



EDITORIAL

Bangladesh navigates a transitional economic crisis

Bangladesh's recent political upheaval significantly impacts businesses, estimating losses of around USD 10 billion by the private sector. The crisis has harmed the country's reputation as a reliable and resilient economy, reminiscent of the setbacks following the Rana Plaza disaster in 2013 and the terrorist attack in 2016. RMG, the largest export industry, reported substantial losses, with factories incurring losses of BDT 6,400 crore, but trying to recover delays and disruptions of consignments have caused significant financial setbacks. Supply lines and operations in various industries were severely affected, including the fast-moving consumer goods (FMCG) sector.

Small and medium-sized enterprises (SMEs), the lifeblood of economic development, face several challenges that hinder their growth and sustainability. Financial challenges posed by policies and regulations like the NBR restriction on non-bonded factories and the recent cuts in export incentives have further complicated the competitive scenario for SMEs. One of their biggest obstacles is access to funding with promising terms. It

is crucial to align with environmental, social, and governance (ESG) principles in the changing global trading environment.

Business leaders have called for government support to ease business, reduce port demurrage charges, ensure uninterrupted energy supply, and restore business confidence. Five critical issues identified by businesses include challenges related to Chittagong port, complex customs procedures by the National Board of Revenue (NBR), loan rescheduling by the banks, ICT, and energy supply.

The ICT sector has faced severe setbacks due to an internet blackout during the July–August turmoil, which eroded international confidence in Bangladesh's stability. The outage affected export-oriented industries, banking, insurance, logistics, infrastructure, telecom, e-commerce, freelancing, and MSMEs relying on social commerce. F-commerce entrepreneurs faced severe sales downturns and operational disruptions.

Global apparel buyers expressed concern about Bangladesh's slow internet connection following a weeklong cutoff during the anti-quota movement. They urged sector leaders and suppliers to ensure timely shipment of goods and restore high-speed internet and broadband connections for effective communication with their headquarters. The BGMEA and buyers pledged mutual

support to mitigate the impact of the disruptions. An anonymous buyer representative mentioned that the complete internet cutoff during the crisis was unprecedented; this type of crisis had not happened even during previous events like COVID-19 and other political turmoil. Another challenge is the difficulty of shipping containers to ports due to the lack of rail communication.

The interim government has been proactive in evaluating solutions to count the challenges. Several reforms have been initiated after the formation of the new interim government. Diverse committees and commissions have been formed to understand the situation and determine details. A committee has been formed on the state of the economy to take strategic steps to bridge the gaps. The committee is working towards formulating different provisions to stabilise the economy, reach the Sustainable Development Goals targets, and mitigate the challenges after Bangladesh graduates from the LDC grouping.

BUILD is working closely with national experts on potential alternatives to track the economy toward the right path. BUILD, in its recent dialogues, addressed issues of alternatives of cash incentives to sustain competitiveness in the post-LDC regime, advocates for self-sustaining growth, WTO-compliant subsidies, and Free Trade Agreements (FTAs) that would secure duty-free quota-free access for Bangladeshi goods.

Through BUILD's initiatives and in collaboration with stakeholders, BUILD aims to foster a resilient, forward-looking economy that can withstand challenges while enhancing competitiveness. As BUILD navigates these challenging times, the importance of strategic policy support, innovation, and sustainable growth cannot be overstated. BUILD calls on stakeholders to work together to turn these challenges into opportunities, ensuring Bangladesh's position as a strong and dependable partner on the global stage. ■

Ferdous Ara Begum
CEO, BUILD



BUILD team meets EPB Vice-Chairman

BUILD team, headed by the CEO Ferdaus Ara Begum, had a meeting with the Vice President of the Export Promotion Bureau (EPB), Md Anwar Hossain, at the EPB Conference Room on 12 August 2024 to validate the study undertaken by BUILD on the impact of phasing out cash incentives on exports and finding alternatives for the post-LDC era. The study was set to be presented at the 11th T&IWC meeting of BUILD.

CEO gave the keynote presentation, and the EPB Vice President acknowledged the problems raised by BUILD. He stressed that the export targets outlined in different national plans and policies need to be more aligned and supported by BUILD's recommendations on automating the DEDO office and streamlining the duty-drawback process for exporters. He further noted that due to the delay in export receipt realisation, there is always a USD 2–3 billion lag in EPB's export data with the Bangladesh Bank. Moreover, the EPB Vice President underscored the need to explore the export-supporting mechanisms and policies of the peer countries.

