



AN ECONOMIC SNAPSHOT

Overview

Bangladesh is an economy firmly in transition, with the manufacturing and services sector increasing in importance as a share of GDP, and agriculture declining. In 1980, agriculture accounted for 56 percent of GDP, manufacturing 13 percent and services 31 percent. By 2003, agriculture had declined, falling to 22 percent of GDP, while manufacturing and services had risen to a little over 27 percent and 52 percent, respectively.

Between 1991 and 2000, real GDP in Bangladesh increased by 52 percent, averaging a sustained growth rate of about 5 percent per year. GDP per capita doubled between 1990 and 2003, fueled in part by the growth in traded goods. The growth in exports has eclipsed the growth in imports, and the current account balance is now broadly positive. The share of exports as a percent of imports has increased from 46 percent in 1990 to 78 percent in 2003.

Table 1: Key Economic Indicators

	1990	2000	2003
Economy			
GDP per Capita (US\$)	194	279	389
GDP growth rate (year on year)	4.3	5.9	5.3
Value added in agriculture (% of GDP)	28	26	22
Value added in manufacturing (% of GDP)	24	25	27
Value added in services (% of GDP)	48	49	52
X/M (%)	46	72	78
Current Account Balance (millions of US\$)	-222	-337	294
Debt service as a % of exports	17	9	7
People			
Total Fertility Rate	4.6	2.8	3.1
Under 5 mortality rate	144	77	--
Male Adult Literacy Rate	44	49	--
Female Adult Literacy Rate	24	30	--
Poverty rate (Headcount)	58.8	49.8	--
Population (millions)	109.9	130.4	138.4

Source: International Financial Statistics Yearbook; World Development Indicators; UNICEF.

Trade Timeline

Since 1992, Bangladesh has liberalized its trading regime by greatly reducing tariffs and eliminating some quantitative restrictions on imports (WTO, 2000). The number of tariff bands has fallen from 15 in 1992/3 to 5 in 2003, and the maximum tariff rate has fallen from an average of 300% to 37.5%. In 1995, Bangladesh joined the WTO and currently operates a customs tariff that is the principal source of government revenue, accounting for nearly one third of total taxes. Reforms remain outstanding to ensure greater consistency and transparency in customs administration, tariff concessions, advance income taxes on imports and exports, import surcharges, subsidies and other assistance, competition policy, and the regulatory framework.

Poverty Rates

Poverty rates have fallen over the last four decades from approximately 70 percent in the early 1970s to a little under 50 percent in 2000 (World Bank, 2002). As the agricultural sector declines, employment opportunities have expanded in manufacturing and, particularly, in the garment and textiles industry. But with the expiration of the Agreement on Textiles and Clothing (ATC) on December 31, 2004, the industry is forecast to decline, and may lose up to 500,000 jobs—the majority of which are held by women. While overall strong growth rates have generated employment, a significant portion of the reduction in poverty is attributed to the availability of worker remittances from abroad, primarily the Gulf States, which help support incomes and consumption in rural areas. Approximately 200,000 individuals migrate each year.

Labor Market

Of the total labor force, men and women are highly concentrated in agricultural activities: 77 percent of the total female labor force and 53 percent of the total male labor force were absorbed in agriculture in 2000. Manufacturing absorbs less than 10 percent of the total female and male labor force, while services accounts for 16 percent of the total female labor force and 40 percent of the total male labor force. The potential labor force is expected to grow by approximately 1 million new entrants per year, forcing significant job creations.

Table 2: Economically Active, Share of each Sector in 2000 in percentage

	Percent of Each Sector		Percent of Labor Force		Total (1000s)
	Women	Men	Women	Men	
Agriculture	46	54	77	53	32,170
Manufacturing	38	62	7	7	3,782
Services	20	80	16	40	12,156
Total	37	63	100	100	51,497

Notes: Persons aged 15 and older. Manufacturing includes manufacturing and industry.

Source: International Labor Statistics Database, ILO, based on data from the Bangladesh Bureau of Statistics

With approximately 80 percent of the population living in rural areas, farming, livestock and fishing are the primary occupations for 53 percent of working men and 77 percent of working women. Trade, transport, light manufacturing and other non-farm work provide the chief source of employment for about 40 percent of the rural labor force, whether poor or non-poor (World Bank, 2002). Half of total income of the poorest fifth of the population comes from labor earnings, and many of these households depend on earnings from day laboring in agricultural activities. Yet even for the poorest tenth of the population, 40 percent of their total income is from non-agricultural sources, including remittances from abroad and family members in urban areas.

The majority of jobs held are informal—that is, workers are self employed in small or unregistered enterprises, or are wage employees without contracts, worker benefits, or social protection. The ILO estimates that approximately 80 percent of women and 70 percent of men work in the informal economy (ILO 2002). There is evidence that the informal economy has actually grown between 1980 and 2000, indicating significant growth from below (ibid).

The labor market in Bangladesh is sex segregated—men and women are not distributed evenly across all sectors and occupations in proportion to their participation in the total labor force. The Duncan Index calculated for 10 sectors¹, and used to measure labor market segmentation by sex, was 31 in 1990. It has fallen to 27 in 2000—registering a decline of over 10 percent in sex segmentation over the decade of the 90s (see Figure 1).²

¹ The Duncan Index is $D = 100 * \frac{1}{2} \sum_{i=1}^N |f_i - m_i|$. Where $i = (1,2,...N)$ is the total number of sectors, industries or occupations and f_i and m_i are

the sectoral employment ratios of men and women to their respective labor force. We use 10 sectors defined by their 2 digit ISIC codes.

