

Impact of International Trade Fair on Emerging Economy: A Case Study of Dhaka International Trade Fair

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Abstract: *This paper investigates the causal interrelationship between export earnings from Dhaka International Trade Fair (DITF) and GDP growth for Bangladesh using annual data from 2010 to 2018. The study analyzed the achievements of the economy in terms of a leading variable as export. It used Pearson Correlation and Simple Regression Model for empirical findings based on secondary data. Since local and international business are explored together in the fair, there is a tremendous opportunity for our producers particularly exporters to reveal their products and achieve the market share of global business. The study found that international trade fair has a significant impact on a nation's economic growth (GDP) and by the positive and strong initiatives of authorities, organizers and Government, in future, DITF can be turned into a successful and large economic agent for export earnings and income growth of Bangladesh.*

Keywords: *Export, Gross Domestic Product (GDP), Dhaka International Trade Fair (DITF), Economic Growth, Simple Regression Model (SRM).*

1. Introduction

International trade, as a prime factor of openness, can make a significant contribution to increase export earnings and economic growth of a nation. A trade fair always addresses a vast range of economic dimensions. A trade fair is international, when it indicates the participations of a large number of foreign and local exhibitors and visitors. The visitors want to know about salient features of offerings from home and abroad. Dhaka International Trade Fair (DITF) offers the domestic producers and business an exclusive scope to exhibit their goods and services to both Bangladesh and foreign citizens. It opens up the window of opportunity for local producers to compete globally that expands export share and ensures sustainable economic development for the country. A trade fair is one sort of exhibition where firms in an industry can display and disclose their newest products and services, come across with different industrial partners and consumers, meet competitors, and study about recent market trends and prospects. International trade fair opens this prospects across the border. Dhaka international trade fair is such a fair that creates an exceptional platform for businesses to connect internal and external networks and link Bangladesh internationally for our most outstanding products. DITF starting since 1995 with the joint supervisions and guidance's of EPB and MoC (Export Promotion Bureau & Ministry of Commerce of the Gov't of Bangladesh respectively).

Each year Bangladeshi companies along with many companies from around the world participate regularly at this fair. Fair shops are categorized into tiny-stalls, general stalls, premium stalls, mini- pavilions and mega-pavilions including specific foreign sections. The best native and overseas products are displayed at the Dhaka trade fair. Every year large numbers of local and foreign visitors visit the fair to enjoy a wonderful market place for the finest products from Bangladesh and abroad. Many varieties and different categories of products such as electronics, cars, porcelain wares, machinery, carpets, toys, ceramics, fabrics, melamine wares, sanitary products, handicrafts, ready-made garments, home appliances, processed foods, furniture, textiles, plastic goods, jute products, winter clothes, leather goods, cosmetics, sports goods, jewelry and more are displayed and sold at the fair. Many attractive offers like discounts, special offers, early prices offers, gifts and lotteries etc. are the attractions for visitors at DITF. Varieties of food is one of the attractions of the fair, numerous local and foreign stalls sell tasty and delicious food items to the customers and people can take a break from exploring the vast fair venue. Trade fair (DITF) is promoted as a means of economic development for Bangladesh. If local producer can capture the large potential market, to compete globally, our product quality must be improved and they derive economies of scale in production which might attract more foreign direct investments and accelerate economic growth. Since domestic and international businesses are the participants in the fair, there is a tremendous opportunity for our producers particularly exporters to reveal their products and get the market of global business.



2. Notion of Export and GDP

Export

The term export signifies to sale of goods or services produced in one country to another country to satisfy their needs. It indicates that the products and services are produced in one country and purchased by citizens of another country for satisfying their desires. The sender of goods or services is known as exporter and receiver of goods or services is known as importer. Export occurs when a product or service is produced by home nation and sold to a foreign nation.

GDP

Gross Domestic Product (GDP) refers to the monetary measure of the market value of all final goods and services produced in a country within a definite period of time. Nowadays, GDP is considered as the world's most powerful statistical indicator of national economic growth of a country. The GDP and GDP growth rates of Bangladesh from 1995-2018 are presented here.

