

IV. Volume and Composition of Imported Capital Machinery

4.1 The National Board of Revenue (NBR) of the Ministry of Finance maintains a computerized database on all imports on the basis of import documents recorded at the port of entry. The NBR also classifies imports into broad categories, namely, primary goods, intermediate goods, capital goods and other imports. Capital good consists of some 978 eight-digit H.S. Code items that fall under 188 four-digit H.S. Codes and include a wide range of items in addition to capital machinery.

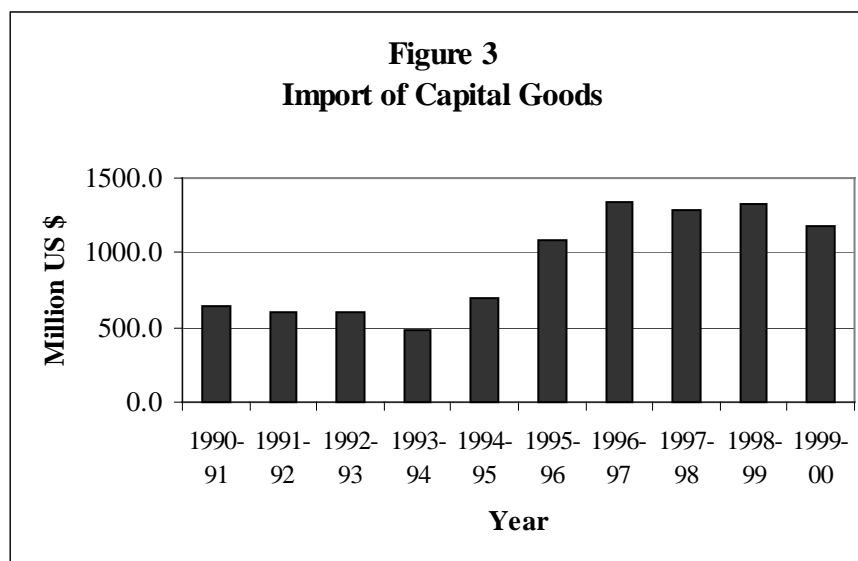
4.2 Table 9 shows the import value of capital goods and total imports during 1990s. As can be seen from the Table, import of capital goods amounted to \$640 million in 1990-91 and rose to \$1180 million in 1999-00 indicating a yearly compound growth of nearly 7.0 per cent (Figure 3). However, overall imports grew at a faster rate of 10.0 per cent during this period reducing the share of capital goods in total import from 20.4 per cent in 1990-91 to 16.0 per cent in 1999-00.

Table 9: Import of Capital Goods during 1990s

Year	Import of capital goods	Total import	(Million US \$)
			Share of capital good (%)
1990-91	640	3136	20.4
1991-92	600	3480	17.2
1992-93	599	4039	14.8
1993-94	486	3439	14.1
1994-95	698	5437	12.8
1995-96	1085	6235	17.4
1996-97	1344	6796	19.8
1997-98	1284	7015	18.3
1998-99	1329	7096	18.7
1999-00	1180	7395	16.0
Yearly growth (%)	7.0	10.0	-

Source: Bangladesh Bureau of Statistics and National Board of Revenue

4.3 The broad composition of the imported capital good in 1990-91 and in 1999-00 has been shown in Table 10. The detailed composition has been presented in Table 12. Besides capital machinery, the list includes parts of machinery, equipment, and also powered and non-powered tools. Somewhat inappropriately, the list also includes fittings and items that are used along with various capital machinery, equipment and tools. Some of the items on the list also have high incidence of household use in addition to their use in industrial and commercial sectors.



