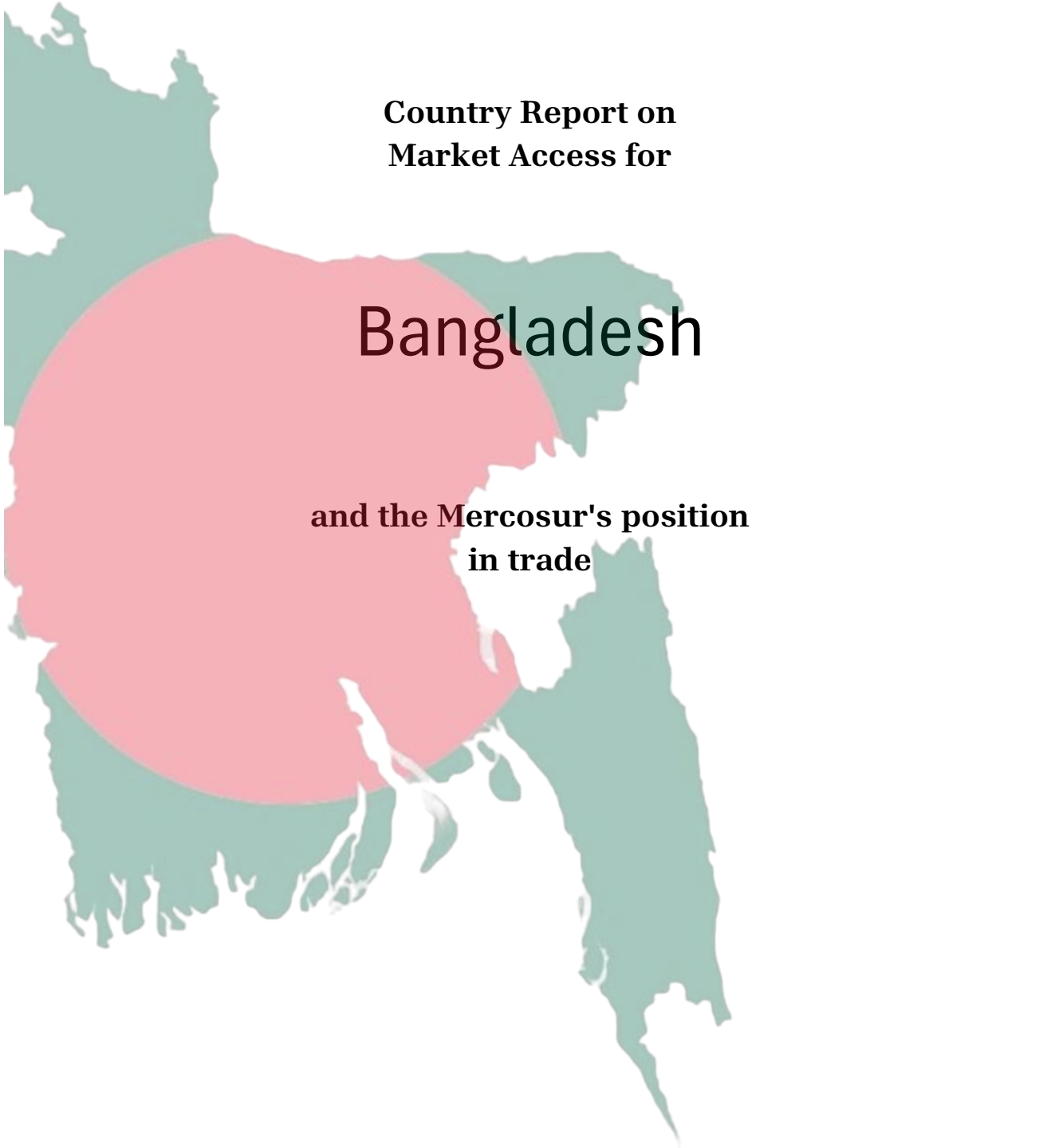


**Country Report on  
Market Access for**

**Bangladesh**

**and the Mercosur's position  
in trade**



**GRUPO DE PAÍSES PRODUCTORES DEL SUR**

GROUP OF PRODUCING COUNTRIES FROM THE SOUTHERN CONE

Updated on  
Jul-24



- The per capita GDP of Bangladesh is not high, representing only 20% of the average global per capita GDP. Agriculture, on the other hand, is the activity with the least added value, accounting for 11.2% of the GDP.
- A demand increase of around 6% is expected by 2030, with more than half of this - in absolute terms - being for food for human consumption. However, the highest expected growth rate in food demand will occur in food for animal consumption. The most important food sectors in the demand projections are cereals and meat, where MERCOSUR already has high competitiveness.
- On average, Bangladesh has a positive trade balance in non-agricultural products and a negative one in agricultural products globally. With MERCOSUR, it maintains a negative balance in both categories.
- The 96% of imports from MERCOSUR come from Brazil and Argentina, with MERCOSUR being the main supplier of these imports. Almost half of Bangladesh's agricultural imports come from countries in the bloc (43%). The most important imported products are wheat, palm oil, soybean complex products, and other food products for human consumption.
- Non-tariff measures have not been frequently used. Agricultural products have tariffs, on average, 30% higher than non-agricultural products. In general, tariff rates in Bangladesh are high. More than 60% of tariff lines have rates between 15% and 25%. Although soybean complex products have average rates of 10%, cereals have 16%, and sugars - important for Brazilian exports - reach an average of 33%.
- Products with potential to export increased are mainly concentrated in the soybean complex, except in Brazil, where meat products are also included, and in Uruguay, frozen fish and dairy products. Considering that MERCOSUR countries already have an important position as the source of imports for Bangladesh in the soybean complex, further dependence seems unlikely.
- Several products face threats to maintaining competitiveness. The effect would be more negative in cases where Bangladesh is an important destination (or already has a significant share of MERCOSUR exports), such as apples, pears, and quinces, and fish oils and fats for Brazil, or rapeseed for Paraguay and Argentina.

## Population



171.2 Millions

1.07 % Growth Rate Annual Population

2.2% Share of World Population

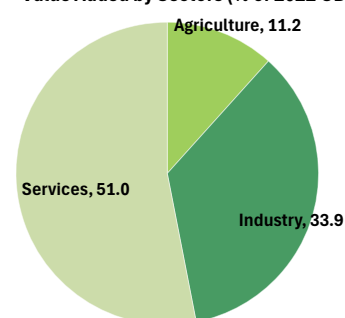
0.79 % Growth Rate Annual World Population



