

Export Related Problems and Opportunities for the Shipbuilders: A Case Study in Bangladesh.

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Abstract: This study aims to explore the export related problems and opportunities of shipbuilders in Bangladesh. In order to provide special attention Bangladesh government has already identified Shipbuilding Industry as 'thrust sector'. Since 2008 Bangladeshi shipbuilding companies are exporting ship in different international market and their demand is also increasing. As sea level is rising due to global warming so there is always possibility of increasing the demand of this industry.

The study was a case base descriptive research where 20 officials interview were taken from the sample of 5 most large ship builders and exporter companies of Bangladesh and research interview based qualitative data was used to analyze and identify the export problems and opportunities of shipbuilders in Bangladesh. This study has identified some specific problems in case of exporting ships in this industry like tendering problem, lack of professionalism, lacking of specialized department, insufficient skilled labor, semi-skilled management team, high import tax on raw materials, financing problem, red-tapes and uncertain cancelation of products order. Besides, this study also found some opportunities for growing this industry as the upraising international demand, demographic dividend, uprising light engineering sector, uprising IT sector, safe working environment, geographical advantage, long coast line area, facility of deep sea port, entering of navy in shipbuilding and capability of making warship. It is expected that this study will be helpful for the policy maker and government to identify where the industry is facing problems and how to go export diversification.

Keywords: [Shipbuilding Industry, Ship Exporting Potentials, Ship Exporting Problems, Bangladeshi Shipbuilders]

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I. Introduction

Bangladesh has a strong background in shipbuilding since ancient time. Germanischer Lloyd has declared Bangladesh as a shipbuilding nation of international standard in September 2008. It has more than 700 rivers plus a long coast line on the Bay of Bengal. Between the 15th and 17th century Bangladesh was the center of building ocean going vessel in Asia. In 19th century the shipyards of Chattogram built many commercial ships and also British Navy vessel which participated in the battle of Trafalgar in 1805.

Shipbuilding is one of the uprising industry of Bangladesh with huge potentials. Though Bangladesh has a long history of shipbuilding but this industry has become a promising industry in recent years after locally made ships began to be exported. Government recognized it a major industry for export diversification and declared as the 'thrust sector' because of its potential in the export business. Due to historical background and natural geographical advantage now there are more than 200 shipbuilding and ship repair yards mostly concentrated in Dhaka, Chattogram, Narayanganj, Khulna and Barishal. Many of them are well organized in terms of production and assembly flow line.

1.1 Background and Motivation

Bangladeshi shipbuilders are now building a number of diversified vessels, such as multipurpose vessel, fast patrol boat, container vessel, cargo vessel, tanker, dredging barge, ferry, passenger vessel, landing craft, tourist ship, tugboat, supply barge, deck loading barge, pleasure craft, crane boat, speed boat, deep-sea trawler, self-propelled barge, inspection vessel, cargo coaster, troops carrying vessel, double-decker passenger vessel, hydro-graphic survey boat, pilot boat, hospital ship, and water taxi. With an increasing number of order both from the local and global buyer, the shipbuilding industry of Bangladesh flourishing rapidly. It is contributing to diversification of the country's export basket and generating employment opportunities. Local shipbuilder are exporting more work order as global shipbuilding industries are overbooked with orders from numerous buyer from all over the world.

According to the leading global data analysis agency the order for new ship across the world will increase to around \$650.83 billion in the year 2026. As per World Trade Organization (WTO) the global shipbuilding market size is US\$1600 billion. If Bangladesh can capture only one percent market share it will be worth as US\$16 billion. If Bangladeshi shipbuilders can grab 1% of global order for only small ships market the amount will be worth US\$4 billion. Ananda and Western Marine are two large shipbuilding company who are exporting in developed countries mainly to European buyer. Initially they exported some small boat to Maldives and Mozambique. But major turning point came when Bangladeshi shipyards started receiving order from Europe. German and Danish buyers ordered Multi-purpose cargo ships. From 2008, Bangladesh become a recognized shipbuilding nation by exporting these ships to Europe.

