Geoeconomics in the aftermath of the COVID-19 pandemic:
Trade and development perspectives from Bangladesh

Mohammad Abdur Razzaque

FRIEDRICH EBERT STIFTUNG

Geoeconomics in the aftermath of the COVID-19 pandemic: Trade and development perspectives from Bangladesh

May 2021

Contents

Summary

World trade and other major forces of globalization are now passing through turbulent times. The rise of geoeconomics—the use of various economic and trade policy instruments by global and regional economic powers to promote their national interests and geopolitical influence—is undermining the rules-based multilateral trading system led by the World Trade Organization (WTO).

Sustained deceleration in international trade and investment flows since the global financial crisis of 2008 have been accompanied by globalization backlash, tariff wars and COVID-19-induced heightened policy measures focusing on diversifying supply sources away from China and decoupling the world's two largest economies—the United States and China—to undo interlinked supply chains built over several decades. Indeed, China's emergence as a major trading and economic powerhouse has had a profound impact on the geopolitical landscape. A proliferation of geoeconomic tools is pressuring the trade and economic cooperation architecture. It could lead to a prolonged period of uncertainty as some of the leading economies scramble for their economic and geopolitical gains. With Bangladesh graduating from the group of least developed countries (LDCs) and thus about to lose critical trade preferences within the next few years, consolidating its economic success while exploring new trading opportunities amid the unsettling global trade environment is of particular concern.

The emerging geoeconomic order brings a new spotlight on the development prospect of a country like Bangladesh, which has registered impressive socioeconomic advancement and expects a credible, inclusive and rules-based international trading system to support its transition from an LDC to developing country status. Over the past decades, international trade as a vehicle for economic growth became established in the development strategies of many developing countries. The United Nations 2030 Agenda for Sustainable Development recognizes it as a means for achieving the various Sustainable Development Goals. However, the multilateral trading system is facing an existential threat with the long-running Doha Development Round of negotiations, initiated in 2001, now stalled. The geopolitical competition accentuated by the COVID-19 pandemic has triggered global and regional powers to unleash an array of geoeconomic instruments.

Bangladesh wants to benefit from its geographical vicinity to the world's two-largest growth centres, but the geopolitical rivalry between China and India is turning the region into a geoeconomic powerplay ground. Within the general tumultuous terrain of global and regional cooperation, there are certainly opportunities—trade preferences, investment and financial assistance—that must be exploited prudently without becoming a victim of the geopolitical competition of the rival economic powers.

After brief analysis of some of the major relevant trends, this paper presents several broad recommendations for Bangladesh to navigate the unfolding geoeconomic landscape while advancing its economic development and minimizing any backlash from the hegemonic tensions. Working with other developing countries, among other pursuits, Bangladesh must proactively push for strengthening the multilateral trading system with a transparent dispute settlement procedure by incorporating reforms to contain the indiscriminate use of geoeconomic tools.

Ensuring regional prosperity through enhanced trade and improved connectivity should continue to be pursued. Bangladesh must also maintain productive relations with both China and India, judiciously using their financial assistance and trade preferences while not falling into the power orbit of anyone. Along with revitalizing the South Asian Free Trade Area and bringing dynamism into the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, Bangladesh should seek membership in the Regional Comprehensive Economic Partnership, which, because of the involvement of such prominent economies as Australia, China, Japan, New Zealand and South Korea, attaches importance to trade openness. It also reinforces the credibility of a trading bloc by establishing a coherent free trade zone and facilitating cross-border investment flows within the region. Being part of a strong trading bloc can help shield against the indiscriminate geoeconomic tools deployed by any regional powers.

This paper also recommends that, given the escalated geopolitical tensions, trade and development prospects facing Bangladesh in the immediate aftermath of its LDC graduation can be greatly insulated by securing a favourable trading arrangement from the European Union. A priority should be exploring opportunities for a European Union generalized system of preferences regime that will be similar to the zero-import duty of the Everything But Arms scheme.

Managing a productive bilateral relationship with the United States will also be critical. While the United States' stance on the global trade and investment regime and regional trade deals is still evolving, Bangladesh should be ready to consider participation in any possible free trade agreement and/or regional trading bloc initiative that the United States might promote.

Finally, notwithstanding the challenges of the external environment, Bangladesh must work on improving the overall competitiveness of its economy to sustain export growth. Tackling the high cost of doing business, dealing with weak and inadequate infrastructural facilities and addressing inefficient inland road transport and trade logistics, strengthening institutions, etc. are important tasks in this regard. In the era of geoeconomics and heightened geopolitical tensions, it is also important to build diplomatic and trade negotiation capacities so that the development objectives can be effectively pursued.

Geoeconomics and Bangladesh

The COVID-19 global pandemic has unleashed catastrophic health and economic crises for global economies including Bangladesh. According to projections by the International Monetary Fund, the world gross domestic product (GDP) for 2020 will decline by an unprecedented 4.5 per cent, with the lost economic activities translating into rising unemployment worldwide and falling international trade and investment flows (IMF, 2020). Global foreign direct investment (FDI) flows—according to the United Nations Conference on Trade and Development—are set to decline by 40 per cent in 2020, and the World Trade Organization (WTO) forecasts world merchandise trade volume to fall by about 10 per cent (UNCTAD, 2020; WTO, 2020a). Virus fears and travel restrictions have plunged international tourist arrivals by more than 70 per cent, according to the World Tourism Organization (2020). The devastating impact of COVID-19 on global trade, tourism and investment cannot be overstated. The short-to-medium term world economic recovery prospects remain uncertain.

Even before the pandemic hit the global economy, the United States–China trade war had slowed global trade significantly, affecting almost all countries.[1] All-out trade retaliatory measures employed by the world's two biggest economies against each other, bypassing multilateral rules for settling disputes, was a major manifestation of an undercurrent indicating that globalization and free trade policy regimes were at a crossroads. In fact, after decades of rapid expansion, international trade and cross-border capital flows turned into a prolonged period of deceleration. Triggered initially by the global financial crisis of 2008, from which world trade could never recover fully, the trade-led development perspective was subject to a massive setback as the benefits of globalization were called into question in Western developed countries, leading to Brexit in Europe and trade policy reversals of the United States under President Trump. The rise of China as a major trading and economic powerhouse has also had profound impact on the geopolitical landscape, marked by a proliferation of geoeconomic tools used by various countries in pursuit of their national interests and in protecting their regional and global influence.

With most developed countries experiencing disruptions in emergency supplies in the immediate aftermath of the COVID-19 crisis, concerns emerged over the highly concentrated production network—often dubbed global value chains—centring in China. This led to proactive policy measures focusing on "reshoring", "onshoring" and "nearshoring" of production processes to diversify supply sources away from China. While United States trade policy actions against China started to have some impact, Japan rolled out a major economic support package to help manufacturers shift production out of China.[2] The possibility of a new cold war now threatens to overshadow multilateral and regional cooperation with the disentangling of the so-called "Chimerica"—with China as the global workshop and the United States as the tech headquarters (Weber, 2020).[3] The rivalry between China and India also has generated new economic and security uncertainty in South Asia. To vie for geopolitical gains, the two neighbouring economic giants increasingly make use of the geoeconomic tools.

With Asia set to propel the global economic growth for many decades to come, it will be one of the most important fronts for geoeconomics and geopolitical rivalry. The existing global trade and investment policy regimes are likely to change profoundly as global economic forces strive for economic and political competitive advantages. Despite the impending change in political leadership following its 2020 presidential election, the recent policy reversals of the United States may not be fully backtracked, given that China appears to have come out stronger amid the COVID-19 pandemic. This could imply unsettling environments for global trade and economic and other multilateral cooperation.

---

1 In fact, Bangladesh's merchandise export growth during July 2019–February 2020 was negative due to the slowdown in global trade caused by the United States–China trade war.

2 Japan reportedly paid 87 companies to shift production back home or into Southeast Asia after the coronavirus pandemic disrupted supply chains and exposed an overreliance on Chinese manufacturing (The Washington Post, 21 July 2020).

3 Economic historian Niall Ferguson first coined the term "Chimerica" to explain the intricate interdependence between the world's two largest economies, China and America (United States). It was argued that the Chinese savings fuelled a massive US overspend, leading to an incredible period of wealth creation but eventually contributing to the global financial crisis of 2008.

The emerging geoeconomic order brings a new spotlight on the development prospects for a country like Bangladesh, which has registered impressive socioeconomic advancement—reflected in its impending graduation from the group of least developed countries (LDCs). Bangladesh expects a credible, inclusive and rules-based international trading system to strengthen its development transitions. Bangladesh also wants to benefit from its vicinity to the world's two largest growth centres of China and India. Over the past decades, international trade as a vehicle for economic growth became established in the development strategies of many developing countries. The United Nations 2030 Agenda for Sustainable Development recognizes it as a means for achieving the Sustainable Development Goals. However, the WTO-led multilateral trading system faces an existential threat with the long-running Doha Development Round of negotiations, initiated in 2001, now stalled and the trade conflicts undermining the existing rules and regulations. Geopolitical competition accentuated by the COVID-19 pandemic has triggered global and regional powers to unleash an array of geoeconomic instruments, which are intensifying practices of the past decade or so.

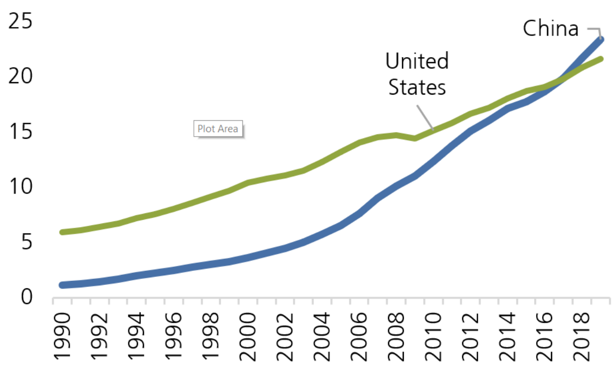
This paper discusses how the accelerated geoeconomic rivalry can affect trade and development prospects for Bangladesh. It provides brief analysis of emerging trends that pose challenges to the multilateral trading system and highlights the geoeconomic dynamics of various bilateral and regional cooperation engagements. The paper sheds some light on how emerging geoeconomics are interacting with trade and investment prospects for Bangladesh after is LDC graduation. And it offers policy recommendations for Bangladesh to navigate the unfolding geoeconomic landscape while advancing its economic development.

Rise of geoeconomics and the multilateral trading system

Geoeconomics is a relatively new concept. Edward Luttwak (1990) coined the term in 1990 when suggesting that the main area of rivalry in the post-Cold War system would be economic rather than military in nature. Military interventions have become expensive, and due to numerous countries having nuclear weapons to deter opponents' military approaches, the use of economic tools to realize geopolitical goals has become more pragmatic. Blackwill and Harris (2016, p. 9) characterized geoeconomics as "war by other means" and quite appropriately defined it as "the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results".

Figure 1: Gross national income in PPP $ (trillion)

Source: World Development Indicators, World Bank.



