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Assessing the Dynamics of Export Performance and Economic Resilience in Bangladesh.

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Abstract

Purpose: This study investigates the contribution of exports to Bangladesh's economic growth, during 2010-2024 based on six major export sectors: Readymade Garments (RMG), jute and jute goods, tea, leather and leather products, fish, and pharmaceuticals.

Methodology: Descriptive statistics, trend analysis, Pearson correlation tests, and regression models were designed and employed to assess the extent of these sectors' share of export growth in the country.

Findings: The results show that RMG has been the major foreign exchange earner, contributing more than 80% of the total export receipts. However, a large dependence on the sector has left the economy exposed to risks and fluctuations in global demand. Although other industries, such as leather, fish, and pharmaceuticals, have been growing, the sector is not stable and is still in a dormant stage. The research highlights that export diversification is essential for reducing dependence on RMG and minimizing the adverse impact of market fluctuations. Additionally, the study underscores the bottlenecks in infrastructure, political instability, and governance challenges that impede export performance.

Unique contribution of theory, practice, and policy: This paper suggests strategic policy reforms to move towards diversification, infrastructure building, and governance challenges. The study also suggests that a diversified and more resilient export base, along with better logistics performance and policy interventions, is necessary to ensure sustainable economic growth in the long run, and selected indicators of vulnerability would be reduced in Bangladesh to global economic shocks if these are implemented.

Key Words: *Export Performance, Economic Growth, Readymade Garments (RMG), Leather*

Introduction

Export performance is a crucial determinant of economic advancement in developing countries. In particular, the export sector contributes significantly to industrialization, employment generation, and foreign exchange savings in Bangladesh. Over several decades, Bangladesh has seen an impressive expansion of its export profile. Between FY 2010-11 and FY 2022-23 Bangladesh's total export increased from $24.3 billion to $59.3 billion, of which RMG accounted for more than 80 percent of the total export receipts [1](Bangladesh Bank, department of Statistics). This robust performance has resulted in a significant increase in economic resilience, and the RMG sector continues to take center stage as a driver of export returns.

However, export concentration exposes the economy to external shocks, such as global demand changes, trade policy measures, buyer compliance requirements, and pricing and ordering cycles in leading markets. Thus, policy initiatives have encouraged diversification towards areas of jute goods, leather, fisheries, and pharmaceuticals, but with uneven results.

The non-RMG sector has to deal with sector-specific constraints (product upgrading, quality compliance, and market access, input logistics) as well as economy-wide frictions, such as port congestion, high turnaround time, and administrative delay, as in the case of RMG. These frictions increase trade costs, thereby making exports from Bangladesh less competitive.

In this context, this study aims to predict export performance for 2010–2024 by calculating sector-specific behavior in terms of changes, volatility, and co-movement with aggregate exports. This research utilizes descriptive statistics, trend analysis, Pearson correlation, and regression modelling to draw implications with respect to diversification, infrastructure, and governance reforms.

Overview of export performance and economic growth

Bangladesh's export performance and economic growth from 2010 to 2024 have achieved spectacular performance so far, primarily across Readymade Garments (RMG), jute and jute goods, tea, leather and leather products, fish, and pharmaceuticals sectors.

Export Performance:

In 2010, exports by Bangladesh were around US$19.2 billion, dominated by the RMG sector, which consistently shares more than 80 percent of merchandise exports. Exports steadily increased year by year, reaching US$59.3 billion in 2022, even amidst global challenges such as the COVID-19 pandemic. The US, Germany, and the UK are its leading export markets for RMG products, including textiles, knitwear, and garments. The export value has grown to approximately US$ 54.5 billion by 2023, [2](Export Promotion Bureau, EPB), a relatively slower but nevertheless very considerable growth compared to the early 2010s. Others, such as pharmaceuticals, jute goods, and seafood, have also recorded marginal growth in exports.

