



EDITORIAL

Transforming plastic waste into prosperity: Bangladesh's circular textile opportunity

Given circularity's contributions to mitigating global warming and preventing environmental degradation through emission reduction and pollution control, it has become an emerging issue on the global stage, including in Bangladesh. Realising this, the current government has placed considerable importance on the circular economy, whose objectives include transforming waste into resources.

Due to the proliferation of plastics in our daily lives, concerns about the environmental degradation they cause have intensified. Apart from controlling environmental degradation and reducing emissions, higher recycling rates would also reduce plastic leakage into rivers and the Bay of Bengal. These outcomes directly support Bangladesh's climate commitments under its Nationally Determined Contributions (NDCs). But the plastics can be transformed into resources. In Bangladesh, the plastic waste supply

chain is considerable. Every year, the country produces 821,250 metric tonnes of plastic waste, of which 293,825 metric tonnes are recycled, and only 50,000 metric tonnes are textile grade. In the supply chain, around 5,030 SMEs operate, 1.5 million people are employed, the market size is USD 4 billion, and the sector accrues USD 1.5 million in export value.

The manufactured fibre, which is processed from plastics, is increasingly being used in the textile and apparel industry. As plastic waste can be used as a primary ingredient in the production of man-made fibre (MMF), it can promote circularity, thereby reducing emissions and environmental degradation.

Although Bangladesh has become the second-largest textile and apparel exporting country in the world, its exports are mostly cotton-based (70%). Its share in the artificial fibre is only 19%. In the textile and apparel industry, Bangladesh's main rivals, China (90%) and Vietnam (41%), are well ahead in the artificial fibre product segment. Therefore, it has enormous potential as major international brands are increasingly sourcing recycled materials to meet climate commitments and comply with new regulations,

particularly in the European Union.

The economic benefits are significant. According to BUILD's study, a well-developed plastic-to-textile value chain could generate an additional USD 4–5 billion in garment exports annually while recovering approximately USD 365 million in plastic value currently lost to leakage and inefficient waste management. It also projects the creation of nearly one million additional green jobs by 2030 through expanded recycling, fibre production, and circular manufacturing.

There are multiple challenges to exploiting the potential of this circularity venture: a fragmented supply chain; a high prevalence of informality and SMEs; weak policy coordination and coherence; financing constraints; limited enforcement; technology and infrastructure gaps; and limited institutional capacity and preparedness. However, potentials will not materialise automatically. They require coherent public policies and coordinated institutional action.

The priority should be the immediate implementation of the Extended Producer Responsibility (EPR) framework. EPR places responsibility on producers and importers to finance the collection and recycling of plastic waste after consumption. Such systems have become the backbone of successful circular economy models across Europe and many Asian countries. Operationalising Bangladesh's EPR guidelines would create a reliable supply of recyclable plastic while encouraging producers to design more sustainable products.

Second, financing mechanisms for circular industries must be strengthened. Modern recycling plants, PET flakes processing facilities, and recycled fibre manufacturing require substantial capital investment. Dedicated circular financing windows, concessional loans, and incentive schemes through Bangladesh Bank would encourage private investment while reducing financial risks for emerging circular enterprises.

Third, Bangladesh needs internationally recognised standards and certification systems. Global apparel brands increasingly require certifications such as the Global Recycled Standard (GRS) before sourcing recycled materials. Aligning national standards with international requirements will enhance market access and strengthen buyers' confidence in Bangladeshi recycled products.

The informal recycling sector also deserves greater recognition. Thousands of waste collectors already recover plastic materials every day, but they operate with limited income security, poor working conditions, and little institutional support. Integrating these workers into formal recycling systems would improve livelihoods while ensuring a steady supply of recyclable materials for industry.

Equally important are the adoption and implementation of innovative policies, as well as stronger coordination between public and private agencies. The Ministry of Environment, Forest and Climate Change (MoEFCC) should continue leading environmental regulation and EPR implementation. It can establish the Circular Economy Council (CEC), with participation from all relevant public and private stakeholders, and publish a National Circular Economy Roadmap. The Ministry of Commerce can include MMF and recycled fibre into the import policy, while the Ministry of Industries can recognise recycling as a priority investment sector. Local government institutions should create waste collection points at strategic locations, especially in waste-generation hubs, and enforce waste collection efforts meticulously, as mandated by law.

Bangladesh's garment industry has repeatedly demonstrated its ability to adapt to changing global market demands. The transition towards recycled textiles represents another opportunity to reinforce that leadership. Instead of viewing plastic waste solely as an environmental burden, policymakers and businesses should recognise it as a strategic industrial resource capable of generating exports, employment, investment, and environmental benefits simultaneously.

The future competitiveness of Bangladesh's apparel sector will increasingly depend on sustainability. Countries that successfully integrate circular economy principles into industrial production will capture larger shares of global markets. By investing in plastic-to-textile circularity today, Bangladesh can not only address one of its most pressing environmental challenges but also position itself as a global leader in sustainable textile manufacturing.

Ferdaus Ara Begum
CEO, BUILD



High-level BUILD-GIZ meeting with commerce minister on traceability strategy

On 18 August 2026, a high-level delegation comprising representatives from Business Initiative Leading Development (BUILD) and GIZ paid a courtesy call on Khandakar Abdul Muktadir, Hon'ble Minister of Commerce, at the Ministry's conference room. The meeting focused on aligning ongoing private sector research, the draft National Traceability Strategy (NTS), and donor-supported initiatives with the government's broader economic and trade priorities.

The session opened with remarks from Alamgir Kabir, Deputy Secretary (Planning Wing, MoC), who welcomed the delegation and highlighted the Commerce Minister's hands-on interest in taking ownership of the national traceability platform initiative and strengthening long-term collaboration with GIZ.

Jannis Hussain, Deputy Head of German Development Cooperation, thanked the Minister and underscored GIZ's 15-year partnership with the Ministry, noting a strategic shift to support export diversification beyond textiles in alignment with German development priorities.

Dr Michael Klode, Head of Project for GIZ STILE-II, outlined the project's framework—running until February 2028 with a grant volume of EUR 7.5 million—aimed at strengthening Bangladesh's global competitiveness in response to evolving EU requirements, such as the Digital Product Passport (DPP). He emphasised that the initiative focuses on building domestic agency, implementing chemical management rules, launching data-ecosystem pilots, and supporting industrial decarbonisation.

Dr Wasel Shadat, Research Director of BUILD, presented the findings of comprehensive gap analyses and economic modelling, indicating that failure to meet the upcoming EU Ecodesign for Sustainable Products Regulation (ESPR) standards could result in annual export losses. He highlighted that BUILD's draft National Traceability Strategy 2026-2035—themed 'Made in Bangladesh: Verified, Transparent, Sustainable'—proposes lean institutional structures and inclusive SME support mechanisms, such as shared

Digital Product Passport service hubs.

The Hon'ble Commerce Minister emphasised that traceability must extend beyond export-competitiveness to address domestic priorities, including food safety, supply chain surveillance, and sustainable waste management across multiple sectors. He stressed the necessity of avoiding duplication across ministries and development projects, noting that strategic institutional alignment and direct government backing are vital to secure cross-agency cooperation.

Discussions also set the stage for upcoming stakeholder events focusing on sustainability and circularity, ensuring active participation from BUILD, GIZ, the Ministry of Commerce, and international partners, including the ILO and UNDP.

The meeting concluded with a mutual commitment to maintain close coordination between the Ministry's Responsible Business Cell and project activities, ensuring a unified, resource-efficient approach to trade modernisation and export resilience. ■



16th PSDPCC meeting puts implementation of business reforms at the forefront

The 16th meeting of the Private Sector Development Policy Coordination Committee (PSDPCC) was held on 8 August 2026 at the Prime Minister's Office (PMO) under the chairmanship of Principal Secretary Abdus Sattar, with the participation of senior government officials and private sector representatives. The meeting emphasised the urgent need to accelerate the implementation of reforms proposed and agreed upon at previous PSDPCC meetings and to strengthen the Committee's role in preparing reform proposals for the government's consideration.

The Principal Secretary stressed the importance of undertaking necessary pre-work and preparatory analysis on reforms before matters are placed before the highest level, noting that this would help reduce decision-making time. He also suggested that the Committee's member-

ship could be reviewed and strengthened by bringing in new members with relevant expertise. At the outset, Dr Ahmedullah, Director General, PMO, provided an overview of PSDPCC and noted that the previous meeting had been held on 25 October 2025. The Principal Secretary emphasised the need to increase the frequency of meetings to address deregulation, regulatory simplification, and the reduction of the cost of doing business.

Following this, Ferdaus Ara Begum, CEO of BUILD, presented on the importance and activities of PSDPCC and the broader Public-Private Dialogue platform. Her presentation outlined core agendas on deregulation and ease of doing business, and assessed the eight reform pillars under the 2026–27 National Budget. She highlighted that establishing a manufacturing business in Bangladesh requires navigating 19 licences and 154 documents, and can take up to 457 days, with significant document redundancy across more than 10 agencies. To alleviate this burden, she proposed replacing the Import Registration Certificate and Export Registration Certificate licensing requirements with the existing Trade Licence system, noting it would cause negligible revenue loss while significantly benefiting SMEs. Based on the presentation, the meeting reviewed the progress of ongoing reforms with concerned ministries and departments.

Dr Khairuzzaman, Secretary, Ministry of Finance, acknowledged BUILD's role as a Public-Private Dialogue platform working through its seven thematic working committees, noting that while recommendations are formulated through PPD, implementation rests with relevant government institutions.

Abul Kasem Khan, Chairperson of BUILD, elaborated that BUILD's recommendations examine international best practices and concrete business constraints, observing that implementation could be accelerated if the platform becomes more dynamic through frequent meetings and if well-prepared recommendations are appropriately referred to the Committee chaired by the Hon'ble Prime Minister.

A major focus of the meeting was the leather sector and the draft Export Roadmap prepared by BUILD. In response to a query regarding raw leather availability, A K M Moshpiqur Rahman, Director, FLAXA, informed the meeting that raw hide collection had improved despite financial difficulties.

Highlighting ongoing challenges, Md Alamgir, Secretary General of FBCCI, noted that the non-functioning Central Effluent Treatment Plant (CETP) at the Savar Tannery Estate hampers traceability and export performance compared to the RMG sector, citing compliant enterprises such as Akij Group, which have their own

ETP facilities.

Kamran T. Rahman, President of MCCL, observed that the tannery estate relocated to Savar without adequate preparation or technology.

