

Deferment or not, we must prepare for LDC graduation



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During my decades of studying and working abroad, I had the privilege of watching this country surprise the world repeatedly. It delivered infrastructure projects rising from barren lands, mobile connectivity reaching remote river-bound villages, and a garment industry rising from zero into a global force. Bangladesh has always found a way. But engineering a system at its early growth phase and sustaining it through maturity requires fundamentally different strategies. What got us here may not get us there.

That tension sits at the heart of Bangladesh's impending graduation from the LDC framework in November this year. A national consensus involving the government, major political parties, and the business community has emerged around seeking a deferment. A formal request has been made to defer graduation by three years to 2029, and the United Nations Committee for Development Policy (UN CDP) has started the process to assess the request. The deferment is understandable, but precisely what it is must be understood: a pause, or a solution. The more consequential question is what Bangladesh does with the time it has sought.

The arithmetic of graduation is sobering. Today, 73 percent of our exports benefit from duty-free access to 38 countries under the LDC framework. Last year, 44 percent of our exports went to the EU alone. WTO estimates suggesting Bangladesh could forfeit up to 14 percent of total exports upon full graduation, portray a cliff, not a gentle slope. The safety net beneath that cliff is already fraying. Inflation in recent years has been persistently high compared to other South Asian countries, rising from 8.49 percent in December to 8.58 percent in January. Moreover, non-performing loans have ballooned to 35.73 percent of total disbursed loans as of September 2025. A deferment changes none of these realities. These are symptoms of a growth model that has reached a state that must be transformed now.

The depth of our vulnerability is rooted in structural concentration. Garments account for over 80 percent of our exports, generating \$39.34 billion in FY2025. This dependence



VISUAL: BIPILOB CHAKROBORTY

was rational when preferential market access was guaranteed and global labour arbitrage rewarded volume over value. That calculus is now shifting on two fronts simultaneously. First, automation is no longer a distant threat; it is a present reality. Robotic sewing systems, AI-powered quality control, and automated cutting technologies are progressively narrowing the human-machine cost gap. A competitive advantage built on cheap labour is a depreciating asset. Second, garments are precisely where our tariff exposure is most acute. The EU's average tariff on imported clothing from countries that do not enjoy special trade preferences is about 12 percent; for general industrial goods, it is about three percent. Our export basket, dangerously concentrated on apparel, makes post-graduation exposure severe. No amount of operational efficiency within garments alone can fully absorb that structural cost.

industry under standard WTO rules. Beyond pharmaceuticals, ICT services, high-value food-processing, advanced engineering, and outsourced semiconductor assembly and testing represent sectors where our demographic dividend: a young, growing, increasingly connected workforce can be deployed with targeted skill investment. These industries reward technical excellence, not wage competition alone. But no diversification strategy succeeds without addressing two structural constraints that we have long acknowledged: education and bureaucracy.

Our universities continue to prepare graduates for a job market that is rapidly becoming obsolete. The shift required is not marginal but a fundamental reorientation towards STEM disciplines, data analytics, AI literacy, and technical-vocational training aligned with 21st-century industrial demand.

respond quickly to economic needs. These models have shown that when technical education is genuinely valued by society and closely aligned with industry, it can drive broad economic transformation.

However, for such a transformation, the bureaucratic environment must be conducive. A dedicated single-window mechanism for FDIs staffed by officials who understand investors' requirements of a biotech facility or a semiconductor design service is not a luxury but a competitive necessity. Bangladesh must pursue administrative digitalisation with an urgency to transform bureaucracy so that it facilitates rather than stalls trade and investment.

One chronically underutilised asset deserves particular attention: our global diaspora. More Bangladeshi professionals now hold senior technical and managerial roles in multinational corporations and

lead research institutions worldwide. These individuals represent not just remittance flows but intellectual capital, international networks, and industry access that money alone cannot buy. India, China, and Israel have each demonstrated that diaspora engagement, when formalised and sustained through structured frameworks: advisory councils, targeted tax incentives, mentorship programmes, functions as a genuine strategic multiplier. Bangladesh must pursue this with equivalent sophistication and far greater urgency.