Economic Growth:

The Bangladeshi economy has seen immense growth, and the GDP by PPP stood at US$523 billion in 2024, [3](World Development Indicators) making it the largest global economy. This

expansion has been driven by industrialization, a strong agricultural sector, and increased remittances. Bangladesh maintained 6–8% GDP growth for a decade; Bangladesh's exports, particularly from the textile and clothing sector, also had double-digit growth during this period. The country is also developing its infrastructure, enhancing connectivity, and promoting digitalization. Bangladesh's export-led growth in RMG continues to be an important driver of economic growth, making it a transitioning middle-income country characterized by its shifting trade structure.

Objective of the Research

This study evaluates the contribution of major export sectors (RMG, jute, tea, leather, fish, seafood, and pharmaceuticals) to Bangladesh's export performance and economic resilience over 2010–2024. The specific objectives were as follows:

- ✧ To analyze long-term trends in Bangladesh's export performance across major sectors.
- ✧ To assess sector-specific growth dynamics and volatility and identify key constraints and opportunities.
- ✧ To diagnose infrastructure and governance bottlenecks that reduce export competitiveness and propose improvement pathways.
- ✧ To examine the need for export diversification and outline policy recommendations to reduce over-reliance on RMG.

Research Methodology

This study uses a quantitative explanatory design based on secondary time-series data from 2010 to 2024. Sectoral export data were obtained from Bangladesh Bank statistics and organized for six major export sectors (RMG, jute and jute goods, tea, leather and leather products, fish/seafood, and pharmaceuticals).

Analytical techniques include: (i) descriptive statistics to summarize sectoral performance and volatility; (ii) trend analysis to visualize long-run sector dynamics; (iii) Pearson correlation to assess the association between sector exports and total exports; and (iv) a simple time-trend regression to indicate whether total exports increase systematically over time.

The results were interpreted as statistical associations given the study's descriptive design. The combined evidence is used to evaluate concentration risk and motivate policy options for diversification and export resilience.

Literature Review

Export performance and economic growth have attracted considerable attention, possibly in the case of Bangladesh, where the economy is highly dependent on the receipt of merchandise exports. One of the main issues for Bangladesh is its dependence on Readymade Garments (RMG), which contribute more than 80% to its export income. This industry has been the engine of economic expansion, but its pre-eminence makes the economy vulnerable to fluctuations in the world market. Rahman [4](2023) stresses that diversification is important in

order to lower the risks inherent in such dependence. Export base diversification away from common traditional sectors, such as jute and tea, can reduce an economy's exposure to a single sector and ensure stable growth (Rahman, 2023).

Smith [5](2022) and Patel and Ali [6](2021) stressed that export diversification can reduce vulnerability to external shocks by including new sectors in the export basket. In Bangladesh, the pharmaceutical and IT sectors hold potential for diversification. As noted by [7]Kumar and Singh (2021), Bangladesh's potential to explore non-traditional exports, such as pharmaceuticals and software, might be essential in securing long-term economic resilience.

The export of traditional items such as jute and tea has run into serious problems due to the pandemic. The international jute market has significantly contracted because of the presence of synthetic alternatives [8](Choudhury 2017). However, the state of Assam has taken steps to popularize jute as an eco-friendly plastic replacement, although its impact remains limited. On the other hand, the tea industry is confronted with volatile global demand and thus has limitations in making a big contribution to export growth [9](Rashid & Rahman, 2018).

Bangladesh's exports are also hampered by infrastructure issues. Inefficient ports, congested roads, and inadequate rail systems increase transaction costs, which affect the competitiveness of exports from Bangladesh [10](Hossain, 2021). Although some enhancements have been made to the infrastructure, political instability and bureaucratic inefficiency continue to serve as major obstacles to trade [11](Rahman et al., 2020).

Moreover, political factors, such as governance difficulties, serve to compound the issue. Yousuf [12](2019) stressed that problems related to bribery, political instability, and regulatory challenges have persisted, stifling the effectiveness of export products and hindering new industries. As suggested by Singh and Kumar [13](2020), addressing these constraints is critical for fostering an environment conducive to export expansion in the long run. Finally, even if Bangladesh has made progress in diversifying its export base, some challenges must be addressed, such as over-reliance on RMG, infrastructure constraints, and governance concerns. To achieve lasting success, Bangladesh must diversify its export basket, invest in infrastructure, and overcome political and regulatory hurdles to improve its global competitiveness.

