

# MEET BANGLADESH

THE RISING TIGER



**BANGLADESH**  
A THRIVING **GLOBAL SOURCING HUB** FOR  
**LIGHT ENGINEERING GOODS**



## THE RISING TIGER

Bangladesh, now over 50 years old, continues to stand as one of the world's most remarkable success stories. Over the decades, this country has cemented its place on the global stage with unparalleled growth and transformation. Its booming economy is complemented by significant strides in human development indicators and major infrastructural advancements.

The nation has also made impressive progress in ensuring food security, diversifying exports, and positioning itself as a hub for renewable energy and manufacturing.

After the monsoon revolution in 2024, Bangladesh 2.0 is resonating across the globe as a beacon of hope and progress.



## BOOMING BANGLADESH

Bangladesh, a strategic regional trade hub linking South and Southeast Asia, is on the path to becoming the next Asian Tiger. The Centre for Economics and Business Research (CEBR) predicts that Bangladesh's ranking in the World Economic League Table will significantly improve between 2020 and 2039, rising from 41st to the world's 21st largest economy (US\$1.60 trillion).

The size of its GDP was US\$6.28b in 1972. With a GDP size of \$459b, it is currently the 36<sup>th</sup> largest economy globally among 189 countries. Bangladesh has been recognised as one of the most attractive business hubs in Asia.

Total remittances reached nearly US\$24b in the fiscal year of 2023-24, and the country aspires to become a developed nation by 2041.

## BANGLADESH ONE OF THE FASTEST-GROWING ECONOMIES



**"Fastest growing economy in the Asia-Pacific region"**

Source: Asian Development Outlook 2024, ADB



**"Bangladesh holds hidden gems for investors"**

Source: HSBC projects Bangladesh to be the 26<sup>th</sup> largest economy by 2030



**"Bangladesh among the Next 11"**

Source: Goldman Sachs



**7%** average **GDP** growth in last 5 years (Pre-Covid 19) and is expected at **5.8%** in 2024 and 5.1% in 2025

Source: ADB



**"Financial aid from the IMF will help Bangladesh maintain macroeconomic stability and boost foreign-exchange reserves."**

Source: Economist Intelligence Unit, 2023



**"Bangladesh is aspiring to be an upper middle-income country by 2031"**

Source: Bangladesh Development Update 2023: Towards Regulatory Predictability, WB



**"FDI in FY 2023-24 stood at **US\$4.18b**"**

Source: BB



**US\$2,784** per capita GNI in FY 2023-24

Source: BBS



Remittances soared nearly **39%** percent year-on-year to **2.2b** in August, 2024

Source: BB



**US\$20b** forex reserve in 2024

Source: BB



**9.73%** inflation in FY 2023-24

Source: BBS



**90%** businesses express high confidence during COVID-19: survey

Source: BB

# DEVELOPMENT





## Physical Infrastructure

Bangladesh has been growing rapidly for more than a decade, driven by a combination of strong industrial output, particularly in the garment manufacturing sector, remittances from its significant expatriate workforce, and a growing services sector.

## Skill Development

Bangladesh has successfully created skilled human resources and achieved qualitative excellence in the development sector since the last decade. The government has formulated the National Skill Development Policy 2011 and a 30-member Skill Development Authority (NSDA) governing body has been formed in 2020 to coordinate more skill development activities, training and employment.









Moreover, a National Human Resource Development Fund (NHRDF) has been established for skill development activities and programmes.

