

# Is RCEP a double-edged sword for Bangladesh?



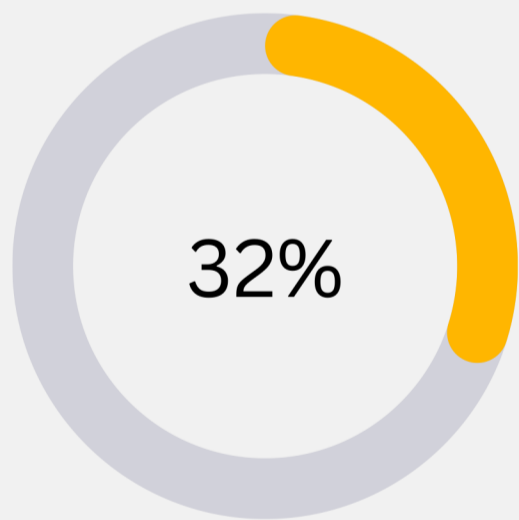
#Green\_Delta\_Dragon\_Analysis

# What is RCEP

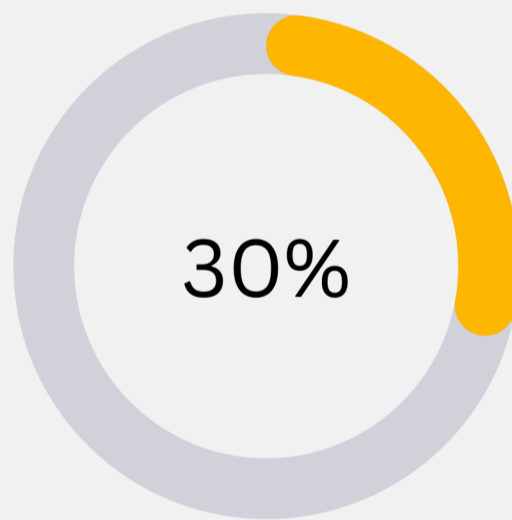
The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement (FTA) that will create the world's largest trading bloc and mark a significant achievement for China as it battles the U.S. for influence and economic supremacy in the Asia-Pacific region.

*-Investopedia*

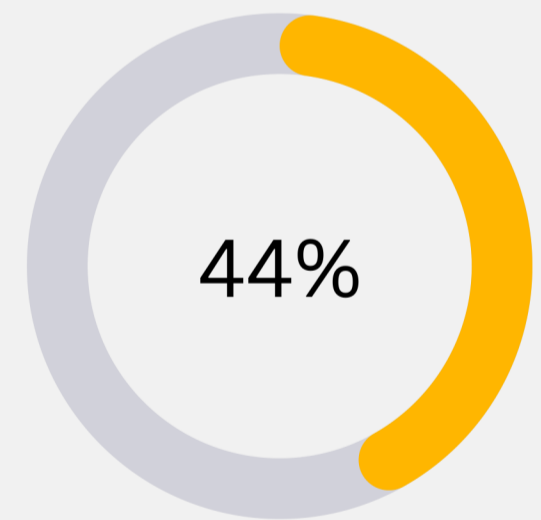
## RCEP Member countries constitute



of Global GDP








of Global  
Population



of Global GDP  
Growth (2012-22)

# RCEP Member countries



-  ASEAN Countries are the primary signatories
-  China, South Korea and Japan as ASEAN+3 Countries
-  Australia, New Zealand from ASEAN+6 Countries
-  Myanmar's Membership has been delayed out of concerns regarding the govt's legitimacy
-  Bangladesh, Sri Lanka and Hong Kong have applied to be a part of the partnership

# So what does joining mean for Bangladesh?



Bangladesh will enjoy duty-free trade access with RCEP countries. But, they will also enjoy the same.

