FORTNIGHTLY ECONOMIC DIGEST

AMERICAN CHAMBER OF COMMERCE IN BANGLADESH

EDITION 16
NOVEMBER 1-15 | 2025

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Bangladesh’s Unsung Growth Engine

November 03

While the ready-made garment (RMG) sector often takes the spotlight, microenterprises are the true backbone of Bangladesh's economy. Operating in villages and city alleys, these small ventures are driving remarkable economic resilience and inclusive growth, making them the nation's unsung engine of development.

1. **Scale and Economic Contribution**
   a. 11.8 M economic units (MSMEs) as per the 2024 Economic Census, up from 7.8 M in 2013.
   b. Contributes an estimated 25% to national GDP (FY22).
   c. Provides employment for 87% of the active labour force, with microenterprises alone accounting for 56% of jobs—a critical source of livelihood outside agriculture.
   d. A significant share of workers are women and youth in rural areas.
2. **Key Drivers of Success**
   a. Microfinance Revolution: Institutions like PKSF have unlocked entrepreneurial energy by providing financial services, especially to women.
   b. Proven Creditworthiness: Microenterprises show higher loan repayment rates than many large corporations, thanks to group-lending models, community accountability, and personal stakes.
3. **Challenges Facing the Sector**
   a. Limited Formal Credit Access: Despite their reliability, microentrepreneurs are often denied loans due to lack of collateral and bureaucratic hurdles.
   b. Low Technology Trap: Many rely on outdated tools, leading to low productivity, poor quality, and limited profitability.
   c. Lack of Value: Overdependence on primary products restricts access to higher-value markets.
   d. Behavioural Inertia: Familiar practices hinder adoption of innovation, formalization, or sustainable methods.
4. **Circular Economy and Innovation**
   a. Circular practices are deeply rooted in necessity: recycling textiles, converting agricultural waste into fuel, and repurposing materials.
   b. With daily waste generation projected to reach 142,000 tonnes by 2041, scaling these informal circular models can create a formal green economy.
5. **Government Vision and Future Outlook**
   a. The government aims to increase SME contribution to GDP to 35% by 2030.
   b. Strategic investments in finance, technology, and behavioural transformation can unlock the sector’s full potential.
   c. Empowering microenterprises is key to achieving inclusive, sustainable growth toward becoming an upper-middle-income country by 2031.

As Bangladesh pursues ambitious development goals, its future lies not only in mega-projects but in millions of small, resilient businesses. Investing in microenterprises means investing in people, communities, and a shared prosperity that lifts the entire nation.

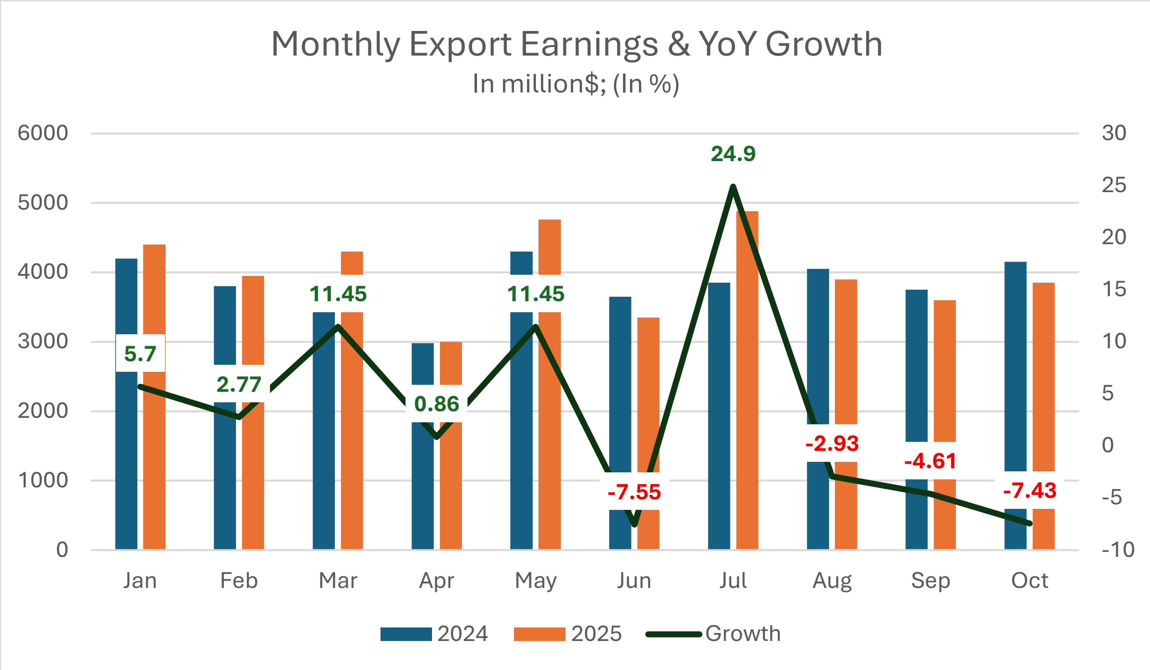
Sources:

1. *Microenterprises of Bangladesh: The unsung growth engine of the economy*

Exports Fall for Third Consecutive Month in October

November 04

Bangladesh's merchandise exports declined for the third month in a row, falling 7.43% year-on-year to $3.82 billion in October 2025, according to the Export Promotion Bureau (EPB). The persistent downturn is driven by weak global demand and uncertainty over US trade policy.



