



Economic Report 2025

Bangladesh

10 December 2025

Executive Summary

The \$475 billion Bangladeshi economy, roiled by political strife last year, is on the path to recovery. Formidable challenges still lie ahead, particularly also in view of the upcoming elections. According to the World Bank, the economy is expected to grow by 4.8% in the Fiscal Year 2026, still sub-par compared to the recent historical average.

Following last year's mass uprising, an interim government headed by the microcredit pioneer and Nobel Laureate Professor Muhammad Yunus started picking up the pieces. It has addressed several key macroeconomic concerns successfully (e.g. improved external balances), but much remains to be done (e.g. subdued revenue and employment growth), particularly as the country, politics and society still reel from last year's shocks.

Bangladesh is approaching two critical milestones: the national elections expected in February 2026 and its graduation from the Least Developed Country category at the end of 2026. Both transitions offer opportunities as well as a degree of unease, as protracted political instability, reform lethargy and other internal/ external shocks could make the rowing back more difficult. It will be vital for the country to seize upcoming opportunities, including the LDC graduation, to pave the way for the economy's transformation.

For this ready-made garment juggernaut, a key economic priority is to maintain its competitive advantage in the export markets, including preserving/ prolonging current market access preferences. Bangladesh's intense tariff negotiations with the US administration, which resulted in tariffs being reduced from 37% to 20%, demonstrate how important market access is for the country's export sector.

Despite economic headwinds and political upheavals in Bangladesh, bilateral trade and investment relations between Switzerland and Bangladesh have remained somewhat resilient. Swiss companies operating in the country remain largely optimistic, despite legal and regulatory challenges. In 2024, the bilateral trade crossed the CHF1 billion mark for the fourth consecutive year. Swiss companies are leading foreign investors in the country. However, several companies face some predicaments. For small and medium enterprises (SMEs)—the backbone of the Swiss economy—Bangladesh remains a largely undiscovered/ unfamiliar and somewhat challenging destination. Political stability, an improved business framework condition, legal security and policy predictability will not only improve the country's economic outlook, but also further expand bilateral economic ties.

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1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

Context

Bangladesh has achieved decent economic success and poverty alleviation by leveraging a price-led competitiveness economic model, promoting a targeted manufacturing strategy, nurturing domestic industries, and adopting information technology and digitalisation in recent years. Bangladesh's fabled economic success story is nevertheless marked by stark contrasts. For successive years, the economy registered impressive economic growth (6%+), while it has a staggeringly high rate of unemployment among the educated youth (World Bank: 27.8%; a high percentage for a country where youths account for 27%¹ of the population) and an egregiously unequal distribution of wealth. These disparities point to deeper structural weaknesses that have, in turn, contributed to the macroeconomic challenges the economy has encountered in recent years, including higher inflation (10% in FY2025), pressure on external balances, growing bad loans in the banking sector and insufficient revenue mobilisation.

When the current interim government was installed in August 2024, following a youth-led uprising, with Professor Yunus at the helm of affairs, it inherited a fragile economy. A key task for the interim administration was to steer the \$475 billion² economy clear of troubled waters. During the reporting period, it has adequately addressed several key macroeconomic concerns, but fell short in some other areas.

Current macroeconomic situation³

Despite the political turmoil experienced in 2024, the economy showed signs of recovery in the second half of FY2025, with real GDP growth overall declining only slightly to 4.0% in FY2025 from 4.2% a year ago. This is the third consecutive year of moderation, reflecting ongoing broad-based domestic challenges.

Thanks to a substantial increase in remittance inflows, resilient export performance and budgetary support from the development partners, the pressure on the external sector has eased in FY2025, with the current account balance returning to a surplus for the first time in eight years. As a result, foreign exchange reserves, which had been on a declining trend in recent years, have somewhat stabilised. The exchange rate has remained steady, notwithstanding the adoption of a more flexible exchange rate regime in May 2025. In FY2025, Bangladesh's remittances sent home by Bangladeshi wage earners living abroad surged by 26.81%, particularly as more funds were routed through the banking channel. The increased contributed significantly to easing the pressure on the forex reserves.

Inflation, which has been on a surging streak since 2022, has remained a major concern. Average inflation rose to 10% in FY2025 from 9.7% a year ago, due to a host of factors including the local currency's depreciation, flooding in 2024 and supply-chain disruptions caused by the political upheaval last year. It has slightly cooled off in recent months due to the tight monetary policy adopted by the central bank. However, inflation still remains elevated.