Md Nuruzzaman, Additional Secretary, Ministry of Industries, acknowledged design deficiencies in the CETP and noted that an Italian consultant and a Dhaka University expert are examining the issue to prepare reports. He added that full compliance is essential for Leather Working Group certification, though it requires substantial investment.

Regarding Tannery Solid Waste management, Dr Fahmida Khanam, Acting Secretary, Ministry of Environment, Forest and Climate Change, explained that the waste is divided into recyclable materials and sludge, identified the hazardous separation of chrome as a key challenge, and noted that Bangladesh could explore commercial waste utilisation models.

Mohammad Abdur Rouf, Secretary, Bridges Division, emphasised compliance in CETP maintenance and the need to strengthen Qurbani raw hide storage infrastructure.

On legislative updates, Saifuddin Ahmed, Joint Secretary, Ministry of Commerce, briefed the meeting on the delay in finalising the Companies Act, 1994, after which the Committee allowed one month for its finalisation, alongside a one-month timeline for the CSR Policy.

Md Motiur Rahman, Joint Director General, DIFE, supported a fully operational Central Effluent Treatment Plant from a labour and compliance perspective, suggesting 50 capable factories be prioritised.

Dr Md Ali Afzal, President of REHAB, suggested that smaller factories use a common Central Effluent Treatment Plant. In contrast, larger ones establish individual ETPs, and Dr Nazneen Kawser Choudhury, Secretary of NSDA, emphasised the need to strengthen the Leather Sector Council.

Addressing solar energy, Kazi Emdadul Haque, Director General, BSTI, informed that standards for 39 solar products had been developed and proposed four products for the Import Policy 2026–2029: photovoltaic modules, solar photovoltaic inverters, secondary cells and batteries, and charge controllers.

Md Sabur Hossein, Additional Secretary, Energy Division, requested policy support for domestic solar producers. The Principal Secretary urged BSTI to overcome certification bottlenecks, highlighted Pakistan's progress in solar power, encouraged the private sector to utilise duty-free solar accessories announced in the budget, and suggested exploring private participation in the railway sector.

Regarding the Cross-Border Digital Commerce Policy, Dr Md Habibur Rahman, Deputy Governor of Bangladesh Bank, stated that the payment aggregator platform EkPay is being developed under Clause 18 of the Payment and Settlement Systems Act, 2024, with private platforms encouraged to participate.

Ahsan Habib, Acting Chairman of NBR, reported that partial exporter import provisions are incorporated into the proposed Import Policy and that a Free Trade Zone established to operate like a central bonded warehouse will allow partial exporters to procure inputs. The Acting Chairman of NBR clarified that the income tax collections in question are Advance Income Tax, which is adjustable through final returns, adding that NBR is automating tax refunds.

Parimol Sarkar, Joint Secretary, Local Government Division, noted work on a centralised software platform for integrated trade licensing across local bodies.

Concluding the meeting, the Principal Secretary recommended introducing a five-year, fully digitalised trade licence with a single simplified tax rate based on business size, and requested the next PSDPCC meeting be held in three months to review progress. The meeting ended with a renewed commitment from both sectors to remove regulatory constraints, reduce business costs, and improve the investment climate following LDC graduation. ■



3rd NLDCC meeting forms five specialist working groups for faster logistics policy delivery

On 8 August 2026, the 3rd meeting of the National Logistics Development and Coordination Committee (NLDCC) was held at the Prime Minister's Office (PMO) under the chairmanship of Principal Secretary to the Prime Minister, A B M Abdus Sattar. The meeting brought together senior secretaries, heads of government agencies, development partners, and private-sector leaders to review implementation progress and strengthen the governance framework for Bangladesh's logistics sector in light of

post-LDC-graduation challenges.

Opening the meeting, the Principal Secretary welcomed participants and emphasised that the National Logistics Policy 2025 was designed to build capacities for post-LDC graduation and to streamline trade logistics nationwide. The Committee unanimously approved the minutes of the 2nd NLDCC meeting after the Member Secretary and the Director General-2 of the PMO presented background and progress updates.

Addressing technical assistance coordination, the Additional Secretary of the Road Transport and Highways Division (RTHD) reported that a stakeholder review meeting held on 04 May 2026 verified that there is no significant duplication between the technical assistance proposals of the Asian Development Bank (ADB) and the World Bank. Representatives from both the World Bank and ADB concurred, agreeing to coordinate training and implementation phases to avoid operational overlaps.

The meeting informed the audience that, in line with previous decisions, an office order has been issued establishing a dedicated National Logistics Policy Implementation Unit at the PMO, currently operated by Director General-2 and Director-6. Additionally, the Economic Relations Division (ERD) and the Railways and Infrastructure Division have been officially co-opted as NLDCC members to avoid duplication in major logistics projects. The PMO Implementation Unit has also drafted an English translation of the National Logistics Policy 2025, which is undergoing legislative and linguistic review.

Abul Kasem Khan, Chairperson, BUILD, presented a concept paper on the rationale and international best practices for establishing an independent National Logistics Authority to oversee large-scale logistics transformation.

To accelerate implementation and establish Key Performance Indicators (KPIs) across logistics sub-sectors, the NLDCC approved the formation of five specialised Working Groups:

1. **Trade Facilitation:** Led by the National Revenue Board (NBR)/Ministry of Commerce.
2. **Multimodal Logistics Infrastructure and Corridor Development:** Led by the Physical Infrastructure Division, Planning Commission.
3. **Human Resource Development in the Logistics Sector:** Led by the National Skills Development Authority (NSDA).
4. **Investment Attraction and Private Sector Participation in Logistics:** Led by the Bangladesh Investment

Development Authority (BIDA).

5. **Technology, Digitalisation and Data Systems:** Led by the Information and Communication Technology (ICT) Division.

The Acting Chairman of NBR shared that 39 agencies and 109 licences/permits are currently integrated into the Bangladesh Single Window (BSW). He highlighted that the Automated Risk Management System (ARMS) is being developed to enable green-channel Customs clearance by December 2026. The Secretary of ERD recommended introducing AI-driven automated Customs clearance integrated with ARMS to meet EU import compliance requirements within three years.

The Senior Vice President of the Shippers Council of Bangladesh advocated for full BSW implementation, reduction of inland transit checkpoints, and enhanced multimodal integration. The Secretary of the Ministry of Railways emphasised dedicated cargo rail lines along the Dhaka-Chattogram corridor and the Akhaura-Sylhet line, as well as connectivity to Habiganj. The Ministry of Shipping reported upcoming Port Single Window deployment and channel navigation projects at Nowapara, Ashuganj, and Pangaon ports.

The Executive Chairman of NSDA proposed leveraging the National Trade Facilitation Committee (NTFC) structure within the Ministry of Commerce for the Trade Facilitation Working Group, a view endorsed by the Ministry of Commerce, the Finance Division, and the Bridges Division. Representatives from BGMEA and BAFFA underscored the need for seamless interfacing between port channels, multimodal logistics networks, and time-bound action plans.

Key decisions of the 3rd NLDCC meeting are as follows:

- **Finalisation of Working Group Members:** Respective lead ministries/institutions must finalise member nominations for the five Working Groups by 30 August 2026.
- **Time-Bound Action Plans:** Each Working Group is tasked with submitting a KPI-aligned action plan for policy implementation by 30 September 2026.
- **English Policy Publication:** The PMO Logistics Unit will complete necessary legal reviews and finalise the official English edition of the National Logistics Policy 2025.
- **Development Partner Alignment:** RTHD will ensure future World Bank consulting services align with ADB technical assistance outputs to prevent project duplication.
- **National Logistics Authority**

Concept: BUILD will present a comprehensive concept paper on establishing a National Logistics Authority at the upcoming NLDCC meeting. ■



Circular future model should be the key for transforming waste into resources

BUILD, in collaboration with the Ministry of Environment, Forest and Climate Change (MoEFCC), organised its 5th Sustainability and Green Growth Working Committee (SGGWC) Meeting in the Ministry's Conference Room, chaired by Dr Fahmida Khanam, Secretary in Charge. BGMEA was represented by Sheikh Hossain Mohammad Mustafiz, Director. The meeting, which also brought together senior policymakers, industry leaders, and development partners, reaffirmed the nation's commitment to sustainability and green growth. The meeting was titled "Bangladesh's Plastic Recycling Policy Dynamics: Challenges, Policy Gaps, and Strategic Pathways for a Circular Plastic-to-Textile Economy."

Secretary in-Charge informed that MOEFCC is now mandated to implement Circular Economy as a signatory member of UNFCCC and UNEP for Environmental Pollution Control. She also added that EU requirements regarding circularity must be met. She added that the present government's election mandate is to promote green business, so we urge the private sector to collaborate with industry and the government to create sustainable, green growth in the country. She thanked BUILD for raising an important issue that is now a priority for the government and the private sector.

While informing the implementation Secretary in Charge, MOEFCC stated that their ministry is now proceeding with a phase-wise removal of Single-Use Plastic (SUP), initially targeting three important SUPs: plastic stick-based cotton buds, stirrers, and straws. She emphasised the allowed time to make the policy enforceable, because those who have established industries in this sector would need time to transform their industries towards an environmentally sustainable model. She

recommended holding further meetings with the concerned association, adding that since MOEFCC issues certificates to industries and MOC provides registration, they might have information on industries in these sectors.

Md Rezaul Karim, Joint Secretary, MOEFCC, while providing implementation updates on the recommendations of the last meeting, informed that EPR will be implemented soon. For recycled PET (rPET), the ministry can write to BSTI.

Regarding the Biodegradable Plastic, it was informed that, as the product is not included in the mandatory standard, BSTI is unable to set the standard at the moment. However, the Secretary in Charge also mentioned that we need to use Compostable Plastic because Biodegradable Plastic may cause additional microplastic issues. It was also informed that BUET is working in that regard so that any alternative can be discovered.

CEO, BUILD, Ferdaus Ara Begum, then presented the Policy Paper on the topic; the presentation's central focus was plastic-to-textile recycling, which illuminated both the opportunities and challenges facing Bangladesh's recycling sector. The study revealed that while the country generates over 821,000 metric tons of plastic waste annually, only 36 per cent is recycled, with much of the value chain remaining informal and underfinanced. Yet the potential is immense: by formalising and scaling up plastic-to-textile recycling, Bangladesh could unlock USD 4–5 billion in additional garment exports, reduce dependence on imported man-made fibres, and align with the EU Green Deal and Extended Producer Responsibility (EPR) regulations.