4.4 As can be seen from Table 10, Electrical machinery and equipment was the largest category of imported capital good in 1990-91 accounting for nearly 19 per cent of total import of capital goods in that year. Table 12 shows that the most important item within that category was Electric transformers and inductors followed by Electrical apparatus used for protecting and connecting electrical circuits such as fuses, circuit breakers, voltage limiters, boards, panels and consoles etc. Electric motor and generator was the third most important electrical machinery of import. During the decade of the 1990s, import of Electrical machinery and equipment increased at an annual compound rate of about 1.3 per cent and as a result the share of this item in the total import of capital goods came down to 11.6 per cent in 1999-00. As we saw in the last section, this is unlikely to have been due to substitution of imports by domestic production, rather the slow growth of the power sector during the decade is likely to be the more plausible explanation.

4.5 Transportation related capital goods constituted the second largest category of imported capital items in 1990-91. During 1990s, import of this item grew at an annual rate of nearly 7.8 per cent making it the largest category in 1999-00 accounting for 18.5 per cent of all capital good imports in that year. At a disaggregated level, the items which registered sharpest rise in import were public transport type passenger motor vehicle, motor vehicle for transportation of goods and special purpose motor vehicles such as crane lorries, concrete mixers, refrigerated vans, trailers etc. Rapid growth of the transport sector facilitated by growth of export oriented readymade garments and frozen food industries along with the growth of the construction sector may have contributed to the increase in the imports of these items.

4.6 Within the manufacturing and processing sector, significant imports of capital goods were recorded in (i) Textiles, (ii) Metal, engineering and machinery industry, (iii) Food processing, (iii) Ship breaking, (iv) Leather and footwear industry, (v) Pulp, paper and board making, (vi) Rubber and plastic industry and (vii) Printing. Of these, the most prominent ones have been Ship breaking and Textiles both in terms of their

share in imports in 1990-91 and growth in imports during the decade. However, Ship breaking industry may be ignored as the main imports recorded under this category are ships and vessels imported for breaking up, which falls more in the intermediate good category rather than in the capital good category.

Table 10: Composition of Imported Capital Goods

(Value in million \$)

Description	1990-91		1999-00	
	Value	Share in imported capital goods (%)	Value (Yearly growth %)	Share in imported capital goods (%)
Electrical machinery and equipment	122.3	19.1	136.9 (1.3)	11.6
Transportation related capital goods	110.7	17.3	218.3 (7.8)	18.5
Textile machinery	62.7	9.8	134.5 (8.8)	11.4
Machinery and equipment for metal, engineering and machinery industry	42.9	6.7	92.0 (8.8)	7.8
Agricultural machinery and equipment	36.5	5.7	42.5 (1.7)	3.6
Telecommunications equipment	35.8	5.6	67.3 (7.3)	5.7
Construction machinery and equipment	22.4	3.5	59.0 (11.4)	5.0
Food processing machinery & equipment	17.3	2.7	23.6 (3.5)	2.0
Other industries	59.5	9.3	177.0 (12.9)	15.0
Health sector	8.3	1.3	17.7 (8.8)	1.5
Miscellaneous machinery and equipment	121.6	19.0	211.2 (6.3)	17.9
Total	640	100	1180 (7.0)	100

Figures within parentheses show annual compound rate of growth

4.7 The composition and growth of textile machinery imports at four-digit level of disaggregation has been shown in Table 11 and Figures 4 and 5. As can be seen from the Table, the top three items of import in 1990-91 were (8445) Yarn spinning, reeling, twisting, winding and carding machine, (8452) Sewing machine for garments industry and (8448) Auxiliary machine and equipment for use with spinning, weaving and knitting machine, together accounting for nearly 76 per cent of imported textile machinery. However, during 1990s, import of knitting machine grew at a high annual rate of nearly 22 per cent raising the share of this item in imported textile machinery from 5.3 per cent to nearly 15 per cent. Other important categories of imports in 1999-00 were (8451) Dyeing and finishing machine and (8446) Weaving machine.

