

# Restricting yarn imports could cost \$2.4b, put 0.4m jobs at risk

REZAUL KARIM

The country's apparel makers have warned that restrictive measures on imported cotton yarn could trigger a staggering US\$ 2.4-billion annual cost shock for the country's export-oriented apparel sector and put up to 0.4 million jobs at risk.

They have urged the government to adopt a phased 10-year transition roadmap, sources said.

In a letter sent on February 16 to the Ministry of Finance, BGMEA President Mahmud Hasan Khan said any abrupt curbs on yarn imports under HS codes 5205-5207 would sharply raise production costs, erode competitiveness, and destabilise Bangladesh's \$40-billion ready-made garment (RMG) industry. According to a cost-shock simulation presented by the trade body, if imported yarn faces higher protective measures -- including a 40 per cent price-escalation scenario -- the RMG sector could incur an additional annual burden of around \$2.4 billion at the FOB level.

Even under a 20 per cent safeguard duty hike, the additional cost could exceed \$1.2 billion, significantly squeezing exporters' already thin margins amid intense global competition.

The BGMEA argued that Bangladesh's apparel exporters operate in a highly price-sensitive global market, where buyers are reluctant to absorb cost increases.

As a result, any surge in raw material prices would directly hit manufacturers' profitability and order volumes.

The trade body expressed concern that a sharp contraction in export orders stemming from higher yarn costs could lead to a 5.0-10 per cent decline in production capacity in the initial phase.

## BGMEA tells finance ministry

The labour force in the RMG sector is nearly five times larger than the textile sector, according to the letter.

The BGMEA warned that the RMG sector employs more than 4.0 million workers, mostly women, and even a moderate contraction could translate into job losses of up to 0.4 million, creating significant social and economic repercussions.

Reduced factory utilisation would not only affect direct employment but also backward linkages, transport, packaging, and other support services.

Instead of imposing immediate restrictions, the BGMEA proposed a 10-year strategic roadmap to strengthen the domestic spinning sector without jeopardising export competitiveness.

The plan includes gradual capacity enhancement of local spinning mills through technology upgrades and productivity gains, ensuring uninterrupted gas and power supply at competitive tariffs, facilitating access to long-term, low-cost financing for modernisation, encouraging diversification into specialised and value-added yarn segments, and implementing phased policy adjustments aligned with export performance benchmarks.

The body argued that such a calibrated approach would allow domestic mills to improve efficiency and competitiveness while preserving the RMG sector's global market share.

The association also noted that recent growth in yarn imports reflects post-pandemic demand recovery and product diversification, not abnormal

dependency.

Imported yarn often offers specific counts, quality grades, and certifications that are insufficiently produced or unavailable locally, particularly for high-value and specialised garments.

The BGMEA warned that blanket restrictions could distort supply chains and shift orders to competing countries. It requested policymakers to carefully weigh the broader macroeconomic implications before introducing protective measures.

"A sudden policy shift may undermine export earnings, foreign exchange inflows, and employment stability," the letter said, calling for stakeholder consultations and evidence-based reforms.

The association emphasised that safeguarding the long-term sustainability of both spinning mills and garment exporters requires a balanced and time-bound reform strategy, rather than abrupt trade barriers that could trigger a multi-billion-dollar cost shock. The letter further noted that Bangladesh imports nearly 95 per cent of its sustainable and organic cotton from India, including organic cotton, Traceable BCI, Primark PSCP fibre, Regenagri, DTF, recycled, and Fair Trade-certified cotton. Global buyers have significant demand for these materials, which are not produced locally.

The BGMEA expressed concern that restricting yarn imports could increase reliance on grey fabric imports, heightening supply chain risks.

If yarn imports are curtailed, international buyers may instruct manufacturers to import grey fabric directly instead of sourcing yarn for local knitting and processing.

