items during 1954-55 to 1969-70. The export quantity of raw jute decreased during the period. It decreased

Table : 2.3

The changing pattern of export price and quantity of raw jute, Jute manufactures and fish during 1954-55 to 1969-70.

Year	Raw Jute			Jute Manufactures			Fish		
	Quantity lakh bales	Price Rs. per bale	3	Quantity lakh tons	Price per ton	5	Quantity in 000 tons	Price Rs. per ton	7
1	2			4			6		
54-55	48.50	122.60		0.20		565.0	na		
55-56	57.81	160.37		0.85		1002.35	na		
56-57	45.55	177.50		0.81		1258.02	na		
57-58	45.81	187.30		1.04		1276.92	11.7		1196.58
58-59	44.28	178.30		1.37		1056.20	13.9		1460.43
59-60	46.50	163.50		1.94		1133.50	17.1		2233.92
60-61	29.86	291.96		2.03		1575.86	19.9		3909.55
61-62	41.15	211.35		2.16		1568.98	na		na
62-63	44.76	189.34		2.19		1447.95	14.9		3087.25
63-64	43.63	177.79		2.50		1364.68	na		na
64-65	39.24	234.45		2.24		1427.68	na		na

.....cont.

Table : 2.3 (cont.)

1	2	3	4	5	6	7
65-66	44.48	219.83	3.34	1771.56	na	na
66-67	35.40	256.84	3.62	1742.54	na	na
67-68	38.63	206.68	4.25	1387.76	na	na
68-69	32.49	230.66	4.54	1454.63	na	na
69-70	35.08	218.30	5.21	1478.69	na	na

Average annual rate of growth in %

-2.0 3.67 22.59 6.20 4.11 17.11

Continuous compound rate of growth (%)

-2.05 3.53 15.84 4.04

Source:

1. Economic Survey of East Pakistan 1969-70
2. Statistical Digest of East Pakistan 1964
3. Ministry of Jute, Government of Bangladesh

from 48.50 lakh bales in 1954-55 to 35.08 lakh bales in 1969-70. The highest quantity (57.81 lakh bales) was exported in 1955-56 and the lowest quantity (29.86 lakh bales) was exported in 1960-61 during the period. The average annual rate of decrease of its export quantity was 2% per annum. It declined at an exponential rate of 2.05% per annum during the said period.

Against this the export price of raw jute increased from Rs.122.6 per bale in 1954-55 to Rs.218.30 per bale in 1969-70. The average annual rate of growth of its export price was 3.67% during the said period. At the exponential rate its export price rose by 3.53% per annum. So the raw jute export price was increasing at a higher rate than the rate of fall in export quantity.

Jute Manufactures:

Export quantity of jute manufactures was increasing in Bangladesh during 1954-55 to 1969-70 with establishment of jute industry. Its export quantity increased from 0.20 lakh ton in 1954-55 to 5.21 lakh tons in 1969-70. During this period the annual average export quantity was 2.39 lakh tons. Its export quantity increased each year over previous year except in 1956-57 and 1964-65 during the period under review. The average annual rate of increase of its export quantity was 22.59% during 1954-55 to 1969-70. The continuous compound rate of increase of its export quantity was 15.84% per annum. The average annual rate of increase of its export price was 6.20% and the exponential rate being 4.04 percent per annum.

So the rise in export receipts of jute manufactures were dominated by its export quantity rather than export price.

Tea

In the pre-independence period tea was one of the important export items of Bangladesh. The demand for tea in the domestic market of West Pakistan was increasing at a rapid rate. So her export of tea was directed to West Pakistan by tariff policy and consequently her export to foreign countries was reducing at a higher rate. From the year 1967-68 and onwards her export of tea to foreign countries reached to almost nil. Her export quantity decreased from 31.29 million lbs in 1948-49 to 15.76 million lbs in 1958-59. The continuous compound rate of decrease of its export quantity during above period was 10.39% per annum. Against this the price of tea rose from Rs.1.61 per pound in 1948-49 to Rs.2.25 per pound in 1958-59. The continuous compound rate of increase of its export price was 6.33 percent per annum during the said period.

The decline in the export quantity of tea resulted from three causes: First, due to increase in demand in West Pakistan the export of tea was directed from foreign market to West Pakistan by restrictive tariff policy. Second, the production of tea during that period was stagnant. Third, the domestic demand in Bangladesh had increased.

The per capita consumption of tea went up from 0.08 lb in 1951-52 to 0.29 lb in 1962-63 in Bangladesh and from 0.45 lb in 1951-52 to 0.89 lb in 1962-63 in West Pakistan (Carruthers and Gwyer, 1968).

Table : 2.4

The changing pattern of export price and quantity of tea

Year	Export quantity (Million lbs)	Export Price Rs. per lbs.
48-49	31.29	1.61
49-50	30.79	1.55
50-51	23.62	1.26
51-52	34.13	1.30
52-53	24.22	1.41
53-54	23.33	2.21
54-55	26.03	2.43
55-56	14.08	2.27
56-57	12.03	2.32
57-58	10.56	2.64
58-59	15.76	2.25

Average annual rate of growth in %

-6.04 3.09

Continuous compound rate of growth %

-10.39 6.63

Source : As table 2.3

Fish:

Fish was one of the prosperous export items of Bangladesh during pre-independence period. As percentage of total export receipts of Bangladesh fish contributed 2.36% in 1956-67, and 5.77% in 1963-64.

