

LDC graduation could cost Bangladesh \$17.5b in exports: UNCTAD

EXPORT LOSS OF COUNTRIES FOR EROSION OF TRADE PREFERENCE AFTER LDC GRADUATION

	EXPORT LOSS (MILLION \$)	TOTAL EXPORTS (MILLION \$)	IMPACT (%)
Bangladesh	17,667	54,800	32.24
Myanmar	4,184.4	24,070	17.38
Cambodia	5,939.5	36,330	16.35
Tanzania	1,392.4	9,830	14.16
Lao PDR	1,167	9,120	12.80
Uganda	713	5,600	12.73
Senegal	419.3	5,570	7.53
Nepal	46.6	1,220	3.82
Rwanda	25.9	1,370	1.89
Solomon Islands	1.1	547.8	0.21

SOURCE: UNCTAD TRADE PREFERENCES OUTLOOK 2025

MAHMUDUL HASAN

Bangladesh could lose more than \$17.5 billion in exports following its graduation from the least developed country (LDC) category, the steepest projected loss among all graduating nations globally, according to a new United Nations report.

The figure represents nearly a third of the country's \$54.8 billion in total exports recorded in 2023, according to the Trade Preferences Outlook 2025, published by the UN Conference on Trade and Development (UNCTAD).

"The trade effects of losing LDC preferences could be substantial in certain cases," it said, projecting that Bangladesh can face a 32.24 percent decline in its total exports after it transitions to a developing country.

The warning comes just over six months before Bangladesh's scheduled graduation on November 24, 2026. Nepal and Lao PDR are also scheduled to graduate this year, with the third and final review process by the UN currently underway ahead of the final transition.

The new BNP-led government, which took office in February, has sought a three-year deferral, pushing the graduation date to November 2029, citing disruptions in preparedness caused by prolonged global crises and domestic economic pressures.

The request came amid repeated calls from exporters who say the country is

not yet prepared to compete without preferential trade access.

GARMENTS, FOOTWEAR TO BEAR THE BRUNT

The UNCTAD report, released in late February, found that around 97 percent of the projected export losses would stem from the apparel and footwear sectors – the twin pillars of Bangladesh's export economy, which together account for nearly 90 percent of the country's goods exports.

The European Union (EU) looms largest in the risk picture. Some 77 percent of the total projected loss is linked to preference erosion in the EU market, which currently grants duty-free access to Bangladeshi apparel and footwear under its Everything but Arms initiative for LDCs.

The EU is Bangladesh's biggest export destination, accounting for nearly 47 percent of total exports in 2024. The United States follows at 16.15 percent of total exports, with other developed markets at 15 percent. Canada and Japan together account for around 5.82 percent.

Post-graduation, Canada is projected to contribute 8.6 percent of the total export decline, while the United Kingdom would account for 6.9 percent.

The loss of preferential market access conditions can result in a substantial decrease in exports of preference-receiving countries as evident in projection for fellow graduating nations.

According to the UNCTAD report, Lao

PDR is projected to see a 12.8 percent decline in exports, and Nepal a 3.82 percent drop.

FTAs AND TRANSITION DEALS

The report noted that several graduating LDCs have moved to negotiate free trade agreements (FTAs) with key partners to lock in tariff preferences beyond their LDC status.

For instance, Bangladesh has initiated FTA talks with both Japan and the EU, among others.

However, the report cautioned that reciprocal trade agreements come with their own costs, requiring countries to open their own markets, potentially raising competition, triggering adjustment pressures and reducing customs revenues.

Countries with limited market power, it added, often face challenges in effectively negotiating and achieving their economic interests in trade negotiations with partners that enjoy significantly greater markets.

UNCTAD noted that with 14 LDCs nearing graduation, smooth transitional arrangements are gaining traction.

The report noted that the EU, the United Kingdom and Canada have introduced mechanisms allowing graduating LDCs continued access to preferential treatment for three years after graduation, offering some cushion against abrupt trade shocks.



The EU has also moved to reform its GSP+ scheme to improve accessibility for vulnerable economies, including future LDC graduates. Some of the recent reforms aim to better accommodate populous graduating LDCs such as Bangladesh.

Meanwhile, the UK and Canada have introduced analogous preference programmes of their own, titled "Enhanced Preferences" and General Preferential Tariff Plus (GPTP), respectively.

'STRUCTURAL WEAKNESSES EXPOSED'

An economist says the findings should serve as a wake-up call.

Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh (PRI), said the UNCTAD projections highlight how deeply the country's trade competitiveness depends on preferential access.

"While this estimate does, on the surface, look very high, with more than 90 percent of exports benefiting from such preferences, the transition to a post-LDC regime will expose structural weaknesses, particularly our heavy reliance on a narrow set of products and markets," he said.

Rahman said the message is clear: graduation cannot be treated as a symbolic achievement alone.

"It must be accompanied by urgent and credible reforms: securing trade agreements, especially with the EU, improving logistics and energy reliability, and enabling firms to move up the value chain. Without this, preference erosion could translate into real economic stress.

"With the right reforms, however, graduation can become a turning point towards a more resilient and competitive export economy," he added.



LDC Graduation Review

Govt to hold high-level consultation amid push for 2029 timeline

REZAUL KARIM

The government is set to hold a high-level national multi-stakeholder consultation to assess Bangladesh's progress towards graduating from the Least-Developed Country (LDC) category, sources said. The consultation comes at a critical juncture, as Bangladesh has recently sought to defer its final graduation timeline by three years, shifting the target date from 2026 to 2029. This request for an extension aims to provide more time to stabilise the economy amid global inflationary pressures and to retain vital duty-free trade benefits for a longer period.

The consultation will be held on April 5 at the NEC Conference Room in Sher-e-Bangla Nagar, Dhaka. The event follows the submission of a "Graduation Readiness Assessment" report by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS).

The consultation will review key findings of the UN report and help formulate a coordinated national strategy to ensure a smooth transition

Finance and Planning Minister Amir Khosru Mahmud Chowdhury is expected to attend the event as the chief guest. Foreign Minister, Commerce Minister, Prime Minister's Adviser on Finance and Planning, and UN Under-Secretary-General Rabab Fatima are slated to join as special guests. Md. Shahriar Kader Siddiky, secretary of the Economic Relations Division (ERD), will chair the session.

Officials said the consultation will review key findings of the UN report and help formulate a coordinated national strategy to ensure a smooth transition from the LDC status.

Graduation from the LDC category marks a major development milestone, reflecting improvements in income, human assets and reduced economic vulnerability. However, it also entails the gradual withdrawal of certain trade facilities and concessional financing.

The upcoming dialogue aims to bring together representatives from government, private sector and development partners to address potential challenges and opportunities arising from the transition.

The ERD is leading the initiative with emphasis on devising "smooth transition strategies" to sustain economic growth after graduation.

Relevant stakeholders have been requested to participate in the consultation to ensure a broad-based and effective policy

discussion. By requesting a transition in November 2029 instead of November 2026, the government has sought to maintain "Everything But Arms" (EBA) and other GSP facilities in major markets like the EU for an extended window, navigate the current volatility in foreign exchange reserves and global supply chain disruptions and ensure that local industries are fully prepared for the loss of certain international subsidies and concessional financing, an official of the finance ministry said.

He, however, said the ERD spearheads the preparation, with a focus on "Smooth Transition Strategies". The upcoming consultation is expected to address how the three-year extension will be utilised to strengthen the country's economic resilience. While Bangladesh has consistently met the UN's technical criteria for graduation—covering income per capita, human assets, and economic vulnerability—the government has opted for a more cautious approach.

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