Non-Performing Loan (NPL) in the banking sector is another challenge that has continued to haunt the economy in recent years. During the reporting period, the interim government and the central bank have initiated banking sector reforms. Besides focusing on urgent measures to manage risks, authorities are conducting asset quality reviews in selected weak banks and strengthening regulations to improve governance and transparency in the banking sector.

Revenue mobilisation remained weak in the reporting period. According to official data, only 71.3% of the FY2025 revenue target was met during the July-May period of FY25. That said, the interim government has initiated several reforms that pertain to improving domestic revenue mobilisation. On the other hand, due to the current economic sloth and inflation, new job creation has stalled, leading to a rise in the unemployment rate. Consequently, the poverty rate climbed in FY2025, which is a matter of concern. The national poverty rate is projected to have risen to 21.2% during this period, up from 20.5% a year ago in FY2024.

Despite efforts by the authorities, the overall investment climate has not witnessed much improvement, as both private and public sector activities have remained sluggish. Although the situation has

¹ Bangladesh Bureau of Statistics

² <https://www.imf.org/external/datamapper/NGDPD@WEO/OEMDC/ADVEC/WEOWORLD/BGD>

³ Based on Bangladesh Development Update, October 2025, World Bank

improved somewhat in recent months, political uncertainty and the law-and-order issues are still a concern.

Opportunities and Outlook

While the ready-made garment sector blazes the trail for the country's export-led growth model that heavily leans on labour cost competitiveness, multiple new sectors offer possibilities. A study commissioned by UNDP and the UK government identified three priority sectors, namely agro-processing, jute/jute products and IT-enabled services (IT), with the potential for Bangladesh to expand its export portfolio. Industry insiders project that the IT sector can become the country's "next big thing," with Bangladesh being home to 2% of Asia's start-ups, up from almost zero ten years ago, putting the country on a similar level as Vietnam and Malaysia. Electronics and pharmaceuticals also demonstrate the capability of obtaining business know-how in more high-tech industry segments. Other emerging sectors include the leather and ceramic industries.

However, local enterprises enjoy a steep advantage and influence across most sectors. Despite the considerable potential for Foreign Direct Investments (FDI), the current level remains low (0.4 of the GDP). Multiple challenges persist for foreign enterprises, albeit not unique compared to the rest of South Asia. Proximity to regional economic giants, such as India and China (India encircles Bangladesh on three sides), gives Bangladesh an added geo-strategic significance and proximity to large markets. With adequate policy reform and support, a level playing field and framework conditions, foreign companies, including the Swiss ones, can potentially become investment and technology (hi and clean-tech) partners in these promising and emerging sectors, which will be mutually beneficial.

The bilateral trade and investment ties between Switzerland and Bangladesh hold immense potential. Bangladesh is Switzerland's second largest trading partner in South Asia (considering two-way trade), after India. Swiss companies are active in all crucial economic sectors in Bangladesh and provide state of the art technology, products and services. Knowledge, technological and innovation partnerships will likely shape the future course of bilateral economic cooperation.

Current policy priorities

A major commitment of the interim government, which is currently at the fag end of its tenure, as the national elections are expected to be held in February 2026, was to achieve, or at least initiate, impactful and sustainable state reforms across key sectors in Bangladesh. Last year, the government formed eleven separate commissions to make recommendations for reforms, which were later compiled and consulted with key political parties. In October 2025, 24 political parties in Bangladesh signed this comprehensive reform package on specific constitutional, electoral and administrative reforms. However, there is still room to advance the broader economy-centric reform agenda, particularly measures proposed by the Task Force on Strategising the Economy and the White Paper Committee.

In 2023, the IMF approved a \$4.7 billion loan for Bangladesh through a mix of concessional and non-concessional funding facilities, which was later topped up with an additional \$800 million. In May 2025, Bangladesh introduced a more flexible exchange rate system to meet conditions set by the IMF. The IMF is also working closely with Bangladesh on tax reforms and tackling the financial sector vulnerabilities. An IMF end of mission statement issued in November 2025 noted that authorities have made progress in maintaining macroeconomic stability and advancing reforms.⁴