The presentation recommended a National Circular Economy Policy to establish unified governance by establishing a Circular Economy Council with representatives of all concerned parties. The study also highlighted the government policy adoption for waste collection, standards, and traceability. It also recommended ISO 15270 pre-shipment certification while allowing the import of PET scrap.

S. H. M. Mustafiz, Director, BGMEA, emphasised the need for a collection system of waste by establishing required collection points and proper fixed rates. Regarding formalisation, especially in the textile sector, there should be a compulsory requirement for a trade licence if we really want to develop a proper waste collection ecosystem to meet the feedstock challenge for those who want to establish recycling industries, he added. To establish a blended financing model and to attract FDI, the waste management system has to be regularised.

Shamim Banu Santai, Deputy Secretary

from the Ministry of Finance, highlighted the need to ban harmful waste. Shah Mujahid Uddin, Director, WARPO, emphasised the importance of safe water management in industries.

The Head of Sustainability at Urmi Group informed that an organisation named Geo Cycle Bangladesh, in collaboration with Lafarge Holcim, is co-processing industrial sludge, and that the cost of waste collection is much higher. Regarding the promotion of the ECO-Industrial Model for Solid Waste Management, if development partners can extend support, the cost could be minimised.

Asad un-Noor, National Project Coordinator, UNIDO, referring to a recommendation in the study for GTF support, stated that the fund is for large industries, not primarily for small and micro industries.

Farzana Shirmin, Joint Secretary, BKMEA, said that MOC, in the meantime, has established the Responsible Business Conduct (RBC) Cell; the Ministry of Finance is also working separately; we do not know who is doing what; there is a need for coordination of activities in this respect to move ahead.

Navid Shafiullah, Additional Secretary, MOEFCC, while concluding the meeting, taking a cue from the earlier discussion, recommended the need for a focal point from each ministry/organisation to maintain continuity of work. He further expressed his determination to work toward sustainability and, in that regard, expected all-out support from BUILD.

The meeting was attended by a number of government organisations, such as the Ministry of Industries, the Ministry of Commerce, NBR, BSCIC, LGED, DOE, MOHPW, etc., as well as a number of private-sector representatives, both in person and virtually. ■



National consultation hears calls to streamline regulations for business formalisation and growth

To reduce administrative barriers and foster an enabling environment for Micro, Small, and Medium Enterprises (MSMEs),

BUILD, the Ministry of Industries (MoI), and the International Labour Organisation (ILO) jointly hosted a stakeholders' consultation at the MoI Conference Room on 30 July 2026.

The event, titled "Regulatory Streamlining for an Enabling Business Environment for Formalisation," brought together senior government officials, business chamber leaders, employers' and workers' representatives, development partners, and researchers. Discussions centred on launching BUILD's new business licensing guidebooks and executing critical regulatory reforms ahead of Bangladesh's graduation from Least Developed Country (LDC) status.

Speaking as the Chief Guest, Abdun Naser Khan, Secretary, Ministry of Industries, emphasised that regulatory simplification directly supports ongoing efforts to formalise enterprises. He noted that a high-level committee under the Minister for Industries, Textiles, Jute, and Commerce has been formed to accelerate these reforms, through which he expected some regulatory simplification soon. Referring to BUILD's recommendations for a Deregulation Action Plan within the next 90 days, he stated that the government is committed to reducing administrative hassles and the challenges faced by SMEs. He added that they are working to make OSS more effective so that digitalisation works better, and informed that the Ministry of Industries is working closely with the PMO on these efforts.

Opening the session, Abul Kasem Khan, Chairperson of BUILD, highlighted the newly published BUILD Business Licensing Guidebooks, which serve as accessible reference tools for investors navigating permits and approvals. He advocated for a unified utility connection application system, joint inspection mechanisms, and legally backed Service Level Agreements (SLAs) to make administrative timelines enforceable. Following the government's target of creating ten lakh jobs, he said this would require creating at least one lakh entrepreneurs, for which simplification of regulatory requirements is essential.

Delivering the keynote presentation, Ferdaus Ara Begum, CEO of BUILD, detailed the economic strain caused by excessive regulation. Pointing to recent Bangladesh Bureau of Statistics (BBS) data, she noted that approximately 65% of economic units in Bangladesh remain informal, despite registered enterprises generating more than half of all total employment.

Drawing from over 50 key informant interviews, the CEO illustrated the severe compliance burden facing key growth sectors. Plastic Waste Management businesses must obtain up to 31 licences and, to do so, submit 235+ documents and navigate approval processes lasting up to 650 days. Similarly, the case is for

Light Engineering, where enterprises face over 200 document requirements for 30 licences and up to approximately 600 days in processing time. There is 50% to 60% redundancy in paperwork across various government agencies.

To overcome these barriers, BUILD proposed a comprehensive reform package—including a Single Digital Business Identity Number, a One-Stop Licensing Platform, and multi-year licence validity—that could reduce businesses' compliance costs by 30% to 50%.

Peter Bellen, representing the ILO, underscored that 8 out of 10 workers currently work informally. He highlighted that while these workers contribute significantly to the economy, transitioning them towards formal, decent work is vital as Bangladesh faces upcoming LDC graduation and export diversification challenges. ILO remains committed to providing technical support alongside the inter-ministerial committees currently evaluating these transitions.

In the panel discussion session, A. K. M. Nurunnabi, Additional Secretary and Registrar, Registrar of Joint Stock Companies and Firms (RJSC), noted that standard company registrations are now processed in under 48 hours for a BDT 2,500 fee, provided documentation is complete. He announced ongoing efforts to amend the Companies Act, 1994, and revealed that physical signatures for share transfers are currently being phased out in favour of fully digital processes.

Md Shamsul Hoque, Joint Secretary, Ministry of Local Government, Rural Development and Cooperatives (LGRD), highlighted that over 5,500 autonomous local government entities issue trade licences. He identified the lack of a centralised trade licence database as a major hurdle and supported hosting focused dialogues with BUILD, ILO, and Mol to streamline trade licensing.

Nazem H. Sattar, Deputy Managing Director, SME Foundation, called for time-bound deregulation and a review of the 4% cap on SME lending interest rates, which currently discourages commercial banks from extending credit due to high monitoring costs. He urged the adoption of alternative risk-mitigation measures to assist collateral-scarce SMEs.

Dr Nadia Binte Amin, President, Women Entrepreneurs Network for Development (WEND), raised concerns regarding Advance Income Tax (AIT) levied during trade licence renewals, high mandatory audit costs for small entities, and the lack of a simple business exit policy under the RJSC framework. She urged the issuance of trade licences in both Bangla and English to assist exporters.

Saifur Rahman, Chairman of SKB Stainless Steel Mills Limited, recommended

establishing a joint public-private task force reporting directly to leadership to clear regulatory bottlenecks. He also cautioned against SROs that mandate specific production machinery, suggesting regulators focus on end-product quality standards instead.

In the open session, several representatives of government organisations and the private sector raised points on deregulation and remedial measures, especially to establish an enforceable mechanism to ensure reforms can be implemented.

In closing, Nurruzzaman, Additional Secretary, Mol, thanked everyone and requested that BUILD and the ILO compile the specific reform proposals generated from the consultation. The Ministry confirmed plans to convene follow-up sessions to swiftly translate the recommendations into actionable policy implementations. ■



BUILD delegation and BHTPA MD discuss high-tech investment, incentives and 4IR

BUILD CEO Ferdaus Ara Begum and Research Director Dr Wasel Shadat met with Md Fazlur Rahman, Managing Director of the Bangladesh Hi-Tech Park Authority (BHTPA), at his office on 20 July 2026. Senior officials of BHTPA, including Deputy Director of Administration Md Shafiq Uddin Bhuiyan, were also present to interact with the BUILD delegation.

During the meeting, the Managing Director emphasised the needs of foreign investors operating within the High-Tech Parks, particularly the continuity of fiscal incentives allowed by the government, noting that the role of the National Board of Revenue (NBR) is critical in this regard. He added that approximately USD 3 billion in investments are currently awaiting maturation due to power supply factors.

The Managing Director highlighted the critical need for skill development in AI and ICT to attract greater investment, stressing that as the demand for the latest technology increases, Bangladesh's external dependency must be reduced. He

informed the delegation that, to accelerate industry-academia collaboration, BHTPA has planned to establish 24 hubs, of which 8 are currently operational. He suggested evaluating the performance of these existing hubs so that upcoming hubs can function more effectively for sector development.

Furthermore, he noted that BHTPA is working to align its objectives with the current government's mandate by placing due emphasis on ICT and the Fourth Industrial Revolution (4IR), with Artificial Intelligence serving as another vital area of focus.

In response, the BUILD CEO provided a brief introduction to the organisation, highlighting that BUILD has been collaborating with BHTPA since 2020 through the 4IR&ICT Working Committee, which is chaired by the Managing Director and comprises members from the public and private sectors. She elaborated on the committee's past activities and underscored the importance of convening the next meeting soon.

The Managing Director thanked the BUILD delegation and expressed his willingness to schedule the next committee meeting by the first week of August 2026. ■



5th 4IR&ICT meeting reviews draft AI policy alignment with data laws and infrastructure

The 5th Meeting of the 4th Industrial Revolution and ICT (4IR&ICT) Working Committee of BUILD was held on 11 August 2026, at the Conference Room of the Bangladesh Hi-Tech Park Authority (BHTPA). Chaired by Md Fazlur Rahman, Managing Director of BHTPA, the meeting brought together senior government officials, tech experts, and private sector representatives to discuss critical policy frameworks, data governance, and infrastructure requirements for the country's digital transformation.

At the outset, Ferdaus Ara Begum, CEO of BUILD, welcomed the Chair and participants and provided an overview of BUILD's role as a public-private dialogue platform. She reviewed the implementa-

tion status of decisions from the previous working committee meeting, highlighting BUILD's ongoing review of national strategies on AI, robotics, blockchain, IoT, microprocessor design, and cybersecurity, as well as relevant ICT-supportive measures in the FY2026–27 National Budget.

A core focus of the meeting was a detailed policy briefing presented by Dr Wasel Bin Shadat, Research Director of BUILD, on the Draft National AI Policy 2026–2030. The presentation evaluated the draft policy against the recently enacted Personal Data Protection Act 2026 and National Data Management Act 2026, as well as international benchmarks. Dr Shadat pointed out institutional discrepancies—noting that the draft policy cites authorities that are not aligned with the newly enacted National Data Management Authority under the Prime Minister's Office—and recommended addressing these gaps before final adoption. He also emphasised the need for a realistic roadmap for domestic computing infrastructure, a structured approach to agentic AI, clear workforce transition programmes for women and low-skilled workers, and robust safety protocols for AI-enabled scientific research.

