Bangladesh – Spring 2025 Situational Update

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Political Developments

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In 2024 Bangladesh experienced unprecedented political upheaval. A student-led uprising in July-August 2024 forced long-time Prime Minister Sheikh Hasina to flee to India, ending her 15-year rule. Hasina's Awami League government collapsed, and an interim administration was formed under Nobel laureate Muhammad Yunus (backed by the military) to oversee a transition. The interim government released thousands of detained protesters, promised accountability for abuses, and pledged new elections by late 2025, though security challenges and political unrest make this uncertain.

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The transition has shifted Bangladesh's political alignments. The interim leadership has openly criticized India (for sheltering Hasina) and moved to "mend" ties with Pakistan, resuming bilateral talks after a 15-year hiatus. Locally, the period has seen protests by Awami League supporters and reports of planned demonstrations by the deposed party. Public confidence in state institutions is low after the sudden regime change; authorities have imposed curfews during unrest, and the new government warns of penalties for "anti-state" activities. A parliamentary election is expected by end-2025, but key stakeholders (youth leaders, opposition) have raised concerns over fairness given the current security climate

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Economic Conditions

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Bangladesh's economy faced strain in 2024-25 amid global uncertainty and the political crisis. Growth – previously robust – slowed. Average real GDP growth was 6.4% per year over 2010–2023 but moderated to about 5.8% in FY2023 and ~5.2% in FY2024 (July–June fiscal year). In the first half of FY2025 (mid–2024 to late-2024) growth plunged further to roughly 3–3.5% y/y, reflecting economic disruption from the "Monsoon Revolution" and higher interest rates. The trade and industrial sectors contracted as political uncertainty dampened investment and demand.

Inflation has remained elevated. Consumer inflation peaked near 11.7% (y/y) in mid-2024 and was around 9–10% by early 2025. Food and fuel prices rose sharply at times, squeezing households. The Bangladesh Bank responded by tightening monetary policy (higher reserve requirements, foreign exchange controls) to stabilize the taka and contain inflation. The taka has depreciated significantly (over 10% in 2024) against the US dollar due to global dollar strength and capital outflows.

The IMF notes that rebuilding foreign-exchange reserves (hovering around $20–25 billion) is a priority; Bangladesh settled sizeable foreign import bills (Asian Clearing Union payments) in 2024, which briefly pushed reserves down to ~$20 billion, but remittance inflows have since strengthened reserves.

Fiscal pressures have grown. The tax-to-GDP ratio remains low (~8–9%), reflecting tax waivers and weak compliance. The IMF and World Bank underscore the need for fiscal consolidation and tax reforms. Public debt is moderate by international standards but borrowing costs have risen. Major development budgets have been trimmed as revenues fell, slowing infrastructure and social spending.

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Labour and Employment Trends

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Bangladesh's labour market remains characterized by low unemployment but high informality. Official data indicate an employed workforce of roughly 71 million, with a low overall unemployment rate (~5%). However, about 85% of employed people work in the informal sector (small farms, unregistered enterprises), where wages and security are lower. Women are underrepresented in formal employment – only 18% of women aged 15+ are employed, versus 49% of men. Youth unemployment or underemployment is significant; about 22% of young adults are NEET (Not in Education, Employment or Training), most of them female. Labour-force growth is rising with Bangladesh's demographic transition, pressuring policymakers to create more jobs.

The ready-made garment (RMG) sector – the backbone of Bangladesh's export economy – employs roughly 4 million mostly female workers. Wages and working conditions have been gradually improving under factory safety agreements, but many labor activists still protest for higher living wages and union rights. The minimum monthly wage for garment workers was raised in late 2023 to ~12,500 taka (≈US$100) for entry-level workers. Other key sectors (agriculture, construction, small-scale manufacturing) also employ millions. Many Bangladeshis work overseas (mainly in the Gulf), sending home billions in remittances each year. Indeed, remittance inflows have surged: in March 2025, workers' remittances hit a record $3.29 billion (a 65% jump y/y). This surge reflects not only stronger formal channels but also new overseas jobs for migrants. The migration sector continues to be a safety valve for domestic employment pressures.

