

TRENDS AND PROSPECTS OF TRADE BETWEEN BANGLADESH AND G7 COUNTRIES: AN EXPLORATORY STUDY

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ABSTRACT

The objective of the paper is to study the status of trade between Bangladesh and G7 countries. It has found that Bangladesh has trade surplus with G7 countries except Japan. Textiles, leather, jute, pharmaceutical products, cement, agricultural goods, fish/ seafood, glass, and tea are the major exported goods of Bangladesh. Trade Intensity Index shows that Bangladesh has strong trade relations with Germany, United Kingdom, and France, while it has weak trade relations with Japan. Bangladesh has a higher Herfindahl-Hirschman Index with the United States, which shows Bangladesh exports more selected products to the United States than the other G7 member countries. Trade Complementarity Index value of Bangladesh to G7 Countries is not very high, i.e. export profile of Bangladesh does not match the import profile from G7 countries. Low brand recognition, quality standards, limited access to financial resources for enterprises, and potential losses in access to priority markets are the basic challenges before the export sector of Bangladesh. Land, natural gas and electricity shortages remain vital obstacles to investment. Political unrest, temporary shut down of business operations, and religious uprisings affects supply chains. Therefore, the Government of Bangladesh should implement policies properly for mitigating such challenges, and also should diversify the items of export for reducing risk.

Keywords: Export, Garment industry, Import, Revenue, and Trade

INTRODUCTION

Global economy is changing as time passes. Importing and exporting of goods and services are important for the global business. Transaction costs, shipping costs, hourly wages, tariffs and fees are vital cost factors for international trade. License, tariffs and subsidies associated with international trade. Global trade expands the domestic market and more people can involve in trade. The existence of national policy affecting international trade. It increases employment prospects in the country and also national growth. Domestic firms can involve in international trade and improve its comparative advantages. Bangladesh is growing country in South Asia. It has multiple financial institutions. Its economy depends on some chosen sectors. Foreign remittance and revenue from garments exports are the main two pillars of economy of the nation. Pharmaceutical industry is a growing industry in the country. The agricultural sector still plays an important role in national income and employment. Economy of Bangladesh is more stable, but political instability and religious violence are big challenges for its economy. Majority of industries in the country are owned by private owners and categorised as SMEs.

The G7 was founded in the 1970s. It solves problems climate change, global security and threats. It represents nearly 10% of the global population and 40-46% of the global economy. Italy, Japan, Canada, Germany, France, United States, and United Kingdom are the member states of G7 block. It is a block of industrial countries. Previously it was called as G8 when Russian Federation was its member. Trade is essential for the economy of Bangladesh. Garment, shoes, shrimp and jute, importing oil, dining oil, steel, iron, and iron and iron are the major exporting goods of Bangladesh. Trade represents a key part of GDP of Bangladesh, but the exact percentage varies on source and year. Bangladesh has actively pursued various trade agreements to strengthen economic ties and trade volumes. It had a negative trade balance in the past, but its deficit was funded by international aid and expatriates. Bangladesh is a key trade partner of India in south Asia. Bangladesh faces considerable trade challenges, including regulatory hurdles and corruption of infrastructure. It hinders economic growth and investment. Poverty, unemployment and income inequality are the big social problems of the nation.

LITERATURE REVIEW

Iqbal and Islam (2014) discussed trade relation between the European union and Bangladesh. European Union is a large trading partner of Bangladesh. A large portion Bangladeshi product shifts every year in Europe and north American countries. More than half of Bangladesh's total exports go to European union market. There is more scope of trade between Bangladesh and European union. Hossaina and Islam (2021) argues that Bangladesh has good relation with countries in G7 and BRICS blocks. Bangladesh has friendly relation with countries of south Asia. Plagemann (2021) examines the investment in Bangladesh and its significance of the growth of the nation. Bangladesh's foreign policy suggest that investments play vital role for development of the country.

Akther et. al. (2022) found that large number of people from Bangladesh are working in abroad and playing role for its economy. Bangladesh is a labour-based country and unemployment is a big issue. Yasmin (2023) investigated China's participation in Bangladesh at several levels. China is a key trade partner. China has huge trade surplus with Bangladesh. Islam & Nath (2023) analyses trade patterns between India and Bangladesh. India and Bangladesh has more potential for bilateral trade. Both nation has cultural, geographical, and traditional similarities. Therefore, from the above analysis it has been found that Bangladesh has more prospects of trade with the neighbouring countries although they have certain constraints. Majority of articles discussed the significance of trade for economy of Bangladesh, but very few studies discussed trade of Bangladesh with G7 countries.

OBJECTIVES

The main objective of this paper are (a) to study the trade relation of G7 countries with Bangladesh; and (b) to study the prospects and challenges of trade of Bangladesh with the G7 countries.

