

Bangladesh and SAARC Countries: Bilateral Trade and Flaring of Economic Cooperation

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Abstract

The primary purpose of this study is to observe the economic and international trade relationships between Bangladesh and SAARC countries during the Fiscal Years 2015-2016 to 2020-2021. This research uses panel data to examine the relationship between the nature and direction of exports and economic growth. The researcher found that economic cooperation with SAARC countries impacted economic growth, but there was insufficient export adaptation. The study also showed that economic relations have strengthened in recent epochs, and bilateral trade has increased compared to previous years with SAARC countries. The obtained results also showed that Bangladesh has suffered from a long-standing trade imbalance with India and is in a good position with Afghanistan, Sri Lanka, Bhutan, Maldives, Nepal, and Pakistan. Our findings are beneficial for international trade stakeholders and suggest that steps should be taken to increase exports to reduce the trade deficit. Concern authorities should be more aware of the expansion of trade facilitation and infrastructure development.

Keywords:

international trade, economic relations, export-import, trade deficit

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INTRODUCTION

In the age of globalization, all countries are interdependent. As regional economic and political interactions have gotten more entangled in globalization during the last two decades, there has been a developing tendency in regional economic and political relations. The mantra of increased regional cooperation is driving the global economy. More attention has been placed on trade in particular. For instance, the EU, APEC, and SAARC can all be referenced. SAARC was formed to enhance South Asian countries' cooperation, harmony, peace, security, economic development, and sociopolitical-cultural connections. In economic development, prosperity, and regional cooperation, Bangladesh has always been a faithful friend to its neighbors (Gazi, 2021). The South Asian Association for Regional Cooperation (SAARC) is an expression of the people of South Asia's determination to work together to solve their common problems in a spirit of friendship, trust, and understanding based on mutual benefits, mutual respect, justice, and the advantages of partnership. Since its inception, Bangladesh has been a member of the SAARC (South Asian Association for Regional Cooperation) (ITC by Country Report, 2021). In 1985, regional integration and cooperation effort in South Asia was launched with the establishment of SAARC. Among the eight countries that make up SAARC (SAARC 2020) are Afghanistan, Bangladesh, Bhutan, India, Nepal, the Maldives, Pakistan, and Sri Lanka (SAARC, 2020). Afghanistan became the eighth member of the South Asian Association for Regional Cooperation (SAARC) in April 2007 at the 14th SAARC summit in New Delhi. This partnership's goal is to strengthen economic, political, and cultural ties between the two countries (Sampathkumar & Rajeshkumar, 2016). A South Asian free trade agreement would help in boosting trade in the region (Jain, 1999; Ewing-Chow & Islam, 2015). All the countries in the region have a vital interest in improving market access to global markets (Rahapakse & Arunatilake, 1997).

There have been a slew of investigations into South Asia's regional economic integration and trade. Regional policy initiatives, particularly in trade, have aided the trend toward regional integration "(Mehdi et al., 2012; Kabir, 2017). SAARC member states agreed in 1993 to promote economic and trade integration and other forms of cooperation. According to Rahman et al. (2006), removing trade barriers and fundamental rigidity caused by opposing dogmatic relations can significantly increase intra-SAARC trade. Pakistan has always benefited from bilateral trade with Bangladesh (ITA, 2022; Kumar, 2010). Hossain (2009) revealed that Bangladesh's export potential to South Asia and India is widely acknowledged. Bangladesh is India's largest South Asian trading partner, and India is Bangladesh's second-largest trading partner. Since its independence, Bangladesh has been suffering from historic trade imbalances with India (Gazi et al., 2014; Irum, 2013; Akhter, 2022). It has been observed that Bangladesh imported more than \$20 million worth of goods from the country in the previous fiscal year to Afghanistan. In FY20, Bangladesh had \$15.04 million in bilateral trade with the country, with imports slightly outnumbering exports. Pharmaceutical products account for 88 percent of Afghanistan's exports (Raihan & Ashraf, 2017). Bangladesh and Nepal have

a special economic relationship. Relations have improved, and the relationship's primary goal is to expand economic ties and commerce (Ahmed & Islam, 2021). Sunil (2021) found that bilateral trade was favorable to Nepal until 2014 when a reduction in lentil exports resulted in a trade imbalance (Liu & Li, 2014). NPR 954 million was exported, and NPR 5.29 billion was imported in the fiscal year 2019-2020. The bilateral trade volume reached \$49.65 million, with Bangladesh's exports to Bhutan being \$7.56 million versus \$42.09 million in imports.

