

The Way forward for identified promising and sustainable export-oriented industries following LDC Graduation

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Abstract

Bangladesh is going to graduate into a developing economy by 2026. This graduation may affect the local and export market of our country. Our export-oriented industries including leather, jute and jute products, agriculture and Agro-processing, IT & IT enabled Services (ITES) and pharmaceuticals and Light-engineering besides RMG sector will lose cash incentives after 2026. Apart from this, Bangladesh as a graduating country will face some economic challenges due to the loss of LDC-specific International Support Measures (ISMs), such as preferential market access, loss of LDC-specific ISMs. Taking these challenges into consideration, this study based on survey and KIIs aims to find way forward and alternatives to follow for export market sustenance. The study finds that various laws such as company law, bankruptcy law, partnership law, and taxation law need to be reformed. Besides, it is important to emphasize negotiation for easing the requirements of Rules of Origin (RoO) and capacity building for remaining competitive in the global export market. Furthermore, we also referred how developing countries like Vietnam, Korea, Thailand absorbed new incentive schemes and supports to sustain the export market upon their graduation in line with the WTO standards.

Keywords: LDC graduation, Export-oriented industries, Economic challenges, Legal reforms, Global export market.

1. Introduction

Bangladesh is going to be graduated from LDC in 2026. This LDC graduation may affect the local and export market of our country. Our export-oriented industries including leather, jute and jute products, agriculture and Agro-processing, IT & IT enabled Services (ITES) and pharmaceuticals and Light engineering besides RMG would no longer be eligible for monetary incentives after 2026. Apart from this, Bangladesh as a graduating country will face some economic challenges due to the loss of LDC-specific international support measures (ISMs), such as preferential market access, loss of LDC-specific ISMs. Currently, Government allows cash incentive to export of 42 products and services in different export destination and this incentive no longer can be given to exporters to scale up export (Bangladesh Bank, 2022). Due to the loss of incentives, Bangladesh requires relevant and effective strategies, supports in order to resurrect the export market for these export-oriented businesses.

The transition of LDC graduation will bring in wide-ranging challenges upon LDC graduation. Bangladesh will no longer be eligible for LDC-specific special and differential treatment, which aims to facilitate LDCs to increase participation in international trade, under the WTO agreement. The cash incentives are going to phase out after 2026 and in order to sustain the export market of the six major sectors of the export basket. Against this backdrop, this study seeks to find out some policy indications and some focused-solutions that will help these export-oriented industries to sustain their export market and competitive export share in the post- graduation era. It is estimated that Bangladesh may experience a shortfall of 8-10 percent of its gross export revenue amounting to almost USD 3.5 billion annually once export tariff will be enforced later graduation. Considering the situation, this is a high priority to identify a way forward for a sustainable export market of the above-mentioned major export- oriented industries upon LDC graduation. In this regard, we have identified key and export-oriented industries which are considered as high-priority major export sectors as their export value remains usually top among the export baskets. The scope of work includes RMG, Leather & Leather goods, Jute & Jute Products, Light Engineering, Agro-Processing, Pharmaceuticals and ITES. Since exporters need to sustain in the new and competitive export market, they can be oriented and supported with new policy guidance and non-cash incentives. Moreover, findings and likely alternatives can help the Government and private sector to identify and prefer relevant options in this regard. The study intends to learn the best alternatives do we have to overcome the loss of cash & other incentives and LDC-specific ISMs to enhance export market of Bangladesh. The overall objective of the study is to identify the way forward for selected industries like Leather & Leather goods, Jute & Jute Products, Light Engineering, Agro-Processing, Pharmaceuticals and ITES upon LDC graduation in terms of sustaining their export market and competitive export share in the post-graduation era. The specific objectives of the study are as follows:

- To identify the WTO-compliant support measures needed to address the challenges of the export-oriented industries upon LDC graduation to sustain the export market.
- To develop alternatives to current incentives and strategies that will help to strengthen the country's export business environment.

2. Literature review

The literature shows that LDC graduation, generally, affects some preferential treatments in trade and subsidies, including access to certain LDC-specific funds (Rahman, 2021). The loss of preferential treatments under LDC schemes of developed and developing country members has been one of the major concerns of graduating LDCs, though the impact on market access for a large majority of graduating LDCs is rather limited (WTO, 2021).

A national employment-generating strategy at the domestic level has to be formulated upon LDC graduation of Bangladesh (Bhattacharya & Borgatti, 2012). Bangladesh should consider proper administrative arrangement, as graduation brings with it a variety of new opportunities and challenges. After graduation, as LDC-specific support measures including financial assistance, international trade, and other general support measures will be withdrawn, the country might fall at great risk without the current facilities. In this regard, proactive engagement with major development partners from the beginning to negotiate ad-hoc provisional arrangements will help Bangladesh to reduce graduation costs and to face both the opportunities and challenges of Graduation. On the other hand, Bangladesh should also carefully address all the issues to strengthen its economy. Among them, export diversification is of great concern, as the success in diversifying exports has been a setback. This is to be mentioned that the export basket is so much concentrated in the RMG sector. Moreover, Bangladesh will lose quota-free and duty-free facilities after LDC graduation. As a result, there is a major chance that the RMG sector will face increased tariffs. Therefore, diversification is necessary along with the enhancement of strategies (Rahman et al., 2020).

To face the challenges upon LDC graduation, a number of policy initiatives have been proposed including strengthening market access and competitive capacities, coping with an emerging global trading scenario, getting ready for the new aid regime and structural transformation of the economy (Rahman & Bari, 2018).

To increase the inflow of remittances, Bangladesh should continuously focus on the skills of potential migrants, facilitating and supporting the migration process, making better arrangements with host countries, facilitating better use of migrants' earnings, and supporting the foreign exchange market. In addition, the industrial sector needs supportive measures, including fiscal policies and technical support, to boost employment generation and productivity. Moreover, the other measures including broadening the tax base, curtailing tax evasion, strengthening institutions and ensuring good governance should be taken (Khatun et al., 2018).

A post-graduation trade strategy must be considered to fix the effective ways of promoting firm-level competitiveness. These include raising labor productivity, technological upgradation, moving up the value chain and attracting foreign direct investment. Cost of doing business reduction along with making improvements in infrastructural facilities and trade logistics. The external competitiveness of private sector enterprises will be enhanced by the aforementioned areas (Razzaque et al., 2020).

2.1 Export Subsidy Alternatives from Best Practices

The WTO Agreement on Subsidies and Countervailing Measures disciplines the use of subsidies, and it regulates the actions countries can take to counter the effects of subsidies. Under the agreement, any country can use the WTO's dispute-settlement procedure to seek the withdrawal of the subsidy or the removal of its adverse effects or the country can launch its own investigation and ultimately charge extra duty ("countervailing duty") on subsidized imports that are found to be hurting domestic producers (WTO, 2023).

Export subsidies have contributed positively to the expansion of export in some countries like China, Korea and Brazil. But, export subsidies do not seem to have benefitted export growth in a range of other countries including India and several Latin American countries. In Korea and China, export subsidies were a part of a well-thought-out export promotion and economic development strategy that emphasized prudent macroeconomic management, sound management of the real exchange rate and moderate levels of trade protection that reduced the anti-export bias.

In Brazil, export subsidies were a part of a broader package of export incentives including sound real exchange rate policy and import liberalization. There is no evidence that export subsidies can offset the adverse effects of large trade protection or an appreciation of the real exchange rate (Ahmed, 2020).