Shipbuilders of Bangladesh are very optimistic about their future prospects based on the increasing demand both in national and international market. Bangladesh is a lucrative destination in this market. Bangladeshi shipbuilders are now focusing on medium sized cargo vessels within 12000 DWT capacity instead of competing with major shipbuilding countries such as Japan, South Korea or Singapore, who are focusing on building big vessels above 50,000 DWT, Bangladesh focuses on a very specific segment of the market. This means the country is gearing up to seize the opportunity within limitation. Now there are also a growing domestic market demand for ocean going large ships. The industry can bolster its capacity to meet the demand on both front. It may change the industrial landscape of Bangladesh.

From different statistical data it has learned that there will be a huge demand for medium sized cargo ships running on green energy in the European market. Western Marine already got an order for an LNG driven cargo vessel from Norway. Besides this the demand for utility vessels such as tugs, offshore vessels or fishing trawlers are also increasing all over the world. As Bangladeshi shipbuilders have proved themselves to be a new and favorable destination for building these vessels so many buyer are booking their order. According to Western Marine, now they are building 38 ships for India, Norway and Netherlands. Recently they delivered two cargo vessel to India, an offshore patrol vessel to the Ministry of Fisheries of Kenya and a landing craft to the UAE.

The main advantage in building ships is the presence of Quality Management System (QMS) in Bangladeshi shipyards. Western Marine is an ISO 9001: 2015 certified yard, it means they ensure the best quality in their workmanship. Skilled and cost effective workforce with expertise is another important advantage of Bangladesh shipbuilding industry. For being a riverine country shipbuilders have the advantage of building yards on river banks. Besides all of these favorable weather condition allow Bangladeshi shipyards to be more productive compared to shipyards in Europe and other parts of the world.

Besides the advantages there have also some disadvantages. The additional financial cost of shipbuilding is higher than many of competitor country like China, Japan, Korea, India, Vietnam etc. Tax on imported shipbuilding machineries and components is also high. On the other hand India has only 10% financial cost and 30% subsidy. So it means India is 30%-40% ahead in competition. Though Bangladesh government give 15% subsidy to this sector but the bank loan interest rate is still in two digit (12%). So, only low labor cost cannot promote the survival of Bangladesh in shipbuilding industry. Though government recognized shipbuilding as a thrust sector but besides cash subsidy this sector should have many other financial support.

During the world recession the global shipbuilding market affected by the cancelation of many orders. But the market of small ships and vessels of various types remain unaffected during world economic recession. Because of recession the demand of large vessel dropped. Bangladesh did not face any blow like cancelation of order. It has seen that shipbuilding market are now leading by Asian countries. It is estimated that annually shipbuilding demand increases by 5% but the number of shipyards are not increasing. Experts says that recently the global shipbuilding industry is growing at a significant rate and the sector will see a high growth in next years as shipyards are receiving increased number of order.

The surplus demand of international market is one of the important plus point. But like Bangladesh many other competitor countries are now also trying to capture the surplus demand. Absence of adequate backward linkage industry is an important reason of delaying delivery and adding addition cost in the export of ships. As a potential export sector shipbuilding industry already proved itself. Export earnings from this sector is increasing year by year. In expert opinion other than IT sector shipbuilding is probably the most promising sector of Bangladesh. Country Director of Asian Development Bank mention Bangladesh shipbuilding as a hidden gem. According to him Bangladesh has tremendous potential with its current economic growth of 7 to 8 percent but the growth rate can be increased at 8 to 10 percent by well-trained people. Currently the shipbuilding firms have many order too delivery and there have a well demand of Bangladeshi ship because of low cost and durability of the ship.

According to the forecast the industry expert says in 2025 shipbuilding capacity of Bangladesh and world will be 1.0 to 92.5 million gross tonnage respectively. So Bangladesh will going to achieve the capacity of 1.50% of global ship building share within 2025.

The seven main shipbuilding companies are Khulna Shipyard Ltd, Western Marine Shipyard Ltd, Ananda Shipyard Ltd, Chittagong Dry Dock Ltd, FMC Dockyard Ltd, Karnafuli Shipyard Ltd, and Ready Point

Shipyard Ltd. Among all of the company Western Marine and Ananda Shipyard are leading the export market. According to Export Promotion Bureau (EPB), the two shipbuilders exported 40 ships both small and medium size vessel. From the year 2009 to 2017 they earned \$170 million from export.

