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Bangladesh Foreign Policy Watch

CGS Centre for Governance Studies



A Bi-Weekly Roundup of Key Events

February 26

Bangladesh-US Meeting: Observations on RAB Sanctions Withdrawal Discussed

Foreign Minister Hasan Mahmud disclosed that during a meeting in Dhaka with a US delegation from Washington, the United States outlined five observations for withdrawing sanctions on the Rapid Action Battalion (RAB). Eileen Laubacher, leading the delegation, emphasized shared priorities and bilateral cooperation. Discussions centered on mutual interests, economic development, security, refugees, climate, labor, and trade. The meeting marked an effort to strengthen ties between the two countries, reflecting shared goals in a changing geopolitical landscape.

February 27

Bangladesh Aims to Send 60 Lakh Workers Abroad in Next Five Years

Expatriates' Welfare and Overseas Employment State Minister Shofiqur Rahman Choudhury announced plans to send 60 lakh workers overseas over the next five years. Responding to queries in parliament, he outlined measures to increase manpower exports, including signing agreements with 17 countries. Bangladesh's acknowledgment to send skilled workers to Japan marks a significant milestone. Choudhury highlighted the country's wide reach, with workers dispatched to 176 nations. Despite rising local product prices, he assured that public purchasing power is increasing, emphasizing the government's commitment to ensuring affordability of daily necessities through continuous efforts.

February 28

Climate Change Threatens Bangladesh's Apparel Exports, Suggest A New Study

A new study warns that Bangladesh risks losing \$27 billion in annual apparel exports by 2030 without climate-adaptive measures due to rising heat and floods.

Commissioned by Cornell University and Schroders, the research projects 2.5 lakh job losses in the sector. Dhaka and Chattogram are highlighted among vulnerable production hubs. Workers face productivity losses from extreme weather, urging immediate actions including paid leave for climate-related illnesses. Jason Judd of Cornell's Global Labor Institute stresses investor engagement and establishment of social protections. The study urges global and national partnerships to address climate impacts on the apparel sector and integrate adaptation into trade policies.

Bangladesh Bank Eases Regulations for Offshore Banking

The Bangladesh Bank has relaxed conditions for maintaining offshore banking units' cash reserve ratio (CRR) to facilitate foreign trade. Banks now will not be required to maintain any CRR with the Bangladesh Bank for offshore banking operations. They can also transfer unlimited funds from the offshore banking units to the domestic banking units. The central bank's decision will increase the scope of banks' trade finance and bring more foreign dollars into the country's economy. The cabinet approved the draft of the Offshore Banking Act 2024, which exempts tax on interest earned by depositors and lenders of offshore banking units. The act also specifies offshore banking operations' eligibility, licensing, and supervision.

February 29

New York Supreme Court Allows Bangladesh Bank Case to Proceed

Rizal Commercial Banking Corp (RCBC) in the Philippines is strategizing its response after the New York Supreme Court permitted the Bangladesh Bank's case over the \$81 million cyber heist in 2016 to move forward. The court dismissed certain causes of action against RCBC defendants while allowing others, including the return of received funds, to proceed. The Bangladesh Bank seeks to recover funds lost to North Korean hackers, some of which were allegedly transacted through RCBC. RCBC, despite earlier dismissal motions, remains committed to vigorous defense in the ongoing legal battle.

Bangladesh deteriorates by 14 notches in Global Terrorism Index

According to the Global Terrorism Index (GTI) 2024, Bangladesh reports a low impact of terrorism, scoring 3.317, ranking 32nd among 163 nations. The 2023 report revealed a lower terrorism impact compared to India, Pakistan, and the South Asian regional average. However, Bangladesh moved up 14 places on the 2024 index, signifying a worsening situation. Pakistan, Afghanistan, and India remain significantly impacted, while Bhutan recorded a GTI score of zero, indicating no terrorist attacks in the past five years. The GTI utilizes various factors to assess terrorism trends globally, offering comprehensive insights into the phenomenon.

