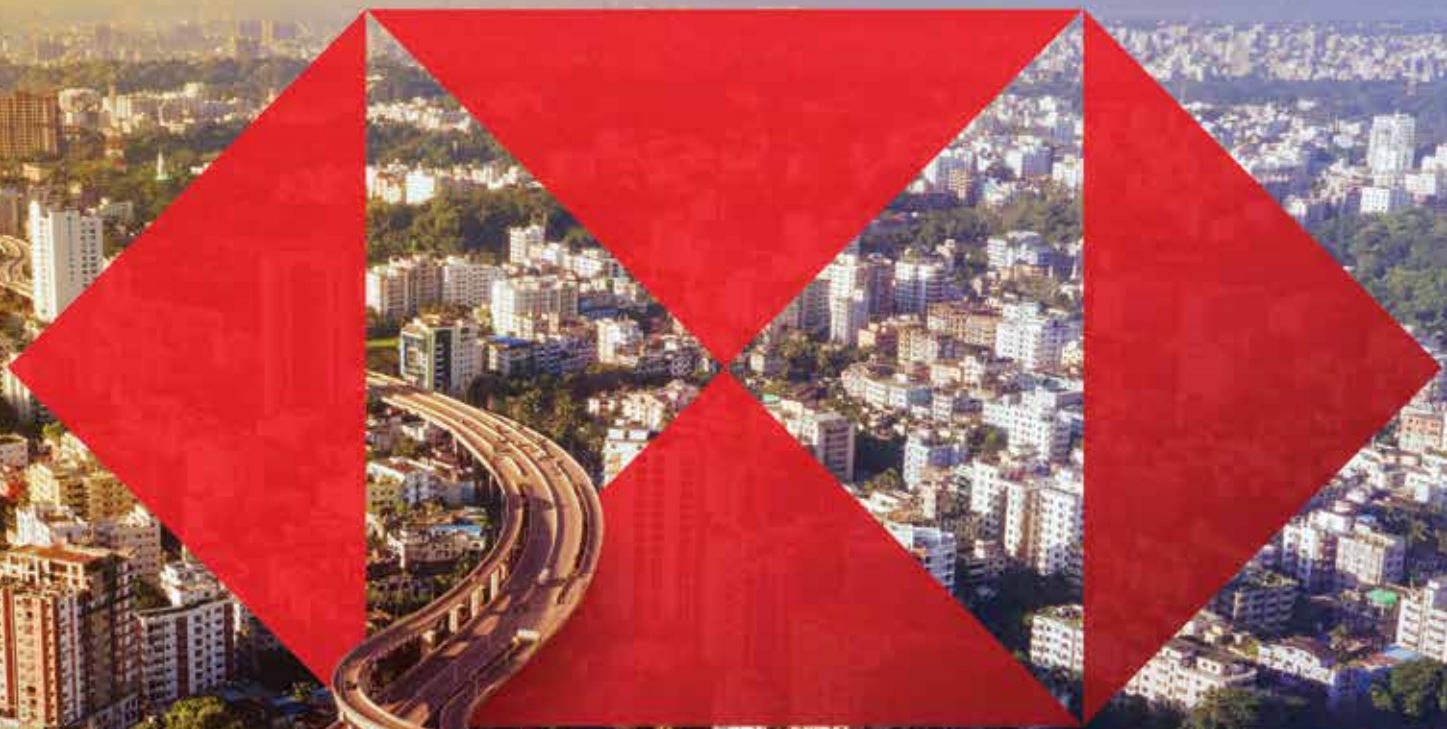


# Legacy and the Future: Navigating New Opportunities for UK and Bangladesh

November 2024











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# Message from HSBC Bangladesh CEO

In an increasingly interconnected world, nations are required to build on their engagement with strategic corridors. The United Kingdom-Bangladesh relationship offers a compelling case study of two countries with a shared history, values and trade relationship. This holds true for now and for the future.

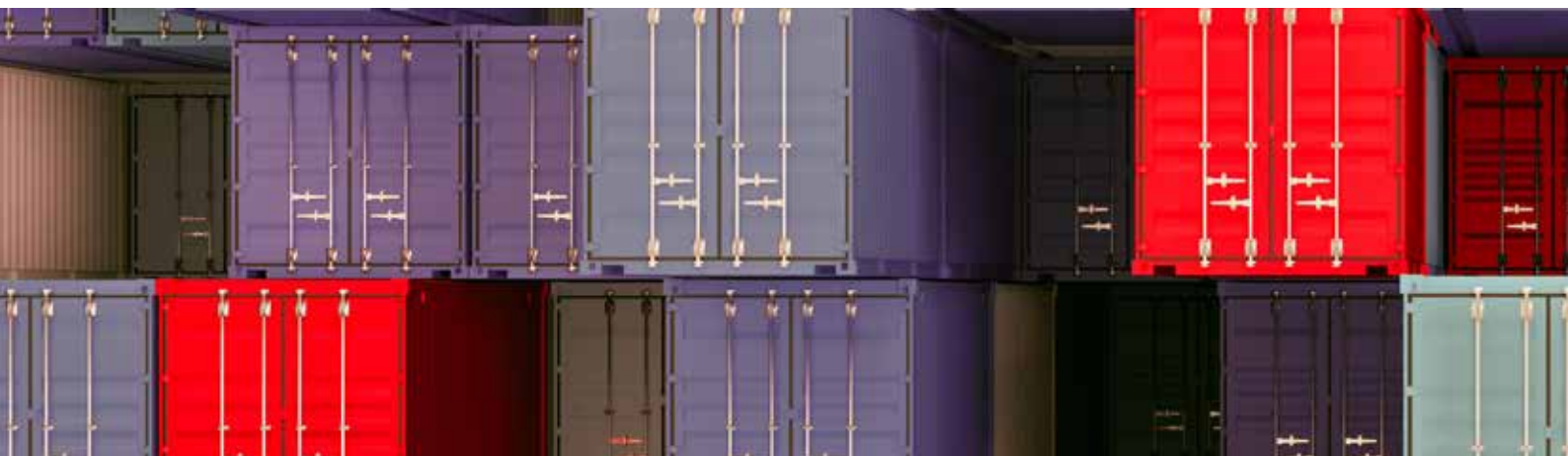
As part of HSBC's commitment to opening up a world of opportunities, Ernst & Young (EY) and Quay Asia have been commissioned to undertake a comprehensive study on the UK-Bangladesh corridor, the first of our **'Legacy and the Future'** series. This report explores the historical context of the UK-Bangladesh relationship, while also providing a forward-looking perspective on the bilateral relationship. With innovation and evolving competitive advantages of the respective nations, there will be a constant need for our understanding of this relationship to be dynamic.

Traditional beliefs are often challenged by empirical data. We hope this report serves as a foundation for policymakers, entrepreneurs, and the business community to take the relationship to the next level. We believe that by fostering deeper understanding and collaboration, we can unlock the full potential of the UK-Bangladesh relationship and contribute to the prosperity of both nations.



**Md Mahbub ur Rahman**

Chief Executive Officer of HSBC Bangladesh



# Message from British High Commission

Bangladesh is a vibrant trading partner for the UK, supported by a young and dynamic population, which continues to be of growing international importance. Our trade and investment relationship has strengthened over the years, positioning Bangladesh as one of the UK's key partners in South Asia. With a focus on collaboration and partnership, there is great potential for continued growth.

The UK remains a key destination for Bangladeshi exports, including ready-made garments, textiles, and agricultural products. As Bangladesh approaches its transition from Least Developed Country (LDC) status in the coming years, it will need to seize the strategic opportunities ahead. The UK's Developing Countries Trading Scheme (DCTS) will help sustain access to the UK market while promoting the development of higher-value sectors like electronics & electricals, pharmaceuticals, leather goods, and agro-processing.

The report, **Legacy and the Future: Navigating New Opportunities for UK and Bangladesh**, highlights ways to further strengthen our relationship. By enhancing trade infrastructure, logistics, and fostering collaboration in areas like digital trade, education, and healthcare, this study outlines how both countries can address challenges and unlock new opportunities. I am pleased this study will play a role in helping realise our shared ambition to boost two-way trade and investment.

By working together, I am confident we can continue driving economic growth, fostering innovation, and building a resilient trade partnership that benefits both the UK and Bangladesh.



**Sarah Cooke**

British High Commissioner to Bangladesh



# Executive Summary

Bangladesh is among the UK's largest trading partners in South Asia, and the UK is a major export destination for Bangladesh. Bangladesh consistently maintains a trade surplus with the UK, with the UK being its 3rd largest export market in 2022–23. There has been a notable export growth rate of 6.23% CAGR from 2018–19 to 2022–23 from Bangladesh to the UK.<sup>1</sup>

The UK has provided duty-free export facilities to Bangladesh as a UN Least Developed Country (LDC). This study explores strategies to enhance trade between the UK and Bangladesh, focusing on optimizing existing trade agreements, addressing challenges, and identifying new opportunities to strengthen economic ties between the two nations as Bangladesh transitions from Least Developed Country (LDC) status by 2026.

## Key Findings:

- 1. Current Trade Landscape:** The UK and Bangladesh have a long-standing trade relationship, with significant exports from Bangladesh concentrated in ready-made garments (RMG), textiles, and agricultural products. The UK, with steadily increasing trade volumes, is a significant trading partner for Bangladesh.
- 2. Growth Prospects:**
  - ◆ Bangladesh's Exports: The RMG sector remains the backbone of Bangladesh's exports to the UK. However, there is significant potential for diversification into pharmaceuticals, leather goods, jute products, and agro-processed goods.
  - ◆ UK's Exports: The UK has opportunities to increase exports to Bangladesh in sectors like machinery and equipment, IT services, renewable energy, healthcare, and higher education.
- 3. Strategic Opportunities:**
  - ◆ The UK's Developing Countries Trading Scheme (DCTS) provides a platform for Bangladesh to maintain preferential access to the UK market post-LDC graduation. There is a critical need for Bangladesh to diversify its export base and move up the value chain to ensure sustainable growth.
  - ◆ Collaboration in education, infrastructure development, and digital trade can further enhance bilateral ties, leveraging the strengths of both nations.
- 4. Challenges and Barriers:** Bangladesh faces challenges related to regulatory and policy environments, including complex tariffs, intellectual property protection, and inadequate logistics infrastructure. Addressing these issues through policy reform and capacity building is essential for improving trade efficiency and competitiveness.

**Way Forward:** To foster a more resilient and diversified economic partnership between the UK and Bangladesh, ensuring mutual prosperity and the ability to navigate future global trade challenges effectively, the study recommends:

- ◆ **Leveraging the DCTS:** Bangladesh should enhance compliance with DCTS and leverage it for deeper integration into global supply chains, maintaining UK market access post-LDC graduation.
- ◆ **Promoting Export Diversification:** It is imperative for Bangladesh to diversify beyond RMG., with UK support in developing sectors like agro-processing, ICT.
- ◆ **Enhancing Trade Infrastructure:** Improving ports, logistics, and digital systems is vital for competitiveness, with UK expertise in smart infrastructure.
- ◆ **Strengthening Regulatory Frameworks:** Aligning standards, simplifying customs, and improving IP protection will facilitate smoother trade.
- ◆ **Fostering Skill Development:** Addressing the skills gap through UK partnerships and Centers of Excellence will enhance innovation in expanding sectors.











# 1 | Current Trade Scenario

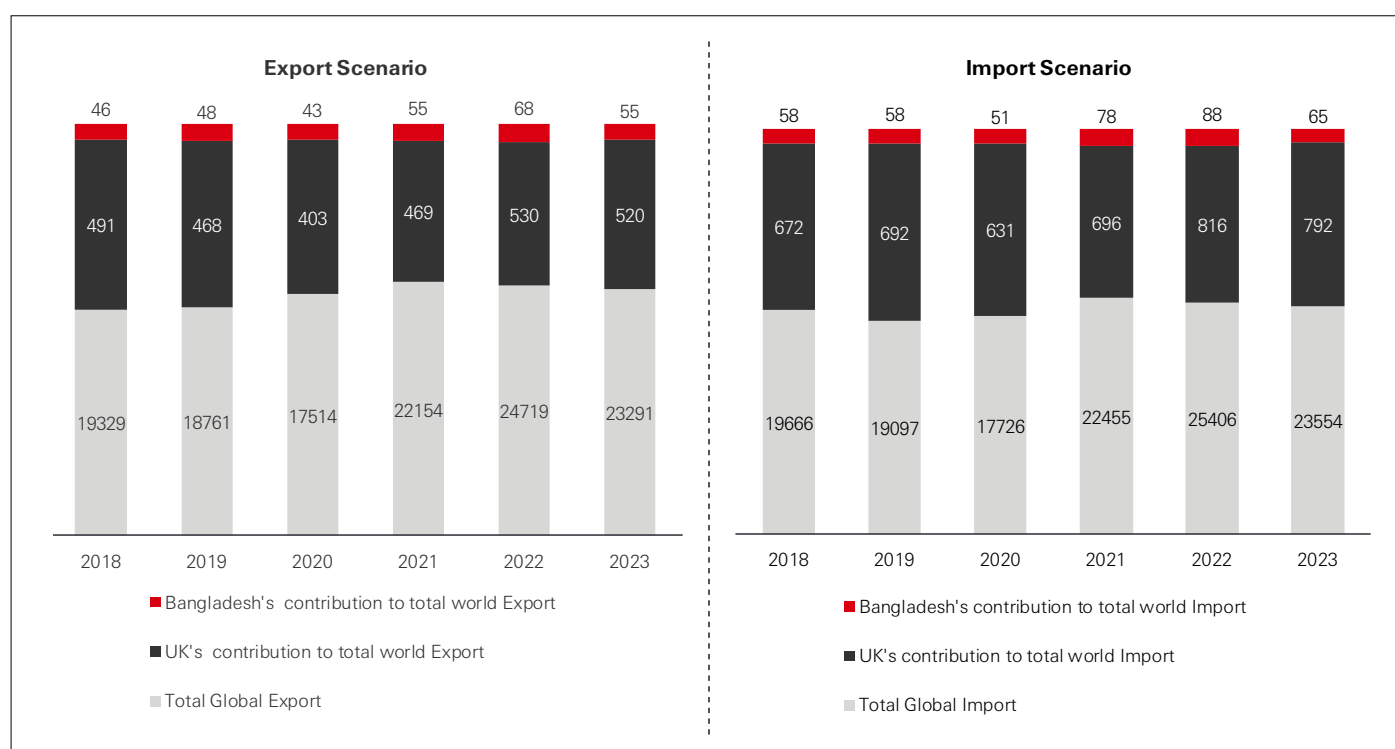
The UK and Bangladesh share a significant trade relationship, with the UK serving as one of Bangladesh's largest export markets, particularly for ready-made garments (RMG), which account for over 80% of Bangladesh's total exports to the UK.<sup>1</sup> This robust trade partnership is strengthened by the UK's Generalized Scheme of Preferences (GSP), offering duty-free and quota-free access to most Bangladeshi products. As both nations aim to deepen their trade ties, there is growing potential in sectors such as technology, services, and sustainable products, which are expected to further enhance bilateral trade and contribute to global economic integration.

Despite Bangladesh's consistent trade surplus with the UK, with the UK being its 3rd largest export market in 2022—23, and a notable export growth rate of 6.23% CAGR<sup>1</sup> from 2018—19 to 2022—23, imports from the UK to Bangladesh have been steadily declining by an average of —3.69%<sup>1</sup> annually. To address this imbalance and capitalize on emerging opportunities, both countries are focusing on diversifying their trade portfolios, which could lead to a more resilient and mutually beneficial partnership in the years to come.

## 1.1 Global trade scenario: Bangladesh and the UK role

Over the last few years, global trade has seen significant improvement, marked by a notable increase in 2021 that continued into 2022, surpassing the previous year's levels. Despite a slight dip in 2019, the overall trend in global trade over the past five years has been upward, showcasing resilience and recovery in global economic activities. The rapidity and intensity of the rebound from economic disruptions have been remarkable. In 2022, the value of world trade soared to US\$ 50,099.85 million<sup>1</sup>, reflecting a substantial 12% increase over 2021.

**Figure 1: Global Trade Scenario with contributions from the UK & Bangladesh (in US\$ billion)<sup>1</sup>**



Source: Trademap

Despite several major economic shocks in recent years, world trade has shown remarkable resilience. By the end of 2023, merchandise trade volume had increased by 6.3%<sup>1</sup> compared to 2019, and commercial services also experienced growth.

The emergence of COVID-19 initially caused a significant downturn, with a 15.4%<sup>1</sup> drop in merchandise trade volume in the second quarter of 2020. Nevertheless, a robust recovery was observed in 2021, with trade volumes surging by 20.6%<sup>1</sup>, thereby exceeding the highest levels recorded before the pandemic. Forecasts indicate that the volume of global merchandise trade is expected to expand by 2.6% in 2024<sup>1</sup> and further by 3.3% in 2025<sup>1</sup>.

In 2022, the UK was the 13th largest exporter and the 4th largest importer of goods worldwide. It also ranked 5th in service imports and 2nd in service exports. In contrast, Bangladesh ranked 56th in goods exports and 49th in goods imports, while placing 70th in service exports and 59th in service imports.

The UK's total trade remained steady over the years. Starting at US\$ 1,161 billion in 2018<sup>1</sup>, it grew to US\$ 1,312 billion by 2023<sup>1</sup>, marking a 13.1% increase.