METHODS AND MATERIALS

This study is descriptive in design and has utilised qualitative approaches. Secondary data for the study collected from the World Integrated Trade Solution (WITS), tradingeconomics.com, and research papers. Trade Complementarity Index, Export Diversification Index or Herfindahl-Hirschman Index, Trade Intensity Index, and Logistics Performance Index were used in the study. To reveal trade relations of Bangladesh with the G7 countries in general and challenges in particular, descriptive analysis, and content text analysis have been performed.

RESULTS AND DISCUSSION

Bangladesh is a developing country that situated in South Asia. It is the second largest economy in South Asia after India. Accordingly, 2024 estimates, its Nominal GDP and purchasing power GDP are respectively \$455.166 billion and \$1.620 trillion. It is member of World Trade Organization, and South Asian Free Trade Area. It is a mixed economy country where private sects are playing vital role in economy. Textiles, leather, jute, bicycle, pharmaceutical products, cement, agricultural goods, processed food, shipbuilding, fish and seafood, glass, and tea are the major exported goods of Bangladesh. Total value of exports and import are respectively \$60.5 billion and \$70.1 billion in 2024. Foodstuffs, cotton, chemicals, machinery and equipment, crude oil and petroleum, and liquified natural gas are the major import goods. Germany, United States, United Kingdom, Spain, Poland, France, Netherlands, and Italy are the main export partners. On the other hand, major import partners are China, India, Singapore, European Union, and Hong Kong. Gross external debt of Bangladesh is \$110 billion in 2024, where Government debt is 40.7% of GDP in November, 2021.

(1) Trade between Bangladesh and The United Kingdom

Bangladesh and the United Kingdom have historical trade relations. The United Kingdom is one of the top destinations of Bangladeshi products. Both nations have agreed to improve the mutual trading partnership. Relationships between both countries are trustworthy and reliable. There is more opportunity for foreign direct investment in power, light engineering, leather/ leathers goods, garment and textiles, ceramics, electronics, and agribusiness industry. Large number of people from Bangladesh are living in the United Kingdom. According to the 2021 United Kingdom census, over 652,500 Bangladeshis are living in the United Kingdom. Many of them are living in Wales and England. Majority of British Bangladeshis are from Sylhet division, which is located in north-eastern part of Bangladesh. Majority of them shifted due to prospects of a better life. Some Sylheti Bengali immigrants in the early 1900s. Most originate from the Golapganj, Fenchuganj, Bishwanath, Beanibazar, and Balaganj upazilas of Sylhet Division.

Non-knit women's suits, knit sweaters, knit t-shirts, jute yarn, home textiles, jute goods, frozen fish/ shrimp, ceramic

tableware, light engineering products, bicycles, and leather goods are the main export items to the United Kingdom. In the last five years, Bangladesh's exports increased from \$3.56 billion in 2017 to \$4.86 billion in 2022. The assistance and services for investment and trade are provided by The Department for Business and Trade. Bangladeshi products in the UK market having duty-free and quota-free benefits. The United Kingdom's main exports to Bangladesh are electrical and electronic equipment, machinery, nuclear reactors, boilers, articles of apparel, not knit or crocheted, and Iron and steel.

Table 1: Export and Import of Commodities and Services between Bangladesh and UK.

Bangladesh Exports to United Kingdom				Bangladesh Import from United Kingdom			
Year	Value	Year	Value	Year	Value	Year	Value
2012	2.70	2018	3.72	2012	0.164	2018	0.398
2013	2.91	2019	3.93	2013	0.220	2019	0.521
2014	3.14	2020	3.05	2014	0.215	2020	0.302
2015	3.54	2021	3.30	2015	0.205	2021	0.560
2016	3.52	2022	4.87	2016	0.283	2022	0.681
2017	3.57	2023	4.25	2017	0.304	2023	0.610

Source: <https://tradingeconomics.com/> Note: value in billion USD.

Table 1 discussed the import and export of goods/services of Bangladesh to the United Kingdom. It has found that Bangladesh has a trade surplus with the United Kingdom. Value of goods and services imports by Bangladesh was 0.164 billion in 2012, and 0.398 billion in 2018 and finally 0.61 billion in 2023. The main goods Bangladesh imports from the United Kingdom are electric generating sets, gas turbines, and scrap iron. Value of goods and services exported from Bangladesh to the United Kingdom was 2.7 billion in 2012, and 3.72 billion in 2018 and finally 4.25 billion 2023. The main products that Bangladesh exported to the United Kingdom are non-knit women's suits, knit sweaters, and knit t-shirts. Therefore, export value > import value, i.e. Bangladesh has a trade surplus with the United Kingdom between 2012-2023.