Furthermore, the EPB directors acknowledged that SMEs in Bangladesh do not have any industrial IRC. Thus, they cannot avail of the VAT-free import services of the inputs and emphasised the need for a central bonded warehouse for the SME exporters. They highlighted the SME Foundation's role in ensuring the industrial IRC for the SMEs. They also emphasised building special bonded warehouses for all the export sectors.

From BUILD, Kanis Fatama, Senior Research Associate and Asif Haider, Research Associate, joined the meeting, while Director Abu Mukhles Alamgir Hossain and Director Mohammed Shahjalal were also present at the meeting from the EPB side. ■

Stakeholder meeting on standardisation of energy drinks by BSTI

Recently, Bangladesh Standard and Testing Institute (BSTI) organised a stakeholder consultation meeting to get final consent from the concerned stakeholders on 19 August 2024 at the

BSTI conference room. S. M. Ferdous Alam, Director General (Grade-1), BSTI, presided over the meeting.

BSTI presented data with logic to standardise the items, mentioning the rising popularity of energy drinks, especially to the younger generation, which has increased scrutiny regarding their safety, quality, and regulation. BSTI convened the stakeholders' meeting to gather opinions on establishing a standard for energy drinks that aligns with the need for health, safety, and security. This meeting brought together industry representatives, health experts, regulatory authorities, and consumer advocacy groups, highlighting the multifaceted nature of energy drink consumption and its implications for public health.

The primary objective of the meeting was to discuss the need for standardised guidelines that ensure the safety and quality of energy drinks available in the market. Stakeholders voiced concerns about the potential health risks associated with high caffeine content, sugar levels, and the use of various additives in energy drinks. Experts emphasised the importance of establishing precise labelling requirements to inform consumers about the ingredients and potential health effects. This transparency is vital for empowering consumers to make informed choices.

Additionally, the meeting underscored the need for research and data collection on the consumption patterns of energy drinks in the country, understanding demographic trends, usage frequency, and consumer preferences. BSTI could tailor its standards to address specific health concerns of the population.

The participants advocated for collaboration between manufacturers and health authorities to foster a responsible marketing and consumption culture, particularly among vulnerable groups such as adolescents.

A representative from the Akij Group opined that energy drinks should be treated as drugs as it has been affecting the young generation, especially the student's health.

Anwarul Amin, representing Coca-Cola Bangladesh, stated that energy drinks enjoy global popularity, transcending weather conditions and regional differences. He stressed the importance of

standardising these drinks rather than classifying them as drugs, cautioning that such a classification could push them into the illegal market.

Representative, Department of Narcotics Control mentioned that the limit for caffeine use in any drinks will be allowable up to 1450 PPM (parts per million) as per amended Tafsil-Kha of Narcotics Control Act 2018, which has been gazetted on 14 November 2023. Any beverage products exceeding the mentioned limit will be treated as drugs.

The discussion also touched on the regulatory frameworks in other countries successfully implementing energy drink standards. Stakeholders examined best practices and their applicability to the Bangladeshi context, aiming to balance fostering industry growth and protecting consumer health. The need for a comprehensive regulatory approach that considers both domestic production and imported products was highlighted.

The stakeholder meeting organised by BSTI was a pivotal step towards establishing standardised regulations for energy drinks in Bangladesh. The meeting aimed to enhance public health safety by uniting various stakeholders while fostering a responsible marketplace. As energy drink consumption rises, establishing clear standards will ensure that consumers are protected and informed, ultimately leading to a healthier society. ■



Courtesy call with the Commerce Secretary

BUILD officials had a courtesy call with Md Selim Uddin, the Commerce Secretary, on 11 July 2024 at the Ministry of Commerce, Bangladesh Secretariat to discuss the collaborative activities between BUILD and the Ministry of Commerce towards private sector development. Fahmida Jabeen, Consultant (Policy and Advisory), and Kanis Fatama, Senior Research Associate, represented BUILD, while Md Anwar Hossain, Vice-Chairman of the Export Promotion Bureau (Export), was also present.

Kanis Fatama briefly introduced BUILD and highlighted the activities of BUILD's Trade and Investment Working Committee

(T&IWC). A vibrant discussion ensued about the need for more reforms to ease doing business, notably further simplifying the trade licence issuance process and introducing business registration for all companies. Fahmida Jabeen emphasised the importance of reducing documentation requirements for obtaining licences and approvals for starting a business.

Selim Uddin acknowledged the activities of BUILD and assured that he would call a meeting of the T&IWC soon at MoC. ■



Countervailing Measures, direct cash assistance is prohibited. However, there are a number of alternatives through which exports can be supported.

