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**BANGLADESH'S GRADUATION FROM LDC: NAVIGATING  
CHALLENGES AND SEIZING OPPORTUNITIES**- Shanto Deb Roy<sup>1</sup>**Abstract:**

This article explores the graduation of Bangladesh from its Least Developed Country (LDC) status. It primarily focuses on Bangladesh's benefits and obstacles it is likely to encounter. Since 1975, the United Nations (UN) has categorised each nation using the Gross National Income (GNI), Human Assets Index (HAI) and Economic and Environmental Vulnerability Index (EVI) to determine its development status. Bangladesh's remarkable progress across these indicators confirms its eligibility for graduation from LDC.

An LDC enjoys and gets benefits from market access, trade access, trade agreements, flexibility, and participation in international agreements under the World Trade Agreement (WTO). Meanwhile, the article also discusses the difficulties and challenges that arise after a country graduates from LDC status, such as losing preferential treatment, reduced access to concessional financing and more. The article recognises the impact on industries like garments and pharmaceuticals.

To overcome these challenges effectively, the author suggests some recommendations that encompass comprehensive aspects. Government involvement in cooperation with development partners and advocacy for arising issues at WTO is stressed. Furthermore, the article emphasises the importance of diversification, investing in human capital and addressing environmental concerns as aspects of sustainable development.

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The article concludes with Bangladesh's need to capitalise on its strengths and adjust to changes to stay competitive after graduating from its LDC status. By doing so, Bangladesh can successfully navigate these challenges while striving for long-term growth and development.

**Keywords:** Bangladesh, LDC Graduation, WTO, Transition period, GSP and GSP+.

### **Introduction:**

Bangladesh, a country with a rich history and a strong determination of will, is on the verge of an enormous transition. Bangladesh has been classified as a Least Developed Country (LDC) since 1975, which has granted it certain benefits and privileges in the international economic and trade sphere.<sup>2</sup> Bangladesh was given this designation since its inception in 1971. However, as 2026 approaches, Bangladesh is gearing up to bid farewell to its LDC status, embarking on a new chapter in its development journey.<sup>3</sup> This transition comes with apprehension and hope as the nation grapples with the challenges that lie ahead while seeking to leverage its strengths for continued growth. As of June 2023, there are 46 LDC countries in the world, and Bangladesh is one of them, with Afghanistan, Nepal, and Bhutan from SAARC nations.<sup>4</sup>

A country's qualification for graduation is determined by its performance across three criteria:

- per capita Gross National Income (GNI) of above 1242 dollars,
- Human Assets Index (HAI) score of 66 or above calculating factors literacy rate, under-five mortality, and secondary school enrolment rate.
- The Economic and Environmental Vulnerability Index (EVI) portrays economic and environmental challenges.<sup>5</sup>

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<sup>2</sup>Bangladesh graduation status, LDC Portal - International Support Measures for Least Developed Countries available at: <https://www.un.org/ldcportal/content/bangladesh-graduation-status> (Accessed on 03 August, 2023)

<sup>3</sup>Story of Bangladesh's graduation out of UN's LDC group available at: <https://cri.org.bd/2021/03/03/story-of-bangladeshs-graduation-out-of-uns-ldc-group/> (Accessed on 03 August 2023)

<sup>4</sup>UN list of least developed countries, Prosperity for All, UNCTAD available at: <https://unctad.org/topic/least-developed-countries/list> (Accessed on 20 July 2023)

<sup>5</sup>Ibid; see also 'The Criteria for graduation', UN Department of Economic and Social Affairs, available at: <https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-graduation.html>. (Accessed on 20 July 2023)

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UN declares LDC graduation based on the recommendations made by the Committee for Development Policy (CDP) and endorsed by the Economic and Social Council (ECOSOC). These benchmarks gauge a nation's potential for sustained development and the necessary support it requires. A country needs two criteria to meet the threshold for graduation. Bangladesh has demonstrated remarkable achievement across all three indices, meeting all the threshold criteria by CDP in 2018.<sup>6</sup> However, before the final approval, UNGA Recognized the disastrous impact of the COVID-19 pandemic; Bangladesh, together with three other LDCs on the list, has been given five years to navigate the transition. So, the graduation of Bangladesh will now take place in 2026 instead of 2024.<sup>7</sup> The change enables them to prepare for graduation while planning and implementing policies and strategies to recover from the economic and social damage caused by the COVID-19 shock<sup>8</sup>.