(2) Trade between Bangladesh and Canada

Trade between Bangladesh and Canada is increasing day-by-day. Since 2003, Bangladeshi goods enjoy the quota-free and duty-free entry in Canada under the Least-Developed Country Tariff scheme. Both nations have potential trade in Jute products, ICT collaboration, software, leather/ leather products, and pharmaceutical goods. Foreign relations between the two nations was established in 1972. Bangladesh is the third largest supplier of apparel in Canada. Cereals, fertilizers, iron/ steel, aircraft, spacecraft, electrical and electronic equipment, pharmaceutical products, machinery, nuclear reactors, boilers, railway, tramway locomotives, rolling stock, equipment, and miscellaneous edible preparations are the basic products Canada exports to Bangladesh. Bangladesh's exports to Canada increased from \$1.27 billion in 2017 to \$2.02 billion in 2022, so overall annual growth was 9.71% per year. The main exports from Bangladesh to Canada are ceramics, footwear, head wear, plastic items, frozen fish, non-knit women's suits, knit sweaters, and Non-knit men's suits.

Table 2: Export and Import of Commodities and Services between Bangladesh and Canada

Bangladesh Exports to Canada				Bangladesh Import from Canada			
Year	Value	Year	Value	Year	Value	Year	Value
2012	1.13	2018	1.33	2012	0.526	2018	0.503
2013	1.16	2019	1.48	2013	0.641	2019	0.941
2014	1.11	2020	1.18	2014	0.638	2020	0.885
2015	1.16	2021	1.50	2015	0.707	2021	0.793
2016	1.22	2022	2.02	2016	0.582	2022	1.210
2017	1.27	2023	1.66	2017	0.561	2023	0.971

Source: <https://tradingeconomics.com/> Note: value in billion USD.

Table 2 discussed the import/ export of goods/services of Bangladesh to Canada. It has found that Bangladesh has a trade surplus with Canada. Value of goods and services imports by Bangladesh was 0.526 billion in 2012, and 0.503 billion in 2018 and finally 0.971 billion in 2023. The main goods Bangladesh imports from Canada are medical & scientific instruments, optical instruments, paper and paperboard, scraps, wood pulp, mechanical appliances, fruit items, fertilizer, cereals, and red lentils. Value of goods and services exported from Bangladesh to Canada was 1.13 billion in 2012, and 1.33 billion in 2018 and finally 1.66 billion 2023. The main products that Bangladesh exported to Canada are furniture, sports equipment, toys, games, footwear, ceramics, plastic items, and frozen fish. Therefore,

export value > import value, i.e. Bangladesh has a trade surplus with Canada between 2012-2023.

(3) Trade between Bangladesh and Japan

Japan and Bangladesh have a good trade relation. Both countries have opportunities of trade in clothing, medicines, sugar, fisheries products, jute and agricultural items. Japan recognised the independence of Bangladesh in 1972. Japan also provides a significant amount of development aid and foreign direct investment for socio-economic development of Bangladesh. Both countries have agreed to sign the Economic Partnership Agreement for boosting trade. Japan is the 9th largest export destination of Bangladeshi goods. Both nations signed a Convention in 1991 for Prevention of Fiscal Evasion and Avoidance of Double Taxation. Knit T-shirts, knit sweaters, non-knit men's suits, textile fibre, jute yarn, and textile scrap are the basic goods that Bangladesh exports to Japan. Iron and steel, vehicles other than railway, tramway, mineral fuels, oils, distillation products, machinery, nuclear reactors, boilers, optical photo, technical medical apparatus, electrical and electronic equipment, man-made staple fibers, and man-made filaments are the basic goods that Japan exports to Bangladesh.

Table 3: Export and Import of Commodities and Services between Bangladesh and Japan

Bangladesh Exports to Japan				Bangladesh Import from Japan			
Year	Value	Year	Value	Year	Value	Year	Value
2012	0.72	2018	1.44	2012	0.98	2018	1.57
2013	0.89	2019	1.47	2013	0.87	2019	1.42
2014	0.94	2020	1.31	2014	1.16	2020	1.50
2015	1.08	2021	1.45	2015	1.37	2021	2.35
2016	1.22	2022	1.71	2016	1.58	2022	2.55
2017	1.17	2023	1.57	2017	1.74	2023	1.74

Source: <https://tradingeconomics.com/> Note: value in billion USD.

Table 3 discussed the import and export of goods/services of Bangladesh to Japan. It has found that Bangladesh has a trade deficit with Japan. Value of goods and services imports by Bangladesh was 0.98 billion in 2012, and 1.57 billion in 2018 and finally 1.74 billion in 2023. The main goods Bangladesh imports from Japan are nuclear reactors, vehicles, ships, iron and steel, machinery and mechanical appliances. Value of goods and services exported from Bangladesh to Japan was 0.72 billion in 2012, and 1.44 billion in 2018 and finally 1.57 billion 2023. The main products that Bangladesh exported to Japan are leather goods, knit goods, and woven garments. Therefore, export value < import value, i.e. Bangladesh has a trade deficit with Japan between 2012-2023.

