

Export Diversification and Sectoral Competitiveness in Bangladesh after LDC Graduation: Evidence from Revealed Comparative Advantage

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Abstract:

This study provides a long-term picture of sectoral competitiveness of Bangladesh by analyzing export performance through Revealed Comparative Advantage (RCA) framework from the period of 2001 to 2023 at the HS-2 digit level. Although the ready-made garments (RMG) sector has historically dominated Bangladesh's export structure, the analysis identifies several non-RMG product categories specifically crustaceans, aluminum goods, oilseeds, metal containers, and ceramic products demonstrating either long-term or emerging comparative advantages. The study uses consistent 23-year longitudinal export data from the UN Comtrade database to show that these sectors have structural strengths based on geographic advantages, supportive government policies, gradual improvements in technology, and links to domestic industries. The study also highlights that some agricultural and industrial goods have unstable and declining RCA patterns. Thus the results implicate that after Bangladesh leaves the LDC, it should focus on industrial policy based on RCA, targeted trade finance, and encouraging FDI in certain sectors to help diversify its exports. Long-term RCA trends can also help in trade negotiations and boosting exports activities.

Keywords: Revealed Comparative Advantage (RCA), Export Competitiveness, Sectoral Diversification, Bangladesh Trade Performance, Post-LDC Graduation Strategy, Industrial Policy

1. Introduction

Trade is one of the major contributing factors in economic growth, particularly in developing nations. It gives people access to foreign markets, brings in foreign currency, makes it easier to share technology, creates jobs, encourages capital formation, and raises living standards by giving people more choices in products. China, Vietnam, and South Korea are three countries that have grown their economies by focusing on exports. The significance of trade has long been discussed in the international trade theories where Heckscher-Ohlin brought in the idea of factor endowment, and New Trade Theories (Krugman) brought in economies of scale and strategic trade. Later, endogenous growth models exhibited how trade can help with innovation and the development of human capital. But trade also has some structural problems where a number of developing countries depend too much on a small number of export goods or markets. This makes them vulnerable to shocks from all over the world. Likewise different benefits from trade can

make inequality worse. Bangladesh has been trying to make its presence in the international market by exporting since 1980s. The ready-made garments (RMG) industry around the world employs more than four million people, most of whom are women. Exports constitute approximately 15 to 20 percent of GDP, thereby supporting the robustness of foreign reserves. Bangladesh aims to enhance its export portfolio by emphasizing sectors such as ICT, pharmaceuticals, leather, and agro-processing. Bangladesh excels in the production of complex goods, such as garments and other textile products. Bangladesh is increasingly focusing on "dynamic comparative advantage" by entering the fields of ICT, shipbuilding, and pharmaceuticals. Bangladesh's export business has changed a lot since the 1990s. Lower tariffs, trade liberalization, and structural reforms have all made its goods much more competitive in global markets. These changes made it a lot harder for the country to sell things to other countries. The ready-made garment (RMG) industry grew quickly and became a part of global value chains. This meant that companies in

Bangladesh could sell to brands around the world. There wasn't a significant foreign direct investment (FDI) in Bangladesh, but it did help the textile, telecommunications, and medicine industries. Bangladesh now sells more than just jute but textiles, fish, leather goods, pottery, and IT services.