Table 1: Year wise GDP growth rate

Year	%	Year	%
1995	4.6	2007	6.51
1996	5.4	2008	6.21
1997	5.2	2009	5.88
1998	4.9	2010	5.83
1999	5.9	2011	6.66
2000	5.3	2012	6.66
2001	4.4	2013	6.32
2002	5.3	2014	6.12
2003	6.3	2015	6.51
2004	6	2016	7.11
2005	6.7	2017	7.28
2006	6.6	2018	7.86

Source: Bangladesh Economic Review (BER, 2019)

3. Literature Review

According to Charles and Anderson (2016), trade fair is a platform where business participants can exhibit and illustrate their most recent items or facilities, observe and investigate the products and practices of rivals, and have a look at the latest market traits and possibilities. International trade fairs and shows open up window of opportunity for traders to display their items to other nations and discover potential for their businesses. They are the platforms to purchase and offer items, sign contacts, orchestrate worldwide dissemination and shipping. Bathelt and Zeng (2015) suggested a strong interrelation between trade fair and provincial economic development. According to Beier and Dam-böck (2008), Trade fair offers salient prospects for producers to present their products all over the world. It is a roadway for countries to export their products, services and technology. Trade fairs aid economic development of nations, regions and cities. Exhibitions in many nations have been and continue to be a political and economic tool to boost the national economy. Several studies address the influence of international trade on economic growth of a country. The findings of these studies indicate that international trade i.e. exports has a statistically significant positive impact on economic growth (GDP) of a country. International trade (export) has a significant positive impact on economic growth (GDP) in Bangladesh and international trade is positively correlated with economic growth (GDP) in Bangladesh. (Ahamad, 2018). Ellis (2007) suggested that international trade fairs favor exporters to reach a large number of prospective buyers. Islam and Haque (2018) stated that export plays significant role in maintaining country's trade balance because export escalates a nation's GDP. Export boosts a nation's foreign exchange reserves.

Sattar (2015) stated that export has a tremendous influence on the economy of developing country like Bangladesh whose major portion of yearly budget depends on export. It is anticipated that in the next seven years, Bangladesh will emerge from the least developed nation (LDC) and attain mid-income status. Rapid and persistent growth rate of export can accelerate this process. Bangladesh earned US \$ 30.3 billion from exports in the fiscal year 2015-2016 which was almost 17.34% of GDP. (Bangladesh Bank. Annual Review of Export Receipt, 2015-16). A study by Kalafsky and Gress (2013) found a positive relation between participation in international trade fair and export growth. These authors emphasized that, firms that participate in trade fairs manifest higher export rate. The biggest boon of an international trade fair is that it pulls together large number of inquisitive and potential buyers and sellers under one roof. Koirala (2011) suggested that a country's economic development relies significantly on the country's exports. Trade fairs facilitate exporters to get in touch with potential foreign buyers. The author emphasized that international trade fairs enable participants to figure out new market trends, gain knowledge, access international buyers and represent local products in the world market. According to his study, Nepal's participation in different international trade fairs caused positive impact on the country's export. It promoted export and boosted economic growth. Participation in international trade fairs and exhibitions is one of the most impactful paths for the exporters to expose export products to foreign buyers. Export plays a prominent role in economic growth of Bangladesh. In the last four years Bangladesh achieved on an average export growth of 14.6 percent. Hence, in 2013 the contribution of export to GDP is 23.7%. (Bangladesh Bank, Annual Review of Export Receipt, 2015-16). A study by Islam and Hossain (2018) investigated the relationship between GDP growth rate and export in Bangladesh; and found that export has significant impact on GDP growth. Many researchers worked on the relationship between international trade and nations' economic growth. But trade fair based works are very limited. Several studies were carried out in the field of international trade. Some studies concentrated on influence of international trade on economic growth of a country. Some studies focused on factors influencing exhibitors to participate in trade fairs. A few researches were found regarding this issue but there is no study for Bangladesh. Therefore, the uniqueness of the study is to draw attention on trade fair of Bangladesh particularly Dhaka International Trade Fair.

4. Objectives of the Study

The study tries to seek the effect of export earnings from trade fair especially Dhaka International Trade Fair (DITF) on our National Income and sort out the mode of impact and suggests some recommendations for future prospects. The objectives of this study are:

- To find out the impact of export from international trade fair on economic growth particularly in Bangladesh.
- To identify the export trends of Bangladesh from trade fair.
- To advocate some ideas for forthcoming international trade fair in Dhaka where export can play as a great contributor to raise our GDP.