(4) Trade between Bangladesh and The United States of America

Bangladesh and the United States have strong trade relationships. The United States is the largest export country destination of Bangladeshi commodities. Both countries signed a bilateral investment treaty for avoiding any type of double taxation. Bangladesh is the largest exporter of men's shirts, textile fibre, jute yarn, and textile scrap. The United States is a major source of foreign direct investment in Bangladesh. It is a principal strategic military ally. Both nations have common views on Free and Open Indo-Pacific. The United States is a leading humanitarian assistance provider to Bangladesh. The bilateral trade between two countries crossed US\$14.00 billion in 2022. Readymade garments, leather, ceramic products, plastic articles, footwear, light engineering products, and agricultural products are the major items Bangladesh exports to United States. Raw cotton, toxins and cultures, antisera, vaccines, and scrap iron are the main products exported from the United States to Bangladesh.

Table 4: Export and Import of Commodities and Services between Bangladesh and USA

Bangladesh Exports to United States				Bangladesh Import from United States			
Year	Value	Year	Value	Year	Value	Year	Value
2012	5.11	2018	6.33	2012	0.50	2018	2.08
2013	5.58	2019	6.92	2013	0.71	2019	2.33
2014	5.48	2020	6.31	2014	1.11	2020	1.84
2015	6.23	2021	8.80	2015	0.94	2021	2.34
2016	6.12	2022	11.8	2016	0.91	2022	2.81
2017	5.89	2023	8.67	2017	1.47	2023	2.25

Source: <https://tradingeconomics.com/> Note: value in billion USD.

Table 4 discussed the import and export of goods/services of Bangladesh to the United States. It has found that Bangladesh has a trade surplus with the United States. Value of goods and services imports by Bangladesh was 0.5 billion in 2012, and 2.08 billion in 2018 and finally 2.25 billion in 2023. The main goods Bangladesh imports from

the United States are petroleum gas, raw cotton, and scrap iron. Value of goods and services exported from Bangladesh to the United States was 5.11 billion in 2012, and 6.33 billion in 2018 and finally 8.67 billion 2023. The main products that Bangladesh exported to the United States are footwear, shirts, non-knit suits, knitwear, and other made textile articles. Therefore, export value > import value, i.e. Bangladesh has a trade surplus with the United States between 2012-2023.

(5) Trade between Bangladesh and Italy

Bangladesh and Italy have excellent bilateral relations. Italy recognised the independence of Bangladesh on 12 February 1972. It has a large number of Bangladeshi skill workers especially in hospitality, shipbuilding, and construction industries. The Italy-Bangladesh Chamber of Commerce and Industry was formed to increase trade between the two nations. Both nations signed "Scientific and Technological Cooperation" agreement in 2000. As per the agreement, both countries are exchanging technicians, researchers, and scientists. Italy is also interested in agro-industrial, technology, infrastructure, and energy sectors of Bangladesh. It is the sixth largest export destination of Bangladeshi products. The bilateral trade between the two nations is nearly \$3 billion. The main products Bangladesh exports to Italy are woven garments, jute goods, raw jute, tea, agri-products, frozen food, footwear, gaiters, raw hides/ skins, leather, knit sweaters, knit t-shirts, and non-knit men's suits. The main products Bangladesh import from Italy are machinery, boilers, electrical, electronic equipment, organic chemicals, optical, photo, tanning, dyeing extracts, tannins, derivatives, medical apparatus, miscellaneous chemical products, cotton, soaps, lubricants, waxes, candles, modelling pastes, vehicles other than railway, tramway etc.

Table 5: Export and Import of Commodities and Services between Bangladesh and Italy

Bangladesh Exports to Italy				Bangladesh Import from Italy			
Year	Value	Year	Value	Year	Value	Year	Value
2012	0.99	2018	1.65	2012	0.301	2018	0.875
2013	1.15	2019	1.65	2013	0.362	2019	0.614
2014	1.40	2020	1.39	2014	0.420	2020	0.458
2015	1.43	2021	1.52	2015	0.524	2021	0.607
2016	1.46	2022	2.17	2016	0.562	2022	0.727
2017	1.56	2023	1.77	2017	0.821	2023	0.601

Source: <https://tradingeconomics.com/> Note: value in billion USD.

Table 5 discussed the import and export of goods/services of Bangladesh to Italy. It has found that Bangladesh has a trade surplus with Italy. Value of goods and services imports by Bangladesh was 0.301 billion in 2012, and 0.875 billion in 2018 and finally 0.601 billion in 2023. The main goods Bangladesh imports from Italy are raw cotton, boilers machinery, nuclear reactors, and scrap iron. Value of goods and services exported from Bangladesh to Italy was 0.99 billion in 2012, and 1.65 billion in 2018 and finally 1.77 billion 2023. The main products that Bangladesh exported to Italy are footwear, shirts, non-knit suits, knitwear, and other made textile articles. Therefore, export value > import value, i.e. Bangladesh has trade surplus with Italy between 2012-2023.