According to the UN list of graduating economies, only 6 countries have graduated till 2020. Countries include Botswana, Cabo Verde, Maldives, Samoa, Equatorial Guinea and Vanuatu. Since these countries are different from Bangladesh in terms of industrial state and export strength, there are no remarkable lessons and strategies that Bangladesh can follow for export market development (UN, 2022). Therefore, we extracted and referred some learning and practices of Vietnam, South Korea and Thailand in terms of their various policies and incentives used instead of cash incentive to promote export-led industrial growth are discussed below:

Vietnam: Vietnam has increased their export capacity through FTAs. Vietnam has signed 18 FTAs till date. Moreover, Vietnam provides tax incentives for businesses on four bases – sector, location, size of investment, and exemption from import duty. Certain sectors in Vietnam are encouraged and include industries that the government wants to incentivize, facilitate investments for, or those which are beneficial for society: (1) High-tech industries; (2) Supporting products used in high-tech industries; (3) Software products; (4) Research and development; (5) Select agricultural and allied sectors; (6) Infrastructure development; (7) Renewable energy; (8) Education; (9) Health care; and (9) Sports and culture. Firms operating in these sectors are given following tax incentives:

- Firms making new investments in technology related sectors, garments, footwear, automobiles, goods that are not produced domestically and investments where the products meet the European Union (EU) quality standard – these are taxed at 10% for 15 years. This period also includes a tax holiday for the first 4 years and 50% reduction in the CIT rate for 9 subsequent years.
- Companies operating in sectors of education and training, health care, sports, culture and environment have a tax rate of 10% for their entire lifetime.

- Companies earning their income from prescribed agricultural and allied activities are eligible for 15% tax rate for their entire lifetime.
- Firms producing the equipment for the above prescribed agricultural sectors also receive a tax incentive in the form of 17% tax rate for their entire lifetime.

Depending on the level of infrastructure development labour conditions, and the geography of the area, Vietnam is categorized into three groups – areas with difficult socio-economic conditions, areas with especially difficult socio-economic conditions, and remaining areas. Firms operating in difficult and especially difficult socio-economic conditions are generally offered tax incentives. Along with these areas, firms operating in Special Economic Zones (SEZs), High-Tech Zones (HTZs) and Information Technology Parks (ITPs) are also eligible for tax incentives. Tax incentives based on locations are as follows:

- Firms operating in especially difficult areas, SEZs or HTZs are taxed at 10% for the first 15 years of revenue generation. This period also includes a tax holiday for the first 4 years followed by 50% reduction for the subsequent 9 years.
- Firms operating in difficult areas are taxed at 17% for 10 years of revenue generation. This period also includes a tax holiday for the first 2 years followed by 50% reduction for the subsequent 4 years.
- Firms operating in industrial parks are eligible for 2 years of tax holidays followed by 50% corporate tax reduction for the subsequent 4 years.

Size of Project is another basis of Tax incentive which is also available for large manufacturing projects. Businesses can also avail exemptions from import duty, if they meet one of the following criteria:

- Goods are imported to form fixed assets of select projects prescribed under the law and implementing export processing contracts with foreign parties.
- Goods which are imported for use in scientific research and technological development, and which cannot be produced domestically.

South Korea: Korea continued to maintain the option to restrict or monitor certain exports to ensure adequate domestic supplies, thereby possibly assisting downstream processing of these products. Korea did not impose quantitative export restrictions for rice or any other agricultural products during Covid-19.

- Korea provides direct export subsidies to reduce marketing cost for certain agricultural products which will be eliminated by 2023.
- A drawback scheme continues to provide refunds of border taxes on raw materials used in exports. Internal indirect taxes are reimbursed on exports. No new corporation tax relief to foreign enterprises located in free trade zones has been granted since 2019.
- Exports continue to benefit from government finance, insurance and guarantees as well as the promotional activities provided by state-owned institutions.

Thailand: Thailand is committed to trade and investment liberalization as a means of improving competitiveness and thereby promoting sustainable economic growth.

- WTO Trade policy review on Thailand (2020) reveals a number of policies and incentives to promote exports.

- The Government has adopted a "dual track" development approach to strengthen the domestic economy while also facilitating trade and investment. Trade-related laws including the Anti-Dumping and Countervailing Duty Act (1999) have been enacted and implemented. Thailand accords at least MFN treatment to all WTO Members, but not necessarily to non-Members.
- Thailand has made a number of notifications to the WTO including Anti-dumping, Safeguards, Subsidies and Countervailing Measure, Technical Barriers to Trade, TRIMs, TRIPs etc.

2.2 Research Gap

Upon LDC graduation, Bangladesh will lose preferential trade benefits with various countries, especially losing a competitive edge in numerous products (Hossain, 2019). Addressing this challenge requires proactive steps to ensure a smooth transition without suffering substantial economic losses. The country's potential decline in export earnings post-2026 must be mitigated through targeted strategies. One of the overlooked aspects is the need for Bangladesh to expand its Ready-Made Garment (RMG) exports into new international markets (Ehsan, 2021). However, similar measures need to be identified and applied to other key export-oriented industries.

The post-graduation context presents unexplored challenges for Bangladesh, particularly in finding viable alternatives to the DFQF facility currently enjoyed by LDCs. Despite the urgency, there remains a significant gap in both empirical and theoretical research on these issues. With limited scholarly attention on Bangladesh's path to maintain competitiveness in global trade, this area requires thorough investigation. Therefore, there is a pressing research gap in identifying promising and sustainable industries that can thrive in the post-graduation scenario, along with feasible solutions to sustain growth beyond the loss of preferential benefits.

3. Research Methodology

3.1. Nature of Research

This study is exploratory research in nature. In addition to Key Informant interviews (KIIs), a survey was conducted with a structured questionnaire among the export businesses to identify the way forward after LDC graduation for a number of selected industries e.g., Leather & Leather goods, Jute & Jute Products, Light Engineering, Agro-Processing, Pharmaceuticals and ITES. As mentioned earlier, upon LDC graduation, Bangladesh will no longer be eligible for LDC-specific special and differential treatments, aimed to facilitate LDCs to increase participation in international trade. Despite the critical nature of this shift, there has been a lack of focused research on how to counterbalance the impending loss of SDT benefits.

3.2 Sampling Technique

Non-probability convenience sampling technique was employed in this research. 121 respondents for the quantitative survey and the 13 key informants for the qualitative interviews were selected virtually from relevant sectors to ensure a diverse representation of industries. These samples were collected from a population of about 6,146 listed exporters of goods and around 400 IT&ITES exporters of services in the country (BASIS, 2018; EPB, 2022) and exporters member base of DCCI.

The non-probability convenience sampling technique was chosen because of time and resource constraints along with the COVID impact, which barred the researchers to reach randomly selected businesses for data collection. Therefore, only virtually collected data were used for this study.

3.3 Data Collection

Data collection followed a two-phase approach. In the first phase, a quantitative survey was conducted with 121 businesses selected from approximately 6,146 goods exporters and 400 IT & ITES service providers. A structured questionnaire was distributed via email using the KoBo Collect platform, targeting relevant industry associations and DCCI members engaged in international trade. In the second phase, qualitative insights were gathered through 13 Key Informant Interviews (KIIs) with a key informant interview (KII) schedule comprising 2 from RMG, Leather, Agro, Pharmaceutical, Light Engineering and Jute sectors and 1 from IT.