Table 11: Growth in Import of Textile Machinery

H.S.Code	Description	Import (million \$)		Yearly growth (%)
		1990-91	1999-00	
8445	Yarn spinning, reeling, twisting, winding and carding machine	24.0 (38.3)	35.2 (26.1)	4.3
8452	Sewing machine for garments industry	13.0 (20.7)	41.2 (30.5)	6.2
8448	Auxiliary machine and equipment for use with spinning, weaving and knitting machine such as dobbies, jacquards, spindle, flyers etc	10.6 (16.9)	8.1 (6.0)	Negative
8451	Machinery for washing, cleaning, wringing, drying, ironing, bleaching, dyeing textile yarn, fabric and garments	6.3 (10.0)	19.6 (14.5)	13.4
8447	Circular, flat and other knitting machine	3.3 (5.3)	20.2 (15.0)	22.2
8444	Machine for extruding, drawing, texturing or cutting man-made material	2.8 (4.5)	0.8 (0.6)	Negative
8446	Weaving machine (looms)	2.6 (4.1)	7.3 (5.4)	12.2
8420	Calendering or other rolling machine	0.1 (0.2)	2.5 (1.9)	43.0
8449	Machinery for the manufacturing of felt hats	0.02 (0.03)	0.08 (.06)	16.7
	All	62.7 (100)	135.0 (100)	8.9

Figures within parentheses show column percentage

Figure 4
Imported Textile Machinery 1990-91

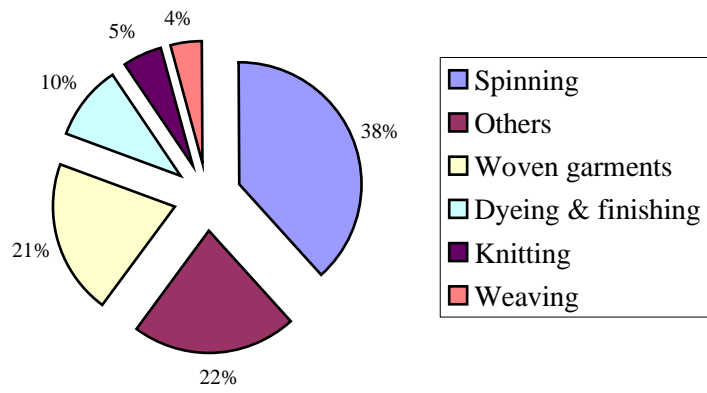
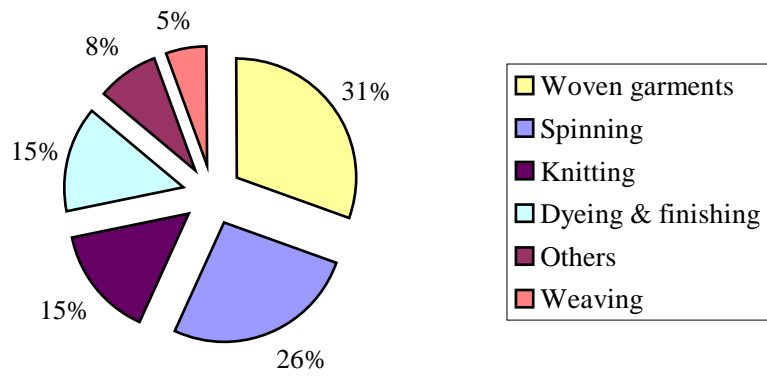


Figure 5
Imported Textile Machinery 1999-00



4.8 Machinery and equipment for metal, engineering and machinery industry was the next important category of industrial machinery imported in 1990-91. However, the major items in this category consist of components of machines, and ancillary products such as molding boxes for foundry, safety and check valves, ball or roller bearings, transmission shafts and cranks, gaskets etc. followed by various types of powered and non-powered hand tools. Amongst machinery the major import categories are lathes, drilling, grinding, planing, die stamping, and other milling machine. The import of this type of machinery increased from about \$ 5.1 million in 1990-91 to \$37.7 million in 1999-00 registering an annual growth of nearly 24.9 per cent. The next major type of imported machine used in engineering and machinery industry include foundry machine and re-rolling machine whose import rose from about \$1.1 million in 1990-91 to about \$3.6 million in 1999-00.