Both the quantity and price of fish export increased during 1957-58 to 1963-64. The trend of rise of fish export earnings was maintained upto 1963-64. India was the biggest importer of Bangladesh fish and on an average 60% (Bhattacharya 1972, p.84) export of fish was to India. After the trade embargo with India in 1965 the export of fish slumped from late 1964-65 and onwards.

Its export quantity increased by 4.11% per annum against 17.11% increase of its export price per annum during 1957-58 to 1962-63 on an average. So the export price of fish was dominant in enhancing its export receipts.

2.5 CHANGING PATTERN OF PRODUCTION OF MAJOR EXPORT ITEMS OF BANGLADESH:

Supply of export commodities is determined by the level of production and domestic demand. The changing pattern of production shows how the level of production induced export quantity from supply side.

Moreover it is known that exports increase productivity in export sector by introducing new and modern techniques of production. So the analysis of changing pattern of production of major export commodities will show how total production as

well as productivity changed over a period time.

Here we had to limit our discussion to raw jute, jute manufacture and tea due nonavailability of data for other commodities.

Raw Jute:

The production performance of raw jute depends on many factors like price of previous year, availability of seeds, credit and fertilizer, production cost, relative price of rice, quantity of rain fall, climatic conditions etc. All these factors determine land productivity and land area under jute cultivation which ultimately determine total production of the country.

The land area under jute cultivation rose from 2.05 million acres in 1947-48 to 2.35 million acres in 1967-68 with annual average of 1.67 million acres. The land area used under jute cultivation had a fluctuating trend ranging from 0.76 million acres to 2.35 million acres. During the end of the series it had an increasing trend. The average annual rate of increase was 0.65 percent per annum.

Like land area total production of raw jute was very much fluctuating during the whole period under review. Total production was fluctuating between the range of 25.0 lakh bales and 69.6 lakh bales.

Total production decreased from 68.4 lakh bales in 1947-48 to 67.2 lakh bales in 1967-68. This was 1.78% decrease in 1967-68 over 1947-48. The average annual rate of decrease

Table : 2.5

Production of raw jute of Bangladesh during 1947-48 to 1967-68

Year	Area under cultivation million acres	Total production lakh bales	Yield per acre mounds
47-48	2.05	68.4	16.2
48-49	1.87	54.7	14.2
49-50	1.56	33.3	10.4
50-51	1.25	44.5	17.1
51-52	1.77	63.3	17.3
52-53	1.90	68.2	17.4
53-54	0.76	25.0	22.7
54-55	1.24	46.5	18.2
55-56	1.63	56.0	19.3
56-57	1.23	55.1	21.8
57-58	1.56	61.9	19.3
58-59	1.52	59.9	19.1
59-60	1.37	55.5	19.6
60-61	1.57	54.6	14.3
61-62	2.06	69.6	16.4
62-63	1.72	63.0	17.8
63-64	1.70	58.7	16.8
64-65	1.66	53.2	15.6
65-66	2.09	63.6	14.8
66-67	2.16	65.2	14.4
67-68	2.35	67.2	13.9
	<u>Average</u>	56.54	16.98
	1.67		
	<u>Average Annual growth in %</u>	-0.08	0.22
	0.65		
	<u>Continuous compound growth in %</u>	-0.11	0.28
	0.99		

Source: As table : 2.4

was 0.08% per annum. This was so because per acre yield was 16.2 mounds in 1947-48 which was more than per acre yield of 13.9 mounds 1967-68.

From above analysis it may be concluded that during the pre-independence period the level of production of raw jute was very fluctuating. However, during 1964-65 to 1967-68 there was a slight increasing trend in the level of its production.

Jute manufacturers:

Immediately after 1947 there was no jute manufacturing industries in Bangladesh. After fifties jute manufacturing industries started growing.


Total production of jute manufactures rose from 130 thousand tons in 1955-56 to 561 thousand tons in 1969-70. In absolute terms total production increased 4 times in 1969-70 over 1955-56. Excepting 4 years the annual production increased in all years. It can be noticed from the table 2.6 that the production of jute goods had an increasing trend during the period under review.

The manufacturing of jute goods in Bangladesh expanded during the said period because of availability of raw jute and labour at low price, expansion of international market of her jute goods, and adequate assistance to exports. Further absence of synthetic substitutes induced demand for jute goods in world market.

The exponential rate of growth of production of jute goods was 11.56% per annum.

Table : 2.6

Production of jute goods of Bangladesh during 1955-56 to 1969-70



Year	Total Production	Annual Growth %
55-56	130	
56-57	145	11.54
57-58	158	8.96
58-59	203	28.48
59-60	256	26.11
60-61	249	-2.73
61-62	271	8.84
62-63	298	9.96
63-64	331	11.07
64-65	289	-12.69
65-66	410	41.87
66-67	404	
67-68	509	-1.46
68-69	507	-0.39
69-70	561	10.65

Annual Average growth in %

10.24

Continuous compound growth in %

11.55

Source: Statistical yearbook of Bangladesh 1980 BBS, Dhaka

Table : 2.7

Area under tea cultivation and production of tea in Bangladesh during 1947-48 to 1957-58.