	<b>11.2%</b> of total government allocation for the development of <b>Transport and Communication</b> sector in FY 2023-24		Investment to <b>GDP Ratio</b> increased from 6.54% in FY16 to <b>7.47%</b> in FY 2023-24
	<b>Power Capacity 30,738 MW</b> in 2024 from 4,942 MW in 2009		By 2040, <b>half of Bangladesh's Population</b> will be living in <b>Urban Areas</b>



# INFRASTRUCTURES

TO ACCELERATE THE GROWTH OF INDUSTRIES AND TO TAKE FULL ADVANTAGE OF ITS STRATEGIC LOCATION

	580 km coastline with <b>90%</b> international trade done via <b>Chittagong and Mongla Ports</b>		<b>16</b> Operational <b>Land Ports</b>
	<b>Deep-sea Ports:</b> Matarbari port will be completed by December 2029 and Payra is fully operational now		<b>3</b> International and <b>5</b> Domestic <b>Airports</b>
	<b>22,476.28 km</b> of <b>Highways</b> and extensive network of quality roads		<b>3,093 km</b> of <b>Railways</b> connecting all-over Bangladesh extensively
	<b>3 Asian Highways AH1, AH2 and AH41</b> and regional corridors like <b>BRI, SASEC, BIMSTEC</b>		<b>97 Economic Zones</b> have been approved so far

## DIGITAL EVOLUTION OF BANGLADESH

Over the past decade, nationwide technological advancements have significantly contributed to Bangladesh's transformative growth. It aims to deliver citizen-centric services through technology, increase digital literacy, ensure e-governance, and encourage e-commerce while protecting people's rights and ensuring accountability.

 **194m**  
MOBILE PHONE  
SUBSCRIBERS

 **142.17m**  
ACCESS TO  
INTERNET

 **53m**  
ACTIVELY USE  
SOCIAL MEDIA



## COMPETITIVE LABOUR COST

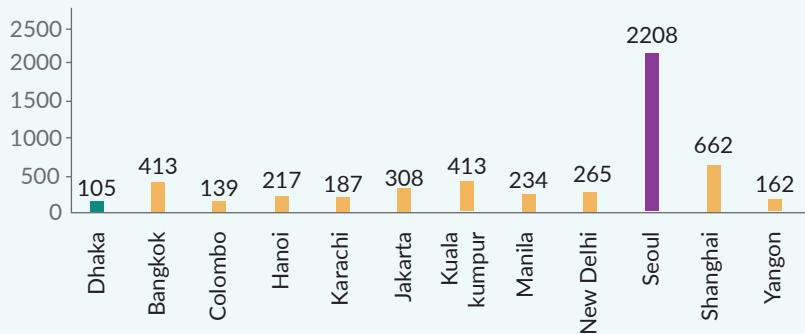
Bangladesh has the most competitive cost of labour compared to its competitors. The average monthly wage rate in Bangladesh is less than half that in India and less than one-third of the cost in China or Indonesia.

Bangladesh holds great potential to become a leading global manufacturing hub, driven by its skilled and abundant young workforce. By utilising this advantage, Bangladesh has been successful in growing export-oriented labour-intensive manufacturing industries.

Following the success of the apparel industry, the country is now poised to achieve a speedy growth in other export sectors such as light engineering products, and IT services plastics, medical and personal protective equipment (MPPE), footwear, leather goods.







Monthly worker wages in USD

Source: Bangladesh Labour and Employment Ministry 2024 report

Monthly average wage rate in Bangladesh is less than half compared to India, and less than one-third of the cost in China or Indonesia.

**Bangladesh, low cost and high return Manufacturing destination in Asia**

Source: Japan External Trade Organization (JETRO)

**Bangladesh among top three countries in operating profit forecasts**

Source: 2023 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania



## DEMOGRAPHIC DIVIDEND

Bangladesh's demographic dividend holds a working-age population of more than 65.08%.

Each year, 2.3m young, tech-savvy and adaptive youths join an ever-growing workforce.