During the open discussion, Md Fazlur Rahman, Managing Director of BHTPA, observed that while policy formulation primarily rests at the ministry level, working committees play a vital role in facilitating stakeholder consultations and channelling private-sector feedback. He noted surging demand among Bangladeshi youth for AI training and digital skills, emphasising the need for robust power and water-cooling infrastructure for large-scale AI data centre development.

Sirajul Islam Khan, Director, BIDA, noted that the committee's insights would provide valuable supplementary inputs to the ongoing policy process being managed by the ICT Ministry.

Shahab Uddin Riyad, Smart Build, cautioned that the rapid expansion of AI data centres requires careful management of water and energy resources, and stressed the importance of strict electrical safety standards for high-powered computing equipment.

Ahmedul Islam Babu, Director, JBCCI, highlighted the growth of generative and agentic AI in Bangladesh and urged BHTPA to develop shared GPU and common computing infrastructure accessible to startups and researchers.

Suhel Rana of DCCI suggested adopting a shorter, three-year policy and implementation cycle to keep pace with rapid technological disruptions.

Dr Md Mahmud Hussain, BUILD, and Engr. Md Nimul Islam of FBCCI under-

scored the importance of responsible AI research safeguards, SME AI adoption mechanisms, and demand-driven skills reskilling frameworks.

The meeting concluded with a renewed commitment to fostering public-private collaboration, sharing refined policy recommendations with the ICT Ministry, and prioritising shared infrastructure and capacity-building initiatives to drive Bangladesh's 4IR readiness. ■



2nd PCU meeting charts the path for Bangladesh's National Traceability Strategy

The second meeting of the Policy Coordination Unit (PCU), formed under the Ministry of Commerce with support from GIZ's STILE-II Project, brought together policymakers, industry leaders, and development partners on 16 July 2026 to review the Draft National Traceability Strategy of Bangladesh (2026–2035).

Chairing the session, Ayesha Akter, Additional Secretary (Export), Ministry of Commerce, thanked participants for their valuable input and reaffirmed that the Government's role is to facilitate the process of preparing a National Traceability Strategy and in view of this, opinion of the industry leaders and private sector is very important. She stressed that all stakeholders—government, industry, and development partners—must work together to finalise and implement the strategy to sustain Bangladesh's export growth and especially to the EU market.

Ferdous Ara Begum, CEO of BUILD, welcomed the participants and recalled that the PCU was formed at the first Traceability Consultation Meeting on 30 November 2025, tasking BUILD with drafting the strategy. She noted that, with the EU being Bangladesh's largest market for RMG exports and new EU sustainability regulations (ESPR) already effective for products such as leather and leather goods, textiles, and apparel. She informed that the Delegated Act (DA) under the ESPR framework has already been put in place for batteries and is expected for textiles by 2027. A robust national traceability system to qualify for

entry to the EU market through the Digital Product Passport (DPP) under ESPR is essential to safeguard the country's export competitiveness.

In the keynote, Dr Wasel Bin Shadat, Research Director of BUILD and Assistant Professor at IBA, University of Dhaka, presented the strategy's evidence base—62 readiness gaps identified across six domains—and its response: six strategic pillars, a phased 2026–2035 roadmap, and an estimated USD 48–55 million investment to protect over USD 15 billion in annual EU-bound exports. He also placed a Governance structure of the NTS and noted that by building Bangladesh's digital trade infrastructure, the country can achieve a global benchmark, a premium export position, digitally empowered SMEs, a circular economy standard, establish itself as a strategic partner, not a supplier and secure data sovereignty through time-bound action.

Md Alamgir Kabir, Deputy Secretary, MoC, noted that establishing institutional governance requires formal government authorisation and confirmed that officials are visiting Vietnam to study platforms like "VeriGoods".

Sharif Nawrin Akter (FLAXA) highlighted the successful "leather trace" pilot and raised questions about brand acceptance. Rizvan Hasan (Reverse Resources) pointed out tax anomalies affecting the formal recycling of textile waste (jhut).

Md Mizanur Rahman (SERA Bangladesh) emphasised the need to incorporate import traceability and expand representation within the agricultural and pharmaceutical ministries. Mayeesha Mahmud (BGMEA) stressed the heavy upfront compliance costs facing exporting sectors beyond RMG. Farzana Sharmin (BKMEA) cautioned against "data fatigue" among factories and showcased BKMEA's existing ESG Unified Data Platform.

Sharmin Prodhan (Bangladesh Bank) noted mandatory Scope 1–3 carbon emission disclosures for banks and confirmed green refinancing support across 12 sectors. Farabi Rahmat Ullah (BSTI) proposed integrating BSTI's QR-coded licensing and accredited testing facilities to reduce duplicate documentation for SMEs. Abdullah Al Mamun (BGBA) called for robust government data gateways and strong policy backing.

Key Decisions and Way Forward

- **Stakeholder Validation:** BUILD and MoC will conduct sector-specific, industry-wide, and association-wise validations of the draft strategy with bodies such as BKMEA, BGMEA, FLAXA, BFLFEA, BAPA, BPGMEA, and BAPI before posting it on the MoC website for public consultation.
- **Focused Group Discussions:** Wider

national-level consultations will be organised with technical support from GIZ.

- **BSTI Integration:** BSTI's role in certification, acknowledgement, and recognition within the DPP architecture will be further examined.
- **Import Traceability:** Import traceability parameters will be fully incorporated into the revised NTS draft.
- **Platform Concept:** BUILD, supported by GIZ, will prepare and submit a dedicated concept note on the National Traceability Platform (NTP).
- **Institutional Transition:** Upon finalisation of the NTS, the PCU is planned to be transformed into the TIOU, and the Traceability Consultation Committee into the NTC. ■



Private investment revival requires stronger monetary-fiscal alignment

BUILD appreciates Bangladesh Bank's continued commitment to restoring macroeconomic stability and containing inflation, as reflected in the FY2026–27 Monetary Policy Statement (MPS). However, BUILD believes that the prevailing contractionary monetary policy is not adequately aligned with the expansionary fiscal policy outlined in the national budget. This policy divergence could undermine the Budget's key objectives of accelerating private sector investment, generating employment, promoting industrial growth, and improving Bangladesh's overall business environment.

The private sector is expected to play the leading role in achieving the Budget's target of creating 2.5 million new jobs in FY2026–27 through increased investment and industrial expansion. At a time when one of Bangladesh's principal economic drivers—exports—is experiencing negative growth, maintaining a highly restrictive monetary policy may further discourage business expansion and weaken investor confidence.

The MPS projects private-sector credit growth at only 6.5 per cent, compared with 21.8 per cent for public-sector credit. This significant disparity is likely to intensify the crowding-out effect, reducing the availability of credit for private enterprises. The concern is further compounded by the fragile condition of several large banks, which are already under severe financial stress.

Bangladesh has limited sources of financing for its fiscal deficit outside the banking sector. Consequently, the Government continues to rely heavily on bank borrowing, further constraining credit available for private businesses. Alternative financing instruments remain underdeveloped. At the same time, government securities offering yields approximately one percentage point above the policy rate create additional incentives for banks to invest in risk-free government instruments rather than extend credit to the productive private sector.

To achieve the Budget's target of raising total investment to 40 per cent of GDP by FY2030–31, Bangladesh will require substantially higher private sector investment. In this context, private sector credit growth should gradually increase to at least 15 per cent over the next five years.

BUILD is particularly concerned that the current policy rate of 10 per cent, together with the Standing Lending Facility (SLF) rate of 11.5 per cent and the Standing Deposit Facility (SDF) rate of 7.5 per cent, has resulted in commercial lending rates ranging from 14 to 17 per cent. Coupled with a persistently high interest rate spread, this significantly increases the cost of borrowing, discourages new investment, and weakens industrial competitiveness.

The current inflation profile also calls for a more balanced policy response. Although overall inflation has moderated, food inflation remains above 8 per cent, indicating that price pressures are largely driven by supply-side constraints, disruptions in agricultural supply chains, market inefficiencies, exchange rate movements, and structural bottlenecks rather than excessive domestic demand. Under these circumstances, monetary tightening alone is unlikely to bring inflation down significantly while imposing higher financing costs on productive sectors. The national Budget similarly recognises that supply-chain inefficiencies, market distortions, and structural challenges are major contributors to inflation.

BUILD further observes that the targeted broad money (M2) growth rate of 13 per cent remains relatively high and may limit the effectiveness of inflation-control efforts. At the same time, significantly faster growth in public sector credit than private sector credit raises concerns that productive private investment may continue to be crowded out, undermining the Budget's

objective of achieving private sector-led economic growth.

In view of these challenges, BUILD recommends that the Bangladesh Bank gradually recalibrate its monetary policy as inflation moderates. The policy should aim to progressively reduce the interest rate spread from the current 5.72 per cent to around 2.5 per cent, improve credit availability for Cottage, Micro, Small and Medium Enterprises (CMSMEs), exporters, and manufacturing industries, and ensure that financial resources are directed towards productive investment rather than non-productive uses. At least 20 per cent of total bank credit should be allocated to CMSMEs, compared with the current level of around 15 per cent.

BUILD welcomes the Government's recently announced refinance scheme of BDT 60,000 crore, including BDT 5,000 crore earmarked for CMSMEs at a maximum interest rate of 9 per cent. To maximise its effectiveness, the scheme should be implemented transparently, with priority given to cottage and micro enterprises that face the greatest financing constraints. Consideration may also be given to temporarily reducing the interest rate further to provide much-needed relief to existing entrepreneurs during the current economic slowdown.

Furthermore, the criteria for identifying "sick industries" eligible for support under the BDT 20,000-crore allocation should be clearly defined and publicly available to ensure transparency and accountability. Likewise, the Government's allocation of BDT 500 crore for the creative economy should be accompanied by a comprehensive policy framework clearly defining eligible sectors, beneficiaries, and implementation mechanisms.

A stronger alignment between fiscal and monetary policies is essential to restore investor confidence, stimulate private-sector investment, create employment, and put Bangladesh back on a sustainable path of inclusive economic growth. ■

ERD hosts workshop on Bonded Warehouse Policy and SME export competitiveness

The Economic Relations Division (ERD) convened a high-level national workshop at the NEC-II Conference Room on 6 August 2026, to deliberate on structural barriers and policy exclusions facing non-RMG small and medium-sized enterprises (SMEs). Held under the framework of ERD's Support to Sustainable Graduation Project (SSGP), the event reviewed a comprehensive empirical study titled "Institutionalised Exclusion: Bonded Warehouse Policy and Export Competitiveness in Bangladesh," independently



conducted and presented by the BUILD. Chaired by A.H.M. Jahangir, Additional Secretary and Project Director of SSGP at ERD, the workshop brought together senior government officials, policymakers, international trade experts, and prominent private-sector leaders to formulate actionable pathways for sustainable export diversification ahead of Bangladesh's upcoming graduation from Least Developed Country (LDC) status.

