GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
BANGLADESH REGIONAL CONNECTIVITY PROJECT-1
MINISTRY OF COMMERCE

STUDY ON ACCESSION TO RCEP INCLUDING ANALYSIS OF FLEXIBILITIES ALLOWED TO LAOS, CAMBODIA MYANMAR, VIETNAM AND ADVANTAGES AND DISADVANTAGES OF ACCEDING TO RCEP

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Government of the People's Republic of Bangladesh
Bangladesh Regional Connectivity Project-1
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Preface

This study, titled *“Study on Accession to RCEP: Including Analysis of Flexibilities Allowed to Laos, Cambodia, Myanmar, Vietnam, and Advantages and Disadvantages of Acceding to RCEP”*, has been undertaken under the guidance of the Bangladesh Regional Connectivity Project–1, Ministry of Commerce, Government of the People’s Republic of Bangladesh. The objective of this study is to provide an evidence-based assessment of the potential economic, institutional, and policy implications for Bangladesh in considering accession to the Regional Comprehensive Economic Partnership (RCEP)—the world’s largest trade bloc encompassing nearly 30 percent of global GDP and population.

The report examines the potential benefits and challenges of RCEP accession, particularly in the context of Bangladesh’s ongoing economic transformation and impending graduation from Least Developed Country (LDC) status. It provides a comparative analysis of the flexibilities and special treatments granted to RCEP members such as Laos, Cambodia, Myanmar, and Vietnam, identifying lessons that could guide Bangladesh’s negotiation strategy. The study also evaluates sectoral opportunities, potential trade and revenue impacts, regulatory and institutional readiness, and the broader implications for integration into regional and global value chains.

This analysis forms part of the Ministry’s broader initiative to enhance regional trade and investment connectivity, diversify export markets, and strengthen Bangladesh’s competitiveness in the evolving Asia-Pacific economic architecture. It is hoped that the findings and recommendations presented here will contribute meaningfully to informed policy dialogue and strategic decision-making regarding Bangladesh’s prospective engagement with RCEP.

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Md. Julfikar Islam
Consultant of the Study

Map: RCEP Countries

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List of Abbreviations

ADB – Asian Development Bank
ADP- Annual Development Programme
ADR- Alternative Dispute Resolution
AEO- Authorized Economic Operator
AFTA- ASEAN Free Trade Area
ALPP- Area of Low Pest Prevalence
APTA - Asia-Pacific Trade Agreement
ASEAN – Association of Southeast Asian Nations
AWG- Accession Working Group
BAPA- Bangladesh Agro-Processors' Association
BAPI- Bangladesh Association of Pharmaceutical Industries
BB – Bangladesh Bank
BBIN- Bangladesh, Bhutan, India, Nepal
BBS- Bangladesh Bureau of Statistics
BCIM – Bangladesh-China-India-Myanmar
BDS- Bangladesh Standards
BEIOA- Bangladesh Engineers Industry Owner's Association
BGMEA- Bangladesh Garment Manufacturers and Exporters Association
BIDA- Bangladesh Investment Development Authority
BIDS- Bangladesh Institute of Development Studies
BIMSTEC- Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BITAC- Bangladesh Industrial Technical Assistance Center
BKMEA- Bangladesh Knitwear Manufacturers and Exporters Association
BoP- Balance of Payment
BRICS- Brazil, Russia, India, China, and South Africa
BSTI- Bangladesh Standards and Testing Institution
BTMA- Bangladesh Textile Mills Association
BTTC- Bangladesh Trade and Tariff Commission
BFTI – Bangladesh Foreign Trade Institute
BTRC- Bangladesh Telecommunication Regulatory Commission
CAD- Current Account Deficit
CAGR- Compound Annual Growth Rate
CD- Customs Duty
CEPEA- Comprehensive Economic Partnership in East Asia
CGE – Computable General Equilibrium
CET -Common External Tariff
CETP-Central Effluent Treatment plant
CEPA- Comprehensive Economic Partnership Agreement
CEPT - Common Effective Preferential Tariff
CLMV- Cambodia, Laos, Myanmar, and Vietnam
CNC- Computer Numerical Control Machine
CPC- Civil Procedure Code
CPD- Centre for Policy Dialogue
CPTPP -Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSOs- Civil Society Organizations
CTC- Change in Tariff Classification
DCCI- Dhaka Chamber of Commerce and Industry
DGDA- Directorate General of Drug Administration

DFQF- Duty-free & Quota-free
DIFE- Department of Inspection for Factories and Establishments
DPs- Diagnostic Protocols
DPDT- Department of Patents, Designs, and Trademarks
DRM- Domestic Revenue Mobilization
EAFTA- East Asia Free Trade Asia
EAS- East Asia Summit
EBA - Everything But Arms
EDI- Electronic Data Interchange
EEC- European Economic Community
EFTA- European Free Trade Association
EPB – Export Promotion Bureau
ETP- Effluent Treatment Plant
EU- European Union
EV- Equivalent Variation
FAO- Food and Agriculture Organization
FBCCI- Federation of Bangladesh Chambers of Commerce and Industry
FDI – Foreign Direct Investment
FGD – Focus Group Discussion
FIPPA- Foreign Investment Promotion and Protection Act
FTA – Free Trade Agreement
FTAAP – Free Trade Area of the Asia-Pacific
CGE – Computable General Equilibrium
GCF -Green Climate Fund
GDP – Gross Domestic Product
GI- Geographical Indication
GMM- Generalised Method of Moments
GMP- Good Manufacturing Practice
GoB – Government of Bangladesh
GSTP - Global System of Trade Preferences
GSP - Generalized System of Preferences.
GTAP- Global Trade Analysis Project
GVCs – Global Value Chains
HS Code – Harmonized System Code
IEC- International Electrotechnical Commission
IMF- International Monetary Fund
IP- Intellectual Property
IPPC- International Plant Protection Convention
IPR – Intellectual Property Rights
IS- Import Share
ISDS- Investor State Dispute Settlement
ISM -International Support Measures
ISO- International Organization for Standardization
ITC – International Trade Centre
ITES- IT Enabled Services
LDC – Least Developed Country
LFMEAB- Leather and Footwear Manufacturers and Exporters Association of Bangladesh
LWG- Leather Working Group
KII- Key Informant Interviews
KITA- Korean International Trade association

MCCI- Metropolitan Chamber of Commerce and Industry
MFN- Most Favored Nation
MRA- Mutual Recognition Agreements
MNCs – Multinational Corporations
MoC – Ministry of Commerce
MoU – Memorandum of Understanding
MVA- Motor Vehicles Agreement
NAFTA- North American Free Trade Agreement
NGOs- Non-Government Organizations
NPL- Non-Performing Loans
NTBs – Non-Tariff Barriers
NTMs – Non-Tariff Measures
OLS- Ordinary Least Squares
PCT- Patent Cooperation Treaty
PFA- Pest Free Area
PRA- Pest Risk Analysis
PRI- Policy Research Institute
PSR- Product Specific Rules
PTA – Preferential Trade Agreement
PTN – Protocol on Trade Negotiations
PT- Phytosanitary Treatments
PVPA- Plant Variety Protection Act
RCEP – Regional Comprehensive Economic Partnership
RD- Regulatory Duty
RIVA- Regional Integration & Value Chain Analyzer
RJC- RCEP Joint Committee
RMG- Ready Made Garment
RPC- RCEP Participating Countries
RTA- Regional Trade Agreement
RVC- Regional Value Chain
RoO – Rules of Origin
ROW- Rest of the World
SAARC- South Asian Association for Regional Cooperation
SAFTA - South Asian Free Trade Area
SAPTA - SAARC Preferential Trading Arrangement
SD- Supplementary Duty
SDGs – Sustainable Development Goals
SMART – Software for Market Analysis and Restrictions on Trade
SME- Small and Medium Enterprise
SMMI- Small, Medium and Micro Industry
S&DT - special and differential treatment
SPS – Sanitary and Phytosanitary Measures
STS- Smooth Transition Strategy
TBT – Technical Barriers to Trade
TFA- Trade Facilitation Agreement
TIC- Testing, Inspection, and Certification
TICFA- Trade and Investment Cooperation Forum Agreement
TINA -Trade Intelligence and Negotiation Advisor
TOT- Terms of Trade
TRQ- Tariff Rate Quota

TRIMS- Trade-Related Investment Measures
TRIPS-Trade-Related Aspects of Intellectual Property Rights
UNCOMTRADE – United Nations Commodity Trade Statistics Database
USMCA -The United States–Mexico–Canada Agreement
UNCTAD – United Nations Conference on Trade and Development
UNESCAP – United Nations Economic and Social Commission for Asia and the Pacific
VAT- Value Added Tax
WTO – World Trade Organization
WCT- WIPO Copyright Treaty
WIPO- World Intellectual Property Organization
WPPT- WIPO Performances and Phonograms Treaty

Executive Summary

Chapter One of the study presented background, objectives, scopes, methodology, rationale, literature review and limitations of the study. Bangladesh, as an LDC, has been enjoying duty-free & quota-free market access in many developed and developing countries. However, Bangladesh is heading towards graduation from the LDC status on November 24, 2026. After graduation, Bangladesh will not be entitled to enjoy LDC-specific international support measures (ISM) facilities, like DFQF market access, special and differential treatment (S&DT), TRIPS waiver, “Everything but Arms” (EBA) initiative and LDC specific Green Climate Fund (GCF) etc. Regional Trade Agreements have emerged as multilateral or bilateral arrangement in the global trade landscape by shaping economic relationships and influencing global trade dynamics. RCEP, as a mega trade alliance, accounts for about 30 percent of the world's population (2.2 billion people) and 30 percent of global GDP ($26.2 trillion), making it the largest trade bloc in history followed by CPTPP which covers 6.6 percent of world population and 12.2 percent of world GDP. Amid the decision of Bangladesh government’s interest to accede to RCEP this study has been undertaken to comprehensively analyze the economic, trade, and strategic implications of Bangladesh joining RCEP by evaluating its pros/cons and learning from other countries’ experiences, in order to provide evidence-based guidance for policymakers on this critical decision.

This study employs a mixed-methods approach to analyze Bangladesh's potential RCEP accession. It combines a rigorous review of the RCEP agreement and secondary documents with economic modeling using the GTAP database to simulate full and partial trade liberalization scenarios. Quantitative findings were complemented by qualitative insights drawn from 12 key informant interviews and a focus group discussion with relevant stakeholders. The analysis has examined historical trade and investment trends, product diversification prospects, value chain integration potentials and economic compatibility with RCEP countries using tools like TINA and RIVA. The final synthesis of quantitative and qualitative findings provided evidence-based recommendations for policymakers.

Chapter Two explains objectives, structure and history of the RCEP. The RCEP's core objectives are to establish a modern, comprehensive economic partnership that progressively eliminates tariffs and non-tariff barriers on goods and services, while creating a liberalized and facilitative environment for investment across the region. It aims to do this in a manner that considers the different stages of development of its members.

Born from ASEAN's push for deeper integration to simplify overlapping trade deals, the RCEP is a landmark agreement negotiated over eight years among 15 Asia-Pacific nations. It aims to create a modern, comprehensive economic partnership by progressively eliminating tariffs and non-tariff barriers on goods, services, and investment. It further extends to intellectual property, e-commerce, and inclusive development areas like SMEs and technical cooperation, aiming to create a stable, transparent, and integrated regional economy. RCEP establishes WTO plus trade facilitation measures, including expedited customs clearance timelines, an Authorized Economic Operator system, and binding advance rulings, to create faster, more predictable, and efficient cross-border trade for member states. Despite India's withdrawal due to domestic concerns, the pact entered into force in 2022, serving as a stabilizing force for regional trade and supply chains.

To join RCEP, an applicant must demonstrate its capacity to comply with all agreement rules and offer commercially meaningful market access to existing members. The accession process requires rigorous consultation and unanimous consensus at every stage before final ratification.

Chapter Three presented Bangladesh's trade and economic landscape. Bangladesh’s real GDP growth was revised downward to 3.9 percent in FY25 from 4.2 percent in FY24, marking the third successive year of slowing growth and the weakest expansion since the COVID-19 pandemic. In FY 2024-25, the contribution of the agriculture sector reduced to 10.94 percent in GDP from 12.07 percent in FY 2020-21. The contribution of industrial sector is gradually increasing over the years having 37.44 percent share in GDP in FY 2024-25 which was 36.01 percent in FY 2020-21. Industrial production growth in FY 2023-24 was mixed, with apparel and transport equipment large-scale sectors declining, while food, textiles, and pharmaceuticals showed robust growth, and cottage industries demonstrated resilience across multiple sectors. In FY2024-25, Contribution of services sector to GDP provisionally estimated at 51.62 percent which was 51.92 percent in FY2020-21.

The Ten-year trend line shows that Bangladesh’s trade-to-GDP ratio declined from 42.09 percent in 2015 to 26.78 percent in 2024, with a brief recovery in 2022. In 2023–24, China accounted for 26 percent of Bangladesh’s total import payments, followed by India (14 percent) and Indonesia (6 percent). In 2023–24, India was the leading source of service imports, accounting for 17 percent of total payments. Singapore followed with 11 percent, and the UAE contributed 10 percent. In 2023–24, the United States remained Bangladesh’s largest export destination, accounting for 17 percent of total goods export receipts. Germany and the United Kingdom followed with 12 percent and 10 percent respectively. In 2023–24, the United States accounted for the largest share of Bangladesh’s service exports at 18 percent, followed by China (11 percent), Hong Kong (9 percent), Singapore (8 percent), and India (7 percent). In 2023–24, Ready-Made Garments (RMG) dominated Bangladesh’s goods exports, accounting for 85 percent of total receipts. Leather products contributed 3 percent, while jute manufactures made up 2 percent. In 2023–24, the highest import payments were made for Mineral Fuels and Oils, accounting for 9 percent of the total. This was followed by Cotton (6 percent) and Machinery and Mechanical Appliances (3 percent).

Bangladesh benefits from preferential DFQF market access under numerous GSP schemes and is an active WTO member, having ratified the Trade Facilitation Agreement. The country also maintains a network of bilateral trade agreements and is a key participant in regional initiatives like the BBIN Motor Vehicles Agreement to enhance connectivity and integration.

Chapter Four analyzes the current trade and investment relations with RCEP Countries. RCEP countries accounts for 7.92 percent of total exports and 53.90 percent of total imports of Bangladesh. On the other hand, Bangladesh accounts for 0.08 percent of total imports and 0.57 percent of total exports of RCEP Countries. Bangladesh's service exports to RCEP nations nearly doubled from 2014 to 2023, reaching USD 1.5 billion with China being the dominant market, followed by Singapore, Japan, and South Korea. In 2023, Bangladesh's service exports to RCEP countries were dominated by Other Business Services (36 percent), Construction (23 percent), and Transport (13 percent), with ICT services emerging as a notable growth sector. Bangladesh's service imports from RCEP countries grew steadily from 2014 to 2023, reaching USD 3.6 billion, with China as the dominant source. The imports were primarily driven by Transport (38.3 percent), Construction (24.1 percent), and Other Business Services (15.7 percent).

In FY 2023-24, RCEP countries contribute 51 percent of net FDI inflows of Bangladesh amounting USD741.8 million and 39 percent of total FDI stock amounting USD 6.9 billion. Textiles and Wearing received highest FDI stock overall — mainly from Korea (1,061.32 million USD), followed by China (~172.89 million USD). Power is the second-largest sector, dominated by China (975.78 million USD) and significant investment from Singapore (799 million USD).

Chapter Five presents advantages of acceding to RCEP with output from CGE Modeling through GTAP, TINA and RVC analysis. From CGE Modeling employing four types of simulation the study found that, GDP increases range from just above -.74 percent to approximately 2.83 percent. Export gains are significantly higher, reaching around 14.63 percent to 16.18 percent. Import increases are also notable, ranging from 14 percent to about 17 percent, reflecting deeper integration into global and regional value chains. Full RCEP liberalization would trigger a surge in manufactured goods imports from member countries, posing more competition to domestic industries like textiles, agro-food products and electronics and machinery equipment, while a limited, asymmetric agreement carefully manages this import risk. The simulations underscore that successful accession requires strategic sectoral protection and robust labor policies to mitigate job losses and harness benefits for key export sectors like RMG. Under all simulated scenarios, Bangladesh's exports see the most significant gains in the Ready-Made Garment (RMG) sector, with the EU, USA, and RCEP bloc emerging as the primary drivers of this growth. While other sectors show moderate to insignificant increases, the findings highlight the strategic importance of regional integration through RCEP for fueling Bangladesh's future export expansion. Bangladesh exhibits modest but positive total welfare changes in simulations is around USD3.4 billion to USD3.6 billion. Key drivers include improvements in allocative efficiency and, to a lesser extent, endowment effects, though ToT effects and IS effects appear less significant or slightly negative. In both Simulation 1 and 3 total welfare effect of Bangladesh are negative mainly due to negative terms of trade effect. Another study employing SMART simulation suggests that trade creation effects are quite a few times larger than the trade diversion effect caused by the accession to RCEP agreement. The change in total trade is $7.3 billion of which $6.4 billion will be produced by trade creation and $872.07 million will be engendered by trade diversion.

RCEP member countries exhibit a wide range of MFN tariff rates, from Singapore's zero tariffs to South Korea’s highly protective 13.4 percent, highlighting the diverse economic policies and the significant adjustment challenge high-tariff countries like Cambodia and Bangladesh would face in reducing barriers under the agreement.

Using the 3-stage filtering process, 217 products (6-digit HS code) has been shortlisted as potential products that may experience more growth in RCEP countries. More than half of the list are represented by Woven and Knitwear. The other products that have potentials in large RCEP market are Leather and Leather goods, Agro products, frozen and live fish, Pharmaceuticals, Engineering Products, Medical Equipment etc.

The Regional Comprehensive Economic Partnership (RCEP) members collectively import over USD 1.5 trillion in services annually. Bangladesh’s exports to this bloc stood at USD 1.5 billion in 2023, accounting for just 0.1 percent of RCEP’s total service import demand underscoring a massive untapped opportunity. WTO and RCEP data show that ICT, business, and professional services dominate demand. Bangladesh’s service exports to RCEP have grown at 7 percent CAGR over the past decade. Countries such as Japan, Australia, and Vietnam are emerging as new high-growth markets. Strategic Opportunity is that with 10-12 percent CAGR

Bangladesh may export USD3 billion-USD3.3 billion within 2030. The agreement may further boost ICT, transport, construction, financial services, and manufacturing-related services by attracting RCEP investment and facilitating deeper integration into regional supply chains, particularly for its dominant apparel industry. However, Bangladesh needs to take strategic stance while liberalizing service sectors.

Bangladesh stands at a pivotal juncture to capitalize on growing FDI outflows from major RCEP economies such as Japan ($204 billion), China ($163 billion), Singapore ($55 billion), and South Korea ($49 billion), which together represent vast pools of investable capital. Historically, foreign investments in Bangladesh have been concentrated in traditional sectors like power, textiles, telecommunications, and gas & petroleum, while high-potential areas such as food processing, and new technology remain underexplored. Leveraging its competitive labor costs, expanding domestic market, and strategic geographic location connecting South and Southeast Asia, Bangladesh can attract greater FDI by moving beyond low-cost manufacturing. The next phase of opportunity lies in energy diversification, digital infrastructure development, agribusiness, and technology-driven industries—sectors that align with both RCEP countries' strategic priorities and Bangladesh's evolving economic strengths. This shift would enable the country to transition from a resource- and labor-based investment model toward a more diversified, innovation-led growth trajectory. In an earlier study, it was also found that due to RCEP accession investment in Bangladesh might be increased by 3.36 percent.

Bangladesh has a significant opportunity to deepen its regional integration within RCEP by expanding beyond its traditional textiles sector into higher-value areas like transport equipment, electronics, and energy-related inputs, where it already plays a crucial role in regional supply chains. This broad-based integration across diverse industrial and service sectors positions Bangladesh to leverage RCEP for more sophisticated economic upgrading and greater value-added exports.

Chapter Six identifies disadvantages and risks of acceding to RCEP. Though RCEP integration may significantly boost Bangladesh's key export sectors like Ready-Made Garments (20-22 percent output growth) and leather products, reinforcing its comparative advantage in labor-intensive industries it would also create severe challenges for capital-intensive sectors like electronics, machinery, and chemicals, which face sharp output declines of up to 35 percent due to import competition, necessitating strategic policy support for diversification and mitigation.

A study suggests that the projected revenue loss is likely to be higher for Bangladesh, US$2.5 billion in contrast to around US$541 million for RCEP. Another study refers that full tariff liberalization to RCEP countries may cause Bangladesh a tariff revenue loss of USD $3.3 billion.

In addition, Bangladesh will face significant challenges in meeting RCEP obligations due to its heavy reliance on import tariffs for revenue, which discourages tariff liberalization, and its limited capacity to comply with complex Rules of Origin due to dependence on imported materials. The country also struggles with inadequate infrastructure for trade facilitation, such as lengthy customs clearance times, outdated standards, and a lack of testing laboratories and mutual recognition agreements. Furthermore, Bangladesh's regulatory frameworks for services, investment, intellectual property, and e-commerce are underdeveloped and not yet aligned with RCEP's modern, comprehensive requirements. Bangladesh lacks comprehensive data and understanding about the regulatory framework and offensive and defensive interest of each service sector to go for negative list. Foreign Investment Guidelines of Bangladesh has provision of requiring specific ratio of local citizen's representation in Senior Management and Board of Directors. In case of IPR, the legal framework of Bangladesh is characterized by a significant gap between strong law and weak enforcement. Piracy remains rampant online and offline, and government software use, while improving, still has high rates of unlicensed software. Bangladesh's prospective accession to RCEP is hindered by deep institutional weaknesses—limited accountability, weak regulatory and revenue capacity, fragile IPR enforcement, and poor inter-agency coordination—which undermine its ability to implement complex, legally binding commitments.

Moreover, acceding to RCEP also poses socioeconomic risks for Bangladesh, including premature de-industrialization, significant government revenue loss from tariff reductions, and heightened vulnerability for its agriculture and domestic industries. These challenges are compounded by serious environmental concerns, such as potential pressure to lower standards and increased pollution, all of which are critically magnified by the nation's impending LDC graduation and loss of vital trade preferences.

Furthermore, this chapter underscores that Bangladesh must learn from other nations by adopting an asymmetric, phased liberalization strategy to protect vulnerable domestic industries and agriculture, while urgently pursuing fiscal reforms to offset significant tariff revenue losses. It also highlights the critical need to leverage RCEP to attract strategic FDI by improving infrastructure and ease of doing business, while proactively strengthening environmental and labor standards to avoid future disputes and enhance its global brand. For example, Vietnam, despite being a manufacturing powerhouse, has a domestic private sector that is often considered less competitive than its state-owned or foreign-invested enterprises. Upon joining FTAs like RCEP and CPTPP, they faced pressure from more efficient producers.

Chapter Seven conducts an analysis of the flexibilities granted to Least developed and developing countries in RCEP agreement. The RCEP Agreement provides significant flexibilities for Least Developed Countries (LDCs) to ensure their gradual and sustainable integration into the regional economy. Key provisions include extended timelines for tariff liberalization, allowing LDCs up to 10 years to eliminate tariffs for 30 percent tariff lines and 15 years to liberalize 80 percent of tariffs, and 20 years to fully implement rules of origin certification systems. LDCs also benefit from longer periods to comply with trade facilitation measures, IPR enforcement, enhanced safeguard mechanisms that protect against import surges without retaliation, and delayed services liberalization commitments. The dispute settlement process mandates special consideration for LDCs, requiring panels to exercise restraint and address their unique circumstances. Additionally, the agreement emphasizes technical assistance and capacity building to support LDCs in implementation, reflecting a structured effort to balance regional integration with equitable development.

Chapter Eight presents the outcome of the consultation with the Stakeholders. The study conducted 12 KIIs and 1 FGD for understanding the perspectives of the stakeholders from government, private sector and think tanks and academia. Stakeholders echoed and reinforced the findings of the study that joining RCEP offers Bangladesh significant opportunities for market access, export diversification, and FDI attraction but poses substantial risks, including significant revenue loss, heightened import competition threatening domestic industries, and challenges in complying with stringent rules of origin, trade facilitation, SPS, TBT, and IPR obligations. To navigate these, Bangladesh must negotiate asymmetric, phased tariff liberalization with extended transition periods, safeguard sensitive sectors, undertake structural reforms to broaden the tax base, and invest heavily in institutional capacity, infrastructure, and standards alignment to harness benefits while mitigating adverse impacts.

Recommendations and Conclusion

Chapter Nine put forward **policy recommendations** in four areas including negotiation strategies, sector specific policy adjustments, strengthening institutions and inclusive stakeholders' participation in decision making. Bangladesh must approach RCEP negotiations strategically by demanding extended transition periods, tariff-rate quotas, and exclusions for sensitive sectors to protect vulnerable industries and revenue streams. Concurrently, it should undertake urgent domestic reforms to boost competitiveness, modernize infrastructure, and broaden its tax base to mitigate the impact of tariff reductions. Finally, the country should proactively leverage technical assistance and cooperation provisions to build capacity for compliance while positioning itself to attract FDI and integrate into regional supply chains.

To protect its sensitive agriculture sector, Bangladesh must create a carefully curated Sensitive List for staple foods, drastically upgrade its SPS measures, and shift subsidies toward RCEP-compliant support for research and infrastructure. For its competitive manufacturing base, the country needs a rules of origin strategy to integrate into regional value chains, develop backward linkage industries, and diversify exports beyond RMG into sectors like footwear and electronics. The Government of Bangladesh may review RCEP product-specific rules of origin and, through extensive sectoral consultations, classify industries into compliant and non-compliant groups, with targeted policy support to gradually bring the latter into compliance. The government may standardize policy support across sectors using indicators such as value addition and employment creation, noting that industries with higher value addition tend to be more diversified. Furthermore, Bangladesh must undertake foundational reforms, including shifting to a negative list for investment, harmonizing national standards, modernizing its intellectual property regime, and enacting and implementing comprehensive digital trade laws to harness the opportunities of RCEP while building domestic resilience.

Sector specific position papers may be prepared including regulatory frameworks, scope of liberalization across four modes of services, SWOT analysis, preparedness and offensive and defensive interests of each of the service sectors. While considering Mutual Recognition Agreement (MRA), areas of improvement should be assessed through consultation with RCEP member countries' quality and qualification standards and sector experts of Bangladesh. Comprehensive assessment of sector specific impact of RCEP IP obligations should be conducted. In addition, capacity of the IP registration and enforcement agencies should be assessed and strengthened. The government should review and phase out local content, technology transfer, or performance requirements violating RCEP TRIMS-plus rules, including amending BIDA's 2023 foreign worker and commercial office guidelines.

To successfully accede to RCEP, Bangladesh must prioritize a comprehensive overhaul of its institutional capacities, beginning with a massive modernization of its intellectual property administration and enforcement agencies to handle complex registrations and border measures. It is equally critical to strengthen the National Board of Revenue for rules of origin verification, upgrade the Bangladesh Standards and Testing Institution and quarantine wing for international SPS and TBT compliance, and empower the Bangladesh Investment Development Authority to facilitate investment under new rules. Furthermore, establishing robust inter-ministerial coordination is essential to break down institutional silos and ensure a unified national strategy for negotiating, implementing, and leveraging the agreement.

For Bangladesh, inclusive stakeholder engagement for RCEP cannot be a mere box-ticking exercise. It must be a continuous process of consultation, negotiation, and co-creation that continues long after accession, into the implementation phase. By building a structured, transparent, and responsive engagement mechanism, the government can improve negotiating outcomes and get real-time ground-level intelligence to shape better deals. Government can build a coalition of support by creating stakeholders who understand and have a vested interest in the agreement's success. It will also enhance legitimacy through ensuring the process is seen as democratic and accountable. It will also facilitate smooth implementation as the government may identify potential problems early and develop mitigation strategies, making the eventual adjustment less disruptive. Ultimately, an inclusive approach transforms RCEP from a government-to-government treaty into a national strategy for economic transformation, with shared ownership of both its opportunities and its responsibilities.

1. Introduction

1.1 Background of the Study

Bangladesh is a rapidly growing economy and has set a vision to become upper middle-income country by 2030 having GDP growth of more than 6 percent in last decade. Bangladesh has also been implementing SDGs with major achievements in the areas of socio-economic indicators. (UNDP, 2024) Currently, Bangladesh, as an LDC, has been enjoying duty-free & quota-free (DFQF) market access in many developed and developing countries. However, Bangladesh is going to graduate from the LDC status on November 24, 2026, and the process of graduation starts by fulfilling UN criteria for graduation. After graduation, Bangladesh will not be entitled to enjoy LDC-specific international support measures (ISM) facilities, like DFQF market access, special and differential treatment (S&DT), TRIPS waiver, "Everything But Arms" (EBA) initiative and LDC specific Green Climate Fund (GCF) etc. (Khatun, 2021)

Trade contributes to an economy through enabling efficient resource allocation, industrial growth, technological advancement, financial development, foreign direct investment and employment generation. (Balassa, 1989). Bangladesh attaches great importance to trade as an engine of growth due to its contribution to overall development of the economy. Share of trade in GDP of Bangladesh has increased from 23 percent in 1980 to 31 percent in 2023. (*WBG*, 2025)

Regional Trade Agreements have emerged as multilateral or bilateral arrangement in the global trade landscape by shaping economic relationships and influencing global trade dynamics in 1960s. The European Economic Community (EEC) was signed in 1957 by the Treaty of Rome, to create a common market among its members through the elimination of most trade barriers and the establishment of a common external trade policy. Afterwards, The European Free Trade Association (EFTA) founded in 1960 by seven European countries to promote free trade and economic integration to the benefit of its Member States. However, Regional Trade Agreements have grown significantly in importance, especially since the 1990s, forming a border and integrated economic union that are less discriminatory and address non-tariff barriers. (Lynch, 2010) The last two decades have seen an explosion of regional trade agreements, some of them involving several countries, many of them bilateral. (Baldwin & Low, 2009) As of 22 January 2025, 373 RTAs were in force. These Agreements reduce or eliminate trade barriers such as import quotas and tariffs, export restraints, and enhance economic integration among member states.

Several RTA agreements mark important benchmarks in this trend. MERCOSUR, a Customs Union & Economic Integration Agreement, comprising Argentina, Brazil, Paraguay, and Uruguay was signed to increase trade within the group during the 1991. North American Free Trade Agreement (NAFTA), a free trade deal signed in 1992, gradually eliminated most tariffs and other trade barriers on products and services traded between the United States, Canada, and Mexico. A significant regional agreement in East Asia, ASEAN Free Trade Area (AFTA), was signed in 1995, encompassing both goods and services within the East Asia region. (WTO, n.d.)

The mega regional trade agreement CPTPP that consisted of 12 countries spanning the entire Asia-pacific region was signed in 2018 covering goods and services. Over the past years, it helped expand trade between members, with intra-CPTPP trade increasing 5.5 percent from 2018 to 2021. (*GoC,*2023) An initiative of fifteen countries made history in 2020 by signing the largest free trade agreement -RCEP. The trade block aims to eliminate more than 90 percent of the tariff lines among the member countries within 20 years of coming into force. In 2019, over 52 percent of ASEAN's total exports went to RCEP countries and 24.7 percent exports are for CPTPP, made it the second "megaregional" trade agreement in Asia and the Pacific after CPTPP. (Raihan et al., 2024)

The Regional Comprehensive Economic Partnership (RCEP) signed in 2020 is a free trade agreement (FTA) between the ten member states of the Association of Southeast Asian Nations (ASEAN) (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam) and its five FTA partners (Australia, China, Japan, New Zealand and Republic of Korea). RCEP as the trade bloc accounts for about 30 percent of the world's population (2.2 billion people) and 30 percent of global GDP ($26.2 trillion), making it the largest trade bloc in history followed by CPTPP covering 6.6 percent of world population and 12.2 percent of world GDP. (Park et al., 2024) RCEP countries' trade value in 2018 was about $2800 billion, 57 per cent of which was intra-RCEP trade. (Rahman, 2020) It is the first free trade agreement among the East Asian countries including China, Japan, and South Korea, three of the four largest economies in Asia.

Bangladesh has already joined several Regional Trade Agreements (RTAs) that are currently in force, including APTA, GSTP, PTN, SAFTA, all of which primarily cover trade in goods. (WTO, n.d.) Bangladesh is considering the possibility of joining the world's largest trading bloc, the Regional Comprehensive Economic Partnership (RCEP), as it will lose preferential trade benefits to markets once it graduates from the list of least developed countries (LDCs) in 2026.

A feasibility study "Bangladesh's Accession to RCEP" conducted by Bangladesh Trade and Tariff Commission (BTTC) indicated that joining RCEP would create a positive impact on GDP, global trade and bilateral Trade of Bangladesh with RCEP members. However, most domestic industries except Wearing Apparels and beverage- tobacco may suffer as some of the industry output shows negative growth. Investment is projected to increase by 3.36 percent. As RCEP is a comprehensive agreement covering issues beyond trade in goods, it is important to conduct sector wise assessment and define the country's position needs through stakeholder consultation specifically in the case of service, investment, and intellectual property. (BRCP-1, 2022)

According to Article 15.6, RCEP members classified as Least Developed Countries (currently Cambodia, Lao PDR, and Myanmar) are granted special and differential treatment, allowing them exemptions or extended timeframes to fulfill RCEP obligations. They also benefit from economic cooperation measures, such as official development assistance, capacity-building support, and aid for trade-related reforms. Furthermore, under Article 19.18, LDC Parties receive additional consideration in dispute matters, requiring the complaining party to show due restraint when addressing issues involving an LDC. (UN, 2025)[1] Bangladesh as a least developed country may negotiate for having such flexibilities while acceding to the RCEP. Hence it is important to identify and analyze the flexibilities allowed to LDCs.

In this context, Bangladesh Regional Connectivity Project-1 (BRCP-1) of the Ministry of Commerce, Government of the People's Republic of Bangladesh has undertaken an initiative to conduct a study on "Accession to RCEP including analysis of flexibilities allowed to Laos, Cambodia, Myanmar, Vietnam and advantages and disadvantages of acceding to RCEP" with the objective to conduct an analysis about Bangladesh's potential accession to one of the largest regional economic blocs, RCEP and its advantages and disadvantages.

1.2 Objective of the study

The study aims to:

- Provide a detailed understanding of the advantages and disadvantages of Bangladesh's potential accession to RCEP.
- Analyze the experiences of comparable nations such as Laos, Cambodia, and Vietnam within the agreement.
- Offer an in-depth analysis of the economic, trade, and strategic implications of joining RCEP.
- Inform policymakers and stakeholders through evidence-based findings.
- Support an informed decision-making process regarding Bangladesh's participation in RCEP, highlighting potential outcomes and challenges.

1.3 Scope of the Study

The study will conduct a comparative analysis of flexibilities allowed to Laos, Cambodia, Myanmar, Vietnam and advantages and disadvantages of Bangladesh of acceding RCEP. The study will also cover following issues-

1. Present historical trend of trade scenario between the RCEP countries and Bangladesh, including average tariff among the countries.
2. Identify agreement specific flexibilities benefits allowed to Laos, Cambodia and Vietnam after joining RCEP trade bloc and make a comparison whether Bangladesh may also be eligible for the same benefits if it joins RCEP.
3. Review the list of trade diversification prospects of at least 10 diversified products (HS code wise) and product wise strategy in the RCEP country's as potential export destination by using Economic Analysis.
4. Identify the possibilities for Comprehensive Economic Partnership Agreement (CEPA) with RCEP countries including the potential service and investment sector.

[1] https://www.un.org/ldcportal/content/special-treatment-regarding-obligations-and-flexibilities-under-regional-agreements

Applicable sensitivity analysis for Bangladesh's accession to RCEP involves evaluating how liberalization may impact vulnerable sectors, identifying potential risks, and balancing these against the benefits of market access and economic cooperation. As a part of the analysis, the study will cover the following, but not limited to, pertinent issues:

Economic Compatibility: Assess the economic compatibility of potential FTA partners under RCEP, considering industries, products, and services that complement Bangladesh's strengths and address its economic needs.

Market Access Opportunities: Assess the potential for increased market access for Bangladeshi goods and services within RCEP member countries. Identify sectors with comparative advantages and growth potential.

Tariff Reductions and Elimination: Summarize potential favorable terms for tariff reductions or eliminations on key exports, enhancing the competitiveness of Bangladeshi products in RCEP markets (Example of Viet Nam Cambodia, Laos can come under this).

Non-Tariff Barriers: Address non-tariff barriers that may affect trade, including regulatory standards, technical barriers, and other obstacles to ensure a smooth flow of goods and services.

Customs and Rules of Origin: Understand and comply with customs and rules of origin requirements to ensure that Bangladeshi products qualify for preferential treatment within the RCEP framework.

Investment Promotion and Protection: Seek provisions for investment promotion and protection to attract foreign direct investment (FDI) into Bangladesh, contributing to economic development and technology transfer.

Intellectual Property Rights (IPR): Align Bangladeshi intellectual property laws with international standards to ensure the protection of intellectual property rights, fostering innovation and creativity.
The study will also cover key challenges of accession to the RCEP, keeping the challenges faced by similar economies in mind: Key challenges may include, but not limited to.

Competitive Pressure: Increased competition from the diverse economies within RCEP could pose challenges for certain industries in Bangladesh, particularly if they are not sufficiently competitive.

Tariff Reductions/ Elimination: The need to reduce or eliminate tariffs on imports from RCEP member countries may impact certain domestic industries, potentially leading to economic adjustments and shifts.

Compliance with Standards: Meeting the standards and regulations set by RCEP, particularly in areas such as product quality, safety, and environmental standards, may require significant adjustments and investments.

1.4. Rationale of the Study

Bangladesh officially set to graduate from the United Nations' Least Developed Country (LDC) category in November 2026. Though it reflects a milestone in economic and social progress, it also costs several challenges for Bangladesh. As a LDC country, 78 percent of Bangladesh’s exports enjoy duty- free or reduced-tariff access in 38 countries. If LDC benefits expire, Bangladesh will potentially lose over $8 billion in trade annually, and face tariffs of 12 percent or more in many major markets in RMG sectors. (Uddin, 2025) Bangladesh would face stiffer competition from rivals in international trade losing LDC-specific international support measures (ISMs), such as duty-free quota-free (DFQF) market access, special and differential treatment (S&DT), and TRIPS waivers after LDC graduation. According to the United Nations Conference on Trade and Development (UNCTAD), Bangladesh will lose about $2.7 billion in export earnings every year causing the declination of exports by 5.5 per cent to 7.5 per cent. (Ahmed, 2025)

RTAs like the RCEP can offer Bangladesh a smooth LDC graduation by mitigating the potential trade shock. RCEP represents the world's largest FTA, comprising about 30 percent of global GDP (US$ 25.8 trillion) and about a third of the world population (2.3 billion people). Through preferential trade agreement (PTA) or GSP facilities, Bangladesh enjoys preferential market access to many of the RCEP countries. As of FY2020-21, imports from RCEP member countries accounted for approximately 43.92 percent of Bangladesh’s total global imports, 55.33 per cent of the total tax- revenue and 58.56 per cent of total revenue from customs duty collected under home consumption. If Bangladesh enters into RCEP, the country may lose a certain amount of revenue earnings from China, Japan, Thailand, South Korea, Indonesia, Malaysia and Australia that are involved with RCEP, since they are some major import sources for Bangladesh.(Karim, 2024) RCEP can create sophisticated global supply, larger regional market beyond national border, promote easier FDI, reduce investment barrier, facilitate regional supply chain trade may lessen the pressure of recently graduate LDC countries.(Wignaraja, 2018) ASEAN least developed countries (LDCs) receive differential treatment and support from RCEP to develop stable integration strategies to fully implement RCEP commitments.(Kimura, 2022) Bangladesh may face challenges such as increased competitive pressures, the need for tariff liberalization, and compliance with higher standards and regulatory frameworks, which can affect some vulnerable domestic sectors, if Bangladesh joins RCEP.(Tabassum & Nibras, 2023)

Hence, a comprehensive and evidence-based analysis is essential to understand these opportunities and risks. Therefore, this study aims to find the potential advantages and disadvantages of Bangladesh's accession to RCEP. This study extracted the insights from the experiences of comparable countries like Laos, Cambodia, Myanmar, and Vietnam. This study also analyzed sector-specific impacts, explore opportunities for trade diversification, and identify areas for investment and service sector growth. Additionally, the study examined the flexibilities extended to these countries under RCEP to determine if Bangladesh might obtain similar benefits. The outcome of the study may help policymakers to make informed decision regarding Bangladesh's RCEP accession.

1.5 Literature Review

The article *"Relative benefits/losses of India aligning with RCEP and BRICS countries under the conjecture of free trade area in goods"* by Somesh K. Mathur, Rahul Arora, and Monika Bhardwaj (2016) aimed to evaluate the relative benefits and losses for India if it aligns with RCEP (Regional Comprehensive Economic Partnership) and BRICS countries through a free trade agreement focused on goods. The methodology employed comprises both partial and general equilibrium analysis. The Partial Equilibrium Analysis uses the SMART model, which assesses the impact of trade policy changes on specific sectors without considering economy-wide effects, while the General Equilibrium Analysis utilizes the GTAP (Global Trade Analysis Project) model to examine the broader economic implications of trade agreements, including inter-sectoral linkages and overall welfare impacts. The analysis indicates that India would benefit more from aligning with RCEP than with BRICS in terms of welfare effects. Joining RCEP in a free trade area in goods trade would likely improve India's trade balance, particularly by expanding exports and imports. In contrast, BRICS offers comparatively lower benefits, and there could be trade balance concerns if India does not negotiate the inclusion of its specialized products.(Mathur et al., 2016)

In *"What does RCEP mean for insiders and outsiders? The Experiences of India and Sri Lanka"*, Ganeshan Wignaraja (2018) explored the economic implications of the Regional Comprehensive Economic Partnership (RCEP) for India and Sri Lanka, with a focus on how the agreement affects insiders (such as India) and outsiders (such as Sri Lanka). The objective is to assess the potential gains and losses for these countries, analyze their respective negotiation experiences, and identify policy options to optimize benefits and mitigate risks. The methodology involves reviewing existing model-based studies particularly computable general equilibrium (CGE) models—to quantify RCEP's economic impacts, along with country-specific case studies of India and Sri Lanka. It also examines the progress of negotiations, policy contexts, and bilateral trade relations. The findings suggest that India, as an insider, could benefit from RCEP due to its strong services and manufacturing sectors and large domestic market, although it faces difficulties in trade liberalization and regulatory harmonization. Sri Lanka, as an outsider, risks losing out through trade diversion and erosion of preferences but could still gain by leveraging FTAs such as the Singapore-Sri Lanka agreement and through support from ASEAN partners. .(Wignaraja, 2018)

The paper *"Tariff liberalization in the RCEP trade agreement and impact on India's automobile industry: An applied general equilibrium analysis"* by Badri Narayanan G., Rahul Sen, and Sadhana Srivastava (2019) analyzes the impact of tariff liberalization under the RCEP trade agreement on India's automobile industry. The methodology involves a Computable General Equilibrium (CGE) approach using the GTAP 9 database updated to 2015. A key model

employed is the GTAP model, with modifications using the Splitcom tool to separate the automobile sector into final assembly and auto-parts, enabling more granular insights.
The results show that while overall welfare in India increases due to RCEP, the domestic automobile and auto-parts sectors could face declines in output unless a minimum of 2.5 percent annual productivity growth is achieved. Imports are projected to rise more than exports in the sector, and despite improved welfare through better allocative efficiency, India faces terms-of-trade losses due to lower export prices. The paper concludes that productivity improvements and structural reforms are essential for India to benefit fully from RCEP without harming its domestic manufacturing base.(Narayanan et al., 2019)

In *"Economic Implications of the Regional Comprehensive Partnership for Asia and The Pacific"*, Cyn-Young Park, Peter A. Petri, and Michael G. Plummer (2021) aim to evaluate the potential economic impacts of the RCEP on global and regional income, trade, economic structure, wages, and employment. It also compares RCEP's expected effects with those of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), particularly in terms of shaping trade and production networks in Asia. The study uses a computable general equilibrium model. The results suggest that the RCEP agreement could generate global income gains that will be almost twice as large as those of CPTPP. RCEP effects on the region's trade will also significantly deepen regional production networks and raise productivity. At the sectoral level, exports and imports of nondurable and durable manufactures will experience the most growth. The CPTPP and RCEP will strengthen the region's manufacturing supply chains, increasing wages and employment. (Cyn-Young Park et al., 2024)

The article *"The Regional Comprehensive Economic Partnership: Challenges and Opportunities for ASEAN and East Asia"* by Fukunari Kimura, Shujiro Urata, Shandre Mugan Thangave, and Dionisius Narjoko (2022) provides an overview of the challenges and opportunities posed by RCEP for ASEAN and East Asia. The paper synthesizes recent research and policy studies, drawing on CGE simulations and economic analyses from various sources to assess the agreement's impacts on trade, investment, and structural transformation in the region. The findings suggest that RCEP offers substantial opportunities for economic growth, particularly for ASEAN's least-developed members, by enabling deeper integration into global value chains and promoting structural reforms. The agreement is projected to deliver significant long-term gains in GDP and trade by enhancing market access, reducing trade costs, and fostering cooperation in digital and services trade. However, it also notes challenges, including the uneven distribution of trade gains, rising border and logistics costs, and the need for greater trade facilitation and harmonization across member countries. (Kimura,2022)

In *"An Assessment of the Regional Comprehensive Economic Partnership (RCEP) Tariff Concessions"*, Alessandro Nicita (2021) analyzes the structure, political economy drivers, and trade effects of tariff concessions under the RCEP agreement. The methodology involves a regression model and a literature review of existing studies. The paper finds that RCEP's tariff concessions are significant but narrowly targeted, mainly benefiting trade among China, Japan, and South Korea, while offering limited new liberalization for other members due to existing FTAs. Sensitive sectors like agriculture and motor vehicles remain largely protected, with many tariff lines excluded from commitments. (Nicita, 2021)

"Estimating the Economic and Distributional Impacts of the Regional Comprehensive Economic Partnership" by Carmen Estrades, Maryla Maliszewska, Israel Osorio-Rodarte, and Maria Seara e Pereira (2022) aims to assess both the economic and distributional effects of implementing RCEP, including its impact on income, trade, productivity, wages, and poverty reduction across member countries. The study employs a top-down macro-micro modeling framework that integrates a computable general equilibrium (CGE) model and a survey-based global income distribution model. The paper finds that RCEP can raise real income by 0.21 percent with tariff liberalization alone, 0.49 percent with liberal rules of origin, and up to 2.5 percent with productivity gains. Intra-RCEP trade could grow by 12.3 percent by 2035. The agreement may lift 27 million people into the middle class and boost wages, especially for women. Vietnam is projected to gain the most.(Estrades et al., 2022)

The study *"Analysis of the impact of RCEP on the industrial and innovation chains of China's textile and clothing industry"* by Li Yang and Pivithuru Kumarasinghe (2024) examines the impact of RCEP on the textile and apparel industry within its member nations. The study seeks to understand the implications of RCEP on trade dynamics, innovation chains, and industrial integration in the textile sector. It uses both quantitative analysis of trade data and qualitative assessment of policy frameworks through UN Comtrade data. The findings reveal a significant increase in textile trade volume among RCEP member countries, with China experiencing substantial export growth. RCEP provisions stimulate demand for innovation, fostering collaboration in R&D. (Yang & Kumarasinghe, 2024))

In *"The impact of the RCEP on trade between China and RCEP member countries"*, Qianyi Zhou (March 28, 2024) analyzes trade interactions between RCEP countries from 2013 to 2023. The study uses a gravity model, multiple regression techniques, VIF multicollinearity tests, OLS, heteroskedasticity tests, stochastic benefit models, and the Hausman test. Findings show that China's GDP positively influences export volumes, while population and geography are less significant. RCEP shows positive but statistically weak trade effects due to COVID-19 disruptions and limited post-2020 data. China benefits most, while others need to boost competitiveness. (Zhou, 2024)

"Impact of RCEP on Trade Balance and Indonesia's Potential Export" by Diyouva Christa Novith and Aditya Subur Purwana (December 2023) evaluates RCEP's impact on Indonesia's exports using SMART simulation with two scenarios: full liberalization and tariff quotas. Spatial and descriptive analysis are also employed. The study shows modest trade gains for Indonesia, with Australia as the top beneficiary. The government must enhance trade facility use to boost market reach and productivity. (Novith & Subur Purwana, 2023)

In *"Detailed Analysis of RCEP and Its Implications, with Emphasis on FDI"* by Yuchen Zou (May 6, 2025) analyzed how RCEP affects trade, growth, employment, and especially FDI. The study uses qualitative methods, literature review, and secondary data from sources like UNCTAD. It finds that RCEP may significantly boost FDI and intra-regional trade, with China potentially gaining USD 103–214 billion by 2035. Despite lacking ISDS, the agreement offers legal stability and transparency that support investor confidence. Smaller economies like Cambodia and Laos may benefit from greater integration and investment flows. (Zou, 2025)

'Bangladesh's Accession to RCEP: Feasibility Study' by Bangladesh Trade and Tariff Commission (2022) found a likely possible increase of export for both the partners, of around USD 5.23 billion and USD 3.26 billion respectively from RCEP and from Bangladesh. The estimated revenue loss is likely to be higher for Bangladesh, US$2.5 billion compared to around US$541 million for RCEP. The Welfare effect is higher for Bangladesh though it is basically consumer welfare and thus the producer aspect is missed. If Bangladesh joins RCEP, the GTAP analysis suggests notable economic impacts. The country's real GDP is expected to grow by 0.26 percent, while global exports would increase by 17.37 percent and global imports by 14.46 percent. Trade with RCEP members would expand significantly, with Bangladesh's exports to RCEP countries rising by 29.88 percent and imports from these countries surging by 47.41 percent. It was also found that investment will be increased by 3.36 percent. This indicates strong trade integration, though the higher growth in imports compared to exports may pose challenges for the trade balance.

"Navigating LDC graduation: Modelling the impact of RCEP and CPTPP on Bangladesh" by Selim Raihan, Sangeeta Khorana, and Mahtab Uddin (August 29, 2022) examines the impact of Bangladesh's graduation from Least Developed Country (LDC) status and its potential participation in mega-trading blocs such as RCEP and CPTPP. The study employs a Computable General Equilibrium (CGE) model using the Global Trade Analysis Project (GTAP) version 10, simulating multiple scenarios including LDC graduation, the impact of joining RCEP and CPTPP, and potential accession of the US and UK to the CPTPP. The findings show that graduation could lead to an 11.8 percent decline in exports, with an associated welfare loss equivalent to 1.53 percent of GDP. Sectorally, RMG exports could decline by 14.7 percent, while processed food and frozen fish may fall by 11.3 percent, and leather exports by 3.1 percent. If RCEP is implemented concurrently with graduation, Bangladesh's exports may fall by as much as 15 percent, and welfare losses could reach 2.4 percent of real GDP. In contrast, CPTPP may reduce exports by 12.7 percent with a welfare loss of 1.72 percent. However, if the US or UK join CPTPP, Bangladesh could face even greater negative impacts. The study underscores that RCEP may have broader industry-wide adverse impacts than CPTPP and recommends policy reforms to mitigate these risks and enhance competitiveness. (Raihan et al., 2024)

The study *"Should Bangladesh Join Regional Comprehensive Economic Partnership (RCEP)? The Gravity Explanation of Bangladesh's Dilemma"* by Goswami et al. analyzed Bangladesh's trade with 197 partners from 1972 to 2019, using gravity variables from Head and Mayer (2021) and IMF's Direction of Trade Statistics (2021). Applying an extended gravity model through Static Pooled OLS, Static Two-Stage Least Squares, and Dynamic System GMM, the study finds that Bangladesh's traditional southern partners, particularly India, remain significant for its trade. However, joining RCEP would open substantial opportunities for trade expansion without displacing SAARC partnerships. (Goswami et al., 2024)

The study *"Should Bangladesh Join RCEP? Potential Trade and Economic Effects Analysis Using Partial and General Equilibrium Model"* by M. Islam, F. Fatema, and T. Rahman (2025) uses SMART simulation and CGE models to assess the trade and economic impact of RCEP on Bangladesh. Results indicate that tariff concessions under RCEP would significantly boost exports, especially in apparel ($6,219.48 million), followed by textiles ($290.03m) and leather ($223.74 million). However, imports are projected to rise more than exports, reducing the balance of payments by $892.58 million and lowering overall output by $995.5 million. Overall, RCEP membership would increase trade balance by $872.08 million, consumer surplus by $595.98 million, and economic welfare by $715.7 million, but cause a tariff revenue loss of $3,296.93 million. (Islam et al., 2025)

1.6. Methodology

The methodology for this study on Bangladesh's potential accession to the Regional Comprehensive Economic Partnership (RCEP) has been crafted to deliver a comprehensive and balanced analysis. This section details the multi-layered approach, combining document review, economic modeling, qualitative and quantitative data collection, and data analysis to ensure that all critical aspects of RCEP membership are rigorously examined.

1.6.1. Agreement Review

The agreement review entailed an in-depth examination of the RCEP framework, focusing on provisions, special flexibilities, and regulatory accommodations granted to similar economies, specifically Laos, Cambodia, Myanmar and Vietnam. The agreement contains 20 chapters and each chapter consists of a good number of provisions. By reviewing these chapter-specific provisions, the study aims to identify and assess whether such terms might apply to Bangladesh or require adaptation to fit its economic context.

This component is essential for understanding the structural advantages and limitations that RCEP members face. A thorough review has revealed which economic and trade policy adjustments would be necessary for Bangladesh to align with RCEP regulations, particularly in areas such as tariff reductions, non-tariff measures, and investment provisions. This knowledge will form a foundation for the study, providing valuable insights for Bangladesh's policy makers to gauge alignment and assess potential challenges in accession.

1.6.2. Document Review

A detailed review of secondary literature, reports, regulatory documents, and other relevant sources were conducted to draw comparative insights between Bangladesh and the RCEP member countries under study. This review involved analyzing regulatory regimes, trade policies, and economic conditions that shape these countries' experiences within the RCEP framework.

Document review serves a dual purpose: it enables benchmarking Bangladesh against comparable economies, and it provides context for drafting questionnaires for subsequent interviews and discussions. This review laid the groundwork for identifying key policy areas that would require negotiation or adaptation, thus informing the formulation of tailored questions for Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs).

1.6.3 Economic Modelling, Sources of data, data aggregations and simulation scenarios

Economic modeling was deployed to quantitatively estimate the impact of RCEP accession on Bangladesh's economy. This modeling involved simulating scenarios of market access, tariff reduction, and trade flow adjustments to project the effects on GDP, employment, and sector-specific performance.

Economic modeling is critical for making data-driven, credible recommendations. Simulations will provide concrete, quantifiable projections of potential economic outcomes, enabling a fact-based discussion around the trade-offs of RCEP membership. This analysis will support Bangladesh's need to assess economic compatibility with RCEP and evaluate the potential for growth in exports, FDI, and trade diversification.

Following the Armington assumption[2], the model treats domestically produced goods and imported goods as imperfect substitutes. Trade policy measures, particularly tariff barriers, are represented in the model as ad valorem equivalents. Changes in trade policy are incorporated by adjusting the relevant trade and tariff parameters. The effects of these policy changes are then assessed by comparing the outcome variables under the baseline scenario with those generated in the simulation.

Data aggregations and definition of simulation scenarios are the main requirement of any ex-ante analysis. As per the objective, the study uses general equilibrium approaches to understand the impact of RCEP accession. The application of these methodologies requires the preparation of simulation scenarios and some data aggregations beforehand to get the results on required variables.

1.6.3.1 Sources of data and data aggregations

The study uses Global Trade Analysis Project (GTAP) model and database. GTAP is a multi-country general equilibrium model, capturing world economic activity among different countries/regions. In this study we use GTAP version 10 database, provided by Purdue University. The whole database is the reflection of World economy and consists of data on all-important macroeconomic variables such as output, employment, wages, prices and income. GTAP-10 aggregates all the sectors into 65 aggregated sectors and 141 regions. Sector Aggregation and data aggregation is attached in Annex 1.

1.6.3.2 Simulation scenarios: The simulations have been conducted mainly under two broad categories of liberalization: full and partial trade liberalization.

[2] In the GTAP model, a change in trade policy can affect the equilibrium prices and quantities of the traded goods and domestically produced goods. However, the magnitude of the impact depends on the degree of substitutions between the domestically produced commodity and the imported goods – a relationship known as Armington elasticity (Rahman and Ara, 2015)

Full liberalization: Under full trade liberalization scenario, tariff on all the products is assumed to be zero and its effect on member countries has been reported in a post-simulation environment. Using GTAP model, the study considers reciprocal trade liberalization wherein all the member countries have to eliminate all tariffs on each other's exports under full trade liberalization. In sum, under this category, the following scenario has been defined for the simulation purpose:

Simulation 1: Reciprocal removal of all import tariffs by Bangladesh on imports coming from all other member countries of RCEP;

Simulation 2: Simulation 1 with assuming the presence of unemployment in the labor market in Bangladesh.

Partial liberalization:
Simulation 3 (Sim3): Bangladesh remove tariff on imports from RCEP on the following eight items. These eight items are the main exportable items of RCEP to Bangladesh as well as world.

1) Textile, 2) Agro Food Products, 3) Chemicals, 4) Electrical, 5) Electronics, 6) Machinery and Equipments, 7) Motor Vehicle, 8) Other Manufacturing

RCEP remove tariff on imports from Bangladesh on the following eight items. These eight items are the main exportable items of Bangladesh to RCEP countries as well as world.
1) RMG, 2) Textile, 3) LEA, 4) Agro Food Products, 5) Fish, 6) Electronics, 7) Rubber and Plastics, 8) Other Manufacturing
Simulation 4 (Sim4): Simulation 3 with assuming the presence of unemployment in the labor market in Bangladesh.

Finally, general equilibrium standard closures have been utilized with fixed technology and population.

1.6.4. Questionnaire Development

Questionnaires have been crafted and refined in consultation with the project authority to capture insights from KIIs and FGDs. Customized questionnaires have been developed for different stakeholder groups to ensure reliability and clarity in data collection. Questionnaire of KII and discussion points of FGD are attached in Annex 2 and Annex 3 respectively.

The use of carefully designed questionnaires is essential to gather targeted information from varied stakeholders, including trade officials, industry representatives, and policy experts. By aligning questions with the objectives of the study, this process will ensure the collection of relevant data that complements the quantitative findings and provides stakeholder perspectives on potential regulatory and economic challenges.

