



EDITORIAL

Policy imperatives for plastic and textile recycling in Bangladesh

The transition of Bangladesh from a least developed country (LDC) to a developing country by 2026 and to an upper middle-income country by 2031 poses significant challenges for the manufacturing sector. This transition may lead to a substantial shift in the policies to align with the global partners. The upcoming graduation status from LDC means some current policy privileges will be changed, which also requires a plan to encounter new regulatory and market challenges.

Bangladesh's journey towards sustainable industrial growth is intertwined with the effective management of recycling and reusing. For instance, the world's fashion demand is moving toward the circularity method with regeneration. Bangladesh is losing billions of dollars in potential annual export revenue from recycled textile products annually due to the absence of a comprehensive policy framework on circular textiles. The country's textile industries are also facing growing pressure to adopt artificial or man-made fibres (MMFs) as global demand shifts away from natural fibres to MMFs, with the most concern on

decarbonisation, resource efficiency, cleaner production and a green economy. However, transitioning to MMFs requires technological advancements and policy interventions to facilitate research, innovation, and market accessibility.

The lion apparel exporting destination, the EU, is also campaigning to dissociate economic growth from resource use, create a toxic-free environment, and enhance natural capital (European Commission Corporate Sustainability Reporting 2024). Furthermore, this plan includes a sustainable production policy that uses fewer materials and makes products reusable and recyclable, focusing on carbon-intensive industries. To sustain quality in the EU market and ensure compliance and traceability, textile policy support is essential to adhere to the recent needs, which has emphasised recyclability and resource efficiencies. Demand for MMF, synthetic and cellulosic fibres, are increasing due to its benefits of wrinkle resistance, durability, lower environmental impact, and low land requirement. Globally, cotton apparel exports grew by approximately 72.4% from 2005 to 2021. By 2021, cotton apparel exports increased to USD 219 billion, while MMF-based exports more than doubled to USD 271 billion.

Presently, MMF accounts for over 70% of the global apparel market. According to research, Bangladesh's exports of cotton

apparel are 70.8%, while 21.8% are non-cotton, and the remaining are silk, wool, and blended apparel. This industry mainly depends on imported raw materials, 25% of which are artificial fibres from China, Indonesia, and India. In Bangladesh, the dynamics of textile-to-textile and plastic-to-textile urge rapid reform. In the case of textiles, the wastage, *jhut*, cannot be recycled and reused formally because of the high tax burden. There is no clear *jhut* management policy for textile waste, while plastic waste management is mostly of negligible concern. Over 3000 small plants recycle around 99% of plastic waste and produce many products such as jackets, blankets, mattresses, babywear, pillows, and many other products, however informally. Plastic waste is in massive demand in the country now.

This sector is a vital economic contributor, with approximately 5,000 enterprises employing around 1.2 million people, yet its recycling process remains largely informal. The country's growing plastic industry, valued at approximately USD 1 billion annually, faces significant hurdles in formalising its recycling sector and aligning with global sustainability standards. As the international focus shifts toward circular economies and sustainable practices, the country must embrace robust policy frameworks to overcome its challenges in this sector. The environmental impact of inadequate recycling infrastructure cannot be overstated.

The plastics sector roughly generates a staggering 821,250 metric tonnes of waste annually, of which only 36% are recycled, while leakage is about 25% and the remaining are landfilled. SMEs collect the wastes, shred them as pet flakes, and export them to destinations. These pet flakes are in demand in India, China, South Korea, and other countries. Statistics from the Export Promotion Bureau show that in 2022–23, exports of pet flakes totalled about USD 30.22 million. The sector enjoys cash incentives at 6%. The number of small pet flake exporters is increasing, but they are facing an acute shortage of raw materials. Some

7-8 industries have established their units to produce polyester staple fibre (PSF). Some large sectors are also waiting for production to start and are in the pipeline. However, the lack of an established supply chain and infrastructure, inconsistent feedstock quality due to informality, and affordability of small pet flake manufacturers are some of the challenges, as per a study conducted by BUILD recently in collaboration with Circle Economy and Chatham House.

Additionally, small-scale exporters of recycled materials like PET flakes face significant obstacles due to the lack of institutional certification. These exporters cannot access broader markets without internationally approved compliance measures, leaving much recyclable plastic underutilised. They also struggle to obtain certification from the Department of Environment, preventing them from qualifying for institutional financing.

With a sizeable plastic sector, Bangladesh has the potential to capture more market share in high-value-added garment items and products like synthetic staple fibre (SSF), which can be used in local spinning mills to manufacture fibre. The production cost of plastic products from recycled resin is lower than virgin resins. Energetic entrepreneurs could expand their investment in these sectors with proper policy support. Promoting recycling industries will help address environmental concerns and achieve the SDGs.

Bangladesh needs an effective circularity policy that aligns with the EU Green Deal and the Circular Economy Action Plan, promoting sustainable textile production. Bangladesh must also improve its EU policy assessment and consultation process to raise awareness among businesses. Policymakers must reconsider regulations to balance protecting local industries and fostering a circular economy. Reconsidering import restrictions on recyclable waste could provide high-quality raw materials for sustainable practices. Extended producer responsibilities (EPR), tax policies, tax holidays, and infrastructural support must be finalised soon.

