

Hinrich Foundation Sustainable Trade Index

Bangladesh Highlights

Introduction

The Hinrich Foundation commissioned the Economist Intelligence Unit to build the Sustainable Trade Index using 24 indicators to measure 19 economies in Asia and the U.S. across the three recognized pillars of sustainability: **economic growth, social capital and environmental protection.**

The Index measures the readiness of each economy to participate in global trade in a way that creates sustainable growth, encourages foreign direct investment, and attracts funding and support from multilateral development agencies.

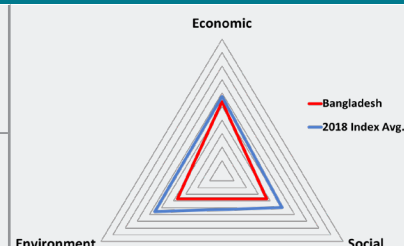
The Index was created for the purpose of stimulating meaningful discussion of the full range of considerations for policy makers, business and civil society when engaging in international trade.



The Hinrich Foundation launched the inaugural Sustainable Trade Index in 2016. Visit www.hinrichfoundation.com to download the 2018 and 2016 Index.

Bangladesh Overview

GDP per capita US \$1,358	Population 163.0 million	Exports % of GDP 16.7% of GDP
GDP growth 6.3% growth <small>(average since 2010)</small>	Labour Force 66.6 million	FDI net inflow US\$2.3 billion



SOURCE: World Bank, 2016 and Hinrich Foundation Sustainable Trade Index 2018

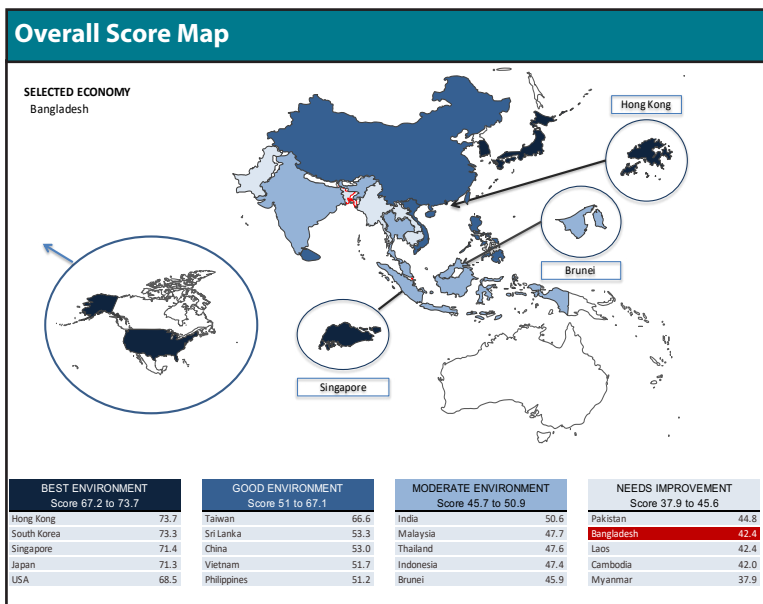
Overall performance

Bangladesh improved its overall performance on the 2018 Index, moving up one spot from 18th place in 2016 to 17th overall in 2018. While Bangladesh improved its economic and social performance, these results were tempered by a significant drop in the environmental pillar. As with other developing countries in the region, Bangladesh faces the challenge of balancing economic growth with environmental sustainability.

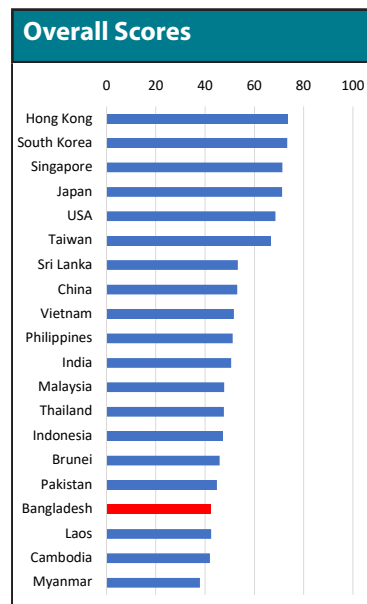
- **Economic:** Bangladesh scored 13th out of 20 economies on the economic pillar. With a diversified export market and growing labour force, the country has vast trading potential— but is weighed down by high trade costs and barriers to trade.
- **Social:** Bangladesh was one of few economies to improve its social pillar ranking in the 2018 Index. Despite scoring toward the bottom for educational attainment, the country scored at the top of the Index for low levels of inequality.
- **Environmental:** Bangladesh's worst performance was on the environmental pillar, where the country dropped six places from 14th place in 2016 to last place overall in 2018.

