ECONOMIC AND SOCIAL SURVEY OF ASIA AND THE PACIFIC 2017

UNITED NATIONS ESCAP
Economic and Social Commission for Asia and the Pacific

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Regional cooperation for sustainable energy

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BANGLADESH

GDP (current US$, billions):	$194.47	Population (thousands):	162,911
Share of GDP in developing Asia-Pacific:	0.8%	GDP per capita (current US$):	$1,207.90
Share of GDP in South and South-West Asia:	3.6	Average inflation (2016)	5.9%

- The economy of Bangladesh has enjoyed an annual growth rate of at least 6 per cent since 2011.

- In 2016, growth reached a decade-high rate of 7.1 per cent. Net exports of goods and services drove the overall economic expansion as a result of steady export growth, mainly of ready-made garments, and a much larger decline in import bills due to low oil prices.

- Overall, domestic demand was solid. Government consumption expanded notably partly owing to the record increase in public sector pay. Capital investment also increased, although this was mainly driven by public investment. Meanwhile, household spending grew more slowly in 2016 in line with lower workers' remittances caused by weak economic activity in host countries, particularly those in the Middle East.

- Given the important role of remittances, policies related to the establishment of drawing arrangements between overseas exchange houses and the banks operating in Bangladesh were relaxed in order to facilitate the transfer of remittances.

- Near-term economic growth is projected to remain high at 6.5-6.8 per cent in 2017 and 2018. Consumer spending is likely to drive the economy, underpinned by the expected rise in farm income, a rebound in workers' remittances and multi-year low inflation rates. Steady growth of FDI and merchandise exports would enable the country to maintain its current account surplus.

- Despite the positive outlook, there are signs of heightened financial sector risks, such as rising non-performing loans and steep deterioration in returns on equity and assets. These developments have prompted an increase in regulatory supervision.

- To sustain medium- term economic development, tax collection needs to be further strengthened in order to overcome infrastructure and energy shortages.

- Despite ongoing efforts to streamline tax administration and encourage compliance, the tax-to-GDP ratio remains below 10 per cent. In this regard, recent policies to enhance the investment climate, such as creation of one-stop services, should help to energize the business sector and enhance future tax collection.