### **The Present Situation and Special Measures to LDC Status**

Bangladesh's journey as a Least Developed Country (LDC) has been characterised by challenges and remarkable advancements for nearly five decades. The United Nations established the LDC classification to address the vulnerabilities faced by nations like Bangladesh and give them special protections and benefits to foster development.<sup>9</sup>

Bangladesh has been a primary beneficiary of LDC-specific WTO flexibilities. One of the most significant advantages of being classified as an LDC is the preferential market access granted to Bangladeshi goods. The right to preferential market access has been one of the main incentives for LDCs to join the multilateral trade regime initially.<sup>10</sup> Bangladeshi products have preferential market access in more than 40 countries.<sup>11</sup> These market access requirements come from different

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<sup>6</sup> Md Abu Saleh and Muhammad Omar Faruque, "LDC graduation and WTO challenges", *Bangladesh and International Law*(2021) p.194-201

<sup>7</sup>UN Economic and Social Council (ECOSOC), Committee for Development Policy on its 23rd session, resolution: E/RES/2021/11 (15 June 2021), available at: <https://undocs.org/en/E/RES/2021/11> (Accessed on 23 July 2023)

<sup>8</sup>Graduation of Bangladesh, Lao People's Democratic Republic and Nepal from the LDC category, UN Department of Economic and Social Affairs UNGA A/RES/76/8 (24 November 2021)

<sup>9</sup>Ibid; see also: Least Developed Country Category: Bangladesh Profile, Department of Economic and Social Affairs available at: <https://www.un.org/development/desa/dpad/least-developed-country-category-bangladesh.html>

<sup>10</sup> M. Rafiqul Islam and M. K. Zaman, "Market Access for LDCs under the Hong Kong Ministerial of the WTO: Outcomes for Bangladesh," *Journal of World Investment and trade* 7, no.3 (2006),383.

<sup>11</sup> Asjadul Kibria, "Five hindrances to Free Trade Agreements", *The Financial Express*, 23 April 2019.

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WTO arrangements, including the Generalized System of Preferences (GSP) and duty-free quota-free (DFQF). The arrangements of the European Union's (EU) Everything But Arms (EBA) Policy offer DFQF access to the EU market for all goods other than arms and ammunition.<sup>12</sup> This effort has been a driving force behind Bangladesh's growing ready-made garment sector, allowing the country to become the world's second-largest apparel exporter.<sup>13</sup> Furthermore, regional trade agreements (RTAs) such as the South Asian Free Trade Agreement (SAFTA), the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC) and the Developing Eight (D-8) include terms and clauses that guaranteed preferential market access to LDCs like Bangladesh. These agreements foster an environment where trade restrictions are reduced, allowing LDCs to export more competitively.<sup>14</sup>

Bangladesh has been granted some flexibility under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement of the WTO due to its LDC status. As a result of these flexibilities, Bangladesh can prioritise public health by manufacturing generic versions of essential medicines without being subject to strict patent protection. The waiver of patent protection for pharmaceutical and agrochemical goods has been extended until January 2033 or until the date an LDC graduates, whichever comes first.<sup>15</sup> This has been particularly crucial for the pharmaceutical industry, enabling the country to produce affordable medicines for its citizens and contribute to global public health efforts.

Under the Marrakesh Agreement that established the WTO, Bangladesh has benefited from other WTO Flexibilities regarding single undertaking obligations. Priority is given to technical assistance available under the Sanitary and Phytosanitary (SPS) Agreement, more extended periods in notifications, warnings, dispute resolution under the Trade Facilitation Agreement,

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<sup>12</sup>Edo, Pedro J. Martinez, and Adam Heal. "Duty-Free, Quota-Free Trade for Asia-Pacific Least Developed Countries: Overview and Update." *Policy Brief, Asia Pacific Research and Training Network* (2013).

<sup>13</sup>Quader, Tayef, and Audrey Chia. "Effectiveness of sustainable business practices: case studies of ready-made garment companies of Bangladesh." *Sustainability Matters: Environmental and Climate Changes in the Asia-Pacific*. 2015. 273-302.

<sup>14</sup> M. S. Siddiqui, "FTA in Post Graduation in Bangladesh", the Financial Express, 19 January 2019.