1.1 Recent Developments in Bangladesh Foreign Trade

In 2024, Bangladesh reported \$48.3 billion worth of export for the first time. A significant contribution goes to the ready-made clothes (RMG) business. In the first five months of FY25, exports rose by 41%. By the end of the fiscal year, the sector is expected to export \$500 million worth of goods. Bangladesh has also improved its trade ties with Asian countries so that it doesn't have to rely as much on Western markets. These efforts to diversify are part of a bigger change in strategy to increase the country's exports and lower the risks that come with having too many markets. Bangladesh is also working with other countries and regions on new projects and building new infrastructure to strengthen its ties with them. The Free Trade Agreement (FTA) with Singapore is under consideration which will lower tariffs and will boost trade and investment especially in tourism. Bangladesh has also made progress with India and the US, especially when it comes to connecting people across borders. The Sabroom Integrated Check-Post (ICP) and other infrastructure have made it easier for people and goods to get around the area. But trade between the two countries suffered when India limited 42% of its imports from Bangladesh, which affected goods worth almost \$770 million. Bangladesh is also spending a lot of money on its maritime industry to help it reach its trade goals in the long run. The Matarbari Deep-Sea Port could be able to hold up to 2.8 million TEUs by 2036. This will speed up shipping. Two of the biggest logistics companies in the world, DP World and Maersk, considering on projects to make ports better. The Patenga Container Terminal opened, which increased the capacity of Chattogram Port by 500,000 TEUs. The transportation sector in Bangladesh has grown increasingly competitive, facilitating the international shipment of products. Since 2025, there have been big changes in the business world. The National Board of Revenue (NBR) conducted a nationwide strike during May and June of 2025. This rendered the task more

challenging for customs officers in performing their duties. Bangladesh has fixed and grown a number of partnerships with other countries, even though these problems are still there. After a 15-year break, Dhaka and Islamabad started talking about trade again. This time, the talks were about working together in agriculture and on the water. This shows that the two countries are beginning to work together again. Finland is also keen to invest in Bangladesh's businesses that make green technology, sell things online, and make clothes. Romania also to increase trade between the two countries to about \$200 million. It has also promised to help Bangladesh get longer GSP+ benefits in the EU, which will open up new markets for exports and investment.

2. Literature Review

Bangladesh's export-driven economy has long relied on the ready-made garments (RMG) sector. Bhattacharya and Rahman (2005) pointed out that RMG brought in more than 75% of export earnings, created jobs for women, and helped the economy grow. However, it also made the economy more sensitive to global shocks, buyer concentration, and changing trade policies. Accordingly Bangladesh needed to expand into new areas like ICT, pharmaceuticals, agro-processing, and leather to keep the economy strong in the long run. Ahmed (2007) studied what happens when companies are more open. In some regions, growth was slower because the infrastructure wasn't good enough, the institutions weren't helpful enough, or there weren't enough new ideas. Islam and Khaled (2012) reached a similar conclusion, stating that Bangladesh's emphasis on inexpensive apparel such as t-shirts and knitwear maintained price stability and impeded economic growth. To move up the global garment value chain, country need to work on branding, design, and come up with new ideas. However infrastructure issues, a lack of fresh ideas, and a need for assistance remains the major issues. Islam and Khaled (2012) came to the same conclusion, that Bangladesh's focus on cheap clothes like t-shirts and knitwear kept prices stable and slowed down economic growth. Rahman (2013) examined the issue of low value addition in Bangladesh's export sectors and highlighted why this remains a major challenge for long-term competitiveness. Accordingly country should stop giving direct export subsidies and start giving incentives that

follow WTO rules. Some of these are investing in better logistics, new technologies, and training for workers. Rahman further stressed that to stay competitive after departing from LDC classification, trade facilitation needs to be improved structurally and institutional coordination needs to be strengthened. Hasan (2013) noted that the shortage of qualified workers constitutes a significant obstacle to attracting foreign direct investment (FDI) and advancing into higher-value manufacturing. He contends that national workforce strategies should address the needs of industries involved in exporting goods. Iqbal and Ahmed (2021) also observed that government-sponsored training initiatives, particularly SEIP, enhanced worker productivity and improved adherence to industry regulations. However, they also pointed out that not everyone can get to these training programs, and workers often don't get enough training in new technologies. Researchers have examined the impact of gender roles on the workforce of men and women in Bangladesh's business and export sectors. Chakraborty and Nasrin (2021) examined the participation of women in the ready-made garment (RMG) sector, where women constitute over 80% of the workforce. The degree of discipline and adaptability they possess significantly influences the overall competitiveness of the industry. They also highlight that women still have to deal with poor working conditions, unequal pay, and not enough freedom to choose their own jobs. According to Jahan and Karim (2021), businesses that don't follow the new EU rules about chemicals and carbon emissions could lose customers and hurt their brand. Big companies are using green technologies, but small and medium-sized businesses can't afford to do the same. Many researchers now advocate that Bangladesh should enhance its technological infrastructure and leverage digital technologies to improve its export strategy. Amin and Rahman (2022) said that automation made it faster and easier to make clothes, but it also took away jobs, especially for women who weren't as well-trained. Zaman and Khan (2023) proposed the utilization of Fourth Industrial Revolution (4IR) technologies—specifically artificial intelligence (AI), the Internet of Things (IoT), and blockchain—to enhance the environmental sustainability of Bangladesh's textile exports. They also stated that if Bangladesh fails to continue innovating and advancing its technology, it