By exporting thirty one ship of to Denmark, Germany, Ecuador, Finland, Tanzania, New Zealand, Gambia, Dubai, Uganda, Kenya, India and Pakistan Western Marine Shipyard has individually earned 89% of total export earning which valued \$150 million. On the other hand Ananda Shipyard earned \$20 million by exporting nine ships to Denmark, Mozambique and Maldives.

As the global demand is increasing and Bangladesh has potentiality in shipbuilding sector so well market analysis and policy making is necessary. By analyzing the performance, barrier and opportunities of shipbuilding companies in international business, government and financial firm will have a more clear idea about efficiency of this sector and they will provide more support in this sector.

1.2 Research Objectives

The research objectives of the study are following:

1. To identify the export related problems of shipbuilding companies operating in Bangladesh.
2. To identify the export related opportunities for shipbuilding companies operating in Bangladesh.

1.3 Contribution of the Study

From the beginning of the shipbuilding industry many researchers have analyzed the overall potentiality of this industry. They grossly identified different problems and prospects of Bangladesh shipbuilding industry. Though there have many research on shipbuilding industry of Bangladesh but there have not any specific study based on the evaluation of export related problems and opportunities for shipbuilders in Bangladesh. Shipbuilding industry is one of the emerging sector for Bangladesh. Now the shipbuilder firms are contributing more in export besides fulfilling the domestic demand. Already they have supplied many orders and they are getting more order from different international buyers. So it is necessary to identify the current export related problems and opportunities of shipbuilders of Bangladesh. This will be helpful for the policy maker to identify where the industry is facing problems and how to make government policy to make the industry more potential in export.

1.4 Limitation of the study

Preparing for this study was little bit tough as there is not any specific work in Bangladesh related to problems and opportunities of ship exporting. Though there have many shipbuilding companies in Bangladesh but only few companies are exporting their products in international market. As this study focus on specially identifying export problems and opportunities, so getting in depth information was little difficult.

II. Literature Review

Shipbuilding is a way of life in Bangladesh and stretches back over several centuries. Most ships and boats built to date were destined for use on inland or in coastal waters. Since 2006 Bangladesh has shown significant growth in the shipbuilding industry, especially as regards exports or intended exports (Brink et al., 2008). The optimism about this industry arose from the success attained by a number of local entrepreneurs who brought the name and fame to Bangladesh as a country with great potentials in shipbuilding by building and handing over some ocean-going vessels to overseas buyers (Shemon, 2008). As per recent statistics and world shipbuilding trend, the sea borne cargo growth was increasing 6-8% per year and demand of new shipbuilding was increasing at the rate of 3-4% per year (Khan, 2008).

Considering the world market and internal market, it is assumed that Bangladesh has a bright future to elevate herself as a shipbuilding nation in the world market and surely that factor should encourage more Bangladeshi entrepreneurs to come forward in this business (Zakaria et al., 2010). But shipbuilding, as a capital-intensive industry involves huge funding and also very long term investment (Stopford, 1988). At the same time, the world requirement to build new ships has been increased due to some requirements imposed through conventions of International Maritime Organization (IMO).

In this context Bangladesh has the opportunity to be a party to global shipbuilding business. Thus many people spoke that shipbuilding here would be developed like readymade garments. However, despite of expected bright prospects, this sector could not develop as much as thought of due to many challenges which need to overcome in order to make the nation prosperous (Rahman, 2017).

Shipbuilding, an ancient assembling industry producing tailored products, accordingly having the largest human input per unit of production, is always moving to countries with lower wages of required skills (Shemon, 2008). Cost of labor is about 20-30 percent of the cost of shipbuilding (Shenoi, 2007). Bangladesh has comparatively a lower cost of human inputs and can offer the best combination of cost, quality and productivity with its fast growing young workforce (Shemon, 2008). Bangladeshi workforce is acclaimed to be disciplined,

diligent, hardworking, obedient and quick learner and comparatively cheaper than any other country in the world (Zakaria et al., 2010). The productivity of Bangladeshi Shipbuilding labor is 11.43 compared with other countries, but proper training and automation of work will definitely improve the productivity (Shemon, 2010).