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## 5.0pc fall in Jul-Jan exports to India

### Land port restrictions major disruptor

**MONIRA MUNNI**

Bangladesh's merchandise exports to neighbouring India have suffered a setback, with growth declining during the first seven months of the current fiscal year, mainly due to trade restrictions imposed by India.

According to official data from the state-run Export Promotion Bureau (EPB), Bangladesh's overall exports to India fell by 4.98 per cent to US\$1.05 billion during July-January of fiscal 2025-26.

Export earnings from India stood at \$1.10 billion in the corresponding period of fiscal 2024-25.

Garment items remained the largest export category, but earnings from the sector declined by 8.13 per cent to \$392.84 million in the first seven months of the current fiscal year, compared with \$427.62 million in the same period a year earlier, EPB data showed. During the period, woven garments recorded a sharp fall of 14.96 per cent, despite a 4.78 per cent growth in knit items.

Exporters attributed the downward trend to countermeasures taken by both countries last year, including restrictions on the use of land ports for shipping goods.

In April 2025, India revoked Bangladesh's access to transshipment facilities for exports to third countries.

Subsequently, Bangladesh banned the import of yarn from India through land ports.

Following these moves, India imposed restrictions on Bangladeshi exports via land ports in three phases.

In May and June last year, India restricted the entry of garments, food products, jute products, cotton-yarn waste, plastic products and wooden furniture.

In August, it imposed further restrictions on certain jute products and launched an investigation to impose anti-dumping duties on Bangladeshi jute goods.

Under the restrictions, jute and garment products from Bangladesh can no longer be exported to India through land ports and must

instead be shipped via the Novoseva port in Mumbai.

Food products and soft drinks, wooden furniture, cotton-yarn waste and plastic products are allowed only through land ports connected to West Bengal, excluding Burimari and Banglabandha.

Asif Ashraf, managing director of Urmi Group, which exports garments to India, said shipments fell mainly due to India's land port restrictions.

Speaking to The Financial Express, Faruque Hassan, former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said both export and import costs had risen due to the ban on using land ports by both countries.

Garments can now be shipped through only two sea ports, increasing lead times, he explained.

He added that higher US tariffs on Indian goods have also prompted India to boost domestic consumption to offset the impact. Abdul Barik Khan, secretary general of the Bangladesh Jute Mills Association (BJMA), said jute exports to India also declined due to anti-dumping duties on Bangladeshi jute goods.

Bangladesh exports jute yarn, sacks and fabric to India, he noted.

Alongside garments and jute products, Bangladesh exports processed food items such as biscuits, chanachur (spicy snacks), chips, fruit drinks, beverages, mustard oil and cakes to India, he added.

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## Call to scrap source tax on exports

### Taskforce says levy distorts trade, hurts competitiveness

DOULOT AKTER MALA

Bangladesh should phase out the source tax on exports at the earliest opportunity, as it undermines competitiveness and distorts trade, according to a national taskforce on revenue reform.

The panel argues that taxing manufacturing exports

contradicts fundamental tax principles and weakens the country's export-led growth strategy. In its report submitted to the interim government last month, the taskforce stated unequivocally: "Taxing manufacturing exports is a bad idea." Instead, it recommended collecting revenue from export-oriented industries through corporate and personal income taxes in line with established taxation norms. The taskforce, formed by the interim administration, observed that export taxes are distortionary. They discourage exports by raising effective export costs and reducing trade flows. Currently, Advance Income Tax (AIT) is levied at 1.0 per cent on readymade garments (RMG) and other manufactured exports at the time export proceeds are received, under income tax law. The tax is adjustable against the actual tax liability of export-oriented firms. The National Board of Revenue (NBR) introduced the source tax on export proceeds in 2010. At present, around Tk 50 billion is collected annually

