

POLICY PAPER - 03

NAVIGATING FOREIGN TRADE AND ECONOMIC POLICIES CONTEMPLATING POST-LDC GRADUATION OF BANGLADESH

AHASAN AHMED



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Ahasan Ahmed

Graduate Student (2nd Year), Dept. of Economics
Indiana University Purdue University - Indianapolis



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ABSTRACT

In the context of economic and geo-political shifting, along with rapid technological advancements and emergent political and social risks, the world's economic landscape is undergoing many transitions. In the meantime, Bangladesh's departure from the LDC category to the non-LDC developing country category has been set for 2026, which refers to the success in socio-economic development and international acknowledgment of this success. The economy of Bangladesh, which is increasingly interconnected with the world, is expected to be impacted due to the ongoing geo-political shifting and LDC graduation. This policy paper offers a distinctive opportunity to conduct thorough case studies that may provide valuable insights into the geopolitical, economic, and social consequences of this paradigm shift. The primary purpose of this paper is to provide guidance on the topics of least-developed country (LDC) graduation by conducting a thorough investigation of Bangladesh's geopolitical and economic landscape.

1.0 PREFACE

Bangladesh, a country centered in South Asia, renowned for its colorful culture and rapidly growing economy, is about to graduate from the Least Developed Country (LDC) category, which would have a profound impact on the country's international trading partnerships. In the year 2026, Bangladesh is expected to transition from its designation as a Least Developed Country (LDC), representing a significant achievement in its socio-economic trajectory in past years (Akhtaruzzaman, 2023). The upcoming transition possesses significant geopolitical implications, extending well beyond the territorial confines of this nation in South Asia. This transition might have far-reaching consequences for the international trading landscape, both for Bangladesh and its global trading partners.

The importance of this shift cannot be underlined enough. Bangladesh, a nation with a population of 169.36 million (2021)¹, has witnessed remarkable economic expansion in recent decades, characterized by an average yearly growth rate of roughly 6% in its Gross Domestic Product (GDP). The nation's textile and garment industry, specifically, has propelled it into a significant role within global trade networks. Based on data provided by the World Bank, it can be observed that Bangladesh's goods exports achieved a notable milestone of \$59 billion in the year 2022, positioning the country as a prominent global player in the field of garment exports.²

To look at Bangladesh's progress and understand its LDC graduation, we have to look into diverse facts and socio-economic conditions. The World Bank's data offers extensive statistical data on Bangladesh's economic performance, trade, and development indicators across several periods. As an illustration, data obtained from the World Development Indicators (WDIs) indicates that Bangladesh has experienced a consistent upward trend in its GDP per capita, indicating the country's progress towards achieving economic prosperity. But, this economic prosperity can face a little bit of slowdown after the LDC graduation. For example, a recent study found that Bangladesh's graduation will result in a decrease in GDP of 1.53% and a decrease in RMG exports of 11.8%, respectively (Raihan et al., 2022) . Mostly due to the change of position in the agreement of trade policies with the World Trade Organization (WTO) & and regional trade blocks agreement. Which are more related to foreign diplomacy and relations with

¹ World Bank Data; Source: CountryProfile | WDI Central (worldbank.org)

² World Bank Data; Source: Exports of goods and services (current US\$) - Bangladesh | Data (worldbank.org)

foreign countries. Therefore Bangladesh will have to deal this ongoing situation with care and graduate with momentum so that it stays sustainable. As strong foreign trade policies are highly correlated with the future economy and trade of Bangladesh to ensure this sustainable transition, the situation needs to be analyzed thoroughly, and foreign policy needs to be restructured with proper research and exposing the information to people for better preparation.

This study presents a distinctive opportunity to undertake comprehensive case studies that can yield useful insights into the geopolitical, economic, and social consequences of such a transformation. The primary objective of this paper is to yield valuable insights into the geopolitical, economic, and social implications of the topic of least-developed country (LDC) graduation in 2026 through a comprehensive analysis of Bangladesh as a representative case study.

In order to strengthen our analysis, we rely on a diverse array of credible sources, encompassing esteemed academic journals, official government publications, and renowned worldwide institutions such as World Bank data sources. In the subsequent sections of this research, an analysis will be conducted on the geopolitical ramifications arising from Bangladesh's anticipated graduation from the category of Least Developed Countries (LDC) in 2026 based on existing literature. This examination will focus on the potential consequences for Bangladesh's trading relationships with various nations and regions. Also, it will try to identify the trade and economic performance of Bangladesh considering the LDC graduation in 2026. Through an in-depth exploration of this topic, our objective is to make a valuable contribution towards enhancing comprehension of the broader ramifications of Least Developed Country (LDC) graduation on a global scale. Additionally, we seek to offer practical and implementable perspectives for Bangladesh and other countries undertaking a comparable economic advancement and metamorphosis path. One of the reasons, with LDC graduation Bangladesh has to improve itself and maintain a lot of new rules along with regulations for maintaining its track.

