



Asia-Pacific Trade Briefs

Bangladesh

Merchandise Trade: Merchandise trade accounted for 87.3% of Bangladesh's total trade in 2015. Bangladesh outperformed the Asia-Pacific region with its robust export growth of 14% per year during 2010-2015 compared with merchandise export growth of 7.5% by the Asia-Pacific region. In 2015 in particular, as the region experienced a sharp export contraction by 9.7%, Bangladesh's export growth rate continued to grow dynamically at 6.5%. Exports are heavily concentrated in the textiles and garments sector, which collectively accounted for 72.2% of total exports. The country's strong competitiveness in the labour-intensive textile and garment industries can be explained by the abundance of low-wage workers and the Generalized System of Preferences given by large trade partners, especially countries in the European Union and the United States. Although imports fell by 6.6% in 2015, the rate was lower than the Asia-Pacific average import decline of 15%. The largest imports by Bangladesh are petroleum oils and fabrics. The import contraction was largely driven by declining import bills due to falling prices of oil and petrochemical products.

Services trade: Service exports grew modestly by 6.4% per year during 2010-2015, followed by a slowdown in growth to 3.5% in 2015. In contrast, service imports grew rapidly, especially in 2015, when, imports increased by 21.5%. Information on the sectoral breakdown in services trade in 2015 was not available at the time of preparing this report.

Intraregional trade: In 2015, 16.5% of goods exports were to the ESCAP region. Countries in the European Union accounted for more than 44.5% of total exports by Bangladesh, followed by the United States (17.6%) and Japan (3.3%). Of the total imports, 76.8% were sourced from the ESCAP region. China (39.1%) and India (15.5%) were the largest import sources.

Foreign direct investment (FDI): Bangladesh is a net recipient of FDI. Inflows of FDI have grown robustly, averaging 19.6% per year during 2010-2015. In 2015, in particular, inflows into Bangladesh increased substantially by 44.1% to reach a historic peak of US\$ 2.2 billion. The banking, textiles and energy sectors attracted the largest amounts of FDI. The United States and the United Kingdom were the largest foreign investors, collectively accounting for 27.2% of FDI inflows into Bangladesh.

Tariffs: Tariff protections remained high compared to the regional average. In 2013, average MFN applied and effective tariffs were 13.8% and 12.9%, respectively. These rates were considerably higher than the respective averages of 6.9% and 5.9% for the Asia-Pacific region. Average MFN bound duty was 163.2% and the country's binding coverage was 14.3% of its tariff lines, which was significantly lower than the Asia-Pacific region's average of 84.9%.

Trade costs: International trade costs in Bangladesh remained considerably higher compared with the most efficient major traders in Asia and the Pacific, yet showed a steady declining trend during 2009-2011. Trade costs for Bangladesh are, on average, three times higher than those incurred by East Asia-3 and two times higher than for the European Union-3 in reaching major trading economies in Asia and the Pacific (China, India, Indonesia and the Russian Federation).

Trade agreement: Bangladesh has five preferential trade agreements (PTAs) in force, which is lower than the Asia-Pacific average of 7.6 agreements. Because exports by Bangladesh were mainly with advanced countries from which Bangladesh received GSP, only 10.4% of total exports were with PTA partners. However, trade coverage by PTA partners was much higher for imports, with a coverage ratio of 64.5% of total imports compared with 44% in the Asia-Pacific region.