1. **Sharp Drop in Garment Exports**
    a. Garment shipments, which account for over 84% of total export earnings, fell sharply by 8.39% to $3.01 billion—the steepest drop since July.
    b. Knitwear exports plunged 11%, while woven garments declined 5%.
    c. Orders from Western buyers remain sluggish as retailers adjust to inflation and shifting consumer spending patterns.
2. **Impact of US Tariffs and Uncertainty**
    a. The new reciprocal tariffs imposed by the US continue to weigh heavily on exporters.
    b. Buyers are delaying or canceling orders due to uncertainty over final tariff rates, creating a "wait-and-see" approach.
3. **Sectoral Performance**
    a. Declining Sectors: Frozen and live fish, shrimp, agricultural goods, pharmaceuticals, headgear, plastic products, and cotton yarn saw reduced exports.
    b. Growing Sectors: Leather goods (+11%), footwear, engineering products, jute (+5%), and home textiles posted growth, providing some offset.
4. **Four-Month Overview (July–October FY26)**
    a. Despite monthly declines, total exports rose 2.22% to $16.13 billion compared to the same period last year.
    b. Garment exports grew marginally by 1.4% during this period.
    c. Key gainers: Frozen fish (+12%), leather goods (+11%), jute goods (+5%).
5. **Domestic Challenges**
    a. Rising production costs, higher raw material prices, and persistent inflation are eroding competitiveness.

b. Inadequate gas supply to industrial zones continues to hamper factory operations.

The three-month export slump reflects a challenging external environment and structural domestic issues. While diversification into non-RMG sectors offers hope, sustained recovery will require stable trade policies, improved energy supply, and enhanced cost competitiveness.

Sources:

1. *Exports fall for third consecutive month*

MNC Profit Shifting Cost Bangladesh $692 Million in Lost Tax

November 05

Bangladesh lost $692 million in tax revenue between 2016 and 2021 due to profit shifting by multinational corporations (MNCs), according to the "State of Tax Justice 2025" report by the Tax Justice Network (TJN). This significant loss highlights vulnerabilities in the country's corporate tax system.

1. **Key Findings**
   a. MNCs moved a total of $2.45 billion in profits out of Bangladesh during the six-year period to avoid local taxation.
   b. The annual average loss is $371 million, or about 1.6% of total tax revenue.
   c. The lost revenue equals nearly one-third of the national health budget and over 6% of education spending.
2. **How Profit Shifting Works**
   a. Companies use intra-group transactions like inflated management fees, royalty payments, or transfer pricing on goods and services to shift profits from high-tax Bangladesh to subsidiaries in low- or zero-tax jurisdictions.
   b. This reduces their taxable income within the country while booking earnings offshore.
3. **Regional Context**
   a. Bangladesh ranks as the fourth-largest country in South Asia for profit shifting losses, after India, Sri Lanka, and Pakistan.
   b. While US-based multinationals are major global contributors to profit shifting, the report found they did not shift profits out of Bangladesh during the study period.

The massive revenue loss from profit shifting undermines public investment in critical sectors like health and education. Addressing this requires robust policies to ensure MNCs pay their fair share of taxes in the countries where they operate.

Sources:

1. *MNCs' profit shifting costs Bangladesh $692m in lost tax: report*

Assessing Garment Sector Challenges

November 05

An International Monetary Fund (IMF) review mission met with leaders of the BGMEA on November 5, 2025, to gain a deeper understanding of the challenges facing the country's crucial ready-made garment (RMG) sector. The meeting was part of the IMF's ongoing fifth review of Bangladesh's $5.5 billion Extended Credit Facility program.

1. **Key Concerns Raised by BGMEA**
   a. US Reciprocal Tariffs: BGMEA President Mahmud Hasan Khan Babu highlighted that the new US tariffs are significantly impacting export orders and demand. He stressed that buyers are attempting to pass on 5–7% of the tariff burden to Bangladeshi suppliers.
   b. Domestic Cost Pressures: High interest rates from banks and persistent gas supply shortages in industrial zones were identified as major impediments to production and competitiveness.

c. Logistics Costs: BGMEA officials reiterated concerns over the recent 41% tariff hike at Chattogram Port, emphasizing that operating costs in Bangladesh are already higher than in rival countries like Vietnam, India, and Malaysia.
d. Dhaka Airport Fire Impact: The recent fire at Hazrat Shahjalal International Airport has caused delays and forced exporters to use costly air freight, potentially leading to order cancellations and losses estimated to exceed $1 billion.

2. IMF's Objective

a. The delegation sought firsthand insights into how global trade shifts, domestic policy changes, and structural bottlenecks are affecting the performance of the RMG industry, which accounts for over 84% of the country's exports.
b. This information will inform the IMF's assessment of Bangladesh's macroeconomic stability, export outlook, and overall reform progress under the loan program.

The dialogue underscores the critical importance of the garment sector to Bangladesh's economy and its vulnerability to both external shocks and internal inefficiencies. Addressing these challenges is vital not only for the industry's survival but also for the country's broader economic recovery and its ability to meet IMF program benchmarks.

Sources:

1. *IMF delegation meets BGMEA leaders, seeks assessment of garment industry challenges*

Bangladesh Foreign Investments Highlights

November 05

Bangladesh's net foreign direct investment (FDI) rose by 19.13% in FY25, reaching $1.7 billion, up from $1.4 billion in the previous fiscal year.