from the 1.0 per cent AIT on exports. Trade economist Zaidi Sattar, who headed the taskforce, said export taxes contradict fundamental taxation principles. "Tax must be collected on income as Corporate Income Tax or Personal Income Tax, not at source," he told The Financial Express, criticising the tax authority for opting for what he described as an easier method of collection. He added that the tax department must improve efficiency and curb corruption to raise the tax-to-GDP ratio, which remains among the lowest in the world. However, several tax officials dismissed the recommendation as "theoretical", arguing that no other sector would be able to compensate for the revenue shortfall if AIT on exports were withdrawn. Apurba Kanti Das, a former tax commissioner who was part of the team that introduced the source tax on exports in 2005 at 0.25 per cent, said Bangladesh has yet to develop an optimal tax culture characterised by voluntary compliance. "Before the introduction of the source tax on exports, tax collection

from this segment was only Tk 90 million in 2004," he said. The report, obtained by The Financial Express, noted that while export taxes may generate revenue, they create disincentives for export production and distort resource allocation - particularly in countries without market power, such as Bangladesh's RMG and other manufacturing sectors - leading to reduced export performance and welfare losses. It described all forms of export taxes as an "inefficient mechanism" for raising revenue from international trade. Across successful emerging economies, export taxes serve specific and limited purposes. They are applied sparingly, almost exclusively on natural resource commodities such as crude oil, minerals, timber or unprocessed agricultural products. Countries such as Vietnam tax coal and crude oil; Malaysia taxes crude palm oil and petroleum; and Chile has historically taxed nitrate and copper. Export taxes are typically used to capture resource rents or regulate depletion, not as a routine revenue instrument for industrial products. None of these successful economies

taxes manufactured exports. In fact, South Korea, Vietnam, Malaysia, Thailand and Chile built their export-led industrialisation strategies by keeping manufacturing exports tax-free, while actively promoting efficiency, competitiveness and scale. The taskforce report also reflected two alternative views from exporters. Some small exporters find it convenient to have their tax settled at the border, although most prefer it to remain an advance tax adjustable upon filing income tax returns. Others argue that since export enterprises do not always make profits, there should be provision to submit nil returns in loss-making years. "It is up to the tax department to develop a system where RMG enterprises pay the tax that is due," the report said. Shams Mahmud, Managing Director of Shasha Denims Limited and former president of the Dhaka Chamber of Commerce and Industry (DCCI), said the AIT should be withdrawn as it blocks working capital for export-oriented industries and weakens competitiveness.

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# Tea output edges up in 2025 despite export headwinds

SUKANTA HALDER

Bangladesh's tea production recorded a 2.01 percent increase in 2025 compared with the previous year, data from the Bangladesh Tea Board (BTB) show.

Although favourable weather and better cultivation practices supported output growth, the industry remains under pressure from rising production costs and a slowdown in exports, though 2023 remains a record year for the industry.

The country produced 94.91 million kilogrammes (kg) of tea in 2025, up by 1.87 million kg compared to 2024.

Mohammed Moazzam Hossain, a member of the BTB, attributed the rise to timely rainfall, better seedling survival, higher leaf output, and proper use of fertilisers.

Despite the year-on-year increase, production remains below the 2023 peak of over 102 million kg. Hossain said that outdated land management, reliance on unpredictable weather, limited modern technology, poor irrigation, and seasonal droughts continue to hold back output.

"If underground water could be used for timely irrigation, production could rise significantly, but there is limited

adequate rain is crucial for tea growth. While the eastern belt continues to produce premium-quality tea, northern regions are still developing and could see better yields over the next five to seven years.

Bangladesh has 169 tea gardens covering more than 280,000 acres. Of these, 90 are in Moulvibazar district, Sylhet, which accounts for about 55 percent of national output. Habiganj district, also in Sylhet region, contributes around 22 percent.

The peak tea season runs from June to November, and domestic demand now stands at 85-90 million kg annually, according to industry sources.

## EXPORTS DECLINE AMID RISING COSTS

Tea exports fell in 2025, dropping to 1.64 million kg from 2.45 million kg in 2024.

