



Expanding and Diversifying exports to the UK Market

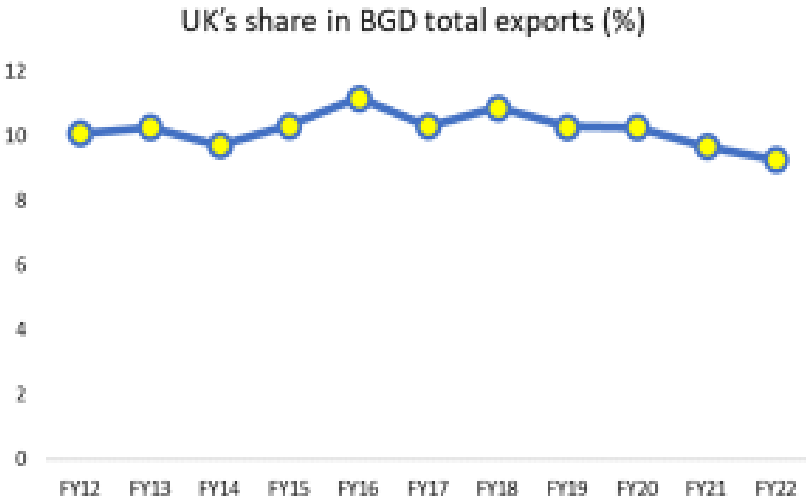
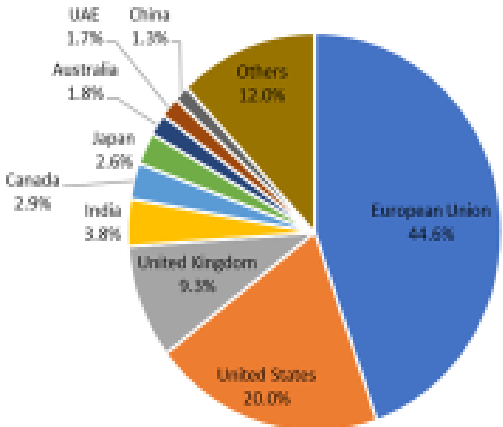
Stakeholder Consultation: Light Engineering Products



UK is an important trade partner

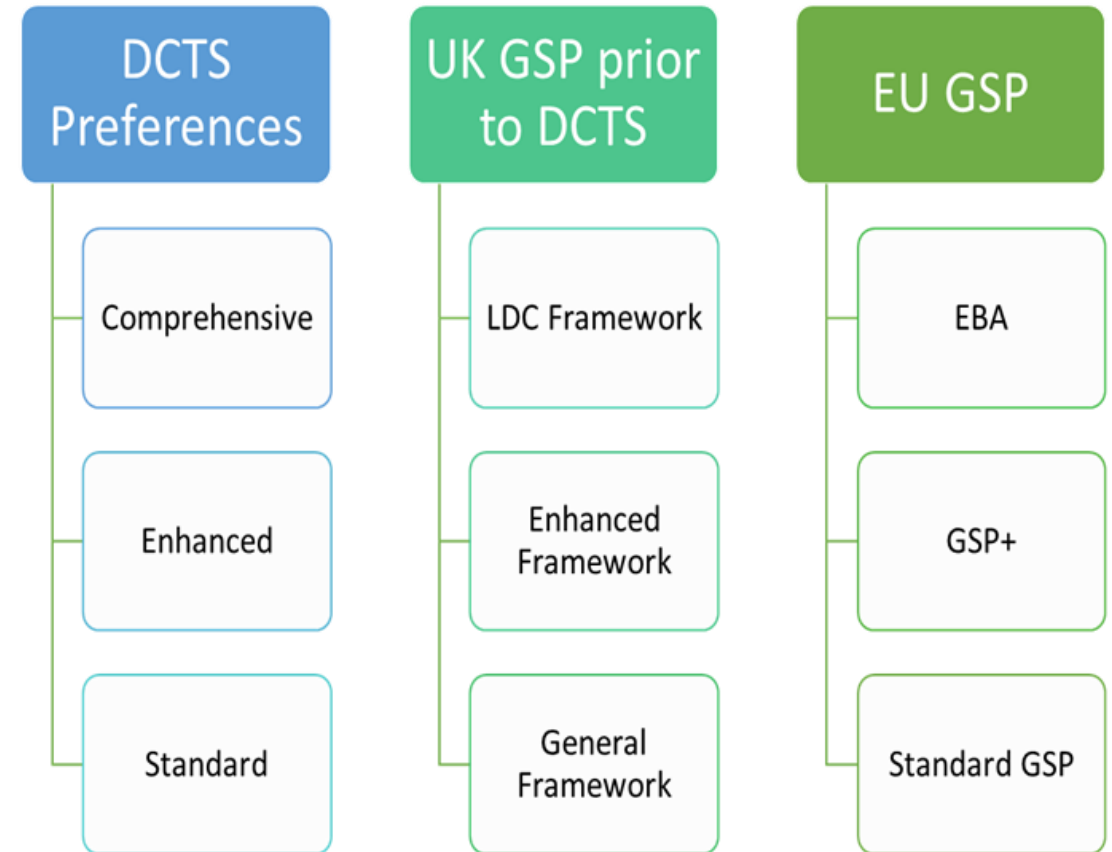
- Exports to the UK in 2021-22: \$4.8 billion
- 9.3% of Bangladesh goods exports