3.4 Methods

This study employed a mixed-method approach, combining both quantitative and qualitative methods to offer a comprehensive analysis of the challenges and opportunities facing businesses in Bangladesh after LDC graduation. By integrating these methods, the research captures both statistical trends and the nuanced perspectives of industry stakeholders, providing a holistic view of the post-LDC landscape.

To identify the degree of importance on the alternatives if the DFQF facility is not available, the latent structure of the responses was examined using Principal Axis Factoring (PAF) with Varimax rotation (Mabel & Olayemi, 2020). This statistical technique was applied to identify underlying factors that explain the relationships among the observed variables. PAF was chosen because it focuses on the shared variance among variables, which is essential for understanding the underlying patterns in the respondents' perceptions of alternative strategies after LDC graduation. The Varimax rotation was applied to achieve a simpler and more interpretable factor structure by maximizing the variance of squared loadings of a factor across variables, thus facilitating a clearer distinction between the factors.

The factor analysis begins by calculating the correlation matrix R of the observed variables, where R is a square matrix containing the correlations between each pair of variables. The communalities h_i^2 , representing the proportion of variance in each variable explained by the factors, were extracted from this matrix. The PAF method estimates the factor loadings matrix L , where each element L_{ij} represents the correlation between the i^{th} variable and the j^{th} factor. The equation for the factor model can be expressed as:

$$X=LF+E$$

Where:

X is the matrix of observed variables,

L is the matrix of factor loadings,

F is the matrix of factor scores,

E represents the error terms or unique variances.

Once the factors were extracted, the Varimax rotation was performed to redistribute the variance across the factors for clearer interpretation. Rotation seeks to minimize the number of variables with high loadings on each factor, leading to more interpretable clusters of variables that represent distinct strategic areas, such as legal reforms, market access, and capacity building. The rotated factor loadings L_{ij}^{rot} are recalculated to maximize the separation between factors.

In addition to the quantitative analysis, the study incorporated qualitative data to offer a deeper understanding of sector-specific strategies and responses to the loss of LDC-specific benefits. Key Informant Interviews (KIIs) were conducted with stakeholders including industry experts, government officials, business leaders, and trade association representatives. These interviews were semi-structured, allowing for both guided questions and open-ended discussions, which provided rich insights into the practical challenges businesses expect to face and their proposed solutions.

The qualitative data from the KIIs were analyzed thematically, following a process of coding and categorizing responses. Recurring themes were identified, such as concerns about the loss of preferential trade agreements, the need for policy reforms, and industry-specific strategies for market diversification. This qualitative perspective added depth to the study by capturing the complexities of the transition process, providing insights that quantitative data alone could not offer.

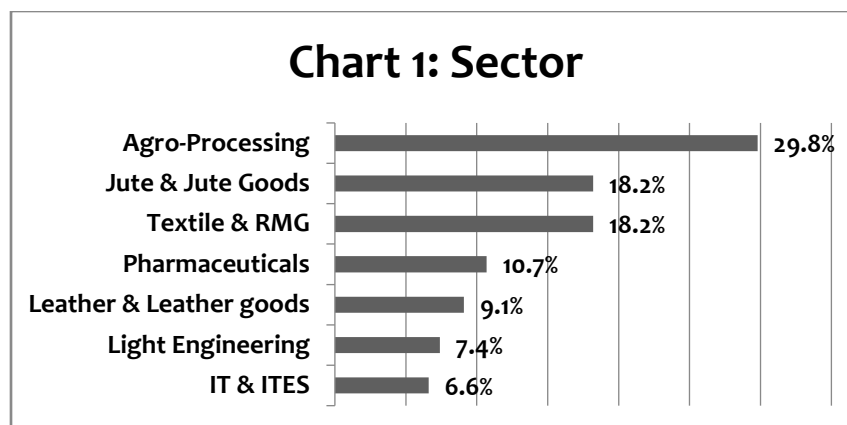
The integration of both quantitative and qualitative findings was essential in developing a comprehensive understanding of the post-LDC business environment. While the quantitative analysis provided a broad picture of potential economic impacts, the qualitative insights from the KIIs offered more nuanced perspectives on how different sectors plan to navigate these challenges. The combined findings are discussed in the 'Analysis and Findings' section, where quantitative data highlight trends such as potential export declines or shifts in market access. Meanwhile, qualitative data contextualize these trends, illustrating how specific industries, such as RMG or pharmaceuticals, are preparing to address the challenges. This mixed-method approach not only provides a comprehensive understanding of the challenges posed by LDC graduation but also offers actionable insights into strategies for sustainable growth in the post-graduation context.

4. Results and Discussions

4.1 Descriptive Analysis

4.1.1 Respondents' Share of Business ownership in the export sector

Out of 121 respondents participated in the survey, most (29.8%) of the respondents were from the Agro-Processing sector and least (6.6%) were from IT & ITES sector. The share of participants from both Textile & RMG and Jute & Jute Goods sectors was equal to 18.2%. Moreover, 10.7%, 9.1%, and 7.4%, of respondents participated from Pharmaceuticals, Leather & Leather goods and Light Engineering sectors respectively.



4.1.2. Respondents' Knowledge about the deprivation of ISMs like the DFQF facility after LDC graduation

The respondents were asked whether they know that they may be deprived of International Support Measures (ISMs) like the DFQF facility after LDC graduation. While most of them (65.3%) answered in affirmative, 34.7% answered “no”.

4.1.3. Respondents' Opinions on the problems they may face after LDC graduation

4.1.3.A: Lack of supportive legal framework

When the participants were asked about their level of importance on the lack of a supportive legal framework, the highest percentage (61.2%) said that the problem was highly important. Another 33.9% of respondents opined that the problem was important. Interestingly, 4.1% of respondents were neutral about this problem and 0.8% of respondents said that the problem was unimportant.

4.1.3.B: Lack of preferential market access

As the participants were asked about their level of importance on the lack of preferential market access, most of them (52.1%) opined that the problem was highly important. Another 38.8% of respondents rated the problem as important. Whereas 8.3% of respondents were neutral about this problem. Interestingly, 0.8% of respondents mentioned the problem was unimportant.

4.1.3.C: Cost of doing business

Regarding the cost of doing business, most of the respondents (75.2%) were of the opinion that the problem was highly important. 19% of respondents told the problem was important. However, 5% of respondents were neutral about this problem. Interestingly, 0.8% of respondents told the problem was unimportant.

4.1.3.D: Lack of competitiveness

When the respondents were asked about the level of importance on the lack of capacity of competition, most of them (68.6%) said the problem was highly important. 26.4% of respondents opined that the problem was important. Interestingly, 5% of respondents were neutral about this problem.

4.1.4 The Respondents' Feedback on the importance of alternatives to the DFQF facility after LDC graduation

4.1.4.A. Reform of various laws

When the participants were asked if the DFQF facility is not available, what would be the degree of importance of reforming various laws such as company law, bankruptcy law, partnership law, taxation law, most of them (59.5%) said that the alternative was highly important. 28.9% of respondents opined that the alternative was important. 9.9% of respondents were neutral about this alternative. 1.7% of respondents said that the alternative was highly unimportant.

4.1.4.B. Drafting/formulating of new laws

Regarding the alternative about drafting/formulating of new laws such as the Privacy Act, Intellectual Property Act, etc., most of the respondents (53.7%) expressed their opinion that the alternative was highly important. 40.5% of respondents said that the alternative was important. 4.1% of respondents were neutral about this alternative. Interestingly, 1.7% of respondents said that the alternative was unimportant.