5. Methodology of the Study

5.1 Research Design

This research problem has been explored through the use of causal research design. Causal research deals with cause-effect relationship (Ahamad & Das, 2018). In causal research design, emphasis is placed on particular goals about the impacts of one variable's modifications on another variable and includes an experiment where an independent variable is used to see how it impacts a dependent variable. In this study, the causal research design was helpful as it allowed the researcher to assess the effect of variations in the independent variables on the dependent variable. In this study, dependent variable is GDP (economic Growth) and Independent variable is Export earnings from international trade fair.

5.2 Data

To conduct this study, required secondary data were composed from the Export Promotion Bureau of Bangladesh and the website of Trading Economics. Following table shows the yearly earnings from DITF (Crore)

Table 2: Year wise export earnings from DITF (Crore).

Year	Export Earning from DITF (Crore)
2010	22.98
2011	25
2012	43.18
2013	157
2014	80
2015	95
2016	235.17
2017	243.44
2018	166
2019	200

Source: Bangladesh Bank, 2019.

On the basis of above table following graph has been drawn

Figure 1: Year wise export earnings from DITF (Source: Bangladesh Bank)



Figure 1 depicts the last 10 years (2010-2019) export earnings from Dhaka International Trade Fair (DITF). In the year 2010, it was 22.98 crore which increased gradually to the following Year until 2013. The graph is quite fluctuating. The highest export earning was in 2017 (242.44) then decreased to 2018 (166) and in 2019 export earning is 200 crore. For analysis purpose this study used 9 years (2010-2018) export earnings from DITF.

5.3 Model Specification

The data analysis method used was based on Pearson correlation analysis and a simple regression model. The form of simple regression model is:

$$Y = \alpha + \beta x + \varepsilon$$

Where: Y = Dependent variable α = Constant, β = Regression coefficients or change included in Y by each X, ε = error term

So, GDP = $\alpha + (\beta * \text{export})$

6. Analysis

This study shows the relation between GDP (economic Growth) and Export earnings from international trade fair. To find out the relation between GDP (economic Growth) and Export earnings from international trade fair correlation analysis was done and the results are given below in Table 3.

Table 3: Correlations

		GDP	Export
Pearson Correlation	GDP	1.000	.685
	Export	.685	1.000
Sig. (1-tailed)	GDP	.	.014
	Export	.014	.
N	GDP	10	10
	Export	10	10

There is a positive correlation between GDP (economic Growth) and Export earnings from international trade fair.

Table 4: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.143	.302		20.363	.000
	Export	.005	.002	.648	2.254	.059

a. Dependent Variable: GDP

From the Output of Linear Regression Analysis (table 4) it can be seen that GDP correlates positively with Export earnings from Dhaka International Trade fair. The β coefficients tell us how many units GDP increase for a single unit increase in predictor. Similarly, 1 point increase on the export earnings corresponds to 0.005 points increase on the GDP. Given only the scores on our predictors, we can predict GDP by computing

$$\text{GDP} = 6.143 + (0.005 \times \text{export})$$

Importantly, note that β coefficients are positive numbers; higher export earning is associated with increase of GDP.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648 ^a	.420	.338	.50879

a. Predictors: (Constant), Export

From table 5, value of $R = 0.648$. Since there is a positive correlation. R square indicates the proportion of variance in GDP that can be “explained” by export earnings.

7.2 Discussions

Figure 2: Effects of International Fair

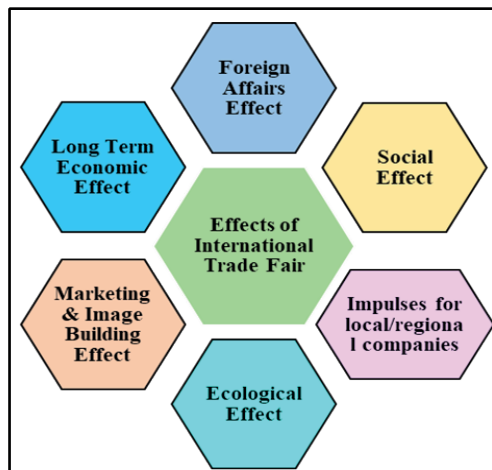
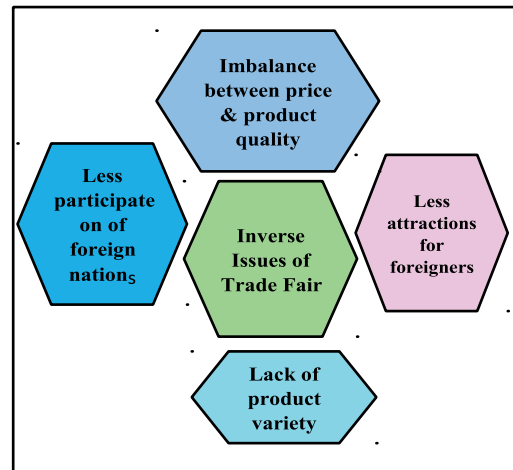