<sup>15</sup>WTO Council for TRIPS, Extension of the Transition Period under Article 66(1) for Least Developed Country Members for their certain Obligations with Respect to Pharmaceutical products, Decision of the Council for TRIPS of 6 November 2015, IP/C/73, available at docs.wto.org (Accessed on 02 August 2023)

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and so on.<sup>16</sup> The agreement also provides a more extended period between trade policy reviews than other members under the Trade Policy Review Mechanism Agreement.<sup>17</sup> The resolution of the tenth Ministerial Conference provided simplified procedures under the Balance of Payments Agreement, offered export subsidies under the Agriculture Agreement, and extended payment periods for export finance support, among other things.<sup>18</sup>

Bangladesh has been enjoying other WTO Flexibility regarding single undertaking obligations under the Marrakesh Agreement establishing WTO. Priority is given to technical assistance available under the Sanitary and Phytosanitary (SPS) Agreement, Longer time frames in notifications, warning and dispute settlement under the Trade Facilitation Agreement<sup>etc.</sup> The decision of the Tenth Ministerial Conference provides simplified procedures under the Balance of payment agreement, export subsidies under the Agreement on Agriculture, more extended payment periods for export financing support, etc.<sup>19</sup> The LDCs' unique needs are addressed in Articles 3, 4, 6, 8, 12, 21, 24, and 27 of the Agreement on Dispute Settlement Understanding (DSU), which aims to ensure their participation in the multilateral trading system as a constitutional guarantor of the rights and duties of all member states.<sup>20</sup> WTO regulations also provide distinctive mechanisms for conciliation, mediation, and good offices.<sup>21</sup> Besides, LDCs can seek free legal advice from advisory centres and the WTO secretariat.<sup>22</sup>

Bangladesh has received technical assistance and assistance for capacity building from the international community, which is aware of the particular difficulties encountered by LDCs. With this support, institutions are strengthened, policymaking is improved, and governance

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<sup>16</sup> WTO Agreement on Trade Facilitation (2017), WT/MIN (13)36, signed on 7 december 2013 and came into force on 22 february 2017, Articles:15,16 and 20.

<sup>17</sup> Trade Policy Review Mechanism Agreement, Annex 3; Agreement establishing the TPRM was amended in july 2017.

<sup>18</sup> WTO Ministerial Conference, 10th sess. (19 December 2015), WT/MIN (15)/45-WT/L/980

<sup>19</sup>Tenth WTO Ministerial Conference, Nairobi, Ministerial Decision of 19 December 2015 : WT/MIN(15)/45 — WT/L/980 ([https://www.wto.org/english/thewto\\_e/minist\\_e/mc10\\_e/briefing\\_notes\\_e/brief\\_agriculture\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/mc10_e/briefing_notes_e/brief_agriculture_e.htm)) (Accessed on 19 August, 2023)

<sup>20</sup> Asif H. Qureshi, "participation of Developing Countries in the WTO Dispute Settlement System", *Journal of African Law* 47 (2003), 174; Ernst-Ulrich petersmann, "The GATT/WTO Dispute Settlement System: International Law, International organisations and Dispute Settlement", *American Journal of International Law* 91, no.4 (1997),750.

<sup>21</sup>Omphemetse Stephen Sibanda, "Towards a Revised GATT/WTO special and differential Treatment Regime for Least Develoed and Developing Countries", *Foreign Trade Review* 50, no.1 (2015),35

<sup>22</sup> Abu Saleh and Omar Faruque (n 5)

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systems are enhanced.<sup>23</sup> Bangladesh has collaborated and partnered with international organisations, including the International Monetary Fund (IMF), the World Bank and several United Nations agencies, to improve its economic planning, social development, and infrastructure management capabilities.<sup>24</sup> Furthermore, The classification of Bangladesh as an LDC has increased public awareness of its particular development concerns. Due to this acknowledgement, international actors now concentrate on supporting the nation's development endeavours. Projects dealing with poverty alleviation, increasing access to healthcare, and improving education have received funding from charitable foundations, development organisations, and humanitarian organisations.<sup>25</sup>

Most of Bangladesh's development projects are financed with concessional funding, with long repayment terms and lower interest rates. The LDC designation of Bangladesh makes it eligible for financial assistance from multilateral development banks, bilateral donors, and international financial institutions.<sup>26</sup> This assistance has driven important infrastructure initiatives, including the construction of road networks, energy generation, and medical facilities, which have created the groundwork for the nation's economic development.

In addition, Bangladesh has also received preferential and different treatment in international trade discussions and negotiations due to its LDC designation. This acknowledges the nation's economic vulnerabilities and enables it to negotiate trade agreements considering its development requirements.<sup>27</sup> Bangladesh has less economic potential than countries with developed economies. Due to this, it can participate in trade negotiations under more equitable terms.

