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ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

Bangladesh recorded one of the fastest growth rates in the world in the past few years, with stable economic performance that has helped to reduce poverty and social inequalities. However, the Bangladesh economy has faced numerous shocks, including disruptions stemming from Russia's conflict in Ukraine and global monetary tightening, which have disrupted a robust post-pandemic rebound, leading to a slowdown in real GDP growth to 6% in FY23, from 7.1% one year earlier. Projected to persist at 6% in FY24 and accelerate to 6.6% the following year, real GDP growth relies on relatively resilient exports, despite subdued private demand (IMF).

The fiscal stance is expected to maintain neutrality, with a fiscal deficit of 4.6% of GDP in FY24, which remains largely unchanged from FY23. The current account deficit is anticipated to remain compressed at around ¾% of GDP in FY24, while improvements are expected in the financial account, including timely repatriation of export proceeds. Foreign exchange reserves are forecasted to gradually increase in the near term and are projected to cover about four months of prospective imports in the medium term. Nonetheless, uncertainties surrounding the outlook remain significant, with risks leaning towards the downside. The IMF estimated the country's debt-to-GDP ratio at 39.4% in 2023, up from 37.9% one year earlier, with a stable outlook over the forecast horizon (39.9% in 2025).

Headline inflation hit a decade high at 9.9% year-on-year in August 2023, averaging 9% throughout the year. Inflation is expected to ease to 7¼ percent year-on-year by the end of FY24, although the moderation will be gradual due to heightened inflation expectations. Bangladesh is one of the most vulnerable countries in the world to climate change, with extreme weather events estimated to have caused a loss of around 1.8% of GDP in the past few decades. The country has taken measures to promote green financing and is seeking grants from the international community, notably via the Green Climate Fund.

Bangladesh's unemployment rate was estimated at 4.3% in 2022 by the World Bank (latest data available). However, the informal sector is a very significant area of the economy and employment in Bangladesh, particularly for the less skilled people. Other social issues include constant social strikes, terrorist threats, limited access to capital by the population, and disputes over Teesta River water distribution with India. According to government data, the poverty rate in the country has been reduced from 41.5% in 2006 to 18.7% in 2022, and extreme poverty has gone from 25.1% to 5.6%.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP <i>(billions USD)</i>	460.20	446.35	455.16	511.79	576.49
GDP <i>(Constant Prices, Annual % Change)</i>	7.1	6.0	6.0	6.6	7.1
GDP per Capita <i>(USD)</i>	2,731	2,621	2,646	2,946	3,286
General Government Gross Debt <i>(in % of GDP)</i>	37.9	39.4	39.7	39.9	40.5
Inflation Rate <i>(%)</i>	n/a	9.0	7.9	6.8	5.5
Current Account <i>(billions USD)</i>	-18.64	-3.33	-3.68	-13.64	-17.06

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
Current Account <i>(in % of GDP)</i>	-4.1	-0.7	-0.8	-2.7	-3.0

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

The Bangladeshi economy relies on its enormous human resources, rich agricultural soils, and abundant water resources. Agriculture represents 11.2% of GDP and employs 37% of the total workforce (World Bank, latest data available). Main crops include rice, tea, jute, wheat, sugarcane, tobacco, spices, and fruits. Bangladesh is the world's fourth-biggest rice producer, although shortages caused by natural disasters occasionally force the country to import rice. Jute, once the country's primary export crop, remains a significant contributor to the economy, although its importance has diminished over time. According to the Bangladesh Bureau of Statistics (BBS), the growth in the agriculture sector for the fiscal year 2022-23 slowed to 2.61%, down from 3.05% in the previous fiscal year.

Industry represents 33.9% of GDP and employs 22% of the total workforce (World Bank). The textile and garment industry is the cornerstone of Bangladesh's industrial economy, contributing significantly to export earnings and providing employment to millions of people, particularly women, across the country. The pharmaceutical sector has also witnessed notable growth, with Bangladesh emerging as a key player in the global generic drug market. Light manufacturing industries such as electronics, footwear, and plastics are gaining momentum, fueled by favorable government policies and increasing foreign investment. Data from the BBS show that the industrial sector registered a drop in production from 9.86% to 8.18% in FY2022-23. According to BBS calculations, production in the manufacturing sector fell by 2.18% to 9.23%.

Services account for 51% of GDP and employ 41% of the total workforce (World Bank). Key sectors include telecommunications, banking and finance, transportation, and the burgeoning IT sector. Telecommunications has experienced remarkable growth, with widespread mobile phone penetration and increasing internet connectivity transforming communication networks across the country. The IT sector is emerging as a promising area, with a growing number of companies engaging in software development, outsourcing, and IT-enabled services.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	37.1	21.7	41.2
Value Added <i>(in % of GDP)</i>	11.2	33.9	51.0
Value Added <i>(Annual % Change)</i>	3.1	9.9	6.3

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
Bangladesh Taka (BDT) - Average Annual Exchange Rate For 1 USD	78.47	80.44	83.47	84.00	84.70

Source: World Bank - Latest available data.

