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# Bangladesh Foreign Policy Watch

**CGS** Centre for  
Governance Studies



## A Bi-Weekly Roundup of Key Events

### Bangladesh-China Joint Venture to Build Solar Plant

A 160MW solar power plant is being established in Moheshkhali, Cox's Bazar by Bay of Bengal Power Company, a joint venture between the Bangladesh Power Development Board (BPDB) and China Huadian Hong Kong Company Limited. The strategic initiative is expected to bolster the region's energy infrastructure while leveraging its coastal and flat terrain for optimal project implementation. The project will be financed through equity and bank loans, with an international tender already issued and deadlines set for June. This initiative is part of Bangladesh's shift towards sustainable energy, with 2.19GW of photovoltaic projects approved in 2023 to reduce fossil fuel reliance.

### Bangladesh-China FTA Talks to Begin this Year

Bangladesh and China will start formal FTA negotiations by year's end, following the Prime Minister's visit to China. With bilateral trade reaching \$24 billion in 2023 and Chinese FDI in Bangladesh at \$3.2 billion, the FTA aims to reduce import prices, curb inflation, and boost the competitiveness of Bangladeshi products and lay a foundation for increasing foreign exchange reserves. The FTA will facilitate Chinese investments in Bangladesh, enhancing efficiency and convenience including job creation, industrial upgrades, and export diversification.

## June 3

### Bangladesh's Trade with SAARC Countries Falls

Bangladesh's export earnings from SAARC countries fell slightly from \$1.93 billion in FY22 to \$1.91 billion in FY23. Total import payments from SAARC countries dropped significantly from \$14.93 billion in FY22 to \$10.34 billion in FY23. Bangladesh's exports grew by 6.28% year-on-year, reaching \$55.55 billion in FY23. Despite this positive growth, exports to SAARC countries underperformed. Factors such as similar product profiles among SAARC countries, lack of specialized products, business hurdles like port facilities, ease of doing business, and laboratory capabilities impact trade. While exports to India and Sri Lanka rose, exports to Nepal and Pakistan fell. But import payments to India saw a major decrease of about 32% due to the dollar crisis and decrease in domestic demand.

## June 4

### Japan Aborts Two More Projects

Two development projects, the extension of Chatto-gram-Cox's Bazar Highway and the conversion of Nabinagar-Manikganj-Paturia Highway into an expressway, have been canceled by the Bangladesh-Japan Joint PPP Platform. At its sixth meeting, the platform decided to cancel these projects. The platform had aimed to secure large investments from Japanese businesses, but the majority of initiatives had not advanced significantly over the past six years.

### Bhutan Lowers Traveler Costs for Bangladeshi Visitors

Bhutan has reduced the Sustainable Development Fees (SDF) for visitors from Bangladesh from \$100 to \$15 per person per night, matching the lower SDF for visitors from India. Under this arrangement, Bhutan will welcome 15,000 Bangladeshi visitors annually at the discounted rate of USD 15. This policy, effective June 2, 2024, reflects the unique relationship between Bhutan and Bangladesh.

### International Investors Keep Selling Their Shares

In the fiscal year 2023–2024, Bangladesh's net foreign portfolio investment decreased due to unstable policies, a depreciating local currency, and a bleak economic outlook. Foreign investors began selling their shares in 2020 because of currency fluctuations and floor pricing procedures introduced by the BSEC to stop market indices from declining. The ongoing net selling trend by foreign investors has led to a significant decline in the shares of well-known, profitable corporations.

### Concerns About the Rule of Law Might Surface—US State Department on Prof. Yunus's Case



The US has expressed concerns regarding Nobel laureate Prof. Muhammad Yunus, highlighting potential abuse of labor and anti-corruption laws, which could cast doubt on Bangladesh's legal system and deter foreign direct investment. State Department Spokesman Matthew Miller stated that the US is closely monitoring the situation and will continue advocating for an open and fair judicial system. Miller did not comment on Prime Minister Sheikh Hasina's claim about receiving freedom from interference by a white man.

## June 5

### May Exports Decline by 16%

Bangladesh's goods exports decreased by 16.06% to \$4.07 billion in May, primarily due to underwhelming performance in key sectors such as apparel, jute and jute products, and leather and leather goods. However, from July to May, total sales increased by 2.01% to \$51.54 billion. Garment shipments to the US and EU fell by 7.18% and 12.84%, respectively, attributed to global inflationary pressures. Despite the decline in May, some industries showed improved performance from July to May compared to the previous year.