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<sup>23</sup> Ibid

<sup>24</sup> Ibid

<sup>25</sup> Graduating LDC Status: Braving Challenges and the Way Forward for Bangladesh, LightCastle Partners, October 13, 2022 available at: <https://www.lightcastlebd.com/insights/2022/10/graduating-ldc-status-braving-challenges-and-the-way-forward-for-bangladesh/>

<sup>26</sup> Development Funding in Bangladesh: Understanding and Mobilizing Foreign Aid, LightCastle Partners, May 12, 2020 available at: <https://www.lightcastlebd.com/insights/2020/05/development-funding-in-bangladesh-understanding-and-mobilizing-foreign-aid/>

<sup>27</sup> Selim Raihan, Fayeza Ashraf "Review of Bangladesh's Engagement in Preferential Trading Arrangements" Enhancing the Contribution of Preferential Trade Agreements to Inclusive and Equitable Trade (2017)

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## Challenges After Graduation

Graduation from LDC status entails a complex set of challenges. Because graduation does not imply an immediate improvement in infrastructure and economic position, Bangladesh is feared to be thrust into unfavourable unequal competition with developing countries without any extra assistance. Bangladesh will lose many advantages it enjoys as an LDC, including preferential market access and concessional financing. The foremost challenge Bangladesh will confront post-graduation is the loss of preferential market access that has underpinned its export-driven growth.<sup>28</sup> Bangladeshi products have benefited from preferential treatment, including duty-free and quota-free market access. This privileged treatment will cease after graduation, exposing Bangladeshi products to the full force of global competition.<sup>29</sup> Bangladesh can currently resist the imports of like products to control the match, but this will no longer be possible after graduation occurs.<sup>30</sup>

Moreover, the major export markets for Bangladesh would also face extra tariff restrictions. For instance, Bangladesh would have to pay 5-9.6% more in tariffs on woven ready-made clothing when it exports to the EU, where it now exports 50% of its products tariff-free. The rate will range from 6.4 to 9.6 per cent for knit ready-made garments products, of which Bangladesh exports over 70% duty-free to the EU market.<sup>31</sup> Under the MFN system in Canada, the tariff for the woven ready-made garments sector will be fixed at 17–18%. The tariff rate for knit mass-produced products will range from 5 to 16.5 per cent. Currently, 4% and 3% of Bangladesh's woven and knit RMG exports go to the Canadian market.<sup>32</sup> As tariff barriers increase and demand dynamics shift, the ready-made garment industry could be particularly affected because it has been a linchpin of the country's economy.<sup>33</sup> China has agreed to offer duty-free access to

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<sup>28</sup>Meraj Mavis, "Bangladesh took the most advantage of LDC status and will lose the most after graduation" Dhaka Tribune, 20 Nov 2022

<sup>29</sup>Mustafizur Rahman, "Trade Benefits for Least Developed Countries: The Bangladesh Case", CDP Background Paper No. 18 ST/ESA/2014/CDP/18 available at: [bp2014\\_18.pdf \(un.org\)](https://www.un.org/development/dcpd/2014/18.pdf)

<sup>30</sup>International Trade Administration (ITA), Bangladesh - Prohibited & Restricted Imports, Country Commercial Guides (2022)

<sup>31</sup> Nazneen Ahmed, Life after LDC, Dhaka: Bangladesh Institute of Development Studies, (2019)

<sup>32</sup> Ibid

<sup>33</sup>Debapriya Bhattacharya, "Bangladesh qualifies for LDC graduation: What next?", Center for Policy Dialogue (CPD), March 11, 2021

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98% Bangladeshi exports by including 383 additional products, especially leather and leather goods, on the zero-treatment list.<sup>34</sup>

Another significant issue is the loss of some Intellectual Property Rights (IPR) flexibilities allowed under the TRIPS agreement. Bangladesh currently benefits from exemptions, enabling it to produce generic versions of necessary medications guaranteeing cheap healthcare. Upon the expiration of these flexibilities, the pharmaceutical sector may need help to retain access to affordable medicines, which might hurt public health initiatives.<sup>35</sup>

Post-graduation, obtaining concessional finance will take much work, which in Bangladesh is a crucial lifeline for development initiatives. The country's status as an LDC determines its eligibility for various financial options. Securing preferential funding from international organisations and donor nations could become more challenging as Bangladesh shifts to a new economic classification.<sup>36</sup> This might make it more difficult for the country to finance crucial development and infrastructure projects.<sup>37</sup>

