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Bangladesh Foreign Policy Watch

cgs Centre for
Governance Studies



A Bi-Weekly Roundup of Key Events

March 11

Myanmar border guards seek shelter in Bandarban again



At least 179 members of Myanmar's Border Guard Police sought refuge in Bangladesh due to clashes between the junta force and the Arakan Army in Rakhine state. A Bangladeshi man, Saber Ahmad, claims he was injured by a bullet fired from Myanmar while observing the situation. This event follows the return of 330 Myanmar nationals to their country on February 15 after they had fled to Bangladesh earlier in February to escape similar conflicts. The ongoing border skirmishes have resulted in casualties, including a Bangladeshi woman and a Rohingya man killed by an exploding mortar shell on February 5.

Bangladesh urges foreign investors to explore maritime area

Bangladesh has invited foreign investors to explore its maritime area, with bidding open until September 9. The Production Sharing Contract of 2023 offers attractive terms, including no royalty payments and tax holidays. Investors will need to provide a minimum bank guarantee and have the option to transfer shares. They can bid for one or more blocks alone or with other companies. Prominent global oil companies have shown interest in participating in the bidding process. Critics argue that the deal may lead to excessive exploitation and higher gas prices than the international market rate.

Court Grants Permission for Prof Yunus to Travel Abroad

Nobel Laureate economist Prof Dr. Muhammad Yunus has been granted permission by the Labour Appeal Tribunal to travel abroad. Dr. Yunus faced a six-month prison sentence for violating labor laws but was granted bail and filed an appeal. The case involved the non-permanent status of 101 workers at Grameen Telecom, leading to legal action by the Department of Inspection for Factories and Establishments.

March 12

Bangladesh and ILO Sign \$24.70 Million Grant Agreement

Bangladesh signed a grant agreement worth \$24.70 million with the International Labour Organization (ILO). The 'Advancing Decent Work in Bangladesh' project aims to improve policies, laws, and labor market institutions, promoting sustainable business practices. The European Union, Denmark, Netherlands, and Sweden are contributing as resource partners for this three-year project. The initiative seeks to ensure decent work for Bangladeshi workers, aligning with the country's Five-Year Plan and the Sustainable Development Goals (SDGs) related to labor issues.

March 13

Bangladesh-Tokyo EPA Set to Take Place by 2026

Bangladesh and Japan are aiming to finalize an Economic Partnership Agreement (EPA) by 2026, with a focus on attracting Japanese investment and securing duty-free export facilities after Bangladesh's graduation from the Least Developed Country (LDC) status.

Japan stands as a significant trade partner, with Bangladesh exporting \$1.9 billion worth of goods to Japan and importing \$2 billion worth in the last fiscal year alone. Since gaining independence, Bangladesh has seen over 300 Japanese firms invest in its economy, totaling \$3 billion in Foreign Direct Investment (FDI). Key initiatives such as the Japanese Economic Zone in Narayanganj and investments in the Matarbari deep-sea port are anticipated to bring in approximately \$100 billion in investments to Bangladesh.

The EPA is poised to bolster exports, streamline the investment landscape, and eliminate non-tariff barriers, thereby bolstering Bangladesh's economy and transitioning it into a smart economy. This agreement is viewed as a strategic partnership that will significantly contribute to Bangladesh's overall economic progress and strengthen bilateral ties with Japan.

Bangladesh and the Netherlands Revise Tax Treaty

Bangladesh and the Netherlands have revised their double taxation avoidance agreement to align with evolving international standards and Bangladesh's transition from a least developed country to a developing one. The updated treaty comprises 33 articles, introducing new provisions to expand the scope of taxation, ensure tax collection from emerging sectors, and allow for a maximum tax rate of 10% on service bill payments. As a significant trade partner and investor in Bangladesh, the Netherlands ranks fourth in Foreign Direct Investment (FDI), with investments exceeding \$2.56 billion, primarily in energy, trade, and the leather sector. This revision aims to address inconsistencies in the previous agreement and enhance tax collection coordination between the two nations.

March 14

Russia Proposes Dhaka-Moscow Direct Flights

Russia has expressed interest in launching direct flights between Dhaka and Moscow to promote tourism and bolster bilateral relations. The Russian ambassador, Alexander Mantytskiy, conferred on this matter with Bangladesh's Civil Aviation Minister, Muhammad Faruk Khan. Russia intends to serve as a development partner for Bangladesh's aviation sector by providing technical assistance and other forms of support to foster growth. Final decisions regarding the proposed direct flights and partnership will be reached following discussions between the relevant authorities of both nations.

March 15

Saudi Crown Prince To Visit Dhaka



Mohammed bin Salman, the Saudi Crown Prince and Prime Minister, is set to officially visit Bangladesh later this year, marking a significant event in the history of bilateral relations between the two nations. The visit aims to consolidate ties, particularly in trade, investment, and economic cooperation. It will be the first visit of a Saudi crown prince to Bangladesh since 1985. A number of bilateral instruments, including MoUs and agreements, are expected to be signed, which would significantly strengthen the relationship between Saudi Arabia and Bangladesh. Saudi Arabia plans to invest \$1.2 billion in Bangladesh, and the Saudi company Red Sea Gateway Terminal will begin operating the Patenga Bay Terminal in Chittagong next month.

