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Embassy of Switzerland in Bangladesh

Economic Report 2023

Bangladesh

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Executive Summary

The Bangladeshi economy's winning streak is under stress at the moment. Several macroeconomic challenges reported last year, such as the pressure on the foreign exchange reserve, have been further aggravated alongside runaway inflation and deepening problems with non-performing loans in the financial/ banking sector. With the graduation from the LDC category ensuing in 2026, recovering from the current economic hiccup and getting back on the growth trajectory is critical for a sustainable transition. Economic policies are being shaped to address these concerns. As the January 2024 national elections draw near, political uncertainty prevails in the country, which can have a dampening effect on business prospects and make the rowing back more difficult. Going forward, the country needs to take more pronounced measures to prioritize economic reform, improve conditions for investment, and implement effective economic governance to overcome the current challenges and accelerate economic growth, leaving no one behind.

Notwithstanding this, the general outlook for bilateral trade and investment (inward to Bangladesh) remains positive, with annual trade volume surpassing the CHF1 billion mark in 2022 for the second straight year. Despite prevailing challenges related to ease of doing business, Swiss investors remain somewhat optimistic. An improved business and investment environment and stability in the context will infuse more dynamism into bilateral trade and investment ties, considering that Bangladesh is Switzerland's second-largest trading partner in South Asia in terms of absolute volume.

Note:

- *The Bangladesh Financial Year is running from July to June (FY2023 = July 2022 – June 2023)*
- *Macroeconomic data on Bangladesh may contain significant error margins*

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1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

Context:
For several decades, Bangladesh, a geo-strategically significant nation in South Asia, has been touted as a model for economic growth and poverty alleviation among developing nations, posting an average 6% GDP growth from the 2000s onwards.[1] The country came out of the quandaries brought by COVID-19 largely unscathed, brandishing the legendary resilience of the country's flourishing $450+ billion economy (35th largest in the world). That said, its economic star, until recently bright and gleaming, now seems flickering a bit like a faulty light bulb. The economy's fortitude is put to renewed test by a plethora of challenges, namely higher inflation, weak external balance (particularly the foreign exchange reserve), a "bad debt" deluge in the banking sector and insufficient revenue mobilization, to name a few, exacerbated by the global impacts of the war in Ukraine.

2023 has also been a particular year for Bangladesh on the political front. The next national polls are due in January 2024 and every facet of the country, including the economy and economic considerations, has been geared toward the elections. Adding to that, the polls are approaching amid confrontational stances of the major parties, setting a stage for increased political friction. Against this backdrop, here is a brief outline of three primary headwinds perturbing the economy:

One of the main challenges is the sustained pressure on the external balance and the fast-sinking foreign exchange reserve. Although the Current Account Deficit has slightly narrowed in recent months as the authorities tighten its belt, the country's foreign exchange reserve has declined considerably from $48 billion in August 2021 to just around $20 billion now, bleeding almost $12 billion[2] in the past one year alone amid the record weakening (16%) of the local currency against the dollar. The stress on the forex reserve can be attributed to a number of factors, but particularly because import payments have far outstripped export and remittance earnings. Remittances, a vital lifeline of the economy, sent home by wage earners abroad indicate a weary trend. Due to the widening dollar exchange rate spread between the formal channel and the informal market, the remittances sent home by Bangladeshi migrant workers through banks have also slowed down since FY2022 further compounding the greenback challenge.

Another pressing concern is inflation, which has been on a surging streak since 2022, with average inflation crossing the 9%[3] mark in the last fiscal year (FY2023)– a 12-year record. According to the World Bank, runaway inflationary pressure is accelerated by both internal and external factors. On the one hand, the global supply chain disruption and the higher international commodity prices pushed inflationary pressure. On the other hand, since last year, the country has witnessed a significant upward revision of (domestic) energy prices, resulting in higher production costs. Also, the government curbed imports to save dwindling greenbacks, which conversely spiked commodity prices. The combined effects of these factors accelerated inflation and affected people from all walks of life. This topic was frequently leveraged by opposition parties to criticize the government's economic policies.