Bangladesh's economy needs to be more broadly diversified to ensure sustainable development once it graduates from the LDC status. Bangladesh will be compelled to look for new opportunities for economic growth due to increased competition from other developing Countries that might offer similar advantages.<sup>38</sup> A diverse economy can help to reduce the risks brought on by reliance on a limited number of industries and guarantee a more stable economic environment.<sup>39</sup>

The loss of favourable market access and concessional finance highlights the significance of adequate infrastructure and human capital development. Infrastructure improvements can

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<sup>34</sup>Abul Kashem, "China offers zero-tariff access for 98% Bangladeshi products" The Business Standard, 13 January, 2022

<sup>35</sup>International Trade Administration (ITA), Bangladesh - Healthcare and Pharmaceuticals, Country Commercial Guides (2022)

<sup>36</sup>Akhtaruzzaman, Muhammad, Potential Impact of LDC Graduation and the Role of Foreign Direct Investment (FDI) in Bangladesh (January 29, 2023).

<sup>37</sup>Graduating LDC Status (n 25)

<sup>38</sup>M Syeduzzaman, "Bangladesh's LDC graduation and the challenges ahead" The Daily Star, June 29, 2021; see also: Bangladesh Overview: Development news, research, data, World Bank April 06, 2023

<sup>39</sup>Zarif Munir, Saibal Chakraborty, and Tausif Ishtiaque, "Growth in Bangladesh's Economy and Emerging Champions" BCG, 28 April 2023

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improve competitiveness by lowering transportation costs and enhancing efficiency.<sup>40</sup> Investing in education and skill development is essential for developing a flexible and competent workforce capable of driving innovation and economic success.<sup>41</sup>

Bangladesh's post-graduation struggles are made much more challenging by its climate change susceptibility. The integrity of economic activity and social stability is at stake because sea levels are rising, weather conditions are extreme, and the environment is deteriorating. Switching to a more sustainable and climate-resilient development strategy will be crucial to guarantee the nation's long-term prosperity and protect its residents' well-being.<sup>42</sup>

Bangladesh has frequently profited from blanket trade agreements and negotiations as an LDC. Following graduation, the country will have to transition to individual negotiations with member states, which will be a more complicated and resource-intensive procedure.<sup>43</sup> To secure favourable trade terms and negotiate the complexities of international agreements, it will be essential to have negotiating skills and diplomatic knowledge. Bangladesh needs more capacity to deal effectively because of its resource constraints, lack of legal authority, and prevalence of power asymmetries.<sup>44</sup>

Bangladesh would scarcely be eligible for GSP facilities after losing its present flexibility from WTO commitments like MFN, national Treatment, and other reciprocal, non-discriminatory acts.<sup>45</sup> Bangladesh's task is to fulfil various social and environmental prerequisites and aid-specific conditionality to receive GSP+ and other development aid from foreign trading partners.<sup>46</sup> GSP+ now offers 66 per cent duty-free access to EU tariff categories in addition to the GSP facility and zero MFN products. Bangladesh must monitor possibilities like GSP+ to

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<sup>40</sup>Fahmida Khatun, "Making Bangladesh's LDC graduation smooth and sustainable", Centre for Policy Development (CPD), March 01, 2021

<sup>41</sup> ibid

<sup>42</sup>Fahmida Khatun, "LDC GRADUATION: What it means for Bangladesh", The Daily Star, March 20, 2018

<sup>43</sup> Refayet Ullah Mirdha, Govt goes all out to sign FTAs, The Daily Star, September 10, 2021 see also: Mustafizur Rahman (n 29)

<sup>44</sup>Abu Saleh and Omar Faruque (n 5)

<sup>45</sup> The status-uplifting to the DCs will not cause losing of GSP per se rather it will be more restricted than the current state

<sup>46</sup> Jodie keane and Howard Haughton, "Transitioning from Least Developed Country Status: Achieving trade-related Adjustment, Enhanced Diversification and reduced Economic Vulnerability", Commonwealth Trade Hot Topics 148 (2018), 7

maintain its leverage in the EU market. However, Bangladesh will find it challenging to obtain GSP+ for a few reasons. A country must first meet the vulnerability requirements to be eligible for GSP+. Second, for a country to be eligible for GSP+ benefits, it must ratify 27 conventions related to human rights, labour standards, environmental protection, and good governance. Although Bangladesh has confirmed 26 of the listed conventions, it still needs to do so with the ILO convention governing the minimum age for employment.<sup>47</sup>