Bangladesh's exports to destination countries, 2021-22 (%)



The UK introduces a new GSP regime

- The UK has introduced its preferential trading schemes for developing countries.
 - After Brexit, the UK adopted an interim GSP regime pending the formulation of its own trade preferential scheme
 - A three-tier system with LDCs getting the most generous preferences followed at the same time incorporates significant variations.
- Bangladesh will continue benefitting from Comprehensive preferences until 2029



Changes incorporated into the DCTS

	DCTS Comprehensive	DCTS Enhanced	DCTS Standard Preferences
Eligibility criteria	Least developed countries as classified by the UN. ✓	Sustainable development criterion: To ratify and implement 27 int'l conventions (32 in proposed draft EU GSP) Vulnerability criteria: (i) Import share criterion - share in GSP-covered imports less than 6.5% of all GSP-covered imports, (ii) Diversification criterion: at least 75% of its total GSP imports coming from the 7 largest sections of GSP-covered imports.	Low-income and lower-middle-income countries as classified by the World Bank
Tariff concession	Duty free for all products excluding arms and ammunition ✓	0% import tariffs on two-thirds of product lines <ul style="list-style-type: none"> ✓ Preferences for 156 new items ✓ 0 tariff in 85% tariff lines ✓ No product graduation ✓ Simplification of a few seasonal tariffs 	Reduced tariffs on two-thirds of product lines <ul style="list-style-type: none"> ✓ All 33 nuisance tariffs cut to 0 ✓ Product graduation at 6% of UK imports (in some cases at 1%)
Rules of origin	Single transformation for textile and clothing items. For other products, the general RoO is the minimum local value added of 30%. 25%	Double transformation for textile and clothing items. For all other products, the general RoO requires a minimum local value-added of 50%.	Double transformation for textile and clothing items. For all other products, the general RoO requires a minimum local value-added of 50%.

For LDCs only:

- ✓ Liberal PSRs
- ✓ Alternative PSRs
- ✓ Minimum VA of 25%
- ✓ Extended cumulation with DCTS, UK-EPAs (with 95 countries)