1.6.5 Key Informant Interviews (KIIs)

The study conducted 12 KIIs with key stakeholders, including government officials, industry experts, trade analysts, and representatives from private sectors that may be impacted by RCEP accession. These interviews helped to validate quantitative data and provide insights on critical areas such as regulatory compliance, sector-specific challenges, and perceived benefits of RCEP membership. The list of Key Informants is provided in Annex 4.

KIIs offer a unique perspective on the practical implications of RCEP accession for Bangladesh, highlighting concerns that may not be immediately apparent from a purely quantitative analysis. Through direct engagement with those familiar with trade policy and economic dynamics, the study explored potential benefits and challenges of RCEP membership, providing a nuanced understanding to complement the economic model. Questionnaire for KII is attached in Annex 2.

1.6.6. Focus Group Discussion (FGD)

One FGD has been conducted with a group of 10 stakeholders to facilitate a collective discussion on the implications of RCEP membership. The FGD served as an interactive platform for gathering insights on specific policy concerns, competitive pressures, and perceived opportunities in RCEP markets. The list of Participants of the FGD is provided in Annex 5.

FGD provided valuable insights through the exchange of ideas and experiences among stakeholders, revealing consensus points and divergent views on RCEP accession. The collaborative nature of FGD allows participants to clarify and expand on issues, yielding a more holistic understanding of the study's findings and identifying key areas for policy intervention. Draft discussion points are attached in Annex-3.

1.6.7. Data Analysis and Reporting

Present historical trend of trade scenario between the RCEP countries and Bangladesh, including average tariff among the countries was examined using the export import data over the past ten years. focusing on. This data is sourced from UN Comtrade, ITC, the Export Promotion Bureau (EPB), Bangladesh Bank (BB). Trade scenario of Bangladesh and RCEP countries over the time mentioned above has been visualized using charts.

The study reviewed the trade diversification prospects of Bangladesh in RCEP (HS code wise). Furthermore, the study formulated product wise strategy to make the RCEP countries as potential export destination by using Economic Analysis tools like ESCAP's Trade Intelligence and Negotiation Advisor (TINA). Regional Value Chain of Bangladesh and RCEP countries have been analyzed using Regional Integration and Value Chain Analyzer (RIVA) developed by UNESCAP. The insights have been validated through qualitative inputs from key informant interviews (KII) and focus group discussions (FGDs).

The study also identified the possibilities for Comprehensive Economic Partnership Agreement (CEPA) with RCEP countries by analyzing the impact on GDP, Impact on revenue, potential service and investment sector using CGE modeling. The stakeholders will validate the findings of the analysis.

The economic compatibility of potential Free Trade Agreement (FTA) partners within RCEP has been assessed by examining industries, products, and services that align with Bangladesh's strengths and needs, using indicators such as complementary index and intra-industry trade.

The non-tariff barriers that may affect trade, including regulatory standards, technical barriers, and other obstacles to ensure a smooth flow of goods and services have been identified using the TRAINS database developed by UNCTAD.

Data from quantitative sources have been analyzed using software such as STATA and Excel to process the economic models and simulate potential outcomes. Qualitative data collected from KIIs and FGDs has been analyzed using NVivo to ensure structured insights. The findings were synthesized into a final report with comprehensive recommendations, providing policymakers with actionable insights on RCEP accession.

Using rigorous data processing and analysis methods ensures the reliability and integrity of the study's conclusions. Quantitative tools validated the economic implications of RCEP membership, while qualitative software facilitated thematic analysis of stakeholder feedback, adding depth to the quantitative findings. The final report consolidated these findings, ensuring evidence-based policy recommendations and highlighting areas of strategic priority for Bangladesh in RCEP.

1.7 Limitations

The study could not undertake comprehensive consultations with private sector industries mainly due to time and budget constraints. In addition, scarcity of secondary sources especially chapter specific obligations and challenges from trade negotiation perspective also constrained the study.

2. RCEP: Structure and Flexibilities

2.1 Objectives of RCEP

The objectives of the RCEP as stipulated in the agreement are to:
(a) Establish a modern, comprehensive, high-quality, and mutually beneficial economic partnership framework to facilitate the expansion of regional trade and investment and contribute to global economic growth and development, considering the stage of development and economic needs of the Parties especially of Least Developed Country Parties.
(b) progressively liberalize and facilitate trade in goods among the Parties through, *inter alia,* progressive elimination of tariff and non-tariff barriers on substantially all trade in goods among the Parties.
(c) progressively liberalize trade in services among the Parties with substantial sectoral coverage to achieve substantial elimination of restrictions and discriminatory measures with respect to trade in services among the Parties; and
(d) create a liberal, facilitative, and competitive investment environment in the region, that will enhance investment opportunities and the promotion, protection, facilitation, and liberalization of investment among the Parties.

2.2. Historical Context and Evolution of RCEP

The Regional Comprehensive Economic Partnership (RCEP) is a landmark free trade agreement (FTA) that marks a significant turning point in the economic integration of the Asia-Pacific region. Its foundation lies in East Asia's longstanding efforts to create a coherent and inclusive economic structure.
Long before the ASEAN Leaders introduced the RCEP Framework in 2011, pivotal events—most notably the 1997 Asian financial crisis and shift in global trade dynamics—prompted ASEAN to pursue deeper regional integration. The crisis exposed vulnerabilities in investment and trade, compelling ASEAN to seek broader East Asian cooperation as a strategic development path.

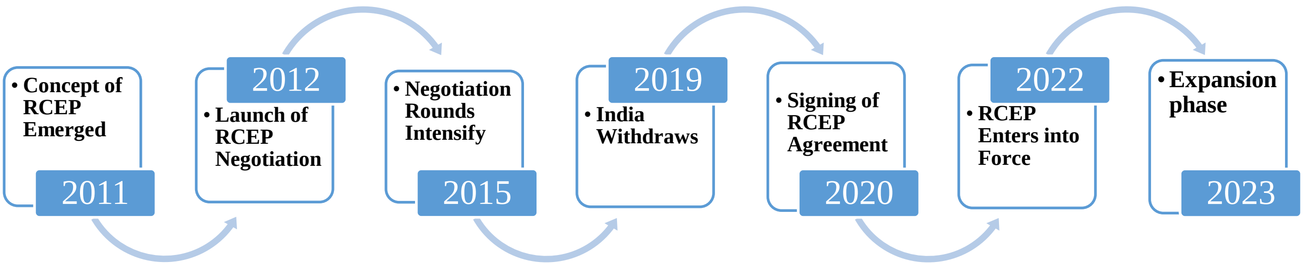
Facing the external shock in regional economics, from the early 2000s, ASEAN began signing a series of bilateral FTAs with key regional partners, including China, Japan, South Korea, India, Australia, and New Zealand. Meanwhile promoting regional ties, these agreements created a complex "noodle bowl" of overlapping norms and standards. To prevent the complication of trade operations, the idea of a single, overarching regional agreement began to take shape.

ASEAN played a key role in shaping RCEP by initiating diplomacy and economic engagement. Recognizing the enormous impact of TPP's in regional trade rule, the East Asia Summit (EAS) economic ministers in August 2011 welcomed a Chinese and Japanese joint initiative on speeding up the establishment of East Asia Free Trade Area (EAFTA) or the Comprehensive Economic Partnership in East Asia (CEPEA). This led to a breakthrough when ASEAN leaders proposed the RCEP framework in 2011 with the goal of creating a modern, comprehensive, high-quality, and mutually beneficial economic partnership. At the 19th ASEAN Summit in Bali, Indonesia in 2011, the idea of RCEP was formalized to include ASEAN+6 (Australia, China, India, Japan, New Zealand, South Korea). In the summit, leaders set out the general principles for broadening and deepening ASEAN's engagement with its FTA partners. The formal negotiations were launched in November 2012 during the ASEAN Summit in Phnom Penh, Cambodia.

The negotiations process was lengthy and complex, almost impossible to achieve comprehensive and balanced outcomes because of the diverse 16 participating countries. The negotiations lasted over eight years involving all original negotiating countries. The negotiations included a wide area of issues tackling tariff reduction, rules of origin, investment, e-commerce, and intellectual property. Between 2013 and 2015, RCEP Participating Countries (RPCs) faced tough negotiations on how ambitious their commitments should be. Key debates focused on tariff liberalization, how to schedule trade and investment commitments (positive vs. negative lists), and whether to include advanced rules like MFN treatment, ratchet clauses, and investor protections. There were also disagreements over whether to include new issues like labor, environment, and government procurement, which aren't covered by WTO rules. A substantial obstacle arose when India expressed concerns over trade imbalances, market access, and the potential impact on its domestic industries. These concerns ultimately led to India withdrawing from the negotiations in November 2019, though the door remains open for its future participation.

Despite the emerging challenges and setbacks, the remaining 15 countries concluded negotiations in November 2020 and formally signed the agreement. The critical next step for RCEP was to ensure its smooth implementation since it entered into force on 1 January 2022; and the agreement entered i
nto force only for six ASEAN Member States (Brunei, Cambodia, Laos, Singapore, Thailand, Vietnam) and four non-ASEAN (China, Japan, Australia and New Zaland) signatories.(Rillo et al., n.d,2022.) After the initial entry into force, South Korea, Malaysia, Indonesia, and the Philippines ratified RCEP between 2022 and 2023.With the Philippines joining on 2 June 2023, all 15 original signatories have completed ratification and begun implementation. Since entering into force, RCEP has entered an expansion and implementation phase. This involves gradually phasing in tariff reductions, harmonizing rules of origin to facilitate regional supply chains, and strengthening cooperation in digital trade, small and medium enterprise (SME) development, and investment facilitation.((Armstrong & Drysdale, 2022) RCEP presents a forward-looking model of regional cooperation, balancing economic integration with political diversity. It serves as a stabilizing force against rising protectionism and underscores the growing importance of intra-regional trade.((Yunshek, 2025)

Figure 1:Evolution of RCEP



Source: Author’s creation based on secondary data

2.3 RCEP Membership Criteria

An applicant country must follow a structured accession process and meet specific criteria to become a member of the Regional Comprehensive Economic Partnership (RCEP).

- First, the applicant must clearly demonstrate its readiness and capacity to comply with all provisions and existing rules of the RCEP Agreement. This includes the ability to align domestic laws and regulations with RCEP's obligations, ensuring full adherence to its legal and institutional framework.
- Second, the applicant must show its willingness and preparedness to deliver commercially meaningful market access to all existing RCEP Parties. This means offering tariff and non-tariff commitments that are consistent with the level of ambition shared by RCEP members, resulting in a well-balanced and mutually beneficial economic partnership.

These requirements are individually examined by each RCEP Party during preliminary consultations, and the applicant must meet them before formal accession negotiations can begin.

While the application is considered by the RCEP Joint Committee (RJC), the applicant's readiness is thoroughly checked through consultations. Each RCEP Party assesses whether the applicant is prepared to fully comply with all provisions and existing rules outlined in the RCEP Agreement. The accession process involves consensus at multiple stages, including recommendations by the RJC, potential formation of an Accession Working Group (AWG), and final approval by the RCEP Ministers. Only after all conditions are met and the legal instruments are signed and ratified by all parties does the applicant officially become a member of RCEP. This process ensures that any new member upholds the integrity and objectives of the agreement. *(ASEAN, 2024)*.)

2.4 Areas of Cooperation

The RCEP Agreement sets out a wide-ranging framework for economic cooperation that goes beyond traditional trade liberalization. Core areas of cooperation include trade in goods and services, investment, and intellectual property, with specific chapters dedicated to each. The agreement aims to progressively eliminate tariffs and non-tariff barriers, enhance market access, and promote transparent and stable regulatory environments. The agreement simplifies rules of origin, allowing for regional cumulation, and introduces measures for customs cooperation and smoother transit procedures. It also supports harmonized product standards and sanitary and phytosanitary measures to facilitate trade in agriculture and industrial goods. In terms of services, RCEP seeks to open key sectors and liberalize substantial coverage, including professional services, financial services and telecommunications. Members agree to reduce or eliminate discriminatory barriers, enhance transparency in domestic regulations, and promote mutual recognition of qualifications. The agreement provides market access commitments and establishes frameworks to support cross-border service delivery and the mobility of professionals. While in investment, it establishes rules for fair treatment, investor protection, and dispute settlement. The agreement includes commitments on investment protection, national treatment, most-favored-nation treatment, and fair and equitable treatment. It provides mechanisms for the resolution of investment disputes and encourages transparency in investment regulations, with an emphasis on facilitating foreign direct investment flows and regional production integration.

Table 1:Chapters of RCEP Agreement

Chapter No	Chapter Name	Chapter No	Chapter Name
1.	Initial Provisions and General Definitions	2.	Trade in Goods
3.	Rules of Origin (ROO)	4.	Customs Procedures and Trade Facilitation (CPTF)
5.	Sanitary and Phytosanitary Measures (SPS)	6.	Standards, Technical Regulations, and Conformity Assessment Procedures (STRACAP)
7.	Trade Remedies	8.	Trade in Services
9.	Temporary Movement of Natural Persons (MNP)	10.	Investment
11.	Intellectual Property	12.	Electronic Commerce
13.	Competition	14.	Small and Medium Enterprises (SMEs)
15.	Small and Medium Enterprises (SMEs)	16.	Government Procurement
17.	General Provisions and Exceptions	18.	Institutional Provisions
19.	Dispute Settlement	20.	Dispute Settlement

Source: RCEP Agreement Text

Intellectual Property (IP) is another critical area of cooperation. RCEP reinforces the protection and enforcement of IP rights, covering patents, copyrights, trademarks, industrial designs, and geographical indications. The agreement seeks to balance the rights of IP holders with public interests, allowing flexibility for public health and access to knowledge. It also provides technical assistance and transition periods for developing and least developed countries to implement IP commitments. Other important areas of cooperation include electronic commerce, which includes rules on paperless trading, electronic authentication and signatures, protection of personal information, and cross-border data flows. This area of cooperation encourages members to promote digital trade, ensure cross-border data flows, and prevent unjustified data localization.

Customs Procedures and Trade Facilitation form a major part of the agreement’s cooperation agenda. RCEP promotes simplified customs clearance, risk management, and transparency in import/export procedures. Cooperation also extends to standards and technical regulations and conformity assessment procedures to ensure smoother cross-border transactions. Additionally, RCEP agreement includes dedicated chapters on small and medium enterprises (SMEs), competition policy, government procurement, temporary movement of natural person, and economic and technical cooperation. These chapters in RCEP agreement reflect a commitment to inclusive and sustainable development, encouraging capacity-building, knowledge-sharing, and deeper regional integration, particularly for developing and least developed country members.

2.5 Flexibilities Allowed to Specific Member Countries

Recognizing the diverse levels of development among its signatories, RCEP incorporates a range of flexibilities to support least developed countries and smaller economies, particularly Cambodia, Lao PDR, Myanmar, and developing economies like Viet Nam. These flexibilities are embedded across various chapters of the agreement and include longer transition periods for implementing commitments, gradual tariff reduction schedules, and tailored obligations in sensitive sectors. For instance, one major flexibility is in tariff liberalization commitments, LDCs are allowed to eliminate tariffs on only 30 percent of imported goods from RCEP members within the first 10 years and expand this to 80 percent over 15 years. This gradual schedule protects vulnerable domestic industries and gives LDCs time to adjust to increased competition.

In terms of rules of origin, Article 3.16 permits LDCs an extended period of 20 years to implement the declaration of origin requirement by exporters or producers, compared to the 10-year timeline set for other members. This provision helps LDCs build institutional capacity for verifying and certifying the origin of goods.

Regarding safeguard measures, RCEP gives LDCs more flexibility. Under Article 7.5(b), LDCs may apply transitional safeguards for a longer period—3 years, with a possible extension of 1 year, and an exceptional 1 additional year, totaling up to 5 years. Furthermore, Article 7.6.2 ensures that no RCEP member can apply provisional safeguard measures against goods originating from an LDC. Additionally, Article 7.7.6 states that if an LDC implements or extends a safeguard measure, it will not be required to provide compensation to affected parties, a flexibility not granted to non-LDC members.

The agreement also provides flexibility in implementation timelines for several chapters, including intellectual property, electronic commerce, and competition policy, through specific annexes. These delayed obligations recognize the administrative and regulatory constraints faced by LDCs and offer them space to prepare gradually.

RCEP emphasizes technical assistance and capacity-building to help LDCs fulfill their obligations and maximize the benefits of the agreement. These combined flexibilities reflect RCEP's commitment to inclusive regional integration that acknowledges and accommodates the development gaps among its members.

2.6 Trade Facilitation Measures within RCEP

The RCEP Agreement outlines a comprehensive set of trade facilitation measures aimed at expediting the movement, release, and clearance of goods across borders while ensuring compliance with customs regulations. It allows for the advanced declaration of goods, enabling exporters to declare shipments up to three days before arrival at customs-supervised zones. Although such advance declarations are permitted, the applicable trade control policies are determined by the actual date of import or export, and the relevant tax and exchange rates vary depending on the timing of the customs process. To ensure swift clearance, RCEP mandates that general cargo be cleared within a period not exceeding 48 hours where feasible, with procedures in place to allow release before final duty determination if guarantees are provided.

The RCEP Agreement introduces robust customs procedures and trade facilitation measures that go beyond the standards set by the WTO Trade Facilitation Agreement (TFA), making it a WTO+ commitment. Notably, Article 4.11.6(a) of RCEP mandates that customs clearance for perishable goods be completed within six hours of arrival and submission of required information under normal circumstances to prevent spoilage. Express consignments are granted expedited clearance with minimal documentation and tax exemptions, facilitated through pre-arrival processing and rapid release mechanisms.

The Agreement emphasizes a risk-based approach to customs control using selectivity criteria such as HS codes, origin, shipment history, and trader compliance records, establishing non-discriminatory and transparent risk management systems. Post-clearance audits are conducted to ensure ongoing compliance, using risk assessment results to select entities for inspection after release, and the outcomes can inform further administrative or judicial actions. Another key measure is the implementation of the Authorized Economic Operator (AEO) system, which offers trusted traders — such as importers, exporters, and logistics providers — streamlined customs treatment, including reduced inspections, faster clearance, deferred payments, and periodic declarations. AEO status is granted based on criteria such as compliance history, financial solvency, record management, and supply chain security, with mutual recognition among Parties to ensure consistent facilitation benefits.

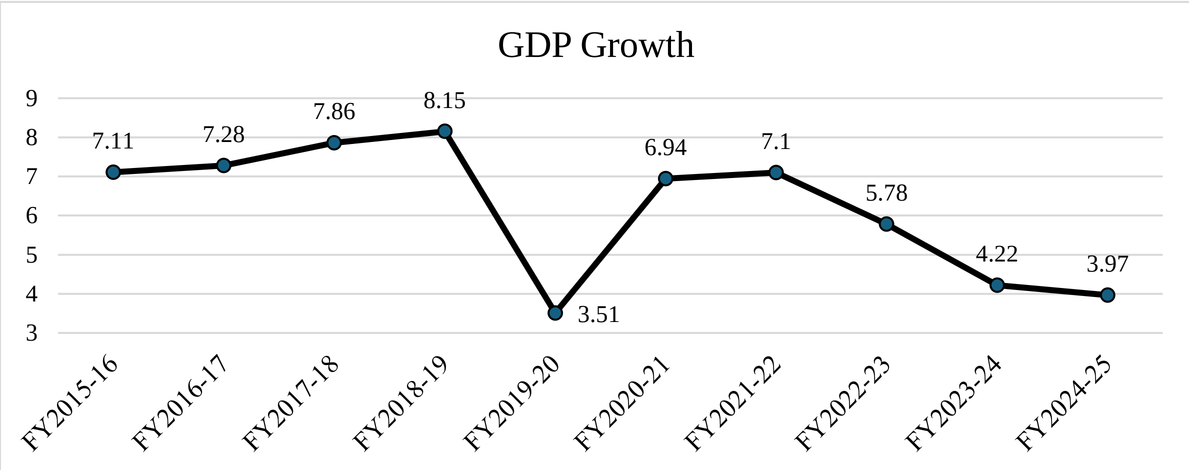
Additionally, RCEP establishes a framework for advance rulings on tariff classification, origin eligibility, and customs valuation. Article 4.10.4 of RCEP strengthens the framework for advance rulings. While the WTO TFA requires that advance rulings be issued "in a reasonable, time-bound manner," RCEP specifies a clear time limit—requiring that such rulings be issued within 90 days of receiving all necessary information. Importers, exporters, or authorized representatives can apply for these rulings prior to exportation that remain valid for at least three years. These rulings are binding and enhance predictability in customs procedures. The Agreement also requires transparency in application processes and mandates written notifications in cases of refusal, delay, or revocation of rulings. Collectively, these measures under RCEP aim to reduce trade barriers, enhance procedural efficiency, and promote secure, predictable cross-border trade across member states.

3. Bangladesh's Trade and Economic Landscape

3.1 Economic Indicators and Growth Prospects

Bangladesh's real GDP growth was revised downward to 3.9 percent in FY25 from 4.2 percent in FY24, marking the third consecutive year of slowing growth and the weakest expansion since the COVID-19 pandemic. The slowdown was primarily driven by a sharp decline in export growth and muted investment activity, which was held back by high inflation, tight monetary policy, elevated energy prices, and import restrictions. Industrial output slightly increased by 3.4 percent in FY25, while growth rate of agriculture and service sector reduced to 1.7 percent and 4.5 percent respectively.

Figure 2:GDP growth of Bangladesh over last decade



Source: BBS, 2025

Looking ahead, GDP growth is expected to increase to 5.1 percent in 2026 with improvement in domestic demand, as inflation edges up into double digits and then eases, according to Asian development bank forecast. Continued global trade disruptions, policy uncertainty, and high input and borrowing costs are expected to suppress private investment and keep industrial growth weak. Credit to the private sector grew only 7.3 percent year-on-year in December 2024, the slowest in 30 years reflecting lending conditions. Public investment is also set to decline due to cuts in capital spending.

Inflation reached 9.05 percent in May 2025, eroding consumer purchasing power. Inflation was driven by rising food and energy prices and a weaker taka, which raised import costs. The real policy rate turned positive in January 2025 for the first time since February 2020.

Liquidity conditions in the banking sector remained tight, and non-performing loans (NPLs) rose to 20.2 percent in December 2024. The current account deficit (CAD) improved in April 2025, supported by strong remittances and export growth. Remittances rose by 28.3 percent, aided by currency depreciation and government incentives. Consequently, the overall balance of payments (BoP) deficit fell to $656 million, down from $5.6 billion a year earlier. A surplus in the financial account reflected better trade credit terms, although net foreign direct investment declined to $910 million from $1.3billion. Since the introduction of a crawling peg in May 2024, the exchange rate has stabilized, and foreign exchange reserves have settled at $26.7 billion in June 2025.

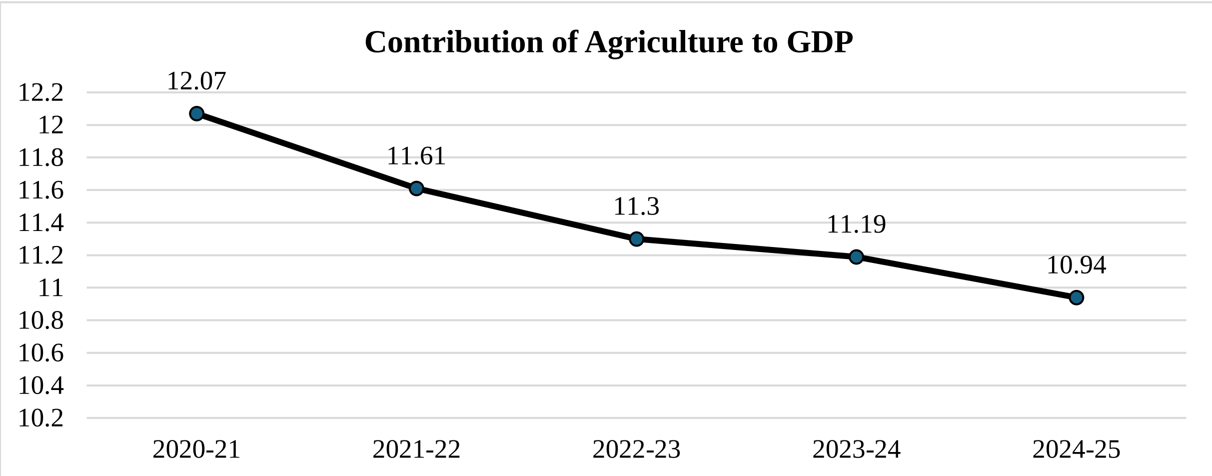
Revenue and expenditure growth were modest in the first half of FY25. Revenue rose by 4.4 percent, with a slight increase in tax revenue and a significant 31 percent jump in non-tax revenue. However, the revenue-to-GDP ratio remained low at 8.3 percent in FY24. To control the fiscal deficit, the interim government limited new project approvals and disbursements. As a result, development spending under the ADP dropped by 24.1 percent in the first half of FY25, while current spending continued to grow.

3.2 Sectoral Analysis: Industries and Agriculture

Agriculture Sector

Though the contribution of agriculture sector is gradually decreasing over the years, the sector plays significant role in sustaining food security and reducing poverty. In FY 2025, the contribution of the sector reduced to 10.94 percent in GDP from 12.07 percent in FY 2020-21. The growth of the sector has experienced contraction to 1.79 percent in FY 2024-25 from 3.30 percent in FY 2023-24. As a subsector of agriculture fishing and animal farming have seen 3.24 and 3.19 percent respectively. However, the largest part of the agriculture- crop and horticulture has experienced negative growth -o.39 percent.

Figure 3:Contribution of Agriculture to GDP over the years



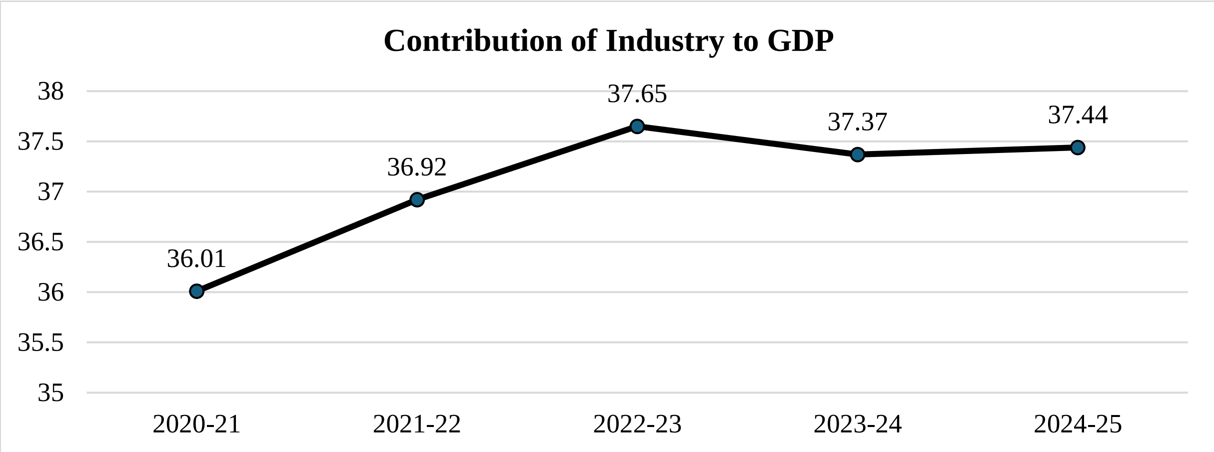
Source: BBS 2025

In addition, this sector has been contributing immensely as the largest source of employment sharing 44 percent of total employment of Bangladesh in 2024. (BBS, QLFS 2024) Due to various timely measures, the trend of increasing agricultural production continues amidst the ongoing global crisis. In FY 2023-24, the total production of food grains was 501.17 lakh metric tonnes, compared to 467.04 lakh metric tonnes in FY 2022-23. In the revised budget of FY 2023-24, the target for domestic food grain procurement was set at 20.83 lakh metric tonnes. Until June 2024, a total of 7.84 lakh metric tonnes of food grains have been imported under government management, while a total of 58.44 lakh metric tonnes of food grains has been imported in the private sector. To increase productivity, subsidies on agricultural inputs have been increased, making them more accessible, and the scope of agricultural loans has been expanded, along with simplifying the process of obtaining them. Considering the need to increase domestic agricultural production, the revised budget of FY 2023-24 allocated Tk. 25,000.00 crore for subsidies on fertilizers and other agricultural activities and Tk. 160.00 crore for seed production activities. In FY 2023-24, a total of 50.80 lakh metric tonnes of fish were produced from inland water bodies and marine sources. Due to the implementation of several initiatives aimed at advancing agriculture, the nation's agricultural sector is shifting from 'subsistence agriculture' to 'commercial agriculture'.

Industrial Sector

The contribution of Industrial sector is gradually increasing over the years having 37.44 percent share in GDP in FY 2024-25 which was 36.01 percent in FY 2020-21. The growth of the sector slightly rebound to 4.34 percent in FY 2024-25 from 3.51 percent in FY 2023-24.

Figure 4:Contribution of Industry to GDP over the years

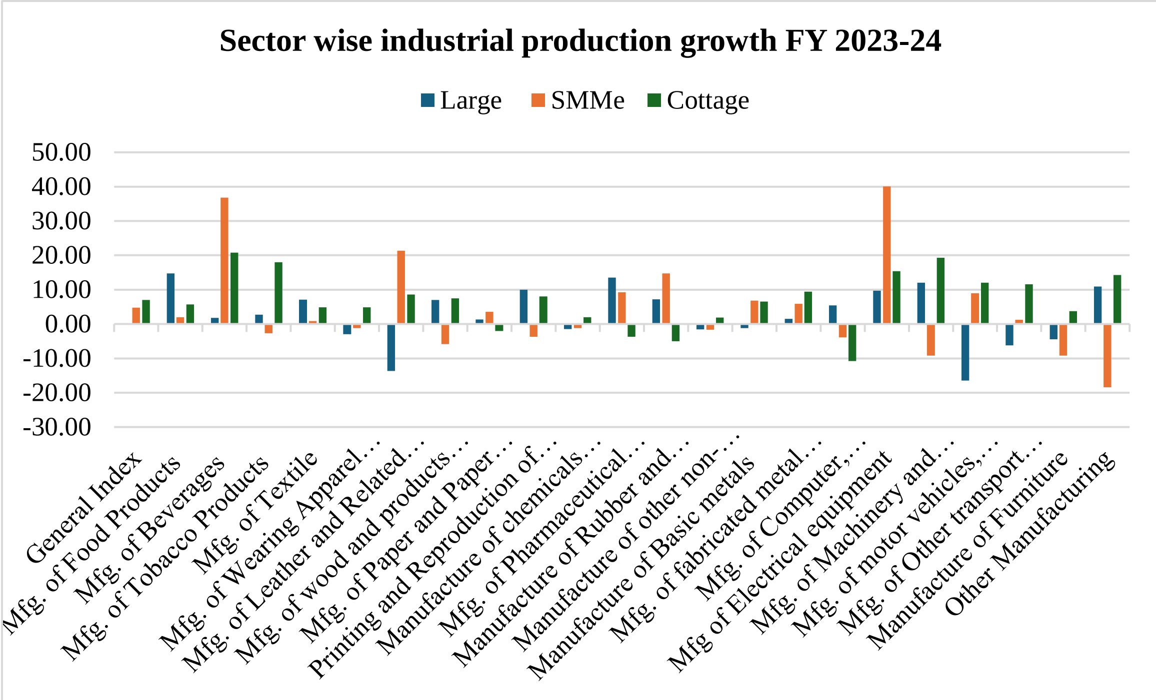


Source: BBS 2025

Industrial sector has experienced this growth in various areas, encompassing large-scale industries, small, medium, and micro industries (SMMI), as well as cottage industries. The Bangladesh Bureau of Statistics (BBS) reports that growth of large manufacturing industries rose to 6.17 percent from 1.02 percent in FY 2023-24. During this period, small, medium, and micro industries (SMMI) experienced growth of 4.92 percent while cottage industries are estimated to grow by 5.62 percent. By the 2023-24 fiscal year, the sector is projected to achieve a total output of Tk. 823,381 crore, highlighting its significant contribution to the country's economic development. The leather industry continues to be the second-largest source of foreign exchange earnings. These developments highlight Bangladesh's focus on advancing industrial growth, sustainability, and socioeconomic development through increased productivity, job creation, and improved governance.

Figure-5 highlights distinct trends across the Apparel, Food, Textile, Pharmaceutical Products, and Transport Equipment sectors based on industrial scale. In Apparel production, both large (-2.92 percent) and SMMe (-1.24 percent) saw negative growth, while cottage industries grew by 4.88 percent, showing resilience in small-scale production. Manufacture of Food products recorded strong growth in large industries (14.68 percent), with moderate gains in SMMe (2.00 percent) and cottage (5.72 percent). In Textiles production, all scales grew, large (7.06 percent), SMMe (0.81 percent), and cottage (4.88 percent) indicating sector-wide recovery. Pharmaceutical products manufacturing performed strongly in large (13.54 percent) and SMMe (9.20 percent) industries, though cottage output declined (-3.70 percent). In Transport equipment production, large industries saw negative growth, while SMMe (1.19 percent) and cottage (11.58 percent) showed robust gains, highlighting the growing role of small producers.

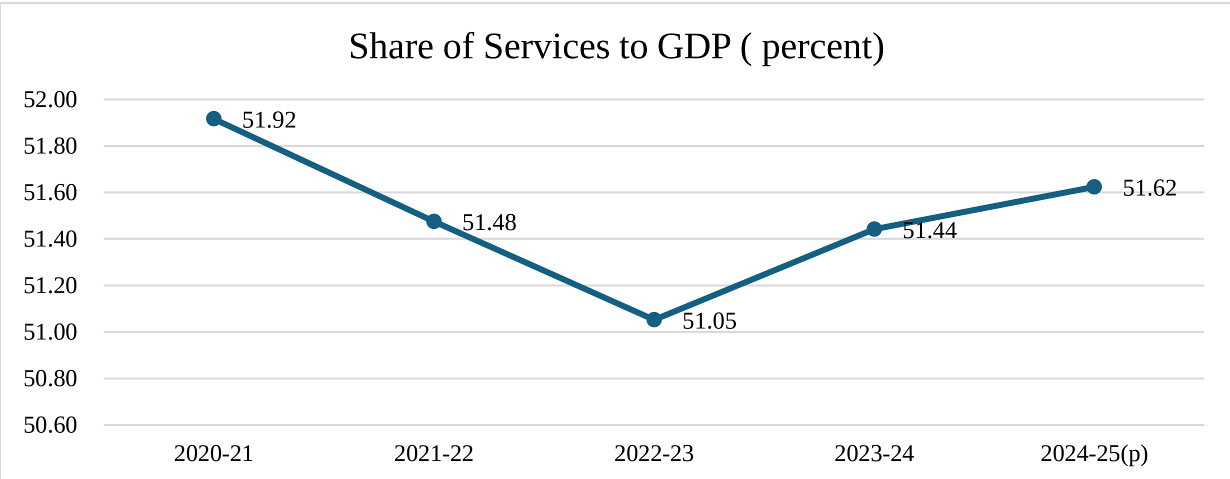
Figure 5:Sector wise industrial production growth FY 2023-24



Source: Industrial Production Index, BBS, 2025

Services Sector:

Figure 6:Contribution of Services Sector to GDP over the years



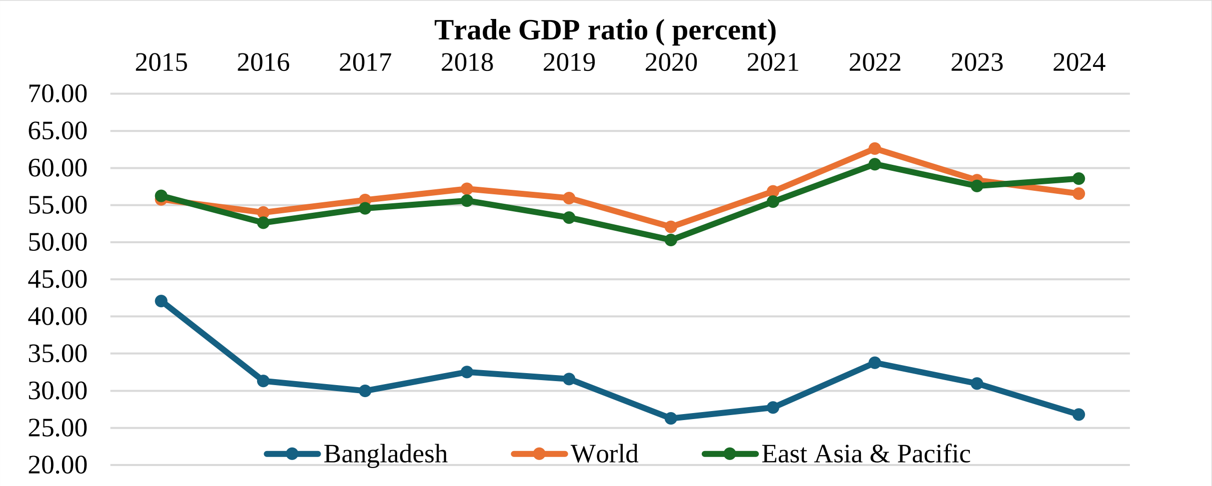
Source: BBS GDP Calculation

This chart shows the Share of Services to Bangladesh's GDP (percent) over a five-year period, from the fiscal year 2020-21 to the projected (p) figures for 2024-25. Services sector constitutes over half of Bangladesh's entire economy. Even at its lowest point in FY2022-23, it was responsible for more than 50 percent of GDP. In FY2024-25, the contribution of service sector to GDP provisionally estimated at 51.62 percent which was 51.92 percent in FY2020-21. This highlights that Bangladesh is predominantly a services-driven economy. Among the services sectors largest contribution comes from Wholesale and retail trade (15.51 percent) followed by transportation and storage (7.35 percent), real estate activities (7.86 percent) and financial services (2.91 percent).

3.3 Bangladesh's Current Trade Landscape

Trade GDP ratio of Bangladesh (2015-24)
Trade GDP ratio defines a country's openness to the world economy. The Ten-year trend line shows that Bangladesh's trade-to-GDP ratio declined from 42.09 percent in 2015 to 26.78 percent in 2024, with a brief recovery in 2022. In contrast, the World and East Asia & Pacific maintained higher and more stable ratios, peaking around 2022 before slightly declining to 56.5 percent and 58.5 percent respectively.

Figure 7:Trade-GDP ratio in Bangladesh, East Asia & Pacific and World

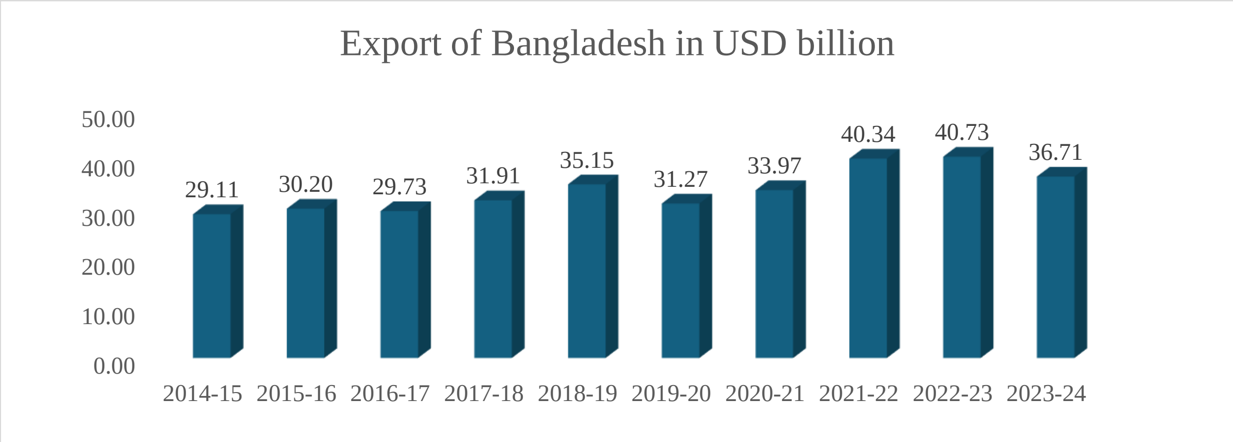


Source: World Bank Data

Exports of Bangladesh

Export trend of Bangladesh
Bangladesh's export performance over the past decade demonstrates strong long-term growth, though with noticeable fluctuations in recent years. Export earnings rose from USD 29.1 billion in FY2014–15 to a peak of USD 40.73 billion in FY2022–23, before moderating slightly to USD 36.7 billion in FY2023–24. This represents an overall growth of about 26 percent over the ten-year period. The consistent upward trajectory up to FY2021–22 was driven largely by the ready-made garments (RMG) sector, complemented by growing exports of leather goods, pharmaceuticals, and jute products. The dip in FY2023–24 reflects global economic headwinds, including post-pandemic supply chain disruptions and reduced demand from major export destinations like the EU and the U.S. Nevertheless, Bangladesh's export base remains resilient, and ongoing diversification into non-traditional sectors such as ICT services and light engineering signals potential for renewed growth momentum.

Figure 8: Export trend of Bangladesh over last 10 years

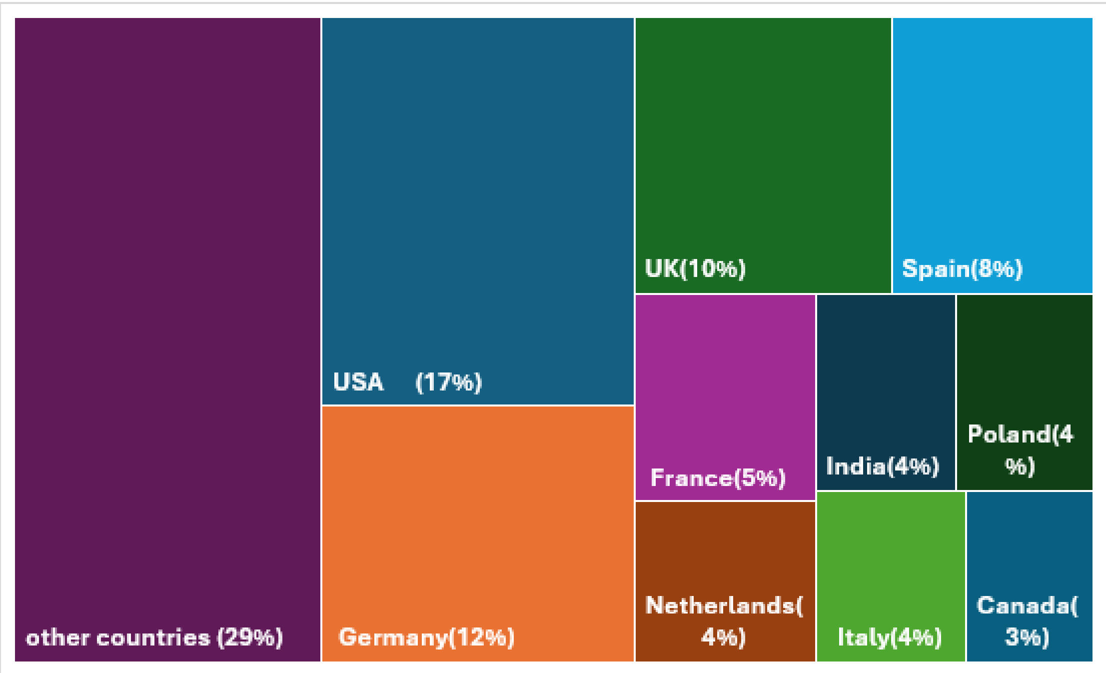


Source: Export Promotion Bureau, Bangladesh

Country wise export receipts of goods

In 2023–24, the United States remained Bangladesh's largest export destination, accounting for 17 percent of total goods export receipts. Germany and the United Kingdom followed with 12 percent and 10 percent respectively, while Spain contributed 8 percent. France, Italy, India, the Netherlands, and Poland each made up between 4 percent to 5 percent. The remaining 29 percent of exports were distributed among other countries.

Figure 9:Country-wise export receipts of goods during the year 2023-2024



Source: Bangladesh Bank

Major commodities-wise export receipts of goods

Figure 10:Commodity-wise export receipts of goods during the years 2023-2024

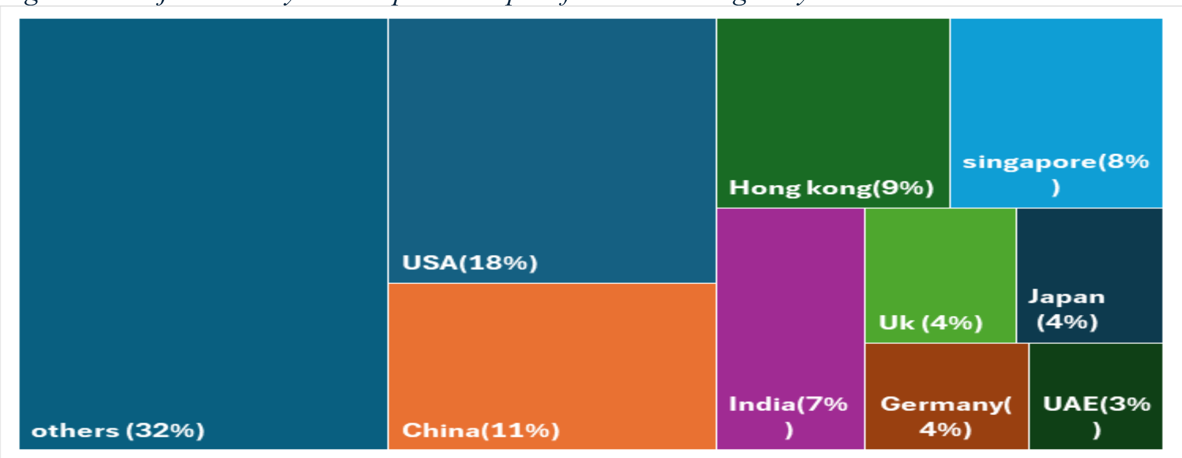
Source: Bangladesh Bank

In 2023–24, Ready-Made Garments (RMG) dominated Bangladesh's goods exports, accounting for 85 percent of total receipts. Leather products contributed 3 percent, while jute manufactures made up 2 percent. Fish, home textiles, vegetable products, and pharmaceutical products each accounted for 1 percent. Plastic products (0.3 percent), bicycles (0.2 percent), and handicrafts (0.1 percent) had modest shares. The remaining 6 percent came from other commodities.

Major country - wise service export

In 2023–24, the United States accounted for the largest share of Bangladesh's service exports at 18 percent, followed by China (11 percent), Hong Kong (9 percent), Singapore (8 percent), and India (7 percent). The United Kingdom, Japan, and Germany each contributed 4 percent, while the United Arab Emirates accounted for 3 percent. The remaining 32 percent of service exports were directed to other countries.

Figure 11:Major Country-wise export receipts of service during the years 2023-202

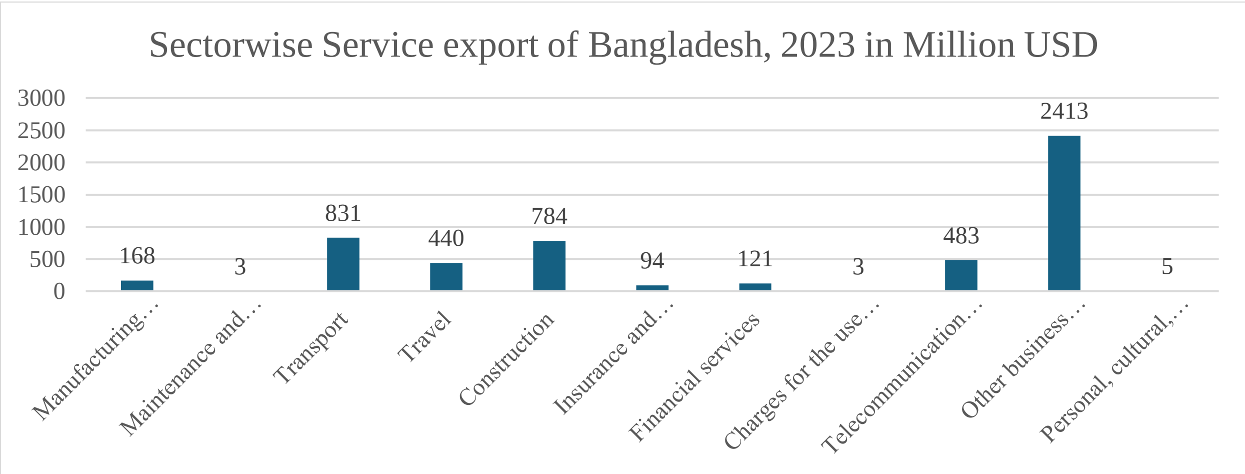


Source: Bangladesh Bank

Sector wise Service export of Bangladesh

The chart below illustrates the composition of Bangladesh's service exports across different sectors. In 2023, the "other business services" category dominated, accounting for USD 2,413 million, reflecting the country's growing exports of professional, technical, and business support services. Transport (USD 831 million) and construction services (USD 784 million) were the next largest contributors, indicating Bangladesh's participation in regional logistics and infrastructure projects. Travel services also represented a notable share at USD 440 million, possibly linked to inbound tourism and remittance-related travel. Smaller contributions came from financial services (USD 121 million), insurance and pension services (USD 94 million), and telecommunication and information services (USD 483 million). Sectors like manufacturing services (USD 168 million) and personal, cultural, and recreational services (USD 5 million) played a minor role. Overall, the data shows that Bangladesh's 2023 service exports were heavily concentrated in business, transport, and construction services, underlining the country's gradual diversification beyond traditional goods exports into knowledge- and service-based sectors.

Figure 12: Sector wise service export of Bangladesh, 2023



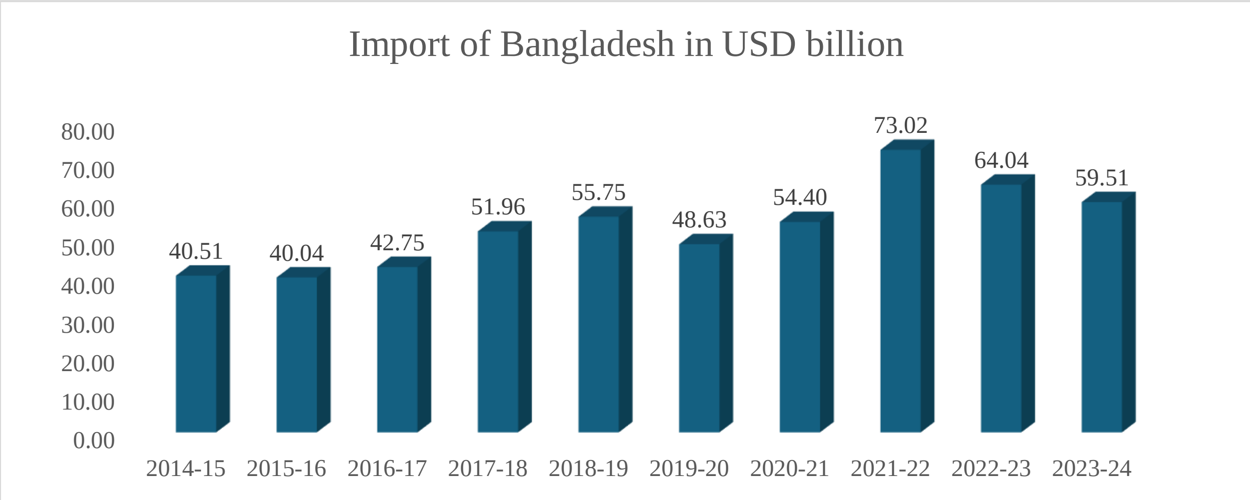
Source: UNCOMTRADE

Imports of Bangladesh

Import Trend of Bangladesh (FY2014–15 to FY2023–24)

Imports have expanded substantially over the same period, reflecting Bangladesh's sustained economic expansion and infrastructure push. Import payments grew from USD 40.5 billion in FY2014–15 to a record USD 73 billion in FY2021–22, before easing to USD 59.5 billion in FY2023–24 amid import control measures and slower domestic demand. The surge in imports during the mid-period was largely attributed to industrial raw materials, capital machinery, fuel, and food grains, supporting rapid urbanization and industrialization. The recent moderation indicates the government's tightening of import regulations to stabilize foreign exchange reserves. Overall, while the high import volume underscores Bangladesh's development trajectory, the persistent trade deficit highlights the need to boost domestic production capabilities, promote export substitution industries, and ensure more balanced external trade in the coming years.

Figure 13: Import trend of Bangladesh over the last decade

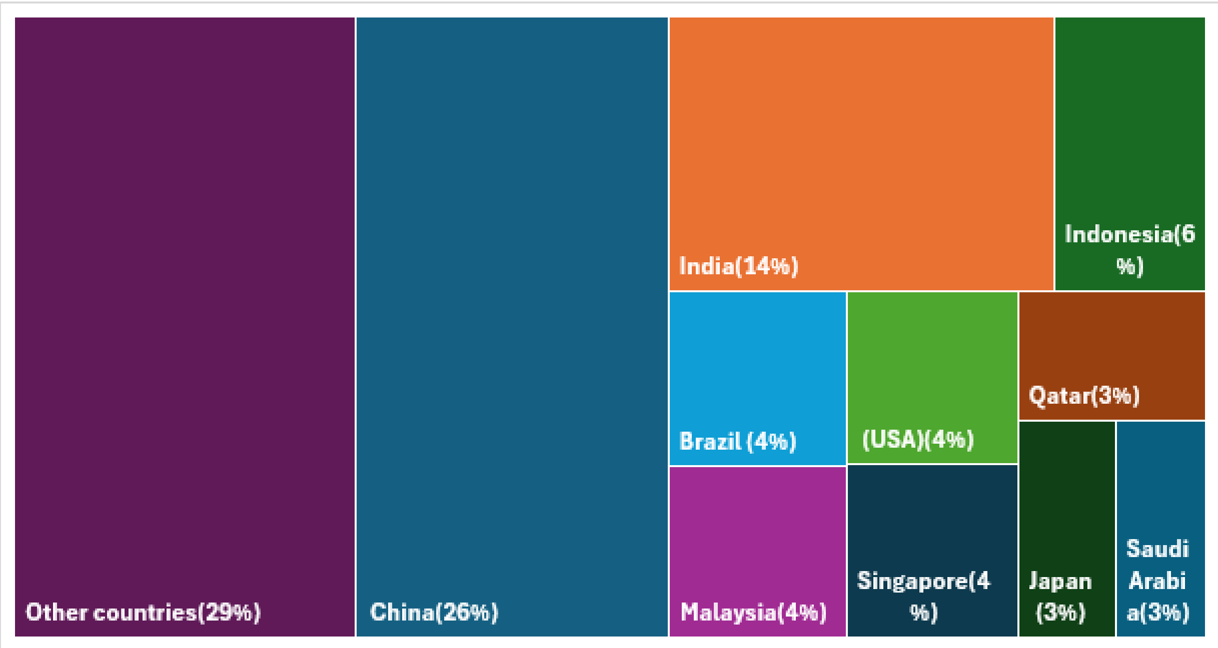


Source: Bangladesh Bank

Country–wise import payments in goods (2023-24)

In 2023–24, China accounted for 26 percent of Bangladesh's total import payments, followed by India (14 percent) and Indonesia (6 percent). Brazil, Malaysia, the USA, and Singapore each contributed around 4 percent, while Qatar, Japan, and Saudi Arabia each accounted for approximately 3 percent. Imports from all other countries combined made up the remaining 29 percent.

Figure 14:Import payments of Bangladesh in Goods with top ten countries (2023-24)



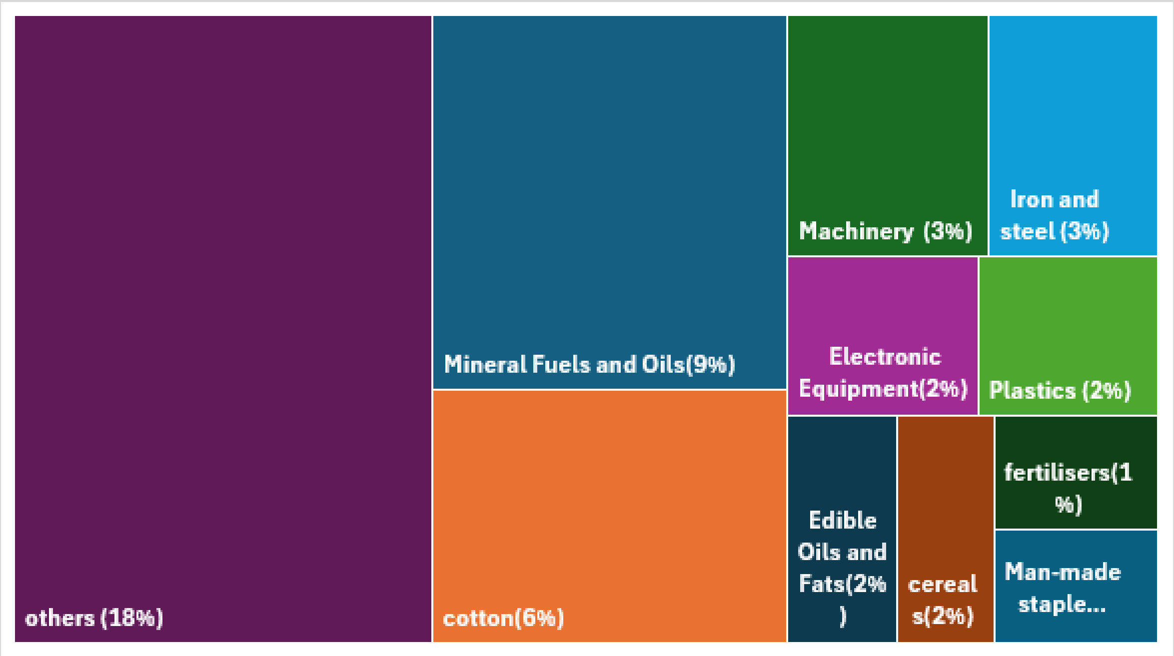
Source: Bangladesh Bank

Major commodity-wise import payments

In 2023–24, the highest import payments were made for Mineral Fuels and Oils, accounting for 9 percent of the total. This was followed by Cotton (6 percent) and Machinery and

Mechanical Appliances (3 percent). Other notable import commodities included Iron and Steel (3 percent), Electronic Equipment, Plastics, Edible Oils and Fats, and Cereals—each contributing around 2 percent. Fertilisers and man-made staple fibres accounted for 1 percent each. The remaining 18 percent covered various other items grouped under ‘Others.