Overall Index Performance			
Pillar	2018 Rank	2016 Rank	Change
Economic	13	15	+2 ▲
Social	14	18	+4 ▲
Environmental	20	14	-6 ▼
Overall	17	18	+1 ▲

Bangladesh's score on each pillar compared with 2016 Sustainable Trade Index results.



SOURCE: Hinrich Foundation Sustainable Trade Index 2018



SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Areas of top performance and improvement

- Top performance:** Share of natural resources. Bangladesh topped the Index in the share of natural resources in trade indicator, which assesses natural resources as a percentage of a country's total trade. Bangladesh recorded a perfect 100 score for this indicator on the 2018 Index because it has little or no natural resources-related exports, tying with Cambodia for the top spot in this indicator.
- Worst performance:** Air pollution. Bangladesh scored in last place for the air pollution indicator, which measures levels of particulate matter 2.5 (PM 2.5) in a country. The air pollution indicator highlights the important link between economic growth, trade and pollution.
- Most improved:** Foreign trade and payments risk. This indicator assesses a company's risks in moving money or inputs in and out of a country. This indicator captures the risks to conducting trade, which provide an additional barrier to trade for companies. In the 2018 Index, Bangladesh advanced five spots from 17th place in 2016 to 12th place in 2018 for this indicator.

Top & Bottom Indicators		
Indicator	Index Avg.	2018 Score
Share of natural resources in trade	85.3	100
Growth in per capita GDP	66.7	99
Export market concentration	68.3	99
Inequality (Gini coefficient)	62.3	94
Educational attainment	38.4	4
Tariffs & non-tariff barrier to trade	59.4	2
Environmental standards in trade	66.7	33
Air pollution	67.2	0

SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Economic pillar

Bangladesh ranked 13th on the economic pillar for the 2018 Index, advancing two positions from 15th place in 2018. The country's best performances were in growth in per capita GDP and a reduction in its export market concentration. The country also placed in the top five economies for growth in labour force and gross fixed capital formation.

KEY TAKEAWAYS:

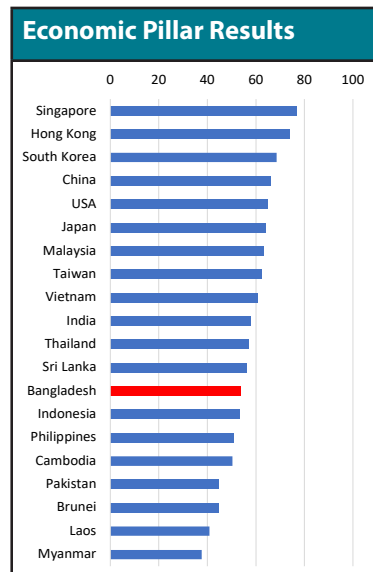
- Bangladesh placed 13th overall in the economic pillar, advancing two spots from the 2016 Index.
- With top scores in export market diversity and a growing labour force, Bangladesh has the resources needed to grow as a trading nation.
- However, the country places toward the bottom of the Index for FDI, trade costs and tariff and non-tariff barriers to trade— showing there are still significant trade barriers and risks to overcome when investing in Bangladesh.

In terms of export market diversification, Bangladesh ranked second in export market concentration, meaning that it has achieved a high level of diversification in its export destinations. The country also scored in the top 10 economies for export product concentration, which measures a country's diversification of exports by products. With high scores in both of these indicators and a growing labour force, Bangladesh has the diversified market and workforce needed to trade sustainably.

However, Bangladesh also has a number of trade costs and barriers which can inhibit trade and investment in the country. Bangladesh scored in the bottom five economies for foreign direct investment (FDI), trade costs, and tariff and non-tariff barriers to trade.

Bangladesh scored 16th in the trade costs indicator, which uses a composite of four factors (infrastructure, logistics, corruption and legal system) to capture the extra burden to trade created by inefficiencies in the trading system. Of these four indicators, Bangladesh performed best in legal system (=6) and worst in logistics performance (18).

Bangladesh's worst economic performance was in the tariffs and non-tariff barriers to trade indicator, where the country placed 19th out of 20, just ahead of Myanmar. This indicator measures barriers such as trade quotas, licensing and import inspection and provides a broad measure of the impediments to trade in a country. Despite having export diversification and a growing labour force, Bangladesh has a number of areas where it can improve its trading system efficiency in order to boost trade and investment.



SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Indicator	Index Avg.	2018 Score
Growth in per capita GDP	66.7	99
Export market concentration	68.3	99
Growth in labour force	64.0	87
Gross fixed capital formation	42.2	56
Technological innovation	26.2	16
Export product concentration	84.6	89
Technological infrastructure	62.5	50
Foreign trade and payments risk	65.3	63
Exchange rate volatility	66.7	61
Current account liberalization	90.7	75
Financial sector depth	43.5	15
Foreign direct investment	13.0	1
Trade costs	51.2	37
Tariffs & non- tariff barrier to trade	59.4	2

SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Social pillar

In the 2018 Index, there was an overall stagnation across all economies in the social pillar. Inequality and political instability are on the rise across the region, a trend that transcends wealth and development status. Bangladesh was one of the few economies to improve its social pillar ranking on the 2018 Index.

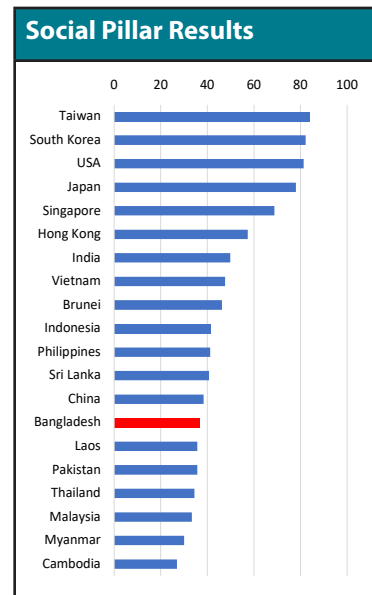
KEY TAKEAWAYS:

- Bangladesh improved its social pillar ranking in the 2018 Index, advancing four spots from 18th place in the 2016 Index to 14th place in 2018.
- While Bangladesh was one of the top two countries for low levels of inequality, the country fell short in the other social pillar indicators, including educational attainment.

Bangladesh's best performance was in the inequality indicator, where it trailed only Pakistan in terms of low levels of inequality. This indicator uses the Gini coefficient to capture the inequality level in a country between the upper and lower income brackets. Countries should be wary that trade can impact inequality, and similarly, high levels of inequality can result in societal tensions that can become an obstacle to further trade growth.

Bangladesh's biggest ranking decrease from the 2016 to 2018 Index came from the labour standards indicator. Labour standards are measured based on three categories: forced labour, child labour and labour rights. For this indicator, Bangladesh placed in the bottom five countries with Laos, Pakistan, Myanmar and Cambodia.

The country's worst performance on the social pillar was in educational attainment. The country placed 18th overall in this indicator—trailing only Cambodia and Pakistan. Educational attainment is measured by total enrollment within a country for tertiary education as a share of the percentage of the population of the corresponding age group. Educational attainment and skill acquisition are key indicators for trade and economic competitiveness.



SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Indicator	Index Avg.	2018 Score
Inequality (Gini coefficient)	62.3	94
Political stability	57.6	47
Labour standards	39.7	3
Educational attainment	38.4	4

SOURCE: Hinrich Foundation Sustainable Trade Index 2018

CASE STUDY: DHL HELPS TO ADVANCE EDUCATIONAL ATTAINMENT IN BANGLADESH

Asia's actual GDP may be some US\$34bn below its potential because of children dropping out of school, according to DHL-commissioned research. The company has been working with two NGOs in Asia, Teach For All and SOS Children's Villages, to help children access formal education. DHL supplements their work with "an emphasis on employability and life skills," says Christof Ehrhart, executive vice president of Corporate Communications and Responsibility at DHL. "Our partnerships have always been about coaching employability as an add-on to formal education." This includes workshops in interview skills and resume writing in remote regions of Indonesia, Thailand and Vietnam, as well as internship programmes where youths are exposed to innovation, IT and soft skills. In 2017, close to 700 DHL volunteers lent support through these programmes to over 11,000 children in Bangladesh, India, Indonesia, Malaysia, the Philippines, Thailand and Vietnam. With concerted government and NGO efforts to boost access alongside private-sector initiatives by firms like DHL—countries like Bangladesh can bridge the crucial gap between school and work.¹

¹ Hinrich Foundation Sustainable Trade Index 2018

Environmental pillar

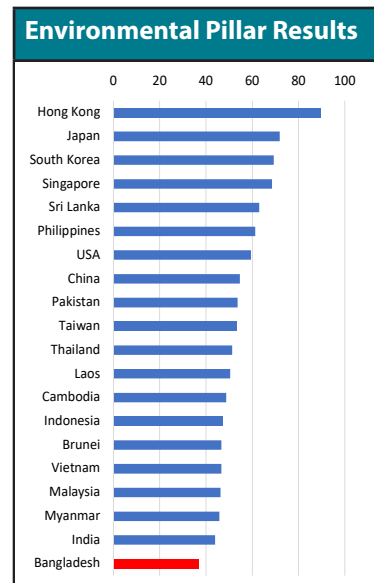
Bangladesh's worst overall performance for the 2018 Index was on the environmental pillar, where the country fell six spots from 14th place in 2016 to last place in 2018.