Non-performing loans (NPL) are another crucial challenge haunting the economy, crowding out funds for the private sector in the banking sector. Official data[4] shows that the total amount of NPL, written-off loans and loan restructuring amounts to a staggering $34 billion. Lack of (economic) good governance and due diligence is perceived as the primary reason behind the woes in the banking sector and calls are also growing to improve the overall economic governance, including reining in the NPL, to ward off more significant economic challenges emanating from the financial sector's mismanagement going forward.

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[1] OECD and World Bank data

[2] World Bank and Bangladesh Bank data

[3] IMF data

[4] Bangladesh Bank

The level of foreign direct investments remains very low in the country compared to its vast potential. The authorities have undertaken multiple measures to attract new investments and improve the ease of doing business, which are still to bear fruits. Challenges persist, particularly for foreign enterprises, albeit not unique compared to the rest of South Asia. Issues around ease of doing business, particularly regarding regulatory predictability, level playing field, and legal and economic governance, need to be more robustly tackled to boost FDI inflows.

Opportunities:
While the ready-made garment sector blazes the trail for the country's export-led growth model that heavily leans on labor cost competitiveness, multiple new sectors beckon possibilities. Electronics and pharmaceuticals demonstrate the capability of obtaining business know-how in more high-tech industries. Industry insiders project that the Information Technology (IT) sector can become the country's "next big thing." According to a recent OECD report, in 2022, Bangladesh hosted 2% of Asia's start-ups, up from almost zero ten years ago, putting the country on a similar level as Vietnam and Malaysia. Other emerging sectors include the leather, ceramic and jute industries. Local enterprises maintain an upper hand in all these sectors. Still, with adequate policy reform/ support, level playing field and framework conditions, foreign companies, including the Swiss ones, can potentially become investment and technology (hi and clean-tech) partners in these promising industries, which will be mutually beneficial.

The bilateral trade and investment ties between Switzerland and Bangladesh hold immense potential. Bangladesh is Switzerland's second largest trading partner in South Asia, after India. Even if compared with India, Swiss-Bangladesh trade volume makes a compelling case: it is a quarter of that between India and Switzerland (excluding gemstones, precious metals and jewelry). For a country with one-eighth the population and one-twenty-second the geography of India, it is an impressive feat. Swiss companies are active in all crucial economic sectors here and provide state of the art technology, products and services. This trend is expected to shape the future course of bilateral economic relations and the private sectors of the two countries should engage more extensively to harness the prospects.

Policy priorities and framework conditions:
To counter the economic challenges mentioned earlier, the government has adopted multiple approaches for the short term. The central bank lays out a rather contractionary monetary policy (e.g. raising interest rates) to contain inflation. Also, the authorities attempt to expand the tax coverage to shore up revenue generation. The government is promoting import substitution and local manufacturing to lower foreign exchange spending. On 30 January, the IMF approved a $4.7 billion loan for Bangladesh through a mix of different concessional and non-concessional funding facilities. The country's seeking support from the IMF was considered a pre-emptive measure to reinforce its weakened forex space and cushion its economic stability and growth. Above all, the loans help to address chronic reform inertia and focus on key topics such as improving governance in the financial sector or improving the tax-to-GDP ratio.

The country's policy priorities for the midterm stay the same. Under the 8th five-year plan (8FYP), which runs from FY2021 to FY2025, Bangladesh aims to speed up GDP growth, create more jobs, reduce poverty, and improve social protection. The country is now at a crossroads with the upcoming graduation from the LDCs group in 2026. Therefore, market penetration discussions dominate policy considerations. Calls are getting louder to address head-on structural issues, such as diversifying/ transforming the economy and making the private sector more competitive.