Although the term is a relatively novel one, it has been argued that geoeconomics has long existed in practice, beginning with the US Marshall Plan after World War II to rebuild Europe and most recently the Chinese Belt and Road Initiative to boost connectivity at the continental scale, both with the objective of benefiting their originator's economically and geopolitically (Beeson, 2018). Real-world examples of geoeconomic tools are widespread, including Western countries' preference for economic sanctions over military force, China's aid to many low-income countries to gather political support for a one-China stance, US restrictions on the Huawei 5G network and the United States–China trade war.[4] Regional powers regularly use a wide variety of geoeconomic instruments on their neighbours to maintain subcontinental spheres of influence. Along with financial assistance and various State-supported investment projects, hyped-up diplomatic campaigns of China and India promising to make COVID-19 vaccines available for neighbouring countries are also examples of geoeconomics in play.

Despite its long existence, geoeconomics is now attracting intense attention for several reasons. First and foremost, China, which has become the world's largest economy in purchasing power parity terms (figure 1), is increasingly flexing its economic muscle to project power and gather influence. Its Belt and Road initiative—regarded as one of the world's most ambitious transcontinental connectivity and trade infrastructure projects—causing concern among established global economic forces, such as the United States, the European Union and Japan, and its regional rival, India. Belt and Road activities extend to more than 70 countries, with a combined GDP of $24 trillion and combined population of 4.6 billion people (Razzaque, Rahman, and Akib, 2020).[5] The Belt and Road Initiative is unfolding at a time when China is making the transition to a more strategically active member of the international community, taking a role in shaping and influencing the development agenda from East Asia to South Asia to the continent of Africa. With its domestic economic conditions and capacities improved substantially, China is now poised to become the world's largest economy over the next decade or so, with the

[4] Even cyberattacks can be considered geoeconomics instruments when they are State sponsored. According to Blackwill and Harris (2016), geoeconomic cyberattacks are those that target economic or financial markets.

[5] There is no official definition of what qualifies as a Belt and Road Initiative (BRI) project. There are Chinese-funded projects in countries not participating directly, sharing the same characteristics of the BRI projects. It is estimated that BRI-related infrastructure development will require investments worth of $26 trillion in the Asia–Pacific region, with the Chinese government pledging $1 trillion to date. With a heavy focus on infrastructure and trade, the BRI includes five objectives: (i) policy coordination; (ii) regional trade and economic integration; (iii) improved connectivity through infrastructural development; (iv) financial integration; and (v) people-to-people connections through tourism and cultural and academic exchanges (Razzaque, Rahman, and Akib, 2020).

Figure 2: Shifting centre of economic gravity

Source: The Economist (2018). A new hegemon: The Chinese century is well underway. Available at https://www.economist.com/graphic-detail/2018/10/27/the-chinese-century-is-well-under-way.

Belt and Road Initiative providing leverage for exerting its influence further.

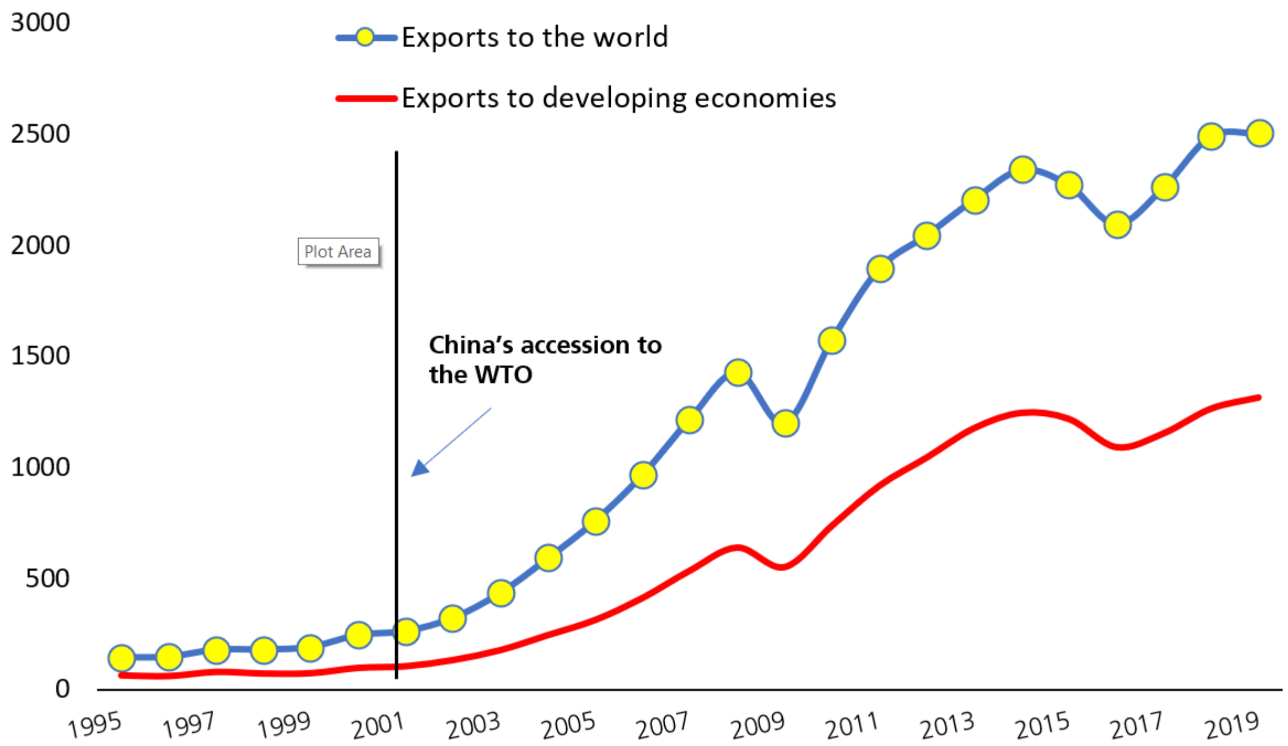
Second, the world is witnessing the shifting centre of economic gravity in Asia. Even going beyond the largest economies of China, India, Japan and South Korea, several other big Asian economies, including Bangladesh, Indonesia, Pakistan, the Philippines and Vietnam, are growing fast. Indeed, the global centre of gravity—determined as locations weighed by GDP— remained firmly in Asia until the 16th century since when it started shifting towards the West. Throughout the 18th—20th centuries, the West dominated global economic and commercial activities. From the beginning of the 21st century, there has a decisive shift of the centre of the global economic gravity towards Asia as shown in Figure 2 ((The

Economist, 2018). Asia's share in the world economy is projected to be more than 50 per cent by 2050 (Romei and Reed, 2019). It is inevitable that all global economies, including the United States and the European Union, will have to engage more proactively with Asian growth centres to reorient their integration into the future world economy. Another reason for interest in geoeconomics is that deep integration of global economies through investment flows and trade linkages make geoeconomics tools more powerful than ever.

Geoeconomics is gaining the most traction due to the complex manner through which the United States is considering its options in dealing with China. Blackwill and Harris (2016) explained that the United States, until recently, dealt with international trade and investment treaties separately from economic and security issues.[6] In fact, the office of the United States Trade Representative was established as a separate entity to insulate trade policy from the sphere of the State Department. The United States has strongly campaigned for free trade, which was considered the best possible option for itself and its allies. According to Blackwill and Harris, although the Soviet Union became a strategic competitor during the Cold War, it was never an economic competitor of the United States. On the other hand, Japan once emerged as an economic competitor but it was an American security ally. With the rise of China, the United States is seeing an economic as well as strategic challenger. An inextricable economic interdependence between the two countries, in which China's purchase of US debt over many years to fuel American spending, and with technology and investment flowing into China to generate global export production at an unprecedented scale, means any US measures against China will also cause adverse consequences for the United States and

Figure 3: China's exports (billion $)

Source: Author's presentation using UNCTAD data.



[6] It is not that security was absent from the trade and investment regime but it existed in the margins. For example, most trade and investment agreements after World War II, including WTO agreements, added exception clauses for national security actions.

other global economies. That is, decoupling the US and Chinese economies would require extensive adjustments and would have far-reaching implications.

The rules-based multilateral trading system led by the WTO should ideally constrict the scope of geoeconomics and unilateral actions. It is generally held that, by taking advantage of WTO rules and legally binding dispute settlement mechanisms, China has been able to become a major trading power. China had to endure an extremely lengthy and exceedingly difficult accession negotiation of 15 years before obtaining WTO membership in 2001. Then, the credible and enforceable WTO trade rules helped grow its exports at an unprecedented and exponential rate, making it the largest exporter in the world (figure 3).

In the WTO, numerous trade disputes are settled through independent judges. Indeed, the dispute settlement mechanism and the binding decisions of the Dispute Settlement Board is one of the most important features of the WTO-led multilateral trading system. In support of its recent policy reversals, the United Stated charged the WTO dispute settlement mechanism with biased against the superpower. And yet, in 23 cases brought against China by American officials between 2002 and 2018, the dispute settlement decisions went in favour of the United States in 20 cases, with the remaining decisions pending (Schott and Jung, 2019).

The United States-led developed countries often argue that the WTO system has failed to deal with the problem of state capitalism, currency manipulations, etc. It needs to be stressed, however, that it is the WTO members that make rules through negotiations. In the past, not only China but the rapid growth of other large developing countries, such as Brazil, India, Indonesia, Mexico and the Russian Federation, also caused concerns because of shifting comparative advantages across various sectors. Because developing countries often enjoy certain privileges (such as commitments of smaller tariff cuts and longer transition periods for implementing various binding provisions), the United States and its allies often demanded reforming the WTO system. The different labour and environmental standards in which production takes place in different countries have also been controversial subject matter, with developed countries being of the view that poorer standards contribute to competitive advantages for the relatively advanced developing countries.

In a multilateral member-driven organization, negotiations are difficult, and bringing about fundamental changes can be a lengthy process. But China and other developing countries' rapid rise require new rules and regulations to protect the competitiveness of the United States and other advanced economies. The United States attempted to develop such trading blocs as the Trans-Atlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP) with more stringent provisions than those under the WTO. These new trading blocs, particularly the TPP, would have brought in new rules (beyond those in the WTO) in such areas as standards and intellectual property protection. These are areas in which China is thought to have weak or unfair practices, and the current WTO system cannot provide remedial measures. One idea was that all partner countries under the TPP would observe these rules even when trading with the rest of the world.[7] In 2008, the United States began negotiating the TPP with an expressed objective of counterbalancing China's growing influence in the region. Under President Obama's Pivot to Asia strategy, the TPP would have a critical role. The then-US Secretary of Defense Ashton Carter's comment—"TPP is as important to me as another aircraft carrier"—was a clear indication of the TPP being a major geoeconomic tool.[8]

The United States withdrew from the TPP following the 2016 presidential election campaign, when the benefits of free trade policies, globalization and the

---

7 The TPP members were Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam, and the proposed TPP agreement was signed in February 2016. The United States withdrew from it after President Trump's election. Thus, the TPP agreement could not be ratified. The other 11 countries later signed a revised version of the agreement, called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. After ratification, the agreement came into force in Australia, Canada, Japan, Mexico, New Zealand and Singapore on 30 December 2018.