risks losing its competitive advantage to nations that adopt newer technologies more rapidly. Alam and Ahmed (2017) and Aman et al. (2025) utilized the revealed comparative advantage (RCA) methodology to evaluate the prospective magnitude of India's trade with its partner countries. Alam and Ahmed (2018a, 2018b) employed the gravity model to identify the factors influencing India's foreign trade. Recent studies show that both the traditional textile sector and agricultural exports are gaining stronger momentum. Nahar and Salim (2024) observed that products such as processed salmon and organic tea are increasingly attracting consumers due to enhancements in packaging, branding, and food safety standards. They also emphasized that obtaining certification and engaging in online marketing are both vital for entering new international markets and expanding within them. Chowdhury and Hoque (2022) observed that IT freelancers have developed a growing export market propelled by government-led initiatives focused on skill development and the implementation of digital policies. Morshed and Kazi (2023) found that online trading platforms have revolutionized MSMEs by facilitating their ability to market and sell their products and services on an international scale, especially within sectors such as handicrafts, agricultural commodities, and light engineering goods. Gautam and Lal (2020) assert that long-term RCA provides a comprehensive view of the competitiveness of exports in labor-intensive industries. This study analyzes Bangladesh's HS-2 exports using the RCA framework to pinpoint both established and emerging areas of comparative advantage. Ferdousi and Alam (2024) demonstrated that the textile industry has become increasingly competitive in EU markets through the utilization of recyclable materials and environmentally friendly pigments. The high costs of production and the lack of resources for long-term projects continue to be major problems.

3. Methodology

This paper examines Bangladesh's trade potential at the global level. Trade data at HS-2 digit is taken from UNCOMTRADE database. This study computes RCA values for Bangladesh utilizing HS 2-digit level export data from the period of 2001 to 2023. The first step is to filter the dataset so that it only has HS codes for which Bangladesh has kept

the same export numbers for all 23 years. This helps in understanding the long-term trends without the bias that comes from missing or inconsistent data.

Revealed Comparative Advantage (RCA)

The Revealed Comparative Advantage (RCA) index is a useful tool for figuring out how a country's sector-specific export strengths compare to those of other countries in the global trade system. Economist Béla Balassa came up with RCA in 1965. It uses real trade data to show which industries a country is more competitive in, rather than just theory.

The Revealed Comparative Advantage (RCA) index, introduced by Balassa (1965), is calculated using the following formula:

$$RCA_i^c = \frac{(x_i^c)}{x^c} \frac{x^w}{(x_i^w)}$$

Where:

- RCA_i^c = Revealed Comparative Advantage of country c in product i
- x_i^c = Exports of product i by country c
- x^c = Total exports of country c
- x_i^w = World exports of product i

- x^w = Total world exports

If a country's RCA number is higher than 1, it means that it exports a given good more than the average for the world. This gives it a competitive edge. If the number is less than 1, it means that there is a comparative disadvantage.

4. Result Analysis

4.1 Sectors with Consistent Comparative Advantage

This section looks at five different HS 2-digit product categories that had a Revealed Comparative Advantage (RCA) of more than 1 in at least 10 of the 23 years from 2001 to 2023. We got these codes from a full dataset that only showed the goods for which Bangladesh has good yearly data. The ten-year limit, which is about half the length of the sample, makes sure that these sectors are not just short-term price changes or temporary problems, but are instead examples of long-term structural competitiveness. This section deals with five HS codes: HS 03 (crustaceans and aquatic invertebrates), HS 73 (metal containers for storage or transport), HS 76 (aluminium), HS 12 (oil seeds and oleaginous fruits), and HS 69 (ceramic products and construction materials that aren't defined in any other way).