Government support is essential to formalising the recycling industry. Establishing certification bodies, promoting public-private partnerships, and incentivising advanced recycling technologies can unlock the sector's potential. Raising awareness of the economic and environmental benefits of sustainable practices is crucial for collective action. Bangladesh can position itself as a sustainable plastic recycling and textile manufacturing leader by implementing comprehensive policies, fostering innovation, and supporting local entrepreneurs. ■

Ferdaus Ara Begum
CEO, BUILD



BUILD welcomes new trustee board members

Kamran Tanvirur Rahman was elected President of the Metropolitan Chamber of Commerce and Industry (MCCI) on 26 November 2024; he also serves as a trustee board member of BUILD for 2025–26.

Kamran Tanvirur Rahman, a prominent figure in the jute and tea industries, is the Chairman and Managing Director of Kapna Tea Company Limited and Pubali Jute Mills Limited. He also holds the position of Chairman of the Bangladesh Tea Association (BTA) for the 2023-2025 term.

In addition to his leadership at MCCI, Rahman is a member of the newly formed Labour Reform Commission established by the interim government, further solidifying his role as a key contributor to the nation's economic and labour policies.



Taskeen Ahmed has been elected President of the Dhaka Chamber of Commerce and Industry (DCCI) for 2025. As part of this role, he will also be a trustee board member of BUILD for the 2025–26 term.

Taskeen Ahmed holds a bachelor's degree in business management from the Independent University of Bangladesh and Rutgers University and an MBA from North South University, Bangladesh. He currently serves as the Group Vice Chairman (2) of IFAD Group, where he has played a pivotal role in driving growth. Under his leadership, IFAD Autos Limited achieved a remarkable tenfold increase in vehicle sales over a decade.

Taskeen Ahmed's extensive experience also includes serving as the President of the India-Bangladesh Chamber of Commerce and Industry (IBCCI) in November 2015, demonstrating his commitment to fostering trade and business collaboration in the region. ■



BUILD CEO meets new DCCI President

On 31 December 2024, the CEO of BUILD, Ferdaus Ara Begum, paid a courtesy visit to Taskeen Ahmed, the newly elected President of the Dhaka Chamber of Commerce and Industry (DCCI) for 2025. Ahmed will also be a Trustee Board Member of BUILD for the 2025–26 term.

During the meeting, Ferdaus Ara Begum expressed her gratitude and warmly welcomed Ahmed to his new role as a Trustee Board Member. She provided an overview of BUILD's mandate. She elaborated on the organisation's seven thematic working committees and the apex high-powered Private Sector Development and Policy Coordination Committee (PSDPCC).

Taskeen Ahmed appreciated BUILD's ongoing efforts and praised its significant contributions to the development of the business environment in Bangladesh. He expressed his enthusiasm for future collaboration and emphasised the importance of strategic partnerships to drive sustainable economic growth. ■

BUILD attends EU roundtable on circular textiles policies in Brussels

On 19 November 2024, a roundtable on the impact of EU textiles policies on trading partners, focusing on Bangladesh and Ghana, was held at the European Environmental Bureau office in Brussels. The event was part of the project "The Impacts of European Union Circular Textiles Policies on Trading Partners," led by Chatham House, Circle Economy Foundation, and EEB, with BUILD as Bangladesh's local project partner.

The roundtable aimed to assess the impact of EU policies on trading partners and explore ways to integrate these findings into future policymaking. It focused on proactive EU measures to help partners build technical capacity for new product standards and mitigate adverse effects. The session also examined the intersection of informal and formal sectors, discussing how the EU can improve support for informal groups.

In addition to the project team, high-ranking officials from the European



Commission participated in the dialogue, including representatives from DG ENV (sustainable production, products, and consumption wing), DG INTPA (Gulf of Guinea sector), DG Environment (Regional and Bilateral Cooperation), DG Trade, DG GROW, and the Bangladesh Desk of DG International Partnerships. A Member of the European Parliament (Group of the Greens), the Policy Officer for Bangladesh and Ghana at the European External Action Service, BMZ (German Federal Ministry for Economic Cooperation and Development), GIZ representatives, a European Coalition on Standards (ECOS) representative, and members of One Future Collective were also present. Kanis Fatama, Senior Research Associate at BUILD, attended in person, while BUILD CEO Ferdaus Ara Begum joined virtually.

Emily Macintosh, Senior Policy Officer for Textiles at EEB, opened the dialogue and outlined the roundtable's objectives. Morgane Lavallée, Senior Research Consultant at Circle Economy, provided an overview of the project assessing the impact of EU textiles policies on trading partner countries. Dr Patrick Schroeder and Dr Jack Barrie, Senior Research Fellows at Chatham House, along with Kanis Fatama, Senior Research Associate at BUILD, presented the keynote paper.