Year	Area (000 acres)	Total Production '000' m. tons
47-48	70	13
48-49	73	15
49-50	74	18
50-51	75	17
51-52	82	24
52-53	73	24
53-54	75	24
54-55	74	24
55-56	77	24
56-57	76	25
57-58	75	20
<u>Average</u>		
	74.91	30.73
Continuous compound growth in %		
	0.63	3.99

Source: 1. Statistical Digest of East Pakistan 1966
 2. Pakistan Economic Survey 1970-71, Ministry of Finance,
 Government of Pakistan

Tea

The area used under tea cultivation increased from 70 thousand acres in 1947-48 to 75 thousand acres in 1957-58: This was 7.01 percent increase in 1957-58 over 1947-48. The average land used under tea cultivation was 74.91 thousand acres per annum. The area under tea cultivation was fluctuating within a range from 70 to 82 thousand acres.

The total production of tea depends on land area and land productivity mainly. During the period under review tea production increased from 13 thousand M. tons in 1957-58 to 74.91 thousand M. tons in 1957-58. Like land area the total production of tea was fluctuating with a static trend. The exponential rate increase was 0.63% for land area and 3.99% for total production. During the period from 1951-52 to 1957-58 the production of tea was stagnant.

2.6 DIRECTION OF BANGLADESH EXPORTS AND IMPORTS

(Pre-independence period)

The direction of exports of a country tells us about partner's share and geographic diversification of export commodities. Further export direction indicates the prospects for future expansion of demand.

A well geographically diversified export of commodities helps exporter country to reduce dependence on single market which may cause monopsony for buyers. It also reduces instability coefficient in export receipts. Table 2.8 shows the directions of exports and imports of Bangladesh in 1963-64 and 1968-69.

We can remark that the United States of America imported 10% of Bangladesh's total exports in 1963-64 and this share rose to 14% in 1968-69. That is USA's share in total export of Bangladesh increased 4 percentage points in 1968-69 over 1963-64. Bangladesh's imports from USA was 35% of the total imports of the country in both the years. European Common Market's (ECM) shares in the total export rose from 20% in 1963-64 to 21% in 1968-69. Her imports on the other hand rose from 12% in 1963-64 to 23% in 1968-69 showing 11 percentage points increase from these countries.

The share of United Kingdom in the total exports of Bangladesh remained constant at 14% each in both years although her import share from UK reduced from 14% in 1963-64 to 9% in 1968-69. The share to Eastern European countries in her export remained constant at 6% each year. Whereas her imports share from these countries increased from 2% in 1963-64 to 6% in 1968-69.

The share of exports rose from 2% in 1963-64 to 3% in 1968-69 to Middle-East countries. During these two years her import share from these countries reduced by 4 percentage points. The share of Australia in her exports decreased from 5% in 1963-64 to 4% in 1968-69 and her import share from there increased from 2% in 1963-64 to 10% in 1968-69.

In 1963-64 Bangladesh had no export to and import directly from Japan. But in 1968-69 3% of her total exports went to and 15% of her imports came from Japan.

Other Asian countries shared 20% in 1963-64 and 19% in 1968-69 of her total exports. That is their share in total

Table : 2.8

The Direction of Bangladesh exports and imports in two selected years.

Countries/ region	1963-64		1968-69	
	Export share %	Imports share %	Exports share %	Imports share %
U.S.A.	10	35	14	35
ECM	20	12	21	23
U.K.	14	14	14	9
Eastern Europe	6	2	6	6
Middle East	2	5	3	1
Australia	5	2	4	10
Japan	-	-	3	15
Other Asia	20	21	19	8
South America	3	-	4	-
Africa	-	-	10	-
Others	20	9	1	2
Total	,100	100	100	100

Source : 1. Statistical Digest of East Pakistan 1964
 2. Monthly Statistical Bulletin March, 1969.
 Government of Pakistan

exports of Bangladesh declined by 1 percentage point in 1968-69 over 1963-64. Her import share from these countries also decreased by 13 percentage points in 1968-69 over 1963-64.

Her exports share rose from 3% in 1963-64 to 4% in 1968-69 to South American countries.

Africa had no import in 1963-64 from Bangladesh. But in 1968-69 they imported 10% of her total exports.

From above discussion it could be observed that geographic diversification of Bangladesh exports increased between these years, inspite of the fact that the share of USA in her exports also increased. Her exports entered country like Japan and new regions Africa for the first time in 1968-69.

