Navigating a Convergence of Crises: Bangladesh at a Crossroads

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Bangladesh is going through a difficult period. The political transition that brought a new government to power has barely settled when fresh shocks began to arrive. Within just weeks of forming the government, the country was caught off guard by the escalating conflict in the Middle East. Multiple factors such as global tensions, economic pressure, energy shortages, regional instability, and social uncertainty are creating a complex situation for the country. The ongoing conflicts in different parts of the world are affecting global fuel prices, trade routes, and food supply chains. These external shocks are increasing pressure on Bangladesh's economy, foreign exchange reserves, and energy security. At the same time, Bangladesh is preparing for important

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transitions, including its graduation from the Least Developed Country (LDC) category and the need to adapt to a rapidly changing global order. At the regional level, Bangladesh also faces growing security and diplomatic challenges. The Rohingya crisis remains unresolved. The specter of terrorism is beginning to reappear. Many of these challenges are interconnected at the same time would be serious on its own. In this context, Bangladesh stands at a crossroads.

The Middle East Crisis and Bangladesh's Energy Vulnerability

The sudden escalation of conflict in the Middle East has once again exposed Bangladesh’s deep energy vulnerability. Bangladesh imports almost all of its oil, coal, and LNG, making the country highly dependent on external energy markets. By 2024–25, around 46–62% of Bangladesh’s primary energy demand was met through imports[2]. This leaves the country highly exposed to global fuel price shocks and disruptions in key shipping routes such as the Strait of Hormuz. The recent U.S.-Israel strikes on Iran and wider regional escalation, pushed global oil prices above $110 per barrel and LNG prices to a three-year high[3]. Bangladesh, which receives nearly 75% of its LNG from Qatar, was badly affected when suppliers declared force majeure[4]. As a result,

Source: The Daily Star

[2] “Conflict in the Middle East Is Compounding the Cost of Bangladesh’s Delayed Energy Transition,” Zero Carbon Analytics

[3] Reuters, “Bangladesh to Import 11 LNG Cargoes in May, Petrobangla Official Says,” April 16, 2026.

[4] *The Financial Express*, “Uncertainty Looms Over LNG Supply,” March 2026, https://thefinancialexpress.com.bd/trade/uncertainty-looms-over-lng-supply.

Bangladesh had to purchase LNG from the expensive spot market, where prices rose by nearly 63%[5].

The pressure on the government quickly intensified. The country now faces an additional energy import burden of nearly $4.6 billion[6]. This higher import bill has increased pressure on Bangladesh's foreign exchange reserves. The rising cost of fuel has also pushed up transportation, food, and manufacturing costs across the economy. Inflationary pressure has therefore become more severe for ordinary people. Fuel shortages and power cuts have already affected daily life, leading to fuel rationing, shorter office hours. In response, the government introduced austerity measures, sought nearly $2 billion in external financing, floated emergency solar energy bids, and announced tax cuts for electric vehicles[7].

The crisis came at one of the worst possible times for Bangladesh. The country was still trying to recover from a period of major political turmoil that slowed economic activities, investment, and overall governance momentum. At the same time, the long-term economic effects of the COVID-19 pandemic are still visible. In this fragile situation, the regional conflict placed an additional burden on an already stressed economy. Although the situation has slightly improved after securing some fuel imports, the crisis is far from over.

Economic Vulnerability

Bangladesh's economy depends heavily on two major sources: exports and remittances. A large share of these remittances comes from Gulf countries, especially Saudi Arabia and other Middle Eastern states. This has made Bangladesh economically vulnerable to the ongoing Middle East crisis. At the same time, due to the sea-route disruption and volatile situation the export sector has been facing severe constrains.

So far, remittance inflows have remained relatively strong, with FY2025 remittances reaching around $30.33[8] billion and monthly inflows crossing $3 billion in early 2026. However, if the Gulf

[5] EnergyNews.pro, "Bangladesh Plans to Import 11 LNG Cargoes in May for Peak Summer Season," https://energynews.pro/en/bangladesh-plans-to-import-11-lng-cargoes-in-may-for-peak-summer-season.
[6] Asifur Rahman, "Bangladesh Faces $4.8b Surge in Annual Energy Import Bill," The Daily Star, March 25, 2026.
[7] Reuters, "Bangladesh Turns to Solar as Middle East Crisis Drives Energy Risks," May 6, 2026.
[8] *New Age*, "$1.2b Remitted in 16 Days of August," Dhaka, August 19, 2025.

conflict continues for a longer period, economic slowdown, labor market disruptions, or worker repatriation in the Middle East could reduce remittance flows significantly. As the foreign reserve is already under stress due to rising fuel import costs and a growing trade deficit, even a small decline would create major pressure on Bangladesh.