² The Duncan Index of dissimilarity, ranging from 0 to 100, can be used to measure labor market segmentation by sex. An index of 0 indicates that the sectors or occupations are not sex segregated and women and men are distributed across these sectors and occupations in proportion to their participation in the total labor force. An index of 100 indicates that men and women are in entirely different sectors and occupations.

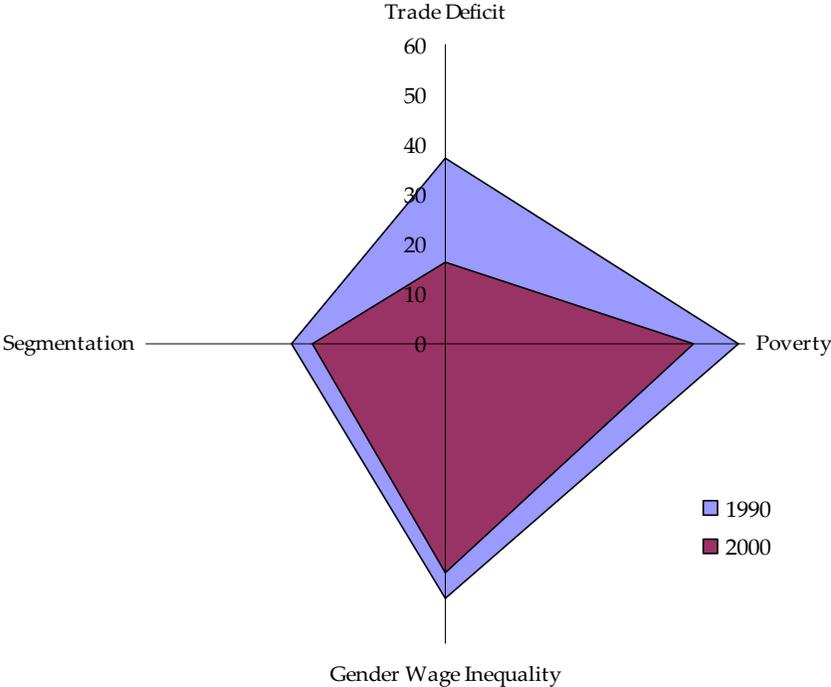
Although notable gender wage gaps remain, the ratio of women’s wages to those of men in manufacturing has improved. In 1990, women earned approximately 49 percent of male wages in the manufacturing sector; by 2000, women’s wages had risen to 54 percent of men’s wages.

Women earn just over half of men’s wages in manufacturing and are concentrated in the lowest-skilled occupations of the sector. As a result, they are likely to be more vulnerable to increases in poverty should they lose their jobs when the ATC expires. It is important, therefore, that workforce development programs take into account the particular skills and needs of women workers as a means of ensuring they have access to new jobs, hold the necessary skills to attain these jobs, and that the wages earned are better than, or at least comparable to, their previous incomes.

Development Diamond

The Development Diamond, Figure 1, tracks some of the economic indicators mentioned above by mapping poverty, labor market segmentation, trade, and wage rate indicators for Bangladesh over a 10 year period.³ While improvements in all indicators are visible, trade and poverty rates register greater improvements than do the indicators of labor market segmentation. This suggests that gender inequality within the labor market remains, demanding greater reactions to ensure poor women benefit from economic and trade expansion activities.

Figure 1: Development Diamond, in percent



³ The trade deficit is measured as $(X-M)/(X+M)$, and gender wage inequality as the average gender wage gap as a percentage of male wages $(W_m - W_f)/W_m$.

References

BILS (2003) "Overview of Current Economic Conditions in Bangladesh," Bangladesh Institute for Labor Statistics report to the Global Policy Network, Washington DC.

ILO (2002) "Women and Men in the Informal Economy: A Statistical Picture," Employment Sector, International Labour Office, Geneva.

World Bank (2004) "Poverty in Bangladesh: Building on Progress," Poverty Reduction and Economic Management Sector Unit, South Asia Region, World Bank, Report No. 24299-BD.

WTO (2000) "Trade Policy Review, Bangladesh" Report by the Secretariat to the World Trade Organization, WT/TPR/S/68, 3 April 2000.

Data Sources

National

Bangladesh Bureau of Statistics

<http://www.bbsgov.org/>

Central Bank of Bangladesh

<http://www.bangladesh-bank.org/econdata/wageremi.html>

Bilateral

Australian Government, Department of Foreign Affairs and Trade

<http://www.dfat.gov.au/geo/fs/bade.pdf>

CIA World Factbook

<http://www.cia.gov/cia/publications/factbook/>

International Database, US Census Bureau

<http://www.census.gov/ipc/www/idbnew.html>

Multilateral

International Financial Statistics Yearbook, International Monetary Fund

ILO Labor Statistics

<http://laborsta.ilo.org/>

UNICEF

http://www.unicef.org/infobycountry/bangladesh_statistics.html

Human Development Report

<http://hdr.undp.org/statistics/data/indic/>

Non Governmental

Global Policy Network

<http://www.globalpolicynetwork.org/>

Globalis

<http://globalis.gvu.unu.edu/>

Index Mundi

<http://www.indexmundi.com/>