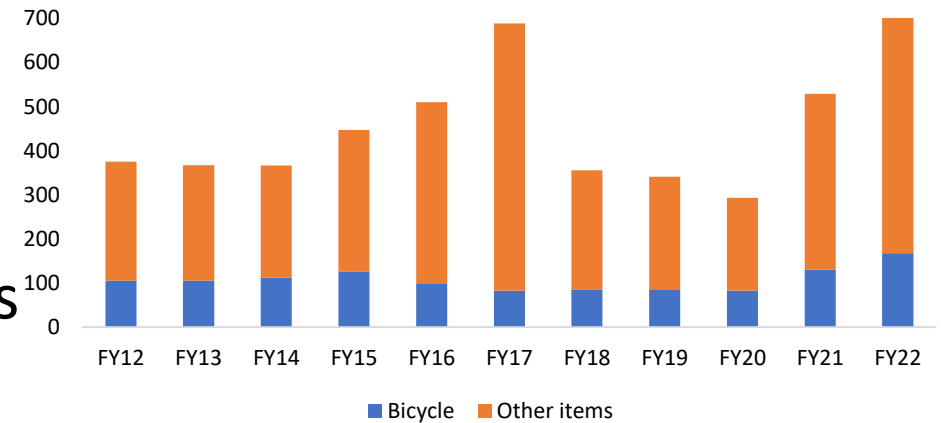
Objectives of this RAPID Project

- Undertake comprehensive study on challenges to exports and develop policies to support, expand and promote exports from Bangladesh to the UK
 - Identify priority products with potential to increase export volumes to the UK
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- **Based on comprehensive quantitative analysis, more than 100 products at HS 6-digit level have been identified with high export potential.**
 - **A number of light engineering items have been identified.**

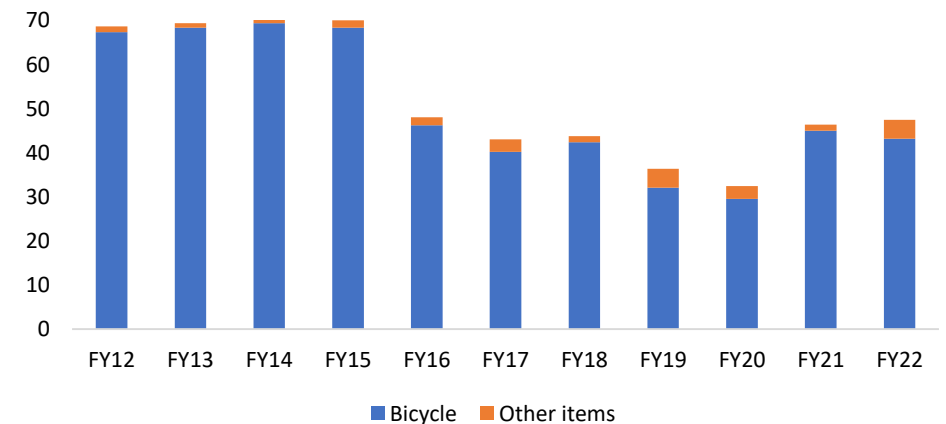
Despite having comparative advantage, Bangladesh's presence in the UK's light engineering products market is negligible.

- Exports of light engineering products stood at \$0.8 billion in 2021-22
- Export of same products to the UK was \$56 million in 2021
- Bicycle is around 91% of this exports
- UK's market size was \$327 billion
- Bangladesh's market share is just 0.02%
- Market share for RMGs is around 20%

Bangladesh's overall light engineering products exports (million \$)