Opening the proceedings, A. H. M. Jahangir emphasised that while ERD traditionally initiates workshops upon direct requests from government line ministries, this engagement was unique because BUILD proactively conducted the underlying study and sought ERD's platform to advance critical policy discourse. He underlined that as Bangladesh prepares for LDC graduation, sustaining macroeconomic momentum requires urgent operational focus on expanding SME exports and achieving geographic and sectoral diversification.

The core findings of the study were presented by Dr Wasel Bin Shadat, Research Director at BUILD and Assistant Professor at the Institute of Business Administration (IBA), University of Dhaka. Dr Shadat outlined a profound structural paradox in the national economy: four decades of export-led growth have established Bangladesh as the world's second-largest apparel exporter, yet have left non-RMG SMEs—which comprise 90% of industrial units and contribute roughly 25% of gross domestic product—largely marginalised from international trade. With LDC graduation threatening preference-erosion losses of USD 8 billion to 17.5 billion annually, general competitiveness policies covering finance, skills, and technology remain insufficient without direct structural access.

The empirical investigation, conducted through a sequential explanatory mixed-methods study surveying 107 firms across six non-RMG sectors in five geographic clusters, alongside extensive qualitative interviews, revealed a severe policy-manufactured cost asymmetry. The current Bonded Warehouse (BW) regime imposes a 25% to 65% cost penalty on imported raw materials for non-RMG SMEs, converting domestically competitive enterprises into uncompetitive entities abroad. Survey data revealed an exceptionally low export participation rate of 13.1% among non-RMG firms, with 82.2% experiencing double non-aware-

ness of existing bonding facilities and relevant Statutory Regulatory Orders (SROs). Furthermore, statistical analysis confirmed no significant divergence in labour productivity between exporters and non-exporters, indicating that the export deficit is institutionally manufactured rather than capability-driven. Sectoral disparities were stark, exemplified by the Kumarkhali home textile cluster, which faced a 40% yarn-duty cost premium, compressing gross margins to a median of 1.2%.

To dismantle these structural bottlenecks, Dr Shadat proposed a comprehensive, three-pillar, 60-month reform roadmap. Pillar 1 focuses on legal and institutional streamlining, calling for a Partial Exporter Licence (PEL) for firms maintaining at least 25% export intensity, the removal of restrictive floor-area and capitalisation thresholds from the Bonded Warehouse Licensing Rules 2024, the rationalisation of raw-material import tariffs, and the end-to-end automation of duty drawbacks. Pillar 2 advocates for shared physical infrastructure through Common Facility Centres (CFCs) that house shared bonded warehouses, testing laboratories, and women's training units, with monthly stipends. Pillar 3 targets governance modernisation by integrating compliance tiering into the Customs Bond Management System (CBMS) and providing targeted SME credit guarantees.

Moderating the subsequent panel session, Abdul Baki, former Secretary and SSGP Adviser at ERD, commended the exhaustive research and reiterated that immediate interventions are vital to equip SMEs for international standards. Samim Ahmed, President of the Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA), called for strict implementation timelines and urged official recognition and reporting of deemed exports supplied to RMG industries. Hafijur Rahman, International Trade Expert and former Commerce Secretary, criticised existing entry barriers as unviable for small enterprises and pointed out that neighbouring competitors adopted flexible bonded frameworks decades ago. Representing the National Board of Revenue, Dr Alamin Pramanik acknowledged that the entry thresholds are stringent and stated that the NBR remains open to gradually relaxing conditions, provided formal proposals are submitted.

Ferdaus Ara Begum, CEO of BUILD, expressed appreciation to ERD Secretary Md Shahriar Kader Siddiky for convening the multi-ministerial dialogue and stressed that NBR must cultivate an enabling income-generating ecosystem before expecting tax compliance from small enterprises. Pointing to gaps in national policy frameworks, she advocated aligning industrial strategies with government manifesto commitments on rural cluster development, directing stimulus

funds to cluster infrastructure, and eliminating restrictive prior-approval clauses under SRO 384.

The open floor session featured substantive contributions from diverse institutional leaders. Billal Hosain, CEO of the Bangladesh Agro-Processing Association (BAPA), highlighted heavy customs burdens on imported packaging inputs. Mahmudul Hasan from the Bangladesh Trade and Tariff Commission questioned whether the negligible revenue collected from small commercial traders justifies the administrative suffering inflicted on small businesses. Kumkum Sultana, Director at the Export Promotion Bureau (EPB), noted that recent regulatory updates failed to simplify operational procedures for small enterprises. Additional interventions by representatives of BSCIC, the SME Foundation, BKMEA, the Bangladesh Furniture Exporter Association, and the Ministry of Fisheries and Livestock emphasised the need to reduce compliance costs, expand regional market integration, and establish dedicated intermediary support agencies.

In his concluding remarks, Chief Guest Md Shahriar Kader Siddiky, Secretary of ERD, acknowledged the heavy administrative complexities that local businesses endure and noted that widespread lack of awareness of active SROs represents a clear institutional implementation failure. Highlighting available government funds dedicated to industrial expansion, he identified the SME Foundation as a crucial coordinating hub and affirmed ERD's unwavering support through its living LDC Graduation Roadmap, which targets streamlined business approvals, reduced trade transaction costs, and enhanced inter-agency coordination. Abul Kasem Khan, Chairperson of BUILD, closed the workshop by emphasising that modernising SME competitiveness is essential to resolving national employment challenges and called for a radical policy shift, including the establishment of private bonded operators and central distribution networks, to secure Bangladesh's post-graduation economic resilience. ■

BUILD joins commerce ministry talk on Bangladesh leather roadmap (2026–2031)

A discussion session on the Bangladesh Leather, Leather Goods and Footwear Sector Roadmap (2026–2031), supported by UN Trade and Development (UNCTAD), was held at the Conference Room of the Ministry of Commerce on 9 August 2026. The meeting was presided over by Additional Secretary (FTA Wing) Aysha Akter.

The consultants engaged by the Ministry of Commerce presented the draft roadmap



and highlighted several thematic areas critical to the sector's development and competitiveness. These included improving raw material quality; strengthening the management and operations of the Savar Tannery Estate and its environmental and social governance; improving tannery-level compliance and working standards; technology upgrading; developing appropriate financing mechanisms; strengthening market access and competitiveness; and enhancing readiness for new markets through traceability, Digital Product Passport (DPP), ESG reporting and due diligence requirements. The presentation also covered regulatory and trade policy issues, customs, policy and institutional arrangements, and monitoring mechanisms.

The roadmap presented a detailed vision and targets for increasing exports of leather, leather goods, footwear and products made from artificial leather. It was noted that following Bangladesh's LDC graduation, the country is likely to face erosion of duty-free market access in several destinations, which could narrow existing market opportunities. Against this backdrop, the sector will need to develop new capabilities, acquire new skills and prepare for increasingly stringent compliance requirements. In particular, access to the EU market is expected to become more challenging with the implementation of requirements related to the Ecodesign for Sustainable Products Regulation (ESPR) and the Digital Product Passport (DPP).

Taking a cue from the discussion, the CEO of BUILD emphasised the need to establish effective digital traceability systems across the leather and footwear value chain. She noted that industry associations will play an important role in supporting their members, particularly SMEs, in building the necessary technical and institutional capacity for traceability and compliance. Regarding the EU Deforestation Regulation (EUDR), she requested that the latest developments and implementation requirements be communicated to the industry so that businesses can prepare in advance.

On the issue of centralised bonded warehouse facilities, the CEO noted that the Budget 2026–27 has announced provisions for a universal bonded warehouse system. At the same time, the Government has also announced Free Trade Zones as an alternative mechanism to centralised bonded warehouse

facilities. She further noted that four additional sectors have been brought under the supervised bonded warehouse facility.

She also pointed out that the provision for duty-free import of raw materials, subject to a 100% bank guarantee for partial exporters under SRO 384, has subsequently been amended by SRO 203, making the compliance requirements considerably more stringent, particularly for SMEs.

Regarding footwear made from artificial leather, the CEO noted that demand for such products is growing, while the draft roadmap provides relatively limited attention to this segment. She stressed the need for supportive policies and infrastructure, including the establishment of Common Facility Centres (CFCs), to enable manufacturers—particularly SMEs—to access shared technologies, testing facilities, and other services necessary to produce high-quality, competitive products.

She also highlighted the potential of non-LWG markets, given that Bangladesh's leather industry is taking considerable time to achieve Leather Working Group (LWG) certification. Exploring alternative markets and strengthening compliance with their respective standards could therefore provide additional opportunities for export diversification.

The CEO of BUILD appreciated the Ministry of Commerce for taking the initiative to develop a roadmap for such an important export-oriented sector. She, however, emphasised that the roadmap should incorporate more forward-looking and advanced measures to address the challenges arising from LDC graduation, strengthen compliance and sustainability readiness, diversify markets, and accelerate export growth in the coming years. ■



BUILD joins ERD's high-level validation workshop on alternatives to cash incentives

On 28 July 2026, the Economic Relations Division (ERD) of the Ministry of Finance and the Policy Research Institute of

Bangladesh (PRI) jointly organised a high-level validation workshop on the final report of the study titled "Exploring Alternatives to Cash Incentive". Chaired by ERD Secretary Md Shahriar Kader Siddiky, the workshop featured Finance Division Secretary Dr Md Khairuzzaman Mazumder as the Chief Guest, with the final report presented by PRI Chairman Dr Zaidi Sattar and attended by PRI Vice Chairman Dr Sadiq Ahmed.

BUILD CEO Ferdaus Ara Begum participated in the event as a distinguished panellist, delivering an extensive critique and comprehensive policy analysis of the study's findings. Commending the inclusion of the 8th Pillar on Environmental Management and Circularity in the final publication following earlier discussions on 14 May 2026, the BUILD CEO noted that the study provides empirical evidence confirming export cash incentives have failed to deliver broad-based export growth, diversification beyond ready-made garments (RMG), or durable export competitiveness due to a fundamental mismatch between the support instrument and the economic structure.

