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Bangladesh Foreign Policy Watch

CGS Centre for Governance Studies



A Bi-Weekly Roundup of Key Events

April 22

Qatar's Emir Visits Bangladesh



Qatar's Emir, Sheikh Tamim Bin Hamad Al Thani, arrives on a two-day official visit in Bangladesh, aimed at bolstering ties across various sectors, particularly trade and investment. The visit features discussions on economic and technical cooperation, defense, energy, employment, climate change, education, and more, with a special focus on addressing the Palestine and Rohingya issues.

Several agreements and MoUs are signed covering areas such as trade, investment, prisoner exchange, double tax avoidance, labor exports, and cooperation in religion and higher education. Additionally, a road and park in Dhaka are named in his honor. This visit symbolizes a deepening of the relationship between Qatar and Bangladesh, promising potential benefits in trade, investment, and cultural exchange.

Apparel exports to the EU surged by 8.5% in February

In February, Bangladesh's apparel exports to the EU witnessed a notable increase of 8.5%, amounting to around €1.3 billion. However, despite this surge, exports have decreased by 18.6% compared to the previous year, marking the most significant decline among competitors in the EU and US markets. Exporters are grappling with challenges such as heightened production costs and inadequate pricing from buyers, which are impacting competitiveness. Moreover, the gas crisis has exacerbated shipment times, extending them to 89–90 days. Consequently, buyers have begun diverting their orders to Vietnam and China.

Bangladesh's Response to Protect Migrant Workers in Malaysia

The Ministry of Expatriates' Welfare and Overseas Employment is currently investigating allegations raised by the UN and activists regarding the deception faced by Bangladeshi workers in Malaysia. The situation of Bangladeshi migrants in Malaysia, who sought employment after completing the formal labor migration process, has deeply concerned UN experts. They have urgently called for action to address the dire humanitarian situation facing migrants and to shield them from human rights violations, exploitation, and prosecution.

Around 5,000 Bangladeshis who migrated to Malaysia after August 2022 are currently unemployed, representing 1% of the total workforce. Malaysia is in the process of establishing a new worker recruitment management system, with a deadline of May 31 for new worker entries. The State Minister of Expatriate Welfare has assured that immediate action is being taken on any immigration-related allegations and that efforts are underway to modernize technical training centers.

US Urges Bangladesh to Strengthen Labor Rights and Safety Standards

The United States of America has urged Bangladesh to enforce strict penalties for violations of labor rights, fire safety regulations, and construction codes, as well as to appoint inspectors with broad authority. These recommendations stem from an eleven-point action plan aimed at improving working conditions in Bangladesh, with the country itself being the source of the proposals. Implementation of the plan could potentially enable Bangladesh to access loans from the US International Development Finance Corporation and reinstate the Generalized Scheme of Preferences (GSP).

The action plan emphasizes the need for meaningful measures against violence and harassment targeting union organizers and workers, resolution of criminal charges against labor activists, and amendments to the Bangladesh Labor Act to align with international labor standards. Additionally, suggestions for safeguarding worker rights have been put forth by the EU delegation.

While US cotton shipments to Bangladesh are declining, the country's market share of US cotton has increased to 14%. The US has requested that labor rights in export processing zones be fully upheld, proposing that these zones be brought under the purview of the Bangladesh Labor Act by June 2025.

April 23

Chinese Auto-Makers Eye Joint Venture Opportunities in Bangladesh

A delegation from China's Anhui province, led by Wei Xiaoming, explored trade and investment prospects in Bangladesh. They expressed interest in Bangladesh's renewable energy, lithium battery production, electric vehicle assembly, and agricultural sectors.

BCCCI Secretary General Al Mamun Mridha underscored the organization's collaboration with key Bangladeshi government bodies, facilitating economic cooperation. Bangladeshi companies like ACI Motor Vehicles and ACI Agro are seeking partnerships with Anhui province in vehicle manufacturing and agricultural initiatives.