8 Secretary Carter's speech at the McCain Institute at Arizona State University, 6 April 2015. Available at https://www.defense.gov/Newsroom/Speeches/Speech/Article/606660/remarks-on-the-next-phase-of-the-us-rebalance-to-the-asia-pacific-mccain-instit/.

North American Free Trade Agreement for American workers were questioned. Although President Trump's drastic policy reversals led to the demise of the TPP, it also became clear that global trade had changed quite significantly, and new trading blocs alone would not give the United States enough leverage. China had become a formidable market for the rest of the world, and accessing the Chinese market could prove to be more lucrative for many countries.

As the TPP was crumbling, the Regional Comprehensive Economic Partnership (RCEP) agreement—widely perceived as a China-led initiative—came to fruition in November 2020, with 15 Asia–Pacific countries (the 10 Association of Southeast Asian Nations (ASEAN) members as well as Australia, China, Japan, New Zealand and South Korea) forming the biggest trade deal in history. The RCEP negotiations began in 2012, much later than the TPP, to combine existing ASEAN agreements into a single multilateral pact with Australia, China, Japan, New Zealand and South Korea. The RCEP—with nearly one third of the world's population and accounting for 29 per cent of global GDP—is expected to make the region a coherent trading zone like the European Union or North America.[9] India withdrew from the talks in 2019, mimicking the trend set by the United States in the case of TPP, giving in to the pressure from domestic protectionist lobbies.

The collapse of the TPP model of setting new rules to be regarded as global standards made it inevitable for the WTO system to become the target of geoeconomic playing. The initiation of the trade war against China in 2018 was also an attempt by the United States to curb the Chinese ability to use technology to achieve geopolitical supremacy (Farrer, 2019). China's ambition to become a major player in developing state-of-the-art technology (artificial intelligence, solar technology, etc.) goods and services raised US concerns over China's obtaining US technology and its economic implications.[10] China imposed strict censorship on many popular online and social media services, such as Google, YouTube and Facebook. The United States-led Western countries imposed a ban on Huawei 5G technology due to security risks. There have been reports that some countries, such as the United Kingdom, gave in to US hardball, that pressing ahead with using Huawei equipment could have affected vital United Kingdom–United States trade talks (after Brexit) and that it could risk future security cooperation (Bowler, 2020). This shows how geoeconomic tools are used as the United States considers being challenged strategically.

Rivalry in the field of technology will be a major bone of contention, and the existing multilateral trading system will struggle to find solutions to the problems. China has benefited from technology transfer from the United States through FDI and has also invested massively to transform its productive capacities. While the United States is still the largest investor in R&D ($553 billion), China has closed the gap fast with investment of $475 billion (Radu, 2018). According to the World Intellectual Property Organization, China has become the world's largest patent application-receiving and patents-granted country. While the United States remains a scientific powerhouse and generating critical scientific breakthroughs, China has become the world's largest producer of scientific articles (Tollefson, 2018).

After several decades of deep integration between the United States and China, the decoupling of the two economies has begun. The extremely intricate and complex web of supply chains means disentangling business and investment linkages will have massive consequences. The interdependence of the two economies has led to worldwide fragmentation of production processes, in which countries specialize in specific tasks rather than manufacturing an entire product. For example, the parts of components of Boeing 787 Dreamliner are produced in at least 10 countries before the aeroplane is assembled in the United States. The suppliers involved in the production of Apple iPhone are from numerous countries. And even for low-tech products, such as T-shirts and footwear, supply chains involve several countries. Thus, a grand-scale geoeconomic architecture to decouple economies would disrupt production processes and cause severe

---

9 The new free trade bloc will be bigger than both the United States–Mexico-Canada Agreement and the European Union.

10 Under the directives of the US government, Google, Intel and Qualcomm decided to freeze cooperation with Huawei. This was regarded as the beginning of a full-blown tech cold war (Farrer, 2019).

welfare consequences. US and Chinese companies together have an estimated $550 billion in revenues at stake in each other's markets, with US companies having a much greater share, at around $400 billion (Varadarajan and others, 2020).

While the world remains dependent on China's manufacturing infrastructure, China cannot feed global markets without foreign technology (Weber, 2020). Again, China's dependence on US dollars as foreign reserves exposes it to US sanctions, with crippling consequences. The emerging trends are thus gravely unsettling, as Ferguson and Xu (2018) observed:

“Arrangements that made sense when China was merely a big emerging market now urgently need to be revised to take account of the new economic parity—and increasingly open strategic rivalry—between the two halves of Chimerica. There is a need, in short, for a new balance—and it will only be achieved if China gives ground. The alternative is a Chimerican divorce. That is unlikely to be amicable—and is bound to hurt not only the United States and China, but also the world economy as a whole.”

The policy shifts of the United States in response to the trade and technology challenges do not reveal any vision of future architecture. It is possible that paradigm change can take place even within the WTO process. Keeping the recent rivalry and geoeconomics aside, WTO members have long failed to successfully conclude the Doha Round, and thus many issues that were prominent when the forum was launched have become less relevant, while it has not been possible to deal with emerging issues effectively. Decision-making processes, including the principle of "single-undertaking", that paralyse the system have also been criticized.

It is also true that many geoeconomic battles are in areas outside the purview of the WTO system, for example, the areas where rules are less than well-established, such as services trade and e-commerce. Hence, there is important scope for reforming the WTO to strengthen the rules-based system. There is also possibility for the United States to try to bring in a completely new system. Both options are challenging, and quick fixing may not work out. Overall, the possibility of a chaotic geoeconomic powerplay to (mis)govern the future trade and technology cooperation affecting development prospects of many developing countries is a real one.

Bangladesh's critical development transition in the unfolding geoeconomic landscape

Graduation from the least developed countries group and the importance of expanded trading opportunities

Bangladesh has achieved commendable socioeconomic development over the past decades. From a fragile socioeconomic set-up at independence in 1971, it has emerged as a "development surprise" (Mahmud, 2008).[11] Although the country continues to confront many challenges, its record of solid macroeconomic stability, acceleration in per capita income growth, reduction in population growth, decrease in child mortality, improvements in child nutrition, expansion of primary and secondary education, reduction of gender inequality in education, maintaining food production close to self-sufficiency level, sustained trends of decline in income -poverty and maintaining an external debt level much lower than many other developing countries is considered remarkable (Razzaque, 2018).

Because of its sustained economic growth, averaging more than 5.5 per cent per annum over the past three decades, an economy (measured by GDP) of just around $35 billion of the mid-1990s has grown to a sizeable $330 billion. During the same time, the proportion of the population living below the nationally defined poverty line income fell from more than 50 per cent (in the mid-1990s) to about 21 per cent before the COVID-19 outbreak. During the same period, the per capita gross national income registered about a sevenfold rise, from just $300 to more than $2,000.[12] Even amid the COVID-19 global pandemic, Bangladesh has remained relatively resilient with its per capita income—according to the latest International Monetary Fund (2021) projections, and now on course to surpass that of India. In 2015, Bangladesh made an important transition from a low-income to a lower-middle-income country as per the World Bank defined classification of global economies. Compared with many other countries at a similar stage of development, Bangladesh has achieved faster progress in various social and human development indicators, such as health, demographic and gender equality outcomes (Asadullah, Savoia, and Mahmud, 2014). Bangladesh qualified for graduation from the LDCs in two consecutive United Nations triennial reviews (one in 2018 and then in 2021) and is firmly set to leave the ranks of the poorest countries in 2026.

Bangladesh's impressive success story, to a large extent, is attributed to the performance of its export sector. Its merchandise exports have expanded rapidly, from less than $2 billion in 1990 to more than $40 billion in 2018–2019, before being hit by the global pandemic of 2019–2020, when exports dropped to $34.1 billion. During the decade prior to COVID-19 (2009–2019), Bangladesh achieved an average yearly export growth twice as fast as the world average export growth, registering the second-highest export level among economies globally (WTO, 2019). It is the apparel industry that has singlehandedly driven the export success, leading to a remarkable transformation in which manufacturing exports rose to prominence to dominate the export basket and driving the dependence on primary products down to a low level. This was a striking development, considering that many low-income and lower-middle-income countries have failed to make such a transformation. The expansion of ready-made garment exports generated massive employment opportunities, particularly for women. Through the increased exports, job creation, women's economic empowerment and many other indirect linkages, the ready-made garment sector emerged as a symbol of the trade-led development process for Bangladesh.

However, the apparel export-led growth and development strategy poses several causes for concern, especially with the impending LDC graduation. First, despite the garment industry's success, Bangladesh's exports remain modest in comparison with most countries of comparable size (in terms of population). For instance, the 91 million-population-strong Vietnam reported an export volume of

11 A summary of Bangladesh's major achievements leading to LDC graduation can be found in Razzaque (2018).

12 The data on Bangladesh cited in this section if not otherwise mentioned are sourced from various reports of the Bangladesh Bureau of Statistics (BBS).

more than $290 billion in 2019, while Indonesia exported close to $200 billion with a population of 218 million, and the Philippines, with a population of 101 million, had export earnings of about $100 billion. Even smaller countries in East Asia, such as Malaysia and Singapore, are extremely successful exporting nations, exporting $240 billion and $390 billion, respectively, in 2019.[13] Bangladesh thus must maintain robust growth in exports. Second, Bangladesh's exports earnings are heavily concentrated as 84 per cent of export receipts are due to apparel products (EPB, 2020). Such a high dependence on a single category of exports can be quite risky in the face of any sector-specific shock.

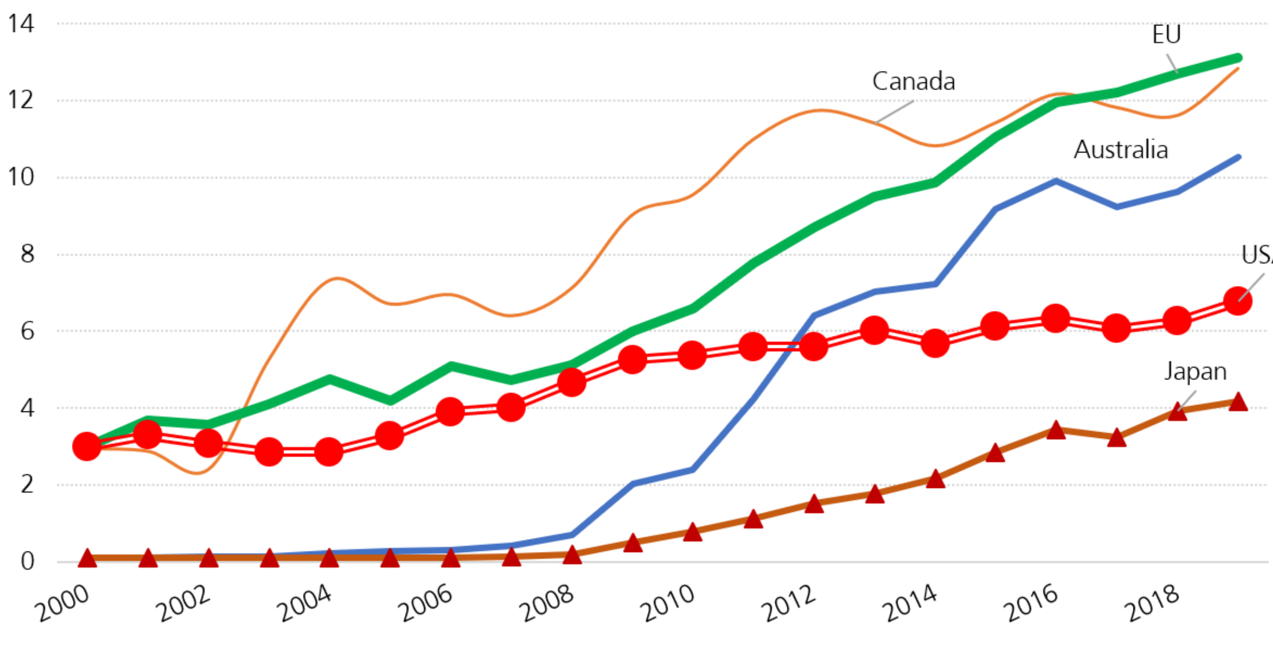
And perhaps most importantly, Bangladesh is heavily dependent on export markets that offer preferences, such as duty-free market access and relaxed rules of origin, designed for the LDCs. It enjoys such preferential market access under various generalized system of preferences (GSP) schemes in more than 40 countries, with almost three-quarters of export earnings being sourced from these countries (Razzaque, Akib, and Rahman, 2020). In fact, among the most important economies, only the United States currently does not provide any preferential market access to Bangladesh. There is ample evidence that in major economies where Bangladesh has preferential market access in clothing, its export share has increased remarkably (figure 4).