4.1.4.C. Negotiation for easing the requirements of Rules of Origin (RoO)

As the respondents were asked about the alternative about negotiation for easing the requirements of Rules of Origin (ROO), most of the respondents (51.2%) opined that the alternative was important whereas, 28.9% of respondents said that the alternative was highly important. However, 19% of respondents were neutral about this alternative. 0.8% of respondents said that the alternative was unimportant.

4.1.4.D. Negotiation in international market for tariff liberalization

When the respondents were asked about the alternative about negotiation in the international market for tariff liberalization, most of the respondents' opinion (47.1%) was that the alternative was important. However, 32.2% of respondents said that the alternative was highly important. 19.8% of respondents were neutral about this alternative whereas, 0.8% of respondents said that the alternative was highly unimportant.

4.1.4.E. Signing FTA and PTA with Major Trade Partners and Blocs

Regarding to sign FTA, PTA with major trade partners and blocks, 45.5% responded that signing FTA and PTA with major trade partners and blocs are important in response to the DFQF facility is not available after LDC graduation. 33.1% of respondents opined that this is highly important and Neutral responses came from 21.5% of respondents.

4.1.4.E. Rationalization of Non-tariff Barriers

If DFQF facility is not available after LDC graduation, the rationalization of non-tariff barriers (NTBs) like sanitary and phytosanitary (SPS) measures, and para tariffs in various countries is important to the most of the respondents (60.3%). 25.6% of respondents opined that this is highly important. Neutral responses came from 13.2% of respondents and remaining 0.8 % respondents said that this is unimportant.

4.1.4.F. Rationalization of Land Acquisition cost or rent

Among the respondents, 66.9% responded that land acquisition cost or rent rationalization is highly important in response to DFQF facility is not available after LDC graduation. 25.6% of respondents opined that this is important. Neutral responses came from 4.1% of respondents and remaining 3.3 % respondents said that this is unimportant.

4.1.4.G. Easy access to finance

If DFQF facility is not available after LDC graduation, the easy access to finance is highly important to the most of the respondents (81%). 14.9% of respondents opined that this is important and neutral responses came from 4.1% of respondents.

4.1.4.H. Ensuring supply of skilled manpower

Among the respondents, 69.4% responded that ensuring supply of skilled manpower is highly important in response to DFQF facility is not available after LDC graduation. 29.8% of respondents opined that this is important and neutral responses came from 0.8% of respondents.

4.1.4.I. Improvement of Efficiency of Backward and Forward Linkage industries

Among the respondents, 51.2% responded that improving efficiency of backward and forward linkage industries is important in response to DFQF facility is not available after LDC graduation. 40.5% of respondents opined that this is highly important, neutral responses came from 7.4% of respondents and remaining 0.8% responded it unimportant.

4.1.4.J. Support from relevant Govt agencies

Regarding support from relevant people of the Government to ensure sustainable environment, most of the respondents (64.5%) opined that this is highly important if DFQF facility is not available whereas, 31.4% of respondents opined that this is important and remaining 4.1% respondents said that this is neutral.

4.1.4.K. Ensuring rights of access to information at affordable cost

Regarding ensuring rights of access to information at affordable cost, most of the respondents (70.2%) opined that this is highly important if DFQF facility is not available whereas, 26.4% of respondents opined that this is important and remaining 3.3% responded as a neutral on these issues.

4.1.4.L. Improvement of overall logistic and infrastructure facilities

Among the respondents, 79.3% responded that improvement of overall logistic and infrastructure facilities is highly important in response to DFQF facility is not available after LDC graduation. 18.2% of respondents opined that this is important and neutral responses came from 2.5% of respondents.

4.1.4.M. Increasing managerial capacity

If DFQF facility is not available after LDC graduation, increasing managerial capacity is highly important to 60.3% of the respondents. 43.8% of respondents opined that this is important and neutral responses came from 5% of respondents.

4.1.4.N. Capacity Building on Proper Investment Appraisal

Investment appraisal refers to a systematic evaluation using which an investor can gauge the profitability of the new venture. This is considered a routine task in advanced countries, whereas in our country only 30.6% of the industry representatives think that capacity building on proper investment appraisal is highly important or necessary. 57.9% of the respondents reported this as an important criterion in the post-LDC period as capacity development in this area can help entrepreneurs to minimize risk. Another 11.6% of respondents were neutral or indifferent about this.

4.1.4.O. To ensure compliance for achieving international standards

In international trade, aligning products and service quality with international standards holds paramount importance. Complying with international standards and attaining relevant certification will not only facilitate international trade but also enable small and medium-sized enterprises (SMEs) to obtain access to the international market (National Trade Estimate Report on Foreign Trade Barriers, 2017). The respondents also emphasized on the significance of this issue. 52.1% of the respondents consider that ensuring compliance with international standards is important when there will not be any Duty-Free Quota Free (DFQF) access in the international market after 2026. Only 0.8% considers this as unimportant while 41.3% of the respondents think ensuring compliance with international standards is highly important. However, 5.8% of the respondents were neutral on this.

4.1.4.P. Improvement of negotiation capability

Effective negotiation can bring out the best outcome from any trade agreement. The majority of the respondents of the study also believe that the improved negotiation capability can help the country secure the best trade deals to face the challenges when there will be no DFQF access. 58.7% of the respondents said that improving negotiation capability is highly important and 38.8% of respondents considered this important, whereas only 2.5% remained neutral or indifferent regarding improving negotiation skills. This response indicates how intently the business community of our country wants better trade deals that can open avenues of business opportunities in the foreign market.

4.1.4.Q. Country branding activities

Country branding refers to a strategic marketing system that guides a country to promote its unique identity and competitiveness (Akotia, 2005). In the era of globalization, country branding has become very pertinent within the developing countries. Around 70.2% of the respondents of our study consider country branding highly important. Similarly, 25.6% of the respondents consider this important whereas only a small number of respondents, only 3.3%, remained indifferent. Only 0.8% of the respondents opined this as unimportant. Hence, various

strategic steps should be taken to position or promote our country as a business-friendly country so that the respondents can easily attract investment and increase export in the post LDC period.

4.1.4.R. Enhancement of R&D-led innovation

In the era of rapidly changing business environment and technological advancement, it is imperative for business entities to emphasize on R&D-led innovation. 56.2% of the industry representatives have stated that enhancement of R&D is highly important and 41.3% of the same have considered this important. Only 2.5% of the respondents were neutral on this. Hence, the enhancement of R&D cannot be ignored if the business entities want to diversify their production. However, it is incumbent on entrepreneurs to start investing in R&D not only to face the challenges related to LDC graduation but also to remain competitive in the changing business environment.

4.1.4.S. Global Partnership Development

Global Strategic Partnership can offer unparalleled opportunities to business entities of developing countries like Bangladesh, such as investment, technology transfer and skills development, etc. However, only 27.3% of the respondents from various industries said that developing global partnerships is highly important. Though 53.7% respondents consider this important, 19% of the same remained neutral or indifferent regarding this.

4.1.4.T. Manufacturing high-end diversified products

51.2% of the representatives of various industries said that manufacturing high-end diversified product is highly important when the DFQF facility will not be available. 38.8% of the respondents consider this important whereas only 9.1% of the same were indifferent or neutral regarding this. However, 0.8% of the respondents opined this as unimportant. This is evident from the responses that the industry representatives are concerned about shifting from manufacturing low-end products to high-end products.

