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LDC graduation moves to 2029: what three extra years mean for Bangladesh, its exporters and the stock market

The UN General Assembly has given Bangladesh until 24 November 2029 to graduate from Least Developed Country status. We look at what the extension buys, which sectors gain the most, what could still go wrong, and how investors should read it.

1 The decision at a glance

24 Nov 2029
New graduation date, moved from 24 Nov 2026

73%
of exports enter markets under LDC-based trade preferences

38
countries and trade blocs give Bangladesh LDC-based access

$48.0bn
FY2025-26 exports, of which garments $38.7bn (81%)

The UN General Assembly approved a three-year extension to Bangladesh's preparation period at its 81st session, following a request the new government sent in February 2026. The UN Committee for Development Policy (UN-CDP) assessed the request and the Economic and Social Council recommended it in July. The G77 and the European Union backed it, and Nepal received the same extension.

The UN cited a difficult global backdrop (conflict, disruption to energy and supply chains, trade uncertainty), the lasting effects of recent shocks, structural weaknesses at home and, unusually, the complexity of Bangladesh's recent political transition.

2 How we got here, and what comes next

Mar 2018
Bangladesh first meets all three graduation criteria

Feb 2021
UN-CDP recommends graduation (second review)

2021
Two-year COVID extension sets 24 Nov 2026

Feb 2026
New government asks the UN for more time

Jul 2026
ECOSOC refers the request to the General Assembly

Oct 2026
UN General Assembly approves three more years

24 Nov 2029
New graduation date

Nov 2032?
EU duty-free access could run to here if the EU applies its usual three-year transition to the new date

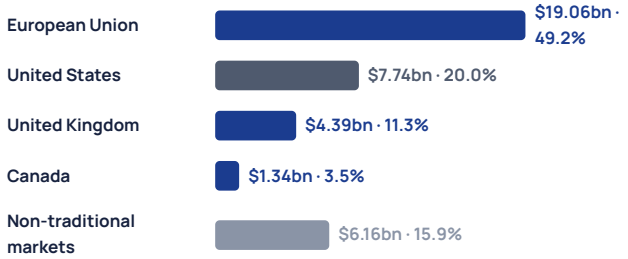
The 2032 date is our reading of the EU's standard rule (three years of Everything But Arms access after graduation). The EU has not yet confirmed how it will apply the new date.

3 Graduation is still coming: Bangladesh passes all three tests

UN-CDP criterion	Threshold (2024)	Bangladesh 2019	Bangladesh 2024	Status
GNI per capita 3-year average, US$	$1,307 or more	$1,827	**$2,684**	Met, 2x threshold
Human Assets Index health and education	59.6 or more	75.3	**77.5**	Met
Economic & Environmental Vulnerability Index lower is better	40.6 or less	27.3	**21.9**	Met

A country needs to meet two of three criteria at two consecutive triennial reviews. Bangladesh meets all three with room to spare, so the extension delays graduation rather than reversing it. Sources: UN-CDP figures via Arthosuchak.

4 Where the exposure is: garment exports by market, FY2025-26



Share of FY2025-26 garment exports ($38.70bn, down 1.6%). Blue = markets where Bangladesh relies on LDC preferences; grey = the US, which gives no LDC preference on apparel. Source: EPB data via The Financial Express.

Why the EU matters most

- ✓ The EU took about half of garment exports in FY26 ($19.1bn), duty-free under Everything But Arms (EBA).
- ✓ About one in three garments sold in Europe is made in Bangladesh, and Bangladesh accounts for roughly two-thirds of all duty-free LDC exports worldwide.
- Without a replacement deal, EU tariffs on garments would rise to around 9–12%, while Vietnam moves to zero duty under its EU free trade agreement.
- EU share of garment exports already slipped from 50.1% to 49.3% in FY26.

5 Benefits and challenges

How Bangladesh benefits

- ✓ **Three more years of duty-free access.** LDC preferences in 38 markets continue to 2029, protecting the 73% of exports that use them.
- ✓ **A longer EU runway.** If the EU keeps its three-year EBA transition after the new date, EU duty-free access could last until around 2032, three years longer than planned.
- ✓ **More time for pharma.** Under WTO rules, LDCs do not have to grant pharma patents until 2033 or until they graduate. The extension keeps that flexibility until 2029, giving drugmakers time to build API capacity and prepare for patent rules.
- ✓ **Time to secure the next deal.** A window to win EU GSP+ (with a waiver on its apparel safeguard), an EU partnership agreement, and deals with Japan and Canada, and to make full use of the UK scheme.
- ✓ **Cheaper financing for longer.** Some LDC-linked concessional loans and support measures can continue while reforms are made.
- ✓ **Investor and buyer confidence.** Removes a near-term cliff for exporters and the economy at a time of weak export growth and political transition.