2.7 THE PATTERN OF INTERWING TRADE OF BANGLADESH : 1947-48 TO 1969-70

In case of Bangladesh the study of foreign trade will remain incomplete if pattern of interwing trade is not examined. It possesses special significance because Pakistan was composed of east and west wings widely separated from each other by over a thousand miles of foreign territory. The extent of trade between the two wings prior to the emergence of Pakistan when both were parts of the biggest British colony were practically negligible. Since 1948 the volume of interwing trade was increasing and the relative importance of interwing trade along with foreign countries increased to a great extent. "It is interesting to note that geographical, political, social and other factors stood in the way of a total economic integration

Table : 2.9

Bangladesh Exports to West Pakistan
Base Year 1948-49

Year	Index Export receipts	Export as % of imports	Exports as % of GDP
48-49	100	13.7	
49-50	259.7	21.1	0.4
50-51	323.6	22.7	
51-52	345.0	25.9	
52-53	778.1	68.0	
53-54	783.2	38.7	
54-55	1029.3	64.5	
55-56	1239.3	70.9	
56-57	1271.2	43.6	
57-58	1408.9	31.2	
58-59	1488.5	41.5	
59-60	1847.6	62.6	2.36
60-61	1903.1	44.5	
61-62	2168.0	48.4	
62-63	2224.6	49.1	
63-64	2675.9	57.1	
64-65	2812.0	61.5	
65-66	3412.6	53.9	
66-67	3868.6	55.8	
67-68	4109.4	63.6	
68-69	4557.6	62.6	
69-70	5057.6	54.8	4.25

Average Annual rate of growth %

19.53%

Continuous compound growth in %

14.95

Source : Appendix Table : 2

between the two greatly dissimilar segments of Pakistan which obviously created special problems in the field of inter-regional trade" (Kalyan Dutt and others 1973, p.158). Thus the study of the development of trade relation between the two wings will reveal some significant features of Bangladesh.

Her export to West Pakistan showed a sharp increase in every year during 1948-49 to 1969-70. Her export value index increased about 50 times in 1969-70 over the base year 1948-49. Her exports increased in each year over previous years during the period under review.

During the whole period from 1948-49 to 1969-70 her exports to West Pakistan was less than her imports from there. Her exports as a percentage of imports remained within the range of 13.7% to 70.9% during 1948-49 to 1969-70. The gap between exports and imports was fluctuating during the period. However, after sixties her exports as percentage of imports was on increasing side.

The continuous compound rate of growth of her export to West Pakistan was 14.95 percent per annum. This was 9.37 percentage points higher than the growth rate of her exports to the foreign countries. Her exports to West Pakistan contributed 0.4 percent share to her GDP. This share was increasing very sharply. It rose to 2.36 percent in 1959-60 and 4.25 percent in 1969-70.

Table 2.9 presents the changing pattern of her exports to West Pakistan.

From the foregoing analysis it may be concluded that the relative importance of her exports to West Pakistan was increasing over the period of time.

2.8 COMPOSITION OF BANGLADESH EXPORT TO WEST PAKISTAN

Bangladesh used to export tea, jute manufactures, betelnuts, paper and paste board, hides and skins, leather, matches etc., to West Pakistan. Table 2.10 presents the relative position of exports items of Bangladesh to West Pakistan in selected years. Tea was the most important export item to West Pakistan. It contributed 36.69% in 1955-56 and 29.54% in 1968-69 to her total exports to West Pakistan. The share of jute manufactures also decreased from 22.58% in 1955-56 to 14.23% in 1968-69. The share of paper and paste board increased from 6.37% in 1955-56 to 12.59% in 1968-69.

Leather constituted 3.3% in 1955-56 and 4.9% in 1968-69 of total export to West Pakistan. The share of matches rose from 3.39% in 1955-56 to 4.9% in 1968-69. The percentage share of hides and skins and betelnuts was declining during the period. The exports of hides and skins reached zero while the share of betelnuts reduced from 3.3% in 1955-56 to 0.98% in 1968-69. The share of hides and skins was reducing due to the establishment of leather industries. The share of tea, jute manufactures and betelnuts decreased because the demand for these commodities was income inelastic. Moreover, exports of some other commodities like fish, vegetables etc., were increasing at a higher rate than these commodities.

Table : 2.10

The Relative position of Bangladesh export items to West Pakistan in selected years:

Items	% Share				
	55-56	60-61	63-64	67-68	68-69
Tea	36.69	30.15	32.09	29.16	29.54
Jute Manufacture	22.58	22.08	19.56	18.11	14.23
Balstnuts	3.30	3.46	5.10	1.53	0.98
Paper and paste board	6.37	10.74	11.35	11.64	12.59
Hides and skins	0.25	0.22	0.12	0.01	Nil
Leather	3.30	4.20	4.32	3.52	3.41
Matches	3.39	7.23	5.58	4.04	4.90
Others	24.12	21.92	21.88	31.99	34.35
Total	100	100	100	100	100

Source : Appendix Table : 2

2.9 BANGLADESH IMPORTS FROM FOREIGN COUNTRIES

Imports of a country indicate pace of development. From imports' composition and pattern of change it may be guessed how the development of the country proceeds and what is the stage of development.

It is seen from the table 2.11 that the imports of the country was steadily moving up. Her imports from foreign countries increased about 6 times over base year 1948-49. The continuous compound rate of growth of her imports was 10.81 percent per annum. Her imports was increasing at a higher rate than her exports (5.58%).

Bangladesh imported 11.3% of the total imports of Pakistan in 1947-48. This percentage share went up to 38.5% in 1969-70. She imported the highest 35.9% of the total imports of Pakistan in 1957-58. Although her population constituted more than 54% of the total population of Pakistan her import share remained between the range of 11.3% and 35.9%.