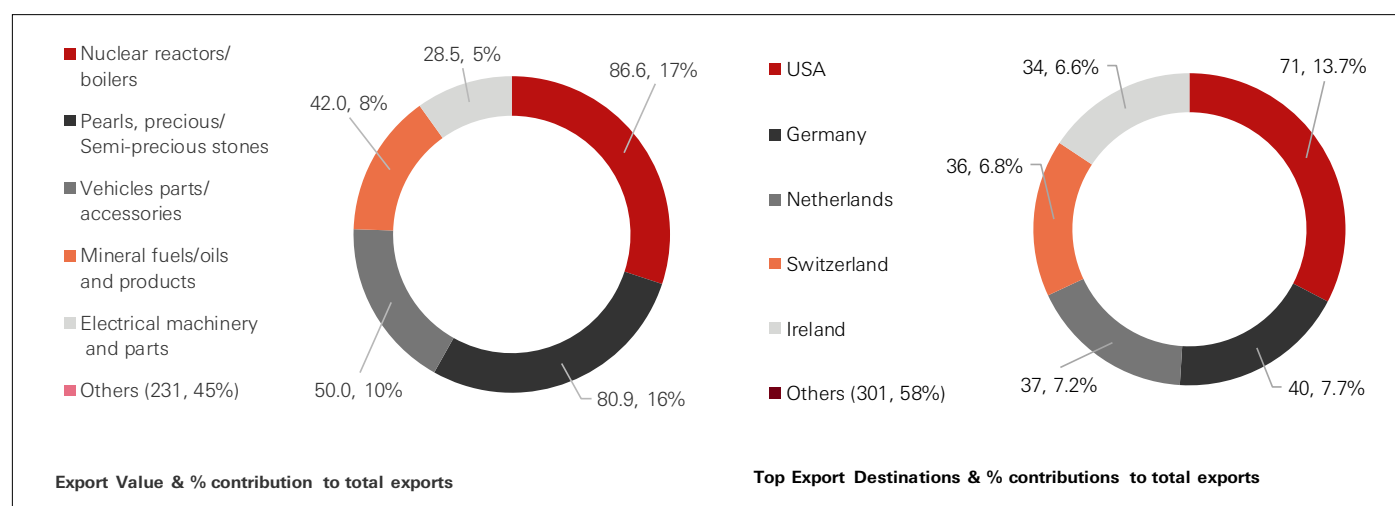


## 1.2 The UK and Bangladesh's Contribution to Global Trade

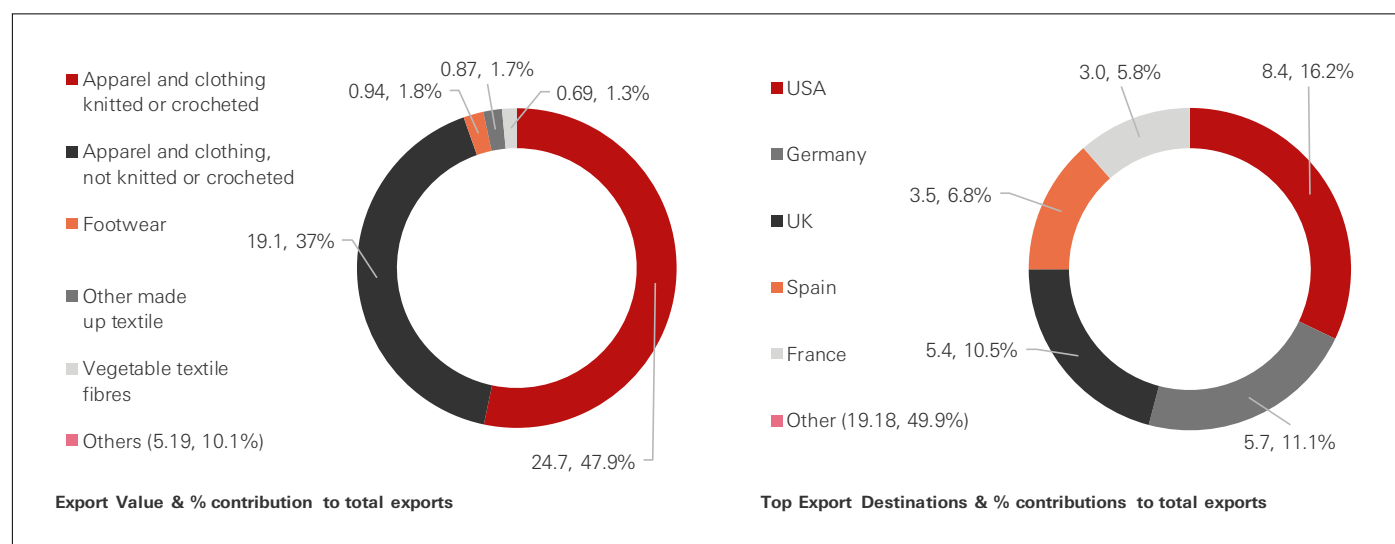
The UK has demonstrated a strong and consistent performance in international commerce, with its total exports reaching US\$ 519 billion in 2023<sup>1</sup>. This underscores the UK's significant role in worldwide trade. Leading the export charge, nuclear reactors, boilers, machinery and mechanical appliances brought in US\$ 86.6 billion<sup>1</sup>, making up 17% of the UK's export earnings. Close behind, the gems and jewellery industry also made a notable impact, comprising 16% of exports at US\$ 80.9 billion<sup>1</sup>.

From 2019 to 2023, these exports saw a remarkable yearly growth of 23%, securing a 9.3% slice of the global export pie. Meanwhile, Bangladesh's exports climbed to US\$ 51.5 billion<sup>2</sup> by May of the 2023–2024 fiscal year, a 7.8% increase from the prior year. The forefront of Bangladesh's export growth was the knitted or crocheted clothing sector, which accounted for US\$ 24.7 billion<sup>2</sup>. Following this, non-knitted or crocheted goods were the second major export, contributing US\$ 19.1 billion<sup>2</sup> or 37% of the total exports. These industries have been instrumental in establishing Bangladesh as an important contributor to global trade.

**Figure 2: The UK's top 10 globally exporting sectors and importing countries (in US\$ billion) for 2023<sup>1</sup>**



**Figure 3: Bangladesh's top 10 globally exporting sectors and importing countries (in US\$ billion) for 2023–24 (July – May)<sup>3</sup>**

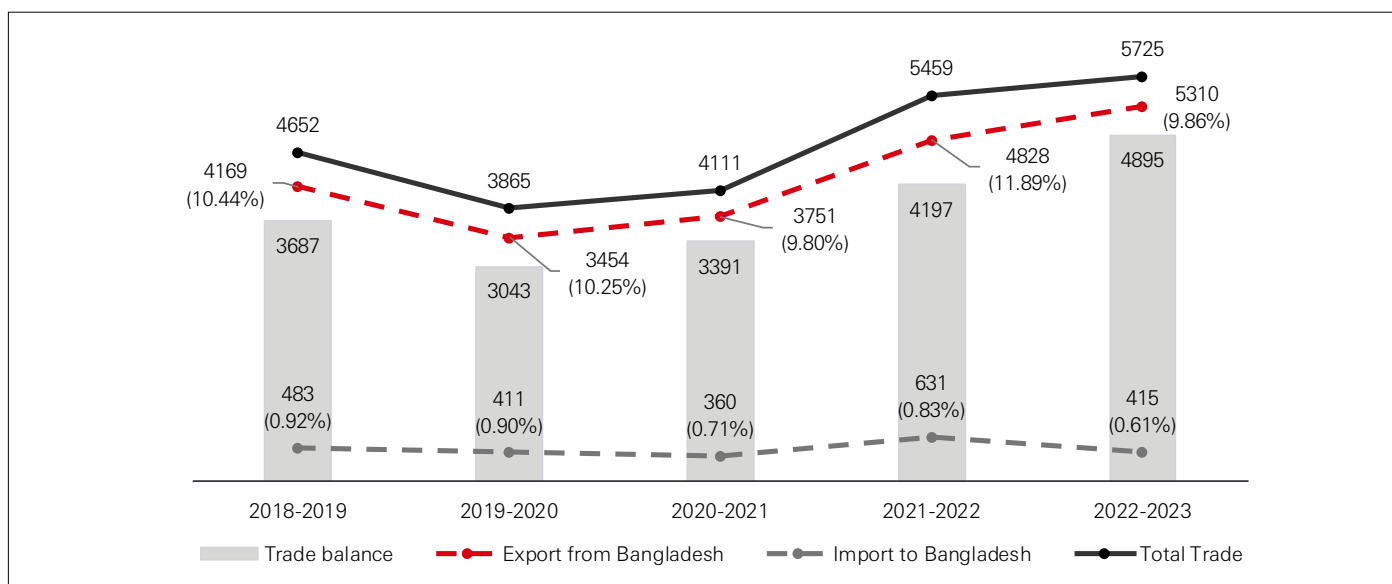


Source: Trade map and Bangladesh Trade portal

## 1.3 Export import between the UK– Bangladesh

Bangladesh has consistently upheld a positive trade balance with the United Kingdom, establishing it as a key export hub. Bangladesh has broadened its export range, notably with high-value products, resulting in significant achievements.

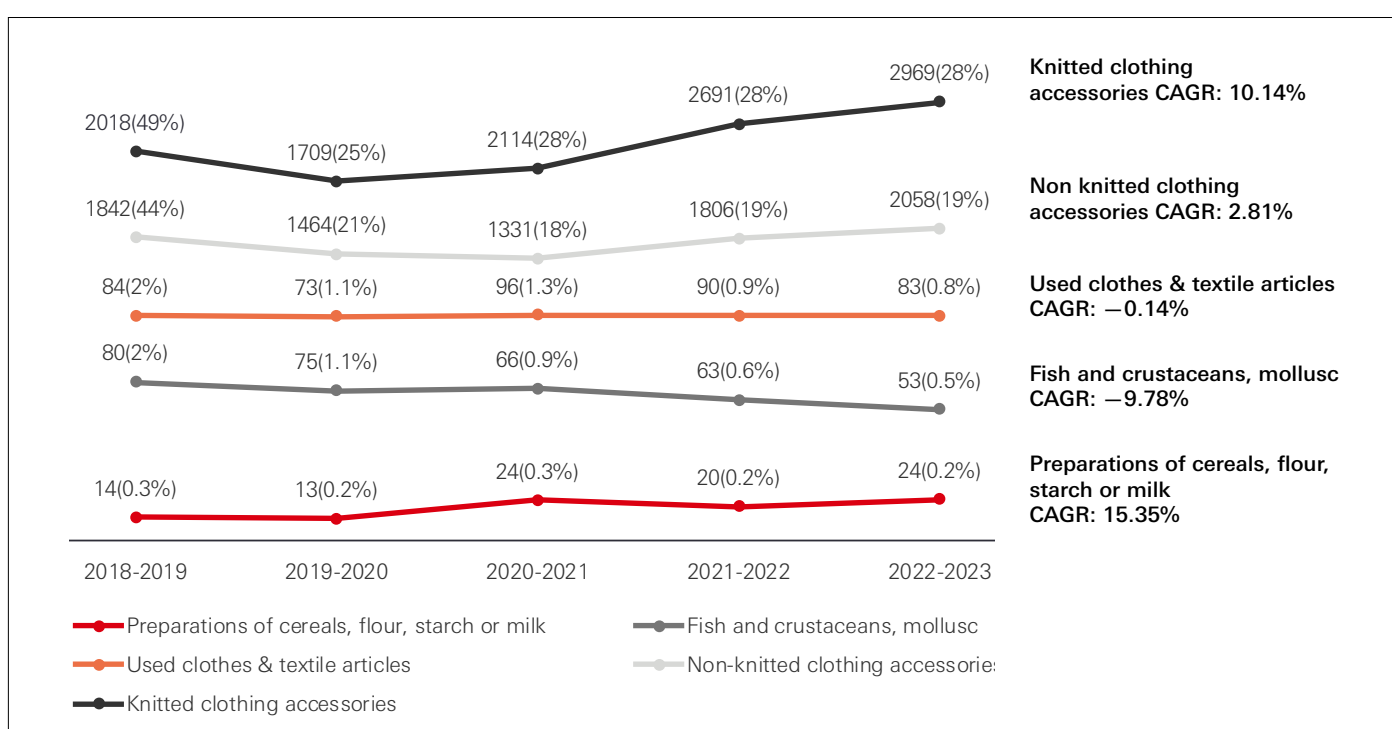
**Figure 4: Last 5 years Bangladesh trade with the UK (in US\$ millions)<sup>3</sup>**



Source: Bangladesh Trade portal

The Iron and Steel sector emerged as Bangladesh's primary import from the UK, driven by expanding manufacturing industries such as construction, shipbuilding, automobile, and appliances. Bangladesh is also actively investing in aviation infrastructure and overall infrastructure development.

**Figure 5: Top Exporting Products Bangladesh to the UK [for FY BD 2018–19 to 2022–23 in US\$ million]<sup>3</sup>**

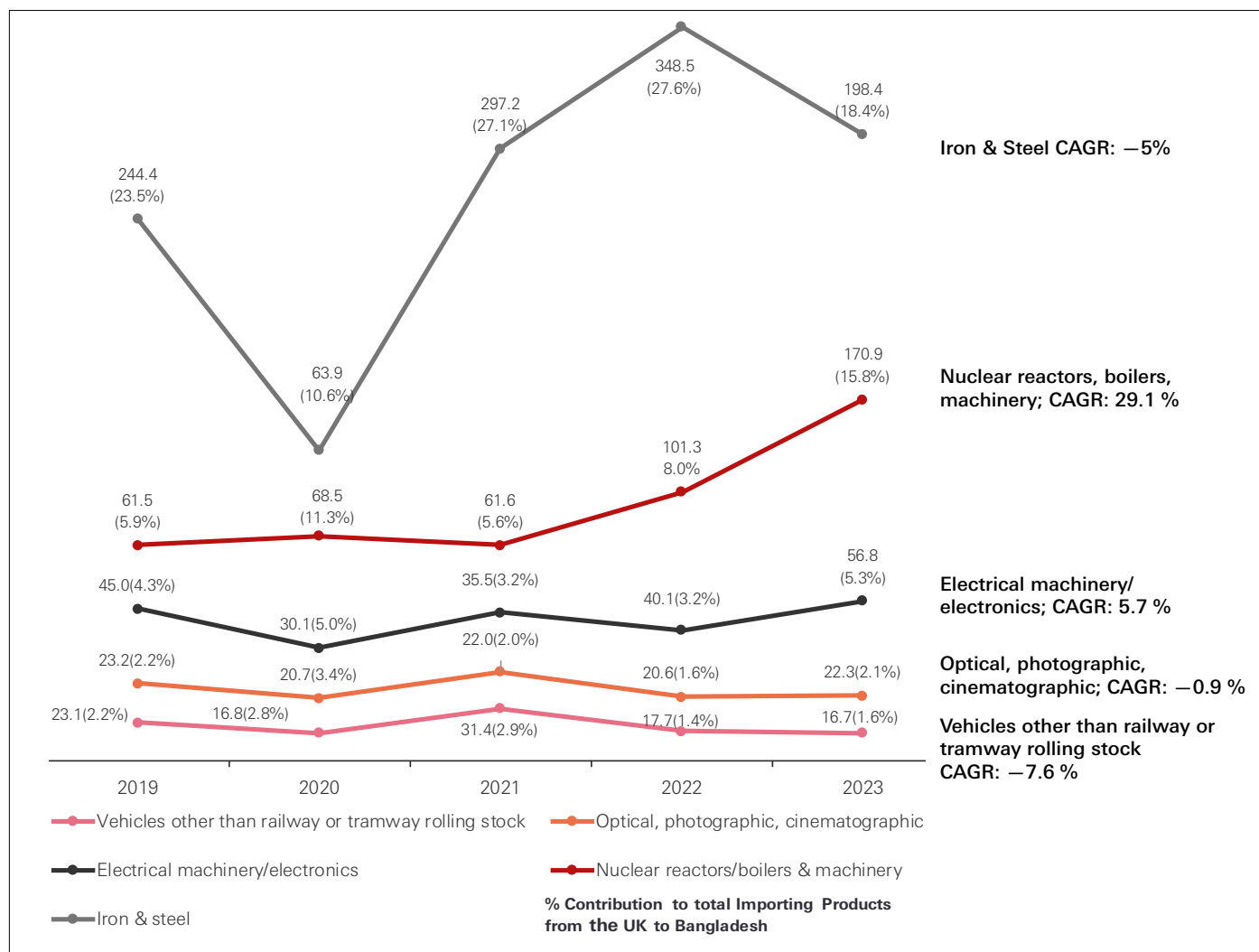


Source: Bangladesh Trade portal



Bangladesh offers competitive pricing for knitted clothing, textile products, including both knitted and non-knitted fabrics, as well as used clothes and overall textile sector due to lower production costs, including labour and overheads, compared to many other countries. This diversity allows the country to cater to various market segments and to meet the preferences of different buyers

**Figure 6: Top Importing Products from the UK to Bangladesh (in US\$ million) <sup>1</sup>**



The UK is the top exporter to Bangladesh for various iron and steel products including ferrous waste and scrap, pig iron fragments and blocks, flat-rolled products of iron or non-alloy steel, alloy steel wire (excluding stainless), and sections of iron or non-alloy steel, accounting for 37% of the total exports in this category.

“ The Bangladesh UK Trade & Investment Dialogue marks a steady transition to a contemporary trade partnership between two equal countries.

— **Director of Trade & Investment,  
Department for Business and  
Trade (DBT) <sup>4</sup>**



## 1.4 Analysis of current trade policies

### 1. The UK policy ecosystem

#### i. Made in the UK, Sold to the World – 2021 <sup>5</sup>

The UK's Export Strategy "Made in the UK, Sold to the World" aims to bolster the UK's export market with a goal of achieving £1 trillion in annual exports by the mid-2030s. A 12-point plan supports businesses through improved financial access, data utilization, and strategic partnerships, particularly benefiting SMEs.

#### ii. Plan for Growth: 2021<sup>6</sup>

The UK government has made significant shifts in its economic policy framework over recent years, transitioning from 'Industrial Strategy' of 2017 to 'Plan for Growth' in 2021. The Plan for Growth builds on these foundations but emphasizes levelling up the entire UK, transitioning to a net-zero economy, and promoting a vision of Global Britain.

In line with the UK's policy ecosystem, Bangladesh can leverage the UK's export support services and training programs to navigate international trade and enhance SME capabilities. Participation in export networks and trade shows can boost visibility. Strengthening government partnerships and promoting Bangladesh products globally is vital.

“ The UK is one of the foremost champions of free, fair and inclusive trade. Maximising the benefits of trade is an important part of the UK's wider offer to Bangladesh.

— **British High Commissioner to Bangladesh, British High Commission** <sup>4</sup>

Source: Department for International Trade, UK



## 2. Bangladesh policy ecosystem

### i. Export Policy 2021–24, Bangladesh <sup>7</sup>

Launched on March 23, 2022, the Export Policy 2021–24 of Bangladesh aimed to achieve an annualized export earnings at US\$ 80 billion in 2021–2024 term. The policy allows exporters to borrow up to 90% of the amount stated in the irrecoverable letter of credit or confirmed contract. For leather sector exporters would be given financial support from export-readiness fund. The policy prioritizes enhancing Bangladesh's trade regime capacity by fostering connectivity and partnerships with other nations. As per the policy below are the priority sectors having untapped potential:

Priority Sectors of Bangladesh	
High value added RMG	Jute and Agro products
Agricultural Products	Light engineering
Man-made fiber	Shipbuilding and ocean-going trawler building
Garment accessories	Furniture
Pharmaceuticals	Home textiles and home décor
Plastic products	Luggage
Shoes (both leather and synthetic)	Active pharmaceutical ingredients and reagent

“ The substantial volume and expansion of local trade in pharmaceuticals and agricultural products account for the limited enthusiasm to develop the export market.

— **Director General, Bangladesh Export Promotion Bureau <sup>4</sup>**

### ii. The National Industrial Policy of Bangladesh 2022 <sup>8</sup>

The National Industrial Policy of Bangladesh 2022 focuses on inclusive growth through developing labour-intensive, export-oriented industries, diversifying service sector, promoting ICT-based entrepreneurship, and increasing foreign employment. It prioritizes private sector investment, infrastructure strengthening, human resource development, and creating an investment-friendly environment.

To support Bangladesh's export competitiveness post-LDC graduation in 2026, key policy reforms should include prioritizing innovation, offering tax incentives, and reducing tariffs for sectors like pharmaceuticals, IT, and agro-processing, aligned with the UK's Developing Countries Trading Scheme (DCTS), while also diversifying into non-RMG sectors such as tech services, leather, and renewable energy to maintain global competitiveness.