The challenges that remain

- **A delay, not a cancellation.** Bangladesh still meets every graduation test. The cliff has moved to 2029, not disappeared.
- **GSP+ is hard to win.** It requires enforcing 32 international conventions, and Bangladesh breaches the scheme's safeguard limits on apparel, so it needs a special exception.
- **Concentration risk.** Garments are 81% of exports and the EU about half of garments. A single sector and a single market carry most of the risk.
- **Competitors are moving.** Vietnam's EU trade deal brings it to zero duty by 2029, while Bangladesh could face 9–12% after its transition ends.
- **Cost and capacity gaps.** Energy shortages, port delays, customs friction and bank stress raise costs. CPD says the extension alone will not make the economy more competitive.
- **Conditions attached.** The UN expects reforms, a smooth transition strategy and annual progress reports. Business as usual would waste the time.

6 Market by market: what happens to trade preferences

Market	Outlook	What it means
European Union EBA → GSP+ or EPA	Most at stake	EBA continues to graduation, plus a possible three-year transition. After that, GSP+ (32 conventions and an apparel safeguard waiver) or a partnership agreement is needed to avoid 9–12% tariffs.
United Kingdom DCTS	Largely secured	Under the UK scheme, about 92% of Bangladesh's product lines, including garments, are set to stay duty-free after graduation (UK High Commission, 2025).
Canada & Japan LDC preferences	At risk	Named among markets where tariffs could rise after graduation. Bilateral deals or upgraded preference schemes will be needed.
United States no LDC preference on apparel	Little change	Garments already pay normal US duties, so graduation has little direct effect. US trade policy matters more than LDC status here.
India, China & others LDC duty-free schemes	Watch	Smaller but growing markets. Preferences tied to LDC status will need replacing through bilateral or regional deals.

Preferences continue subject to each market's own rules. Outlook is our indicative reading of public information.

7 What it means for DSE-listed sectors (indicative view)

Sector	Likely effect	Why
Textiles & garments spinning, knit, woven, denim, accessories	Positive	The biggest winner. Three more years of duty-free EU, UK and Canada access protects margins and order books, and gives time to move up the value chain.
Pharmaceuticals formulations, APIs, exporters	Positive	Patent flexibility continues to 2029 instead of 2026. Time to build API capacity, upgrade patent law and lock in export registrations.

Leather & footwear	Positive	A key diversification sector that keeps preferential access while scaling up. Environmental compliance (tannery estate) remains a constraint.
Jute, food & agro-processing	Mildly positive	More time to build export scale under preferences in Asia and Europe. Smaller listed exposure.
Light engineering, ceramics & plastics	Mildly positive	Diversification sectors that benefit from continued preferences and a longer window to win new markets.
Banks & NBFIs	Indirect	Export trade finance and stable foreign currency inflows support banks with strong export portfolios. Asset-quality stress is the bigger driver.
Cement, steel, power, telecom	Neutral	Domestic-demand businesses. Affected through the wider economy, not through trade preferences.

Sector views are general and indicative, not recommendations. Each company's market mix, margins and balance sheet matter more than the headline.

8 Key takeaways

1 A breathing space, not a reprieve
Bangladesh passes all three tests by a wide margin. Graduation is now due on 24 November 2029.

2 Exporters keep their edge
Duty-free and preferential access in 38 markets continues, covering about 73% of exports.

3 The EU is the key market
About half of garment exports go to the EU. EBA could run to around 2032, but only if the EU applies its transition to the new date.

4 GSP+ is the prize, and it is hard
Bangladesh must enforce 32 conventions and win an exception to the apparel safeguard, or negotiate a partnership agreement.

5 Pharma gets three more years
Patent flexibility continues to 2029, time to build API capacity and update patent law.

6 The UK looks largely secured
About 92% of product lines, including garments, are set to stay duty-free after graduation.

7 Diversification is the real test
With garments at 81% of exports, leather, footwear, pharma, agro, light engineering and IT need to scale up.

8 Reforms decide the outcome
Energy, ports, customs, revenue and banking reforms, with annual UN reporting. Wasted time would bring the same cliff in 2029.

9 What to watch next

EU decision on EBA timing
Whether the three-year transition is applied from the 2029 date

GSP+ application
Progress on the 32 conventions and the apparel safeguard exception

Trade deals
EU partnership talks; agreements with Japan, Canada and others

Patent law and API capacity
Updating the Patent Act and building API supply before 2029

Annual UN-CDP reports
The first progress report under the extension

Export growth
Garment orders and diversification in FY2026-27

Energy and ports
Gas supply, power costs and port turnaround

Banking reform
Asset quality and trade-finance capacity

Sources

Arthosuchak (UN decision, criteria scores, 73% and 38 markets, 12.5% tariff estimate); The Business Standard (dates, process, reactions from BGMEA, CPD and BFTI, UNCTAD 2025 export estimate); The Financial Express (FY26 garment exports by market; UK duty-free coverage); The Daily Star (EU EBA, GSP+ conditions and safeguard, EU market share); Textile Today / UNB (FY26 total exports); The Business Standard (WTO TRIPS pharmaceutical transition). Figures such as the 12.5% average tariff and the ~32% possible export decline are estimates of potential impact, not forecasts.

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