The loss of these preferences after graduation would likely put export competitiveness under tremendous pressure. After graduation, new preferential trading opportunities must be forged through bilateral and regional free trade negotiations. Until now, Bangladesh does not have any bilateral free trade agreement (FTA), and it is a member of just one regional FTA—the South Asian Free Trade Area (SAFTA).

The European Union and the United Kingdom together form the largest export market, accounting for more

Figure 4: Bangladesh's apparel market share in major countries (%), with duty-free access in all markets except the United States

Source: Razzaque, Akib, and Rahman, 2020.



13 See the World Bank's World Development Indicators.

than 60 per cent of Bangladesh's exports.[14] Bangladesh's 90 per cent exports to these markets are apparel items that have zero-import duty under the European Union's Everything But Arms preferential scheme for LDCs, while the comparable European Union average for most favoured nation (MFN) tariff rate is around 12 per cent. Canada, which is another important market, offers duty-free imports of textile and clothing items originating in LDCs, but non-LDC suppliers are subject to import tariffs as high as 18 per cent. Japan's average MFN import duty on apparel products is close to 9 per cent, while most LDC products are exempt from tariffs. In Australia, the LDC duty-free access is granted against an average 5 per cent import duty regime. China and India have become emerging apparel markets for Bangladesh. After LDC graduation, however, average tariffs in the Chinese market will rise from zero to more than 16 per cent. In India, the duty-free LDC market access for most items will be replaced by the SAFTA non-LDC tariff regime, which will see average tariffs rising to more than 8 per cent, with many items falling under the sensitive list, with no preferential market access given. In some cases, it will be possible to retain some preferences after LDC graduation. However, GSP donor countries provide relaxed and the least stringent rules of origin requirements for products from LDCs. Even under FTAs, the rules-of-origin provisions are more stringent for non-LDC countries (Razzaque, Akib, and Rahman, 2020).

Graduation from LDC status seriously constrains a country's policy space to support its export and domestic sectors. Among other issues, providing direct export subsidies, as Bangladesh currently does, may not be possible, given the WTO provisions.[15] And graduated LDCs are also expected to enforce stronger intellectual property protection, which can affect some of the available policy flexibilities. For instance, LDCs have been granted a transition period until 1 January 2033 to comply with WTO provisions in the Agreement on Trade-Related Intellectual Property Rights (TRIPS) concerning pharmaceutical products. Because Bangladesh's graduation is expected to take place in 2026, the transition period would come to an end several years earlier.

There are many such areas in which LDCs have been given the so-called special and different treatment to help them foster economic development. WTO members are also generally reluctant about raising concerns or lodging official complaints about individual LDC's actions and/or policy regimes that would otherwise be deemed inconsistent or non-compliant with international trade rules and regulations. Graduation from the group of LDCs would almost certainly trigger closer scrutiny to ensure conformity.

It is in this context that graduation from LDC status marks a major transition with important implications for external competitiveness. While an overwhelming majority of the LDCs does not have the required supply-side capacities to exploit various trade preferences, Bangladesh has been an exception, making use of many of the available LDC privileges. This also means that any potential adverse implications arising from graduation could be more conspicuous for Bangladesh (than they have been for other LDCs). A recent WTO assessment found that "LDC graduation will have the greatest impact on the exports of Bangladesh, which is estimated to see exports decline by 14%" (WTO, 2020b, p. 8).[16]

[14] The United Kingdom's share in Bangladesh's exports is about 10 per cent. After Brexit, the United Kingdom is still matching a similar level of market access treatment for LDCs.

[15] Details of this can be found in Razzaque, Akib, and Rahman (2020a). According to the provision of the WTO's Agreement on Subsidies and Countervailing Measures, only LDCs and a set of 21 developing countries with GNP per capita lower than $1,000 at 1990 prices are exempt from abiding by obligations under prohibitive subsidies unless a beneficiary is globally competitive in any specific product (has a share of 3.25 per cent of global exports for two consecutive years). While there is an ambiguity as to whether a graduating LDC can be automatically added to the list of developing countries when its per capita income is lower than $1,000 at 1990 prices, Bangladesh will have a larger market share in clothing items to be regarded as ineligible for export subsidies in these items once it graduates. In 2019, Bangladesh spent about $560 million on export subsidies provided to 36 items.

[16] The same study finds that other graduating LDCs with expected sizeable reductions in exports (more than 1 per cent) are Bhutan, Lao PDR, Myanmar, Nepal, and the Solomon Islands. The effects for Angola, Kiribati, Sao Tomé and Principe, Timor-Leste, Tuvalu and Vanuatu (0.3 per cent or less) are negligible. Apart from the WTO study, there are many other studies including those from the United Nations Conference on Trade and Development and the United Nations Department of Economic and Social Affairs that have found adverse consequences for Bangladesh. For a detailed review of LDC graduation issues, see Razzaque (2020).

Building competitive supply-side capacities and exploring new trading and investment opportunities through bilateral and regional trade negotiations will be critical pathways for a smooth LDC graduation. It is widely recognized that LDC graduation is not any winning post, rather, it is "the first milestone in the marathon of development" (UNCTAD, 2016). The emerging geoeconomics could make that process even more challenging.

Exploring opportunities in the geoeconomic minefields

Trade preferences, such as tariff advantages over competitors, add directly to recipient countries' competitive advantage. That is why countries negotiate bilateral and regional trade deals. When initial MFN tariffs are high, trade preferences can be exceedingly attractive. In general, MFN tariffs in developed countries are low, at around 3 per cent. However, there are certain sensitive sectors, textile and footwear for example, in which tariff rates have been historically much higher than the average rate of all products. Because Bangladesh exports predominantly clothing items along with small but growing footwear shipments to where MFN tariffs are also high, any forgone preferences would constitute disproportionately large pressure on competitiveness. Gaining back the likely lost competitiveness through trade negotiations is not going to be easy for Bangladesh, partly because such negotiations could be lengthy and would require well-developed technical and negotiating capacities that most graduating LDCs like Bangladesh lack. In certain instances, promoting development through trade and investment will be compromised due to the unfolding geoeconomic and geopolitical issues, while in other cases there will be opportunities.

It seems Bangladesh intends to pursue through WTO processes the possibility of continuing with LDC benefits and privileges even after graduation.

Meanwhile, the WTO-led trade multilateralism is under severe pressure. The emerging geoeconomic instruments being considered by the United States aim at reforming or changing the system in a manner that would deal with China. But they could also include other relatively advanced developing countries that have become competitive and exerted tremendous supply response but are confronted with labour, environment and intellectual property rights issues that the developed countries emphasize on being part of future trade rules and regulations. Within this circumstance, it would be difficult for WTO members to agree on further trade concessions for graduating LDCs. The history of multilateral trade negotiations reminds that when some big countries like China and the Russian Federation were involved in their accession negotiations to secure their WTO membership, concessions were not offered to even-weaker acceding countries, including the Kyrgyz Republic and Nepal (Grynberg, Dugal, and Razzaque, 2006). When one principal objective of the United States, supported by other developed countries, is to effect fundamental reforms within the WTO, it is difficult to perceive that WTO members would agree on the creation of a new group of countries—graduating LDCs—and provide them with preferences going beyond the current provisions.

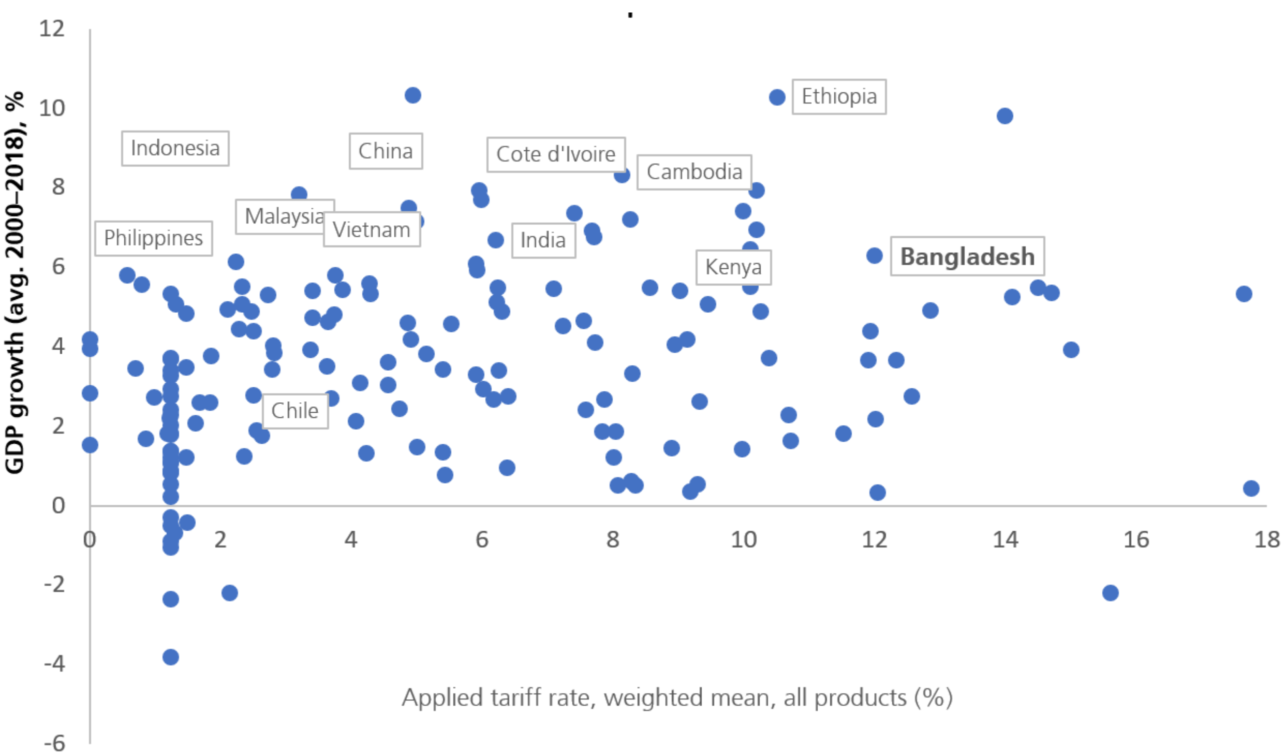
Furthermore, in the absence of a strong multilateral trading system, countries could use trade policy options arbitrarily. The unilateral duty-free market access offers (to LDCs, for instance) are not bound by multilateral commitments, and preference donor countries can withdraw their schemes at any time. A vibrant multilateral trading system means developed countries and relatively advanced developing countries are under peer pressure to be predictable and consistent with their unilateral GSP schemes. While one could point out many limitations of the multilateral trading system, discussions have transpired in various WTO forums that have resulted in far-reaching favourable outcomes, especially for LDCs. Participants at the Hong Kong Ministerial Conference in 2005, for instance, urged "developing-country Members declaring themselves in a position to do so" to offer duty-free and quota-free market access to LDCs (WTO, 2005). That was no binding commitment, but it led to China and India announcing respective preferential market access packages for LDCs. The United States, however, opted to not "generalize" its preferential schemes and instead sought a waiver from the WTO to legalize its African Growth and Opportunities Act preferences for sub-Saharan African nations. In the absence of a strong rules-based WTO system, such arbitrary policy mechanisms will proliferate and could be one important component of the geoeconomic instruments of global powers, potentially exerting unfair competitiveness pressure on many developing countries, including Bangladesh.