Shipbuilding as an attractive development tool in newly industrialized country and mentioned three points behind this; the first point is that shipbuilding is a medium technology industry which helps the emerging country to utilize the cost advantage from its cheap labor and other inputs, the second point is the international aspects of shipbuilding as it is an export-oriented industry so the country could earn huge foreign currencies which might strengthen its economy and the last point is the multiplier impact of this industry as it has a strong linkage with other emerging industries (Jhon, 2010).

There are nine key points that creates the competitive advantage over the other examining the world shipbuilding history; these nine elements are innovation and modernization, investment, production management, low cost covering labor, resource management and utilization, domestic steel industry, cheap currency, upstream and downstream linkages, government support and subsidies and regulatory framework (Burns, 2015). Based on evaluation of world shipbuilding analysis the new comers with low cost labor, decent capital investment as well as hard working and adaptation with market leads a successful ship building nation (Stopford, 2009).

Bangladesh has not managed to attract any FDI in ship building sector till now however a high labor intensive industry would find Bangladesh as an ideal location for foreign investment (Kathuria, and Malouchi, 2016). The shipbuilding capacity already developed here meeting the local demand is now eager to enter the international arena (Hasan et al., 2017). To develop shipbuilding villages in suitable locations in the coastal areas or estuaries of the rivers, a separate policy and act encouraging shipbuilding and FDI in the sector, which has been done in the Philippines and can create a fund to facilitate the industry or a separate authority could be developed as the Public Private Partnership (PPP) office under the Prime Minister office (Bari, 2010).

Shipbuilding industry has become more global than local due to increasing globalization demand and easy to move raw materials, components, finished product across the world waterways (Hossain and Zakaria, 2017). Shipbuilding is considered to be one of the most strategic, oldest, most open and highly competitive markets in the world. Historically, shipbuilding industry has suffered from the absence of global control and role and there is a tendency towards over-investment due to the fact that shipyards offer a wide range of technologies, employ a significant number of workers and generate income as a shipbuilding market (Hossain and Zakaria, 2017). On the other hand, it is very common that shipbuilding is always a state supported industry and enjoy government subsidies (Zou, 2009).

The global competition in the shipbuilding industry, which is continuously intensifying due to the entry of the developing countries into the shipbuilding market, leads to decreasing margins and enormous cost pressure in this industry (Ionescu, 2011). During the same period, South Korea entered on the market, using lower wages and choosing the shipbuilding as strategic industry. South Korea carefully planned an industrial strategy that led to a global market share of 25% in the mid '90s and the occupation of the first place in the field in 2005 (Ionescu, 2011). China is an emerging shipbuilder that overtook South Korea during the time of global financial crisis in year 2008 to 2010. China is now firmly the world's largest shipbuilder with around 45% of the world's total orders, and its quality and technology have improved significantly (Hossain and Zakaria, 2017).

Green shipbuilding is a new manufacturing mode, that is, "green" concept is included during the whole product life cycle including design, manufacturing, operation, and disposal process. In these processes, the environment impact and resource efficiency must be considered comprehensively. To meet the requirement of social development, improve the international competitive power and achieve the goal of powerful shipbuilding country, green shipbuilding must be carried out (Li et al., 2011).

The role of innovation development in the maritime industry is steadily growing and the maritime authorities and governments introduce tougher rules and requirements related to ship safety and emissions of dangerous gases (Solevik, 2016). In shipbuilding, the initial design phase should become the main focus of strategic IT development due to the fact that the technical risk is mainly driven by the initial design. To remain in the market means control of technical risk before signing the contract (Kruger and Harburg, 2003).

So from the above literature it is found that there have been conducted some studies regarding shipbuilding industries overall challenges and opportunities but there are not found any specific literature regarding shipbuilding industries exports related problems and opportunities.

III. Research Methodology

3.1 Research Approach: The purpose of this academic research was to identify the export related problems and opportunities of shipbuilders in Bangladesh and discuss about different matters that can progress the export of shipbuilding industry.