4.1.4.U. Adaptation with 4IR & other state of the art technologies

The Bangladesh government has already started to encourage business entities and entrepreneurs to adapt to 4IR and other state-of-the-art technologies. The business community participated in our study also conveyed their concerns regarding adaptation to 4IR to face the challenges of LDC graduation. 62.8% of the respondents think that adopting 4IR and other state-of-the-art technology will help them to cope with the new business environment after LDC graduation. 28.9% of the respondents stated that this is important whereas only around 0.8% of the respondents found this is unimportant. However, 7.4% of the respondents were neutral on this.

4.1.4.V. Re-skilling & up-skilling of the existing workforce

In the changing business ambiance, re-skilling and up-skilling are highly relevant. According to World Economic Forum, it is estimated that a certain share of core skills will change by the year 2025 and 50% of all employees will need reskilling (World Economic Forum, 2020). Similarly, the rapidly increasing skill gap in the workforce has become a serious concern among the industry representatives of Bangladesh. However, 42.1% of the industry representatives surveyed stated that re-skilling and up-skilling of existing workforce are highly important. Around 52.9% of the respondents consider this important while only 5% of the respondent were indifferent.

4.1.4.W. Facilitation of the export of non-conventional products

RMG industry holds the major share of the export basket of Bangladesh. However, the dependency on one single product in terms of export earnings makes a country vulnerable to any external shocks in the changing geo-economic context. Hence, policymakers have put immense importance on diversifying the export basket by producing more non-conventional products that have export potentials. The industry representatives we surveyed also believe that facilitating the export of non-conventional products should be given importance immediately, particularly to face the challenges that arise after LDC graduation. 40.5% of industry representatives stated that it is highly important to facilitate the export of non-conventional products. A significant 55.4% of the respondent considered this important. However, 4.1% of the respondents were neutral on this. Hence, facilitating the export of non-conventional products should be given paramount importance to diversify the export basket and increase export earnings.

4.1.5 Way forward for a sustainable export market

One of the most important dimensions of this study is to identify what best alternatives we have for overcoming the loss of cash & other incentives and LDC-specific ISMs to boost Bangladesh's export market. A list of alternatives was given to the respondents to assess their degree of importance as viable alternatives to DFQF facility. Findings from these responses that were reordered on a 5-point Likert Scale are summarized as follows:

Table: 1 Summary of Responses for different alternatives to DFQF facility	
Degree of importance of the alternatives to DFQF facility	Percent
<i>5 = Highly Important</i>	
Easy access to finance	81.0
Improvement of overall logistic and infrastructure facilities	79.3
To ensure rights of access to information at affordable cost	70.2
Country branding activities	70.2
Ensuring supply of skilled manpower	69.4
Land Acquisition cost or rent needs to be rationalized	66.9
Support from relevant people of the Govt. to ensure sustainable environment	64.5
Adaptation with 4IR & other state of the art technologies	62.8
Reform of various laws such as company law, bankruptcy law, partnership law, taxation law, etc.	59.5
Improving negotiation capability	58.7
Enhancement of R&D led innovation	56.2
Drafting/formulating of new laws such as Privacy Act, Intellectual Property Act, etc.	53.7
Increase managerial capacity	51.2
Manufacturing high-end diversified products	51.2
Re-skilling & up-skilling of the existing work force	42.1
To ensure compliance for achieving international standards	41.3
Improving Efficiency of Backward and Forward Linkage industries	40.5
To facilitate export of non-conventional products	40.5
To sign FTA, PTA with Major Trade Partners and Blocs	33.1
Negotiation in international market for tariff liberalization	32.2

Capacity building for proper investment appraisal	30.6
Negotiation for easing the requirements of Rules of Origin (Roo)	28.9
Global partnership development	27.3
Rationalization of Non-tariff Barriers like Sanitary and Phytosanitary (SPS) Measures, and Para Tariffs in various	25.6

Table: 2 Summary of Responses for different alternatives to DFQF facility

Degree of importance of the following alternatives to DFQF facility
5 = Highly Important, 4 = Important, 3 = Neutral, 2 = Unimportant, 1 = Highly Unimportant

Sl.	Variable	Obs	Sum	Mean	Min	Max	Sum of Maximum Value	Sum of Minimum Value
1	Reform of various laws such as company law, bankruptcy law, partnership law, taxation law, etc.	121	538	4.45	1	5	605	121
2	Drafting/formulating of new laws such as Privacy Act, Intellectual Property Act, etc.	121	540	4.46	1	5	605	121
3	Negotiation for easing the requirements of Rules of Origin (Roo).	121	494	4.08	1	5	605	121
4	Negotiation in international market for tariff liberalization.	121	496	4.10	1	5	605	121
5	To sign FTA, PTA with Major Trade Partners and Blocs.	121	498	4.12	1	5	605	121
6	Rationalization of Non-tariff Barriers like Sanitary and Phytosanitary (SPS) Measures, and Para Tariffs in various Countries.	121	497	4.11	1	5	605	121
7	Land Acquisition cost or rent needs to be rationalized.	121	552	4.56	1	5	605	121
8	Easy access to finance.	121	577	4.77	1	5	605	121
9	Ensuring supply of skilled manpower.	121	567	4.69	1	5	605	121
10	Improving Efficiency of Backward and Forward Linkage industries.	121	522	4.31	1	5	605	121
11	Support from relevant people of the Govt. to ensure sustainable environment.	121	557	4.60	1	5	605	121
12	To ensure rights of access to information at affordable cost.	121	565	4.67	1	5	605	121
13	Improvement of overall logistic and infrastructure facilities.	121	577	4.77	1	5	605	121
14	Increase managerial capacity.	121	540	4.46	1	5	605	121
15	Capacity building for proper investment appraisal.	121	507	4.19	1	5	605	121
16	To ensure compliance for achieving international standards.	121	525	4.34	1	5	605	121
17	Improving negotiation capability.	121	552	4.56	1	5	605	121
18	Country branding activities.	121	563	4.65	1	5	605	121
19	Enhancement of R&D led innovation.	121	549	4.54	1	5	605	121
20	Global partnership development.	121	494	4.08	1	5	605	121

21	Manufacturing high-end diversified products.	121	533	4.40	1	5	605	121
22	Adaptation with 4IR & other state of the art technologies.	121	549	4.54	1	5	605	121
23	Re-skilling & up-skilling of the existing work force.	121	529	4.37	1	5	605	121
24	To facilitate export of non-conventional products.	121	528	4.36	1	5	605	121