International investors seek reliability above everything. Our current image, built on resilience under difficult conditions, is admirable but insufficient for the next chapter. Safety compliance, transparent governance, and consistent regulatory enforcement are prerequisites for the transition from low-cost supplier to precision manufacturing or design partner. This rebranding cannot be achieved through marketing alone; it must be earned through performance. Rigorous enforcement of regulations, demonstrating superior labour and governance standards, and delivering consistently on commitments to international partners are the building blocks of that transition. The Chinese model of streamlined Special Economic Zones, the Indian model of technical education and English-language services, and the Singapore model of uncompromising efficiency in a constrained geography each offer Bangladesh distinct and actionable lessons.

This country now requires a synchronised national strategy with clear milestones rather than aspirational lists. An AI-ready workforce through integrated technical education at every level. Stable, clean power infrastructure is essential for sensitive manufacturing or data centres. What we require are: formalised diaspora engagement with genuine incentives and recognition; comprehensive administrative and tax policy reform to increase investment and a strategic focus on three to five high-value industries where competitive advantage is achievable within a decade.

LDC graduation and the rise of automation may be potential challenges, but properly navigated, they become the catalysts for a long-overdue transformation. The era of the stitch is our proud history—the foundation upon which our prosperity has been built. The era of the chip, the code, and the precision instrument must define what comes next. We possess human capital, geographic positioning, and the demonstrated capacity for rapid structural adaptation. With the graduation clock—deferred or not—already ticking, a synchronised national strategy cannot wait.

Loan waiver alone won't protect potato farmers



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Prior to cultivating any crop, farmers naturally wonder whether they can earn a profit from it or not. In other words, the prospect of profit is what motivates them to cultivate a certain crop. This concern isn't limited to the farmer; it is shared by their family members as well.

When I was in eighth grade, I understood this well because we were primarily a farming family. After planting the crops, my siblings and I would think about the rice my father would harvest. We hoped that when the harvest came, and if the prices were good, many of our dreams would be fulfilled, such as getting new clothes for school or being able to ask for a new outfit for Eid. I would also hope to take private lessons with two teachers or plead for a new football. My mother and sisters had their own dreams about what we could do if we made a profit from selling the

crops. However, when it is time to harvest and the crops sell for less than their production cost, farming families experience losses so severe that they cannot even pay for irrigation, land leases, or loans, let alone fulfil the modest hopes and aspirations they had tied to a good harvest.

Recently, the BNP government has announced a waiver of up to Tk 10,000 in agricultural loans, including interest, for about 12 lakh farmers, which is undoubtedly commendable. However, this waiver will only benefit those who have taken agricultural loans from the government or private banks. Millions of other farmers who borrow from private institutions or local businessmen each year to cultivate crops are being excluded from this benefit.

While a loan waiver is a welcome gesture, how much does it truly help a farmer who is forced into a cycle of debt because they cannot secure a fair price for their crops? The current suffering of potato farmers is undeniable in this regard. According to the Bangladesh Cold Storage Association and the Department of Agricultural Extension (DAE), our annual demand for potatoes is roughly 80-90 lakh tonnes. Last year, production soared to 1.15 crore tonnes, leading to massive losses for farmers by the end of the season.

The northern region produces nearly 65 to 70 percent of the country's potatoes. Farmers say they had initially hoped that last year's losses would lead to reduced cultivation and better prices this year. However, DAE data show that cultivation exceeded the target by 2,477 hectares this year as well. After two consecutive years of losses, many farmers have lost their financial capacity to farm altogether.