## 1.5 Trade promotion initiatives of Bangladesh and the UK

- 1. Trade promotion efforts:** The last Bangladesh – UK Trade and Investment Dialogue was held in Dhaka, Bangladesh on 19 February 2023. The UK and Bangladesh agreed to enhance the bilateral trading partnership to increase mutual prosperity ahead of and after Bangladesh's graduation from Least Developed Country (LDC) status. Bangladesh will be benefitted under the UK's Developing Countries Trading Scheme (DCTS). The DCTS is a preferential trading scheme which has been designed to boost trade with developing countries to support their development. The DCTS will provide duty/quota free trade on 85% of eligible goods (around 156 products)<sup>9</sup>.
- 2. The UK global tariff:** The UK's average Most Favoured Nation (MFN) applied tariff rate was 3.8% in 2022<sup>10</sup>. The UK's average MFN applied rate was 9.4 percent for agricultural products and 2.9 percent for non-agricultural products in 2022<sup>10</sup>. The UK has bound 100 percent of its tariff lines in WTO, with an average WTO bound tariff rate of 5.1 percent. The UK has duties on approximately 5,000 tariff lines.<sup>11</sup> Currently, Bangladesh benefits from the UK's DCTS for practically all key export products. After graduation, Bangladesh can take advantage of the UK's tariff rate quotas (TRQs) on agricultural items such as poultry, pigment, and sugar. Bangladesh can also diversify into non-agricultural items with lower UK tariffs, which will benefit the country after it exits from LDC status.





- 3. Bangladesh global tariff:** Bangladesh's average MFN applied tariff rate was 14.1 percent in 2022. Bangladesh's average MFN applied tariff rate was 17.9 percent for agricultural products and 13.5 percent for non-agricultural products in 2022. Bangladesh has bound 17.9% of its tariff lines in the WTO, with an average bound rate of 156.3%. This allows for arbitrary tariff changes, potentially creating trade barriers, increasing costs, and reducing UK exports. It may also deter UK investors due to the perceived instability of the trade environment.<sup>12</sup>

**As per the World Bank, the high level of protection provided through high tariffs and complex and non-transparent para-tariffs, such as regulatory and supplementary duties, is a key reason for the static export basket.** Ad valorem tariff rates range from 0% to 25%, with 53% of tariff lines under 10% and 25% rates applied to 45% of items. The average nominal protection rate on imports is 27.6%, with some rates reaching up to 668% for certain vehicles. Additional import taxes significantly raise protection rates in sectors like transportation, food, textiles, and footwear.<sup>13</sup>

Tariff rationalization has been included in the Eighth Five Year Plan of Bangladesh, which states the need to reduce the nominal protection rate by 3 – 5 percent every year until 2025. As per the Bangladesh Public Expenditure Review 2022, Reductions of customs duties and other taxes to the level of the other middle-income countries such as China, India or Vietnam, result in tariff revenue losses between 18 and 41 percent. Higher revenue from other taxes would compensate for the loss of revenue from rationalizing existing tariffs and para-tariffs.<sup>14</sup>

“ The Developing Country Trading Scheme (DCTS) plays a fundamental role in the UK's trade strategy for Bangladesh and other developing nations.

— **Deputy Development Director, British High Commission, Dhaka**<sup>4</sup>

- 4. Intellectual Property Protection (IPP)**<sup>15</sup>: Bangladesh faces IP enforcement challenges due to limited government resources, with systemic violations reported by international companies. While the 2019 Patent Act, implemented in 2022, aims to align Bangladesh's IP protection with WTO obligations post-LDC graduation, further action is needed. Bangladesh should collaborate with the World Intellectual Property Organization (WIPO) to strengthen its IP framework through capacity-building programs and public-private partnerships for technology transfer. Additionally, negotiating Mutual Recognition Agreements (MRAs) with the UK would streamline IP compliance and ensure mutual recognition and protection of IP rights, promoting smoother exports and safeguarding innovation in key sectors.

Source: World Trade Organisation & Foreign Trade Barriers, United States Trade Representatives

## 1.6 Logistics infrastructure of the UK & Bangladesh

### Bangladesh

As per the World Bank’s Logistic Performance Index 2023, Bangladesh has improved the logistic infrastructure and goes up by 12 ranks from 100 (in LPI 2018) to 88th (LPI 2023). The government of Bangladesh formed Logistics Infrastructure Development Working Committee (LIDWC) in 2020 to enhance logistics sector and attract new investments. Additionally, in Bangladesh, private sector is engaged in freight transportation activities across the sector as operators of trucks, port terminals, and inland container depots (ICDs) <sup>16</sup>.

“ The logistics infrastructure is crucial for Bangladesh’s economic growth, as it can significantly boost export and creates more jobs.

— Bangladesh High Commission <sup>4</sup>

Chattogram Port handles about 92% of export–import trade, while Mongla Seaport and Payra Deep Sea Port handle the rest. As per the World Bank’s Logistics Performance Index 2023, the median turnaround time at ports in Bangladesh was 3 days, ranking 135th out of 139 countries in the Logistics Performance Index 2023, whereas the world average median turnaround time was 1.04 days. The duration for customs clearance in Bangladesh is relatively longer compared to other countries, causing the nation to face losses in several ways. However, lowering the duration of customs clearance in Bangladesh has the potential to increase the nation’s revenue by leaps. On average countries around the world finish their customs clearance operation in 5 to 7 business days. <sup>17</sup>

Products	Dhaka Airport	Chattogram	Benapole
Food	6+ Days	11+ Days	5+ Days
Medicine	8+ Days	14+ Days	9+ Days
RMG Raw Materials	5+ Days	9+ Days	10+ Days
Capital Equipment	12+ Days	12+ Days	12+ Days

At present, Bangladesh exports to bordering countries including India, Nepal and Myanmar via road. Bangladesh is facing border crossing issues, and limited access to all–season roads hinders efficient export operations. Due to this, Bangladesh has shown interest in joining the India–Myanmar–Thailand Trilateral Highway project. Also, Bangladesh exports goods via railway to neighboring countries – India, Nepal and Bhutan<sup>18</sup>.

Regulatory agencies such as BFSA, BSTI, FIQC etc. undertake testing and certification for quality standards including import and export clearances. Bangladesh has several public testing labs under various ministries/ departments; however, these labs ate underutilized due to shortages in trained professionals and equipment’s, lack of inter–departmental/ ministerial coordination, and low industry demand for testing. Private testing sector in Bangladesh has developed to a decent scale, but testing demand remains significantly low. Major private labs collect samples in Bangladesh and send them to India for further processing. <sup>18</sup>

## The United Kingdom

With over 70 airports, 40 major ports excellent rail links and toll-free motorways, the UK has the ideal combination of infrastructure components to move goods around the country and overseas in simple and affordable ways. With around 120 ports, one of the top 10 largest ports in Europe can be found in the UK. **The UK is ranked 19<sup>th</sup> on the World Bank's 2023 Logistics Performance Index (LPI) 2023, a significant drop compared to the average placement of 6<sup>th</sup> ranked between 2012 and 2018** <sup>19</sup>. A global energy price shock, driven by geopolitical tensions, resulted in crude oil and diesel prices rising by up to 50%.

“ The UK boasts robust digital infrastructure and expresses a keen interest in advancing higher education within Bangladesh.

— **Department for Business and Trade** <sup>4</sup>

Around 96% of the volume of the UK trade enters through its ports. The top 15 ports accounting for almost 80% of the UK's total trade traffic. As per the World Bank's Logistics Performance Index 2023, the median turnaround time at Ports of the UK in 2022 was 0.9 days, whereas the world average median for turnaround time at port was 1.04 days. Also, for Custom Clearance, the UK government states it can take up to 2 hours, however, road freight imports and exports are usually processed within minutes <sup>20</sup>.

The UK is significant player in the air cargo industry and serve as major hubs for international trade, with a vast network of routes to major destinations such as USA, UAE, Qatar and India.

Source: Department for Business and Trade, Government of the UK





## 1.7 Competing countries for wallet sharing and pricing

The following section investigates the Comparative Advantage analysis for Bangladesh's top 5 exporting and top 5 importing products to explore the market sharing and competitiveness for the UK market. This analysis is useful to examine the extent of export competition amongst Bangladesh and other selected competitors and highlights their market presence and advantages.

### Top 5 export products from Bangladesh to the UK<sup>3</sup>:



#### Knitted Clothing Accessories

**Products:** scarves, hats, gloves, socks and knitwear such as sweaters and cardigans. Made from materials like cotton, wool, acrylic or blends.



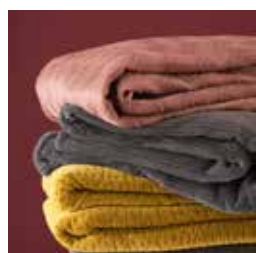
#### Non-Knitted Clothing Accessories

**Products:** Men and Women suits, coats, shirts and t-shirts, active wear, undergarments, felt or coated fabrics, jackets, etc.



#### Footwear

**Products:** Leather shoes, sandals, slippers, boots, sneakers, flip-flops, loafers, safety shoes, military boots, etc. Made from leather, rubber, or synthetic.



#### Other made-up textile articles; sets; worn clothing & worn textile articles

**Products:** Bedlinens, towels, curtains, tablecloths, napkins, and various fabrics materials.

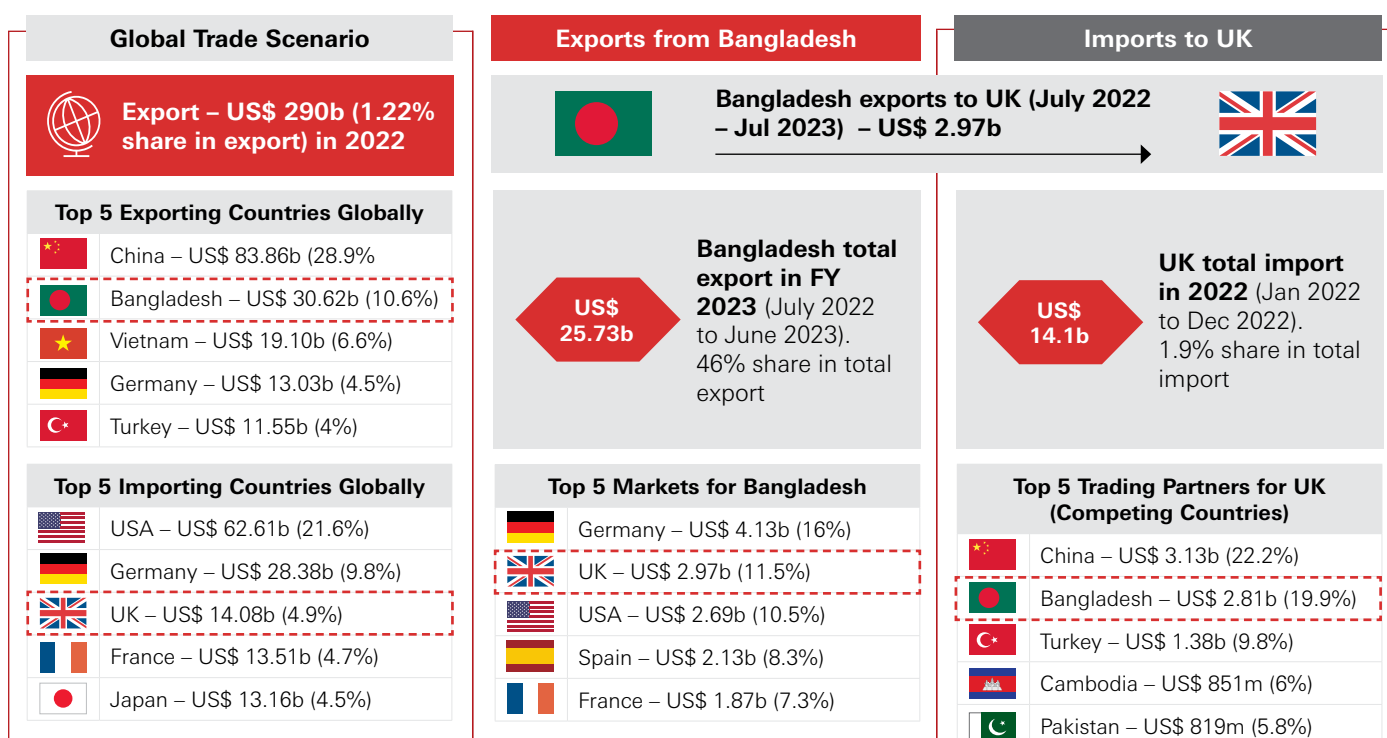


#### Other vegetable textile fibres (including jute); paper yarn & woven fabrics of paper yarn

**Products:** Eco-friendly textiles, clothing items, Paper-based products, design, home decor etc

## 1. Knitted clothing accessories

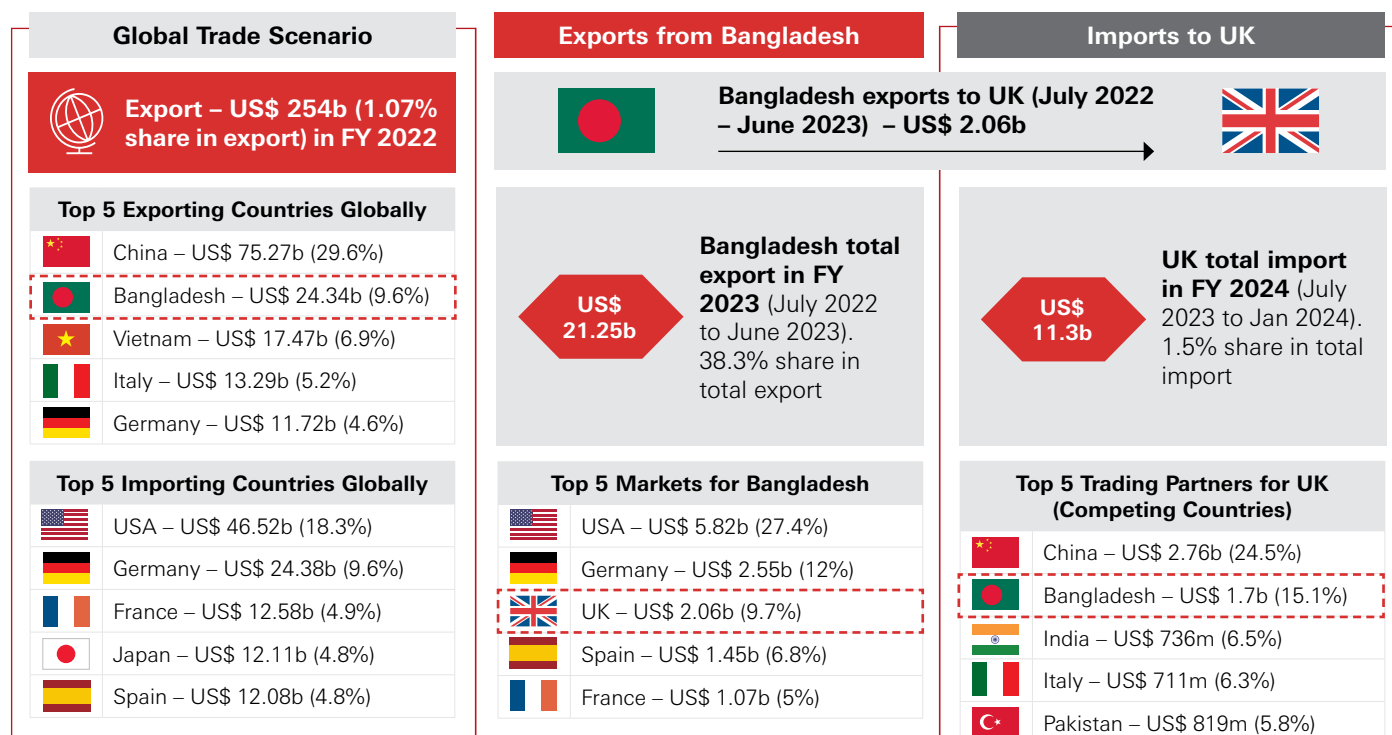
Global trade in knitted clothing accessories amounted to US\$ 290 billion, contributing 1.22% to total global exports in 2022. China remained the top exporter with 29% (US\$ 83.86 billion) contribution globally, followed by Bangladesh with 10.6% (US\$ 30.62 billion). The UK is the third largest importer with 4.9% share worth US\$ 14.08 billion in import. The total export from Bangladesh in FY 2022–23 amounted to US\$ 25.73 billion, accounting to 46% share in total country's export. The UK is the second largest market for Bangladesh, with exports of US\$ 2.97 billion in FY 2022–23.<sup>3</sup>



Source: Bangladesh Trade Portal & OEC

## 2. Non-knitted clothing accessories

The global trade in non-knitted clothing accessories amounted to US\$ 254 billion, which contributed 1.07% share in total global export in 2022. China remained the top exporter with 29.6% ( US\$ 75.27 billion) contribution globally, followed by Bangladesh with 9.6% (US\$ 24.34 billion). The total export from Bangladesh in FY 2022—23 amounted to US\$ 21.25 billion, accounting to 38.3% share in total country's export. The UK is the third largest market for Bangladesh, with exports of US\$ 2.06 billion in FY 2022—23.<sup>3</sup>