According to data from the Export Promotion Bureau, Bangladesh's item shipments to Bhutan earned \$6.89 million in 2020 and 2021, up 58.03 percent from \$4.36 million the previous year (SASEC, 19 September 2021). Ali (2022) found that bilateral trade between the two countries is estimated to be valued at roughly \$7 million per year. Sri Lanka's exports to Bangladesh were USD 133 million in 2018, while Bangladesh's imports totaled USD 37 million. The two countries' present trade agreements are still partially restricted (Zaheer, 2013). Both countries maintain a list of sensitive products that are not eligible for tariff reductions (Economy Watch, 2020). SAFTA (South Asian Free Trade Area) has sanctioned 925 products in Sri Lanka, whereas SAFTA has sanctioned 993 products in Bangladesh (Moazzem et al., 2014). Furthermore, according to SAPTA inter-regional import numbers, Pakistan (39.6%) had the most significant increases, followed by India (30%), Nepal (35.2%), Sri Lanka (12%), Bhutan (17%), and the Maldives and Bangladesh (both at a periphery level) (Mukherji, 2000; Morrison, 2015). Ali & Talukder (2009) found that, given the region's low bilateral and intra-original trade shares and limited trade with South Asian nations, the benefits of free trade agreements are likely to be minor. Taguchi & Rubasinghe (2019) state that the trade agreement should encourage trade creation between countries.

According to Hossain & Kibria (2001), Bangladesh's export and import of goods worldwide have expanded, particularly with South Asian countries in the region. Bangladesh's exports climbed from USD 83 million in 1995 to USD 86 million in 1999 (years after the SAFTA agreement), while imports within the SAARC region decreased from USD 1151 million in 1995 to USD 1054 million in 1999 (Deepika & Neena, 2014). De (2013) and De et al. (2013) looked at several barriers to increasing potential bilateral commerce between India, Bangladesh, and Pakistan. The potential gains arising from regional commercial cooperation among the SAARC countries would not be significant under the current circumstances (Rahman & Ibon, 2019). According to Bhowmick & Kamal (2020), India's most prominent trade ally in South Asia is Bangladesh, with bilateral trade increasing steadily throughout the last decade. In the fiscal year 2018–19, exports of goods and services to Bangladesh totaled USD 9.21 billion, while Bangladesh's exports to India are estimated to be USD 1.04 billion.

Many researchers on Bangladesh and international trade have done a great deal of research on both. In the world economy and trade, much research has been done on Bangladesh's various achievements, possibilities, and problems. There a lot of studies on bilateral trade relations and economic cooperation, especially between Bangladesh and the SAARC countries. However, they are not as a whole but separately for each

country. No one conducted a single study on Bangladesh's bilateral trade and economic cooperation with all SAARC countries.

This study contributes to the field of knowledge in a variety of ways. First, previous research looked at bilateral trade between Bangladesh and India (Islam, 2019; Gazi et al., 2014; Sikdar et al., 2006); Bangladesh and China (Gazi, 2021); Bangladesh and Pakistan (Mufti & Ali, 2021); and Bangladesh and Sri Lanka (Nufile, 2019). In a previous study, authors individually examined the direct economic relations and international trade trends among the SAARC countries. However, for the time being, we have focused on the bilateral trade and economic cooperation between Bangladesh and the SAARC countries. Second, research scholars (Bhattacharya, 2004; Rather & Gupta, 2014) proposed that SAARC countries' trade with Bangladesh be conducted in the future because previous research scholars measured mostly individual country trade scenarios. In this context, the current study gathered data from SAARC countries to verify Bangladesh's economic cooperation and bilateral trade. Third, the current study used export imports and economic cooperation flaring as a research focal point. In contrast, previous research used only export-import as a foundation to survey economic and trade relations separately (Yadav et al., 2016).

This research has a dominant approach that prioritizes regional economic development over and above regional collaboration. One of the novelties of this study is that researchers have been able to shed light on the state of trade between Bangladesh and SAARC countries in a single study. There has been no conclusive study on international trade between Bangladesh and SAARC countries. The following objectives have been set for this study. First, this research examines the economic cooperation between Bangladesh and the SAARC countries. Second, this research will also evaluate the bilateral trade between Bangladesh and the SAARC countries.

METHODS

In order to achieve the study's objective, the descriptive research approach was used. To further examine the study's stated objectives, quantitative research approaches were used in conjunction with them. According to the researchers, the panel data approach was used to examine current export and import situations. As a result, the researchers used panel data because the cross-section changes with time series throughout the study. Panel data gives more relevant data, greater freedom and efficiency, greater variety, and less collinearity than other types of data (Al-Taani, 2013). The research was conducted over five years. The panel data includes data and information on exports and imports for 2015-2016 through 2019-2020. The data and information used in this study are purely secondary. This study follows the studies of Zaheer (2013), Sampathkumar & Rajeshkumar (2016), and Gazi et al. (2021) but uses a different estimation method.