According to the DAE, in Bogura, the cost of producing one kilogramme of potatoes has risen from Tk 14.50 last year to Tk 16.64 this year. Last year, farmers were forced to sell potatoes for around Tk 8-10 per kg at the cold storage gate. Over the past month, the situation has worsened, with farm-gate prices hovering around Tk 8-9 per kg, according to agriculture marketing officers in these

regions. Farmers are currently earning less than half of their production costs.

On the other hand, potato growers find themselves in a systematic trap again this year: the potatoes are ready for harvest but low prices discourage farmers from harvesting them. According to data from the field wing of the DAE, nearly 20 lakh tonnes of potatoes were harvested over just 10 days in February. Without home storage or access to cold storage, and under immense pressure to repay lenders for fertiliser, pesticides and irrigation, farmers were forced to sell at any price offered. Traders capitalised on this vulnerability, buying potatoes at low prices for future profit.

However, according to the Department of Agricultural Marketing, last year a total of 31.61 lakh tonnes of potatoes were stored in 384 cold storages and 539 non-refrigerated warehouses, utilising 96 percent of their total capacity. This indicates that Bangladesh currently possesses the infrastructure to store less than 25 percent of its total potato production. With this year's production target set at 1.13 crore tonnes — around 30 lakh tonnes above demand — we are looking at a massive surplus of potatoes. Meanwhile, our export track record is equally discouraging. In the last five years, potato exports have failed to cross 62,000 tonnes.

The current state of our potato farmers is thus quite demoralising. If left unaddressed, this frustration could spill over into other agricultural sectors, reducing our overall food production capacity. To protect potato growers, experts are suggesting that the government should purchase potatoes directly from farmers, similar to the procurement process for rice and paddy. These stocks can be sold through TCB trucks throughout the year. The government can also release these potatoes into the wholesale market when prices rise. To further assist farmers, the government should subsidise cold storage fees and help them hold on to their produce.

Beyond such reactive measures, the ultimate solution can be narrowed down to two ways through which the government can help farmers avoid debt: reducing production costs and ensuring that farmers receive fair prices for their products. We must also bridge the communication and coordination gap between the DAE and farmers so as to ensure accurate data on the amount of harvest to be targeted for each crop. If we cannot guide our farmers effectively, they may eventually abandon the fields to join the urban working class—a shift that poses another grave threat to our economy and food security.

CROSSWORD BY THOMAS JOSEPH

- ACROSS**
- 1 Game with a bouncing ball
 - 6 Baghdad native
 - 11 Concur
 - 12 Second airing
 - 13 Empire
 - 14 Don Draper, e.g.
 - 15 Impertinent
 - 17 Ties the knot
 - 18 Pretentious
 - 20 Invasion
 - 22 _____ Lobos
 - 23 Advise
 - 26 Last letter
 - 28 Suspicious
 - 29 Dawdled
 - 31 Carnival city
 - 32 Some trucks
 - 33 Kitchen need
 - 34 Stylish
 - 36 Fare carrier
 - 38 Lucy's TV husband
 - 40 Nouveau _____
 - 43 "Hello" singer
 - 44 Inklings
 - 45 Plague
 - 46 Lemon rind strips
- DOWN**
- 1 Pickle buy
 - 2 Wisdom bringer
 - 3 Film caterers
 - 4 Grace in film
 - 5 Big rig
 - 6 Lyricist Gershwin
 - 7 Merlot, e.g.
 - 8 The military
 - 9 Campus part
 - 10 Travel stops
 - 16 Debate side
 - 18 Bunches
 - 19 Italia's capital
 - 21 "_____ Lang Syne"
 - 23 Abel's brother
 - 24 Huron neighbour
 - 25 French city
 - 27 Iridescent blackbird
 - 30 Superlative suffix
 - 33 Rust compound
 - 34 Shore crawler
 - 35 Stash away
 - 37 N. Mex. neighbour
 - 39 By now
 - 41 Topper
 - 42 Curvy letter

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YESTERDAY'S ANSWERS

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