A weakened multilateral trading system interacting with the rise of geoeconomics would inevitably trigger a new bout of heightened protectionism. The stark realization that production networks are excessively concentrated in China in the wake of the coronavirus-induced supply disruptions has encouraged many countries to proactively take protective policy stances. Even before the pandemic hit Western economies, policy strategies like Made in China 2025, Make in India and "America first" were being aggressively pursued by China, India and the United States, respectively.[17]

Despite the end of President Trump's tenure, it might not be possible to see a major change in the US stance as President Joe Biden emphasized during the 2020 presidential campaign on ensuring that "the future is made in all of America by all of America's workers". "American workers can out-compete anyone, but their government needs to fight for them," Biden insisted.[18] If the major economies become more protectionist, exploring new trading opportunities for countries like Bangladesh will be challenging. In an inward-looking

Figure 5: Bangladesh achieved high growth despite maintaining a much higher level of tariff protection

Source: Author's own analysis.



[17] Under Made in China 2025, China aims to upgrade its manufacturing capabilities, shifting away from labour-intensive production processes to a more technology-intensive powerhouse. China set the targets of increasing the domestic content of core materials to 40 per cent by 2020 and 70 per cent by 2025. Under Make in India, the government of India provides incentives for certain types of manufacturing production within the country. The policy aims to achieve manufacturing growth of 12–14 per cent per annum; to raise the sector's contribution to GDP to 25 per cent by 2025; and create 100 million additional manufacturing jobs in the economy by 2022. America first is a policy and slogan used by United States Presidents Woodrow Wilson, Warren G. Harding and Donald Trump. The policy has a history of being used as a foreign policy stance emphasizing isolationism during the interwar period of 1918–1939. Under President Trump, it indicated a strong inward-looking trade policy stance.

[18] See https://joebiden.com/made-in-america/. (Accessed 5 November 2020.)

world economy, inefficiencies would give rise to welfare consequences. And it cannot be overlooked that Bangladesh's impressive growth has been accompanied by a much higher level of tariff protection than all other successful globalizers, including China, India, Indonesia, Malaysia, the Philippines and Vietnam (figure 5). Thus, Bangladesh is in a paradoxical situation: asking for openness in other countries while maintaining a high level of tariff protection in its domestic economy.

As previously shown, the European Union market for Bangladesh is significant. Compared with the United States and China, the European Union perhaps has been less proactive in making use of geoeconomics. Nevertheless, its trade preferences have featured various elements of geoeconomics.[19] The European Union's GSP schemes are conditional, for instance: Graduating LDCs can apply for the "second-best"— after the most liberal Everything But Arms scheme for LDCs—preferential regime, known as the GSP Special Incentive Arrangement for Sustainable Development and Good Governance (GSP+), which grants duty-free access to 66 per cent of EU tariff lines, including textile and clothing items. Given that the qualification criteria include ratifying and implementing 27 international conventions and that the import share must be less than a threshold value, Bangladesh is unlikely to be able to access the GSP+ scheme. The Standard GSP would be its only option.[20] While apparel exports would attract the European Union's MFN tariff rates of around 12 per cent, these tariffs would be reduced to around 9.5 per cent under the Standard GSP. There is a possibility that even under the Standard GSP, Bangladesh's apparel exports might not qualify for preferential access if the so-called "product graduation threshold" of the GSP does not change. The complex provisions for accessing EU preferences do indicate its scope of using geoeconomic tools, and given the current trends in the global economic landscape, it is likely to more frequently employ these while pursuing its interests through negotiated bilateral trade deals.

When unilateral trade preferences are not available, negotiating an FTA with the European Union could be an option for securing duty-free market access. Under FTAs, preferences are reciprocal, and there are specific WTO requirements on the coverage of trade in such arrangements involving developed countries.[21] However, the choice of FTA partners can be motivated

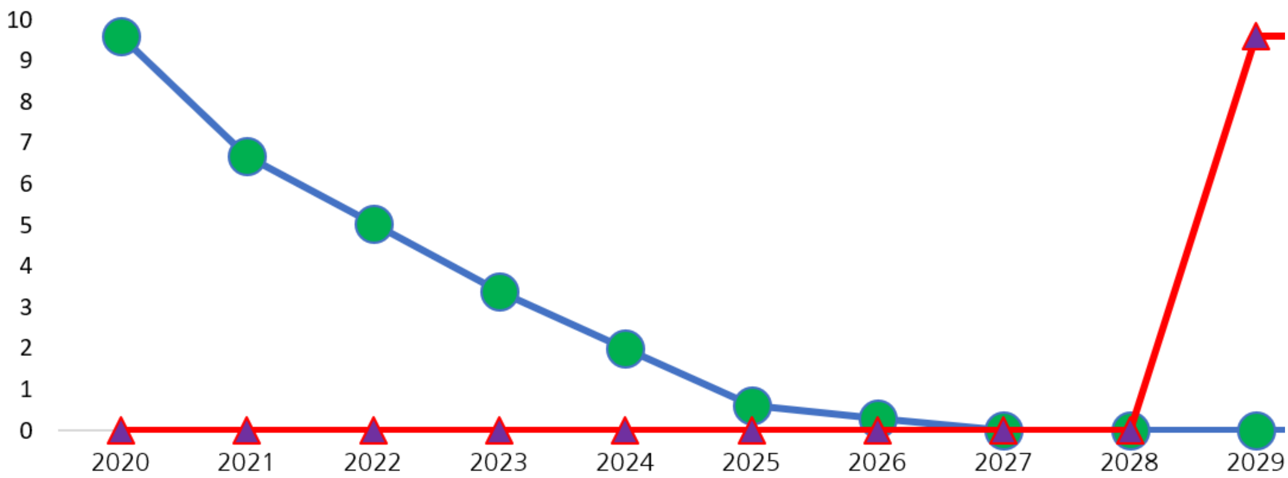
19 It has been argued that the European Union has not been fully absent from geoeconomics; Gehrke (2020) pointed out that EU regulatory and market power shape technical standards adopted by companies globally, while its trade agreements externalize rules (environmental and labour for instance) to third countries. These practices—as Gehrke argued further—can produce beneficial geopolitical value beyond easing business for companies. Amongst others, data rules or industry and tech standards that third countries and their firms may adopt to gain access to the EU market can support not only EU firms' competitiveness but externalize EU values or even security interest.

20 For GSP+, there are two broad eligibility conditions known as the vulnerability and sustainable development criteria. The vulnerability criterion comprises (i) the import share criterion, which specifies that the country's share of GSP-covered imports must remain below 6.5 per cent of GSP-covered EU imports of all GSP beneficiary countries; and (ii) the diversification criterion, which stipulates that the seven largest sections of GSP-covered imports must constitute 75 per cent of imports from the beneficiary country for three years. The sustainable development criterion requires the exporting country to have ratified and effectively implemented 27 international conventions on labour rights, human rights, environmental protection and good governance. Given the current GSP provisions, Bangladesh does not qualify for GSP+ because its current share in all GSP-covered imports is more than 17 per cent. Bangladesh has ratified all but one of the prespecified international conventions. If GSP+ is not available, Bangladesh can apply for the Standard GSP scheme. The Standard GSP provides duty concessions of about 30 per cent and up to 3.5 percentage points of MFN tariff rates for 66 per cent of EU tariff lines. Even if Bangladesh must opt for Standard GSP, textile and clothing items might exceed the EU product graduation threshold level share and thus could be subject to exclusion. Bangladesh's current share in the EU GSP-covered import of textile and clothing is 43 per cent, which is close to the product graduation threshold of 47.2 per cent. Vietnam, which is a beneficiary of Standard GSP, signed a free trade agreement with the European Union. It will not be regarded as a GSP beneficiary country when the agreement comes into force. As Vietnam goes out of the GSP beneficiary list, Bangladesh's share in EU imports from GSP beneficiary countries will increase. Only the Everything But Arms countries enjoy relaxed rules of origin provisions that specify "single-transformation" for textile and clothing items. Under existing provisions, both GSP+ and Standard GSP countries will have to comply with a more stringent "double-transformation" rules of origin conditionalities for preferential market access. The current GSP regime will apply until 2023 and will be replaced by a new regime, stipulating eligibility provisions that will be relevant to Bangladesh in the post-graduation era.

21 This is defined in the GATT Article XXIV of the WTO. It is specified that a free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations are eliminated on substantially all the trade between the constituent territories in products originating in such territories.

Figure 6: European Union's average tariffs on imports from Bangladesh and Vietnam (%)

Source: Author's analysis based on the tariff reduction schedule of the European Union–Vietnam FTA and a likely post-graduation scenario for Bangladesh when it does not qualify for GSP+.



by geoeconomic gains. For example, the European Union was keen for an FTA with Vietnam, which has become a part of the global production network based in East Asia. According to the signed FTA deal, EU tariffs on almost all Vietnamese products will gradually be eliminated by 2027. If Bangladesh officially graduates from the group of LDCs in 2026, all EU LDC preferences for Bangladesh will cease to exist in 2029 (due to its three-year transition period for graduating LDCs).