## June 9

### 45 Bangladeshis Returns from Myanmar



Forty-five Bangladeshi nationals returned from Myanmar to Cox's Bazar via the Myanmar Naval Ship UMS Chin Dwin. The ship would also repatriate 134 Myanmar nationals who fled the conflict inside Myanmar. The Bangladesh Embassy in Myanmar coordinated the return, continuing efforts that previously brought back 247 nationals. The last return occurred on April 23, when 173 Bangladeshis came home.

### Chittagong-China Freight Charge Doubles Amid Conflicts

Freight charges for shipments between Bangladesh and China have more than doubled in the past six months due to significant delays at major ports like Shanghai, Singapore, and Colombo. These delays are compounded by disruptions in global supply chains caused by Red Sea conflicts involving Houthi attacks. Consequently, freight charges at Singapore ports rose by 50% and at Colombo ports by 15%, as ships detour around Africa. This congestion has disrupted the supply of crucial goods such as industrial materials, electronics, and machinery to Bangladesh. The increased freight charges and longer transportation times are causing buyers to turn to alternative countries like Vietnam and Cambodia for quicker delivery, affecting Bangladesh's imports and exports. These developments are adversely impacting Bangladesh's garment sector and increasing domestic transportation costs.



## Government Asks Japan to Raise Development Aid to ¥450B

Bangladesh's government has requested Japan to raise the annual threshold of official development aid (ODA) from 300 billion to 450 billion Japanese Yen (JPY). The proposal includes support for developing 100,000 AI engineers, smart city planning, ship recycling industry, electric car manufacturing, high-tech parks, food processing, and climate resilience initiatives. The government also seeks to enhance collaboration in the jute, leather, and tourism industries to help Bangladesh become a developed country by 2041.

## Bangladesh to Provide More Trained Labor to Japan: Foreign Minister

Japan plans to hire more skilled workers from Bangladesh, particularly in technology and construction, following a meeting between Bangladesh's State Minister, Shofiqur Rahman Chowdhury, and a Japanese delegation. Bangladesh has proposed establishing a dedicated technical training center to train and select competent workers for Japan. The Japanese delegation, led by Masafumi Yurigumi of Yurigumi Maritime Company Limited, is ready to begin hiring in two months if qualified applicants are available. The Japanese government has expanded its "specific skilled worker" visa program, allowing 820,000 foreign workers to work in Japan through 2028, addressing the country's labor shortages and dwindling population.

## Jun 10

## Bangladeshi National Murdered in BSF Gunfire

A Bangladeshi man named Md. Anwar Hossain was fatally shot and killed by the Indian Border Security Force (BSF) along the Jamtala border in Burichang upazila, Cumilla. It is alleged that Anwar had illegally entered Indian territory to smuggle sugar into Bangladesh. Despite state-level promises to reduce border killings, homicides near the Bangladesh-India border have increased over the past three years.

## Modi Government Should Prioritize Democracy While Strengthening Relations with Bangladesh: Fakhru

BNP Secretary General Mirza Fakhru Islam Alamgir has urged Indian Prime Minister Narendra Modi to prioritize the Bangladeshi people's quest for democracy to strengthen bilateral ties. He referenced Bangladesh's 1971 Liberation War as a testament to the people's right to choose their representatives freely and to have independent courts and an Election Commission. Fakhru criticized Sheikh Hasina's government for issues like the unresolved Teesta water sharing and border killings. He emphasized the BNP's commitment to democracy, mirroring India's values, and highlighted India's significance as Bangladesh's most important neighbor.

## Sheikh Hasina & Modi Aim to Strengthen Bangladesh-India Relations

Bangladesh's Prime Minister Sheikh Hasina and Indian Prime Minister Narendra Modi expressed their commitment to strengthening bilateral relations. Following the swearing-in ceremony of Modi's new cabinet, the two leaders discussed the benefits of collaboration and the complex ties between their nations. They acknowledged significant achievements over the past decade and aimed to enhance relationships in various domains, including economic and development partnerships, energy security, connectivity, and people-to-people contacts.

## 11 JUN

## Police Discover 102 Rohingyas with Fraudulent Birth Certificates

In Bangladesh, 102 Rohingyas have obtained birth certificates by concealing their identities from the government and various organizations, including the Dhaka North City Corporation. The chief health officer of Dhaka North City Corporation stated these registrations are invalid as they were not recorded in their zones. The passport division of the Special Branch of Police has sought to cancel these birth registrations, and the Registrar General's Office for Birth and Death Registration has been notified.

## WB Forecasts 5.6% Growth for Bangladesh

Bangladesh's real GDP growth is estimated at 5.6% for the current fiscal year, with slight increases to 5.7% next year and 5.9% in fiscal 2025-26. Elevated inflation has dampened real wage growth and private consumption, while higher borrowing costs have affected demand. However, large investment projects and easing inflation are expected to boost private consumption and overall investment. The global economy is projected to stabilize at 2.6% growth this year, with modest increases expected in the following years.