(6) Trade between Bangladesh and Germany

Bangladesh and Germany has good trade relations. Bangladesh's main exports products/ services to Germany include non-knit men's suits, knit sweaters, and knit t-shirts. Other exports include caps, pharmaceuticals, shrimp, copper wire, ceramics, tobacco, bicycles, tableware, terry towel, leather bags and purses, footwear, tents, raw jute, jute yarn/ twine, home textiles, and woven garments. Germany's main exports to Bangladesh include spacecraft, helicopters, planes, gas turbines, and textile processing machines. The bilateral trade between the two nations reached 8.6 billion euro in 2023. Germany is also recalled as one of the first European countries that recognised the independence of Bangladesh in 1972. Currently both countries are working on regional stability, sustainable economic growth, and climate change. Germany is considered as a larger market for Bangladeshi goods.

Germany has the geographical advantages in trade. It is located in the middle of Europe and is a hub for services and goods. It has benefits for the expansion of the European union. Germany is well-known for its automobile industries. It is a reliable trade partner of Bangladesh. It is the second largest export market for Bangladesh, after the United States. The Bangladesh-German Chamber of Commerce and Industry is working to boost trade. Germany is also supporting the sustainable development projects in Bangladesh. Deutsche Gesellschaft für Internationale Zusammenarbeit is working in Bangladesh addressing the climate change, environment, democracy, governance, social development, employment, and sustainable development.

Table 6: Export and Import of Commodities and Services between Bangladesh and Germany

Bangladesh Exports to Germany		Bangladesh Import from Germany	
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Year	Value	Year	Value	Year	Value	Year	Value
2012	4.13	2018	6.91	2012	0.543	2018	0.982
2013	4.74	2019	6.69	2013	0.607	2019	0.921
2014	5.11	2020	6.61	2014	0.769	2020	0.611
2015	5.18	2021	8.49	2015	0.710	2021	0.916
2016	5.52	2022	10.5	2016	0.777	2022	0.877
2017	6.12	2023	8.46	2017	0.823	2023	0.926

Source: <https://tradingeconomics.com/> Note: value in billion USD.

Table 6 discussed the import and export of goods/services of Bangladesh to Germany. It has found that Bangladesh has a trade surplus with Germany. Value of goods and services imports by Bangladesh was 0.543 billion in 2012, and 0.982 billion in 2018 and finally 0.926 billion in 2023. The main goods Bangladesh imports from Germany are electrical equipment, optical and medical apparatus, pharmaceutical products, and machinery. Value of goods and services exported from Bangladesh to the United States was 4.13 billion in 2012, and 6.91 billion in 2018 and finally 8.46 billion 2023. The main products that Bangladesh exported to Germany are non-knit men's suits, knit sweaters, and knit t-shirts. Therefore, export value > import value, i.e. Bangladesh has trade surplus with Germany between 2012-2023.

(7) Trade between Bangladesh and France

Bangladesh has a long trade history with France. France officially recognised Bangladesh as an independent nation in February, 1972. Bangladesh-France bilateral rapport reached a new era after the state visit of French President Emmanuel Macron's in Bangladesh in 2023. Both nations are working together for expanding bilateral trade and discovering possibilities of future investments. Bangladesh and France have bilateral relations of prosperity and progress. Both nations established "strategic partnership" for people, growth and peace. Non-knit men's suits, knit t-shirts, knit sweaters, plastic products, footwear, gaiters, furniture, worn clothing, lighting signs, prefabricated buildings, textile articles, aquatics invertebrates, fish, crustaceans, molluscs, sports requisites, carpets and other textile floor coverings, optical, photo, technical, medical apparatus, edible fruits, nuts, peel of citrus fruit, and melons are the major commodities exporting in France. The major items export from France to Bangladesh are machinery, nuclear reactors, boilers, pharmaceutical products, aircraft, spacecraft, electrical, electronic equipment, organic chemicals, live animals, iron or steel, cereal, flour, starch, milk preparations and products, and aluminium.

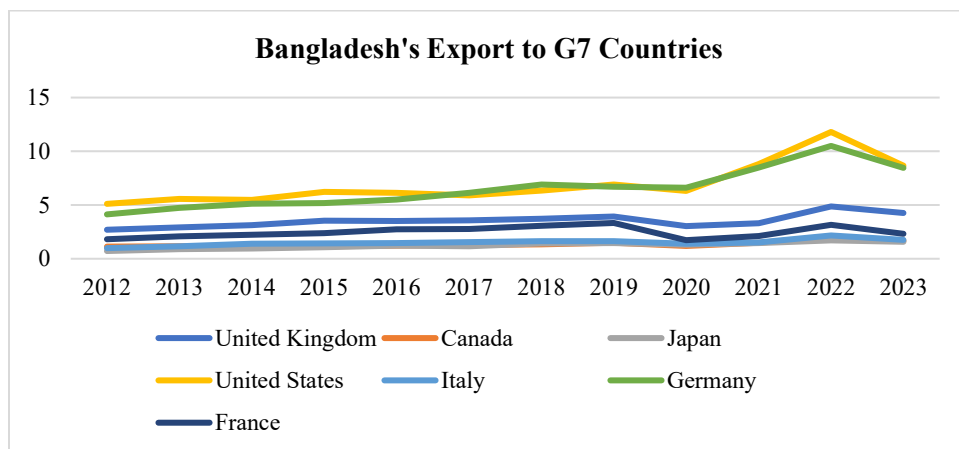
Table 7: Export and Import of Commodities and Services between Bangladesh and France