As things stand, Vietnam would be entering the EU market duty-free while Bangladesh would access the same market with average tariffs at around 9.5 per cent (figure 6). Even if Bangladesh would want to strike an FTA with the European Union, the latter might not find it worthwhile, or its decision could be influenced by many other factors, including geoeconomic considerations. Bangladesh's GDP is bigger than Vietnam's, and Bangladesh's domestic protection is much higher currently. Consideration of these two elements should make Bangladesh a more attractive FTA partner. But the high trade-orientation of the economy, strong record of FDI inflow, protection of foreign investors, strategic geographical location, low cost of doing business, etc. make Vietnam a preferred trade partner.

The rise of geoeconomics can be a double-edged sword, with opportunities as well. For example, if China's share in global trade is affected due to the geoeconomic tools deployed by others, export and investment diversion away from China will take place, which could benefit a country like Bangladesh. After the COVID-19 pandemic-induced policy measures targeting China, most diverted investments reportedly shifted to Indonesia and Vietnam. Bangladesh marginally benefited in terms of some increased export orders when, in 2018, US tariffs were imposed on China. However, the escalating tariff war disrupted the global supply chains and investor confidence, and global trade fell in 2019–2020, before the pandemic hit the Western developed economies. In six months (July 2019—February 2020) preceding the onset of COVID-19, Bangladesh experienced negative growth of exports due to the United States–China trade war.[22] In a world replete with geoeconomic tools, the same policies that undermine Chinese competitiveness could also be used against other countries. Another potential benefit of geoeconomics-led policy mechanism is that rival powers could compete between themselves to offer trade concessions, investment and financial assistance to third countries, with the objective of gaining influence. Making use of such opportunities could be a delicate task to avoid being a victim of geopolitical rivalries.

[22] Not only Bangladesh but many other developing countries, including India, Indonesia and Vietnam, also have experienced adverse consequences of the United States–China trade war.

Bangladesh and the geoeconomic powerplay in the region

While Asia has been experiencing heightened geopolitical tensions on many fronts, the battle for Asia hegemony has strained the China–India relationship, with profound implications for a country like Bangladesh, which aims to benefit from the growth dynamics of the two regional economic powers and enhanced regional cooperation from South to East Asia. Bangladesh's close proximity with the world's two-largest economies provides enormous opportunities for boosting exports, attracting foreign investment and achieving economic diversification. As an LDC, Bangladesh enjoys duty-free market access in most products in both countries, but export growth to these markets has been much less than the potential. Bangladesh's merchandise exports to India grew gradually over the past two decades, from $80 million in FY2001 to $1.25 billion in FY2019. Exports to China expanded from about $100 million in FY2009 to reach a peak of $950 million in 2016–2017 before falling to less than $700 million in FY2019 (EPB, 2020). In contrast with modest exports, China and India are the two most important sources of Bangladesh's imports. In FY2019, China accounted for more than 22 per cent of Bangladesh's merchandise imports, while India was the source for about 14 per cent of such imports (Razzaque, Rahman and Akib, 2020).[23]Bangladesh thus holds large trade deficits with both countries. Geographical proximity and other factors that determine bilateral trade flows seems to suggest large untapped export potential. Given the global experience of how countries trade with their partners, Bangladesh's exports to India are at least an estimated $6 billion less than the potential, while the corresponding figure is $2 billion for exports to China (Razzaque, 2020).[24]

The geoeconomic powerplay can come as both bane and boon for other countries. Flaunted by its ambitious Belt and Road project, China has become the world's largest foreign investor in developing countries. Bangladesh needs investment in infrastructure and industries to stimulate export response and create jobs, and thus Chinese investment is of massive interest, especially as the LDC graduation approaches. Cumulative Chinese investments pledged (through state-owned enterprises, foreign direct investment and concessional loans) for Bangladesh during 2009–2019 total about $27.5 billion, although only a small proportion (7.3 per cent) has materialized (Razzaque, Rahman and Akib, 2020). Nevertheless, Chinese investors provided more than $506 million as FDI in FY2018, following President Xi Jinping's visit to Bangladesh, and then $1.16 billion in FY2019, making them the largest source of net FDI inflows into Bangladesh for the first time. China recently granted Bangladesh extended duty-free market access, covering more than 97 per cent of tariff lines.

The Chinese trade and investment initiatives are causing unease in India—a country that considers itself Bangladesh's natural, historic and strategic ally. Over the past decade, the State-level relationship between Bangladesh and India achieved new heights. India, as part of its trade preference to LDCs, provides duty-free market access to Bangladesh. Along with resolving many disputes over land boundaries, both countries are improving connectivity through various transit and transhipment facilities. Bangladesh allocated three special economic zones exclusively to Indian companies, and India offered three different credit lines worth around $7.5 billion combined for development projects in Bangladesh (Byron and Adhikary, 2019).

As with the Chinese pledges of investment, utilizing the Indian credit lines has been problematic due to various administrative, bureaucratic and capacity-related issues. Overall, Bangladesh welcomes investment opportunities and support from all leading world economies, but many Indian analysts perceive China's initiatives as geoeconomic tools to enhance its geopolitical influence in the region. Many analysts are of the view that Bangladesh has not yet been proactively seeking Chinese investments due to the apprehension of political and economic backlash from India. There are also suggestions that failure to absorb Chinese investments into Bangladesh is resulting

[23] Imports from China were valued at $22 billion, while those from India were worth of $7.6 billion.

[24] A detailed analysis of Bangladesh's export prospects to India and China can be found in Kabir and Razzaque (2020) and Razzaque, Rahman and Akib (2020).

in investments being diverted to other countries and especially to Myanmar.

Both China and India recently began engaging in "vaccine diplomacy", promising COVID-19 vaccines for Bangladesh. Yet, Bangladesh perceives the passive stance of both China and India towards Rohingya repatriation to Myanmar as less than satisfactory. Both countries have self-interests that define their stance. China is Myanmar's second-largest investor and its biggest trading partner, and Myanmar is one of China's oldest allies in the neighbourhood. The geostrategic location of Myanmar is of great importance to China and India for access to the Indian Ocean and because of Myanmar's bridging between South and Southeast Asia. For India, Myanmar is also important due to the prevalence of insurgency issues in northeastern India. Chinese investments in Myanmar concentrate in the natural resource sectors of hydropower, oil, gas and mining. India has been trying to counter China's clout in Myanmar through its flagship policy Act East, which aims to strengthen relations with the Asia–Pacific region by constructing strategic ports, completing India–Myanmar–Thailand trilateral highways and enhancing the petroleum sector of Myanmar with massive investments (Kalita, 2020). India also has enhanced its defence cooperation with Myanmar.[25]

India has serious concerns about Chinese involvement in other Asian countries as well. Historically, China maintained close defence and security relations with Pakistan, and over the past decades, the two countries deepened their economic ties. The China–Pakistan Economic Corridor comprises large-scale infrastructure projects worth more than $62 billion that will connect China's largest province with a port in Pakistan and thus the Arabian Sea. The corridor will pass through a region that has been subject to disputes between India and Pakistan for many decades.

Sri Lanka also has had massive investment projects funded by China, with cumulative Chinese infrastructure investments since 2006 amounting to more than $12 billion.[26] Security analysts perceive the Chinese activities in the island country to be both economic and security challenges for India (Saini, 2020). Furthermore, China and India have been duelling with geoeconomic tools in the Maldives, and there have been reports suggesting that the island nation is now considering to scrap its FTA with China, signed in 2017, to enhance its ties with India and other countries (Chaudhury, 2020).

For centuries, Nepal shared deep and historic cultural, economic, social and political relations with India. Ties between the two countries started to deteriorate due to various unresolved bilateral issues, including border disputes. At the same time, growing engagement between China and the Himalayan country has disquieted India. Chinese investment increased substantially, comprising more than 90 per cent of all FDI inflows into Nepal in recent times. The Nepalese government reportedly has curtailed its dependence on Indian ports, where two thirds of goods are transported to and from the country, by signing a transit protocol with Beijing in 2019 that gives them access to several Chinese sea and land ports (Mukhopadhyay, 2020).

The heightened tensions between China and India seems to be affecting regional cooperation. Bangladesh would like to connect and benefit from such regional initiatives as the South Asian Association for Regional Cooperation, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), ASEAN, the Bangladesh–China–India–Myanmar Economic Corridor and the Belt and Road Initiative. Due to the hegemony or power politics of China and India, ensuring synergies between these initiatives and the Belt and Road Initiative will be difficult. The much-hyped Bangladesh–China–India–Myanmar Economic Corridor is now far from reality largely due to the regional geopolitics of China and India. China considered the corridor activities as part of the Belt and Road Initiative, while India argued that the regional cooperation idea of the corridor predated it. Eventually, the Chinese government decided to remove the corridor activities from the Belt and Road Initiative.

[25] Some diplomatic analysts are of the view that India's recent initiatives in Myanmar to counter China is due to it not having enough political influence in the country, which is not the case of Bangladesh, where India has a strong political foothold.

[26] It is often suggested that Sri Lanka has fallen into the Chinese "debt trap" following an incident of a constructed port being handed over to a Chinese company. Sri Lanka built the port of Hambantota, which turned out to be unprofitable and later was handed over to a Chinese company under a debt-equity swap deal (Moramudali, 2020).

Policy implications and concluding remarks

World trade and globalization are now passing through a turbulent time. Since the global financial crisis of 2008, there has been a sustained deceleration in international trade and investment flows marked by globalization backlash, trade conflicts and heightened policy attempts to undo cross-border interlinked supply chains built over several decades to drive efficiency gains based on the principle of free trade. Along with causing devastating health and economic consequences, the COVID-19 pandemic has prompted widespread use of geoeconomic instruments by global and regional powers, putting the existing architecture of global trade and investment under pressure. There could be a prolonged period of uncertainty as leading economies scramble for their economic and geopolitical gains. With Bangladesh graduating out of the group of LDCs and aiming to consolidate its economic success while exploring new trading opportunities, the unsettling global trade environment is of particular concern. Based on the discussions here, some broad recommendations for Bangladesh are offered.

First and foremost, Bangladesh must be proactive at the multilateral, regional and bilateral levels to maximize its development gains through trade and investment engagements with all major regional and global economies. This will require reinforced integration of foreign policy and economic development objectives.

At the multilateral level, the focus should be on monitoring the developments in international trade and global economic orders. For Bangladesh and many other developing countries, a rules-based multilateral trading system with a transparent dispute settlement procedure should be the most preferred option. Only such a regime can provide policy predictability, which is important for gains from international trade and investment flows. It should be a priority for Bangladesh to work with other countries to strengthen the existing system, if needed, by bringing in major reforms.

Bangladesh must also collaborate with other developing and advanced countries to help build a coalition in major areas where international consensus can be reached on the emerging situations affecting their trade and development interests. In this context, a broad and effective coalition of LDCs, graduating LDCs, sub-Saharan Africa and small and vulnerable economies can be important in championing the role of trade in development. With the global economic powers aiming to influence the shaping of the future trade regime, developing countries without geopolitical and geoeconomic ambitions should press hard to secure the productive role of trade in international development. This group of countries should demand that meaningful dialogue and interaction among the world's largest economies (such as the G20) continue, with the objective of finding solutions to trade conflicts, curbing protectionism and protecting and promoting the interests of developing countries in realizing their development goals, such as those enshrined in the 2030 Agenda for Sustainable Development. There should be an alliance of developing countries making global and regional powers accountable for ensuring solutions to global problems.