Figure 15:Major commodities imported during the years 2023-2024

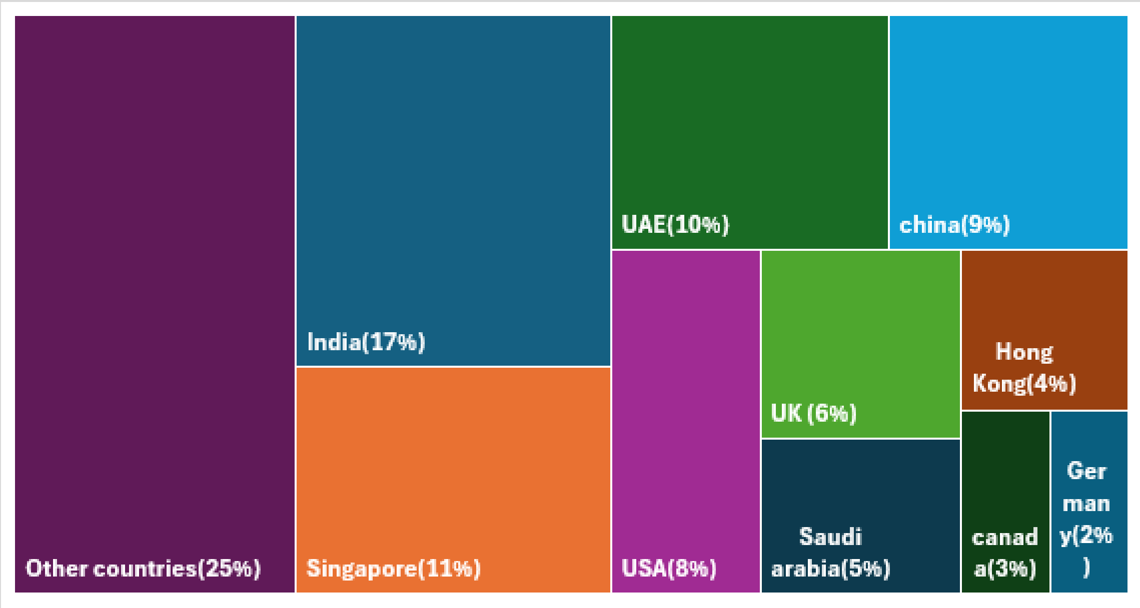


Source: Bangladesh Bank

Country–wise import payments in service

In 2023–24, India was the leading source of service imports, accounting for 17 percent of total payments. Singapore followed with 11 percent, and the UAE contributed 10 percent. China and the USA accounted for 9 percent and 8 percent, respectively, while the UK made up 6 percent. Saudi Arabia, Hong Kong, Canada, and Germany contributed 5 percent, 4 percent, 3 percent, and 2 percent respectively.

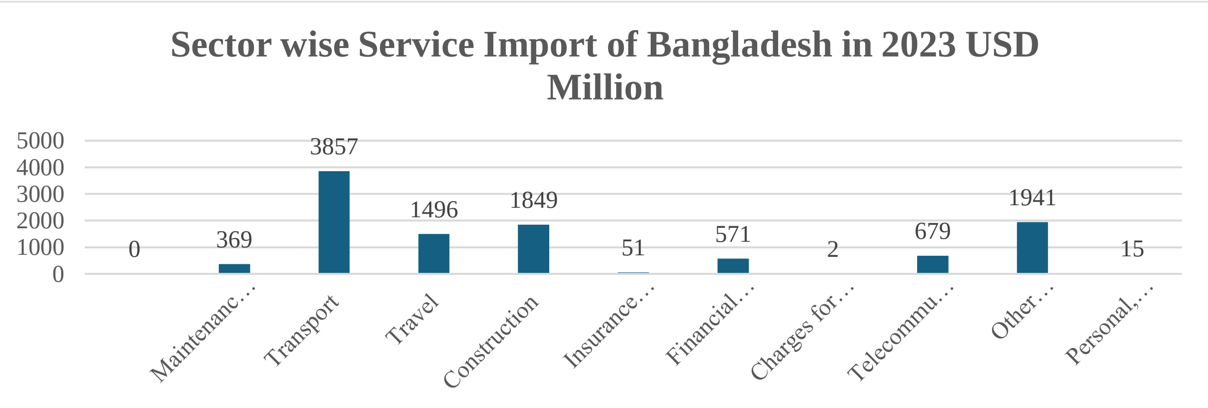
Figure 16: Commodity-wise Import payment in service during the years 2023-2024



Source: Bangladesh Bank

Sector–wise import payments in service

Figure 17: Sector wise import payment in Services of Bangladesh, 2023



Source: WTO Statistics

The chart provides an overview of the distribution of Bangladesh's service import payments across different sectors in 2023. The data shows that transport services accounted for the largest share of imports, reaching USD 3,857 million, reflecting Bangladesh's heavy reliance on foreign logistics and shipping for its trade operations. The construction sector ranked second with USD 1,849 million, indicating strong infrastructure and industrial activity requiring foreign expertise and services. Other business services also registered significant imports at USD 1,941 million, followed by travel services at USD 1,496 million, which likely includes expenditures by Bangladeshi residents traveling abroad. Other notable categories include financial services (USD 571 million), telecommunications and information services (USD 679 million), and maintenance and repair services (USD 369 million). Meanwhile, sectors like manufacturing services, charges for the use of intellectual property, and insurance and pension services contributed minimally to the total, with values below USD 100 million. Overall, the data highlights that Bangladesh's service imports in 2023 were dominated by transport, construction, and other business services, reflecting the country's expanding trade infrastructure and the growing integration of its economy with global service providers.

3.4 Current Trade Relations and Agreements

Bangladesh remains a beneficiary under the GSP schemes, in particular the DFQF schemes, of Australia, Canada, the European Union, Iceland, Japan, Montenegro, New Zealand, Norway, the Russian Federation, Switzerland. It is also entitled to DFQF schemes provided by certain Members of the WTO, including China, Chinese Taipei, Chile, India, Kazakhstan, the Republic of Korea, the Kyrgyz Republic, Tajikistan, Thailand, and Turkey.

Bangladesh has been a WTO Member since 1995, and participates actively in its work, including as a prominent voice for LDCs, assuming the role of the LDC Group Coordinator in 2015. Bangladesh improved its WTO commitments by ratifying the WTO Trade Facilitation Agreement (TFA) on 27 September 2016, becoming the 94th Member of the WTO and the 12th LDC to do so. Bangladesh accords at least MFN treatment to trading partners, including non-WTO Members.

Table 2:Regional Trade Agreements of Bangladesh

Serial no	Agreement	Member Countries	Year of Entry into force
Bilateral PTA			
1	Bangladesh-Bhutan Preferential Trade Agreement (BB-PTA)	Bhutan, Bangladesh	2019
Regional FTA			
2	South Asian Free Trade Area (SAFTA)	Afghanistan; Bangladesh; Bhutan; India; Maldives; Nepal; Pakistan; Sri Lanka	01-Jan-2006
3	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)	India, Bhutan, Bangladesh, Myanmar, Thailand, Nepal, Sri Lanka	Not in force yet
Regional PTA			
4	Asia-Pacific Trade Agreement (APTA)	Bangladesh; China; India; Korea, Republic of; Lao People's Democratic Republic; Sri Lanka	17-Jun-1976
5	Trade Preferential System among OIC Countries (TPS-OIC)	57 OIC countries	2022
6	Preferential Trade Agreement among Developing Countries (D-8 PTA)	Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey	2011
7	South Asian Preferential Trade Agreement (SAPTA)	Bangladesh; Bhutan; India; Maldives; Nepal; Pakistan; Sri Lanka	07-Dec-1995

Source: Author's compilation based on data from the Ministry of Commerce, Bangladesh

Bangladesh maintains 49 bilateral trade agreements with more than 40 countries; these agreements are general in nature, and are aimed at promoting bilateral trade. A Trade and

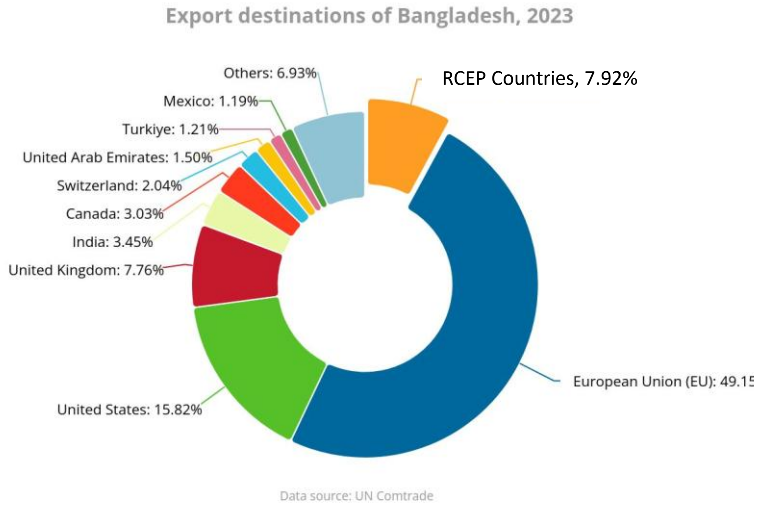
Investment Cooperation Forum Agreement (TICFA) was signed between Bangladesh and the United States in 2013, to address issues of interest in trade and investment relations between these countries, such as market access, intellectual property, the digital economy, energy, infrastructure development, transparency in government procurement, and labour issues. Both parties meet on an annual basis to discuss progress made in these areas. Improving connectivity and regional integration among South Asian countries remains a priority in regional cooperation arrangements. On 15 June 2015, a Bangladesh, Bhutan, India, and Nepal (BBIN) Motor Vehicles Agreement (MVA) was signed; it, inter alia, permits member States to use their vehicles in each other's territory for the transportation of cargo and passengers, including for third country transport and personal vehicles. Bangladesh ratified the Agreement in August 2015; India and Nepal ratified it in July 2015 and January 2016, respectively. The Agreement is yet to enter into force, pending Bhutan's upper house ratification.

4. Current Trade and Investment Relations with RCEP Countries

4.1 Trade in Goods with RCEP Countries

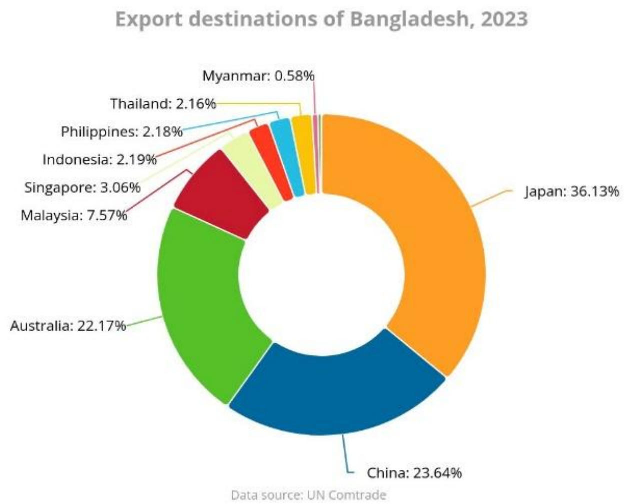
4.1.1 RCEP as an export destination of Bangladesh

Figure 18:Export Destinations of Bangladesh



RCEP countries accounts for 7.92 percent of exports of Bangladesh. In 2023, Bangladesh exported US$ 4.34 billion to RCEP countries and exported US$ 54.80 billion to the world, with top destinations being: European Union (EU) (49.15 percent), United States (15.82 percent), and United Kingdom (7.76 percent).

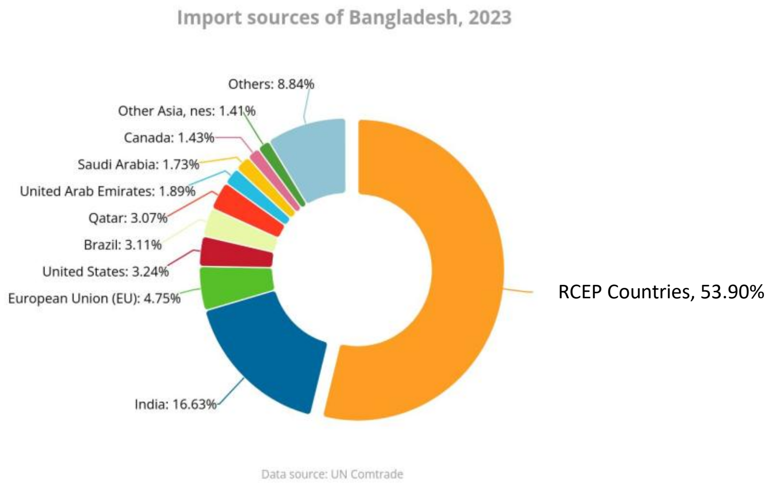
Figure 19:Export Destinations of Bangladesh as percentage of total export to RCEP



Among the RCEP countries, Japan is the largest export destination of Bangladesh constituting 36.13 percent of total export to RCEP countries followed by China (23.64 percent), Australia (22.17 percent) and Malaysia (7.57 percent).

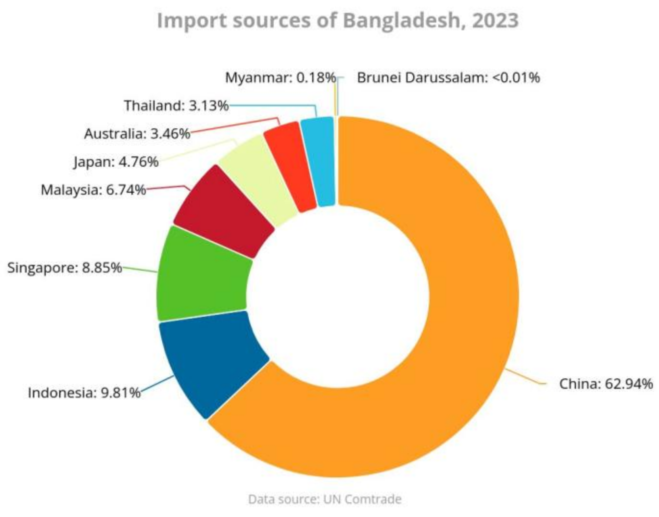
4.1.2 RCEP as an import source of Bangladesh

Figure 20:Import Sources of Bangladesh



According to UNComtrade, RCEP countries account for 53.90 percent of total imports of Bangladesh. In 2023, Bangladesh imported US$ 36.47 billion from RCEP countries and imported US$ 67.66 billion from the world, with top sources outside RCEP being: India (16.63 percent), European Union (EU) (4.75 percent), and United States (3.24 percent).

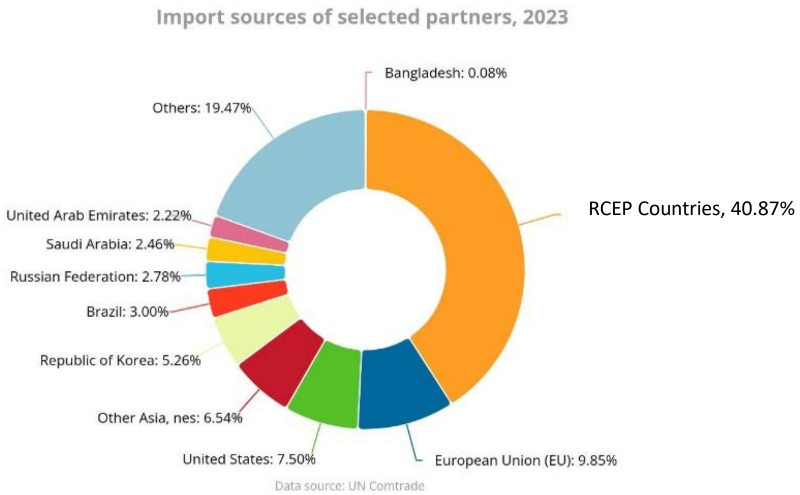
Figure 21:Import sources of Bangladesh as percentage of total import from RCEP



Among the RCEP Countries, China is the largest import sourcing countries for Bangladesh constituting 62.94 percent of total import from RCEP countries, followed by Indonesia (9.81 percent), Singapore (8.85 percent), Malaysia (6.74 percent) and Japan (4.76 percent) etc.

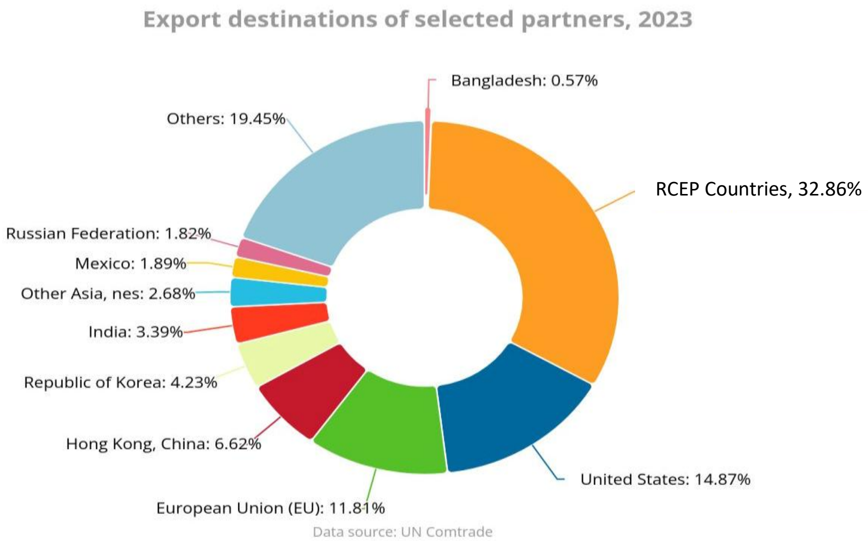
4.1.3 Bangladesh as an import source and export destination of RCEP

Figure 22:Import sources of RCEP Countries



Bangladesh accounts for 0.08 percent of total imports of RCEP Countries. In 2023, RCEP Countries imported US$ 4.34 billion from Bangladesh and imported US$ 5268.62 billion from the world, with top sources being: RCEP countries (40.87 percent), European Union (EU) (9.86 percent), and United States (7.51 percent). This suggests a strong regional value chain within the RCEP market.

Figure 23:Export destinations of RCEP Countries

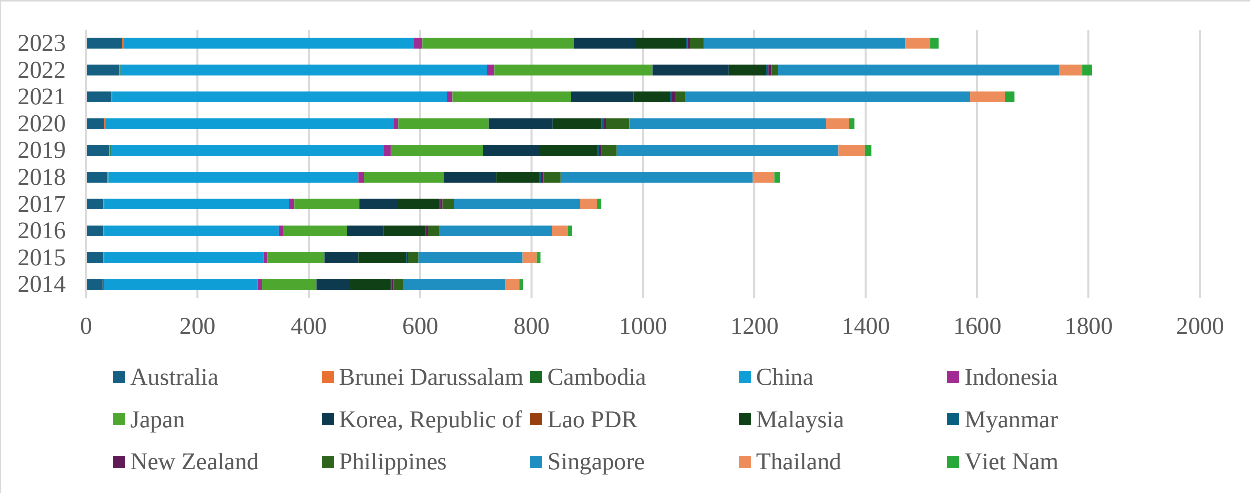


Bangladesh accounts for 0.57 percent of exports of RCEP Countries. In 2023, RCEP Countries exported US$ 36.47 billion to Bangladesh and exported US$ 6365.18 billion to the world, with top destinations being: RCEP countries (32.86 percent), United States (14.95 percent), and European Union (EU) (11.88 percent).

4.2 Trade in Services with RCEP Countries

4.2.1 Service Export of Bangladesh to RCEP Countries

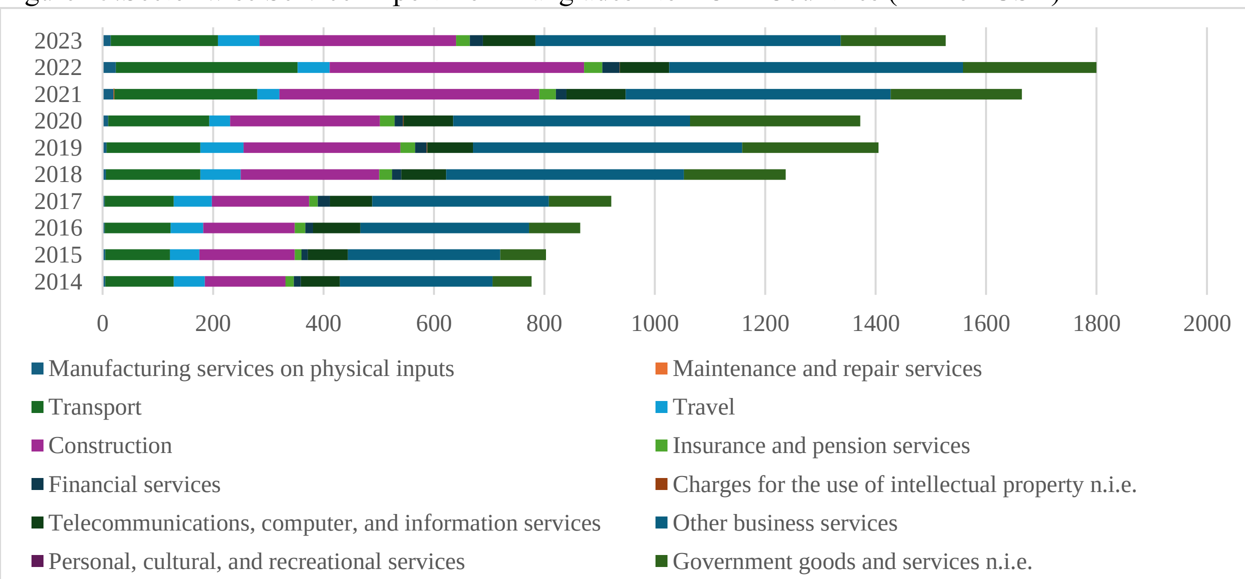
Figure 24:Country wise Service Export from Bangladesh to RCEP Countries (Million USD)



Source: WTO Statistics, 2025

This chart illustrates the country-wise service export values (in million USD) from Bangladesh to individual RCEP member countries between 2014 and 2023. Over this period, exports nearly doubled from USD .78 billion in 2014 to USD 1.5 billion in 2023 reflecting a Compound Annual Growth Rate (CAGR) of 8 percent. The trend was mostly upward, peaking in 2022 at USD 1.8 billion, before a slight dip in 2023. China consistently accounted for the largest share of exports which is USD 522 million in 2023, followed by Singapore (362 million), Japan (272 million), and South Korea (112 million), which maintained stable trade relations. Countries like Malaysia, Thailand, and Indonesia showed gradual but steady growth, while Brunei Darussalam, Lao PDR, and Cambodia contributed minimally.

Figure 25:Sector wise Service Export from Bangladesh to RCEP Countries (Million USD)

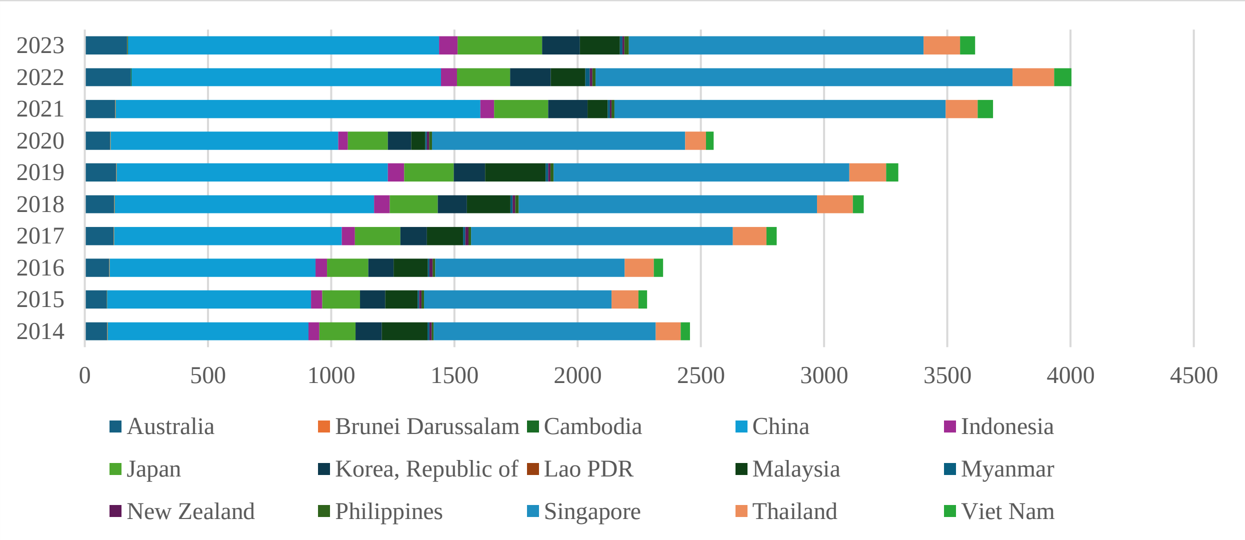


Source: WTO Statistics, 2025

This chart categorizes Bangladesh's total service exports by sector from 2014 to 2023. In 2023, the total service exports to RCEP Countries stood at USD 1.5 billion. The largest contributor was Other Business Services (36 percent), closely following were Construction services (23 percent) and Transport services (13 percent), both moderately stable. Government goods and services n.i.e. contributed 12 percent, emerging as a substantial category in recent years. Notably, Telecommunications, Computer, and Information Services (ICT exports) reached USD 95 million, underscoring progress in digital transformation. Sectors like Travel (USD 75 million) and Insurance (USD 25 million) were comparatively smaller and less consistent, suggesting limited global positioning in these specialized areas.

4.2.2 Service Import of Bangladesh from RCEP Countries

Figure 26:Country wise Service Import of Bangladesh from RCEP Countries (Million USD)

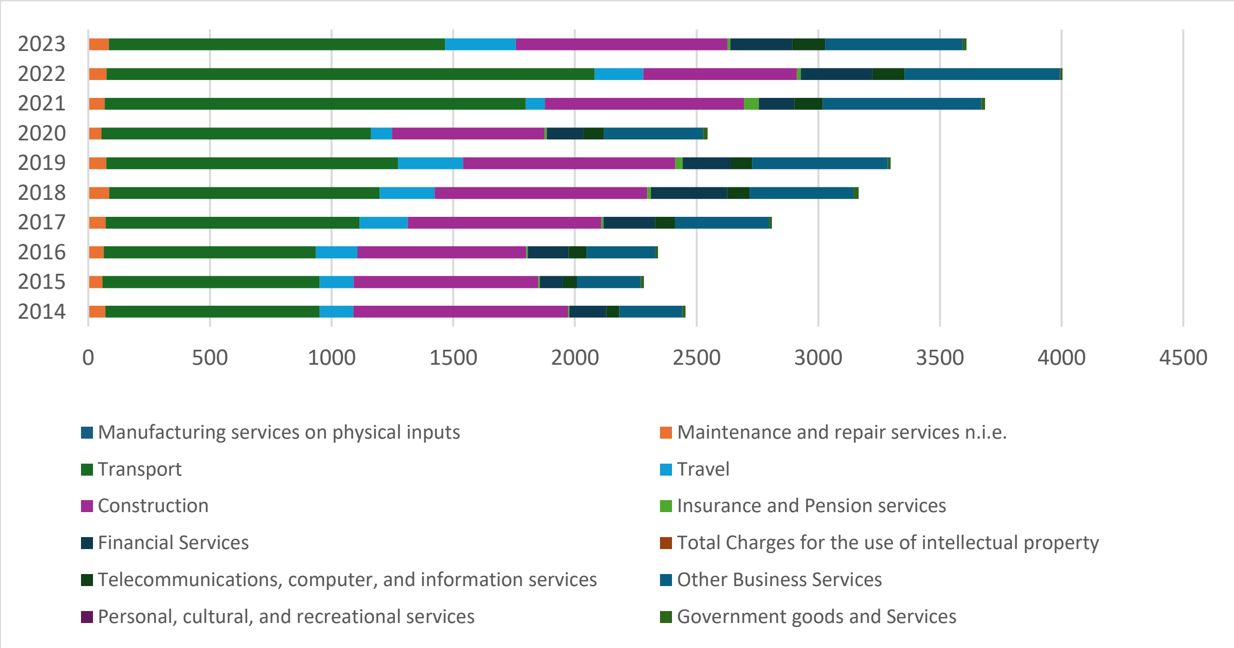


Source: WTO Statistics, 2025

Figure 26 illustrates the country-wise service import values (in million USD) to Bangladesh from individual RCEP member countries between 2014 and 2023. Over this period, imports increased from USD2455 million in 2014 to USD 3613 million in 2023, reflecting a Compound Annual Growth Rate (CAGR) of 4.39 percent. The trend was generally upward, peaking in 2022 at USD 4004 million, before a slight decline in 2023. China consistently accounted for the largest share of imports, approximately USD 1262 million in 2023. Other significant contributors included Singapore (1195 million), Japan (343 million), Malaysia (162 million), South Korea(153 million) and Thailand (148 million). Other countries such as Myanmar, Vietnam, and Philippines played more limited roles.

Figure 27 categorizes Bangladesh's total service imports by sector from RCEP countries between 2014 and 2023. In 2023, the total service imports stood at USD 3.6 billion. The largest contributor was Transport services, which amounted to 38.3 percent. Construction services followed as the second-largest component, totaling 24.1 percent. Other Business Services ranked third contributing 15.7 percent. Telecommunications, computer, and information services contributed 3.7 percent. Travel services and financial services were present at moderate levels. Insurance and pension services were comparatively low. Maintenance and repair services and Government goods and services made up a small portion of imports. Personal, cultural, and recreational services and Charges for the use of intellectual property had minimal volumes.

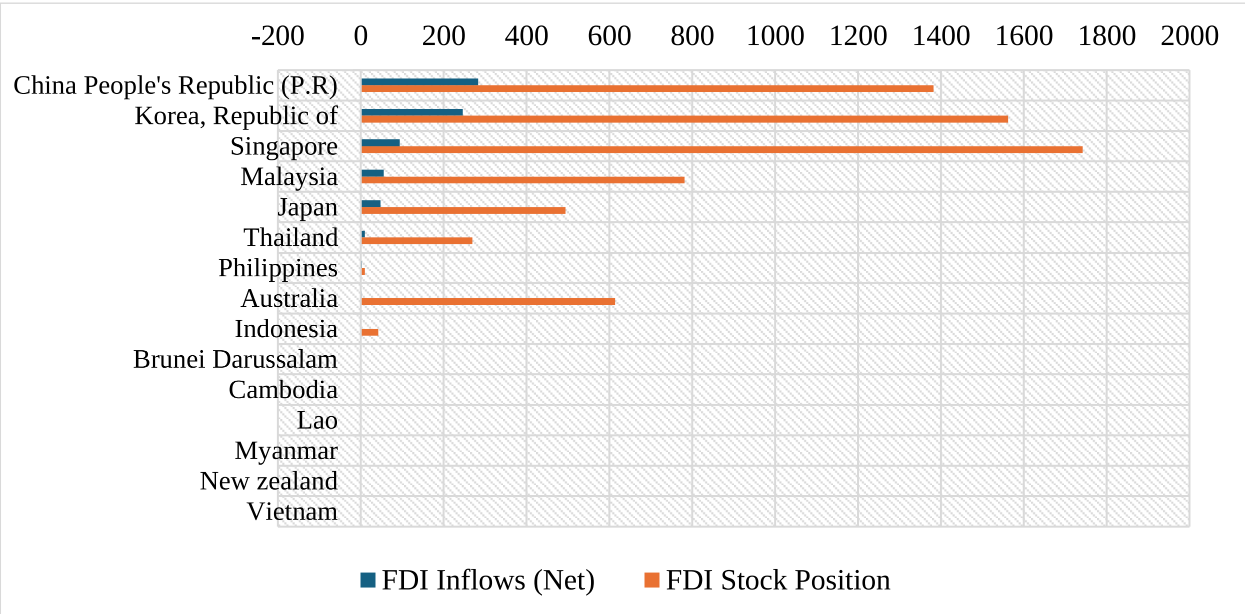
Figure 27:Sector wise Service Import of Bangladesh from RCEP Countries (Million USD)



Source: WTO Statistics, 2025

4.3. Investment Relations with RCEP Countries

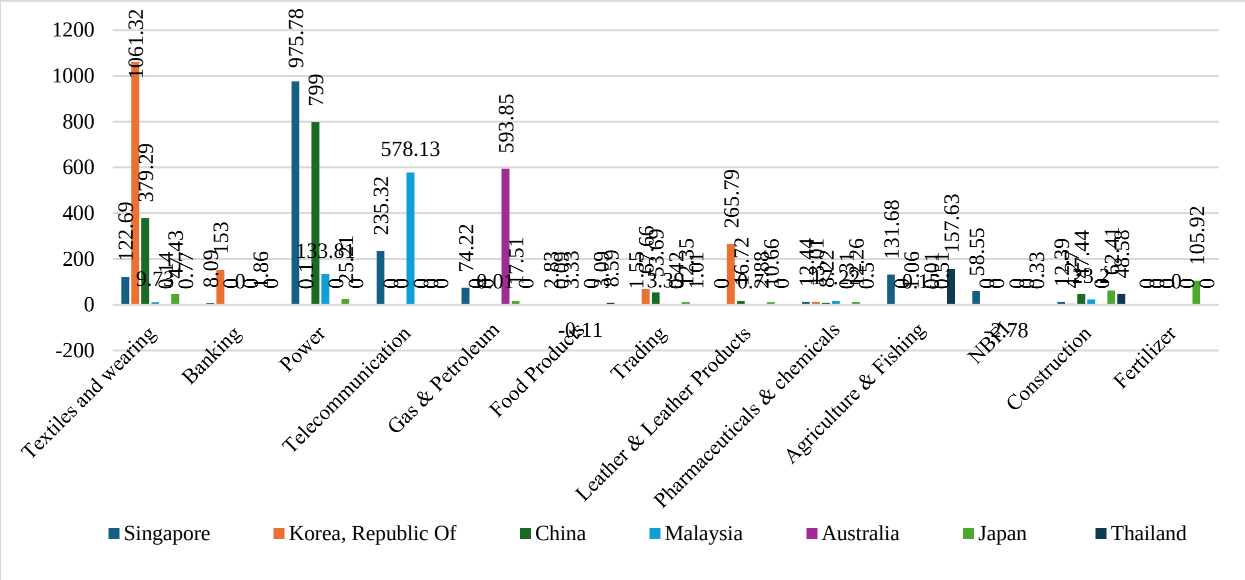
Figure 28:FDI in Bangladesh from RCEP Countries (Million USD)



Source: Bangladesh Bank, December, 2024

In FY 2023-24, RCEP countries contribute 51 percent of net FDI inflows amounting USD741.8 million and 39 percent of total FDI stock amounting USD6.9 billion. Though Singapore contributed largest FDI stock of USD 1.7 billion, China and South Korea held first and second position in terms of FDI net inflows having the amount USD 283.56 and USD246.35 million respectively. Japan shows a large positive inflow recently, despite having a smaller total stock compared to the top three. Malaysia and Australia have significant total stock positions, but their recent inflows are small. This may indicate earlier heavy investments but slower or stagnant recent investments. Many ASEAN countries like Cambodia, Lao, Myanmar, Brunei Darussalam, Vietnam, and Philippines show negligible stock and inflows. The chart implies that Bangladesh's largest long-term investors are from East and Southeast Asia (Singapore, Korea, China, Malaysia, Japan). The recent momentum seems to be driven by China, Korea, and Japan. However, some countries are maintaining stock without significant new inflows, which could signal a plateau in their investment interest.

Figure 29:Sector wise FDI Stock in Million USD, December 2024



Source: Bangladesh Bank, December, 2024

This chart shows sector-wise Foreign Direct Investment (FDI) stock in Bangladesh as of December 2024, broken down by the country of origin of the investment. The values are in million USD. Textiles and wearing received highest FDI stock overall — mainly from Korea (USD 1,061.32 million), followed by China (USD 379.29 million). Power is the second-largest sector, dominated by Singapore (USD 975.78 million) and significant investment from China (USD 799 million). In Telecommunication sector large investment from Malaysia (USD 578.13 million) and Singapore (USD 235.32 million). Gas & Petroleum is dominated by USA or other investors not labeled here — but notable from Australia (USD 593.85 million). Fertilizer, Construction, and NBFI (non-bank financial institutions) have very low investment compared to major sectors. Many smaller sectors show single-digit or two-digit million USD stocks.

5. Advantages of Acceding to RCEP

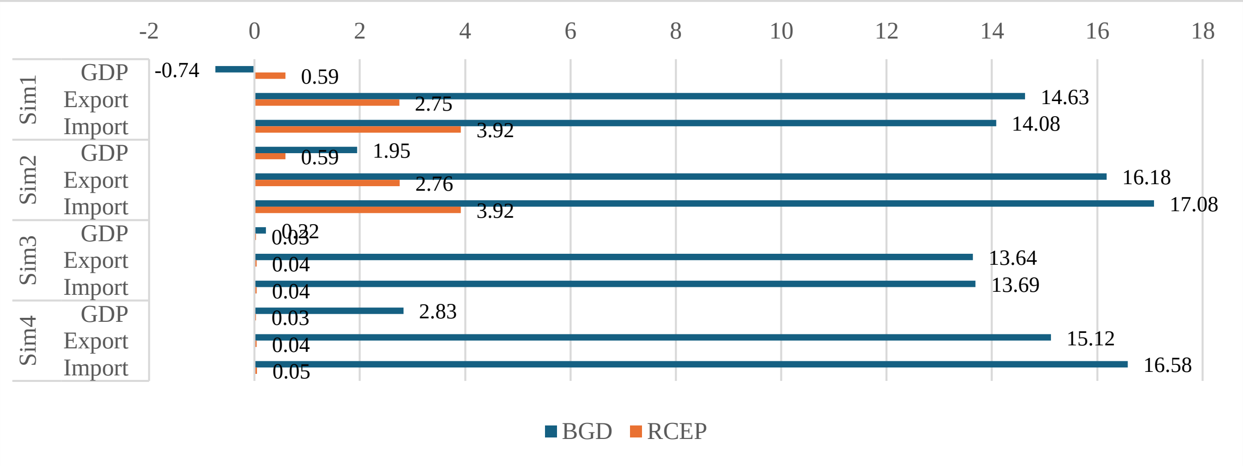
5.1 Potential Economic Benefits

5.1.1 Impact of RCEP FTA on GDP, Export and Import of Bangladesh

To present the impact of accession of Bangladesh to RCEP, Computable General Equilibrium (CGE) Modeling in GTAP framework has been used. The detail results of the simulation are shared in Annex-6. Figure 30 presents percentage changes in key economic indicators for both Bangladesh and the RCEP region under the four simulation scenarios (Sim1 to Sim4). Bangladesh sees consistent growth in GDP, exports, and imports across all simulations except simulation 1. Percentage change in GDP ranges from -.74 percent in simulation 1 with full liberalization to 2.83 percent in simulation 4. Export gains are significantly higher, reaching around 14.63 percent in Sim 1 with full liberalization and 16.18 percent in Sim 2 having full liberalization with presence of unemployment. Import increases are also notable, ranging from 14.08 percent to about 17.08 percent, reflecting deeper integration into global and regional value chains.

RCEP countries, by contrast, exhibit relatively smaller changes. GDP changes are marginal, hovering near zero in all simulations. Export and import growth are positive but modest, ranging mostly between 1 percent and 4 percent.

Figure 30:Impact of Bangladesh's Accession to RCEP on GDP, Export and Import (percent change)



Source: Author's calculation based on GTAP simulation

The data suggest that Bangladesh is projected to gain disproportionately higher benefits in terms of trade (exports and imports) and modest GDP growth under RCEP-related scenarios, compared to the RCEP countries themselves. Highest benefit comes from simulation 04 having partial liberalization with presence of unemployment. This underscores the potential of regional integration to boost Bangladesh's economic performance, especially by leveraging its competitive strength in export-driven sectors like RMG.

5.1.2 Sector wise impact on Import of Bangladesh

For most goods sectors (like RMG, Textile, Leather, Agro Food Products), the simulation 1

Figure 31:Sim 1- Change in Bilateral Import (Million USD)

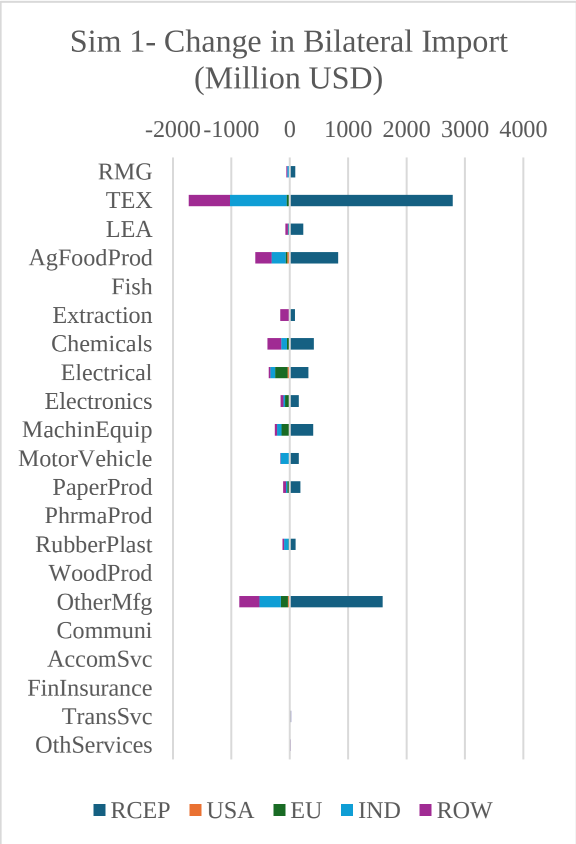
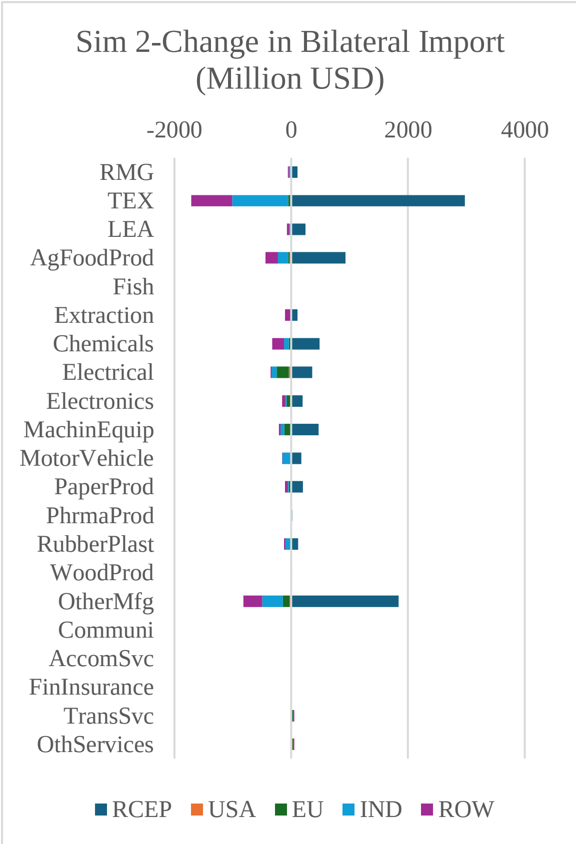


Figure 32:Sim 2-Change in Bilateral Import (Million USD)



Source: Author's calculations based on GTAP simulations

with fully liberalized economy predicts a net increase in imports. This suggests the acceding to RCEP might make domestic production of Bangladesh less competitive compared to foreign goods, leading to import increase.

The deal causes a major reorientation of trade. There is a very clear shift away from imports from the India and rest of the world to RCEP Countries. Indian exports reduced in almost every category, especially Textiles, Agro-food, Motor Vehicle, Machinery Equipment, and Chemicals. On the other hand, RCEP members experience increased exports in sectors like Textiles, Agro-food, chemicals, Motor Vehicle, Electronics, Electrical, and Machinery Equipment. The impact on service imports (Communication, Accommodation services, Financial and Insurance, etc.) is generally much smaller than on goods, hovering around zero.

In essence, this chart visualizes the result of an economic model predicting that RCEP will lead to a significant overall increase in imports for many goods. A major shift in supply chains, reducing dependence of Bangladesh on the India and increasing dependence on RCEP member countries. The simulation shows minimal impact on the trade of services.

Simulation 2 with fully liberalized and presence of unemployment, shows a story of two halves for the RMG sector. It likely shows an increase in imports of raw materials (like yarns and fabrics - the TEX sector) from RCEP countries (especially China), as Bangladeshi manufacturers source cheaper inputs. This is the cost-saving advantage of RCEP. For the Motor Vehicle sector, import increases from RCEP and reduces from India and rest of the world. This means joining RCEP would lead to an increase in imports of cheaper vehicles and parts from these member countries. This influx of imports would outcompete domestic producers, leading to negative net effect shown in the first chart. The same logic applies to Electronics.

Chemicals, Rubber and Plastics sector provides key intermediate goods for the RMG industry. This chart likely shows an increase in imports of these products from RCEP partners. While this might benefit RMG exporters by providing cheaper inputs, it may harm the domestic chemical and plastics manufacturing sector. There has been seen very small impact on the service sectors across all partner regions (USA, EU, RCEP, etc.), indicating that joining RCEP does not significantly change Bangladesh's import patterns for services. Trade in services is less liberalized under RCEP or faces different barriers than goods.

It highlights that the primary mechanism of adjustment for many Bangladeshi sectors upon joining RCEP is a sharp increase in imports from more competitive RCEP member states (like China, South Korea, and ASEAN nations). This import surge is the main cause of the negative pressures felt by the domestic manufacturing sectors, even as it provides cost-saving benefits to the dominant RMG sector.

Figure 33: Sim 3-Change in Bilateral Import (Million USD)

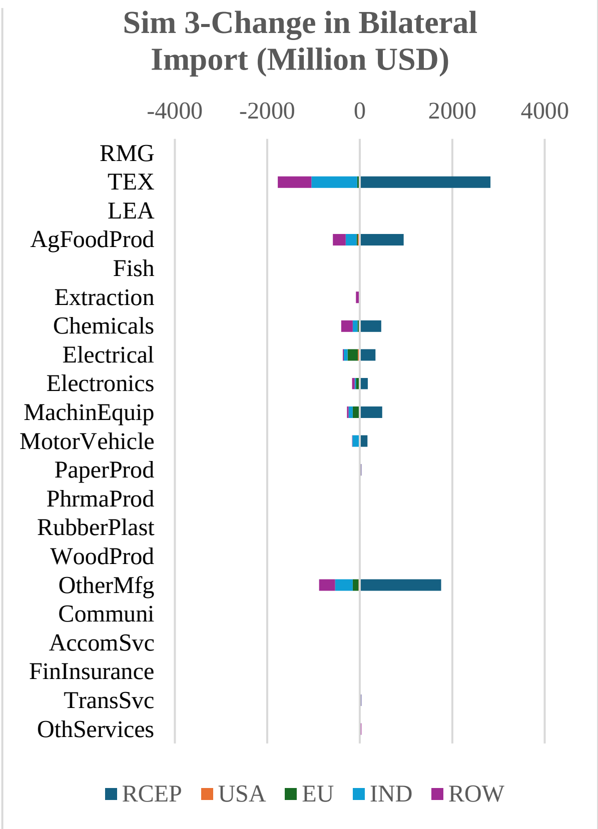
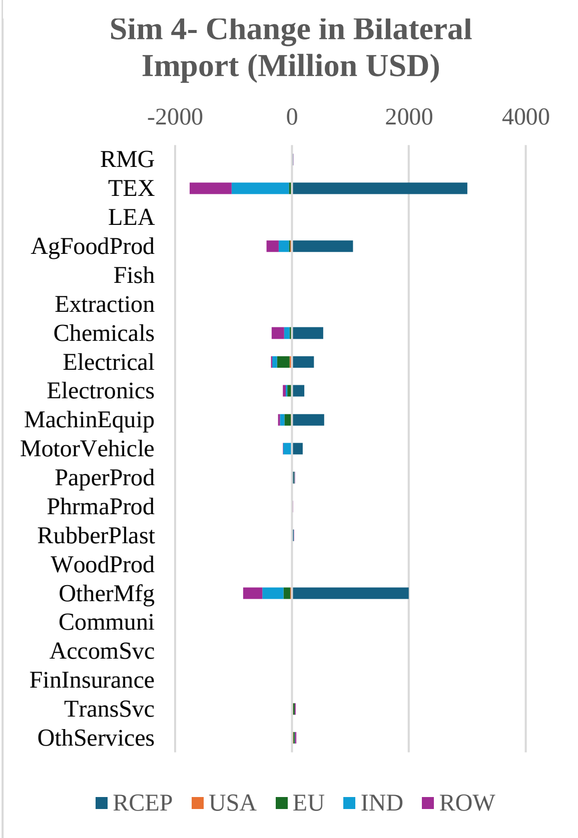


Figure 34: Sim 4- Change in Bilateral Import (Million USD)



Source: Author's calculations based on GTAP simulations

In Simulation 3 with limited FTA and normal labor market the most striking feature is that the scale of import change is much smaller (bars are shorter) compared to the full FTA chart (Sim 2) you described earlier. The import increases in sensitive sectors like Motor Vehicle, Electronics, and Chemicals are now very small or negligible. This is because Bangladesh only removed tariffs on 8 specific sectors, protecting all others. A small increase in imports from RCEP is visible. This is beneficial for the RMG industry, as it gets cheaper fabrics and yarns. Modest increases from RCEP members are expected for these liberalized sectors. The limited, asymmetric deal successfully contains the damaging import surge that may worry policymakers. It allows Bangladesh to gain preferential access for its exports in RCEP markets while carefully managing the exposure of its domestic industries to competition. The overall effect on imports is muted and more manageable.

In Simulation-4 with limited FTA and presence of unemployment. The overall pattern of imports (which sectors see increases and from whom) will look almost identical to Sim 3. The policy (which tariffs are removed) hasn't changed. However, in simulation 3, net increase in import is about USD2.5 billion which is USD3.9 billion for simulation 4.

The charts demonstrate that a limited, asymmetric agreement (Sim 3) is a far safer strategy for Bangladesh than a full FTA (Sim 1). It allows the country to capture the benefits of better export access while avoiding the severe disruptive impacts of a full-scale import surge. The assumption of unemployment (Sim 2 vs. Sim 4) highlights the critical importance of having active labor market policies (retraining, social safety nets) to handle job transitions that occur even under a limited trade deal.

5.1.3 Sector wise impact on Exports of Bangladesh

The charts below show projected changes in Bangladesh's exports to major global trading partners under four different economic simulations (Sim1 to Sim4). Each simulation scenario includes five export destinations: RCEP, USA, EU, India (IND), and Rest of the World (ROW). The horizontal axis

Figure 35:Sim 1- Change in Bilateral Export (Million USD)

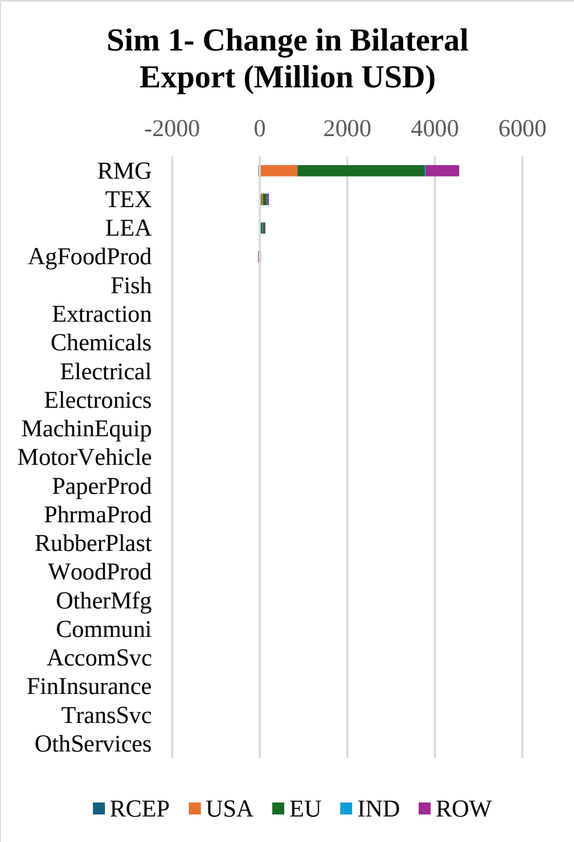
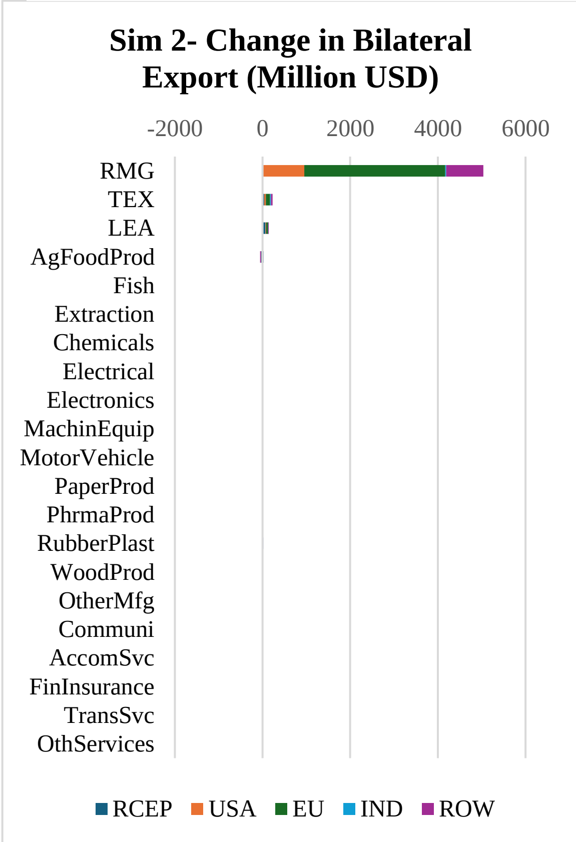


Figure 36:Sim 2- Change in Bilateral Export (Million USD)



Source: Author’s calculations based on GTAP simulations

measures the change in export values, ranging from approximately USD -2 billion to over USD 6 billion.

Exports to EU countries dominate across all four simulations, particularly in the RMG sector, with export increases reaching nearly USD 3 billion in Sim1 and Sim2. Exports to other regions such as the USA and ROW also show growth but at a lower magnitude. However, in simulation 3 and 4, RMG export increases in RCEP countries in addition to EU, USA and Rest of the world. The RMG sector consistently shows the highest gains in every simulation and region, reaffirming Bangladesh's export strength in garments. Moderate export increases are observed in Leather, Textiles, agro-food products and Rubber and Plastics particularly to RCEP. Exports in other sectors, such as Pharmaceuticals, Electronics, and Chemicals, remain marginal or nearly flat, indicating either limited capacity or less immediate benefit under the simulated conditions. There are a few instances of minor negative changes, possibly indicating trade diversion or competitiveness issues in selected sectors and regions.

Figure 37:: Sim 3- Change in Bilateral Export (Million USD)

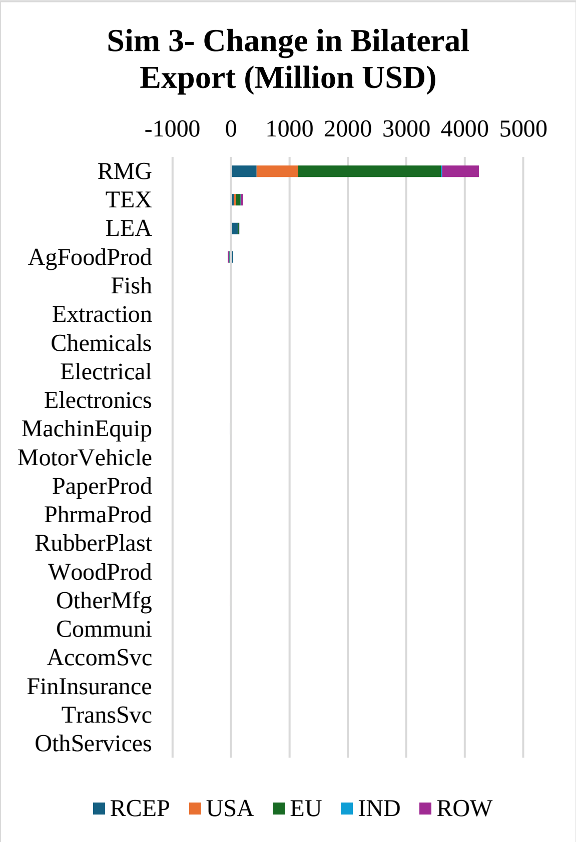
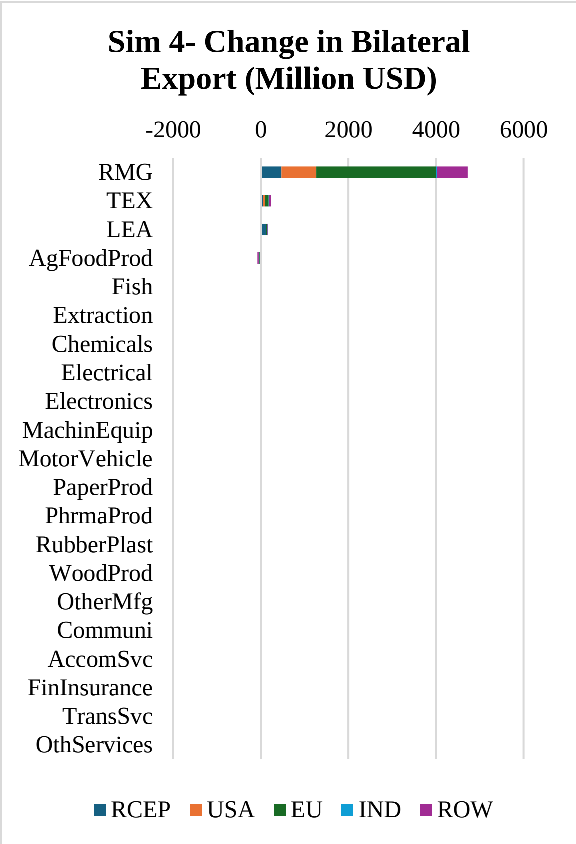


Figure 38:Sim 4- Change in Bilateral Export (Million USD)



Source: Author’s calculations based on GTAP simulations

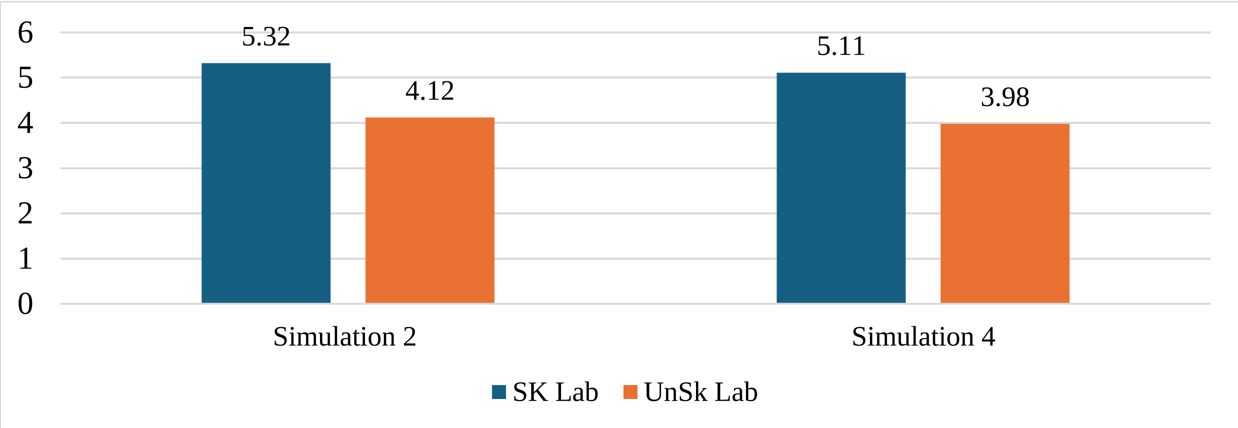
This chart demonstrates that under various economic or trade liberalization scenarios, Bangladesh stands to benefit most from enhanced trade with EU, USA and RCEP countries, particularly through growth in the Ready-Made Garment sector. While other export markets such as the EU and USA continue to be important, the RCEP bloc emerges as the primary driver of future export expansion for Bangladesh. These findings support the strategic importance of regional trade integration for Bangladesh's export-led development.