In short, this paper aims to explore the complex network of geopolitical along with economical factors and trade dynamics that will shape Bangladesh's post-LDC future to provide insights into the various dimensions of this transition, especially with the foreign trade policies and dealing with the change of foreign trade agreements. Also, will help to understand the trade dynamics, challenges, and options beyond LDC graduation.

2.0 HISTORICAL CONTEXT OF LDC GRADUATION IN BANGLADESH AND ITS SOCIOECONOMIC GROWTH

Bangladesh's trajectory toward LDC graduation, set for 2026, is evidence of the country's gradual progress from the difficulties of its early years. The commencement of the journey may be traced back to the year 1975, during when Bangladesh was initially classified as a Least Developed Country (LDC) by the United Nations (Rahman, 2021). This categorization was primarily based on the nation's significant socio-economic difficulties. Nevertheless, in the subsequent decades, the nation made deliberate and coordinated endeavors to surmount these challenges, therefore establishing a path toward progress.

During the 1990s, Bangladesh made significant progress in its developmental trajectory with the implementation of extensive economic reforms and liberalization policies. The aforementioned measures were crucial in establishing the foundation for long-term economic expansion. The encompassment of

several sectors, such as trade, investment, and governance, facilitated the creation of an environment that was beneficial to the advancement of society. The GDP increased to 460 billion in 2022 from 8.75 billion in 1971³, which shows a significant economic advancement in the last 51 years.

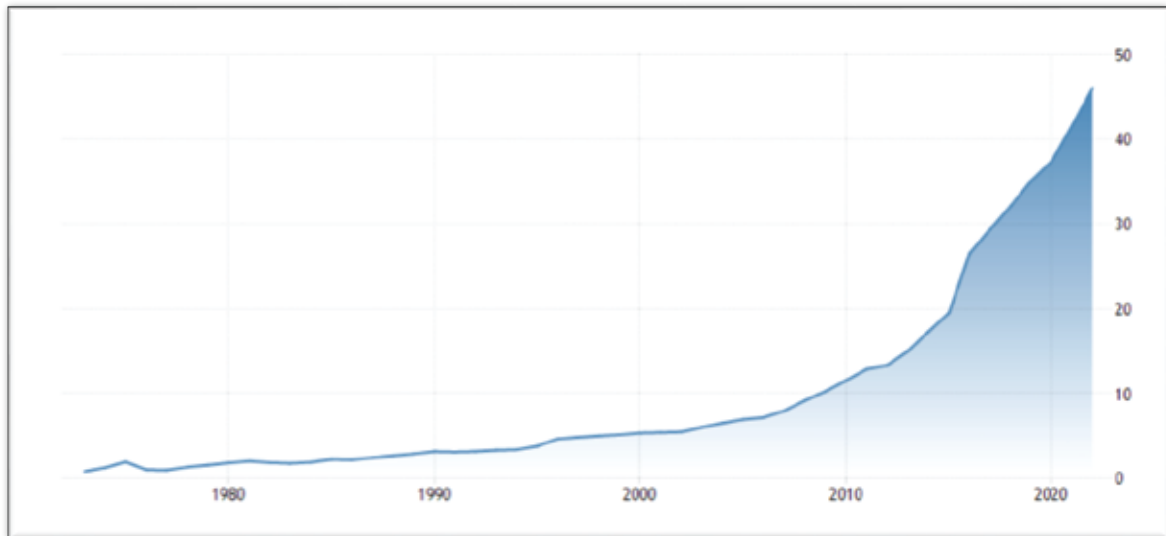


Figure 01: Bangladesh's GDP from 1971 to 2022 (in billions) [Source: World Bank]

The textile and garment industry in Bangladesh is one of the primary engines that have been fueling the country's economic growth. The aforementioned industry has witnessed significant advancements, exhibiting a quick expansion that has propelled it to the forefront of global apparel exporting (Swazan & Das, 2022). The significant impact of the industry on economic change cannot be understated, as it has resulted in the creation of jobs, the expansion of exports, and the injection of dynamism into the country's economic environment. Also, import markets increased exponentially in a couple of years. Bangladesh exports were \$59.28B⁴ and imports were \$96.17B for 2022⁵. Which indicates a big percentage of the total GDP leading to the country's example of progress.