**Female literacy rose remarkably from 43.74% in 2007 to 75.8% in 2023**

Source: BBS report published on March 24, 2024



**Bangladesh literacy rate reaches all time high of 77.9%**

Source: BBS



**2.3m young professionals enter workforce every year**

Source: BIDA



**45% of its population is aged below 24 years**

Source: BIDA



**70% is aged below 40**

Source: BIDA

## MANUFACTURING PEDIGREE

Bangladesh has been a global manufacturing hub for more than a decade. It is the world's second-largest clothing manufacturer. "Made in Bangladesh" clothing is sold in practically every country. Bangladesh's sophisticated manufacturing infrastructure is expanding to a new generation of world-class export industries like automobiles, bicycles, electrical & electronics goods, Plastic products, medical and personal protective equipment (MPPE), footwear, leather goods, etc.

Already manufacturing and exporting to varying degrees, these industries are set to receive significant boosts from targeted government incentives and interventions to transform them into world-class sourcing destinations.



## LIGHT ENGINEERING INDUSTRY IN BANGLADESH

Known as the "mother of all industries," the light engineering sector (LES) plays a crucial role in supporting the bicycle, automobile, electric vehicle, battery, electrical and electronics, industrial, agricultural, and construction sectors of the country. It serves as a key driver of industrialisation by providing essential machinery, spare parts, and technical solutions. According to the Bangladesh Business Promotion Council, the LES sector employs 1 million skilled and educated individuals and entrepreneurs across 60,000 micro and 20,000 small and medium enterprises, with a total investment of approximately US\$20b.

Furthermore, the manufacturing sector, with an average annual turnover of US\$1.64b, continues to expand, demonstrating strong potential in both domestic and international markets.





## KEY INDICATORS (LIGHT ENGINEERING)



**US\$12b** domestic market size



**US\$486.75m** export earnings in 2023-24



**1m** People Employed By **80,000** LE Factories



**34** LE Clusters Across The Country



**Huge Growth** Potential in this Segment as Local Production only Meets 50% of The Total Demand

## PRODUCTS WE OFFER

The Light Engineering Sector (LES) offers a wide and diversified array of products with proven quality and conformity standards. These include bicycles, automobiles, refrigerators, LED TVs, mobile phones, and batteries. Additionally, LES produces automobile spares, construction equipment, iron chains, stainless steel wares, optical lenses, electrical and electronics goods, power transformers, switchgear, electric wires and cables, compressors, transistors, diodes, and energy-saving bulbs.

The sector also manufactures switch-sockets, electric generators, water heaters, humidifiers and dehumidifiers, all types of fans, fancy light fittings, IPS, voltage stabilisers, spare parts for lifts and escalators, remote control switches, and microprocessor-based control systems. Moreover, LES supplies manufacturing machinery and spare parts for various engineering and non-engineering sectors.





## EXPORT MARKET

According to the Export Promotion Bureau (EPB), Bangladesh's small and medium-scale manufacturers exported engineering goods worth US\$486.75m in FY 2023-2024, making it the country's 7th largest export-earning sector.

### Sub-Sectors

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#### Bicycle

Bangladesh's bicycle industry has experienced significant growth, establishing itself as a notable player in the global market. In FY 2023-24, exports reached US\$82.5m, with 80% of shipments destined for the European Union, primarily to Germany, Austria, and the UK. The country produces a wide range of bicycles, including mountain bikes, road bikes, electric bicycles, and children's bicycles, catering to diverse consumer needs.

The sector, which began in the mid-1990s with Alita Bangladesh Limited, now includes major local players such as Meghna Group, Pran-RFL Group, and Ajik Group. Bangladesh's domestic demand is approximately 1.5 million bicycles annually, and the market is projected to grow at a 30% annual rate.

Despite its success, the industry faces challenges such as dependence on imported parts and infrastructure limitations. To address these issues, the government provides export incentives and has introduced business-friendly policies aimed at reducing costs and enhancing competitiveness.



#### Electrical & Electronics Goods

Bangladesh's booming electrical & electronics market presents significant investment opportunities for suppliers of electronic parts and components.