### **Navigating the Post-Graduation Landscape**

The constraints highlight the importance of developing a thorough plan to guarantee a smooth transition from LDC classification. As Bangladesh approaches its status as a developing country, it faces a crucial moment of decision. The government must decide on a future trajectory that balances opportunity and challenge. The changes are required to create a complicated terrain requiring innovative strategy, meticulous planning, and coordinated efforts to ensure sustained development and progress.<sup>48</sup> The WTO must develop a uniform strategy to ensure a smooth transition. As a result, The need for clarity regarding the length of a transition period leads to states developing different practices.<sup>49</sup> According to the 11th WTO ministerial declaration, flexibilities should not be withdrawn immediately after graduation but should be available for a time appropriate for development circumstances.<sup>50</sup> Furthermore, the urge for a smooth transition is mandated through several UN resolutions.<sup>51</sup>

Bangladesh must diversify its economy beyond its traditional strengths due to the loss of preferential market access. A concentrated effort to foster emerging sectors and industries such as technology and renewable energy could boost economic growth. Improving the nation's

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<sup>47</sup> Abu Saleh and Omar Faruque (n 5)

<sup>48</sup> Asif Saleh, "Development needs to change. Bangladesh can show us how" World Economic Forum (WEF), Davos Agenda (2022); see also: Country on a Mission: The Remarkable Story of Bangladesh's Development Journey, The World Bank available at: <https://www.worldbank.org/en/news/immersive-story/2021/09/16/country-on-a-mission-the-remarkable-story-of-bangladeshs-development-journey>

<sup>49</sup> Aurelie Walker, "The WTO has failed developing nations" Global development, The Guardian, 14 Nov 2011

<sup>50</sup> LDC Trade Ministers Meeting, "LDC Ministerial Declaration" (11 December 2017) WT/MIN (17)/40

<sup>51</sup> United Nations Resolutions 59/209; 66/213; 67/221

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competitiveness in the international arena is a critical factor. It is enhanced through investment in research and development, entrepreneurship and innovation.<sup>52</sup>

As Bangladesh has graduated from the LDC category, the government must rethink its strategy for international trade negotiations. Strong diplomatic tactics are required to shift from group negotiations to individual discussions with member nations.<sup>53</sup> Maintaining access to global markets and negotiating beneficial trade agreements will require strengthening negotiation skills, leveraging partnerships, and promoting favourable trade terms and conditions.<sup>54</sup>

It is impossible to overestimate Bangladesh's susceptibility to climate change. The country must achieve sustainable development while reducing environmental threats as it leaves the LDC category. Incorporating climate resilience into development policies, infrastructure initiatives, and disaster response strategies is crucial.<sup>55</sup> Cooperating with international organisations and climate financing systems could support such efforts. Interestingly, Out of the 17 Sustainable Development Goals (SDGs), 16 are linked to graduation. If Bangladesh can advance towards the SDGs, it will make a smooth and sustainable transition.<sup>56</sup>

A current emphasis on human capital development is required for the post-graduation environment. The workforce may be given the knowledge and abilities necessary to adjust to changing and emerging industries and technological breakthroughs by supporting high-quality education, vocational training, and skill-enhancement programmes. Equal access to healthcare and education can help create a robust and flexible society.<sup>57</sup>

Infrastructure investment plays a crucial role in fostering economic diversity and expansion. Productivity will be increased, operating costs will be decreased, and foreign investment will be

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<sup>52</sup>Zunaid Ahmed Palak, "By 2030, Bangladesh will be the 24th largest economy. Here's how ICT is driving that growth", World Economic Forum (WEF), October 02, 2019

<sup>53</sup>Atiur Rahman, "Benefits and challenges of Bangladesh's graduation from LDC status" The Financial Express, March 31, 2021

<sup>54</sup> Ibid

<sup>55</sup> Asif Saleh, "Country on a Mission: *The Remarkable Story of Bangladesh's Development Journey*", World Economic Forum, Jan 18, 2022

<sup>56</sup> Debapriya Bhattacharya, eds., *Bangladesh's Graduation from the Least Developed Countries Group: Pitfalls and promises* (New York, NY: Routledge, 2019); see also, Nathalie Risse, "Bangladesh, UN Consider Expected LDC Graduation in 2024" 18 December 2018, available at [www.sdg.iisd.org](http://www.sdg.iisd.org) (accessed on 06 August, 2023)