March 17

Bangladeshi Teen Shot Down by BSF

A Bangladeshi teenager, Parvez Ali Saddam, was shot dead by the Indian Border Security Force (BSF) near the Moulvibazar village border. The incident occurred despite recent assurances from the BSF to reduce civilian casualties at the border to zero, made during a director general-level meeting with the Bangladeshi border force on March 9, 2024. At least 20 Bangladeshi nationals have been killed by BSF fire since June 2023, highlighting the continuing tensions and challenges at the border. Rights group Ain O Salish Kendra condemned the killing and demanded justice, reflecting the broader condemnation and call for accountability in such border incidents.

March 18

Swedish Crown Princess Victoria Visits Bangladesh

Crown Princess Victoria of Sweden arrived in Dhaka as a UNDP Goodwill Ambassador to observe Bangladesh's progress on the SDGs, with a focus on climate, gender equality, and the green and digital transition. The delegation, including the Swedish Minister for International Development Cooperation and Foreign Trade, engaged with government representatives, entrepreneurs, and youth, and participated in events highlighting the business sector's role in the green and digital transition. They also undertook field visits focused on climate adaptation, digitalization, and local solutions, which included a visit to the Rohingya Refugee camps in Cox's Bazar.

March 19

FM Urges UAE to Boost Investment in Bangladesh

Foreign Minister Dr. Hasan Mahmud has urged the United Arab Emirates to enhance its investment in Bangladesh's special economic zones. Discussions involved the allocation of 300 acres of land in Matarbari for UAE enterprises. The meeting with UAE ambassador Abdulla Ali Abdulla Khaseif Al Hmoudi addressed mutual interests and bilateral matters. Dr. Mahmud further urged the UAE to streamline the process for Bangladeshi nationals to transfer their work permit (Akama) between employers.

March 21

Bangladeshi Ship Hijacked by Somali Pirates

In the vast expanse of the Indian Ocean, the MV Abdullah, a Bangladesh-flagged cargo ship laden with 58,000 tonnes of coal, became a target for Somali pirates. Seizing control, the pirates took the 23 crew members hostage, leaving SR Shipping Limited scrambling for governmental assistance. Despite ample food and freshwater stores, fears of shortages loomed as communication with the pirates remained elusive. However, hope flickered when the Indian Navy located the vessel, ensuring the safety of the crew. Concurrently, the European Union dispatched a monitoring vessel to oversee the situation. Yet, the pirates remained elusive, continually shifting the MV Abdullah's location. After nine agonizing days, a glimmer of progress emerged as Somali pirates initiated contact. With negotiations on the horizon, mediators began preparations, guided by the urgent plea of Bangladesh's Foreign Minister for responsible actions to secure the crew's release.

PM Seeks Indian Support to Import Power from Bhutan



Prime Minister Sheikh Hasina sought India's cooperation to import electricity from Bhutan through Indian territory during her meeting with India's ambassador to Bangladesh Pranay Verma. An agreement is expected during the upcoming visit of Bhutanese King Jigme Khesar Namgyal to Dhaka on March 25.

The Prime Minister urged India to remove anti-dumping measures for importing jute and jute goods from Bangladesh, and discussed modernizing the Syedpur Railway Workshop. Discussions also included setting up a high-power grid line among Bangladesh, Bhutan, and Nepal, extending a diesel pipeline for imports from India, and the possibility of Bangladesh establishing a defence factory with an Indian joint venture.

Prof Yunus Honored by UNESCO

Professor Muhammad Yunus was honored with "The Tree of Peace" award by UNESCO at the XI Global Baku Forum. The event, titled "Fixing the Fractured World," was held from March 14-16 in Baku, Azerbaijan, and featured nearly 400 prominent figures, including political leaders and Nobel laureates. Yunus emphasized the need for innovative solutions and collaborative efforts to build a world of three zeros: zero net carbon emission, zero wealth concentration, and zero unemployment. He also inaugurated the Yunus Social Business Centre at the Azerbaijan State Economic University.

March 22

Bangladesh's External Debt Crosses \$100b

Bangladesh's external debt has crossed the \$100 billion mark for the first time, posing potential challenges due to a foreign exchange shortage. The public sector accounts for \$79.69 billion of the debt, with the majority being long-term loans. The private sector's foreign loans have decreased by about 14% to \$20.95 billion. The increasing debt is within IMF's recommended threshold but raises concerns due to unfavourable economic developments and the rising cost of debt servicing. Experts suggest halting supplier credit from China and Russia and utilizing foreign loans for projects promptly to avoid higher servicing costs.

March 23

Bangladesh aims to import energy from Nepal

Bangladesh is considering importing cost-effective electricity from Nepal, as the latter plans to construct a new 1,040MW hydropower plant on the Arun River. The World Bank-funded Upper Arun Hydroelectric plant project is set to begin construction in November, with completion expected by 2034. Bangladesh has given a “no objection” to the project, which will not disrupt the flow of the Ganges and Padma rivers. Nepal’s hydropower is seen as cost-effective compared to Bangladesh’s current coal or LNG-based power. The project is part of the Sub-South Asia Power Pool initiative, aiming to increase electricity trade among Bangladesh, Bhutan, India, Nepal, and Sri Lanka, and includes future phases for strengthening transmission interconnections.

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