The study detailed findings from the baseline assessment of textile trade flows and socio-economic impacts in Bangladesh and Ghana, alongside preliminary research on policy gaps and trade flow scenarios between the EU and local contexts during phase 1 of the project. The study highlighted significant trade impacts on producer and waste textile importer nations. In the short term, producers face challenges meeting ESPR requirements, including costs, timelines, resource appropriation, and competition for pre- and post-consumer waste textiles for recycling. Medium- to long-term effects include declining 'linear' ready-made garment exports to the EU as fast fashion wanes, prompting exporters to target markets like the US, alongside traceability issues and doubts about chemical recycling viability.

For waste textile importers, the short term sees increased imports of mixed-value textiles, causing environmental and social impacts, while waste imports decrease. Longer-term effects include reduced quality and quantity of EU exports and uncertainty around exporting upcycled garments back to the EU. Bangladesh and

Ghana, key trading partners, lack structured pathways for workers — especially in informal sectors — to adapt to these changes, with the informal nature of their economies likely underestimating the veracious impact on workers and businesses. The study outlined Bangladesh's RMG sector and recent political and economic conditions, recommending continued EU support for sustainability initiatives within the industry. It also examined the current state of *jhut* (fabric scraps or RMG waste) and its value chain in Bangladesh.

The study urged EU policymakers to adopt a proactive, supportive, and collaborative approach to formalise the *jhut* sector while safeguarding livelihoods. Formalising this informal sector could drive circular economy models, create formal employment, and present challenges. European brands must back suppliers, uphold international labour rights in the garment sector, and invest in compliance alongside factories. Long-term partnerships are vital. The Circular Economy Action Plan and related policies could disrupt trade, heightening political and social tensions. To mitigate this, the study recommended engaging with the interim government to strengthen institutional development and political stability. Robust, ongoing consultation with Bangladesh's major exporters is also essential to ensure ESPR readiness.

Kanis Fatama, Senior Research Associate at BUILD, outlined key recommendations for EU policymakers in Bangladesh. She noted that the Corporate Sustainability Due Diligence Directive (CSDDD) could benefit garment workers by emphasising consultation, fault-based liability, and fair wages, but supportive measures are needed to ensure clarity and feasibility in claims-making. Informal *jhut* workers, highly vulnerable and structurally disadvantaged, face risks from resource appropriation and adverse integration into the circular economy. The EU and development partners can provide technical support, training, capacity building, and micro-grants to improve working conditions and upgrade facilities. The *jhut* value chain — spanning production, collection, sorting, and recycling — remains informal and lacks reliable data. Assistance in assessing the entire chain is essential for better oversight and sustainability.

EU technical support and capacity building for supply chain transparency,

including the Digital Product Passport (DPP) and data infrastructure, are crucial for helping Bangladesh adapt to upcoming policies. Brands must be incentivised to support RMG suppliers during the transition, avoiding supplier shifts as fast fashion evolves to meet EU requirements. Bangladesh's factories will need substantial upgrades to meet new product standards, including recycled yarn quality, durability, and lower carbon footprints. The EU can facilitate this by leveraging investments through the European Investment Bank (EIB) and European development finance institutions like KfW. Political, stakeholder and worker-level dialogue remains vital.

The CEO of BUILD emphasised the need for an invigorated consultation process to improve the impact assessment of EU policy and careful intervention regarding HS codes and tax-related issues, as these have a high impact on the domestic front. Concerning the trade union situation in Bangladesh, she highlighted that various non-factory issues contribute to worker

unrest, emphasising the need for a legitimate and well-established system of unionism in the country. She also discussed and requested technical support for developing the Circular Economy Data Management system, equipping waste collectors, sorters, second-hand traders, and recyclers with knowledge and information, and providing specialised training programmes

for informal workers in the *jhut* sector.

Representatives from the European Commission, BMZ (Germany's Federal Ministry of Economic Cooperation and Development), and other participants acknowledged the key findings and recommendations, expressing willingness to consider them when finalising Circular Economy policies. They raised concerns about implementing DPP, supply chain traceability and transparency challenges and emphasised enhancing business-to-business dialogue.

Bangladeshi stakeholders were urged to engage with EU fabric export groups. Developing a socio-economic impact framework and implementing the National Labour Action Plan were highlighted as priorities. The EU Commission assured that the Joint Commission meeting between the EU and Bangladesh is ongoing, reaffirmed its close monitoring of the current situation, and pledged support to help Bangladesh prepare for upcoming legislation. ■

EU technical support and capacity building for supply chain transparency, including the DPP and data infrastructure, are crucial for helping Bangladesh adapt to upcoming policies.



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BUILD-SEU MoU to foster research and industry-academia affiliations

BUILD signed an MoU with Southeast University on Wednesday, 27 November 2024, at the office of their Career and Professional Development Service (CPDS).

The MoU is to foster a professional network to develop and promote academic and education relationships through research, internship, professional exchanges, and policy advocacy between the two organisations. It will facilitate research and public-private dialogue (PPD) to create a transparent, conducive business environment in Bangladesh. On behalf of BUILD, Ferdaus Ara Begum, CEO, BUILD and from SEU, Mohammad Nazmuddoza, Director, CPDS, signed the MoU.