During the discussion, the BUILD CEO addressed potential alternatives to cash incentives following LDC graduation, particularly considering WTO compliance, as export-oriented sectors will no longer benefit from cash subsidies after 2026. He emphasised that, after 2026, only extensions for technical assistance and R&D support would be available. He referred to the 13th Ministerial Conference of WTO, where some exemptions, especially regarding dispute resolution, have been allowed for graduated LDCs until 2029.

Mustafa stressed that industries should focus on self-sustaining growth rather than relying on government assistance, highlighting the importance of compliance in enhancing competitiveness. He also pointed out the significance of establishing bilateral Free Trade Agreements (FTAs) to ensure duty-free quota-free (DFQF) facilities for Bangladeshi exports.

BUILD plans to present the findings and recommendations from the study at the upcoming 11th Trade and Investment Working Committee (T&IWC) meeting at MoC. ■

businesses under the Local Government Act-2009 while City Corporation, Municipality, and Union Parishad are issuing Trade Licence for starting a business.

Furthermore, the City Corporation Ideal Tax Schedule 2016 mentions "tax" on businesses but does not specify "trade licence fees," leading to confusion. This inconsistency is reflected in two other tax schedules: the Ideal Tax Schedule 2014 (Revised 2017) and the Ideal Tax Schedule 2013. Additionally, certain businesses — such as privately run tutorial schools, coaching centres, private hospitals, clinics, diagnostic centres, and paramedical institutes — must obtain and renew trade licences and registrations from the respective Local Government Department (LGD) authorities. Moreover, most businesses, particularly industrial entities, must navigate multiple initial registrations, licences, and approvals beyond sector-specific licensing requirements, which hampers business readiness and makes investment less attractive. To streamline this process, BUILD has proposed several pertinent reform recommendations.

The BIDA Executive Member endorsed BUILD's findings and recommendations and informed that streamlining trade licence policies would help businesses start their establishments without hassles. ■



National Export Trophy 2021-2022

On 14 July 2024, the National Export Trophy 2021-2022 award programme was organised by the Export Promotion Bureau at the Osmani Memorial Auditorium to celebrate the achievements of businesses in the export sector, highlighting their contributions to the economy and recognising their outstanding performance in international trade. Kanis Fatama, Senior Research Associate, represented BUILD. Kanis actively engaged with industry leaders and policymakers, discussing key trends and challenges in the export landscape.

The event featured awards presented to top exporters, showcasing their innovations and dedication to expanding Bangladesh's presence in global markets. It served as a vital platform for networking and collaboration, with insights on enhancing Bangladeshi exports' competitiveness. ■

BUILD discussion on export cash incentives alternatives

BUILD CEO Ferdaus Ara Begum engaged virtually on 9 July 2024 in a comprehensive discussion with Mustafa Abid Khan, National Trade Expert and Coordinator of the Support to Sustainable Graduation Project (SSGP), Economic Relations Division (ERD), GoB. The meeting focused on validating a study conducted by BUILD regarding cash incentives support and preparing Bangladesh for the post-LDC regime. As per the WTO agreement on Subsidy and

Trade licence streamlining: BUILD's report to BIDA

BUILD CEO Ferdaus Ara Begum, accompanied by Kanis Fatama, Senior Research Associate, engaged in an extensive discussion with Mohsina Yasmin, Executive Member of the Bangladesh Investment Development Authority (BIDA), at the BIDA office on 14 July 2024. The meeting primarily focused on validating a study by BUILD on the Local Government Act of 2009, emphasising the rationale behind authorities' issuance of trade licences.

During the discussion, Kanis Fatama presented the study findings and proposals, highlighting the hurdles entrepreneurs in Bangladesh face when obtaining trade licences. These challenges include lengthy and stringent procedures, as well as additional costs. The analysis indicates that local government agencies have the authority to collect taxes from all



NLP 2024 action plan implementation workshop

On 11 July 2024, a workshop was held at the Prime Minister's Office (PMO) to deliberate on the National Logistics Policy (NLP) 2024 action plan. The event convened focal points from key ministries outlined in the policy, with the primary objective of refining and finalising the Key Performance Indicators (KPIs) detailed in Annex 7. To ensure focused discussions, six

groups were formed, each addressing specific challenges and strategic priorities. Representatives from the various ministries contributed their insights and presented proposed activities aligned with the KPIs. These discussions centred on identifying actionable steps to implement over the next three to six months, targeting improvements within the logistics sector.

The workshop reaffirmed the government's commitment to encouraging collaboration and accountability, and driving a coordinated effort towards achieving the ambitious objectives of the NLP 2024. For businesses, these developments indicate forthcoming policy shifts, operational enhancements, and potential avenues for partnership with the government, offering opportunities to align strategies with national logistics goals. ■



Member (Planning and Skills Standard), Joint Secretary, NSDA, shared insights into current training programmes and identified gaps in skills necessary for the evolving logistics landscape. She highlighted the skills development training they are presently doing and the establishment of Industry Skills Councils (ISC) in collaboration with the private sector. A separate ISC for logistics has also been established.