Labour rights remain a concern. Trade union penetration is low: only about 10% of workers are union members, and collective bargaining is limited by regulations. Strike actions are often banned in "essential" sectors. The new interim government has pledged to strengthen worker protections and drop some charges against labour activists arrested in the protests. Nonetheless, interviews with unions indicate continuing obstacles to organizing. Workplace safety (still a legacy issue after past disasters) is under greater scrutiny; rebuilding trust in inspection systems is an emerging priority.

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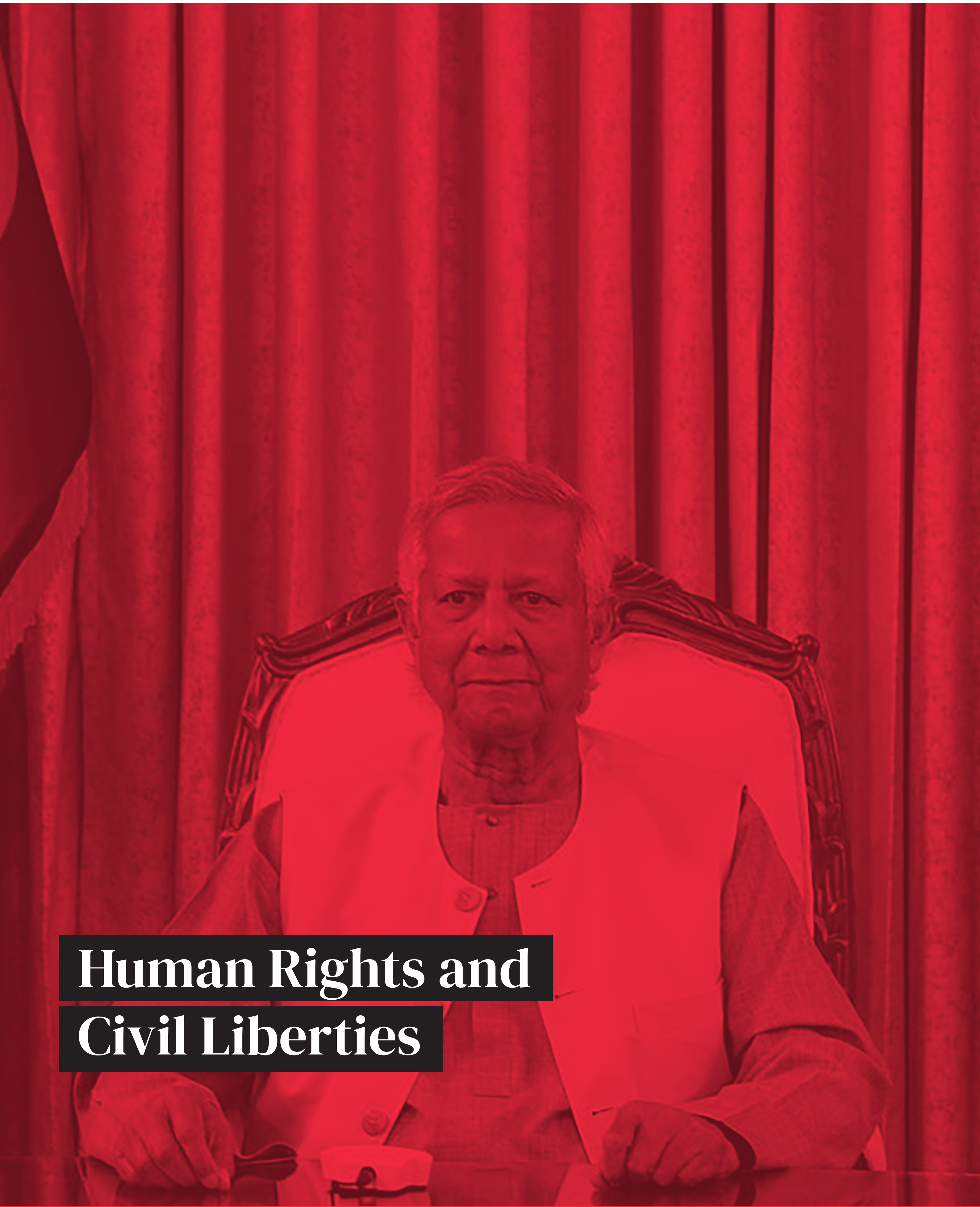