She emphasised that post-shipment cash payments cannot compensate for deep-rooted constraints such as anti-export bias, unequal access to duty-neutral imported inputs, weak logistics, limited certification capacity, and shallow integration into global networks, arguing that state resources should instead be redirected towards WTO-compliant trade facilitation, rigorous customs automation, and environmental compliance to ensure sustainable commercial resilience.

While validating the report's conclusion that RMG success stems from bonded warehouses, back-to-back letters of credit, buyer networks, and scale rather than cash incentives, she highlighted that environmental standards and circularity are rapidly gaining importance under the EU Green Deal, ESPR, and Digital Product Passports (DPP). She concurred that reducing trade costs, automating customs, improving port efficiency, ensuring duty-neutral access to inputs, and developing skills serve as far more powerful WTO-compliant alternatives.

Addressing WTO compatibility, she pointed out that while tariff rationalisation must respect GATT Article II bound rates to reduce anti-export bias, the Budget 2026–27 fell short by imposing Regulatory Duties (RD), Advance Income Tax (AIT), and Advance Tax (AT)—which function as Ordinary Customs Duties (ODC) under GATT Article II(b)—alongside Supplementary Duties (SD) that push total tariffs above bound rates on several non-agricultural items.

She urged that these anomalies be rectified over the next two budgets. Furthermore, she stressed that trade facilitation commitments under the WTO

Trade Facilitation Agreement (TFA)—such as Advance Ruling (TFA Art. 3) and Transparency (TFA Art. 1, GATT Art. X)—require far greater enforcement visibility.

Highlighting recent policy shifts following LDC graduation extensions, she noted that a new cash incentive circular granted RMG a 5% rate, along with specialised provisions. Referring to the study's calculation that total subsidies in 2025–26 reached BDT 78.25 billion (with ~80% or BDT 62.74 billion allocated to RMG), she suggested further interpretation is required when juxtaposed against BGMEA's data showing the sector contributes BDT 16,600 crore in various taxes, making a 5% incentive on USD 38 billion in exports significantly higher in scale than the reported subsidy figure. She also endorsed the study's focus on preventing prohibited over-rebates exceeding actual input use.

To enforce critical compliance conditions—such as verifying input-output linkages, preventing excess benefits, and stopping duty-free leakage into domestic markets—she recommended adopting proven international frameworks:

- **Input-Output Linkage Verification:** Emulating India's Standard Input-Output Norms (SION) under Advance Authorisation with ICEGATE and GST verification, Vietnam's VNACCESS/VCIS Electronic Customs system, or China's Detailed Bill of Materials (BOM).
- **No-Excess Benefit Enforcement:** Adopting strict reconciliation mechanisms practised by India, Vietnam, and China, where excess exemptions or unaccounted inputs attract mandatory customs duties, VAT, interest, and severe penalties.
- **Leakage Prevention:** Enforcing strict pre-approval, electronic auditing, and duty payment rules similar to India's GST integration, Vietnam's declaration mandates, and China's rigid processing trade controls.

BUILD CEO supported reallocating subsidies to a Trade Development Fund (TDF), R&D, green technology, and the circular economy, warning against import-substitution subsidies, which are prohibited under SCM Article 3.1(b).

Concluding her remarks, she emphasised that while Bangladesh lags behind peer economies in trade facilitation—scoring lowest in border formalities and cross-border paperless trade (33.33%) and requiring urgent improvements in cooperation between internal and external agencies under OECD metrics—end-to-end customs automation and single-window systems remain imperative for post-graduation economic resilience. ■



BUILD and The Asia Foundation advance policy agenda for tannery solid waste management

The Asia Foundation convened a Coordination and Planning Meeting under the project “Waste into Resources: Tannery Solid Waste (TSW) Byproducts Entrepreneurship Model” at Ascott The Residence Dhaka on 4 August 2026, bringing together representatives from The Asia Foundation, BUILD, Practical Action Bangladesh, and SME Foundation. The meeting focused on translating research findings into practical policy measures, strengthening institutional coordination, and advancing targeted interventions for the TSW sector.

BUILD presented its progress and highlighted key policy and institutional gaps identified through its research. A major concern was the absence of a systematic mechanism for recording and tracking tannery-wise solid waste generation, which limits evidence-based planning, monitoring, investment, and effective resource recovery.

Based on these findings, BUILD proposed several priorities for the next phase, including a standardised TSW data collection and tracking system, mandatory registration of TSW vendors and collectors, waste segregation at source, and national guidelines for TSW collection, transportation, storage, and processing. BUILD also highlighted the potential for exploring non-LWG export market opportunities to support export diversification and strengthen the competitiveness of Bangladesh's leather sector.

The Asia Foundation emphasised the importance of stronger high-level policy engagement, ministry-level coordination, and targeted pilot interventions in the next phase. The Foundation also requested a rapid technology assessment to inform future pilot design, including improvements to existing traditional technologies, locally appropriate technological solutions, and, where necessary, suitable imported technologies.

The meeting agreed to further advance the policy recommendations through stakeholder engagement. BUILD will organise a Policy Dialogue in mid-September 2026, while The Asia Foundation will facilitate a Strategy Workshop in the first

week of September to define next-phase priorities and further discuss the pilot beneficiary selection framework.

The meeting marked an important step in strengthening collaboration between BUILD and The Asia Foundation to transform TSW from an environmental challenge into an opportunity for resource recovery, entrepreneurship, investment, employment generation, and circular industrial development in Bangladesh's leather sector. ■



10th leather task force meeting reviews Savar CETP and compliance progress

The 10th meeting of the Task Force for Providing Recommendations and Formulating Action Plans for the Development of the Leather Industry was held on 13 July 2026 at the Conference Centre of the Ministry of Industries. The meeting was chaired by Khandaker Abdul Muktar, Honourable Minister, Ministry of Industries, and brought together representatives from relevant government agencies, industry associations, and private sector stakeholders. BUILD CEO Ferdaus Ara Begum participated in the meeting on BUILD's behalf.

The meeting primarily focused on the ongoing efforts to upgrade and rectify the Savar Tannery Industrial Estate, with particular emphasis on improving the performance of the Central Effluent Treatment Plant (CETP). Participants reviewed the estate's current operational status, discussed existing technical and environmental challenges, and explored measures needed to ensure full compliance with national environmental standards.

During the discussion, the Honourable Minister emphasised that achieving environmental compliance is essential for the long-term sustainability and international competitiveness of Bangladesh's leather industry. He stated that only compliant tanneries will be able to operate sustainably and maintain access to export markets, where environmental and sustainability requirements are becoming increasingly stringent.

The Minister further noted that the Government is committed to supporting the modernisation of the leather sector, but cannot shoulder the responsibility alone. He stressed that tannery owners must take the initiative to invest in upgrading their facilities and adopting cleaner production practices. To encourage such investments, the Government will provide financial support and facilitate access to financing for industries willing to achieve environmental compliance. He underscored that the development of the leather sector requires a shared commitment between the Government and the private sector.

The Task Force was informed that Italprogetti, an EU-based engineering and environmental consultancy firm engaged to assess the Savar Tannery Industrial Estate, is expected to submit its comprehensive technical assessment report by the end of July 2026. The report is expected to identify operational deficiencies in the CETP and recommend technical and engineering solutions to improve the estate's environmental performance.

Recognising the need for reliable environmental data, the meeting also decided to form a technical committee to identify and verify the Biological Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) levels of the CETP. The committee will assess the existing treatment performance and generate evidence to support future technical interventions, monitoring, and regulatory compliance.

The meeting concluded with a shared commitment to accelerating the implementation of corrective measures at the Savar Tannery Industrial Estate. Participants emphasised that timely technical assessments, strengthened environmental monitoring, public-private collaboration, and targeted investments will be essential to transforming the estate into a fully compliant and internationally competitive leather manufacturing hub. ■

BKMEA and BUILD discuss export traceability, digital product passports and data ecosystems

On 27 August 2026, a strategic consultation meeting was held between the leadership of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and a delegation from BUILD to deliberate on national and export traceability, Digital Product Passports (DPP), and data ecosystem frameworks. The meeting was attended by BKMEA Executive President Fazlee Shamim Ehsan and Compliance Joint Secretary Farzana Sharmin, alongside BUILD Research Director Dr Wasel Bin Shadat, Consultant Shaquib Quoreshi, Additional Research



Director Md Tahmid Zami, and Additional Communication and Advocacy Director Md Mehedi Hasan.

The discussions centered on preparing Bangladesh's ready-made garment and knitwear sector for the European Union's Ecodesign for Sustainable Products Regulation (ESPR) and the upcoming Digital Product Passport (DPP) mandates. Participants made a vital distinction between domestic traceability—aimed at national regulatory oversight, consumer protection, and product safety—and national export traceability, which directly targets compliance with EU market entry and buyer requirements. It was agreed that while domestic traceability is important, immediate priorities must focus on a National Export Traceability Strategy due to urgent export compliance pressures.

A core position articulated by BKMEA leadership was that Bangladesh should establish a nationally coordinated traceability framework, common standards, and a government-linked data repository without creating a government-operated monopoly platform or forcing all factories to use a single provider. Instead, BKMEA advocated for an open, interoperable, multi-provider ecosystem in which factories retain the freedom to select their own DPP, QR code, and traceability service providers, provided they comply with agreed-upon technical and interoperability standards. The government's role would remain that of a regulator, standard-setter, and custodian of a lightweight national data layer, utilising automated Application Programming Interfaces (APIs) for regulatory data exchange.

The consultation also explored how to connect DPP and traceability data to existing export authorisation processes, such as Utilisation Declarations (UDs) managed by sector associations like BKMEA and BGMEA. Furthermore, participants addressed the heavy compliance cost implications for small and medium enterprises (SMEs), emphasising the need for practical, lot-wise product coding to avoid disproportionately burdening smaller exporters.

Regarding circularity and recycling, stakeholders stressed that responsibilities must be shared equitably among brands, designers, and manufacturers. Participants strongly cautioned against Bangladesh becoming a destination for foreign textile

waste under the guise of circularity, urging national policies to prioritise local pre- and post-consumer textile recycling. The meeting concluded with a mutual commitment to advance a market-based, multi-provider traceability model and amplify the supplier voice in international forums regarding ESPR and DPP implementation. ■



Stakeholders identify key challenges and solutions for Bangladesh's SME sector

Stakeholders from government agencies, financial institutions, business organisations, and SME-support institutions have identified access to finance, regulatory bottlenecks, weak business capacity, technology gaps, and limited market access as major challenges facing Bangladesh's SME sector.