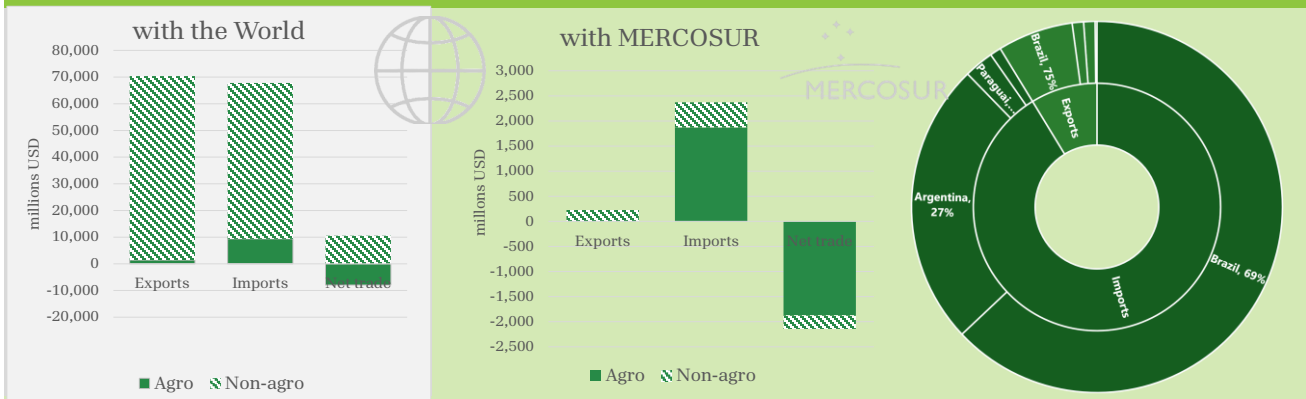
## Economy

	Bangladesh	% of World
GDP (billions of USD 2022*)	460.2	0.46
	Bangladesh	World Avg.
GDP per capita (USD 2022*)	2,688.3	12,687.7
GDP growth (annual %)	7.1	3.1
Trade (% of GDP)**	33.8	62.6

Value Added by Sectors (% of 2022 GDP)