Table: 3 Rank and Degree of Importance of different variables

Sl.	Variable	Sum	Mean	Rank	Degree of Importance
8	Easy access to finance.	577	4.77	1	Highly Important
13	Improvement of overall logistic and infrastructure facilities.	577	4.77	2	Highly Important
9	Ensuring supply of skilled manpower.	567	4.69	3	Highly Important
12	To ensure rights of access to information at affordable cost.	565	4.67	4	Highly Important
18	Country branding activities.	563	4.65	5	Highly Important
11	Support from relevant people of the Govt. to ensure sustainable environment.	557	4.60	6	Highly Important
7	Land Acquisition cost or rent needs to be rationalized.	552	4.56	7	Highly Important
17	Improving negotiation capability.	552	4.56	8	Highly Important
19	Enhancement of R&D led innovation.	549	4.54	9	Highly Important
22	Adaptation with 4IR & other state of the art technologies.	549	4.54	10	Highly Important
2	Drafting/formulating of new laws such as Privacy Act, Intellectual Property Act, etc.	540	4.46	11	Important
14	Increase managerial capacity.	540	4.46	12	Important
1	Reform of various laws such as company law, bankruptcy law, partnership law, taxation law, etc.	538	4.45	13	Important
21	Manufacturing high-end diversified products.	533	4.40	14	Important
23	Re-skilling & up-skilling of the existing work force.	529	4.37	15	Important
24	To facilitate export of non-conventional products.	528	4.36	16	Important
16	To ensure compliance for achieving international standards.	525	4.34	17	Important
10	Improving Efficiency of Backward and Forward Linkage industries.	522	4.31	18	Important
15	Capacity building for proper investment appraisal.	507	4.19	19	Important
5	To sign FTA, PTA with Major Trade Partners and Blocs.	498	4.12	20	Important
6	Rationalization of Non-tariff Barriers like Sanitary and Phytosanitary (SPS) Measures, and Para Tariffs in various Countries.	497	4.11	21	Important
4	Negotiation in international market for tariff liberalization.	496	4.10	22	Important
3	Negotiation for easing the requirements of Rules of Origin (Roo).	494	4.08	23	Important

20	Global partnership development.	494	4.08	24	Important
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Table 2 and Table 3 show item of “Easy access to finance” has the highest overall score. In other words, among the listed alternatives, easy access to finance have the highest priority among the exporters. More specifically, if Bangladesh can ensure these through relevant policies, DFQF facility will not be required. However, this is also important to note that “Easy access to finance” is not the only alternative to DFQF facility. The respondents identified ten alternatives as “Highly Important”. More interestingly, the remaining fourteen alternatives which are not “Highly Important”, still fall in the category of “Important”. Therefore, it can be inferred that ALL the alternatives to DFQF facility, which are listed in this study, are somehow important.

4.2 Factor Analysis

To identify the degree of importance on the alternatives, if DFQF facility is not available, the latent structure was examined using Principal Axis Factoring (PAF) with Varimax rotation. The minimum factor loading criteria was set to 0.50. Initially, we did not get the desired results as some of the items were loaded on other factors. Some items were removed step by step to present the final result (Please see Table: A3 for details). The removed items are as follows:

1. Rationalization of Non-tariff Barriers like Sanitary and Phytosanitary (SPS) Measures, and Para Tariffs in various countries
2. Ensuring supply of skilled manpower
3. Improving efficiency of Backward and Forward Linkage industries
4. Support from relevant people of the Govt. to ensure sustainable environment
5. To ensure rights of access to information at affordable cost
6. Improvement of overall logistic and infrastructure facilities
7. Increase managerial capacity
8. Enhancement of R&D led innovation
9. Global partnership development
10. Manufacturing high-end diversified products
11. Re-skilling & up-skilling of the existing work force
12. To facilitate export of non-conventional products

In the final result, the Kaiser-Meyer-Olkin (KMO) index was 0.74, exceeding the recommended value of 0.6 (Kaiser, 1970) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance (Chi-Square=503.71, $p<0.001$), indicating that our data were suitable for factor analysis. The results of the final analysis revealed three factors with Eigenvalue over 1, explaining 49.06% variance of the total variance. The results of the exploratory factor analysis (EFA) show that our factors have good level of validity (Please see Table: A2 for details).

The three factors containing the items are as follows:

First factor

1. Reform of various laws such as company law, bankruptcy law, partnership law, taxation law, etc.
2. Drafting/formulating of new laws such as Privacy Act, Intellectual Property Act, etc.
3. Land Acquisition cost or rent needs to be rationalized

4. Easy access to finance
5. Improving negotiation capability
6. Country branding activities
7. Adaptation with 4IR & other state of the art technologies

Second factor

1. Negotiation for easing the requirements of Rules of Origin (Roo)
2. Negotiation in international market for tariff liberalization
3. To sign FTA and PTA with Major Trade Partners and Blocs

Third factor

1. Capacity building for proper investment appraisal
2. To ensure compliance for achieving international standards

This three-factor solution means that the degree of importance of the reduced twelve alternatives from a total of twenty-four alternatives is high If DFQF facility is not available.

4.3 Qualitative Analysis**4.3.1 Findings from the KIIs**

The readymade garments (RMG) sector is currently grappling with the skyrocketing prices of raw materials, which is proving to be a significant challenge, particularly for small and medium enterprises (SMEs). Additionally, businesses in this sector face challenges in navigating the complex tax and VAT structure, which the government should rationalize to prevent the sector from losing its competitive edge on the global map. Furthermore, the export and import-related policies are not streamlined, and these need to be reformed to align with the current market conditions and to better facilitate local industries. Strengthening the supply chain system is also crucial, as this would open up new opportunities for the sector.

In the light engineering sector, the absence of proper guidelines and standards for maintenance is a primary concern. Therefore, formulating a comprehensive guideline to maintain industry standards is necessary. While the country possesses adequate facilities to produce quality control devices locally, this capacity is underutilized. Additionally, a uniform VAT and taxation system should be maintained to support the sector. Preparing an efficient workforce is essential for the sector's growth, alongside liberalizing policies that harmonize public and private sector efforts. Moreover, creating an incentive package for exporting industries, similar to the 13% benefit China provides its exporters, could significantly increase Bangladesh's export volume. The sector also needs to reform its marketing strategies to tap into diverse opportunities.

Bangladesh's pharmaceutical sector holds significant potential, with a growing demand for world-class medicines. However, the sector suffers from a lack of ethical marketing practices, which calls for the creation of proper guidelines for business development and promotion. Additionally, laboratory facilities and quality control units face operational challenges, and businessmen often suffer from insufficient working capital coupled with high financing costs. To address this, Bangladesh Bank should adopt more liberal policies to increase access to low-cost

working capital. A strong and integrated policy is also needed to secure intellectual property rights within this sector, ensuring sustainable growth.

In the Agro-processing industry, export logistics costs need to revert to pre-COVID-19 levels. The recent hikes in fuel prices must be halted, and the government should adopt a long-term, predictable, and affordable fuel pricing strategy. Moreover, the import process of raw materials is hindered by delays in unloading goods, which should be streamlined by implementing quicker import facilities. Businesses in this sector are currently facing capital losses and a shortage of experienced staff, which can be alleviated by providing low-interest loans to bridge the capital deficit.

The leather and leather products sector requires immediate action to ensure compliance through the implementation of a Common Effluent Treatment Plant (CETP). To maintain its position in the European market, Bangladesh needs to take strategic measures to re-enter with a stronger presence; otherwise, China may capture its market share. Even if production increases, profit margins will remain minimal unless logistics improve locally. Rationalizing the import processing time is also vital for the sector's growth.

The IT and IT-enabled services (ITES) sector should see the recognition of IT freelancing as a profession, and low-cost lending options on easy terms are essential for fostering new entrepreneurs. Suitable regulations must be developed for the IT and ITES sectors to boost export development. Additionally, enhancing the digital skills of employees and the capacity of industries is critical. The sector also needs short, medium, and long-term plans to implement Fourth Industrial Revolution (4IR) technologies. To increase exports, it is necessary to strengthen copyright laws and enforce the Data Protection Act.

The jute and jute diversified products sector requires a skilled workforce to introduce innovative products and compete with neighboring countries. Businesses need to take steps to obtain social compliance certifications to attract more buyers. Incorporating advanced technology is also essential to offset the rising cost of labor. Companies must invest in research and development to understand market demand and improve product quality. Moreover, existing businesses should focus on producing value-added products rather than limiting themselves to a few traditional items for export.