Table: HS 2-digit product categories having Revealed Comparative Advantage (RCA) in at least 10 years out of 23 years from 2001 to 2023.

HS	Commodity	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
3	Crustaceans, mollusks and aquatic invertebrates	16.766	18.232	18.232	19.475	19.52	22.39	24.843	19.58	12.79	13.305	11.856	8.7203	10.951	10.253	6.5849	5.107	7.2922	6.4757	6.4491	6.2994	6.3362	3.8554	5.2174
73	Metal containers for storage or transport	0.1082	0.0004	0.0004	0.0829	5.1863	0.011	4.9853	0.0047	11.535	0.044	14.558	14.281	0.0997	0.1125	7.8119	7.8913	8.4034	0.0664	0.2868	0.3989	5.275	0.2132	6.1813
76	Aluminium	0.0041	0.0077	0.0077	4.4736	0.0573	11.054	0.1611	0.0068	4.4912	0.5036	3.6828	4.1197	11.431	1.0828	3.7905	3.9999	4.0459	0.06	5.0773	0.0593	0.0275	1.8859	0.0301
12	Oil seeds & oleaginous fruits (incl. flour, n.e.s.)	0.002	0.002	0.002	0.136	0.161	0.143	0.081	0.091	3.173	0.08	5.136	3.918	3.541	4.456	3.26	3.157	3.33	4.291	4.173	4.314	9E-04	5.399	6.126
69	Ceramic Products & Construction Materials	0.019	1.057	1.057	1.519	0.011	0.003	0.017	0.007	1.52	4E-04	9.467	5.859	0.033	0.009	2.285	3.927	4.48	0.031	0.012	7.534	0.011	0.019	0.006

Data source: UN Comtrade (HS-2)

Bangladesh can get an edge over its competitors by using HS 03, which has crustaceans, mollusks, and other aquatic invertebrates. This is the best and most reliable method. For this group, the RCA values are usually over 10, and in some years, they go up to over 24. Bangladesh has a lot of natural advantages. For example, its big beaches and river systems make it easier to farm shrimp on a large scale. Khulna, Bagerhat, and Satkhira are some of the districts that have been important in growing black tiger shrimp (*Penaeus monodon*). This is the most popular frozen seafood export from the country. The sector has benefited from high demand around the world, especially from the EU and the US. It has also gotten support from the Bangladesh Frozen Foods Exporters Association and has followed international safety standards. For more than twenty years, this area has had a comparative advantage. This is because of both natural resources and stable policies, targeted subsidies, and trade facilitation that are unique to the sector. RCA has been above 5 for the past few years, but the trend seems to be stabilizing. This may indicate market saturation or issues with compliance to international regulations, managing pathogens, or insufficient diversity in seafood product categories. The second most prominent sector is HS 73. It comprises metallic containers such as barrels, cans, and industrial cylinders utilized for storage and transportation purposes. For 10 of the 23 years, Bangladesh had RCA values over 1. Between 2007 and 2012, the values were highest. This sector has grown along with Bangladesh's overall industry, which includes agro-processing, paints, edible oils, and pharmaceuticals. All of these areas need packaging solutions that are the same for everyone. It seems that the country has become much more competitive because it can make basic sheet metal parts and put together low-tech packaging products for less money. In this industry, the comparative advantage is complicated. It doesn't come from having a lot of natural resources or economies of scale. Instead, it comes from being able to set prices well and work with new businesses in the country. The fact that RCA has been going down since 2013 shows that structural restrictions are getting stronger. This could mean that plastic alternatives are becoming more popular, the company isn't changing how it