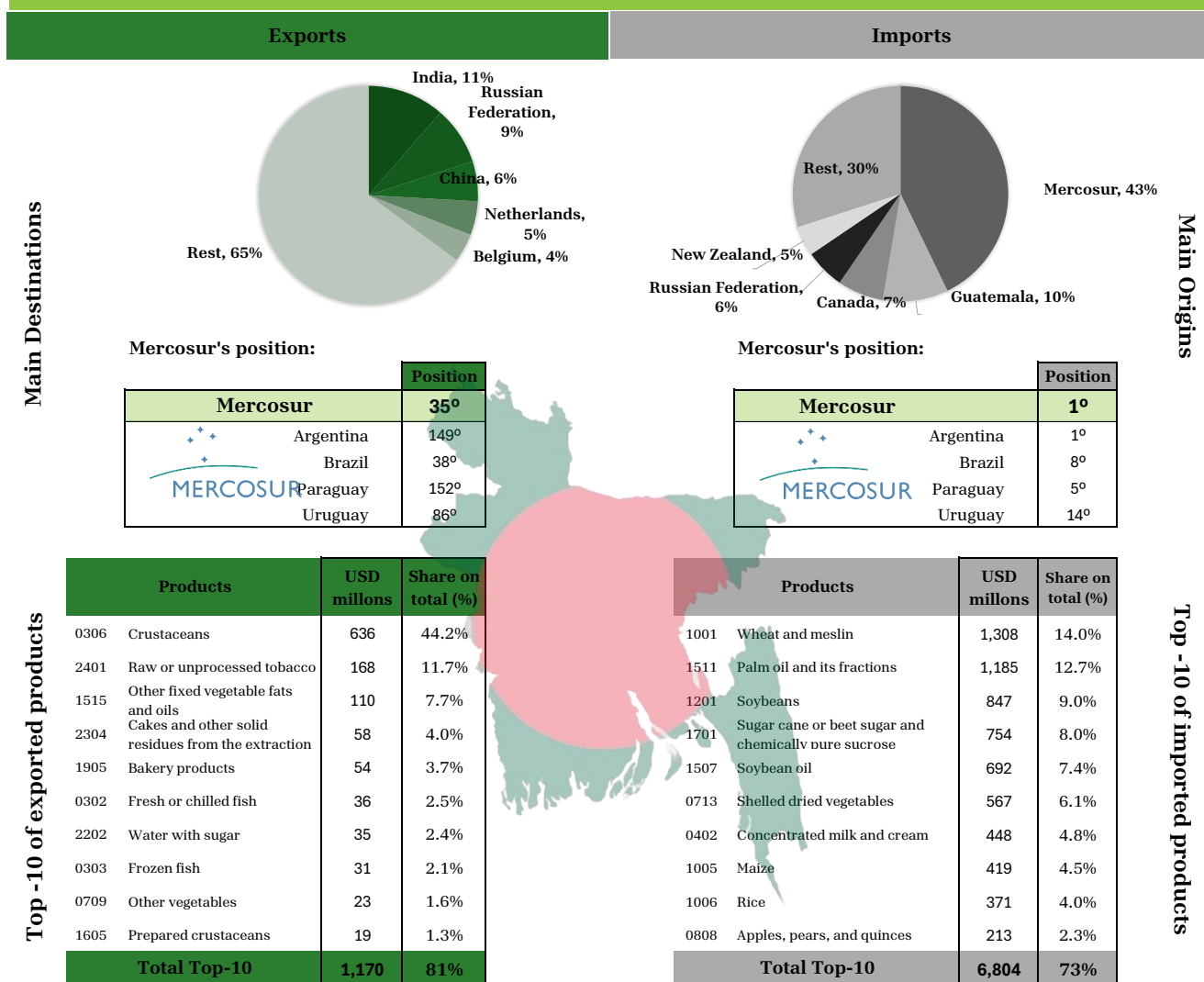


## Average Trade 2018-2022 of Bangladesh



Bangladesh has a trade surplus with the world in non-agricultural products and a deficit in agricultural products. Nearly half (43%) of Bangladesh's global trade is in the agricultural sector. However, it has a negative trade balance with MERCOSUR of more than 2.1 billion dollars (average from 2018-2022), mainly from agricultural trade. The 96% of Bangladesh's imports of products (both Agro and Non-Agro) from MERCOSUR come from Brazil (69%) and Argentina (27%); Brazil is also the main destination for Bangladesh's exports to the bloc (75%).

## Agricultural average trade 2018-2022 of Bangladesh



Source: Compiled by GPPS based on Comtrade data (Avg 2018-22).

The importance of Bangladesh's trade with MERCOSUR is primarily in imports. MERCOSUR is the main supplier, with 43% of Bangladesh's imports coming from MERCOSUR.