These critical issues were examined at a meeting held on 20 August 2026, titled "Identifying the Problems, Prospects, and Solutions of SMEs," which was chaired by A.H.M. Jahangir, Additional Secretary of the Economic Relations Division (ERD). The meeting took place ahead of Bangladesh's scheduled LDC graduation, with the government having applied for a three-year extension.

The Chair stated that the meeting aimed to pinpoint specific, high-impact problems that can realistically be addressed to strengthen SMEs' contribution to the economy, noting that final recommendations will eventually be submitted to the National Committee.

International Trade Expert Nesar Ahmed highlighted the essential role of SMEs in employment generation, industrialisation, export diversification, and global value chains, while drawing attention to persistent challenges related to export facilities, bonded warehouses, raw material costs, finance, technology, certifications, and market access.

BUILD Research Director Dr Wasel Bin Shadat emphasised the necessity for enhanced competitiveness, greater awareness of SRO 384, improved digital services, cluster-specific studies, and

structured SME formalisation. He also proposed targeted pilot initiatives, including a Common Facility Centre for the Bhairab footwear cluster, alongside the establishment of a comprehensive SME database.

Participants strongly advocated for enhanced support for youth and women entrepreneurs, specialised skill-based training, smoother access to finance, and simplified business start-up procedures. Bangladesh Bank underscored the need for export diversification beyond the RMG sector, the identification of priority sectors, and targeted SME financing, while proposing an SME registration system modelled after India's Udyog registration framework.

SME Foundation General Manager Mohammad Jahangir Hossain highlighted ongoing efforts to build an SME database and reported that 177 SME clusters have been identified, with 40 out of 141 policy and budget proposals submitted to the National Board of Revenue (NBR) successfully accepted. Representatives from PKSF and FBCCI called for financial management training, cluster-based Common Facility Centres, one-stop services, greater private-sector participation, and a clearer overarching SME promotion strategy. FBCCI additionally raised concerns about high interest rates, electricity and gas shortages, and bureaucratic overlap among multiple government agencies in SME-related matters.

Financial-sector representatives stressed that access to credit must be paired with financial literacy, sound record-keeping, cash-flow management, and comprehensive business development support. IDCOL Managing Director S.M. Monirul Islam announced that approximately BDT 2,000 crore would be distributed through PKSF, the SME Foundation, IDCOL, and DIF, with a primary emphasis on youth, women, and startups. The Chair concluded the session by stating that the ERD team would prepare and finalise a consolidated list of recommendations at a subsequent meeting before submitting them to the National Committee for formal consideration. ■

BUILD participates in 5th Bangladesh-China renewable energy forum

On 20 August 2026, the 5th Bangladesh-China Renewable Energy Forum brought together policymakers, industry leaders, and researchers to discuss how rooftop solar can help Bangladesh overcome its ongoing energy crisis, particularly in the Ready-Made Garment (RMG) sector. The RMG industry, which generates 85% of the country's export earnings, is struggling to operate at even 30%-40% of capacity due to an unreliable



electricity supply. Despite strong buyer pressure to adopt green energy, only a small fraction, around 3%, of factory electricity currently comes from renewable sources.

A study presented by CPD at the forum used Google's global satellite imagery combined with machine learning (XGBoost) to assess 3,320 garment factories. The analysis revealed that nearly 9 million square meters of rooftop space could host solar panels, unlocking a technical potential of 1,700 MW. This scale of adoption would require about USD 1.19 billion in investment. Large factories are already close to being "investment-ready," but small and medium enterprises (SMEs) will need concessional loans, blended finance structures, and streamlined policies to make projects viable.

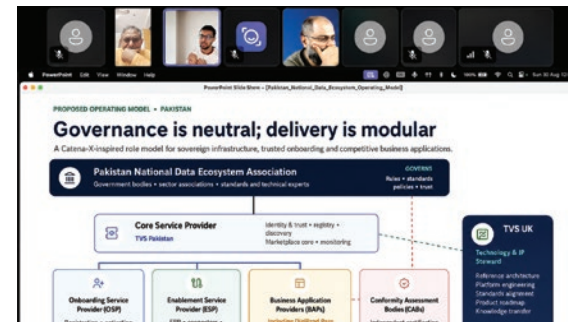
The discussion highlighted several challenges. Financing remains the biggest barrier, as commercial loans at 10-12% interest make projects unfeasible. Concessional financing, such as IDCOL's 5.75% rate, is critical to bridge this gap. Capital expenditure emerged as the most sensitive driver of investment viability, followed by interest rates and grid reliability. Institutional delays, particularly in approvals from SREDA and complex net-metering processes, further slowed down project commissioning. Structural weaknesses in older factories and high import duties on solar equipment also add costs and delays.

Hamim Group's 29 MW solar portfolio, featuring a 4.4 MW flagship project at Kaliakair, now covers 15.6% of its electricity demand, with the Kaliakair plant running entirely on solar between 10 AM and 3 PM. This success was driven by IDCOL concessional loans, phased project execution to minimise risk, and robust contractual safeguards, including performance guarantees and long-term panel warranties.

The forum concluded with strategic recommendations. Stakeholders emphasised the need for blended finance windows that combine concessional debt with Chinese green investment and foreign direct investment to extend loan tenors and reduce interest rates. BGMEA and BKMEA were urged to establish a bilateral facilitation desk to connect member factories with Chinese EPC firms and clean energy investors. At the same time, BKMEA could help aggregate smaller factories into larger portfolios to attract international

capital. Finally, regulatory streamlining, fast-tracking approvals, simplifying net metering, and harmonising building and fire codes were identified as essential for accelerating adoption.

Overall, the forum underscored that rooftop solar is not just an energy solution but a competitiveness strategy for Bangladesh's RMG sector. Unlocking this potential will require coordinated action across finance, regulation, and industry collaboration. BUILD's Additional Research Director Pallab Bhattacharjya joined the event. ■



National traceability and federated data ecosystems

On 30 August 2026, Digital Architect, Technovative Solutions Limited, DigiProd Pass Ltd., and BUILD discussed a national traceability strategy for Bangladesh's textile and apparel sector. They proposed a federated data-exchange ecosystem to manage digital product passports (DPPs), compliance, and supply chain verification. Key proposals included:

- **Unified Supplier Integration:** To reduce the burden of navigating fragmented brand platforms, stakeholders proposed a unified national ecosystem enabling suppliers to integrate once while retaining the freedom to choose approved technology vendors.
- **Technical Standards and Anti-Fraud Measures:** The framework will utilise GS1 for product identifiers, the UN Transparency Protocol (UNTP) for interoperability, and W3C-based decentralised identifiers. To prevent fraud, testing certificates will link digitally to specific material lots rather than reusable documents.
- **Data Architecture and Sovereignty:** Due to environmental concerns, blockchain was bypassed in favour of W3C standards. To ensure data sovereignty and prevent vendor lock-in, the group recommended domestic hosting and technical connectors to enforce strict data access limits. ■

REFORMS

Exclusion of “Trust” from the Definition of “Company”

Under Section 2(31) of the Income Tax Act 2023, “Trust” was listed among the entities constituting a “Company” for tax purposes. This classification exposed trusts, including charitable, religious, and family trusts with no commercial activity, to corporate tax treatment, corporate compliance obligations, and rates designed for profit-driven enterprises, creating a mismatch between a trust’s legal character and its tax treatment.

BUILD’s Advocacy through its Budget Proposal for FY2025-26, BUILD recommended that “Trust” be dropped from the list of entities under the definition of “Company,” arguing that trusts are fundamentally fiduciary and charitable structures rather than commercial entities, and should not be taxed as companies by default.

The Government accepted this vital recommendation. Finance Act 2026, Section 23(Ja), formally excludes “Trust” from the definition of “Company” under Section 2(31) of the Income Tax Act 2023. This important reform corrects a structural tax-classification anomaly, effectively relieves trusts of company-level compliance and tax burdens, and reflects BUILD’s continued role in translating private-sector input into precise, implementable legislative change. ●

Automated tax refund deducted at source

Under the Income Tax Act 2023, taxpayers whose tax deducted at source (TDS) exceeded their final assessed tax liability had no separate, explicit refund provision covering all sources of withholding. Excess TDS often remained tied up in a slow, manual assessment process, straining entrepreneurs’ working capital and business cash flow. In its Budget Proposal for FY2025-26, BUILD’s advocacy recommended that the Income Tax Act include a separate, explicit provision establishing a refund mechanism for TDS collected from all withholding sources, rather than leaving refunds to the general assessment procedure.

The Government accepted this recommendation. Finance Act 2026, Section 126, and the Budget Speech (paragraph 291) confirm that where TDS exceeds finally assessed tax liability, the excess will be refunded to the taxpayer’s bank account within 120 days of final tax settlement, under Section 215 of the Income Tax Act 2023. The process will be automated and faceless, requiring no visit to tax offices.

This reform converts a previously discretionary, manual refund process into a time-bound legal entitlement, preventing working capital from remaining locked up in excess TDS, improving business cash flow, and reflecting BUILD’s role in shaping precise, implementable tax-administration reform. ●

Minimum tax abolition in income tax

In the Income Tax Act 2023, tax deducted at source (TDS) under as many as 41 separate sections was treated as minimum tax or as final discharge of tax liability, regardless of the taxpayer’s actual profitability. This meant a business incurring a loss or earning a thin margin could still owe tax based purely on gross receipts or withholding, with no right to adjust or reclaim the excess once the source deduction exceeded genuine tax liability.

In its Budget Proposal for FY2025-26, BUILD recommended that the scope of minimum tax be reduced and eventually abolished in phases, and that the categories of income subject to TDS be comprehensively reviewed and rationalised, rather than continuing to treat withholding as an automatic final tax across the board.

The Government accepted this recommendation. Finance Act 2026, Section 91, makes TDS adjustable against final tax liability across virtually all withholding categories, narrowing the minimum-tax/final-discharge treatment to just two exceptions: Section 138 (commercial transport) and Section 139 (commercial water vessels), a reduction from 41 sections previously treated as minimum tax or final discharge.

This reform is one of the most significant structural improvements secured through BUILD’s advocacy, replacing a broad, profit-blind minimum-tax regime with a system in which withholding serves as a genuine advance payment, adjustable against actual tax liability. It relieves cash-flow pressure on businesses with thin margins or temporary losses, aligns taxation more closely with the principle of ability to pay, and reflects a phased, evidence-based move towards the eventual abolition that BUILD originally proposed. ●

Separation of tax policy and tax management at NBR

The National Board of Revenue (NBR) traditionally combined two distinct functions under one roof: formulating tax policy and administering tax collection. This dual mandate created conflicts of interest, blurred accountability, and limited

the specialisation needed for either function to operate efficiently, contributing to weak revenue mobilisation. In its Budget Proposal for FY2024-25, BUILD recommended that the tax collection and tax policy wings of NBR be separated into distinct institutional structures, arguing that separating policy formulation from revenue administration would improve transparency, accountability, and the dynamism of revenue collection.

