



Expanding and Diversifying exports to the UK Market

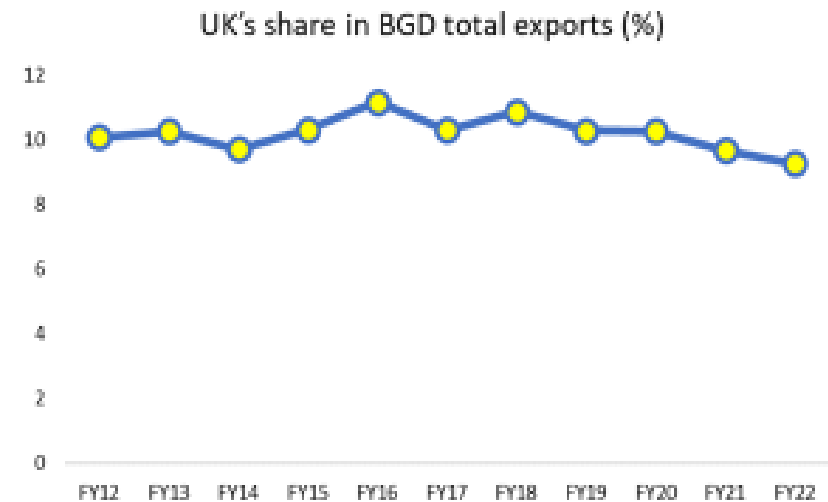
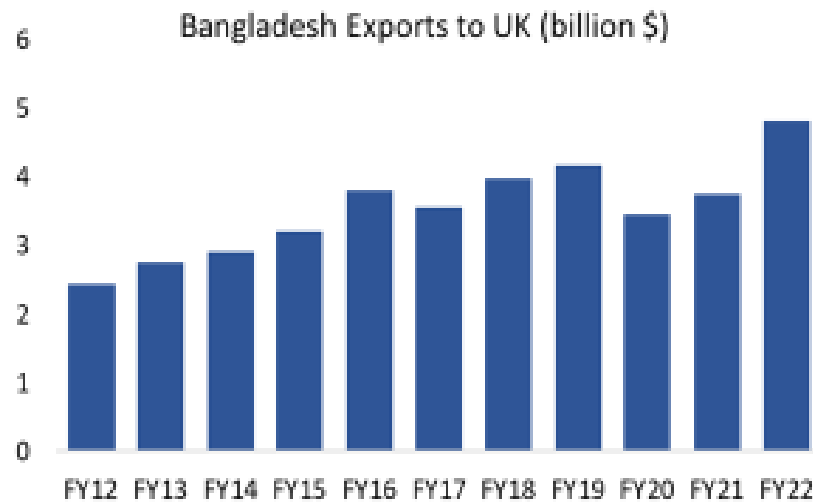
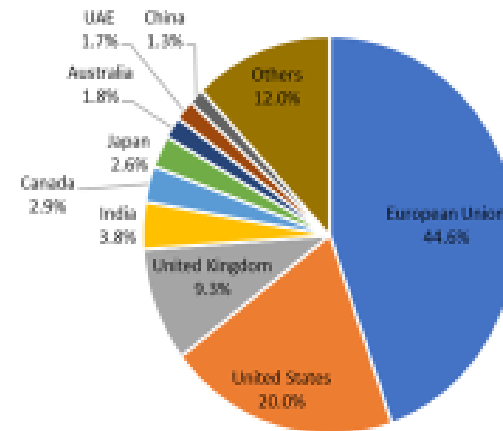
Agro-processing
industries