<sup>57</sup>Atiur Rahman (n 52)

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attracted through expanding energy production, digital connection, and transportation networks. Infrastructure projects may progress more quickly if they receive funding through public-private partnerships and creative finance techniques.<sup>58</sup>

Bangladesh can strengthen its relationships with international organisations and development partners post-graduation. It has to deal with complicated issues that may be effectively handled through technical assistance, capacity building and information exchange.<sup>59</sup> The effect of development programmes can be strengthened through cooperation with organisations such as the United Nations, the World Bank, and regional organisations that can amplify the impact of economic growth.<sup>60</sup>

Bangladesh must continue to be committed to inclusive progress as it navigates a changing landscape. Transitioning out of the LDC category might lead to complications detrimental to vulnerable groups. It is vital to strengthen social safety nets, ensure equitable resource allocation, and give poverty reduction measures a top priority.<sup>61</sup> It will promote social stability and ensure that everyone benefits from economic development.

Bangladesh's post-graduation performance depends on forward-thinking policies that correspond with the country's long-term strategy.<sup>62</sup> The foundation for an optimistic future can be laid by developing strategies and guidelines that incorporate social justice, eradication of poverty, gender equality, and sustainable development goals into account.<sup>63</sup> To keep things advancing, the policy has to be evaluated frequently and modified in response to alterations in circumstances. More than 40 renowned economists and scholars have issued a letter urging the international community to approve the drafted proposal that asks for the extension of graduating LDCs during the transitional period.<sup>64</sup> In support of the graduating LDCs, the CDP also argues for

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<sup>58</sup> Ibid

<sup>59</sup> Md Mustafizur Rahman, "Bangladesh's Graduation: Challenges and Imperatives to Continued International Support Measures" Institute of South Asian Studies, 22 July 2021

<sup>60</sup> Ibid

<sup>61</sup> Mustafizur Rahman, "Lessons for Bangladesh as a graduating LDC", The Daily Star, February 11, 2023. see also: Anupam Debashis Roy, "Overcoming challenges of LDC graduation" The Daily Star, February 11, 2023

<sup>62</sup> [Uniform policy guidelines to smoothen Bangladesh's LDC graduation | The Financial Express](#)

<sup>63</sup> Ibid

<sup>64</sup> Letter to the USTR and EU Trade Commissioner: Support Pandemic Recovery for Least Developed Countries, Global Development Policy Center, available at: <https://www.bu.edu/gdp/2021/04/22/letter-to-the-ustr-and-eu-trade-commissioner-support-pandemic-recovery-for-least-developed-countries/> (Accessed on 16 August, 2023)

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implementing some International Support Measures (ISMs). It has provided recommendations for establishing a graduation support facility and a unique monitoring system for these countries.<sup>65</sup>

The LDC group has submitted a draft to the WTO Ministerial Conference for consideration to allow graduating LDCs access to support measures and unique and differentiated treatment under all WTO rules and procedures.<sup>66</sup> The draft proposal suggests that graduating LDCs receive trade-related ISMs for 12 years after graduation.<sup>67</sup> The Bangladesh representations in Geneva have played an essential role in shaping this proposal at the WTO General Council meeting held in December 2020.<sup>68</sup> Significant lobbying and persuasion will be needed to get the proposition approved. It will be crucial that both major developing countries like China, India, Brazil, and South Africa and the EU, the US, the UK, Japan, Russia, and Switzerland endorse the proposal.<sup>69</sup> If approved, the draft decision will significantly help Bangladesh's graduation process.

### **Focusing on Sustainable Development**

Bangladesh must prioritise sustainable development as it embarks on these transformative steps. The nation's post-graduation plan will heavily rely on economic diversification, human capital investments, and the environment's safeguarding. An emphasis on innovation and high-quality goods will assist the nation's expanding ready-made garments and pharmaceutical sectors to continue competitive as they adjust to the shifting marketplace.

Bangladesh can look for alternate possibilities for preferential trade agreements to safeguard its position in the international trading system. The Generalised System of Preferences Plus (GSP+) scheme might provide a lifeline for vulnerable nations with limited economic diversification.<sup>70</sup> However, It will be challenging and requires a concerted commitment to comply with the

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<sup>65</sup>D Djalita Fialho and N Kim, "Towards a resilience-building framework for monitoring countries graduating and graduated from the Least Developed Country category", CDP Background Paper No. 51, 1 June 2021.