In order to prepare this research study, the authors reviewed a variety of sources, including the Bangladesh Economic Review, Bangladesh Bank Economic Data, and government documents. All the data was acquired and retrieved from the UNCTAD

(United Nations Conference on Trade and Development) 2020 and 2021 editions and databases from the SAARC, the IMF, the OECD, the SAFTA, and the SAPTA organizations. Aside from these sources, information was obtained from the official websites of the Bangladesh Bureau of Statistics, Bangladesh Bank, National Board of Revenue (NBR), and Export Processing Zone (EPZ). Afterward, the researchers stated that they reviewed related research publications published in international journals to conceptualize the current status of economic cooperation and consensual commerce between Bangladesh and SAARC countries and convey the qualities of this cooperation in the present study.

Economic cooperation worries about the flaring of international trade collaboration. The variables in this study were adapted to the investigation setting based on a review of the literature. For this study, export-import is employed as the main focal point of the SAARC countries' trade interaction with Bangladesh. A probing investigation was used in this paper, and data was obtained descriptively from Bangladesh. The information for this study came from various websites, reports, and government departments that deal directly with the export-import business.

RESULT AND DISCUSSIONS

According to the Bangladesh Economic Review (2020), the COVID-19 pandemic has hampered economic activity around the world, particularly impacting countries' international trade, particularly in the developing world. Total export earnings for 2018-2019 were USD 40535.04 million, a 10.55 percent increase over the previous fiscal year (BB, 2021). The United States' export earnings for 2019-2020 was USD 3674.09 million, representing a disheartening 16.93 percent decrease from the prior fiscal year. The International Trade Administration said coronavirus outbreaks hampered export growth by 18.21 percent in March 2020 compared to the same month the previous year.

Table 1. Export Performance (Goods) for FY 2020-21 July-June Value in Million US\$

Products	Proposed Export Target of 2020-21	Export Performance for July-June. 2020-21	Export Performance for July-June. 2019-20	% Change of export Performance Over Export Target	% Change of export performance July-June. 2020-21 Over July-June. 2019-20
A. Primary Commodities	1644.00	1505.51	1318.21	-8.42	14.21
B. Manufactured Commodities	39356.00	37252.80	32355.88	-5.34	15.13
Total (A+ B)	41000.00	38758.31	33674.09	-5.47	15.10

Source: Export Promotion Bureau

However, since the beginning of 2021, the export profits have increased by 82.86 percent, reaching USD 520.01 million in April of that year. The change in export performance from July to June 2020-21 compared to July to June 2019-20 is 15.10

percent (Table 1). The results from Table 2 show that export earnings deteriorated by only 2.50% in June 2020 compared to the identical month of the previous FY. Export performance for June-2021 totaled a 31.77% change in export performance from June-2021 through June 2020. A total of 17.99% of frozen fish, 4.49% of pharmaceuticals, 2.86% of handicrafts, and 8.10% of raw jute and jute products maintained their growth.

Table 2 Export performance for the month of June-2021(in Million US\$)

Export target for June. 2021	Export performance for June-2021	% Change of export performance over export target	Export performance for June 2020	% Change of export performance June-2021 Over June. -2020
3670.00	3577.49	-2.52	2714.95	31.77

Source: Export Promotion Bureau

Bangladesh's import-export trade had a minimal impact on the epidemic's early stages, but it had a catastrophic impact on export trade in the medium term, particularly between late 2020 and early 2021, converting it into an import-dependent trade rather than an export. Table 3 reveals that total export revenue for 2015-16 was USD 33441 million, total import expenses were USD 39901 million, and total trade shortfalls were USD 6460 million. In fiscal years 2016-17, 2017-18, and 2018-19, export earnings were USD 34019 million, USD 36205 million, and USD 39604 million, respectively, while import expenses were USD 43491 USD 54463 million, and USD 55439 million. It was USD 32830 million (export) and USD 50691 million (import) in the fiscal year 2019–20 (import). The massive trade deficits in the fiscal years 2017-18 and 2019–20, which totaled USD 18258 million and USD 17861 million, respectively, are a warning indication. On the other hand, Bangladesh's total export earnings in the fiscal year 2019–20 were higher than the total export earnings in the fiscal years 2020–21, but the country's trade balance in the fiscal year 2020–21 was in deficit due to higher imports than exports in the fiscal year 2020–2021.