Figure 3: Issues against Foreign Buyers



Based on above results, we can address some issues,

- Like all trade fairs, DITF also contributes to raise our export by creating international platform for domestic producers. According to Koirala (2011), a country's economic development relies significantly on the country's exports. Trade fairs facilitate exporters

to get in touch with potential foreign buyers and international trade fairs enable participants to figure out new market trends, gain knowledge, access international buyers and represent local products in the world market.

- It increases the business networking among different countries of the world that helps to recognize the potentiality of our products. It enhances the understanding level among nations'. It also expands diplomatic contacts. Kalafsky and Gress (2013) found a positive relation between participation in international trade fair and export growth. These authors emphasized that, firms that participate in trade fairs manifest higher export rate. The biggest boon of an international trade fair is that it pulls together large number of inquisitive and potential buyers and sellers under one roof.
- Pull in nation's tourism and business travel.
- Increase attractiveness for Foreign Direct Investment (FDI).
- DITF is an effective way for the exporters to expand their business and introducing new product.
- Bangladesh has experienced a record jump of 8.71% in export orders from 2019, while products worth BDT 87.83 crores have been sold at the fair. (Source: Dhaka Tribune, 2019).
- Since we are in race to become a middle income nation, so there is no alternative to increase the quality of the products. DITF creates the opportunity to improve the quality of products to compete internationally which will increase the value of export and leads to earn higher national income, higher GDP as well as higher economic growth. Some negative issues also arise from DITF:
- In the analysis of 10 years export earnings growth from DITF, the trend seems not to be sustained. It's fluctuated overtime. So there is no steadiness of export earnings from fair.
- At the early stage of DITF, a greater number of foreign countries participation was notable. But for time being these participations have gradually decreased.
- Local producers sell their products in the name of foreign products by concealing fact.
- Though DITF is a great opportunity to exhibit our products globally, inefficient organizations, political instability, lack of security etc. constraint to meet up the purpose of international fair. As a consequence, it turns into more a national fair than international.

8. Recommendations and Conclusion:

- **EPB & MoC should develop the website:** Website is the first impression to the outside world. For broad and attractive publicity, website should look nice and well designed, be fast and have important and up-to-date information about the fair, exhibitors, venue, travel and hotels etc. It should be easy to navigate and be very effective for both native and foreign visitors. Thus, Export Promotion Bureau and Ministry of Commerce should develop their website accordingly with more informative and effective ways.
- **Diversification of export items:** Should design the new and existing products based on the aims of businesses. Make and present the products in an attractive way to the customer which is an important factor. There should be product diversifications also.

In this case, engagement of experience and right employees can accurately promote the product features and quality to the customer.

- **Try to capture new market places:** A trade fair involves vendors who are eager to exhibit their products and services and relate directly with potential customers, and attendees. Visitors are visiting trade fair to learn about the latest market trends that best satisfy their requirements. Thus, it is essential to craft a satisfactory experience that will bridge both parties in order to organize a successful trade show.
- **Assistance from Government:** Liberal trade restrictions, wider range publicity, strong security, political stability, product quality assurance, easy communication and proper assistance from Government etc. can make the fair more attractive, potential and successful event to realize the objectives.

9. Conclusion

International trade fair has assisted the exporters to announce their new and existing products in international market. Therefore, it has facilitated the producers for spot selling and instant business order. Government of Bangladesh and other related associations should be very supportive from the beginning to the end of the trade fair participation by decreasing official hassles. Despite many constraints, such as unavailability of proper trade fair based information, inadequate government support, inconvenient and long process of selection, presence of low quality local product, etc. Dhaka trade fair is encouraging. Bangladesh has been experiencing growing economic growth during the last few years and it has become lower middle developing country from lower developing country. As export is one of the significant indicators of economic growth as well as development, Dhaka international trade fair can promote export and increase the volume of export of Bangladesh that can ensure substantial contribution to the nation's GDP. By taking necessary initiatives and overcoming existing pitfalls, Government and assigned authorities can make the Dhaka international trade fair an effective and successful event for country's economic recognition.

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