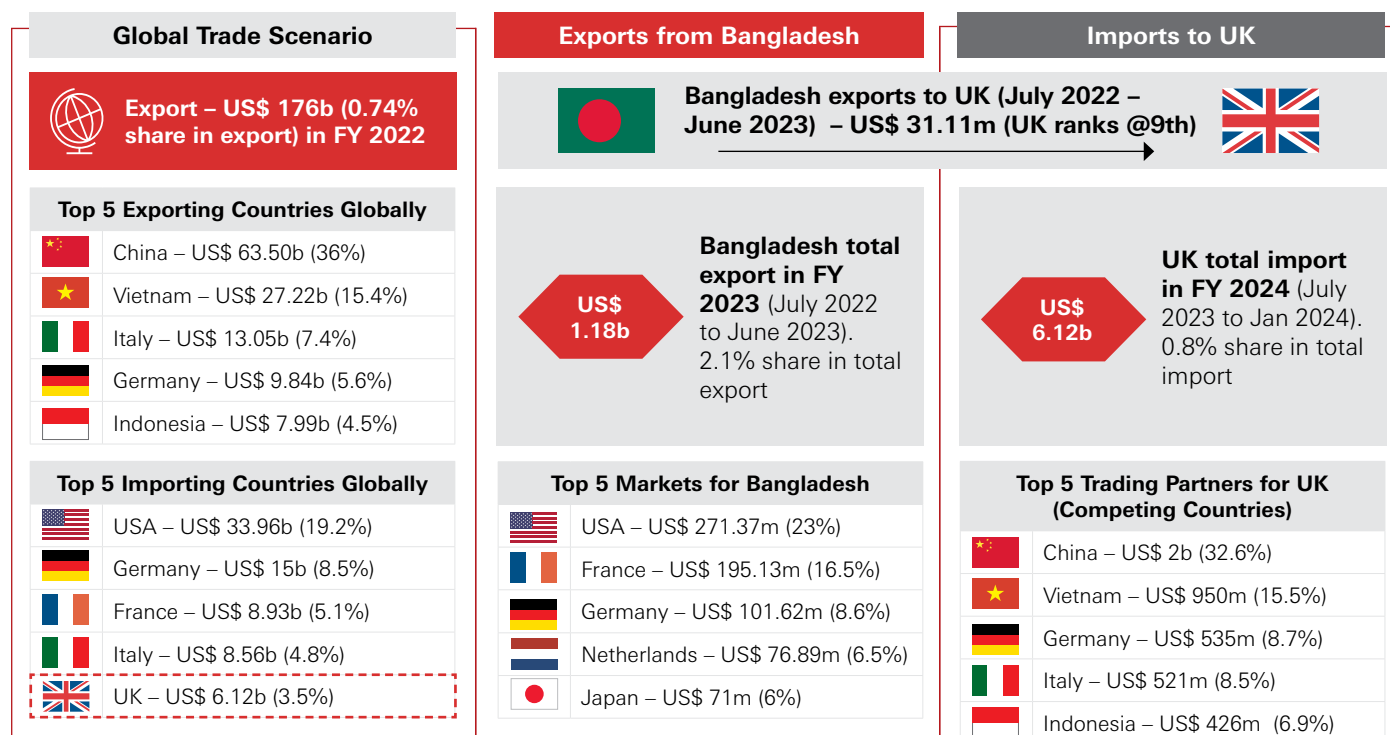


Source: Bangladesh Trade Portal & OEC



### 3. Footwear

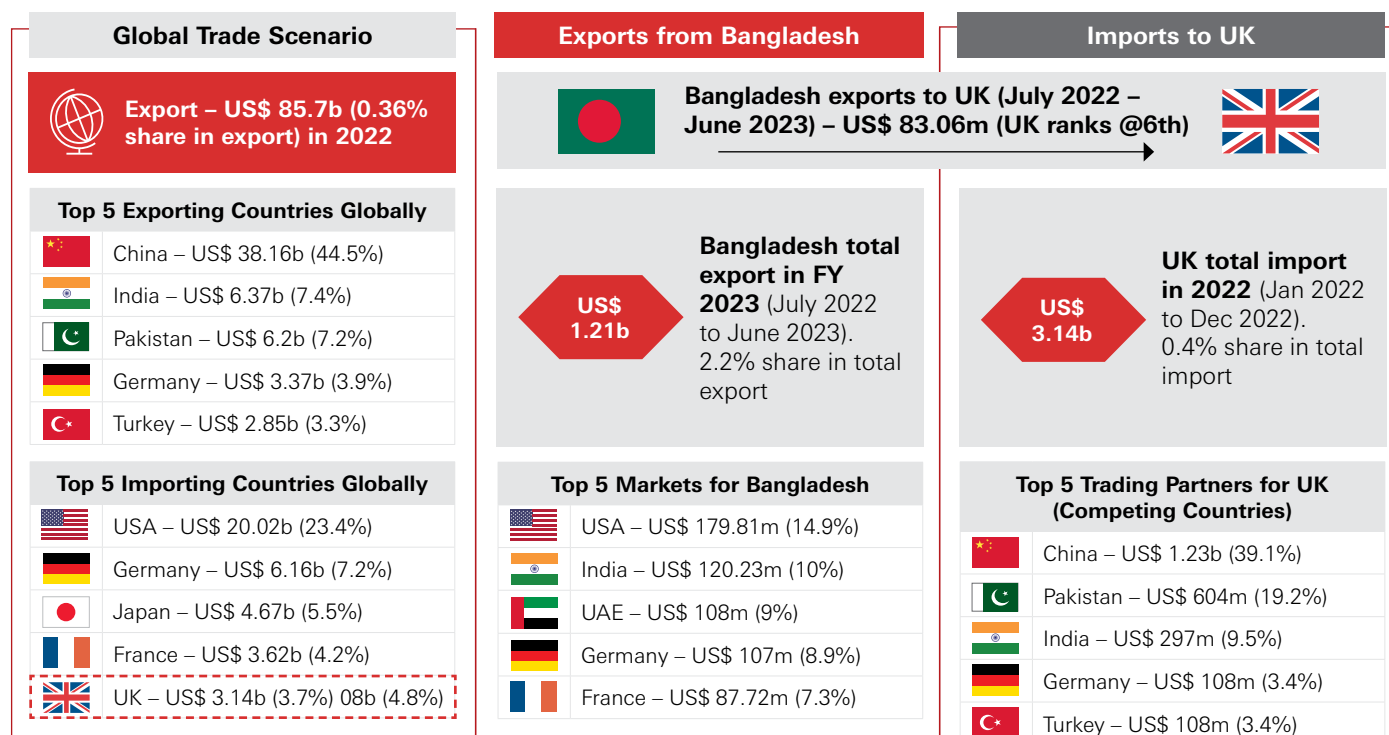
The global trade in footwear amounted to US\$ 176 billion, which contributed 0.74 % share in total global export in 2022. China remained the top exporter with 36% (US\$ 63.50 billion) contribution globally. The UK is the fifth largest importer globally with 3.5% share (US\$ 6.12 billion). The total export from Bangladesh in FY 2022–23 amounted to US\$ 1.18 billion, accounting to 2.1% share in total country's export. The UK is the ninth largest market for Bangladesh, with exports of US\$ 31.11 million in FY 2022–23.<sup>3</sup>



Source: Bangladesh Trade Portal & OEC

#### 4. Other made-up textile articles; sets; worn clothing and worn textile articles

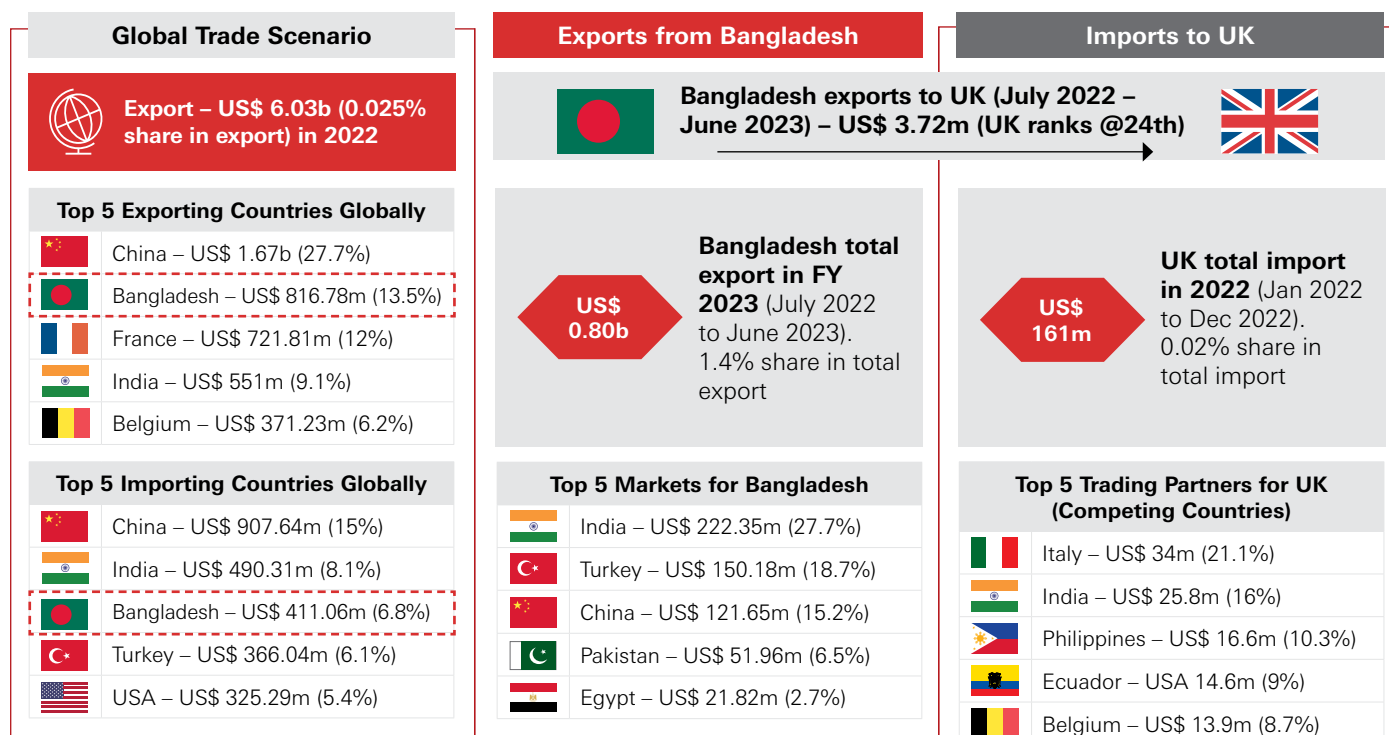
Global trade in other made-up textile articles, sets, worn clothing, and worn textile articles amounted to US\$ 85.7 billion, contributing 0.36% to total global exports in 2022. China remained the top exporter with 45% (US\$ 38.16 billion) contribution globally. The UK is the fifth largest importer globally with 3.7% share worth US\$ 3.14 billion. The total export from Bangladesh in FY 2022–23 amounted to US\$ 1.21 billion, accounting to 2.2% share in total country's export. The UK is the sixth largest market for Bangladesh, with exports of US\$ 83.06 million in FY 2022–23.<sup>3</sup>



Source: Bangladesh Trade Portal & OEC

## 5. Vegetable textile fibres (including jute); paper yarn and woven fabrics of paper yarn

The global trade in Vegetable textile fibres (including jute); paper yarn and woven fabrics of paper yarn amounted to US\$ 6.03 billion, which contributed 0.025 % share in total global export in 2022. China remained the top exporter with 27.7% (US\$ 1.67 billion) contribution globally. The UK is tenth largest importer globally with 3% share (US\$ 180.9 million). The total export from Bangladesh in FY 2022–23 amounted to US\$ 0.80 billion, accounting to 1.4% share in total country's export. The UK is the twenty fourth largest market for Bangladesh, with exports of US\$ 3.72 million in FY 2022–23.<sup>3</sup>



Source: Bangladesh Trade Portal & OEC



## Top 5 importing products from the UK to Bangladesh <sup>21</sup>:



### **Iron and Steel**

**Products:** Iron ore, scrap metals, finished and semi-finished steel products like bars, coils, blooms, stainless steel, alloy steel etc.



### **Machinery, Mechanical Appliances and parts**

**Products:** Industrial machinery, agricultural machinery, construction machinery, medical equipment, technology related machinery, etc.



### **Electrical Machinery and Electronics**

**Products:** Electrical equipments, communication equipments, consumer electronics, electronics components, and renewable energy technologies



### **Knitted Clothing Accessories**

**Products:** High end British luxury brand products like scarves, hats, gloves, socks, etc.

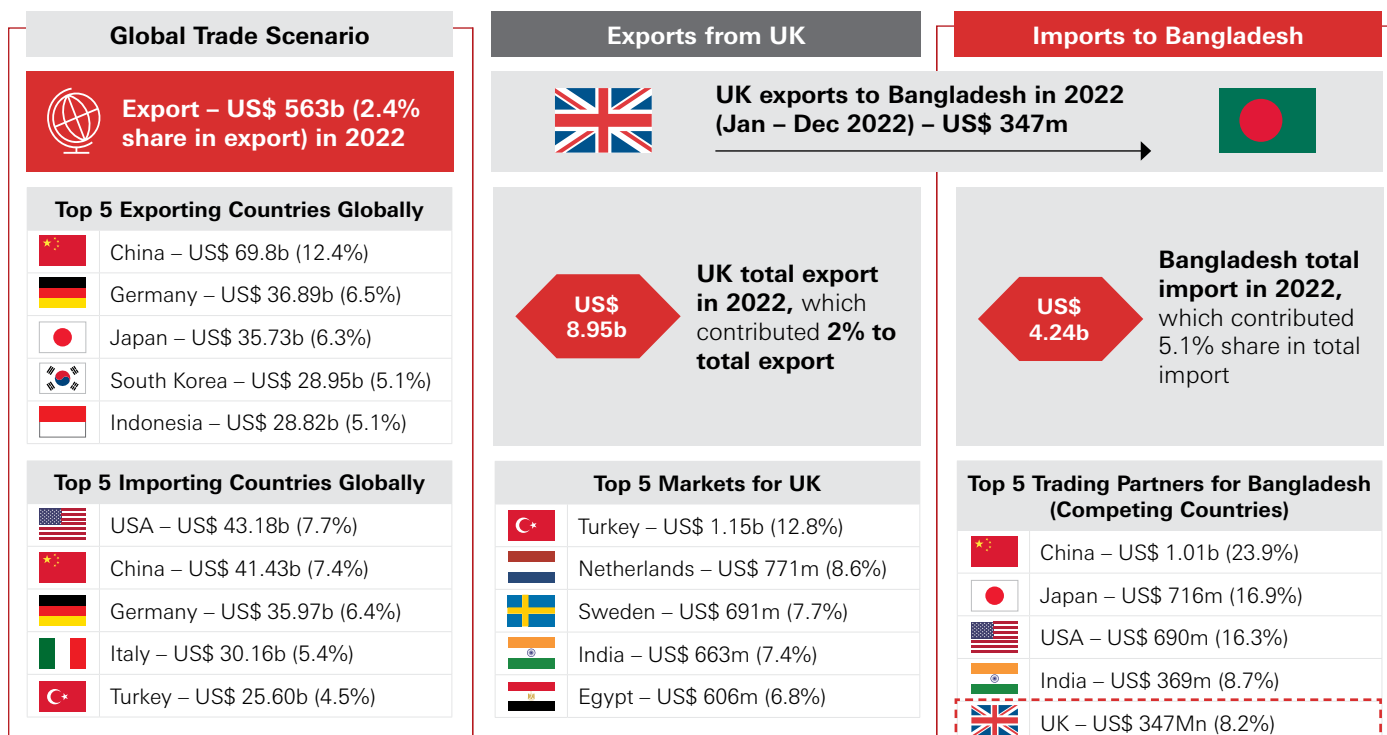


### **Aircraft/Spacecraft**

**Products:** Aircraft parts and accessories, Spacecrafts, Helicopters and other rotary-wing aircraft, Aircraft etc.

## 1. Iron and steel

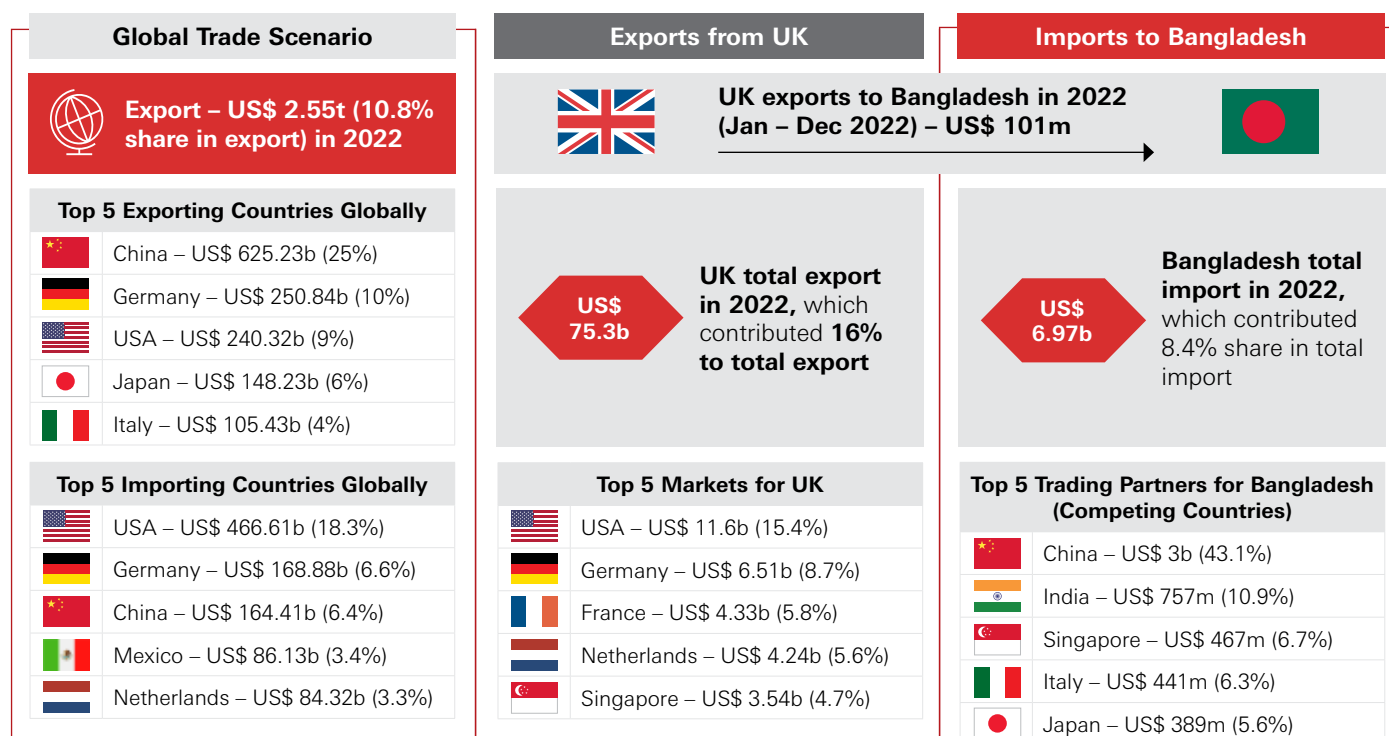
The global trade in iron and steel amounted to US\$ 563 billion, contributing 2.4% to total global exports in 2022. China remained the top exporter with 12.4% (US\$ 69.8 billion) contribution globally. Turkey is a top importer, with 7.7% (US\$ 43.18 billion) import globally in 2022. The total export from the UK in Iron and Steel amounted to US\$ 8.95 billion, accounting for a 2% share of the country's total exports. Bangladesh is the eleventh largest market for the UK, with exports of US\$ 347 million in 2022.<sup>21</sup>



Source: OEC

## 2. Machinery, mechanical appliances and parts

The global trade in machinery, mechanical appliances and parts amounted to US\$ 2.55 trillion, which contributed 10.8% share in total global export in 2022. China remained the top exporter with 25% (US\$ 625.23 billion) contribution globally. The United States is a top importer, with 18.3% import (US\$ 466.61 billion) globally in 2022. The total export from the UK amounted to US\$ 75.3 billion, accounting to 16% share in total country's export. Bangladesh is the sixtieth largest market for the UK, with exports of US\$ 101 million in 2022.<sup>21</sup>