Table 3. Export, Import and Trade Balance

Particulars	Fiscal Year					
	2015-16	2016-17	2017-18	2018-19	2019-2020	2020-2021
Exports f. o. b(m.\$)	33441	34019	36205	39604	32832	25272
Imports f. o. b(m.\$)	39901	43491	54463	55439	50690	37067
Trade Balance(m.\$)	-6460	-6472	-18258	-15835	-17858	-11795

Source: BBS, Finance Division, Bangladesh Bank and Economic Review (2021)

According to Table 4, Bangladesh is the leading exporter to the United States because of the ongoing global epidemic, followed by Germany and the United

Kingdom. Bangladesh exported goods to the United States totaling 4515.60 million USD in the fiscal year 2020–21, decreasing the previous year's figure of 4515.60 million USD. Globally, export commerce fell dramatically in fiscal years 2020–2021 compared to 2019–2020, falling by 26.15 percent from the previous fiscal year. Table 4 further shows that Bangladesh's total merchandise export price was USD 34257.18, USD 34655.90, and USD 36668.17 million in 2015-16, 2016-17, and 2017 18, respectively. Every year, export revenues have increased, but not in an anticipated way.

Table 4. Country Wise Export Scenario of Top Ten Countries in the World (In million US\$)

Countries	Fiscal Year					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021*
USA	6220.65	5846.64	5983.31	6876.29	5832.39	4518.60
UK	3809.70	3569.26	3989.12	4169.31	3454.88	2567.69
Germany	4988.08	5475.73	5890.72	6173.16	5099.19	3966.77
France	1852.16	1892.55	2004.97	2217.56	1703.58	1282.96
Belgium	1015.33	918.85	877.90	946.93	723.43	461.36
Italy	1385.67	1462.95	1559.92	1643.12	1282.81	906.05
Netherlands	845.92	1045.69	1205.37	1278.69	1098.68	870.84
Canada	1112.88	1079.19	1118.72	1339.80	1000.49	759.95
Japan	1079.55	1012.98	1131.90	1365.74	1200.78	794.69
Others	11947.24	12352.06	12906.24	14524.44	12278.86	9733.41
Total	34257.18	34655.9	36668.17	40535.04	33675.09	25862.32

Source: Export Promotion Bureau, NBR *up to February 2021

According to the findings, Bangladesh's export revenues are dropping as a result of the epidemic that has ravaged the country in recent years. Every fiscal year, the majority (almost 69 percent) of the generated export money comes from the countries listed above, with the remaining export profits from the rest of the globe accounting for only 31 percent of total export earnings. The total export value for the fiscal year 2018–19 was 40535.04 million dollars, increasing the previous year. However, due to the COVID-19 problem, the export value decreased in the fiscal year 2019–20 compared to the previous year. Export revenue was USD 33674 million, a 16.93 percent decrease from the previous fiscal year. It should also be noted that overall export revenue for 2020–2021 was USD 25862.32 million, a decrease from the previous fiscal year (FY 2019–2020).

Table 5 shows that the propensity of the Bangladeshi economy to become more export-oriented by lowering its reliance on imports is becoming more robust over time. If we look at the numbers for imports and exports over the last few years, we can see that this is the case. On the other hand, China comes in top place, and India comes

in second place among the nations Bangladesh is mainly reliant on imports. Bangladesh imported USD 10383 million from the United States and commodities worth USD 6424 million from India 2020–2021. However, it is hoped that this number will be lower than in recent years. Import expenses totaled USD 39304 million in 2019-20, representing an 8.56 percent decrease from the previous fiscal year. Food grain import expenses have climbed by 7.76 percent, while consumer goods import expenses have increased by 5.38 percent. Table 5 shows that total import payments totaled USD 43122 million, USD 47005 million, USD 58865 million, and USD 59915 million for 2015-2016, 2016-2017, 2017-2018, 2018-2019, according to the International Monetary Fund.

Table 5. Country-Wise Import of Top Ten Countries in the World (In million US\$)

Countries	2015-16	2016-17	2017-18	2018-19	2019-2020	2020-2021*
India	5722	6336	8941	8242	6663	6424
China	12582	13292	15937	17265	14360	10383
Singapore	1203	2113	2255	2274	1883	1429
Japan	2075	2031	2422	2254	2092	1557
Hong Kong	827	726	976	614	382	186
Taiwan	1004	990	1129	1175	1084	602
S. Korea	1417	1483	1907	1618	1525	809
USA	1134	1358	2160	2370	2839	1405
Malaysia	1184	1040	1342	1520	1623	971
Others	15974	17636	22096	22583	22334	16303
Total	43122	47005	59165	59915	54785	40069

