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Bangladesh Foreign Policy Watch

CGS Centre for Governance Studies



A Bi-Weekly Roundup of Key Events

Anticipated bilateral meetings aim to culminate in three memoranda of understanding, fortifying cooperation between the nations. Amidst warm welcomes at Hazrat Shahjalal International Airport, President Mohammed Shahabuddin extended hospitality, underscoring the significance of this historic visit.

March 25

Bhutanese King Wangchuck Visits Bangladesh



Bhutanese King Jigme Khesar Namgyel Wangchuck embarked on a four-day state visit to Dhaka, marking a pivotal moment in Bhutan-Bangladesh diplomatic ties. Prime Minister Sheikh Hasina greeted the monarch with floral gestures at her Tejgaon office, initiating discussions at the Shimul Hall of the Prime Minister's Office.

March 26

Global Leaders Extend Warm Independence Day Wishes to Bangladesh

As Bangladesh celebrates its 54th Independence Day, a chorus of international leaders joins in conveying heartfelt congratulations and affirmations of continued collaboration. Antony Blinken, representing the United States, reaffirmed the robust partnership in crucial domains such as climate action, economic progress, and global health initiatives. Indian President Droupadi Murmu echoed sentiments of optimism, foreseeing further deepening of people-to-people bonds between India and Bangladesh. Xi Jinping and Li Qiang emphasized the burgeoning ties between China and Bangladesh, highlighting the Belt and Road Cooperation as a cornerstone of their relationship. From Russia to Australia, the UK to Canada, leaders worldwide echoed a unified message of solidarity, expressing shared hopes for peace and prosperity.

March 27

Bangladesh Challenges India's Allegations of ISIS Presence

The Counter Terrorism and Transnational Crime (CTTC) chief, Md Asaduzzaman, has refuted Indian law enforcement's claims regarding the presence of the ISIS India Chief in Bangladesh before his arrest. Asaduzzaman emphasized the absence of a militant-friendly environment in Bangladesh and denied any hideout or ISIS presence in the country. He invited Indian authorities to share substantial evidence supporting their claims, stating Bangladesh's readiness to investigate upon receipt of such evidence. While acknowledging ISIS operations in other countries like Afghanistan, Turkmenistan, and Iran, Asaduzzaman reiterated that Bangladesh has not experienced any ISIS presence.

One Person Shot Dead, Another Injured by BSF at Naogaon

Allegedly involved in cattle smuggling, Bangladeshi national Al Amin was fatally shot by the Indian Border Security Force (BSF) near the Nitpur border area of Pashur upazila, located approximately 2km inside Indian territory adjacent to Malda district. Reports suggest Al Amin and a group attempted to smuggle cattle from India to Bangladesh through the Malda border area. In a similar incident, another Bangladeshi national, Liton Mia, sustained injuries from BSF gunfire near the Durgapur border area in Lalmonirhat's Aditmari upazila. The Bangladesh Border Guard (BGB) has launched inquiries and issued a protest letter concerning both incidents. The BSF took custody of Al Amin's body and detained Liton Mia.

March 28

Chinese Firm to Invest in Cumilla EPZ

Song Shin Leather (BD) Limited, a Chinese company, has inked a deal to establish a leather processing industry within the Cumilla Export Processing Zone (EPZ). The agreement, signed at the BEPZA Complex in Dhaka, outlines a \$6 million investment plan. The industry aims to annually produce \$8 million square feet of 'Cow Finished Leather' and 'Buffalo Finished Leather'. This initiative is anticipated to generate employment opportunities for 100 Bangladeshi nationals.

Bangladesh Greenlights Onion Imports from India under G2G Arrangement

Bangladesh has greenlit the import of 50,000 tonnes of onions from India, following approval in principle by the Cabinet Committee on Economic Affairs. The state-owned entity under the Commerce Ministry will oversee the import through a government-to-government (G2G) framework in collaboration with the Indian National Cooperative Export Limited. While the exact cost of the onions was not disclosed during the meeting, it is anticipated to be revealed upon presentation to the Cabinet Committee on Government Purchase.

March 29

Dhaka and Beijing to Commence Free Trade Agreement Talks

Negotiations for a free trade agreement (FTA) between Bangladesh and China are poised to begin shortly, following the exchange of feasibility study reports. Progress in major projects like the Single Point Mooring with Double Pipe Line and the Padma Bridge Rail Link is notable, with further initiatives slated for this year. The inauguration of the Centre for China Studies at Dhaka University seeks to bolster academic collaboration. Chinese government training programs have benefitted over 5,500 Bangladeshi officials, with plans for additional seminars this year to foster bilateral ties.