4.4 Alternatives to Cash Incentives on Export Receipts for Bangladesh in line with WTO standards:

The graduating countries used to policies, programs and initiatives to develop their export sector maintaining WTO standards that includes Trade facilitation, Tax incentive and simplification of financing, state loan, guarantees, subsidized interest, setting up sector-based central warehouses, providing assistance to digitalization, policy supports for the production and export of intermediate goods, skill upgradation, agricultural export subsidies, subsidized trade financing etc.

According to WTO (2022) most of the recorded subsidy programs are in the largest trading economies of China, the EU and the United States account for over half of all global subsidy

measures. The top five most frequent subsidies were seen financial grants subsidized trade financing, state loans, guarantees or subsidized interest payment.

Based on the practices and initiatives of the countries under this case study, Bangladesh can take a range of policy measures and initiatives as alternatives to cash incentives on export receipts which are listed below:

- i. ***Subsidized Trade Financing:*** Trade finance represents the financial instruments and products that are used by companies to facilitate international trade and commerce and protect against international trade's unique inherent risks. A few of the financial instruments used in trade finance are line of credit, factoring, export credit or working capital and insurance. The government can use these instruments to the business community at subsidized rates through the financial institutions.
- ii. ***Strengthening the business base:*** Need to strengthen the business base by diversifying exports, increasing productivity, finding new markets and value addition to make export competitive.
- iii. ***Self-reliant export-oriented industries:*** the government in consultation with the stakeholders needs to set out a roadmap to make self-reliant export-oriented industries.
- iv. ***Trade Facilitation:*** Government and industry stakeholders may earn more revenue by promoting exports through country and product branding, exhibition and adding more valuable products to the export basket.
- v. ***Tax incentive and simplification of financing:*** Tax incentives (such as tax credits or reduced tax rate), equity infusions, soft loan, government provision of goods and services and procurement on favorable terms and price supports can be alternative to the export subsidies. The actions may be taken at both local and national levels, either directly by the government or by another entity (through a state-owned enterprise).
- vi. ***Subsidized interest payments:*** Low-cost lending or subsidized interest can be given to the local businesses including SMEs by the banks and NBFIs for their uninterrupted smooth business operations.
- vii. ***Setting up sector-based central warehouse:*** To maintain the availability of raw materials for export-oriented industries' setting up sector-based central warehouse is needed to keep the supply chain uninterrupted.
- viii. ***Setting up warehouses abroad:*** Government needs to provide necessary policy support for setting up warehouses in different parts of the world to expand Bangladeshi product market in the global market.
- ix. ***Conducting Research on Industry Modernization Fund:*** Joint research study can be done in consultation with the private and public sectors to identify the potential areas for industry modernization Fund alternative to subsidies.
- x. ***Providing assistance to digitalization:*** The government needs to provide infrastructural support to exporters in adopting modern technology and logistics for creating digital &

smart platforms and virtual marketplaces. And, Tax and duty may be waived for investment and capital machinery required for digitalization.

- xi. ***Policy supports for the production and export of intermediate goods:*** To build a strong position in the global value chain, the government would extend necessary policy support for the production and export of intermediate goods.
- xii. ***Designating a special economic zone:*** Designating sector and country based special economic zone to attract foreign investment as Export Policy Order for 2021-24 designates special economic zones.
- xiii. ***Establishment of testing labs:*** Establish testing labs in different parts of the country on urgent basis to ensure international-standard compliance for simplifying the export process.
- xiv. ***Agricultural export subsidies:*** In case of the phasing out of agricultural export subsidies under WTO Agreement on Agriculture (AoA), Bangladesh as a net food importing developing country (NFIDC) can postpone full compliance with the provisions of the AoA and agricultural subsidies under Agreement on Subsidies and Countervailing Measures "SCM Agreement" till 2030. In the interim, an in-depth analysis on agricultural support policies in Bangladesh and the implications of AoA and SCM agreements will be needed to rationalize these support schemes to be WTO-compliant.
- xv. ***Technical assistance:*** Any form of technical assistance and technical know-how transfer to enhance cost- efficient production and export.
- xvi. ***Skills upgradation:*** Following the model of Vietnam and China, Bangladesh can introduce financial benefits for the necessary soft and hard skills upgradation for more efficient productivity in local industries.

5. Conclusion and Policy recommendations

Over the last two years, Bangladesh, along with other graduating LDCs, has been lobbying for the extension of trade benefits for six to nine years post-LDC graduation. At the 12th Ministerial Conference (MC12) of the World Trade Organization (WTO), a decision was made to facilitate a smooth and sustainable transition for these LDC members after their graduation. This decision indicates that Bangladesh may continue to enjoy certain LDC trade benefits even after it transitions to a developing country status in 2026. However, further negotiations are required to finalize the details of this extension. Additionally, MC12 addressed the Trade-Related Aspects of Intellectual Property Rights (TRIPS), allowing Bangladesh the possibility of continuing its patent waivers on generic medicines for a certain period post-graduation.

To create a sustainable export market for Bangladesh's promising industries post-LDC graduation, the government should prioritize key actions. These include "Easy access to finance," which is critical for sustaining growth in export-oriented industries. Furthermore, reforming various laws such as company law, bankruptcy law, partnership law, and taxation law is essential, alongside drafting new laws like the Privacy Act and Intellectual Property Act. Rationalizing land acquisition costs or rents, improving negotiation capabilities, engaging in country branding

activities, and adapting to Fourth Industrial Revolution (4IR) technologies should also be prioritized. In the international arena, Bangladesh needs to negotiate for easing the Rules of Origin (RoO) requirements, push for tariff liberalization, and sign Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) with key trade partners and blocs.

The government must also focus on capacity building for proper investment appraisal and ensure compliance to achieve international standards. Bangladesh can look to proven strategies implemented by other developing countries, such as offering subsidized interest payments, tax incentives, subsidized trade financing, and trade facilitation measures, to steer the country's export sector in the new business reality post-2026.

In alignment with the study's quantitative and qualitative findings, several key recommendations emerge to further strengthen Bangladesh's export-oriented industries. First, the government should encourage projects that promote self-sufficiency in raw material production, such as cotton cultivation and the domestic production of spare parts for the Ready-Made Garments (RMG) sector. Incentivizing businesses involved in the production of these spare parts will enhance local production capacity. In the light-engineering sector, it is essential to locally produce quality control devices, as Bangladesh has sufficient facilities to manufacture these items.

The pharmaceuticals sector, which holds considerable promise, can benefit from greater government facilitation, particularly in securing intellectual property rights and improving access to low-cost working capital. For the leather and leather products sector, efforts should focus on increasing exports to Asian markets to capitalize on regional demand and offset potential declines in European market access. The technology sector, particularly IT and hardware industries, must prioritize the construction of high-tech parks and adopt long-term strategies to remain competitive in the global tech market.

Moreover, the government should help jute and jute-diversified product companies tap into new markets through bilateral agreements, thereby increasing export opportunities. Improving logistics and infrastructure across sectors is also essential to boost the country's overall competitiveness. Finally, ensuring strong support from government stakeholders is crucial for creating a sustainable business environment. Additionally, the efficiency of both backward and forward linkage industries must be enhanced to fortify supply chains and boost export performance in the post-LDC era.