Research gaps and focus: Prior studies often emphasize export-led growth and diversification but provide limited sector-level evidence on volatility and concentration risk over an extended recent horizon (2010–2024). This study addresses this gap by combining sectoral trends and variability analysis with correlation and regression evidence to inform practical policies for export resilience.

Analysis and Findings

Table 1: Export Performances during the fiscal year as on 2010-11 to 2023-24

Period	Jute	Tea	Leather	Fish, Shrimp	RMD	Naptha, Furnace	News Print	Ferti-lizers	Others	Total Exports BDT in Crore
2010-11	6754	19	3367	4149	96440	707	0	181	33390	145008
2011-12	7066	29	4265	4758	120147	857	0	130	43058	180310
2012-13	7669	18	5399	3580	128269	145	0	1	44579	189660
2013-14	6265	16	6864	4097	146627	134	0	1	49372	213375
2014-15	6207	32	6890	3989	156046	290	0	1	53032	226486
2015-16	6956	15	6497	3559	163121	101	0	0	56554	236803
2016-17	7498	31	6233	3680	166761	130	0	44	55279	239656
2017-18	7437	22	5806	4088	185412	72	14	0	64331	267180
2018-19	6433	21	5137	3556	212356	181	22	0	69277	296984
2019-20	7186	21	4398	3443	190875	0	0	5	59526	265454
2020-21	9301	28	7023	3485	238623	87	1	108	29424	288080
2021-22	8939	18	10258	4013	315958	1	1	116	37671	376976
2022-23	9077	25	12930	3685	366180	1	1	1	39841	431742
2023-24	9393	30	12158	3390	369178	1	1	1	38979	433130
Total	**106180**	**326**	**97226**	**53472**	**2855993**	**2707**	**40**	**588**	**674312**	**3790843**

Descriptive Analysis

Table 2: Descriptive Statistics of Export Data (2010-2024)

Sector	Mean (BDT Crore)	Std. Dev. (BDT Crore)	Min (BDT Crore)	Max (BDT Crore)
Jute	7,584.36	1,136.55	6,207	9,393
Tea	23.21	5.86	15	32
Leather	6,944.64	2,883.95	3,367	12,930
Fish, Shrimp & Prawns	3,819.43	379.77	3,390	4,758
Ready-made Garments	203,999.50	88,096.02	96,440	369,178
Naphta, Furnace oil	193.36	264.08	0	857
Others	14,265.53	1,426.55	0	69,277

Descriptive statistics that summaries the performance in each export sector. This is followed by the Readymade Garments with a high mean exports (BDT 203,999 crore) and large standard deviation (BDT88,096 crore), which indicates that they contribute significantly. In comparison, early movers such as Jute and Tea have lower standard deviations, suggesting some stability in the percentage contribution of these sectors to overall export growth.

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Trend Analysis and Visualization