Resumption of Direct Flights to Rome



Biman Bangladesh Airlines has relaunched direct flights from Dhaka to Rome using a Boeing 787 Dreamliner, catering to the sizable Bangladeshi expatriate community in Italy. Closure of the direct service in 2015, amidst allegations of corruption and mismanagement, has been countered by Biman authorities, citing profitability concerns at the time. However, expatriates have urged for the integrity of the service to be maintained. Civil Aviation and Tourism Secretary Md Mokammel Hossain underscored zero tolerance for corruption, prioritizing passenger service at the inauguration ceremony.

Forex Reserves Decline Half a Billion in a Week

Bangladesh's foreign currency reserves witnessed a decline of \$533.82 million within a week, dropping from \$19.98 billion on March 20 to \$19.45 billion. Despite increased remittances ahead of Eid and a currency swap agreement, central bank interventions couldn't prevent the decline. Reserves, initially over \$21 billion in March, dipped below \$19 billion due to a \$1.35 billion Asian Clearing Union payment and ongoing US dollar sales by the central bank to settle import bills for state-run enterprises.

Donald Lu Acknowledges Bangladeshi Americans' Role in Bilateral Relations

During a reception at the Bangladesh Embassy in Washington DC marking Bangladesh's Independence and National Day, US Assistant Secretary of State for South and Central Asian Affairs Donald Lu lauded the contributions of Bangladeshi Americans in strengthening US-Bangladesh ties. Ambassador Muhammad Imran emphasized the partnership's significance and shared aspirations for Indo-Pacific cooperation.

China Expresses Interest in Bangladeshi Jute Goods

The Chinese ambassador to Bangladesh has shown keen interest in importing jute goods from Bangladesh, acknowledging the country's progress across various sectors. Discussions included opportunities for Chinese students in Bangladeshi educational institutions and ongoing development projects in textiles and jute. Emphasizing China's support, the textiles and jute minister expressed hope for continued collaboration in realizing the vision of "Smart Bangladesh" under Prime Minister Sheikh Hasina's leadership.

March 30

Explosions Rock Bangladesh Myanmar Border

Near the end of the month, a Myanmar ship was observed across the Naf River from Shahparir Dwip in Teknaf, causing concern among residents. Over two consecutive days, intermittent loud explosions were reported, totaling more than 10 blasts. The firing initiated a flurry of gunfire noises that reverberated across St. Martin's Island and its vicinity. The frequency of shots intensified following the departure of the Myanmar ship. Furthermore, continuous gunshots have been reported along the Hnila border, adding to the unrest in the region.

March 31

Investment Hurdles in Bangladesh USTR Review

According to assessments by the Biden administration, Bangladesh faces significant obstacles to trade and investment, notably bribery, corruption, customs challenges, anti-competitive procurement practices, and intellectual property infringements. Despite having legislative frameworks like the Code of Criminal Procedure, Prevention of Corruption Act, Penal Code, and Money Laundering Prevention Act, the country has drawn criticism from the US Trade Representative (USTR) for inadequate enforcement of anti-corruption measures. US businesses have raised concerns about corruption causing delays in bidding processes and licensing approvals. Additionally, the cumbersome procedures for repatriating earnings, along with the Sarkari Chakori Ain Bill, have faced scrutiny. The US has also highlighted potential intellectual property violations in various sectors, emphasizing the need for enhanced cooperation among enforcement agencies.

Progress in Importing Electricity from Nepal

The process of importing 40 megawatts of power from Nepal through India's transmission system is nearing completion, as confirmed by State Minister for Power, Energy, and Mineral Resources Nasrul Hamid. Negotiations on tariffs between the National Electric Authority of Nepal and the Bangladesh Power Development Board are almost finalized. The electricity will be imported through the Kushtia sub-station in Bheramara, which already facilitates the import of around 1,000 MW of power from India to Bangladesh. Hamid emphasized the importance of a tripartite agreement involving India to establish a transmission line connecting Bangladesh and Nepal. Furthermore, private investors have shown interest in Nepal's electricity industry, and Bangladesh stands ready to support initiatives such as building solar power plants and household systems.

Bangladeshi Citizen Killed by BSF Gunfire

Murali Chandra Barman, a Bangladeshi citizen, was fatally shot by the Indian Border Security Force (BSF) near Lalmonirhat's Kaliganj upazila, close to the Burirhat border. Another Bangladeshi citizen sustained injuries and was undergoing treatment at a clinic in Rangpur city. Murali Chandra was among several individuals who entered India to retrieve animals, and his death has stirred emotions within the community. Efforts to address border security and prevent such incidents are crucial for maintaining peaceful relations between the two nations.

April 1

FBCCI Urges Action to Alleviate Forex Shortage

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has underscored the urgent need to tackle the shortage of foreign currency that is impacting the country's economy. Bangladesh's forex reserves have significantly dwindled, plummeting from over \$41 billion to \$19.45 billion within two years. FBCCI has put forth several suggestions, including the establishment of a banking commission, streamlining tax procedures through automation, and prioritizing cost reduction measures.