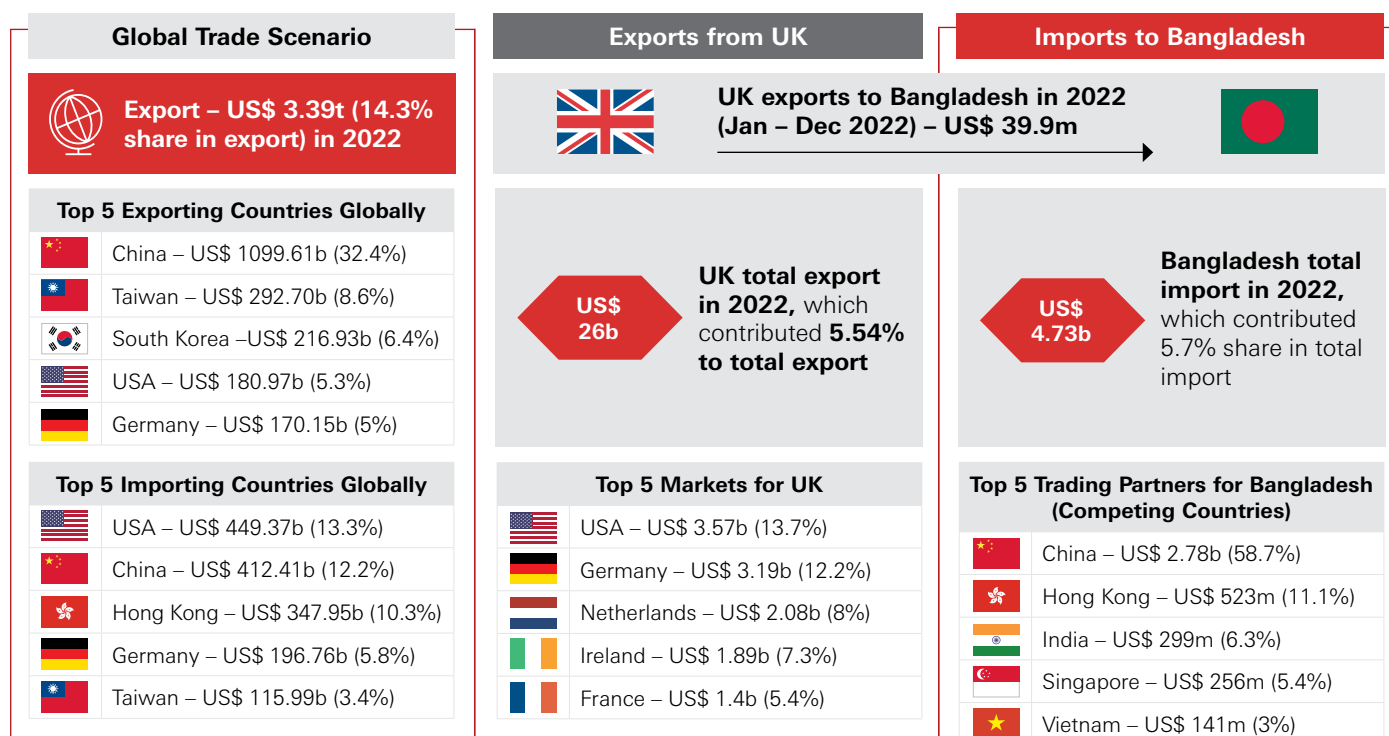


Source: OEC



### 3. Electrical machinery and electronics products

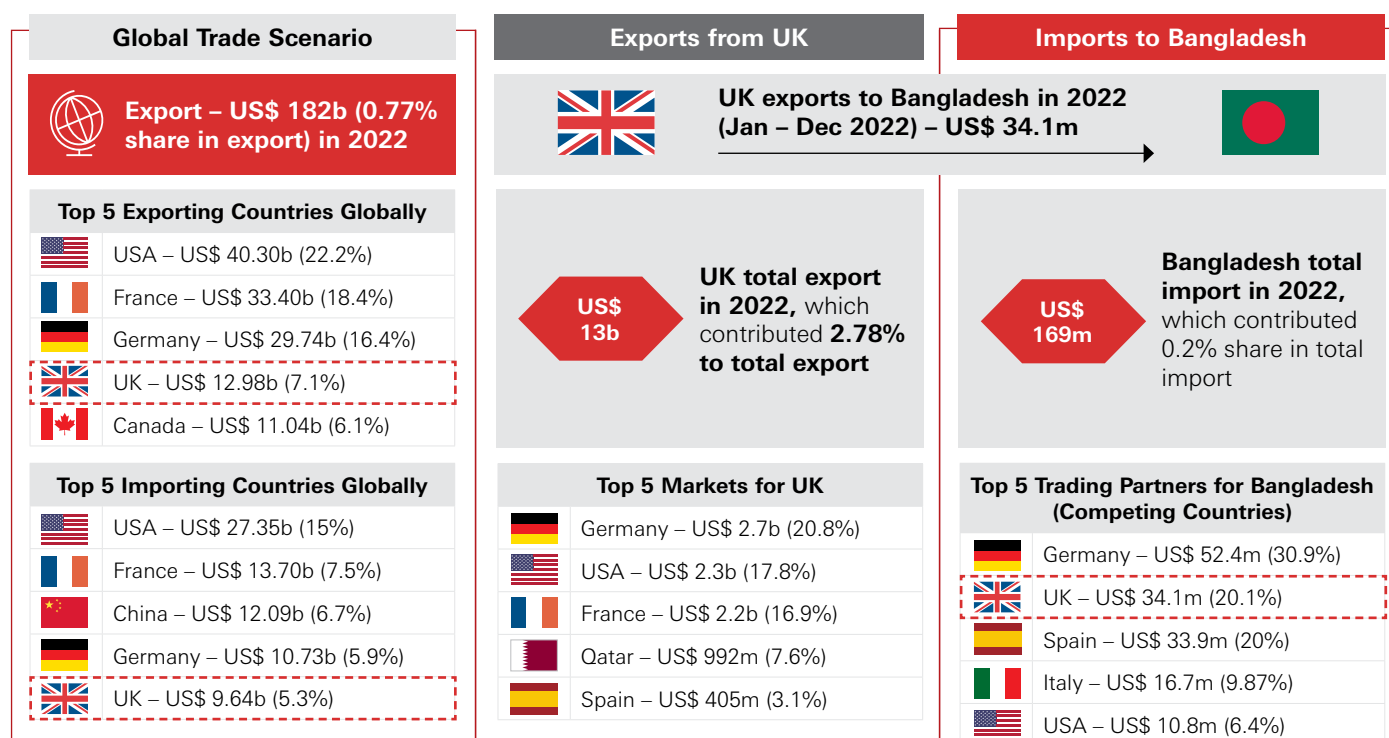
The global trade in electrical machinery and electronics amounted to US\$ 3.39 trillion, which contributed 14.3% share in total global export in 2022. China remained the top exporter with 32.4% (US\$ 1.09 trillion) contribution globally. The United States is a top importer, with 13.3% (US\$ 449.37 billion) import globally in 2022. The total export from the UK amounted to US\$ 26 billion, accounting to 5.54% share in total country's export. Bangladesh is a twenty-fourth largest market for the UK, with exports of US\$ 39.9 million in 2022.<sup>21</sup>



Source: OEC

## 4. Aircraft/ spacecraft

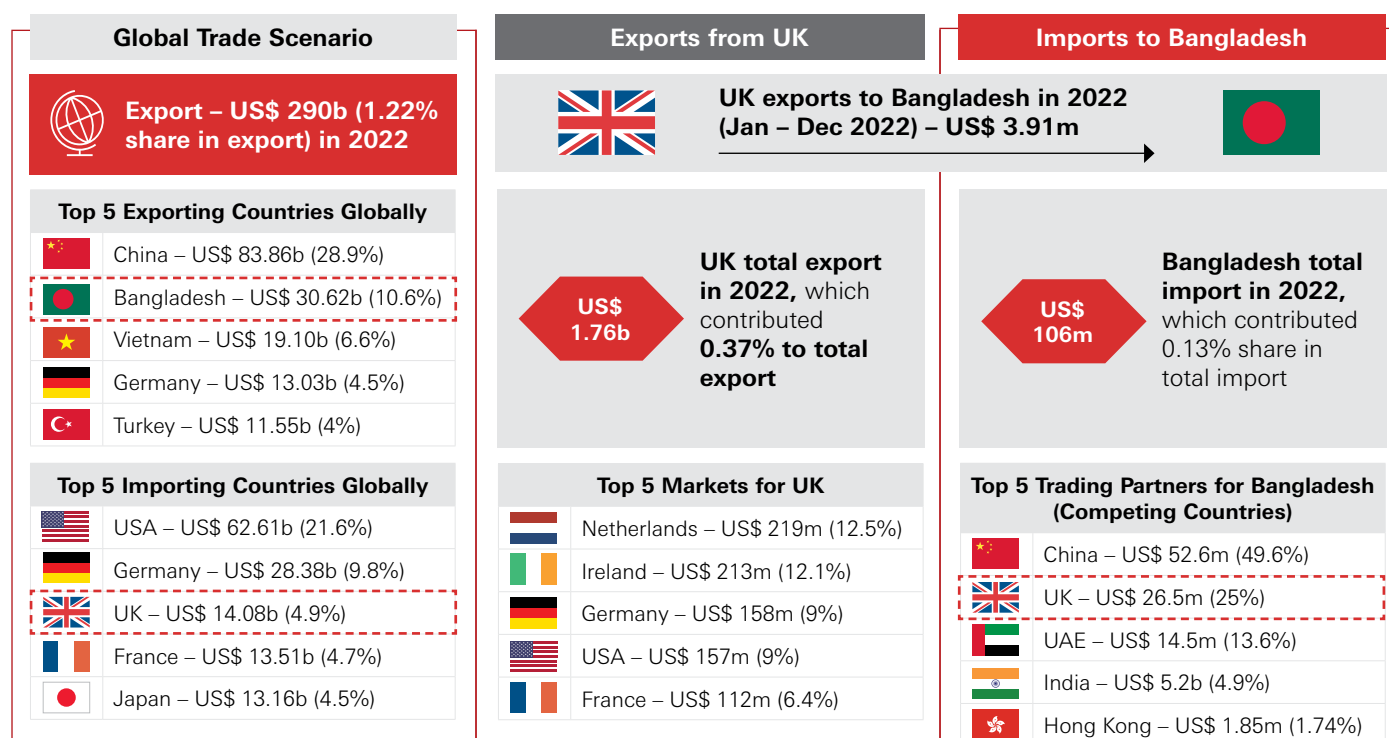
The global trade in aircraft/ spacecraft amounted to US\$ 182 billion, which contributed 0.77% share in total global export in 2022. The United States of America remained the top exporter with 22.5% (US\$ 40.30 billion) contribution globally. The UK is the fourth largest exporter globally with 7.1% share worth US\$ 12.98 billion. The total export from the UK amounted to US\$ 13 billion, accounting to 2.78% share in total country's export. Bangladesh is the twenty-sixth largest market for the UK, with exports of US\$ 34.1 million in 2022.<sup>21</sup>



Source: OEC

## 5. Knitted clothing accessories

The global trade in knitted clothing accessories amounted to US\$ 290 billion, contributing 1.22% to total global exports in 2022. China remained the top exporter with 28.9% (US\$ 83.86 billion) contribution globally, followed by Bangladesh with 10.6% (US\$ 30.62 billion). The UK is the third largest importer globally with 4.9% import share worth US\$ 14.08 billion. The total export from the UK amounted to US\$ 1.76 billion, accounting to 0.37% share in total country's export. Bangladesh is the sixtieth largest market for the UK, with exports of US\$ 3.91 million in 2022.<sup>21</sup>

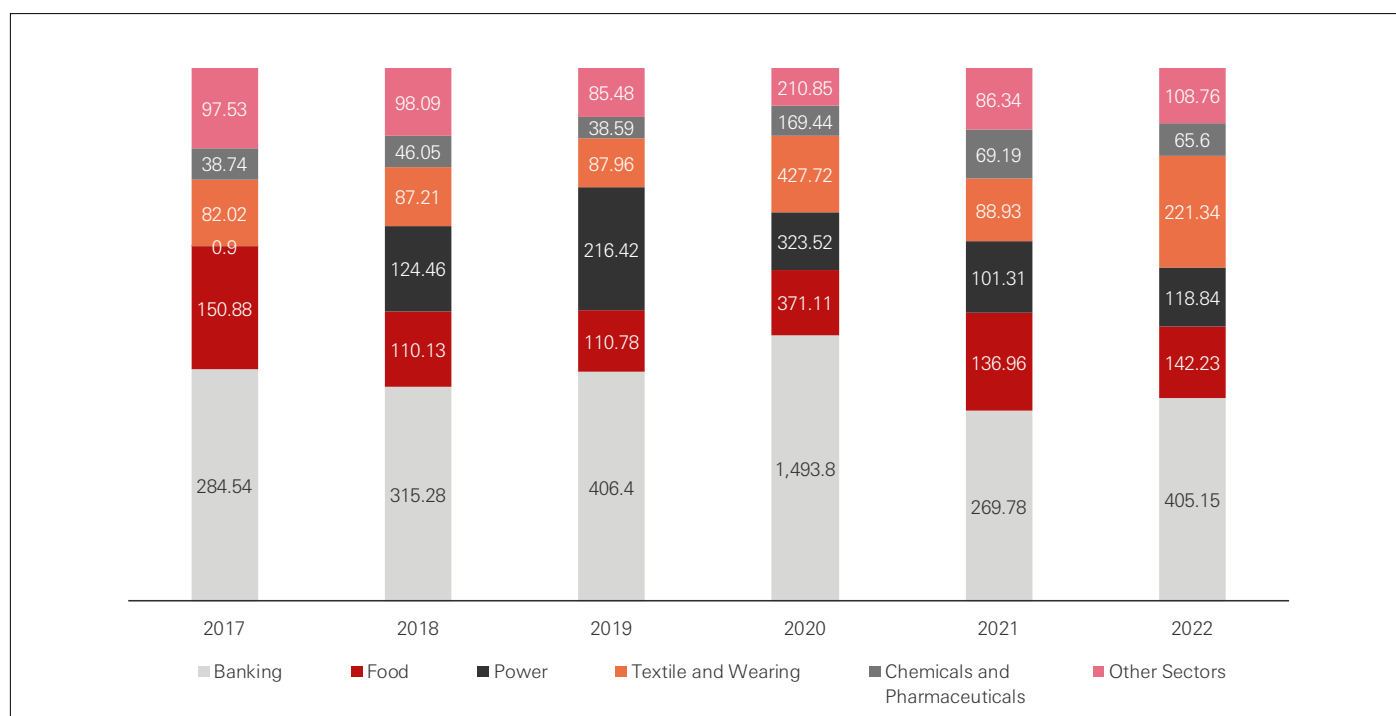


Source: OEC

## 1.8 Investment scenario from the UK to Bangladesh

The UK invests significantly in Bangladesh, focusing on banking, textiles, energy, and infrastructure. Recent initiatives include renewable energy and aviation partnerships. Bangladesh offers a liberal FDI environment, though some sectors like logistics and aviation have restrictions. The Bangladesh Investment Development Authority (BIDA) facilitates these investments, while strict foreign exchange controls govern capital flows. Both countries are committed to enhancing economic ties, focusing on technology and green energy.

**Figure 8: Gross FDI Inflows classified by the UK and Major Sectors (In million US\$) <sup>22</sup>**



Source: Bangladesh Bank



Sectoral variation in FDI inflows is influenced by factors such as technological requirements, investment absorption capacity, and regulatory environment.

The FDI trends show a strategic focus on banking, energy & textiles, alongside a growing interest in pharmaceuticals. Other sectors include agriculture & fishing, gas & petroleum, telecommunications, etc.

1. **Banking sector dominance<sup>22</sup>**: The banking sector consistently attracted the highest FDI, peaking in 2020 with nearly \$1.5 billion in inflows, indicating strong the UK interest in Bangladesh's financial services sector.
2. **Growth in power sector<sup>22</sup>**: Investment in the power sector saw a significant rise in 2019 and 2020, reflecting the UK's involvement in the energy infrastructure development in Bangladesh.
3. **Textiles and wearing<sup>22</sup>**: This sector experienced substantial FDI in 2020, highlighting its importance as a major industry in Bangladesh. However, there was a noticeable decline in 2021 and 2022, owing to global market shifts and sector-specific challenges.
4. **Chemicals and pharmaceuticals<sup>22</sup>**: Investments in this sector, while smaller compared to others, showed a steady increase, particularly in 2020, suggesting growing interest in Bangladesh's pharmaceutical industry, which is becoming a key player in generic drug production.
5. **Volatility in food sector<sup>22</sup>**: The food sector saw fluctuating investment levels, with a notable peak in 2020, followed by a significant decline in subsequent years due to changing market dynamics.



## 1.9 Skill availability in Bangladesh <sup>23</sup>

Bangladesh's young workforce of 26.82 million (aged 15–29) mainly works in clerical, sales, agricultural, craft, and elementary occupations. As the fourth industrial revolution advances, the demand for versatile, knowledgeable workers poses a challenge for Bangladesh amid its structural transformation. In the export sector, especially the ready-made garment (RMG) industry, a skilled workforce is vital for economic growth and job creation. However, the current workforce primarily has skills in manufacturing and manual labour but lacks essential soft skills (communication, leadership, teamwork, critical thinking) and hard skills (technical proficiency, financing, logistics, ICT).

Bangladesh's primary digital education policy framework is outlined in the Education Sector Plan for Fiscal Years 2020/2021–2024/2025. This plan sets five key targets: formulating expansion objectives, aligning curricula, establishing ICT criteria, promoting inter-ministerial collaboration, and enhancing the Education Management Information System. The Ministry of Education, with partners like the Access to Information Programme and Bangladesh Computer Council, provides training to one teacher per school.



A persistent gap exists between the skills required by the export sector and those possessed by the labour force. This gap hampers the efficiency and productivity of export-oriented industries and constrains their ability to innovate and compete globally.

Bangladesh faces significant skilling challenges.

- ◆ **Education–industry Gap:** Education in Bangladesh doesn't align with industry needs, leaving graduates unprepared for jobs, especially in textiles, manufacturing, and tech sectors.
- ◆ **Upskilling need:** Rapid tech advancements require continuous upskilling, but effective on-the-job training is lacking, particularly in the RMG sector.
- ◆ **Insufficient collaboration:** There's a lack of collaboration between government, private sector, and educational institutions for tailored training programs, indicating a need for robust public–private partnerships.
- ◆ **Low digital proficiency:** Students and teachers have low digital proficiency due to inadequate ICT skills training and limited multimedia classroom coverage.
- ◆ **Digital access disparity:** Challenges are amplified by disparities in digital access and media consumption, with issues like broadband affordability and speed, and low TV coverage.