This joint initiative will be aimed at conducting research activities and exchanging information, including academic and policy research that will facilitate trade simplification and business improvement, along with organising joint seminars and research programmes to bolster the industry-academia collaboration in Bangladesh. Dr Abul Hasanat Alamgir, Professor and Director, IRD, SEU, and from BUILD, Pallab Bhattacharjya, Additional Research Director; Kanis Fatama, Senior Research Associate; Rawshon Shahriar, Senior Research Associate, were present at the event. The signing ended with a tour of each department, library and other infrastructural support areas of the university. ■

Meeting on SPP policy progress with IMED Secretary

On 3 December 2024, BUILD CEO Ferdaus Ara Begum consulted the IMED Secretary Abul Kashem Md Mohiuddin at his office. The consultation was conducted to assess the progress of the Sustainable Public Procurement (SPP) policy under an ITC project to encourage the participation of women entrepreneurs (WEs) in the public procurement process as the SPP policy has provision to promote the involvement of the WEs in the public procurement.

In the meeting, the IMED Secretary shared



his thoughts and plans to enhance the participation of the WEs. He said that the BPPA has organised workshops at the divisional level to raise awareness among the WEs about participating in the tender process. He underscored the readiness of the market to implement the SPP policy as it is a new policy for the country. He also shared the vision of BPPA to analyse the sectoral need based on the six priority sectors determined in the policy. He added that implementing this policy will be expedited once the workforce of BPPA is increased. He also highlighted the need for the WEs to be more active in their business. The IMED Secretary expressed his gratitude for BUILD's endeavour to implement the SPP policy and urged cooperation from BUILD in this regard. From BUILD, Research Associate Asif Haider and Research Associate Zannatul Romana accompanied the BUILD CEO. ■



BUILD and GIZ launch project on export data transparency

BUILD and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) had its kick-off meeting of the project titled "Enhancing Export Data Transparency for the Export Promotion Bureau (EPB)" under the Programme for Sustainability in the Textile and Leather sector (STILE II) of GIZ on 17 November 2024, at the GIZ project office in Gulshan. Dr Michael Klode, Project Manager of STILE II, GIZ, was present. BUILD CEO Ferdaus Ara Begum led the BUILD team. Rayan Sharif, ICT and Digitisation Advisor, and Md Easin Didar, Knowledge Management Assistant, GIZ, were present to interact. Senior Research Associate Shahriar Rawshon, Research Associate Ahmed Julker Nine, and Research Associate Asif Haider from the BUILD side were present to prepare action activities for implementing the project.

Dr Michael Klode, Project Manager, GIZ, briefly discussed the main objectives and the scope of the project where they needed the intervention of BUILD. Dr Klode informed that a need assessment of the institutions engaged in export data processing and preparation in Bangladesh will be accomplished for which they are taking preparation. A small project has been awarded to BUILD for chalking out some practical and pragmatic recommendations following examples of EPB from comparator countries such as South Korea, Malaysia, and Vietnam. Based on the recommendations, some visits to the countries concerned can be organised in the future to gather practical experience.

Ferdaus Ara Begum, BUILD CEO, thanked Klode for selecting BUILD as a partner for such an important job and requested support from the GIZ team for having meetings with the government organisations and locating key organisations of the above three countries who are looking after the export data so that Bangladesh can learn their process and recommend a better solution for Bangladesh for transparent data management procedure. ■

BUILD organises dialogue on Bangladesh's plastic-to-textile value chain

On 13 November 2024, the Business Initiative Leading Development (BUILD), in partnership with Chatham House and the United Nations Industrial Development Organisation (UNIDO) under the SWITCH2CE project, organised a high-level dialogue on Bangladesh's plastic-to-textile value chain. Funded by the European Union and Finland, the event sought to advance policy frameworks supporting the country's ambition to achieve USD 100 billion in RMG exports by 2030.

The dialogue highlighted the need for better policies, advanced technologies, and accessible financing to boost recycling efficiency. It also underscored the importance of meeting global standards, such as the European Union's eco-design regulations, while addressing challenges like high taxes, limited raw materials, and inadequate support for SMEs.

Industry leaders and stakeholders provided valuable insights. Shamim Ahmed, President of BPGMEA, emphasised the increasing demand for synthetic fibres as substitutes for cotton. Abu Manjoor Sayeef from SME Foundation discussed innovative waste management clusters to repurpose microplastics. At the same time, Abu Mokhles Alamgir Hossain from the Export Promotion Bureau (EPB) stressed the importance of high-quality recycling in meeting international standards and



recommended policy changes to support SMEs. Mohammad Nurul Alam, representing the PET Flakes Manufacturer and Exporters Association, highlighted the economic potential of PET waste in textile production but called for subsidies and improved access to financing. Government representatives and financial institutions addressed structural issues in the sector. Ragib Ibnul Asif from Bangladesh Bank outlined a refinancing scheme to promote energy efficiency and sustainability. At the same time, the Ministry of Commerce highlighted policies supporting the Reduce, Reuse, and Recycle (RRR) approach.