The Government accepted this recommendation. The Revenue Policy and Revenue Management Ordinance, 2025 (Bangladesh Gazette, Ordinance No. XXIV of 2025) was promulgated on 12 May 2025, dissolving NBR and replacing it with two separate bodies under the Finance Ministry: the Revenue Policy Division, responsible for tax policy formulation, research, and international agreements, and the Revenue Management Division, responsible for field-level revenue collection and administration. This major reform represents one of the most far-reaching institutional changes in Bangladesh’s fiscal governance in decades, directly reflecting BUILD’s long-standing recommendation to end the structural conflict between policy-making and collection functions within a single authority. By clearly separating these roles, the reform is expected to strengthen policy consistency, sharpen administrative accountability for revenue targets, and create space for more evidence-based tax policy formulation, informed by research rather than short-term collection pressures. ●

Expansion of the Specialised Bonded Warehouse facility to new export sectors

The Specialised Bonded Warehouse (SBWH) facility, which allows duty-free import of raw materials against a bonded arrangement for export production, had historically been available primarily to the readymade garment (RMG) sector. Other potential export-oriented industries with comparable duty-free input requirements remained excluded from this facility, limiting their ability to compete on cost with RMG exporters and constraining export diversification beyond the garment sector.

BUILD recommended that the potential export sector should enjoy the same Specialised Bonded Warehouse facility available to RMG, arguing that extending this benefit to other export-oriented industries with genuine international demand would support export diversification, reduce production costs, and strengthen Bangladesh’s competitiveness beyond its traditional garment base.

The Government accepted this

recommendation. Under S.R.O. 208/2026/63/Customs, four new sectors leather, footwear, terry towel, and home textile—have been brought under the Specialised Bonded Warehouse facility, extending the scope of specialised bonding beyond RMG for the first time to these potential export sectors.

This reform directly advances export diversification by giving leather, footwear, terry towel, and home textile manufacturers the same duty-free access to inputs previously reserved for RMG exporters, thereby improving their cost competitiveness in international markets. It reflects BUILD's continued advocacy for a level playing field across export sectors, rather than a policy framework structured around a single industry. It lays the groundwork for further sectoral expansion of the Specialised Bonded Warehouse facility as additional potential export sectors demonstrate readiness. ■

SCOPES

Analysis of Bangladesh's National AI Policy 2026–2030

On 11 August 2026, BUILD presented its analysis of Bangladesh's National AI Policy 2026–2030 to the Bangladesh Hi-Tech Park Authority (BHTPA), providing a private-sector perspective on the proposed policy during the 5th 4IR&ICT Working Committee Meeting. Following the presentation, BUILD received valuable comments and observations from stakeholders.

BUILD is currently reviewing and incorporating the relevant comments and recommendations from the meeting and refining the existing analysis accordingly. The updated analysis will identify key policy gaps, clarify priority issues, and strengthen recommendations from the private-sector perspective. The refined analysis will then be presented to the ICT Ministry and the Committee assigned for Bangladesh's National AI Policy 2026–2030, with BUILD's analysis and recommendations shared as stakeholder input to the ongoing policy process. The objective is to contribute constructive private-sector perspectives and support the development of a practical, inclusive, and implementation-oriented national policy. ●

Study on whole jute plant-based pulp and paper industries in Bangladesh

BUILD aims to conduct a study to comprehensively evaluate the domestic paper and paper products market, examining capacity utilisation, structural challenges in public and private paper

mills, raw material constraints, and the balance between local demand and import dependencies. At the same time, the study will analyse global market trends, shifts in demand, and emerging opportunities for green, eco-friendly packaging and paper alternatives as international markets increasingly move away from traditional wood and bamboo fibres.

A core focus of the study involves assessing the technical and operational feasibility of Whole Jute Plant (WJP) pulping. This includes evaluating optimised chemical and mechanical pulping techniques utilising green jute and kenaf; examining the integration of eco-friendly biotechnological measures, such as enzyme and oxygen bleaching, to reduce energy and chemical costs; and investigating supply-chain logistics, including field-level procurement, local crushing machinery models, storage, and chipping. Furthermore, the study will conduct a detailed financial viability analysis comparing WJP-based production against traditional raw materials while exploring locational efficiencies near jute-growing areas.

The research will also review existing legal instruments to identify policy gaps and formulate recommendations for a dedicated Jute-Based Pulp and Paper Policy. Key areas of policy inquiry will cover fiscal incentives, duty-free chemical imports under bonded warehouse facilities, export cash incentives, and specialised financing mechanisms.

Finally, the study will benchmark Bangladesh's jute sector against regional competitors, such as India, to outline strategic pathways for export diversification, high-value-added production, and preparedness for post-LDC graduation. ■

ARTICLES

শিক্ষা খাতে মেয়েদের সফলতা : সমাজের জন্য কী ধরনের বার্তা • *The Daily Ittefaq* ■
cutt.ly/buildconnect264-01

ট্যানারিকে পরিবেশবান্ধব শিল্পে রূপান্তরের উদ্যোগ নিতে হবে • *Bonik Barta* ■
cutt.ly/buildconnect264-02

A strategic exit policy for resolving non-performing loans • *The Daily Star* ■
cutt.ly/buildconnect264-03

Budget FY27's deregulation push needs legal muscle • *The Business Standard* ■
cutt.ly/buildconnect264-04

বৈশ্বিক অভিজ্ঞতার আলোকে মেট্রোরেলের বিশেষ সুবিধা ও সার্বিক শৃঙ্খলা • *Bonik Barta* ■
cutt.ly/buildconnect264-05

Invest Bangladesh needs to measure what matters—investment realised • *The Business Standard* ■
cutt.ly/buildconnect264-06



Government explores extending bonded warehouse facility to 14 new sectors

The government is consulting on extending the bonded warehouse (BWH) facility—currently exclusive to the RMG sector—to 14 high-potential industries, including pharmaceuticals, light engineering, automobiles, and electric vehicles. Following a directive from the Prime Minister's Office, the Ministry of Industries (MoI) recently convened stakeholders to assess the expansion's operational and fiscal impacts. Key takeaways included:

- **Policy Updates:** The Bond Commissionerate reported progress on BWH reforms but noted challenges in ceramics due to shared HS codes for raw materials and finished goods.
- **Automobiles:** Manufacturers recommended designating entire production lines as BWH areas to manage thousands of components.
- **Batteries:** Lithium-ion producers stated full automation would help them leverage duty-free facilities in the Mirershorai Economic Zone.
- **BSCIC Estates:** Representatives proposed a common BWH policy to ease access within their industrial estates.

This broader initiative aims to lower input costs and boost the competitiveness of import-dependent manufacturers. However, as BUILD's Senior Research Associate Md Nooruzzaman pointed out, complex procedures currently prevent practical use, despite theoretical eligibility across all sectors. He urged the National Board of Revenue (NBR) to issue clear, specialised BWH guidelines to bridge this gap, with further consultations expected before any formal policy announcements are made. ■

BUILD joins UNDP's multi-stakeholder dialogue on women-led businesses

UNDP's Transformative Economic Policy Programme (TEPP) hosted a dialogue on strengthening women-led businesses for trade competitiveness, attended by BUILD



representatives Kanis Fatama and Jannatul Romana Hashi. Participants highlighted that while women-led e-commerce and online businesses are growing, barriers such as informality, limited financing, and regulatory hurdles persist. Mahin Sultan (BIGD) urged recognising these firms as key growth drivers rather than marginal micro-enterprises, citing finance and digital inclusion as critical constraints. Farzana Yasmin (SME Foundation) echoed these concerns, stressing the need to closely monitor enterprises receiving refinancing support.

Representing BUILD, Kanis Fatama outlined the organisation's key advocacy achievements and proposals:

- **Regulatory Simplification:** Successfully advocating for a unified definition of women-owned businesses (adopted in the Industrial Policy 2022 and by Bangladesh Bank) and an approved five-year trade licence renewal period.
- **Public Procurement:** Highlighting the policy reserving 20% of public procurement budgets for women and marginalised groups, whilst noting that women currently comprise only 4% of registered e-GP suppliers.
- **Financial Access:** Recommending that banks accept Digital Business Identification (DBID) instead of trade licences for e-commerce and F-commerce loans.
- **Capacity Building:** Conducting

nationwide workshops to educate women entrepreneurs on business registration, trade procedures, and government services.

The dialogue concluded that empowering women entrepreneurs requires an integrated ecosystem featuring simplified formalisation, targeted financing, digitalisation, and greater female representation in trade policy. Fatama affirmed BUILD's resolute commitment to supporting UNDP's future initiatives in this space. ■



JETRO and BUILD discuss Bangladesh logistics and economic cooperation

On 28 July 2026, a JETRO Dhaka delegation, led by Kazuiki Kataoka and Ando Yuji, met BUILD CEO Ferdaus Ara Begum to discuss logistics, investment, and bilateral cooperation.

Kataoka outlined JETRO's upcoming logistics survey of key trade gateways like Chattogram, Mongla, and Hazrat Shahjalal International Airport. Although Dhaka's growing consumer base attracts Japanese firms like Mitsubishi and Mitsui, he warned that logistical bottlenecks and complex customs remain major investment barriers.

In response, Begum highlighted BUILD's policy successes, noting the implementation of 471 proposed reforms. To boost regional competitiveness, she reiterated BUILD's advocacy for a dedicated National Logistics Development Authority under the Prime Minister's Office to streamline coordination.

Building on the historic BIG-B initiative, Ando Yuji proposed four pillars to strengthen bilateral ties: advancing energy security via LNG and Matarbari port; driving economic growth through an EPA and the consumer market; bolstering economic security with tech, AI, and infrastructure investments; and enhancing regional connectivity with North-East India and West Bengal. Both parties committed to deepening research collaboration, improving regulatory transparency, and enhancing regional supply chain integration. ■



■ The 16th meeting of the "Water Governance and Sustainability Work-Stream (WGS WS)" was held on 14 July 2026 in the Conference Room of the Ministry of Water Resources, Bangladesh Secretariat, Dhaka. Dr A. K. M. Shahabuddin, Secretary, Ministry of Water Resources, presided over the meeting. The CEO of BUILD, as a member of the Committee, attended the meeting and spoke on behalf of the private sector regarding water governance issues.

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