Bangladesh Exports to France				Bangladesh Import from France			
Year	Value	Year	Value	Year	Value	Year	Value
2012	1.81	2018	3.08	2012	0.133	2018	0.392
2013	2.09	2019	3.33	2013	0.177	2019	0.295
2014	2.24	2020	1.73	2014	0.201	2020	0.270
2015	2.37	2021	2.12	2015	0.320	2021	0.225
2016	2.73	2022	3.17	2016	0.209	2022	0.254
2017	2.77	2023	2.32	2017	0.216	2023	0.189

Source: <https://tradingeconomics.com/> Note: value in billion USD.

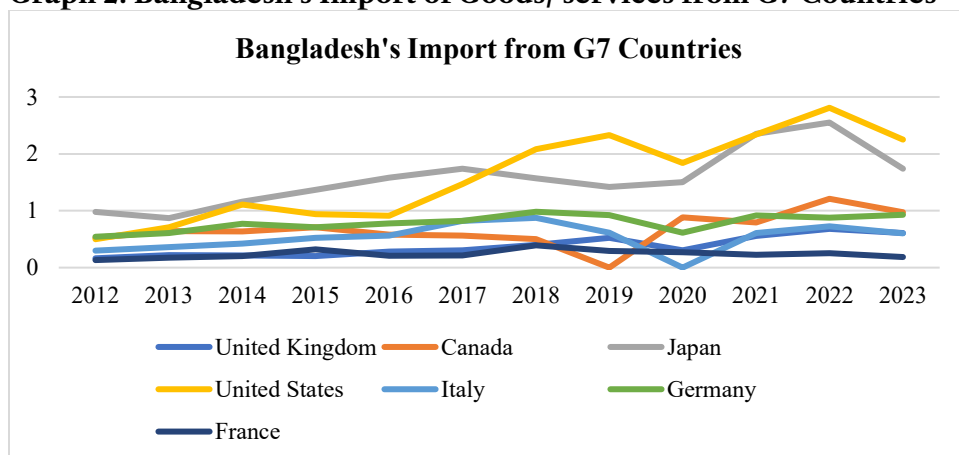
Table 7 discussed the import and export of goods/services of Bangladesh to France. It has found that Bangladesh has a trade surplus with France. Value of goods and services imports by Bangladesh was 0.133 billion in 2012, and 0.392 billion in 2018 and finally 0.189 billion in 2023. The main goods Bangladesh imports from France are textile fiber machinery, pesticides, and combustion engines. Value of goods and services exported from Bangladesh to France was 1.81 billion in 2012, and 3.08 billion in 2018 and finally 2.32 billion 2023. The main products that Bangladesh exported to Germany are non-knit men's suits, knit sweaters, and knit t-shirts. Therefore, export value > import value, i.e. Bangladesh has trade surplus with France between 2012-2023.

Graph 1: Bangladesh's Export of Goods/ services to G7 Countries



Note: Amount in billion USD.

Graph 2: Bangladesh's Import of Goods/ services from G7 Countries



Note: Amount in billion USD.

Let us discuss the trade intensity, export concentration, export diversification, and logistic status of Bangladesh with the G7 countries. The Trade Intensity Index is an indicator that shows the value of a country's exports to a partner country compared to the total world exports to that partner country. The Trade Complementarity Index is a measure of how well one country's exports match up with another country's imports. The Export Diversification Index measures the extent to which a country's export structure differs from the world's export structure. The Logistics Performance Index combines weighted averages of national scores across six important dimensions.

Table 8: Trade Intensity Index (TII) of Bangladesh with G7 Nations

Country	Trade Intensity Index (TII)				
	2019	2020	2021	2022	2023
Bangladesh - Germany	209.16	229.96	244.54	246.71	235.11
Bangladesh - Japan	79.20	84.46	76.97	70.55	85.21
Bangladesh - Italy	134.52	132.63	109.95	116.06	113.16
Bangladesh - Canada	126.72	118.75	125.72	131.57	121.36
Bangladesh - United States	104.37	107.10	123.13	130.47	111.75
Bangladesh - France	200.52	121.44	121.85	143.72	121.74
Bangladesh - United Kingdom	219.68	196.72	196.78	220.24	219.49

Source: Calculated by author from WITS Website.