Key recommendations included:

- Recognising recycled products in industrial policies to facilitate financing
- Establishing Extended Producer Responsibility (EPR) guidelines
- Developing dedicated recycling zones with advanced facilities
- Providing incentives and low-interest loans for sustainable practices
- Encouraging research, innovation, and circular financing initiatives

The event underscored the potential of the plastic-to-textile value chain to contribute to sustainability goals and enhance Bangladesh's global competitiveness. ■

Meeting with the BB Deputy Governor to discuss economic stability and monetary policy

A small delegation from BUILD paid a courtesy call to Dr Md Habibur Rahman, newly assigned Deputy Governor of Bangladesh Bank (BB), at the Bangladesh Bank head office on 24 December 2024. Ferdous Ara Begum, CEO of BUILD, briefed him and informed him that BB had taken many steps and increased the policy rates several times. However, inflation remains largely uncontrolled. She briefed him about the current business scenario and status of SMEs because of high interest rates and several steps to contain inflation in the country, but the efforts have not yielded any fruitful results.

In response, the Deputy Governor pointed

to the supply-side constraints due to flood and import problems as some of the causes of inflation. To tame the existing inflation, he underscored controlling public demand and ensuring a smooth supply of essentials as very important now. Regarding the CEO's query on raising the interest rate, he responded that despite raising the interest rate, the deposit is slowing due to the cost escalation of essential commodities.

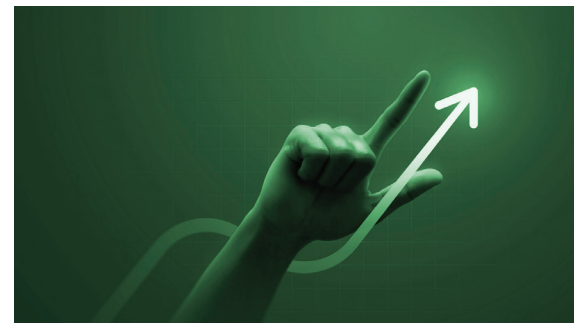
On another note, regarding the malfunctioning of the crawling peg system in the exchange rate, he said that the crawling peg mechanism in the exchange rate failed due to a lack of competition in the forex market. He cited the forex market of Bangladesh as being oligopolistic in nature. He shared that the remittance in Bangladesh is controlled by a few aggregators in the international money exchange organisations, which shrinks the competition in the market, leaving these aggregators significant market power.

Responding to the question on providing liquidity to the six ailing banks to the amount of BDT 22,500 crore in the high time of inflation, the Deputy Governor replied that the central bank has planned to neutralise the money they are providing to the six ailing banks by increasing the duration of the T-Bills and proper execution of this plan will not exacerbate the existing inflation.

Responding to the CEO's enquiry on a lower percentage of consumer credit in Bangladesh, he replied that due to high monitoring and administrative costs, the banks' interest rate is high, resulting in low consumer credit in Bangladesh. When asked about the lower financial inclusion in Bangladesh, he replied that the data on financial inclusion in Bangladesh is underestimated and that the actual percentage is relatively high. According to him, many people in the country are financially included through the MFS and mobile banking. When asked about the possibility of cooling down the inflation, he expressed optimism that the inflation would come down to 5% by the end of this fiscal year.

BUILD CEO expressed her sincere gratitude to Dr Md Habibur Rahman for giving him valuable time for the meeting and sharing his deep insights into stabilising the country's economy. Moreover, the latter applauded BUILD's continuous efforts and activities to bring

stability to the country's financial sector and hoped that BUILD's collaboration with Bangladesh Bank would result in a stable economy. Senior Research Associate Shahriar Rawshon and Research Associate Asif Haider, along with other distinguished delegation members from BUILD, attended the important meeting. ■



Stakeholders gather to discuss WTO support measures for LDC graduates

On 17 November 2024, a key meeting was held at the Ministry of Commerce to discuss "WTO Smooth Transition Support Measures for Countries Graduated from the LDC Category." The meeting highlighted several critical measures proposed by the WTO:

- **Re-calculation of GNP Per Capita**
The WTO recommends maintaining eligibility for countries with a GNP per capita below USD 1,000 (constant 1990 dollars) under Annex VII(b) of the Agreement on Subsidies and Countervailing Measures (ASCM) until the threshold is consistently exceeded for three consecutive years.
- **Extension of Export Subsidies**
Graduated LDCs may continue to receive export subsidies in line with WTO rules until they meet the GNP per capita threshold for three years in a row.
- **Trade Preferences Transition**
The WTO suggests extending or phasing out trade preferences over a six-year period to minimise economic disruption.
- **Technology Transfer Incentives**
Developed countries are encouraged to support technology transfer to graduated LDCs for up to six years post-graduation.
- **Continuing LDC-Specific Provisions**
Graduated LDCs can retain benefits from specific WTO provisions, including those under the TRIPS and Trade Facilitation Agreements, for an additional six years. ■

REFORMS

Strategies for SMEs amid Bangladesh's LDC graduation

During its eighth SME Development Working Committee (SMEDWC) meeting on 16 January 2023, chaired by the Senior Secretary of the Ministry of Industries, BUILD presented a study titled "An Analysis of Light Engineering Industry Development Policy 2022." The study proposed commissioning research to help SMEs adapt to the post-LDC graduation landscape. The meeting acknowledged the importance of this proposal for the betterment of SMEs.