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

Industry sector

Once touted as an economic basket case, Bangladesh has transitioned from being a mainly agrarian economy in the 70s into a global apparel manufacturing powerhouse over the last decades. It is the second-largest apparel exporter, trailing China.⁵ At present, the industry sector accounts for 37.4% of GDP at constant prices and employs roughly 17% of the country's total workforce. Despite the current economic challenges, it is estimated that in FY2025, this sector grew by 4.34%⁶, a slight uptick compared to 3.51% a year ago. The export-oriented garment and textile sectors dominate the industry segment,

⁴ <https://www.imf.org/en/news/articles/2025/11/13/pr-25369-bangladesh-statement-end-imf-mission-2025-aiv-consult-and-5th-rev-under-ecf-eff-and-rsf>

⁵ <https://www.thedailystar.net/business/news/bangladesh-retains-second-largest-apparel-exporter-spot-2024-3934636>

⁶ Official Bangladeshi statistics from the Finance Division.

accounting for over 80% of total exports and employing approximately four million people⁷, primarily women.

Other promising sectors include leather, leather goods, footwear, agro-processing, IT and electronics and jute. Overall, the industry and manufacturing sectors urgently need more diversification. Different policy documents highlight that to accelerate the economy's growth trajectory, Bangladesh needs to prioritize new drivers of growth and start transitioning from a price-led competitiveness model to one that focuses on technology, quality and innovation. More FDI and the induction of new technology can help the country to achieve this transformation.

The pharmaceutical industry of Bangladesh is highly regulated. Domestic drug companies have thrived, capturing 98% of the domestic market and even exporting their products globally (accounts for 1% of the export basket), thanks to policy safeguards for local enterprises and the Trade Related Aspects of Intellectual Property Rights (TRIPS) waiver. Although the sector heavily depends on imported sophisticated raw materials, including active pharmaceutical ingredients. The light engineering sector (electronic appliances, bicycles, and mobile phones, for example) is also expanding steadily, but primarily for the domestic market, with growing export potential.

As Bangladesh strives to move up the production value chain in sectors where it already has a strong presence and to explore new industries, it needs knowledge and technology, as well as technological collaboration, to realize its full potential. Swiss companies have advanced technology and innovation to offer in this sector and the textile industry is an example. Swiss textile machinery manufacturers are already among the leading technology providers in Bangladesh in the textile segment. As the economy and the apparel industry attempt to diversify their portfolios to address high-tech, clean-tech, and sustainability issues, it creates new opportunities for foreign and Swiss companies along the entire supply chain.

Agriculture

The agriculture sector now accounts for only 11% of the GDP. However, this sector is of enormous importance considering food security, poverty alleviation and employment creation. This sector employs over 44.6% of the total workforce, reflecting a fragmented, labour intensive and under-mechanized sector employing people mostly in the rural areas. Rice is the main crop in this country. Other agricultural sub-sectors such as fruits, vegetables, fish and shrimp cultivation and poultry farming are gradually increasing, and so is the food processing industry. The growth of the agriculture sector decelerated to be 1.79% in FY 2025, which was 3.30% in the previous fiscal year.

As the size of the middle-class segment is still growing, many private enterprises have invested in the food processing industry in recent years. Some are also exporting their agro-products to neighbouring and other countries. As a result, there is a growing demand for advanced technology and high-quality machinery, where Swiss companies can tap into the market. One Swiss multinational company is a top player in the food segment. Another Swiss plant equipment manufacturer has already teamed up with leading food processing companies in the country to design and commission plants.

Services

The service sector accounts for around 51.6% of the GDP and provides 38% of the total jobs in the country. The service sector, which grew by 4.5% in FY2025, lower than 5.09% a year ago, is increasingly becoming an important avenue for value, knowledge and technology-led economic growth. Transport, logistics, financial services, telecommunication and IT are the trailblazers in this sector.

A decade ago, just 50,000 individuals were employed in the IT industry. The government now claims to have created two million IT jobs in recent years. In the IT sector, several Swiss companies have already marked their strong presence. The sector has the potential to draw additional Swiss investment and engagement. Impact investing, an area in which Switzerland is a pioneer and continues to engage, is also gaining traction among private actors as the start-up ecosystem develops rapidly.