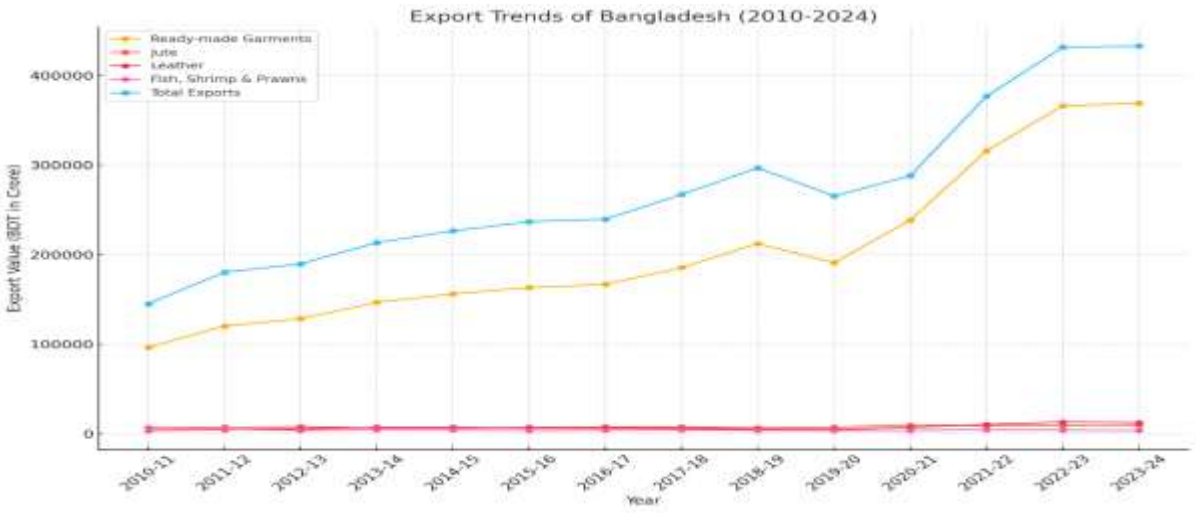

Figure 1: Export Growth by Sector 2010-2024

The trend analysis shows: In the chart above, it shows stable and rapid growth of ready-made garments from 2015 on while performance of sectors like Jute and Tea is more erratic. Growth within the Fish & Shrimp segment looks to have experienced a dip in the mid-10s, could be influenced by market forces. RMG is still it dominates the export basket. Jute and Tea both look pretty volatile, but they seem to flatten out and drift upward over time. Leather shows slow upward from 2019–2020 with some spikes here and there.

Regression Analysis

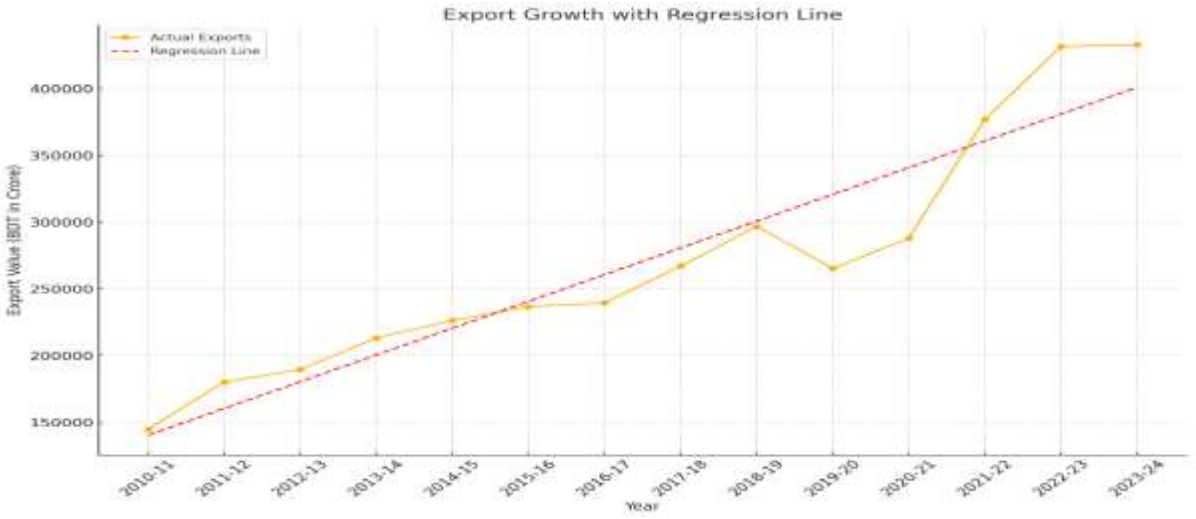

Figure 2; Export Growth Trends by Sector: 2010 to2024

Export Performance and Its Implications for Economic Growth:

The years were included as an independent variable, and the total exports as dependent one.

The positive slop means the Total exports will increase to BDT 20,050 crore per year.

The intercept 140,445.66 crore is the forecast value of export at base year.