Country		FY24	FY25	Growth
🇳🇱	Netherlands	$23M	$454M	▲ 1855.4%
🇬🇧	United Kingdom	$507M	$300M	▼ 40.7%
🇨🇳	China	$284M	$274M	▼ 3.3%
🇰🇷	South Korea	$246M	$216M	▼ 12.2%
🇮🇳	India	$133M	$106M	▼ 20.3%
🇸🇬	Singapore	$94M	$161M	▲ 71.6%

This table shows which countries invested the most in Bangladesh in FY25

Source:

1. *Which countries invested the most in Bangladesh in FY25?*

FDI's Hidden Crisis

November 06

While Bangladesh reported a 19.13% rise in foreign direct investment (FDI) to $1.69 billion for FY2024–25, this apparent success masks a deeper crisis. The increase is largely fueled by reinvested profits and short-term loans from existing investors, not fresh capital, raising serious doubts about long-term investor confidence.

1. **The Illusion of Growth**
    a. The headline FDI figure includes three components: equity capital, reinvested earnings, and intra-company loans.
    b. While total FDI rose from $1.42 billion to $1.69 billion, equity capital—the most crucial component—plummeted by nearly 17%, falling from $667.56 million to $554.77 million.
    c. Equity capital represents new factories, job creation, and long-term commitment. Its decline signals that new foreign investors are staying away.

2. **Sources of the Reported Increase**
    a. Reinvested Earnings: Soared to $758.11 million (45% of total FDI).
    b. Intra-Company Loans: Tripled from $133.03 million to $373.36 million.

3. **Why New Investment Isn't Flowing**
    a. Structural Barriers: Chronic power and gas shortages, unreliable electricity, bureaucratic red tape (up to 42 approvals to set up a factory), and inefficient ports continue to deter new entrants.
    b. Political Uncertainty: The fiscal year began amid political unrest and a change of government, creating an unstable environment.
    c. Banking Sector Weakness: High levels of non-performing loans (NPLs) and a fragile financial system undermine trust.
    d. Skills Gap: Despite a young workforce, a lack of skilled labor erodes productivity and competitiveness.
    e. Capital Market Crisis: Offers few viable exit routes for foreign investors.

The rise in FDI is not a sign of growing confidence but a reflection of trapped capital and short-term financing. Without urgent reforms to address structural weaknesses, improve the business climate, and restore macroeconomic stability, Bangladesh will struggle to attract the $8 billion in annual FDI needed to achieve its growth targets. The real challenge is not inflating the numbers, but attracting genuine, equity-based investment.

Sources:

1. *FDI's hidden crisis: Where is the new money?*

Showcase of Industry Strength at Investment Summit

November 09

Bangladesh is set to highlight its emerging capabilities in the semiconductor sector at an upcoming investment summit in Malaysia. The move is part of a broader strategy to diversify the economy and attract high-tech foreign direct investment (FDI) beyond traditional sectors like garments.

1. **Key Details of the Initiative**
    a. A Bangladeshi delegation will participate in the Malaysia Investment Summit, aiming to forge partnerships with global semiconductor firms.
    b. The country is positioning itself as a potential hub for semiconductor packaging, assembly, and testing (ATMP)—labor-intensive stages in the chipmaking process.
    c. Bangladesh offers a large, young workforce and growing expertise in electronics manufacturing, which are key advantages for ATMP operations.
2. **Government and Private Sector Collaboration**
    a. The initiative is being driven by the Bangladesh Investment Development Authority (BIDA) in coordination with private electronics manufacturers.
    b. Special economic zones (SEZs) are being equipped with the necessary infrastructure to support high-tech industries.
    c. Incentives such as tax breaks and streamlined regulatory processes are being offered to attract semiconductor investors.
3. **Strategic Importance**
    a. This effort aligns with the government's goal of moving up the value chain and preparing for post-LDC graduation challenges.
    b. Success could help reduce dependence on imports and create high-skilled jobs.
    c. It also reflects a shift in investor interest toward supply chain diversification away from geopolitical hotspots.

By showcasing its potential in the semiconductor supply chain, Bangladesh aims to enter a high-growth, technology-driven market. While still in early stages, this push signals a strategic ambition to become a player in the global electronics manufacturing ecosystem.

Sources:

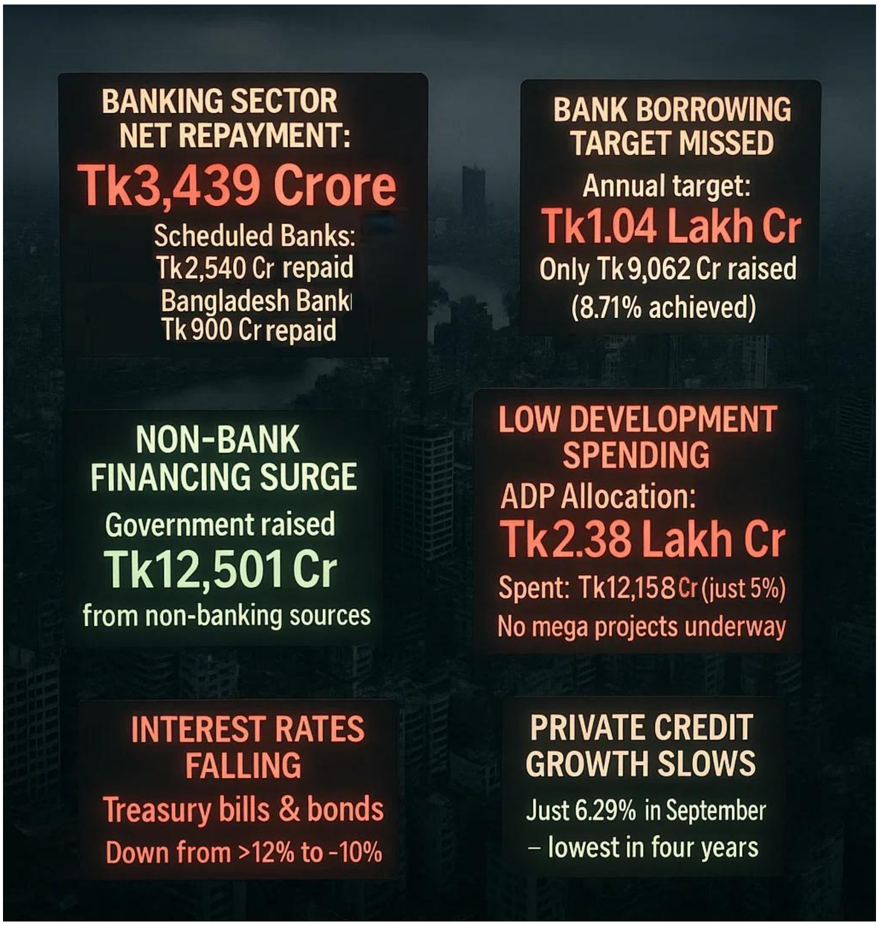
1. *Bangladesh to showcase semiconductor strength in Malaysia*

Govt repays more than borrows

November 11

In a sign of weak economic activity, the Bangladesh government repaid Tk3,439 crore more to banks than it borrowed during the first four months (July–October) of the 2025–26 fiscal year. This net repayment reflects low development spending and reduced credit demand.

1. **Key Details on Borrowing and Repayment**
   a. Net Repayment: Tk3,439 crore from the banking sector (central and scheduled banks).
   b. Total Repayment: Tk2,540 crore to scheduled banks and an additional Tk900 crore to Bangladesh Bank.



   c. Bank Borrowing Target: Only 8.71% (Tk9,062 crore) of the annual Tk1.04 lakh crore target met so far.
   d. Non-Bank Borrowing Surge: Government raised Tk12,501 crore from non-banking sources like insurance companies, corporate investors (e.g., Grameenphone, bKash), and provident funds.

2. **Reasons for Low Borrowing Demand**
   a. Low Development Spending: Only 5% (Tk12,158 crore) of the Tk2.38 lakh crore Annual Development Programme (ADP) was spent in the first quarter.
   b. No Mega Projects: The interim government has not initiated large infrastructure projects, reducing loan needs.

    c. Lower Interest Rates: Treasury bill and bond rates have fallen from over 12% to around 10%, making government debt less attractive to banks.

3. **Private Sector Credit Growth Slows**
    a. Private sector credit growth fell to 6.29% in September, the lowest in four years.
    b. Contraction in imports and overall economic stagnation have reduced business loan demand.

The government's net repayment highlights a broader slowdown in economic momentum. While it eases pressure on the financial sector, sustained low spending and credit growth raise concerns about long-term growth prospects.

Sources:

1. *Q1 of FY26: Govt repays more than borrows*

WTO to Continue Technical Assistance

November 14

The World Trade Organization (WTO) has confirmed that Bangladesh will continue to receive vital technical assistance and support after its scheduled graduation from Least Developed Country (LDC) status in 2026. WTO Deputy Director-General Xiangchen Zhang emphasized ongoing access to key programs designed to bolster trade capacity.

1. **Continuity of Technical Assistance**
    a. Bangladesh will retain full access to the WTO's Technical Assistance and Training Plan, which supports institutional development and trade policy formulation.
    b. The country operates a WTO Reference Centre at the Bangladesh Foreign Trade Institute (BFTI), providing stakeholders with critical trade information and documents.
2. **Sustained Access to Key Programs**
    a. As a major beneficiary, Bangladesh will enjoy a five-year transitional period to continue accessing benefits under the Enhanced Integrated Framework (EIF) post-graduation. This includes support for diversifying the garment sector and strengthening food industries.
    b. The country is among the top ten recipients globally of the WTO's Aid for Trade Initiative, having received $23 billion between 2006 and 2023 to build trade-related infrastructure & capabilities.
3. **Post-Graduation Challenges and Strategy**
    a. After graduation, Bangladesh will no longer be part of the LDC group within the WTO and must develop a new engagement strategy.
    b. Xiangchen Zhang advised the country to build strategic coalitions with members across all development levels to effectively navigate future negotiations and maintain influence.
    c. The transition presents challenges but also opportunities to enhance competitiveness through export diversification and potential participation in regional trade agreements like RCEP.

While LDC graduation brings new obligations, the WTO's continued support offers a crucial buffer. Bangladesh's ability to leverage this assistance and adapt its global trade strategy will be key to sustaining economic growth in the post-LDC era.