Six of the top ten products imported by Bangladesh are items that are part of the export basket of MERCOSUR countries.

# Tariff measures

WTO Tariff Profile

## Tariffs and imports in total

Total		Total	Ag	Non-Ag	WTO member since	
Simple average final bound		156.3	186.1	37.8	1995	
MFN applied					Binding coverage:	Total 17.9
Simple average	2022	14.1	17.9	13.5		Non-ag 4.2
Trade weighted average					Ag: Tariff quotas (in %)	
Imports in billion US\$					Ag: Special safeguards (in %)	

## Tariffs and imports in duty ranges

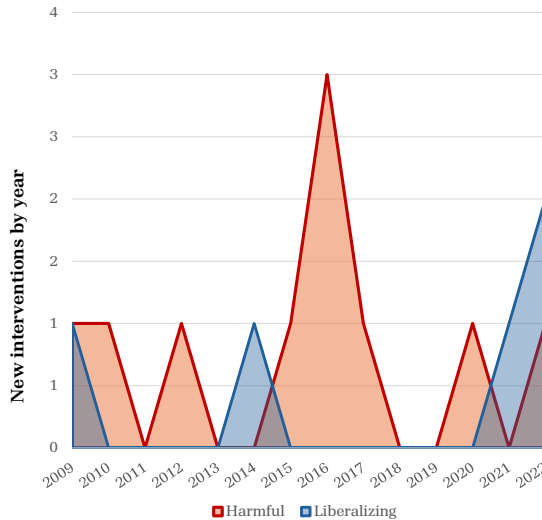
Frequency distribution		Duty-free	0 <= 5	5 <= 10	10 <= 15	15 <= 25	25 <= 50	50 <= 100	> 100	NAV in %
Agricultural products										
Final bound		0	0	0	1.7	0.2	6.5	0	91.5	0
NMF applied	2022	8.9	13.7	14.9	1.1	60.6	0.5	0	0.1	0.7
Imports										