During the meeting, Senior Secretary Zakia Sultana highlighted the pressing challenges in the logistics sector. She referred to several key projects Bangladesh is initiating, emphasising that support from AIIB in these endeavours would be highly appreciated. Senior officials from the MoI were also present at the meeting to discuss potential areas for collaboration, ensuring alignment with national priorities. ■



AIIB-BUILD logistics sector framework meeting

Jai Chordia, an investment solutions specialist at AIIB, and Sabyasachi Mitra, an AIIB consultant, visited Dhaka from 6–11 July 2024 and met with BUILD on 7 July to explore collaborative opportunities in Bangladesh's logistics sector. The meeting centred on AIIB's intention to support the sector through analytical expertise and targeted investments.

With Bangladesh implementing substantial logistics reforms, AIIB expressed interest in partnering with the private sector to advance efforts and unlock economic potential. BUILD shared an in-depth analysis of logistics infrastructure, highlighting emerging skill needs and pinpointing critical areas where strategic investment drives sustainable growth, enhances efficiency and boosts regional trade competitiveness. ■

BUILD holds talks with NSDA and AIIB

BUILD had a meeting with NSDA at its office at Agargaon on 9 July 2024, focusing on skills development in the logistics sector. The meeting aimed to address the growing demand for a skilled workforce to support infrastructure improvements and enhance efficiency in logistics operations.

Jai Chordia, Investment Solution Specialist, AIIB, informed that skill development has no alternatives to grow the private sector for logistics support at an international level. He referred to green logistics as a particular type of required capacity building. He also mentioned that Logistics is a cross-cutting sector that needs to be nurtured accordingly.

Sabyasachi Mitra, Consultant, AIIB, elaborated that the demand should come from the private sector. He detailed that there are a number of training modules developed by different countries, some of which are advanced and some are traditional. Benchmarking and tie-ups with internationally reputed organisations are particularly important; given this, he referred to ITS of Singapore and Korean training institutes as especially important to collaborate. He emphasised Government-Industry-Academia collaboration for skill development.

The AIIB Mission Team highlighted their scope of work and willingness to collaborate for infrastructure development, stressing the need for tailored training initiatives that align with industry needs.

Both parties discussed potential collaborations, such as developing specialised training modules and certification programmes to equip workers with the necessary skills for modern logistics challenges. ■

Joint meeting: BUILD, MoI, and AIIB

A meeting with the AIIB team was held at the MoI on 8 July 2024 to discuss AIIB's potential engagement and support through the Ministry of Industries. AIIB is collaborating with BUILD to understand Bangladesh's logistics sector landscape and identify avenues for strategic intervention.

BUILD engages with FBCCI and ADB on LDC transition support

A joint meeting of FBCCI and BUILD held with a Pre-Fact-Finding Mission from the Asian Development Bank (ADB) was held on 14 July 2024 at the conference room of FBCCI. The mission aimed to discuss critical issues surrounding a USD 800 million budget support program for Bangladesh's transition from Least Developed Country (LDC) status in 2026.

The ADB delegation plans to engage with various government agencies, divisions, and ministries to gather insights and assess the current landscape regarding LDC graduation. The mission requested a meeting with sectoral business leaders to understand the private sector's perspective comprehensively.

An ADB representative highlighted the reform agenda, focusing on three key areas:

Mobilising Domestic Resources

- Rationalising tax expenditures to improve revenue collection.
- Enhancing income tax and VAT systems by reducing exemptions.
- Modernising and digitalising the National Board of Revenue (NBR) to lower tax compliance burden, improve collection efficiency, and strengthen enforcement mechanisms.

Private Sector Development and Public-Private Partnerships (PPP)

- Improving the One-Stop Service (OSS) at the Bangladesh Investment Development Authority (BIDA) by integrating more services and streamlining company registration and other regulatory processes.
- Enhancing PPP frameworks to ensure a level playing field and support competition policies.

Trade Policy and Facilitation

- Rationalising tariffs and implementing customs reforms under the Customs Act.
- Ensuring the effective implementation of the National Logistics Policy (NLP 2024) through multi-ministerial collaboration and promotion.

ADB works closely with the government in these areas to finalise key reform actions. The private sector appreciated ADB for taking up these issues. It raised their concerns about the low tax-GDP ratio and proposed simplifying tax policies so that the private sector feels free to pay tax.