Sources:

1. *WTO to continue technical assistance to Bangladesh after LDC graduation*

POLICY, REGULATORY & INSTITUTIONAL REFORMS

LEGAL, POLICY, FISCAL, MONETARY AND INSTITUTIONAL DECISIONS IMPACTING BUSINESS CLIMATE AND NATIONAL GOVERNANCE

Government Finalizes National Logistics Policy 2025

November 05

The interim government is set to approve the National Logistics Policy 2025, a comprehensive framework designed to transform Bangladesh into a regional logistics hub by 2050. The policy aims to reduce costs, improve efficiency, and enhance the competitiveness of Bangladeshi exports in preparation for post-LDC graduation challenges.

1. **Core Objectives**
    a. To ensure the efficient production, collection, storage, transport, shipment, clearance, and distribution of goods.
    b. To achieve faster delivery times and lower logistics costs across the supply chain.
2. **Key Infrastructure and Connectivity Plans**
    a. Road Network: All economic zones, industrial areas, ports, airports, land ports, warehouses, and inland container depots (ICDs) will be connected via the national highway network. Cross-border economic corridors will be linked domestically.
    b. Rail Network: Expansion of freight capacity with direct links between major industrial hubs, ports, and warehouses.
    c. Real-Time Information: A traffic information system will provide real-time updates to road users.
    d. Port Modernization: Addresses past concerns about Chattogram Port inefficiency; aligns with goals to upgrade facilities to global standards.
3. **Economic Rationale**
    a. A 2020 World Bank report found logistics costs in Bangladesh range from 4.5% to 48% of product value, significantly higher than competitors.
    b. The report estimated that moderate reforms could boost export earnings by 19%, with just a 1% reduction in logistics costs raising export demand by 7.4%.
4. **Enhancing Post-LDC Competitiveness**
    a. As Bangladesh prepares for LDC graduation in November 2026, it will gradually lose Special and Differential Treatment (S&DT) benefits under WTO agreements.
    b. This transition is expected to increase trade and investment costs.
    c. An efficient logistics system is seen as crucial to offset these rising costs and maintain the competitiveness of Bangladeshi products in global markets.

The National Logistics Policy 2025 represents a strategic effort to address long-standing structural bottlenecks. Its success will depend on effective implementation, sustained investment, and public-private collaboration to build a modern, integrated logistics network capable of supporting Bangladesh's ambitions as a middle-income nation.

Sources:

1. Govt prepares National Logistics Policy 2025 to boost trade, investment capacity

Bangladesh Bank Dissolves Boards of 5 Shariah-Based Banks

November 05

In a landmark move to stabilize the financial sector, Bangladesh Bank has dissolved the boards of five troubled Islamic banks—First Security Islami, Global Islami, Union, Social Islami, and EXIM Bank—as part of a government-backed plan to merge them into a single, stronger institution. This marks one of the most significant banking consolidations in the country's history.

1. **The Five Banks Involved:** First Security Islami Bank, Global Islami Bank, Union Bank, Social Islami Bank Limited (SIBL), EXIM Bank.

2. **Reasons for Merger**
    a. **Severe Asset Quality Issues:** Recent Asset Quality Reviews (AQRs) conducted by audit firms revealed non-performing loans (NPLs) ranging from 49% to 98.5% across the five banks.
    b. **Ownership Scandals:** Four of the banks were reportedly controlled by the S Alam Group, a conglomerate accused of siphoning off billions through dubious loans. The fifth was linked to Nassa Group Chairman Nazrul Islam Mazumder.
    c. **Capital Shortfall:** All five suffer from critical capital deficits and inadequate provisioning, making independent recovery impossible.
3. **Merger Plan and Financial Backing**
    a. The merged entity will become Bangladesh's largest bank by assets, estimated at Tk2.20 lakh crore ($26.4 billion).
    b. It is expected to rival Islami Bank PLC, currently the largest Islamic bank in the country.
    c. Total cost of the merger: Tk35,000 crore ($4.2 billion), funded as follows:
        i. Tk20,000 crore from the national government (taxpayer funds).
        ii. Tk10,000 crore from the Deposit Insurance Fund.
        iii. Tk5,000 crore expected from multilateral partners like the IMF, World Bank, and ADB as part of broader financial sector reform programs.
4. **Governance Transition**
    a. With their boards dissolved, the banks are now under direct control of Bangladesh Bank.
    b. Temporary administrators for the merged entity will be appointed, with an official announcement scheduled for a press briefing by the central bank governor.
5. **Objective and Expected Impact**
    a. To restore depositor confidence and prevent systemic collapse.
    b. To create a financially sound, well-governed Islamic bank capable of supporting growth.
    c. To set a precedent for resolving institutional failure through consolidation rather than liquidation.

This unprecedented merger reflects the depth of the crisis in Bangladesh's banking sector and the scale of intervention required. While the massive public bailout raises concerns about moral hazard, it is seen as essential to protect millions of depositors and maintain financial stability during a period of economic transition.

Sources:

1. *Central Bank dissolves boards of 5 Shariah-based banks ahead of merger*

BIDA Chief Defends Approval of Nicotine Pouch Factory

November 06

Bangladesh Investment Development Authority (BIDA) Executive Chairman Chowdhury Ashik Mahmud Bin Harun has defended the approval for Philip Morris Bangladesh to establish a $5.82 million nicotine pouch factory, calling it an "absolutely legal business" under current national laws, despite strong opposition from anti-tobacco activists.

