

**Concept Note**  
**Stakeholder Consultation**

**Expanding Exports to the UK Market :  
Shrimp and Frozen Fish**

**23 February 2023**



# **Increasing and diversifying exports to the UK under Developing Countries Trading Scheme (DCTS)**

## **Stakeholder consultation: Shrimp and frozen fish**

**Bangladesh is the world's 5<sup>th</sup> largest producer of fish-cultured products, outranked by China, Indonesia, India, and Vietnam, and contributed about 3.5% to GDP in the fiscal year 2018-19 (Hasan & Jahan, 2022). Commercial prawns and shrimp, termed "white gold," are among the most valuable export items of Bangladesh accounting for more than 75% of foreign trade in agricultural products (Hasan & Jahan, 2022). The major export markets are the EU, the USA, and the UK. Since Bangladesh is endowed with vast wetlands and rivers that house extensive and highly diversified fisheries, this sector can contribute to expanding and diversifying the export basket of Bangladesh, especially in the UK, with DCTS benefits.**

The combined export receipts from fish and shrimp products in FY22 stood at \$533 million, which is 1.02% of the total merchandise exports of Bangladesh. Shrimp is the leading exporting product of this sector, covering around 80% of the export. However, shrimp export experienced a negative growth rate of 1% on average in the last decade, whereas fish grew by 2% during the same time.

- Over the past decade, Bangladesh has exported about 121 fish and shrimp products (at the HS-6-digit level).
- However, the number has fallen to about 52 in recent years. (FY20 to FY22)

**The UK is a prospective market where Bangladesh can expand its export of light engineering products.**

- In 2021, Bangladesh's exports of fish and shrimp (HS 03) products to the UK generated just \$60 million, a minuscule fraction (2.1%) of the UK's overall imports of such products, which totalled over \$3 billion in the same year (ITC, 2023).

**The UK DCTS can be a game changer for Bangladesh to break into non-RMG export sectors, including shrimp, frozen fish, and related products.** The United Kingdom (UK) has introduced this year its preferential trading scheme for developing countries, called the Developing Countries Trading Scheme (DCTS), marking its departure from the EU's Generalized System of Preference (GSP).

- Under the new scheme, Bangladesh as an LDC enjoys duty-free market access through the DCTS Comprehensive Preferences. After its LDC graduation in 2026, Bangladesh will continue to enjoy the same LDC benefit for another 3 years (until 23 November 2029).
- As an LDC, Bangladesh also stands to benefit from more generous UK Rules of Origin (RoO) requirements. The minimum value-added requirement for LDCs has been reduced to 25 per cent (from 30 per cent) in half of the chapter headings (48 chapters) defined at the HS 2-digit level.
- The UK DCTS offers relaxed and liberal product-specific rules, and extended cumulation facilities, allowing inputs to be imported from 95 countries and yet the LDC manufacturers of final products are eligible for duty-free exports.

**After LDC graduation, Bangladesh will benefit from DCTS Enhanced Preferences with most of its exports continuing to enjoy duty-free market access in the UK.**

- The DCTS removes the requirement for countries to ratify and implement certain international conventions as a precondition for trade preference.
- After LDC graduation and an additional three-year transition period, Bangladesh will get duty-free benefits in more than 85 per cent of its UK-bound product lines under DCTS Enhanced Preferences.

**RAPID is undertaking research and consultation exercises to help Bangladeshi exporters take advantage of the UK DCTS Scheme.**

- The Secretary of State for the Foreign, Commonwealth and Development Office of the United Kingdom has commissioned RAPID to conduct this research and consult with stakeholders to determine the best ways to boost, expand, and promote exports from Bangladesh to the UK.
- As part of the study, using a rigorous methodology and disaggregated export data, RAPID has identified several potential export sectors for the UK market. Shrimp and frozen fish products are among the most prominent products to unleash their export potential.

**This stakeholder consultation aims to understand the barriers and constraints faced by Bangladesh's exporters of shrimp and fish to the UK market.**

- The discussion in this consultation meeting will focus on the following issues:
  1. Quality and standard requirements for exports of shrimp and frozen fish in the UK and existing standards, testing, and storage facilities in the country. Legal and other trade-related regulations for exporting in the UK. Other non-tariff barriers in the UK for shrimp and frozen fish import.
  2. The regulatory and legal framework of operation for the shrimp and frozen fish sector in Bangladesh. Regulations related to the export of these items. Availability and access to testing and quality control facilities in Bangladesh for these items.
  3. Issues related to procuring quality fish feed and other inputs, traditional technologies for hatchery, lack of skilled labour force, uninterrupted energy supply for processing and storing, etc. The extent to which these factors lower the comparative advantages of shrimp and fish export in the UK market compared to Bangladesh's major export competitors like China, India, Indonesia, Vietnam, and Sri Lanka.
  4. Access to finance: Impact of limited access to finance and high costs of borrowing on the scope of modernisation and expansion of operations for small and medium fishery farms/hatcheries.
  5. Infrastructure: Transportation and delivery of various inputs and timely delivery of the exported items, problems related to ports and shipment, and other supply-chain issues related to infrastructure.
  6. Dealing with public offices: Issues related to obtaining operating and import licenses, delays and irregularities in customs and tax offices, and dealing with various public utility providers.
  7. Environmental concerns: Pollution and other environmental damage caused by shrimp production and its impact on exporting shrimp and fish in developed countries, especially in the UK.
  8. Labour issues: Maintaining labour laws and healthy working conditions in the shrimp and fishery sector and their impacts on export to developed countries, including the UK.
  9. Macroeconomic issues: Impacts of exchange rate uncertainty, problems with L/C opening, political uncertainty, and public health emergencies on production and export performance.
  10. The policy support: What are the policy supports and incentives needed to make the shrimp and fish export more competitive in the UK, including infrastructure, access to finance, market information dissemination, technology transfer, labour training, security, facilities for testing and quality control, easing regulations and legal barriers, etc.