³World Bank Data sources[Website and excel file: GDP (current US\$) - Bangladesh | Data (worldbank.org)]

⁴Macrotrends data on exports [Source: Bangladesh Exports 1960-2023 | MacroTrends]

⁵Macrotrends data on imports [Source: Bangladesh Imports 1960-2023 | MacroTrends]

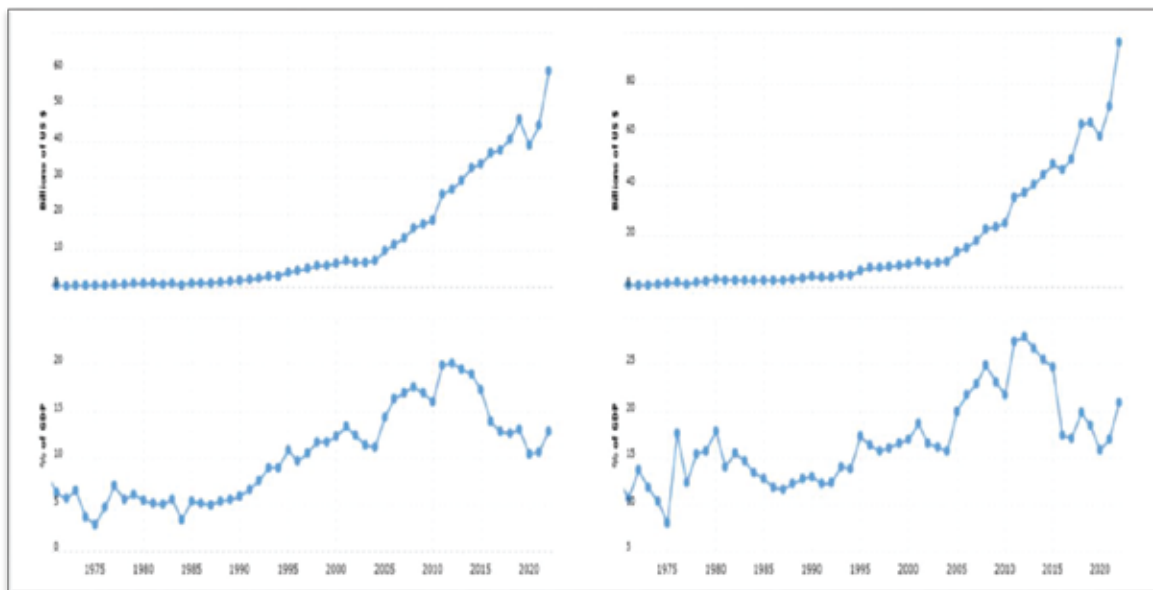


Figure 02: Export (left) and import ratio with GDP (in billions, 1971-2022)

The inflow of remittances from the Bangladeshi diaspora has played a pivotal role in driving the country's economic expansion. The remittance inflow reached a pick of 26 billion dollars in 2021 and currently, it's nearly 20 billion dollars in 2022⁶. The remittances, which are paid by Bangladeshi expatriates employed outside, have bestowed financial security upon numerous families. In addition to enhancing the nation's balance of payments, these efforts have also had a positive impact on the quality of life for several households, thereby contributing to socio-economic welfare.

The allocation of resources towards infrastructure development, encompassing sectors such as transportation, electricity, and telecommunications, has significantly bolstered interconnectivity inside the nation of Bangladesh, hence facilitating expanded market accessibility. Furthermore, the country has successfully adopted a diverse range of social safety net initiatives aimed at offering support to marginalized groups, thereby guaranteeing that economic development is equitable and that the advantages of advancement are distributed across all sectors of the population.

With the approaching graduation of Bangladesh from the Least Developed Country (LDC) category in 2026, the aforementioned socio-economic accomplishments lay the foundation for a forthcoming era of progress and advancement. The process of transitioning into a developing nation entails a multitude of prospects and obstacles. The current situation necessitates the preservation of the advancements achieved thus far and the efficient resolution of emerging obstacles. The experience of Bangladesh provides useful insights and serves as an inspiring case study for other nations seeking to improve their socio-economic conditions in comparable contexts.

⁶ Remittance inflow [Source: Bangladesh Remittances (tradingeconomics.com)]

3.0 IMPACT OF LDC GRADUATION ON THE ECONOMY AND FUTURE TRADES

The predicted transition of Bangladesh from its present-day repute as a Least Developed Country (LDC) in 2026 is projected to have great implications for its economy and trade dynamics. Although it isn't always feasible to correctly forecast all viable effects, conducting a look at and evaluation can provide valuable insights into destiny adjustments and the barriers that may be encountered. But we will try to examine the expected changes, feasible obstacles, and relevant research data for supporting this discussion.

As Bangladesh transitions from its Least Developed Country (LDC) classification, it will see more competition in the international markets. The textile and apparel industry, which has played a pivotal role in the nation's economic expansion, will see heightened competition from emerging economies and well-established participants (Chowdhury et al., 2022). Ensuring the preservation and augmentation of export competitiveness will be of utmost importance as approximately 70% of Bangladesh's exported goods benefit from preferential market access, primarily in the form of duty-free and quota-free privileges, which will not be available to Bangladesh after graduation. In order to achieve success, it is imperative to employ many strategies, including but not limited to product diversity, innovation, and allocating resources towards quality control and compliance measures.

Furthermore, it should be noted that Bangladesh and other least-developed countries (LDCs) are currently undergoing a shift that is significantly influenced by the prolonged impact of the COVID-19 pandemic. This global health crisis has further intensified and highlighted the pre-existing vulnerabilities that these nations already face (Rahman et al., 2021). Also, supply chain disruption causes higher export costs and leads to more expenses and competition in exports.