## Tariffs and imports by product groups

Product groups	Final bound duties				MFN applied duties			Imports	
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
Animal products	193.8	0	200	100	19.3	7.7	25		
Dairy products	152.5	0	200	100	24	0	25		
Fruit, vegetables, plants	189.7	0	200	100	21.3	2.1	25		
Coffee, tea	187.5	0	200	100	22.5	0	25		
Cereals & preparations	186.1	0	200	100	16.3	13.2	25		
Oilseeds, fats & oils	172.8	0	200	100	10.3	23.9	25		
Sugars and confectionery	172.9	0	200	100	33.8	0	122		
Beverages & tobacco	200	0	200	100	25	0	25		
Cotton	200	0	200	100	4	30	5		
Other agricultural products	183.4	0	200	100	11.4	15.1	25		
Fish & fish products	54.7	0	200	7.6	23.7	4.4	25		

Source: WTO Tariff profile of Bangladesh. URL: [https://www.wto.org/spanish/res\\_s/publications\\_s/world\\_tariff\\_profiles23\\_s.htm](https://www.wto.org/spanish/res_s/publications_s/world_tariff_profiles23_s.htm)

# Non-tariff measures



2304-Cakes and other solid residues from the extraction of soybean oil, 1	1001-Wheat and meslin, 1	1507-Soybean oil, 1	1701-Sugar cane or beet sugar and chemically pure sucrose, 1
0808-Apples, pears, and quinces, 1	1006-Rice, 1	1511-Palm oil and its fractions, 1	
			0808-Apples, pears, and quinces, 1
			1201-Soybeans, 1
1701-Sugar cane or beet sugar and chemically pure sucrose, 8		1507-Soybean oil, 4	1511-Palm oil and its fractions, 1

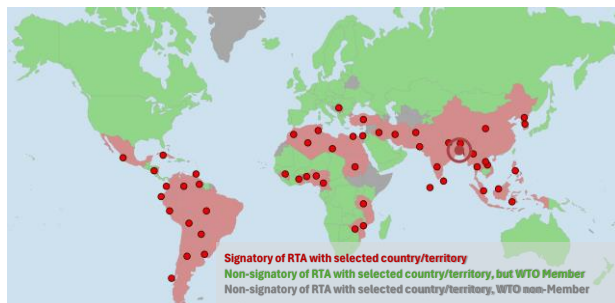
Products most affected by discriminatory measures

Products most affected by liberalization measures

Notes: Both graphs show the number of interventions. Source: Global Trade Alert. URL: <http://www.globaltradealert.org/>

# Trade agreements

## Participation in RTAs on goods and services



Source: Extracted from WTO - <https://www.wto.org/>

## Agreements in force

1. Asia-Pacific Trade Agreement (APTA)
2. Global System of Trade Preferences between Developing Countries (SGPC)
3. Protocol on Commercial Negotiations
4. South Asian Free Trade Agreement (SAFTA)
5. South Asia Preferential Trade Agreement (SAPTA)

## Bangladesh's bilateral agricultural trade with MERCOSUR countries

This section presents the agricultural trade of the Bangladesh with each of the MERCOSUR countries. It provides insights into the main agricultural products traded between the Bangladesh and individual MERCOSUR countries, along with the average bilateral trade amounts (in current USD) from 2018 to 2022.

It highlights the heterogeneity of exports and imports among MERCOSUR countries; aggregating them hide the relative importance of trade with Paraguay and Uruguay, placing greater emphasis on Brazil and Argentina due to their significantly larger trade volumes.



Notes: Values are averages for 2018-2022. The top 6 products are shown. Source: Comtrade 2024.

# Products from MERCOSUR countries with Potential-Threat in Bangladesh

## Methodology

The **Potential (or Threat)** of exporting a product is analyzed for each of the MERCOSUR countries, considering products classified at the four-digit Harmonized System (HS04) level.

The analysis is conducted based on the calculation and interpretation of the Revealed Comparative Advantage (RCA) index following Lima & Álvarez (2008).