At the regional level, Bangladesh must re-emphasize its objective of ensuring regional prosperity through enhanced trade and improved connectivity so that all countries benefit. The emergence of both China and India as the world's major economic powerhouses is a great opportunity from which Bangladesh and all other countries in the region can benefit profoundly. Trade and investment linkages with China and India offer new opportunities for specialization, efficiency gains, increased export earnings and export market diversification. China and India have become important sources of technical and financial assistance. Therefore, productive relations with both countries are critical. It is likely that because of the geopolitical rivalry, both China and India will try to bring Bangladesh into their own orbit. It will be prudent for Bangladesh not to show any preference between the two giants (Anwar, 2019).

Bangladesh must work closely with South Asian and Southeast Asian countries to strengthen regional and intraregional cooperation and to make sure that the rivalry between China and India does not undermine the region's growth and development potential. Until now, much of the potential of SAFTA and BIMSTEC remain unutilized. Bangladesh should press ahead with improved connectivity and enhanced trade and investment linkages that can help minimize the geopolitical tensions.

Bangladesh should have an open mind about attracting foreign investment by considering the merits of individual projects. There can be opportunities for investment from elsewhere (China, for instance) to be relocated to Bangladesh. While the current investment policy regime in the country is already attractive, certain policy reforms and creating a more enabling environment can make Bangladesh a lucrative investment destination. It is also important to carefully evaluate the returns from potential investment projects, considering likely export gains, prospects for employment generation and environmental impact. One way of achieving this is to identify priority projects through medium- to long-term plans (such as the five-yearly plans and perspective plans) and seek foreign investment into them. Amid the geoeconomic and geopolitical rivalries, Bangladesh must remain focused on its development priorities and accept investment and other assistance without being party to any regional and global powers' escalation of geopolitical tensions.

Despite all the misgivings associated with it, the Belt and Road Initiative presents an opportunity for promoting regional connectivity, improving trade facilitation and integrating into global value chains. Enhanced integration into the region can open up opportunities for attracting investments into Bangladesh to explore export opportunities in China, which is undergoing structural transformation processes by moving into high-tech manufacturing and the modern services sector, while leaving space for other country exporters for relatively less technology-intensive production sectors. In fact, Bangladesh is well suited to attract investment from India to expand exports to China.

Bangladesh's geopolitical importance within the Belt and Road process needs reviewing. Although there are concerns about the Belt and Road projects and loans, Bangladesh should aim to maximize the benefits by adopting a strategic approach. There are suggestions that the small absorption of Chinese investment into Bangladesh has caused investment diversion to Myanmar because the majority of Chinese-pledged funds for Bangladesh have not materialized (Razzaque, Rahman and Akib, 2020). Thus, it should be important to review the pledged investments and expedite the implementation of priority projects.

While pursuing foreign investment and concessional loans from emerging economic powers, such as China and India, Bangladesh should be cautious about the external debt prospect rising to an unsustainable level. Emerging donors often overlook the risk of debt unsustainability. Several countries, including Pakistan and Sri Lanka, have faced difficulties in servicing debts incurred by Chinese-funded infrastructure projects. China and India offer apparently attractive loan schemes or credit lines with conditions of procuring equipment, materials and technical assistance from them. This "tied aid" could be more expensive than it appears. Also, instead of handing out all contracts to foreign entities, Bangladesh should consider joint ventures or consortium-based engagements to ensure the enhanced participation of local investors, which would likely have greater beneficial effects.

The heightened competition for regional hegemony between China and India offers opportunities that can be materialized through judicious diplomatic engagement. Bangladesh until now has not been able to use the vast Chinese and Indian markets to expand its exports. Both countries provide attractive duty-free market access to Bangladesh as an LDC, and it will be beneficial to maintain this market access after LDC graduation. Bangladesh should pursue an extended LDC transition period from China and India. The European Union, as noted, allows an additional three-year period for graduating countries to continue with LDC-specific preferences. There is also a precedent of China providing a similar transitional arrangement for Samoa, which graduated in 2014. India allowed the Maldives to continue LDC benefits after its graduation in 2011. Under SAFTA, Bangladesh can ask for similar concessions from India.[27] It is possible that securing concessions from one of the regional powers could generate a matching offer from the other.

Because Asia is going to dominate the world's economic activities, increased integration within the continent can bring economic opportunities and benefits from the spillover effects. Bangladesh should engage with China

[27] Article 12 of SAFTA states, "Notwithstanding the potential or actual graduation of the Maldives from the status of a least developed country, it shall be accorded in this Agreement and in any subsequent contractual undertakings thereof treatment no less favourable than that provided for the least developed contracting states."

and ASEAN countries to become a member of the RCEP. Progress in SAFTA has virtually stalled due partly to the ineffective India–Pakistan bilateral relationship, while the other regional association, BIMSTEC (Bangladesh is a member), has only made sporadic progress on technical cooperation. Joining the RCEP could be a game changer, given the presence of all major Asian economies (except India) that attach importance to trade openness and mutually reinforce the credibility of a trading bloc and facilitating cross-border investment flows within the region. Being part of a strong trading bloc would shield against the indiscriminate geoeconomic tools deployed by a regional power.

Negotiating membership in such a large trading bloc will not be an easy task for Bangladesh. Despite using the ASEAN trade agreement as the premise for RCEP, it took members eight years to reach a deal. Aligning with RCEP trade, investment and other regulatory environments could also be challenging for Bangladesh.[28] Considering the growing size of the Bangladesh economy and its good bilateral relationships with almost all RCEP members, Bangladesh should try negotiating membership with a longer transition period. RCEP members have kept the option open for India to join the bloc, and this could lead to an opportunity for Bangladesh to seek membership.

If Bangladesh considers a bilateral trade deal to retain the favourable market access with China after its LDC graduation, such a potential arrangement could be designed to align with the RCEP requirements as preparation for potential entry into the bloc.[29] Bangladesh should now be regarded by many other countries as a potentially attractive FTA partner. This is because Bangladesh has managed to expand fast by maintaining robust economic growth under a highly protected trade policy regime. A growing market shielded by high tariffs provides preferential partners with a large competitive advantage (over others who do not have such preferential access).

Along with pursuing RCEP membership, Bangladesh should also work with other partners to promote SAFTA and transform BIMSTEC into a full-fledged FTA. Geopolitical issues between India and Pakistan have been a major setback for promoting SAFTA further. High-level political engagement should continue if South Asian nations want to take advantage of gains from expanded regional trade and economic cooperation to foster growth and development. Bangladesh can work with such SAFTA members as Afghanistan, Bhutan, the Maldives, Nepal and Sri Lanka to promote regional cooperation and connectivity, which should promote intraregional trade and investment. As regards BIMSTEC, the prospect of trade openings and enhanced technical cooperation, to a large extent, depends on India. Whether this bloc can exert enough geoeconomic leverage is a major consideration for India. Two BIMSTEC members, Myanmar and Thailand, joined the RCEP deal. But this should not derail the overall objective of transforming the scheme into an FTA, as envisaged in the BIMSTEC Free Trade Area Framework Agreement. For Bangladesh, a major objective will be to expand the horizon of regional cooperation, which can further cushion it against unnecessary geopolitical and geoeconomics rivalries in the region.

Given the rise of the geoeconomic and escalated geopolitical tensions, trade and development prospects facing Bangladesh in the immediate aftermath of its LDC graduation also can be greatly insulated by securing a favourable post-LDC trading arrangement from the European Union. The single-most priority thus should be to explore opportunities for a GSP regime that will be as close as the Everything But Arms scheme. Although under the existing rules Bangladesh does not qualify for GSP+, the current GSP regime will be replaced by a new

28 In various policy discourses within Bangladesh, it is suggested that the country should have tried joining the RCEP bloc. However, when negotiations began in 2012, it was not clear that Bangladesh would be graduating from the group of LDCs so soon. As an LDC, it was most prudent to secure duty-free market access under various GSP schemes of major economies without reciprocating any tariff cuts. In fact, all major RCEP economies, including Australia, China, Japan, New Zealand and South Korea, provide duty-free market access to Bangladesh. Only after Bangladesh's LDC graduation has become imminent, especially after meeting the qualification criteria in 2018, does joining RCEP appear to be a missed opportunity.

29 Any FTA deal will come with opportunities and challenges that must be carefully evaluated during negotiations. Irrespective of economic gains, there will be pressure from various domestic industrial groups in the face of their protection declining due to FTA negotiations. India is a classic case, with its withdrawal from the RCEP.

one in 2023. Therefore, proactive engagement with the European Commission and other stakeholders should be undertaken to influence any future changes in the GSP regime. The European Union may be requested to consider the devastating impact of the COVID-19 pandemic for the global economy and the great turmoil in the global trading system that makes development prospects for graduating LDCs uncertain. While the European Union's geoeconomic ambition is much less clear, offering meaningful trade preferences and development assistance to poor and vulnerable developing countries has been a salient feature of its trade policy.

Striking a free trade agreement—in the absence of a favourable GSP scheme—could be an option if the European Union would be interested. Although the market size in Bangladesh may appear too small to consider it attractive for a negotiated deal, it is bigger than that of Vietnam and is growing rapidly. Given the medium-term growth outlook, Bangladesh's economy is set to grow to $500 billion by 2025. According to PricewaterhouseCoopers projections, Bangladesh will be the 28th-largest economy by 2030, in terms of GDP measured in purchasing power parity dollars (Hawksworth, Audino, and Clarry, 2017). This growing market shielded by high tariffs provides preferential partners with a large competitive advantage (over others who do not have such preferential access) and thus should be of interest to many countries.

Along with the China–India rivalry, Bangladesh will also have to manage a productive bilateral relationship with the United States, which—being the single most important export market, one of the largest sources of foreign direct investment and a major provider of overseas development assistance—has been an indispensable trade and development partner. Because the United States does not provide any duty-free market access, LDC graduation will not bring any changes in the trade policy regime affecting Bangladesh's exports. The United States has put pressure on improving intellectual property rights and other trade-plus issues, such as labour standards, the environment and governance (for instance, through the legally non-binding Trade and Investment Cooperation Forum Agreement). That agreement can be used for promoting more proactive trade and economic cooperation schemes. Investment opportunities in Bangladesh for US investors are quite large (Razzaque, Abbasi, and Rahman, 2020), and the sectors with great interest include export-oriented textile and apparel, leather and footwear, pharmaceuticals, ICT, power, energy, renewable and green energy, shipbuilding, ship recycling, automobiles, light engineering, chemical fertilizers, agroprocessing, medical equipment, telecommunications and knowledge-intensive high-tech industries. Because its stance on the global trade and investment regime and regional trade deals is still evolving, it is not clear how the United States will push for any bilateral cooperation. Hence, Bangladesh should be ready to consider participation in any possible FTA and/or regional trading bloc initiative like the TPP that the United States aims to pursue.[30]

Finally, there is no denying that the emerging trade and development landscape is going to be associated with a great deal of uncertainty, which Bangladesh needs to take into consideration when preparing for LDC graduation and achieving other development objectives. Notwithstanding the challenges of the external environment, so much can be achieved in the domestic front to enhance the economy's overall competitiveness and to sustain export growth in the future. Tackling the much-talked about high cost of doing business in the country, dealing with weak and inadequate infrastructural facilities in conjunction with inefficient inland road transport and trade logistics, addressing intricate customs processes, making further improvements in the investment climate-related indicators and strengthening institutions are among the many critical factors that can contribute to the country's competitiveness.