The global price increase caused by the Ukraine-Russia war, along with imported inflation, significantly impacted the post-COVID recovery (Caldara et al., 2022). This, in turn, led to a decline in purchasing power, particularly among marginalized populations. So, export industries have to increase the salaries of the labor leading to higher costs. Also, the import industry is getting affected by that. Including the expectation for the implementation of increasingly rigorous criteria in relation to adherence to diverse World Trade Organization (WTO) Agreements and associated regulations will make it more harder to cope after graduation.

Bangladesh has also capitalized on the flexibilities it enjoys as a Least Developed Country (LDC) in terms of subsidy provision and the pursuit of trade and tariff policies. Additionally, it has derived advantages from the allocation of aid for trade specifically designated for the least developed countries (LDCs). Upon graduation, Bangladesh will no longer have access to these LDC-specific ISMs and special treatment for the pharmaceutical sector. For example, according to a recent study, it has been found that the implementation of the TRIPS patent regime in the pharmaceutical sector of Bangladesh may lead to a significant increase in the price of insulin, perhaps reaching up to 12 times its current cost (M. D. Islam et al., 2022). A significant proportion of individuals with limited financial resources who are afflicted with diabetes may encounter challenges in procuring insulin due to its exorbitant cost.

Nevertheless, the decision to graduate has been executed, and in the absence of an extension of the least developed country (LDC)-specific international support measures (ISMs), Bangladesh, along with other LDCs that are graduating, must prepare themselves to confront the difficulties associated with graduation. It is imperative for these countries to adequately prepare for the post-graduation phase in order to ensure the sustainability and irreversibility of their graduation. When deciding on actions,

Bangladesh must consider the economic and geopolitical changes, as well as the rapid improvements in technology and the emerging political and social risks as the global economic landscape is currently through numerous transitions.

4.0 GEOGRAPHICAL DYNAMICS AND TRADE DIVISIONS: IMPLICATIONS FOR BANGLADESH IN OUTER WORLD

The global geopolitical environment is currently experiencing significant transformations, primarily influenced by fluctuating power balances, trade disputes, and evolving alliances. In the present scenario, Bangladesh, situated strategically in the South Asian region, has a significant position where many commercial routes and geopolitical interests converge. This essay examines the geopolitical landscape of the global arena and its implications for Bangladesh, with a specific emphasis on trade disparities and prospects within South Asia, China, and the Western hemisphere.

4.1.0 Geopolitical Dynamics: A Global Overview

The geopolitical environment of the world can be broken down into many key dynamics, each of which has far-reaching ramifications for international trade and collaboration. These dynamics are as follows:

Rise of Multipolarity: The decades following the end of the Cold War saw the establishment of numerous centers of power, including the United States, China, the European Union, and Russia. This phenomenon is known as the rise of multipolarity (Chan, 2013; Murray & Brown, 2012). This multipolarity has resulted in a global environment that is both more complex and more competitive. Especially US-China trade war and the recent Ukraine-Russia war make it more complex than ever.

Trade Wars and Protectionism: From a broader global geopolitical standpoint, the emergence of trade wars and protectionism has become influential in shaping economic dynamics and fostering a sense of unpredictability. In recent times, there has been a noticeable increase in trade tensions among prominent nations, particularly between the United States and China. These conflicts have brought attention to the vulnerability of the global economic system. The implementation of protectionist measures, such as tariffs and sanctions, has resulted in the disruption of well-established supply networks and the introduction of instability in the realm of international trade (Lechthaler & Mileva, 2018). The current trend towards economic nationalism in geopolitics has not only placed significant pressure on diplomatic relations, but has also sparked apprehension regarding its potential impact on global economic growth. The pursuit of protecting native industries by nations frequently results in unintended consequences, such as elevated costs for enterprises, diminished customer options, and inefficiencies in the economy. The dynamic interaction of protectionism, bilateral trade disputes, and multilateral trade agreements remains a significant force in shaping the structure of the global economy and its future. These factors have a profound impact on the movement of trade, investment trends, and the strategic positioning of countries within the complex network of international commerce.

Belt and Road Initiative (BRI): China's ambitious Belt and Road Initiative (BRI) intends to increase connectivity and trade between Asia, Europe, and Africa through the development of infrastructure. This has enormous repercussions for the commerce routes as well as the influence in the region (Ohashi, 2018). China is here to make this initiative successful for their long term success, with the effort to do whatever it takes.

Regional Blocs: The formation of regional trade agreements and blocs is altering international trade patterns. Some examples of regional entities that have an impact on the dynamics of trade include the European Union, the Association of Southeast Asian Nations (ASEAN), and the African Union. Maintaining relationships with those blocs is important in trade and the economy of Bangladesh.

4.2.0 Bangladesh's Strategic Location and LDC Graduation

The geographical location of Bangladesh situates it at the convergence of multiple geopolitical forces.