Source: Economic Review 2020, BB and NRB; *Revised, ** up to February 2020

Bangladesh exported commodities to Afghanistan, Bhutan, India, Nepal, Maldives, and Sri Lanka valued at BDT 573392, 299003, 88479027, 3522280, 363852, and 7895387 thousand in 2019-20, according to the SAARC countries of Afghanistan, Bhutan, India, Nepal, Maldives, and Sri Lanka. This year, Bangladesh did not sell to Pakistan, and Afghanistan did not import from Bangladesh. Bhutan, India, Nepal, Maldives, Pakistan, and Sri Lanka were among the countries from which Bangladesh imported goods in 2019–20, with import expenses totaling BDT 7615669, 656980680, 894055188667, 67253576, and 15899623 thousand dollars. According to the document, Bangladesh imported the most significant quantity from India (see details in Table 6). Kumar (2020) shows that Pakistan and Bangladesh are found close trade competitors in South Asia in short-run.

Table 6. The Direction of Export and Import by SAARC (South Asian Association for Regional Co-Operation) Countries by Broad Commodities

Countries		Financial Year ('000' Taka)				
		2015-16	2016-17	2017-18	2018-19	2019-20
Afghanistan	Export	160633	334345	363101	396017	573392
	Import	-	-	-	-	-
Bhutan	Export	204709	272261	359600	635551	299003
	Import	3248881	4348245	6306272	9396974	7615669
India	Export	48887900	56166414	76172584	107101238	88479027
	Import	463775976	573552283	776828017	752025415	656980680
Nepal	Export	216878	2481296	3734049	3252348	3522280
	Import	3527	668629	1123618	1579668	894055
Maldives	Export	226933	250600	442260	563423	363852
	Import	12092	831436	342879	3947377	188667
Pakistan	Export	3490997	5139166	6071777	19522708	-
	Import	55821336	51984631	63997201	67782466	67253576
Sri Lanka	Export	2181072	3600046	2610094	3964988	7895387
	Import	9063862	12521639	12635914	17743621	15899623

Source: BBS, Statistical Yearbook Bangladesh 2020

The Bangladesh Bureau of Statistics and Export Promotion Bureau in Table 7 shows that Bangladesh has a large trade deficit with India despite having one of the highest export volumes among the SAARC members. It was USD 1,164,944,481.62 in the period July-May 2020-2021, while it was USD 6853493.34, USD 6,172,057.27, USD 52,922,968.51, USD 5,445,514.27, USD 78,424,558.40, and USD 43,243,291.02 in the period July-May 2020-2021 from Afghanistan, Bhutan, India, Nepal, Maldives, Pakistan, and Sri Lanka, respectively.

Table 7. Region (SAARC) Wise Export (Goods) For the Month of July-May 2020-21

SAARC Countries	Export amount (USD)
Afghanistan	6853493.34
Bhutan	6,172,057.27
India	1,164,944,481.62
Nepal	52,922,968.51
Maldives	5,445,514.27
Pakistan	78,424,558.40
Sri Lanka	43,243,291.02

Source: Export Promotion Bureau, Bangladesh

Table 8. Exports, FOB from SAARC Countries USD in Million

Countries	2016	2017	2018	2019	2020	Total
Afghanistan	15464.93	7641.50	7819.99	7335.04	6796.43	45057.89
Bangladesh	43706.34	50692.14	57863.73	58120.36	50402.74	260785.31
Bhutan	496.83	480.22	771.80	775.33	769.80	3293.98
India	346826.27	419339.47	485218.86	454177.09	350394.95	2055956.64
Nepal	6584.79	8045.68	10129.80	10187.49	8408.29	43356.05
Maldives	1848.34	2028.53	2404.51	2341.00	1409.13	10031.51
Pakistan	6796.43	58958.00	60958.78	52218.09	47193.60	226124.9
Sri Lanka	18194.88	20136.24	21464.012	19050.66	15464.93	94310.722
Total	439918.81	567321.78	646631.482	604205.06	480839.87	2738917.002

Source: Direction of Trade Statistics, IMF

Table 8 shows the total exports of the SAARC region to other countries from 2016 to 2020. The total value of SAARC countries' exports was USD 2738917.002 million. Additionally, the growth rate in exports increased by 8.51 percent between 2016 and 2020. South Asian Association for Regional Cooperation states that India is the largest exporter. In the SAARC countries, the percentage component of India's exports changed from 75.06 percent in 2016-2020 to 79.65 percent in 2016-2020, an increase from 75.06 percent in 2016-2020.