Bangladesh imported foodgrains, machinery, metals, transport equipment and other manufactures, coal, coke and petroleum products, fertilisers and chemicals, medical and pharmaceutical products etc. Among these commodities foodgrains constituted the highest percentage share in her total imports from abroad. Its share increased from 14.75% in 1956-57 to 18.50% in 1968-69. During the pre-partition days present Bangladesh (East Bengal) was known as the "Granary of Bengal". But throughout the Pakistani period she had to import huge amount of foodgrains both from foreign countries and West Pakistan. The

Table : 2.11

The Import of Bangladesh from foreign countries during 1947-48 to 1969-70.

Base year : 1948-59

Year	Imports value index	BD's imports as% of pak total imports
47-48	14.35	11.3
48-49	100	19.3
49-50	136.31	29.7
50-51	160.43	28.0
51-52	270.46	34.1
52-53	129.79	26.5
53-54	104.07	26.3
54-55	113.43	29.0
55-56	127.77	27.2
56-57	289.94	35.1
57-58	260.57	35.9
58-59	196.17	35.1
59-60	236.53	26.6
60-61	359.33	31.8
61-62	309.17	28.1
62-63	360.86	26.7
63-64	513.11	32.7
64-65	602.83	31.7
65-66	470.24	31.6
66-67	554.94	29.7
67-68	470.24	28.5
68-69	655.33	na
69-70	589.80	na

Continuous compound growth %
10.81

Source : Appendix Table 1

Table : 2.12

The Relative position of import items of Bangladesh from foreign countries.

Percentage share

Item	1956-57	1960-61	1963-64	1967-68	1968-69
Rice & Wheat	14.75	21.60	17.43	9.81	18.50
Raw Cotton	2.02	0.60	0.44	0.39	0.36
Coal co. Keetc.	2.14	2.98	2.24	2.25	2.59
Kerosene	3.01	1.45	na	na	na
Diesel oil	3.13	6.69	na	na	na
Petroleum	0.43	0.56	na	na	na
Petroleum products				1.07	0.42
Iron and Steel	0.87	3.27	16.12	na	13.96
Machinery of all kinds	8.54	14.16	16.00	na	29.56
Machinery and transport equipment	na	na	na	38.01	4.59
Others	65.11	48.67	47.77	47.87	30.32
Total	100	100	100	100	100

Source : 1. Statistical Digest of East Pakistan, No.2, 1964, pp.134-35.

2. Pakistan Monthly Statistical Bulletin, September 1968.

3. Economic Survey of East Pakistan 1969-70 p.25

steady rise of foodgrains imports reflected the stagnant agricultural production of the country.

It is interesting to observe that the composition of imports did not undergo any fundamental change. During the whole period she had to depend on the supply from abroad for important items like capital goods, raw materials and consumer goods. Table 2.12 presents the percentage share of major import items from abroad. The import trade of the country did not show any sign of the efforts at import substitution.

2.10 BANGLADESH IMPORTS FROM WEST PAKISTAN

The two wings of Pakistan were linked by regional trade. However, almost the entire import into Bangladesh from West Pakistan was trade diversion. Because it replaced the cheaper imports of Bangladesh. If West Pakistan had not exported these goods to Bangladesh with an exceedingly high common external tariff, she could have imported those items at cheaper rate from abroad. On the other hand West Pakistan's import from Bangladesh did not replace cheaper imports there. These were the items that Bangladesh could have exported elsewhere as well.

The value index of imports of Bangladesh from West Pakistan increased about 13 times over base year 1948-49. Her total imports from West Pakistan was increasing during the whole period under review with presence of some fluctuations. The exponential rate of growth of her imports was 10.28 percent per annum. This growth rate of her imports from West Pakistan was 4.67 percentage points less than that of her exports to West Pakistan.

Table : 2.13

The value index of Bangladesh imports and relative position of different import items from West Pakistan.

Year	Value Index	Percentage share in total imports from W. Pakistan							Items
		55-56	60-61	63-64	67-68	68-69	69-70	70-71	
1	2	3	4	5	6	7	8	9	10
48-49	100	7.40	6.93	11.18	7.72	9.33			Rice and wheat
49-50	160.9	5.70	10.58	9.23	10.41	11.39			Raw cotton
50-51	195.3	41.97	34.86	27.43	21.16	20.09			Cotton mfg.
51-52	182.4	0.03	0.22	0.96	5.41	5.06			Cement
52-53	156.9	0.09	3.77	3.15	5.66	3.93			Drugs and Medicine
53-54	277.9	8.14	10.46	7.99	9.87	7.95			Rape and mustard seeds
54-55	219.1	11.01	3.79	7.96	11.61	9.12			Tobacco mfg.
55-56	239.9	25.58	29.42	32.1	28.16	33.28			Others
56-57	382.1	100	100	100	100	100			Total
57-58	504.1								
58-59	492.2								
59-60	404.7								
60-61	686.9								
61-62	614.3								
62-63	621.5								
63-64	643.1								

...cont.

Table : 2.13 (cont.)