3.2 Research Method: This study was based on descriptive research where qualitative method was used to analyze most of the data and to identify the export problems and opportunities for shipbuilders in Bangladesh.

3.3 Questionnaire Design: In this study, questionnaire was designed to identify the problems and opportunities of Bangladeshi shipbuilder companies which exporting ships. The questions were a combination of basic inquiry about shipbuilding industry of Bangladesh, different export related problems and opportunities of shipbuilders, competition in both national and international market and finally about different ways of progress to develop the export of the industry. Most of the questions were designed to be open ended where the respondents were given scope to answer based on their own point of view, data and experience.

3.4 Data Collection:

3.4.1 Primary Data: Primary data was collected by visiting the offices of different shipbuilding firm in Dhaka, Chattogram and Khulna. Information was taken from different officials of shipbuilding firms, shipbuilder associations and Export Promotion Bureau.

3.4.2 Secondary Data: Secondary data of the study was collected from, Export promotion Bureau, Bangladesh Shipbuilders Association.

3.5 Sampling Design and Procedure:The population of the study was the five major shipbuilding companies of Bangladesh, Export Promotion Bureau and Bangladesh Shipbuilders Association. Twenty officials interview were taken from Western Marine Shipyard and Ananda Shipyard & Slipways Ltd., Khulna Shipyard, FMC Shipyard and Khan Brothers Shipbuilding Ltd. and also from officials of Bangladesh Export Promotion Bureau.

3.6 Data Analysis:Data analysis is done based on the interview of different officials. Based on their opinions and market study a number of problems are identified which create problems in ship exporting sectors. Many opportunities have also identified based on their interviews and analysis.

IV. Findings and Discussion

4.1 Problems Faced by the Shipbuilders:As mentioned earlier shipbuilding industry is one of the potential export sector of Bangladesh and government already introduced the industry as a ‘thrust sector’. From the previous discussion it can be told that export is rising year by year and there have a high opportunity to earn billions of foreign exchange only by grabbing one percent share of the world shipbuilding industry. Though the shipbuilding industry is rising and increasing earning foreign exchange but still there have many problems and by solving them the industry can emerge more efficiently. From the interviews of different officials following problems (which is divided in two categories-internal problems and external problems) and opportunities have been identified:

4.1.1 Internal Problems: There are some internal problems of shipbuilder companies because of which they are not capable to use their full capabilities.

Tender related problem:According to the interviews, getting order from international buyer companies is very much competitive as other countries exporters also bid and submit their tender. To get tender, companies have to maintain high communication with international buyer and sometimes they need to do joint venture with other third party.

Lacking of professionalism:According to the comment of different interviewees of major exporter of ships, there have lack of professionalism in shipbuilding industry. Because of lack of professionalism sometimes company failed to get tender from the international market and sometime maintaining proper workflow and product quality become tough.

Lacking of specialized department:There have a lacking of specialized department in Bangladeshi shipyard. The Assistant General Manager of Western Marine Shipyard share that China and other top competitor country have specialized department for each of production stage which are also technology based.

Lacking of skilled labor:Low cost labor force is one of the important asset for Bangladeshi shipbuilding companies. Though there have a large number of labor but most of them are not skilled. According to the Assistant General Manager of Western Marine Shipyard, “every year some young people are getting training from different government project but most of them are just taking the training to get the payment from the training program.” Though there have many particular training program under government supervision but there have lacking of well-skilled welding labor in the local shipyard.

Management related problem:According to the two officials of Western Marine Shipyard and Ananda Shipbuilding and Slipways Ltd., “there have many management related problems which make different obstacles in case of having international order, proper promotion, and negotiation with the government and also in case of delivery of ships”.

4.1.2 External Problems: There have many external problems which are affecting the progress of shipbuilding industry though it has high efficiency in export. Some external problems which are found from the interview is briefly describing here:

High import tax on raw materials:The raw materials of ships are very expensive. More than 60% of raw material have import from other country. Based on the customer’s requirements the shipbuilding firms import raw material to build the ship. But the import tax of raw materials is still double digit, which is a barrier for the builder. Because of the high import tax on raw materials their production cost increase than their competitors.