South Asian Association for Regional Cooperation (SAARC): The South Asian Association for Regional Cooperation (SAARC) is an intergovernmental organization that promotes regional cooperation and integration among South Asian countries. Bangladesh, as a constituent of the South Asian Association for Regional Cooperation (SAARC), actively participates in a regional alliance with the objective of fostering economic collaboration and advancement within the South Asian area. Nevertheless, the potential for regional integration within SAARC has been impeded by political disagreements and trade restrictions. And Bangladesh needs to be involved in cooperation with SAARC nations with trade at least considering disagreements too.

India-Bangladesh Relations: India is the fifth largest economy in the world⁷ and neighbor to Bangladesh. The bilateral relations between Bangladesh and India are characterized by a multifaceted nature. Although there have been improvements in trade relations, the ongoing influence of historical conflicts and border difficulties continues to impact bilateral ties (Hossain & Islam, 2021). Also, Bangladesh is connecting ground to seven sister zones, which made Bangladesh a good point of location for India- Bangladesh trade relationship. Involving with fifth largest economy in trade will help Bangladesh to enhance its economic and trade capabilities.

China's Belt and Road Initiative (BRI): The Belt and Road Initiative (BRI) between China and Bangladesh is a commercial cooperation that holds the potential to bring about substantial changes to Bangladesh's economic environment (Wahid et al., 2020). The program under discussion serves as a crucial element of China's ambitious Belt and Road program (BRI), with the primary objective of bolstering connectivity and facilitating trade between the two nations through substantial investments in vital infrastructure ventures. Notably, one such project is the China-Bangladesh Economic Corridor (CPEC). The improvement of infrastructure enhances the efficiency of trade flows and creates prospects for Bangladesh to assume a pivotal role in regional and global supply chains. Nevertheless, similar to any collaborative endeavor, this alliance also prompts inquiries regarding the equilibrium of influence and the sustainability of potential debt, emphasizing the necessity for Bangladesh to tactfully navigate this association in order to optimize its trade advantages while protecting its national interests.

Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC): The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) assumes a crucial role in influencing Bangladesh's commercial ties in the regional context. Bangladesh, as an active participant in the regional forum, engages in a collaborative framework that encompasses countries situated along the Bay of Bengal. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) presents a viable alternative route for fostering economic collaboration and

⁷ World Bank Data 2022 (Source- GDP (current US\$) | Data (worldbank.org))

enhancing interaction, particularly in response to the obstacles encountered within the South Asian Association for Regional Cooperation (SAARC). This platform provides Bangladesh with prospects to bolster commercial relations, improve connectivity, and foster economic cooperation with neighboring countries in the region (Siddiqi, 2014). Through the utilization of the possibilities offered by the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Bangladesh has the opportunity to broaden its trade alliances and decrease its reliance on any singular country. This would result in an improved economic robustness for Bangladesh, as well as the facilitation of more seamless commercial connections throughout the Bay of Bengal area.

5.0 CHALLENGES AND STRATEGIES FOR BANGLADESH IN THE POST-LDC GRADUATION ERA

As the year 2026 approaches, Bangladesh finds itself at a crucial point in its development trajectory as it nears its graduation from the category of Least Developed Countries (LDCs). The aforementioned transformation not only holds the potential for novel prospects but also entails a complex array of obstacles that necessitate the implementation of strategic resolutions. This section will thoroughly examine the aforementioned difficulties and present comprehensive recommendations to enable Bangladesh to adeptly manage the intricate geopolitical environment adeptly, thereby optimizing its potential for sustainable growth and development.

5.1.0 Regional Cooperation and Integration

Regional trade organizations are a good way to connect with multiple countries with single trade policies. Bangladesh has to look over the challenges and strategies for efficient results from trade connections.

CHALLENGES:

Intra-SAARC Trade Barriers: The South Asian Association for Regional Cooperation (SAARC) encountered challenges in realizing its complete prospective as a result of political disputes and non-tariff barriers inside its member states, which have hindered intra-SAARC trade. The presence of these barriers poses obstacles to intra-SAARC commerce and impedes the process of regional economic integration (Hassan, 2000).

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) fills a need left by SAARC, providing a platform for regional cooperation in areas beyond trade and investment. Nevertheless, it has also faced challenges in achieving its goals.

STRATEGIES:

Diplomacy and Confidence-Building: Bangladesh ought to actively participate in diplomatic endeavors that seek to mitigate political tensions within the South Asian Association for Regional Cooperation (SAARC). The implementation of confidence-building initiatives, such as the facilitation of cultural exchanges and the strengthening of people-to-people relationships, has the potential to cultivate collaboration and engender trust among the states comprising a given membership.

Advocating for BIMSTEC: Acknowledging the inherent capabilities of BIMSTEC, it is imperative for Bangladesh to proactively champion and enhance the standing of this regional institution. The organization's objectives can be effectively realized by promoting trade facilitation, expanding connectivity, and harmonizing regulations within the Bay of Bengal region (Mohan, 2016).