Hossain said high production costs have made Bangladeshi tea less competitive internationally, especially against producers in Kenya and China. While premium varieties such as Orthodox and Green tea still find export markets, common teas struggle due to

higher costs.

Shaheen said lower production and growing domestic consumption also contributed to the decline. Local tea consumption, including in stalls and restaurants, has risen by at least 1.5 times, reflecting stronger reliance on tea within the country.

Mostafa added that the fall in exports was partly due to the legally set floor price of Tk 210 to Tk 270 at auctions, which limited buyer participation.

An official from a leading tea company said that with less smuggled tea in the market, local demand rose, pushing average auction prices up by Tk 40 from 2024 to 2025, making local sales more attractive than exports.

Kamran Tanvirur Rahman, chairman of the Bangladesh Tea Association, said the country's tea industry faces many challenges despite modest gains in production and prices.

He said the small increase in output "is not enough to ease

the financial pressure on tea gardens," adding that while a floor price has slightly improved prices, much tea remains unsold and is still sold at a loss.

Rahman highlighted rising costs, saying production expenses "continue to rise due to higher prices for fuel, electricity, gas, fertiliser, and labour," while wages and operational expenses have increased, but tea prices have not kept pace.

"If prices do not rise further, it will be difficult for tea gardens to survive," he warned, stressing the need for sustainable pricing to maintain profitability.

Discussing long-term trends, Rahman said the country's tea production grew from around 30 million kg in 1972 to 102 million kg by 2023. In earlier decades, more than half of the output was exported, but over the past 8-10 years, exports have declined as domestic consumption has grown. Today, most of the country's tea is consumed locally.

He added that while domestic demand has reduced reliance on exports, "the industry is now facing surplus production," and expanding export markets for this surplus could benefit the sector.



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"If underground water could be used for timely irrigation, production could rise significantly, but there is limited support for such initiatives," he added.

Bangladesh's tea industry has a 184-year history. Most gardens are located in the north-eastern region, while other northern districts have also increasingly taken up tea cultivation in recent years.

Golam Mostafa, chief operating officer of Ispahani Group's tea estate operations, said production in 2025 was uneven due to regional weather differences. Areas such as Sylhet and Chattogram experienced irregular rainfall, reducing output in some gardens, while northern regions saw strong growth.

Despite these challenges, some northern gardens performed exceptionally well, leading in prices both by garden and by company, he added.

Luthful Kabir Shaheen, director of business development at City Group, which owns the Bengal Tea brand, said more seedlings survived in 2025, contributing to higher production. However, overall output remained below expectations due to insufficient rainfall during peak production months.

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covering more than 280,000 acres. Of these, 90 are in Moulvibazar district, Sylhet, which accounts for about 55 percent of national output. Habiganj district, also in Sylhet region, contributes around 22 percent.

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# Govt plans higher agri exports within a year

## STAR BUSINESS REPORT

The government plans to reduce imports of agricultural products over the next year while stepping up exports, Agriculture, Food, Fisheries and Livestock Minister Mohammad Amin Ur Rashid said yesterday.

He made the remarks while exchanging greetings with senior officials at the Ministry of

Agriculture's conference room.

"Within a year, agricultural products will be exported on an industrial scale," the minister said.

Calling agriculture the backbone of the national economy, he said that a large share of the population depends on the sector for its livelihood. Strengthening it, he said, is not only an economic priority but a social one.

He said that the sector would be modernised and reorganised through careful planning, with reforms to raise productivity and improve competitiveness.

To further strengthen the economy, agriculture must be given top priority, he said. The minister also urged all stakeholders to work together to advance the country's agri development.