In the era of geoeconomics and heightened geopolitical tensions, it is also important to build diplomatic and trade negotiation capacities so that country's interests can be pursued without it becoming a victim of the geopolitical competition of rival economic powers.

---

[30] The preferential market access, such as through an FTA, could increase Bangladesh's exports by more than an estimated $1.3 billion, or almost 22 per cent of Bangladesh's current exports to the United States (Razzaque, Abbasi, and Rahman, 2020).

References

Anwar, A. (2019). How Bangladesh is benefiting from the China-India rivalry. The Diplomat, 12 July. Available at https://thediplomat.com/2019/07/how-bangladesh-is-benefiting-from-the-china-india-rivalry/.

Asadullah, M.N., A. Savoia, and W. Mahmud (2014). Paths to development: is there a Bangladesh Surprise? World Development, vol. 62, pp. 138–154. Available at https://doi.org/10.1016/j.worlddev.2014.05.013.

Bangladesh Bureau of Statistics (BBS). Bangladesh Household Income and Expenditure Survey. (Various years). Dhaka, Bangladesh.

___________ Statistical Yearbook Bangladesh. (Various years). Dhaka, Bangladesh.

Beeson, M. (2018). Geoeconomics isn't back – it never went away. The Interpreter, 22 Aug. 2018. The Lowy Institute. Available at https://www.lowyinstitute.org/the-interpreter/geoeconomics-isnt-back-never-went-away/

Blackwill, R.D., and J.M. Harris (2016). War by Other Means: Geoeconomics and Statecraft. Cambridge, Massachusetts: Harvard University Press.

Bowler, T. (2020). Huawei: why is it being banned from the UK's 5G network? BBC Online, 14 July. Available at https://www.bbc.co.uk/news/newsbeat-47041341.

Byron, R. K., and Adhikary, T. S. (2019). First Indian Line of Credit: 8yrs gone, only 51pc utilized. The Daily Star, 21 February. Available at https://www.thedailystar.net/frontpage/news/first-indian-line-credit-8yrs-gone-only-51pc-utilised-1705219.

Chaudhury, D. R. (2020). Maldives considers scrapping Free Trade Agreement (FTA) with China. The Economic Times, 12 Oct. Available at https://economictimes.indiatimes.com/news/international/business/maldives-considers-scrapping-free-trade-agreement-fta-with-china/articleshow/78612972.cms.

EPB (Export Promotion Bureau). (2020). Export Statistics 2018-2019. Bangladesh.

The Economist. (2018). A new hegemon: The Chinese century is well underway. Available at https://www.economist.com/graphic-detail/2018/10/27/the-chinese-century-is-well-under-way.

Farrer, M. (2019). US-China trade skirmishes obscure the start of tech cold war. The Guardian, 21 May.

Furguson, N., and X. Xu (2018). Making Chimerica great again. International Finance, vol. 21, No. 3. Available at https://doi.org/10.1111/infi.12335.

Gehrke, T. (2020). Imagining a geoeconomics European Union. Encompass. Available at https://encompass-europe.com/comment/imagining-a-geoeconomic-european-union.

Grynberg, R., M. Dugal, M., and M.A. Razzaque (2006). An evaluation of the terms of accession to the World Trade Organization: a comparative assessment of services and goods sector commitments by WTO members and acceding countries. Economic Paper 73. London: Commonwealth Secretariat.

Hawksworth, J., Audino, H., and Clarry, R. (2017). The long view: how will the global economic order change by 2050?. Available at https://www.pwc.com/gx/en/world-2050/assets/pwc-the-world-in-2050-full-report-feb-2017.pdf.

IMF (International Monetary Fund). (2020). World Economic Outlook: A Long and Difficult Ascent. Washington, DC, October.

___________ (2021). World Economic Outlook Update. Washington, D.C.

Kabir, M., and M.A. Razzaque (2020). Promoting Bangladesh's Exports to India. In Navigating New Waters: Unleashing Bangladesh's Export Potential for Smooth LDC Graduation, M. A. Razzaque, ed. Dhaka: Bangladesh Enterprise Institute.

Kalita, J. (2020). Making Sense of India's Myanmar Manoeuvres: To Counter China, New Delhi Looks East and Acts Fast. CNN-News18, 13 Oct. Available at https://www.news18.com/news/opinion/making-sense-of-indias-myanmar-manoeuvres-to-counter-china-new-delhi-looks-east-and-acts-fast-2959280.html.

Luttwak, E. (1990). From geopolitics to geoeconomics: logic of conflict, grammar of commerce. National Interest, vol. 20, pp. 17–23.

Mahmud, W. (2008). Social development in Bangladesh: pathways, surprises and challenges. Indian Journal of Human Development, vol. 2, No. 1.

Moramudali, U. (2020). The Hambantota port deal: myths and realities. The Diplomat, 01 Jan. Available at https://thediplomat.com/2020/01/the-hambantota-port-deal-myths-and-realities/.

Mukhopadhyay, A. (2020). Nepal's delicate balancing act between China and India. DW, 09 Mar. Available at https://www.dw.com/en/nepals-delicate-balancing-act-between-china-and-india/a-52693835.

Radu, S. (2018). The big spenders in research and development. US News, 9 Nov. Available at https://www.usnews.com/news/best-countries/articles/2018-11-09/these-countries-are-the-top-spenders-on-research-and-development.

Razzaque, M. A. (2018). The tipping point: Bangladesh's graduation from the group of least developed countries. Harvard International Review, Summer, pp. 34–38.

__________ (ed.) (2020). Navigating New Waters: Unleashing Bangladesh's Export Potential for Smooth LDC Graduation. Dhaka: Bangladesh Enterprise Institute.

Razzaque, M. A., P. Abbasi, P., and J. Rahman (2020). Partnering up: towards a strengthened Bangladesh-U.S. trade relationship". In Navigating New Waters: Unleashing Bangladesh's Export Potential for Smooth LDC Graduation, M. A. Razzaque, ed. Dhaka: Bangladesh Enterprise Institute.

Razzaque, M.A., H. Akib, and J. Rahman (2020). Bangladesh's graduation from LDCs: Potential implications and issues for the private sector. In Navigating New Waters: Unleashing Bangladesh's Export Potential for Smooth LDC Graduation, M. A. Razzaque, ed. Dhaka: Bangladesh Enterprise Institute.

Razzaque, M. A., J. Rahman, and H. Akib (2020). Bangladesh-China trade and economic cooperation: issues and perspectives. In Navigating New Waters: Unleashing Bangladesh's Export Potential for Smooth LDC Graduation, M. A. Razzaque, ed. Dhaka: Bangladesh Enterprise Institute.

Romei, V. and Reed, J. (2019). "The Asian century is set to begin", The Financial Times, March 26., available at https://www.ft.com/content/520cb6f6-2958-11e9-a5ab-ff8ef2b976c7.

Saini, D. (2020, September 22). Sri Lanka's Dependence on China Adds to India's Security Dilemma. Available at https://www.futuredirections.org.au/publication/sri-lankas-dependence-on-china-adds-to-indias-security-dilemma/.

Schott, J.J., and E. Jung (2019). The United States wins more WTO cases than China in US-China trade disputes. PIIE. Available at https://www.piie.com/blogs/trade-and-investment-policy-watch/us-china-trade-disputes-wto-usually-sides-united-states.

Tollefson, J. (2018). China declared world's largest producer of scientific articles. Nature, 18 Jan. Available at https://www.nature.com/articles/d41586-018-00927-4.

UNCTAD (United Nations Conference on Trade and Development). (2016). The Least Developed Countries Report 2016: The Path to Graduation and Beyond: Making the Most of the Process. Geneva.

__________ (2020). World Investment Report 2020: International production beyond the pandemic. Geneva: United Nations Conference on Trade and Development.

Varadarajan, R., and others (2020). What's at Stake If the US and China Really Decouple. Boston: Boston Consulting Group. Available at https://www.bcg.com/publications/2020/high-stakes-of-decoupling-us-and-china.

Weber, I. (2020). Could the US and Chinese economies really 'decouple'? The Guardian, 20 Sep. Available at https://www.theguardian.com/commentisfree/2020/sep/11/us-china-global-economy-donald-trump.

World Tourism Organization. (2020) International tourist numbers could fall 60-80% in 2020, UNWATO reports, 07 May. Available at https://www.unwto.org/news/covid-19-international-tourist-numbers-could-fall-60-80-in-2020.

WTO (World Trade Organization). (2005). Ministerial Declaration. Available at https://www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm.

__________ (2019). World Trade Statistical Review 2019. Geneva.

___________ (2020a, October 06). TRADE STATISTICS AND OUTLOOK: Trade shows signs of rebound from COVID-19, recovery still uncertain [Press release]. Available at https://www.wto.org/english/news_e/pres20_e/pr862_e.pdf.

___________ (2020b). Trade Impacts of LDC Graduation. Geneva. Available at https://www.wto.org/english/news_e/news20_e/rese_08may20_e.pdf.

World Tourism Organization (UNWTO) (2020). International tourist numbers could fall 60-80% in 2020, UNWTO reports, 7 May. Available at https://www.unwto.org/news/covid-19-international-tourist-numbers-could-fall-60-80-in-2020.

About the author:

Mohammad A. Razzaque, PhD is an economist specializing in applied international trade and development issues. He is Research Director of the Policy Research Institute of Bangladesh and Chairman of Research and Policy Integration for Development in Bangladesh. Mahir Musleh provided research assistance on this paper. Helpful comments and suggestions were received from Shadhan Kumar Das and Tina Blohm. The paper benefited from comments and suggestions received during a webinar jointly organized by the Economic Reporters' Forum, Research and Policy Integration for Development and Friedrich-Ebert-Stiftung Bangladesh on 30 December 2020.

The views expressed in this publication are not necessarily those of Friedrich-Ebert- Stiftung or of the organization for which the author works.

Imprint

Banani P.O. Box: 9051
Dhaka, Bangladesh

Responsible:
Tina Blohm | Resident Representative

www.fes-bangladesh.org
Friedrich-Ebert-Stiftung, Bangladesh
fesBangladesh
@FESinAsia

To order publication:
contact@fesbd.org

The Friedrich-Ebert-Stiftung is the oldest political foundation in Germany. Founded in 1925, it is named after Friedrich Ebert, the first democratically elected president of Germany. FES is committed to the advancement of both socio-political and economic development in the spirit of social democracy, through civic education, research, and international cooperation.

In Bangladesh, FES aims to facilitate inclusive dialogues on social justice with a focus on labor rights as well as sustainable and socioeconomic development. We discuss these issues with regard to the developments in Bangladesh, in the region and globally. We do this in order to link debates around the world, and to create opportunities for stimulating exchanges on multiple levels to help foster regional and global alliances.