Table 9. Imports, CIF from SAARC Countries USD in Million

Countries	2016	2017	2018	2019	2020	Total
Afghanistan	1127.83	1065.70	1286.55	2360.99	2373.55	8214.62
Bangladesh	34562.28	35953.41	39677.72	41549.57	36317.85	188060.83
Bhutan	259.98	261.84	352.55	330.95	236.22	1441.54
India	250436.50	287712.18	318229.74	323834.28	287045.44	1467258.14
Nepal	744.54	1376.01	1278.33	1466.70	1345.96	6211.54
Maldives	274.61	412.14	540.86	284.39	235.74	1747.74
Pakistan	22379.55	23827.84	25213.86	24360.98	22550.14	118332.37
Sri Lanka	10157.98	10806.25	11618.32	11553.86	10207.64	54344.05
Total	319943.27	361415.37	398197.93	405741.72	360312.54	1845610.83

Source: Source: International Monetary Fund (IMF)

Table 9 demonstrates that the total import expenditures of SAARC countries increased from US\$ 319943.27 million in 2016 to US\$ 360312.54 million in 2020, an increase of a factor of two. In 2017, import costs totaled USD 361415.37 million, USD 398197.93 million in 2018, and USD 405741.72 million in 2019. These costs were incurred in the years 2017, 2018, and 2019. Overall, SAARC's worldwide export

and import data reveal that the total value of exports was USD 2738917.002 million. According to the statistics, the total value of import expenses was USD 1845610.83 million, indicating a favorable trade balance for the last five years throughout the world. India has accounted for 79.50 percent of SAARC members' total global imports in the last five years. Bangladesh is the second-largest importer among the SAARC countries, behind India. The mutual comparative advantage between Bangladesh and the SAARC countries drives international trade between the two countries.

As seen in Table 10, Bangladesh's export earnings from SAARC countries are not optimal. During the last five years, total export revenue totaled USD 606246 million. It was USD70076 million in FY 2015-2016, USD110027 million in FY 2016-2017, USD126164 million in FY 2017-2018, and USD177841 million in FY 2018-2019, respectively. Bangladesh earns USD122138 million from exports in the fiscal year 2019-2020. Bangladesh gained export revenue of USD 2296 million from Afghanistan, USD 1773 million from Bhutan, USD 377035 million from India, USD 13220 million from Nepal, USD 93924 million from Maldives, USD 38010 million from Pakistan, and USD 79988 million from Sri Lanka.

Table 10. The Direction of Export by SAARC Countries (In million USD)

Countries	Financial Year					Total
	2015-16	2016-17	2017-18	2018-19	2019-20	
Afghanistan	363	396	573	526	438	2296
Bhutan	205	272	360	637	299	1773
India	48903	56213	76173	107101	88645	377035
Nepal	217	2481	3734	3252	3536	13220
Maldives	14716	18072	19526	24070	17540	93924
Pakistan	3491	5139	6072	19523	3785	38010
Sri Lanka	2181	27454	19726	22732	7895	79988
Total	70076	110027	126164	177841	122138	606246

Source: BBS, Statistical Yearbook Bangladesh (2020)

Table 11 reveals that Bangladesh imported USD 5480650 million from SAARC nations over the last five years. Bangladesh spent 511601 million dollars, 1286138 million dollars, 1568723 million dollars, and 1101996 million dollars on imports in 2015-2016, 2016-2017, 2017-2018, and 2018-2019, respectively. Bangladesh bought USD 1012192 million from SAARC countries in FY 2019-2020. Bangladesh imported 176339 million dollars, 27667 million dollars, 3223189 million dollars, and 4271 million dollars, USD 807529 million, USD 265039 million, and USD 976616 million from Afghanistan, Bhutan, India, Nepal, Maldives, Pakistan, and Sri Lanka, respectively, in FY 2015-16, 2016-2017, 2017-2018, 2018-2019, and 2019-2020.

Table 11. Direction of Import by SAARC Countries (In million USD)

Countries	Financial Year					Total
	2015-16	2016-17	2017-18	2018-19	2019-20	
Afghanistan	24723	39844	32799	35167	43806	176339
Bhutan	-	4348	6306	9397	7616	27667
India	463777	573555	776828	752048	656981	3223189
Nepal	4	669	1124	1580	894	4271
Maldives	12	157269	212229	218278	219741	807529
Pakistan	14021	51985	63997	67782	67254	265039
Sri Lanka	9064	458468	475440	17744	15900	976616
Total	511601	1286138	1568723	1101996	1012192	5480650

Source: BBS, Statistical Yearbook Bangladesh-2020

Furthermore, Table 12 shows that Bangladesh has enormous trade deficits with SAARC countries every year. Bangladesh's total trade imbalance was USD 4874404 million over the last five years, with total exports and imports of USD 606246 million and USD 5480650 million, respectively. The trade deficits with SAARC countries were 441525 million dollars, 1176111 million dollars, 1442559 million dollars, 924155 million dollars, and 4874404 million dollars in FY 2015-2016, 2016-2017, 2017-2018, 2018-2019, and 2019-2020, respectively. The most significant trade imbalance was USD1442559 million in FY 2017-2018 (Table 12).