1	2	3	4	5	6	7	8
64-65	628.2						
65-66	868.2						
66-67	951.7						
67-68	985.9						
68-69	995.1						
69-70	1293.1						

Continuous Compound growth %

10.28

Source : As table 2.12

Table 2.13 presents value index of Bangladesh imports and relative position of import items from West Pakistan.

Bangladesh imports from West Pakistan consisted of rice, wheat, raw cotton, cotton manufactured, chemical, drugs and medicines, tobacco and tobacco manufactured, rape, mustard seeds, metal and ores etc.

Among these commodities the share of rice and wheat, raw cotton and cement was increasing in her aggregate imports from West Pakistan.

Cotton manufactures and raw cotton accounted for the highest percentage share in her imports from West Pakistan. Foodgrains constituted 7.48% in 1955-56 and 9.33% in 1968-69. The share of cement increased from 0.33% in 1955-56 to 5.06% in 1968-69. The rapid expansion of cotton textiles import from West Pakistan was due to large expansion of cotton textile industry in West Pakistan and the failure to develop the same in Bangladesh.

The trend and composition of imports from West Pakistan reflect growing dependence of the economy of Bangladesh on West Pakistan. The stagnation of food production with rapidly growing population resulted in increased reliance on West Pakistan for food imports. Similarly the rapid industrialisation of West Pakistan increased her dependence on imports of manufactured consumer goods from West Pakistan.

The inability of Bangladesh economy to produce machinery, components and raw materials required for development programmes compelled her to look to the imported supplies. In the primary

stages of development the expansion of imports of capital goods and materials are most welcome. But unfortunately during 25 years period of partnership with West Pakistan no significant change took place in the composition of her imports and exports.

2.11 THE BALANCE OF TRADE OF BANGLADESH : (1947-48 TO 1969-70)

James E. Meade (1951, p.7) defined "Balance of trade as the difference between the value of goods and services sold to foreigners by the residents and firms of the home country and the value of goods and services purchased by them from foreigners". In other words the difference between the value of goods and services exported and imported by a country is the measure of balance of trade. W.M. Scammel (1974) also adopted Meade's definition of balance of trade. But some other writers like Mannur (1986) however define balance of trade as the difference between the value of merchandise (or goods) exports and the value of merchandise (or goods) imports. In the present world this definition is widely accepted by most of the countries to measure their balance of trade.

We shall use the second definition to see the balance of trade position of Bangladesh during its partnership with West Pakistan.

Table 2.14 shows the balance of trade of merchandise trade (interwing and foreign) of Bangladesh during the period from 1947-48 to 1969-70.

Bangladesh's exports to and imports from foreign countries exclude her exports to and imports from West Pakistan. Similarly

her exports to and imports from West Pakistan exclude her exports to and imports from foreign countries. Pakistan's balance of trade is accounted on the basis of her aggregate merchandise exports from foreign countries of the both the wings (East Pakistan and West Pakistan).

In all years except 1963-64, 1964-65, 1968-69 and 1969-70 Bangladesh had a surplus balance of trade with foreign countries. She had deficit of Rs.22.44 crores in 1963-64, Rs.43.37 crores in 1964-65, Rs.30.7 crores in 1968-69 and Rs.4.2 crores in 1969-70. She had average annual surplus of Rs.20.61 crores in her balance of trade during 1947-48 to 1969-70. Out of 23 years she had surplus balance of trade in 19 years ranged from Rs.0.81 crore to 75.82 crores. After 1962-63 she had deficit in few years. During this period the average annual growth of her exports slowed down. The average annual rate of growth of her exports was 12.33% during 1947-48 to 1960-61 and 3.33 during 1962-63 to 1969-70. During the latest period average annual rate of growth of import was 6.33%.

However her balance of trade with foreign countries was favourable in almost all the years during 1947-48 to 1969-70. Beside this scenario Pakistan as a whole had deficit balance of trade in almost every year. She had deficit in 16 years ranging from Rs.10.22 crores to Rs.296.22 crores and surplus in 5 years ranging from Rs.11.93 to Rs.45 crores out of 21 years.

From the above analysis it can be concluded that West Pakistan had deficit balance of trade with foreign countries.

The average annual surplus of the balance of trade of

Table : 2.14

The Balance of Trade of Bangladesh and Pakistan as a whole
Value in crore Rs.

Year	Bangladesh with foreign countries	Bangladesh with West Pakistan	Pakistan with foreign countries
47-48	20.67	na	-34.42
48-49	14.68	-12.01	-50.51
49-50	24.41	-18.55	-10.22
50-51	75.82	-21.01	-93.76
51-52	32.31	-18.80	-23.05
52-53	27.61	- 6.99	12.56
53-54	35.13	-23.72	16.80
54-55	41.14	-10.84	11.93
55-56	68.06	- 9.72	45.69
56-57	9.09	-28.91	-72.52
57-58	25.25	-43.26	-62.73
58-59	32.72	-40.08	-25.30
59-60	42.43	-21.01	-62.12
60-61	24.48	-45.36	-139.10
61-62	42.78	-44.10	-126.38
62-63	23.06	-44.02	-156.85
63-64	-22.44	-38.40	-212.88
64-65	-43.37	-33.74	-296.22
65-66	18.60	-55.68	-148.45
66-67	0.81	-58.59	-236.40
67-68	15.67	-44.83	-130.76
68-69	-30.7	-51.47	na
69-70	- 4.20	-83.40	na
Average	20.61	-34.30	-82.18

Source : Appendix Table : 1

Bangladesh was Rs.20.86 crores whereas the average annual deficit in the balance of trade of Pakistan as a whole was Rs.82.18 crores during 1947-48 to 1969-70. This means that Bangladesh exported more than she imported from foreign countries. Whereas West Pakistan exported less than what she imported from foreign countries. As a result the country as whole faced deficit in her balance of trade.