Bangladesh is committed to Agenda 2030, but state-driven implementation is still the norm. Despite undertaking several reform initiatives, corruption and the state of ease of doing business pose challenges.

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

Industry sector: Once touted as an economic basket case, Bangladesh has transitioned from being a mainly agrarian economy in the 70s into a global apparel manufacturing powerhouse. It is the second-largest apparel exporter after China. At present, the industry sector accounts for 38% of GDP at constant prices and employs roughly 17% of the country's total workforce. In FY2022, this sector grew 8%, down from 10% a year ago. The export-oriented garment and textile sectors dominate the industry segment, accounting for roughly 85% of total exports and employing approximately four million people,[5] primarily women. Other promising sectors include the leather, leather goods, footwear, electronics and jute. Overall, the industry sector needs more diversification. The Production Transformation Policy Review of Bangladesh published by the OECD highlighted that to continue and accelerate the growth trajectory, Bangladesh needs to prioritize new drivers of growth and start shifting from a price-led competitiveness model to one anchored in quality and innovation. More FDI and the induction of new technology can help the country to achieve this transformation.

The pharmaceutical industry of Bangladesh is highly regulated. Domestic drug companies have thrived, capturing 98% of the domestic market and even exporting their products globally (accounts for 1% of the export basket), thanks to policy safeguards for local enterprises and the Trade Related Aspects of Intellectual Property Rights (TRIPS) waiver. Although the sector heavily depends on imported sophisticated raw materials, including active pharmaceutical ingredients. The light engineering sector (electronic appliances, bicycles, and mobile phones, for example) is also expanding rapidly, but primarily for the domestic market, with increasing export potential.

As Bangladesh strives to move up the production value chain in sectors where it already has a strong presence and to explore new industries, it needs knowledge and technology, as well as technological collaboration, to realize its full potential. Swiss companies have a great deal to offer here and the textile industry is an example. Swiss textile machinery manufacturers in Bangladesh are already among the top technology providers. As the economy and (the apparel industry) attempt to diversify their portfolios to address high-tech, clean-tech, and sustainability issues, it creates new opportunities for foreign and Swiss companies.

Agriculture: The agriculture sector now accounts for only 11% of the GDP. However, this sector is of enormous importance considering food security, poverty alleviation and employment creation. This sector employs over 45% of the total workforce, reflecting a fragmented, labor intensive and under-mechanized sector employing people mostly in the rural areas. Rice is the main crop in this country. Other agricultural sub-sectors such as fruits, vegetables, fish and shrimp cultivation and poultry farming are gradually increasing, and so is the food processing industry. The growth of the agriculture sector stood at 2.61% in FY 2023, which was 3% in the previous fiscal year.

As the size of the middle-class segment is growing, many private enterprises are heavily investing in the food processing industry. Some are also exporting their agro-products to neighboring and other countries. As a result, there is a growing demand for advanced technology and high-quality machinery, where Swiss companies can tap into the market. One Swiss multinational company is a top player in the food segment. Another Swiss plant equipment manufacturer has already teamed up with leading food processing companies in the country to design and commission plants. Under its international cooperation programme, Switzerland is also piloting and upscaling different innovative initiatives in the agricultural sector, such as microinsurance schemes for farmers, to catalyze the transformation of this important sector.

5 https://documents1.worldbank.org/curated/en/301881574283378595/pdf/The-Effects-of-International-Scrutiny-on-Manufacturing-Workers-Evidence-from-the-Rana-Plaza-Collapse-in-Bangladesh.pdf

Services: The service sector accounts for around 51% of the GDP and provides 38% of the total jobs in the country. The service sector, which grew by 5.8% in FY2022, is increasingly becoming an important avenue for value, knowledge and technology-led economic growth. Transport, financial services, including the banking sector, telecommunication and IT are the trailblazers in this sector. Consider the example of the IT sector. A decade ago, just 50,000 individuals were employed in this industry. The government now claims to have created two million IT jobs in recent years and another one million IT workforce would be added by 2025. Impact investing, an area in which Switzerland is active, is gaining traction among private and governmental actors as the startup ecosystem develops rapidly. The IT sector is another industry in which several Swiss companies have already formed knowledge-based partnerships with Bangladesh and can potentially attract additional Swiss investment and engagement.