⁷ <https://documents1.worldbank.org/curated/en/301881574283378595/pdf/The-Effects-of-International-Scrutiny-on-Manufacturing-Workers-Evidence-from-the-Rana-Plaza-Collapse-in-Bangladesh.pdf>

3 FOREIGN ECONOMIC POLICY

3.1 Host country's policy and priorities

In April 2025, the US administration imposed 37% tariffs on Bangladesh, sending shockwaves across the export sector. As a result, the highest economic and diplomatic priority for Bangladesh in 2025 was negotiating tariffs with the US, the largest single country (while the EU is the largest destination for Bangladeshi exports as a regional bloc) destination for Bangladeshi exports. After months of uncertainty, Bangladesh secured a breakthrough in August when the US administration reduced tariffs to 20% on imports from the country. While the revised rate helps Bangladesh maintain its price competitiveness in the US market, industry insiders fear that Bangladesh's exports to the US may decline due to higher tariffs and the drop in orders.

These external pressures coincide with Bangladesh's impending graduation from the Least Developed Country (LDC) category in 2026. This graduation, on the one hand, offers new opportunities, including for the international community to push the reform agenda⁸, including labour rights, but on the other hand, several challenges loom large as international support measures associated with the LDC status will start to cease after a three-year grace period. On top of that, the current political turmoil and economic headwinds spur a sense of trepidation among the business community about this imminent transition and the eventual withdrawal of support measures. Consequently, Bangladesh is pursuing a multipronged, albeit sometimes conflicting, approach to ensure unfettered and longer-term market access after graduation, which remains one of the most crucial policy concerns at this point in time.

In February 2025, the government finalised the "Smooth Transition Strategy" (STS)⁹, a roadmap for navigating the paths toward and after graduation. The STS seeks to outline a scheme for Bangladesh to shift from reliance on preferential tariffs and low-cost competitiveness to a more robust economic model driven by innovation, quality and export diversification.

However, calls from business leaders to delay the LDC graduation are growing, and different political quarters are also voicing sceptical views. Against this backdrop, the UN is supporting Bangladesh, at the latter's behest, in conducting an independent assessment of its readiness for graduation. Bangladesh will request the UN's special committee, which will review LDC countries in February 2026, to take the findings of the report into account. Many speculate that this move may serve as a precursor to Bangladesh approaching the UN General Assembly in November 2026 with a request to postpone the graduation. If Bangladesh decides to take the "stave off" route, this will require rallying sufficient support, including that from Bangladesh's competitors, to secure the adoption of a resolution at the UNGA, which will be a daunting task. The current government's position ostensibly is to continue necessary preparations for the graduation, but to let the incoming elected government decide the next course of action.

The EU is the most significant export market for Bangladeshi garment products. Following the graduation, the country will continue to enjoy duty free and quota free (DF-QF) market access to the European Union under the Everything But Arms (EBA) scheme only until 2029. Some reports indicate that Bangladesh is trying to extend the grace period, which may prove difficult to secure. Losing DF-QF market access to the EU might result in yearly export losses of approximately \$5.73 billion.¹⁰ Therefore, ensuring the continuation of preferential market access after graduation remains as another key policy priority for Bangladesh.

Bangladesh can maintain its market access preferences to the EU market post-graduation if it can transition from EBA to the GSP+ scheme. In this regard, Dhaka and Brussels are engaged in discussions. GSP+ requires tackling sustainable development issues such as human rights, governance, and environmental protection.¹¹ As a pathway to the GSP+ scheme, Bangladesh has finalised a plan of action to address these concerns (including the labour law reform, improved labour inspections and allowing trade unions in the Export Processing Zones etc.), but its implementation remained slow in previous years. The interim government has taken several substantial steps in improving labour rights. In

⁸ <https://www.un.org/ldcportal/content/bangladesh-smooth-transition-strategy-graduation-group-least-developed-countries-2025>

⁹ <https://www.tbsnews.net/economy/interim-govt-finalise-post-ldc-survival-plan-october-952196>

¹⁰ <https://lightcastlepartners.com/insights/2022/10/graduating-ldc-status-braving-challenges-and-the-way-forward-for-bangladesh/>

¹¹ The current EU GSP regulation (Reg. 978/2012) requires compliance with 27 conventions. The proposed new GSP framework for 2024–2034 expands this list to 32 conventions.

November 2025, it has amended the labour law and ratified three key ILO conventions (No. 155, 187 and 190). It is reported that Bangladesh is the only Asian country that has signed all ten ILO fundamental instruments.¹² Their enforcement will be critical. That said, the discussions between Dhaka and Brussels regarding GSP+ remain complex.

Furthermore, the EU is currently reviewing its GSP/ GSP+ framework. One article of the proposed GSP+ scheme stipulates safeguard measures for the textile, agriculture and fisheries industries triggered when a specific threshold is met or exceeded, which can potentially preclude the Bangladeshi textile sector from availing the GSP+ benefits for that industry. Bangladesh is lobbying the EU to ease this proposed provision.