Sub-regional Initiatives: Bangladesh has the potential to assess sub-regional initiatives within the broader frameworks of SAARC (South Asian Association for Regional Cooperation) and BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) in order to effectively tackle distinct trade and economic obstacles. Bilateral and trilateral agreements that are specifically designed for essential industries have the ability to unlock economic opportunities.

Track II diplomacy: Track II diplomacy, which involves the participation of non-governmental groups, academia, and think tanks, has the potential to offer novel resolutions and facilitate the reconciliation of disparities in regional cooperation endeavors. Bangladesh is a little behind in this perspective. Govt. has to facilitate such initiatives for the betterment of the relations and research in this segment.

5.2.0 Balancing Relations with Larger Economies

The global economy is mostly dependent on a couple of economies in the world. For example, the USA, European Unions, China, and India. From a political point of view, different nations have different perspectives. As a result, Bangladesh has to identify the challenges and strategies to keep a balanced relationship with all the big economies and take advantage of those relations.

CHALLENGES:

India-Bangladesh Relations: The bilateral relations between Bangladesh and India have been characterized by a historically complex pattern. Although there has been an improvement in trade relations, the presence of historical conflicts and border difficulties still exert an influence on the bilateral ties between the two nations. Ensuring a harmonious and productive association with India is vital for the promotion of regional stability and the facilitation of economic progress.

China's Influence: The involvement of Bangladesh in the Belt and Road Initiative (BRI) and the establishment of the China-Bangladesh Economic Corridor (CPEC) have elicited apprehensions regarding the sustainability of debt and the extent of China's influence. Effectively managing this collaborative alliance to optimize advantages while ensuring the preservation of national autonomy poses a significant challenge.

Western World Relations: Bangladesh has a distinctive set of difficulties while attempting to interact with the Western world. At first glance, trade restrictions, tariffs, and non-tariff barriers imposed by Western countries might reduce the amount of money that flows out of Bangladesh and slow the country's economic development. Furthermore, human rights, governance, and environmental norms are all given considerable weight in the Western world. It can be difficult to strike a balance between these goals and the need for economic growth. In addition, competing with other nations for the same investments requires showing a suitable business climate in order to attract investments from Western countries. Even if the country's immediate economic goals are in line with Western standards on topics like climate change, labor rights, and intellectual property, achieving this can be difficult. Foreign relations in Bangladesh can be affected by diplomatic crises and sensitivities in Western nations. Protecting national interests while navigating these diplomatic minefields calls for tact and finesse.

STRATEGIES:

Bilateral Engagement with India: Bangladesh ought to uphold and enhance diplomatic discourse with India in order to effectively settle unresolved matters, such as border conflicts. The establishment of trust through collaborative efforts across multiple domains, including but not limited to trade, security, and infrastructure development, has the potential to foster a more efficient and cohesive partnership.

Balanced Participation in BRI: In order to achieve balanced participation in the Belt and Road Initiative (BRI), it is imperative for Bangladesh to undertake a thorough evaluation of BRI projects. This evaluation should focus on ensuring that these projects are in line with the country's development objectives and do not lead to the accumulation of unsustainable levels of debt. The implementation of the project necessitates the establishment of transparent agreements, the adoption of responsible lending practices, and the implementation of prudent financial management in order to effectively mitigate associated risks.

Diversifying External Relations: The necessity of diversifying foreign contacts is underscored by the need for Bangladesh to expand its engagement beyond its existing strong links with India and China. This entails forging connections with other prominent global powers and rising countries. This technique has the potential to enhance diplomatic power and facilitate access to novel economic prospects.

Crisis Management Mechanisms: The establishment of crisis management systems with neighboring nations, such as India, Pakistan, Sri Lanka etc, can effectively contribute to the prevention and resolution of disagreements in a timely manner, thereby mitigating the likelihood of extended tensions.

Balanced Policy Framework: To protect its national interests in today's complex international environment, Bangladesh must negotiate the competing demands of India, China, and the West. It has to handle complicated geopolitical issues while also prioritizing economic development, regional stability, and international collaboration. Maintaining this equilibrium is essential to Bangladesh's standing internationally and to its capacity to make constructive contributions to regional and global development.

5.3.0 Infrastructure Development

This part is important for two factors. One of them is good infrastructure helps countries to enhance their economic capabilities along with attracting foreign investment. Another factor is, some country's trade increases when they have a good infrastructure to initiate and smooth transition.

CHALLENGES:

Infrastructure Gaps: Bangladesh is confronted with notable issues in transportation, energy, and logistics infrastructure, resulting in impediments to connectivity and trade facilitation. The aforementioned deficiencies provide a significant obstacle in effectively capitalizing on its strategic geographical position. Especially the country with a big open sea, Bangladesh has limited capabilities of using seaports. Also, the roads are not in a great manner as a matter of transportation and are not fully using river potentials for transportation.