The private sector also emphasised the digitalisation of NBR activities to facilitate the ease of doing business. OSS established at BIDA needs full implementation to work as a single source for online investment support services. They emphasised trade facilitation measures and thanked the government for the Logistics Policy 2024 but would like to see its implementation. ■



Background paper on logistics infrastructure and skills development

In collaboration with AIIB, BUILD prepared a comprehensive report titled “Logistics Infrastructure Landscape and Emerging Skills Development Needs to Identify Investment Potential and Key Sectors for Growth.” Bangladesh will be on the journey of transformation towards a non-LDC developing country by November 2026. The country’s economic development is promising; however, mainly depending on a labour-intensive industrial export-driven model, Bangladesh can face challenges of reduced competitiveness in future.

Efforts are to be taken to prepare for a technology-supported, capital-intensive industrial development strategy for which necessary funding is needed to reduce business and time costs and streamline the process. Effective and efficient logistics support for businesses can increase competitiveness. Formulation of a Logistics Policy was a long-standing demand from the private sector, and the government responded very quickly to the private

sector’s needs. Development partners also have extended support.

The public and Private sectors have worked together since 2020 and have had discussions and workshops to prepare a need-based policy. It analysed the essential features of the logistics policy of different countries and prepared the rule book with a transparent monitoring mechanism, formed National Logistics Coordination Committee (NLDC), prioritised the reforms, identified Key Performance Indicators (KPI) and included a list of rules, regulations to make a complete guideline — a living document to support the logistics sector of the country.

The background paper has analysed the present scenario of the country’s logistics sector and the coordination mechanism established for implementing logistics development activities after the announcement of the National Logistics Policy 2024 on 28 April 2024.

The research included a summary of the policy and its working structure, a comparison of Bangladesh’s position with other countries through different indexes, and an attempt to highlight the need to move further. Investment and skilled workforce are the primary raw materials for implementing all these time-bound action plans. The policy emphasises the importance of technology and the digitalisation of services, for which technology adaptation capacities must be increased. Identifying the sequence of new projects in vital areas and their implementation to meet the vision and objectives of the policy, establishing a technology base, governance structure, and development of other required tools are crucial.

The bureaucratic set-up of different ministries, agencies, and departments in charge of implementing several projects and activities creates delays due to complexities and documented and undocumented requirements. A digitally supported coordination mechanism must be established to expedite the decision-making process. The policy has given importance to using ICT and artificial intelligence. In that respect, the capacities of government officials and the concerns for providing time-bound services are of utmost necessity.

The background paper has outlined projections made in different national policies and plans, highlighting the need for investment in capacity-building across sectors and identifying gaps. Phase-wise, effective implementation could improve logistics support services in the country.

The paper includes recommendations based on stakeholder discussions, drawing from experiences with public and private sector organisations and the Logistics Infrastructure Development Working Committee (LIDWC), initiated in 2020.

An estimated injection of at least USD 300 billion until 2031 for infrastructure development, reaching 6–7% infrastructure investment to GDP from the present 3.6%, is required, according to private sector assessments. Perspective Plan 2021–2041 targeted an annual investment of USD 10 billion for infrastructure. An essential goal is implementing fast-tracked projects and recalibrating priorities based on current needs.

Bangladesh is one of the late starters in announcing the Logistics Policy; practising green logistics pathways can be built into all activities to ensure competitiveness. A green freight project following the example of India can be initiated to address climate change issues.

Data management and GIS database platforms prioritise understanding and integrating data layers for specific needs.

Tools must be established for an effective coordination mechanism among ministries, agencies, and departments to exchange project-based information. Industrial Policy 2022 has included 21 logistics subsectors, offering opportunities for private sector investment. A separate

warehouse policy for freight forwarders, centralised bonded warehouses, and air freight stations are priorities for reducing port dependency. Benchmarking practices from global players can modernise the sector with updated management and equipment. An upstream study is recommended to chart the country’s short-, mid-, and long-term capacity-building training needs. Ensuring flexibility, agility, and adoption of appropriate technology is crucial to adapting to evolving market demands. The private sector must align investment plans to profitability and market share expansion in the competitive environment.

A Capacity Building Commission (CBC), modelled on successful examples from similar countries, can be proposed to the government. Sustainable Green Logistics involving relevant ministries/agencies could create pathways for new industrial parks, solarisation, recycling, and desalination plants. Finally, a permanent coordination mechanism, potentially through a separate logistics department or Bangladesh Logistics Development Authority (BLDA), is proposed for an efficient, sustainable logistics system. ■

Investment and skilled workforce are the primary raw materials for implementing all these time-bound action plans.