# 'Substantial gaps' found in LDC readiness

As per UN assessment, inadequate trade preparedness, macro instability and weak institutional capacity threaten graduation

<p><b>GRADUATION DEADLINE</b></p> <p>5-year preparatory period granted in 2021</p> <p>Graduation date: November 24, 2026</p>	<p><b>ENERGY AS A BINDING CONSTRAINT</b></p> <p>Rising electricity and gas prices   Import dependence amid global volatility   Supply reliability concerns</p>	<p><b>FISCAL CONSTRAINTS</b></p> <p>Weak revenue mobilisation   Rising expenditure pressures   Limited fiscal space</p>		
<p><b>MACROECONOMIC PRESSURES</b></p> <p>Slow growth   High inflation   High non-performing loans   Limited forex reserves   Pressure on exports</p>	<p><b>RECOMMENDATIONS</b></p>  <p>Prioritise reliable and reasonably priced energy supplies</p> <p>Reduce logistics costs</p> <p>Rationalise tariffs</p> <p>Diversify exports beyond RMG</p>			
<p>Negotiate with EU for apparel duty benefits after 2029</p>		<p>Fast-track National Single Window</p>	<p>Accelerate tax policy reforms</p>	<p>Implement a comprehensive plan to reduce bad loans</p>

SOHEL PARVEZ

Bangladesh has met the criteria to graduate from Least Developed Country (LDC) status, but serious gaps in trade readiness, macroeconomic stability and institutional strength could threaten a smooth transition in November 2026, according to a new independent assessment commissioned by the United Nations (UN).

The report was prepared at the request of the interim government, which sought an independent review from the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS).

Ahead of the scheduled graduation this year, business leaders had been urging the interim government to seek a delay of up to six years, arguing that the country is not ready for life without special trade privileges.

Shared with the Chief Adviser's Office earlier this month, the report said that Bangladesh met the graduation thresholds for income, human assets and economic vulnerability in successive UN triennial reviews. The UN General Assembly approved graduation in 2021, granting a five-year preparatory period.

That window, however, has been anything but calm.

"Political instability and governance disruptions have severely constrained policy continuity, weakened institutional cooperation, and delayed or derailed key reform processes," the report said, adding that the interim government's mandate was inherently transitional.

Instead of laying the groundwork for a smooth transition, the past five years were marked by overlapping global and domestic shocks.

"Rather than a period of strategic preparation and institutional strengthening, the past five years were largely consumed by crisis management, economic stabilisation, and political survival," said the report.

A student-led mass uprising in August 2024 brought down the previous government and ushered in an interim administration. "This political upheaval was superimposed on a macroeconomic crisis that had been accumulating for years."

### 'SUBSTANTIAL GAPS'

According to the report, trade preparedness remains a weak spot for Bangladesh.

The country currently enjoys preferential access to markets such as the United Kingdom, and has secured

an economic partnership deal with Japan recently. But the European Union remains the biggest risk.

Almost three-quarters of Bangladesh's merchandise exports benefit from LDC-specific preferences. That makes the transition more complex than for most countries that have graduated in the past.

Progress in energy and logistics has been slow. Besides, the economy still leans heavily on readymade garments, which generate more than four-fifths of export earnings. Efforts to diversify have yet to bear fruit, and new legal frameworks to support exporters are incomplete.

The wider economic backdrop adds to the strain.

Growth has slowed, inflation has stayed high, and the banking sector is in crisis. Public debt has climbed, and exports face global headwinds.

Sustained inflation has eroded purchasing power, pushing an estimated 90 lakh people into poverty. The poverty rate has risen from 18.7 percent in 2022 to about 21.2 percent in 2025, reversing gains made since the 1990s.

"The reversal of poverty reduction gains demonstrates the fragility of development achievements under macroeconomic stress," the report said.

According to it, institutional readiness is also in question. Implementation of the Smooth Transition Strategy (STS) has been slow, while coordination and monitoring across ministries are patchy.

Non-performing loans have reached historic highs, limiting credit to the private sector.