3 FOREIGN ECONOMIC POLICY

3.1 Host country's policy and priorities

Having met all eligibility requirements with flying colors, Bangladesh is poised to graduate from the Least Developed Country (LDC) category in 2026. This graduation, on the one hand, serves as a testimony to the country's accomplishments and signals new opportunities, but on the other hand, several challenges loom large as international support measures associated with the LDC status will start to cease in the future. On top of that, the current economic challenges spur a sense of trepidation over this imminent transition. Consequently, Bangladesh is actively pursuing a multipronged approach to ensure unfettered and longer-term market access after graduation, one of the most crucial policy concerns at this point in time.

Dhaka is currently lobbying the WTO to extend the support measures for graduating nations. In October 2023, the WTO General Council suggested that its members should provide a smooth and sustainable transition period for the withdrawal of unilateral market access preferences for graduating countries. Although it is unclear how binding this decision would be on member states, it makes policymakers here upbeat. Dhaka is also seeking an extension of the TRIPS exemption for graduating countries to safeguard its fledgling pharmaceutical industry.

The EU is the most significant export market for Bangladeshi garment products. Following LDC graduation, the country will continue to enjoy duty-free and quota-free (DF-QF) market access to the European Union (through the Everything But Arms scheme) only until 2029. Losing DF-QF market access to the EU might result in yearly export losses of approximately $5 billion. Dhaka and Brussels are examining options for including Bangladesh in the EU's GSP+ scheme. GSP+ requires tackling sustainable development issues such as human rights, governance, and environmental protection. As a pathway to the GSP+ scheme, Bangladesh has finalized a plan of action to address these concerns, but its implementation has been slow and negotiations are unlikely to be straightforward.

Furthermore, the EU is currently reviewing its GSP/ GSP+ framework. One article of the proposed GSP+ scheme stipulates safeguard measures for textile, agriculture and fisheries industries triggered when a specific threshold is met or exceeded, which can potentially preclude the Bangladeshi textile sector from availing the GSP+ benefits. Bangladesh is lobbying the EU to ease this proposed provision. Addressing sustainability issues and anchoring human rights and environmental considerations in business operations are increasingly becoming vital for Bangladesh as its key export destinations, including the EU, are increasingly focusing on corporate sustainability and due diligence.

Bangladesh is exploring alternative markets and trade arrangements, including preferential or free trade agreements with regional neighbors (e.g. the FTA with Bhutan signed in 2020). While Europe and North America remain Bangladesh's most important export destinations, the government is engaging with regional economic powerhouses such as China, India, and Japan more consistently. Dhaka has indicated its interest in negotiating a Comprehensive

Economic Partnership Agreement with New Delhi last year, but discussions are at a very early stage. Bangladesh's political and economic connections with China remain deep, a country funding multiple infrastructure projects in Bangladesh. Japan has also emerged as a key economic partner over the last decades, also financing several key physical infrastructure projects, such as the first metro line in Dhaka.

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

See chapter 1 and 6 for outlook for Switzerland. The government welcomes and promotes foreign trade (mainly exports) and investments (mainly inward). Nevertheless, in practice, foreign companies often face challenges and certain degree of discrimination compared with local producers.

4 FOREIGN TRADE

4.1 Developments and general outlook

The country's exports grew 6.67% year-on-year and reached $55.55 billion in FY2023, riding on the extraordinary performance of the apparel sector. In FY2023, export earnings crossed the milestone of $50 billion for the second consecutive year. The earnings were $52.08 billion a year ago. It was reported that the share of high-value apparel items is growing, which is working as a driving force. What is also promising is that exports to new markets, such as Japan, Korea, India and non-traditional ones, are also rising.