Business leaders and economists also highlight the importance of seizing potential opportunities stemming from the 'China+1' approach. While ties with India have cooled since last year, the interim government prioritized improving trade and investment relations with South Asia and East Asia, including China and Pakistan. It also endeavoured to forge closer economic ties with ASEAN nations. For several years, Bangladesh has been exploring alternative markets and trade arrangements, including preferential or free trade agreements with regional neighbours (e.g., Dhaka and Singapore launched FTA negotiations in November 2024). Seizing all these evolving opportunities will be key for Bangladesh to maintain its long-term competitiveness.

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

See chapter 1 and 6 for outlook for Switzerland. The government welcomes and promotes foreign trade (mainly exports) and investments (mainly inward). Nevertheless, in practice, foreign companies often face challenges and certain degree of discrimination compared with local producers.

4 FOREIGN TRADE

4.1 Developments and general outlook

According to Bangladesh's central bank, the country's export growth remained robust in FY2025, increasing by 8.8%. Exports were supported by favorable base effects following a sharp contraction in the previous year, a depreciation of the taka that boosted price competitiveness and resilient external demand despite intermittent domestic political unrest.¹³

However, uncertainty lingers over the export sector. During the July-October period in FY2026, the growth has slowed somewhat, raising concerns that shipments may suffer in the subsequent months due to political uncertainty, higher US tariffs and labour unrest.

Import growth rebounded in FY2025 after two consecutive years of contraction. Imports rose by 4.3% during this period.

4.1.1 Trade in goods

In FY2025, Bangladesh's garment exports grew by 8.9%, while non-RMG exports also strengthened, led by leather and leather products (10.3%), plastic products (15.9%), agricultural products (2.6%) and footwear (25.2%). Despite these gains, the share of non-RMG exports in total exports remained relatively unchanged, underscoring the limited progress in export diversification.¹⁴

4.1.2 Trade in services

Service exports are rapidly expanding in Bangladesh. As witnessed in previous years, transportation, construction and IT industries are the top performers in this industry segment.

4.2 Bilateral trade

Bilateral trade surpassed the symbolic CHF1 billion mark for the first time in 2021 and maintained the

¹² <https://www.ilo.org/resource/news/landmark-ratifications-bangladesh-towards-future-work-safe-and-healthy>

¹³ Bangladesh Development Update, October 2025, the World Bank.

¹⁴ *Ibid*

same level since. According to the Swiss customs authority¹⁵, the bilateral trade volume was CHF 1.04 billion last year. However, the trade balance is heavily tilted in Bangladesh's favour. Most Swiss exports (CHF 101.59 million; +2.3%) are textile machinery, chemical and pharmaceutical goods and Bangladesh exports primarily apparel products. Swiss commodity traders have a substantial business footprint in the country, though this is not reflected in the official Swiss trade statistics.

Significant differences exist between the official Bangladeshi trade statistics and the Swiss customs authority. Such discrepancies are not unique to Switzerland and Bangladesh, and this may occur when the shipping country accounts the transit country as the destination at the time of dispatch.

5 DIRECT INVESTMENTS

5.1 Developments and general outlook

Bangladesh needs FDI to make its LDC graduation sustainable and smooth, as well as to transform and diversify its economy. Nevertheless, when it comes to attracting FDI, Bangladesh chronically punches below its weight due to a host of factors, including weak economic governance structure, framework conditions and physical infrastructure provisions. According to World Bank data, its net FDI inflow as a percentage of the GDP is below the South Asian average and below most of its comparable regional peers. Calls are growing to improve efficiency, labour productivity and skills, and tax and regulatory reforms to attract more FDI.

Nevertheless, net FDI in Bangladesh grew 20% to \$1.7 billion in FY2025,¹⁶ despite the political upheaval, though the inflow remained only 0.4% of the GDP. The energy, telecommunication and banking sectors are traditionally the top recipients of FDI.

In recent years, the authorities undertook some measures, such as setting up exclusive economic zones, to attract local and foreign investments. The interim government also placed its emphasis on drawing FDI and focuses on economic and trade diplomacy. The reorganised and revamped Bangladesh Investment Development Authority (BIDA) undertook several initiatives during the reporting period to improve its service quality, provide infrastructure provisions to the investors and address some bottlenecks.

