

Unveiling Sectoral Strengths: Bangladesh's Export Competitiveness through RCA Trends

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Abstract

The structural dynamics of Bangladesh's global commerce are analysed in this study by analysing Revealed Comparative Advantage (RCA) trends at the HS 2-digit level from 2001 to 2023. Although the ready-made garments (RMG) sector has historically been the primary export sector in Bangladesh, recent research has identified and sustained comparative advantages in other sectors, such as oilseeds, crustaceans, aluminium products, and certain mineral-based industries. The research identifies long-term sectoral competitiveness driven by geographic advantages, policy support, and backward-linkage integration using consistent export data. Furthermore, the investigation emphasises sectors with unstable or declining RCA trends, particularly in the agricultural and light industry sectors, providing a deeper understanding of latent vulnerabilities and structural constraints. The paper promotes a trade and industrial policy framework that is informed by the RCA, with a focus on sector-specific foreign direct investment (FDI), targeted trade financing, and tailored support for high-potential sectors. This framework serves as a roadmap for diversification in the post-LDC era. Additionally, RCA trends offer empirical guidance for the prioritisation of export promotion measures, regional integration strategies, and trade negotiations. In general, the results indicate that Bangladesh can promote inclusive, resilient, and competitive growth in the changing global trade landscape through the implementation of sector-focused, evidence-based trade policies.

Keywords: Revealed Comparative Advantage (RCA), Bangladesh Export Competitiveness, Sectoral Trade Analysis, Export Diversification Strategy, Post-LDC Transition, Industrial Policy Reform, Foreign Direct Investment (FDI), Trade Vulnerabilities, Regional Economic Integration, Evidence-Based Trade Policy