makes things, and it gets its raw materials from other countries, such as cold-rolled steel sheets or tinplate. If this industry can come up with new ideas and move into specialized packaging, like tamper-proof containers and food-grade coatings, it will have a competitive edge in the future. It will also need to take advantage of demand in Southeast Asia and India. HS 76, which includes aluminum and aluminum products, is the third product group with a clear comparative advantage. For 12 years, RCA values were above 1, and most of that time was after 2008. This is a big deal because Bangladesh doesn't mine bauxite or make aluminum. This means that the country has an advantage over others because it can make things cheaply and put them together, not because it has a lot of raw materials. Most of the aluminum that Bangladesh makes is extruded profiles, sheets, cookware, and windows and doors for homes and businesses that want to sell them. The steady rise in RCA shows that Bangladesh has found a niche in making standard aluminum goods. This could be because smaller and medium-sized businesses that work with metal pay their workers less. It's also likely that high demand in the area, especially in the building markets of Nepal, Bhutan, and the Maldives, made it cheaper to send things out of the country. This benefit is still at risk because a lot of the value chain depends on getting unfinished aluminum sheets and billets. Bangladesh could get stuck in this one if it doesn't move into more valuable areas like anodized treatments, heat-resistant alloys, or modular assembly kits. To keep the RCA going and make it better, the government needs to invest in capital, make it easier for people to share information, and work on getting green building export certification. If it doesn't work out, it could get stuck here. The government needs to put money into capital, make it easier for people to share information, and work on getting green building export certification to keep the RCA going and make it better.

HS 12, comprising oil seeds and oleaginous fruits (including flours), is a sector where Bangladesh's comparative advantage is tied more closely to agro-ecological capacity and evolving global demand. RCA values in this category exceeded 1 in 13 out of 23 years, indicating moderate but persistent competitiveness. Products in this group include

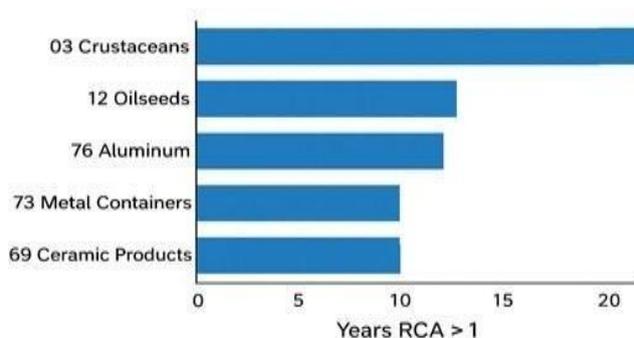
mustard seed, sesame, linseed, and groundnuts, all of which are cultivated in specific belts of western Bangladesh. Bangladesh has been able to do better in this area because more and more people and animals around the world want oilseed flours. The sector did its best from 2009 to 2013. National food security initiatives facilitated the implementation of agricultural extension services, improved seed varieties, and increased mechanization during this period. Price changes, broken supply lines, and not enough processing capacity for oilseeds have all slowed the industry's progress up the value chain. The production of basic materials gives a country a comparative advantage, not their export. The sector may not grow as quickly if there isn't enough money put into processing, storage, and packaging infrastructure. If you start exporting certified organic oilseeds, cold-pressed oils, and sesame-based health foods, you could make more money, especially in East Asian and European markets.

Last but not least, HS 69—Ceramic Products & Construction Materials not otherwise specified—shows a mixed but strong example of hidden

competitive advantage. In this group, RCA readings went over 1 once every 10 years, usually in the middle of the time period being studied. This group is about clay, pottery, and tools used to make things. Bangladesh's pottery business grew quickly after the early 2000s. It used to be based on the building boom in the US, but now it's based on exports. Getting kaolin, white clay, and limestone is easy, which has helped the country grow. The government has also helped by making it cheaper to hire workers and giving tax breaks on exports. The RCA trends peaked in the early 2010s. This meant that more people were doing business in South Asia, especially with India, Nepal, and Bhutan. RCA stopped growing after 2015 because it cost more to make things, there weren't enough raw materials, or it had to compete with countries like China and Vietnam, which are known for their ceramics. People who know a lot about technology need to use digital kiln management and follow ISO and CE standards to sell their goods in high-end global markets. As part of a strategic plan, you could build "mineral parks" for groups of people who work with and sell rocks.