A digitally supported coordination mechanism must be established to expedite the decision-making process.

REFORMS

Enhancing RJSC registration and verification processes

The registration process for Company Registration by the Registrar of Joint Stock Companies (RJSC) has been completed, with USAID finalizing post-registration procedures. A new, fully functional software system for managing RJSC services will be launched soon. RJSC has also introduced an "Online NoC Verification Platform" for online verification of NoCs related to share transfers, director changes in borrower companies and mortgage satisfaction.

Additionally, RJSC has developed an "Encashment Verification Platform" for online verification of foreign investor encashments. RJSC is fully integrated with the Ministry of Commerce (MOC), and integration with Bangladesh Bank is in progress.

BUILD has proposed full automation of RJSC services, including a streamlined company registration process, in a study titled "Improved Business Environment and Simplification of Company Registration Process," presented at the 9th Trade and Investment Working Committee Meeting on 28 September 2022. ●

Boosting trade to China utilising DFQF market access

BUILD presented its study, "DFOF Market Access to China: Policies and Measures to Increase and Diversify Export," at the 10th Trade and Investment Working Committee Meeting on 3 December 2023. The meeting was co-chaired by the Senior Secretary of the Ministry of Commerce and the President of the Metropolitan Chamber of Commerce and Industry (MCCI). The study proposed initiatives to boost Bangladesh's exports to China, including participating in trade fairs and hosting business summits to create export markets.

The Export Promotion Bureau (EPB) updated actions taken in response to these recommendations. EPB and private sector stakeholders participated in the Kunming Fair from 23 to 28 July 2024, featuring 56 Bangladeshi companies, including the Bangladesh China Chamber of Commerce and Industry (BCCCI). At the 2023 China International Import Expo (CIIE), the EPB showcased jute items, suits, blazers, and promotional videos in the Bangladesh Pavilion. The Bangladesh Investment Development Authority also distributed leaflets, brochures, and videos to promote investment opportunities.

Exhibitors included Pran Foods Limited, which showcased food and beverages, and Ikra Footwear Industries Ltd., which presented footwear. The BCCCI distributed brochures featuring Bangladeshi products to enhance visibility. Additionally, a Business Summit was held in China on 8 July 2024, organized with the Bangladesh Securities and Exchange Commission (BSEC) and the BCCCI, to strengthen business ties and explore new cooperation opportunities. These efforts highlighted a unified approach to enhancing Bangladesh's trade relations with China and promoting its exportable goods. China has extended 100% DFQF for Bangladesh, which was 98% earlier. ●



12-member panel to draft Bangladesh economic white paper

A 12-member committee has been formed to prepare a comprehensive white paper on Bangladesh's economy. Dr Debapriya Bhattacharya, distinguished fellow at the Centre for Policy Dialogue (CPD) and convener of the Citizen's Platform for SDGs, Bangladesh, will chair the committee, as announced by the Chief Adviser's Office on 28 August 2024.

The committee's formation followed approval from Chief Adviser Dr Muhammad Yunus, who authorised its creation the previous day. The committee consists of prominent economists and experts, including:

- Prof. A. K. Enamul Haque, Dean, Faculty of Business and Economics, East West University
- Ferdaus Ara Begum, CEO, Business Initiative Leading Development (BUILD)
- Imran Matin, Executive Director, BRAC

- Institute of Governance and Development (BIGD), BRAC University
- Dr Kazi Iqbal, Research Director, Bangladesh Institute of Development Studies (BIDS)
- Prof. Dr M. Tamim, Bangladesh University of Engineering and Technology (BUET), and former Special Assistant to the Chief Adviser (2008)
- Prof. Dr Mohammad Abu Eusuf, Department of Development Studies, University of Dhaka
- Prof. Mustafizur Rahman, Distinguished Fellow, CPD
- Prof. Dr Selim Raihan, Department of Economics, University of Dhaka, and Executive Director, South Asian Network on Economic Modelling (SANEM)
- Prof. Dr Sharmind Neelormi, Department of Economics, Jahangirnagar University
- Dr Tasneem Arefa Siddiqui, Former Professor, Department of Political Science, University of Dhaka, and Founding Chair of Refugee and Migratory Movements Research Unit (RMMRU)
- Dr Zahid Hussain, Former Lead Economist, World Bank Dhaka Office, and Eminent Columnist

The white paper will provide strategic recommendations to stabilise the economy, address challenges during Bangladesh's transition from LDC status, and support the achievement of the country's Sustainable Development Goals (SDGs). ●

Mitigating policy constraints: Coca-Cola Bangladesh meeting

A virtual meeting was held between BUILD and the Coca-Cola Bangladesh team (Public Affairs, Communications and Sustainability) to finalise the "Mitigating Policy-Induced Constraints of the Beverage Industry of Bangladesh — White Paper."