5.1.4 Trade Effect

According to Islam et al (2025) the trade effect of RCEP membership on Bangladesh as per SMART simulation results suggests that the trade of Bangladesh is expected to surge in the RCEP member countries. Simulation results also infer that trade creation effects are quite a few times higher than the trade diversion effect produced by the RCEP agreement. The change in total trade is $7303.06 million of which $6430.99 million will be generated by trade creation and $872.07 million will be generated by trade diversion. Among the member countries, the highest trade will be created in China at $5360.82 million followed by Vietnam at $464.34 million, Korea at $286.29 million, Singapore at $285.81 million, and, Thailand at $242.91 million. The extent of the trade effects on Bangladesh varies among the participating countries depending on the size of economies. In all the above instances, the trade creation effect is much higher than the trade diversion effect for all countries.

5.1.5 Impact on Employment of Bangladesh

Figure 33: Impact of RCEP Accession on employment of Bangladesh

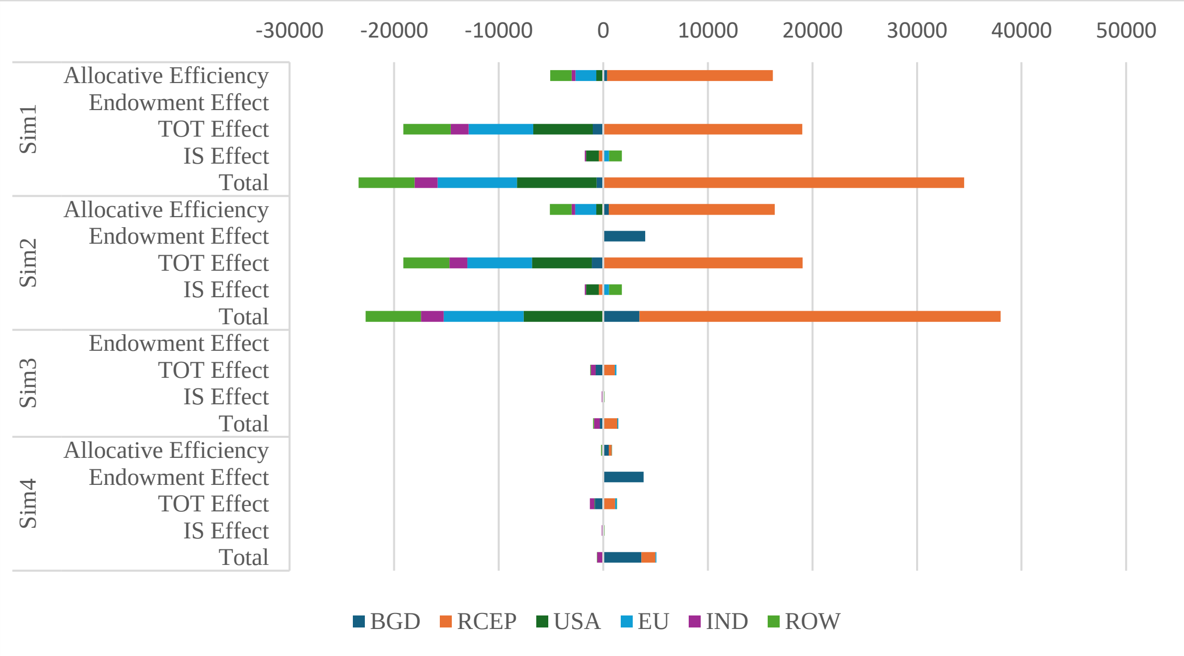


Source: Author's calculations based on GTAP simulations

This chart compares the percentage change in employment for unskilled (UnSkLab) and skilled (SkLab) labor under two different CGE simulation scenarios—Simulation 2 and Simulation 4 (which likely represent two policy or trade reform cases). From the chart, skilled labor employment increases by 5.32 percent in the simulation 2 and 5.11 percent in the simulation 4, while unskilled labor rises by 4.12 percent and 3.98 percent, respectively. This indicates that both labor categories experience positive employment gains from the simulated RCEP-related policy shock, but the increase is consistently higher for skilled workers. The simulation results show a skill-biased employment effect, indicating that while RCEP participation boosts overall employment, skilled labor benefits more—highlighting the need for training and upskilling programs to ensure inclusive labor market gains.

5.1.6 Welfare Effect on Bangladesh

Figure 34:Decomposition of Aggregate Welfare Changes (EV in Million USD)



Source: Author's calculations based on GTAP simulations

The chart titled "Decomposition of Aggregate Welfare Changes (EV in Million USD)" illustrates the estimated changes in economic welfare across six regions—Bangladesh (BGD), RCEP, USA, EU, India (IND), and Rest of the World (ROW)—under four different simulation scenarios (Sim1 to Sim4). The welfare changes are measured in Equivalent Variation (EV) in million USD and are broken down into contributing factors including Allocative Efficiency, Endowment Effect, Terms of Trade (TOT) Effect, Import Share (IS) Effect and Total Welfare Change.

Across all simulations, RCEP countries see substantial welfare gains, especially under Sim1 and Sim2, where total welfare change exceeds USD30 billion. These gains are primarily driven by the Allocative Efficiency and TOT Effect, indicating that better utilization of resources and improved trade terms are major contributors.

Bangladesh exhibits modest but positive total welfare changes in simulation 2 and 4 which is around USD3.4 billion and USD3.6 billion. Key drivers include improvements in allocative efficiency and, to a lesser extent, endowment effects, though ToT effects and IS effects appear less significant or slightly negative. In both Simulation 1 and 3 total welfare effect of Bangladesh are negative mainly due to negative terms of trade effect.

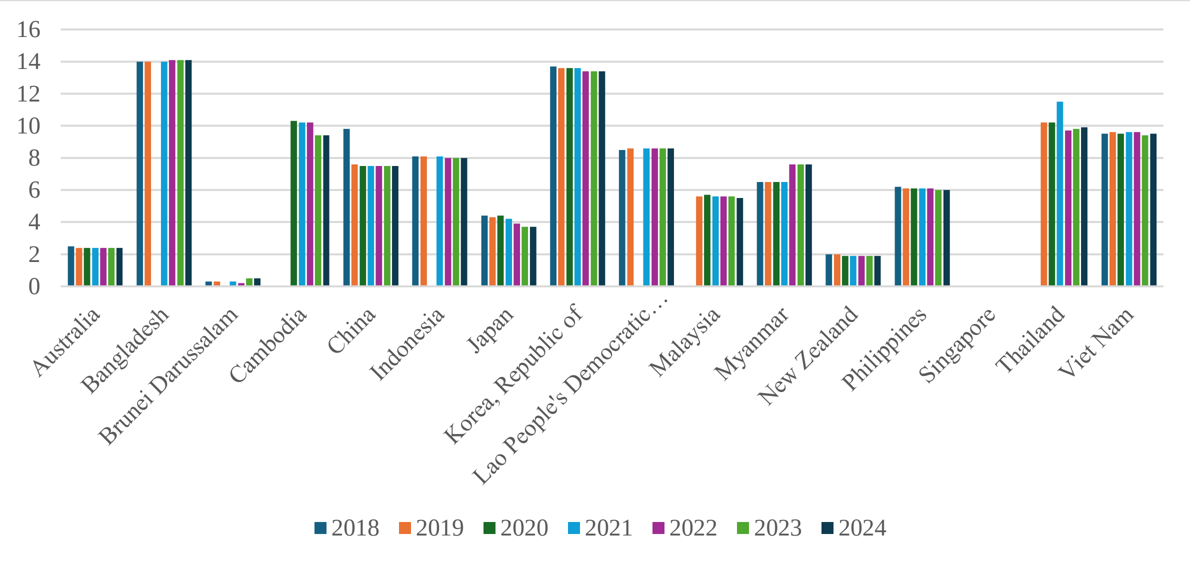
The USA and EU experience mixed results, with some simulations showing minor negative or near-zero changes in total welfare. India sees slight welfare losses in Sim1 and Sim2, mainly due to negative endowment effects, though outcomes stabilize in Sim3 and Sim4. Welfare changes for ROW are relatively small across all simulations, with Sim3 and Sim4 showing neutral to mildly positive outcomes.

This decomposition provides a granular view of how different economic forces contribute to the overall welfare changes resulting from RCEP-related trade scenarios. While RCEP members benefit the most, Bangladesh also gains, particularly through more efficient resource allocation and improved trade dynamics. Other regions, such as the USA and EU, show negligible or neutral effects, indicating limited exposure or responsiveness to the RCEP framework under these simulations.

5.2 Market Access Opportunities (Goods)

Tariff Structure of RCEP Countries

Figure 35:Simple Average MFN Tariff of RCEP Countries over the years



Source: WTO Statistics, 2025

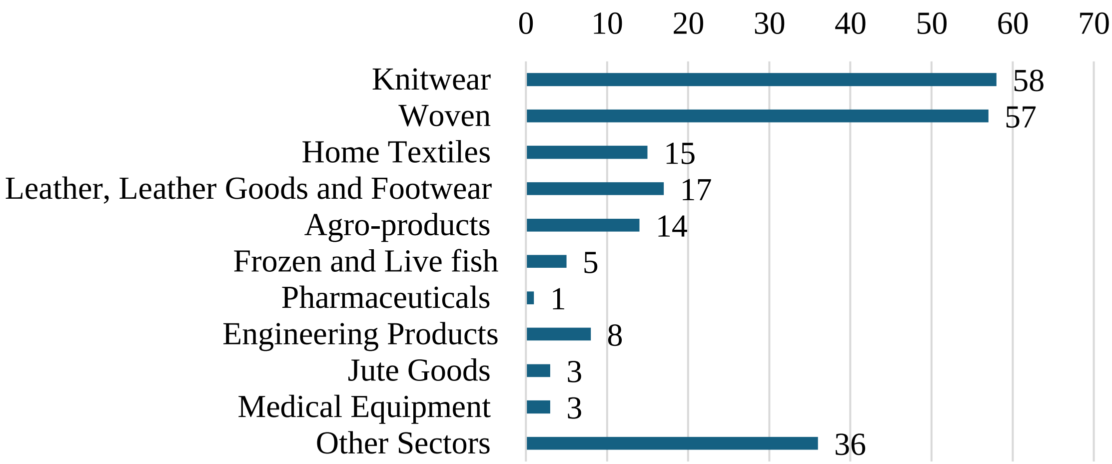
The chart presents a comparative analysis of the Most-Favored Nation (MFN) simple average tariff rates across RCEP member countries (and Bangladesh as a reference) from 2018 to 2024. It ranks the countries based on their average tariff rates over this period. Bangladesh, although not an RCEP member, registers the highest average tariff at 14.05 percent, followed by South Korea at 13.53 percent, reflecting relatively protective trade regimes. Among ASEAN members, Thailand and Cambodia have notably high MFN rates, averaging 10.22 percent and 9.90 percent respectively, indicating significant tariff barriers that may be gradually reduced under RCEP commitments. In contrast, Vietnam, Lao PDR, and Indonesia show moderately high tariffs, ranging from approximately 8 percent to 9.5 percent.

Major regional economies like China and Japan exhibit more liberal trade policies, with average tariffs around 7.84 percent and 4.09 percent respectively. Developed RCEP members such as Australia and New Zealand maintain very low MFN duties, below 2.5 percent, indicating highly open markets. Notably, Singapore imposes no MFN tariffs, and Brunei has near-zero average duties, underscoring their commitment to trade liberalization.

The data highlights the diversity in tariff structures among RCEP countries. For Cambodia, with one of the highest average MFN duties in the bloc, this indicates both a significant opportunity to benefit from preferential access to more liberal markets and a challenge to manage increased competition from low-tariff countries under RCEP.

Potential Sectors for Bangladesh in RCEP (offensive list)

Figure 36:Number of Potential Export Products (HS Codes 6 digits)



Source: Author's Analysis based on data from ESCAP TINA

Using the 3 stage filtering process, 217 products (6 digit HS code) has been shortlisted as potential products that may experience more growth in RCEP countries.

Filter 1: Consider products of which RCEP Countries import from the world more than USD10 million

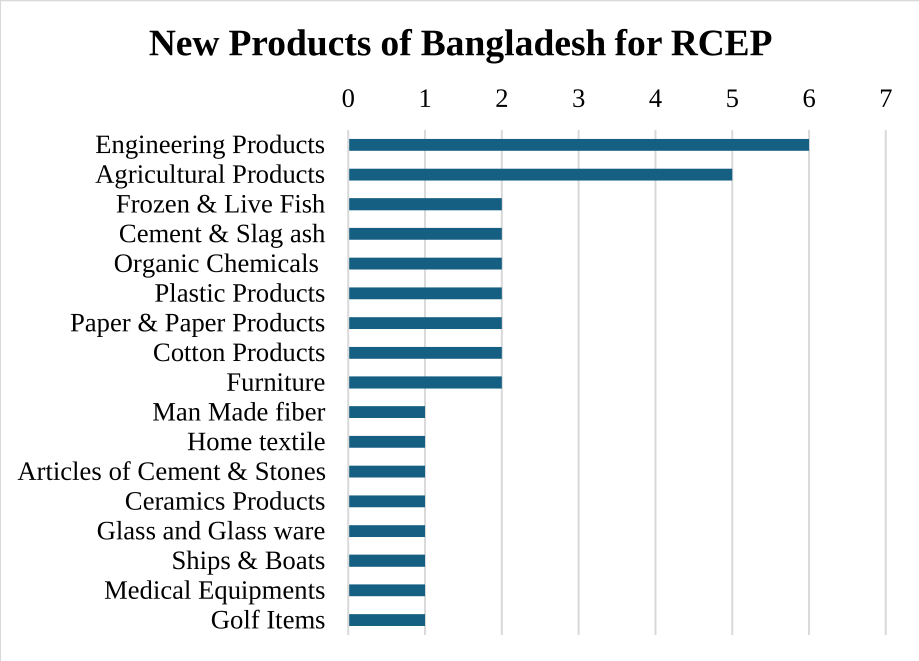
Filter 2: Consider products of which Bangladesh exports to the world more than USD10 million

Filter 3: Consider products on which the tariff exceeds 0.

The potential list of products is summarized in graph. More than half of the list are represented by Woven and Knitwear. The other products that have potentials in large RCEP market are Leather and Leather goods, Agro products, frozen and live fish, Pharmaceuticals, Engineering Products, Medical Equipment etc. While preparing request list these products should be considered in a priority basis. The detailed list of products is presented in Annex 9.

If we use the filter 1 and Filter 2 as USD1 million, then the number of products in the offensive list increases to 480 at 6-digit HS code level. If we use the filter 1 and Filter 2 as USD1000 then the number of products in the offensive list increases to 1479 at 6-digit HS code level.

Figure 37: New products of Bangladesh for RCEP Market



Source: Author's Analysis based on data from ESCAP TINA

The chart titled "New Products of Bangladesh for RCEP" identifies several product categories that Bangladesh currently exports to global markets but has yet to export to RCEP member countries. The number of products within each category reflects the count of 6-digit HS codes, indicating specific items with export potential under RCEP. Engineering products (6 HS codes) and agricultural products (5 HS codes) represent the largest untapped opportunities, highlighting Bangladesh's potential to diversify exports beyond traditional sectors. Other promising categories include frozen and live fish, cement and slag ash, organic chemicals, plastics, paper and paper products, cotton products, and furniture, each with 2 HS codes of exportable items. Additionally, man-made fibers, home textiles, ceramics, medical equipment, glassware, and ships and boats offer niche prospects. If Bangladesh joins RCEP, these products could experience rising demand due to improved market access, reduced tariffs, and regional supply chain integration, enabling Bangladesh to expand its export basket and strengthen trade relationships across the Asia-Pacific region. List of products is provided in Annex 10.

5.3 Market access Opportunities (Services)

The Regional Comprehensive Economic Partnership (RCEP) members collectively import over USD 1.5 trillion in services annually. Bangladesh's exports to this bloc stood at USD 1.5 billion in 2023, accounting for just 0.1 percent of RCEP's total service import demand underscoring a massive untapped opportunity. WTO and RCEP data show that ICT, business, and professional services dominate demand. Bangladesh's exports to RCEP have grown at 7 percent CAGR over the past decade. Countries such as Japan, Australia, and Vietnam are emerging as new high-growth markets. Strategic Opportunity is that by capturing 1 percent of RCEP's ICT and business service imports, Bangladesh could generate an additional USD 800 million–1 billion in annual exports, nearly doubling its current service export earnings.

Service Export Opportunity Matrix

Table 3: Service export opportunity matrix for Bangladesh

Country	2023 Imports (USD B)	Bangladesh Exports (USD M)	Export Growth 0f BD (2014-2023 CAGR)	High-Opportunity Sectors	Potential Value Creation
China	432.37	522	6.58	ICT, Logistics, Construction	Logistics integration
Singapore	248.23	362	7.00	ICT, Finance, Business	Regional digital hub
Japan	215.65	272	10.75	ICT, Business, IP	High-value digital services
Korea, Republic of	128.07	112	6.44	ICT, R&D, Consulting	Tech partnerships
Australia	120.62	65	8.04	ICT, Professional	Consulting & outsourcing
Thailand	56.68	45	6.05	Transport, ICT	Supply-chain cooperation
Malaysia	48.53	89	2.00	ICT, Business	Growth niche
Indonesia	45.19	15	6.49	ICT, Finance	Fintech collaboration
Viet Nam	36.06	15	7.92	ICT, Transport	Emerging demand
Philippines	28.65	24	3.51	Construction and consulting	Emerging demand

Source: Author's Analysis based on WTO Trade in Services Statistics

China, Japan and Singapore dominate in absolute value, while Japan, Australia, and Vietnam offer the fastest expansion potential. The data highlights significant opportunities for Bangladesh to expand its exports to major RCEP economies, particularly in information and communication technology (ICT), logistics, and professional services. In 2023, China, Singapore, and Japan were the largest import markets among the listed countries, with Bangladesh exporting USD 522 million, USD 362 million, and USD 272 million respectively. Japan recorded the fastest export growth for Bangladesh over the past decade, with a compound annual growth rate (CAGR) of 10.75 percent, underscoring rising demand for high-value digital and business services. Other markets such as Australia, Vietnam, and Korea also present strong growth potential, driven by technology partnerships, outsourcing, and R&D collaboration. While Malaysia, Thailand, and Indonesia show moderate growth, they offer strategic opportunities in logistics, fintech, and supply-chain integration. Overall, the data indicates that by leveraging its strengths in ICT and professional services, Bangladesh can deepen trade linkages and create substantial value within the RCEP economic network.

Sector-Level Growth of Services

Table 4: Sector level analysis of Service export of Bangladesh

Sector	Import of RCEP in 2023 (In Billion USD)	Export of BD to RCEP in 2023 (In Million USD)	Export of BD to RCEP -10 Year CAGR 2014-23 (In percentage)
Other business services (Legal, Accounting, Consulting etc)	307	553	7.20
Construction	27	356	9.32
Transport	319	194	4.58
Telecommunications, computer, and information services	131	95	2.95
Travel	315	75	2.96
Financial services	72	24	6.32
Manufacturing services on physical inputs	23	15	11.61
Charges for the use of intellectual property	106	0	0

Source: Author's Analysis based on WTO Trade in Services Statistics

The data reveals that RCEP countries represent substantial service import markets, offering Bangladesh diverse export opportunities across several high-growth sectors. In 2023, 'Other business services'—including legal, accounting, and consulting—accounted for the largest RCEP import segment at USD 307 billion, with Bangladesh exporting USD 553 million and achieving a healthy 7.2 percent CAGR over the past decade, underscoring strong competitiveness in professional services. Construction services also showed robust expansion, with a 9.32 percent CAGR, reflecting Bangladesh's growing expertise in infrastructure-related projects. Despite RCEP's large import volumes in transport (USD 319 billion) and travel (USD 315 billion), Bangladesh's exports in these sectors remain modest, highlighting untapped potential. Emerging areas such as financial services, telecommunications and ICT, and manufacturing services on physical inputs are gradually expanding, with the latter recording the fastest growth (11.61 percent CAGR) albeit from a small base. However, Bangladesh has yet to establish a presence in intellectual property-related services, signaling an area for future capability development. Overall, the figures suggest that Bangladesh can significantly enhance its service exports to RCEP markets by strengthening competitiveness in business, construction, ICT, and transport-related services.

Integrated Opportunity Analysis

Table 5: Potential Service Sector of Bangladesh for export to RCEP

Priority	Focus Area	Strategic Actions	Quantitative Targets
#1	ICT Services	"RCEP Digital Partner" program; talent development; bilateral digital trade agreements	+USD 950M exports
#2	Other Business Services	Promote professional services (consulting, accounting); align certifications	+USD 870 M exports
#3	Transport Integration	Develop logistics partnerships, co-investment in ports & freight	+USD 1700M incremental revenue
#4	Digital IP & Licensing	Support software IP protection & export finance	+USD 318M high-value exports

Source: Author's analysis based on RCEP Countries' Service import data

A. ICT Services – Bangladesh's Flagship Sector

RCEP ICT imports exceed USD 130 billion annually. Bangladesh's ICT exports to China, Japan, Singapore, and Korea have shown more than 5 percent CAGR. With cost competitiveness and skilled workforce, Bangladesh can position itself as the "Digital Partner of RCEP." Bangladesh may target to capture 1 percent of ICT import demand across China, Japan, Korea, and Singapore which equals USD 950 million new exports.

B. Other Business & Professional Services

One of the largest import category in Japan (USD 62 billion), Singapore (USD 90 billion), and Australia (USD 22 billion). Bangladesh's exports in consulting, accounting, and design services grew more than 7 percent CAGR over the decade. Bangladesh may target to capture 0.5 percent of business service imports in Japan, Singapore, and Australia which equals USD 870 million opportunity.

C. Transport & Logistics

RCEP imports (e.g., China: USD 112 billion; Singapore: USD 58 billion) mirror goods trade volumes. Bangladesh's logistics firms can integrate with RCEP shipping and air cargo networks to handle regional supply chains, leveraging the country's manufacturing exports.

D. Intellectual Property & Digital Products

Japan's IP imports USD 21 billion; Korea's: USD 11 billion. Bangladesh's software developers and startups can license SaaS and digital solutions. Bangladesh government may Incentivize software product licensing and IP exports — high-margin growth path.

Quantified Potential of Service Export

Table 6: Quantified Service export potential in RCEP

Metric	Value
Total RCEP Service Imports	USD 1.4 trillion
Bangladesh's Share (2023)	0.1 percent (USD 1.5 billion)
Potential by 2030 (Moderate Scenario)	USD 3.00–3.30 billion
Core Growth Drivers	ICT, Business Services, Logistics
CAGR Potential (2023–2030)	10–12 percent

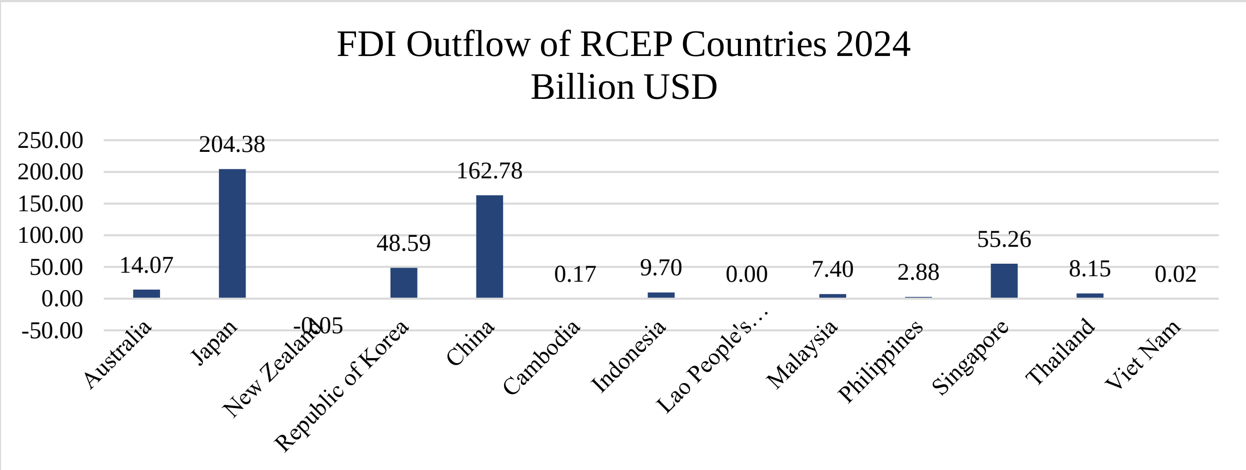
Source: Author's Analysis

If Bangladesh sustains a 10 percent+ CAGR in RCEP service exports, it could triple its market share by 2030, driving job creation and foreign exchange diversification. The 10-year export trajectory and WTO import data jointly confirm that the RCEP bloc is the growth frontier for Bangladesh's service exports. With a growth in ICT and professional services, deepening integration with RCEP economies could shift Bangladesh from a marginal player to a regional digital services hub. The path to service export transformation lies in technology, trust, and trade partnerships.

5.4 Investment Potentials

FDI Outflow Trends among RCEP Countries (2024)

Figure 38: FDI Outflow of RCEP Countries in 2024



Source: UNCTAD World Investment Report 2025

The 2024 global FDI outflow data indicates strong regional disparities within the RCEP bloc. Japan leads with an impressive $204.38 billion, followed by China at $162.78 billion, highlighting their roles as the region's primary capital-exporting economies. South Korea also shows substantial overseas investment, reflecting its growing corporate expansion and industrial maturity. Singapore and Australia maintain steady outflows, reinforcing their positions as regional financial and investment hubs. In contrast, emerging ASEAN economies such as Malaysia, Thailand, Indonesia, and Philippines contribute smaller but gradually increasing FDI outflows, reflecting early stages of international investment diversification. New Zealand, Vietnam, Cambodia and Lao PDR show relatively limited or fluctuating FDI levels, indicating more inward-focused investment strategies. Overall, the data underscores that Japan, China, Korea, and Singapore remain the core capital exporters within the RCEP region, providing significant potential sources of FDI for partner economies like Bangladesh, particularly in infrastructure, energy, and manufacturing sectors.

Strategic FDI Outlook for Bangladesh within RCEP

Following matrix identifies priority countries and target sectors where Bangladesh can attract future FDI based on observed trends, comparative advantages, and strategic complementarities.

Table 7: Strategic FDI Outlook for Bangladesh within RCEP

Factor	Key Insight
RCEP FDI Outflows	Japan ($204 Billion), China ($163 Billion), Singapore ($55 Billion), and Korea ($49 Billion) dominate — indicating high capital availability.
Current FDI in Bangladesh	Concentrated in Power, Textiles, Telecom, Gas & Petroleum. Limited in Banking, Food, and New Tech sectors.
Bangladesh's Strengths	Competitive labor cost, large domestic market, growing middle class, and location advantage for trade with ASEAN and India.
Opportunity Focus	Moving beyond textiles toward energy diversification, digital infrastructure, agribusiness, and technology-driven industries.

Source: Author's Analysis based on RCEP FDI Outflow and Bangladesh's FDI inflow data

Bangladesh stands at a pivotal juncture to capitalize on growing FDI outflows from major RCEP economies such as Japan ($204 billion), China ($163 billion), Singapore ($55 billion), and South Korea ($49 billion), which together represent vast pools of investable capital. Historically, foreign investments in Bangladesh have been concentrated in traditional sectors like power, textiles, telecommunications, and gas & petroleum, while high-potential areas such as banking, food processing, and new technology remain underexplored. Leveraging its competitive labor costs, expanding domestic market, and strategic geographic location connecting South and Southeast Asia, Bangladesh can attract greater FDI by moving beyond low-cost manufacturing. The next phase of opportunity lies in energy diversification, digital infrastructure development, agribusiness, and technology-driven industries—sectors that align with both RCEP countries' strategic priorities and Bangladesh's evolving economic strengths. This shift would enable the country to transition from a resource- and labor-based investment model toward a more diversified, innovation-led growth trajectory.

RCEP Country-Specific Opportunities for Bangladesh

An analysis of RCEP member engagement reveals significant untapped potential for expanding and diversifying FDI inflows into Bangladesh. China remains a major investor in power, construction, and food processing, but new opportunities lie in renewable energy, electric vehicles, and smart manufacturing, leveraging its Belt and Road Initiative and industrial relocation trends. South Korea, already strong in textiles and wearing apparel, could drive the next phase of industrial upgrading through electronics assembly, component manufacturing, and ICT ecosystems, building on its proven apparel investment footprint. Singapore, with established investments in power, telecom, and petroleum, is well-positioned to expand into financial services, logistics, and smart infrastructure, capitalizing on its role as a regional FDI hub.

Table 8: Country-specific investment opportunities for Bangladesh in RCEP

RCEP Country	Current Strength in Bangladesh	Emerging / Untapped Opportunities	Strategic Rationale
China	Power, Construction, Food Processing	Renewable Energy, Electric Vehicles, Smart Manufacturing	Leverage China's Belt & Road and industrial relocation trend; joint ventures in export zones.
South Korea	Textiles & Wearing	Electronics Assembly, Components Manufacturing, ICT & Startup Ecosystem	Build on Korean apparel investments to move up the value chain into tech & smart industries.
Singapore	Power, Telecom, Gas & Petroleum	Financial Services, Logistics, Smart Infrastructure	As a regional FDI hub, Singapore can bring service-sector capital and logistics expertise.
Japan	Limited (FDI outflow strong but low presence in Bangladesh)	Automobiles, Industrial Parks, Green Energy, Port Development	Use Japan's large FDI base and infrastructure focus to deepen long-term, high-tech projects.
Malaysia	Gas & Petroleum, Food Products	Halal Food, Agro-processing, Fintech	Malaysia's halal and financial technology experience aligns with Bangladesh's market demand.
Australia	Textiles	Education, Renewable Energy, Agritech	Potential for collaboration in knowledge industries and sustainable energy.
Thailand	Small-scale FDI (Fertilizer, Food)	Agro-processing, Fisheries, Light Engineering	Shared ASEAN trade ties and similar production base; potential for JV in agro-export.
New Zealand	Negligible	Dairy, Food Safety, Climate-resilient Agriculture	Scope for technology transfer in food and dairy processing.
Vietnam	Negligible	Apparel Co-sourcing, Electronics, ICT	Synergy with Bangladesh in textile clusters; potential collaboration instead of competition.
Indonesia	Small (Energy, Manufacturing)	Coal-based Energy, Infrastructure, Consumer Goods	Common developing economy synergies and resource complementarity.

Source: Author's Analysis

Although Japan's presence in Bangladesh is still limited, its vast global investment capacity makes it a promising partner in automobiles, industrial parks, green energy, and port development, particularly through long-term, high-tech collaboration. Malaysia can deepen its footprint beyond gas and food processing into halal food, agro-processing, and fintech, aligning with Bangladesh's consumer and export market growth. Australia, currently focused on textiles, presents high potential in education, renewable energy, and agritech, complementing Bangladesh's goals for sustainable and knowledge-based growth. Among ASEAN partners, Thailand can enhance cooperation in agro-processing, fisheries, and light engineering, while

Vietnam offers co-sourcing and technology-sharing opportunities in apparel and electronics. Emerging economies like New Zealand and Indonesia also show niche opportunities—New Zealand in dairy technology and food safety, and Indonesia in energy, infrastructure, and consumer goods—supported by shared development goals and resource complementarities. Collectively, these opportunities underscore Bangladesh's capacity to anchor RCEP-driven industrial integration and sectoral diversification in the coming decade.

Sectoral FDI Opportunities for Bangladesh

Table 9: Sector-specific FDI opportunities for Bangladesh

Sector	High-Potential Investor(s)	Opportunity Nature	Expected FDI Impact (2024–2028)
Renewable Energy (Solar, Wind)	China, Japan, Australia, Singapore	Transition from power to clean energy; grid modernization	High
Textiles & Technical Apparel	Korea, Australia, Vietnam	Move up to value-added, design-driven exports	High
ICT & Digital Economy	Korea, Singapore, Japan	IT parks, startups, AI, fintech infrastructure	Medium-High
Agro-processing & Food Value Chain	Malaysia, Thailand, New Zealand	Food safety, export diversification, logistics	Medium
Financial & Logistics Services	Singapore, Malaysia, Japan	Regional service integration, port-linked trade finance	Medium-High
Automotive & Component Manufacturing	Japan, Korea, China	Regional assembly base, export hubs	Medium
Education & Human Capital	Australia, Singapore	Skills, university linkages, research investment	Emerging
Healthcare & Pharmaceuticals	Japan, Korea, Malaysia	Medical devices, generic pharmaceuticals, biotech	Emerging

Source: Author's Analysis

The sectoral analysis highlights a diverse set of high-impact opportunities for Bangladesh to attract FDI from RCEP economies between 2024 and 2028. Renewable energy emerges as a top-priority sector, driven by investors from China, Japan, Australia, and Singapore, focusing on the transition from traditional power to clean energy and modern grid infrastructure. The textiles and technical apparel industry, led by Korea, Australia, and Vietnam, offers strong potential for moving up the value chain toward design-driven, high-value exports. In the ICT and digital economy, investors from Korea, Singapore, and Japan are likely to support growth in IT parks, startups, AI, and fintech infrastructure—critical components for Bangladesh's digital transformation. Meanwhile, agro-processing and the food value chain, backed by Malaysia, Thailand, and New Zealand, could enhance food safety, logistics, and export diversification. The financial and logistics services sector, with interest from Singapore, Malaysia, and Japan, holds opportunities for regional service integration and port-linked trade finance. Automotive and component manufacturing—anchored by Japan, Korea, and China—offers medium-term potential to establish regional assembly hubs. Emerging sectors such as education and human capital (with Australia and Singapore) and healthcare and pharmaceuticals (with Japan, Korea, and Malaysia) represent new frontiers for investment, focusing on skills development, R&D, and healthcare innovation. Collectively, these opportunities signal Bangladesh's progression from traditional industries toward a diversified, innovation-driven investment landscape.

Strategic Prioritization Matrix (Attractiveness vs. Readiness)

Table 10: Strategic FDI prioritization matrix for Bangladesh

Quadrant	Countries/Sectors	Strategic Approach
High Attractiveness / High Readiness	China – Renewable Energy, Korea – Textiles 4.0, Singapore – Infrastructure & Finance	Fast-track investment facilitation, SEZ incentives, bilateral investment dialogues.
High Attractiveness / Low Readiness	Japan – Industrial Manufacturing, Australia – Agritech, Malaysia – Halal Food	Improve regulatory ease, PPP models, and targeted investment promotion.
Moderate Attractiveness / High Readiness	Thailand – Agro/Fisheries, Vietnam – Co-sourcing Apparel	Promote JV clusters and technology exchange.
Low Attractiveness / Low Readiness (Emerging)	New Zealand – Dairy Tech, Indonesia – Infrastructure	Build diplomatic and business chambers linkages first.

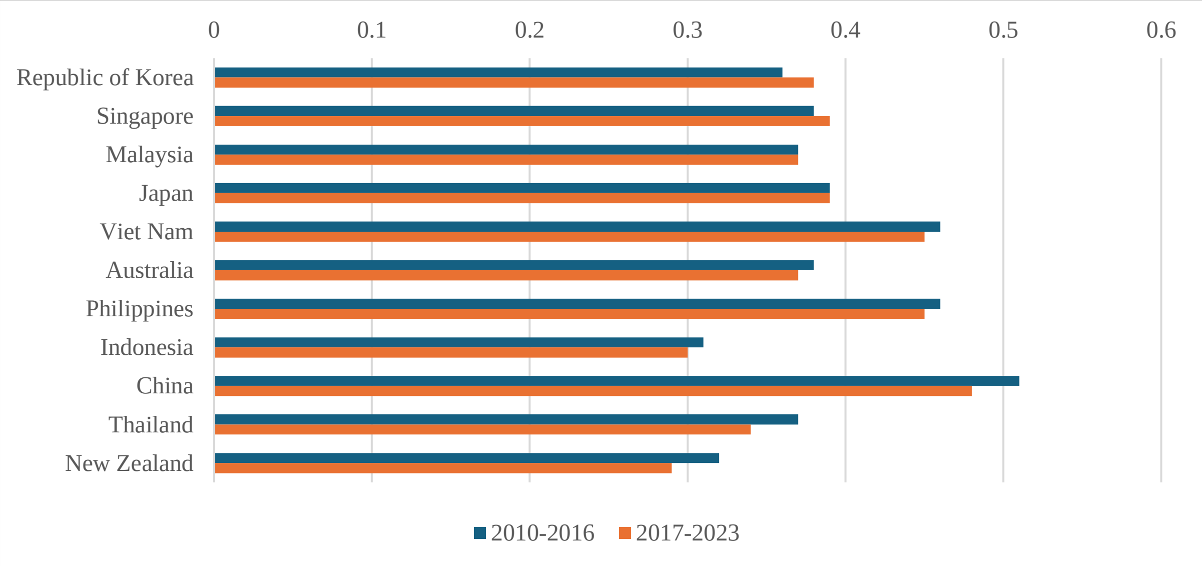
Source: Author's Analysis

The Strategic Priority Matrix reveals four strategic quadrants reflecting Bangladesh's readiness and sectoral attractiveness to RCEP investors. In the High Attractiveness / High Readiness quadrant, countries such as China, Korea, and Singapore stand out, focusing respectively on renewable energy, Textiles 4.0, and infrastructure and financial services. These sectors are well-aligned with Bangladesh's development priorities and offer opportunities for rapid facilitation through Special Economic Zones (SEZs) and bilateral investment dialogues. The High Attractiveness / Low Readiness group—comprising Japan, Australia, and Malaysia—presents high potential but requires improvements in regulatory efficiency, public-private partnership (PPP) frameworks, and targeted investment promotion and facilitation. In the Moderate Attractiveness / High Readiness category, Thailand and Vietnam emerge as partners for collaboration in agro-processing, fisheries, and apparel co-sourcing, where Bangladesh can leverage shared industrial strengths. Lastly, the Low Attractiveness / Low Readiness quadrant, including New Zealand and Indonesia, represents emerging opportunities in dairy technology and infrastructure, best approached through gradual engagement via diplomatic channels and business chambers. Collectively, these quadrants illustrate a roadmap for prioritizing RCEP investment partnerships aligned with Bangladesh's evolving economic capabilities.

The next wave of RCEP investment in Bangladesh may likely come from China, Korea, Singapore, and Japan, focusing on energy diversification, technology manufacturing, and advanced services. Bangladesh's policy readiness in logistics, finance, and renewable energy will determine how much of the $470+ billion regional outflow it can capture.

5.5 Strengthening Regional Integration

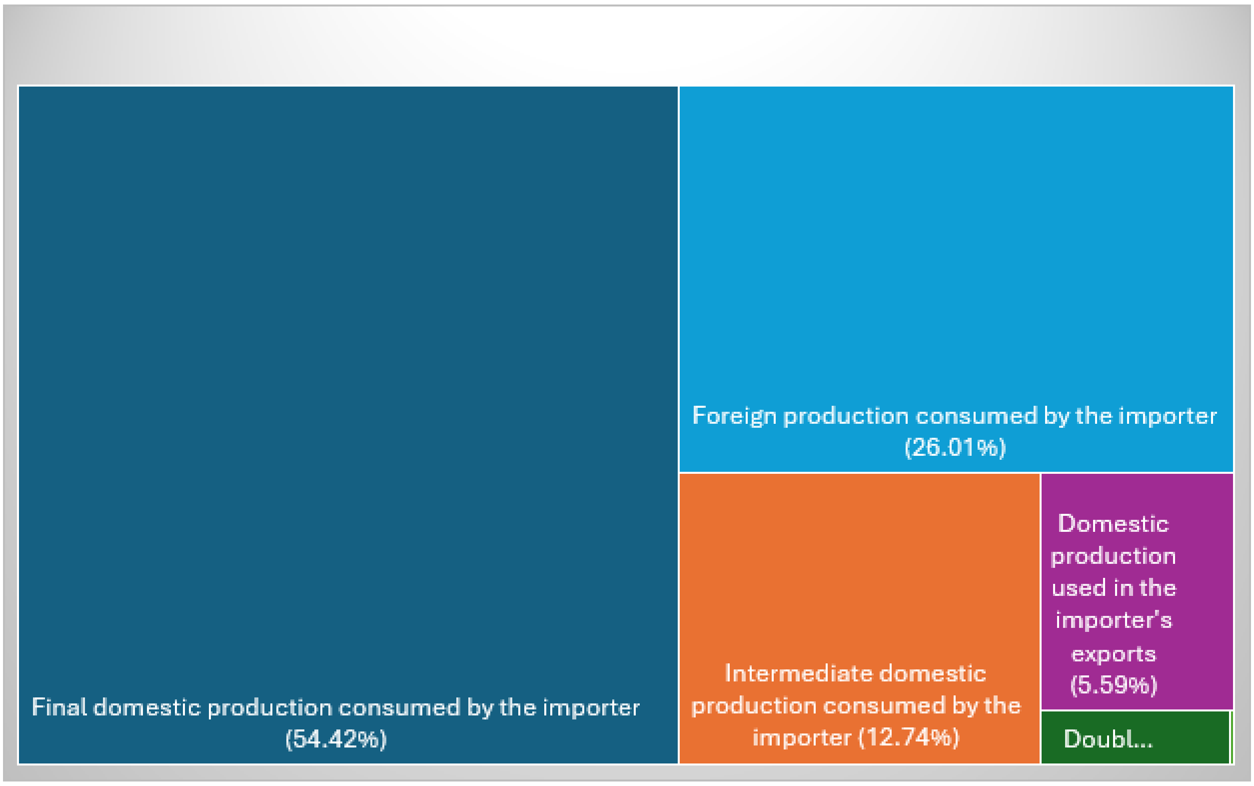
Figure 39:Performance of RCEP economies in trade and investment integration with Bangladesh



Source: Author's Analysis using ESCAP's RIVA based on UNCOMTRADE data

Figure-45 compares the integration performance of various RCEP member countries with Bangladesh over two time periods: 2010–2016 (represented by blue bars) and 2017–2023 (represented by orange bars). China shows the highest level of integration with Bangladesh in both periods. However, the integration slightly declined in 2017–2023 compared to 2010–2016. Viet Nam and Philippines also have relatively high levels of integration, with both showing a decline in the later period. Japan, Malaysia, Singapore, and Republic of Korea maintained similar levels of integration between the two periods, with only slight variations. Indonesia, Thailand, and New Zealand experienced declines in integration in the second period. Australia and Thailand show small declines, while Singapore and Malaysia remained stable or slightly improved. Generally, For most RCEP countries, trade and investment integration with Bangladesh has slightly declined or remained stable between 2017–2023 compared to 2010–2016. China remains the dominant partner, though its integration score also dipped somewhat in the recent period.

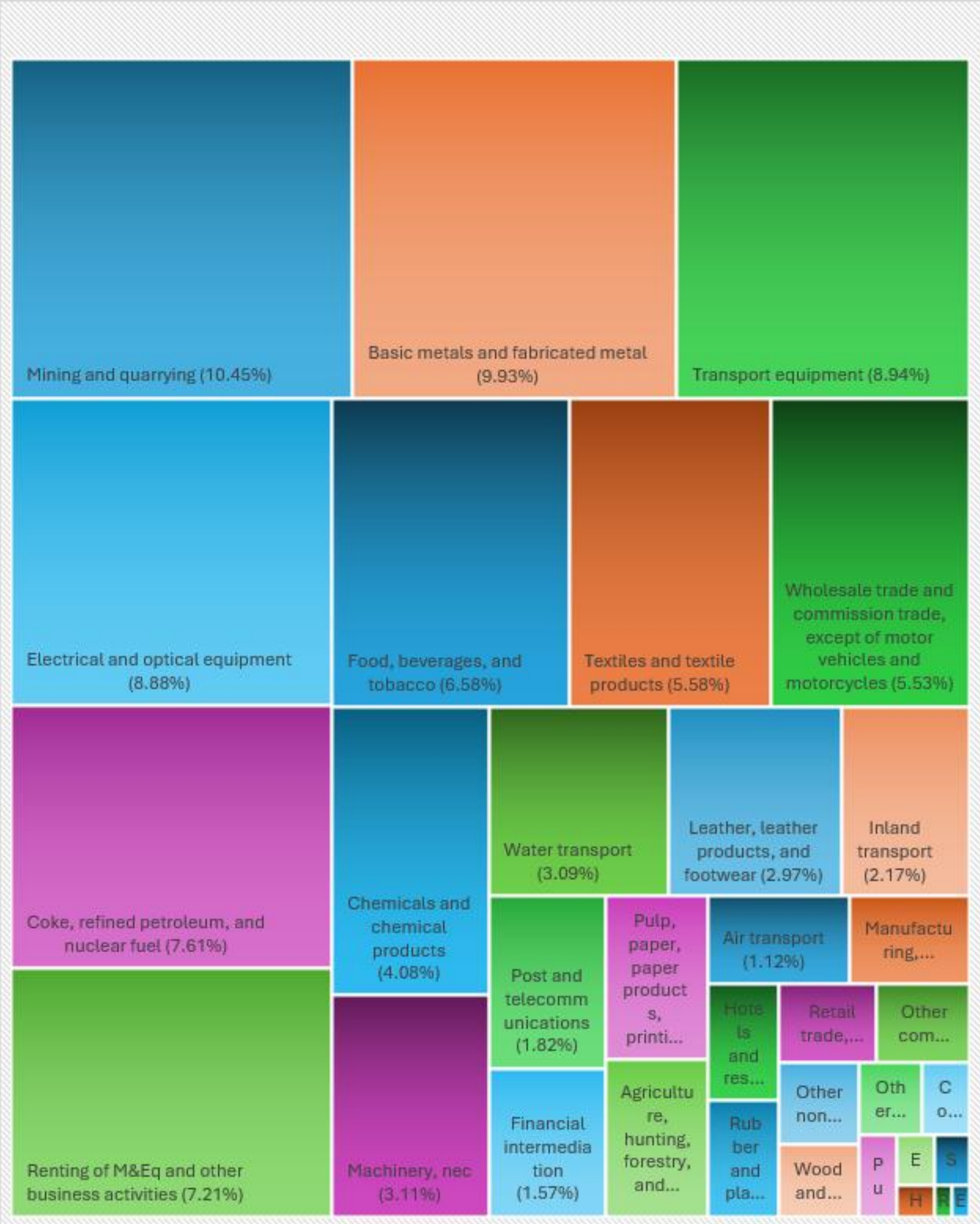
Figure 40:How are Bangladesh's exports of All sectors to RCEP produced and utilized



Source: Author's Analysis using ESCAP's RIVA

Figure 46 illustrates how Bangladesh's exports from all sectors to RCEP economies are produced and ultimately utilized. The results show that the largest share of these exports—54.42 percent—consists of final domestic production consumed directly by the importing countries, indicating strong final-demand linkages between Bangladesh and RCEP markets. This is followed by foreign production consumed by the importer (26.01 percent), reflecting Bangladesh's integration into global value chains through the use of foreign inputs. A further 12.74 percent of exports represent intermediate domestic production consumed by the importer, highlighting Bangladesh's role as a supplier of intermediate goods. Meanwhile, 5.59 percent of domestic production is used in the importers' re-exports, underscoring Bangladesh's indirect participation in downstream export activities within RCEP value chains. The remaining share is attributed to double counting, which arises from the multiple cross-border movements of intermediate goods within complex production networks.

Figure 41:How is Bangladesh's value-added in World's exports to RCEP distributed across sectors



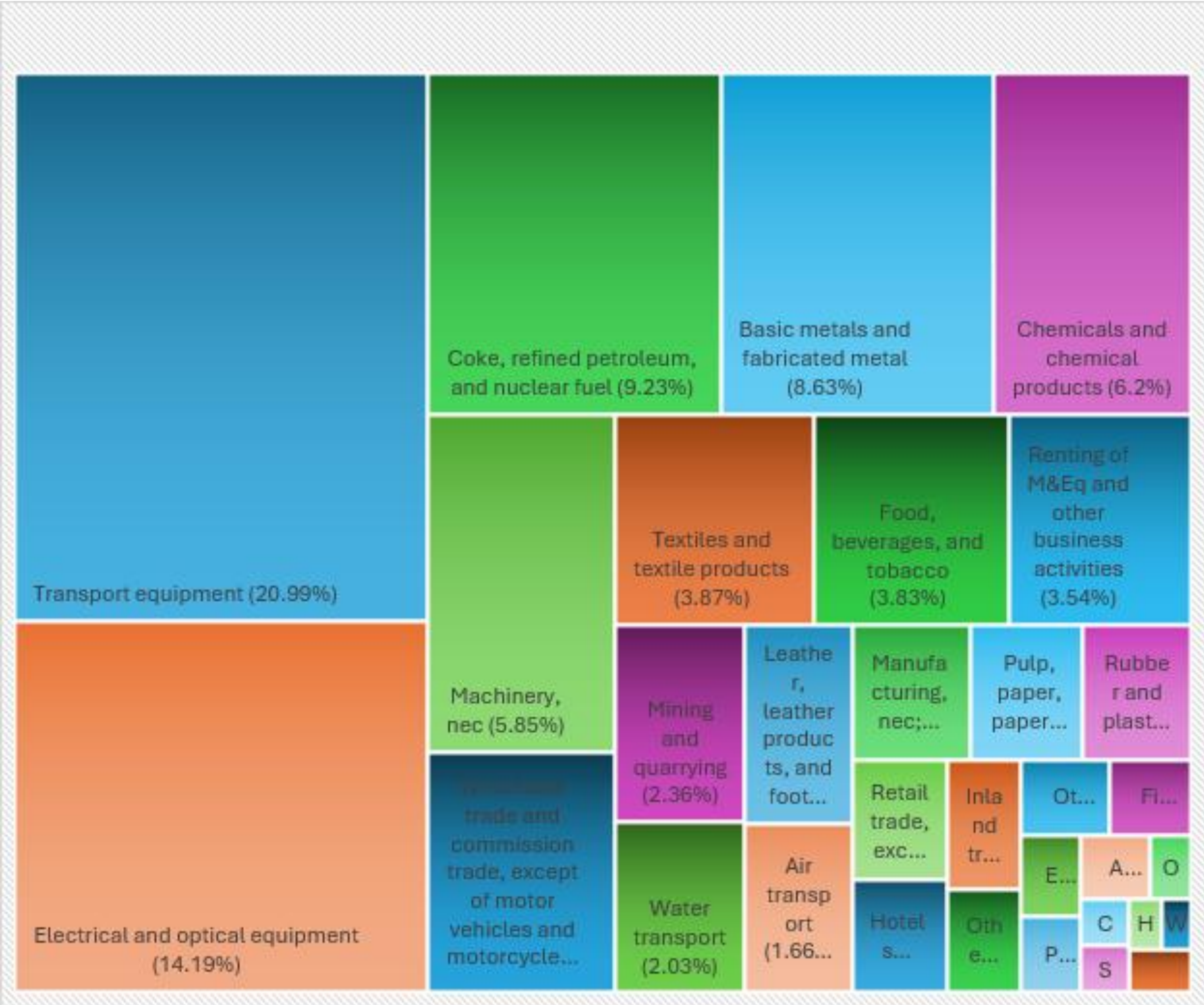
Source: Author’s Analysis using ESCAP’s RIVA

Gross exports of World to RCEP amount to $1471.96 billion in 2022. Of these exports, only $83.82 million is imported content that comes from Bangladesh, mainly used in the following exporting sectors in World: Mining and quarrying (10.45 percent), Basic metals and fabricated metal (9.93 percent). Transport equipment (8.94 percent), Electrical and optical equipment (8.88 percent). Coke, refined petroleum, and nuclear fuel (7.61 percent), renting of machinery and equipment and other business activities sector contributes 7.21 percent. Food, beverages, and tobacco comes next with a share of 6.58 percent, followed by textiles and textile products at 5.58 percent, and wholesale trade (excluding motor vehicles and motorcycles) with 5.53 percent. Collectively, these nine sectors form the core of Bangladesh’s value-added exports to RCEP countries, highlighting a diverse export base that spans from resource-based industries and manufacturing to business services.

Bangladesh's resource-intensive and heavy industries like mining, metals, petroleum, and equipment manufacturing play a dominant role in its indirect participation in RCEP trade via value-added exports. Textiles, while important to Bangladesh's direct exports, rank eighth in value-added contribution—highlighting how other countries might use Bangladesh’s inputs in diverse final exports. Significant contributions from services sectors (renting of machinery, transport, telecom, financial services) indicate Bangladesh’s increasing role in intermediate services trade as well.

The chart reveals that Bangladesh’s economic integration with RCEP is broad-based across sectors, not just limited to garments or low-tech products. For policy and investment planning, this suggests the potential to expand beyond traditional sectors like textiles, especially in energy, engineering, and services.

Figure 42:How is Bangladesh's value-added in RCEP's exports to World distributed across sectors



Source: Author’s Analysis using ESCAP’s RIVA

Gross exports of RCEP to World amount to $1344.70 billion in 2022. Of these exports, only $93.20 million is imported content that comes from Bangladesh. The top contributing sectors to Bangladesh’s value-added in RCEP countries’ exports to the world are led by transport equipment, which dominates with a substantial share of 20.99 percent. This indicates Bangladesh’s deep involvement in supplying components or services that feed into RCEP’s vehicle and machinery exports. Following that, electrical and optical equipment accounts for 14.19 percent, reflecting Bangladesh’s growing role in electronics-related value chains. The coke, refined petroleum, and nuclear fuel sector contributes 9.23 percent, showcasing the importance of energy-related inputs. Basic metals and fabricated metal make up 8.63 percent, suggesting strong backward linkages in heavy industries. Additionally, chemicals and chemical products contribute 6.2 percent, while machinery (n.e.c.) follows with 5.85 percent, further highlighting Bangladesh’s involvement in diversified industrial supply chains. Other notable sectors include wholesale trade (4.16 percent), textiles and textile products (3.87 percent), food, beverages, and tobacco (3.83 percent), and renting of machinery and other business activities (3.54 percent). Collectively, these sectors represent Bangladesh’s critical indirect role in RCEP’s exports to global markets, emphasizing its integration into advanced manufacturing and trade-supporting services beyond traditional export sectors. This treemap reveals that

Bangladesh's value-added is most prominent in transport equipment, electronics, petroleum-related industries, and heavy manufacturing—demonstrating strong upstream participation in RCEP's global value chains. While traditional exports like textiles and food are present, the leading sectors show a shift toward industrial inputs and services.The treemap implies that Bangladesh is increasingly integrated into complex and high-value manufacturing sectors in the RCEP region, indirectly supporting RCEP exports to the world. This underscores opportunities for industrial upgrading, deeper supply chain involvement, and targeted investment in transport and electronics-related capabilities.