Sectors with Sustained Comparative Advantage (RCA > 1, 2001–2023)

HS Code	Product	Years RCA > 1
03	Crustaceans	20+
12	Oilseeds	13
76	Aluminum	12
73	Metal Containers	10
69	Ceramic Products	10



These five parts fit together to make a whole and one-of-a-kind picture. These five companies show that Bangladesh's exports are becoming more competitive in a lot of ways. The crab sector (HS 03) is a great example of a long-term competitive edge that comes from having the right natural resources

and rules in place. Some places have a mix of places where you can make things (like aluminum and metal containers), farm based on resources (like oilseeds), and start new businesses (like ceramics and mineral products). All of them show signs of a changing comparative advantage. These things change because of how the country is built, how the

government works, and how much people want them.

It shouldn't be strange that Bangladesh and these companies plan to trade. They should instead see them as important parts of a bigger plan to include goods from many different businesses in exports. If these moderate competitive advantages focus on infrastructure, invest in research and development, improve quality, and work with other institutions, they can become strong drivers of long-term export growth. As LDC graduation approaches, it is essential to conduct a thorough analysis and fortification of sectoral RCA trends to achieve sustainable trade-driven growth. A picture of how Bangladesh's ability to compete in exports is changing. The crustacean sector (HS 03) is a perfect example of a long-term comparative advantage based on natural resources and policy synergy. The other sectors, on the other hand, show a mix of manufacturing niches (aluminium, metal containers), resource-based agriculture (oilseeds), and new industrial potential (ceramics and mineral products). The competitive advantages of each individual change over time based on the structure of the organization, the needs of the market, and the rules that govern it. Bangladesh should not have different plans for these businesses when it comes to trade in the future. You should think of them as important parts of a plan to send goods to many other places. Investing in infrastructure, research and development, quality improvement, and working with other groups can turn these small benefits into powerful ways to keep exports growing. It will be important to fully understand and improve industry RCA patterns as the LDC period comes to an end in order to achieve long-term trade-led growth.

4.2 Other HS Code RCA Trends: Emerging, Volatile, and Declining Trajectories

Bangladesh has had a bigger revealed comparative advantage (RCA) in some areas for at least ten years. To really get it, you need to look at those areas. Some HS categories might not quite reach this level, but they can still help us figure out how trade patterns are changing, which businesses are doing well, and which ones may be doing poorly or going down. A lot of the HS numbers from RCA from 2001 to 2023 show when a company did better than its competitors. We talked about five sectors before:

oilseeds (HS 12), aluminum (HS 76), crustaceans (HS 03), metal containers (HS 73), and mineral processing (HS 69). These codes are used with those sectors. These codes don't show a Revealed Comparative Advantage (RCA) greater than 1 over a decade or more, but they do show how Bangladesh is changing its economy by focusing on new industries and becoming more competitive on the global market.

For a limited time, packages could be able to compete with HS codes that have a high RCA. For example, some years, leather and textile goods have higher RCA values. Sometimes, these prices go up when the demand for goods around the world changes or when the government makes new rules. The EU's Generalized System of Preferences (GSP) makes it easier for some countries to get into the market and pay less in taxes at home. But they won't be able to keep the RCA over 1. Businesses will find it harder to keep prices low, meet international quality standards, or save money by making more things.

Some basic agricultural and primary goods have a clear pattern: they usually go from being a little better to being neutral (RCA about 1). Prices for unprocessed jute, spices, and vegetables go up and down a lot. The RCA values usually go up when there are good harvests, good weather, or higher prices for goods around the world. But they go down a lot when there are problems with the supply of goods in the US, prices are unstable, or countries like India, Myanmar, and Vietnam compete with the US. For example, Bangladesh used to be a major exporter of raw jute (HS 5303), but this has changed over time because the jute sector hasn't modernized well, yields have been inconsistent, and there hasn't been much new product development in jute-based value-added goods like composites and geo-textiles. Some HS codes show a clear downward trend, with RCA values dropping steadily over time. Bangladesh has had problems in the past because there aren't many factories, they rely heavily on imported goods, and they don't have the skills needed to make more modern products. This is clear in some areas, like chemicals, electronics, and machines. The RCA values in these areas are usually well below 1 for most of the years. This shows that Bangladesh mostly imports goods in these areas and

has not yet become competitive on the global market.