During the reporting period, import payments plummeted significantly by 16% to $68 billion due to the tightening of imports to save forex reserves, which helped the country to reduce trade deficits significantly.

4.1.1 Trade in goods

Since the beginning of this decade, Bangladesh's garment exports have accounted for more than three-quarters of the country's annual income. Beyond the RMG exports, most other notable export sectors, including leather, jute, home textiles, agricultural products, and engineering products, registered negative growths in FY2023.

4.1.2 Trade in services (if data available)

Service exports are rapidly growing. Transportation, construction and IT industries are the top performers in this industry segment.

4.2 Bilateral trade

Bilateral trade surpassed the symbolic CHF1 billion mark for the first time in 2021 and maintained the same level in 2022 despite an adverse global economic environment. According to the Swiss customs authority, the bilateral trade volume was CHF 1.1 billion last year. However, the trade balance is heavily tilted in Bangladesh's favor. Most Swiss exports (CHF 113.46 million; -1.3%) are textile machinery, chemical, and pharmaceutical goods and Bangladesh exported primarily apparel products (95%).

Notable differences exist between the official Bangladeshi trade statistics and the Swiss customs authority. Such discrepancies are not unique to Switzerland and Bangladesh and this may occur when the shipping country accounts the transit country as the destination country at the time of dispatch.

5 DIRECT INVESTMENTS

5.1 Developments and general outlook

According to the data provided by Bangladesh Bank to the Embassy, gross foreign direct investment (FDI) into Bangladesh considerably increased (+29%) to $4.42 billion in FY2023. The data shows that the power, telecommunication and banking sectors were the top recipients of FDI. According to the World Investment Report 2023 published by UNCTAD, FDI in Bangladesh increased by 20% to $3.48 billion in the calendar year 2022.

Bangladesh needs foreign direct investment to make its LDC graduation sustainable and smooth, as well as to transform and diversify its economy. In its 8FYP, Bangladesh aims to increase FDI as % of GDP to 3%; this is currently only at below 1%. While the government keeps taking various initiatives to increase investments, it still needs to catch up to relevant, rigorous structural reforms. In 2015, the authorities decided to set up 100 economic zones across the country by 2030 to attract local and foreign investments. At present, around 20 economic zones are partially operating, where approximately 80 new industrial units have been set up. Last year, a Swiss company started constructing a factory unit in one of these economic zones. Further improved business conditions, physical infrastructure and legal and regulatory guarantees are required to draw more FDI.

5.2 Bilateral investment

Swiss companies have a significant presence in Bangladesh, some with their own production facilities. They are active in various sectors including construction, agrobusiness, pharmaceutical, chemical, and service sectors and are regularly expanding their businesses. According to data provided by the Bangladesh Bank to the Swiss Embassy, gross Swiss FDI inflows to Bangladesh increased to $65 million in FY2023 from $62.15 million a year ago. However, local data differs from the Swiss National Bank, which reports a substantially lower figure. Neither figure corresponds to the information provided by Swiss companies (for example, an already present Swiss Multinational claims to have invested approximately $500 million in the country).

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

In the medium-term, the bilateral economic ties hold vast prospects, also in view of potential transition from Swiss development cooperation to economic cooperation going forward. The Embassy places a high priority on fostering bilateral trade and investment. The Embassy maintains regular contact with Swiss investors in Bangladesh (through business roundtables and bilateral meetings) and advances Swiss economic interests in the country. Additionally, the Embassy assisted Swiss SMEs interested in the Bangladeshi market, frequently in tandem with Switzerland Global Enterprise (S-GE). After a hiatus caused by the pandemic, since last year, the Embassy has observed multiple new Swiss companies showing interest in exploring and entering the Bangladeshi market. Some have already made exploratory visits and held discussions with relevant officials in Dhaka and others are planning to follow.