In this regard, a study titled "Enhancing Industrial Production in the Context of LDC Graduation" was carried out by the Bangladesh Institute of Development Studies (BIDS) under the "Support to Sustainable Graduation Project (SSGP)" of the Economic Relations Division, Ministry of Finance. The study aimed to provide timely recommendations to help SMEs prepare for and navigate the new challenges following LDC graduation. BUILD was closely involved in and made significant contributions to the study conducted by BIDS. ■

SCOPES

Study on strengthening EPB for sustained export growth

BUILD will undertake a study aimed at strengthening Bangladesh's Export Promotion Bureau (EPB). The study will provide a thorough analysis of EPB's current mandate, systems, and services, benchmarking its structure and activities against similar export promotion agencies in Malaysia, Vietnam, and South Korea to identify strengths, weaknesses, opportunities, and threats.

The research will explore these neighbouring countries' institutional frameworks and operational strategies, particularly their models for operating as autonomous, market-driven entities. ●

Research on AI-driven waste management in RMG

BUILD initiates research entitled "Waste Management in the RMG and Use of AI for Traceability" under the 4IR/ICT Working Committee of BUILD. The study explores integrating advanced AI technologies — such as IoT sensors, blockchain, and AI-powered analytics — for optimising waste management processes, including real-time monitoring,

waste pattern identification, and predictive modelling for waste reduction. ■

ARTICLES

Adequate policy supports needed to attract FDI • *The Daily Observer* ■ cutt.ly/buildconnect246-01

Proper management of tannery solid waste can benefit the SME sector • *The Business Standard* ■ cutt.ly/buildconnect246-02

Why inflation not under control • *The Daily Observer* ■ cutt.ly/buildconnect246-03

Stewardship in agriculture: A path to sustainable development in Bangladesh • *The Business Standard* ■ cutt.ly/buildconnect246-04

অন্তর্জাতিকালীন সরকারের অর্জন—উচ্চ মূল্যস্ফীতি হ্রাসের চ্যালেঞ্জ • *The Daily Ittefaq* ■ cutt.ly/buildconnect246-05

Policy support must for compliant plastic recycling • *The Daily Observer* ■ cutt.ly/buildconnect246-06

Policy support is essential for compliant plastic recycling in Bangladesh • *The Business Standard* ■ cutt.ly/buildconnect246-07

The double challenge of graduating from LDC and preparing for FTA • *The Business Standard* ■ cutt.ly/buildconnect246-08

EU green deal may hit Bangladesh exports • *The Daily Observer* ■ cutt.ly/buildconnect246-09

Pharma industry can gear up to face LDC graduation challenges • *The Business Standard* ■ cutt.ly/buildconnect246-10

Meeting with the BB Deputy Governor about FSDWC meeting

On 24 December 2024, BUILD CEO Ferdaus Ara Begum paid a courtesy call to Nurun Nahar, Deputy Governor (DG) of Bangladesh Bank (BB), at her office in Bangladesh Bank head office to discuss the Financial Sector Development Working Committee (FSDWC) Meeting and the policy paper prepared for presentation in the meeting. Kazi Rafiqul Hassan, Executive Director of the SMESPD of Bangladesh Bank, attended the meeting.

BUILD CEO briefed the DG, BB, about BUILD and the activities of FSDWC, where the DG, BB, is the Co-Chair and the DCCI President is another Co-Chair from the private sector. She informed the audience that BUILD is a leading PPD platform in Bangladesh. Since its inception, its wide range of activities has been accomplished



to promote private sector development in Bangladesh, fostering an investment-friendly business climate.

BUILD CEO updated the Deputy Governor regarding the Financial Sector Development Working Committee (FSDWC) of BUILD, which collaborates with Bangladesh Bank, and notified Nurun Nahar that she is the new co-chair of this working committee. The CEO also appraised the DG for the implemented reforms proposed during the previous FSDWC meetings. She further informed her about the current study that BUILD is conducting on the existing inflation in Bangladesh, which is planned to be presented at the 12th FSDWC Meeting slated to be held in January 2025. The CEO requested the DG for her valuable time co-chairing the 12th FSDWC Meeting.

The Deputy Governor commended BUILD's efforts and noted that market syndication, beyond the central bank's control, is preventing inflation from being curbed. She explained that this syndication undermines the effectiveness of the policy tools adopted by the Bangladesh Bank. In response to the CEO's question about liquidity, she acknowledged that black money is not entering banks, which maintains high liquidity despite the policy rate hike. Illicit money owners are reluctant to deposit their cash, preferring to keep it at home, inflating liquidity levels. She also pointed to the informal economy, which renders the policy rate ineffective in controlling inflation. Addressing the CEO's concern about the negative impact on SMEs from higher interest rates, she mentioned that Bangladesh Bank plans to issue a new master circular for SME refinancing. She encouraged the private sector to raise awareness among SMEs, enabling the central bank to take appropriate regulatory action. She also sought collaboration and knowledge-driven support from BUILD to better address challenges facing SMEs.