Table 12. Total Export, Import and Trade Balance (In million USD)

FY	Export	Import	Total Trade Balance
2015-16	70076	511601	(-441525)
2016-17	110027	1286138	(-1176111)
2017-18	126164	1568723	(-1442559)
2018-19	177841	1101996	(-924155)
2019-20	122138	1012192	(-890054)
Total	606246	5480650	(-4874404)

Source: Author's Analysis

South Asia has become a region that has successfully integrated itself into the global economy. South Asia's Association for Regional Cooperation (SAARC) will be strengthened if India and Bangladesh work together more closely (OEC, 2022). According to the BBS (2020) report, import payments to SAARC nations totaled USD 6823.2 million in FY 2018-2019 and USD 6086.6 million in FY 2017-2018, an increase of 12.1 percent in currency terms. The present study revealed that from 2011 to 2020, Pakistan's exports to Bangladesh fell from USD 947.23 million to USD 583.44 million. Since Bangladesh imports from

Pakistan, its market share has decreased by 8.4 percent, which indicates that Pakistan's export competitiveness has decreased in the Bangladesh market. Bilateral commerce between India and Bangladesh has consistently increased over the last decade, with Bangladesh's exports tripling to USD 1 billion in 2018–2019. In 2019–2020, India's exports to Bangladesh totaled USD 8.2 billion, while imports totaled USD 1.26 billion (MEA, 2021).

OECD (2022) observed that Afghanistan received \$5.8 million in Bangladeshi exports in 2018. Bangladesh's most important exports to Afghanistan are industrial fatty acids, Oils, and Alcohol (\$2.85 million), Ground Nuts (\$2.62 million), and Paper Containers (\$127 thousand) (Hasnat et al., 2017). Bangladesh's exports to Afghanistan have climbed by 1.64 percent each year over the last 23 years, from \$3.99 million in 1995 to \$5.8 million in 2018. Bangladesh exported \$8.64 million worth of goods to the war-torn country in FY21, up 50% from the previous fiscal year. According to the 2019 Observatory of Economic Complexity (OEC) data, Bangladesh exports to the Maldives increased at an annualized rate of 19.4% during the last 23 years (1995-2018), rising from \$59.9k in 1995 to \$3.53M in 2018. The Maldives, on the other hand, raised its annualized rate of export to Bangladesh by 13.1% in 2018, from \$125k to \$2.14M. Sri Lanka's sensitive list includes USD 6.2 million in imports from Bangladesh, or 23.8 percent of total imports (ITA, 2022; Das, 2007). Bangladesh's sensitive list includes USD 77.6 million in imports from Sri Lanka, or 62% of total imports. As a result, removing sensitive lists may be more beneficial to Sri Lanka.

The current study's findings show that India is Bangladesh's most important trading partner in the South Asian region. A few studies also found the same results, i. e. Prabir and Bhattacharyay, 2007; Gazi et al., 2021; Pitigala, 2005; Rashed & Ashraf, 2016). A study found that Bangladesh is unduly reliant on India due to the unbalanced trade arrangement between the two countries, which has been a source of substantial economic and political concern. Islam (2019) discovered that India has a much stronger position in global trade than Bangladesh. India vigorously dominates trade ties, resulting in a massive and persistent trade deficit with India. At a more granular level, the paper discovers that Bangladesh has a competitive edge in some product lines, whereas India has competitive advantages in many product categories.

The study found that export earnings have increased even during this ongoing pandemic compared to previous years, comforting Bangladesh (Table 1 & 2). In the overall analysis, the picture of import-export trade is not favorable for Bangladesh. Trade deficits have been observed in each of the past years, showing that the trade deficit has decreased in FY 2020–21 as compared to FY 2019–20 (table-3). Bangladesh's bilateral trade shows that the USA is number one in exports, the UK is number two, and Germany is number three. Sadly, Bangladesh does not make significant exports to any of the SAARC countries, so there is no SAARC country in the list of top 10 countries. On the other hand, Neighboring India tops the list in terms of imports, which is why it has the most significant trade deficit with India (Table 4 & 5). Several researchers, including Newfarmer & Pierola (2007), Raihan & Kim (2016), and Deepika & Neena (2014), discovered less or more significant similar results, which corroborated the findings of the present study.