5.2 Bilateral investment

Swiss companies have a significant presence in Bangladesh, some with their own production facilities. They are active in various sectors, including construction, agrobusiness, pharmaceutical, chemical, and service sectors and are regularly expanding their businesses. In FY2026, a Swiss company opened its production facility in Bangladesh. Another company signed a contract with the Bangladeshi government to run and operate a river port near Dhaka. A Swiss company that specializes in animal health and pet care, has started distributing advanced veterinary vaccines in Bangladesh. According to data provided by the Bangladesh Bank, gross Swiss FDI inflows to Bangladesh stayed at the same level at \$65.36 million in FY2024. The statistics for FY2025 are not available yet.

However, local data differs from the Swiss National Bank, which reports a lower figure. Neither figure corresponds to the information provided by Swiss companies (for example, an already present Swiss Multinational claims to have invested approximately \$500 million in the country).

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

Although Bangladesh is still not a priority country for Switzerland's economic strategy, the market offers considerable opportunities for the Swiss private sector. Therefore, the Embassy focuses on promoting bilateral trade and investment, considering the market size and growing needs for technology among the local private sector operators. The Embassy maintains regular contact with Swiss investors in Bangladesh (through business roundtables and bilateral meetings) and advances Swiss economic interests in the country. In November 2025, the Embassy, in collaboration with Switzerland Global Enterprise, SwissCham Asia and the Switzerland Bangladesh Chamber of Commerce and Industry (SBCCI), organised a webinar to place Bangladesh more prominently on the radar of the Swiss

¹⁵ https://sp.chatworld.eda.admin.ch/sites/data01/FTS/2024/tarifnummer/land_kapiteln/tn3bd.htm

¹⁶ *Ibid*

private sector as a potential market. In the last few years, the Embassy has observed multiple new Swiss companies showing interest in exploring and entering the Bangladeshi market. While the current political transition and economic sloth might have put things on hold, in the medium term, the bilateral economic ties hold enormous potential. In 2026, the Embassy will explore the possibility and level of interest within the Swiss private sector for a fact-finding mission to Bangladesh.

In order to address specific company cases and to promote trade and investment ties between the two countries, Bangladesh formed an Inter-Agency Committee (IAC) in 2018. The second meeting between Switzerland and the IAC took place in November 2020, with the SECO leading the Swiss delegation. The latest round of political consultations between the foreign ministries of the two countries took place in May 2024, where specific company cases were raised by the Swiss side. The two countries also discussed ways to enhance bilateral economic relations. The next round of bilateral political consultations will take place next year in Dhaka.

Bangladesh receives support from several global programmes through SECO's complementary measures. By utilising its instruments for economic cooperation, Switzerland is also working closely with Bangladesh to improve framework conditions for businesses, including in the financial sector.

The Swiss Investment Fund for Emerging Market (SIFEM) is also active in Bangladesh—it signed a deal in 2024—with its commitment to job creation, gender equality and climate change mitigation.

Finally, the SBCCI, a chamber consisting of Swiss investors and local companies doing business with Switzerland, is active in the country and the Embassy continues to collaborate with it closely. Currently, it has over 50 members.

6.2 The host country's interest in Switzerland

Switzerland and the Swiss private sector continue to enjoy an excellent image across all target audiences in Bangladesh, including the business community. Switzerland is known, especially among the business community, for efficiency, precision and quality products. Bilateral trade and investment related issues feature prominently in all major bilateral meetings, confirming the goodwill and positive image (inter alia for innovation and competitiveness) that Switzerland enjoys here. The high reputational capital is a crucial advantage for Swiss companies, since Bangladesh's sizeable (approximately 30 million¹⁷) middle class is willing and able to spend more on premium and reputable (Swiss) products.

Prejudiced and incorrect perceptions about the Swiss banking sector exist in the country, but to a lesser extent. This perception is sometimes fueled by the Swiss National Bank's annual report, which is often misreported or misconstrued in the local media. The media often surmises that funds of Bangladeshi origin cited in the SNB report deposited in Swiss banks (across the globe) are ill-gotten money laundered out of the country. However, since 2023, such misconceptions have improved significantly, with local media reports becoming more accurate.