In the meeting, the Executive Director of the SMESPD appreciated BUILD's tireless effort to develop Bangladesh's SMEs. He agreed to include BUILD in the SME-related meetings and activities of Bangladesh Bank so that the collaboration between the two organisations yields success in the SME sector development of Bangladesh. The Deputy Governor expressed her eagerness to continue collaborating between BUILD and Bangladesh Bank and agreed to hold the 12th FSDWC Meeting in January 2025. ■



Discussion on tax reforms with the NBR Advisory Committee

On 26 December 2024, the NBR Reform Advisory Committee met with BUILD at the National Board of Revenue (NBR) to discuss key tax reforms in minimum tax, Tax Deducted at Source (TDS) refunds, and supplementary duty (SD). The aim was to enhance fairness, efficiency, and investment in Bangladesh. BUILD's CEO, Ferdaus Ara Begum, emphasised shifting from indirect to direct taxes to create a more equitable tax system. Former NBR chairman Muhammad Abdul Mazid, ex-income tax member Aminur Rahman, and former customs member Farid Uddin represented the advisory committee. They advocated for a permanent advisory body involving business chambers, academics, and economists, with at least four annual meetings, a defined ToR, and a focus on accountability in revenue collection.

TDS, which contributes 63% of income tax but leaves 69% refundable, was a key focus. BUILD highlighted inefficiencies in TDS refunds and proposed automated, instant refunds, drawing from Singapore and India's practices. The CEO also called for abolishing minimum tax provisions and separating NBR's policy and collection wings to improve accountability and streamline tax administration. BUILD critiqued SD policies, particularly their impact on the beverage industry, which faces uneven taxation. For instance, SD on carbonated beverages is 30%, compared to 10% on artificial juice and none on electrolyte drinks. BUILD proposed rationalising SD structures to eliminate discriminatory practices and prevent overburdening specific sectors, cautioning that such policies deter local and foreign investment. The meeting concluded with BUILD presenting actionable recommendations to improve compliance, efficiency, and investment. Committee members committed to incorporating these insights into reform proposals, marking a step towards a more equitable tax system in Bangladesh. ■

Roundtable discussion on advancing circularity in Bangladesh's RMG

On 12 November 2024, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in partnership with



UNIDO and the EU, hosted a roundtable titled "Upstream Circularity: A Path Towards Circularity in Bangladesh's RMG Industry." The event highlighted the SWITCH2CE project's progress in promoting circular practices in the RMG sector, proposed policies for embedding circularity, and explored formalising pre-consumer RMG waste management. Ferdaus Ara Begum, CEO of BUILD, and Kanis Fatama, Senior Research Associate at BUILD, actively participated and shared valuable insights. ■



BHTPA and BUILD discuss collaboration on 4IR&ICT and e-waste management

On 30 December 2024, a meeting was held between the Bangladesh Hi-Tech Park Authority (BHTPA) and BUILD at BHTPA's office, chaired by Managing Director A. K. M. Amirul Islam NDC. Key BHTPA officials present included Mohammed Rafiqul Islam, Director (Technical); S. M. Farid Uddin, Director (Admin and Finance); Md Shofique Uddin Bhuyan, Research Officer; Rokibul Hasan, Assistant Director (Procurement), and Shahriar Al Hasan, Deputy Project Director. BUILD's team, led by CEO Ferdaus Ara Begum, included Senior Research Associate Shahriar Rowshon and Research Associate Ahmed Julker Nine.

Ferdaus Ara Begum briefed BHTPA on the 4IR&ICT Working Committee, co-chaired by the BHTPA Managing Director and BASIS President. The BHTPA Managing Director outlined key directives to enhance collaboration, emphasising a World Bank-funded e-waste management project and suggesting that BUILD conduct a detailed study to support it. He also proposed a joint meeting with the ICT Ministry and Secretary to share knowledge and expertise on the 4IR&ICT Working Committee. ■

NBR VAT members and BUILD discuss tax reforms

On 26 December 2024, VAT Members of the National Board of Revenue (NBR) met with BUILD at the NBR office. The VAT Members praised BUILD's policy recommendations for national budgets. BUILD CEO Ferdaus Ara Begum highlighted the health risks of sugary foods and called for expanding supplementary duty (SD) to include fruit juices and electrolyte drinks. Mohammad Belal Hossain Chowdhury, Member (VAT Policy), confirmed electrolyte drinks would be taxed under SD in the next budget, emphasising the government's aim to curb harmful products like tobacco.