Resource Mobilization: The mobilization of resources is a critical factor in securing funding for extensive infrastructure projects. The imperative of fixing infrastructure shortages necessitates the implementation of sustainable finance mechanisms and the attraction of foreign investment. Bangladesh needs to focus on this particular issues by attracting foreign investment in those sectors.

STRATEGIES:

Public-Private Partnerships (PPPs): Public-Private Partnerships (PPPs) are recommended for Bangladesh to proactively promote and participate in, with the aim of addressing infrastructure deficiencies. Engaging in partnerships with the private sector has the potential to enhance the attraction of investment, harness specialized knowledge and skills, and accelerate the process of infrastructure development.

Multilateral Support: The acquisition of financial backing and technical help from prominent international institutions, like the World Bank, Asian Development Bank (ADB), and the Asian Infrastructure Investment Bank (AIIB), is crucial for the funding of essential infrastructure projects. The formulation of a comprehensive strategy for infrastructure investment is of utmost importance.

Infrastructure for Connectivity: The enhancement of connectivity within the region through infrastructure projects, namely the development and modernization of highways, railways, and ports, has the potential to greatly strengthen trade and economic integration endeavors.

Sustainable Infrastructure: The prioritization of sustainable infrastructure development, encompassing the incorporation of green technologies, utilization of renewable energy sources, and implementation of climate-resilient construction techniques, is essential for ensuring long-term environmental and economic sustainability.

Digital Infrastructure: Investing in digital infrastructure, encompassing elements such as high-speed internet connectivity and e-commerce platforms, has the potential to enhance economic growth and facilitate trade, particularly in the aftermath of the pandemic, where digital commerce has gained significant prominence.

5.4.0 Export Diversification

Export is a crucial factor for economic development. It is highly related to employment and economic growth. In that case, when a country has diversified export capabilities it extends its capability to absorb the shock of vulnerabilities.

CHALLENGES:

Textile-Centric Exports: Bangladesh's export profile has traditionally been mainly oriented on the textile and garment industry (Sikder, 2019). Even if this sector has been essential to the expansion of the economy, the fact that it also makes the nation more susceptible to shifts in market conditions and interruptions in the supply chain is problematic.

Transitioning to Higher Value-added Exports: Diversifying into industries with a higher value-added content, such as technology, pharmaceuticals, and services, involves careful planning, investments in human resources, and the development of market access.

STRATEGIES:

Fostering Research and Innovation: Fostering research and development, innovation, and entrepreneurialism can help to stimulate the formation of new export markets. It is necessary to develop an environment that encourages new business ventures, the progression of technology, and businesses that rely heavily on information.

Investments in Skill Development: It is essential to make investments in skill development and vocational training programs in order to adequately equip the labor force for industries that add more value. Working together with educational institutions and stakeholders in the industry can assist better match skills with the requirements of the market.

Market Facilitation: In order to create an environment that is favorable to export growth and diversification, it is vital to simplify trade processes, reduce bureaucratic impediments, and improve logistics and supply chain management.

Market Access: It is of the utmost importance to negotiate trade agreements and work toward developing access to markets for non-traditional exports. Building stronger diplomatic ties and taking an active role in trade discussions at both the regional and global levels might help ease the process of entering new markets.

Promoting Brand Bangladesh: It is possible to improve the country's image as a diversified exporter by establishing and advertising a "Brand Bangladesh" that stands for quality, reliability, and innovation in a variety of industries.

5.5.0 Engagement in Multilateral Forums

CHALLENGES:

Disputes in International Trade: It is possible that Bangladesh will become embroiled in international trade disputes after it graduates from the LDC status. It can be quite difficult to navigate these issues and safeguard its interests within the context of multilateral forums such as the World Trade Organization (WTO).

Compliance with WTO Regulations: It is a unique difficulty for a country to comply with the regulations of the WTO while still protecting its economic interests. Intelligent decision-making is required in order to strike a balance between liberalizing trade and safeguarding home businesses (M. T. Islam, 2014).

STRATEGIES:

Strengthening WTO Capacity: Bangladesh should increase its capacity to participate effectively in WTO negotiations and dispute resolution mechanisms. Creating a pool of trade specialists, legal professionals, and policymakers who are knowledgeable about international trade law is a necessary step in this process.

Alliance Building: Establishing alliances within international organizations with countries that share similar values and perspectives helps increase Bangladesh's voice and influence in talks pertaining to global commerce. It is possible for its agenda to be advanced and its economic interests to be protected if it works in conjunction with other countries that have comparable trade objectives.

Economic Diplomacy: It is of the utmost importance for Bangladesh to put into action a comprehensive economic diplomacy plan that is in line with its trade goals. This includes being actively engaged in strategic conversation, lobbying for trade terms that are advantageous, and establishing coalitions with countries that support its trade policies.