FOREIGN TRADE

Trade represents only 34% of Bangladeshi GDP (World Bank, latest data available). According to government data, ready-made garments comprise the majority of exports, followed by jute, shrimps and prawns, and footwear; whereas imports are led by Iron & steel, edible oil, fertilizers, and petroleum products.

The country's main export partners are the U.S. (19.8%), Germany (14.4%), the UK (9.1%), Spain (6%), and France (5.1%). Imports come chiefly from China (21.3%), India (17%), Singapore (8%), Indonesia (5%), and Malaysia (3.9% - data NBS). The country acts as a passageway between the center of India and its Eastern provinces. Customs duties in Bangladesh are relatively high; however, the country is implementing a series of measures to reduce its trade barriers, including concessional tariffs, a customs duty recovery system, export processing zones, as well as high-level negotiations with key countries. Bangladesh has benefited from more simplified procedures and regulations to export its products to the European Union as an LDC (least developed country).

Since becoming independent, Bangladesh has had a negative trade balance, with its deficit being financed by international aid and expatriate transfers. In 2022, exports of goods from Bangladesh increased to USD 54.7 billion (from 44.2 billion the previous year) and imports of goods increased to USD 88.2 billion (from 80.4 billion in 2021 – data WTO). With regards to services, the imports for 2022 were USD 12.1 billion, while the exports were USD 8.2 billion. The World Bank estimated the country's trade deficit at 8% of its GDP (from 6.4% one year earlier). In the first half of the 2023-24 fiscal year (July 2023-June 2024), Bangladesh's total exports increased by 0.84% year on year to USD 27.54 billion, as per the latest official data. Meanwhile, imports fell by 18.19% year on year to USD 33.68 billion during the same period.

Foreign Trade Values	2018	2019	2020	2021	2022
Imports of Goods <i>(million USD)</i>	60,495	59,094	52,804	80,448	88,234
Exports of Goods <i>(million USD)</i>	39,252	39,337	33,605	44,223	54,695
Imports of Services <i>(million USD)</i>	9,619	9,558	7,927	10,866	12,155
Exports of Services <i>(million USD)</i>	5,446	6,214	6,020	7,475	8,270

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade <i>(in % of GDP)</i>	32.5	31.6	26.3	27.7	33.8
Trade Balance <i>(million USD)</i>	-17,284	-15,929	-16,394	-32,617	-29,792
Trade Balance (Including Service) <i>(million USD)</i>	-21,457	-19,273	-18,300	-36,008	-33,677
Imports of Goods and Services <i>(Annual % Change)</i>	23.9	0.5	-11.4	15.3	31.2
Exports of Goods and Services <i>(Annual % Change)</i>	6.1	11.5	-17.5	9.2	29.4
Imports of Goods and Services <i>(in % of GDP)</i>	19.8	18.5	15.8	17.1	20.9
Exports of Goods and Services <i>(in % of GDP)</i>	12.7	13.1	10.4	10.7	12.9

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of exports of goods and services (Annual % change)	3.0	2.2	7.2	7.5	7.8

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of imports of goods and services (Annual % change)	-12.9	2.4	17.6	9.5	9.0

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Member of South Asian Association for Regional Cooperation (SAARC), as well as of the preferential trade agreements (SAPTA) and Free Trade Area (SAFTA) associated with the Association.

Member of the Group of 8 Developing Countries (G-8).

Member of the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC).

Member of the Asia-Pacific Trade Agreement (APTA).

POLITICAL OUTLINE

Current Political Leaders

President: Mohammed Shahabuddin (since 24 April 2023)

Prime minister: Sheikh Hasina (since 6 January 2009)

Next Election Dates

Presidential: 2028

House of the Nation: 2029

Main Political Parties

Following the 2024 election, the main political parties represented in the parliament are:

- Awami League (AL): governing party, centre to centre-left. It is the ruling party since 2009;
- Workers Party of Bangladesh (WPB): left-wing to far-left, communism, marxism-leninism;
- Jatiya Party (JP): centre-right to right-wing;
- Jatiya Samajtantrik Dal (JSD): left-wing, socialism;
- Bangladesh Kalyan Party (BKP): radical centre, nationalism.

Executive Power

The Head of State, the President of the Republic, is elected for a 5-year term by the Parliament. The President of Bangladesh has a representative role, as the Prime Minister holds most executive powers. The latter is appointed by the President and must be a member of the majority party in the parliament. The government is composed of ministers selected by the Prime Minister.

Legislative Power

Legislative power is vested in a unicameral parliament called the House of Nations or Jatiya Sangsad. 300 of its 350 members are elected by direct universal suffrage for a five-year term, whereas 50 members - reserved for women only - are indirectly elected by the House of the Nation membership by proportional representation vote using a single transferable vote method. All members serve 5-year terms.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

For the general overview of the key economic policy responses to the COVID-19 pandemic (fiscal, monetary and macroeconomic) undertaken by the government of Bangladesh, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).