Table 8 discussed the Trade Intensity Index of Bangladesh with G7 Countries. The Trade Intensity Index is used to determine which trading partners have the closest trade relationships. A high Trade Intensity Index value indicates stronger bilateral relations between trading partners, which means that products are more accepted in export markets. From table 8, it found that compared to the G7 countries, Bangladesh has the highest Trade Intensity Index

with Germany, followed by the United Kingdom, and France. It has a lower Trade Intensity Index with Japan, and the United States. Therefore, the Trade Intensity Index shows that Bangladesh has strong trade relations with Germany, United Kingdom, and France. On the other hand, it has weak trade relations with Japan and the United States.

Table 9: Trade Complementarity Index (TCI) between Bangladesh and G7 Countries

Country	Trade Complementarity Index (TCI)			
	2020	2021	2022	2023
Bangladesh - Germany	10.73	10.83	9.41	9.27
Germany - Bangladesh	50.08	49.45	46.97	45.09
Bangladesh - Japan	12.76	12.27	11.13	10.36
Japan - Bangladesh	44.95	44.29	41.85	40.30
Bangladesh - Italy	12.53	12.53	11.27	11.18
Italy - Bangladesh	51.07	51.47	49.15	46.71
Bangladesh - Canada	8.55	9.17	8.07	7.15
Canada - Bangladesh	50.29	51.22	56.19	58.93
Bangladesh - United States	11.93	12.19	10.91	9.47
United States - Bangladesh	57.35	58.33	61.38	61.89
Bangladesh - France	12.00	12.12	10.68	10.57
France - Bangladesh	51.66	52.46	51.85	49.20
Bangladesh - United Kingdom	11.08	10.81	9.49	8.99
United Kingdom - Bangladesh	51.84	51.45	56.58	50.79

Source: Calculated by author from WITS Website.

Table 9 discussed the Trade Complementarity Index between Bangladesh and G7 Countries. The Trade Complementarity Index can help identify potential trade growth opportunities. If one country exports no goods and the other country imports no goods, the index will be zero; if export and import shares are exactly matched, the index will be 100. The table 10 shows that Bangladesh has the highest Trade Complementarity Index with France and Italy. It shows a stronger complementarity between the two countries. On the other hand, it has a lower Trade Complementarity Index with Germany and the United Kingdom. The Trade Complementarity Index value between Bangladesh and G7 Countries is not very high; it means the export profile of Bangladesh does not match the import profile from G7 countries. On the other hand, The Trade Complementarity Index of G7 countries to Bangladesh is higher. So, the export profile of G7 countries are more in line with the import profile from Bangladesh.

Table 10: Export Diversification Index or Herfindahl-Hirschman Index (HHI) of Bangladesh with G7 countries

Country	Herfindahl-Hirschman Index (HHI)				
	2019	2020	2021	2022	2023
Bangladesh - Germany	0.0634	0.0579	0.0524	0.0515	0.0530
Bangladesh - Japan	0.0436	0.0457	0.0469	0.0433	0.0440
Bangladesh - Italy	0.0658	0.0633	0.0612	0.0606	0.0565
Bangladesh - Canada	0.0418	0.0400	0.0410	0.0405	0.0390
Bangladesh - United States	0.0769	0.0603	0.0569	0.0587	0.0555
Bangladesh - France	0.0641	0.0583	0.0559	0.0520	0.0464
Bangladesh - United Kingdom	0.0467	0.0432	0.0426	0.0427	0.0426

Source: Calculated by author from WITS Website.

Table 10 discussed the Export Diversification Index or Herfindahl-Hirschman Index (HHI) of Bangladesh with G7 countries. The Export Diversification Index values range from 0 to 1, with higher values indicating greater differences. The index shows how concentrated the country's exports are on several products instead of diversifying into many products. It also shows how different countries' exports differ from the global export structure. The table 10 shows that Bangladesh has a higher Herfindahl-Hirschman Index with the United States. It means Bangladesh exports more selected products to the United States than the other G7 countries. Overall, Bangladesh exports diverse products to G7 countries.

Table 11: Logistic Performance Index (LPI) of Bangladesh and G7 Countries, 2023

Country	Rank	Score	Country	Rank	Score
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Bangladesh	88	2.6	Canada	7	4.0
Germany	3	4.1	United States	17	3.8
Japan	13	3.9	France	13	3.9
Italy	19	3.7	United Kingdom	19	3.7

Source: https://lpi.worldbank.org/sites/default/files/2023-04/LPI_2023_report_with_layout.pdf

Table 11 discussed the Logistic Performance Index of Bangladesh and G7 Countries. The Logistics Performance Index is a World Bank analytical tool that combines weighted averages of national scores across six important dimensions. This is a way to deliver the quality of logistics services, ease of delivery, infrastructure quality, customs performance, freight tracking and tracking, and delivery using implementable data to measure local logistics efficiency. The table 11 shows that Somalia has lower Logistic Performance Index value than the G7 countries. Bangladesh has rank 88 out of 138 countries. It indicates the intensity of constraints of transport of commodities in Bangladesh. Germany and Canada have respectively 3rd and 7th rank in the Logistic Performance Index.

