

Bangladesh trade costs highest in South Asia: Commonwealth Secretariat

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Trade cost as a share of trade revenue in Bangladesh remained the highest in South Asia—over 80 per cent of trade revenues in 2020—due to higher total transport expenses, according to a study by Commonwealth Secretariat on shift to paperless trading. It is 80 per cent in Pakistan, over 60 per cent in India and Sri Lanka, and less than 20 per cent in the United Kingdom. The figure is over 20 per cent in Singapore, Canada and New Zealand.

The study was conducted on the 54 Commonwealth economies engaged in trade worth more than \$5 trillion.

This exorbitant cost in Bangladesh may be reduced to less than 20 per cent once the overall digitisation is adopted by 2026, the report was quoted as saying by Bangladeshi media.

However, public sentiment across emerging Asia, particularly Bangladesh and Malaysia, is a potential obstacle to rapid adoption or reforms in reducing trade costs, the report noted.

The report also seeks solution to the current challenges facing Commonwealth nations in implementing paperless trade by means of qualitative desk research, discourse analysis and semi-structured in-depth interviews.

The documentary-compliance cost in Bangladesh also remained over \$200 for a \$25,000 shipment.

The report blames the pandemic-induced supply disruptions for the higher transport costs.