<sup>66</sup>LDC Submission at the General Council, "Trade Related Challenges of the Least Developed Countries and Way Forward: A Draft for MC Decision", No. WT/GC/W/807; 17 November 2020.

<sup>67</sup> *ibid*

<sup>68</sup>[Bangladesh's Graduation: Challenges and Imperatives to Continued International Support Measures](#)

<sup>69</sup> *ibid*

<sup>70</sup>Mostafiz Uddin, "Bangladesh needs a clear strategy for GSP+" The Daily Star, May 18, 2021

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stringent requirements for GSP+ eligibility, which include ratifying several international conventions.<sup>71</sup>

### **Recommendations:**

Bangladesh is nearing graduation from Least Developed Country (LDC) status, and there are some key recommendations to ensure a smooth transition.

- A gradual transition strategy is necessary to effectively address challenges and pave the way for long-term growth, which requires collaboration among governments and stakeholders.
- It is essential to expand the nation's industrial diversity beyond its existing sectors. It will create more robust and balanced economies by encouraging innovation, increasing job opportunities, and reducing reliance on individual industries.
- The importance of investing in human capital, such as education, skill development, and healthcare, cannot be overstated. A highly skilled and healthy workforce will enhance Bangladesh's competitiveness in the international market.
- Environmental sustainability must be prioritised due to the country's vulnerability to climate change. Reducing possible dangers will depend heavily on implementing policies for environmental resilience and sustainable resource management.
- It is essential to seek out strategic trade partnerships continuously. Engaging in negotiations about trade will assist in securing favourable terms and exploring new partnerships to alleviate the challenges of losing preferential treatment.
- It is recommended to use the World Trade Organisation (WTO) platform. Bangladesh can keep its competitive edge by promoting the continuance of privileges and flexibilities after graduation.

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<sup>71</sup>Abdur Razzaque, "Proposed EU GSP Scheme for 2024-34: What Bangladesh must do now" The Business Standard, 09 November, 2021; see also: Dr Debapriya Bhattacharya, "Life after LDC Graduation: How is Bangladesh poised for EU GSP+?" The Business Standard, 21 April, 2021; Dr Khondaker Golam Moazzem, "Can Bangladesh get prepared for EU's GSP-plus?", Opinion, GSPhub, available at: <https://gsphub.eu/news/opinion-bangladesh-gspplus>

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- It is a strategic move to work for eligibility under the Generalised System of Preferences Plus (GSP+) scheme. This will open up new opportunities for market access and advantageous trade agreements.
- It is essential to encourage cooperation between the public and private sectors. Innovation, investment, and economic prosperity can all be boosted by this collaboration.
- Participation of civil society in decision-making is essential. Civil society, academics, and specialists should all be involved in establishing educated policies and inclusive development strategies.
- To implement successful transition strategies, it will be crucial to establish a reliable monitoring system and remain flexible in the face of new circumstances.

By implementing these recommendations, Bangladesh can navigate post-graduation challenges with resilience and opportunities for sustainable growth and development.

### **Conclusion: A Transition Toward Prosperity**

Bangladesh stands at a pivotal crossroads as it prepares to graduate from LDC status. The nation's incredible journey from its turbulent beginning to this momentous milestone is evidence of its resilience and willpower. Despite the numerous challenges that lie ahead, Bangladesh has the potential to handle this transformation successfully. This can be achieved through meticulous planning, strategic execution, and collaboration with international partners and organisations. Bangladesh should capitalise on its strengths, build upon past achievements, and chart a path for sustained development and prosperity.

Bangladesh's path to sustained prosperity and inclusive development involves fostering innovation, investing in human capital, and diversifying the economy. Additionally, the country must bolster its climate resilience to navigate the complexities of the landscape effectively. For a successful transition, the government, civic society, businesses, and the public must collaborate to undertake this transition successfully. Together, they must choose a collective path that protects recent improvements and steers the nation toward a brighter future. Bangladesh can make sure that leaving the LDC category represents a turning point in its history and a step towards continued success on the global stage by embracing change with strategic forethought.

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and a commitment to development. Graduation from LDC status is not an end but a new beginning. Bangladesh can overcome the obstacles posed by post-graduation challenges and usher in a new era of prosperity and progress for its citizens by demonstrating its capacity for resilience, adaptability, and sustainable development on the global stage.



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