March 1

Bangladesh Granted Three-Year Extension of Duty-Free Market Access After Graduation



Bangladesh secured a three-year extension of duty-free market access after its graduation from the least-developed country (LDC) category in 2026. The decision, endorsed by 166 members of the World Trade Organization (WTO) at the Ministerial Conference in Abu Dhabi, guarantees continued trade benefits until 2029. The extension follows intense negotiations during the 13th WTO Ministerial Conference, addressing concerns about the potential loss of \$7 billion in annual trade post-graduation. Led by the LDC group, the request for an extension stemmed from economic challenges exacerbated by the COVID-19 pandemic and the Russia-Ukraine war. While Bangladesh won't enjoy trade benefits in the US due to its lack of a preferential duty program for LDCs, it can negotiate with other major economies, offering significant opportunities for trade expansion.

India to Export Onions to Bangladesh Amid Rising Prices

The Ministry of Commerce and Industry of India approved the export of 50,000 tonnes of onions to Bangladesh. The shipment, facilitated by the National Cooperative Exports Limited, awaits finalization of modalities such as pricing and exporting company. Onion prices in Bangladesh surged significantly this year, with consumer prices reaching Tk120 per kilogram on March 1. The volatility in the onion market followed India's ban on exports, with prices rising further after extension announcements. Despite Bangladesh's annual onion production exceeding demand, imports remain crucial due to storage complications leading to significant wastage, amounting to 25% or more of total production.

March 2

Bangladesh Urges Global Community to Rethink Definition of Climate Migrants

Foreign Minister Hasan Mahmud underscored the detrimental impact of global warming, particularly on the surge of climate migrants and refugees. Speaking at the Antalya Diplomacy Forum in Turkey, he urged a reevaluation of the definition of climate migrants and refugees to align with the UN standards. Hasan emphasized Bangladesh's vulnerability to climate change, with its coastal regions facing imminent inundation due to rising sea levels and greenhouse gas emissions. Despite longstanding efforts by Bangladesh and environmental scientists, global leaders have only recently acknowledged the severity of the issue. Hasan called on affluent nations, the primary contributors to global warming, to take more substantive actions to mitigate climate-related challenges.

Fresh Clashes Erupt near Bangladesh-Myanmar Border

Gunshots and explosions rocked the Hnila area of Teknaf, Cox's Bazar, amidst renewed clashes between Myanmar junta forces and the Arakan Army across the border. Residents reported gunfire starting at 8:00 am, lasting nearly four hours, with smoke visible throughout the day. Local Rashed Mahmood Ali described witnessing neighborhoods ablaze across the border. Hnila Union Parishad Chairman, Rashed Mahmood Ali, expressed concerns over residents living in fear. Border Guard Bangladesh remains vigilant to prevent trespassing, assured Lt Col Mohiuddin Ahmed, commanding officer of BGB battalion-2, amid escalating tensions along the border.

March 3

Former Norwegian Minister Endorses Responsible Ship Recycling in Bangladesh



Former Climate and Environment Minister of Norway, Erik Solheim, commended Bangladesh's Ship Recycling Industry during a visit to Kabir Steel Ship Recycling Facilities in Chattogram.

Solheim praised the industry's transformation into a global leader in safety and aesthetics, advocating for Norwegian ship owners to consider Bangladesh for recycling. Norwegian Ambassador to Bangladesh, Espen Rikter-Svendsen, echoed support, highlighting Sitakunda's positive changes and pledging to send Norwegian ships for responsible recycling. KSRM Group CEO, Mehrul Karim, emphasized their commitment to sustainability, earning three "Green Certificates" and pioneering eco-friendly practices. The transformation involved Tk30 crore investments. The visit was attended by Kabir Ship Recycling Facilities MD, Mohammad Karim Uddin, and KSRM Group Media Advisor, Mizanul Islam.

March 4

Bangladesh Achieves Record-Breaking \$5 Billion in Exports for Third Consecutive Month

Bangladesh's export earnings surpassed the \$5 billion mark for the third consecutive month in February, reaching \$5.19 billion with a significant 12.04% year-on-year growth, as per data from the Export Promotion Bureau (EPB). Notably, this growth contrasts starkly with February last year, which saw export earnings dip to \$4.63 billion. The surge in export earnings, particularly in the apparel sector, contributes to economic stability and foreign exchange reserves. The home textile sector, after facing a slowdown due to various challenges, is witnessing a gradual improvement, with exports expected to rebound in the coming months.