1. **Project Details**
    a. The factory will be set up in the Meghna Industrial Economic Zone, Narayanganj.
    b. Initial investment: $5.82 million.
    c. Product: Nicotine pouches—a smokeless tobacco alternative that is placed inside the mouth and increasingly popular among youth.
2. **BIDA's Justification**
    a. Mr. Ashik emphasized that his role is to implement government policy within the bounds of law.

b. He stated: *"The law tells me; this is an absolutely legal business to do in Bangladesh."*
c. Refused to decide based on opinion, arguing if the law does not prohibit, BIDA cannot deny.
d. Highlighted competing national priorities like job creation and industrial growth.

3. Activist Opposition and Legal Challenge

a. Anti-tobacco groups staged protests demanding cancellation of the project.
b. They argue that nicotine pouches are a new tool to addict young people.
c. Critics claim the decision violates a 2016 Appellate Division of the Supreme Court directive that banned the establishment of new tobacco factories and conversion of existing ones.

4. Government Policy vs. Public Health

a. While acknowledging global debates on nicotine products, Ashik maintained that policy changes must come from lawmakers, not regulators.
b. Called for broader public discussion on balancing economic development with health concerns.

The controversy highlights a growing tension between investment promotion and public health protection. While BIDA asserts its adherence to existing laws, civil society demands stricter enforcement of judicial directives and updated regulations to address emerging tobacco products.

Sources:

1. *'An absolutely legal business in Bangladesh': Bida boss on approving nicotine pouch factory*

Government Amends Key Tax Laws and Dissolves NBR

November 08

The interim government has passed amendments to three major tax laws—the Income Tax Ordinance 1984, the Value Added Tax Act 1991, and the National Board of Revenue Act 2009—paving the way for a sweeping overhaul of Bangladesh's tax administration. A central component of this reform is the dissolution of the National Board of Revenue (NBR) and its replacement with a new statutory body.

1. Key Reforms in the Amendments

a. Dissolution of NBR: The long-standing NBR will be dissolved and replaced by a new entity named the "Revenue Authority."
b. Leadership Structure: The new authority will be headed by a Chairperson, replacing the current Commissioner General of Taxes.
c. Streamlined Appeals Process: The number of appellate bodies will be reduced from seven to two, simplifying dispute resolution and reducing delays.
d. Enhanced Transparency: All appeal tribunal hearings will now be conducted in-camera (closed sessions), aiming to protect taxpayer privacy and ensure impartial decisions.
e. Strengthened Audit Powers: Tax authorities will have expanded powers to conduct audits based on risk assessment, improving efficiency and compliance.

2. Objectives of the Reform

a. To modernize the tax system and increase revenue collection.
b. To reduce corruption, bureaucracy, and political influence in tax administration.
c. To build taxpayer trust through faster, fairer, and more transparent processes.
d. To align with international best practices in revenue management.

The legislative changes mark one of the most significant reforms to Bangladesh's tax system in decades. By dissolving the NBR and establishing a new Revenue Authority, the government aims to create a more efficient, accountable, and taxpayer-friendly system—a crucial step for economic stability and growth.

Sources:

1. *Govt amends three key tax laws to dissolve NBR*

FINANCIAL, BANKING, DIGITAL & AVIATION DEVELOPMENTS

SYSTEM MODERNIZATION, DIGITAL INFRASTRUCTURE, FINANCIAL SECTOR REFORM, AND AVIATION OPERATIONAL SHIFTS.

Foreign Airlines to Open Direct Offices in Policy Shift

November 03

The government is preparing a major reform that will allow foreign airlines to establish their own offices in Bangladesh, marking a significant shift from the current policy that requires them to operate through a single locally owned agent.

1. **Key Details of the Proposed Reform**
   a. The change is part of the draft "Civil Aviation (Amendment) Ordinance-2025", which has been published for stakeholder feedback.
   b. Currently, the Civil Aviation Act-2017 prohibits foreign carriers from opening direct offices, mandating they appoint one local general sales agent (GSA).
   c. Under the new rules, foreign airlines will have two options:
      i. Establish their own office in Bangladesh.
      ii. Appoint multiple locally owned agencies as agents.
2. **Objectives and Expected Benefits**
   a. To increase competition, improve service quality, and enhance transparency in ticket pricing.
   b. To protect passengers by introducing stricter regulations on fare practices.
   c. To promote fair market access and strengthen civil aviation oversight.
   d. Domestic airlines will also be allowed to appoint agents if they choose.
3. **New Regulatory Measures**
   a. Mandatory registration for ground handlers and Global Distribution System (GDS) providers.
   b. Introduction of heavy fines and penalties for airfare malpractice, hoarding, and other forms of market manipulation.

This policy reversal aims to modernize Bangladesh's aviation sector, attract international carriers, and provide better services and pricing for travelers. The success of the reform will depend on effective implementation and enforcement of the new regulatory framework.

Sources:

1. *Foreign airlines to be allowed to open offices in Bangladesh*

Draft Rules for Open Digital Payments

November 08

Bangladesh Bank has released a draft regulatory framework that would allow non-bank financial institutions (NBFIs) and other eligible entities to offer digital payment services, marking a significant step toward expanding the country's digital financial ecosystem.