Financing problem: Though shipbuilding companies get an initial loan facility but they do not get regular financial support from the government or from the financing firm. Bank loan interest is still two digit for ship building company. As the making of ship is lengthy so most of the bank do not want to invest in it. Though many of the financing firm give loan but their interest rate is higher than the bank. Sometime they have to delay the ship delivery because of financial problem.

Bureaucratic problem: From the interview, it is get to know that this is one of the problem behind the progress of the industry and having different facilities in case of selling product in international market. Because of this problem shipbuilding companies are not having proper facility or promotion though the government address this sector as a potential and progressive one.

Lacking of promotion: It's been almost ten years that Bangladeshi shipbuilding companies are exporting their ship in international market. They are progressing and the demand for Bangladeshi ship is increasing day by day. Though they have the potentiality of making international standard ship but there have not that much promotion of this uprising sector in international market. In South Asia besides Bangladesh there have many other strong competitor also. So lacking of promotion is one of the important obstacles to sustain in high global competition.

Uncertain cancelation of order: Sometimes shipbuilding companies face uncertain cancelation of order from the international buyer. The officials of Western Marine Shipyard share one of their experienced that in 2013 they got order for 12 ship from Germany. Which was a deal of 120 crores. But after one year when Western Marine almost complete work of 8 ship they uncertainly cancel their order because of their sudden government rules.

Besides the including problem there have many other hidden problems which officials did not disclose because of company confidentiality.

4.2 Opportunities for the Shipbuilders:

One of the big opportunity for the Bangladeshi shipbuilding industry in export is that the major competitor is focusing to build high capacity vessels. So Bangladeshi companies can grab rest of small vessels market share. Presently the companies are improving their production quality and already established their position in different international market. Different important opportunities of Bangladeshi shipbuilding companies in export are following:

Uprising international demand: Based on the responses of different officials of major ship exporters and shipbuilders association the international demand for Bangladeshi ship is increasing yearly. The Assistant General Manager of Western Marine Shipyard said that from 2010 to 2018 they get order for 37 ships from different international buyer. Already they delivered 32 ships and five ships are on processing to delivery. The same situation is prevailed in case of Ananda Shipyard & Slipways Ltd and other interviewed shipbuilders.

Demographic demand: According to different international report Bangladesh is having demographic dividend. Huge labor availability with efficiency is one of the important opportunity to increase its export. Government raising different training program for ship building industry under the SEIP project. So every year huge amount of young people are getting training and they are becoming efficient in different production sector of shipbuilding. On the other hand every year Bangladesh is having well efficient engineer of marine science from different reputed engineering university. To improve the quality and capacity to make world class ship it is one of the opportunity for the shipbuilding companies.

Uprising light engineering sector: Light engineering sector is one of the potential export sector of Bangladesh. Bangladesh government is giving 15% cash subsidy facility in export. As shipbuilding companies have to import more than 60% raw materials so this sector can be the substitute of import. The Design Assistant Engineer of Ananda Shipyard & Slipways mentioned that though the light engineering sector is improving right now but in the near future if they get proper support then they can be the source of raw materials for shipbuilding industry.

Uprising IT sector: The IT sector of Bangladesh is also progressing. Bangladesh government is giving 10% cash subsidy on export and also mention this sector as 'thrust sector'. From the literature review its get to know that the world is now thinking about green ship building and the design work is changing from manual to IT based. By using the uprising IT sector besides maintaining the accuracy it is possible to reduce the design cost.

Safe working environment: Now-a-days the concern for safe working environment and labor right is increasing. As shipbuilding companies are now doing export so to attract the buyers they have to maintain a safe working environment based on the rules and regulation of International Maritime Organization (IMO). They are maintaining different safety standard to create a safe working environment. These all thing are opportunities of Bangladeshi shipbuilding companies to attract the international buyer.

Geographical advantage: Bangladesh has the opportunity to progress its shipbuilding industry based on the locational advantage. Geographically from the ancient time Bangladesh has the plus point in shipbuilding industry. By becoming the hub of South Asia, Bangladesh will be a well competitor in South Asian market.