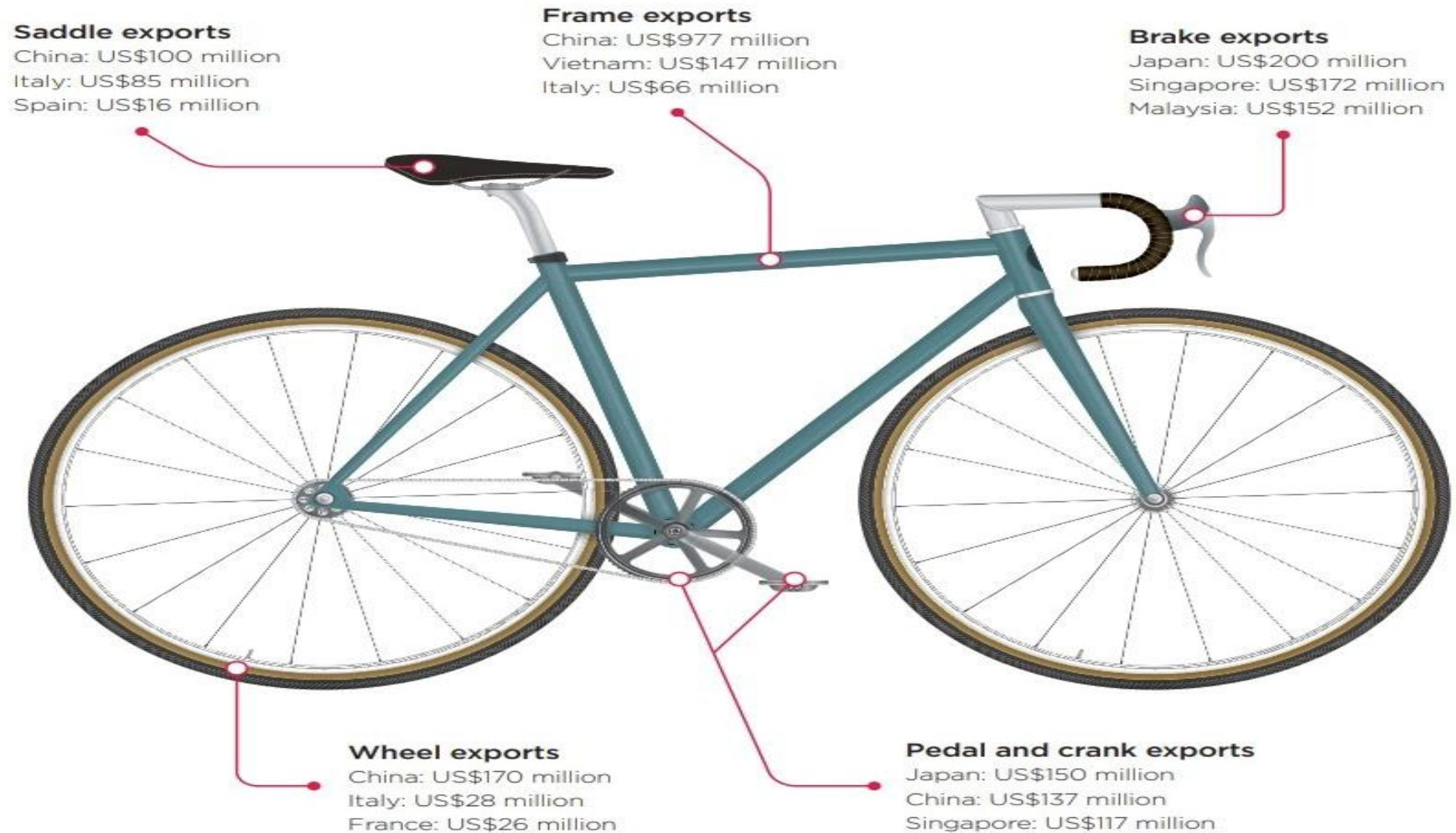


Light engineering products exports to the UK (million \$)



Source: EPB

Where do bicycle come from?



Source: WDR 2020 team, using data from UN Comtrade database. See appendix A for a description of the databases used in this Report.

Light engineering items exports to the UK

Bangladesh exported 28 light engineering items to the UK at HS 8-digit level in FY22

HS code	Value in million USD		
	2019-20	2020-21	2021-22
87120000	29.51	45.03	43.18
84213910			1.89
82055100	0.56	0.19	1.12
82152000	0.47	0.46	0.31
82100000	0.80	0.12	0.29
84879000	0.09	0.09	0.25
81083000			0.12
82159900	0.47	0.05	0.10
84089010	0.11	0.15	0.05
73239990		0.06	0.03
73211100	0.038	0.03	0.03
73079100	0.005	0.04	0.02
73239910	0.007	0.01	0.01
73262090	0.013	0.001	0.01
85235200			0.01
84419000			0.01
83062900	7E-03	0.0001	0.005
85122000	4E-06		0.003
72042100		0.008	0.003
84089090			0.003
84485900			0.002
73201000		0.004	0.001
83089000	0.02	0.010	0.001
84279000			0.0001
73269010		0.0003	0.0001
76151010	0.02	0.0109	0.00005
87149900	0.0001	0.0007	0.00002
87149100	0.0002		0.00001



Key issues to discuss

- Barriers and constraints to Bangladesh's export of light engineering products and footwear items to the UK market
- Quality and standards requirements for exports of light engineering products in the UK vis-à-vis existing standards and testing facilities in Bangladesh
- The regulatory and legal framework of operation for light engineering industries in Bangladesh. Main regulatory gaps hindering export growth
- Business competitiveness and areas of productivity improvement
- What are the policy support and incentives needed to make the light engineering industries in the UK, including infrastructure, access to finance, market information dissemination, technology transfer, labor training, security, facilities for testing and quality control, easing regulations and legal barriers, etc.