Following the ouster of the previous government, the topic of money laundering remains a major issue in Bangladesh. A white paper produced by a government commission extensively probed into the matter of siphoning off funds abroad from Bangladesh. Its report¹⁸, published on 1 December 2024, names countries such as Canada, the USA, UAE, Singapore, and the UK as destinations of funds from Bangladesh. The report estimates that around \$234 billion was illegally siphoned off the country between 2009 and 2023. However, neither this report nor subsequent communications from the government list Switzerland among the key destinations for illicit funds from the country, showing that Switzerland is by no means a leading destination for funds from Bangladesh. Being one of the world's leading financial centres, Switzerland is always willing to continue cooperating with Bangladesh on these matters in accordance with globally recognised international procedures and in line with proposals it has put forward in recent years.

In Bangladesh, Small and Medium-sized Enterprises (SMEs) are key drivers of economic growth, accounting for 40% of overall employment and contributing around 25% to the country's GDP. SMEs are mostly excluded from getting support from the financial institutions for a host of reasons. Therefore, SMEs tend to be highly underserved whilst bearing an important potential for the country's development. Switzerland's contribution, through its International Cooperation (SDC) programme has so far focused on reducing economic inequality and fostering inclusive growth by supporting businesses and people

¹⁷ <https://www.weforum.org/agenda/2019/10/bangladesh-is-booming/>

¹⁸ https://bdplatform4sdgs.net/wp-content/uploads/2025/02/Final-Draft_Unedited_0911-hrs_Compiled-Report-without-Front-and-Back-Cover.pdf

to become more adaptive to climate change and economically resilient.

Switzerland also supported key financial sector reforms to make Bangladesh's economy more inclusive, transparent, and sustainable. In the area of private sector development, the State Secretariat for Economic Affairs supports capacity building interventions related to promoting responsible environmental, social and governance business standards and accessing green and/or climate finance. Switzerland supported the enactment of the Secured Transactions Act. Support is also ongoing in terms of developing the Insolvency and Bankruptcy Ordinance 2025, which should be finalized by early 2026.

From a tourism point of view, Switzerland is widely regarded as a beautiful nation with clean, lush, and picturesque landscapes. The country is one of the most coveted (but rarely affordable) tourist and honeymoon destinations among the elite and upper-middle classes. Every year around 100 Bangladeshi tourists visit Switzerland.

ANNEX 1 – Economic structure

Economic structure of the host country

| | FY2024 | FY2025 |
|----------------------------|-------------------------|-------------------------|
| Distribution of GDP | | |
| Primary sector | 11% | 11% |
| Manufacturing sector | 36% | 37.4% |
| Services | 53% | 51.6% |
| - of which public services | Data unavailable | Data unavailable |

| | | |
|-----------------------------------|-------------------------|-------------------------|
| Distribution of employment | | |
| Primary sector | 45% | 44.6% |
| Manufacturing sector | 17% | 17% |
| Services | 38% | 38.4% |
| - of which public services | Data unavailable | Data unavailable |

Source(s): Ministry of Finance of Bangladesh

ANNEX 2 – Main economic data

Host country's main economic data

| | 2024 | 2025 | 2026 |
|---|--------------------|--------------------|--------------------|
| GDP (USD bn)* | 450.4 | 475 | 519 |
| GDP per capita (USD)* | 2'618 | 2'734 | 2'960 |
| Growth rate (% of GDP)* | 4.2 | 3.7 | 4.8 |
| Inflation rate (%)* | 9.7 | 8.48 | 8.42 |
| | | | |
| Unemployment rate (%)*** | 3.95% | 4.63% | Unavailable |
| Fiscal balance (% of GDP)** | -3.9% | -4.7% | Unavailable |
| Current account balance (% of GDP)* | -1.446 | 0.149 | -4.573 |
| | | | |
| Total external debt (% of GDP)*** | 23.1% | 24.5% | Unavailable |
| Debt-service ratio (% of exports)*** | 5.1% | Unavailable | Unavailable |
| Reserves (months of imports) | 4 (approx.) | 5 (approx.) | Unavailable |

* Source: IMF, World Economic Outlook (indicate the month and year of publication)