# Why should Bangladesh join?

**Bangladesh will lose its Duty Free access Post-LDC Graduation**



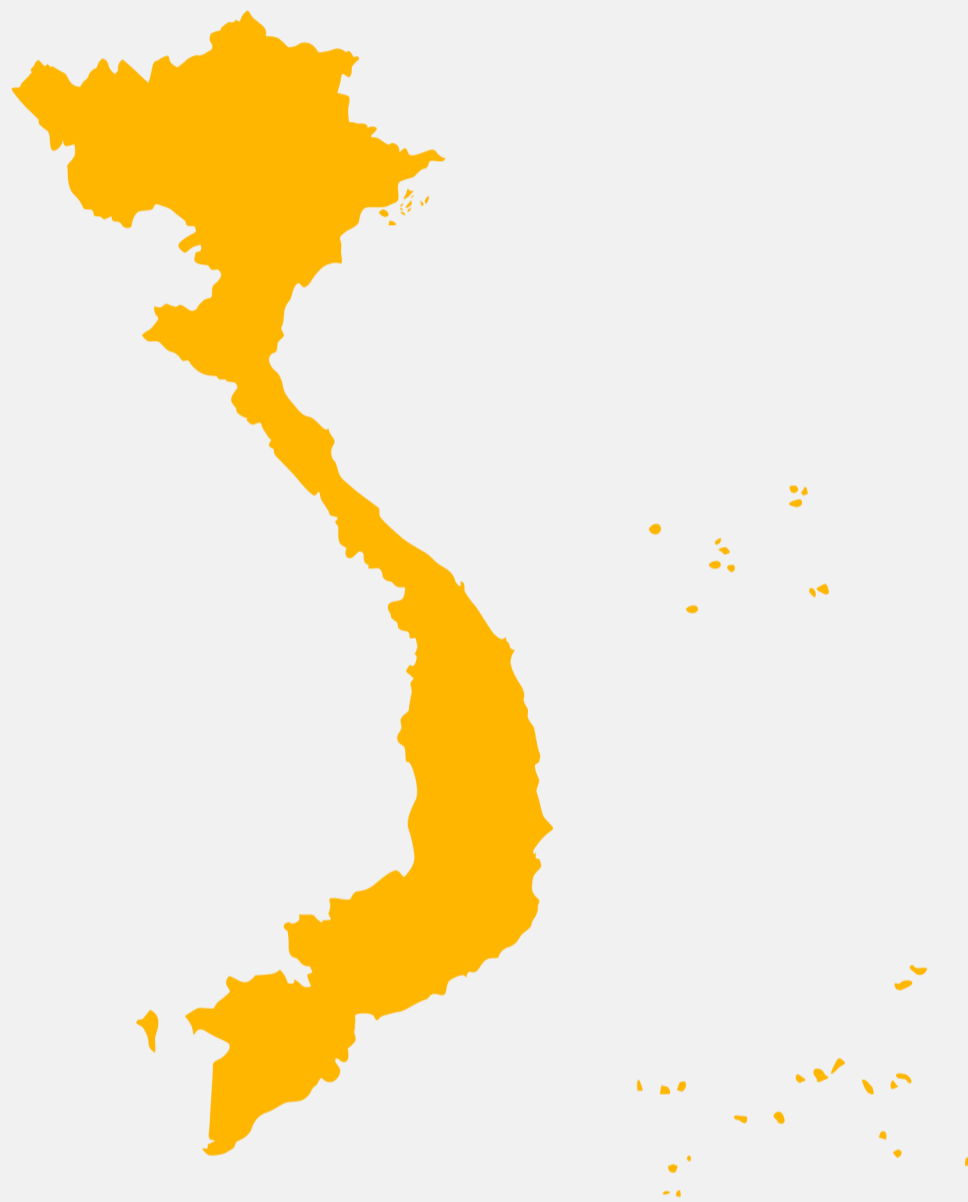
**Bangladesh receives 1/3rd of its yearly FDI from RCEP Countries**



**If Bangladesh does not join FDI may decrease as investing in RCEP countries will be more beneficial for countries like China, Japan, Singapore, Hong Kong, South Korea etc because of free trade**

# The Vietnam Factor

**Vietnam is a member of RCEP that competes with Bangladesh with RMG exports.**



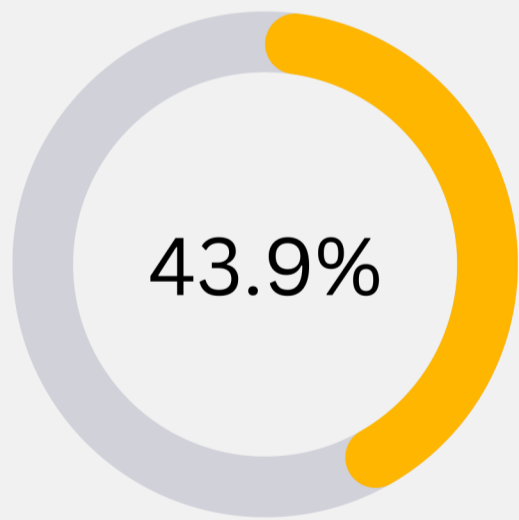
**If Bangladesh does not join RCEP, it will face tariff in the RCEP countries post LDC Graduation, whereas Vietnam will not and thus outcompete Bangladesh**