Source: The Business Standard

At the same time, Bangladesh is approaching LDC graduation at what many believe is the worst possible moment. After graduation, Bangladesh will gradually lose many trade benefits, including duty-free access to important markets such as the European Union, the UK, and Canada. More than 44% of Bangladesh's exports currently go to the EU market[9]. Once these trade preferences end, Bangladeshi garments could face tariffs of around 12%, making exports less competitive compared to countries like Vietnam and India. This could reduce export orders, slow factory production, and create job losses in the garment sector. Bangladesh has requested a grace period until 2029 for full LDC transition obligations[10]. Still, the larger concern remains clear: Bangladesh is entering the post-LDC phase at a time of growing global uncertainty and regional instability.

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[9] *The Business Standard,* "Bangladesh Not Fully Prepared for Post-LDC Smooth Transition: UN Assessment Report," April 5, 2026, https://www.tbsnews.net/economy/substantial-gaps-remain-bangladeshs-ldc-graduation-preparedness-un-assessment-report-1403396

[10] *The Daily Star*, "Substantial Gaps Remain in Bangladesh's LDC Graduation Preparedness: UN Assessment Report," accessed May 16, 2026, https://www.tbsnews.net/economy/substantial-gaps-remain-bangladeshs-ldc-graduation-preparedness-un-assessment-report-1403396.

Another major concern is the growing debt burden. Bangladesh's debt servicing costs have increased sharply in recent years as concessional loans decline and borrowing shifts toward market-based loans with higher interest rates[11]. According to reports, Bangladesh may need to pay nearly $26 billion in external debt servicing between now and FY2030[12]. Rising interest payments are already consuming a large share of government revenue, limiting spending on development, social protection, and economic recovery[13].

The problem is becoming more serious because Bangladesh's revenue collection remains very weak. The low tax-to-GDP ratio has reduced the government's fiscal space at a time when more spending is needed to manage inflation, subsidies, energy imports, and post-LDC transition costs[14]. The IMF has also warned about growing debt risks and repayment pressure[15].

Measles Crisis and the Collapse of Vaccination Infrastructure

Bangladesh is now facing a serious measles outbreak in 2026. The situation has become one of the most alarming public health failures in recent years. In the past, Bangladesh has always been successful in mass immunization. However, this progress has reversed in recent years. By 2025, routine immunization had weakened due to disruptions in health services, vaccine shortages, and delayed campaigns. As a result, coverage fell far below the level needed to prevent outbreaks.

By April 2026, the situation had become severe. The World Health Organization reported more than 19,000 suspected measles cases, with thousands confirmed across most districts of the country. Hundreds of deaths were also recorded, mainly among young children[16]. One of the main

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[11] *The Business Standard,* "Soft Loans Drying Up Even Before LDC Exit – 43% of Foreign Lending Now Market-Based," October 6, 2025, https://www.tbsnews.net/economy/soft-loans-drying-even-ldc-exit-43-foreign-lending-now-market-based-1253631.

[12] *The Business Standard,* "Fiscal Pressure Builds as Bangladesh Faces $26b Debt Servicing in Next Five Years," April 13, 2026, https://www.tbsnews.net/economy/fiscal-pressure-builds-bangladesh-faces-26b-debt-servicing-next-five-years-1410111.

[13] *The Daily Star*, "Bangladesh Spent $26b on Debt Servicing in FY24," December 16, 2025, https://online.thedailystar.net/business/economy/news/bangladesh-spent-26b-debt-servicing-fy24-4059411.

[14] *Business Post Bangladesh*, "Low Revenue Collection Hampers Debt Management, FM Doc Says," June 1, 2024, https://businesspostbd.com/economy/low-revenue-collection-hampers-debt-management-fm-doc-says.

[15] *The Daily Star*, "Govt Faces $30b Debt Servicing Bill," February 23, 2026, https://www.thedailystar.net/news/bangladesh/news/govt-faces-30b-debt-servicing-bill-4112581.

[16] World Health Organization, "Measles - Bangladesh," *Disease Outbreak News*, 23 April 2026, https://www.who.int/emergencies/disease-outbreak-news/item/2026-DON598.

reasons behind this outbreak was the breakdown in vaccine supply and routine immunization. Bangladesh faced stock outs of measles-rubella (MR) vaccines between 2024 and 2025, which disrupted regular immunization services[17]. A planned vaccination campaign was also delayed due to political instability and later cancelled. At the same time, coverage of the first dose and second dose of MR vaccine dropped significantly, leaving millions of children unprotected. The decision taken under the interim government to change vaccine procurement systems, moving away from long-standing UNICEF-supported supply chains is also a major cause. This shift created delays and contributed to the shortage of vaccines in the country[18]. Without timely supply, routine immunization services were unable to function properly. It proves that the crisis is largely the result of gaps in governance, planning, and health system management which could have been avoided.

Source: BBC

[17] *The Daily Star*, "Interim Govt Changed Vaccine Procurement Despite UNICEF Warning: Science Report," May 1, 2026, https://www.thedailystar.net/health/disease/news/interim-govt-changed-vaccine-procurement-despite-unicef-warning-science-report-4165431.

[18] Kai Kupferschmidt, "Measles Explodes in Bangladesh After Vaccination Breakdown, Killing Hundreds of Children," *Science*, May 2026, https://www.science.org/content/article/measles-explodes-bangladesh-after-vaccination-breakdown-killing-hundreds-children.