The report said that real growth, which topped 7 percent before the Covid-19 pandemic, has lost momentum in recent years. Employment fell by 19 lakh between 2023 and 2024, with women bearing the brunt.

Meanwhile, external pressures are mounting.

The United States has imposed reciprocal tariffs of 19 percent on imports from Bangladesh, adding to existing duties and squeezing exporters further. More trade shocks during the transition could drive up adjustment costs.

#### CRITICAL VULNERABILITIES

The report identifies six major risks to smooth and sustainable graduation. Those are erosion of trade preferences, fiscal fragility, debt sustainability pressures, banking sector weaknesses, structural competitiveness gaps and limited access to climate finance.

Bangladesh currently enjoys duty-free access to the EU. After 2029, clothing exports to the bloc will face tariffs of 12 percent. But market competitors such as India and Vietnam will continue to pay zero duty.

The EU accounts for roughly half of Bangladesh's exports, meaning even small shifts in competitiveness could have outsized effects.

Safeguard provisions under the EU Generalised Scheme of Preferences (GSP) remain unresolved.

"This represents the single most critical unresolved trade policy challenge with potential to severely erode competitiveness in Bangladesh's largest export market."

Another vulnerability is narrowing fiscal space and rising debt burden.

Revenue mobilisation fell to 6.8 percent of GDP in the financial year 2024-2025. Debt servicing now

absorbs 31 percent of government revenue. In August 2025, the IMF World Bank Debt Sustainability Analysis moved Bangladesh from "low" to "moderate risk" of debt distress.

"This fiscal fragility severely constrains capacity to finance investments and social protection measures needed for graduation-related adjustments."

Structural costs further weigh on competitiveness. Logistics costs amount to about 16 percent of GDP, well above the global benchmark of around 10 percent. Energy inefficiencies and infrastructure bottlenecks add to production expenses.

Setting out 157 time-bound actions across five pillars, the STS was adopted only in February 2025, limiting the effective implementation horizon before graduation.

"Stakeholder consultations consistently indicated slow and uneven implementation progress, with limited momentum in competitiveness-critical areas," the report said.

#### WHAT NEXT?

The assessment urges Bangladesh to seek a safeguard waiver or alternative arrangement with the EU to avoid steep tariffs on apparel after 2029.

It also calls for faster tax reforms to lift the revenue to GDP ratio, a comprehensive plan to tackle non-performing loans and a reliable, reasonably priced energy supply for exporters.

Due to the "unprecedented and cumulative series of shocks", many stakeholders believe the country may need three to five more years to prepare, according to the report.

It said Bangladesh could approach the UN Committee for Development Policy (CDP) to request a deferral on the grounds that exceptional circumstances have undermined its readiness.

The report stresses anchoring macroeconomic stability through credible monetary and exchange rate policies, ensuring foreign exchange access for exporters and shoring up the banking system before the graduation clock runs out.



## LDC GRADUATION

# Government asks UN for three-year deferment

REJAUL KARIM BYRON  
and AHSAN HABIB

The government, on its first full day in office, formally sought a three-year deferral of Bangladesh's graduation from the least developed country (LDC) category.

On behalf of the government, Shahriar Kader Siddiky, secretary of the Economic Relations Division, sent a letter on Wednesday to José Antonio Ocampo, chair of the UN Committee for Development Policy (UN CDP), requesting that the preparatory period be extended until November 24, 2029.

Bangladesh is currently scheduled to graduate on November 24 this year, with a third review underway ahead of the final transition.

Following calls from the leaders of top business chambers and trade bodies, and some economists, the interim government had earlier recommended coordinating with fellow graduating countries such as Nepal and Lao PDR to pursue a deferral until 2030, but left the final decision to the elected government.