5.6 Lessons from Successful Acceding Countries

The Regional Comprehensive Economic Partnership (RCEP) represents a monumental shift in global trade architecture. The lessons are drawn from both the negotiation process and the early implementation phase, highlighting what has worked well for these economies. The key lessons from successful acceding countries to RCEP are as follows

Strategic Alignment with Economic Goals

Successful countries didn't just join RCEP because it was there; they had a clear strategic vision for how it fit their national economic interests. For example, Vietnam saw RCEP as a catalyst to move up global value chains, attract higher-quality FDI (especially as companies diversified from China under "China Plus One"), and boost exports of its key manufacturing goods (textiles, electronics, footwear)[3]. RCEP accounts for half of Japan's trade value. It is most compatible with the production networks of Japanese companies. It also gained its first-ever FTA with both China and South Korea through RCEP.[4] On the other hand, Australia focused on securing and diversifying export markets for agricultural products, resources, and services, reducing reliance on any single market.[5]

Proactive Domestic Preparation and Stakeholder Engagement

RCEP's success domestically depends on ensuring businesses, especially SMEs, can use it. Successful countries started preparing early. For example, Governments (e.g., Singapore, Thailand) launched dedicated portals, webinars, and roadshows to educate businesses on rules of origin, tariff schedules, and customs procedures.[6] They conducted consultations with industry chambers and associations to understand their challenges and tailor support mechanisms. The Korea Trade-Investment Promotion Agency, the Korea International Trade Association (KITA), and the Korea Chamber of Commerce track RCEP-related challenges and end to support firms by offering information and advisory services through briefings and an FTA hotline.[7]

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[3] World Bank. (2021). *Viet Nam 2045: Trading up in a changing world*. World Bank. https://openknowledge.worldbank.org/

[4] Shimizu, K. (2022, August 2). *RCEP's great impact on Japan and East Asian economies*. The Japan Institute of International Affairs. https://www.jiia.or.jp/eng/report/2022/08/ajiss_commentary/rceps-great-impact-on-japan-and-east-asian-economies.html

[5] Australian Government Department of Foreign Affairs and Trade. (2022, January 1). *RCEP outcomes at a glance***.** https://www.dfat.gov.au/sites/default/files/rcep-outcomes-at-a-glance.pdf

[6] Enterprise Singapore. (2022). *Regional Comprehensive Economic Partnership (RCEP): Key benefits*. Enterprise Singapore. https://www.enterprisesg.gov.sg/grow-your-business/go-global/international-agreements/free-trade-agreements/find-an-fta/rcep

[7] The Hankyoreh. (2022, January 28). *RCEP to go into force for S. Korea on Feb. 1; effectively first FTA with Japan***.** https://english.hani.co.kr/arti/english_edition/e_business/1029241.html

Leveraging Rules of Origin (ROI) to Integrate into Value Chains

This is arguably the single most important economic lesson of RCEP. The agreement's key innovation is its common, cumulative rules of origin. Under RCEP, inputs from any member country can be counted toward the rules of origin requirement for the final product. Uniform RoI reduces costs and makes it easier for products to qualify for tariff preferences. It also encourages supply chain integration. Companies can design regional production networks without worrying about disrupting FTA eligibility. For example, a car made in Thailand can use parts from Japan, steel from South Korea, and electronics from Malaysia and still easily qualify as "RCEP-originating" for export to China. It simplifies paperwork also. The common rules reduce the administrative burden compared to navigating a "noodle bowl" of different, overlapping FTAs.

Focusing on Services and Investment Liberalization

While tariffs are important, the real growth potential for many developed economies lies in services and investment. The agreement includes commitments to open up sectors like financial, professional, telecommunications, and logistics services. Countries like Singapore, Australia[8], and New Zealand[9], which have competitive service industries, are well-positioned to exploit these new opportunities. For developing members, it's a lesson in attracting investment in modern services.

Utilizing Built-in Safeguards and Flexibility

RCEP is not a one-size-fits-all agreement. It includes special and differential treatment for ASEAN's least-developed countries (Cambodia, Laos, Myanmar) and longer transition periods for sensitive sectors. Member countries identified their sensitive sectors (e.g., agriculture for some, certain manufacturing for others) and secured appropriate safeguards and longer timelines to allow domestic industries to adjust to new competition. For example, the agricultural sector in the RCEP remains highly protected. As stated in Annex I "Schedule of Tariff commitments" of the RCEP agreement, the agricultural sector still has an average tariff of 70 percent on uncommitted tariff lines, as compared to 14 percent and 15 percent for the natural resources and manufacturing sectors.[10]

Viewing it as a Platform for Future Modernization

RCEP includes chapters on e-commerce, intellectual property, competition, and SMEs—areas that will only grow in importance. Interested countries may treat RCEP as a living agreement. Members see it not as an end point but as a foundational framework. It establishes norms and creates a forum for future discussions on digital trade standards, sustainable trade, and other emerging issues, ensuring the region's rules evolve together.

[8] Australian Government Department of Foreign Affairs and Trade. (n.d.). *RCEP outcomes documents*. Retrieved from https://www.dfat.gov.au/trade/agreements/in-force/rcep/rcep-outcomes-documents

[9] New Zealand Ministry of Foreign Affairs and Trade. (2021). *RCEP National Interest Analysis* [PDF]. https://www.mfat.govt.nz/assets/Trade-agreements/RCEP/RCEP-National-Interest-Analysis.pdf

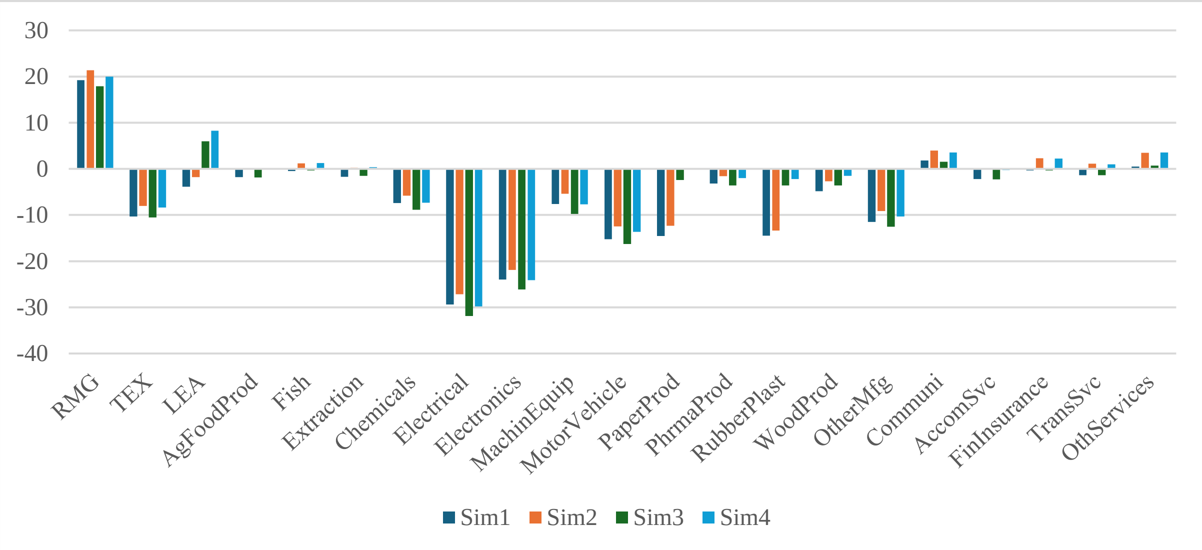
[10] Fauzel, S., Matadeen, J., Tandrayen Ragoobur, V., & Gunnoo, L. (2025). *The impact of RCEP on trade and FDI for East and Southeast Asian economies*. *Transnational Corporations Review, 17*(4), 200141. https://doi.org/10.1016/j.tncr.2025.200141

6. Disadvantages and Risks of Acceding to RCEP

6.1. Potential Impact on Domestic Industries

Figure 49 presents the projected percentage change in output across various economic sectors under four different RCEP simulation scenarios (Sim1 to Sim4) using GTAP database. Each sector is represented on the horizontal axis, while the vertical axis shows percentage changes ranging from approximately -30 percent to +20 percent.

Figure 43:Impact on Sectoral Output on Bangladesh (Unit: Percentage Change from the Base)



1. Ready-Made Garments (RMG)
This is Bangladesh's economic engine, accounting for over 80 percent of exports and showing robust growth in manufacturing output (BER). However, the sector suffers from a critical weakness: high dependency on imported woven fabrics due to an underdeveloped local textile base.[11] After LDC graduation, it will face the loss of duty-free access and face higher Most-Favored-Nation (MFN) tariffs in key markets like the EU and UK. RCEP simulations project strong output growth (17.9-21.4 percent), primarily driven by increased exports to non-RCEP markets like the EU and USA. Stakeholders highlight that though the customs transit rule under RCEP is trade facilitating but poses a severe logistical challenge given current port inefficiencies.

2. Textiles (TEX)
As the essential backward linkage for RMG, the sector has grown but remains uncompetitive in man-made fibers and faces high production costs. Studies identifies it as foundational for diversification, but it is characterized by fragmented policy support and vulnerability to cheaper imports.[12] Projections indicate a severe output contraction (-8.0 percent to -10.6 percent) and a massive surge in imports from RCEP countries (approx. +$3 billion), signaling that cheaper

[11] Tagra, D. (2025, January 15). *Can Bangladesh achieve self-reliance in yarn and fabric?*. Apparel Resources. https://bd.apparelresources.com/business-news/manufacturing/can-bangladesh-achieve-self-reliance-yarn-fabric/
[12] Khan, A. (2025, April 19). *Can Bangladesh reduce its reliance on imported woven fabric?*. Textile Today. https://www.textiletoday.com.bd/can-bangladesh-reduce-its-reliance-on-imported-woven-fabric

textile from regional competitors may flood the market. This threatens the domestic value chain and could de-industrialize upstream production.

3. Leather & Footwear (LEA)
Ranked as the second-largest export earner with a $5 billion target, the sector has strong raw material availability. Its growth is crippled by the lack of Leather Working Group (LWG) certification, primarily due to the partial-functional Central Effluent Treatment Plant (CETP) in Saval Tannery Estate.[13] Simulations show a mixed output impact (-3.9 percent to +8.2 percent) but significant increases in imports from RCEP. Stakeholders confirm that without LWG certification, manufacturers are locked out of premium global markets, regardless of trade agreements.[14]

4. Pharmaceuticals
The industry is robust domestically, meeting 97 percent of local demand, with notable joint ventures.[15] Its deadly flaw is the lack of international accreditation (e.g., US FDA, EU-GMP) and independent testing laboratories. Upon LDC graduation, it will lose WTO TRIPS flexibilities for 33 essential drugs. Stakeholders stress that without accredited labs, ensuring quality for export is impossible.[16] Simulation Models employed by this study also project a modest output decline (-1.6 percent to -3.6 percent).

5. Agro-Processing & Food Production
Agro-processing sector is a priority sector in all policies of Bangladesh, benefiting from abundant raw materials. The growth of the sector is hampered by extremely high post-harvest losses (20-25 percent)[17], an inadequate cold chain, and a critical lack of internationally accredited food testing laboratories, which restricts export market access.[18] Output changes are marginal, but there is a risk of significant import rises (+$1.05 billion in Sim4) of processed foods. Stakeholders emphasize that the lack of accredited labs is the primary barrier to proving product safety and quality for export.[19] Rising imports of processed foods from RCEP members may displace local producers, underscoring the need for quality upgrades and certification.

6.Fisheries (Fish)
Bangladesh is the third largest fresh-water fish producer after China and India[20], but the sector faces challenges in meeting international sanitary and phytosanitary standards. The absence of

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[13] Star Business Report. (2025, May 25). *Leather exports drop 64% in 10 years as CETP woes linger*. *The Daily Star*. https://www.thedailystar.net/business/news/leather-exports-drop-64-10-years-cetp-woes-linger-3903496
[14] Insights from FGD
[15] Emerging Rating. (2024). *Pharmaceutical industry of Bangladesh* [PDF]. https://emergingrating.com/wp-content/uploads/2024/12/Pharmaceutical-Industry-of-Bangladesh.pdf
[16] Insights from FGD
[17] Paresh, Kumar & Sarma, Paresh. (2018). Postharvest Losses of Tomato: A Value Chain Context of Bangladesh.
[18] BFTI (2023). *Diagnostic Trade Integration Study Update (DTISU) – Part 2: Trade roadmap for sustainable graduation* (Report). Enhanced Integrated Framework. https://enhancedif.org/system/files/uploads/DTISU%20Study%20Report_Part2.pdf
[19] Insights from FGD
[20] Shaikh Abdullah. (2024, March 22). *Self-reliant, still fish import on the rise*. *The Business Standard*. https://www.tbsnews.net/agriculture/self-reliant-still-fish-import-rise-813086

advanced processing facilities and certification limits export growth to high-value markets.[21] According to the model employed, output changes are minor (-0.47 percent to +1.23 percent), with import deviations small but exports declining slightly. RCEP could increase competition from imported seafood, particularly from Vietnam Thailand and Australia pressuring domestic producers to enhance quality and compliance.

7. Extraction
Bangladesh's extraction sector—primarily natural gas and minor minerals—is constrained by declining reserves and limited investment in exploration. The country remains a net importer of energy and minerals.[22] Output is projected to decline slightly (-1.75 percent to +0.39 percent), with imports from RCEP varying across scenarios. RCEP may increase imports of cheaper extracted materials, but without significant domestic capacity building, the sector is unlikely to benefit from regional trade flows.

8. Chemicals
Bangladesh's chemical industry is dominated by basic products like fertilizers and industrial chemicals, with limited value-added or specialty chemical production. Heavy reliance on imported raw materials and outdated technology makes the sector vulnerable to cheaper imports from RCEP chemical giant like China, potentially stifling local production growth.[23] According to the simulation, output declines of 5.78 percent to 8.86 percent are projected, with RCEP imports rising by $535 million in Sim4.

09. Electrical
This sector faces the sharpest output decline (-27.15 percent to -31.90 percent), with imports from RCEP increasing by $378 million in Sim4. Bangladesh's electrical goods industry including accumulator battery, cable and wire developed local production capacity over the years meeting domestic demand and exporting a percentage to other countries.[24] Competition from more advanced RCEP producers—especially China, Thailand, and Malaysia—threatens to flood the market with cheaper, higher-quality products, hindering the development of a domestic electrical manufacturing base.

10. Electronics
Output is projected to fall sharply (-21.86 percent to -26.11 percent), with RCEP imports rising by $209 million in Sim4. Although the sector remains reliant on foreign brands, the rise in domestic manufacturing has fueled significant growth, with some firms entering export markets. However, as consumers increasingly seek greater convenience and advanced technologies, meeting these evolving expectations will pose the greatest challenge to the long-

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[21] Ibid
[22] Committee on Energy. (2021, February). *Statement of Bangladesh at the Third Session of the Committee on Energy*. United Nations Economic and Social Commission for Asia and the Pacific. https://www.unescap.org/sites/default/d8files/eventdocuments/Bangladesh_Statement_Committee_on_Energy_Third_Session.pdf
[23] Textile Today. (2025). *China powers over 80% of Bangladesh's textile and apparel supply chain*. https://www.textiletoday.com.bd/china-powers-over-80-of-bangladeshs-textile-and-apparel-supply-chain
[24] Bangladesh Foreign Trade Institute. (2024, June). *Final report on potentials of the light engineering industry/sector in Bangladesh*. Submitted to Bangladesh Investment Development Authority, Prime Minister's Office

term survival of local brands.[25] Without significant technological upgrading and investment in R&D, the sector is ill-prepared to compete with established RCEP electronics exporters, potentially leading to increased import dependency.

11. Machinery & Equipment (MachinEquip)
Output of Machinery and Equipment declines range from 5.38 percent to 9.77 percent, with RCEP imports increasing by $553 million in Sim4. Local machinery production is limited to light equipment and repairs, with heavy machinery entirely imported.[26] The sector's SME-dominated structure lacks the scale and technological capability to compete with imported machinery from Japan, South Korea, and China, which may discourage local industrialization and capital goods production.

12. Motor Vehicles
Output is expected to decline by 12.45 percent to 16.25 percent, with imports from RCEP rising by $185 million in Sim4. Bangladesh's automotive sector is in its infancy, consisting mainly of assembly plants for motorcycles and light vehicles, with negligible local manufacturing of critical parts. Cheaper vehicle imports from RCEP countries like Thailand and Japan could stifle the growth of domestic auto manufacturing, despite government efforts to promote the sector through policy support.

13. Paper Products (PaperProd)
Output changes vary widely (-14.55 percent to +0.07 percent), with imports from RCEP showing significant increases in later scenarios. Bangladesh's paper industry relies on recycled paper and imported pulp, with limited quality and environmental compliance. Competition from efficient RCEP paper producers may hurt local mills, though potential export opportunities exist if quality and sustainability standards are met.

14. Rubber & Plastics (RubberPlast)
Output changes range from -14.48 percent to -2.22 percent, with import increases from RCEP. The sector produces mainly low-value products like footwear, hoses, and packaging materials. Without technological upgrades and product diversification, it may struggle against competitively priced imports from RCEP countries, though opportunities in niche markets like specialized rubber products exist.

15. Wood Products (WoodProd)
Output declines of 2.66 percent to 4.82 percent are projected, with small import increases. The wood industry in Bangladesh is largely informal, focusing on furniture and handicrafts, with limited processed timber production. Sustainable sourcing and certification remain challenges. RCEP may increase imports of finished wood products, pressuring local artisans and small manufacturers.

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[25] IDLC Finance Limited. (2022, September). *Consumer electronics industry in Bangladesh: A shift towards personalized experience*. IDLC Monthly Review.
[26] Ibid

16. Other Manufacturing (OtherMfg)
Output is expected to fall by 9.13 percent to 12.54 percent**,** with RCEP imports rising sharply by $1.99 billion in Sim4. This heterogeneous sector includes ceramics, glass, and miscellaneous goods, dominated by SMEs with low productivity. Fragmented policy support and inadequate infrastructure leave it vulnerable to broader de-industrialization pressures under RCEP.

17. Communication Services (Communi)
Modest output growth of 1.51 percent to 3.93 percent is projected, with slight increases in trade. Bangladesh's telecommunications sector is expanding rapidly, with high mobile penetration and growing internet usage. RCEP could facilitate cross-border digital services and investment, though regulatory harmonization and data security measures will be crucial to harness these opportunities.

18. Accommodation Services (AccomSvc)
The hospitality sector has grown with tourism and business travel but remains underdeveloped in terms of quality and branding. Though output changes are minor (-2.27 percent to -0.15 percent), with minimal trade impact RCEP may boost regional tourism and business exchanges, offering growth potential if service standards and infrastructure improve.

19.Financial & Insurance Services (FinInsurance)
Output changes range from -0.32 percent to +2.31 percent, with trade increases in later scenarios. Bangladesh's financial sector is expanding but faces challenges in digitalization and inclusion. RCEP could open opportunities for cross-border banking, insurance, and fintech collaboration, though regulatory alignment and capital market development are needed to compete regionally.

20. Transport Services (TransSvc)
Output varies from -1.38 percent to +1.12 percent, with trade increases noted. The transport and logistics sector are constrained by port inefficiencies and poor multimodal connectivity. RCEP's trade facilitation measures could increase demand for logistics services, but Bangladesh must address infrastructural bottlenecks to become a regional transit hub.

21. Other Services (OthServices)
Output growth of 0.52 percent to 3.55 percent is projected, with positive trade deviations. This sector includes IT, professional, and business services, which are growing but require skill development and innovation support. RCEP may enhance services export opportunities, particularly in IT-enabled services, if supported by conducive policies and digital infrastructure.
The impact is highly sector-specific, with labor-intensive industries like RMG benefiting the most, while capital- and technology-intensive sectors face contractions. The consistency of results across all four simulation scenarios underscores the structural patterns in Bangladesh's trade and industrial base. This sectoral analysis highlights that Bangladesh's integration into RCEP is likely to boost its garment, leather, and agro-food sectors, while posing challenges to its electronics, machinery, and chemical industries. Policy support may be necessary to mitigate losses in declining sectors and to ensure inclusive growth through strategic diversification.

6.2 Loss of Revenue

In 2023, RCEP as a group is responsible for around 53.90 percent of the total global import of Bangladesh. In FY 2020-21, RCEP countries contributed 55.33 percent of the total tax revenue and 58.56 percent of total CD revenue collected under home consumption of Bangladesh. Among the fifteen parties to RCEP, China remains the single largest contributor in terms of import (45 percent) and revenue generation (44 percent) of the total of RCEP. The probable accession of Bangladesh to RCEP may have a negative impact on revenue generation from CD. In addition, all types of non-trade neutral duties (SD and RD) required to be eliminated. The estimated revenue loss is likely to be higher for Bangladesh, US$2.5 billion compared to around US$541 million for RCEP. [27] Another study (Islam et al 2025) refers that full tariff liberalization to RCEP countries may cause Bangladesh a tariff revenue loss of USD $3.3 billion. Authors used SMART simulation analysis which provided disaggregated results regarding the effects of tariff changes; the Annex-11 provides the disaggregated product HS code-wise analysis on the effects of RCEP on Bangladesh. The Annex shows the effects that RCEP membership will have on each product category. The results are also available for four-digit or six-digit HS code-wise. We report as per two-digit code-wise results to avoid redundancy and maintain the readability of the Report.

6.3 Challenges in Meeting RCEP Standards and Readiness of Bangladesh

Table 11:Obligations of RCEP Agreement and Bangladesh's readiness

Provisions	Obligations	Readiness of Bangladesh
Trade in Goods	Tariff reduction commitment under RCEP is to eliminate about 90 percent of import tariff lines within 20 years from the date of entry into force of the Agreement.	Bangladesh received 9.4 percent and 13.1 percent of revenue from import duty and supplementary tax respectively in FY2023-24 contributing one fourth of the total revenue. There are only few countries which have such high percentage of contribution of import duties in tax revenue. In addition, Simple average MFN tariff of Bangladesh is 14.05 percent which is highest compared to RCEP countries. This protectionist tariff policies and dependence on import tariff often seem to disincentivize the tariff liberalization.

[27] Bangladesh Trade and Tariff Commission Estimates

Rules of Origin	Product Specific Rules (PSR) based, no general rule; Criteria in PSR include: Wholly Obtained; Change in Tariff Classification (CC, CTH, and CTSH), Regional Value Content (RVC); Processing requirements;	Bangladesh faces multiple challenges in complying with Product-Specific Rules of Origin (PSR) under the RCEP framework. A key difficulty is the heavy reliance on imported raw materials and limited domestic value addition, which makes it hard to meet RCEP's thresholds like Regional Value Content (RVC 40 percent) or Change in Tariff Classification (CTC). Institutional and technical capacity constraints including weak systems for ROO certification, traceability, and compliance monitoring further complicate adherence.
Customs Procedures and Trade Facilitation	WTO TFA+ provision 1. Customs clearance of goods within 48 hours of arrival of goods and lodgement of all the necessary information for customs clearance. 2.Time limit of 90 days for issuance of advance rulings; TFA has no specific time limit	According to Time release study 2022 the time taken in Chittagong for release of cargo at import is 11 days 6 hours 23 minutes. Study revealed that Availing pre-arrival processing facility significantly reduces the clearance time - importers can cut the overall release time by 57 percent. The Advance Ruling Unit shall dispose of any application within 45 (forty-five) working days of its submission by taking a decision under sub-rule (4) of rule 8. The advance ruling facility is currently available only for classification of goods. The system has been in force since June 02, 2016 vide the Customs Ruling (Advance) Rules, 2016.
Sanitary and Phytosanitary Measures	The objectives and scope of SPS in RCEP are broader, emphasising transparency, strengthened communication, cooperation, and consultation. RCEP requires immediate notification of emergency measures to relevant exporting parties and, upon request, discussion with exporting parties as soon as is practicable.	Bangladesh lacks laboratory in accordance with ISO/IEC-17025 and modern packaging house as well as competency in Diagnostic Protocols (DPs), Phytosanitary Treatments (PTs), Pest Risk Analysis (PRA), Establishment of PFA or ALPP, Phytosanitary Inspections, Survey and Surveillance etc. and the standards laid down in IPPC of FAO.[28]

[28] STDF and Swisscontact (2023) Prioritising Sanitary And Phytosanitary (Sps) Investments For Market Access Of Horticulture And Fisheries Products In Bangladesh

	A review of emergency measures is also required within a reasonable period of time or upon request of the exporting party	
Standards, Technical Regulations, and Conformity Assessment Procedures	Article 6.8.5(a) of RCEP recognizes that MRAs are one of a broad range of mechanisms to facilitate the acceptance of the results of conformity assessment procedures. Article 6.9.3(c) of RCEP recognizes that enhancing participation in the frameworks for mutual recognition developed by regional and international bodies may be an avenue for cooperation.	Many Bangladeshi standards (BDS) are old and not harmonized with international (ISO, IEC) or major regional standards. The number and capability of laboratories (e.g., BSTI labs) are insufficient. They often lack state-of-the-art equipment and expertise to test for a wide range of products, especially sophisticated items like electronics, pharmaceuticals, and processed foods to international norms. This leads to a reliance on foreign labs. The lack of mutual recognition agreements (MRAs) with key trading partners means that conformity assessments done in Bangladesh are frequently not accepted, requiring retesting and recertification in the importing country.
Trade in Services	Negative list approach. However, initially incorporates two approaches for commitment (positive as well as negative list approach). Parties who have submitted the list of specific commitments are identified as "transitioning party" and agreed to shift to the negative list approach by submitting a proposed list of non-conforming measures no later than three years after the date of entry into force of this agreement.	Bangladesh lacks comprehensive data and understanding about the regulatory framework and offensive and defensive interest of each service sector to go for negative list.
Investment	Senior Management and Board of Directors: Prohibits requiring specific nationalities for senior management but allows nationality or residency requirements for board members if investor control is not impaired.	Foreign Investment Guidelines of Bangladesh has provision of requiring specific ratio of local citizen's representation in Senior Management and Board of Directors
E-commerce	Online Personal Information Protection: Parties shall develop	Bangladesh currently lacks a comprehensive, dedicated legal framework

	legal frameworks to protect e-commerce users' personal information based on international standards and encourage companies to disclose their privacy policies.	for online personal information protection. Its capacity to fulfill the RCEP provision is very limited and nascent. The country does not yet have a robust, internationally-aligned data protection regime.

Source: Author's compilation based on KII and Literature review

Table 12:Compliance of Bangladesh to IPR related obligations of RCEP

RCEP Obligations	**Compliance and readiness of Bangladesh**
Enforcement in the Digital Environment and Government Use of Software in Copyrights.	The legal framework of Bangladesh is characterized by a significant gap between strong law and weak enforcement. Piracy remains rampant online and offline, and government software use, while improving, still has high rates of unlicensed software.
Article 11.44.1 – 18 Month Publication (Section E, patents) The time limit for publishing patent applications is 18 months from the earliest priority filing date	While Bangladeshi law includes the concept of an 18-month publication period for patent applications, there are notable capacity limitations. One key issue is the lack of clarity in the law regarding the difference between the "filing date" and the "priority date". The international standard, as set by the Paris Convention, distinguishes the priority date as the date of the earliest filed application, which may differ from the local filing date. Bangladeshi law only mentions the filing date, and thus does not fully align with RCEP standards. Moreover, due to a severe shortage of patent examiners, and the absence of pharmaceutical patent examination (owing to LDC exemptions), Bangladesh currently lacks the operational capacity to ensure timely publication within the stipulated 18-month window. Hence, compliance in practice remains doubtful.
Article 11.59.1- Fair and Equitable Procedures (subsection 2) Each Party shall make available to right holders' civil judicial procedures concerning the enforcement of any intellectual property right covered by this Chapter. Defendants shall have the right to written notice, which is timely and contains sufficient	The obligation to ensure fair and equitable civil judicial procedures for IPR enforcement presents a major challenge. Although the basic legal norms exist in Bangladeshi law, the term "fair and equitable procedures" is not well understood or operationalized by enforcement agencies or the judiciary. There is low awareness of this obligation, and the enforcement mechanism is weak. Since the provision uses the term "shall," it is legally binding under RCEP, and Bangladesh may face difficulties in fulfilling this requirement unless significant institutional reforms and capacity-building initiatives are undertaken.

detail, including the basis of the claims	
Article 11.59.2 – Alternative Dispute Resolution (ADR): Each Party may permit the use of alternative dispute resolution procedures to resolve civil disputes concerning intellectual property rights	Bangladesh currently allows alternative dispute resolution (ADR) under the Civil Procedure Code (CPC); however, there are no specific ADR mechanisms dedicated to intellectual property rights (IPR). While the ADR provision under RCEP is optional ("may permit"), it is possible for Bangladesh to extend the scope of ADR to cover IP disputes. Incorporating explicit ADR provisions into amended trademark and copyright laws—which are currently under review—would strengthen Bangladesh's alignment with RCEP obligations. Therefore, compliance is achievable with modest legislative updates.
Article 11.69.1- Suspension of the Release of Suspected Pirated Copyright Goods or Counterfeit Trademark Goods by Ex Officio Action (subsection 3) Each Party shall adopt or maintain procedures with respect to import shipments under which a right holder is right, so that the Party's competent authorities can suspend the release of the suspected pirated copyright goods or counterfeit trademark goods	In Bangladesh, this remains problematic. For example, the Copyright Act and Trademark Act include procedural barriers such as the requirement for prior permission from the registrar, which contradicts the concept of ex officio action. The Trademark Act 2009 mentions fixed penalties (e.g., 5,000 BDT) but does not provide sufficient flexibility or authority for customs officials to act independently. Hence, significant legal reform and procedural clarity are required to comply with this RCEP obligation.

Source: Author's compilation based on KII and Literature review

6.4 RCEP Obligations & Bangladesh's Reforms and Readiness

RCEP commitments are structured with varying levels of obligation, including Core Obligations (binding on all members) and Cooperative Elements (non-binding, encouraging collaboration). Bangladesh's reforms are at various stages, from policy planning to full implementation.

Chapter 1: Initial Provisions and General Definitions

- Core Obligations: Establish the agreement's scope, definitions, and general legal framework for implementation. Governs accession procedures for new members.
- Bangladesh's Gap**:** Lack of a standardized, whole-of-government legal procedure for analyzing and acceding to complex modern FTAs.
- Reform Initiatives Taken:

1. Inter-Ministerial Committee: The Ministry of Commerce has formed a high-level inter-ministerial committee to coordinate the feasibility study and accession negotiations for RCEP.
2. Legal Gap Analysis: Preliminary internal assessments have been initiated by relevant ministries (Commerce, Foreign Affairs, Law) to identify overarching legal and administrative changes required.

Chapter 2: Trade in Goods

- Core Obligations: Progressive tariff elimination on a vast majority of goods (over 90 percent for many members), adherence to National Treatment (no less favorable treatment for imported goods after customs clearance), and prohibition of quantitative restrictions (e.g., import/export quotas).
- Bangladesh's Gap:
  - Tariffs: Relatively high and complex tariff structure with para-tariffs (SD, CD, VAT) used for revenue and protection.
  - Policy Alignment: The Import Policy Order and Customs Act would need amendments to implement preferential rates and remove non-conforming restrictions.
- Reform Initiatives Taken:
  1. Tariff Rationalization: Government has formulated National Tariff Policy with a view to rationalize tariff gradually. The National Board of Revenue (NBR) has undertaken periodic tariff rationalization exercises, gradually reducing para-tariffs for raw materials and intermediates, aligning with a trend towards lower protection. Customs has taken initiatives to review the HS descriptions in the customs tariffs and reduce the generic descriptions (such as "others") and then conduct a continuously review of the descriptions and make improvements. Customs also planned review and address the inverted duty structures to encourage manufacture and value-addition creation in Bangladesh. In addition, Customs has taken initiatives to streamline the duty-tax structures to facilitate the application, transparency and predictability of tariff and facilitate revenue collection.
  2. Automated System: The Automated System for Customs Data (ASYCUDA WORLD) is fully operational, which is a prerequisite for managing complex preferential tariff schedules. Customs planned to develop, test, pilot and roll out a standard business intelligence report within ASYCUDA (through ASYReport or ASYPM) that can provide key metrics, such as (a) overall average customs-only clearance time for imports, (b) overall average customs-only clearance time at Chattogram as per "declaration lane" (red, yellow, green) for imports and (c) overall average customs declaration assessment time per officer (at specific locations: Chattogram, Dhaka Airport, Benapole).

Chapter 3: Rules of Origin

- Core Obligations: Implement the RCEP's Product-Specific Rules (PSR)**,** allow regional cumulation (materials from any RCEP member count as originating), establish procedures for Certificate of Origin issuance and verification, and implement an Approved Exporter scheme.
- Bangladesh's Gap: Current rules are based on bilateral FTAs and are not designed for a pan-regional, accumulation-based system. Limited approved exporter system exists.
- Reform Initiatives Taken:

  1. NSW Integration**:** There are active plans to integrate the Certificate of Origin (CoO) issuance process into the Bangladesh Single Window (BSW) platform for electronic processing.
  2. SOP for Origin Verification: Customs planned to develop the Standard Operating Procedure (SOP) for Origin verification (for FTA, PTA, among others) by Q4 2027.
  3. Approved Exporter scheme**:** Export Promotion Bureau implemented Registered Exporter System for self-certification of origin for exporting to EU.

Chapter 4: Customs Procedures and Trade Facilitation

- Core Obligations**:** Implement a National Single Window, provide Advance Rulings on tariff classification and origin, establish Authorized Economic Operator (AEO) programs, expedite pre-arrival processing, and ensure transparency.
- Bangladesh's Gap: While progress is significant, full legal enablement and inter-agency integration for the Single Window and other advanced measures are still being realized.
- Reform Initiatives Taken:

  1. Bangladesh Single Window (BSW): Officially launched and in the phase-wise operationalization. It aims to connect 39 government agencies involved in cross-border trade. Since 2019, NBR has been implementing the BSW project, aiming to complete it by 2026.[29]
  2. AEO Program: A Pilot AEO Program has been launched by NBR, granting certified traders expedited clearance benefits. Currently 17 firms are provided Authorized Economic Operator facility.[30]
  3. Advance Rulings: Legal provision exists in the Customs Act, and NBR has started developing the detailed procedural guidelines and institutional capacity to issue them systematically. The Advance Ruling Unit shall dispose of any application within 45 (forty-five) working days of its submission by taking a decision under sub-rule (4) of rule 8. The advance ruling facility is currently available only for classification of goods. The system has been in force since June 02, 2016 vide the Customs Ruling (Advance) Rules, 2016.

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[29]https://nbr.gov.bd/uploads/publications/CSP_2024-28_Final_Version.pdf

[30] https://bangladeshcustoms.gov.bd/trade_info/aeo_list

4. Customs Modernization**:** The NBR Customs Strategic Plan 2024-2028 explicitly targets implementation of WTO Trade Facilitation Agreement (TFA) and RCEP-like measures.[31]

Chapter 5: Sanitary and Phytosanitary (SPS) Measures

- Core Obligations: Base measures on international standards and science, conduct risk assessments, ensure transparency in notification, and work towards equivalence and regional cooperation.
- Bangladesh's Gap: SPS infrastructure (labs, inspectors) needs strengthening. Legislation (e.g., Food Safety Act 2013**)** requires updated implementing rules. Quarantine manuals are not fully aligned with international standards.[32]
- Reform Initiatives Taken:

1. Infrastructure Upgrade: Significant donor-funded projects (World Bank, FAO) are upgrading national food safety and animal/plant health laboratories.[33]
2. Risk-Based Inspection: Alongside legal and regulatory reforms, NBR has established the independent Risk Management Commissionerate. Work on developing automated software has already begun.[34]
3. Capacity Building: Continuous training for SPS officials on Codex, OIE, and IPPC standards is conducted.

Chapter 6: Technical Barriers to Trade (TBT)

- Core Obligations: Ensure transparency in developing technical regulations/standards, use international standards as a basis, and work towards conformity assessment cooperation and mutual recognition agreements (MRAs)**.**
- Bangladesh's Gap: The Bangladesh Standards and Testing Institution (BSTI) needs further modernization. The process for developing regulations lacks systematic transparency. Few MRAs are in place.
- Reform Initiatives Taken:

1. BSTI Modernization: The government has taken up a Tk851.93 crore project to expand and modernize the physical and chemical laboratories of Bangladesh Standards and Testing Institution (BSTI) to improve product testing, strengthen consumer protection and ensure better quality control in local and imported goods. A total of 20 new chemical testing laboratories will be built, while 18 existing ones will be upgraded. Besides, 15 new physical testing labs will be installed, and 14 current ones will be developed further. The project also plans to purchase 781 advanced machines and instruments along with chemicals,

[31] https://nbr.gov.bd/uploads/publications/CSP_2024-28_Final_Version.pdf
[32] https://sps.apaari.org/wp-content/uploads/2021/12/Final-Report-PCE-Bangladesh-2019.pdf
[33] https://www.fao.org/bangladesh/programmes-and-projects/project-list/en/
[34] https://nbr.gov.bd/uploads/publications/CSP_2024-28_Final_Version.pdf

certified reference materials, glassware, computers and office equipment. Five specialized system-based laboratories will be set up for testing air-conditioning equipment, refrigeration, transformers, LED lamps and solar modules. Stronger quality control will help local industries grow and make Bangladeshi products more competitive in international markets.[35]

2. Enquiry Point: BSTI has officially designated a WTO TBT Enquiry Point to notify and respond to technical regulation inquiries.
3. e-Application management System: To ensure quality of product and system BSTI develop and implement an eApplication Management System with web-based application submission, billing and payment receipt, SMS services, personnel information and report generating option. As a result, they need to work on different sectors to fully fulfil the purposes. The main objectives of this project are automation of all wing's activities of BSTI.[36]

Chapter 7: Trade Remedies

- Core Obligations: Maintain rights to impose Anti-Dumping (AD), Countervailing (CVD), and Safeguard measures but must follow detailed, transparent, and WTO-consistent procedures with strict timelines.
- Bangladesh's Gap: Institutional capacity to conduct complex, defendable investigations within strict timelines is limited. Legal provisions exist but procedural efficiency needs improvement.
- Reform Initiatives Taken:

1. Legal Framework: The Customs Act and related rules provide the basis for AD/CVD actions. A dedicated Trade Remedies Division is operational under the Bangladesh Trade and Tariff Commission (BTTC).[37] Customs has taken initiatives to develop a specialized Desk to work on trade remedial measures, such as antidumping, and countervailing with charter of duties.[38]
2. Capacity Building: Officials from the BTTC have received extensive training from the WTO, ITC, and other partners on investigation methodologies.
3. Case Initiation: Bangladesh has initiated a few safeguard investigations, demonstrating the operational use of its trade remedy framework.

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[35] https://www.dhakatribune.com/bangladesh/government-affairs/397020/govt-moves-to-modernize-bsti-labs-with-tk851.93cr

[36] https://bsti.portal.gov.bd/sites/default/files/files/bsti.portal.gov.bd/page/c6293e35_a677_4d47_8bce_c6bac9b25e3d/2025-09-23-06-29-0e7ae4627587bf1f8066bb06a0ee23f9.pdf

[37] https://btc.gov.bd/sites/default/files/files/btc.portal.gov.bd/annual_reports/a9cd2fbe_3615_4fe9_bb5f_075ea267bab8/2024-10-16-17-36-c969854acb359fc5285440db1033ea81.pdf

[38] https://nbr.gov.bd/uploads/publications/CSP_2024-28_Final_Version.pdf

Chapter 8: Trade in Services

- Core Obligations: Provide Market Access and National Treatment according to scheduled commitments in specific service sectors. Ensure domestic regulations (licensing, qualifications) are reasonable, objective, and transparent.
- Bangladesh's Gap: Many services sectors (financial, telecom, professional) have ownership or operational restrictions. The process of scheduling specific commitments is complex and requires deep sectoral review.
- Reform Initiatives Taken:

  1. Sectoral Liberalization: Gradual liberalization in telecoms (issuance of 4G/5G licenses) and financial services (allowing digital financial services, updating banking regulations).
  2. Regulatory Updates: Sector regulators (BTRC, Bangladesh Bank, Insurance Development and Regulatory Authority) are continuously updating their regulations, albeit primarily for domestic objectives.

Chapter 10: Investment

- Core Obligations: Provide National Treatment and Most-Favored-Nation Treatment to investors, with restrictions to be listed in a "Negative List." Disciplines on Performance Requirements (e.g., local content rules) and provisions for Transparency.
- Bangladesh's Gap: The current investment regime under the Bangladesh Investment Development Authority (BIDA) still has sectoral restrictions. The legal framework is not fully aligned with modern investment agreement standards like pre-establishment national treatment. One of the foremost challenges to FDI is the unpredictable policy environment (Raihan et al. 2023). Investors cite frequent changes in tax rates, arbitrary revisions of Statutory Regulatory Orders (SROs), and inconsistencies in customs treatment as deterrents. The absence of transparent dispute settlement mechanisms further exacerbates risk perceptions. Although legal provisions permit profit repatriation, procedural bottlenecks remain. Firms report delays in remitting profits, particularly if tax disputes arise. Bangladesh Bank’s policy to limit remittances exceeding USD 10 million without prior approval has created friction with multinational corporations (Raihan et al. 2023). Complications in FDI registration within 14 days and lack of clarity in valuation practices further contribute to uncertainty.[39]
- Reform Initiatives Taken:

  1. BIDA One-Stop Service (OSS): The OSS platform is operational, consolidating services from multiple agencies for investors.
  2. Policy Reforms: BIDA has spearheaded reforms to simplify business registration, online visa issuance for investors, and streamline land allocation.

[39] https://repository.unescap.org/server/api/core/bitstreams/a26f3f7a-fc76-4474-bb4f-83011ec6764f/content

3. Law Review: Ongoing discussions to revise the Foreign Private Investment Act and related policies to make them more competitive and aligned with international best practices.

Chapter 11: Intellectual Property

- Core Obligations: Provides a framework for IP protection and enforcement, building on WTO TRIPS Agreement. The RCEP imposes significant international treaty obligations concerning intellectual property in areas such as copyright, trademarks, and domain names. These include mandates for enforcing technological protection measures, regulating government software use, expanding trademark classifications to include non-traditional signs like 3D shapes and sounds, and establishing procedures for resolving domain name disputes. A major focus is on creating strong enforcement mechanisms, requiring both civil and criminal remedies—including for willful copyright piracy and trademark counterfeiting on a commercial scale—to be incorporated into national laws.
- Bangladesh's Gap: Enforcement of IP Laws remains weak due to capacity constraints and lengthy judicial processes.
- Reform Initiatives Taken:

1. Administrative Modernization: The Department of Patents, Designs and Trademarks (DPDT) has been digitizing its registration processes to reduce backlog and increase transparency.[40]
2. New Laws: Drafts for a new Patent Law and Industrial Designs Law have been prepared with WIPO assistance, though not yet enacted.
3. Capacity Building: Regular training for IP office officials, customs officers, and police on IP enforcement is conducted by DPDT and with donor support.

Chapter 16: Electronic Commerce

- Core Obligations: Provisions on paperless trading, electronic authentication and signatures, online consumer protection, personal data protection, and cross-border data flows. Prohibition of customs duties on electronic transmissions.
- Bangladesh's Gap: The Digital Security Act 2018 has provisions but raises concerns about data flow restrictions. E-commerce consumer protection rules are underdeveloped.
- Reform Initiatives Taken:

1. Personal Data Protection Law: A Personal Data Protection Ordinance has been enacted.
2. National Policy: The National Digital Commerce Policy 2018 provides a framework for e-commerce growth, including elements of consumer trust and digital payments.

[40] https://www.supremeip.com/trademark-examination-in-bangladesh/

3. Digital Infrastructure: Massive investments in digital ID, broadband penetration, and digital financial services create a foundational ecosystem for e-commerce.

6.5 Institutional and Governance Challenges

Bangladesh's prospective accession to RCEP is constrained by deep-seated institutional weaknesses within the public administration, including limited accountability and transparency, inadequate regulatory capacity, and uneven professional autonomy across implementing agencies. These structural deficiencies undermine effective policy coordination, rule-based implementation, and service delivery—capabilities that are essential for complying with the complex, legally binding, and cross-cutting commitments embedded in RCEP (Zhang & Bhattacharjee, 2023). The risks are particularly acute given RCEP's emphasis on transparency, regulatory coherence, and consistent enforcement across multiple policy domains.

Institutional fragility is further reflected in Bangladesh's persistently low tax-to-GDP ratio, which signals systemic weaknesses in revenue administration such as weak enforcement, widespread tax evasion, and extensive discretionary exemptions. These shortcomings severely constrain fiscal space and limit the government's ability to finance adjustment costs, provide compensatory support to affected sectors, and invest in institutional upgrading required under RCEP. Past difficulties in implementing tax reforms highlight the political economy constraints surrounding revenue mobilization, raising concerns about Bangladesh's capacity to equitably distribute the costs and benefits of RCEP integration (Ahmed, 2024).

Bangladesh also faces substantial institutional challenges in the area of intellectual property rights (IPR). Weak enforcement infrastructure, limited technical and human capacity, low stakeholder awareness, and inadequate inter-agency coordination undermine effective IPR protection. These constraints are compounded by lengthy and costly adjudication processes, insufficient safeguards against patent evergreening, weak opposition and review mechanisms, and gaps in substantive IP coverage. Collectively, these factors raise serious concerns regarding Bangladesh's preparedness to implement and enforce RCEP-consistent IPR obligations, particularly those that go beyond baseline TRIPS standards (Ahmed, 2016).

In addition, a major institutional impediment to RCEP accession lies in the lack of harmonization and coherence among domestic standards, regulations, and certification regimes. Conflicting vertical standards—such as those under the Pure Food framework and BSTI—alongside BFSA's horizontal food safety standards, generate regulatory overlap and uncertainty for both consumers and producers. The coexistence of multiple export-oriented certification systems (e.g., BRC, SQF, ISO 22000, FSSC 22000), driven by destination-specific requirements, further complicates compliance and raises transaction costs. These inconsistencies weaken Bangladesh's ability to meet RCEP's SPS and TBT disciplines, which emphasize transparency, scientific risk assessment, regulatory alignment, and mutual recognition. (Zubery, 2020)

Overall, these institutional and political economy constraints suggest that without substantial reforms in governance quality, regulatory coordination, fiscal capacity, and enforcement institutions, Bangladesh may face significant difficulties in effectively implementing RCEP commitments and realizing their intended development gains. High staff turnover and frequent leadership reshuffles in agencies such as the Ministry of Commerce and the Bangladesh

Investment Development Authority (BIDA) further weaken institutional continuity and strategic capacity, impeding sustained policy implementation. These challenges are compounded by weak inter-agency coordination, as evidenced by overlapping mandates between the Ministry of Industries, NBR, and sectoral regulators in areas such as trade facilitation and standards harmonization. International development partners, including the World Bank, have recognized these systemic gaps by financing targeted programs to improve transparency, accountability, and administrative efficiency in revenue administration and planning institutions — an acknowledgment that substantive capacity deficits persist (World Bank 2025). Taken together, this body of evidence supports the view that Bangladesh's public administration faces significant governance and implementation constraints that must be addressed to ensure meaningful and sustained reform, particularly when implementing a comprehensive agreement such as RCEP.

6.6 Socioeconomic and Environmental Concerns

Bangladesh's potential accession to the Regional Comprehensive Economic Partnership (RCEP) presents a complex mix of opportunities and significant socioeconomic and environmental challenges that must be carefully weighed.

While RCEP offers market access and potential for foreign investment, the following concerns are particularly acute for a developing economy like Bangladesh, which is at a critical juncture of graduating from Least Developed Country (LDC) status.

Socioeconomic Concerns

a) Threat to Domestic Industries and De-industrialization:

Bangladeshi industries, particularly manufacturing outside the ready-made garment (RMG) sector, are not yet on par with the industrial giants within RCEP (e.g., China, Japan, South Korea, ASEAN nations). A sudden influx of cheaper imported industrial goods, electronics, and machinery could cripple nascent local industries (e.g., pharmaceuticals, ceramics, light engineering, agro-processing). Even the cornerstone of the economy, the RMG sector, could face stiff competition from more efficient and technologically advanced producers like Vietnam (already an RCEP member) and China. While Bangladesh has expertise in basic garments, it lags in high-value fashion, man-made fibers, and productivity. The government's policy to protect and nurture emerging industries ("infant industries") would be severely constrained by RCEP's rules on reducing tariffs and non-tariff barriers.

b) Fiscal deficit pressure

A significant portion of the Bangladeshi government's revenue comes from import tariffs. RCEP's core requirement is the drastic reduction or elimination of these tariffs on over 90 percent of goods. This would lead to a substantial drop in national revenue, potentially creating a large fiscal deficit. This could force cuts in crucial public spending on healthcare, education, and social safety nets, disproportionately affecting the poor.

c) Impact on Agriculture and Food Security:

Bangladesh's agricultural sector is dominated by smallholder farmers who are not equipped to compete with highly subsidized, cheap agricultural imports from countries like Australia, New Zealand, and Thailand. Key staples could be undercut by imports, leading to falling domestic prices and farmer incomes. This threatens rural livelihoods and could increase urban migration and poverty. Increased dependence on food imports could make Bangladesh vulnerable to global price shocks and supply chain disruptions, undermining national food security.

d) Labor Market and Inequality:

If local industries shrink due to competition, it could lead to job losses in manufacturing and agriculture, exacerbating unemployment and underemployment. Increased competition for jobs and pressure on producers to cut costs to compete with imports could suppress wage growth, worsening working conditions and increasing informality. The benefits of trade (e.g., profits for export-oriented firms, cheaper goods for urban consumers) may accrue to a small elite, while the costs (job losses, lower farmer incomes) are borne by the masses, potentially increasing socioeconomic inequality.

Environmental Concerns

a) Weakening of Environmental Standards:

In a bid to attract investment and remain competitive within the bloc, there could be political pressure to lower or not enforce stringent environmental regulations. This is often termed a "race to the bottom."

b) Increased Pollution and Resource Depletion:

If accession leads to a boom in manufacturing without strong environmental safeguards, it could result in severe air and water pollution, and hazardous waste generation, further straining Bangladesh's already critical environmental challenges. Water-intensive industries could exacerbate water scarcity, particularly in dry regions. Increased economic activity would also lead to higher energy consumption, currently heavily reliant on fossil fuels, contributing to greenhouse gas emissions.

c) Biodiversity Loss:

Increased demand for agricultural exports could lead to the expansion of farmlands into ecologically sensitive areas, leading to deforestation and loss of biodiversity. Pressure to supply raw materials for regional supply chains could lead to unsustainable logging, fishing, and mining practices.

The Critical Context: LDC Graduation

These concerns are magnified by Bangladesh's impending graduation from LDC status. Upon graduation (scheduled for 2026), it will lose its eligibility for international support measures (ISMs), most critically duty-free, quota-free (DFQF) market access to many developed countries. This will make its exports more expensive.

A Double Blow: Acceding to RCEP after graduation could mean facing increased competition from RCEP members in its own market while simultaneously losing its competitive advantage in key export markets like the EU and Canada. This creates a precarious "sandwich" situation.

In summary, while RCEP offers a vision of regional integration, for Bangladesh, the risks of premature de-industrialization, revenue loss, damage to agriculture, and environmental degradation are very real. A cautious, strategic, and well-negotiated approach is essential to avoid exacerbating existing socioeconomic and environmental vulnerabilities.

6.7 Lessons from Challenges Faced by Other Acceding Countries

Analyzing the experiences of other countries that have acceded (or attempted to navigate similar trade blocs) provides crucial lessons for Bangladesh. The challenges faced by nations like Vietnam, Cambodia, Laos, and Malaysia within RCEP, and even countries in other agreements, offer a strategic playbook of what to avoid and how to prepare. Here are the key lessons from other acceding countries, categorized for clarity:

1. Protecting Domestic Industries: The "Vietnam" Lesson

Vietnam, despite being a manufacturing powerhouse, has a domestic private sector that is often considered less competitive than its state-owned or foreign-invested enterprises.[41] Upon joining FTAs like RCEP and CPTPP, they faced pressure from more efficient producers.[42] The lesson for Bangladesh is not to assume that export champions are ready for everything. Liberalization must be asymmetric and phased. Bangladesh must conduct a thorough, sector-by-sector Impact Competitiveness Analysis and identify which industries are competitive (e.g., RMG) and can benefit from cheaper raw material imports (e.g., fabrics, yarn) and greater market access. The analysis also should identify the vulnerable but promising (e.g., leather goods, pharmaceuticals, ceramics) which may require a 10–15-year tariff phase-out period, combined with government support for technology upgradation and quality control and critically vulnerable (e.g., agriculture, small-scale manufacturing) sector which require to be shielded via tariff quotas (TRQs) or complete exclusion from liberalization schedules.

2. Revenue Loss: The "Cambodia & Laos" Lesson

As Least Developed Countries (LDCs), Cambodia and Laos are highly dependent on import tariffs for government revenue (over 8-11 percent of tax revenue).[43] RCEP's tariff reductions pose a direct threat to their national budgets, potentially crippling their ability to fund public services. In case of Cambodia, this loss in trade tariff revenue is about $334.6 million each year which is equivalent to 1.24 percent of GDP in 2019, approximately the size of the country's entire public health expenditure, which constitutes around 1.3 percent of GDP.[44] The lesson for Bangladesh is to begin fiscal reform now, not after accession. Bangladesh has a very similar revenue structure and is also graduating from LDC status.

[41] OECD (2025), OECD Economic Surveys: Viet Nam 2025, OECD Publishing, Paris, https://doi.org/10.1787/fb37254b-en.
[42] Nguyen, T. H. (2022). Opportunities and challenges for Vietnamese enterprises when participating in CPTPP. International Journal of Advanced Multidisciplinary Research Studies, 2(4), 90–97.
[43] World Bank Data 2022 and 2023
[44] Banga, R., Gallagher, K. P., & Sharma, P. (2021). *RCEP: Goods market access implications for ASEAN* (GEGI Working Paper No. 045). Boston University Global Development Policy Center. https://www.bu.edu/gdp/files/2021/03/GEGI_WP_045_FIN.pdf

The government must urgently broaden its tax base by strengthening domestic revenue mobilization (DRM) which includes improving income and corporate tax collection, implementing a robust Value Added Tax (VAT) system effectively, plugging tax evasion and illicit financial flows and lastly simulate the revenue loss from different tariff liberalization scenarios to plan the budget accordingly.

3. Agriculture and Livelihoods: The "India" Lesson (from staying out)

India chose to not join RCEP primarily due to vehement opposition from its agricultural and dairy sectors. Farmers' unions argued that a flood of cheaper dairy products from Australia and New Zealand, and palm oil from ASEAN, would devastate the livelihoods of millions of smallholder farmers.[45] The lesson for Bangladesh is that the agriculture sector is a socio-political minefield. Protecting it is not just economic but essential for national stability. Therefore, Bangladesh must treat agriculture with extreme caution. It should identify "sensitive tariff lines" for key staples (rice, vegetables, dairy, poultry) and negotiate for their exclusion or very high protection. Bangladesh may use Tariff Rate Quotas (TRQs) instead of full liberalization (e.g., allow a limited quantity of a product to be imported at a low tariff, then a very high tariff for any amount beyond that quota). Bangladesh needs to invest heavily in agricultural productivity, cold chains, and processing facilities to build competitiveness from within.

4. Leveraging Investment: The "Malaysia/Thailand" Lesson

More developed ASEAN members have successfully used large FTAs to attract foreign direct investment (FDI) aimed at leveraging the new trade rules. Companies set up factories in these countries to access the entire bloc tariff-free.[46] The lesson for Bangladesh is that RCEP is not just about trade; it's about positioning in supply chains. The goal is to attract FDI that uses Bangladesh as an export hub. Bangladesh must proactively market itself as an attractive destination within the RCEP bloc. This requires massively improving ease of doing business by streamlining regulations, reducing bureaucracy, and ensuring policy predictability, developing infrastructure including ensuring ports, roads, and energy supply are efficient and reliable to be a link in modern supply chains and upskilling labor through moving beyond basic garment manufacturing to higher-value industries that investors might bring.

5. Lesson on Environmental and Labor Standards: The "CPTPP" Lesson

While RCEP's standards are lower than the CPTPP, there is a growing global trend of linking trade with sustainability.[47] Vietnam, under the CPTPP, had to undertake significant labor reforms (allowing independent trade unions) to comply.[48] Therefore, for Bangladesh proactive

[45] Press Trust of India. (2019, November 4). *Industry, traders & farmers welcome India's decision to not sign RCEP*. The Times of India. https://timesofindia.indiatimes.com/business/india-business/industry-traders-farmers-welcome-indias-decision-to-not-sign-rcep/articleshow/71909005.cms

[46] Loh, W. K. (2022). *Opportunities for growth in food trade between Malaysia and China.* In *RCEP: Can multilateralism lead to economic growth in Asia Pacific?* Cheung Kong Graduate School of Business. https://english.ckgsb.edu.cn/knowledge/wp-content/uploads/2022/11/Report_RCEP_web.pdf

[47] Malingrey, L., & Duval, Y. (2021). *Mainstreaming sustainable development in regional trade agreements: Comparative analysis and way forward for RCEP* (AWP213). United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). https://www.unescap.org/sites/default/d8files/knowledge-products/AWP213_0.pdf

[48] International Organisation of Employers (IOE). (2024, December). *Viet Nam: New law on trade unions.* Industrial Relations and Labour Law News. https://industrialrelationsnews.ioe-emp.org/industrial-relations-and-labour-law-december-2024/news/article/viet-nam-new-law-on-trade-unions

compliance is better than forced reform. Bangladesh may utilize the accession process as an impetus to uplift standards, which is a long-term benefit. Bangladesh may proactively strengthen and enforce environmental laws. This pre-empts accusations of a "race to the bottom" and avoids potential future disputes. Bangladesh may also continue efforts to improve factory safety (building on the ACCORD/ALLIANCE legacy) and align labor laws with international standards. This improves the country's brand and reduces the risk of sanctions or trade challenges.

6.8 Simultaneous Impact of LDC graduation and RCEP on Bangladesh economy

Raihan et al (2024) found that when LDC graduation and RCEP are implemented simultaneously, Bangladesh’s exports are projected to decline by about 15 percent, approximately 3.2 percentage points more than under the LDC graduation–only scenario. Export changes for other countries remain largely comparable to those observed in the RCEP-only scenario.

The study suggests that nearly 12 percentage points of the export contraction can be attributed to LDC graduation, while the remaining 3 percentage points result from RCEP participation. The adverse effects of LDC graduation are further intensified when RCEP is introduced concurrently, affecting all major Bangladeshi export sectors. Exports of processed food and frozen fish are estimated to fall by about 13 percent, while exports of RMG and leather and leather products decline by 17.3 percent and 16.4 percent, respectively. As in the LDC graduation–only scenario, industrial and services sectors continue to record export growth, although at a lower rate.

Overall, the combined effect of LDC graduation and effective RCEP implementation is estimated to generate a welfare loss for Bangladesh equivalent to 2.4 percent of GDP. Welfare outcomes for other countries remain broadly unchanged from those reported in the RCEP-only scenario.

Although this study finds that RCEP participation leads to an expansion of Bangladesh’s exports and imports, Raihan et al. report an overall decline in exports under a scenario combining RCEP accession with LDC graduation. This apparent discrepancy reflects differences in scenario design rather than conflicting conclusions. Raihan et al. show that the majority of the export contraction is driven by LDC graduation–induced preference erosion, while the additional impact of RCEP is relatively modest. Taken together, the findings indicate that RCEP can be trade-enhancing for Bangladesh, but its net effects critically depend on the timing of accession, the loss of LDC preferences, and the implementation of appropriate adjustment and competitiveness-enhancing policies.

6.9 RCEP in Comparative Perspective—Strategic Trade Policy Options

While RCEP represents the world's largest regional trade agreement in terms of economic size, it is not the only pathway available for advancing trade integration. Alternative strategies—including bilateral free trade agreements (FTAs), accession to high-standard plurilateral agreements such as the CPTPP, and enhanced South–South cooperation—present distinct trade-offs in terms of market access, regulatory commitments, and implementation capacity.