There is another interesting trend in areas that are about to change. The RCA values for these areas are usually close to 1, but they may go up for a few years before going back down. This trend suggests that there may be a new or hidden comparative advantage that could be taken advantage of by changing policies. The illegal drug trade is a good example. Your filtered data doesn't show a consistent RCA over 1 right now, but both domestic capabilities and exports have made a lot of progress in the last ten years. The pharmaceutical industry has grown because of TRIPS waivers, lower production costs, and government incentives. Bangladesh's revealed comparative advantage is likely to keep getting stronger, even after it stops being called a "least developed country" (LDC). The country is currently experiencing significant developments due to changes within RCA. It can continue generating revenue by exporting goods to other nations and expanding into new markets while gradually progressing toward higher-value export objectives. Certain types of plastic products and processed foods are also consistently increasing in their RCA values; however, they do not invariably surpass the threshold value of one. This indicates that these industries will be capable of exporting a greater volume of products to other nations in the future. These categories likely indicate the effectiveness of Bangladesh's initiatives to diversify its sectors under the Export Policy 2018–2021 and the progress achieved in each sector. Enhanced packaging, shipping, certification, and branding are likely to facilitate the growth of these industries' RCA in the coming years.

In short, there are three main trends among the HS codes that are not in the top five persistent advantage group: (1) an uneven advantage in agricultural and resource-based goods because of global cycles and how sensitive they are to weather; (2) a structural disadvantage in capital and technology-intensive sectors; and (3) an emerging advantage in sectors that are changing and haven't yet become stable in terms of competitiveness.

4.3 Strategic Trade Policy Implications of RCA Patterns

Between 2001 and 2023, it was discovered that Bangladesh has a great ability to send goods to other countries. This is called its revealed competitive advantage (RCA). The changes show that the countries' trade has changed a lot. Some HS codes will stay the same, such as those for oilseeds (HS 12), aluminum goods (HS 76), and crustaceans (HS 03). Still, a lot of other sectors have trends that change a lot and are often unstable. This shows how the country's sector is changing. This trend shows that the economy is becoming more diverse, that specialization is changing, and that people are learning in new ways. All of these things have a big impact on how people plan for the economy and trade. Bangladesh has only worked on a few exports for a long time. Some of these are clothes that are already made (RMG) and jute products. On the other hand, the RCA data shows that some well-known companies are getting less competitive. On the other hand, light engineering, agro-processing, and specialized manufacturing are getting new or better benefits. For a long time, the metal containers (HS 73) and some mineral producers (HS 69) sectors have been ahead of the rest. This means that light industrial skills are improving and will continue to do so if policies are put in place to help. As Kanungo (2012) shows in the example of China's textile industry, the competitiveness of exports that rely heavily on labor can only be maintained through ongoing policy support, improvements in technology, and making the product range more varied.

As Bangladesh prepares for its transition beyond being classified as a least developed country, it is essential to bear this in mind. Having suitable technology, attracting foreign direct investment (FDI), and integrating into the global value chain (GVC) are all essential elements for attaining success in RCA (Arora and Siddiqui, 2022). The robustness of this study's case is enhanced by the recognition that Bangladesh must incorporate non-RMG sectors into global value chains to attain a sustainable comparative advantage once it ceases to hold LDC status.

In this case, RCA analysis is both a way to look at facts and a way to make choices. As a result, many evidence-based answers can be found in several key areas:

A. Sector-Specific Industrial Policy and Export Diversification

The government can change industrial policies to speed up scientific progress, get economies of scale, and make the supply chain work better by looking for companies whose RCA values are stable or going up.