4.9 Import of agricultural machinery increased at a modest annual rate of 1.7 per cent during the decade indicating slow progress in the mechanization of the farm sector. However, import of irrigation pump nearly doubled during this period rising from \$0.6 million in 1990-91 to \$1.2 million in 1999-00 because of the expansion of irrigation based cultivation in Bangladesh.

4.10 Import of telecommunication equipment registered significant annual growth (7.3 per cent) during the past decade. Major items of import under this category are (a) transmission and other apparatus for radio, television and telegraphy (b) radar and radio navigational equipment, (c) apparatus for radio telephony and (d) apparatus for line telephony. The opening up of this sector for private investment and the consequent inflow of domestic and foreign investment in this sector may have contributed to the observed growth in the imports of these items.

4.11 Construction has been one of the most rapidly growing sectors of Bangladesh economy during the past decade. Between 1990 and 2000, the sector registered an annual compound growth rate of 8.3 per cent. The observed 11.4 per cent growth in the import of construction related machinery is a reflection of this fact. Major items of import under this category are bulldozers and mechanical shovels, concrete mixers, compacting machine etc.

4.12 Import of industrial machinery for other industrial sectors such as food processing, leather and footwear industry, pulp, paper and board making, rubber and plastic industry and printing remained modest both in terms of volume and growth during the past decade.

4.13 Items listed under “Miscellaneous machinery and equipment” consist of capital goods that are used in a wide range of industrial and non-industrial activities including household uses. These include boilers, measuring instruments, data processing and office machine, air conditioning machine, freezers etc. Imports of these items registered about 6 per cent growth during the decade with their share in imported capital good remaining stable at around 18 per cent.

Table 12: Structure of Import of Capital Goods 1990/91 – 1999/00

4-digit H.S. Code	Description	Share in capital goods import (%)	
		1990-91	1999-00
Electrical machinery and equipment		19.1	11.6
8504	Electric transformers and inductors	9.7	2.2
8535 – 8539	Electric circuit breakers, fuses, voltage limiters, boards, panels, consoles and parts thereof, electric fittings and lamps	5.0	2.3
8501	Electric motors and generators	1.6	1.0
8502, 8503	Electric generating sets and rotary converters and parts thereof	1.1	3.1
8414	Vacuum pumps, compressors, table fan parts	1.0	1.1
8410, 8411, 8412	Hydraulic turbines, gas turbines, other engines & motors	0.4	1.6
8507, 8530, 8533	Electric accumulators, electric signals and resistors	0.2	0.2
8475	Machinery for assembling electric lamps	0.1	0.1
Transportation related capital goods		17.3	18.5
8407 – 8409	Internal combustion marine propulsion engines and engines for three wheelers and parts thereof.	9.6	4.4
8901, 8902, 8905, 8907	Vessels for the transportation of passenger or goods, light vessels, fire floats, dredgers etc., other floating structures	3.0	1.1
8702, 8704, 8705, 8716, 8708	Public transport type passenger motor vehicle, motor vehicle for transportation of goods and special purpose motor vehicle such as crane lorries, concrete mixers, refrigerated vans etc., trailers, and parts thereof	2.9	8.1
8601, 8607, 8608	Externally powered railway locomotives, parts of railway locomotives, railway track fixtures and fittings	1.0	0.4
8406	Steam turbine for marine propulsion	0.4	1.0
8802, 8803, 8805	Aviation related equipment	0.4	3.5

