



## HSBC Export Excellence Awards 2009

Address of **Dr. Atiur Rahman**, Governor, Bangladesh Bank

21 April 2010  
Radisson Water Garden Hotel, Dhaka

### *Chief Guest*

Mr. Sanjay Prakash, CEO, HSBC Dhaka, Mr. John Coverdale, Group General Manager and Global co-head of commercial banking, HSBC, other HSBC officials, distinguished awardees and guests, Assalamu Alaikum and Good Evening to you all.

I am happy to be invited to this award ceremony to accord recognition for export performance excellence in 2009, both in volume of exports and in other attributes of socially and environmentally responsible business including tax and environmental compliance, clean credit record. The range of five performance categories for the awards is quite comprehensive; besides the usual criteria of export volume, export growth rate and financial outcomes, also covering diversity in inputs sourcing and output marketing; employment generation, local input use and CSR performance; and special achievement landmarks in process and product innovation, environment friendliness.

Over the past several years our exporters have successfully established a firm footprint of Bangladesh in the global trade map; efficiency and quality in output for local consumption has also improved, as producers for local markets have embraced the more efficient production processes and practices of export manufacturers. Our exporters showed commendable resilience in sustaining double digit export growth in FY09 in the global downturn when most other countries suffered steep decline. Lingering demand weaknesses in the traditional Western markets have affected our exports in FY 10, but in recent months export performances are on recovery path with diversification to newer markets including Japan and China in the East, and also to newer items like ocean going vessels; with likelihood of FY10 export growth at high single digit level. I am confident that over the medium term our exporters will succeed in establishing Bangladesh as a strong brand name in global exports; gradually moving up the value chain but also preserving market share at the lower end, which protected us well from being grievously hurt by the recent global downturn. Recognitions like today's awards boost the morale of awardees in aspiring for yet higher attainments towards this objective; and of others in emulating the successes of the awardees. I heartily congratulate HSBC for this award initiative.

HSBC already has a commendably substantial share in handling the country's export business (about nine percent of total exports, including 40 percent of EPZ exports); but I believe

with its global stature HSBC can do more in supporting our exporters, not just by way of local currency financing but with help in searching and accessing new markets for export of outputs and sourcing of inputs and capital goods, at favorable interest rates on borrowings and LC confirmation lines.

The first ever sovereign credit ratings of Bangladesh by S&P and Moody's have both been hearteningly favorable; placing us ahead of all South Asian neighbors excepting India. I would urge our exporters and bankers to be proactive in negotiating/renegotiating the interest rates and charges on foreign borrowings and LC confirmation lines, down to levels commensurate with the favorable sovereign credit ratings and stable outlook. Banks should also motivate exporters to get themselves rated by local or international credit raters; favorably rated exporters will have lower risk weights and capital charges on their borrowings; enabling banks to lend them at lower interest rates.

Having negotiated and secured lower borrowing costs as suggested, exporters will need to remain alert about preserving and further bettering the newly earned favorable sovereign credit ratings, because borrowing costs will go up with any rating downgrade or negative change in outlook. Both S&P and Moody's have mentioned the government's low revenue base and the country's narrow export base (very high dependence on apparels) as rating constraints. Alongside revenue reforms a good tax compliance culture will ease the former, while diversification of the export basket will ease the later. All of us will need to remain proactive in our respective roles in attaining these objectives.

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