## Oman to Legalize Bangladeshi Workers

The Omani government has committed to legalizing 96,000 undocumented Bangladeshi workers and plans to recruit Bangladeshi workers in 12 different categories, focusing on skilled labor. Bangladesh has requested Oman to reopen its labor market for less-skilled workers. Oman has also decided to waive significant fees Bangladeshi workers had to pay to obtain legal papers.

## Govt to Import Hydroelectricity from Nepal

Bangladesh will import 40 megawatts of hydropower from Nepal at Tk8.17 per unit, including transmission charges. The decision was made during a meeting of the purchase committee, chaired by Finance Minister Abul Hasan Mahmud Ali. A tripartite agreement involving Bangladesh, India, and Nepal is pending, as the electricity will be transmitted through India's grid. The initial contract term is five years, with an estimated annual cost of Tk130 crores, totaling Tk650 crores.

## Taka to Hit Record Low on Crawling Peg, Moody's Says

Bangladesh's currency, the taka, is expected to fall further into record-low territory as the central bank loosens its grip. The introduction of a crawling peg system will align the taka closer to its unofficial market rate. This more flexible exchange regime is part of IMF-recommended policies, aiming to prevent further deterioration of foreign exchange reserves. Bangladesh is cutting spending and raising taxes to narrow the budget deficit and making interest rates market-based to tackle inflation.

## June 12

### Bangladesh-China JV to Build 100MW Solar Power Plant

A joint venture between China's CREC International Renewable Energy Company and Bangladesh's B-R Powergen Limited (BRPL) will establish a 100MW solar power plant in Jamalpur. BRPL will hold a 30% stake, while the Chinese company will have the remaining 70%. The Chinese company will assume full responsibility for all loans, ensuring Bangladesh is not required to provide any sovereign guarantees. This project aligns with Bangladesh's aim to generate 40% of its electricity from renewable sources by 2041 as part of the Mujib Climate Prosperity Plan (MCPPI).

### Bangladesh Drops 40 Places in Gender Equality Ranking

Bangladesh has fallen to 99th place, a significant drop from its previous 59th position on the World Economic Forum's (WEF) Global Gender Gap Index 2024. Despite the decline, Bangladesh continues to lead South Asia in gender equality for the tenth consecutive year. The country has seen a notable deterioration in economic gender parity over the past five years. Bangladesh performs well in educational attainment, with a 94% parity rate. The report emphasizes the urgent need for global action to achieve gender parity, especially in economic and political areas. Bangladesh's high ranking in political empowerment is due to having women in head-of-state roles for over 30 years in the past half-century.

### Talks of Ferry Service Between Bangladesh and Sri Lanka

Prime Minister Sheikh Hasina of Bangladesh and President Ranil Wickremesinghe of Sri Lanka discussed initiating a free trade agreement and a potential passenger ferry service between the two countries. Sheikh Hasina offered support for Sri Lanka's agricultural modernization through direct private investment partnerships from Bangladesh. President Wickremesinghe committed to sending Sri Lankan agricultural experts to learn from Bangladesh's methods. Due to upcoming elections, PM Dinesh Gunawardena and FM Ali Sabry will attend the BIMSTEC Summit on behalf of President Wickremesinghe.

Sheikh Hasina expressed satisfaction with Sri Lanka's economic progress, and President Wickremesinghe assured her of his visit to Bangladesh after the elections.

### Oman Relaxes Visa Ban on Bangladeshis

Oman has removed the temporary ban on 10 types of visas for Bangladeshi nationals residing in GCC countries after an eight-month suspension. The Ministry of Foreign Affairs of Bangladesh welcomed this decision, which was previously imposed as part of a migration policy review. The lifted restrictions include visas for officials, families, professionals like engineers and doctors, investors, and high-income tourists. The Embassy of Oman in Dhaka will coordinate with the Royal Omani Police to process applications for these categories. Efforts to lift the ban on work visas are ongoing, with both Omani and Bangladeshi authorities working towards this goal.

## June 13

### Supply Disruption Threatens St Martin's Island Amid Myanmar Border Clashes

As clashes escalate between Myanmar's military and the Arakan Army along the border, the movement of vessels between Teknaf and St Martin's Island has become perilous. The Bangladesh government postponed its provision-sending initiative due to heightened conflict, jeopardizing essential supplies to the island. St Martin's Island, reliant on mainland deliveries, faces severe food shortages and soaring prices. Amid explosions heard from Myanmar, locals endure tense nights, and vessels navigate risky waters. Bangladesh has protested incidents targeting its vessels, emphasizing the need to protect its territories amid Myanmar's internal conflicts.

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