Kyrgyzstan's Interest in Bangladesh

The Deputy Foreign Minister of Kyrgyzstan expressed a desire to recruit skilled manpower from Bangladesh for their export-oriented industries. Both nations are eager to enhance their economic relations, with potential collaboration in the garments, agriculture, and IT sectors. Approximately 1,000 Bangladeshi medical students are currently studying in Kyrgyzstan, which aims to attract more. Bangladesh's socio-economic progress was praised.

China Seeks Textile Joint Venture with Bangladesh

Mike Gee, president of the Textile and Garment branch of the Chinese Enterprises Association in Bangladesh, emphasized the cooperative nature of the China-Bangladesh relationship, focusing on collaboration rather than competition. China expressed interest in assistance from the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) to establish a bonded warehouse in Bangladesh for storing raw materials and chemicals. The 42-member Chinese delegation discussed exchanging technical knowledge and skills with BKMEA leaders. Wang Zheng, director of the China Textile Engineering Society, emphasized the importance of cooperation for mutual development, considering the large populations of both Bangladesh and China.

April 24

IMF Recommends Flexible Exchange Rate for Bangladesh's Reserve Building

The IMF has raised concerns regarding the effectiveness of Bangladesh's Six-month Moving Average Rate of Treasury (SMART) bill formula in controlling inflation and suggested a transition to a market-based lending rate model. They questioned the methodology of tying the treasury bill rate to the lending rate and proposed reducing the six-month timeframe used for calculating the SMART rate. Bangladesh Bank assured the IMF that there would be no deficit in the Financial Account by FY25, with plans to reduce it by FY24. Discussions also covered the "Crawling Peg" exchange rate mechanism, which Bangladesh Bank is researching, and the IMF commended the central bank's efforts to reduce bad loans.

Bangladesh PM Welcomed in Thailand



Prime Minister Sheikh Hasina of Bangladesh embarks on a six-day official visit to Thailand, marking the first-ever visit by a head of government from Bangladesh to Thailand since 1972. The visit includes bilateral talks with Thai Prime Minister Srettha Thavisin and participation in the 80th Session of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). Bangladesh and Thailand are set to sign several cooperation documents, including a free trade agreement and an MoU on energy cooperation. The ESCAP session will focus on leveraging digital innovation for sustainable development in Asia and the Pacific.

April 25

IMF Recommends Subsidy Reduction for Gas, Electricity, and Fertilizer

The International Monetary Fund (IMF) has proposed a reduction in government subsidies for gas, electricity, and fertilizer, advocating for the reallocation of funds towards social safety net programs. Despite the government's aim to increase beneficiaries by five lakhs, allowances are unlikely to improve due to fund constraints. During a meeting with finance ministry officials, the IMF team discussed the government's macroeconomic framework, banking sector regulations, categorized loans, and the consolidation of banks by Bangladesh Bank. The government has agreed to gradually increase gas and power rates over the next three years to cover production costs. Additionally, the IMF recommended targeting loan defaulters and limiting categorized loans issued by state-owned banks. The Finance Division has provided updated macroeconomic forecasts for the country.

April 27

Petrobangla Nears Completion of LNG Deal with India

Petrobangla is on the verge of finalizing a deal with H-Energy, India, to import regasified LNG through a cross-border pipeline. Two agreements related to pipeline installation and LNG supply are expected to be signed shortly, with only a few unresolved points remaining.

A 65-kilometer pipeline with a 30-inch diameter will be constructed from Satkhira to Khulna to facilitate gas transportation, primarily to supply power plants in Khulna. Petrobangla has already inked multiple agreements to import LNG and is engaged in discussions to procure more, in response to the increasing gas demand in Bangladesh.

April 28

IMF Calls for Transparency in Bangladesh's Banking Sector

The International Monetary Fund (IMF) is advocating for transparency in Bangladesh's banking sector, urging banks to disclose information regarding distressed assets, including defaulted loans, and for customers to have access to inspection reports on financial stability. The IMF's concern stems from lending irregularities being identified as the primary cause of the increasing number of default loans, posing a risk to consumer deposits. By the end of 2022, Bangladesh's central bank reported approximately Tk3.78 lakh crore in distressed assets, more than double the reported defaulted loans. Additionally, the IMF has raised inquiries about bank mergers and the central bank's guidelines aimed at ensuring stability in the banking sector.