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Appendix

Table: A1 Thresholds for overall scores at different levels of importance for (121 respondents and 24 variables)

Degree of Importance	Threshold of Scores for each variable
Highly Important	544-605
Important	423-543
Neutral	302-422
Unimportant	181-301
Highly unimportant	Below 181

Table: A2 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.742
	Approx. Chi-Square	503.707
Bartlett's Test of Sphericity	df	66
	Sig.	.000

Table: A3 Rotated Factor Matrix^a

	Factor		
	1	2	3
Reform of various laws such as company law, bankruptcy law, partnership law, taxation law, etc.	.721		
Drafting/formulating of new laws such as Privacy Act, Intellectual Property Act, etc.	.608		
Land Acquisition cost or rent needs to be rationalized	.591		
Easy access to finance	.637		
Improving negotiation capability	.611		
Country branding activities	.538		
Adaptation with 4IR & other state of the art technologies	.729		
Negotiation for easing the requirements of Rules of Origin (Roo)		.638	
Negotiation in international market for tariff liberalization		.882	
To sign FTA, PTA with Major Trade Partners and Blocs		.626	
Capacity building for proper investment appraisal			.742
To ensure compliance for achieving international standards			.599

Extraction Method: Principal Axis Factoring. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Question1: Which export sector does your business belong to?

Table: A4	Number	Percent
Agro-Processing	36	29.8
Textile & RMG	22	18.2
Jute & Jute Goods	22	18.2
Pharmaceuticals	13	10.7
Leather & Leather goods	11	9.1
Light Engineering	9	7.4
IT & ITES	8	6.6
Total	121	100.0

Question2: Do you know that you may be deprived of International Support Measures like DFQF facility after LDC graduation?

Table: A5	Number	Percent
Yes	79	65.3
No	42	34.7
Total	121	100.0

Question3A: Lack of supportive legal framework

Table: A6	Number	Percent
Highly Important	74	61.2
Important	41	33.9
Neutral	5	4.1
Unimportant	1	.8

Total	121	100.0
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Question3B: Lack of preferential market access

Table: A7	Number	Percent
Highly Important	63	52.1
Important	47	38.8
Neutral	10	8.3
Unimportant	1	.8
Total	121	100.0

Question3C: Cost of doing business

Table: A8	Number	Percent
Highly Important	91	75.2
Important	23	19.0
Neutral	6	5.0
Unimportant	1	.8
Total	121	100.0

Question3D: Lack of capacity of competition

Table: A9	Number	Percent
Highly Important	83	68.6
Important	32	26.4
Neutral	6	5.0
Total	121	100.0

Question4A: Reform of various laws such as company law, bankruptcy law, partnership law, taxation law, etc.

Table: A10	Number	Percent
Highly Important	72	59.5
Important	35	28.9
Neutral	12	9.9
Highly Unimportant	2	1.7
Total	121	100.0

Question4B: Drafting/formulating of new laws such as Privacy Act, Intellectual Property Act, etc.

Table: A11	Number	Percent
Highly Important	65	53.7
Important	49	40.5
Neutral	5	4.1
Unimportant	2	1.7
Total	121	100.0

Question4C: Negotiation for easing the requirements of Rules of Origin (Roo)

Table: A12	Number	Percent
Important	62	51.2
Highly Important	35	28.9
Neutral	23	19.0
Unimportant	1	.8
Total	121	100.0

Question4D: Negotiation in international market for tariff liberalization

Table: A13	Number	Percent
Important	57	47.1
Highly Important	39	32.2
Neutral	24	19.8
Highly Unimportant	1	.8
Total	121	100.0

Question4E: To sign FTA, PTA with Major Trade Partners and Blocs

Table: A14	Number	Percent
Important	55	45.5
Highly Important	40	33.1
Neutral	26	21.5
Total	121	100.0

Question4F: Rationalization of Non-tariff Barriers like Sanitary and Phytosanitary (SPS) Measures, and Para Tariffs in various

Table: A15	Number	Percent
Important	73	60.3
Highly Important	31	25.6
Neutral	16	13.2
Unimportant	1	.8
Total	121	100.0

Question4G: Land Acquisition cost or rent needs to be rationalized

Table: A16	Number	Percent
Highly Important	81	66.9
Important	31	25.6
Neutral	5	4.1
Unimportant	4	3.3
Total	121	100.0

Question4H: Easy access to finance

Table: A17	Number	Percent
Highly Important	98	81.0
Important	18	14.9
Neutral	5	4.1
Total	121	100.0

Question4I: Ensuring supply of skilled manpower

Table: A18	Number	Percent
Highly Important	84	69.4
Important	36	29.8
Neutral	1	.8
Total	121	100.0

Question4J: Improving Efficiency of Backward and Forward Linkage industries

Table: A19	Number	Percent
Important	62	51.2
Highly Important	49	40.5
Neutral	9	7.4
Unimportant	1	.8
Total	121	100.0

Question4K: Support from relevant people of the Govt. to ensure sustainable environment

Table: A20	Number	Percent
Highly Important	78	64.5
Important	38	31.4
Neutral	5	4.1
Total	121	100.0

Question4L: To ensure rights of access to information at affordable cost

Table: A21	Number	Percent
Highly Important	85	70.2
Important	32	26.4
Neutral	4	3.3
Total	121	100.0

Question4M: Improvement of overall logistic and infrastructure facilities

Table: A22	Number	Percent
Highly Important	96	79.3
Important	22	18.2
Neutral	3	2.5
Total	121	100.0

Question4N: Increase managerial capacity

Table: A23	Number	Percent
Highly Important	62	51.2
Important	53	43.8
Neutral	6	5.0
Total	121	100.0

Question4O: Capacity building for proper investment appraisal

Table: A24	Number	Percent
Important	70	57.9
Highly Important	37	30.6
Neutral	14	11.6
Total	121	100.0

Question4P: To ensure compliance for achieving international standards

Table: A25	Number	Percent
Important	63	52.1
Highly Important	50	41.3
Neutral	7	5.8
Unimportant	1	.8
Total	121	100.0

Question4Q: Improving negotiation capability

Table: A26	Number	Percent
Highly Important	71	58.7
Important	47	38.8
Neutral	3	2.5
Total	121	100.0

Question4R: Country branding activities

Table: A27	Number	Percent
Highly Important	85	70.2
Important	31	25.6
Neutral	4	3.3
Unimportant	1	.8
Total	121	100.0

Question4S: Enhancement of R&D led innovation

Table: A28	Number	Percent
Highly Important	68	56.2
Important	50	41.3
Neutral	3	2.5
Total	121	100.0

Question4T: Global partnership development

Table: A29	Number	Percent
Important	65	53.7
Highly Important	33	27.3
Neutral	23	19.0
Total	121	100.0

Question4U: Manufacturing high-end diversified products

Table: A30	Number	Percent
Highly Important	62	51.2
Important	47	38.8
Neutral	11	9.1
Unimportant	1	.8
Total	121	100.0

Question4V: Adaptation with 4IR & other state of the art technologies

Table: A31	Number	Percent
Highly Important	76	62.8
Important	35	28.9
Neutral	9	7.4
Unimportant	1	.8

Total	121	100.0
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Question4W: Re-skilling & up-skilling of the existing work force

Table: A32	Number	Percent
Important	64	52.9
Highly Important	51	42.1
Neutral	6	5.0
Total	121	100.0

Question4X: To facilitate export of non-conventional products

Table: A33	Number	Percent
Important	67	55.4
Highly Important	49	40.5
Neutral	5	4.1
Total	121	100.0