Compared with bilateral FTAs, RCEP offers broader geographic coverage but relatively modest incremental market access, particularly for goods, given existing ASEAN+1 agreements. CPTPP, by contrast, provides deeper disciplines in areas such as services liberalization, investment protection, state-owned enterprises, and digital trade, but at the cost of significantly higher regulatory and institutional adjustment burdens.

Enhanced South–South cooperation frameworks, including BIMSTEC and other regional initiatives, may offer greater policy flexibility and lower compliance costs, but often lack enforceable market access commitments and effective dispute settlement mechanisms. For capacity-constrained economies, the opportunity cost of allocating negotiating and implementation resources to RCEP is non-trivial. Pursuing RCEP may crowd out the ability to negotiate deeper bilateral FTAs in priority markets or to undertake the regulatory reforms required for high-standard agreements such as CPTPP. Consequently, the choice is not binary; rather, it involves strategic sequencing. RCEP accession may be more appropriate as a medium- to long-term objective, following targeted bilateral engagements and domestic regulatory strengthening.

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7. Flexibilities Analysis

7.1 Understanding Flexibility Provisions

The RCEP Agreement contains various transitional measures and exemptions that, in certain cases, offer additional flexibility to Least Developed Countries (LDCs) considering their economic and institutional capacity. These flexibilities aim to ensure a more inclusive trade environment by enabling LDCs to integrate gradually and sustainably into the regional economic framework, without facing abrupt liberalization pressures that could destabilize their domestic industries or regulatory systems.

One of the most significant flexibilities lies in tariff liberalization commitments. While developed and more advanced RCEP members are expected to eliminate tariffs on most goods within a short timeframe, LDCs are permitted a much slower pace—liberalizing only 30 percent of tariffs within the first 10 years and 80 percent over 15 years. This extended schedule allows domestic industries in LDCs to adapt to increased competition and gives governments more time to develop supportive policies and infrastructure.

In terms of rules of origin, which are critical for determining whether goods qualify for preferential treatment under the agreement, LDCs are granted 20 years to fully implement the required certification systems, compared to just 10 years for other members. This concession acknowledges the complex administrative capacity and institutional gaps that often hinder compliance in less developed economies.

Trade facilitation is another area where LDCs benefit from extended implementation timelines. As outlined in Annex 4A of the agreement, specific provisions such as those relating to customs procedures, advance rulings, and publication requirements are subject to defined periods within which full implementation must commence, starting from the date the agreement enters into force. These phased commitments allow LDCs the necessary time to strengthen administrative capacity and align their trade systems with international standards, supported where appropriate by targeted technical assistance and cooperation.

Safeguard mechanisms also reflect a pro-LDC approach. Transitional RCEP safeguard measures, which allow countries to temporarily restrict imports to protect a domestic industry, can be maintained by LDCs for up to five years. Moreover, when these measures are applied by an LDC, the agreement explicitly waives the obligation to offer compensation to affected trading partners and even prohibits the imposition of countermeasures in many cases. This ensures that protective actions taken by LDCs in the face of sudden import surges do not trigger retaliatory disputes that could harm their fragile economies.

Dispute settlement procedures further reinforce RCEP's development-sensitive architecture. When an LDC is a party to a dispute, other members are expected to exercise "due restraint" in initiating or escalating proceedings. The agreement mandates that panels consider the special circumstances of LDCs and that final rulings explain how the LDC's requests for special consideration were addressed. These safeguards reduce the risk of punitive actions against LDCs and foster a more equitable dispute resolution environment.

Finally, the agreement places strong emphasis on technical assistance and capacity building. Article 15.5 and related provisions commit RCEP members to providing targeted support to developing and least developed country parties. This includes legal and technical training, institutional strengthening, and infrastructure development assistance, ensuring that LDCs are not left behind in the implementation phase. These support mechanisms are particularly important for long-term compliance and for unlocking the full benefits of regional integration.

Overall, the flexibility provisions in RCEP reflect a deliberate and well-structured attempt to make regional economic integration more inclusive and development friendly. By embedding extended timelines, exemptions, and technical support mechanisms, the agreement recognizes the asymmetries within the region and works toward reducing them through cooperative and equitable means.

7.2 Comparative Analysis of Flexibilities Granted to Laos, Cambodia, Myanmar, and Vietnam in RCEP

Table 13:Comparative analysis of flexibilities granted in RCEP

Chapters and Provision	**LDC flexibility in RCEP text**
Trade in Goods	The RCEP member countries will eliminate tariff for 65 percent of its import product lines within 10 years and up to 90 percent in 20 years after coming into effect as ratified. However, concerning the unbalanced levels of development among members, RCEP provides special provision to the least developed members, which are Cambodia, Myanmar and Lao PDR (CML). CML countries will eliminate tariff for 30 percent of imported products from member countries in the first 10 years and 80 percent in 15 years[49].
Rules of Origin - Article 3.16 (Proof of Origin)	The members shall implement 'declaration of origin by an exporter or producer' no later than 10years after their respective dates of entry into force. For LDCs, it's 20 years
Customs Procedures and Trade Facilitation (ANNEX 4A)	Specific transition timelines for implementing trade facilitation commitments presented in table-04
Trade Remedies Article 7.5. b (Scope and Duration of Transitional RCEP Safeguard measures)	Duration and transitional RCEP safeguard measures. LDC duration – 3+1(exceptional)+1 LDC=total 5years
Trade Remedies Article 7.6.2 (*De Minimis* Imports and Special Treatment)	A provisional or transitional RCEP safeguard measure shall not be applied to an originating good of any least development country party
Trade Remedies Article 7.7.6 (Compensation)	A LDC party that applies or extends a transitional RCEP safeguard measure shall not be requested for any compensation by the affected parties

[49] *Regional Comprehensive Economic Partnership (RCEP) Potential Concerns for Domestic Industries* (n.d.).

Trade in Services Article 8.7.5 (Schedules of Specific Commitments)	Least Developed Country Parties which are Member States of ASEAN are not obliged to identify 8-12 sectors or subsectors for future liberalisation. These Parties may, however, do so on a voluntary basis.
Trade in Services Article 8.8.2 (Schedules of Non-Conforming Measures)	Article 8.4 (National Treatment), Article 8.5 (Market Access), Article 8.6 (Most-Favoured-Nation Treatment), and Article 8.11 (Local Presence) shall not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors, or activities set out in List B of its Schedule in Annex III (Schedules of Reservations and Non-Conforming Measures for Services and Investment).
Trade in Services 8.12.1 (Transition)	Within three years after the entry into force of the Agreement (12 years for Laos, Cambodia, and Myanmar), they will submit a Negative List and provide an equal or higher level of commitments on liberalization. These must be achieved within 6 years after the date of entry into force of the Agreement (15 years for Laos, Cambodia, and Myanmar) to realize a higher level of trade-in-services liberalization with commitments using a Negative List.
Investment 10.6.1 (Prohibition of Performance Requirements)	Subparagraphs f and h shall not apply to Cambodia, Lao PDR and Myanmar **(f):** A Party cannot require an investor to transfer technology, production processes, or proprietary knowledge to a local person. **(h):** A Party cannot force an investor to adopt a specific royalty rate or amount in a licence contract, as long as the contract is freely negotiated between the investor and a local person. (This does not apply if the licence contract is with the government itself.)
Electronic Commerce 12.5.1(a) (Paperless Trading)	Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this subparagraph for a period of five years after the date of entry into force of this Agreement. (a) work towards implementing initiatives which provide for the use of paperless trading, taking into account the methods agreed by international organisations including the World Customs Organization
Electronic Commerce 12.6.1 (Electronic Authentication and Electronic Signature)	1. Except in circumstances otherwise provided for under its laws and regulations, a Party shall not deny the legal validity of a signature solely on the basis that the signature is in electronic form Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement

Electronic Commerce 12.7.2 (Online Consumer Protection)	2. Each Party shall adopt or maintain laws or regulations to provide protection for consumers using electronic commerce against fraudulent and misleading practices that cause harm or potential harm to such consumers Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement
Electronic Commerce 12.8.1 (Online Personal Information Protection)	Each Party shall adopt or maintain a legal framework which ensures the protection of personal information of the users of electronic commerce Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement
Electronic Commerce 12.10.1 (Domestic Regulatory Framework)	1. Each Party shall adopt or maintain a legal framework governing electronic transactions, taking into account the *UNCITRAL Model Law on Electronic Commerce 1996*, the *United Nations* *Convention on the Use of Electronic Communications in International Contracts* done at New York on 23 November 2005, or other applicable international conventions and model laws relating to electronic commerce. Cambodia shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement.
Electronic Commerce 12.14.2 (Location of Computing Facilities)	2. No Party shall require a covered person to use or locate computing facilities in that Party's territory as a condition for conducting business in that Party's territory. Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement, with an additional three years if necessary. Viet Nam shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement
Electronic Commerce 12.15.2 (Cross-border Transfer of Information by Electronic Means)	3. A Party shall not prevent cross-border transfer of information by electronic means where such activity is for the conduct of the business of a covered person Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement, with an additional three years if necessary

Competition Annex 13a Application Of Article 13.3 (Appropriate Measures Against Anti-Competitive Activities) And Article 13.4 (Cooperation) To Brunei Darussalam	Brunei Darussalam is granted a three-year transitional period from the date the RCEP Agreement enters into force to fully comply with its obligations under Article 13.3 (Anti-Competitive Measures) and Article 13.4 (Cooperation)
Competition Annex 13b Application Of Article 13.3 (Appropriate Measures Against Anti-Competitive Activities)	Cambodia is allowed a five-year transitional period from the date the RCEP Agreement enters into force to meet its obligations under Article 13.3 (Anti-Competitive Measures) and Article 13.4 (Cooperation).
Competition Annex 13c Application Of Article 13.3 (Appropriate Measures Against Anti-Competitive Activities)	Lao PDR is given a three-year transitional period from the date of RCEP's entry into force to comply with Article 13.3 (Anti-Competitive Measures) and Article 13.4 (Cooperation).
Competition Annex 13d Application Of Article 13.3 (Appropriate Measures)	Myanmar is provided a three-year transitional period from the RCEP Agreement's entry into force to fully comply with Article 13.3 (Anti-Competitive Measures) and Article 13.4 (Cooperation)
Economic and Technical Cooperation Article 15.5,2 (a) : Work Programme	Provide capacity building and technical assistance to developing country Parties and Least Developed Country Parties
Economic and Technical Cooperation Article 15.6: Least Developed Country Parties which are Member States of ASEAN	The Parties shall take into consideration specific constraints faced by Least Developed Country Parties which are Member States of ASEAN.
GOVERNMENT PROCUREMENT Article 16.2.1: Scope	Nothing in this Chapter shall require a Least Developed Country Party to undertake any obligation regarding transparency and cooperation. A Least Developed Country Party may benefit from cooperation among the Parties.
General Provisions and Exceptions Article 17.15.4: Measures to Safeguard the Balance of Payments	It is recognized that particular pressures on the balance of payments of a Party in the process of economic development or economic transition may necessitate the use of restrictions to ensure, *inter alia*, the maintenance of a level of financial reserves adequate for the implementation of its programme of economic development or economic transition;

Dispute Settlement Article 19.18: Special and Differential Treatment Involving Least Developed Country Parties	In the RCEP Agreement, special and differential treatment is granted to Least Developed Country (LDC) Parties during dispute settlement. At every stage of a dispute involving an LDC, particular consideration must be given to its special circumstances, and other Parties are expected to exercise due restraint in raising or pursuing such disputes. If it is found that an LDC's measure has caused harm (nullification or impairment), the complaining Party should avoid taking harsh actions such as demanding compensation or suspending concessions under Article 19.17. Furthermore, when a dispute involves an LDC, the panel's final report must clearly state how the LDC's request for special treatment, as allowed under the Agreement, was taken into account. This provision ensures a fairer and more supportive process for LDCs within the dispute settlement framework.

Source: Author's compilation from RCEP Agreement Text

Table 14: Transition Period given to CLMV countries for signing Multilateral Agreements related to IPR

Provision	**Transition Period**			
	Cambodia	**Lao**	**Myanmar**	**Vietnam**
Subparagraph 1(e) of Article 11.9 (Multilateral Agreements) (with respect to the WCT)	10 years, which may be extended once for five years	10 years		3 years
Subparagraph 1(f) of Article 11.9 (Multilateral Agreements) (with respect to the WPPT- WIPO Performances and Phonograms Treaty)	10 years, which may be extended once for five years	10 years		3 years
Subparagraph 1(g) of Article 11.9 (Multilateral Agreements) (with respect to the Marrakesh Treaty)		15 years		5 years
Subparagraphs 1(a) through (g) of Article 11.9 (Multilateral Agreements) (with respect to the Paris Convention, the Berne Convention, the PCT, the Madrid Protocol, the WCT, the WPPT, and the Marrakesh Treaty)			10 years	
Article 11.14 (Circumvention of Effective Technological Measures)	10 years, which may be extended once for five years			
Article 11.15 (Protection for Electronic Rights Management Information)	10 years, which may be extended once for five years			
Article 11.19 (Trademarks Protection) (with respect to sound marks)	10 years, which may be extended once for five years	15 years	10 years	3 years
Subparagraph 2(a) of Article 11.22 (Registration and Applications of Trademarks)		10 years		5 years
Subparagraphs 2(a) and (b) of Article 11.22 (Registration and Applications of Trademarks)	10 years, which may be extended once for five years		5 years	
Article 11.30 (Domestic Administrative Procedures for the Protection of Geographical Indications)			10 years	
Article 11.48 (Protection of New Varieties of Plants)	10 years, which may be extended once for five years		5 years	
Paragraph 2 of Article 11.62 (Destroying Infringing Goods and Materials and Implements)	10 years, which may be extended once for five years			
Subparagraph 1(a) of Article 11.64 (Provisional Measures)	10 years, which may be extended once for five years			
Article 11.70 (Information Provided by Right Holders to Competent Authorities in Case of *Ex Officio* Action)			3 years	
Subparagraphs 3(b) and (c) of Article 11.74 (Criminal Procedures and Penalties)	10 years, which may be extended once for five years			
Article 11.75 (Effective Action against Infringement in the Digital Environment)	10 years, which may be extended once for five years		10 years	

Source: Author's compilation from RCEP agreement text

The RCEP Agreement reflects a differentiated flexibility framework for Cambodia, Laos, Myanmar, and Vietnam, designed in accordance with each country's respective stage of economic development. Cambodia, Laos, and Myanmar classified as Least Developed Countries (LDCs) enjoy the most comprehensive and prolonged transitional arrangements, while Vietnam, as a lower-middle-income but non-LDC ASEAN member, is subject to shorter implementation timelines and fewer exemptions. In the field of Intellectual Property Rights (IPR), these LDCs are granted transition periods ranging from 10 to 15 years under key multilateral agreements, including the WIPO Copyright Treaty (WCT), the WIPO Performances and Phonograms Treaty (WPPT), and the Marrakesh Treaty. Many of these periods can be extended by an additional five years, providing a crucial buffer for administrative preparedness and legal harmonization. Vietnam, by contrast, is generally allowed only 3 to 5 years, reflecting its higher baseline of regulatory capacity.

Trade facilitation commitments, especially under Chapter 4 and Annex 4A, similarly reflect this asymmetry. Cambodia, Laos, and Myanmar benefit from three to five years of grace periods to comply with obligations related to advance rulings, publication requirements, legal representation mechanisms, and notification processes. These flexibilities are critical given the institutional and procedural constraints these countries often face in customs modernization and administrative transparency.

In the area of competition policy, detailed under Chapter 13, Cambodia was granted a five-year transitional period to align its domestic legal framework with RCEP’s provisions on anti-competitive behavior and cooperation, while Laos and Myanmar received a three-year grace period.

One of the most significant flexibility areas lies in services liberalization under Chapter 8. Cambodia, Laos, and Myanmar have up to 12 years to submit their negative list schedules a framework outlining sectors exempted from liberalization and a total of 15 years to bring these commitments in line with RCEP’s broader liberalization objectives. This extended timeline ensures these countries can undergo domestic consultations, build institutional support, and undertake sectoral readiness assessments before opening sensitive sectors to regional competition. Vietnam, on the other hand, did not receive such derogation and was required to conform within a much shorter timeframe, underscoring its more advanced economic status.

The three LDCs are granted a five-year exemption from the application of numerous provisions, with the possibility of extending the exemption by another three years. These cover issues such as performance requirements, compensation standards, and transparency in investor-state relations. Vietnam, in contrast, received only a five-year exemption without renewal options.

By embedding flexibility through staggered implementation schedules, transition periods, and exemptions, RCEP facilitates more inclusive integration, allowing weaker economies to adjust gradually without facing immediate pressure to liberalize. Such a differentiated approach not only enhances the political viability of RCEP among LDC members but also helps ensure that regional economic integration progresses in a balanced and equitable manner, preserving policy space and minimizing structural shocks to vulnerable economies.

Table 15:Flexibilities in Trade Facilitation (Article 4.1)

Article no	Article headline	Timeline (Years)							
		Brunei	**Cambodia**	**China**	**Indonesia**	**Lao**	**Malaysia**	**Myanmar**	**Viet Nam**
4.4	Consistency			5				5	
4.5	Transparency							5	
4.6	Enquiry Points							2	
4.7	Customs Procedures							5	
4.9	Pre-arrival Processing		5					5	31December 2023
4.10	Advance Rulings				28February 2022	3-5		5	31December 2021
4.11	Release of Goods		5			3-5		5	31December 2021
4.12	Application of Information Technology		5			3-5		5	
4.13	Trade Facilitation Measures for Authorised Operators	28 February 2022	5			5		5	31 December 2023
4.14	Risk Management				28February 2022	3		5	31 December 2023
4.15	Express Consignments		5			3-5	28February 2022	5	31December 2023
4.16	Post-clearance Audit							5	31December 2021
4.17	Time Release Studies							5	
4.18	Review and Appeal	31 March 2023							
4.19	Customs Cooperation		5					5	
4.20	Consultations and Contact Points							5	

Source: Author’s compilation from RCEP agreement text

7.3 Lessons from Other Acceding Countries

Cambodia, Laos, Myanmar, and Vietnam offer valuable lessons on leveraging transitional arrangements within RCEP. These countries negotiated substantial flexibilities, especially in the areas of intellectual property rights (IPR), trade facilitation, and competition policy. under Chapter 11, Cambodia, Laos, and Myanmar secured transition periods ranging from 10 to 15 years for treaties such as the WIPO Copyright Treaty, WPPT, and Marrakesh Treaty—some of which can be extended by five more years. In customs procedures and trade facilitation, all four countries received 3–5-year grace periods for establishing advance rulings and related procedures. Anti-competition commitments under Article 13 were delayed for up to five years, depending on the country. Additionally, Cambodia, Laos, and Myanmar gained 12–15 years to fully implement negative list commitments in services liberalization, a privilege not granted to Vietnam.

7.4 Flexibilities for Bangladesh acceding to RCEP after LDC graduation

Below is a chapter-wise simulation of Bangladesh's accession to RCEP after LDC graduation, explicitly distinguishing (i) flexibilities that would be lost automatically and (ii) flexibilities that could still be renegotiated.

1. Trade in Goods

Upon acceding to RCEP as a post-LDC developing country, Bangladesh would automatically lose the deep tariff asymmetry granted to Cambodia, Lao PDR and Myanmar (CML), including lower tariff-elimination thresholds and shorter product coverage during the initial implementation period. Bangladesh would instead be expected to conform broadly to the standard RCEP tariff-liberalisation benchmarks, involving the elimination of tariffs on approximately two-thirds of tariff lines within the first decade and up to 90 per cent over a longer horizon. These LDC-specific flexibilities are embedded in tariff schedules as hard-law commitments and therefore cannot be claimed post-graduation. Nevertheless, Bangladesh could seek to renegotiate longer phase-out periods, higher exclusion lists, or back-loaded liberalisation for sensitive sectors—such as agriculture, textiles, and light engineering—through accession-specific schedules. While such renegotiated outcomes would not replicate LDC entitlements, they could partially preserve adjustment space if secured as binding schedule commitments.

2. Rules of Origin

In the area of rules of origin, Bangladesh would forfeit the extended 20-year transition period available to LDCs for implementing exporter or producer self-certification of origin under Article 3.16. As a non-LDC acceding party, Bangladesh would be subject to the general RCEP obligation to adopt self-certification within a shorter timeframe, increasing administrative and compliance demands on customs authorities and exporters. This loss is automatic because the transition period is explicitly limited to LDCs and constitutes a hard-law procedural flexibility. The scope for renegotiation in this chapter is limited, although Bangladesh may seek technical assistance, phased pilot implementation, or capacity-building support under customs cooperation provisions. Such accommodations, however, would be operational rather than legal substitutes for the lost LDC flexibility.

3. Customs Procedures and Trade Facilitation

Bangladesh's accession after LDC graduation would remove its eligibility for the most extended and tailored implementation timelines granted to LDCs under Annex 4A of the Customs Procedures and Trade Facilitation chapter. As a developing country party, Bangladesh would be expected to implement trade facilitation commitments within the standard RCEP transition framework, reducing the margin for delayed compliance in areas such as risk management, advance rulings, and post-clearance audit. While these LDC flexibilities are legally binding and time-specific, Bangladesh could still renegotiate differentiated implementation schedules by demonstrating capacity constraints during accession negotiations. Such renegotiated timelines, if incorporated into annexes or country schedules, could offer functional equivalence, though they would be narrower and more conditional than LDC-based entitlements.

4. Trade Remedies

One of the most significant consequences of post-LDC accession for Bangladesh would be the loss of strong, legally binding protections in the trade remedies chapter. Bangladesh would no longer benefit from exemptions that prevent the application of transitional safeguards to LDC imports, immunity from compensation requirements, or extended safeguard durations. These provisions provide substantive legal immunities to LDCs and are among the deepest forms of special and differential treatment in RCEP. Once graduated, Bangladesh would be fully subject to safeguard measures initiated by other RCEP members and required to offer compensation where applicable. There is virtually no scope for renegotiating these flexibilities, as they are framed as categorical LDC exceptions rather than negotiable transition arrangements.

5. Trade in Services

In services, Bangladesh would lose access to LDC-specific sequencing flexibilities, particularly those exempting ASEAN LDCs from identifying sectors for future liberalisation and granting extended timelines to transition to a negative-list scheduling approach. As a non-ASEAN, non-LDC acceding party, Bangladesh would be required to undertake forward-looking liberalisation commitments and move toward a negative list within the general RCEP timeframe. These losses reflect the structural nature of services commitments and cannot be automatically avoided post-graduation. However, Bangladesh could renegotiate the depth and pace of liberalisation through broader reservations, carefully designed non-conforming measures, and a more gradual expansion of sectoral coverage. While these strategies cannot replicate LDC exemptions, they can mitigate adjustment pressures in sensitive service sectors.

6. Investment

Bangladesh's graduation would also eliminate access to LDC-specific exemptions from certain investment disciplines, notably those related to performance requirements such as mandatory technology transfer or restrictions on royalty arrangements. These exemptions preserve industrial policy space for LDCs and are legally enforceable carve-outs under RCEP. After graduation, Bangladesh would be required to comply with the full set of investment obligations, potentially constraining policy tools used for domestic capability building. Nonetheless, Bangladesh could renegotiate limited policy space by listing existing non-conforming measures, securing sector-specific reservations, or carving out strategic industries and special economic zones in its investment schedule. Such renegotiated flexibilities would be narrower and subject to standstill and ratchet disciplines but could still offer targeted protection.

7. Electronic Commerce

In the electronic commerce chapter, Bangladesh would lose the benefit of extended non-application periods granted to LDCs for obligations relating to paperless trading, electronic signatures, consumer protection, data protection, cross-border data flows, and data localisation. These flexibilities are strictly time-bound and legally defined, meaning they cannot be claimed after graduation. As an acceding developing country, Bangladesh would be expected to align more rapidly with RCEP's digital trade disciplines, reducing the scope for regulatory experimentation. However, Bangladesh could still negotiate transitional implementation periods, public policy exceptions, and regulatory safeguards to sequence compliance. Such renegotiation would focus on timing and regulatory design rather than permanent exemption from digital obligations.

8. Competition Policy

Post-LDC accession would mean that Bangladesh could not rely on LDC-specific transitional periods in establishing and enforcing competition laws under Chapter 13. Bangladesh would be expected to implement competition disciplines within standard RCEP timelines, including adopting appropriate measures against anti-competitive conduct and engaging in cooperation with other parties. Unlike some other chapters, competition policy offers moderate renegotiation space, as transition periods have been granted to non-LDC developing members such as Brunei and Viet Nam. Bangladesh could therefore credibly seek extended institutional adjustment periods based on capacity constraints, though these would be transitional rather than exemption-based.

9. Government Procurement

Bangladesh would automatically lose the LDC exemption from transparency and cooperation obligations in the government procurement chapter. While RCEP does not impose full market-access commitments in procurement, the loss of this exemption would require Bangladesh to comply with procedural disciplines unless specific reservations are negotiated. Bangladesh could still renegotiate the scope of application by limiting coverage, setting high thresholds, or excluding sensitive entities and sectors. These options would allow partial preservation of policy space but would not fully substitute for the categorical LDC opt-out.

10. Economic and Technical Cooperation

Economic and technical cooperation provisions would remain available to Bangladesh after graduation, as they apply broadly to developing country parties. However, Bangladesh would no longer benefit from from explicitly recognizing the special constraints of LDCs. These provisions are soft-law in nature, relying on best-endeavor commitments rather than enforceable rights. While Bangladesh could continue to access capacity-building initiatives, the loss of LDC status would reduce the normative priority attached to its needs.

11. Dispute Settlement

Finally, Bangladesh would lose access to special and differential treatment in dispute settlement reserved for LDCs, including requirements for due restraint by complainants and explicit consideration of LDC circumstances by panels. After graduation, Bangladesh would be treated as a regular developing country party, fully exposed to RCEP's dispute settlement procedures. This loss is automatic and not subject to renegotiation, though Bangladesh could rely on diplomatic engagement and coalition-building to mitigate litigation risks in practice.

Overall Implication

Taken together, Bangladesh's post-LDC accession to RCEP would mark a transition from entitlement-based flexibilities to negotiated, chapter-specific accommodations. The most significant and irreversible losses would occur where RCEP embeds hard-law LDC exemptions, particularly in trade remedies, investment, services sequencing, and dispute settlement. Renegotiation remains possible primarily in areas involving implementation timelines and sectoral coverage, underscoring the strategic importance of accession sequencing and negotiation preparedness in the post-LDC context.

7.5 Implications of RCEP Flexibilities for Bangladesh's Specific Industries after LDC Graduation

The flexibilities embedded in RCEP—particularly the common rules of origin and differentiated tariff liberalisation schedules—operate as a double-edged sword for Bangladesh in the post-LDC context. While these provisions have facilitated deep regional production integration among RCEP members, Bangladesh's exclusion from these flexibilities after graduation would reshape its competitive position across key sectors. The sectoral implications are uneven, producing short-term adjustment pressures alongside selective long-term opportunities, depending on the degree of value-chain integration, import dependence, and sensitivity to tariff preferences.

Textiles and Ready-Made Garments (RMG): Erosion of Preference Competitiveness

The RMG sector, which accounts for more than 80 per cent of Bangladesh's exports, would face the most immediate and pronounced adverse effects from non-participation in RCEP flexibilities. RCEP's common and cumulative rules of origin allow member countries—most notably Vietnam—to source inputs such as yarn, fabric, and accessories from across the bloc and still qualify for preferential market access under a single agreement. This significantly lowers compliance costs and enhances supply-chain efficiency. Upon accession to RCEP, Bangladesh would formally qualify for preferential tariff treatment in major RCEP markets. However, as a late-acceding, post-LDC developing country, Bangladesh may face less favourable tariff phase-out schedules and higher effective compliance costs under RCEP rules of origin compared to existing members such as Vietnam. As a result, Bangladeshi exports—particularly in the RMG sector—may continue to experience a relative preference disadvantage, even without the formal application of MFN tariffs. In response, Bangladesh would face mounting pressure to strengthen domestic backward linkages—particularly in high-quality yarn, fabrics, dyes, and chemicals—to improve cost efficiency and lead times. While this adjustment could enhance long-term resilience, the short- to medium-term implications for the RMG sector are predominantly negative.

Leather and Leather Goods: Mixed Outcomes along the Value Chain

The leather and leather goods sector present a more nuanced picture. On the one hand, Bangladeshi exports of finished leather goods—such as footwear and bags—would face intensified competition in RCEP markets from member countries benefiting from tariff preferences and integrated sourcing under common RoO. This would constrain Bangladesh's price competitiveness in downstream products. On the other hand, Bangladesh's strong position as a supplier of raw hides and semi-processed leather (wet-blue) creates potential upstream opportunities. RCEP members with large leather manufacturing industries, including China and Vietnam, may increasingly view Bangladesh as a strategic raw material source. Enhanced trade facilitation and regional supply-chain integration under RCEP could therefore indirectly boost Bangladesh's upstream leather exports, even if downstream value addition remains challenged.

Agriculture and Agro-Processing: High Exposure and Adjustment Risk

Agriculture and agro-processing constitute one of the most sensitive sectors for Bangladesh in any prospective engagement with RCEP. While RCEP allows members to shield certain agricultural products through exclusions and lengthy phase-out schedules, the overall trajectory of the agreement is toward progressive liberalization. For Bangladesh, exposure to highly efficient and subsidised agricultural exporters—particularly Australia and New Zealand in dairy, as well as Thailand, Malaysia, China, and Korea in processed foods—poses substantial risks to domestic producers. Cheaper imports could undermine small-scale farmers and local agro-processors if protective measures are relaxed. The experience of ASEAN LDCs underscores the importance of safeguard mechanisms and extended transition periods in mitigating such risks. However, post-LDC Bangladesh would not enjoy these automatic flexibilities and would need to negotiate robust protections, making agriculture a sector where accession risks are particularly acute.

Light Engineering and Electronics: Niche Integration Opportunities

In contrast, light engineering and selected electronics-related activities represent a potential long-term opportunity arising from RCEP's common rules of origin. Bangladesh's growing capacity in producing bicycle parts, electrical components, and basic machinery could allow it to integrate into regional value chains as a component supplier. Even without preferential market access, Bangladesh could attract foreign direct investment aimed at producing cost-effective intermediate goods for assembly in RCEP member countries such as Vietnam or Malaysia. The cumulative RoO within RCEP enhances demand for competitively priced components, creating incentives for firms from Japan, Korea, or China to invest in Bangladesh as a production base. Realising this opportunity, however, would require improvements in infrastructure, standards compliance, and investment policy predictability.

Services Sector: Conditional Growth Potential

RCEP's services chapter offers long-term opportunities for countries capable of supplying skilled, digitally enabled services. Although Bangladesh would lose LDC-specific sequencing flexibilities after graduation, the agreement's progressive liberalisation framework could still create openings in IT, IT-enabled services (ITES), fintech, and selected professional services. With targeted investment in human capital, digital infrastructure, and regulatory reforms, Bangladesh could position itself as a competitive outsourcing destination for RCEP economies, potentially emulating the Philippines' role in business process outsourcing.[50] However, these gains are contingent on domestic preparedness and are unlikely to materialise automatically from accession alone.

Overall Assessment

Taken together, the implications of RCEP flexibilities for Bangladesh's industries highlight a structural asymmetry: sectors heavily dependent on tariff preferences and integrated sourcing—such as RMG—face significant downside risks, while sectors linked to upstream inputs, components, and services may derive selective benefits. The loss of LDC-specific flexibilities after graduation would intensify competitive pressures, making industrial upgrading, backward linkage development, and strategic negotiation of accession terms central to Bangladesh's post-LDC trade strategy.

[50] Edillor, Y. (2023, March 10). *About RCEP: Its impact on the Philippines and its outsourcing industry*. *Outsource Accelerator*. https://www.outsourceaccelerator.com/articles/rcep-and-the-philippine-outsourcing-industry/

8. Stakeholder Perspectives and Consultation

The study conducted 12 KIIs and 1 FGD for understanding the perspectives of the stakeholders from government, private sector and think tanks and academia. This analysis breaks down the text into a hierarchical coding structure. The main Nodes represent overarching themes, which are further divided into sub-themes. Each node is supported by illustrative quotes from the participants of key informant interviews and Focus Group Discussion. Outcome Report of the Key Informant Interview and Focus Group Discussion is provided in Annex 7 and Annex 8 respectively.

The most frequent concepts discussed in the KII and FGD are Market Access, Challenges, Compliance, Domestic, Industries, Capacity, Tariff, Export, Investment, and Standards. A cross-tabulation of Stakeholder Group against main themes shows that participants from Public Sector and Academia mainly focused on macro-economic impacts (revenue loss, trade deficit), strategic negotiation (flexibilities, S&DT), and systemic compliance challenges (IPR, TFA, SPS). On the other hand, participants from the Business/Industry focused on micro-level, practical, and operational challenges (Government use of software, ETP plants, lab accreditation, VAT on machinery, raw material costs). Their concerns are immediate and ground-level. The Compliance Challenges node, particularly the IPR subtheme, is one of the largest and most detailed, reflecting its complexity and the perceived high risk. The analysis shows strong connections between Domestic Preparedness & Reform and almost every other node, especially Compliance Challenges and Sector-Specific Perspectives, highlighting that internal reform is seen as the prerequisite for managing RCEP integration.

8.1. Perceived Advantages and Opportunities of RCEP

The table below outlines the major opportunities that Bangladesh could leverage through its participation in the Regional Comprehensive Economic Partnership (RCEP) according to the stakeholders' opinion. These opportunities focus on improved market access, enhanced investment potential, and greater trade facilitation.

Table 16:Advantages and Opportunities of RCEP as perceived by the Stakeholders

Section	Opportunity Area	Quote of the stakeholders
Market Access & Export Growth	Preferential access to vast RCEP markets	"Preferential access to a vast market comprising 30 percent of global GDP and population, which could boost exports, particularly in ready-made garments, leather, pharmaceuticals, handicrafts, frozen fish, and agro-products." (Knitwear): "In some sectors, 80 percent of the input are imported, which can serve as an advantage for us under FTAs, as it opens opportunities for cost-effective sourcing and market expansion."
FDI & Global Value Chain (GVC) Integration	Investment attraction and supply-chain integration	"Make Bangladesh a more attractive destination for foreign direct investment by integrating it into regional and global value chains." "Integration into regional value chains is a key goal to

		enhance competitiveness, attract foreign direct investment, and benefit from technology transfer."
Trade Facilitation & Reduced Transaction Costs	Simplified trade procedures and SME benefits	"Simplified trade rules, lower non-tariff barriers, and harmonized customs procedures could reduce transaction costs, enhance supply chain participation, and benefit small and medium enterprises."

Source: Author's compilation based on KII and FGD

8.2. Perceived Disadvantages & Risks of RCEP

The following table summarizes the key economic and systemic challenges Bangladesh may face as part of its integration into the Regional Comprehensive Economic Partnership (RCEP) according to the stakeholders. Each section highlights the major area of concern and includes a supporting quote or description.

Table 17: Disadvantages and risks of RCEP as perceived by the stakeholders

Section	Key Issue	Quote of the stakeholders
Revenue Loss	Loss of tariff-based revenue	"Bangladesh faces the risk of significant revenue loss from reduced import tariffs, potentially around $2.5 billion, due to its high dependence on customs duties."
Negative Impact on Domestic Industries	Import competition threatening local firms	"Increased import competition, especially from countries like China and Vietnam, could pressure domestic industries such as electronics, automobiles, and SMEs." (RMG Focus): "Poses a risk to our domestic industries, especially if local products cannot compete in terms of quality."
Widening Trade Deficit	Imports growing faster than exports	"Imports may rise faster than exports, widening the trade deficit."
Over-concentration of Benefits	Uneven gains across sectors	"The benefits of RCEP are likely to concentrate in the RMG sector, leaving the economy vulnerable without rapid export diversification."
Systemic & Capacity Challenges	Institutional and technical weaknesses	"We lack expertise also in dispute settlement and face a lack of administrative and political commitment for reform initiatives."

Source: Author's compilation based on KII and FGD

8.3. Sector-Specific Perspectives & Challenges

The table below summarizes key sector-specific challenges that Bangladesh faces under the Regional Comprehensive Economic Partnership (RCEP) as mentioned by the stakeholders. Each sector highlights its major constraints and industry-specific concerns based on available qualitative insights and stakeholder perspectives.

Table 18: Sector-specific challenges according to the stakeholders

Sector	Quote of the stakeholders
Ready-Made Garments (RMG)	"Approximately 80 percent of our raw materials are imported, yet Bangladesh has fewer than 300 fiber and fabric-producing factories." "The current 48-hour transitional period for transport and customs under RCEP is trade facilitating but poses a serious logistical and competitive challenge."
Leather and Footwear	"One prominent requirement... is the Leather Working Group (LWG) certification, which is closely tied to having an operational Effluent Treatment Plant (ETP)." "CETP is still not fully functional... Our primary challenge lies in solving the issues in the local market."
Pharmaceuticals	"We lack international accreditation, including Testing, Inspection, and Certification (TIC) standards." "Upon graduation from LDC status, we will lose access to 33 such products, and without our own independent laboratories..."
Light Engineering	"The entire sector is composed primarily of small and medium enterprises (SMEs), with no large-scale industrial backbone." "Policy anomalies... We have no clear direction or supportive environment."
Agro-Processing	"One critical gap is the lack of food testing laboratories with international accreditation."

Source: Author's compilation based on KII and FGD

8.4. Institutional and Regulatory Challenges with RCEP Obligations

The table below outlines the major institutional and regulatory challenges Bangladesh faces in meeting RCEP commitments according to the stakeholders. These challenges relate to compliance with trade rules, procedural modernization, and intellectual property (IPR) obligations.

Table 19: Institutional and Regulatory Challenges according to Stakeholders

Section	Key Issue	Quote of the stakeholders
Rules of Origin (RoO)	Difficulty meeting value-addition thresholds	"Heavy reliance on imported raw materials and limited domestic value addition... makes it hard to meet RCEP's thresholds like Regional Value Content (RVC 40 percent)."
Trade Facilitation	Procedural and infrastructural bottlenecks	"Slow and manual customs procedures, inadequate automation and single-window systems, poor port and logistics infrastructure, manpower shortages..."
Sanitary and Phytosanitary (SPS) Measures	Quality control and capacity issues	"Limited laboratory and testing facilities, shortage of trained SPS inspectors and technical personnel, weak inter-agency coordination..."
Technical Barriers to Trade (TBT)	Weak regulatory and testing capacity	"Limited testing and certification facilities, weak national standards and regulatory bodies, and poor inter-agency coordination..."

Legal & Institutional Gaps (IPR)	Misalignment with RCEP IP standards	"Significant discrepancies, particularly in patent, copyright, and trademark regulations." (Table): "Bangladeshi law only mentions the filing date, and thus does not fully align with RCEP standards." "Compliance with RCEP's intellectual property regulations would prohibit the use of unauthorized software... a large portion of Bangladesh's operational systems could come to a standstill overnight."
Enforcement Capacity (IPR)	Limited enforcement and procedural understanding	"Enforcement agencies like Customs and DPDT remain under-resourced." "The term 'fair and equitable procedures' is not well understood or operationalized by enforcement agencies or the judiciary."
Impact on Pharmaceuticals (IPR)	Risk to access and public health	"Strict adherence to RCEP's IPR provisions may endanger access to affordable generic medicines and disrupt the public health system."
Need for Extended Transition (IPR)	Gradual compliance necessity	"The country will require the maximum possible transition period—10 years—for most of the RCEP obligations..."

Source: Author's compilation based on KII and FGD

8.5. Negotiation Strategies & Demands

The following table presents key policy recommendations provided by stakeholders for Bangladesh to effectively participate in and benefit from the Regional Comprehensive Economic Partnership (RCEP). These recommendations emphasize negotiation flexibility, protection for sensitive sectors, and institutional strengthening.

Table 20: Negotiation Strategies suggested by the Stakeholders

Section	Policy Focus	Quote of the stakeholders
Seek Flexibilities & Special Treatment	Negotiating special flexibilities and extended transition periods	"Bangladesh can and should seek special flexibilities... like those provided to Least Developed Countries (LDCs)... extended transition periods or longer tariff phase-out timelines." "Bangladesh should negotiate longer transition periods and exemptions for sensitive sectors."
Asymmetric Tariff Commitments	Ensuring gradual tariff reduction	"Tariff reduction commitment under RCEP is to eliminate about 90 percent of import tariffs within 20 years... Bangladesh should negotiate longer transition periods..."
Protect Sensitive Sectors	Safeguarding key domestic industries	"Protect sensitive domestic industries, including agriculture, low-end textiles, SMEs, and other infant industries, through gradual liberalization, positive lists, and safeguard measures."

Prioritize Capacity Building Support	Leveraging technical assistance and institutional support	"Technical assistance and capacity-building support are essential components that Bangladesh should leverage."

Source: Author's compilation based on KII and FGD

8.6. Domestic Preparedness & Reform Agenda

The table below summarizes the opinion of stakeholders regarding strategic interventions Bangladesh should adopt to maximize the benefits of its participation in the Regional Comprehensive Economic Partnership (RCEP). These strategies focus on infrastructure, diversification, policy reform, skill enhancement, and stronger collaboration between public and private sectors.

Table 21: Domestic Preparedness & Reform Agenda recommended by Stakeholders

Section	Strategic Focus Area	Quote of the stakeholders
8.6.1. Infrastructure Modernization	Upgrading trade logistics and customs efficiency	"Modernizing ports, customs, and logistics to reduce trade costs."
8.6.2. Economic Diversification	Expanding export base beyond RMG	"Diversifying exports beyond RMG into sectors such as pharmaceuticals, ICT/BPO, agro-products, leather, and light engineering."
8.6.3. Policy & Regulatory Reforms	Improving policy consistency, governance, and investment environment	"Reforming policies, especially through the National Board of Revenue (NBR), where greater emphasis must be placed on practical, evidence-based policy adjustments." "Improving business environment and governance and IP regime for attracting investment."
8.6.4. Skill & Technology Upgradation	Enhancing human capital and industrial capabilities	"Adopting new technologies, and upgrading skills will help domestic industries integrate into regional value chains."
8.6.5. Enhanced Public-Private Dialogue	Strengthening collaboration for policy formulation and sectoral planning	"There must be stronger collaboration between the public and private sectors." "Consultations with the private sector and sector-specific impact studies are needed."

Source: Author's compilation based on KII and FGD

8.7. Summary of the Analysis

This structured, disaggregated analysis reveals that while stakeholders see significant opportunities in RCEP, they are overwhelmingly cautious. The consensus is that Bangladesh is not currently prepared to accede to RCEP without extensive domestic reforms, significant capacity building, and a strategically negotiated accession process that includes long transition periods and protections for sensitive sectors.

9. Policy Recommendations

9.1 Strategic Approaches for RCEP Negotiations

RCEP rewards countries that are outward-looking, well-prepared, and integrated into regional production networks. The benefits are not automatic; they must be actively seized. In addition, the socioeconomic and environmental concerns of joining RCEP are profound. Bangladesh should not rush into accession without a rigorous, transparent cost-benefit analysis and a robust national preparedness strategy.

Negotiate Strategically: Negotiators may demand longer phase-out periods, exclusions, and TRQs for sensitive sectors. To support the negotiation, a rigorous cost-benefit analysis focused on long-term strategic gains versus short-term sectoral pains needs to be conducted. They should offer commitment only the obligations that are manageable and compliable.

Reform Domestically: Government may use the transition period to reform taxation, customs, boost competitiveness, and upgrade infrastructure.

Protect the Vulnerable: Government should shield agriculture and small industries while preparing them for gradual competition. However, Government should prepare domestic industries for competition through support and reform, not just protection. In addition, Government may use saved resources from other areas (e.g., improved tax collection) to support workers and farmers who may be adversely affected during the transition.

Play Offense: Government may position the economy to attract FDI and become a supply chain hub for the massive RCEP market. For making this happen, Government may implement policies to enhance productivity, technological adoption, and quality standards across all potential export sectors.

Leverage Cooperation: Government should aggressively leverage the technical assistance and cooperation provisions to strengthen the capability of Bangladesh to comply with quality standards and IPR, rules of origin etc. related obligations.

9.2 Sector-Specific Policy Adjustments

Acceding to the RCEP will necessitate deep and strategic sector-specific policy adjustments for Bangladesh. The goal is not just compliance, but to harness opportunities and buffer vulnerable sectors from fierce regional competition. A draft guideline for preparing sensitive list of Bangladesh for accession to RCEP is provided in Annex 12. The key sector-specific policy adjustments required are as follows-

1. Agriculture

The agriculture sector is highly sensitive due to food security and livelihood concerns. The sector requires gradual and strategic tariff liberalization with robust safeguards. Few policy adjustments required for this sector is as follows.

Sensitive Lists: A "Sensitive List" and "Special Products" should be carefully prepared for staple foods (e.g., rice, onions, certain fruits) to protect domestic farmers from immediate import surges. Sanitary and Phytosanitary (SPS) Measures: Food safety and animal/plant health standards (aligned with international codes) should be upgraded drastically to ensure exports are not rejected and to protect domestic consumers. This requires modernizing testing labs and certification processes.
Support Policies: Government subsidies may be shifted from purely output-based to more RCEP-compliant "Green Box" support (e.g., research, infrastructure, cold chain disease control, income support not linked to production).
Productivity & Diversification: Private sector entrepreneurs may invest in high-value, export-oriented agricultural products (e.g., processed foods, tropical fruits, organic produce) where Bangladesh has a potential comparative advantage.

2. Manufacturing (Ready-Made Garments - RMG & Beyond)

The RMG sector is competitive but faces rules of origin (RoO) challenges and competition in new markets. Bangladesh needs to enhance competitiveness and diversify export baskets of this sector to utilize RCEP's integrated market.

Bangladesh must conduct a thorough, sector-by-sector Impact Competitiveness Analysis and identify which industries are competitive and can benefit from cheaper raw material imports and greater market access. The analysis also should identify the vulnerable but promising (e.g., leather goods, pharmaceuticals, ceramics) which may require a 10–15-year tariff phase-out period, combined with government support for technology upgradation and quality control and critically vulnerable (e.g., agriculture, small-scale manufacturing) sector which require to be shielded via tariff quotas (TRQs) or complete exclusion from liberalization schedules.

Rules of Origin (RoO) Strategy: A strategy may be developed to meet RCEP's product-specific RoO, which may require sourcing more inputs from within the RCEP bloc to qualify for tariff preferences. This could disrupt existing sourcing patterns. Bangladesh government may review product specific rules of origin of RCEP and conduct extensive consultation with each sector to assess the ability of the industries to comply with rules. After consultations, the industries can be categorized into two groups- 1) compliant 2) non-compliant. Non-compliant sectors may further be consulted to prepare policy options to make them compliant gradually.

Backward Linkage Industry: Government should provide policy support for developing local backward linkage industries (e.g., fabrics, yarn, accessories) to reduce import dependency and help meet RoO criteria. From consultations and studies, some backward linkage industries may be identified and targeted policy support may be designed to enhance competitiveness of the industries.

Diversification: Government should encourage diversification into other labor-intensive sectors like footwear, leather goods, light engineering, and electronics to avoid over-reliance on RMG and capture new market opportunities in RCEP. Government may enhance uniformity and lessen discrimination in policy support across the sectors. Policy support may be designed based on some indicators, for instances, value addition, employment creation etc. The industries making more value addition tends to be more diversified.

In addition, for pharmaceutical sector, laboratories of Directorate General of Drug Administration (DGDA) need to be Testing, Inspection, and Certification (TIC) accredited or recognized by international bodies to enable local companies to proceed directly to product registration in destination countries.

For leather sector, Bangladesh's should leverage its strong position as a supplier of raw hides, semi-processed leather (wet-blue) and premium leather footwear through enabling more local tanneries to improve compliance and obtain LWG certification.

Bangladesh may prioritize integration into the transport equipment and electrical/electronic value chains within RCEP by attracting investment and upgrading domestic capabilities in components and intermediate goods production to better link with regional manufacturing networks.

Productivity, Environment, and Labor Standards: Sustained productivity gains will require continued investment in factory modernization, skills development, and digitalization. At the same time, policy adjustments should emphasize stricter environmental compliance, resource efficiency, and decarbonization of production processes, alongside strengthened labor standards, workplace safety, and social compliance. Aligning environmental and labor practices with regional and global benchmarks will not only improve competitiveness vis-à-vis producers in Vietnam and China but also reduce the risk of non-tariff barriers and reputational challenges in RCEP markets. Industries may be encouraged to prepare ESG compliance report annually where they may report their initiatives to improve the relevant compliances.

3. Services

The services sector (IT, healthcare, finance, logistics) has export potential but is protected. In this context progressive and managed liberalization is required for the development of the services sector. Some policy adjustments required for this sector are as follows-

Market Access Offers: Strategic "positive list" or "negative list" offers may be prepared for liberalization, opening sectors where Bangladesh has competitive strength (e.g., IT-enabled services, freelancing) while gradually opening others like financial services, telecommunications, and logistics to attract foreign investment and expertise.

Regulatory Reform: Regulatory bodies (e.g., Bangladesh Bank for finance, BTRC for telecom) should be strengthened to ensure they can manage a more open, competitive, and stable market. Sector specific position papers may be prepared including regulatory frameworks (scope of liberalization across four modes of services, SWOT analysis, preparedness and offensive and defensive interests of the sectors.

Mutual Recognition Agreements (MRAs): MRAs should be pursued for professional services (e.g., engineering, accounting, nursing) to enable the mobility of skilled professionals. Areas of improvement should be defined through consultation with RCEP member countries' standards and sector experts of Bangladesh.

To strengthen Bangladesh's integration into RCEP's dynamic service and digital economy, the country should prioritize trade facilitation and market access through digital economy agreements with key members such as Japan, Singapore, and Korea, while simplifying cross-border payment systems and service export registration. Aligning skills and professional certifications with RCEP standards—especially in areas like accounting, architecture, AI, cybersecurity, and cloud computing—will enhance workforce competitiveness and mobility. Bangladesh can also elevate its global image by ensuring active participation in major RCEP trade expos in Singapore, Tokyo, and Seoul. Finally, targeted investment in digital infrastructure, including expanded R&D incentives and public-private partnerships for tech incubation, will accelerate innovation and position Bangladesh as a credible regional hub for digital trade and service exports.

4. Investment

Bangladesh should focus more on investment facilitation. Entry process should be more streamlined through One Stop Services and validity of licenses should be extended to avoid yearly renewal system. To maximize the benefits of RCEP participation, Bangladesh should focus on diversifying beyond RMG and textiles by attracting foreign investment in high-potential sectors such as energy, ICT, and services. Establishing country-specific Special Economic Zones (SEZs)—for instance, a Korean Export Processing Zone in Chattagram or a Japanese Economic Zone in Narayanganj—can help target strategic investors and foster deeper bilateral industrial linkages. At the same time, improving the ease of doing business through simplified FDI approval processes and streamlined land access will enhance investor confidence. Strengthening bilateral investment frameworks with key RCEP partners like Singapore, Japan, and Korea can further facilitate long-term economic partnerships. Additionally, promoting technology transfer and R&D collaboration with advanced economies such as Japan, Korea, and Australia will enable Bangladesh to move up the value chain and build a more resilient, innovation-driven industrial base. In addition, to attract beneficial foreign direct investment (FDI) under RCEP's non-discrimination rules Government should move from restrictive to facilitative investment policies.
Negative List: Shift to a "negative list" approach for foreign investment, meaning all sectors are open unless explicitly listed. This provides much greater transparency and predictability for RCEP investors.
Performance Requirement Phase-Out: Review and phase out any local content requirements, technology transfer mandates, or performance requirements that violate RCEP's TRIMS-plus provisions. In this regard, Government may amend BIDA's 'Guidelines for providing permission for establishment of foreign commercial offices, providing visa recommendations to foreign workers and issuing work permits to foreign workers in Bangladesh-2023'.

Targeted Promotion: Instead of mandates, use incentives (e.g., tax holidays in special economic zones) to attract FDI into priority sectors like high-tech manufacturing, agro-processing, and export-oriented services.

5. Intellectual Property Rights

For Bangladesh compliance with the RCEP IP provisions will be challenging and require substantial legal overhaul. The country needs to ratify or accede to several international treaties, including the Nice Agreement. Necessary amendments are required in the Copyright Act and the Trademark Act to expand coverage and incorporate the required civil and criminal enforcement procedures. Comprehensive assessment of sector specific impact of RCEP IP obligations should be conducted. In addition, capacity of the IP registration and enforcement agencies should be assessed and strengthened.

6. Revenue Mobilization Strategy to Offset Tariff Loss:

While RCEP is expected to result in a substantial decline in tariff revenue primarily reflects Bangladesh's continued reliance on border taxes. The findings underscore the urgency of accelerating domestic resource mobilization reforms. A strategic shift toward VAT deepening, excise rationalization, income-tax base broadening, and digital-economy taxation can not only offset RCEP-induced revenue losses but also enhance the sustainability of Bangladesh's post-LDC fiscal framework.

7. Cross-Cutting and Foundational Adjustments:

Tariff Policy: A complete overhaul of the tariff structure is needed. High para-tariffs (supplementary duties, regulatory duties) used for protection and revenue must be rationalized and phased down to align with RCEP's bound rates, which will lower the cost of imported inputs for exporters but increase competition for domestic producers.

Standards and Technical Regulations: National standards (e.g., through BSTI) should be harmonized with international and regional standards to reduce technical barriers to trade (TBT) and ensure smooth market access for both imports and exports.

E-commerce and Digital Trade: Government may develop a comprehensive national e-commerce policy and data protection law that aligns with RCEP's digital trade provisions to facilitate cross-border data flows while protecting privacy and security.

In conclusion, Bangladesh's policy adjustments must be proactive, strategic, and sequential. The strategy should be to use extended transition periods (often available for LDCs) to implement these adjustments, strengthening domestic firms and institutions before full market opening. The focus should be on enhancing competitiveness rather than relying on protection.

9.3 Strengthening Institutional Capacities

Acceding to the RCEP would require Bangladesh to undertake significant legal, regulatory, and administrative reforms. Strengthening institutional capacity is paramount to not only accede to the agreement but also to leverage its benefits and mitigate its challenges. Based on the requirements of RCEP and Bangladesh's current status, the following institutional capacities should be prioritized for strengthening:

1. Intellectual Property (IP) Administration and Enforcement
Bangladesh Patent, Design, and Trademark Office (DPDT) & Copyright Office: These institutions need massive modernization. Capacity must be enhanced for Registration & Examination for efficiently examining and registering non-traditional trademarks (e.g., 3D shapes, sounds) as mandated by RCEP. Capacity should also be developed for implementing fully automated, online application and management systems to meet transparency and efficiency standards. Adequate training should be provided to the examiners and officials on international IP standards, classification systems (like the Nice Agreement), and complex IP issues.

In addition, capacity of the enforcement Agencies like Customs Department to identify and seize counterfeit and pirated goods at the border is critical. This requires specialized training, detection technology, and integrated databases. Furthermore, specialized IP units within the police force and dedicated commercial or IP courts are needed. Judges, lawyers, and law enforcement officials require extensive training on the civil and criminal enforcement procedures required by RCEP.

2. Trade Negotiation and Policy Analysis
Ministry of Commerce & Trade Related Institutes: The capacity to analyze the agreement's impact is just as important as the capacity to negotiate it. Hence, the capacity of Ministry of Commerce and other related Ministries, Business chambers and associations needs to be developed for analyzing and pinpointing the agreement’s impact.
Research & Analysis: Capacity of Bangladesh Foreign Trade Institute and Bangladesh Trade and Tariff Commission needs to be strengthened to conduct detailed sector-specific impact assessments (e.g., on agriculture, manufacturing, services). This requires budget allocation and trained economists and data analysts who can model the effects of tariff liberalization and rule changes.
Negotiation Skills: A dedicated, interdisciplinary team of negotiators with expertise in goods, services, investment, IP, e-commerce, and rules of origin needs to be built to effectively negotiate country’s interest.

3. Customs Administration and Rules of Origin (RoO) Implementation
National Board of Revenue (NBR): RCEP's complex product-specific rules of origin require a highly efficient and automated customs authority. In this regard, Process Automation like implementing and mastering an electronic data interchange (EDI) system to handle certificates of

origin and expedite release of goods. Customs officials must be thoroughly trained to verify certificates of origin and prevent trade deflection, without creating unnecessary delays. Furthermore, sophisticated risk-based inspection systems should be developed within customs administration to facilitate legitimate trade while targeting high-risk shipments. Transparency and accountability should be ensured within the institutions to combat corruption.

4. Standards and Sanitary & Phyto-sanitary (SPS) Measures

Bangladesh Standards and Testing Institution (BSTI) & Other SPS Authorities: Capacities of BSTI and quarantine wings need to be developed in terms of updated technology and adequate skilled workforce to ensure Bangladeshi exports meet RCEP members' standards and to protect domestic consumers from sub-standard imports. Physical infrastructure and equipment of testing laboratories should be upgraded to international standards to provide testing certificates that is recognized by other RCEP members. In addition, to expedite regulatory harmonization, capacity to understand, adopt, and align with international standards (e.g., Codex, OIE) needs to be developed. A dedicated and active SPS and TBT enquiry point needs to be established to notify trading partners of new regulations and respond to queries from exporters.

5. Investment Promotion and Facilitation

Bangladesh Investment Development Authority (BIDA): With RCEP's stringent investment rules, BIDA's role should be shifted from mere promotion to sophisticated facilitation and aftercare. For avoiding disputes BIDA may develop mechanisms to mediate issues between foreign investors and the government before they escalate into formal disputes. In addition, Government should ensure that all investment-related policies across different ministries are aligned with RCEP's obligations (e.g., on performance requirements, capital movement). Moreover, Government should implement and ensure a transparent and efficient "one-stop shop" within investment promotion agencies that truly simplifies the process for RCEP investors.

6. Data Governance and E-Commerce

Relevant Ministries (ICT, Commerce) & Bangladesh Telecommunication Regulatory Commission (BTRC): RCEP includes chapters on e-commerce that place obligations on data flows and consumer protection. A robust and independent data protection authority may be established to create and enforce rules that balance open data flows with privacy and security, as permitted under RCEP. National cybersecurity institutions should be strengthened to build a secure digital trade environment.

7. Cross-Cutting Need: Inter-Ministerial Coordination

An overarching challenge is institutional silos. A dedicated trade negotiation committee including senior officials of all relevant ministries is essential. This committee would force coordination between the Ministry of Commerce, Ministry of Law, NBR, DPDT, BSTI, and BIDA to ensure a unified national strategy for accession and compliance.