# Reasons Bangladesh should not Join

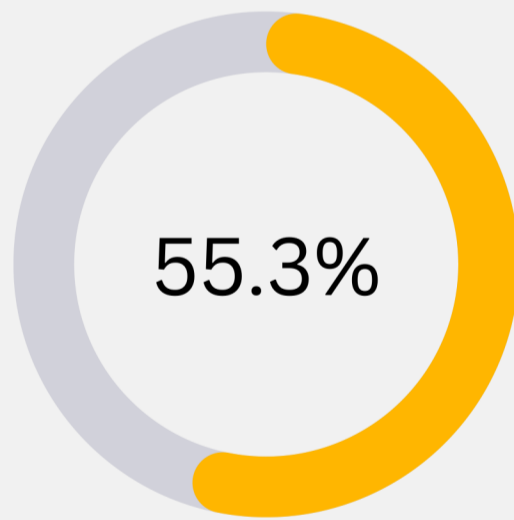
The Apparel Sector will gain, but all other sector will suffer in the face of extra competition. Domestic industries would be adversely affected by increased imports and the global trade deficit would increase by 2.69%.

- *Bangladesh Tariff Commission*

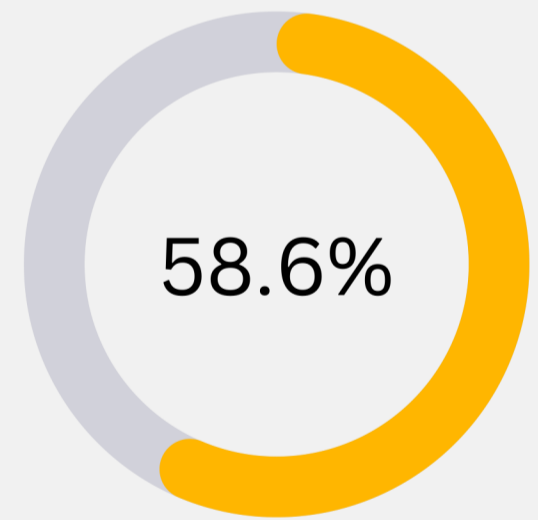
## RCEP countries' portion of Import and Import Tax



Total Import



Total Tax Revenue



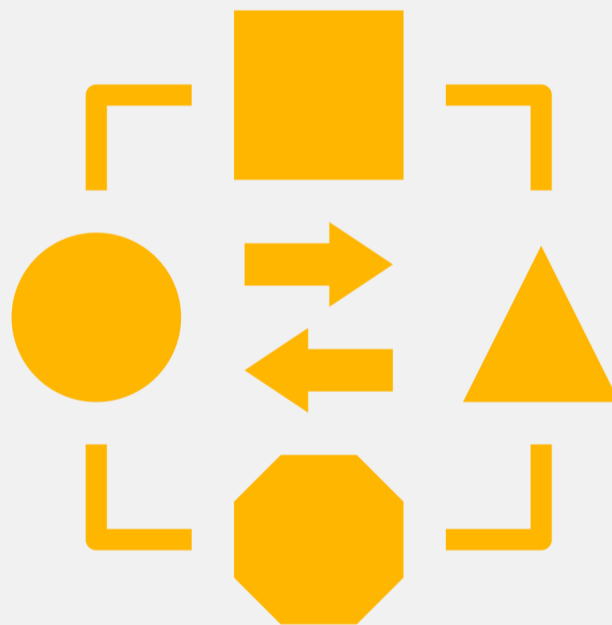
Total Customs Duty Revenue

Source: *The Business Standard*

# Reasons Bangladesh should not Join

In a 0% tariff regime, trade will increase for both Bangladesh and the RCEP countries, but Government revenue loss will be \$2.5 Billion for Bangladesh, 5 times higher than that of RCEP members.

*- According to Bangladesh Tariff Commission*



However, joining the RCEP just might give the economy the push for diversification it so badly needs



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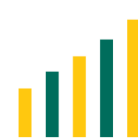
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