A product is considered to have export **Potential** if the exporting MERCOSUR country has a Revealed Comparative Advantage (RCA index  $\geq 1$ ) in its exports, and the importing country also has a Revealed Comparative Advantage (RCA index  $\geq 1$ ) in its imports of the same product, indicating export risks.

The data source used is COMTRADE, and all values are averaged over 2018-2022.

## Analysis by MERCOSUR country

Product	Have:	Argentine exports to		BGD relevance on Argentine exports	BGD imports from World (USD millions)	Argentine relevance on BGD's total imports (in %)
		BGD (USD millions)	World (USD millions)			
1507 Soybean oil	Potential	440.8	4,218	10.5%	692	63.7%
2304 Cakes and other solid residues from the extraction of soybe		59.4	12,347	0.5%	151	39.2%
1001 Wheat and meslin	Threat	57.0	3,027.0	1.9%	1,308	4.4%
1005 Maize		26.0	6,776.9	0.4%	419	6.2%
1205 Rape or colza seeds		0.1	19.6	0.3%	150	0.0%

**Only two products with potential for increasing Argentina's exports to Bangladesh** have been identified. Of these, Bangladesh is a relevant destination only for soybean oil. However, this potential increase is considered limited, as Argentina already holds a significant share in Bangladesh's imports for both products (over 39%), which would lead to greater concentration and dependence.

All products identified as having threats to export reductions to Bangladesh have a share of less than 2% in Argentina's total exports. The relative importance of Argentina in Bangladesh's imports of wheat and corn suggests that a reduction in this trade is less likely compared to the case of rapeseed.

Product	Have:	Brazilian exports to		BGD relevance on Brazilian exports	BGD imports from World (USD millions)	Brazil's relevance on BGD's total imports (in %)	
		BGD (USD millions)	World (USD millions)				
1005 Maize	Potential	128.1	6,485.9	2.0%	418.9	30.6%	
1201 Soybeans		293.6	41,160.8	0.7%	846.9	34.7%	
1507 Soybean oil		181.8	1,171.0	15.5%	691.6	26.3%	
1521 Vegetable waxes		0.1	132.9	0.1%	0.4	20.0%	
1601 Sausages and similar meat products		0.1	90.8	0.1%	0.7	14.2%	
1701 Sugar cane or beet sugar and chemically pure sucrose		531.6	5,945.0	8.9%	753.6	70.5%	
2304 Cakes and other solid residues from the extraction of soybe		40.0	10,203.4	0.4%	151.3	26.4%	
2401 Raw or unprocessed tobacco		3.4	2,517.6	0.1%	5.8	57.9%	
1101 Wheat or meslin flour		Threat	0.0	0.5	0.0%	0.8	0.02%
1207 Other oil seeds and fruits			0.0	54.7	0.0%	16.0	0.07%
1209 Seeds for sowing	0.6		73.5	0.9%	23.9	2.66%	
1302 Vegetable juices and extracts	0.1		115.9	0.1%	23.2	0.53%	
1404 Vegetable products not elsewhere specified or included	0.2		23.5	0.7%	10.2	1.66%	
1504 Fish oils and fats	0.1		1.5	10.0%	5.9	2.47%	
1509 Olive oil and its fractions	0.0		0.2	0.1%	7.2	0.00%	
1515 Other fixed vegetable fats and oils	0.0		75.5	0.0%	1.9	0.32%	
1518 Prepared animal or vegetable fats and oils	0.0		20.9	0.1%	3.9	0.58%	
1805 Unsweetened cocoa powder or other sweetener	0.1		73.9	0.2%	5.0	2.69%	
2003 Mushrooms and other fungi preserved	0.0		0.1	0.0%	2.7	0.00%	
2102 Yeasts	0.5		148.4	0.3%	16.3	3.10%	
2201 Unsweetened water	0.0		0.3	0.3%	0.4	0.22%	
2301 Fish meal and pellets	2.8		134.8	2.0%	42.2	6.55%	
2302 Bran, shorts, and other milling residues	0.5		17.6	2.9%	41.9	1.22%	
2306 Cakes and other solid residues from the extraction of vegeta	0.0		1.2	1.9%	95.2	0.02%	
2308 Vegetable materials and vegetable waste	0.0		110.6	0.0%	2.8	0.30%	
2309 Animal feeding preparations	1.4		724.2	0.2%	188.8	0.76%	
0808 Apples, pears, and quinces	12.7		63.2	20.1%	213.3	5.94%	