A comparative picture of import-export trade between the SAARC countries shows that trade is balanced with Afghanistan, Nepal, and the Maldives. However, trade deficits with Pakistan, India, and Sri Lanka have always existed (Table-6, 7). According to the IMF, India is the largest exporter among SAARC countries, but its exports are slowly increasing (Table 8). On the other hand, the volume of imports from these countries has also increased. The picture of bilateral trade between SAARC countries shows that India is the largest importer from Bangladesh and India is the largest exporter to Bangladesh. Sri Lanka is the second-largest importer from Bangladesh, followed by Maldives (Table 10, 11 &12). Several studies, including Ahmed & Islam (2019); Ali (2022); Baysan et al. (2006); and Singh (2021), supported the same conclusions and findings.

CONCLUSION

The current study aimed to examine the bilateral trade relations and economic cooperation of SAARC countries with Bangladesh over six years using panel data (2016–2021). Bangladesh has served as a bridge between its neighbors throughout its history. Most notably in the formation of SAARC, which it has done since its independence. Bangladesh has long advocated for regional peace and prosperity. A successful economic partnership has always aided in developing various trade-friendly policies, just as Bangladesh was the first to play an entrepreneurial role in forming SAARC. The SAARC countries have traditionally worked as an alliance to improve mutual collaboration, economic development, and bilateral trade among South Asian countries. Bangladesh has good economic and trade links with the SAARC countries.

According to data analysis, Bangladesh exports considerably more commodities to all SAARC countries than it imports, according to data. Bangladesh has a negative net export to most of its neighbors, suggesting that it imports more from them than it exports. The great bulk of Bangladesh's net exports is negative, implying that the country imports more from its neighbors than it sells. Despite accounting for a small portion of global trade, the region suffers from significant tariff obstacles. As a result, preferential trade liberalization is more likely to divert trade to SAARC countries. One of the primary constraints to expanding intra-SAARC commerce and trade that needed to be addressed was transaction costs. A long-standing trade exists. There has long been a trade deficit with India, which should be reduced in quantity even if it cannot be eliminated. In addition, Bangladesh needs to look at countries that have more export trade opportunities, such as the Maldives, Afghanistan, Nepal, Sri Lanka, Pakistan, and Bhutan, which have opportunities to export more Bangladeshi products. At the same time, Bangladesh needs to reduce its import dependence on SAARC countries and the world. The goal should be to set "more exports, limited imports" to develop domestic industries.

The government should look into the implications of current business among SAARC countries. Bangladesh products should have secured market access to SAARC countries. All non-tariff and para-tariff restrictions must be removed. Different restrictions on regular Bangladeshi items imposed by SAARC nations should be phased off over time. The bad list of SAARC countries should not include Bangladeshi export quality

products. Safeguard provisions in the Free Trade Agreement should protect Bangladesh's infant industries. The regulations of provenance should be made more beneficial than the SAARC countries' trade agreement because Bangladesh's manufacturing industry is gradually increasing. Bangladesh's manufacturing industry, particularly the small and medium business (SME) sector, should be expanded to address the competitive market environment. In their export promotion activities, the Export Promotion Bureau and trade groups should focus on improving the movement of goods and services and infrastructure development. On both sides of the border, infrastructure facilities at land customs stations should be enhanced. Infrastructure improvement should be undertaken in a coordinated manner. If infrastructure improvements are made in one border area, but blockages remain in the other, the benefits will be lost. SAARC countries and Bangladesh may negotiate a trade and investment framework agreement and a dual tax avoidance agreement to promote economic collaboration. In general, Tahir et al. (2019) recommends SAARC countries to increase the inflows of resources in the form of aid and foreign direct investment to achieve higher economic growth.

According to the Economic Complexity Index, Bangladesh is the world's 54th largest export economy and the 123rd most complicated economy. Asia's economies are too weak to support regional integration. Supportive collaboration should be introduced for the rapid growth of intra-South Asian trade because of the more substantial trade relations between SAARC countries. Concerning authorities should deeply understand the issue. Government and policymakers should utterly analyze the merits of current business and economic cooperation with SAARC countries. All SAARC member countries should have guaranteed access to the market for Bangladeshi products. The Export Promotion Bureau and the trade authorities should be more vigilant in developing infrastructure to increase exports and improve trade facilitation and economic cooperation. Hopefully, SAARC nations' economic relationship will undoubtedly strengthen in the future as intra-regional business activity rises. Besides that, Bangladesh should encourage foreign direct investment to increase the export (Majumder et al., 2022).

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