Long coast line area: Geographically Bangladesh has a long coast line area which provides natural advantages here. Western Marine Shipyard has the largest shipyard in Bangladesh and their shipyard is located

inKarnafuliRiverside, near the Bay of Bengal. If companies can get the facility from the government to build shipyard in coast line areas then they can increase their production capacity.

Facility of deep sea port:Payra deep sea port and Matarbari deep sea port are two ongoing mega project of Bangladesh government. The construction of Matarbari deep sea port is going to end in 2022. This two deep sea port are big plus point for the shipbuilding companies also. Because of lower depth in coast line area it is tough to build high Dead Weight Ton (DWT) ships. Though Bangladeshi shipbuilding companies have the capability to build high standard ship but because of the water depth it is hard for them to deliver it to the buyers. So, by having the facility of deep sea port they can increase export amount.

Entering of Navy in Shipbuilding:Besides giving military service in the sea area Bangladesh Navy is now contributing in shipbuilding. They are making ship in Khulna shipyard and Chittagong Dry Dock Ltd. is also under the authorization of Bangladesh Navy. There have different comment on this matter. Some of the officials think that this increasing competition in international market divided the foreign earnings. But some of the official think that this increased competition can add value in shipbuilding industry and can increase the foreign earnings. As the competition is increasing so major exporter companies are also increasing their product quality and professionalism.

Capability of making warship:Chittagong Dry Dock Ltd has already started the processing of building six frigates for Bangladesh Navy. According to collected information twelve international companies already expressed their interest to do joint venture with Chittagong Dry Dock Ltd. to build those frigates jointly. As Bangladeshi companies are increasing their capability so besides the shipbuilding sector they can also earn foreign exchange from the marine defense industry also.

4.3 Summary of the Findings:

The objectives of the study is to identify export related problems and opportunities for shipbuilders that operating in Bangladesh. From the interview, opinion of different officials and previous studies, there have found different problems. The problems of shipbuilders can be classified in two categories. Some are their company's internal issues and some of them are outside issues. Those all identified problems are tendering problem, lack of professionalism, lacking of specialized department, insufficient skilled labor, semi-skilled management team, high import tax on raw materials, financing problem, red-tapes and uncertain cancelation of products order. For different internal issues they can't increase their capabilities and because of the external problems they are not getting the proper way to progress in case of exporting.

Besides the problems there have found many opportunities from this research. This opportunities are demographic dividend, uprising light engineering sector, uprising IT sector, safe working environment, geographical advantage, long coast line area, facility of deep sea port, entering of navy in shipbuilding and capability of making warship. By capitalizing this opportunities properly Bangladesh shipbuilding industry can establish itself as a major industry and contribute hugely to its developing pace. And also using this industry they can increase their standard and can increase efficiency in case of making world class vessels.

V. Conclusion

The global society supported by global economy that simply could not function if it were not for ships and the shipping industries. Basically, overwhelming globalization demands the ability to transport raw materials and products across the world through waterways and the shipbuilding industries make it possible. As on today shipbuilding is the industry of Asia with three giant shipbuilders of the world, i.e. China, South Korea and Japan. However, these giants are more attentive towards larger vessels. As a result construction of small and medium vessels (25,000 DWT or below) remains the task of developing nations like India, Pakistan, Vietnam, Philippine, Bangladesh etc. In this perspective, Bangladesh and other countries which produce small and medium ships and vessels has an opportunity to nurture and develop their shipbuilding industries which had a long glorious heritage.

If Bangladesh become proactive in shipbuilding sector to catch and hold a chunk of global projects and ensure construction of all ships for own use at local shipyards, the dream of becoming middle income nation will be nearer. For the development of shipbuilding industry its need to promote the capability of shipbuilding companies in the foreign market, infrastructural facility, and long term government policy support along with attractive investment climate. The purpose of this research was to identify the export related problems and opportunities of shipbuilders on which any notable work did not found together. It is necessary to know the problems and opportunities of a progressing industry which have high potentiality in international market. From the study shipbuilders can easily point out their problems and opportunities and they can capitalize their potentiality. This study also will be helpful of the government to take proper policy for the shipbuilding company.

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