The meeting addressed tax disparities in the beverage sector, with local industries holding 58% of the market but contributing only 20% of taxes, while multinationals contribute 80%. BUILD urged tax reform for fairness and warned that excessive SD on carbonated drinks could drive illicit sales and reduce foreign investment. BUILD also recommended VAT automation, inspired by China's e-invoicing system, to improve tax compliance and revenue. Another topic was the impact of new SROs on SME garment factories. Chowdhury announced a working group to amend policies supporting SMEs and invited BUILD's participation. BUILD proposed bond facilities for partial exporters to improve efficiency and diversify exports. The meeting concluded with BUILD submitting a report on SD and TDS for feedback. VAT members sought a VDS study, reaffirming their commitment to policy progress. ■



LGED meeting on sustainable procurement

On 26 December 2024, a meeting at the Local Government Engineering Department (LGED) focused on enhancing inclusivity and sustainability in public procurement. Chaired by Md Abdus Sattar, Project Director of LGED, the meeting included two colleagues from LGED. Ferdaus Ara Begum, CEO of BUILD, represented the private sector and contributed to discussions on key issues, particularly women entrepreneurs' involvement in sustainable procurement. ■



Challenges of AFOLU carbon emissions and NDC implementation

On 24 December 2024, the Association for Land Reform and Development (ALRD) and its coalition partners held a national seminar on "Implementation Challenges of Carbon Emission from Agriculture, Forestry and Other Land Use (AFOLU) in the Light of Nationally Determined Contribution (NDC)" at the CIRDAP International Conference Hall, Dhaka.

Hon'ble Adviser to Environment, Forest and Climate Change Syeda Rezwana Hasan was the chief guest, and Khushi Kabir, Chairperson of ALRD and coordinator of Nijera Kori, moderated the session. Ferdaus Ara Begum, CEO of BUILD, was among the five panellists. Dr Dwijen Mallick, a Fellow at BCAS, presented the keynote, and Shamsul Huda, Executive Director of ALRD, delivered the welcome speech. Rawshon Jahan Moni, Deputy Executive Director of ALRD, outlined the seminar's objectives.

Ferdaus Ara Begum highlighted that AFOLU contributes 22% of global GHG emissions, with global deforestation accounting for 45% of this increase. While CO₂ emissions from deforestation have decreased, methane emissions from livestock and rice cultivation and nitrous oxide emissions from fertiliser use are rising. The AFOLU sector requires USD 400 billion annually by 2050 to bridge the investment gap, with targeted research

needed to address key issues. She emphasised that Bangladesh aims for a 21.85% reduction in GHG emissions by 2030 across sectors, a substantial challenge. She referenced a BUILD project in collaboration with FAO, ICCAD, and BCAS, working across agro-food processing, fish and shrimp, poultry, livestock, and agro-machinery sectors. In addressing climate change, she stressed the need for integrating climate measures into trade and business policies, including the SME Policy 2019, National Agricultural Policy 2018, National Biodiversity Strategy, and various other frameworks noting the lack of specific guidelines for MSMEs in the AFOLU sector. ■

BUILD, ITC, and BPPA join forces on SPP policy monitoring

A virtual meeting between BUILD, the International Trade Centre (ITC), and the Bangladesh Public Procurement Authority (BPPA) took place on 11 November 2024 to discuss monitoring and evaluating the Sustainable Public Procurement (SPP) policy, published on 10 December 2023. The meeting included senior BPPA officials, including CEO Md Mirza Ashfaqur Rahman, Director Md Mahfuzar Rahman, and Senior Communication Consultant Md Shafiqul Alam. CEO Ferdaus Ara Begum, Research Associates Jannatul Romana Hashi and Asif Haider represented BUILD.

The discussions centred on ITC and BUILD's plans to assess the SPP policy's implementation and impact, with a particular focus on improving the participation of women-owned enterprises (WoEs) in public procurement processes. Surveys and interviews with BPPA officials, procuring entities, and WoEs will identify awareness and capacity gaps in the procurement system. The findings will be shared and discussed at a policy dialogue in March 2025. ■



BUILD CEO discusses economic growth with Sonali Bank Chairman

On 5 November 2024, BUILD CEO Ferdaus Ara Begum paid a courtesy visit to Mohammad Muslim Chowdhury, Chairman of Sonali Bank PLC. They discussed the country's economic indicators, particularly the savings-investment imbalance, with savings outpacing investment. The CEO emphasised the need to boost private sector investment for growth, while Chowdhury pointed out the detrimental effects of wasteful public expenditure on GDP. Begum also briefed the Chairman on BUILD's current initiatives and presented several publications. The meeting centred on economic challenges tied to investment and public spending, alongside BUILD's role in supporting economic growth. ■

BUILD's participation in other key discussions

BUILD participated in the investment diversification workshop for priority sectors post-LDC graduation. It joined a validation workshop on Bangladesh's National Smooth Transition Strategy. Discussions also included the economic impact of LDC graduation on Bangladesh's pharmaceutical industry and local drug prices. BUILD also attended the launch of the 4th Global Partnership for Effective Development Co-operation (GPEDC) monitoring round. ■

Founding Organisations



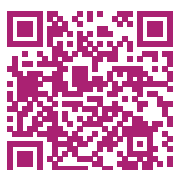
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