Anwarul Amin, Director of PACS at Coca-Cola Bangladesh, raised some queries on the issue. In response, the CEO of BUILD confirmed that the report addressed health concerns related to sugar intake, policy issues (revenue collection and tax implications), and aspects of the WHO report.

Begum suggested that Coca-Cola Bangladesh could reduce the sugar content from 11 grams to 9 grams, which policymakers could use to justify reducing the supplementary duty and turnover tax for the industry's sustainability. Momshad Khan, Country Head (Director) of PACS, stated he would consult the R&D team to determine if this change could be incorporated into the white paper.

The Director of Coca-Cola proposed a joint course of action to address taxation issues, which would be carried out in phases. This would include meetings with NBR members (VAT and Income Tax), discussions with the Finance Advisor, and engagement with the BIDA executive chairman.

The meeting concluded with the decision to share the updated report. Coca-Cola Bangladesh will review it for amendments and provide feedback to BUILD. Momshad will also share a summary of the project work plan with BUILD. ■

SCOPES

Rethinking export incentives for post-LDC Bangladesh

As Bangladesh prepares for LDC graduation in 2026, its trade policies must be liberalised to align with WTO standards. In anticipation of the challenges posed by LDC graduation, Bangladesh Bank has twice reduced export cash incentives for 43 export-oriented sectors — first in February and again in June, with some industries seeing reductions of over 50%. Given the lack of diversification in Bangladesh's export sector, and with export cash incentives prohibited by the WTO's Agreement on Subsidies and Countervailing Measures (ASCM), there is a need to explore alternative support mechanisms that comply with WTO rules.

The newly enacted Export Policy 2024-27 considers LDC graduation and includes non-cash support mechanisms. BUILD has initiated an analysis of these proposed mechanisms to ensure WTO compliance and explore other possible alternatives. The study aims to ensure a smooth transition to LDC graduation, keeping the export sector competitive in the global market.

BUILD will present its findings at the 11th Trade and Investment Development Working Committee Meeting (11th T&IWC), proposing reforms to address potential post-graduation challenges and ensure WTO compliance for continued global competitiveness. ●

Waste to wealth: Tannery by-products for SMEs

The tannery industry in Bangladesh has undergone significant changes, starting in Narayanganj in 1940, moving to Hazaribagh in 1957, and relocating to the BSCIC Tannery Industrial Estate Dhaka (TIED) in April 2017. This relocation led to unemployment, financial difficulties, and a lack of social infrastructure. The TIED struggles with an underperforming CETP,

poor solid waste management, and the absence of bi-product factories, affecting compliance with environmental, social, and quality standards. Employment for women has decreased, and bi-product factories have declined.

BUILD has initiated a study focusing on tannery solid waste management, infrastructure, and the rehabilitation of SMEs to support the industry's sustainable growth. The study aims to explore new opportunities for SMEs in the sector and provide recommendations for their rehabilitation. ●



Bangladesh launches first National Logistics Development Committee

The inaugural National Logistics Development and Coordination Committee (NLDCC) meeting on 2 July 2024 marked a significant step in implementing Bangladesh's National Logistics Policy 2024. Chaired by the Principal Secretary to the Prime Minister, the meeting brought together key officials and stakeholders to review the action plan to position Bangladesh as a central logistics hub and enhance its global investment appeal. BUILD's CEO, Ferdaus Ara Begum, provided insights from the private sector perspective.

The National Logistics Policy 2024, approved by the cabinet on 8 April 2024 and published in the official gazette on 28 April 2024, includes 62 reform proposals and 119 key performance indicators. Developed through collaboration among the government, private sector, and development partners, the policy seeks to bolster Bangladesh's economic resilience post-LDC graduation and enhance its competitiveness in global trade, strategically stimulating sustainable economic growth.

The meeting stressed the need for coordinated efforts among government entities, the private sector, and development partners. The Director General and Member Secretary of NLDCC presented the policy's key details, urging ministries to submit actionable plans to meet its objectives. Several ministries also shared updates on projects aligned with the policy's goals. ●



Building capacity for agro-trade growth: BUILD-BTF collaboration

In collaboration with Bangladesh Trade Facilitation (BTF)-Land O'Lakes Bangladesh, BUILD conducted an agricultural trade association assessment from 19 August to 30 September 2024. This initiative aims to enhance the capacity of agricultural trade associations, empowering them to play a larger role in global and local agro-trade.