Human Rights and Civil Liberties

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Human Rights and Civil Liberties

Bangladesh's human rights situation remains fraught. Security forces have historically operated with impunity; the Freedom House Freedom in the World 2024 report scores Bangladesh "Partly Free," noting that "due process guarantees are poorly upheld and security forces violate human rights with near impunity". The 2024 protests spotlighted these concerns: Human Rights Watch documented security forces using live ammunition, stun grenades and "shoot-on-sight" orders against student protesters. By late 2024 the Monsoon Uprising had claimed at least 858 civilian lives (and several dozen policemen), amid reports of enforced disappearances and torture. Thousands of students and opposition figures were detained; many remain in custody or facing charges after the regime change. Internet and mobile services were shut down at times during protests.

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Numerous reporters covering the protests or government proceedings have been assaulted – in one incident six journalists were beaten by riot police. Cases of legal harassment (defamation and other charges) against critical journalists and civil-society activists are on the rise. Minority voices also report intimidation; for example, religious minority community leaders have documented localized harassment amid the upheaval (Bangladesh continues to host over one million Rohingya refugees from Myanmar, whose rights remain an unresolved human rights issue).

Ongoing crackdowns on dissent (even under the interim government) have drawn international concern. NGOs emphasize that both former regime loyalists and new authorities must respect civil liberties. Rights groups are monitoring trials and detention conditions for fairness. At the same time, there is cautious optimism that the political transition could allow overdue reforms to strengthen judicial independence and repeal repressive laws. The new government has signaled it will consider dropping certain politically motivated cases and promised to uphold basic rights in its stated agenda.

“Meanwhile, Bangladesh has moved to re-engage Pakistan; in April 2025 Islamabad and Dhaka resumed high-level talks after 15 years, and military-to-military contacts (naval exercises, meetings between chiefs) increased. Bangladesh is also rebuilding ties with China and Japan, whose infrastructure investments (e.g. ports, railways, power plants) remain important.”

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Foreign Relations and Trade

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Foreign Relations and Trade

Bangladesh's foreign policy remains anchored in regional cooperation and export-driven growth. The country maintains active relations with major powers and neighbours. In 2023–24, India continued to be the top regional partner: bilateral trade was about US$11.1 billion in FY2024 (with India the second-largest trade partner overall). India imports Bangladeshi garments, jute and agricultural products, while exporting machinery, chemicals and food products to Bangladesh.

However, after the regime change India–Bangladesh relations have cooled: Prime Minister Yunus publicly criticized India for harbouring Hasina and has sought her extradition. Meanwhile, Bangladesh has moved to re-engage Pakistan; in April 2025 Islamabad and Dhaka resumed high-level talks after 15 years, and military-to-military contacts (naval exercises, meetings between chiefs) increased. Bangladesh is also rebuilding ties with China and Japan, whose infrastructure investments (e.g. ports, railways, power plants) remain important.