It also advised that an application be submitted before the UN CDP's annual plenary on February

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- 3rd review underway for transition
- Extension sought to stabilise macroeconomy, consolidate reforms
- Case for deferral hinges on arguments about vulnerabilities
- UN vote requires 51% support

'SUBSTANTIAL GAPS' FOUND IN LDC READINESS - BI

24-27 and that the permanent representative of Bangladesh's mission in New York be instructed by February 23 to present the matter.

The newly formed government, in the letter, argued that an extension would provide vital policy space to stabilise the macroeconomy, consolidate reforms, and complete priority actions under the Smooth Transition Strategy (STS).

It said the five-year preparatory period had been "severely disrupted by a succession of overlapping external and domestic shocks".

These included the lingering effects of the Covid-19 pandemic, sluggish global recovery, the Russia-Ukraine war and its impact on energy and food markets, tightening global financial conditions, delays in trade recovery, instability in the Middle East, and growing uncertainty in the global trade regime.

Domestically, the letter cited irregularities in the financial sector, the July 2024 uprising that led to a change in government, and the unresolved repatriation of the Rohingyas to Myanmar, which required significant budgetary allocations.

According to the government, these shocks triggered macroeconomic instability, slower GDP growth, elevated inflation, declining private and public investment, a falling tax-GDP ratio, pressure on foreign exchange reserves, reduced imports of capital machinery and raw materials, and weak job creation.

The banking sector and capital markets also faced serious governance and macroeconomic challenges, contributing to a reversal in poverty reduction gains.

As a result, policy focus shifted to short-term stabilisation and crisis management: safeguarding macroeconomic stability, protecting

livelihoods, ensuring food and energy security, and managing balance-of-payments pressures.

This shift left limited fiscal, institutional and political space for graduation-related reforms, the government said. The preparatory period, it said, has therefore not been spent as intended.

The letter further warned of deepening uncertainty over post-LDC trade arrangements.

Concerns include Bangladesh's likely ineligibility for the European Union's GSP+ facility for the ready-made garments sector, the imposition of reciprocal tariffs by the US, evolving bilateral trade arrangements, and new free trade agreements by competing economies.

With exports already showing a downward trend and the country heavily reliant on garments amid persistent energy and infrastructure constraints, premature preference erosion could weaken competitiveness and development momentum, the letter said.

While structural priorities such as customs modernisation, energy reforms, export diversification, compliance infrastructure and operationalisation of key industrial facilities are progressing, they remain behind schedule due to cumulative shocks and the shift in policy, the government noted.

In this context, the government attached particular importance to findings from an independent Graduation Readiness Assessment commissioned by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UNOHRLLS) at the government's request.

The assessment found the preparatory

period had been "severely disrupted" by cumulative shocks and political upheaval, and raised serious concerns over whether graduation in November 2026 would align with the core UN principle that graduation should not disrupt development progress.

The assessment further indicates that Bangladesh may consider approaching the UN for an extension under the crisis-response provision of the Enhanced Monitoring Mechanism (EMM).

In light of the above considerations, the government said it is of the view that proceeding with graduation under the existing timeline could entail significant risks to macroeconomic stability, export performance, employment, and poverty reduction, thereby undermining the sustainability and irreversibility of graduation.

Responding to whether Bangladesh has the scope to defer graduation, CPD Distinguished Fellow Mustafizur Rahman said the country already meets all three graduation criteria: per capita gross national income (GNI), the Human Asset Index (HAI), and the Economic Vulnerability Index (EVI).

An LDC must meet at least two of the three thresholds -- GNI per capita of \$1,306 or above, HAI of 66 or above, and EVI of 32 or below.

Bangladesh first met all three in 2018 and maintained the trend in 2021, when GNI per capita stood at \$1,827, HAI at 75.4, and EVI at 27. In 2024, GNI per capita reached \$2,820.

"There is no question regarding the criteria," Mustafizur said.

Any case for deferral would have to rest on arguments about structural vulnerabilities, he added.

He also noted that a vote would be required at the UN level, and Bangladesh would need the support of at least 51 percent of member states.