Figure 1. Key trade and investment indicators

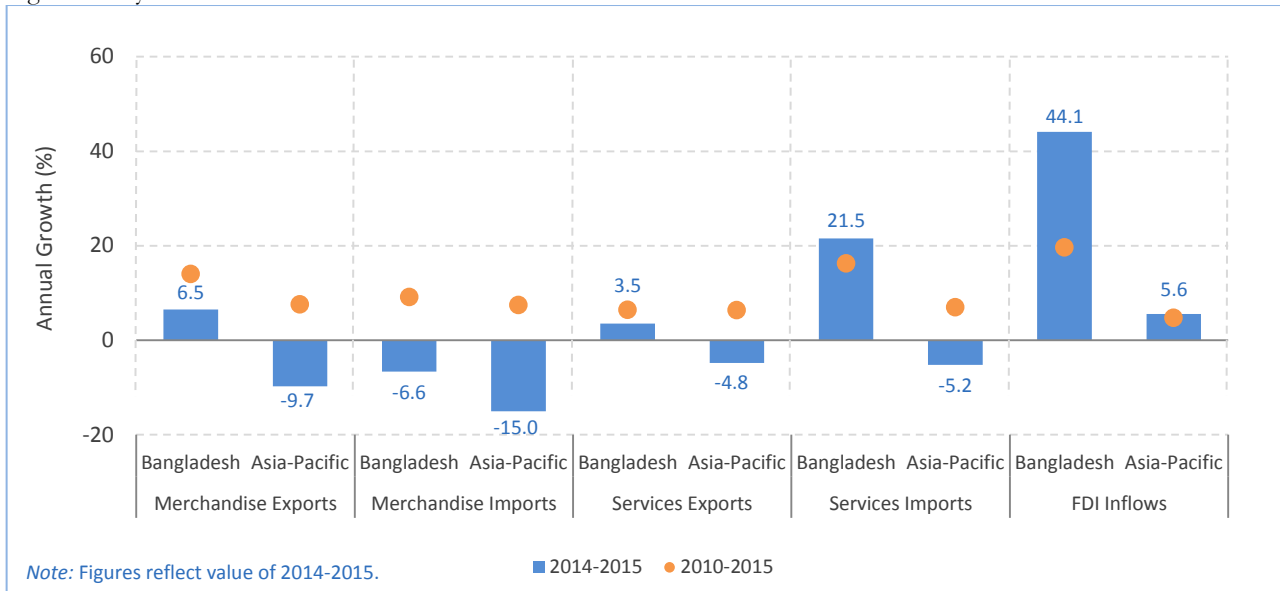


Figure 2. Top merchandise markets

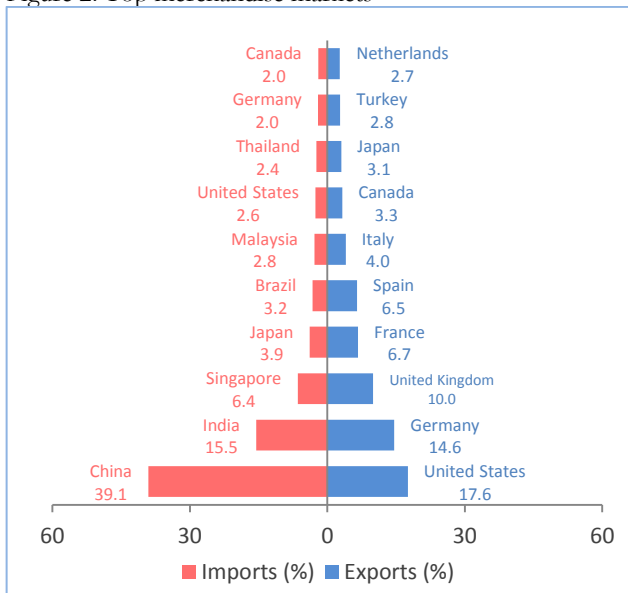


Figure 3. Top merchandise products

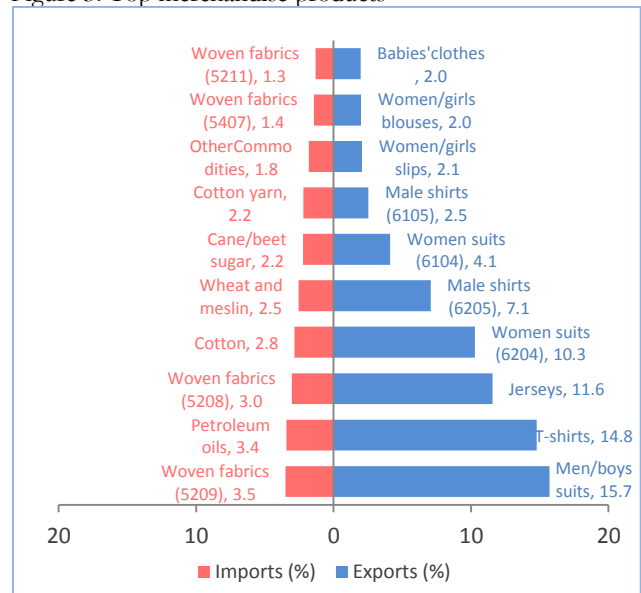


Figure 4. Trade within the region and rest of the world

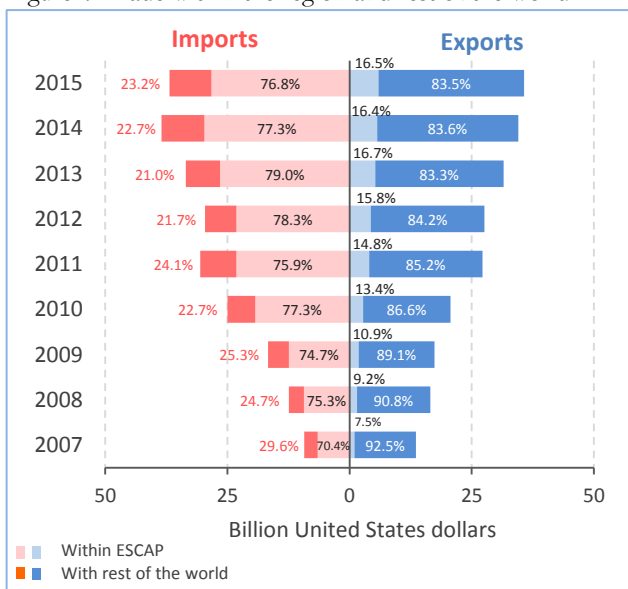


Figure 5. Foreign direct investment

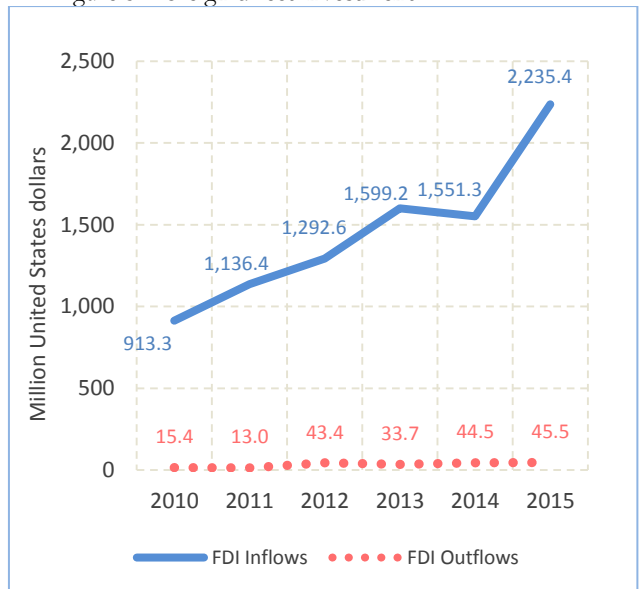


Figure 6. Tariffs (as of 2013)

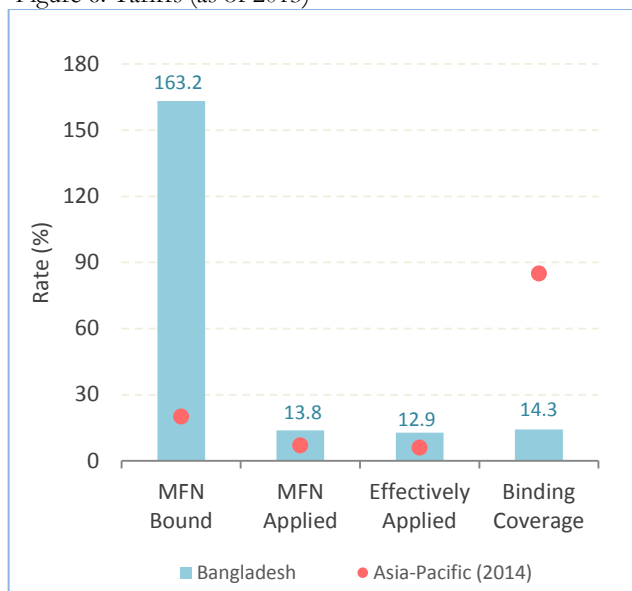
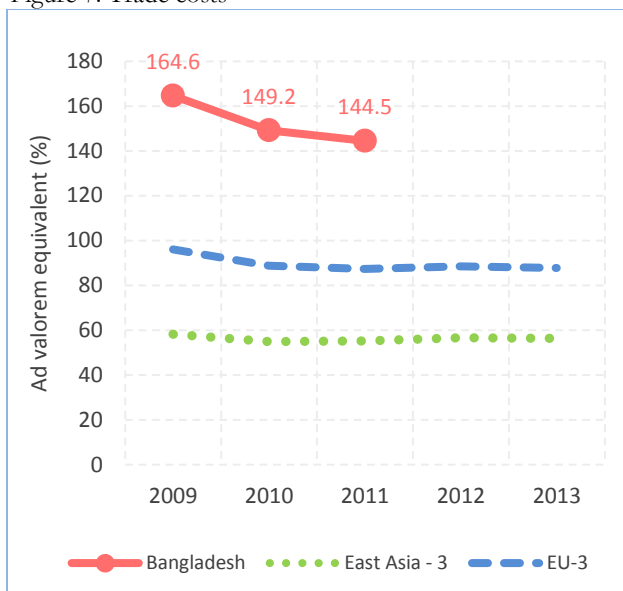


Figure 7. Trade costs



Sources: Trade and tariff data were accessed through WITS. FDI data were accessed through UNCTAD stat. Trade costs data were based on the ESCAP-World Bank trade cost database.

Note: Data are based only on countries for which they are available. Merchandise trade data follow the HS2007 classification. Mirror data are used. Products are defined at the 4-digit level. Tariffs are simple average. Trade costs shown are tariff equivalents, calculated as trade-weighted average trade costs of countries with the four developing economies (China, India, Indonesia and Russian Federation). Trade costs for East Asia-3 comprises China, Japan and the Republic of Korea; trade costs for European Union-3 comprises Germany, France and the United Kingdom.

Definitions: MFN bound tariff is the maximum most-favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied to imports among WTO members. The effectively applied rate is the ratio of collected import tariff revenue and value of imports. Binding coverage refers to the share of bound tariff lines in the total number of tariff lines. For more details see escap-tiid@un.org.