



Expanding and Diversifying exports to the UK Market

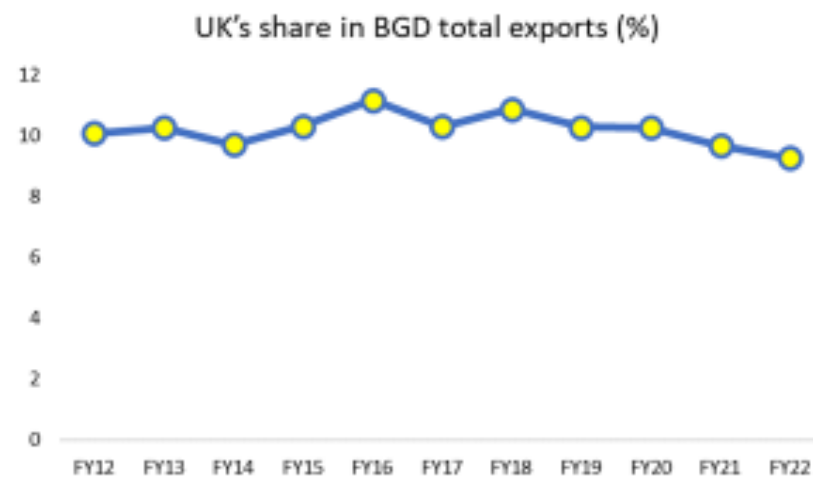
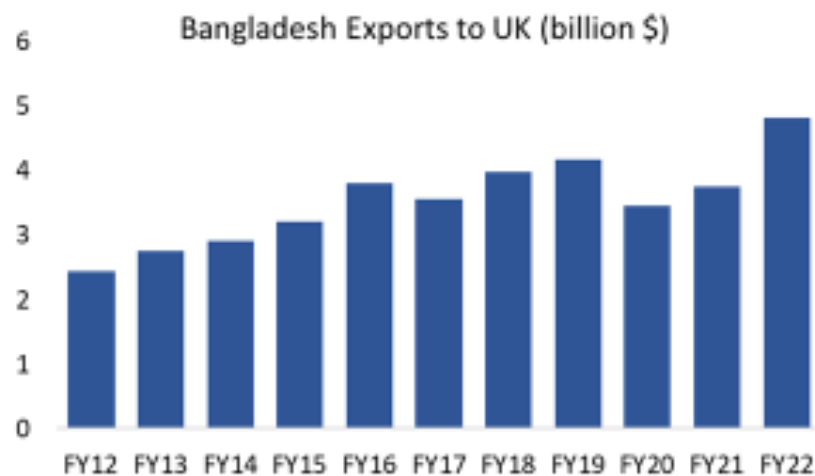
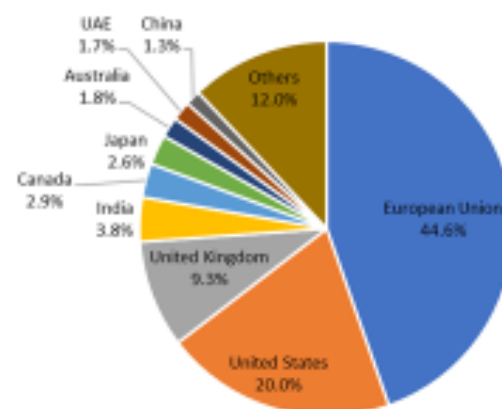
Stakeholder Consultation: Leather goods and footwear



UK is an important trade partner

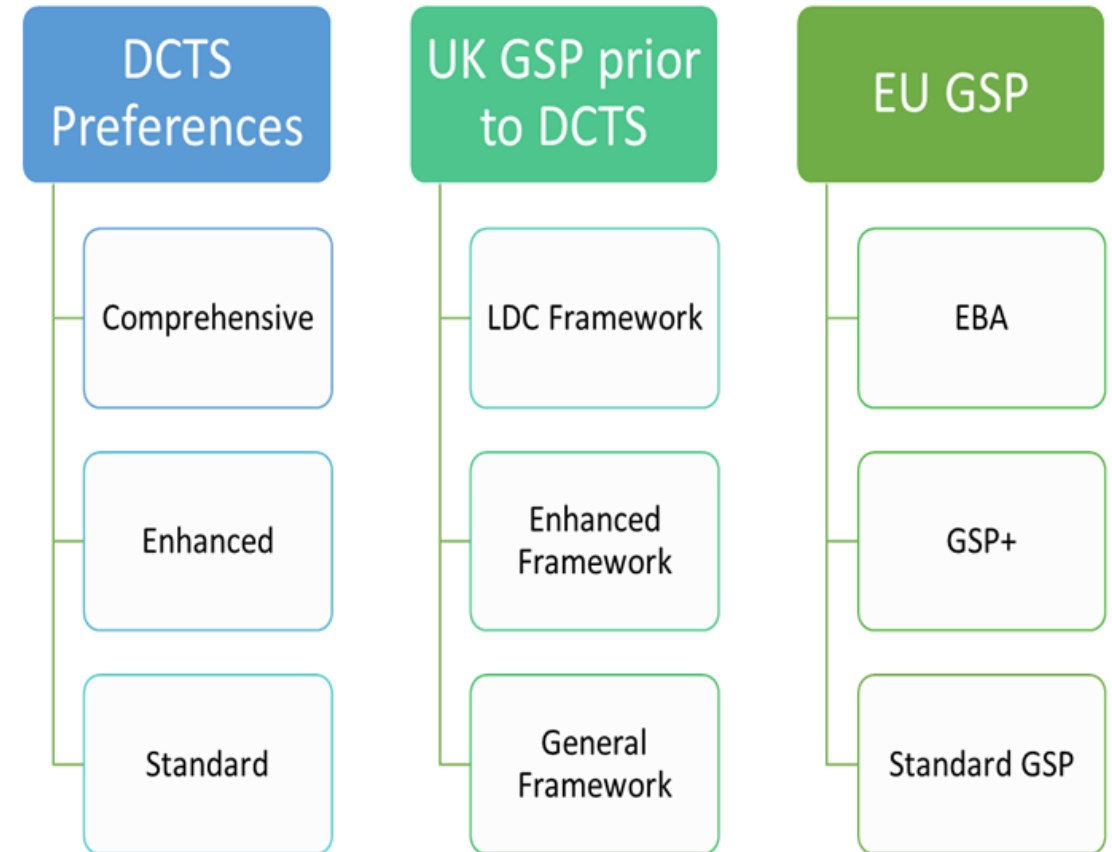
- Exports to the UK in 2021-22: \$4.8 billion
- 9.3% of Bangladesh goods exports