Bangladesh's accession to RCEP is not just a legal challenge but a profound administrative one. It requires a targeted program of institutional modernization, specialized training, and legislative reform to build the competent and coordinated state apparatus needed to handle the demands of a modern, comprehensive trade agreement.

9.4 Inclusive Stakeholder Engagement

Mobilizing inclusive stakeholder engagement is critical for Bangladesh to not only accede to the RCEP but to ensure the agreement is beneficial and its burdens are managed. A top-down approach would be risky and likely lead to implementation failures and social backlash.

Here is a comprehensive strategy for Bangladesh to mobilize inclusive stakeholder engagement for RCEP accession:

1. Establish a Structured, Multi-Tiered Consultation Framework
The government should create formal and transparent channels for dialogue, moving beyond one-off seminars.
National Steering Committee: Government may form a high-powered committee chaired by the Prime Minister's Office/ Ministry of Foreign Affairs/ Ministry of Commerce, including line ministries (Industries, Agriculture, ICT, Finance), key government agencies (NBR, BIDA, BSTI), and permanent seats for representative bodies from the private sector and civil society.
Sectoral Working Groups: Government may create dedicated working groups for each chapter. Under working groups on Trade in Goods, Trade in Services and Investment chapters there should be subgroups on critical sectors e.g. RMG & Textiles, Agriculture & Agro-Processing, SMEs & Cottage Industries, Services (IT, FinTech, Logistics), Legal & IP Experts. Each group should include relevant government officials, industry association leaders, leading private firms (both large and small), academics, and civil society experts.
Digital Consultation Portal: Government may launch a dedicated website for RCEP updates. This portal should provide easy-to-understand summaries of chapters, draft position papers, and a mechanism for receiving written feedback from any individual or organization.

2. Identify and Proactively Engage Key Stakeholder Groups

Different groups have different interests and levels of understanding. Engagement must be tailored.

Private Sector & Industry Associations:
Large Exporters (e.g., BGMEA, BKMEA, BTMA): Government should engage them on market access, rules of origin, and tariff differentials with competitors like Vietnam. They are potential champions of the deal.
Import-Competitive Industries (e.g., ceramics, plastics, agriculture): Government should proactively identify their concerns about cheaper imports. They should discuss potential for sensitive lists, transition periods, and support measures for modernization.

SMEs: Government may conduct targeted outreach through the SME Foundation and chambers of commerce. Their concerns about competition and compliance costs are different from large firms. Government may develop specific programs to enhance their preparedness.
Foreign Investors: Government may engage multinational companies already in Bangladesh to understand how RCEP could improve the investment climate and supply chain integration.

Civil Society Organizations (CSOs) & NGOs:
Consumer Rights Groups: Government may engage Consumer Rights Groups on issues like product standards, safety, and the potential for lower prices on imported goods.
Labor Unions & Rights Organizations: Government may include Labor Unions & Rights Organizations in discussions on how to ensure trade benefits are shared and how to protect workers in sectors that may face adjustment pressures. RCEP's chapter on Economic and Technical Cooperation can be a point of engagement.
Public Health Advocates: Government may engage dedicated consultations on the implications of the IP chapter for access to medicines and affordable healthcare.
Academia & Research Institutions:
Government may commission independent, objective impact assessments from universities and think tanks (e.g., BIDS, PRI, CPD, BFTI). Publicly release these studies to inform the debate with data, not just rhetoric. Involve law and economics professors to analyze the legal texts and suggest negotiating positions.

General Public:
Government may use media (op-eds, TV talk shows, infographics) to explain what RCEP is and is not, demystifying the complex agreement. Government should be transparent about both the opportunities and the challenges to manage expectations and build trust.

3. Ensure Transparency and Build Trust
The process must be seen as legitimate and open.
Early Disclosure: Government may share draft negotiation texts and position papers (with necessary confidentiality safeguards) with the stakeholder groups much earlier in the process. Surprises create opposition.
Feedback Loop: Government may demonstrate how stakeholder input is being used and provide reasoned explanations if certain suggestions are not adopted.
Plain Language Communication: Government may translate complex legal and trade jargon into Bengali and simple English for wider comprehension. The "Digital Consultation Portal" is key here.

4. Focus the Dialogue on Specific Themes

Sensitivity Analysis: Instead of asking "Is RCEP good or bad?", ask stakeholders: "Which specific products need longer phase-out periods?" or "What kind of support would your industry need to compete?"

Mitigation Strategies: Co-create plans for those likely to be negatively affected. Discuss options for skill development programs, trade adjustment assistance, and fiscal support for modernization.

Opportunity Mapping: Work with exporters to identify specific new markets and products they can target under RCEP preferences.

From Consultation to Co-ownership

For Bangladesh, inclusive stakeholder engagement for RCEP cannot be a mere box-ticking exercise. It must be a continuous process of consultation, negotiation, and co-creation that continues long after accession, into the implementation phase. By building a structured, transparent, and responsive engagement mechanism, the government can improve Negotiating Outcomes and get real-time ground-level intelligence to shape better deals. Government can build a coalition of support by creating stakeholders who understand and have a vested interest in the agreement's success. It will also enhance legitimacy through ensuring the process is seen as democratic and accountable. It will also facilitate smooth implementation as the government may identify potential problems early and develop mitigation strategies, making the eventual adjustment less disruptive.

Ultimately, an inclusive approach transforms RCEP from a government-to-government treaty into a national strategy for economic transformation, with shared ownership of both its opportunities and its responsibilities.

9.5 Strategic Policy Sequencing Framework

Accession to RCEP should be approached as a sequenced national reform program, not a single trade negotiation decision. Given Bangladesh’s limited negotiating, fiscal, and institutional capacity, policy actions must be prioritized across short-, medium-, and long-term horizons, aligned with available resources and domestic reform readiness.

Decision Pathway for RCEP Accession

1. Preparedness Assessment (Short term)
2. Targeted Domestic Reforms (Medium term)
3. Conditional Accession Negotiation (Medium–Long term)
4. Gradual Implementation Using Transition Periods (Long term)

Priority Actions by Time Horizon

A.Short-Term Actions (0–2 Years): Decision-Readiness Phase

Objective: Determine *whether and when* to accede, while minimizing fiscal and institutional risk.

Table 22: Short-Term Actions (0–2 Years): Decision-Readiness Phase

Priority Area	Key Actions	Resource Implication
Strategic Assessment	Conduct a transparent economy-wide cost–benefit analysis (GTAP + sectoral studies), consulting impact analysis done earlier and benchmarking RCEP against bilateral FTAs, CPTPP, and South–South options	Moderate (analytical capacity)
Negotiation Strategy	Define red lines: sensitive products, services exclusions, IP transition needs, RoO constraints	Low
Revenue Risk	Prepare a tariff-revenue mitigation plan (VAT deepening, excise rationalization)	Moderate
Stakeholder Engagement	Establish National Steering Committee and Sectoral Working Groups; launch digital consultation portal	Low
Institutional Gap Audit	Audit IP laws, customs systems, SPS/TBT capacity, investment regime	Low–Moderate

Outcome: Evidence-based political decision on whether to open accession talks.

B. Medium-Term Actions (2–5 Years): ***Negotiation and Adjustment Phase***

Table 23:Medium-Term Actions (2–5 Years): Negotiation and Adjustment Phase

Priority Area	Key Actions	Resource Implication
Negotiation	Seek extended phase-outs, sensitive lists, RoO flexibilities, and E&TC support	Low
Customs & Trade Facilitation	Automate RoO verification, EDI expansion, risk-based inspections	High (ICT + training)
Manufacturing & RMG	Develop backward linkages, RoO-compliant sourcing, productivity upgrading	High
Services Liberalization	Open competitive sectors (IT, freelancing, logistics) under managed liberalization	Moderate
Investment Reform	Shift to negative list, streamline BIDA processes, SEZ-based incentives	Moderate
SPS & Standards	Upgrade BSTI labs; align with Codex/OIE standards	High

Outcome: Bangladesh becomes negotiation-ready with reduced exposure to sudden shocks.

C. Long-Term Actions (5+ Years): Integration and Competitiveness Phase

Table 24:Long-Term Actions (5+ Years): Integration and Competitiveness Phase

Priority Area	**Key Actions**	**Resource Implication**
IP Regime	Amend Copyright & Trademark Acts; strengthen enforcement and IP courts	High
Digital Trade	Implement data protection law; strengthen cybersecurity institutions	High
Human Capital	MRAs for professional services; skills alignment with RCEP standards	Moderate
FDI & Technology	Promote R&D collaboration and technology transfer with Japan, Korea, Australia	Moderate
Adjustment Support	Trade-adjustment assistance for displaced workers and farmers	High

Outcome: Deep integration into RCEP value chains with sustained productivity gains.

Bangladesh should not treat RCEP as an immediate accession imperative, but as a medium- to long-term strategic option, conditional on domestic readiness. The policy priority is sequencing, not speed. By aligning negotiation timing with institutional capacity, fiscal resilience, and competitiveness reforms, Bangladesh can transform RCEP from a potential liability into a catalyst for post-LDC structural transformation.

10. Conclusion

Bangladesh is actively pursuing regional trade agreements (RTAs) to sustain its competitiveness and preserve preferential market access advantages following its graduation from Least Developed Country (LDC) status. The Regional Comprehensive Economic Partnership (RCEP) represents the world's largest free trade agreement, encompassing around 30 percent of global GDP and nearly one-third of the world's population. RTAs like RCEP can offer Bangladesh a smoother transition from LDC status by mitigating potential trade shocks through enhanced participation in global and regional value chains, access to a larger market beyond national borders, and opportunities for foreign direct investment (FDI) and trade facilitation. Recognizing these prospects, Bangladesh is considering the possibility of joining RCEP to strengthen its economic resilience and regional integration.

This study therefore seeks to identify the potential advantages and disadvantages of Bangladesh's accession to RCEP. It analyzes the flexibilities extended to other RCEP members, such as Laos, Cambodia, Myanmar, and Vietnam, to assess whether Bangladesh might secure similar benefits. Furthermore, the study reviews the challenges encountered by current RCEP members to anticipate possible domestic adjustments required for accession. The findings are intended to support evidence-based policymaking, helping the government make informed decisions regarding RCEP membership. Ultimately, successful accession will require comprehensive domestic preparations, including institutional reform, trade facilitation, and sectoral readiness. The eventual outcome of RCEP participation—whether it accelerates national development or risks industrial displacement—will depend entirely on how strategically Bangladesh prepares to leverage its opportunities and manage the accompanying challenges.

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Annex 1: Regional and Sectoral Aggregation

Table A1: Regional aggregation

Code	Aggregated Region	old regions
BGD	Bangladesh	Bangladesh.
RCEP	RCEP Countries	Australia; New Zealand; China; Japan; Korea; Brunei Darussalam; Cambodia; Indonesia; Lao People's Democratic Republ; Malaysia; Philippines; Singapore; Thailand; Viet Nam; Rest of Southeast Asia.
USA	United States of America	United States of America.
EU	European Union 28	Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; Netherlands; Poland; Portugal; Romania; Slovakia; Slovenia; Spain; Sweden; United Kingdom.
IND	India	India.
ROW	Rest of World	Rest of Oceania; Hong Kong; Mongolia; Taiwan; Rest of East Asia; Nepal; Pakistan; Sri Lanka; Rest of South Asia; Canada; Mexico; Rest of North America; Argentina; Bolivia; Brazil; Chile; Colombia; Ecuador; Paraguay; Peru; Uruguay; Venezuela; Rest of South America; Costa Rica; Guatemala; Honduras; Nicaragua; Panama; El Salvador; Rest of Central America; Dominican Republic; Jamaica; Puerto Rico; Trinidad and Tobago; Caribbean; Switzerland; Norway; Rest of EFTA; Albania; Belarus; Russian Federation; Ukraine; Rest of Eastern Europe; Rest of Europe; Kazakhstan; Kyrgyzstan; Tajikistan; Rest of Former Soviet Union; Armenia; Azerbaijan; Georgia; Bahrain; Iran Islamic Republic of; Israel; Jordan; Kuwait; Oman; Qatar; Saudi Arabia; Turkey; United Arab Emirates; Rest of Western Asia; Egypt; Morocco; Tunisia; Rest of North Africa; Benin; Burkina Faso; Cameroon; Cote d'Ivoire; Ghana; Guinea; Nigeria; Senegal; Togo; Rest of Western Africa; Central Africa; South Central Africa; Ethiopia; Kenya; Madagascar; Malawi; Mauritius; Mozambique; Rwanda; Tanzania; Uganda; Zambia; Zimbabwe; Rest of Eastern Africa; Botswana; Namibia; South Africa; Rest of South African Customs ; Rest of the World.

Table A2: Sectoral aggregation

Code	**Aggregated Sector**	**old sectors**
RMG	Wearing apparel	Wearing apparel.
TEX	Textiles	Textiles.

LEA	Leather products	Leather products.
AgFoodProd	Agriculture and Food products	Paddy rice; Wheat; Cereal grains nec; Vegetables, fruit, nuts; Oil seeds; Sugar cane, sugar beet; Plant-based fibers; Crops nec; Bovine cattle, sheep and goats; Animal products nec; Raw milk; Wool, silk-worm cocoons; Bovine meat products; Meat products nec; Vegetable oils and fats; Dairy products; Processed rice; Sugar; Food products nec; Beverages and tobacco products.
Fish	Fishing	Fishing.
Extraction	Mining and Extraction	Forestry; Coal; Oil; Gas; Minerals nec.
Chemicals	Chemical products	Chemical products.
Electrical	Electrical equipment	Electrical equipment.
Electronics	Computer, electronic and optic	Computer, electronic and optic.
MachinEquip	Machinery and Equipments	Machinery and equipment nec; Transport equipment nec.
MotorVehicle	Motor vehicles and parts	Motor vehicles and parts.
PaperProd	Paper products, publishing	Paper products, publishing.
PhrmaProd	Basic pharmaceutical products	Basic pharmaceutical products.
RubberPlast	Rubber and plastic products	Rubber and plastic products.
WoodProd	Wood products	Wood products.
OtherMfg	Other Manufacturing	Petroleum, coal products; Mineral products nec; Ferrous metals; Metals nec; Metal products; Manufactures nec.
Communi	Communication	Communication.
AccomSvc	Accommodation, Food and servic	Accommodation, Food and servic.
FinInsurance	Financila and Insurance servic	Financial services nec; Insurance.
TransSvc	Transport services	Transport nec; Water transport; Air transport.
OthServices	Other Services	Electricity; Gas manufacture, distribution; Water; Construction; Trade; Warehousing and support activi; Real estate activities; Business services nec; Recreational and other service; Public Administration and defe; Education; Human health and social work a; Dwellings.

Annex 2- KII Questionnaire

Confidentiality Statement:

The Interview is conducted to facilitate policymakers to make informed decision regarding Bangladesh's RCEP accession and interviewer is strongly committed to maintaining the confidentiality of the data provided by individual stakeholder.

1. Profile of the Respondent
   1.1. Name of respondent:
   1.2. Designation:
   1.3. Name of organization:
   1.4. Address of organization:
   1.5. Mobile number:
   1.6. Email address:

2. RCEP as the trade bloc accounts for about 30 percent of the world's population (2.2 billion people) and 30 percent of global GDP ($26.2 trillion), making it the largest trade bloc in history. RCEP provides advantages like reducing protectionism, enhancing supply chains, expanding market access, facilitating FDI, and simplifying trade rules for small enterprises. However, there are challenges, such as protecting vulnerable domestic sectors in a more integrated market. Considering these issues, what are your views regarding advantages and disadvantages of Bangladesh while acceding to RCEP?

3. While negotiating for an RTA/FTA, identifying offensive and defensive interests are very important for a country to optimize the outcome of the negotiation. While negotiating for RCEP what can be the offensive and defensive interests of Bangladesh?

4. The RCEP agreement has allowed certain flexibility for developing and least developed countries (LDCs). What are the reasons behind providing such flexibility? In your opinion, can Bangladesh also secure similar flexibilities while negotiating with RCEP member countries? If so, what types of flexibilities might Bangladesh be eligible for?

5. To access market opportunities within RCEP member countries, what strategies can Bangladesh adopt—including the elimination of tariff and non-tariff barriers, promotion of Mutual Recognition Agreements (MRAs), facilitation of Foreign Direct Investment (FDI), and development of country-specific product strategies? In addition to these, what further measures can Bangladesh consider enhancing its market access and competitiveness for these products?

6. Considering Bangladesh's export basket to RCEP countries and the composition of intra-RCEP trade which products you think most potential in which export destinations among RCEP countries for Bangladesh? Please explain the rationale behind your selection?

7. Bangladesh exports a range of services to RCEP member countries. Intra-RCEP service trade constitutes a significant portion of the region's economic activity. Given this context, which service sector do you believe have greater potential for export growth to RCEP

countries? What strategies can Bangladesh adopt to expand the volume and competitiveness of its service exports within this regional market?

8. The RCEP agreement includes various provisions aimed at removing non-tariff barriers among its member countries. Considering these provisions, which are the non-tariff barriers Bangladesh come across? What steps can Bangladesh take to address non-tariff barriers in its trade with RCEP countries?

9. The RCEP agreement imposes major obligations for ensuring compliance with its standards. What strategies should Bangladesh adopt to effectively cope with these obligations and ensure alignment with RCEP requirements?

For BIDA

10. Total FDI flows among RCEP member countries represent a considerable share of regional economic integration. Which countries should be prioritized for attracting investment? which sectors in Bangladesh do you think have the most potential to attract investment from RCEP countries? Which policy adjustments Bangladesh will require to accede RCEP and attract FDI from RCEP countries?

For Customs Authority, NBR and BTTC

11. Tariff reduction commitment under RCEP builds is to eliminate about 90 percent of import tariffs within 20 years from the date of entry into force of the Agreement. What are the favorable terms for tariff reductions that would benefit Bangladesh in its trade agreements with RCEP countries? What policy adjustments will be required to comply with the tariff reduction commitment?
12. Earlier studies show that tariff liberalization under the RCEP agreement is likely to affect various domestic products, particularly in certain sectors. In your opinion what sectors in Bangladesh are likely to be most affected? What economic adjustments should be considered to cope with the impacts of this liberalization?

For DPDT

13. The RCEP agreement outlines specific IPR obligations for its member countries. A comparison of Bangladesh's current IPR laws with international IPR standards reveals certain differences. In these contexts, what challenges Bangladesh may face acceding to RCEP? Which policy adjusts Bangladesh may require to align its IPR laws with the international standards promoted by the RCEP agreement?

Annex 3: Discussion points for FGD

1. The advantages and disadvantages of Bangladesh's potential accession to RCEP.
2. Types of flexibilities might Bangladesh be eligible for.
3. Potential Goods and Service Sector to export to RCEP countries
4. Potential investment Sector to attract investment from RCEP countries
5. Impact of Tariff elimination on domestic industries
6. Potentials steps for aligning domestic IPR laws with RCEP standards
7. Potential initiatives for Bangladesh to address non-tariff barriers to trade with RCEP countries
8. Adjustments and investments required for Bangladesh for Meeting the standards and regulations set by RCEP, particularly in areas such as product quality, safety, and environmental standards.
9. Recommendations for Bangladesh's participation in RCEP, highlighting potential outcomes and challenge

Annex 4: List of Key Informants

SL No	Name	Designation	Institution
1.	Dr.Mohammad Abu Eusuf	Additional Secretary	Finance Division
2.	Md. Ariful Haque	Director General	Bangladesh Investment Development Authority
3.	Mohammed Asaduzzaman Noor	Joint Secretary	Legislative and Parliamentary Affairs Division
4.	Dr. Syed Muntasir Mamun	Director General	International Trade,Investment and Technology Division, Ministry of Foreign Affairs
5.	Dr. Md. Neyamul Islam	Additional Commissioner	Customs, NBR
6.	Dr Mohammad Monirul Islam	Associate Professor	Department of International Business, University of Dhaka
7.	Ms. Farhana Islam	Deputy Secretary	FTA Wing, Ministry of Commerce
8.	Ms. Ifrat Ara Bagom	Additional Secretary General	Research and Planning Wing, FBCCI
9.	Jillur Rahman	Assistant Professor	Department of Economics, Jagannath University, Dhaka
10.	Mohammad Tareq Kibria	Joint Director	Bangladesh Bank
11.	Md. Mamun-Ur-Rashid Askari	Joint Chief	Bangladesh Trade and Tariff Commission
12.	Md. Belal Hossain	Assistant Director, Trademarks (WTO & International Affair) (Additional Charge)	Department of Patents, Designs & Trademarks

Annex 5: Participants of Focus Group Discussion

S.L.	Name	Designation	Organization
1.	Mr. Ashraf Ibn Noor	Director	Bangladesh Engineers Industry Owner's Association (BEIOA)
2.	Mr. Shahriar Ahmed Rafat,	Director	Bangladesh Engineers Industry Owner's Association, (BEIOA)
3.	Ms. Ifrat Ara Begom	Additional Executive Secretary	Research and Development Wing FBCCI
4.	Monybur Rahman	Senior Assistant Secretary	Bangladesh Garment Manufacturers and Exporters Association (BGMEA)
5.	Dr Foyasal Khan	AGM	LFMEAB
6.	Mohammad Abul Kashem	General Manager	Bangladesh Association of Pharmaceutical Industries
7.	Borhan Uddin Shohag	Assistant Secretary	BKMEA
8.	Mr. Evance Rozario,	Senior Executive Officer	Bangladesh Agro-Processors' Association (BAPA)
9.	Ms. Mahanaj Akter Lopa	Assistant Executive Secretary	Dhaka Chamber of Commerce & Industry (DCCI)
10.	Md. Ashik Mahmud Sajib	Program Officer,	Metropolitan Chamber of Commerce & Industry, Dhaka (MCCI)

Annex 6: GTAP Simulation Results

Simulation 1 (Sim1): FTA between Bangladesh and RCEP
Simulation 2 (Sim2): Simulation 1 with assuming the presence of unemployment in the labor market in Bangladesh.
Simulation 3 (Sim3): Bangladesh remove tariff on imports from RCEP on the following eight items. These eight items are the main exportable items of RCEP to Bangladesh as well as world.

1) TEX, 2) AgFoodProd, 3) Chemicals, 4) Electrical, 5) Electronics, 6) MachinEquip, 7) MotorVehicle, 8) OtherMfg

RCEP remove tariff on imports from Bangladesh on the following eight items. These eight items are the main exportable items of Bangladesh to RCEP countries as well as world. 1) RMG, 2) TEX, 3) LEA, 4) AgFoodProd, 5) Fish, 6) Electronics, 7) RubberPlast, 8) OtherMfg
Simulation 4 (Sim4): Simulation 3 with assuming the presence of unemployment in the labor market in Bangladesh.

Table 1: Impact on Sectoral Output on Bangladesh (Unit: Percentage Change from the Base)

	Sim1	Sim2	Sim3	Sim4
RMG	19.19	21.38	17.87	19.96
TEX	-10.29	-8.04	-10.55	-8.39
LEA	-3.87	-1.79	6	8.23
AgFoodProd	-1.79	0.08	-1.86	-0.06
Fish	-0.47	1.16	-0.35	1.23
Extraction	-1.75	0.23	-1.53	0.39
Chemicals	-7.38	-5.78	-8.86	-7.34
Electrical	-29.4	-27.15	-31.9	-29.82
Electronics	-23.98	-21.86	-26.11	-24.14
MachinEquip	-7.64	-5.38	-9.77	-7.65
MotorVehicle	-15.23	-12.45	-16.25	-13.61
PaperProd	-14.55	-12.31	-2.4	0.07
PhrmaProd	-3.18	-1.55	-3.61	-2.03
RubberPlast	-14.48	-13.39	-3.62	-2.22
WoodProd	-4.82	-2.66	-3.62	-1.48
OtherMfg	-11.48	-9.13	-12.54	-10.31
Communi	1.79	3.93	1.51	3.57
AccomSvc	-2.24	-0.15	-2.27	-0.25
FinInsurance	-0.32	2.31	-0.32	2.21
TransSvc	-1.37	1.12	-1.38	1.01
OthServices	0.52	3.5	0.68	3.55

Table 2: Bangladesh's Bilateral Imports (Unit: Deviation from the Base; Million USD)

	Sim1					Sim2				
	RCEP	USA	EU	IND	ROW	RCEP	USA	EU	IND	ROW
RMG	97	-0.567	-5.16	-37.2	-15.61	106	-0.562	-5.11	-36.8	-15.46
TEX	2791	-15.7	-37.1	-969	-710	2973	-15.5	-36.7	-957	-701
LEA	234	-0.205	-20.1	-12.8	-42.9	246	-0.202	-19.8	-12.61	-42.2
AgFoodProd	831	-42	-28	-239	-284	931	-31	-21	-176	-214
Fish	0.88	0	-0.003	-1.1	-0.07	1.15	0	0.005	3.1	0.16
Extraction	90	-0.97	-2.16	-10.6	-151	110	-0.62	-1.4	-6.7	-98
Chemicals	414	-5.1	-41	-98	-236	487	-4.3	-35	-83	-201
Electrical	321	-39.1	-214	-82.3	-24.1	361	-38.2	-210	-80.4	-23.5
Electronics	155	-16.4	-63	-29.8	-50.4	195	-16	-61.2	-29	-48.9
MachinEquip	399	-17	-122	-81	-34	471	-14	-103	-67	-29
MotorVehicle	157	-2.18	-13.7	-144	-5.3	176	-2.06	-13	-136	-5
PaperProd	181	-4.77	-39.7	-17.4	-50.2	202	-4.56	-38	-16.6	-48
PhrmaProd	10	-0.18	-2.6	-2.1	-1.1	14	0.01	-0.3	0.3	-0.2
RubberPlast	100	-2.37	-19	-77.7	-25.2	118	-2.31	-18.5	-75.8	-24.6
WoodProd	13	-0.52	-0.84	-0.5	-2.01	14.8	-0.46	-0.74	-0.44	-1.77
OtherMfg	1593	-29.7	-122	-369	-342	1837	-28.2	-116	-350	-325
Communi	0.05	0.16	0.7	0.08	0.9	0.14	0.25	1.1	0.12	1.4
AccomSvc	-0.07	0.06	0.2	0.005	0.1	0.07	0.15	0.6	0.012	0.4
FinInsurance	-0.08	0.15	0.2	0.005	0.5	0.03	0.39	0.6	0.012	1.4
TransSvc	-1	5	10	0.23	7	4	11	22	0.45	14
OthServices	-2	6	5	0.7	5	2	16	17	1.7	17

Table 2: Bangladesh's Bilateral Imports (Unit: Deviation from the Base; Million USD) Continued

	Sim3					Sim4				
	RCEP	USA	EU	IND	ROW	RCEP	USA	EU	IND	ROW
RMG	7	0.016	0.16	1.4	0.5	14	0.032	0.31	2.4	0.9
TEX	2827	-16.1	-37.9	-992	-725	3003	-15.9	-37.5	-981	-717
LEA	-6	-0.005	-0.5	-0.2	-1.1	1	0.001	0.2	0.2	0.3
AgFoodProd	946	-41	-27	-239	-275	1046	-31	-21	-178	-207
Fish	0.01	0	0	0.5	0.02	0.21	0	0.008	4.6	0.24
Extraction	-12	-0.41	-0.9	-4.5	-64	-1	-0.03	-0.1	-0.2	-5
Chemicals	464	-5.6	-44	-103	-248	535	-4.8	-38	-89	-215
Electrical	339	-40.3	-220	-84.3	-24.6	378	-39.5	-215	-82.6	-24.1
Electronics	170	-16.9	-64.3	-30.4	-51.3	209	-16.4	-62.6	-29.6	-50
MachinEquip	482	-19	-133	-89	-37	553	-17	-114	-76	-32
MotorVehicle	166	-2.22	-13.8	-145	-5.3	185	-2.1	-13.1	-137	-5
PaperProd	20	0.4	4	1.6	4	36	0.7	6	2.8	8
PhrmaProd	2	0.11	1.3	1.9	0.5	5	0.31	3.6	4.3	1.4
RubberPlast	6	0.06	0.5	3	0.5	22	0.17	1.4	7	1.8
WoodProd	0.5	0.03	0.06	0.04	0.14	1.7	0.12	0.2	0.13	0.48
OtherMfg	1759	-30.4	-125	-375	-347	1999	-29	-119	-357	-330
Communi	0.18	0.18	0.8	0.09	1	0.27	0.27	1.2	0.13	1.5
AccomSvc	0.12	0.09	0.4	0.007	0.2	0.25	0.18	0.7	0.014	0.5
FinInsurance	0.09	0.21	0.4	0.007	0.8	0.2	0.44	0.8	0.013	1.7
TransSvc	5	6	14	0.29	9	9	12	25	0.51	17
OthServices	3	9	10	1	10	7	19	22	2.1	22

Table 3: Bangladesh's Bilateral Exports (Unit: Deviation from the Base; Million USD)

	Sim1					Sim2				
	RCEP	USA	EU	IND	ROW	RCEP	USA	EU	IND	ROW
RMG	-35	860	2911	19	770	-6	950	3217	21	850
TEX	34	38	88	14	38	37	41	96	15.2	41
LEA	66	7.6	40	1.5	11	71	8.8	48	1.8	13
AgFoodProd	27	-2	-18	-4	-16	24	-2.8	-26	-6	-23
Fish	-0.8	-0.002	-0.01	-0.1	-0.02	-3.3	-0.013	-0.08	-0.4	-0.34
Extraction	0.002	-0.001	-0.005	-0.12	-0.02	-0.121	-0.017	-0.075	-1.65	-0.2
Chemicals	0.2	-0.022	-0.015	-0.2	-0.14	0	-0.034	-0.023	-0.3	-0.22
Electrical	-2.1	-0.063	-0.12	-0.26	-1.2	-1.8	-0.052	-0.1	-0.21	-1
Electronics	-2.5	-0.18	-1.4	-0.2	-0.54	-2	-0.16	-1.3	-0.17	-0.48
MachinEquip	-1.3	-0.05	-6.3	-0.57	-0.9	-1.3	-0.05	-6.3	-0.57	-0.9
MotorVehicle	-0.026	-0.001	-0.046	-0.005	-0.032	-0.022	-0.001	-0.037	-0.004	-0.025
PaperProd	0.13	-0.029	-0.07	-0.06	-0.18	0.14	-0.027	-0.07	-0.05	-0.17
PhrmaProd	3.6	-0.005	-0.58	-0.001	-1.9	3.2	-0.006	-0.66	-0.001	-2.2
RubberPlast	4.4	2.1	4.6	1.9	1.08	4	2	4.2	1.8	1
WoodProd	1.86	-0.07	-0.2	-0.006	-0.07	1.68	-0.11	-0.34	-0.011	-0.11
OtherMfg	8.2	-1.6	-2.1	-1.7	-4	7.9	-1.7	-2.3	-1.8	-4
Communi	0	-0.001	-0.005	-0.001	-0.5	-0.001	-0.001	-0.005	-0.001	-0.6
AccomSvc	0	0	-0.001	0	-0.08	0	0	0	0	-0.06
FinInsurance	-0.002	-0.004	-0.009	-0.001	-1.2	-0.002	-0.003	-0.007	-0.001	-0.9
TransSvc	-0.2	-0.19	-0.6	-0.016	-2.3	-0.2	-0.18	-0.6	-0.015	-2.1
OthServices	-0.1	-0.17	-0.6	-0.015	-4	-0.1	-0.17	-0.6	-0.015	-3

Table 3: Bangladesh's Bilateral Exports (Unit: Deviation from the Base; Million USD) Continued

	Sim3					Sim4				
	RCEP	USA	EU	IND	ROW	RCEP	USA	EU	IND	ROW
RMG	436	710	2451	16	630	471	794	2738	18	705
TEX	51	34	80	12	33	54	37	88	13.2	36
LEA	113	3.3	20	0.7	5	119	4.4	27	1	7
AgFoodProd	39	-2.8	-26	-7	-22	35	-3.6	-33	-9	-29
Fish	-0.3	-0.002	-0.01	-0.1	-0.07	-2.8	-0.014	-0.09	-0.5	-0.37
Extraction	-0.07	-0.01	-0.041	-0.9	-0.11	-0.178	-0.024	-0.103	-2.28	-0.272
Chemicals	-0.6	-0.041	-0.026	-0.5	-0.26	-0.8	-0.053	-0.034	-0.6	-0.34
Electrical	-3.1	-0.098	-0.17	-0.43	-1.8	-2.7	-0.088	-0.15	-0.38	-1.6
Electronics	-2.9	-0.27	-2.2	-0.32	-0.84	-2.4	-0.25	-2	-0.3	-0.78
MachinEquip	-2.6	-0.079	-9.6	-0.95	-1.5	-2.6	-0.08	-9.6	-0.95	-1.5
MotorVehicle	-0.024	-0.001	-0.056	-0.007	-0.044	-0.021	-0.001	-0.048	-0.006	-0.037
PaperProd	-0.085	-0.054	-0.13	-0.1	-0.34	-0.082	-0.052	-0.12	-0.1	-0.33
PhrmaProd	-2.3	-0.007	-0.75	-0.001	-2.5	-2.6	-0.008	-0.83	-0.001	-2.8
RubberPlast	-0.1	-0.9	-2	-0.8	-0.44	-0.5	-1	-2.3	-0.9	-0.5
WoodProd	-0.24	-0.1	-0.31	-0.011	-0.11	-0.34	-0.15	-0.44	-0.015	-0.15
OtherMfg	6.9	-3	-3.7	-3.2	-8	6.7	-3.2	-3.9	-3.4	-8
Communi	-0.002	-0.001	-0.006	-0.001	-0.7	-0.002	-0.001	-0.006	-0.001	-0.7
AccomSvc	-0.001	0	-0.001	0	-0.1	-0.001	0	-0.001	0	-0.09
FinInsurance	-0.004	-0.005	-0.011	-0.001	-1.5	-0.003	-0.004	-0.009	-0.001	-1.2
TransSvc	-0.5	-0.25	-0.8	-0.02	-3.1	-0.5	-0.24	-0.8	-0.019	-3
OthServices	-0.5	-0.24	-0.9	-0.021	-5	-0.5	-0.24	-0.9	-0.021	-5

Table 4: Impact on GDP and Trade (Unit: Percentage Change from the Base)

	Sim1			Sim2		
	GDP	Export	Import	GDP	Export	Import
BGD	-0.74	14.63	14.08	1.95	16.18	17.08
RCEP	0.59	2.75	3.92	0.59	2.76	3.92
USA	-0.4	0.08	-0.69	-0.4	0.09	-0.7
EU	-0.31	-0.14	-0.34	-0.31	-0.14	-0.34
IND	-0.53	-0.12	-0.55	-0.53	-0.11	-0.55
ROW	-0.29	-0.16	-0.38	-0.29	-0.15	-0.38

Table 4: Impact on GDP and Trade (Unit: Percentage Change from the Base) Continued

	Sim3			Sim4		
	GDP	Export	Import	GDP	Export	Import
BGD	0.22	13.64	13.69	2.83	15.12	16.58
RCEP	0.03	0.04	0.04	0.03	0.04	0.05
USA	-0.01	0.01	-0.01	-0.01	0.02	-0.01
EU	-0.01	0	-0.01	-0.02	0	-0.01
IND	-0.14	-0.07	-0.14	-0.13	-0.06	-0.13
ROW	-0.02	-0.01	-0.01	-0.02	0	-0.01

Table 5: Decomposition of Aggregate Welfare Changes (EV in Million USD)

	Sim1					Sim2				
	Allocative Efficiency	Endowment Effect	TOT Effect	IS Effect	Total	Allocative Efficiency	Endowment Effect	TOT Effect	IS Effect	Total
BGD	359	0	-1001	-0.944	-644	531	4021	-1088	-0.408	3463
RCEP	15870	0	19037	-410	34497	15878	0	19060	-411	34527
USA	-672	0	-5705	-1224	-7601	-670	0	-5727	-1231	-7628
EU	-2000	0	-6169	565	-7605	-2019	0	-6174	566	-7627
IND	-340	0	-1718	-127	-2186	-341	0	-1712	-125	-2178
ROW	-2060	0	-4515	1198	-5376	-2067	0	-4429	1201	-5295

Table 5: Decomposition of Aggregate Welfare Changes (EV in Million USD) Continued

	Sim3					Sim4				
	Allocative Efficiency	Endowment Effect	TOT Effect	IS Effect	Total	Allocative Efficiency	Endowment Effect	TOT Effect	IS Effect	Total
BGD	340	0	-721	59.6	-321	510	3870	-801	62.4	3641
RCEP	290	0	1109	-64.2	1335	296	0	1128	-65.3	1358
USA	26.6	0	-25	2.61	4.25	27.8	0	-46.5	-4.8	-23.5
EU	-66.8	0	155	23.6	112	-85.5	0	149	24.8	88.4
IND	-46.9	0	-442	-73.2	-563	-47.5	0	-436	-70.5	-554
ROW	-67.9	0	-74	51.4	-90.5	-74.2	0	9.88	53	-11.3

Annex 7: Outcome Report of Key Informant Interviews

Advantages and Disadvantages of entering into RCEP

On the advantage side, joining the bloc would provide preferential access to a vast market comprising 30 percent of global GDP and population, which could boost exports, particularly in ready-made garments, leather, pharmaceuticals, handicrafts, frozen fish and agro-products like fruits, vegetables etc. It would help offset the loss of duty-free market access after LDC graduation and make Bangladesh a more attractive destination for foreign direct investment by integrating it into regional and global value chains. Simplified trade rules, lower non-tariff barriers, and harmonized customs procedures could reduce transaction costs, enhance supply chain participation, and benefit small and medium enterprises.

However, there are notable disadvantages. Bangladesh faces the risk of significant revenue loss from reduced import tariffs, potentially around $2.5 billion, due to its high dependence on customs duties. Increased import competition, especially from countries like China and Vietnam, could pressure domestic industries such as electronics, automobiles, and SMEs, while imports may rise faster than exports, widening the trade deficit. Moreover, the benefits of RCEP are likely to concentrate in the RMG sector, leaving the economy vulnerable without rapid export diversification. In addition, we lack expertise also in dispute settlement and 'lack of administrative and political commitment for reform initiatives required to comply with the international standard propagated at the RCEP agreement. To fully realize the potential gains and mitigate risks, Bangladesh must undertake structural reforms, including tax policy adjustments, industrial upgrading, and institutional strengthening, to enhance competitiveness and resilience in a highly integrated regional market.

Offensive and Defensive Interest of Bangladesh in RCEP

Bangladesh's offensive interests in negotiating RCEP primarily focus on securing greater market access and export diversification by obtaining preferential or duty-free entry for both RMG and non-RMG products such as pharmaceuticals, leather, jute, light engineering, and ICT/BPO services. Integration into regional value chains is a key goal to enhance competitiveness, attract foreign direct investment, and benefit from technology transfer and potential labor mobility. Additionally, reducing non-tariff barriers and achieving mutual recognition of standards would facilitate smoother trade flows and strengthen Bangladesh's position as a regional manufacturing hub.

On the defensive side, Bangladesh needs to protect sensitive domestic industries, including agriculture, low-end textiles, SMEs, and other infant industries, through gradual liberalization, positive lists, and safeguard measures. Minimizing revenue loss from tariff reductions and managing potential import surges, particularly from China, are also crucial to prevent an excessive trade deficit and maintain fiscal stability. Avoiding over-commitment in areas like IPR should also be considered.

Flexibilities might Bangladesh be eligible for in RCEP

Bangladesh can and should seek special flexibilities under RCEP like those provided to Least Developed Countries (LDCs) to ensure a smooth transition and sustainable integration. These flexibilities include extended transition periods or longer tariff phase-out timelines, especially for sensitive products and sectors vulnerable to increased competition. Bangladesh is also expected to pursue special and differential treatment (S&DT) provisions in areas such as intellectual property rights (IPR), rules of origin, trade facilitation, and services and investment commitments. Additionally, technical assistance and capacity-building support are essential components that Bangladesh should leverage to strengthen institutional and regulatory frameworks. Given Bangladesh's upcoming graduation from LDC status, the negotiation should focus on maximizing these flexibilities, securing exemptions or delayed implementation in critical areas like agriculture and IPR, and aligning accession strategies with domestic reform plans such as the Smooth Transition Strategy (STS) to mitigate fiscal and industrial challenges. Learning from the experiences of other LDC members within RCEP can provide valuable guidance in this process.

Bangladesh's strategies for enhancing its market access and competitiveness in RCEP

Bangladesh can enhance market access within RCEP countries by eliminating tariff and non-tariff barriers, promoting Mutual Recognition Agreements (MRAs), facilitating foreign direct investment (FDI), and developing country-specific product strategies. Beyond these, it needs to strengthen domestic preparedness and competitiveness by improving product quality and compliance with SPS/TBT standards, modernizing ports, customs, and logistics to reduce trade costs, and diversifying exports beyond RMG into sectors such as pharmaceuticals, ICT/BPO, agro-products, leather, and light engineering. Ensuring a favorable investment climate, adopting new technologies, and upgrading skills will help domestic industries integrate into regional value chains, while negotiating longer tariff reduction timelines and maintaining sensitive product lists will support a smooth transition and sustain competitiveness after LDC graduation.

Potential Products for greater market access

Bangladesh's most promising export products to RCEP countries include ready-made garments and textiles, leather and leather products including footwear, pharmaceuticals, jute and diversified jute goods, agro-processed foods, frozen fish and seafood, and emerging light engineering components. The key destinations are Japan, South Korea, and Australia for high-quality garments, seafood, processed foods; China and Vietnam for leather, footwear, and intermediate goods; and ASEAN countries such as Malaysia, Thailand, Indonesia, the Philippines, Myanmar, and Cambodia for pharmaceuticals, agro-products, jute goods, and light engineering supplies. The rationale behind this selection lies in Bangladesh's strong comparative advantage in labor-intensive manufacturing, competitive pricing, and increasing product quality, alongside rising regional demand for affordable medicines, processed food, and eco-friendly jute products.

Potential Services for greater market access

Bangladesh has strong potential to expand its service exports to RCEP countries in sectors such as ICT and IT-enabled services (including software development and BPO), skilled and professional labor services like nursing, engineering, and medical support, and tourism and hospitality, with additional opportunities in logistics and transport services as regional connectivity improves. The rationale lies in Bangladesh's competitive labor costs, growing skilled workforce, and rising regional demand for outsourcing, digital solutions, and healthcare services. To boost the volume and competitiveness of service exports, Bangladesh should invest in skill development and internationally recognized certifications, upgrade digital infrastructure, and enhance service quality to meet RCEP market standards. It should also negotiate Mutual Recognition Agreements (MRAs) to facilitate labor mobility, simplify visa and regulatory processes, develop marketing and branding as a cost-effective service hub, improve physical connectivity and logistics to support tourism and professional services across the region and enhance digital infrastructure investment to boost ICT competitiveness. This combined approach would allow Bangladesh to capture emerging opportunities in RCEP's dynamic service economy.

Challenges in RCEP Rules of Origin

Bangladesh faces multiple challenges in complying with Product-Specific Rules of Origin (PSR) under the RCEP framework. A key difficulty is the heavy reliance on imported raw materials and limited domestic value addition, unskilled labor force, low technological progress which makes it hard to meet RCEP's thresholds like Regional Value Content (RVC 40 percent) or Change in Tariff Classification (CTC). Institutional and technical capacity constraints including weak systems for ROO certification, traceability, and compliance monitoring complicate adherence further. The complex and product-specific nature of RCEP's PSR requires industry-level consultation and sector-specific expertise, which is both time-consuming and resource-intensive, especially for SMEs that lack awareness and preparation. Additionally, infrastructure and regulatory bottlenecks, such as inefficient customs procedures, certification issues, and inadequate documentation practices, pose barriers to smooth compliance. Without significant capacity building, system upgrades, and industry engagement, Bangladesh may struggle to fully utilize RCEP's preferential market access.

RCEP obligations on Trade Facilitation and Challenges of Bangladesh

The common view of the responses is that Bangladesh will face significant challenges in complying with RCEP's WTO TFA-plus provisions, such as 48-hour customs clearance and 90-day advance rulings, due to its current institutional and infrastructural limitations. Major challenges include slow and manual customs procedures, inadequate automation and single-window systems, poor port and logistics infrastructure, manpower shortages, and weak inter-agency coordination among customs, port authorities, and regulatory bodies.

To achieve compliance, Bangladesh will likely need a transition period of 3–5 years and must adopt comprehensive preparatory measures, including customs modernization and full digitization, upgrading port and logistics infrastructure, implementing risk management and pre-arrival processing, enhancing training and institutional capacity, and engaging the private sector for smoother trade facilitation. One of the respondents mentioned that we need proper cost benefit analysis, market research and a detailed study engaging government and private bodies and academicians, as preparatory steps for acceding in the RCEP.

RCEP obligations on SPS and Challenges of Bangladesh

Bangladesh will face major institutional, technical, and infrastructure challenges in complying with RCEP's WTO-plus SPS provisions, which include audit, certification, emergency measures, and enhanced risk analysis and transparency requirements. Key challenges include limited laboratory and testing facilities, shortage of trained SPS inspectors and technical personnel, weak inter-agency coordination, and inadequate risk assessment and data management systems, all compounded by underdeveloped port and border infrastructure.

To meet these obligations, Bangladesh must upgrade SPS testing and certification facilities, train and certify more specialized personnel, develop robust risk assessment and management frameworks, enhance inter-agency coordination and data sharing, and improve transparency through digital information systems and stakeholder engagement. These initiatives are essential for achieving effective SPS compliance and fully utilizing RCEP market access.

RCEP Obligations on TBT and Challenges of Bangladesh

Key challenges include limited testing and certification facilities, weak national standards and regulatory bodies, and poor inter-agency coordination, which can slow compliance and market access. To improve compliance, Bangladesh should strengthen its standards institutions, upgrade laboratory and testing infrastructure, train relevant stakeholders, and enhance inter-agency cooperation. Additionally, pursuing Mutual Recognition Agreements (MRAs) with RCEP countries and leveraging capacity-building cooperation can facilitate smoother acceptance of Bangladeshi products. The flexibility in RCEP also presents an opportunity for Bangladesh to gradually harmonize standards, develop domestic capacity, and expand market access without facing immediate pressure to fully align with international norms.

RCEP Obligations on IPR and Challenges of Bangladesh

Bangladesh is likely to face a range of legal, institutional, and technical challenges in acceding to the RCEP agreement due to its current gaps in intellectual property rights (IPR) compliance. A comparative assessment between Bangladesh's existing IPR framework and the international standards promoted by RCEP reveals significant discrepancies, particularly in patent, copyright, and trademark regulations. Although the country has enacted several laws such as the Patent Law 2023 and the Trademark Act 2009, these are still insufficient to meet the higher obligations under RCEP. One of the most pressing challenges lies in the lack of institutional infrastructure and enforcement capacity many key institutions such as the Plant Variety Authority have not yet been established, and enforcement agencies like Customs and the National Board of Revenue (NBR) remain under-resourced. A particularly vulnerable sector is pharmaceuticals, which currently benefit from TRIPS exemptions as a Least Developed Country (LDC). Strict adherence to RCEP's IPR provisions may endanger access to affordable generic medicines and disrupt the public health system. To align with RCEP standards, Bangladesh urgently need legal reforms, capacity building, and human resource development. They also highlight the necessity of a longer transition period to allow gradual adaptation and avoid abrupt shocks to sensitive industries. Therefore, Bangladesh must undertake a comprehensive overhaul of its legislative and institutional frameworks while simultaneously negotiating for extended flexibility during the transition phase.

Compliance of Bangladesh to IPR related obligations of RCEP

RCEP Obligations	Compliance of Bangladesh
Article 11.44.1 – 18 Month Publication (Section E, patents) The time limit for publishing patent applications is 18 months from the earliest priority filing date	While Bangladeshi law includes the concept of an 18-month publication period for patent applications, there are notable capacity limitations. One key issue is the lack of clarity in the law regarding the difference between the "filing date" and the "priority date". The international standard, as set by the Paris Convention, distinguishes the priority date as the date of the earliest filed application, which may differ from the local filing date. Bangladeshi law only mentions the filing date, and thus does not fully align with RCEP standards. Moreover, due to a severe shortage of patent examiners, and the absence of pharmaceutical patent examination (owing to LDC exemptions), Bangladesh currently lacks the operational capacity to ensure timely publication within the stipulated 18-month window. Hence, compliance in practice remains doubtful.
Article 11.59.1- Fair and Equitable Procedures (subsection 2) Each Party shall make available to right holders' civil judicial procedures concerning the enforcement of any intellectual property right covered by this Chapter. Defendants shall have the right to written notice, which is timely and contains sufficient	The obligation to ensure fair and equitable civil judicial procedures for IPR enforcement presents a major challenge. Although the basic legal norms exist in Bangladeshi law, the term "fair and equitable procedures" is not well understood or operationalized by enforcement agencies or the judiciary. There is low awareness of this obligation, and the enforcement mechanism is weak. Since the provision uses the term "shall," it is legally binding under RCEP, and Bangladesh may face difficulties in fulfilling this requirement unless significant institutional reforms and capacity-building initiatives are undertaken.

detail, including the basis of the claims	
Article 11.59.2 – Alternative Dispute Resolution (ADR): Each Party may permit the use of alternative dispute resolution procedures to resolve civil disputes concerning intellectual property rights	Bangladesh currently allows alternative dispute resolution (ADR) under the Civil Procedure Code (CPC); however, there are no specific ADR mechanisms dedicated to intellectual property rights (IPR). While the ADR provision under RCEP is optional ("may permit"), it is possible for Bangladesh to extend the scope of ADR to cover IP disputes. Incorporating explicit ADR provisions into amended trademark and copyright laws—which are currently under review—would strengthen Bangladesh's alignment with RCEP obligations. Therefore, compliance is achievable with modest legislative updates.
Article 11.69.1- Suspension of the Release of Suspected Pirated Copyright Goods or Counterfeit Trademark Goods by Ex Officio Action (subsection 3) Each Party shall adopt or maintain procedures with respect to import shipments under which a right holder is right, so that the Party's competent authorities can suspend the release of the suspected pirated copyright goods or counterfeit trademark goods	In Bangladesh, this remains problematic. For example, the Copyright Act and Trademark Act include procedural barriers such as the requirement for prior permission from the registrar, which contradicts the concept of ex officio action. The Trademark Act 2009 mentions fixed penalties (e.g., 5,000 BDT) but does not provide sufficient flexibility or authority for customs officials to act independently. Hence, significant legal reform and procedural clarity are required to comply with this RCEP obligation.

Capacity of Bangladesh in complying with IPR obligations of RCEP

1. The country will require the maximum possible transition period 10 years, for most of the RCEP obligations under Article 11.9 and related intellectual property provisions. Among the listed multilateral agreements, Bangladesh may consider starting with the Madrid Protocol, which is comparatively less challenging and somewhat aligned with existing efforts. However, copyright-related treaties such as the WCT (WIPO Copyright Treaty), WPPT (WIPO Performances and Phonograms Treaty), and the Marrakesh Treaty are far beyond Bangladesh's current enforcement capacity. The Copyright Office, for instance, has only two permanent examiners and lacks digital infrastructure, making it nearly impossible to manage a surge in applications or to examine complex materials like digital or sound-based works.

The PCT (Patent Cooperation Treaty) poses significant challenges, especially for Bangladesh's robust pharmaceutical sector. Post-LDC graduation, Bangladesh will be required to open for international patent filings. If it joins the PCT without adequate capacity-building, this could result in an unmanageable flood of foreign applications, many of which will bypass national scrutiny. The country may lack the human resources, institutional mechanisms, and legal preparedness to handle this influx, risking serious implications for public health and access to affordable medicine. Likewise, the Protection of New Varieties of Plants (PVPA) will directly impact Bangladesh's agriculture and food security. Granting exclusive rights to breeders without considering farmers' interests in royalty-sharing mechanisms could threaten local crop sovereignty and livelihoods.

Provisions such as protection for sound marks, enforcement against digital infringements, and administrative procedures for GIs are also problematic. Sound marks, a non-traditional form of IP, are difficult to examine given Bangladesh's limited technical and human capacity. The legal structure for protecting geographical indications exists but lacks comprehensive administrative implementation. Criminal procedures and destruction of infringing goods are partially covered under existing laws, but practical enforcement remains weak. Therefore, compliance with these IP provisions would require a substantial overhaul of domestic laws, institutional restructuring, technology upgrades, training of personnel, and above all, strong political will.

RCEP agreement offers Bangladesh a flexible path to align with global standards without rushing into costly legal reforms. Unlike the stricter CPTPP, RCEP allows developing countries to negotiate transition periods based on their capacity. A thorough legal gap analysis is needed to determine which RCEP provisions fall under mandatory obligations. These categories will determine the level of commitment and necessary budget or capacity-building support for enforcement.

Investment potentials of Bangladesh in RCEP

In FY 2023-24, RCEP countries contribute 51 percent of net FDI inflows and 39 percent of total FDI stock. Though Singapore contributed largest FDI stock of USD 1.7 billion, China and South Korea held first and second position in terms of FDI net inflows having the amount USD 283.56 and 246.35 million respectively. Bangladesh should prioritize attracting investment primarily from China, South Korea, and Singapore, with Japan and key ASEAN members as additional focus countries, as these nations are already major FDI contributors and possess strong technological and value chain capabilities. The most promising sectors for investment include labor intensive manufacturing industries like textiles and apparel/RMG, leveraging Bangladesh's established global competitiveness; agro-processing and food industries, which can benefit from technology transfer in areas like dairy, poultry, and processed foods; ICT and IT-enabled services (ITES), driven by the growing regional demand for digital solutions and outsourcing; pharmaceuticals and healthcare, supported by Bangladesh's emerging generics industry and expanding markets; and infrastructure, logistics, and light-to-medium manufacturing, semiconductors including electronics and components, which are critical for deeper integration into RCEP's regional value chains. One respondent provides a global market context (USD 3.5 trillion electronics market) and suggests China and South Korea for electronics manufacturing and Australia for ITES and agro-based technology transfer. He also specifically mentioned that Australian Investment with technology transfer is important for improving our agro-based industry especially in dairy and poultry sector which facilitate sustainable supply of nutrition to the growing population of Bangladesh. Another respondent commended for improving Business environment and governance and IP regime for attracting investment.

Compliance with Key obligations of Investment chapter

For Article 10.5 on Treatment of Investment, Bangladesh may comply, as the Foreign Investment Promotion and Protection Act (FIPPA) 1980 already ensures fair and equitable treatment, as well as protection and security for foreign investments in line with customary international law. Regarding Article 10.7 on Senior Management and Board of Directors, Bangladesh currently has nationality requirements for board members and senior management (e.g., 1:5 and 1:10 ratios) under the 2023 Act.

In terms of Article 10.9 concerning Transfers, Bangladesh may largely comply. Article 10.11 on Compensation for Losses is also likely to be compliant. For Article 10.12 on Subrogation, and Article 10.13 on Expropriation, Bangladesh may comply, particularly under the protections offered by FIPPA 1980.

It may be mentioned that 7 Parties of the RCEP, namely Japan, Korea, Australia, Singapore, Brunei, Malaysia, and Indonesia, have adopted the Schedules of Non-conforming Measures, i.e., the Negative List method; 8 Parties of the RCEP, namely China, New Zealand, Thailand, the Philippines, Cambodia, Vietnam, Laos, and Myanmar, have adopted the Schedules for Specific Commitments, i.e., Positive List method, and have included in their Positive Lists three Negative Lists, namely, future liberalization regulations, transparency list provisions, and Most-Favored-Nation Treatment. In addition, these 8 Parties promised to move to an all-Negative List in the future. Bangladesh may prefer Schedule of Non-conforming measures as all the FTA partners also prefer it.

Bangladesh will require policy adjustments in the area of Dispute Settlement, Senior Management rule, Performance Requirement to comply with the RCEP standard.

Tariff Reduction Commitment of Bangladesh

Tariff reduction commitment under RCEP is to eliminate about 90 percent of import tariffs within 20 years from the date of entry into force of the Agreement. Bangladesh should negotiate longer transition periods and exemptions for sensitive sectors such as agriculture, low-end textiles, and infant industries to allow gradual liberalization under RCEP. Asymmetric commitments and special and differential treatment should be sought, considering Bangladesh's development status and upcoming LDC graduation. To comply with tariff reduction commitments, Bangladesh needs to improve industry competitiveness, modernize customs systems, and support affected sectors through targeted policy measures. Additionally, industrialization should be promoted to reduce dependency on tariff-based revenue and expand the direct tax base through increased corporate and personal income taxes. A thorough analysis of domestic preparedness is essential to formulate favorable tariff schedules and safeguard vulnerable sectors and overall national economic interests. Another respondent shared that tariff reduction commitment should be formulated in such way that domestic industries can cope with the competition in the zero-tariff regime.

RCEP impact on Domestic Industries and Strategies for Defense

Uncompetitive and import-dependent sectors in Bangladesh will be the most vulnerable to tariff liberalization under the RCEP agreement. The textile and apparel sector, especially its low-end segments, is frequently cited as a likely affected area due to competition from more advanced RCEP members like China and Vietnam. Agriculture and agro-based industries, light engineering, and pharmaceuticals are also commonly identified as high-risk sectors. Some responses stress that Bangladesh's small and medium enterprises (SMEs) in these industries could face significant pressure due to lower competitiveness and compliance challenges.

To cope with these impacts, a broad consensus suggests gradual tariff liberalization, the use of safeguard measures, and the designation of sensitive product lists to protect vulnerable sectors. One suggested that we must first adopt a positive list approach in consultation with the private sector to assess their preparedness within their respective industries. Common economic adjustments proposed include diversifying exports, investing in technology and skill upgrades, improving infrastructure, and enhancing competitiveness through targeted support to affected industries and strengthening social safety nets to support displaced workers. Consultations with the private sector and sector-specific impact studies are needed before making final liberalization commitments.

Annex 8: Outcome Report of the Focus Group Discussion

RMG

According to BGMEA, joining RCEP would bring both opportunities and significant challenges for Bangladesh. One critical concern is that compliance with RCEP's intellectual property regulations would prohibit the use of unauthorized software (commonly known as 'crack files'), which are currently widespread in many industries. If such practices are suddenly banned without adequate alternatives or support, a large portion of Bangladesh's operational systems could come to a standstill overnight.

On the other hand, Foreign Direct Investment (FDI) may increase, particularly in sector-specific areas like Ready-Made Garments (RMG). However, the sector is already facing capacity constraints—for example, we are currently unable to supply adequate gas even to existing factories. In such a situation, balancing expanded FDI with limited infrastructure and utility capacity would be extremely challenging.