### Areas of Interventions:

Enhance vocational training	Align education with industry needs	Promote Public–Private Partnerships
<ul style="list-style-type: none"> <li>◆ Introduce diverse vocational training programs to address the skills gap in textiles, manufacturing, and technology sectors.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Strengthen collaborations between educational institutions and industries to ensure curricula meet current market demands and technological advancements.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Develop robust public–private partnerships for tailored, industry–aligned training programs, especially in the Ready–Made Garments (RMG) sector.</li> </ul>
Invest in digital skills training	Establish Centres of Excellence	Focus on continuous upskilling
<ul style="list-style-type: none"> <li>◆ Prioritize digital proficiency through ICT skills training and multimedia classroom coverage for students and teachers to bridge the digital divide.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Create centres of excellence in technology, smart manufacturing, R&amp;D, and sustainability to drive innovation and sustainable growth.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Implement learning initiatives to facilitate continuous upskilling and reskilling of the workforce, adapting to rapid technological changes.</li> </ul>

Source: Bangladesh Bureau of Statistics



## 1.10 Best Practices for Strengthening International Trade

### China <sup>24</sup>

- ◆ **The Belt and Road Initiative (BRI)** enhances trade infrastructure across Asia, Africa, and Europe, with China investing over \$1 trillion in 140+ countries, boosting trade.
- ◆ The **“Made in China 2025”** initiative aims to transform China into a global leader in high-tech industries by enhancing innovation, manufacturing quality, and competitiveness.
- ◆ **Export-Oriented Industrial Policy**, including subsidies, tax incentives, and investment in technology has allowed China to maintain a competitive edge in producing and exporting a wide range of goods at scale, particularly in electronics, machinery, and textiles.
- ◆ **China manages its currency**, the yuan, to stay competitively priced, making exports cheaper and more attractive to boost trade volumes.

### India <sup>25</sup>

- ◆ **India launched Production-Linked Incentive (PLI) Schemes** across various sectors, including electronics, pharmaceuticals, and textiles, to incentivize domestic manufacturing.
- ◆ India is actively pursuing **Trade Agreements**, such as the Comprehensive Economic Partnership Agreement (CEPA) with countries like UAE and Australia, to access new markets and reduce trade barriers. India is focusing on **market diversification** to reduce dependency on traditional markets like the US and Europe.
- ◆ **Export Promotion Policies**, including the Merchandise Exports from India Scheme (MEIS) and the Remission of Duties and Taxes on Export Products (RoDTEP). These policies provide financial support to exporters, reducing the cost and enhancing the competitiveness.





## Germany <sup>26</sup>

- ◆ Germany **invests heavily in Innovation and Research and Development (R&D)**, with over 3% of its GDP allocated to innovation, particularly in high-tech industries like automotive, machinery, and chemicals. This focus on cutting-edge technology and quality products helps Germany maintain a competitive edge in global markets.
- ◆ Germany's **Export-Oriented Industrial Policy**, strongly supports its manufacturing sector. The country excels in producing high-value goods, such as automobiles and industrial machinery, which are in demand globally. Strategic partnerships between industry, research institutions, and the government further enhance its export capabilities.
- ◆ As a leading member of the European Union, Germany benefits from **free trade agreements within the EU and with other countries**. This access to a wide range of markets, combined with its strong trade infrastructure, allows Germany to efficiently export goods worldwide, making it one of the top exporting nations.

## The United States <sup>27</sup>

- ◆ The U.S. actively pursues **bilateral and multilateral trade agreements**, such as the United States–Mexico–Canada Agreement (USMCA) and various Free Trade Agreements (FTAs) with countries across the world to reduce trade barriers, open new markets, and provide a stable framework for U.S. exports, making American goods and services more competitive.
- ◆ **Innovation and Technology Leadership**, particularly in sectors like technology, aerospace, and pharmaceuticals. With significant investment in R&D, approximately **2.7% of GDP**, the U.S. produces high-value, cutting-edge products that are in demand globally, thereby boosting export potential.
- ◆ The U.S. government supports exports through **Export Promotion Programs** like the Export–Import Bank (Ex–Im Bank), which provides financing and insurance to American exporting companies. Additionally, the U.S. Commercial Service offers resources and assistance to help businesses navigate international markets, expanding their export opportunities.

### Key takeaways

- ◆ **Invest in Innovation and Partnerships:** Prioritize R&D to produce high-value products, ensuring global competitiveness, and foster collaboration between government, industry, and research institutions.
- ◆ **Strategic Trade Agreements and Market Diversification:** Engage in trade agreements to reduce barriers and expand market access, while diversifying export destinations to reduce dependency on traditional markets.
- ◆ **Export-Oriented Policy with Support Systems:** Implement export-oriented industrial policies with subsidies and incentives, complemented by comprehensive export support, including financing and market intelligence, to boost production, competitiveness, and export growth.



A decorative vertical bar on the left side of the page. The top half features a vibrant sunset sky with shades of purple, pink, and orange. The bottom half shows a close-up of industrial equipment, including a large white cylindrical tank and various pipes and valves, set against a blue sky.

## 2 | Trade Growth Prospects



## 2.1 Bangladesh potential sectors to strengthen exports to the UK

### 1 High-value Ready-Made Garments (RMG)

- ◆ **Growth prospects:** The RMG sector is the largest export segment from Bangladesh to the UK, driven by competitive pricing, skilled labour, and an established supply chain. The UK market's demand for affordable fashion and sustainable production practices is growing.
- ◆ **Future projections:** The UK market is projected to generate a revenue of US\$ 85.9 billion in 2024 and it is expected to grow at a CAGR of 3.85% over the next five years, with a shift towards sustainable and eco-friendly garments. Value addition through design and branding will also drive growth.<sup>28</sup>
- ◆ **Competing countries:** Vietnam, India, and Cambodia are key competitors, offering similar or lower production costs and increasingly focusing on sustainable manufacturing.

### 2 Pharmaceuticals

- ◆ **Growth prospects:** Bangladesh is becoming a major player in the global pharmaceutical industry, especially in the production of generic medicines. The UK is a significant market for these products, benefiting from Bangladesh's competitive pricing and growing quality standards.
- ◆ **Future projections:** The projected revenue in the Pharmaceuticals market in the UK is expected to reach US\$ 31.26 billion in 2024. The pharmaceuticals sector is expected to grow at a CAGR of 5.75% annually over the next five years. Among the various markets, oncology drugs are forecasted to be the largest in the UK.<sup>28</sup>
- ◆ **Competing countries:** India, China and Germany are the main competitors, with established pharmaceutical industries and a strong global presence.

### 3 Agricultural products (Jute, Tea, and Frozen fish)

- ◆ **Growth prospects:** Bangladesh's agricultural products, including jute, tea, and frozen fish, are growing, driven by demand for organic and fair-trade products.
- ◆ **Future projections:** The import value in Agriculture market is projected to amount to US\$ 29.1 billion in 2024 with an annual growth rate of 5.55% in next five years. The revenue in the Fish & Seafood market amounts to US\$ 5.42 billion in 2024. The market is expected to grow annually by 3.95% (CAGR 2024–2029).<sup>28</sup>
- ◆ **Competing countries:** India and Sri Lanka (tea), Myanmar (fish), and Kenya (tea) are significant competitors, offering similar products to global markets.



## 4 Leather goods and footwear

- ◆ **Growth prospects:** Bangladesh's leather industry is well-positioned to expand its exports to the UK, with competitive pricing and improving production standards. The UK market is receptive to high-quality, cost-effective leather products.
- ◆ **Future projections:** In 2024, revenue generation in the Leather Footwear segment in the UK is projected to reach US\$ 6.60 billion. According to market research, the segment is expected to grow annually by 4.40% between 2024 and 2028 (CAGR).<sup>28</sup>
- ◆ **Competing countries:** India, Vietnam, and China are the primary competitors, offering extensive leather production capabilities and established brands.

## 5 Home textiles

- ◆ **Growth prospects:** Home textiles, such as bed linens and towels, are increasingly exported to the UK, driven by global trends in home decor and sustainability.
- ◆ **Future projections:** The UK Home Textile Market size is estimated at US\$ 4.03 billion in 2024. The sector is projected to grow at a CAGR of 1.25 % in next five years, with strong potential in eco-friendly & organic products that appeal to environmentally conscious consumers of the UK.<sup>28</sup>
- ◆ **Competing countries:** India, Pakistan, and Turkey are major competitors in the home textiles market, offering a wide range of products at competitive prices.

Source: Statista



## 2.2 The UK potential sectors to strengthen exports to Bangladesh

### 1 Machinery and equipment

- ◆ **Growth prospects:** As Bangladesh's industrial sector grows, there is increasing demand for modern machinery and equipment, especially in textiles, agriculture, construction and manufacturing. The UK has a strong reputation for high-quality industrial machinery.
- ◆ **Future projections:** Engineering and Construction industry in Bangladesh has seen significant growth in recent years. The market is estimated at US\$ 32.33 billion in 2024, growing at a CAGR of 6–7% over the next five years, driven by Bangladesh's industrial expansion and modernization.<sup>28</sup>
- ◆ **Competing countries:** Germany, Japan, and China are significant competitors, known for their advanced industrial machinery and competitive pricing.

### 2 Information Technology (IT) services and software

- ◆ **Growth prospects:** The UK is a leader in IT services and software, with strong potential for exporting these services to Bangladesh, particularly in FinTech, cybersecurity, and digital transformation.
- ◆ **Future projections:** Revenue in the IT Services market is projected to reach US\$1.85 billion in 2024. The IT services sector could grow at a rate of 10–12% annually as Bangladesh continues its digital transformation with IT Outsourcing dominating the market.<sup>28</sup>
- ◆ **Competing countries:** India, the USA, and Israel are the main competitors, offering similar IT services and software solutions, often at lower costs.



### 3 Renewable energy technology

- ◆ **Growth prospects:** Bangladesh is focusing on expanding its renewable energy capacity, particularly in solar and wind power. The UK, with its expertise in renewable energy technology, can play a significant role.
- ◆ **Future projections:** The renewable energy sector is expected to see substantial growth at 38.60% as Bangladesh invests in sustainable energy solutions.<sup>28</sup>
- ◆ **Competing countries:** China, Germany, and Denmark are key competitors, with strong capabilities in renewable energy technology and infrastructure development.

### 4 Healthcare and medical equipments

- ◆ **Growth prospects:** As Bangladesh enhances its healthcare infrastructure, there is a growing demand for advanced medical equipment and healthcare technology from the UK.
- ◆ **Future projections:** The projected revenue in the Medical Devices market in Bangladesh is expected to reach US\$ 374.50 million in 2024. The sector is expected to grow at a CAGR of 11.14 % over the next five years, driven by increased investment in healthcare facilities and the adoption of modern medical technologies.<sup>28</sup>
- ◆ **Competing countries:** The USA, Germany, and Japan are major competitors, known for their cutting-edge medical equipment and technology.

### 5 Education and training services

- ◆ **Growth prospects:** The UK is a key provider of higher education and vocational training services to Bangladesh, with growing demand for quality education and skills development.
- ◆ **Future projections:** The government aims to enhance the skills of the workforce through the National Skills Development Policy, targeting the training of 15 million people by 2030. Further, education expenditure as a percentage of GDP has been around 2% in recent years, with plans to increase this to around 4% by 2030.<sup>28</sup>
- ◆ **Competing countries:** Australia, Canada, and the USA are the main competitors in the education sector, offering similar educational services and attracting international students.









## 3 | Strategies to Mitigate Trade Barriers



## Strategies to mitigate trade barriers and market access barriers, promoting bilateral collaboration:

Strengthening economic ties between Bangladesh and the UK requires proactive and strategic approaches to address existing challenges and capitalize on emerging opportunities. This section strategies outline strategies for enhancing bilateral trade and ensuring mutual growth.

### 3.1 Strategies for Bangladesh to enhance trade with the UK

#### A. Regulatory alignment

##### Challenges <sup>29</sup>

- ◆ **Trade policy alignment:** Adapting to the UK's post-Brexit trade policies, diverging from the EU's Generalized Scheme of Preferences (GSP), poses challenges, with differences in intellectual property, labour, and environmental standards hindering market access.
- ◆ **Rules of Origin (RoO):** Stringent and inconsistently applied RoO under the DCTS make it difficult for Bangladeshi exporters to benefit from tariff preferences, limiting competitive advantage.
- ◆ **Sector-specific regulations:** Bangladesh's pharmaceuticals, food products, and textiles sectors face strict regulations in the UK, with many export SMEs struggling to comply due to limited resources.
- ◆ **Limited bilateral focus:** While Bangladesh has been active in multilateral trade forums such as the World Trade Organization (WTO), its bilateral engagement with the UK on trade-related issues is limited.
- ◆ **High and complex tariff structure:** Bangladesh's average nominal tariff rate of 27.6% is significantly higher than the global average of 2.6% to 6%. The complex tariff structure, including numerous para-tariffs, creates an "anti-export bias" by raising production costs and limiting access to imported inputs.
- ◆ **Exchange Rate:** The persistent appreciation of Bangladesh's real exchange rate, due to higher inflation and inadequate nominal exchange rate adjustments, undermined the country's competitiveness.

## Opportunities

- ◆ **Regional Trade Agreements (RTAs):** Bangladesh should explore joining RTAs or gaining observer status in European trade blocs to enhance the UK market access like European Free Trade Association (EFTA), Commonwealth Free Trade Area (CFTA) Proposal, ASEAN–UK Dialogue Partnership.
- ◆ **Negotiating Mutual Recognition Agreements (MRAs):** Pursuing MRAs with the UK can streamline export processes by recognizing Bangladeshi certifications, benefiting sectors like textiles, electronics, and pharmaceuticals.
- ◆ **Trade policy advocacy and reform:** Bangladesh should advocate for trade policy reforms aligned with key markets such as the UK regulations, focusing on sector diversification, technology use, and sustainability to stay competitive.
- ◆ **Tariff simplification:** Bangladesh should consider tariff simplification, offsetting potential revenue losses with targeted subsidies or incentives to support domestic industries during the transition.
- ◆ **E-commerce Expansion:** Bangladesh's competitive pricing, diverse product range, and rapidly growing eCommerce sector, positions it well to tap into the UK's expansive eCommerce market, projected to reach US\$ 188.8b by 2029.<sup>25</sup> Opportunities sectors include Fintech, Logistics & Mobility, E-commerce & Retail, Healthcare, Consumer Service, and Software & Technology.

## Recommendations

- ◆ **Simplify and harmonize Rules of Origin (RoO):** Simplify RoO under DCTS and negotiate MRAs with the UK to recognize Bangladeshi certifications, easing tariff qualification and reducing compliance costs.
- ◆ **Long-term export strategy:** Develop a long-term export strategy focused on LDC graduation, capacity building, digital customs, SME support, innovation, IP protection, and sustainable manufacturing.
- ◆ **Strengthen compliance support for SMEs:** Provide SMEs with training, certification access, and financial incentives to comply with the UK regulations and upgrade to international standards.
- ◆ **Proactive engagement:** Actively advocate for favourable terms in emerging sectors like pharmaceuticals and ICT, which are vital to Bangladesh's economic growth.
- ◆ **E-commerce Export:** To strengthen UK trade, Bangladesh should integrate businesses into global platforms, enhance SME digital skills, and invest in payment gateways, logistics, and partnerships with UK-based e-commerce firms for improved market access.
- ◆ **Exchange rate management strategy:** Maintaining a competitive and stable exchange rate can enhance export competitiveness, making products more appealing to international buyers.

## B. Market development

### Challenges <sup>30</sup>

- ◆ **Over-reliance on Ready-Made Garments (RMG):** Over 80% of Bangladesh's exports to the UK are basic RMG items than high-value products, making the economy vulnerable to market.
- ◆ **Stringent regulatory requirements:** Strict standards on food safety, labour, and Environmental, Social, and Governance (ESG) practices in the UK increases rejection rates and production costs by 5–10% of exports, mainly food products.
- ◆ **Lack of branding and market recognition:** Despite being the second-largest RMG exporter globally, Bangladesh's share in the UK imports is only 3.7%, reflecting limited visibility.
- ◆ **Weak Intellectual Property (IP) protection and limited R&D investment:** Inadequate IP frameworks and low R&D investment (0.4% of GDP) hinder innovation and competitiveness. Bangladesh ranks 116<sup>th</sup> of 131 in Global Innovation Index 2022. <sup>15</sup>
- ◆ **Access to finance for SMEs:** Only 20% SMEs have access to formal credit (contributing 25% to GDP), often at high interest rates of 12–15%, limiting their ability to invest in exports.
- ◆ **Workforce skill gaps:** With a 74.7% literacy rate, Bangladesh workforce lacks advanced manufacturing skills. Only 10% enrolment in vocational training, limits the skilled labour for high-value exports.
- ◆ **Economic instability:** Economic fluctuations and instability negatively impact the business environment and erode buyer confidence.
- ◆ **Underutilization of Geographical Indications (GIs):** With only 31 registered GIs, Bangladesh lags behind competing countries, missing chances to boost market appeal for unique local products.

### Opportunities

- ◆ **Diversification of export base:** Pharma sector is expected to grow by 15–20% annually, and IT services exports contribute about US\$1b from Bangladesh. <sup>25</sup>
- ◆ **Sustainability initiatives:** With 217 LEED-certified green RMG factories, Bangladesh can appeal to the UK market, where over 60% of consumers prefer eco-friendly products.
- ◆ **National branding initiatives:** "Made in Bangladesh" campaign is an opportunity to enhance the global perception of Bangladeshi products.
- ◆ **International partnership for IP:** Collaborations with international organizations like the World Intellectual Property Organization (WIPO) are underway to strengthen IP laws.
- ◆ **Microfinance and SME loans:** Strengthen SME Foundation and Bangladesh Bank's refinance schemes to offer export SMEs better access to lower-cost credit.
- ◆ **Expand TVET enrolment:** Increase investment in Technical and Vocational Education and Training (TVET) programs to raise enrolment focusing on skills for high-value exports.
- ◆ **Diversify economic activities:** Reduce economic vulnerability by diversifying into less sensitive sectors such as technology and services.
- ◆ **Focus on GI registrations:** Bangladesh has accelerated the registration of new GIs, like Nakshi Kantha, creating opportunities to market these products as unique cultural exports.



## Recommendations

- ◆ **Promote diversification:** Incentivize investment in High-Value sectors, which have higher margins and less price sensitivity, such as high-value RMG, IT services, pharma, Man made Fibres.
- ◆ **Facilitate quality certification programs:** Encourage and subsidize certification programs like ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and Oeko—Tex Standard 100 (Textile Safety) to help exporters meet UK standards.
- ◆ **Branding and marketing:** The government should enhance visibility with a “Made in Bangladesh” campaign, pavilions at UK trade fairs like The London Textile Fair and Pure London, and targeted digital marketing focused on quality and sustainability.
- ◆ **Boost R&D funding:** Increase government and private sector investment in R&D to foster innovation.
- ◆ **Enhance Trade Financing:** To boost trade growth, Bangladesh should pursue green finance, venture capital for startups, and microloans for small exporters especially SMEs, while leveraging international development bank partnerships and public-private collaborations for expanded financing.
- ◆ **Industry-specific training initiatives:** Partner with industry leaders to create training programs aligned with market needs, ensuring a pipeline of skilled labour for export-oriented sectors.
- ◆ **Promote GI products internationally:** Marketing GI products in the UK, such as Jamdani and Hilsa, can differentiate Bangladesh’s offerings and enhance their market appeal.