Currently, renowned local and international brands such as Samsung, LG, Walton, MyOne, Vision, and Singer assemble TVs, refrigerators, and other home appliances within the country. Additionally, mobile phone brands like Samsung, Nokia, Oppo, and Vivo are assembled locally, with more international brands expected to begin local production soon.

Bangladesh also produces and exports transformers, transistors, and semiconductor devices. In FY 2023-24, total electronics exports reached US\$149.5m, with an impressive export growth rate of 21.53%. Given the expanding domestic market and increasing global demand, there is ample room for scaling up local production. Foreign investors are encouraged to explore these opportunities by supplying high-quality components and advanced technologies to meet the rising market needs.



## Automobiles

Bangladesh's automobile market has rapidly evolved, with 99% of motorcycles now locally manufactured or assembled. In 2023, 461,805 units were sold, driven by government incentives, including reduced CKD unit import duties, which have boosted local production.

In September 2024, Bangladesh Honda Private Limited (BHL) began motorcycle exports, shipping Honda X-Blade 160s to Guatemala, following Runner Automobiles. The Motorcycle Industry Development Policy 2018 aims for 1 million units annually by 2027, ensuring steady growth.

The market for light vehicles and electric vehicles (EVs) is also expanding, supported by favourable policies and growing infrastructure for EVs. Despite challenges like import reliance, local procurement, and export initiatives, the sector is strengthening. With government support and expanding opportunities, Bangladesh is positioning itself as a key player in regional and global markets.



## Battery

Driven by the booming automobile sector, Bangladesh's local battery market, valued at US\$1.23 billion in 2024, is projected to reach US\$1.54 billion by 2032. While the industry primarily serves two- and three-wheeler vehicles, the growing demand for hybrid and electric vehicles is accelerating the need for rechargeable batteries. Additionally, the increasing use of batteries in consumer electronics such as smartphones, tablets, and laptops further strengthens the case for local production, making Bangladesh a promising hub for both automotive and electronic battery manufacturing.





## COMPETITIVE ADVANTAGES



### Duty-Free Market Access

Bangladesh has duty-free access to developed countries (under the Generalised System of Preferences) such as the EU, UK, Japan, Canada, Russia, and Australia. Few countries get this benefit when it comes to exporting Light Engineering products, thus indicating the industry's potential for export competitiveness.



### Competitive Workforce

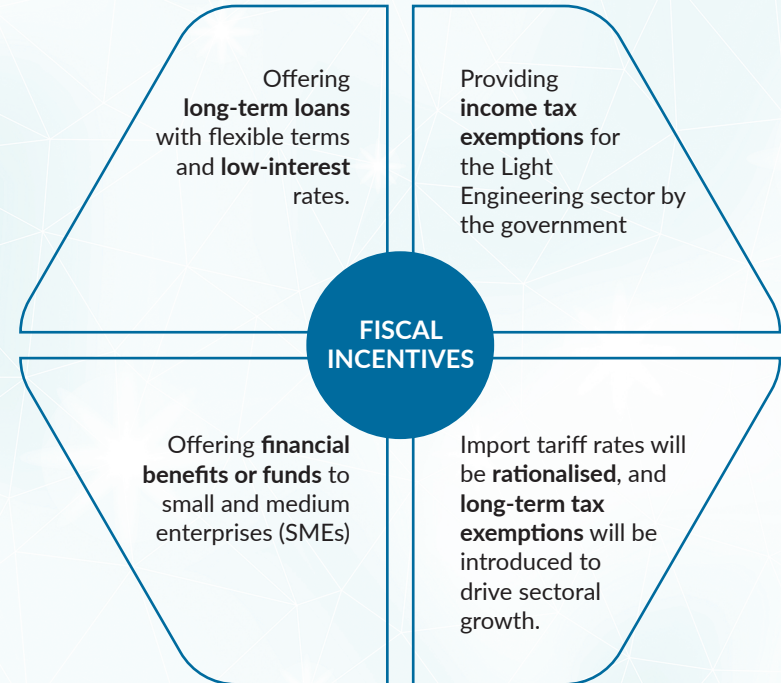
Competitive labour costs provide a significant advantage for Bangladesh's export-orientated industries. While China and ASEAN countries remain major competitors in the global market, Bangladesh's cost-effective workforce has strengthened and will continue to strengthen the position of its Light Engineering industry.