Table 12 (contd.)
Structure of Import of Capital Goods 1990/91 – 1999/00

4-digit H.S. Code	Description	Share in capital goods import (%)	
		1990-91	1999-00
Textile machinery		9.8	11.4
8445	Yarn spinning, reeling, twisting and winding machinery	3.8	3.0
8452, 8449	Sewing machine for garments industry, felt making machine	2.0	3.5
8448	Auxiliary machine for use with spinning, weaving and knitting machine	1.7	0.7
8451, 8420	Machinery for washing, cleaning, wringing, drying, ironing, bleaching, dyeing textile yarn, fabric and garments	1.0	1.9
8447	Knitting machine	0.5	1.7
8446	Weaving machine (looms)	0.4	0.6
8444	Machine for extruding, drawing, texturing or cutting man-made material	0.4	0.1
Machinery and equipment for metal, engineering and machinery industry		6.7	7.8
8480 – 8484	Molding boxes for foundry, safety and check valves, ball or roller bearings, transmission shafts and cranks, gaskets	4.6	3.1
8202 – 8208, 8508	Hand tools	0.8	1.0
8456 – 8463, 8466, 8467	Lathes, drilling, grinding, planing, die stamping, and other milling machine and parts thereof	0.8	3.2
8454, 8455	Foundry and re-rolling machine	0.2	0.3
8468, 8515	Soldering and welding machine	0.2	0.2
8543	Electroplating machine	0.1	0.1
Agricultural machinery and equipment		5.7	3.6
8432	Machinery for soil preparation and cultivation	2.8	1.5
8701, 8706	Tractors, chassis for tractors	1.8	0.6
8413	Irrigation pumps	1.0	1.0
8201, 8424, 8433, 8436	Other machinery and equipment for agriculture, horticulture, forestry and poultry	0.1	0.4

Table 12 (contd.)
Structure of Import of Capital Goods 1990/91 – 1999/00

4-digit H.S. Code	Description	Share in capital goods import (%)	
		1990-91	1999-00
Telecommunications equipment		5.6	5.7
8525	Transmission and other apparatus for radio, television and telegraphy	2.8	3.2
8526, 8527, 8529	Radar and radio navigational equipment, reception apparatus for radio telephony and parts thereof	1.5	1.1
8517	Apparatus for line telephony	1.3	1.4
Construction machinery and equipment		3.5	5.0
8429	Bulldozers and mechanical shovels	1.0	1.6
8474	Concrete mixers	1.0	1.9
8425, 8426	Pulley, winches, jacks, cranes	0.9	0.8
8430, 8431	Compacting machinery and parts of construction machinery	0.6	0.7
Food processing machinery and equipment		2.7	2.0
8438, 8435	Machinery for bakery, chocolate, fruit juice and other food manufacturing	1.1	0.4
8422	Machinery for cleaning, drying, filling and sealing bottles	0.5	0.8
8478	Machinery for preparing tobacco	0.5	0.6
8434	Milking machine and dairy machinery	0.4	0.0
8437	Machinery used in milling industry	0.2	0.2
Other industries		9.3	15.0
8908	Vessel, other floating structure for break up under ship breaking industry	5.2	12.5
8453	Machinery for tanning hides and making footwear	1.4	0.1
8439 – 8441	Machinery for making pulp, paper and paperboard	1.2	0.8
8477	Machinery for working rubber or plastic	0.8	0.7
8442 – 8443	Printing and ancillary machinery	0.7	0.8