## C. Strengthening Supply Chain

### Challenges <sup>31</sup>

- ◆ **Dependency on a single port:** Over 90% of Bangladesh's exports rely on Chattogram Port, making supply chains vulnerable to disruptions. Events like the 72-hour strike in 2022 can cause weeks-long delays and revenue losses.
- ◆ **Limited cold chain infrastructure:** Bangladesh's inadequate cold chain facilities result in the loss of 30–40% of perishable goods, costing the horticulture sector \$300 million annually and limiting exports (especially Shrimp) to distant markets like the UK.
- ◆ **High logistics costs and extended times:** Bangladesh's Logistics Performance Index (LPI) score of 2.58 highlights inefficiencies in customs and infrastructure, leading to increased costs. Congestion on the Dhaka–Chattogram highway doubles transportation times, raising costs by 15%, while Chattogram Port's 11-day average container dwell time adds \$130 million annually.
- ◆ **Complex customs procedures:** Bangladesh ranks 176<sup>th</sup> out of 190 countries in trading across borders, with customs clearance taking an average of 168 hours, far exceeding the OECD norm of 25 hours. These delays add an estimated 20% to export costs, reducing the competitiveness of Bangladeshi goods in the key markets such as the UK.
- ◆ **Slow adoption of digital trade platforms:** The slow adoption of digital tools and platforms hinders the efficiency and scalability of exports. This limits the country's ability to streamline processes, reduce costs, and meet the international market demand.

### Opportunities <sup>32</sup>

- ◆ **Development of new port facilities:** The Payra Deep Sea Port, set to be operational by 2025, will handle up to 75 million tonnes of cargo annually, easing pressure on Chattogram Port. This is expected to reduce shipping costs by 10–15% and shorten export lead times.
- ◆ **Expansion of Special Economic Zones (SEZs):** The Mirsarai Economic Zone, with over \$20 billion in projected investments, will feature advanced logistics and warehousing facilities with direct access to Chattogram Port, reducing lead times by 30% for businesses operating within the zone.
- ◆ **Investment in connectivity infrastructure:** The \$3.14 billion Dhaka–Chattogram rail expansion will double capacity, halve travel time, and reduce costs by 20%. Revitalizing inland waterways could cut logistics costs by 25%. Public–private partnerships, like the \$1.2 billion Dhaka Elevated Expressway, can further lower costs by 15–20% through improved infrastructure and digital platforms.
- ◆ **Improvement in digital infrastructure:** Implementing the National Single Window (NSW) system will streamline export processes, integrating 39 government agencies and potentially saving exporters over \$500 million annually, and boosting competitiveness.
- ◆ **Digital trade and e-commerce:** With the UK e-commerce projected to grow at a 7.6% CAGR, enhancing digital trade capabilities could increase Bangladesh's export revenues by 10–15% in the next five years, leveraging duty-free access under the GSP scheme.

## Recommendations

- ◆ **Promote utilization of secondary ports:** Enhance connectivity and offer incentives to boost the use of Mongla and Pangaon Inland Container Terminal (ICT). Upgrade infrastructure in ICTs to handle larger volumes, reducing pressure on Chattogram Port.
- ◆ **Develop cold chain facilities:** Establish modern cold storage units at ports with high export volumes of perishable goods such as Chattogram Port, Benapole Land Port, and Pangaon Inland Container Terminal.
- ◆ **Enhance multimodal transport and logistics infrastructure:** Expand rail and inland waterways to diversify transport options and improving supply chain resilience. Leverage public–private partnerships to upgrade port facilities, potentially saving millions by reducing port dwell times and ensuring more consistent delivery schedules.
- ◆ **Customs modernization program:** Implement a modernization program with digital tools, an online single window system, customs officer training, and simplified procedures to meet international standards.
- ◆ **Facilitate digital trade:** The government should help SMEs enhance e–commerce and cybersecurity skills, potentially increasing export revenues by 15–20% in three years. A digital trade desk at the Bangladesh High Commission in London could offer real–time support for exporters in the UK market.



## 3.2 Strategies for the United Kingdom to enhance trade with Bangladesh

### A. Regulatory alignment

#### Challenges <sup>33</sup>

- ◆ **High tariff and non-tariff barriers:** Bangladesh's tariffs on imports, particularly consumer products, electronics, and automobiles, averages 14.4% and can reach 25%, higher than many other developing nations. Non-tariff barriers such as import restrictions, lengthy customs procedures, and frequently changing regulations discourage the UK businesses from expanding trade in Bangladesh.
- ◆ **Economic instability:** Economic instability in Bangladesh has resulted in losses for over 25% of businesses, according to a World Bank report. Additionally, inflation rates of 8–9% add to the risks for UK exporters.
- ◆ **Infrastructure deficiencies:** Bangladesh ranks 100<sup>th</sup> out of 160 countries in the World Bank's Logistics Performance Index (2023), indicating challenges in trade logistics, including port congestion and inadequate road and rail connectivity.
- ◆ **Intellectual Property Rights (IPR) concerns:** According to the US Chamber of Commerce's International IP Index 2023, Bangladesh scores 26.3 out of 100, highlighting the weak enforcement of IPR, which poses a risk for the UK businesses involved in pharmaceuticals, IT, technology, and branded products.
- ◆ **Competition from regional and global players:** China is Bangladesh's largest import partner, supplying over 30% of Bangladesh's total imports, and India about 15%, while the UK accounts for less than 2%. The UK products, typically priced 20–30% higher than their Asian counterparts, face tough competition in a price-sensitive market, especially in electronics, machinery, and consumer goods.



## Opportunities <sup>34</sup>

- ◆ **Engage in bilateral negotiations:** The potential for a new UK–Bangladesh Trade and Investment Agreement could enhance market access for the UK exporters in sectors like education, pharmaceuticals, and financial services.
- ◆ **Growing consumer market:** Bangladesh’s GDP growth rate has averaged over 6% annually over the past decade, with the middle class expected to reach 34 million by 2025. This expanding consumer base creates substantial demand for the UK exports in consumer goods, healthcare, and education services.
- ◆ **Digital economy:** The digital economy in Bangladesh is growing rapidly, with internet penetration reaching 62% in 2023, up from 48% in 2018. The ICT sector is expected to contribute \$5 billion to the economy by 2025, presenting opportunities for the UK firms in fintech, e-commerce, and ICT infrastructure.
- ◆ **Education and skills development:** With over 43% of Bangladesh’s population under the age of 25, there is significant demand for education and vocational training. The UK can tap into this by exporting educational services and forming partnerships with Bangladeshi institutions.
- ◆ **Healthcare and medical services:** Bangladesh’s healthcare market is expected to reach \$11 billion by 2025, with a growing need for advanced healthcare services and infrastructure.
- ◆ **Utilize the UK Export Finance (UKEF):** Promote the use of the UKEF to offer political risk insurance, safeguarding the UK investments and exports in high-risk sectors.

## Recommendations

- ◆ **Strengthen regulatory cooperation:** Work closely with Bangladeshi authorities to align regulatory standards, particularly in industries like pharmaceuticals and electronics, to ease market entry. This could potentially reduce trade costs by 10–15%, making the UK products more competitive in the Bangladeshi market.
- ◆ **Market for standardized and certified products:** There is a growing market for products that meet international standards, particularly in sectors such as healthcare, food safety, and technology.
- ◆ **Collaborative ventures and partnerships:** The UK Foreign Direct Investment (FDI) in Bangladesh reached \$3 billion in 2022, primarily in energy, finance, and textiles. Expanding joint ventures can enhance trade, particularly in renewable energy and smart infrastructure, where the UK expertise aligns with Bangladesh’s goals. By participating in Bangladesh’s \$24 billion infrastructure investment by 2030, UK companies could secure contracts worth at least \$2.5 billion.
- ◆ **Strengthen trade promotion and facilitation:** The UK should increase its trade missions and fairs in Bangladesh, aiming for at least two major trade events annually. These events could target key sectors such as education, healthcare, and ICT.

## 3.3 Recommendations for Enhancing the UK Investments into Bangladesh

### 1 Improve the Investment Climate

- ◆ **Simplify Regulatory Processes:** Implementing a one-stop service for investors, managed by the Bangladesh Investment Development Authority (BIDA), to streamline business licenses and permits for foreign investors and make Bangladesh a more attractive destination for UK investments.
- ◆ **Tax Incentives:** Provide tax holidays and reduced corporate tax rates for investments in renewable energy, ICT, and pharmaceuticals.

### 2 Focus on Key Sectors

- ◆ **Renewable Energy:** Encourage UK investments in solar and wind projects with long-term PPAs and favourable land policies to help Bangladesh achieve 40% renewable energy by 2041.
- ◆ **Information and Communication Technology (ICT):** Facilitate UK partnerships with local ICT firms, especially in FinTech and cybersecurity, to contribute to the \$5 billion ICT revenue goal by 2025.
- ◆ **Healthcare and Pharmaceuticals:** Promote joint ventures in pharmaceutical manufacturing and medical equipment supply to support Bangladesh's generic drug production expansion.
- ◆ **Man-Made Fibre (MMF):** Encourage UK investments in the sector for import substitution of MMF which is used significantly in Bangladesh's textile industry and enhancing export capabilities.

### 3 Strengthen Public-Private Partnerships (PPPs)

- ◆ **Infrastructure Development:** Encourage UK investors to participate in public-private partnerships, particularly in infrastructure projects such as ports, roads, and railways. The development of secondary ports like Payra Deep Sea Port or projects like the Dhaka—Chattogram rail expansion offer significant investment opportunities.
- ◆ **Special Economic Zones (SEZs):** Promote investment in Bangladesh's Special Economic Zones, where investors can benefit from infrastructure support, tax incentives, and simplified regulations. The Mirsarai Economic Zone, with its strategic location and government support, is a prime candidate for attracting UK investments in manufacturing and logistics.

### 4 Enhance Investment Facilitation

- ◆ **Investor Protection:** Strengthen investor protection mechanisms, including clear dispute resolution processes and the enforcement of contracts. Offering political risk insurance through agencies like UK Export Finance (UKEF) can provide UK investors with confidence in the Bangladeshi market.
- ◆ **Bilateral Investment Treaties:** Negotiate or update bilateral investment treaties (BITs) between the UK and Bangladesh to provide stronger legal frameworks and protections for investors. This can include provisions on investment dispute resolution, repatriation of profits, and protection against expropriation.

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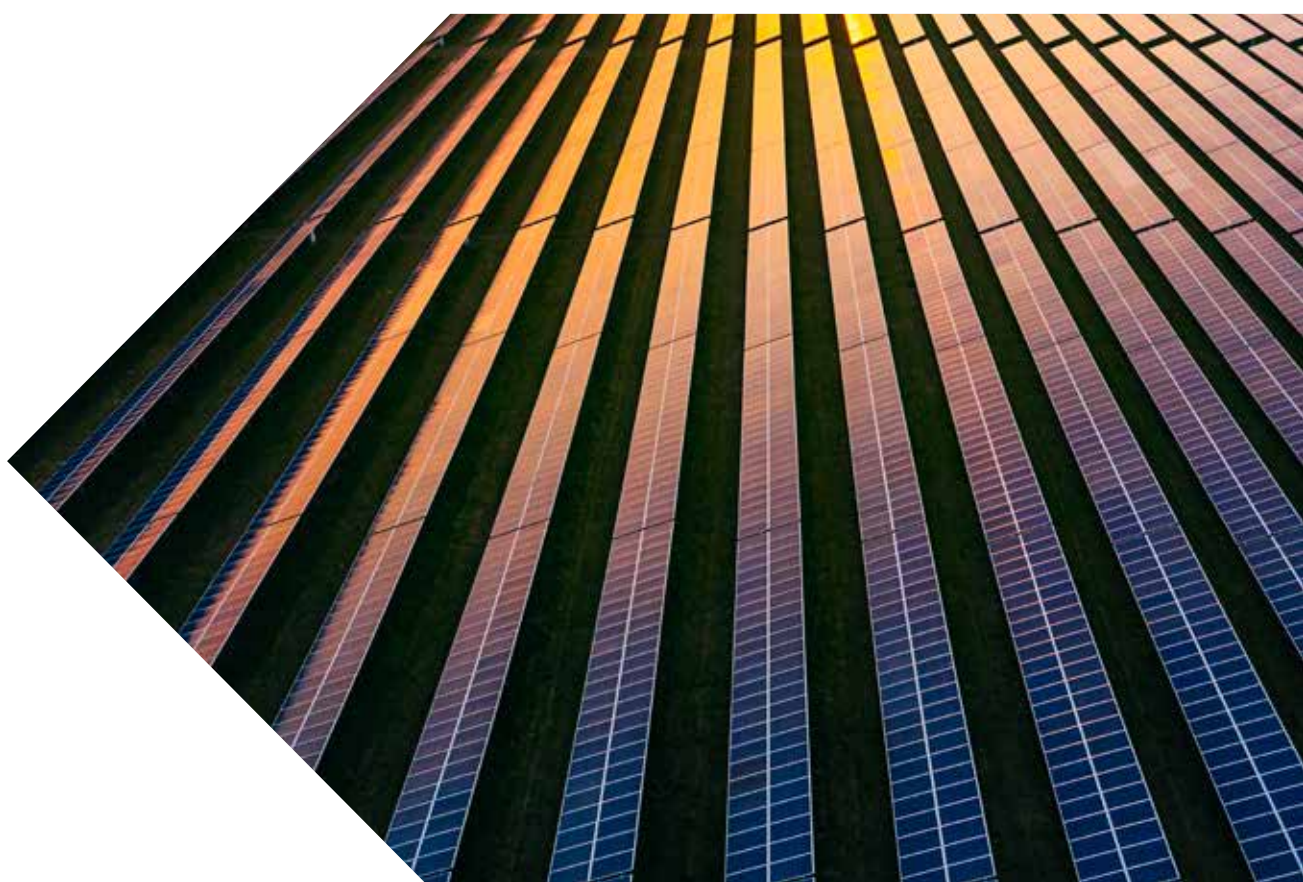
## Promote Sustainable and Social Impact Investments

- ◆ **Green Finance:** Incentivize UK investments in sustainable agriculture and energy efficiency projects, supporting Bangladesh's Sustainable Development Goals (SDGs) commitments.
- ◆ **Social Impact Investments:** Promote investments in education, vocational training, and healthcare that align with Bangladesh's long-term development goals.

6

## Expand UK—Bangladesh Investment Dialogue

- ◆ **Regular Engagement:** Establish a permanent UK—Bangladesh investment dialogue platform, where key stakeholders from both governments and the private sector can regularly discuss opportunities, challenges, and strategies for enhancing bilateral investments.
- ◆ **Investment Promotion Missions:** Organize investment promotion missions to the UK, where Bangladeshi officials and business leaders can showcase opportunities in sectors like ICT, renewable energy, and infrastructure. Similarly, UK investment missions to Bangladesh can help potential investors understand the market and regulatory environment better.











## 4 | Way Forward

## Way forward: Enhancing the UK–Bangladesh trade relations

Bangladesh is one of the UK's largest trading partners in South Asia, and the UK is a major export destination for Bangladesh. By focusing on targeted strategies, the UK and Bangladesh can build a more resilient and diversified economic partnership, driving mutual prosperity and ensuring that both nations are well-positioned to navigate the complexities of the global trade environment in the coming years.

### Short Term ( 1 to 2 Years)

In the short term, Bangladesh should focus on leveraging the UK's Developing Countries Trading Scheme (DCTS). By ensuring strict compliance with DCTS requirements, particularly in areas such as sustainable manufacturing and ethical labour practices, Bangladesh can secure its preferential access to the UK market following its graduation from Least Developed Country (LDC) status. Additionally, taking advantage of DCTS's flexibility in sourcing raw materials from other developing countries will enable Bangladesh to better integrate into global and regional supply chains, thus enhancing its market competitiveness.

The UK, on the other hand, should focus on incentivizing investments in emerging sectors in Bangladesh, such as pharmaceuticals and renewable energy, particularly within the country's 100 Special Economic Zones (SEZs). While there has been substantial UK Foreign Direct Investment (FDI) in Bangladesh, the potential for technology transfer remains underutilized. Joint ventures in biotechnology and renewable energy could play a critical role in boosting local innovation. Strengthening these partnerships will also help Bangladesh address its low R&D spending, particularly in green technology and pharmaceuticals, thereby driving growth in these vital areas.

### Medium Term (2 to 5 Years)

Over the medium term, Bangladesh must prioritize promoting export diversification and adding value to its products. Currently, the country's export base is heavily reliant on ready-made garments (RMG). To reduce this dependency, Bangladesh should actively explore diversification into sectors like agro-processing, leather goods, jute products, and ICT services. The UK can support this diversification by targeting investments and development initiatives in these sectors. Additionally, enhancing value addition in the RMG sector—such as incorporating advanced designs and adopting sustainable practices will further strengthen Bangladesh's competitiveness in the UK market.

Improving trade facilitation and infrastructure will be another critical area of focus. Bangladesh needs to enhance secondary ports, expand cold chain facilities, and modernize logistics through digital platforms like the National Single Window. These improvements will help reduce lead times and costs, thereby increasing the country's trade competitiveness. The UK can contribute by providing expertise and investment in smart infrastructure and sustainable transport solutions.

Strengthening institutional and regulatory frameworks will also be key to ensuring long-term trade success. Bangladesh and the UK should work together to align regulatory standards, simplify customs procedures, and establish mutual recognition agreements (MRAs) to facilitate smoother trade. Enhancing intellectual property protection and enforcement in Bangladesh will create a safer environment for UK businesses, encouraging greater investment.

## Long Term (5 to 10 Years)

In the long term, the focus should be on deepening strategic economic partnerships through the formation of a Strategic Economic Partnership (SEP) between the UK and Bangladesh. This partnership would address key issues such as sector-specific agreements, regulatory alignment, investment facilitation, and intellectual property rights. A well-crafted SEP would not only strengthen bilateral ties but also promote UK investments in Bangladesh's growing sectors, including pharmaceuticals, ICT, and green energy.

To ensure sustained growth, Bangladesh must focus on fostering innovation and skill development over the next decade. Bridging the skills gap in expanding sectors like ICT, smart manufacturing, and logistics will be crucial. The UK can play a vital role by partnering with Bangladeshi educational institutions to develop targeted training programs and upskilling initiatives. Establishing Centres of Excellence in areas such as renewable energy and ICT will further enhance Bangladesh's global competitiveness and innovation capacity, ensuring the country's continued success in the global marketplace.

Moreover, by continuing to improve trade infrastructure, modernize regulations, and invest in emerging sectors, Bangladesh can build a resilient and diversified economy capable of thriving in a complex global trade environment over the next 10 years. The UK's support in these areas will be pivotal in helping Bangladesh achieve these long-term objectives through the SEP framework.