Switzerland's international cooperation promotes inclusive economic development in Bangladesh to help the country transition out of the LDC category. While not a priority country for SECO, Bangladesh receives support from several global programmes through SECO's complementary measures. By utilizing its instruments for economic cooperation, Switzerland is also working closely with Bangladesh to improve framework conditions for businesses. For example, through the Global Trade Facilitation Programme, Switzerland supported Bangladesh Customs in developing their in-house capacity for the Time Release Study.

Switzerland-Bangladesh Chamber of Commerce and Industry (SBCCI), a chamber consisting of Swiss investors and local companies doing business with Switzerland, is active in the country and the Embassy continues to collaborate with it closely. Currently, it has over 50 members.

6.2 The host country's interest in Switzerland

Switzerland and the Swiss private sector enjoy an excellent image across all target audiences in Bangladesh, including the business community. Switzerland is known, especially among the business community, for efficiency, precision and quality products. Bilateral trade and investment related issues feature prominently in all major bilateral meetings. Sheikh Mujibur Rahman (Bangladesh’s independence leader and first prime minister) envisioned transforming his country into the “Switzerland of the East”; this ambition is widely known and frequently echoed by prominent government officials. When the Ambassador of Switzerland extended a courtesy visit to the Bangladeshi Prime Minister recently, the latter urged Swiss investors to invest in the country to create a “mini Switzerland” here. It confirms the goodwill and positive image (inter alia for innovation and competitiveness) that Switzerland enjoys here. The high reputational capital is a crucial advantage for Swiss companies, since Bangladesh’s huge (approximately 30 million[6]) middle class is increasingly willing and able to spend more on premium and reputable (Swiss) products.

Prejudiced perceptions about the Swiss banking sector indeed exist in the country. This perception is fueled and perpetuated when the Swiss National Bank publishes the annual data, which is often misreported or misconstrued in the local media. Media readily surmise that funds of Bangladeshi origin mentioned in the SNB report deposited in Swiss banks (across the globe) are ill-gotten money taken out of the country. Being one of the world’s leading financial centers, Switzerland remains dedicated to continue cooperating with Bangladesh in the area of exchanging banking information in accordance with globally recognized procedures.

Switzerland is widely regarded as a beautiful nation with clean, lush, and picturesque landscapes. The country is one of the most coveted (but rarely affordable) tourist and honeymoon destinations among the elite and upper-middle classes.

[6] https://www.weforum.org/agenda/2019/10/bangladesh-is-booming/

ANNEX 1 – Economic structure

Economic structure of the host country

	FY2022	FY2023
Distribution of GDP		
Primary sector	**11.61%**	**11.2%**
Manufacturing sector	**36.92%**	**37.65%**
Services	**51.48%**	**51.24**
- of which public services	Data not available	**..%**

Distribution of employment		
Primary sector	**40.60%**	**45.33%**
Manufacturing sector	**20.4%**	**17.02%**
Services	**39%**	**37.65%**
- of which public services	**100%**	**100%**

Source(s): Ministry of Finance

ANNEX 2 – Main economic data

Host country's main economic data

	2022	2023	2024
GDP (USD bn)*	**460**	**446**	**455**
GDP per capita (USD)*	**2'730**	**2'621**	**2'646**
Growth rate (% of GDP)*	**7.1**	**6**	**6**
Inflation rate (%)*	**7.5**	**9.7**	**7.2**
Unemployment rate (%)**	**3.6**	**3.51**	**Unavailable**
Fiscal balance (% of GDP)*	**5.1**	**Unavailable**	**Unavailable**
Current account balance (% of GDP)*	**-4%**	**-0.7%**	**-0.8%**
Total external debt (% of GDP)**	**20.7%**	**21.8%**	**Unavailable**
Debt-service ratio (% of exports)	**Unavailable**	**Unavailable**	**Unavailable**
Reserves (months of imports)**	**5 (approx.)**	**4 (approx.)**	**Unavailable**