Bangladesh Seeks Enhanced ADB Support for Socio-Economic Progress

Prime Minister Sheikh Hasina has expressed Bangladesh's hope for increased assistance from the Asian Development Bank (ADB) to foster socio-economic development for its populace. The government's focus lies on rural advancement and aims to boost the purchasing power of citizens, thereby fostering greater industrialization and employment opportunities.

Sheikh Hasina has identified areas such as climate change resilience, agriculture, and river restoration as avenues where ADB support could be expanded. Fatima Yasmin, Vice President of ADB and former senior secretary of Bangladesh's Finance Division, has affirmed ADB's dedication to Bangladesh, highlighting a substantial rise in support and expressing interest in initiatives related to river rehabilitation, tourism, climate resilience, and human development.

April 2

World Bank Cautions Against Bank Mergers

The World Bank advises against hasty bank mergers in Bangladesh, warning of potential harm without a comprehensive assessment of asset quality. Any consolidation process should undergo meticulous scrutiny to prevent strong banks from being undermined by acquiring weaker ones. The World Bank recommends the implementation of detailed guidelines based on international best practices for mergers and acquisitions, along with additional measures to address vulnerabilities such as non-performing loans (NPLs) and undercapitalized banks. Strengthening corporate governance, financial safety nets, and deposit insurance is also suggested to support bank mergers and bolster confidence in the banking sector.

Two Chinese Companies Barred from Project Due to Fraud

Allegations of fraudulent practices in the procurement process for 137 buses in Bangladesh's bus rapid transit (BRT) services have led to the exclusion of two Chinese firms, Higer Bus Company and Xiamen Golden Dragon Bus Company, from the project. The state-operated Dhaka Bus Rapid Transit Company has affirmed this decision, and a fresh tender process will soon commence. The 20.5-kilometer bus corridor, Bangladesh's inaugural dedicated fast bus service, will link Gazipur to Dhaka within 35–40 minutes. Initially termed the Greater Dhaka Sustainable Urban Transport Project, the initiative aimed to establish a dedicated bus route spanning 20.50 km.

Malaysia Halts Recruitment of Bangladeshi Workers

Malaysia, a significant destination for low-skilled Bangladeshi workers, has decided to suspend the recruitment of foreign labor, potentially impacting Bangladesh's labor migration. Since reopening in 2022, over 4,000 workers have migrated to Malaysia. With 350,000 migrants, Malaysia stood as Bangladesh's second-largest overseas employment market after Saudi Arabia. Effective June 1, Malaysia's Home Minister Saifuddin Ismail has halted the entry of foreign employees under active quotas. The employment quota for foreign workers is now frozen until the migrant worker numbers align with the targets set under the 12th Malaysia Plan (12MP).

April 3

Bangladesh Prime Minister Seeks Chinese Collaboration for Southern Region Development



During a meeting with Chinese Ambassador Yao Wen, Prime Minister Sheikh Hasina discussed strategies for advancing development in Bangladesh's southern region and sought specific proposals for cooperation. Sheikh Hasina emphasized the significance of establishing direct road connectivity with the southern region through the Padma Bridge and expressed interest in China's assistance for further development initiatives. The ambassador extended an invitation for Sheikh Hasina to visit China in July to bolster bilateral trade, investment, and people-to-people exchanges. Sheikh Hasina also highlighted the region's vulnerability to climate change and proposed the potential establishment of a deep seaport in Paira, which could offer mutual benefits for Bangladesh and China.

April 4

Two More Injured in BSF Firing Incident

At the Daulatpur border of Benapole in Jessore, Bangladeshis Babu Mia and Dalim Hossain sustained injuries due to firing by the Border Security Force (BSF). The incident occurred near the Kalyani BSF camp in India, approximately 25 yards inside India near the 182 R Pillar of the 17/75 border. Both individuals were wounded by rubber bullets, sustaining injuries to their legs and eyes. They were rescued by Border Guard Bangladesh (BGB) personnel, received medical treatment, and would be handed over to the local police station once they had recovered.

World Bank Condemns Legalization of Undisclosed Wealth in Bangladesh

The World Bank has denounced policies permitting the legalization of undisclosed wealth through investments, asserting that they discourage honest taxpayers and fail to generate significant revenue. Continuing such policies is viewed as enabling tax evaders by fostering an expectation of legalizing their wealth without scrutiny, thereby exacerbating the trust deficit between taxpayers and authorities. The report underscores the importance of enhancing domestic resource mobilization in Bangladesh, which suffers from one of the lowest tax-to-GDP ratios, declining from 9.1% in FY 2011-12 to 8.2% in FY23. Illicit capital flows, particularly through trade mis-invoicing, are a major concern, with an estimated \$3.6 billion laundered annually from Bangladesh, ranking the country high in illicit outflows in South Asia.

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