# Annexures

## Annexure–I: Stakeholders Consulted for the report

### Relevant Stakeholders from Bangladesh:

Institutional Stakeholders Information	Business Stakeholders Information	Commercial Intermediary Organizations
<ul style="list-style-type: none"> <li>British High Commission</li> <li>The Ministry of Commerce</li> <li>The Export Promotion Bureau</li> <li>World Bank Group</li> <li>International Monetary Fund</li> <li>Bangladesh Investment Development Authority (BIDA)</li> <li>Federation of Bangladesh Chambers of Commerce &amp; Industries (FBCCI)</li> </ul>	<ul style="list-style-type: none"> <li>Metropolitan Chamber of Commerce and Industries</li> <li>Bangladesh Garment Manufacturers and Exporters Association</li> <li>Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)</li> <li>Dulal Brothers Limited (DBL)</li> <li>Bay Group</li> <li>Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB)</li> <li>Dewhirst</li> <li>Fatullah Apparels</li> </ul>	<ul style="list-style-type: none"> <li>HSBC Bangladesh</li> </ul>

### Relevant Stakeholders from United Kingdom:

Institutional Stakeholders Information	Business Stakeholders Information	Commercial Intermediary Organizations
<ul style="list-style-type: none"> <li>Department for Business and Trade</li> <li>British Council</li> <li>Department For International Relations and Trade (Welsh Government)</li> <li>Institute of Export and International Trade</li> <li>UK Export Finance</li> <li>British Expertise International</li> <li>Department for Education</li> <li>International Procurement and Logistics</li> <li>People 1st</li> <li>Sponsor License Specialist</li> <li>Intellectual Property Office</li> <li>Bangladesh Caterers Association</li> </ul>	<ul style="list-style-type: none"> <li>University College London Consultants (UCLC)</li> <li>Scottish Qualifications Authority (SQA)</li> <li>Chambers Wales</li> <li>Wales–Bangladesh Chamber of Commerce</li> <li>Ecctis Ltd</li> <li>AIM Group</li> <li>Yum Yum Restaurant</li> <li>Spitalfields Small Business Association</li> <li>Sonar Bangla Travels</li> <li>Techcited Ltd</li> <li>Interlink</li> <li>Euro Foods Group</li> </ul>	<ul style="list-style-type: none"> <li>HSBC UK Bank PLC</li> </ul>

## Annexure-II: Abbreviations

Sr. No.	Term	Terminology
1	ABI	Association of British Insurers
2	ACCA	Association of Chartered Certified Accountants
3	BACCO	Bangladesh Association of Contact Center and Outsourcing
4	BAIRA	Bangladesh Association of International Recruiting Agencies
5	BEPZIA	Bangladesh Export Processing Zone Investors' Association
6	BFFEA	Bangladesh Fisheries Development Corporation
7	BGMEA	Bangladesh Garment Manufacturers and Exporters Association
8	BHC	Bangladesh High Commission
9	BIDA	Bangladesh Investment Development Authority
10	BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
11	BMET	Bureau of Manpower, Employment and Training
12	BSCIC	Bangladesh Small and Cottage Industries Corporation
13	BRRI	Bangladesh Rice Research Institute
14	BARI	Bangladesh Agricultural Research Institute
15	BARD	Bangladesh Agricultural Research Institute
16	CAGR	Compound Annual Growth Rate
17	CEDEX	Container Equipment Data Exchange
18	DBL	Dulal Brothers Limited
19	DCTS	Developing Country Trading Scheme
20	ECA	Export Credit Agency
21	EDF	Export Diversification Fund
22	EFTA	European Free Trade Association
23	ESG	Environmental, Social, and Governance
24	EU	The European Union
25	FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
26	FCDO	Foreign, Commonwealth & Development Office
27	FTA	Free Trade Agreement
28	GIZ	The Deutsche Gesellschaft für Internationale Zusammenarbeit
29	GDP	Gross Domestic Product
30	GDPR	General Data Protection Regulation

## Annexure-II: Abbreviations

Sr. No.	Term	Terminology
31	HSBC	The Hongkong and Shanghai Banking Corporation Limited
32	ICT/BPO	Information and Communication Technology/Business Process Outsourcing
33	ILO	International Labour Organization
34	IOEIT	Institute of Export and International Trade
35	IOM	International Organization for Migration
36	IPR	Intellectual Property Rights
37	LC	Letters of Credit
38	LDC	Least Developed Country
39	LFMEAB	Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh
40	LIBF	London Institute of Banking & Finance
41	LWG	Leather Working Group
42	MoU	Memoranda of Understanding
43	NARS	National Agricultural Research System
44	MSME	Micro, Small, and Medium Enterprises
45	PIDG	Private Infrastructure Development Group
46	RMG	Ready-Made Garments
47	RoO	Rules of Origin
48	SEZ	Special Economic Zones
49	SME	Small and Medium Sized Enterprises
50	SQA	Scottish Qualifications Authority
51	STW	Single Trade Window
52	TVET	Technical and Vocational Education and Training
53	UCLC	University College London Consultants
54	UK	The United Kingdom
55	UNDP	United Nations Development Program
56	USA	The United States of America
57	USAID	The United States Agency for International Development
58	US\$	United States Dollar
59	VAT	Value Added Tax
60	WBG	World Bank Group



## Annexure–III: Key trade and investment organizations in Bangladesh

Sr. No.	Organization	Category	Address	Contact Information
1	<b>Ministry of Commerce, Bangladesh</b> Formulates and implements policies on commerce, trade, and industry in Bangladesh, crucially promoting exports and managing international trade relations.	Government & Trade Organization	Building 3 (1st Floor), Bangladesh Secretariat, Abdul Gani Rd, Dhaka 1000, Bangladesh	Phone: +88 02 55101006 Fax: +88 02 9540213 Email: <a href="mailto:secy@mincom.gov.bd">secy@mincom.gov.bd</a> Website: <a href="http://www.mincom.gov.bd">www.mincom.gov.bd</a>
2	<b>Bangladesh Investment Development Authority (BIDA)</b> The main agency promoting and facilitating private sector investment, providing one-stop services for investor approvals and permits.	Investment Promotion Agency	Prime Minister's Office E—6/B Agargaon, Sher—e—Bangla Nagar Dhaka—1207	Phone: +880 2 44826795 99 Fax: +880 2 44826792 Email: <a href="mailto:info@bida.gov.bd">info@bida.gov.bd</a> Website: <a href="http://www.bida.gov.bd">www.bida.gov.bd</a>
3	<b>Export Promotion Bureau (EPB), Bangladesh</b> Promotes national trade by enhancing the competitiveness of Bangladeshi exporters through organizing trade fairs, providing market intelligence, and supporting trade negotiations.	Government & Trade Organization	TCB Bhaban (1st, 4th, and 9th Floors), 1 Kawran Bazar, Dhaka—1215, Bangladesh	Phone: +880 02 55013420 Email: <a href="mailto:info@epb.gov.bd">info@epb.gov.bd</a> Website: <a href="http://www.epb.gov.bd">www.epb.gov.bd</a>
4	<b>Federation of Bangladesh Chambers of Commerce &amp; Industry (FBCCI)</b> The apex trade organization representing businesses across sectors, promoting trade, industry, and advocating for policies that support business growth.	Trade and Industrial Associations	60 Motijheel Commercial Area, Dhaka—1000, Bangladesh	Phone: 88 02 223380588, 223381470 Fax: 88 02 223355902 Email: <a href="mailto:secretariat@fbcci.org">secretariat@fbcci.org</a> Website: <a href="http://www.fbcci.org">www.fbcci.org</a>
5	<b>Bangladesh Bank (Central Bank)</b> Regulates the country's monetary and financial system, managing foreign exchange, facilitating trade, and ensuring financial stability.	Government & Trade Organization	Motijheel, Dhaka—1000, Bangladesh	Phone: +880 255665001 6 Email: <a href="mailto:webmaster@bb.org.bd">webmaster@bb.org.bd</a> Website: <a href="http://www.bb.org.bd">www.bb.org.bd</a>
6	<b>Bangladesh Garment Manufacturers and Exporters Association (BGMEA)</b> Leading trade association representing garment manufacturers and exporters, driving economic development by promoting the RMG sector, advocating for favourable trade policies, and ensuring compliance with international standards.	Trade Association	BGMEA Complex, House # 7/7A, Sector # 17, Block # H—1, Uttara, Dhaka — 1230, Bangladesh	Phone: +880 9638012345 Fax: +880 2 55027922 Email: <a href="mailto:info@bgmea.com.bd">info@bgmea.com.bd</a> Website: <a href="http://www.bgmea.com.bd">www.bgmea.com.bd</a>
7	<b>Bangladesh Economic Zones Authority (BEZA)</b> Facilitates investment in Special Economic Zones (SEZs) by providing infrastructure, incentives, and support to both domestic and foreign investors.	Government of Bangladesh	BEZA, Level 7,8,9 Biniyog Bhaban, Plot #E—6/B, W Agargaon, Dhaka 1207, Bangladesh	Phone: +880 2 48950400 19 Email: <a href="mailto:info@beza.gov.bd">info@beza.gov.bd</a> Website: <a href="http://www.beza.gov.bd">www.beza.gov.bd</a>
8	<b>Bangladesh Trade and Tariff Commission (BTTC)</b> Provides analysis, recommendations, and policy advice on trade and tariff issues to the Government of Bangladesh.	Government & Trade Organization	1st 12 storied govt. office building 9th floor, Segunbagicha, dhaka—1209	Phone: +880 2 8180085 Email: <a href="mailto:chairman@bttc.gov.bd">chairman@bttc.gov.bd</a> <a href="mailto:info@btc.gov.bd">info@btc.gov.bd</a> Website: <a href="http://www.btc.gov.bd">www.btc.gov.bd</a>

Source: Official websites of the organisations listed above

## Annexure–IV: Key trade and investment organizations in the UK

Sr. No.	Organization	Category	Address	Contact Information
1	<b>Department for Business &amp; Trade, UK</b> Drives economic growth by promoting British trade, fostering global business partnerships, and securing high—value investments.	Government & Trade Organization	Old Admiralty Building, Admiralty Place, London SW1A 2DY, United Kingdom	Phone: +44 (0) 20 4551 0011 Email: <a href="mailto:enquiries@trade.gov.uk">enquiries@trade.gov.uk</a> Website: <a href="http://gov.uk/dbt">gov.uk/dbt</a>
2	<b>Invest UK</b> Advises global investors on entering the UK market, offering tailored guidance on market entry, strategy, and investment opportunities.	Investment Promotion Agency	4 Cavendish Square, London W1G 0PG, United Kingdom	Phone: +44 20 7629 2522 Email: <a href="mailto:info@investuk.com">info@investuk.com</a> <a href="mailto:enquiries@investuk.com">enquiries@investuk.com</a> Website: <a href="http://investuk.com">investuk.com</a>
3	<b>British Council</b> Enhances the UK's global influence through cultural diplomacy, promoting education, arts, and English language learning worldwide.	International organisation for cultural relations and educational opportunities	10 Spring Gardens, London SW1A 2BN, United Kingdom and Bridgewater House 58 Whitworth Street Manchester	Phone: +44 (0)161 957 7755 Email: <a href="mailto:general.enquiries@britishcouncil.org">general.enquiries@britishcouncil.org</a> Website: <a href="http://britishcouncil.org">britishcouncil.org</a>
4	<b>UK Export Finance (UKEF)</b> Supports UK exports by providing financial solutions and risk management services to businesses engaged in international trade.	Government & Trade Organization	1 Horse Guards Rd, Westminster, London SW1A 2HQ, United Kingdom	Phone: +44 20 7271 8010 Email: <a href="mailto:customer.service@ukexportfinance.gov.uk">customer.service@ukexportfinance.gov.uk</a> Website: <a href="http://gov.uk/uk—export—finance">gov.uk/uk—export—finance</a>
5	<b>The City UK</b> Advances the UK's financial and professional services industry, promoting global competitiveness & industry growth.	Financial Services Organization	Fitzwilliam House, 10 St Mary Axe, London EC3A 8BF, UK	Phone: +44 20 3696 0100 Email: <a href="mailto:info@thecityuk.com">info@thecityuk.com</a> Website: <a href="http://thecityuk.com">thecityuk.com</a>
6	<b>Confederation of British Industry (CBI)</b> Represents UK businesses across sectors, lobbying for policies that foster a favourable business environment.	Trade Organization	Cannon Place, 78 Cannon Street, London EC4N 6HN, UK	Phone: +44 20 7379 7400 Email: <a href="mailto:enquiries@cbi.org.uk">enquiries@cbi.org.uk</a> Website: <a href="http://cbi.org.uk">cbi.org.uk</a>
7	<b>Institute of Export and International Trade (IOE&amp;IT)</b> Equips UK businesses with the knowledge and skills needed to succeed in international trade.	Trade Education Institute	Export House, Minerva Business Park, Lynch Wood, Peterborough PE2 6FT, UK	Phone: +44 1733 404400 Email: <a href="mailto:institute@export.org.uk">institute@export.org.uk</a> Website: <a href="http://export.org.uk">export.org.uk</a>
8	<b>Department for International Trade (DIT)</b> Promotes UK trade globally and attracts foreign investment, helping UK businesses expand internationally.	Government & Trade Organization	3 Whitehall Place, London SW1A 2AW, United Kingdom	Phone: +44 20 7215 5000 Email: <a href="mailto:enquiries@trade.gov.uk">enquiries@trade.gov.uk</a> Website: <a href="http://gov.uk/dit">gov.uk/dit</a>
9	<b>British Chambers of Commerce (BCC)</b> Supports UK businesses through networking, advocacy, and providing insights on international trade opportunities.	Trade Organization	65 Petty France, London SW1H 9EU, United Kingdom	Phone: +44 20 7654 5800 Email: <a href="mailto:enquiries@britishchambers.org.uk">enquiries@britishchambers.org.uk</a> Website: <a href="http://britishchambers.org.uk">britishchambers.org.uk</a>
10	<b>London &amp; Partners</b> Promotes London as a global hub for business, tourism, and innovation, attracting investment and supporting businesses.	Investment Promotion Agency	London & Partners, 1st Floor, 169 Union Street, London SE1 0LL	Phone: +44 20 7234 5800 Email: <a href="mailto:info@londonandpartners.com">info@londonandpartners.com</a> Website: <a href="http://londonandpartners.com">londonandpartners.com</a>
11	<b>Invest Northern Ireland</b> Stimulates economic development in Northern Ireland by promoting inward investment and supporting businesses in exporting.	Investment Promotion Agency	Bedford Square, Bedford St, Belfast BT2 7ES, United Kingdom	Phone: +44 28 9069 8000 0800 181 4422 Fax: 028 9043 6536 Email: <a href="mailto:info@investni.com">info@investni.com</a> Website: <a href="http://investni.com">investni.com</a>

Source: Official websites of the organisations listed above

## Annexure–V: List of Zero Tariff Duty/Quota—Free Products for Bangladesh exports to the UK under the UK’s DCTS (Comprehensive Preferences)

HS Code	Product Category	Product Description	Economic Significance	Market Demand in UK	Key Export Markets for Bangladesh
03	Fish and Seafood	Fish and crustaceans, mollusc and other aquatic invertebrates	Significant contributor to Bangladesh’s seafood exports	High (Retail, Food Service)	Belgium, UK, Netherlands
07	Agricultural Products	Edible vegetables and certain root and tubers	Emerging export sector, high value products	High (Ethnic Food markets)	UK, UAE, Saudi Arabia
09	Agricultural Products	Coffee, tea, mate and spices	Increasingly popular in international markets	High (Retail, Food Processing)	Saudi Arabia, UAE, Malaysia
16	Fish and Seafood	Preparations of meats, of fish or of crustaceans, mollusc or other aquatic invertebrates	Growing export sector, contributing to diversification	High (Seafood processing)	Russia, Netherlands, UK
19	Processed food	Preparations of cereals, flour, starch or milk; pastrycooks’ products	Growing export sector, vital for farmers	High (Retail and Food Processing)	Saudi Arabia, UK, India
20	Agricultural Products	Preparation of vegetables, fruit, nuts or other parts of plants	Growing export sector, vital for smallholder farmers	High (Ethnic Food markets)	Philippines, Saudi Arabia, Malaysia
30	Pharmaceuticals	Pharmaceutical products	Emerging export sector, contributing to diversification	High (Healthcare industry)	Myanmar, Sri Lanka, USA
39	Plastics and articles thereof	Plastics and articles thereof	Emerging export sector, contributing to diversification	Moderate (Packaging products)	India, China, USA
41	Leather products	Raw hides and skins (other than fur skins) and leather	Growing export sector, contributing to diversification	High (Luxury item manufacturing)	China, India, Italy
42	Leather products	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk—worn gut)	Growing export sector, contributing to diversification	High (Luxury & Retail)	India, USA, Japan
53	Textiles and Garments	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	Important for diversification in textile industry	High (Textile industry)	India, Turkey, China

## Annexure–V: List of Zero Tariff Duty/Quota—Free Products for Bangladesh exports to the UK under the UK’s DCTS (Comprehensive Preferences)

HS Code	Product Category	Product Description	Economic Significance	Market Demand in UK	Key Export Markets for Bangladesh
55	Textiles and Garments	Man-made staple fibres	Important for diversification in textile industry, high demand in USA and China	High (Textile industry)	Pakistan, India, Japan
61	Textiles and Garments	Articles of apparel and clothing accessories, knitted or crocheted	Major export product in Bangladesh’s RMG sector	High (Fashion & Retail)	Germany, UK, USA
62	Textiles and Garments	Articles of apparel and clothing accessories, not knitted or crocheted	High—value export sector, critical for Bangladesh’s RMG industry	High (Fashion & Retail)	USA, Germany, UK
63	Textiles and Garments	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	Important for diversification within the RMG sector	High (Fashion & Retail)	USA, India, UAE
64	Leather products	Footwear, gaiters and the like; parts of such articles	Emerging export sector, contributing to diversification	High (Luxury & Retail)	USA, France, Germany
65	Textiles and Garments	Headgear and parts thereof	Important for diversification within the RMG sector	High (Fashion & Retail)	USA, Germany, Canada
87	Auto and Auto components	Vehicles others than railway or tramway rolling-stock, and parts and accessories thereof	Growing export sector, contributing to diversification	Moderate (Automobile)	Germany, Austria, UK
90	Medical device and equipment’s	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	Growing export sector, contributing to diversification	High (Healthcare industry)	UK, USA, Turkey
95	Consumer goods	Toys, games and sports requisites; parts and accessories thereof	Growing export sector, contributing to diversification	Moderate (Games and Toys)	Italy, Spain, USA



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# Quay Asia Ltd

## About Quay Asia Ltd.

Quay Asia helps UK businesses study the Bangladesh market. It collaborates with UK, US, and European organisations on donor-funded and other market opportunities. Quay Asia is part of the British Business Group in Bangladesh and engages in UK trade missions there. It also contributes to policy dialogues, research reports, and collaborations related to UK foreign policy, aid, and trade. Additionally, its representative serves on the nine-member board of the British Business Group in Bangladesh.

Quay Asia is dedicated to promoting rapid and equitable development in Bangladesh. Alongside participating in policy discussions on economic progress, Quay Asia also carries out and funds social development initiatives to provide opportunities and safeguards for the most vulnerable populations.

Since 2019, Quay Asia has supported an EU project providing technical assistance to social security reform in Bangladesh.

In addition to its research on labour and employment, Quay Asia invests in a social enterprise that recruits and trains young women and men from the ethnic minorities of the Chittagong Hill Tracts providing them with decently paid jobs in the hospitality industry.

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