This was an unusual feature for the then East Pakistan. Because at the primary stage of development a country's imports exceed exports due to growing demand for capital equipment which is vital for industrial advancement. This situation was a product of artificial restriction on foreign imports to Bangladesh by the Government located in West Pakistan.

If we analyse the balance of trade of Bangladesh with West Pakistan it can be seen that it had deficit balance of trade with West Pakistan during the whole period from 1947-48 to 1969-70 without having a single exception. Her deficit in the balance of trade rose from Rs.12.01 crores in 1948-49 to Rs.83.4 crores in 1969-70 showing 9.21% average annual rate of increase. The average annual deficit in her balance of trade was Rs.34.3 crores with West Pakistan.

Table 2.15 presents the extent of surplus or deficit of Bangladesh balance of trade with foreign countries and West Pakistan and Pakistan's balance of trade with foreign countries as a whole.

The frequency distribution of trade balance of Bangladesh

with foreign countries indicates that she had the highest concentration within the positive group of Rs.201 to Rs.300 million. In case of her balance of trade with West Pakistan it had the highest concentration in the negative group of Rs.399 to Rs.200 million. If her negative balance with West Pakistan is considered it can be seen that the frequency was 19 within the negative group of Rs.599 crore to Rs.1 crore and frequency of her surplus of balance of trade with foreign countries was 17 within the positive group of Rs.1 crore to Rs.600 crore. That is in almost all the years there was some link between her surplus with foreign countries and deficit with West Pakistan. Her surplus with foreign countries was managed to be taken on the plea to cover up deficit with West Pakistan by trade diversion.

When Pakistan's balance of trade as whole is considered it is found that out of 16 years of deficit it had negative balance in 9 years within the negative group of Rs.800 million and below. Bangladesh surplus was used to fill up the gap of deficit created by imports of West Pakistan from foreign countries. Bangladesh exports were used to finance the developmental imports of West Pakistan by suppressing the developmental need of her imports. The pattern of inter-regional trade evolved a mechanism of resource transfer from Bangladesh to West Pakistan. The main elements of the mechanism were : "(a) by erecting a generally very high effective common external tariff and by direct control of import entitlement, a large import flow from relatively more industrialised West Pakistan into Bangladesh was created; (b) this was only partly offset by Bangladesh exports to West Pakistan, the other part being converted into foreign exchange

Table : 2.15

Frequency distribution of Bangladesh balance of trade and
Pakistan balance of trade as a whole during 1947-48 to 1969-70.

Total Frequencies

Group (Million Rs)	BD with foreign countries	BD with W.Pak	Pak as whole with foreign countries
-800 and below	-	1	9
-799 to -600	-	-	3
-599 to -400	1	9	1
-399 to -200	2	-	-
-199 to -100	-	6	2
-99 to -1	1	4	1
1 to 100	2	2	-
101 to 200	3	-	3
201 to 300	6	-	-
301 to 400	3	-	1
401 to 500	3	-	1
501 to 600	-	-	-
601 to 700	1	-	-
701 to 800	1	-	-
801 and above	-	-	-
Total	23	22	21

Source : Constructed from table : 2.14

Notes: The total frequencies are unequal because data for all
years in all categories are not available .

resources of Bangladesh at the officially overvalued rate of exchange of the domestic currency; (c) systematic discriminations in exchange rate were made to keep West Pakistan's non-competitive imports from Bangladesh cheap" (Azizur R.K., 1972, p.85).

2.12 TERMS OF TRADE OF BANGLADESH

(Pre-independence period)

The commodity terms of trade is used as an instrument to measure the gains from foreign trade. It is a ratio of export price index to import price index multiplied by 100. Symbolically the commodity terms of trade can be written as follows:

$$TC = \frac{P_x}{P_m} \times 100$$

Here P_x = Export price index

P_m = Import price index

TC = Commodity terms of trade

The terms of trade improves when export price goes up import price remaining the same or import price goes down export price remaining same or when export price rises faster than import price. Table 2.16 showed the commodity terms of trade of Bangladesh during the period 1955-56 to 1966-67.

The export price index in all the years during the above period improved over the base year. It increased by 42.53% in 1966-67 over 1955-56 and about 2 times over base year 1954-55. The average annual rate of increase in its price was 4.72%.

The import price index also increased by 0.19% per annum

Table : 2.16

The commodity terms of trade of Bangladesh during 1955-56 to 1966-67.