A meeting between BUILD and the BTF team outlined the assessment's focus on five key agro-based sectors: Plant and Plant-Based Products, Fish and Fish Products, Animal and Animal Products, Agro-Processed Foods, and the Feed Sector.

BUILD will assess the capacity and activities of private associations within these sectors, develop standardised profiles for each, and provide recommendations. The assessment will identify challenges agro-associations face and inform capacity-building interventions to promote trade, improve product quality, and access new markets. Ultimately, the study seeks to strengthen Bangladesh's competitiveness in the global agro-trade landscape. ■

ARTICLES

নবায়নযোগ্য জ্বালানি ব্যবহার রফতানি বৃদ্ধিতে সহায়ক হতে পারে • [Bonik Barta](https://cutt.ly/buildconnect244-01) ■ cutt.ly/buildconnect244-01

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Detailed analysis needed for BD-China FTA • [The Daily Observer](https://cutt.ly/buildconnect244-04) ■ cutt.ly/buildconnect244-04

SCM of WTO and support to export sector in Bangladesh • [The Daily Observer](https://cutt.ly/buildconnect244-05) ■ cutt.ly/buildconnect244-05

Challenges for our exports in post-graduation regime • [The Daily Observer](https://cutt.ly/buildconnect244-06) ■ cutt.ly/buildconnect244-06



BUILD supports flood relief efforts at TSC

The BUILD team recently visited the Teachers-Students Centre (TSC), where university students assembled food, clothing, medicines, and water for flood victims. During the visit, BUILD CEO made a financial contribution and donated clothing and other relief items.

The CEO also discussed with the student organisers the distribution of relief goods, particularly to remote areas facing food and water shortages, as reported by the media. The student representatives planned to continue assisting flood victims in the coming weeks. ■



Economy white paper initiative takes off

The inaugural meeting of the White Paper Committee on the State of the Economy

took place on 29 August 2024 at the Bangladesh Planning Commission, chaired by Dr Debapriya Bhattacharya. The committee identified 22 areas for analysis, each assigned to a member, where small papers will be prepared to explain the context and purpose of the discussion. These papers will review data and propose long-term reforms, with key messages shared as part of a transparency exercise. ■

BUILD and GIZ collaborate to improve EPB data management

BUILD held a virtual meeting with GIZ on 25 August 2024 to explore potential collaboration on improving the Export Promotion Bureau (EPB) data management system. Participants included Michael Klode, Commission Manager of the STILE programme at GIZ, Ferdous Ara Begum, CEO of BUILD, and Asif Haider from BUILD.

The meeting focused on data management challenges faced by EPB, mainly relying on data from the National Board of Revenue (NBR). Workforce shortages at NBR have led to duplication of data entry and discrepancies, such as miscalculating fabric values, incorrect classification of sample items as exportable, and double-counting of sales by EPZ-based firms. Other issues include unadjusted gaps in L/C values, stock lot sale losses, and unaccounted discounts and commissions.

Discussions also covered difficulties in tracking export data through the ASYCUDA system. Additionally, maximum wastage rates, effective since January 2022, may contribute to data inconsistencies. Application Programming Interface (API) differences between Bangladesh Bank, the National Board of Revenue, and the Export Promotion Bureau

could exist. There may also be anomalies in the gross and net price calculation.

The GIZ-BUILD project will analyse the export process and data collection methods of the comparator countries such as South Korea, Malaysia, and Vietnam to recommend EPB some valuable ways forward for smooth export data management.

The meeting concluded with a commitment to enhance collaboration between EPB, NBR, and Bangladesh Bank (BB) to address data discrepancies. Additionally, improved coordination among EPB, NBR, Sonali Bank, and Customs Commissioners was emphasised to streamline data-sharing processes. Engaging with banks to ensure accurate and timely data transmission was also highlighted as a key step towards improving the export management system. This collaboration aims to strengthen data integrity, enhance Bangladesh's export performance, and streamline the export process. ■

BUILD meets with BEZA and AIB

BUILD had a meeting with the BEZA and AIB teams, focusing on logistics infrastructure development on 9 July 2024. The discussion centred around the current state of logistics projects and the challenges faced in enhancing infrastructure to support economic growth. BEZA presented its initiatives to improve logistics capabilities, while the AIB team shared their investment strategies and potential funding opportunities. Both teams identified critical areas for collaboration, emphasising the importance of modernising logistics infrastructure to facilitate trade and investment. They agreed to explore specific project proposals and scheduled a follow-up meeting to discuss actionable steps and partnership opportunities in this critical sector. ■

Founding Organisations

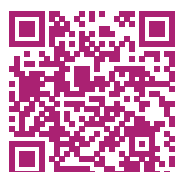


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