April 29

Bangladesh Probes Indian Spice Brands After Hong Kong Ban

Following Hong Kong's ban on certain MDH and Everest spices due to high pesticide levels, the Bangladesh Food Safety Authority has launched an investigation into the sale of these brands in Bangladesh. The authority aims to gather information on the importers and sales methods of these products. The US Food and Drug Administration has also initiated data collection in response to Hong Kong's alert. While Hong Kong and Singapore have halted sales and recalled products, Bangladesh authorities have not issued guidelines on the sale and consumption of these items, leaving retailers like Unimart awaiting official instructions.

Dhaka Seeks Banking Services for Migrants in Saudi Arabia

Bangladesh is set to request Saudi Arabia's permission to establish bank branches or online banking services, facilitating easier money transfers for expatriates back home. With remittances from Saudi Arabia witnessing a significant decline, Bangladesh aims to discuss this matter during the annual conference of the Islamic Development Bank in Saudi Arabia. Additionally, discussions will include the introduction of an expat insurance program by Bangladeshi insurance firms and requests for Saudi support in various sectors to foster sustainable economic growth.

Bangladesh's Mobile Internet Speed Drops, Ranks 112th Globally

According to Ookla's Speedtest Global Index, Bangladesh's ranking in mobile internet speed dropped from 106th in February to 112th in March. The median download speed was 24.59 Mbps, with Banglalink leading among local operators. In fixed broadband, Bangladesh ranked 108th globally, with a median download speed of 44.25 Mbps. Qatar secured the top spot with a download speed of 313 Mbps.

April 30

Bangladesh Seeks Increased World Bank Funding to Address Economic Challenges

Bangladesh has requested the World Bank to boost its budgetary assistance by \$250 million, raising the total to \$750 million, aimed at tackling reserve issues and other economic challenges. Discussions between the World Bank and Bangladeshi government officials in Washington centered on this proposal, with the government pushing for an increase from the current \$500 million budget support. Plans are underway to develop a policy matrix, and the loan agreement with the World Bank is anticipated to be finalized by June next year. Additionally, Bangladesh has applied for additional funds from institutions such as the Asian Infrastructure Investment Bank, the Asian Development Bank, and Agence Française de Développement, the French government's development aid organization.

China Eyes Bangladesh Mangoes, Discussions on Agricultural Cooperation Underway

China has expressed interest in importing mangoes from Bangladesh and is set to dispatch a team of experts to visit orchards in early June for evaluation. The decision on allowing Bangladesh's mangoes into the Chinese market will be based on the findings of this team. During a meeting with the Chinese Ambassador, Bangladesh's Agriculture Minister, Md. Abdus Shahid, sought support for modern farm machinery.

May 1

ADB Urges Bangladesh to Diversify Exports Ahead of LDC Graduation

The Asian Development Bank (ADB) has urged Bangladesh to prioritize trade policy reforms and enhance export competitiveness as it prepares to graduate from the least developed country (LDC) category in 2026. ADB recommends increasing public support for policy changes aimed at improving export competitiveness and diversification. The policy brief "Expanding and Diversifying Exports in Bangladesh: Challenges and the Way Forward" outlines strategies to promote export diversification, improve product quality, attract foreign direct investment, manage exchange rates, and address policy-induced disincentives for non-RMG exports.

Russia Expresses Interest in Collaborating on Railway Development in Bangladesh

Russian Ambassador Alexander V. Mantytskiy expressed Russia's interest in collaborating with Bangladesh Railways to further develop the country's railway system. Minister Zillul Hakim discussed Bangladesh's railway infrastructure and its transition plans from dual gauge, meter gauge, to broad gauge systems. Ambassador Mantytskiy emphasized the enduring friendly ties between Russia and Bangladesh since 1971.

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