Trade remains vital to the economy. Bangladesh's exports (≈US$54 billion in 2023) are dominated by ready-made garments (~84% of merchandise exports), which go chiefly to the EU and the US. The EU is Bangladesh's single largest trading partner, accounting for about 20.7% of total trade in 2023. Garments make up over 90% of Bangladesh's exports to the EU, under the EU's duty-free "Everything But Arms" (EBA) trade privileges. The US is another key market, and Bangladesh actively lobbies to maintain its GSP-like access amid occasional human-rights conditionality. China has also emerged as a top economic partner: by September 2024 Chinese firms had invested $2.67 billion in Bangladesh, primarily in textiles, telecoms, power and infrastructure.

Remittance inflows from overseas workers (≈US$22 billion in FY2024-25 by March) provide a major source of foreign currency and support domestic consumption. Bangladesh also receives substantial development assistance: it has one of the largest World Bank and IDA programs globally, and is a significant beneficiary of climate and poverty-alleviation funding from multilaterals and bilateral partners. In 2024, Bangladesh's president and UN representatives highlighted the country's developmental needs (including for climate adaptation) in international forums.

Regional organizations (SAARC, BIMSTEC, OIC, and the Commonwealth) and multilateral initiatives remain diplomatic platforms. For example, Bangladesh continued its strong engagement in climate diplomacy (see below) and hosted high-level climate events. It also plays an active role in UN missions and ASEAN-related dialogue. The new government will seek to reassure major investors and donors amid the political uncertainty; early signals indicate it will honour most existing international agreements but may review deals linked to the previous regime.

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Environmental and Climate Issues

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Bangladesh remains one of the world's most climate-vulnerable nations. Its low-lying deltaic geography – with nearly half the population in areas <10m above sea level – makes it prone to cyclones, storm surges, and floods. The past year saw record floods and storms: in October 2024 flash floods triggered by heavy rains displaced >250,000 people and caused at least 6 deaths in northern district. Earlier in August 2024, monsoon flooding across the east affected 5.6 million people (including 2 million children), with damage estimated at $1.19 billion to crops, homes and infrastructure.

These events followed Cyclone Remal in May 2024 and other extreme weather linked to a strong monsoon. Floodwaters inundated vast areas, washed out embankments, and forced large-scale evacuations. The government's Disaster Response agencies, supported by the army and NGOs, carried out mass rescues and relief distribution. Still, the toll on livelihoods, especially small farmers and informal-sector workers, was severe.

Climate change projections predict worsening extremes. Bangladesh's long-term strategies (the Delta Plan and climate action plans) prioritize adaptation: building and strengthening irrigated embankments, improving drainage, constructing shelters and cyclone-resistant infrastructure, and restoring wetlands to absorb floodwaters. The energy sector is shifting slowly to renewables (solar irrigation pumps, off-grid solar in villages), but fossil fuels still dominate industry and power generation. Air pollution (especially in Dhaka) is a growing concern, linked partly to vehicle emissions and biomass burning; urban environmental governance remains a challenge. Internationally, Bangladesh has taken a leading role in climate justice advocacy. At COP28 (2023) and COP29 (2024), Bangladeshi delegates pressed for enhanced support for vulnerable countries. The interim government has been vocal: for example, Finance Minister Yunus described stalled climate-finance negotiations as "humiliating". Officials estimate Bangladesh needs roughly $8.5 billion per year for adaptation (e.g. coastal defences, resilient agriculture), but face a funding gap of about $5.5 billion annually. Bangladesh strongly emphasizes grant-based climate aid (not loans) and supports the new Loss & Damage Fund to compensate developing countries for climate impacts. Domestically, the government has allocated limited funds for climate resilience in its budget and is seeking concessional financing (World Bank, ADB, Green Climate Fund) to meet urgent needs.

In summary, environmental risks compound Bangladesh's challenges. Recent analyses warn that climate change may reduce GDP by 2–3% annually over the long term through losses in agriculture, infrastructure, and health. The country has made progress in disaster preparedness, but each successive extreme event tests that resilience. Balancing economic growth with sustainable resource use and climate adaptation remains a central policy issue in 2025.

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