Pearson Correlation and Variance Analysis

Table 3: Pearson Correlation Matrix

Sector	Jute	Tea	Leather	Fish & Shrimp	RMG	Others	Total Exports
Jute	1	0.20	0.89	0.51	0.75	-0.60	0.75
Tea	0.20	1	0.64	-0.12	0.60	-0.14	0.20
Leather	0.89	0.64	1	0.46	0.90	-0.35	0.90
Fish & Shrimp	0.51	-0.12	0.46	1	-0.46	-0.12	-0.46
Readymade Garments (RMG)	0.75	0.60	0.90	-0.46	1	-0.26	0.99
Others	-0.60	-0.14	-0.35	-0.12	-0.26	1	-0.15
Total Exports	0.75	0.20	0.90	-0.46	0.99	-0.15	1

Findings from Pearson Correlation and Variance Analysis:

A very high correlation (0.99) between total exports and RMG indicates that the RMG sector strongly drives the aggregate export performance. Leather and jute show moderate positive associations with total exports, suggesting meaningful but secondary contributions to the economy. Fish and shrimp display a negative correlation with total exports in this sample, reflecting a more volatile and less consistent contribution over time.

The variance results indicate that the RMG has the largest variability, consistent with its scale and sensitivity to global demand conditions. Fish, shrimp, and prawns also show sizable variability, reflecting market and supply side fluctuations. Tea shows a comparatively lower variance, implying a more stable but smaller contribution to total exports.

Analysis and Final Results

Descriptive analysis: Summary statistics show that RMG records the highest average export value and the largest dispersion, whereas jute and tea appear comparatively stagnant over the period under study. Trend analysis: Sectoral trends indicate sustained growth in RMG exports, while jute trends downward, and several non-RMG sectors fluctuate over time. Pearson correlation: The correlation between RMG exports and total exports is very high (0.99), indicating a strong co-movement and concentration risk. Variance analysis: RMG exhibited the highest variance, implying higher exposure to demand-side shocks; seafood also showed notable variability. Regression analysis: The time-trend regression suggests that total exports increase by approximately BDT 20,050 crore per year over the sample period.

Discussion

The findings reinforce the central message in Bangladesh-focused export literature that RMG dominates export earnings, and therefore shapes aggregate export performance. This dominance can accelerate growth but also increases exposure to external demand shocks and compliance pressures. The sectoral trend patterns observed in this study are consistent with the calls for diversification.

Simultaneously, the volatility observed in some non-RMG sectors supports the argument that diversification requires more than adding new products; it also requires upgrading competitiveness through quality standards, market access, and trade logistics. Therefore, policy emphasis on diversification should be integrated with trade facilitation, infrastructure improvements, and predictable governance to allow emerging sectors to scale sustainable.

In corroborating the findings with the citing relevant studies, they highlight the both similarities and differences, and clarify possible reasons for these variations. For instance, Rahman (2023) emphasizes the importance of export diversification in reducing risks associated with substantial reliance on the RMG sector. Similarly, Smith (2022) suggests that non-traditional export sectors like pharmaceuticals and IT have the potential to significantly contribute to Bangladesh's export growth. Comparing these perspectives with the findings of this study will not only improve its credibility but also align it within the broader scholarly discourse. Moreover, incorporating findings from global studies will offer insight into Bangladesh's position within the global export economy.

Conclusion

Over 2010–2024, Bangladesh’s export expansion supported its overall economic performance, with RMG remaining the dominant sector. The analysis indicates a very strong association between RMG and total exports, implying a substantial concentration risk. Traditional exports such as jute and tea show weaker or stagnating trajectories, while leather, seafood, and pharmaceuticals display growth potential but are more volatile.

These results suggest that strengthening resilience requires practical export diversification combined with system-wide competitiveness reforms, especially in trade logistics, infrastructure, and governance, which affect all export sectors for export performance and economic resilience.

Recommendations

(1) Diversify the export basket by targeting sectors with upgrading potential (e.g., pharmaceuticals, value-added agro-processing, leather, and selected ICT-enabled services) through standards compliance support, skills development, and market development initiatives.

(2) Reduce trade costs through logistics and infrastructure improvements (ports, customs processes, inland connectivity to industrial zones) to shorten lead times and improve reliability for exporters.

(3) Strengthen trade governance by simplifying procedures, improving regulatory predictability, and reducing administrative bottlenecks to lower policy uncertainty for exporters and investors.

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