Export Processing Zones (EPZs) should focus on light engineering industries like HS 73 and HS 76. These industries should be able to build parks for making molds and tools, give small and medium-sized businesses reasons to buy goods from nearby stores, and so on. Exports of agricultural products and oilseeds (e.g., HS 12) may benefit from Modern cold chain operations; Standards compliance labs for SPS/TBT measures; and Product branding campaigns aimed at Gulf and ASEAN markets.

B. Financing trade and giving out export credit

The Export Development Fund (EDF) and other trade finance groups are run by the Bangladesh Bank. These organizations need to be changed to reflect the RCA-informed priority. For instance Sectors demonstrating both strong historical RCA and growing global demand (like HS 03—seafood, or HS 76—aluminum) should receive preferential access to Pre-shipment and post-shipment credit, Export insurance schemes, Duty exemption schemes under bonded warehousing. On the other hand, sectors with falling RCA may need financing structures that are sensitive to risk, or they should be taken out of blanket subsidy programs to avoid wasting resources.

C. FDI Attraction and Global Value Chain Integration

To attract more foreign direct investment, Bangladesh must improve its business ties with other countries. This is very important for people who want to link local businesses to value chains in the region and around the world. Some types of goods (HS codes) can be most affected by technology, money, and know-how from other countries. RCA analysis can help politicians decide what to do. For example, HS 03 (crustaceans) and HS 12 (oilseeds) are two areas with high RCA that can attract foreign direct investment in Technologies for sustainable aquaculture; Processes for extracting

and refining edible oils; and Infrastructure for certifying and tracking products.

The Export Promotion Bureau (EPB) and the Bangladesh Investment Development Authority (BIDA) could use RCA trends to help them choose which industries to focus on, plan investment roadshows, and make incentive packages that are specific to those industries.

4.4 Trade Agreement Prioritization and Negotiation Strategy

Bangladesh's strategic positions in trade negotiations—both offensive and defensive—should also be based on RCA-based evidence. This is especially true now that the country is no longer a least developed country (LDC) and is talking about GSP+ access or future trade deals with other countries and regions.

RCA data can be leveraged to; When Bangladesh has a clear edge over other countries, like when it comes to aluminum, oilseeds, or fish products, it should get tariff breaks and cumulative rules of origin. Make sure that businesses like jute textiles and raw leather that are losing ground or are in danger have systems in place to protect them or help them. If trade rules are loosened up, imports may become more of a threat to these businesses. Bangladesh can also use what it has learned from the RCA to help with WTO jobs like settling disagreements, getting technical help, and joining aid-for-trade programs.

4.5 Regional Market Strategy and South-South Trade Potential

Several high-RCA and emerging export sectors—particularly agro-processing and intermediate industrial inputs—appear to be better suited to the import demand of regional South Asian and African markets, rather than relying exclusively on traditional OECD destinations. RCA analysis can thus help Bangladesh in Tailor product-market matching through market intelligence platforms, Develop regional trade corridors (e.g., BBIN or BIMSTEC) around RCA-aligned sectors, Use Preferential Trade Agreements (PTAs) to boost tariff competitiveness for these goods.

5. Conclusion

Over the past few decades, trade in Bangladesh has changed significantly from jute and other common materials to ready-made clothes, seafood, and new light manufacturing businesses. The revealed comparative advantage (RCA) analysis indicated that certain industries, such as oilseeds, aluminum products, crustaceans, and specific mineral-based commodities, are expected to experience long-term benefits. These are the areas that a national plan to boost exports should focus on. Policy changes that help some businesses in the future should focus on things like investing in modern logistics, green and long-term funding, upgrading technology, and making the whole value chain work better. To make non-RMG industries stronger, there is a need to spend more on people, digital trade infrastructure, and programs that help businesses get ready to export. Evidence derived from RCA should inform decisions regarding the allocation of trade finance, the placement of foreign direct investment (FDI), and the progression of bilateral and regional trade negotiations. This is of utmost importance now because Bangladesh is moving vertically in the development level. To build long-lasting resilience, institutions need to better work together and make decisions about investments, exports, and industrial strategy.

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