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)

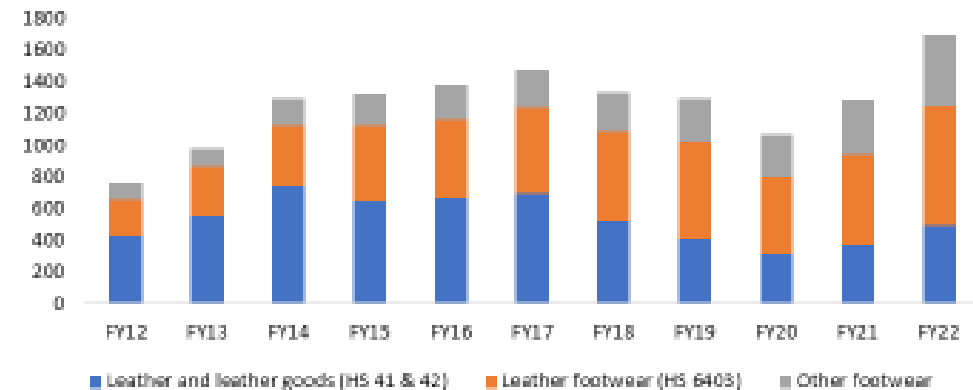
Objectives of this RAPID Project

- 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 leather goods and footwear (including leather footwear) items have been identified**

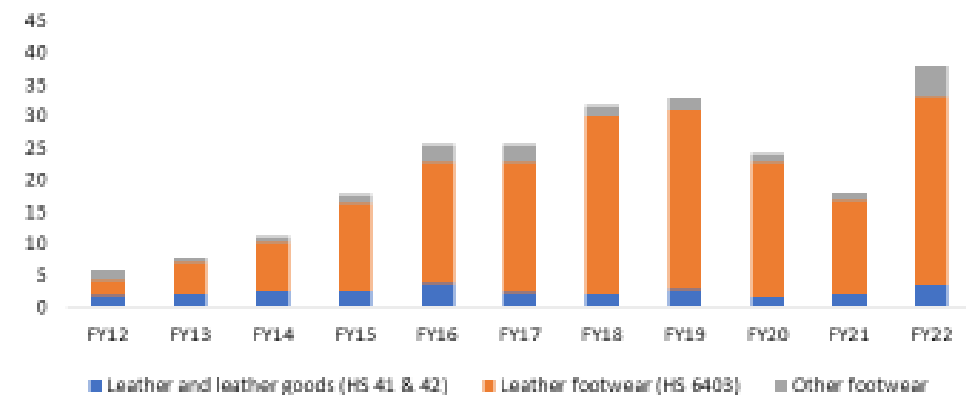
Despite having comparative advantage, Bangladesh's presence in the UK's leather goods and footwear market is negligible.

- Exports of leather, leather goods and footwear stood at \$1.7 billion in 2021-22.
- Exports of same products to UK was \$38 million (2.2% of total leather, leather goods and footwear exports)
- Leather footwear is close to 80% of this exports
- UK's market size was \$5.3 billion
- Bangladesh's market share is just 0.7%
- Market share for RMGs is around 20%

Bangladesh's overall leather and leather goods and footwear exports (million \$)



Leather and leather goods and footwear exports to the UK (million \$)



Leather, leather goods and footwear exports to the UK

Bangladesh exported 28 leather, leather goods and footwear items to the UK at HS 8-digit level

HS code	2019-20	2020-21	2021-22
64039100	6.15	4.41	14.82
64039900	12.21	5.29	8.23
64032000	1.81	4.64	5.92
64041900	0.62	0.50	1.72
64029100	0.25	0.19	1.65
64029900	0.32	0.17	1.39
42032900	0.16	0.60	0.77
42022100		0.30	0.77
41044990	0.66	0.48	0.51
42031000	0.11	0.08	0.42
64034000	0.91	0.27	0.41
42029200	0.000	0.012	0.272
64041100	0.017	0.195	0.187
42021100	0.14	0.13	0.18
42022200	0.044	0.025	0.166
42022900	0.25	0.25	0.15
42023900	0.081	0.063	0.135
64021900	0.083	0.030	0.119
64031900	0.079	0.049	0.112
42029100	0.014	0.013	0.056
42023100			0.049
42021200	0.010	0.056	0.041
42021900	0.188	0.182	0.018
42010000		0.004	0.010
42032100	0.049		0.006
41139000			0.000213
41079900	0.000319		0.000005
42050090			0.000002
64022000	0.023	0.021	



Key issues to discuss

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