UK is an important trade partner

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

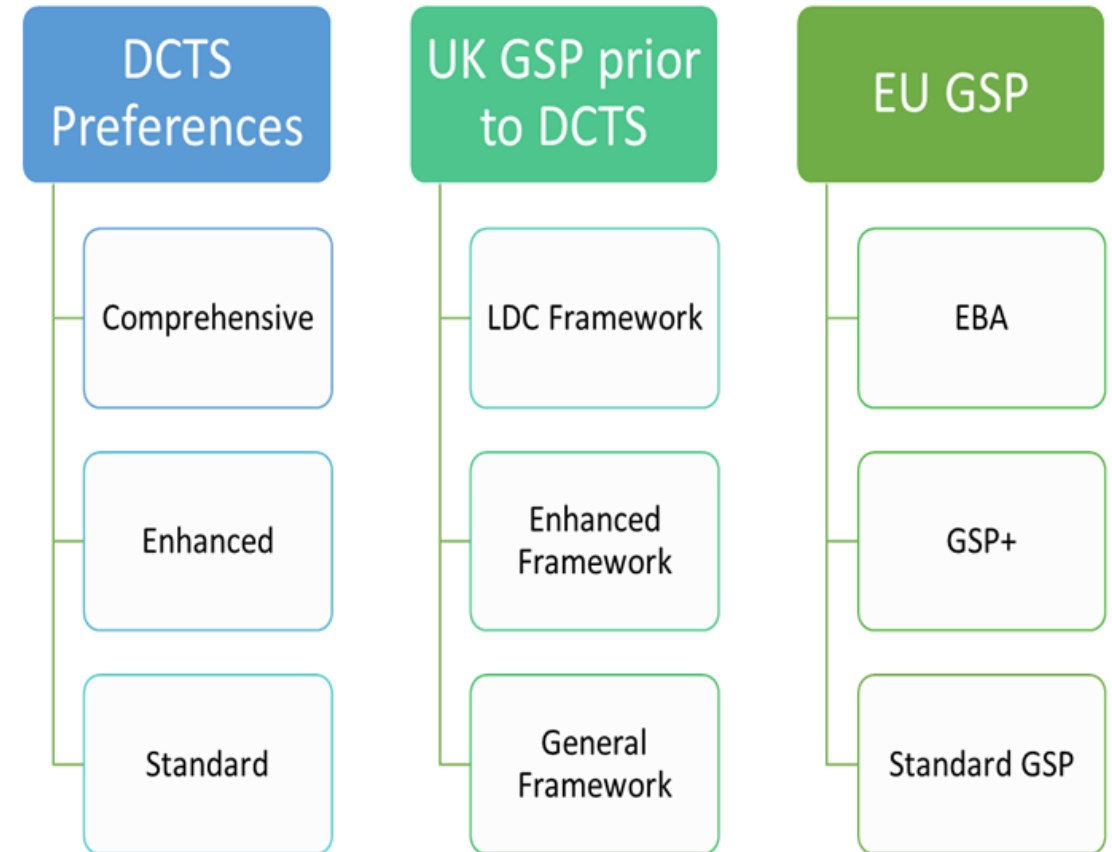
Bangladesh's exports to destination countries, 2021-22 (%)





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:

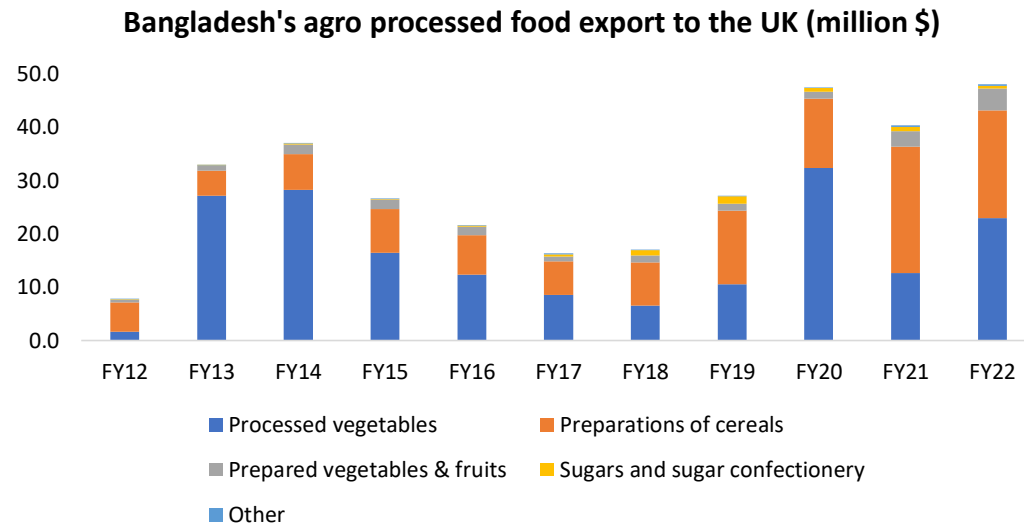
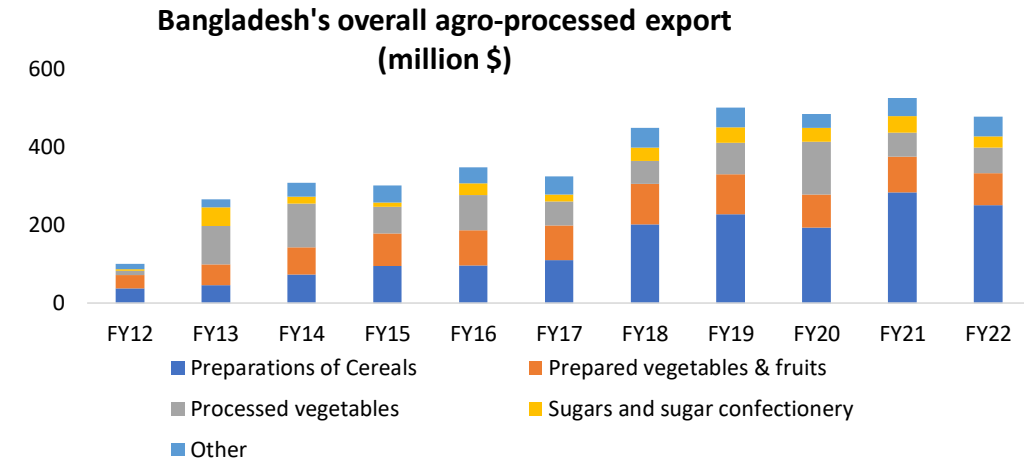
- ✓ Liberal PSRs
- ✓ Alternative PSRs
- ✓ Minimum VA of 25%
- ✓ Extended cumulation with DCTS, UK-EPAs (with 95 countries)

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
-
- **Based on comprehensive quantitative analysis, more than 100 products at HS 6-digit level have been identified with high export potential.**
 - **A number of agro processing items have been identified.**