▪ www.imf.org/external/pubs/ft/weo

** World Bank

*** Bangladesh Bank, host country data

ANNEX 3 – Trade partners

Trade partners of the host country Year: FY2025

| Rank | Country | Exports from the host country (USD million) | Shar e % | Chan ge ¹⁹ | Rank | Country | Imports to the host country (USD million) | Shar e % | Chan ge ¹⁰ |
|------|--------------------|--|-------------|--------------------------|------|--------------|---|-------------|--------------------------|
| 1 | USA | 7'794 | 18 | | 1 | China | 18'173 | 27.6 | |
| 2 | Germany | 5'060 | 11.6 | | 2 | India | 9'466 | 14.4 | |
| 3 | UK | 4'278 | 9.8 | | 3 | Indonesia | 3'574 | 5.4 | |
| 4 | Spain | 3'311 | 7.62 | | 4 | Singapore | 2'946 | 4.4 | |
| 5 | France | 2'314 | 5.3 | | 5 | USA | 2'679 | 4 | |
| 6 | The Netherlands | 2'088 | 4.8 | | 6 | Brazil | 2'635 | 4 | |
| 7 | India | 1'701 | 4 | | 7 | Malaysia | 2'259 | 3.4 | |
| 12 | Switzerland* | 1'038 | 2.4 | | ... | Switzerland* | 111 | | |
| | EU | 18'666 (approx.) | 43 | | | EU | Data not available | | |
| | Total | 43'434 | 100% | | | Total | 65'709 | 100% | |

Source(s):

Bangladesh Bank (Central Bank of Bangladesh) and Export Promotion Bureau of Bangladesh.

* Federal Office for Customs and Border Security

¹⁹ Change from the previous year in %.

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and the host country

| | Export (CHF million) | <i>Change (%)</i> | Import (CHF million) | <i>Change (%)</i> | Balance (in million) | Volume (in million) |
|---------------------------|--------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|-------------------------------|
| 2020 | 131.9 | -24.3 | 679.50 | 11 | -547.60 | 811.4 |
| 2021 | 126.15 | -4.4 | 929.24 | 36.7 | -803.10 | 1'050.39 |
| 2022 | 126.09 | | 1'070 | 17.5 | -874.29 | 1'101.21 |
| 2023 | 99.30 | -21.3 | 1'003 | -19.5 | -903.70 | 1'102.30 |
| 2024 (Total 1)* | 101.59 | 2.3 | 943.66 | -6 | -842.07 | 1'045.25 |
| 2025 (Jan-Oct)* | 61.53 | -26.8 | 798.22 | 1 | -736.69 | 859.75 |

*) 'Economic' total (total 1): not including gold bars and other precious metals, currencies, precious stones and gems, works of art and antiques

***) Change (%) from the previous year

| Exports | 2023 (% of total) | 2024 (% of total) |
|-----------------------------------|-----------------------------|-----------------------------|
| 1. Machinery (without electric) | 34.2% | 32% |
| 2. Pharmaceutical products | 15.8% | 18.1% |
| 3. Fertilizers, dyes and pigments | 11.6% | 13.5% |
| 4. Electric machine | 6.7% | 7.1% |

| Imports | 2023 (% of total) | 2024 (% of total) |
|------------------------------|-----------------------------|-----------------------------|
| 1. Garments and textile | 95.4% | 95.6% |
| 2. Footwear | 2.9% | 3.1% |
| 3. Leather and leather goods | 0.5% | 0.5% |
| 4. Agricultural products | 0.2% | 0.2% |

Source: Swiss Federal Office for Customs and Border Security

ANNEX 5 – Main investing countries

Main investing (net FDI) countries in the host country

Year: FY2025

| Rank | Country | Direct investment (USD, stock) | Share | Variation (stock) | Inflows over past year (USD mio) |
|------|-----------------|-----------------------------------|-------|----------------------|--|
| 1 | The Netherlands | Not available | ..% | +/- ...% | 453 |
| 2 | UK | Not available | ..% | +/- ...% | 300 |
| 3 | China | Not available | ..% | +/- ...% | 274 |
| 4 | South Korea | Not available | ..% | +/- ...% | 215 |
| 5 | Singapore | Not available | ..% | +/- ...% | 160 |
| 6 | India | Not available | ..% | +/- ...% | 105 |
| 7 | Hong Kong | Not available | ..% | +/- ...% | 85 |
| 8 | Malaysia | Not available | ..% | +/- ...% | 82 |
| 9 | Japan | Not available | ..% | +/- ...% | 56 |
| 10 | Sri Lanka | Not available | ..% | +/- ...% | 49 |
| | EU | Not available | ..% | +/- ...% | 532 |
| | Switzerland | Not available | ..% | +/- ...% | 32.82* |
| | Total | Not available | 100% | +/- ...% | 1'686 |

Source(s): Bangladesh Bank.

*During July 2024 -March 2025 period only.