(b) Prospects and Challenges of Trade of Bangladesh with the G7 countries.

Bangladesh has good prospects for economic development, but also needs support from the G7 countries. The economy is trapped in dependence on fossil fuels, but its territory is one of the most susceptible to climate change. Businesses and households are subject to serious power outages. Given the depletion of foreign reserves, reliance on fossil fuels increases the serious debt burden, financial challenges and energy crises. It needs appropriate technical guidelines and financial support to prevent, mitigate, adapt to the effects of climate change, and ensure energy safety at the same time. The commercial outlook between Bangladesh and the US is strong, with the US being a key market for Bangladesh's exports, particularly the prefabricated clothing sector, and the US is also an important source of import for Bangladesh. The US market is a key target for Bangladesh's products, particularly in the RMG sector.

Bangladesh and Canada allow Bangladesh to have no obligation to access to Canada as part of the free tariff that will continue by 2034, specially the readymade garment. Bangladesh and Canada negotiated an Investment Protection Agreement and signed an air services agreement that further improved trade and economic relationships. Free access to Bangladesh until 2034, even after Bangladesh showed a strong commitment to further trade and economic cooperation from the position of the least developed country. The UK and Bangladesh have strong, historically positive trade ties. The UK is a key export target for Bangladesh, especially for completed clothing. The two countries have taken on opportunities for improved trade-investment relations and diversification beyond RMG.

Trade ties between Bangladesh and Italy are growing. Both countries as remarkable trade in areas such as sustainable fashion and investment in sectors such as energy, leather and textiles. Italian companies have an interest in Bangladesh and follow developments in a variety of fields, including energy, space technology, and textiles. Italy is interested in supporting Bangladesh with ambitious segments such as recycling, sustainable fashion, and fashion design. Italy is interested in supporting Bangladesh in the transmission and modernisation of technology. Bangladesh and Germany have strong bilateral trade ties. The European Union encourages tariff preferences within all frameworks except the arms agreement to further promote trade between Bangladesh and Germany. Germany is investing in Bangladesh's renewable energy and energy efficiency projects, responding to Bangladesh's efforts to move towards cleaner energy sources. The German Business Council highlights the strengths of business partnerships between the two countries.

Bangladesh faces challenges in increasing trade, such as low brand recognition, quality standards, limited access to financial resources for enterprises, and potential losses in access to priority markets. Due to low brand awareness and recognition of quality issues, Bangladeshi products have difficulty participating in international markets. Bangladesh must focus on improving product quality to meet international standards and improve competitiveness. Bangladesh needs to develop strategies to diversify its export baskets and stay competitive in global markets. Despite relatively strong economic growth over the past decade, greater growth has been hampered by restrictions on the investment environment, flaws in energy and transportation infrastructure and the uncertain regulatory environment. Land, natural gas and electricity shortages remain vital obstacles to investment. Political unrest, which came largely from local or national elections, temporarily shut down business operations affecting supply chains. The growing security challenges hamper investment and trading opportunities. Employees continue to protest against working conditions and low wages.

CONCLUSION

Bangladesh has good future trade prospects. Its export-led growth, especially the garment industry showing potentiality. It has opportunities for further growth through sustainable practices, diversification, and improving overall competitiveness. Bangladesh is well known for Jute and Jute products. The RMG industry plays a vital role in the economy. Bangladesh has trade surplus with G7 countries (except Japan). It enjoys unilateral trade preferences in the European Union, United Kingdom, and Canada. The United Kingdom, Germany, and the United States are the main exporting countries of Bangladesh. Knit Women's Suits, Non-Knit Women's Suits, Knit Sweaters, Non-Knit Men's Suits, and Knit T-shirts are the key exports goods. Machinery and equipment is the largest import category of Bangladesh. It includes power generation equipment, electrical machinery, and industrial machinery.

Trade Intensity Index shows that Bangladesh has strong trade relations with Germany, United Kingdom, and France, while has weak trade relations with Japan and the United States. Trade Complementarity Index value between Bangladesh to G7 Countries is not very high, i.e. export profile of Bangladesh does not match the import profile from G7 countries. Bangladesh has a higher Herfindahl-Hirschman Index with the United States, i.e. Bangladesh exports more selected products to the United States than the other G7 countries. Political uncertainty and slowdowns are the key challenges for increasing production. Inadequate logistics, limited innovation, skill shortages, environmental and compliance issues, inconsistent trade policies, and low technological advancement are the other major challenges for export diversification. The Bangladesh Government also implemented multiple policies for increasing exports. Electricity rebate, elimination of licensing fees and duty exemptions, foreign direct investment, trade reforms and liberalization are some of them. Exporters can receive reimbursement benefits through the RoDTEP scheme. Government established various export processing zones which are monitored by Bangladesh Export Processing Zones Authority. National Export Policy 2024-2027 specially focuses on the textile and service sector, which aims to double the export income by 2027.

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