**Of the products identified with potential to increase exports to Bangladesh, soybean oil and sugarcane** are the most important for Brazil. However, the high share in Bangladesh's imports limits the potential for growth. **There is greater potential in processed meat products and similar items.**

It is worth mentioning **apples, pears, quinces, and fish-derived products** as the most significant among those identified with threats to exports, due to their importance for Brazil.

Product	Have:	Paraguayan exports to		BGD relevance on Paraguayan exports	BGD imports from World (USD millions)	Paraguay's relevance on BGD's total imports (in %)
		BGD (USD millions)	World (USD millions)			
1207 Other oil seeds and fruits	Potential	0.11	135.16	0.1%	16	0.7%
1507 Soybean oil		63.29	197.66	32.0%	692	9.2%
1201 Soybeans	Threat	1.24	2,303.38	0.1%	847	0.1%
1205 Rape or colza seeds		0.19	4.05	4.7%	150	0.1%
2301 Fish meal and pellets		0.04	20.02	0.2%	42	0.1%
2302 Bran, shorts, and other milling residues		0.07	27.11	0.3%	42	0.2%
2304 Cakes and other solid residues from the extraction of soybe		0.91	1,037.19	0.1%	151	0.6%

Of the products with potential to increase exports from Paraguay, soybean oil stands out. It has a low share in Bangladesh's imports, but this would imply a greater concentration of destinations for Paraguay, leading to increased structural fragility.

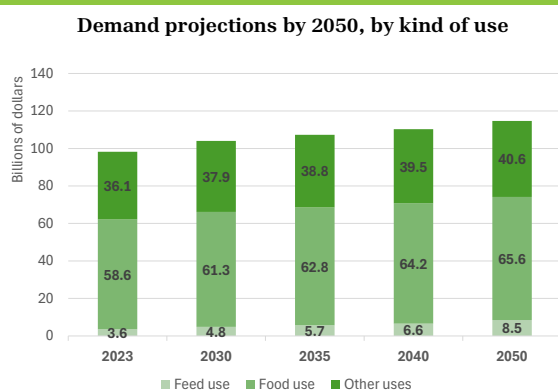
On the other hand, all products facing threats of decreased exports from Paraguay have a low share in Bangladesh, posing higher relative risks. Rapeseed is especially important for Paraguay, even more so than for Argentina.

Product	Have:	Uruguayan exports to		BGD relevance on Uruguayan exports	BGD imports from World (USD millions)	Uruguay's relevance on BGD's total imports (in %)
		BGD (USD millions)	World (USD millions)			
1201 Soybeans	Potential	21.0	1,064.87	2%	847	2.5%
2304 Cakes and other solid residues from the extraction of soybe		0.5	54.07	1%	151	0.3%
0303 Frozen fish		2.0	75.17	3%	56	3.5%
0402 Concentrated milk and cream		1.6	271.84	1%	448	0.4%
2301 Fish meal and pellets	Threat	0.04	57.04	0.1%	42	0.1%

Bangladesh's share as a destination for Uruguay's exports of products identified with potential for export growth does not exceed 3%. In general, it is observed that the four products with potential would not face obstacles to increasing exports.

The only product identified with threats of decreased exports from Uruguay has a low share in Bangladesh, posing higher relative risks of losing market position. However, it is not a very important destination for Uruguay's exports.