1. **Key Features of the Draft Framework**
   a. Expanded Access: The rules aim to open digital payments infrastructure—such as mobile wallets, payment gateways, and switching systems—to licensed NBFIs, fintech companies, and other qualified players beyond traditional banks.
   b. Level Playing Field: Seeks to create a more competitive and innovative environment by enabling non-banks to participate in core payment functions under strict regulatory oversight.
   c. Consumer Protection & Security: Emphasizes robust data privacy, cybersecurity standards, and consumer grievance redressal mechanisms.
   d. Interoperability Mandate: Requires all digital payment platforms to be interoperable, allowing seamless transactions across different service providers.

2. **Objective and Expected Impact**
   a. To promote financial inclusion by increasing access to digital financial services, especially in underserved areas.
   b. To encourage innovation and investment in the fintech sector.
   c. To reduce reliance on cash and support the government's "Cashless Bangladesh" vision.
3. **Stakeholder** Consultation
   a. The central bank is inviting feedback from stakeholders and the public before finalizing rules.
   b. Experts view this as a crucial move toward modernizing Bangladesh's payment system and aligning it with global best practices.

By opening the digital payments space to non-bank players, Bangladesh Bank is laying the groundwork for a more dynamic, inclusive, and resilient financial system. The success of this initiative will depend on balancing innovation with strong regulatory safeguards.

Sources:

1. *BB unveils draft rules to open mobile money to non-bank players*

Bangladesh Plans to Introduce Open Banking System by June 2026

November 09

Bangladesh is preparing to launch an open banking system by June 2026, a move aimed at revolutionizing the financial sector by enabling faster loans, greater transparency, and innovative fintech services through secure data sharing.

1. **Key Features of the Proposed System**
   a. Data Sharing with Consent: Customers will be able to securely share their financial data (e.g., transaction history, creditworthiness) from one bank with third-party fintech companies or other banks, using standardized Application Programming Interfaces (APIs).
   b. Faster Financial Services: The system is expected to enable real-time data access, leading to quicker loan approvals and personalized financial products.
   c. Multi-Bank Access: Users could manage accounts and services from multiple banks on a single platform, enhancing convenience and financial oversight.
2. **Implementation Plan**
   a. A working committee will be formed in December 2025 to guide the rollout.
   b. Bangladesh Bank plans to issue official Open Banking Guidelines and standardized API protocols by June 2026.
   c. Models from countries like India (Account Aggregator framework) and Singapore are being studied for adaptation.
3. **Existing Foundations:** Platforms like the Interoperable Digital Transaction Platform (IDTP) and Bangla QR have already established digital connectivity between banks and fintechs, laying the groundwork for open banking.
4. **Potential Benefits**
   a. Empowerment of private credit bureaus and payment initiation services.
   b. Growth of digital banks and new financial solutions.
   c. Improved financial inclusion and customer experience.
5. **Challenges and Concerns**
   a. Data Privacy & Security: Increased risk as more third parties gain access to sensitive financial information.
   b. Integration Issues: Legacy banking systems may struggle to connect with modern fintech platforms.

c. Regulatory Gaps: Need for robust laws on cyber security, consumer consent, and data protection.

The introduction of open banking represents a significant step toward a more dynamic and competitive financial ecosystem in Bangladesh. Success will depend on strong regulatory frameworks, stakeholder collaboration, and building public trust in data security.

Sources:

1. *Bangladesh plans to introduce open banking system for faster financial solutions*

Biman Airways to Operate Ground Handling for Two Years

November 11

he Bangladesh government has granted Biman Bangladesh Airlines permission to operate ground handling services at the new integrated terminal of Hazrat Shahjalal International Airport (HSIA) for two years. This decision comes despite opposition from private sector operators and aims to ensure smooth operations during the initial phase of the terminal's launch.

1. **Key Details of the Decision**
   a. Duration: The approval is valid for two years, after which the service will be opened to competitive bidding.
   b. Rationale: The Civil Aviation Authority (CAA) cited a lack of immediate operational capacity among private companies as the reason for selecting Biman, the national flag carrier.
   c. Scope: Biman will manage passenger boarding, baggage handling, aircraft loading/unloading, and other essential ground services at the Third Terminal.
2. **Controversy and Industry Reaction**
   a. The decision has sparked criticism from private ground handling companies, who argue it undermines fair competition and their existing investments in equipment and training.
   b. They claim they are fully capable of managing operations and view the move as a setback for private sector participation in airport services.
3. **Government and CAA Stance**
   a. Officials maintain that this is a temporary measure to avoid disruptions during the critical startup period of the state-of-the-art terminal.
   b. The two-year window will allow time for private firms to strengthen their readiness while ensuring passengers receive reliable service from day one.

While the interim arrangement with Biman ensures operational continuity, the aviation authorities face pressure to establish a transparent and competitive framework for long-term ground handling services. A clear transition plan is essential to restore confidence among private stakeholders.

Sources:

1. *থার্ড টার্মিনাল: বিমান বাংলাদেশ এয়ারলাইন্সকে দুই বছরের জন্য গ্রাউন্ড হ্যান্ডেলিংয়ের অনুমতি দিলো সরকার*

SOCIAL, LABOR & PUBLIC AFFAIRS

LABOUR GOVERNANCE, PUBLIC SECTOR WELFARE, INSTITUTIONAL EDUCATION INITIATIVES, AND WORKER-RELATED COMPLIANCE

UCSI University Bangladesh: International-Quality Education

November 02

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UCSI University Bangladesh bridges the gap between world-class education and affordability, empowering students with an international degree, entrepreneurial spirit, and a competitive edge—all from within Bangladesh.

