China’s Tariff Exemption to Bangladesh

Recently, China has announced tariff exemption for 97% of exports from Bangladesh. Bangladesh had requested China to exempt its export items from tariffs in the background of the economic hardship triggered by the Covid-19 pandemic.

China considered Bangladesh’s request and has granted the tariff exemption to Bangladesh on account of its Least Developed Countries (LDCs) status. The move will help Bangladesh to remove the economic impact of the pandemic and also emerge as a possible beneficiary alongside Vietnam and Chile of the U.S.-China trade war.

The supply chain disruption caused by the U.S.-China trade war is likely to be filled by a boost in export of tariff-exempted goods from Bangladesh. It will also help Bangladesh to reduce its trade deficit with China. As a result of the latest announcement, a total of 8256 goods from Bangladesh will be exempted of Chinese tariffs. Earlier, Bangladesh used to receive tariff-exemption for 3095 items under the Asia Pacific Trade Agreement (APTA).

Asia Pacific Trade Agreement

- Asia Pacific Trade Agreement (APTA), previously the *Bangkok Agreement*, is a preferential tariff arrangement that aims at promoting intra-regional trade through the exchange of mutually agreed concessions by member countries.
- Its current Members are Bangladesh, China, India, Republic of Korea, Lao PDR and Sri Lanka.

Least Developed Countries

- LDCs are low-income countries designated by the United Nations, confronting severe structural impediments to sustainable development.
- They are highly vulnerable to economic and environmental shocks and have low levels of human assets.