## Food demand projections from Bangladesh



Source: FAO- Food and agriculture projections to 2050- Country Data Market

### Changes in Food Demand

2050 vs 2023

+17%

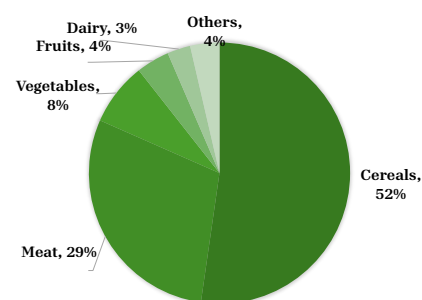
2040 vs 2023

+12%

2030 vs 2023

+6%

### Share of Food Categories in Average Projections 2030-2050



Food demand in Bangladesh is projected to increase by around 6% by 2030. The largest share of this demand will be for products intended for human consumption, while the smallest share will be for animal feed. However, the growth rate for animal feed is the highest, potentially doubling the projected demand by 2050.

Currently, the MERCOSUR export basket to Bangladesh is concentrated in the soybean complex, but demand projections could drive greater diversification of this basket. This is reinforced by the product composition in the projections, where cereals and meats have a larger weight (81%), presenting an opportunity for the region. These are products in which MERCOSUR is currently a net exporter with high competitiveness, although Bangladesh is not yet a major destination.

## Conclusions

Bangladesh is a country with a market of 171 million people, exhibiting a population growth rate 35% higher than the global average. It has a GDP per capita significantly below the world average, and its GDP growth occurs at a rate of 7% per year, double the global average. Trade represents one-third of its GDP value.

All MERCOSUR countries are among the top 15 trading partners in Bangladesh's agri-food imports, with Argentina being the most significant. MERCOSUR imports account for 43% of Bangladesh's total average imports for 2018-2022. Guatemala and Canada follow, with much smaller shares compared to MERCOSUR. The top ten imported products account for 73% of total imports, with an average value of \$6.8 billion USD, indicating a high degree of product concentration in imports.

Generally, tariff levels are higher for agricultural products compared to non-agricultural ones: the applied NMF tariff for agri-food products is 30% higher than for other products. Products with the highest average tariffs include sugar and confectionery (33.8%), fish and fish products (23.7%), coffee and tea (22.5%), and fruits, vegetables, and plants (21.3%), with the first being relevant for Brazil and the second for Uruguay. Soybean complex products have a lower average tariff, around 10.3%.

Except for Brazil, all MERCOSUR countries mainly export soybean-by-products, which represent more than 75% of the total exports to Bangladesh. Although Brazil also exports products from the soybean complex (about 40% of total exports), its main product is cane or beet sugar. There is a high concentration of MERCOSUR exports to Bangladesh by product, with the top three products accounting for 80% or more of total exports to this destination on average for each country. This product concentration is a systemic risk for MERCOSUR, which should avoid it by expanding the export basket and diversifying destinations.

FAO (2024) projections indicate an increase in food demand in Bangladesh, mainly for human consumption, although the highest growth rate is expected for animal feed.

The potential for export growth was analyzed using the concept of Revealed Comparative Advantages, not only in MERCOSUR's exports but also in relation to Bangladesh's imports. Products with export potential are those with relatively low current participation in Bangladesh's imports. When participation is high, increasing dependency on Bangladesh is unlikely and undesirable for MERCOSUR. Thus, products with the highest observed potential include processed meats and meat products for Brazil, and frozen fish and dairy for Uruguay.

An eventual economic complementarity agreement between the two regions could favor certain trade flows that are currently affected by high tariffs compared to competitors with existing trade agreements. This would be particularly beneficial for Brazil and Uruguay, as their export baskets contain products currently facing high tariffs. Additionally, the agreement could help diversify MERCOSUR's export matrix to Bangladesh, which, as mentioned, is highly concentrated around soybean complex products.



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