

Speech Mrs. Doris Voorbraak, Charge d' Affairs,
Embassy of the Kingdom of the Netherlands

Match Making seminar for the shipbuilding sector of Bangladesh and the Netherlands
Saturday, 30 January 2010
Westin hotel

Honourable Minister of Commerce, Mr Faruk Khan, Dr Bari, Mr Pronk, fellow countrymen, representatives of the shipbuilding sector, members of the press, asalam alaikum.

Ladies and gentlemen, although we have an expanding variety of transportation in our age of globalisation, shipping remains the dominant method to move goods. 90 percent of world trade travels by sea. Currently, the market for shipbuilding may appear gloomy; shipbuilding orders are cancelled and the overall trade volume is down due to the financial crisis.

However, this will not last.

World trade will resume and it is likely that this part of the world will be the epicentre for world trade. Or, as the author - Kishore Mahbubani put it: 'the new Asian Hemisphere'. Also the influential American journalist Robert Kaplan predicts that future world trade will mainly take place on the Indian Ocean, including the South and Eastern Chinese Sea. Maritime transport will become essential for the economic growth of Asia and, by implication, for the rest of the world. On top of this, it should be realised that 55% of all smaller ocean going vessels are older than 20 years: they need replacement.

These facts are relevant for the seminar today. Bangladesh has the potential to develop its shipbuilding capacity and in the long run could join the ranks of shipbuilding countries like Japan or South Korea.

The promise of the shipbuilding sector has been clearly described by a report published by our colleagues from the Danish Embassy. The land we now know as Bangladesh has been a shipbuilding and sea going nation for centuries. Bengalis have used boats for travelling and fishing since ancient times. This is hardly surprising as 10 percent of the country consist of rivers. Shipbuilding is part of national culture.

Moreover, Bangladesh is perceived to be 15% cheaper than its main competitors- such as Vietnam- mainly due to low labour costs.

This potential finds resonance in the activities within the shipbuilding sector. Currently, two shipyards are building small size ocean going vessels for foreign clients. The predictions are that another ten shipyards will start building for the international market within the next few years.

Bangladesh also offers opportunities in the component and service supplying industry. Shipbuilders need components and specific services for the construction of ships. Currently, Bangladesh has to import 60% of the components needed to build vessels for local demand, and 90% of the components needed for ships for the international market.

The component and service supplying industry offers opportunities to foreign companies. They could introduce their knowledge and expertise, create efficiency gains, and increase the competitiveness of the shipbuilding sector.

Dutch companies are always eager to identify new business opportunities abroad, especially in the shipbuilding sector, which is strongly export focussed. The Dutch have a vast experience in shipbuilding. Also we are surrounded by water. Like Bangladesh, shipbuilding is part of our national culture. Another part is defined by our centuries' long involvement in world trade. For

example, Dutch traders already entered the shores of Bengal in the 17th century. Currently, our small country, - four and half times smaller than Bangladesh - is the world's sixth largest exporter and eighth largest importer of goods. We do not use and produce all these goods; we tranship them. The Port of Rotterdam is the largest port of Europe.

This entrepreneurial spirit can also be found in the Dutch business people present here today. They are eager to share their knowledge and expertise and identify business opportunities in Bangladesh. Dutch companies already do business in the shipbuilding sector here. A Dutch company placed orders for ships; contracts for components have been signed; and a Dutch company is building three dredgers in Chittagong in close collaboration with Karnaphully Shipyards. Moreover, recently another world leading Dutch dredger builder hosted a seminar to present its products and services in Bangladesh.

The Embassy of the Kingdom of the Netherlands closely monitors the shipbuilding sector of Bangladesh. In fact, the first official visit of the Ambassador was to the honourable Minister of Shipping.

The Dutch companies produce the quality equipment and components that are required in international shipbuilding. The shipbuilding sector in Bangladesh needs this knowledge and expertise to further develop their export potential. A strong shipbuilding sector will diversify export of Bangladesh, increase the knowledge and skill base of the labour force, which might lead to spin-offs in other sectors. The Embassy therefore aims to support the use of Dutch knowledge and expertise, connect Dutch companies to the main players in the shipbuilding sector, and provide financial support where feasible.

Private sector development is at the core of our development cooperation strategy. We invest approximately 6 million Euro in international joint venture projects. We try to stimulate competitiveness of the SME sector through support to the Katalyst market development programme. Moreover, the Dutch government offers small scale consultancies to SMEs, supports the IT sector to enter the European market, and we support education programmes in Bangladesh with a focus on skills development. The Dutch entrepreneur development bank FMO offers alternative sources of finance. FMO has an exposure of approximately 140 million euro in Bangladesh. Moreover, we assist the government to develop infrastructure through the Dutch infrastructure development facility ORIO. ORIO offers grants of maximum 30 million euro.

Support to the Bangladeshi private sector is an essential element of the Embassy's development cooperation strategy. The thriving private sector has been the engine behind economic growth. Enabling the private sector to develop its full potential will be crucial to create the economic growth figures needed to achieve the desired status as middle-income country.

The Government of Bangladesh has been very articulate about the need to stimulate growth and poverty reduction. Support of government for development of the shipbuilding sector and its component and service supplying industry is needed. Priorities are clear. Development of the shipbuilding sector also depends on opening up markets and improvements of the investment climate; establishing Joint Ventures and attracting investment depend on it. A large part of the components could be properly produced in Bangladesh but it requires foreign investment.

Ladies and gentlemen, I trust today's seminar will be a success and lays the foundation for increased Bangla-Dutch cooperation and lay the foundations for a strong and internationally renowned shipbuilding sector. My embassy looks forward to support this process that will further cement the excellent bilateral relations between our countries.

Thank you for your attention.