### Locally Available Raw Materials

The local availability of high-quality raw materials, such as steel, crude steel (billets), and other metals, ensures cost efficiency and supports sustainable production practices. Additionally, it fosters regional economic growth by creating opportunities for local suppliers and manufacturers.

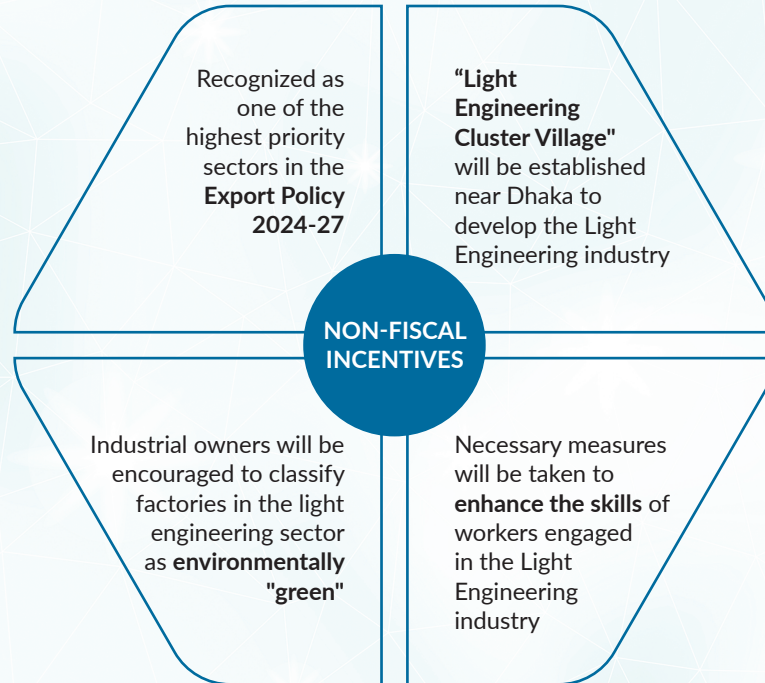
## POLICY SUPPORT



## EXPORT COMPETITIVENESS FOR JOBS (EC4J) PROJECT

The Government of Bangladesh has made trade, investment, and sustainable development a top priority. Export diversification is a key agenda to continue to deliver on large-scale job creation in the tradable sectors. In line with this objective, the Ministry of Commerce is implementing the Export Competitiveness for Jobs (EC4J) project with the financial support from the World Bank.

The EC4J Project is supporting companies in five targeted sectors: (i) Light Engineering; (ii) Leather and Leather Goods; (iii) Footwear; (iv) MPPE and (v) Plastics to address some of the key constraints they face in accessing export markets. Companies, especially SMEs that are in the export market or have the potential and are aspiring to access export markets will benefit from the project.



### Leading compliance and competitiveness enhancement

- 1** Programs to create **ENVIRONMENTAL, SOCIAL, and QUALITY (ESQ) AWARENESS**
- 2** Establish **MARKET LINKAGE**, and conduct **SECTOR BRANDING** initiatives
- 3** Sector-specific **SPECIALIZED TRAINING** on compliance, sustainability, and green growth transformation
- 4** **EXPORT READINESS FUND (ERF)** – a matching grant to directly assist firms to improve and upgrade ESQ standards
- 5** Two state-of-the-art **TECHNOLOGY CENTERS** to enable to access modern technologies, advanced skills, and relevant business development services





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**EXPORT COMPETITIVENESS FOR JOBS (EC4J) PROJECT**

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