Bangladesh's Gross Forex Reserves Surge to \$21.3 Billion

Bangladesh's gross foreign exchange reserves surged by \$727 million in just five days, reaching \$21.3 billion, bolstered by robust inward remittances and ongoing currency swaps with banks, as confirmed by central bank officials. In February alone, over \$2 billion in remittances arrived, significantly contributing to the reserve increase. The central bank's currency swap facilities since mid-February have also been instrumental. However, concerns persist regarding the balance of reserve inflows and outflows, with experts highlighting potential challenges in maintaining reserves amidst tightening monetary policies aimed at curbing inflation. The currency swap mechanism offers banks short-term liquidity relief, albeit at a nominal cost.

March 5

IMF Collaborates with Bangladesh Tax Authorities to Assess Tax Expenditures

The International Monetary Fund (IMF) has initiated a tax policy mission in collaboration with the National Board of Revenue (NBR) of Bangladesh to train tax officials in evaluating tax expenditures. This aims to eliminate less effective tax exemptions, broaden the tax base, and enhance revenue collection. The move follows recommendations from an IMF review mission and is part of a broader effort to increase Bangladesh's tax revenues, addressing its low tax-to-GDP ratio. The NBR plans to assess tax expenditures for FY2024-25, seeking to rationalize them and enhance taxpayer compliance, while also focusing on modernizing tax infrastructure and improving inter-agency cooperation.

Prime Minister Sheikh Hasina Advocates for Common Currency Among Muslim Nations

Prime Minister Sheikh Hasina proposed the adoption of a common currency, akin to the European Union's euro, among Muslim-majority nations to bolster trade and commerce. Meeting with a delegation of D-8 trade ministers, she emphasized the need to enhance economic cooperation within the group, comprising Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey. Stressing the importance of fostering trade ties, she expressed concern over the Rohingya crisis and called for concerted efforts towards dignified repatriation. The meeting aimed to bolster bilateral and multilateral trade, with a Dhaka Declaration outlining plans to enhance trade volume to \$500 billion by 2030.

March 7

Malaysia to Cease Visa Application Agencies for Bangladeshi Workers



Malaysia's Home Minister, Datuk Seri Saifuddin Nasution Ismail, announced the termination of visa application agencies for Bangladeshi migrant workers. The decision follows the introduction of direct eVisa applications through the Immigration Department's MyVisa portal.

Saifuddin emphasized that employers have been provided with necessary guidance on hiring Bangladeshi workers. This move aims to streamline the visa process and assess the country's labor needs effectively. The deadline for employers to bring in migrant workers is extended to May 31, aligning with efforts to expedite industry requirements. The decision reflects Malaysia's commitment to efficient labor management and public peace.

March 9

Bangladesh-India Border Conference Ends with Zero Tolerance Commitment

The 54th director general (DG) level border conference between Border Guard Bangladesh (BGB) and the Indian Border Security Force (BSF) concluded with a pledge to eliminate the killing of unarmed Bangladeshi nationals along the border. Both sides emphasized joint patrolling and effective measures to curb trans-border crimes. DG BGB stressed the need for development projects and expressed optimism in curbing various crimes. DG BSF conveyed condolences for Sepoy Md Roisuddin's demise. Both sides reiterated a "zero tolerance" stance on trans-border insurgent groups and vowed to prevent such movements. The meeting, led by DGs of both agencies, aimed at enhancing border sanctity and cooperation.

March 10

Bangladesh to Float New Tender for Offshore Oil and Gas Exploration

Bangladesh is set to launch a new international tender for oil and gas exploration after an eight-year hiatus. The tender encompasses 24 blocks, with 15 in deep waters and nine in shallow waters in the Bay of Bengal. Fifty-five companies, including major players like ExxonMobil, Chevron, ConocoPhillips, and China's Sinopec, have been invited to participate. The move aims to attract multinational investment and expertise to bolster Bangladesh's energy sector. With significant advancements in production sharing contracts and pricing mechanisms, the government hopes to expedite exploration efforts and tap into the country's vast offshore energy potential.

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