

3.5% Real GDP growth 2024-25, final (7–8% pre-Covid)	~\$510 bn Nominal GDP 2026 (IMF est.)	~\$2,900 GDP per head 2026 (IMF est.); lower-middle	\$30.3 bn Record remittances 2024-25	~\$37 bn Gross reserves Aug 2026, after 2022–24 squeeze
8.3% CPI Aug 2026; ~10% in 2024	3.6% Unemployment 2024; female LFPR ~43%	~174 m Population; ~1,300 people per km²	0.50 Income Gini 2022 (BBS)	~81% Garments' share of exports 2024-25

STRUCTURE OF THE ECONOMY

	% OF GDP (APPROX.)	% OF JOBS (2022)
Agriculture	11.7	45.3
Industry	34.9	17.0
Services	~53	37.7

- Farm jobs far exceed farm output → low productivity, surplus labour.
- AD mix:** C propped up by remittances; weak I since 2024; (X–M) < 0.
- Two pillars:** garments (~4 m workers, mostly women); ~10 m migrants abroad.
- Status:** UN LDC; graduation due 24 Nov 2026.

MAIN INDUSTRIES

- Garments:** \$39.3 bn exports (2024-25); world's no. 2 after China.
- Labour export:** Gulf and Malaysia; remittances rival garments.
- Agriculture:** rice, jute, fish and shrimp; flood-prone.
- Pharma:** meets most local demand; LDC patent exemption ends.
- Finance:** Grameen, BRAC microfinance; bKash mobile money.
- Shipbreaking:** Chittagong; steel, pollution, unsafe work.
- Energy:** gas running down; costly LNG imports; shortages.

GROWTH STORY: TURNING POINTS

1971 Independence; 1974 famine	1978 Daewoo venture starts garment industry	1983 Grameen Bank; Nobel for Yunus 2006	2013 Rana Plaza: 1,100+ killed; safety Accord
2015 Lower-middle income status	2022–23 Dollar crisis; IMF \$4.7 bn loan	2024 July uprising; Hasina out; Yunus interim	2026 BNP wins election; asks UN to delay LDC exit

Model: cheap labour + duty-free access → garment boom → women's jobs, remittances, microfinance → poverty ↓. **Catch:** preferences end after graduation.

EIGHT PROBLEMS

PROBLEM	EVIDENCE	SPEC LINK
One-product exports	Garments ~81% of exports	Narrow export base
Losing preferences	EU EBA ends; ~12% tariff risk	Protectionism
Inflation	8.3% (Aug 2026)	Cost-push, real incomes
Dollar shortage	Reserves squeezed 2022–24	BoP, exchange rate
Tiny tax base	Tax ~6.7% of GDP (2024-25)	Public finances
Weak banks	Bad loans ~31% (Dec 2025)	Financial sector
Climate	Cyclones, floods, salt water	Global externality
Low wages	Min wage Tk12,500 (~\$100)	Labour standards

POVERTY & DEVELOPMENT

- Poverty 40% (2005) → 18.7% (2022; extreme 5.6%) → ~21.4% (2025, World Bank).
- Under-five deaths ~145 → ~30 per 1,000 (1990–2022); life expectancy 70+.
- HDI 0.685 (2023); income Gini 0.50 (2022).
- Over 1 m Rohingya refugees near Cox's Bazar.

Graduation: success or cliff edge? Shows progress, but removes EBA and patent exemptions. UN General Assembly to rule on a request to delay to 2029.

CLASSIC CHAINS USING BANGLADESH

Lost preferences: LDC graduation → EU tariff → garment prices in EU ↑ → buyers switch → exports and jobs ↓.

Remittances: money sent home → current transfers ↑ → reserves and taka supported → spending on food, schooling ↑ → poverty ↓.

Devaluation: taka ↓ → exports cheaper → (X–M) ↑ if Marshall–Lerner holds → but imported fuel and food dearer → inflation ↑.