By early 2026, the government launched an emergency vaccination campaign to control the outbreak, reaching millions of children. However, it will take time to fully control the spread because immunity gaps are already very large. The WHO has also warned about possible cross-border risks if the outbreak continues[19].

Reemergence of Terrorism and Extremism

Bangladesh has long struggled with the threat of religious extremism. After the 2016 Holey Artisan attack, the government launched strong counterterrorism operations that significantly reduced militant violence. However, the political upheaval of August 5, 2024 created a fragile security environment that extremist groups have tried to exploit. The transition period weakened law enforcement and intelligence coordination. During the unrest, more than 2,200 prisoners reportedly escaped, including around 70 militants linked to extremist organizations[20]. Banned organizations became more visible again, while extremist rhetoric spread both online and offline.

Social media has become a major driver of radicalization. Social Media Platforms are increasingly being used to spread hate speech, fake news, extremist propaganda, and sectarian disinformation. Experts have warned that Bangladesh is facing a growing "cyber radicalization" problem, especially among young people who spend large amounts of time online[21].

The threat is no longer confined within national borders. There are several incident that indicate that extremist networks operating in Bangladesh may increasingly be connected to transnational militant organizations across South Asia. For example, Bangladesh Detective Branch arrested four individuals over alleged links with the Tehrik-i-Taliban Pakistan (TTP)[22]. Hence, the concerns over cross-border ideological and operational connections between local extremist actors and foreign militant groups cannot be discarded. The Rohingya crisis has added another layer of risk

[19] World Health Organization, "Measles – Bangladesh," *Disease Outbreak News*, April 23, 2026, https://www.who.int/emergencies/disease-outbreak-news/item/2026-DON598.
[20] Iftekharul Bashar, "The Rise of Radicalism in Bangladesh: What Needs to Be Done," *RSIS Commentary*, S. Rajaratnam School of International Studies, December 23, 2024, https://rsis.edu.sg/rsis-publication/rsis/the-rise-of-radicalism-in-bangladesh-what-needs-to-be-done/.
[21] Shafi Md Mostofa, "Bangladesh's Cyber Radicalization Crisis," *The Diplomat*, December 2024, https://thediplomat.com/2024/12/bangladeshs-cyber-radicalization-crisis/.
[22] *The Daily Star*, "4 Arrested over 'Links with TTP'," April 30, 2026, https://www.thedailystar.net/news/crime-justice/news/4-arrested-over-links-ttp-4164341.

to this growing security concern. The refugee camps near the Bangladesh–Myanmar border are highly vulnerable to extremist exploitation. Reports of Rohingya individuals being arrested over alleged links with the TTP[23] have intensified these concerns. Due to the presence of criminal trafficking networks in the border region, extremist groups may attempt to use the camps and surrounding areas for recruitment, shelter, or cross-border movement. If the situation remains unresolved for a prolonged period, the Rohingya issue could gradually evolve into a serious security "time bomb" for Bangladesh, which will have implications for regional security dynamics as well.

Another growing concern is the rapid expansion of unregulated Qawmi madrasas in different parts of the country. Many of these institutions provide important religious education. However, the lack of proper oversight, standard curriculum monitoring, and financial transparency create opportunities for radical preaching and recruitment. Security concerns increased further after reports of explosions and blast incidents linked to madrasa compounds raised questions about hidden extremist activities and unsafe storage of explosive materials in some facilities. Without stronger regulation and monitoring, isolated incidents can gradually evolve into wider security threats.

Conclusion

The current situation of the country is complex. It is not facing a single or isolated crisis, but rather a convergence of multiple immediate shocks. These are likely to have long-lasting structural consequences. Although many of these challenges appear sudden, their impacts will extend far beyond the present moment. Beyond these immediate challenges, Bangladesh is also dealing with long-standing issues such as the Rohingya refugee crisis, which continues to place pressure on resources and local communities. Climate change is another major threat, with floods, cyclones, and rising sea levels regularly affecting lives, agriculture, and infrastructure. these older burdens still exist and compound everything above.

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[23] *The Daily Star*, "Rohingya Youth Arrested over Alleged Tehrik-i-Taliban Pakistan Links," May 6, 2026, https://www.thedailystar.net/news/crime-justice/news/rohingya-youth-arrested-over-alleged-tehrik-i-taliban-pakistan-links-4168251.

This situation requires strategic preparedness and long-term planning. Yet, Bangladesh has been responding in a reactive manner. In most of the cases, short-term crisis management takes priority. However, the recurrence of external shocks shows that emergency responses alone are not sufficient. The government's tendency to react rather than anticipate is itself becoming a structural vulnerability. Overall, this moment should be understood not only as a period of crisis, but also as an important policy test for Bangladesh. The country now faces a dual challenge: on one hand, it must manage immediate shocks effectively; on the other, it must build the capacity to adapt, transform, and become more resilient in the long run. The key question now is how efficiently and strategically Bangladesh can navigate this complex and uncertain transition.