Sources:

1. *দেশের প্রথম মালয়েশিয়ান ডিগ্রি ক্যাম্পাস: ইউসিএসআই ইউনিভার্সিটি বাংলাদেশ ব্রাঞ্চ ক্যাম্পাস*

RMG Sustainability Council to Oversee Labor Issues

November 08

The RMG Sustainability Council (RSC) has been granted expanded powers to monitor and address labour-related issues in Bangladesh's ready-made garment sector. This marks a significant shift, as the RSC will now oversee both workplace safety and workers' rights, replacing the previous tripartite structure.

1. **Key Details of the Reform**
    a. The Ministry of Commerce issued an official order on November 8, 2025, transferring labour inspection responsibilities from the Ministry of Labour to the RSC.
    b. The move dissolves the Accord on Fire and Building Safety, which had previously governed factory safety, and integrates its functions into the RSC.
    c. The RSC will now conduct inspections for both structural safety and labour compliance, including wages, working hours, freedom of association, and gender equality.
2. **Background and Motivation**
    a. The reform aims to streamline oversight and reduce duplication between overlapping bodies like the Accord and Alliance.
    b. It is part of a broader effort to strengthen local institutions and ensure sustainable, locally-led governance post-LDC graduation.
    c. The government emphasized that all international agreements must align with national laws.

By consolidating safety and labour oversight under one national body, Bangladesh is taking a major step toward self-reliance in RMG sector governance. Ensuring that the RSC upholds global standards will be crucial for maintaining buyer confidence and protecting workers' rights.

Sources:

1. *RMG Sustainability Council can now oversee labour issues too*

BGMEA Instructs Factories to Ignore RSC's Non-Safety-Related Activities

November 10

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has formally instructed its member factories not to respond to any requests from the RMG Sustainability Council (RSC) regarding issues outside occupational safety and health (OSH). This directive comes after the RSC announced plans to expand its monitoring scope to include labor rights and trade union matters.

1. **Key Details of the Directive**
    a. In a letter dated November 9, 2025, BGMEA asked all member factories to refrain from engaging with RSC on non-OSH complaints, such as labor rights, freedom of association, and trade union activities.
    b. The move follows the RSC's announcement that it would begin accepting and investigating such complaints starting November 16.
    c. BGMEA stated the matter is under review and that a final decision will be made after discussions at the upcoming RSC board meeting.
2. **Background: RSC's Expanded Mandate**
    a. On November 8, the Ministry of Commerce issued an order granting the RSC authority to oversee both workplace safety and labor compliance, effectively merging the roles of the former Accord and Alliance.
    b. This reform dissolves previous tripartite oversight and centralizes control under the national RSC body.
3. **Industry Reaction vs. Labor Support**
    a. BGMEA's Concern: Factory owners are concerned about overreach and lack of clarity in the new system. They argue that labor issues should be handled through existing legal frameworks, not by a safety-focused council.
    b. Labor Groups' View: Trade unions and worker rights advocates have welcomed the RSC's expanded mandate, seeing it as a step toward better enforcement of fundamental labor rights.

While the government aims to streamline oversight, this conflict underscores the challenges of balancing factory compliance, worker protection, and institutional authority. The outcome of upcoming RSC board discussions will be crucial in defining the future of labor governance in Bangladesh's RMG sector.

Sources:

1. *BGMEA asks factories not to respond to RSC's non-OSH-related activities*

New Holiday Scheme for 2026

November 06

The interim government has approved a total of 28 public holidays for the calendar year 2026, including religious, national, and international observances. The approval came at the 47th meeting of the Advisory Council. The holiday schedule reflects Bangladesh's diverse cultural and religious landscape while maintaining alignment with international standards. Of the holidays, 11 falls on weekends (Fridays and Saturdays), and government employees will practically enjoy 17 days off in total. The inclusion of key national events reinforces historical remembrance and civic identity.

Expected Holiday Dates:

Date	Day	Holiday
4 Feb	Wed	Shab e-Barat
21 Feb	Sat	Shaheed Day
18 Mar	Wed	Laylat al-Qadr
19 Mar	Thu	Eid ul-Fitr Holiday
20 Mar	Fri	Jumatul Bidah
20 Mar	Fri	Eid ul-Fitr Holiday
21 Mar	Sat	Eid ul-Fitr
22 Mar	Sun	Eid ul-Fitr Holiday
23 Mar	Mon	Eid ul-Fitr Holiday
26 Mar	Thu	Independence Day
14 Apr	Tue	Bengali New Year
1 May	Fri	May Day
1 May	Fri	Buddha Purnima
25 May	Mon	Eid ul-Adha Holiday
26 May	Tue	Eid ul-Adha Holiday
27 May	Wed	Eid ul-Adha
28 May	Thu	Eid ul-Adha Holiday
29 May	Fri	Eid ul-Adha Holiday
30 May	Sat	Eid ul-Adha Holiday
26 Jun	Fri	Ashura
5 Aug	Wed	July Uprising Day
25 Aug	Tue	Eid-e-Milad un-Nabi
4 Sep	Fri	Shuba Janmashtami
20 Oct	Tue	Durga Puja Holiday
21 Oct	Wed	Vijaya Dashami
16 Dec	Wed	Victory Day
25 Dec	Fri	Christmas Day

Sources:

1. *28 public holidays for 2026 approved*