KEY TAKEAWAYS:

- Bangladesh placed last on the environmental pillar on the 2018 Index— falling six spots from 14th place in the 2016 Index.
- While the country topped the Index in achieving a low share of natural resources in trade, it placed in the bottom half of economies for most other environmental indicators.

Bangladesh's best performance on the environmental pillar was in the share of natural resources in trade indicator, which assesses natural resources as a percentage of a country's total trade. Reliance on a high concentration of natural resources-related exports is a key indicator of unsustainable trade. Bangladesh tied with Cambodia for first place in this indicator, with a perfect 100 score for the 2018 Index, because it has little or no natural resources-related exports.

Bangladesh's lowest scores on the environmental pillar were in water pollution, environmental standards in trade and air pollution. For water pollution, Bangladesh tied for last place with Cambodia, Indonesia, Laos, Myanmar and Sri Lanka on the 2018 Index. For environmental standards in trade, Bangladesh also tied for last place, as a signatory to just three of the seven international environmental compacts used to measure this indicator. The country also bottomed the Index in air pollution, which measures levels of particulate matter 2.5 (PM 2.5) in a country.



SOURCE: Hinrich Foundation Sustainable Trade Index 2018

Indicator	Index Avg.	2018 Score
Share of natural resources in trade	85.3	100
Transfer emissions	22.6	17
Deforestation	66.8	70
Water pollution	24.3	0
Environmental standards in trade	66.7	33
Air pollution	67.2	0

SOURCE: Hinrich Foundation Sustainable Trade Index 2018

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Additional resources

The Hinrich Foundation commissioned The Economist Intelligence Unit (EIU) to build the Sustainable Trade Index. The Index uses 24 indicators to measure the trade impacts of 19 economies in Asia and the U.S. across the three recognized pillars of sustainability: economic growth, social capital, and environmental protection.

Visit our website at: www.hinrichfoundation.com/trade-research/sustainable-trade-index to download additional Sustainable Trade Index resources including:

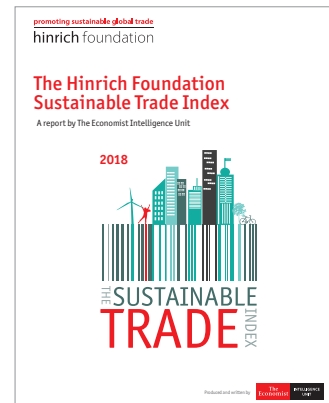
- **2018 Sustainable Trade Index white paper**- Prepared by the EIU, it presents and analyzes the 2018 Index findings for all 20 economies.
- **Index interactive data set and KPIs**- The comprehensive Index database allows users to directly interact with the Sustainable Trade Index data. For each economy, compare indicators, adjust score weights and visualize data in custom charts and graphs. It's a useful tool for regional comparisons or reviewing the performance of a particular economy.
- **Additional highlight reports for other economies**- Looking for information on other economies in the Sustainable Trade Index? Visit our website to download special reports on all 20 economies featured in the 2018 Index.
- **Index infographics, fact sheets and more!**
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About the Hinrich Foundation

The Hinrich Foundation is a nonprofit organization that undertakes trade-related policy research and development work in Asia. It focuses on creating opportunities, choice and engagement through sustainable and mutually beneficial global trade. The Sustainable Trade Index aims to stimulate positive thinking about global trade and promote behaviors that will lead to better developmental outcomes, engagement and stability.

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Economic Pillar		Social Pillar		Environmental Pillar	
Australia	82.4	A. Japan	82.4	A. Singapore	82.4
Canada	82.4	B. South Korea	82.4	B. Hong Kong	82.4
China	82.4	C. Taiwan	82.4	C. Malaysia	82.4
India	82.4	D. Thailand	82.4	D. Philippines	82.4
Indonesia	82.4	E. Vietnam	82.4	E. Singapore	82.4
Japan	82.4	F. South Korea	82.4	F. Singapore	82.4
Malaysia	82.4	G. Taiwan	82.4	G. Singapore	82.4
Philippines	82.4	H. Thailand	82.4	H. Singapore	82.4
South Korea	82.4	I. Vietnam	82.4	I. Singapore	82.4
Singapore	82.4	J. South Korea	82.4	J. Singapore	82.4
Taiwan	82.4	K. Thailand	82.4	K. Singapore	82.4
Thailand	82.4	L. Vietnam	82.4	L. Singapore	82.4
USA	82.4	M. South Korea	82.4	M. Singapore	82.4
Vietnam	82.4	N. Taiwan	82.4	N. Singapore	82.4
Average (all economies)	82.4	Average (all economies)	82.4	Average (all economies)	82.4
Best Score 2018	82.4	Best Score 2018	82.4	Best Score 2018	82.4

