



UNDER EMBARGO UNTIL 12.00 HRS., BANGKOK TIME, THURSDAY, 28 APRIL 2016

BANGLADESH

GDP (current US\$, billions):	\$172.89	Population (thousands):	159,078
Share of GDP in developing Asia-Pacific:	0.9%	GDP per capita (current US\$):	\$1,086.81
Share of GDP in South and South-West Asia:	3.8%	Average inflation (2015)	6.4%

- Bangladesh has sustained a robust and resilient economic growth rate of more than 6% in the past several years. In 2015, output grew by 6.5%, up from 6.1% in 2014, despite political turmoil in the third quarter.
- Although the share of private consumption in GDP has trended downwards in recent years, household spending continued to propel the economy in 2015, supported by lower inflation, higher workers' remittances and farm incomes, and rising public sector wages and transfer payments.
- Garment exports, accounting for more than 80% of total exports, were sluggish on subdued orders from Europe and lower cotton prices. Despite favourable workers' remittances, strong import demand and tepid export of goods pushed the current account balance into a deficit of 0.8% of GDP in 2015, the first shortfall in three years.
- Inflation dropped slightly to 6.4% in 2015 amid a vigilant monetary policy and a stable exchange rate that enabled pass-through of lower global food prices.
- The outlook for growth remains optimistic, with growth being projected at 6.8% in 2016 and 7% in 2017.
- Apart from strong household spending supported by steady employment growth, economic growth should also benefit from a supportive macroeconomic policy stance, including a 50-basis point reduction in the policy rate in January 2016 and the planned, larger fiscal deficit of 5% of GDP for the fiscal year 2016. On the downside, high non-performing loans could constrain the growth of bank loans.
- Despite strong growth performance in past years, several medium-term development challenges remain. These include, among others, the need to reduce infrastructure and energy shortages, broaden the export base beyond garments and ensure decent work conditions and labour rights. To promote economic diversification, a skills development programme for the ship building industry has been introduced.
- The Government also plans to increase the tobacco tax and introduce a uniform 15% value-added tax rate and a 5% supplementary duty on mobile telephone usage to shore up fiscal resources. With regard to social development, the Government is scaling up school feeding programmes, its maternal health voucher scheme and an integrated microcredit programme.