Flexibility in Trade Policy: It is absolutely necessary to devise a trade policy framework that is both flexible and capable of adjusting to the ever-shifting trade dynamics on a global scale. This includes frequently assessing and revising existing trade policies in order to adapt to newly emerging possibilities and difficulties.

5.6.0 Sustainability and Social Inclusion

CHALLENGES:

Impact on the Ecosystem: Striking a healthy equilibrium between economic expansion and preservation of the natural environment is an urgent task, particularly in industries like the textile industry, which has a long tradition of being linked to environmental deterioration. Several foreign investors and importers think about those issues while making their decisions.

Income disparity: Ensuring that prosperity and opportunity are fairly distributed among the population needs to continue to be a top concern in order to advance the cause of social inclusion and bring about a reduction in income disparity⁸. If we look at the data, the income disparity in Bangladesh is way higher than needed.

STRATEGIES:

Green Technologies: Industry's adverse effects on the environment may be reduced by the widespread use of green technology and environmentally responsible manufacturing methods. Positive change may be prompted by encouraging eco-friendly actions and establishing strong environmental standards (Baniya et al., 2021).

Social Safety Nets: Expanding and establishing social safety net services may help disadvantaged communities weather economic storms. Targeted healthcare, education, and poverty alleviation programs fall under this category.

Inclusive Policies: It is essential to create and enact policies that put an emphasis on social inclusion and economic empowerment for sustainable and equitable development, particularly for women and members of disadvantaged groups.

Corporate Social Responsibility (CSR): Promoting CSR practices among organizations may have beneficial effects on society and the environment. Creating incentives for firms to spend money on things like infrastructure, environmental protection, and employee welfare helps achieve society's goals as a whole.

Participation of Locals: Participation of locals in development initiatives, especially in rural regions, may help spread the wealth created by economic progress. Sustainable agriculture, alternative energy, and local microbusinesses are all areas where local communities are taking the lead.

6.0 FINAL WORDS

The forthcoming transition of Bangladesh from its current classification as a Least Developed Country (LDC) in 2026 is a noteworthy landmark in the nation's trajectory of progress and advancement. The pivotal moment at hand is far more than just a symbolic shift in status. It represents a critical juncture that requires a sophisticated and calculated strategy in order to effectively negotiate the intricate network of obstacles and possibilities on the international platform.

One of the foremost obstacles lies in the complex endeavor of maintaining a delicate equilibrium in the relationships with India, China, and the nations of the West. India, being a next-door nation, needs persistent diplomatic endeavors in order to address longstanding conflicts and foster a mutually beneficial and cooperative relationship. In the current context, it is imperative to exercise cautious control over China's expanding influence, particularly in relation to the Belt and Road Initiative (BRI) and the China-Bangladesh Economic Corridor (CPEC). This approach is essential in order to optimize advantages, protect national autonomy, and effectively handle the issue of debt sustainability. The process of interacting with the Western world entails several difficulties, such as encountering trade restrictions, adhering to rigorous standards, facing competition for investments, and grappling with concerns related to policy alignment.

Nevertheless, within the context of these issues, Bangladesh is faced with a strategic necessity. The current worldwide transformation in geopolitical and economic dynamics, which is primarily influenced by the ascent of Asia and the evolving nature of international relations, presents Bangladesh with a favorable prospect of establishing itself as an active participant in both regional and global commerce. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) offers Bangladesh a favorable opportunity to augment regional collaboration, bolster its economy, and cultivate diplomatic relations with neighboring nations in the Bay of Bengal region and enhancing the opportunities for trade connections and economic development.

In light of Bangladesh's pursuit of redefining its position in the age after its graduation from the category of Least Developed Countries (LDC), the formulation of a comprehensive trade strategy becomes imperative. The proposed approach should give precedence to the enhancement of the development of infrastructure in order to tackle significant deficiencies, encourage the diversification of exports to decrease dependence on a singular sector, and actively participate in multilateral platforms to advocate for its interests in the international arena. Furthermore, it is imperative that Bangladesh's plan include sustainability and social inclusion as fundamental elements. This entails ensuring that economic benefits are delivered in a fair and equitable manner, while also prioritizing environmental sustainability as a guiding principle.

In conclusion, the transition of Bangladesh from a Least Developed Country (LDC) designation has significant consequences for its future trajectory. By adeptly tackling the complexities associated with managing regional and global alliances, capitalizing on the advantages arising from evolving geopolitical and economic circumstances, and actively engaging in endeavors such as BIMSTEC, Bangladesh has the potential to establish itself as a robust and progressive participant in the realm of international commerce. The strategic decisions undertaken during the post-LDC period will not just determine the trajectory of the nation's future, but they will additionally make a substantial contribution towards regional stability and global economic endeavors.

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Email: bangladesh@fes.de
Website: bangladesh.fes.de/
www.facebook.com/FESBangladesh/



45/1 New Eskaton (2nd Floor), Dhaka 1000, Bangladesh
Phone: +880258310217, +880248317902, +880222223109
Email: ed@cgs-bd.com, Website: www.cgs-bd.com