Base Year 1954-55

Year	Export price Index	Import price Index	Terms of Trade	Change in Tc over base %
54-55	100	100	100	
55-56	122.76	133.8	92.30	-7.7
56-57	137.19	167.42	81.92	-18.08
57-58	145.62	155.82	93.45	- 6.55
58-59	133.59	152.01	87.88	-12.12
59-60	128.20	141.87	90.36	- 9.64
60-61	223.15	161.55	138.12	+38.13
61-62	172.22	154.13	111.74	+11.74
62-63	152.41	166.82	91.31	- 8.69
63-64	149.18	144.97	102.90	+ 2.90
64-65	177.78	148.03	120.06	+20.06
65-66	171.40	156.14	109.77	+ 9.77
66-67	213.62	136.07	156.99	+56.99
Change in 1966-67 over 1955-56 in %				
	74.01	2.31	70.09	
Average Annual rate of increase in %				
	4.72	0.19	4.52	

Notes: (+) Sign indicates improvement over base year

(-) Sign indicates deterioration over base year

Sources: 1. Statistical Digest of East Pakistan No.2, 1964
2. Pakistan Monthly Statistical Bulletin, Vol.16, June-December 1968

in the said period. But the average annual rate of increase of export price was 4.53 percentage points more than that of import price index. This means that the price per unit of export increased at a faster rate than that of per unit import during the period under review. The terms of trade of Bangladesh improved over base year in 1960-61, 1961-62, 1963-64, 1964-65, 1965-66 and 1966-67. It deteriorated in other 6 years of the period. During this period the terms of trade improved by 4.52% per annum on an average.

The terms of trade of the country had an improving trend with some sorts of fluctuation. Primarily her export commodities consisted of primary goods and during sixties with the emergence of jute manufacturing goods the terms of trade was improving.

2.13 SUMMARY AND CONCLUSION

During pre-independence period Bangladesh foreign trade was divided into two parts: (a) Interwing trade with West Pakistan and (b) foreign trade with foreign countries.

Immediately after separation from India in 1947 there was no jute mill in Bangladesh. So raw jute was her principal export item. From 1955-56 she started exporting jute manufactures in remarkable way. After the collapse of Korean war boom the export receipts of Pakistan as well as Bangladesh dropped very sharply during 1952-53 and 1954-55. Moreover after the devaluation of Indian currency on 17 September 1949 there was virtual standstill of trade between India and Pakistan. This adversely affected export performance of Bangladesh through reduction of raw jute and fish export to India.

To overcome this problem Pakistan adopted some measures like: (i) Devaluation of her rupee effective from August 1, 1955; (ii) Introduction of export bonus scheme, (iii) Rebate of import duties on raw materials used in export industries, (iv) Rebate of direct taxes in export industries, (v) Exemption of exported goods from domestic sales and excise taxes and (vi) The use of special permission to import by exporting firms.

The total export receipts of Bangladesh showed an increasing trend with some breaks during pre-independence period. The exponential rates of growth of her exports and imports were 5.88% and 10.81%, respectively. So the continuous compound rate of growth of her imports from foreign countries was 5.23 percentage points more than that of her exports to foreign countries.

In almost all the years of pre-independence period Bangladesh exports to foreign countries was more than 50% of Pakistan (combined) total exports. On the other hand her annual imports from foreign countries was less than 36% in each year of the total imports of Pakistan. In case of interwing trade with West Pakistan Bangladesh exports to West Pakistan were growing faster than her imports from there.

As per relative importance in the total export receipts from foreign countries the major export items of Bangladesh were: (i) raw jute, (ii) jute goods (iii) leather and dressed hides and skins, (iv) fish, (v) spices, (vi) undressed hides and skins and (vii) tea.

Raw jute's contribution to total export receipts was the

highest in all years. But its percentage share in the total exports was declining. With respect to relative position, jute manufactures was in the second position. Its share in total export was increasing gradually.

Leather and dressed hides and skins occupied the third position while fish and spices occupied 4th and 5th position in total exports of the country.

Undressed hides and skins was an important export item at the initial stage. But with development of leather industry and dressing facilities its export decreased.

Tea was also an important export item at the first stage of pre-independence period of Bangladesh. But with the passage of time its export approached to zero. Its export was entirely redirected into exports to West Pakistan by keeping its effective rate of exchange in export one of the most unfavourable.

The exports of Bangladesh to West Pakistan was increasing at a continuous compound rate of 14.95% while her imports from there was increasing at continuous compound rate of 10.28 per annum. As per priority the export items of Bangladesh to West Pakistan were: (i) Tea, (ii) jute manufactures, (iii) Paper and paste board, (iv) Matches, (v) Leather, (vi) Betelnuts and (vii) Hides and skins. West Pakistan exports to Bangladesh were trade diversion because they replaced the cheaper import of Bangladesh.

Among the individual countries USA was at the peak to import Bangladesh export in 1968-69. While as a region the ECM

was the highest importer of her exports in the same year.

In comparison with 1963-64 the export trade of Bangladesh got diversified in 1967-68. Its exports entered new countries like Japan and new regions like African. Developed countries had the lion share in the total export of Bangladesh and this share was increasing gradually. Among the developed countries the industrial market economies had more share than non-market economies.