Another major issue is the Rules of Origin under RCEP. Approximately 80 percent of our raw materials are imported, yet Bangladesh has fewer than 300 fiber and fabric-producing factories. Without a reduction in import duties, accessing raw materials at competitive prices will remain a major challenge.

While RCEP promises meaningful market access for member countries, it also poses a risk to our domestic industries, especially if local products cannot compete in terms of quality. Without proper safeguards and policy measures, the influx of higher-quality foreign goods could severely impact local producers.

Knitwear Sector

Bangladesh needs to actively pursue Free Trade Agreements (FTAs) such as RCEP to strengthen its global trade position. In some sectors, 80 percent of the input are imported, which can serve as an advantage for us under FTAs, as it opens opportunities for cost-effective sourcing and market expansion.

In the knitwear sector, for example, the basic raw materials are largely produced domestically. The demand for these products is consistent and enduring, providing a strong foundation for export growth. However, to sustain this momentum, we must focus on improving product quality and ensuring that our goods are sold at ethical and competitive prices. Establishing fair pricing practices is essential for long-term survival in international markets.

One of the significant challenges we face in the context of RCEP is the extended customs clearance timeline. The current 48-hour transitional period for transport and customs under RCEP poses a serious logistical and competitive challenge for Bangladesh.

To fully benefit from RCEP and similar FTAs, Bangladesh must adopt a comprehensive approach, enhancing domestic production capabilities, ensuring quality and compliance, and addressing policy and logistical bottlenecks.

Leather Sector

Bangladesh has an open economy, though it is relatively small valued at around USD 450 billion**.** We must be prepared to welcome Free Trade Agreements (FTAs) and proactively identify advantages while working to minimize the disadvantages. As we enter the Regional Comprehensive Economic Partnership (RCEP), we will no longer be considered a Least Developed Country (LDC); we will be treated as a non-LDC. Therefore, it is crucial that we adopt this mindset from now on.

Once we can stabilize and strengthen our domestic economy, we will be in a better position to embrace RCEP positively. At present, there is concern because lowering or eliminating duties could threaten our national revenue. If we were more reliant on domestic tax sources for revenue generation, we would not be as concerned about these adjustments. However, instead, the government has historically implemented policies that are biased against exports.

There must be stronger collaboration between the public and private sectors. For instance, we are currently working to diversify export markets for leather goods. The top ten export destinations for our leather products include the United States, Canada, and various European countries. We aim to take advantage of market diversification opportunities. At the same time, we want to build local competitiveness and are therefore urging the government to resolve key challenges in the sector.

In Asia, China is currently our top export market because our products often fail to meet global standards. Developed countries require compliance with various environmental regulations. One prominent requirement in the leather industry is the Leather Working Group (LWG) certification, which is closely tied to having an operational Effluent Treatment Plant (ETP).

Given the financial limitations of most tanneries, many do not have the capacity to build individual ETPs. There was a plan to relocate the tanneries from Hazaribagh to Hemayetpur, where a Central Effluent Treatment Plant (CETP) would be constructed with government funding. However, CETP is still not fully functional.

At present, only seven factories have such treatment facilities, and even these have minimal capacity. For example, they are barely able to process cowhides during the peak period of Eid. We do not fear competition. Our primary challenge lies in solving the issues in the local market. Only when these internal problems are addressed can we succeed and survive in the international market.

Light Engineering Sector

To succeed in global trade, we must first explore and understand the local markets and cultures of our potential export destinations**.** Disseminating accurate information about export country markets and their cultural dynamics is crucial for informed strategic planning.

Thailand, for instance, is a significant global hub for automobile parts manufacturing. The global automobile parts market exceeds USD 7 trillion, representing a massive opportunity. Currently, Bangladesh produces around 220 million units in this sector, but our main export item is bicycles—which constitutes only a very small fraction of the global market. In contrast, the automobile parts industry is practically limitless in its scope and demand.

However, policy anomalies in our country are holding us back. We have no clear direction or supportive environment. Without adequate preparation, entering into Free Trade Agreements (FTAs) could turn Bangladesh into a predominantly importing country, rather than a competitive exporter.

At present, we lack substantial investment in the light engineering sector. The entire sector is composed primarily of small and medium enterprises (SMEs), with no large-scale industrial backbone. Before proceeding with any FTA, we must first address and rectify domestic policy challenges. The local light engineering market is worth approximately Tk 2,000 crore, yet even within this domestic market, we struggle to compete due to regulatory and structural inconsistencies.

If we lack the capacity to compete with foreign products in our own domestic market, we are not ready to engage in global trade on equal footing.

One of the major anomalies is related to the method of import valuation. We import automobile parts from countries like China and Japan, where products are often categorized and taxed by weight rather than by piece. This practice undermines our local industry's comparative advantage. Without revising our taxation system, we cannot compete.

Additionally, our export potential to the Chinese market is constrained because we have too few competitive products and a weak engineering foundation. To break into that market, we need a strong, technically capable industrial base.

Therefore, two major areas require urgent focus:

1. Building domestic production capability, particularly in light engineering and manufacturing.

2. Reforming policies, especially through the National Board of Revenue (NBR), where greater emphasis must be placed on practical, evidence-based policy adjustments. Policy formulation and implementation must be handled separately, with much stronger focus on policy work to support long-term industrial competitiveness.

The light engineering sector in Bangladesh is currently in a state of survival—almost on life support. To enable export growth, we urgently need five key policy supports:

1. 10-Year VAT Exemption:
   Only one HS code (84.48) is currently recognized for VAT exemption in the light engineering sector, and there is no clear specification or breakdown for various sub-categories. Although it was stated that VAT and tax would be waived for all spare parts in

this sector, this has not been implemented in practice. We demand a 10-year VAT exemption across the sector, not just under a single HS code.

2. Compliance and Infrastructure Challenges:
   Most workshops are in Old Dhaka, where space is highly constrained. Due to land scarcity, it is nearly impossible to upgrade facilities to meet compliance standards. We need a dedicated economic zone for the light engineering sector and the establishment of compliance-focused workshops.

3. Lack of Accessible Financing:
   Currently, loan interest repayment begins the month after borrowing, which is unrealistic for small-scale industries. A grace period of at least two years is essential to allow businesses time to generate revenue before repayment begins.

4. High Raw Material Costs:
   For example, producing textile gear can cost over USD 1,200 due to the high cost of imported raw materials. Under these conditions, it is nearly impossible to compete with RCEP countries, where producers enjoy better access to affordable input.

5. Excessive VAT and Taxes on Machinery:
   Importing essential machinery like CNC machines is heavily taxed. These machines are vital for quality production. We strongly urge that all import duties and VAT on essential machinery be waived to support modernization and productivity.

Pharmaceuticals

Bangladesh already has an export footprint in several RCEP member countries, particularly in the pharmaceutical sector. We currently export pharmaceutical products to Laos, Cambodia, Vietnam, and Myanmar. Among these, Myanmar is one of the largest importers of Bangladeshi pharmaceutical products.

Exporting to these countries does not present significant challenges; most of the obstacles are policy-related and manageable. The growth of this sector has largely been driven by the private sector's own capabilities and initiatives. Currently, around 40 percent of our pharmaceutical exports go to just two countries, Sri Lanka and Myanmar, primarily because we began the registration process in these countries a long time ago.

In the pharmaceutical industry, registration and proper documentation in the target country are essential for export. In some cases, it can take up to three years to complete this process, posing a major challenge for exporters.

Bangladesh exports pharmaceutical products to over 140 countries. While we have successfully entered these markets, the next step is to expand and deepen our presence. For this, a strong local regulatory framework aligned with international standards is essential. Currently, we lack international accreditation, including Testing, Inspection, and Certification (TIC) standards. If we had these, we could proceed directly to product registration in many countries.

Without such accreditations, it can take at least two years to facilitate registration, making the process complicated, expensive, and time-consuming. If our Directorate General of Drug Administration (DGDA) were TIC-accredited or recognized by international bodies, we could export globally using only GMP (Good Manufacturing Practice) certification, passing the need for foreign inspections.

At present, only 7–8 pharmaceutical factories in Bangladesh hold any form of international certification, which they obtained independently. The only widely recognized certification we have domestically is WHO GMP accreditation. However, due to financial constraints, most companies cannot afford additional certifications.

As a result, we have prioritized markets that are more accessible, such as Cambodia, where we export 74 products under a single HS code, Myanmar with 55 products, the Philippines with 32, and Vietnam with 14.

We've tried to grow these markets by focusing our efforts and understanding local product demand. For instance, paracetamol has a low profit margin, so we've diversified into higher-tech pharmaceutical products. As an LDC, Bangladesh has been able to launch patented global products within 5–6 months through our own R&D and export them to other LDCs without facing intellectual property restrictions.

However, upon graduation from LDC status, we will lose access to 33 such products, and without our own independent laboratories, we must continue to rely on foreign inspection facilities, which raises the initial cost of export significantly.

Thus, while the pharmaceutical sector has made impressive progress, policy support remains a critical bottleneck. Addressing regulatory gaps, enabling international accreditation, and improving institutional capacity are essential steps for Bangladesh to remain competitive in this high-potential sector after LDC graduation.

Agro-processing Sector

Agro-processed products represent a promising area for export growth. In the fiscal year 2021–22, Bangladesh exported over USD 1 billion worth of agro-processed goods. Our primary export markets are based in the Middle East, with some additional exports to Laos and Vietnam for selected products.

To fully realize the potential of this sector, our primary focus must be on improving domestic capabilities. One critical gap is the lack of food testing laboratories with international accreditation. As a result, Bangladesh cannot consistently meet the food safety and quality standards required by many importing countries. At present, we are forced to rely on foreign labs for certification and testing, which increases costs, delays export timelines, and limits our competitiveness.

In addition to these internal capacity constraints, non-tariff barriers pose a significant challenge for our agro-processed exports. Moreover, the obligations under RCEP in areas such as standards, conformity assessment, and regulatory cooperation are particularly challenging. Before committing to RCEP accession, we must carefully evaluate these obligations and assess our preparedness to comply with them.

Ultimately, policy reform is essential. This includes investment in testing and certification infrastructure, development of accredited laboratories, and alignment with international food safety and quality standards.

If we can address these challenges and build the necessary capacity, Bangladesh will be in a stronger position to consider joining RCEP and fully benefit from its trade opportunities in the agro-processing sector.

Common challenges for all sectors

Our ultimate objective is to increase bilateral trade. However, one of the major challenges we face is the lack of timely market access information. For example, export-import data becomes accessible after it is already outdated. In markets like Cambodia, local competition is intense, with the market largely dominated by Chinese products. Additionally, Bangladesh faces logistical and geographical disadvantages, which further complicate market entry. Before expanding abroad, we must first strengthen our position in the local market. To access relevant market data for export planning, we require practical, up-to-date information from our foreign missions, enabling us to better understand the demand for potential export destinations.

A thorough assessment of Bangladesh's situation in the context of LDC graduation is essential. If the economic and institutional conditions are favorable, then joining RCEP can be considered as a strategic next step.

Bangladesh faces several internal challenges that must be addressed before joining RCEP. While membership would open opportunities to penetrate major markets such as Japan, China, and ASEAN countries, we must first develop a comprehensive action plan for internal preparedness.

This includes the expansion of accreditation facilities, and greater support for product and market diversification. Only after strengthening these internal structures will, we be truly ready to compete in the RCEP market space.

Annex 9: List of Potential Products for Market Access in RCEP

hs_code	commodity	RCEP Countries imports from BGD (Million USD)	RCEP Countries imports from the world (Million USD)	BGD exports to the world (Million USD)	RCEP Countries : Average bound tariff (percent)	RCEP Countries : Average MFN tariff (percent)	RCEP Countries : Lowest average preferential tariff (percent)
30199	Fish live nec in heading 0301	21.27	320.02	21.68	2.91	4.35	0
30389	Fish frozen nec in heading 0303 excluding fillets livers roes and other fish meat of heading 0304	6.41	2643.02	20.73	3.00	5.73	0.04
30617	Crustaceans frozen shrimps and prawns excluding coldwater varieties in shell or not smoked cooked or not before or during smoking in shell cooked by steaming or by boiling in water	12.30	7487.46	220.53	5.11	3.01	0
30624	Crustaceans not frozen crabs whether in shell or not smoked cooked or not before or during smoking in shell cooked by steaming or by boiling in water edible flours meals and pellets	43.53	1759.07	44.45	10.90	7.37	0
30799	Molluscs nec in heading 0307 whether in shell or not other than live fresh or chilled includes flours meals and pellets of molluscs fit for human consumption	11.60	2940.76	11.67	10.11	10.09	0.06
70999	Vegetables edible nec in chapter 07 fresh or chilled	0.13	139.43	18.76	10.00	0.00	N/A
81090	Fruit edible fruits nec in heading no 0801 to 0810 fresh	0.01	1267.33	11.33	6.66	0.06	N/A

hs_code	commodity	RCEP Countries imports from BGD (Million USD)	RCEP Countries imports from the world (Million USD)	BGD exports to the world (Million USD)	RCEP Countries : Average bound tariff (percent)	RCEP Countries : Average MFN tariff (percent)	RCEP Countries : Lowest average preferential tariff (percent)
91091	Spices mixtures of 2 or more products of different headings	1.37	44.00	10.87	2.24	0.13	0
91099	Spices nec in heading no 0910	0.97	114.40	16.70	1.57	0.00	N/A
100630	Cereals rice semimilled or wholly milled whether or not polished or glazed	1.24	6463.55	13.38	13.24	11.00	0
120740	Oil seeds sesamum seeds whether or not broken	12.72	2025.89	16.64	6.30	5.24	0
140490	Vegetable products nec in chapter 14	0.01	721.58	14.57	1.29	6.15	0.917647
151590	Vegetable fats and oils and their fractions fixed nec in heading no 1515 whether or not refined but not chemically modified	0.31	507.89	58.84	0.84	1.60	0
170490	Sugar confectionery excluding chewing gum including white chocolate not containing cocoa	1.28	1455.16	10.29	15.07	7.03	0
190219	Food preparations pasta uncooked excluding that containing eggs not stuffed or otherwise prepared	0.36	626.75	11.47	16.77	4.77	0
190230	Food preparations pasta excluding stuffed cooked or otherwise prepared	0.27	1129.80	19.76	12.44	3.60	0
190531	Food preparations sweet biscuits whether or not containing cocoa	3.18	988.47	18.42	27.11	8.84	0
190540	Food preparations rusks toasted bread and similar toasted products whether or not containing cocoa	1.68	59.02	12.11	10.08	2.46	0

hs_code	commodity	RCEP Countries imports from BGD (Million USD)	RCEP Countries imports from the world (Million USD)	BGD exports to the world (Million USD)	RCEP Countries : Average bound tariff (percent)	RCEP Countries : Average MFN tariff (percent)	RCEP Countries : Lowest average preferential tariff (percent)
190590	Food preparations bakers wares nec in heading no 1605 whether or not containing cocoa communion wafers empty cachets suitable for pharmaceutical use sealing wafers rice papers and similar products	3.16	2508.84	35.52	8.18	3.35	0
220290	Nonalcoholic beverages nec in item no 220210 not including fruit or vegetable juices of heading no 2009	9.81	2037.61	37.35	37.37	8.05	0
240120	Tobacco partly or wholly stemmed or stripped	17.41	2991.18	170.53	34.23	4.80	N/A
252329	Cement portland other than white whether or not artificially coloured	0.08	861.15	15.19	N/A	5.00	N/A
271012	Petroleum oils and oils from bituminous minerals not containing biodiesel not crude not waste oils preparations nec containing by weight 70 or more of petroleum oils or oils from bituminous minerals light oils and preparations	16.27	90541.84	16.27	N/A	0.00	N/A
271019	Petroleum oils and oils from bituminous minerals not containing biodiesel not crude not waste oils preparations nec containing by weight 70 or more of petroleum oils or oils from bituminous minerals not light oils and preparations	74.40	123450.45	74.56	N/A	0.31	N/A
281410	Ammonia anhydrous	4.73	837.48	10.72	N/A	0.00	N/A
281511	Sodium hydroxide caustic soda solid	3.63	160.84	13.52	10.80	3.02	0

hs_code	commodity	RCEP Countries imports from BGD (Million USD)	RCEP Countries imports from the world (Million USD)	BGD exports to the world (Million USD)	RCEP Countries : Average bound tariff (percent)	RCEP Countries : Average MFN tariff (percent)	RCEP Countries : Lowest average preferential tariff (percent)
284700	Hydrogen peroxide whether or not solidified with urea	4.34	130.98	21.44	33.61	3.67	N/A
300490	Medicaments consisting of mixed or unmixed products nec in heading no 3004 for therapeutic or prophylactic uses packaged for retail sale	40.52	44152.42	123.27	19.98	2.26	0
382319	Industrial monocarboxylic fatty acids acid oils from refining other than stearic acid oleic acid or tall oil fatty acids	12.33	3089.90	24.03	16.00	16.00	0
382490	Chemical products preparations and residual products of the chemical or allied industries nec or included in heading no 3824	21.55	11125.99	21.58	7.12	6.69	0
390410	Vinyl chloride other halogenated olefin polymers polyvinyl chloride not mixed with any other substances in primary forms	0.00	1508.11	11.97	7.00	0.06	N/A
390760	Polyethylene terephthalate in primary forms	9.23	2922.15	33.15	7.59	6.89	0
392410	Plastics tableware and kitchenware	0.66	1116.40	13.81	10.07	5.19	0
392490	Plastics household articles and hygienic or toilet articles	1.22	1311.64	13.02	7.22	5.73	0
392620	Plastics articles of apparel and clothing accessories including gloves mittens and mitts	2.32	727.36	13.76	8.62	4.95	0

hs_code	commodity	RCEP Countries imports from BGD (Million USD)	RCEP Countries imports from the world (Million USD)	BGD exports to the world (Million USD)	RCEP Countries : Average bound tariff (percent)	RCEP Countries : Average MFN tariff (percent)	RCEP Countries : Lowest average preferential tariff (percent)
410419	Tanned or crust hides and skins bovine or equine without hair on in the wet state including wet blue excluding full grains unsplit grain splits	8.40	386.66	15.24	36.67	5.91	0
410441	Tanned or crust hides and skins bovine or equine without hair on in the dry state crust full grains unsplit grain splits	51.77	405.67	65.14	19.24	5.63	0
410449	Tanned or crust hides and skins bovine or equine without hair on in the dry state crust other than full grains unsplit grain splits	0.24	306.48	10.95	20.79	13.73	0
420212	Cases and containers trunks suitcases vanitycases executivecases briefcases school satchels and similar containers with outer surface of plastics or of textile materials	1.94	1571.72	119.64	21.21	6.20	0
420221	Cases and containers handbags whether or not with shoulder strap and including those without handle with outer surface of leather or of composition leather	24.91	5614.23	97.04	11.29	6.15	0
420222	Cases and containers handbags whether or not with shoulder strap and including those without handle with outer surface of plastic sheeting or of textile materials	26.64	3774.92	84.01	11.65	6.67	0
420231	Cases and containers of a kind normally carried in the pocket or in the handbag with outer surface of leather or of composition leather	10.50	1248.52	15.58	11.63	11.28	0

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420291	Cases and containers nec in heading 4202 with outer surface of leather or of composition leather	31.84	1230.04	46.13	10.35	9.63	0
420292	Cases and containers nec in heading 4202 with outer surface of plastic sheeting or of textile materials	24.34	4054.66	102.97	9.31	7.75	0
420329	Clothing accessories gloves mittens and mitts nec in heading no 4203 of leather or composition leather not specially designed for use in sports	14.87	127.43	31.69	13.52	13.26	0
440290	Wood charcoal of wood other than bamboo including shell or nut charcoal whether or not agglomerated	10.47	384.16	10.49	16.00	6.00	0
460219	Basketwork wickerwork and other articles of vegetable materials not bamboo or rattan made directly to shape from plaiting materials or made up from goods of heading no 4601 articles of loofah	2.08	104.21	28.82	2.06	2.80	0
481190	Paper paperboard cellulose wadding and webs of soft cellulose fibres coated impregnated covered surfacedecorated or surfacecoloured nec in heading no 4811 in rolls or sheets	0.00	523.74	13.15	40.00	5.00	N/A
520299	Cotton waste other than garnetted stock and yarn including thread waste	0.02	53.32	11.21	5.00	0.00	N/A

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520512	Cotton yarn not sewing thread single of uncombed fibres 85 or more by weight of cotton less than 71429 but not less than 23256 decitex exceeding 14 but not exceeding 43 metric number not for retail sale	66.20	1856.45	66.20	5.00	5.00	0
530710	Yarn of jute or of other textile bast fibres single	72.33	72.65	317.38	6.17	4.92	0
530720	Yarn of jute or of other textile bast fibres multiple folded or cabled	28.32	30.75	94.97	9.04	4.92	0
531010	Fabrics woven of jute or of other textile bast fibres of heading no 5303 unbleached	8.85	14.92	90.85	10.62	7.68	0
560790	Twine cordage ropes cables of materials nec in heading no 5607 whether or not plaited braided or impregnated coated covered or sheathed with rubber or plastics	3.63	82.01	19.43	2.32	2.01	0
570299	Carpets and other textile floor coverings woven not tufted or flocked of textile materials other than manmade or wool or fine animal hair not of pile construction made up nec in item no 570210 or 570220	1.10	32.27	26.21	16.34	6.61	0
600634	Fabrics knitted or crocheted fabrics other than those of headings 6001 to 6004 of synthetic fibres printed	0.00	145.88	27.31	N/A	8.00	0

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610120	Coats mens or boys overcoats carcoats capes anoraks windjackets and similar articles of cotton knitted or crocheted excluding those of heading no 6103	3.88	50.25	120.85	23.25	7.19	0
610130	Coats mens or boys overcoats carcoats capes anoraks windjackets and similar articles of manmade fibres knitted or crocheted excluding those of heading no 6103	4.87	139.91	141.09	23.38	9.32	0
610220	Coats womens or girls overcoats carcoats capes anoraks windjackets and similar articles of cotton knitted or crocheted excluding those of heading no 6104	3.52	42.65	159.73	41.37	7.70	0
610230	Coats womens or girls overcoats carcoats capes anoraks windjackets and similar articles of manmade fibres knitted or crocheted excluding those of heading no 6104	2.95	221.47	168.61	31.26	8.17	0
610322	Ensembles mens or boys of cotton knitted or crocheted	0.39	37.11	23.29	20.06	2.32	0
610332	Jackets and blazers mens or boys of cotton knitted or crocheted	0.73	106.21	13.16	39.36	5.04	0
610333	Jackets and blazers mens or boys of synthetic fibres knitted or crocheted	0.76	83.47	45.65	39.58	5.18	0
610339	Jackets and blazers mens or boys of textile materials other than wool or fine animal hair cotton or synthetic fibres knitted or crocheted	0.16	11.29	10.33	27.62	9.27	0

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610342	Trousers bib and brace overalls breeches and shorts mens or boys of cotton knitted or crocheted	55.07	453.06	655.45	31.65	7.46	0
610343	Trousers bib and brace overalls breeches and shorts mens or boys of synthetic fibres knitted or crocheted	24.21	599.62	308.94	13.55	7.90	0
610349	Trousers bib and brace overalls breeches and shorts mens or boys of textile materials other than wool or fine animal hair cotton or synthetic fibres knitted or crocheted	3.11	37.94	23.55	18.77	4.31	0
610422	Ensembles womens or girls of cotton knitted or crocheted	0.19	28.78	24.30	35.68	6.51	0
610423	Ensembles womens or girls of synthetic fibres knitted or crocheted	0.65	31.38	12.49	11.26	10.85	0
610433	Jackets womens or girls of synthetic fibres knitted or crocheted	1.61	229.72	34.81	16.81	9.40	0
610442	Dresses womens or girls of cotton knitted or crocheted	23.33	321.52	490.70	14.92	9.56	0
610443	Dresses womens or girls of synthetic fibres knitted or crocheted	5.94	393.82	193.69	14.84	10.50	0
610444	Dresses womens or girls of artificial fibres knitted or crocheted	1.48	99.25	136.12	25.12	9.60	0
610452	Skirts and divided skirts womens or girls of cotton knitted or crocheted	1.93	92.66	31.89	14.72	8.06	0
610453	Skirts and divided skirts womens or girls of synthetic fibres knitted or crocheted	3.70	167.22	30.17	11.97	10.05	0

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610459	Skirts and divided skirts womens or girls of textile materials other than wool or fine animal hair cotton or synthetic fibres knitted or crocheted	0.85	33.88	24.38	24.32	6.17	0
610462	Trousers bib and brace overalls breeches and shorts womens or girls of cotton knitted or crocheted	65.41	507.76	1511.07	33.37	7.82	0
610463	Trousers bib and brace overalls breeches and shorts womens or girls of synthetic fibres knitted or crocheted	30.17	926.41	442.85	12.45	8.34	0
610469	Trousers bib and brace overalls breeches and shorts womens or girls of textile materials other than wool or fine animal hair cotton or synthetic fibres knitted or crocheted	2.82	78.99	121.39	25.75	6.12	0
610510	Shirts mens or boys of cotton knitted or crocheted	45.76	600.17	1156.45	28.79	7.20	0
610520	Shirts mens or boys of manmade fibres knitted or crocheted	14.10	480.06	174.48	19.59	8.81	0
610590	Shirts mens or boys of textile materials other than cotton or manmade fibres knitted or crocheted	6.99	50.40	19.85	21.45	6.32	0
610610	Blouses shirts and shirtblouses womens or girls of cotton knitted or crocheted	38.44	317.84	282.59	13.65	8.71	0
610620	Blouses shirts and shirtblouses womens or girls of manmade fibres knitted or crocheted	7.14	286.66	119.89	14.79	8.60	0

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610690	Blouses shirts and shirtblouses womens or girls of textile materials other than cotton or manmade fibres knitted or crocheted	3.67	41.11	10.04	17.96	3.75	0
610711	Underpants and briefs mens or boys of cotton knitted or crocheted	41.77	266.03	738.40	26.37	6.59	0
610712	Underpants and briefs mens or boys of manmade fibres knitted or crocheted	15.73	257.90	97.82	11.47	6.97	0
610721	Nightshirts and pyjamas mens or boys of cotton knitted or crocheted	10.76	49.75	190.57	41.90	5.13	0
610722	Nightshirts and pyjamas mens or boys of manmade fibres knitted or crocheted	3.39	77.38	16.59	21.38	6.17	0
610821	Briefs and panties womens or girls of cotton knitted or crocheted	32.44	341.98	523.23	21.73	6.03	0
610822	Briefs and panties womens or girls of manmade fibres knitted or crocheted	5.09	338.63	283.90	20.56	8.82	0
610831	Nightdresses and pyjamas womens or girls of cotton knitted or crocheted	18.29	116.54	358.33	41.65	5.44	0
610832	Nightdresses and pyjamas womens or girls of manmade fibres knitted or crocheted	4.26	143.58	97.49	24.86	5.67	0
610891	Negligees bathrobes dressing gowns and similar articles womens or girls of cotton knitted or crocheted	6.81	63.43	35.65	51.56	5.28	0
610892	Negligees bathrobes dressing gowns and similar articles womens or girls of manmade fibres knitted or crocheted	1.10	109.44	34.72	24.22	5.66	0

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610910	Tshirts singlets and other vests of cotton knitted or crocheted	481.03	3644.30	6992.35	30.35	7.33	0
610990	Tshirts singlets and other vests of textile materials other than cotton knitted or crocheted	85.19	1543.40	835.79	21.94	7.71	0
611011	Jerseys pullovers cardigans waistcoats and similar articles knitted or crocheted of wool or fine animal hair	7.05	727.57	131.11	22.75	8.97	0
611012	Jerseys pullovers cardigans waistcoats and similar articles knitted or crocheted of fibres from kashmir cashmere goats	0.29	270.30	16.97	20.22	6.24	0
611020	Jerseys pullovers cardigans waistcoats and similar articles of cotton knitted or crocheted	217.81	2915.64	3695.23	22.99	8.65	0
611030	Jerseys pullovers cardigans waistcoats and similar articles of manmade fibres knitted or crocheted	183.20	3521.69	2763.59	15.82	9.32	0
611090	Jerseys pullovers cardigans waistcoats and similar articles of textile materials other than wool or fine animal hair cotton or manmade fibres knitted or crocheted	2.53	124.50	63.86	35.42	5.02	0
611120	Garments and clothing accessories babies of cotton knitted or crocheted	59.36	385.21	976.39	21.73	5.76	0
611130	Garments and clothing accessories babies of synthetic fibres knitted or crocheted	5.28	75.39	44.52	15.95	6.05	0

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611190	Garments and clothing accessories babies of textile materials other than cotton or synthetic fibres knitted or crocheted	0.67	14.78	17.44	17.35	2.42	0
611211	Track suits of cotton knitted or crocheted	0.13	10.19	27.11	18.06	6.16	0
611212	Track suits of synthetic fibres knitted or crocheted	0.80	34.41	21.98	17.08	6.91	0
611241	Swimwear womens or girls of synthetic fibres knitted or crocheted	1.26	202.41	117.07	35.06	10.47	0
611300	Garments made up of knitted or crocheted fabrics of heading no 5903 5906 and 5907	0.43	72.76	42.87	7.79	8.46	0
611420	Garments of cotton knitted or crocheted nec in chapter 61	51.47	379.98	325.48	25.47	2.50	0
611430	Garments of manmade fibres knitted or crocheted nec in chapter 61	9.30	318.24	259.84	40.32	7.18	0
611490	Garments of textile materials other than cotton or manmade fibres knitted or crocheted nec in chapter 61	0.46	149.50	35.26	21.30	4.72	0
611595	Hosiery and footwear without applied soles of cotton knitted or crocheted excluding graduated compression hosiery panty hose tights full or kneelength hosiery measuring per single yarn less than 67 decitex	0.22	507.12	16.25	17.17	9.15	0
611610	Gloves mittens and mitts knitted or crocheted impregnated coated or covered with plastics or rubber	1.96	324.78	22.29	6.61	6.29	0

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620192	Anoraks including skijackets windcheaters windjackets and similar articles mens or boys of cotton other than those of heading no 6203 not knitted or crocheted	10.98	200.65	280.04	19.95	8.45	0
620193	Anoraks including skijackets windcheaters windjackets and similar articles mens or boys of manmade fibres other than those of heading no 6203 not knitted or crocheted	111.19	1755.19	899.67	19.32	8.68	0
620199	Anoraks including skijackets windcheaters windjackets and similar articles mens or boys of textile materials other than wool or fine animal hair cotton or manmade fibres other than those of heading no 6203 not knitted or crocheted	0.91	49.09	33.09	30.94	10.95	0
620292	Anoraks including skijackets windcheaters windjackets and similar articles womens or girls of cotton other than those of heading no 6204 not knitted or crocheted	5.98	225.03	250.96	26.03	9.78	0
620293	Anoraks including skijackets windcheaters windjackets and similar articles womens or girls of manmade fibres other than those of heading no 6204 not knitted or crocheted	60.26	1710.44	689.92	21.87	8.54	0
620299	Anoraks including skijackets windcheaters windjackets and similar articles womens or girls of textile materials nec in item no 62029 other than those of heading no 6204 not knitted or crocheted	0.44	50.03	16.16	32.89	7.96	0

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620312	Suits mens or boys of synthetic fibres not knitted or crocheted	0.13	197.14	37.58	17.24	8.43	0
620332	Jackets and blazers mens or boys of cotton not knitted or crocheted	11.35	188.73	64.72	20.66	8.89	0
620333	Jackets and blazers mens or boys of synthetic fibres not knitted or crocheted	6.47	267.65	189.88	32.48	8.46	0
620339	Jackets and blazers mens or boys of textile materials nec in item no 62033 not knitted or crocheted	0.80	68.88	18.83	18.98	5.29	0
620341	Trousers bib and brace overalls breeches and shorts mens or boys of wool or fine animal hair not knitted or crocheted	0.07	95.38	11.95	22.74	11.19	0
620342	Trousers bib and brace overalls breeches and shorts mens or boys of cotton not knitted or crocheted	361.75	1645.48	5878.90	24.12	8.08	0
620343	Trousers bib and brace overalls breeches and shorts mens or boys of synthetic fibres not knitted or crocheted	103.70	1312.80	1210.62	19.19	9.04	0
620349	Trousers bib and brace overalls breeches and shorts mens or boys of textile materials other than wool fine animal hair cotton or synthetic fibres not knitted or crocheted	14.17	155.31	229.43	19.32	8.36	0
620432	Jackets and blazers womens or girls of cotton not knitted or crocheted	9.13	371.84	82.59	29.00	7.71	0
620433	Jackets and blazers womens or girls of synthetic fibres not knitted or crocheted	8.50	476.50	140.38	18.32	10.68	0

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620439	Jackets and blazers womens or girls of textile materials nec in item no 62043 not knitted or crocheted	1.13	115.77	22.70	19.99	7.88	0
620442	Dresses womens or girls of cotton not knitted or crocheted	13.79	544.41	182.60	13.06	7.67	0
620443	Dresses womens or girls of synthetic fibres not knitted or crocheted	7.77	732.45	94.67	11.02	9.32	0
620444	Dresses womens or girls of artificial fibres not knitted or crocheted	2.73	236.48	155.44	24.00	11.76	0
620449	Dresses womens or girls of textile materials nec in item no 62044 not knitted or crocheted	3.05	312.09	92.13	25.31	8.30	0
620452	Skirts and divided skirts womens or girls of cotton not knitted or crocheted	14.73	266.38	170.98	13.69	7.76	0
620453	Skirts and divided skirts womens or girls of synthetic fibres not knitted or crocheted	3.22	437.29	42.82	15.67	8.33	0
620459	Skirts and divided skirts womens or girls of textile materials nec in item no 62045 not knitted or crocheted	1.31	123.96	33.08	19.73	7.81	0
620462	Trousers bib and brace overalls breeches and shorts womens or girls of cotton not knitted or crocheted	239.64	1645.96	3596.59	27.87	7.93	0
620463	Trousers bib and brace overalls breeches and shorts womens or girls of synthetic fibres not knitted or crocheted	34.63	1042.99	506.97	25.49	8.65	0

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620469	Trousers bib and brace overalls breeches and shorts womens or girls of textile materials other than wool fine animal hair cotton or synthetic fibres not knitted or crocheted	21.27	423.87	498.36	19.96	8.01	0
620520	Shirts mens or boys of cotton not knitted or crocheted	87.15	934.06	1871.26	30.05	6.81	0
620530	Shirts mens or boys of manmade fibres not knitted or crocheted	32.52	423.59	399.88	15.88	7.44	0
620590	Shirts mens or boys of textile materials nec in heading no 6205 not knitted or crocheted	14.90	153.03	271.94	22.54	8.64	0
620630	Blouses shirts and shirtblouses womens or girls of cotton not knitted or crocheted	16.18	540.70	308.81	29.47	8.12	0
620640	Blouses shirts and shirtblouses womens or girls of manmade fibres not knitted or crocheted	12.80	685.62	335.00	22.80	8.33	0
620690	Blouses shirts and shirtblouses womens or girls of textile materials nec in heading no 6206 not knitted or crocheted	11.40	207.72	179.63	28.35	8.59	0
620711	Underpants and briefs mens or boys of cotton not knitted or crocheted	7.38	66.34	52.66	10.00	7.08	0
620721	Nightshirts and pyjamas mens or boys of cotton not knitted or crocheted	2.46	52.23	28.86	35.82	3.25	0
620791	Singlets and other vests bathrobes dressing gowns and similar articles mens or boys of cotton not knitted or crocheted	0.94	12.74	21.26	52.40	5.07	0

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620821	Nightdresses and pyjamas womens or girls of cotton not knitted or crocheted	1.31	82.54	46.48	40.30	6.28	0
620822	Nightdresses and pyjamas womens or girls of manmade fibres not knitted or crocheted	0.86	76.02	25.68	45.42	6.20	0
620891	Singlets and other vests briefs panties negligees bathrobes dressing gowns and similar articles womens or girls of cotton not knitted or crocheted	1.62	41.83	25.07	22.86	5.59	0
620892	Singlets and other vests briefs panties negligees bathrobes dressing gowns etc womens or girls of manmade fibres not knitted or crocheted excluding incontinence or other sanitary garments or garment liners of heading no 9619	0.13	55.74	11.66	25.77	10.44	0
620920	Garments and clothing accessories babies of cotton not knitted or crocheted	10.20	84.26	298.06	19.21	8.39	0
620930	Garments and clothing accessories babies of synthetic fibres not knitted or crocheted	1.09	32.56	41.42	16.84	6.21	0
620990	Garments and clothing accessories babies of textile materials other than cotton or synthetic fibres not knitted or crocheted	1.72	11.35	21.00	19.27	2.79	0
621010	Garments of felt or nonwovens not knitted or crocheted	0.10	229.79	24.78	18.12	5.76	0

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621020	Garments overcoats raincoats carcoats capes cloaks and similar articles mens or boys of the fabrics of heading no 5602 5603 5903 5906 or 5907 not knitted or crocheted	7.48	322.76	160.08	15.63	7.78	0
621030	Garments overcoats raincoats carcoats capes cloaks and similar articles womens or girls of the fabrics of heading no 5602 5603 5903 5906 or 5907 not knitted or crocheted	2.26	146.71	171.10	12.88	7.80	0
621040	Garments mens or boys nec in item no 62102 of the fabrics of heading no 5602 5603 5903 5906 or 5907 not knitted or crocheted	9.41	192.99	152.37	17.00	6.26	0
621050	Garments womens or girls nec in item no 62103 of the fabrics of heading no 5602 5603 5903 5906 or 5907 not knitted or crocheted	2.02	127.27	160.09	15.86	6.11	0
621111	Swimwear mens or boys not knitted or crocheted	6.31	51.16	114.74	49.12	5.70	0
621132	Track suits and other garments nec mens or boys of cotton not knitted or crocheted	8.40	157.17	70.85	13.13	8.73	0
621133	Track suits and other garments nec mens or boys of manmade fibres not knitted or crocheted	17.61	571.44	98.75	12.52	10.11	0
621142	Track suits and other garments nec womens or girls of cotton not knitted or crocheted	6.77	204.94	128.41	22.33	8.34	0
621143	Track suits and other garments nec womens or girls of manmade fibres not knitted or crocheted	8.27	660.07	131.43	15.03	10.04	0

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621149	Track suits and other garments nec womens or girls of textile materials nec in item no 62114 not knitted or crocheted	2.03	179.47	25.23	16.08	2.63	1.13
621210	Brassieres whether or not knitted or crocheted	13.53	1280.92	609.41	36.36	5.52	0
621290	Braces suspenders garters and similar articles whether or not knitted or crocheted nec in heading no 6212	0.23	328.41	13.10	21.01	3.49	0
621600	Gloves mittens and mitts not knitted or crocheted	0.16	128.72	10.88	7.62	3.28	0
621710	Clothing accessories other than those of heading no 6212 not knitted or crocheted	0.54	233.24	10.59	11.62	4.29	0
630221	Bed linen of cotton printed not knitted or crocheted	13.51	192.70	146.50	25.72	5.30	0
630222	Bed linen of manmade fibres printed not knitted or crocheted	2.03	96.83	10.75	7.12	5.36	0
630231	Bed linen of cotton not printed knitted or crocheted	24.02	342.14	146.94	33.79	4.93	0
630260	Kitchen and toilet linen of terry towelling or similar terry fabrics of cotton	22.53	872.24	172.97	36.99	5.85	0
630291	Toilet and kitchen linen of cotton excluding terry towelling or similar terry fabrics	1.36	78.37	23.33	25.89	3.79	0
630391	Curtains including drapes and interior blinds curtain or bed valances of cotton not knitted or crocheted	0.26	12.22	11.00	22.46	7.44	0

hs_code	commodity	RCEP Countries imports from BGD (Million USD)	RCEP Countries imports from the world (Million USD)	BGD exports to the world (Million USD)	RCEP Countries : Average bound tariff (percent)	RCEP Countries : Average MFN tariff (percent)	RCEP Countries : Lowest average preferential tariff (percent)
630492	Furnishing articles of cotton not knitted or crocheted excluding bedspreads and articles of heading no 9404	0.89	52.31	12.19	21.44	6.17	0
630510	Sacks and bags of a kind used for the packing of goods of jute or of other textile bast fibres of heading no 5303	5.25	21.52	57.95	22.99	5.00	0
630532	Sacks and bags of a kind used for the packing of goods of manmade textile materials flexible intermediate bulk containers	2.31	477.53	52.41	13.08	4.34	0
630622	Tents of synthetic fibres	13.76	342.86	250.36	9.91	4.89	0
630690	Camping goods of textile materials nec in heading no 6306	0.23	60.67	11.76	9.59	6.77	0
630710	Cloths floor cloths dishcloths dusters and similar cleaning cloths	3.72	257.85	24.94	6.51	5.84	0
630790	Textiles made up articles including dress patterns nec in chapter 63 nec in heading no 6307	4.99	2465.65	35.79	11.92	7.20	0
631010	Rags used or new scrap twine cordage rope and cables and worn out articles of twine cordage rope or cables of textile materials sorted	5.65	33.11	127.29	0.52	0.28	N/A
640291	Footwear nec in heading no 6402 covering the ankle with outer soles and uppers of rubber or plastics	0.60	371.81	59.61	18.19	6.45	0

hs_code	commodity	RCEP Countries imports from BGD (Million USD)	RCEP Countries imports from the world (Million USD)	BGD exports to the world (Million USD)	RCEP Countries : Average bound tariff (percent)	RCEP Countries : Average MFN tariff (percent)	RCEP Countries : Lowest average preferential tariff (percent)
640299	Footwear nec in heading no 6402 other than just covering the ankle with outer soles and uppers of rubber or plastics	3.64	3420.03	126.13	24.37	5.10	0
640340	Footwear with metal toecap outer soles of rubber plastics leather or composition leather uppers of leather	1.13	179.05	84.20	26.91	5.49	0
640391	Footwear nec in heading no 6403 covering the ankle outer soles of rubber plastics or composition leather uppers of leather	35.96	895.71	443.89	18.17	24.24	0
640399	Footwear nec in heading no 6403 not covering the ankle outer soles of rubber plastics or composition leather uppers of leather	46.67	4434.45	234.46	24.29	31.92	0
640411	Sports footwear tennis shoes basketball shoes gym shoes training shoes and the like with outer soles of rubber or plastics and uppers of textile materials	0.92	1854.25	57.52	30.20	11.05	0
640419	Footwear other than sportswear with outer soles of rubber or plastics and uppers of textile materials	7.98	3781.56	276.41	23.90	9.32	0
650500	Hats and other headgear knitted or crocheted or made up from lace felt or other textile fabric in the piece but not in strips whether or not lined or trimmed hairnets of any material whether or not lined or trimmed	22.27	1020.34	629.35	14.83	4.67	0.175342898

hs_code	commodity	RCEP Countries imports from BGD (Million USD)	RCEP Countries imports from the world (Million USD)	BGD exports to the world (Million USD)	RCEP Countries : Average bound tariff (percent)	RCEP Countries : Average MFN tariff (percent)	RCEP Countries : Lowest average preferential tariff (percent)
670300	Human hair dressed thinned bleached or otherwise worked wool or other animal hair or other textile materials prepared for use in making wigs or the like	67.41	1162.86	67.71	20.00	8.00	0
670411	Wigs complete of synthetic textile materials	0.38	59.58	27.00	5.04	1.57	0
670419	False beards eyebrows and eyelashes switches and the like of synthetic textile materials	3.42	84.73	103.16	6.76	2.16	0
670420	Wigs false beards eyebrows and eyelashes switches and the like and other articles nec of human hair	6.21	249.18	25.74	10.78	4.32	0
691110	Tableware and kitchenware of porcelain or china	0.33	881.24	46.00	9.41	12.64	0
720421	Ferrous waste and scrap of stainless steel	0.46	641.88	32.92	0.00	0.00	N/A
740400	Copper waste and scrap	26.61	16381.90	52.48	0.86	0.88	0
760120	Aluminium unwrought alloys	16.40	7763.93	16.40	6.86	6.74	0
760200	Aluminium waste and scrap	19.18	5317.98	25.59	1.57	1.16	0
850440	Electrical static converters	5.85	17839.03	10.71	0.53	0.22	0.01
850710	Electric accumulators leadacid of a kind used for starting piston engines including separators whether or not rectangular including square	3.32	1111.50	22.30	21.26	5.15	0
871200	Bicycles and other cycles including delivery tricycles not motorised	0.06	1347.71	107.83	1.00	5.29	0
900311	Frames and mountings for spectacles goggles or the like of plastics	0.74	267.69	17.35	7.67	5.03	0

hs_code	commodity	RCEP Countries imports from BGD (Million USD)	RCEP Countries imports from the world (Million USD)	BGD exports to the world (Million USD)	RCEP Countries : Average bound tariff (percent)	RCEP Countries : Average MFN tariff (percent)	RCEP Countries : Lowest average preferential tariff (percent)
900319	Frames and mountings for spectacles goggles or the like of materials other than plastics	0.71	252.70	17.80	6.09	4.96	0
902110	Orthopaedic or fracture appliances	0.16	1073.67	10.63	9.39	3.37	0
940179	Seats with metal frames not upholstered excluding medical surgical dental veterinary or barber furniture	0.22	416.29	12.68	0.00	0.00	N/A
940190	Seat parts	15.34	2710.42	15.44	1.90	2.53	0
940430	Sleeping bags	2.28	53.73	31.45	17.73	7.87	0
950300	Tricycles scooters pedal cars and similar wheeled toys dolls carriages dolls other toys reducedsize scale models and similar recreational models working or not puzzles of all kinds	7.62	6485.79	78.90	2.45	0.55	0
950629	Water sport equipment waterskis surfboards and other watersport equipment excluding sailboards	10.70	189.42	10.87	5.00	0.00	0
950639	Golf equipment other than clubs and balls	3.42	709.14	14.72	7.43	3.11	0
961511	Combs hair slides and the like of hard rubber or plastics	1.19	139.22	11.80	17.75	5.93	0
999999	Commodities not specified according to kind	22.91	38588.32	333.24	N/A	N/A	N/A

Annex 10 : New Products of Bangladesh for RCEP Market

SL No	hs_code	commodity	RCEP imports from BGD	RCEP imports from the world Million USD	BGD exports to the world Million USD
1.	21020	Meat salted in brine dried or smoked of bovine animals	N/A	11.54	1.84
2.	30229	Fish fresh or chilled flat fish nec in item no 03022 excluding fillets livers roes and other fish meat of heading 0304	N/A	14.35	3.87
3.	30489	Fish fillets frozen of fish nec in heading 03048	N/A	753.21	1.59
4.	80280	Nuts edible areca nuts fresh or dried whether or not shelled or peeled	N/A	61.01	9.41
5.	130190	Natural gums resins gumresins and oleoresins nec in heading no 1301	N/A	78.67	2.61
6.	151190	Vegetable oils palm oil and its fractions other than crude whether or not refined but not chemically modified	N/A	9278.63	5.83
7.	151521	Vegetable oils maize corn oil and its fractions crude not chemically modified	N/A	17.00	1.06
8.	160521	Crustacean preparations shrimps and prawns prepared or preserved not in airtight containers	N/A	726.83	8.19
9.	251710	Pebbles gravel broken or crushed stone of a kind commonly used for concrete aggregates for road metalling or for railway or other ballast shingle and flint whether or not heattreated	N/A	283.73	1.11
10.	262019	Slag ash and residues not from the manufacture of iron or steel containing mainly zinc other than hard zinc spelter	N/A	66.54	4.85
11.	292320	Lecithins and other phosphoaminolipids whether or not chemically defined	N/A	246.69	3.12
12.	293723	Steroidal hormones their derivatives and structural analogues oestrogens and progestogens	N/A	66.10	1.03
13.	390190	Ethylene polymers in primary forms nec in heading no 3901	N/A	11825.10	2.79
14.	392290	Plastics bidets lavatory pans flushing cisterns and similar sanitary ware nec in heading no 3922	N/A	112.01	1.39
15.	480620	Paper greaseproof papers in rolls or sheets	N/A	43.27	1.11
16.	481890	Paper articles articles of paper cellulose wadding or fibres nec in heading no 4818	N/A	181.16	1.16

17.	520522	Cotton yarn not sewing thread single of combed fibres 85 or more by weight of cotton less than 71429 but not less than 23256 decitex exceeding 14 but not exceeding 43 metric number not for retail sale	N/A	320.40	1.14
18.	520932	Fabrics woven containing 85 or more by weight of cotton dyed 3thread or 4thread twill including cross twill weighing more than 200gm2	N/A	139.68	1.45
19.	560811	Twine cordage or rope fishing nets made up of man made textile materials	N/A	144.23	12.21
20.	630619	Tarpaulins awnings and sunblinds of textile materials other than synthetic fibres	N/A	57.26	10.24
21.	681099	Cement concrete or artificial stone articles other than prefabricated structural components for building or civil engineering whether or not reinforced nec in heading no 6810	N/A	587.67	1.82
22.	690100	Bricks blocks tiles and other ceramic goods of siliceous fossil meals eg kieselguhr tripolite or diatomite or of similar siliceous earths	N/A	18.74	1.43
23.	700510	Glass float glass and surface ground or polished glass in sheets nonwired having an absorbent reflecting or nonreflecting layer	N/A	208.01	8.40
24.	721070	Iron or nonalloy steel flatrolled width 600mm or more painted varnished or coated with plastics	N/A	1571.57	1.27
25.	721420	Iron or nonalloy steel bars and rods hotrolled hotdrawn or hotextruded containing indentations ribs grooves or other deformations produced during the rolling process or twisted after rolling	N/A	1038.60	1.38
26.	840790	Engines rotary internal combustion piston engines for other than aircraft or marine propulsion	N/A	561.64	1.54
27.	844540	Textile machinery winding including weftwinding or reeling machines	N/A	302.42	1.22
28.	871190	Motorcycles including mopeds and cycles nec in heading no 8711 fitted with auxiliary motor with or without sidecars sidecars	N/A	1005.66	1.28
29.	880240	Aeroplanes and other aircraft of an unladen weight exceeding 15000kg	N/A	18764.66	171.64
30.	890690	Vessels other including lifeboats other than rowing boats other than warships	N/A	260.21	3.01
31.	900390	Frames and mountings parts for spectacles goggles or the like	N/A	121.40	1.81
32.	940161	Seats with wooden frames upholstered excluding medical surgical dental veterinary or barber furniture	N/A	1509.44	5.49
33.	940350	Furniture wooden for bedroom use	N/A	846.76	1.15

Annex 11: Product-wise aggregated analysis of the effects of RCEP on Tariff Revenue in Bangladesh (in 1000 USD)

Product code	Tariff revenue	Tariff new revenue	Tariff revenue change
1	1758.51	1731.385	-27.127
2	3637	2125.305	-1511.69
3	12,833.5	5812.34	-7021.16
4	83,734.91	56,938.46	-26,796.5
5	2329.16	1468.594	-860.569
6	136.42	11.197	-125.222
7	140,433.3	86,871.61	-53,561.7
8	141,435.2	78,740.41	-62,694.8
9	102,018.1	57,184.44	-44,833.6
10	113,704	89,326.6	-24,377.4
11	2443.73	1291.861	-1151.87
12	40,112.49	15,508.92	-24,603.6
13	2162.58	822.24	-1340.34
14	1137.47	390.033	-747.434
15	170,816.9	106,626.6	-64,190.4
16	1148.17	401.789	-746.377
17	4743.23	2523.673	-2219.55
18	2656.89	1263.57	-1393.32
19	31,196.73	13,715.18	-17,481.6
20	3417.37	1654.793	-1762.58
21	17,640.1	9063.238	-8576.87
22	3863.31	2114.518	-1748.79
23	9126.59	6012.315	-3114.28
24	2427.78	4914.496	2486.721
25	34,085.64	18,259.27	-15,826.4
26	3246.99	2916.83	-330.157
27	55,595.62	29,114.56	-26,481.1
28	21,821.33	11,132.93	-10,688.4
29	49,270.55	16,204.21	-33,066.3
30	8107.28	4219.047	-3888.24
31	0	0	0
32	69,714.28	28,961.4	-40,752.9
33	31,165.59	17,694.32	-13,471.3
34	33,728.69	10,967.99	-22,760.7
35	11,355.68	39,304.53	27,948.85
36	315.08	284.294	-30.789
37	3648.26	1204.801	-2443.46
38	57,654.46	18,684.82	-38,969.6
39	231,175.1	56,015.08	-175,160
40	30,289.52	9337.846	-20,951.7
41	4762.07	5377.985	615.92
42	8132.37	2044.666	-6087.7
43	85.97	28.976	-56.993
44	2767.87	1375.021	-1392.85
45	15.19	12.333	-2.859

46	16.93	1.19	-15.743
47	0	0	0
48	104,158.2	28,872.68	-75,285.5
49	10,604.98	4063.908	-6541.08
50	492.14	196.454	-295.682
51	6665.76	2133.01	-4532.75
52	824,614.3	208,423.8	-616,190
53	32,304.65	6341.518	-25,963.1
54	205,866.9	63,199.41	-142,667
55	223,812.5	38,965.29	-184,847
56	35,187.63	10,343.76	-24,843.9
57	3365.05	4859.418	1494.366
58	101,037.9	28,796.22	-72,241.7
59	45,357.19	7361.813	-37,995.4
60	328,057.3	67,149.98	-260,907
61	9187.39	5824.351	-3363.04
62	36,069.2	17,644.27	-18,424.9
63	25,001.09	7618.681	-17,382.4
64	49,896.14	11,077.41	-38,818.7
65	3768.74	596.329	-3172.41
66	6620.25	0.413	-6619.84
67	6388.26	4523.645	-1864.61
68	16,197.01	3825.482	-12,371.5
69	9498.66	876.354	-8622.31
70	19,323.79	3200.178	-16,123.6
71	11,700.28	6062.443	-5637.84
72	98,798.78	30,763.54	-68,035.2
73	225,205.1	50,947.75	− 17,4257
74	12,977.73	2565.602	-10,412.1
75	423.43	256.849	-166.582
76	42,329.96	10,234.9	-32,095.1
78	5946.3	2596.3	-3350
79	8791.19	3087.951	-5703.24
80	133.74	4.562	-129.181
81	618.61	319.442	-299.167
82	11,024.6	2069.402	-8955.2
83	45,308.6	11,915.78	-33,392.8
84	162,602.1	49,794.71	-112,807
85	458,195.2	148,881.2	-309,314
86	5226.71	5054.695	-172.015
87	156,823.2	62,213.75	-94,609.4
88	3605.71	986.25	-2619.46
89	12,209.27	4643.545	-7565.73
90	23,442.07	8043.187	-15,398.9
91	1090	448.874	-641.129
92	475.07	180.368	-294.698
93	1210.56	1007.978	-202.578
94	37,802.99	8427.586	-29,375.4
95	14,783.56	2583.548	-12,200
96	78,357.34	18,990.39	-59,367
97	218.26	76.009	-142.252
Total	5,074,643	1,777,707	-3,296,936

Annex 12: Draft guidelines for preparing Sensitive List of Bangladesh for Accession to RCEP

(Reflects restricted and conditional imports under Import Policy Order 2021-24)

1. Goods Fully Prohibited Under Import Policy

These items are strong candidates to remain on the sensitive list because Bangladesh does not allow import under normal conditions.

- Non-standard, sub-standard, used, reconditioned, or defective goods (covers broad range of second-hand items)
- Reconditioned office equipment and electronics (photocopiers, old computers, typewriters, phones)
- Harmful or offensive media products – material likely to hurt religious or cultural sentiments (books, films, posters, audio/video)
- Live swine and all swine products
- Industrial sludge, waste products, scrap (all kinds of waste including industrial residues)
- Chemical POPs (persistent organic pollutants like aldrin, DDT, chlordane, PCBs, etc.)
- Certain chemical insecticides and hazardous chemicals subject to environmental controls
- Gambling machines and gambling-related equipment
- Shrimp (specific classifications) – currently prohibited (*may be protected to support local aquaculture; exact HS codes required for precise listing*)
- Poppy seeds/poppy seed products and cannabis varieties (e.g., grass/Bhang)
- Petroleum oil residues and certain hydrocarbon gases (except permitted categories like LPG/LNG)

Justification: These items are expressly forbidden under the Import Policy Order 2021-24 and therefore align with Bangladesh's policy to restrict imports for social, cultural, environmental, safety, or public order reasons — a common basis for sensitive list inclusion.

2. Conditional Import Items (Quality or Regulatory Controls)

Products that are not banned but require certification, testing, or monitoring before release. Including these in the sensitive list allows Bangladesh to retain non-tariff regulatory space.

- Industrial and consumer goods subject to BSTI quality certification (e.g., 79 products in BSTI Annex-4 requiring pre-clearance)
- Items needing environmental or safety permits (explosives, chemical imports requiring Department of Explosives approval)
- Special import certificates (temporary/conditional clearance to address port demurrage and quality standards)
- Food and agricultural inputs requiring testing or certification before customs (e.g., edible oils, vegetable seeds may have special testing requirements in policy or related implementing rules)

Justification: RCEP allows members to maintain non-tariff measures for public safety, health standards, and environmental protection. Listing these as sensitive helps preserve Bangladesh's ability to apply such controls without violating accession commitments.

3. Strategically Protected Sectors

While these aren't always formally prohibited or highly restricted under current policy, Bangladesh may list them as sensitive during RCEP negotiations based on development, fiscal, and infant industry considerations:

A. Agriculture & Agro-processing

- Rice & staple grains (critical for food security)
- Sugar & molasses
- Dairy products and animal feeds
- Pulses and spices

B. Textiles & Garments Inputs

- Certain fabrics and yarns where import competes with domestic production
- Specialty fabrics for local industry development

C. Motor vehicles & transport equipment

- Used vehicles and large engine vehicles (e.g., heavy trucks)
- Two-stroke three-wheelers or older motorcycle imports (if policy concerns exist)

D. Energy & Fuel

- Import of fuel products with strategic controls (e.g., petroleum liquids other than LPG/LNG)

Justification: Sensitive lists in FTAs reflect sectors where policymakers want gradual tariff reduction or permanent exclusion to protect domestic producers, social stability, or fiscal revenue.

Negotiation Notes for Bangladesh

When proposing this sensitive list in RCEP accession negotiations, Bangladesh can justify:

1. Prohibited items on social, environmental, public order, and health grounds — permitted under WTO/RCEP exceptions.
2. Conditional import items needed for quality control, safety, and technical standards. Strategic sector protections tied to food security, industrial development, infant industries, or fiscal concerns (a common practice in RCEP sensitive lists globally).