* Source: IMF, World Economic Outlook (indicate the month and year of publication)

- www.imf.org/external/pubs/ft/weo

** Bangladesh Bank, host country data

ANNEX 3 – Trade partners

Trade partners of the host country **Year: FY2023**

Rank	Country	**Exports** *from the host country* (USD million)	Share	Change[7]	Rank	Country	**Imports** *to the host country* (USD million)	Share	Change[10]
1	USA	9'701	17%	-10%	1	China	17'722	25%	-15%
2	Germany	7'079	12%	-7%	2	India	9'474	14%	-32%
3	UK	5'310	9.5%	10%	3	Malaysia	3'442	5%	-5%
4	Spain	3'683	6.6%	16%	4	Indonesia	3'360	5%	5%
5	France	3'291	5.9%	21%	5	Brazil	2'569	3.7%	
6	Italy	2'391			6	Qatar	2'366	3.4%	
7	India	2'129			7	USA	2'312	3.3%	-6%
14	*Switzerland**	987			…	*Switzerland**	113.46		
(1)	EU	25'014	45%	9%		EU	Data not available		
	Total	55'558	100%	6.6%		Total	68'080.8	100%	-13%

Source(s):

Bangladesh Bank and Export Promotion Bureau of Bangladesh.

* Federal Office for Customs and Border Security

[7] Change from the previous year in %

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and the host country

	Export (CHF million)	*Change (%)*	**Import** (CHF million)	*Change (%)*	**Balance** (in million)	**Volume** (in million)
2018	133.63	-24.3	580.23	16	-446.60	713.86
2019	174.33	30.5	611.99	5.5	-437.67	786.32
2020	131.9	-24.3	679.50	11	-547.60	811.4
2021	126.15	-4.4	929.24	36.7	-803.10	1'050.39
2022 *(Total 1)**	**113.46**	**-1.3**	**987.75**	**16.2**	**-874.29**	**1'101.21**
2023 (Jan-Sep)*	**72.39**	**-19.4**	**761.50**	**-4.5**	**-689.11**	**833.89**

*) 'Economic' total (total 1): not including gold bars and other precious metals, currencies, previous stones and gems, works of art and antiques

**) Change (%) from the previous year

Exports	**2021** (% of total)	**2022** (% of total)
1. Machinery (without electric)	27.4%	32.9%
2. Pharmaceutical products	16.7%	15.3%
3. Fertilizers, dyes and pigments	17.6%	14.2%
4. Electric machine	7.9%	9.8%

Imports	**2021** (% of total)	**2022** (% of total)
1. Garments and textile	95.8%	95.4%
2. Footwear	2.8%	3%
3. Leather and leather goods	0.4%	0.4%
4. Agricultural products	0.3%	0.3%

Source: Federal Office for Customs and Border Security

ANNEX 5 – Main investing countries

Main investing countries in the host country **Year: FY2023**

Rank	**Country**	**Direct investment** (USD, stock)	**Share**	**Variation** (stock)	**Inflows over past year** (USD mio)
1	UK	Not available	..%	+/- …%	622.05
2	South Korea	Not available	..%	+/- …%	603.34
3	The Netherlands	Not available	..%	+/- …%	503.35
4	Hong Kong	Not available	..%	+/- …%	371.08
5	USA	Not available	..%	+/- …%	347.19
6	Singapore	Not available	..%	+/- …%	330.61
7	China	Not available	..%	+/- …%	232.25
8	Norway	Not available	..%	+/- …%	188.73
9	Malta	Not available	..%	+/- …%	170.99
10	India	Not available	..%	+/- …%	141.83
(1)	EU	Not available	..%	+/- …%	951.68
16	*Switzerland*	Not available	*..%*	+/- …%	65.42
	Total	Not available	100%	+/- …%	4428.09

Source(s): Bangladesh Bank (central bank of Bangladesh)