A • DATA RECALL (1 MARK EACH)

1. Garments' share of exports (2024-25): _____
2. Remittances in 2024-25: _____
3. Date of LDC graduation: _____
4. Year of the Rana Plaza collapse: _____
5. Real GDP growth 2024-25: _____
6. Tax revenue as % of GDP: _____
7. National poverty rate in 2022: _____
8. Founder of Grameen Bank: _____

B • MATCH THE EVIDENCE TO THE ECONOMIC CONCEPT

BANGLADESH EVIDENCE	LETTER	CONCEPT
1. Garments are ~81% of exports		A. Microfinance
2. Small loans without collateral to poor women		B. Narrow export base
3. Duty-free EU access ends after graduation		C. Global negative externality
4. Taka falls from ~Tk86 to over Tk120 per \$		D. Loss of trade preferences
5. Sea-level rise caused by rich-country emissions		E. Comparative advantage in labour-intensive goods
6. Abundant low-wage labour sews clothes for export		F. Devaluation / depreciation

C • COMPLETE THE CHAINS

1. EU tariff on Bangladeshi garments → _____ → _____ → job losses.
2. Remittances rise → _____ → household spending ↑ → _____.
3. Taka depreciates → _____ → _____ → real wages fall.

D • EXAM-STYLE QUESTIONS

Extract. In 2024-25 Bangladesh's exports were \$48.3 billion, of which garments made up \$39.3 billion. Remittances reached a record \$30.3 billion. Bangladesh is due to graduate from LDC status on 24 November 2026. After a transition it would lose duty-free EU access under "Everything But Arms", and its garments could face EU tariffs of around 12%.

(5 marks) With reference to the extract, explain one likely effect of LDC graduation on Bangladesh's exports.

(8 marks) Examine two reasons why remittances are important to the Bangladeshi economy.

E • PLAN A 25-MARK ANSWER

(25 marks) Evaluate the view that Bangladesh's reliance on garment exports is the greatest barrier to its future development.

ARGUMENTS FOR (WITH BANGLADESH EVIDENCE)	ARGUMENTS AGAINST / OTHER BARRIERS
OVERALL JUDGMENT: IT DEPENDS ON...	

A · DATA RECALL

1. About 81% (\$39.3 bn of \$48.3 bn)
2. \$30.3 billion (a record)
3. 24 November 2026 (extension requested)
4. 2013
5. About 3.5% (3.49%, final estimate; first estimate 3.97%)
6. About 6.7% (2024-25)
7. 18.7%
8. Muhammad Yunus

B · MATCHING

1 → B · 2 → A · 3 → D · 4 → F · 5 → C · 6 → E

C · CHAINS

1. Price of Bangladeshi garments in the EU rises → EU buyers switch to other suppliers / export orders fall (depends on PED).
2. Current transfers rise, supporting reserves and the taka / household incomes rise → poverty falls, more spent on schooling and health.
3. Imports (fuel, food, cotton) become dearer → cost-push inflation rises.

D · EXAM-STYLE GUIDANCE

5 marks: Define a trade preference or tariff (1). Use the extract: garments \$39.3 bn of \$48.3 bn exports (about 81%); possible 12% EU tariff (1–2). Explain the chain: tariff → price of Bangladeshi garments in the EU rises → buyers switch to rivals → export volumes and revenue fall (2). Size depends on PED and rivals' costs. Must use extract data.

8 marks: Reason 1: balance of payments: \$30.3 bn of current transfers finance the goods deficit and rebuild reserves after the 2022–24 squeeze. Reason 2: household incomes: support consumption, schooling and health in rural areas and reduce poverty. Evaluation (2 points for full marks): depend on Gulf economies and oil prices; mostly spent on consumption and land rather than productive investment; migrants face high fees and poor conditions; brain drain.

E · 25-MARK PLAN: POINTS TO LOOK FOR

Garment reliance is the main barrier

- ~81% of exports in one product; few markets (EU, US, UK).
- Loss of EU EBA after graduation; ~12% tariff risk.
- US tariffs (20% in 2025); automation; wage pressure.
- Keeps economy in low-value, low-wage activity.

Against / other barriers

- Garments created millions of jobs for women; cut poverty.
- Tax only ~6.7% of GDP limits public investment.
- Weak banks (~31% bad loans); political instability.
- Climate vulnerability; energy shortages; low skills.

Judgment: garments are a strength that becomes a weakness without diversification. Weak institutions and the tiny tax base may be the deeper barrier, because they stop the state funding the skills, power and infrastructure needed to diversify. Compare Vietnam, which diversified through FDI.