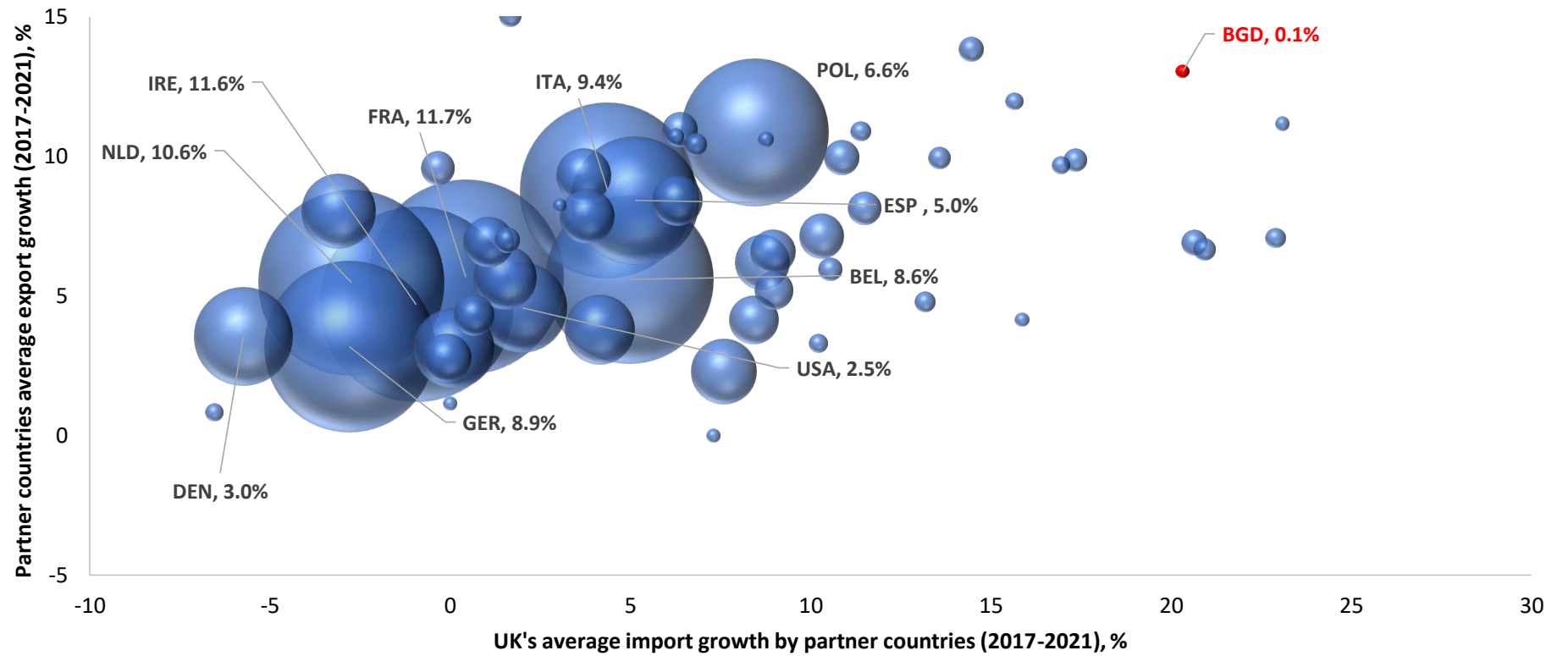
Despite having comparative advantage, Bangladesh's presence in the UK's processed agricultural products market is negligible.

- Exports of agro-processed products stood at \$480 million in 2021-22
- Export of same products to the UK was \$20 million in 2021
- UK's market size was \$39 billion
- Bangladesh's market share is just 0.05%
- Market share for RMGs is around 20%



Source: EPB

Export prospects of processed food in the UK market



Processed agro items exports to the UK

Bangladesh exported 32 agro processed items to the UK at HS 8-digit level in FY22

Values in million USD

HS 08	FY20	FY21	FY22
07119000	31.0383	10.2073	20.9056
19059000	6.6242	12.5008	11.7061
19021900	3.3061	5.2671	3.3731
20098900	0.6668	1.9706	3.1648
19019020	1.3293	2.8545	2.4524
07108010	0.9140	1.2604	1.0982
19054000	0.1959	0.6428	0.7999
19053100	1.0374	1.4051	0.7016
07109090	0.1194	0.5105	0.6177
19012000	0.2185	0.5488	0.6131
17049090	0.6328	0.6925	0.4467
20081900	0.1844	0.3074	0.3813
19049000	0.1600	0.2341	0.3578
07108090	0.3043	0.6227	0.3364
20019000	0.1763	0.2790	0.2983
20049000	0.0944	0.0990	0.2763
19041000	0.1168	0.2049	0.1500
08119000	0.0000	0.0244	0.0597
21069090	0.0894	0.1753	0.0568
17031000	0.0000	0.0830	0.0500
21042000	0.0000	0.0604	0.0354
24039900	0.0000	0.0000	0.0317
20052000	0.0397	0.0436	0.0238
11052000	0.0008	0.0000	0.0200
17039000	0.0774	0.0736	0.0120
21032000	0.0040	0.0156	0.0082
04041090	0.0000	0.0081	0.0065
22090000	0.0026	0.0054	0.0051
20093100	0.0000	0.0000	0.0032
20081100	0.0000	0.0000	0.0005
20011000	0.0000	0.0000	0.0003
22011000	0.0003	0.0005	0.0002



Key issues to discuss

- Barriers and constraints to Bangladesh's export of processed agro products to the UK market
- Quality and standards requirements for exports of processed agro products in the UK vis-à-vis existing standards and testing facilities in Bangladesh
- The regulatory and legal framework of operation for processed agro 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 agro processing 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.