Table 12 (contd.)
Structure of Import of Capital Goods 1990/91 – 1999/00

4-digit H.S. Code	Description	Share in capital goods import (%)	
		1990-91	1999-00
Health sector		1.3	1.5
9018 – 9020	Medical, surgical, dental, instruments	1.0	1.2
9022	Apparatus based on X-ray, alpha, beta radiation	0.3	0.3
Miscellaneous machinery and equipment		19.0	17.9
8479	Other machines/mechanical appliances having individual functions	6.9	3.7
9028	Gas, electricity, liquid meters	1.5	1.2
8469, 8472, 8473, 9009	Office machines and parts thereof	1.4	1.0
8418	Refrigerators, freezers	1.1	0.2
8419	Water heater, surgical sterilizers and dryers	0.9	0.9
9026	Instruments for measuring flow, level and pressure of liquid	0.9	0.2
8470, 8471	Automatic data processing machines, cash registers	0.6	1.3
8415	Air conditioning machine	0.6	0.7
8428	Lifts, escalators, conveyors	0.6	0.7
9015	Surveying, hydrographic instruments	0.5	0.1
8402, 8403, 8404	Steam or other vapor generating boiler, auxiliary plants	0.5	1.1
8423	Weighing machine	0.4	0.1
8405	Producer gas or water gas generator	0.4	0.1
9023	Demonstrational instrument/models	0.4	0.0
9025	Hydrometer, thermometer, pyrometer, barometers	0.3	0.1
8421	Centrifugal dryers & filtering machinery	0.3	0.8
8416, 8417, 8514	Industrial furnace and ovens	0.2	0.3
9027	Instruments for physical or chemical analysis	0.2	0.3
8506	Primary cells and batteries	0.1	0.1
8516	Electric space heater and immersion heater	0.1	0.1
8531	Electric sound signaling apparatus	0.1	0.0
8540	Cathode ray TV picture tube	0.1	0.9
8548	Miscellaneous electrical parts and machinery	0.1	0.3

Table 12 (contd.)
Structure of Import of Capital Goods 1990/91 – 1999/00

4-digit H.S. Code	Description	Share in capital goods import (%)	
		1990-91	1999-00
8709	Electric vehicles	0.1	0.0
9010	Apparatus for photographic laboratory	0.1	0.2
9017	Drawing and calculating instruments	0.1	0.1
9030	Oscilloscope, spectrum analyzer	0.1	0.2
9031	Measuring or checking instruments	0.1	0.1
9032	Thermostat and voltage stabilizers	0.1	0.2
	Miscellaneous items	0.2	1.9

V. Sources of Import of Capital Machinery

5.1 Table 13 provides information on the country of origin of the capital goods imported into Bangladesh during 1991-92 and 1999-00. As can be seen from the Table, Japan topped the list supplying about \$126 million worth of capital goods in 1991-92. In 1999-00 also, Japan was the single largest source of capital good import into Bangladesh with total import amounting to \$191.2 million. However, the share of Japan in the total supply of capital goods to Bangladesh declined somewhat from around 21 per cent in 1991-92 to 16.2 per cent in 1999-00. Singapore displaced China as the second largest supplier. Other countries, which became important suppliers of capital goods to Bangladesh during the decade, include India and United States displacing U.K. and Germany.

5.2 However, as will be seen in the next section, a major item of import from Japan is vessels and other floating structure for break up in the ship breaking industry. As mentioned earlier, this is more of an intermediate good rather than a capital good. If this item is taken out, the importance of Japan as a source of imported capital machinery for Bangladesh declines substantially particularly in the later years.

Table 13: Major Suppliers of Capital Goods to Bangladesh

(Value in million \$)

Country	Import 1991-92		Import 1999-00	
	Value	%	Value	%
Japan	126.0	21.0	191.2	16.2
China	105.0	17.5	148.7	12.6
United Kingdom	60.0	10.0	70.7	6.0
Germany	51.6	8.6	55.5	4.7
India	30.0	5.0	107.4	9.1
Singapore	24.6	4.1	172.3	14.6
South Korea	23.4	3.9	48.4	4.1
United States	20.4	3.4	79.1	6.7
Soviet Union	13.2	2.2	21.2	1.8
Hong Kong	12.6	2.1	15.3	1.3
Italy	12.6	2.1	24.8	2.1
France	12.6	2.1	51.8	4.4
Taiwan	8.4	1.4	22.4	1.9
Switzerland	7.8	1.3	9.4	0.8
Denmark	6.0	1.0	10.6	0.9
Malaysia	4.8	0.8	9.4	0.8
UAE	0.0	0.0	11.8	1.0
Other countries	81.0	13.5	130.0	11.0
All	600.0	100	1180.0	100