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STRATEGIC PORT INFRASTRUCTURE & LOGISTICS

ENABLING TRADE EFFICIENCY, CONNECTIVITY, AND GLOBAL COMPETITIVENESS

First Bhutanese Transit Cargo Leaves Bangladesh

December 03

This trial run marks a historic shift in regional diplomacy, as Bangladesh officially opens its land and sea corridors to Bhutan, positioning itself as a central logistics hub for landlocked Himalayan nations.

1. 15 tonnes of cargo transited from Chattogram to the Burimari land port as the first trial.
2. A 20-foot container carrying 6,572 kilograms of consumer goods was cleared on November 26 from Chattogram port.

This initiative is expected to boost the use of Bangladesh's sea ports, increasing revenue through transit fees and strengthening bilateral ties. If the pilot program is successful, it will lead to a permanent transit agreement that could significantly lower shipping costs for the entire South Asian region.

Operational Gains at Saudi-Managed Patenga Terminal

Since the Saudi-based Red Sea Gateway Terminal took over operations at the Patenga Container Terminal, cargo handling speeds have improved significantly. The introduction of modern scanning equipment and private-sector management has allowed the terminal to begin handling import vessels, a task previously limited by technical constraints.

1. Vessel calls also rise after the Saudi operator installs a $3m scanner.
2. Between May and October, Patenga Container Terminal handled 108,228 TEUs, representing nearly two-thirds of all cargo moved during its first 16 months of operation.
3. The growth signals a rise in vessel calls at the terminal and a more predictable flow of export cargo. August alone saw seven ship calls, while overall exports for the six-month period reached 53,332 TEUs, slightly outpacing imports at 54,896 TEUs.
4. Despite recent growth, Patenga Container Terminal is still operating well below its designed capacity. At its August peak, the terminal utilised about 54% of its theoretical monthly capacity of 41,700 TEUs, dropping to roughly 42% in September and 49% in October.

The success of this terminal serves as a case study for the benefits of FDI in infrastructure. By modernizing equipment and streamlining workflows, the terminal is helping to alleviate the chronic congestion often found at state-run berths, making the port more attractive to global shipping lines.

Sources:

1. *First Bhutanese transit cargo leaves Bangladesh*
2. *Cargo handling rises after Saudi Red Sea installs scanner at Patenga Terminal*

Bangladesh Exports Fall for Fourth Consecutive Month

December 04

Bangladesh's merchandise exports declined for the **fourth straight month in November**, with export earnings dropping about **5.54% year-on-year to around $3.89 billion**, marking continued weakness since August amid softer global demand and competitive pressures in key markets. Despite this monthly slump, cumulative exports for **July–November show a slight overall growth** compared with the same period last year, but the ongoing downward trend—especially in key sectors like apparel—signals persistent challenges for the country's export performance.

Sources:

1. *Exports slump enters fourth month amid global slowdown, political uncertainty; outlook bleak until Feb*

Ctg Port Extends Suspension of Penalty on Imported FCL Containers

December 05

Chattogram Port Authority (CPA) has **extended the temporary suspension of penal rent charges on imported full-container load (FCL) containers for the fourth time**, aiming to ease cost pressure on importers amid ongoing trade delays and congestion. This comes as exporters and logistics actors continue to face higher storage and clearance costs due to slow cargo movement.

1. **What changed**
   a. Penal rent on imported FCL containers will remain suspended for another extended period.
   b. The move prevents extra storage charges when containers exceed free time at the port.
2. **Why it matters**
   a. Importers have faced clearance delays due to congestion and paperwork backlogs.
   b. The suspension helps reduce immediate cost pressure but does not solve underlying logistics issues.

The continued extensions of penal rent suspensions reflect ongoing congestion and clearance challenges at Chattogram Port. While temporarily reducing cost burdens for importers, this underscores the need for lasting improvements in port operations and logistics to prevent recurring delays and additional trade costs.

Sources:

1. *Ctg port extends suspension four times penal rent imported FCL containers*

Bangladesh Extends Export & Empty Container Handling Deadline

December

10 Nineteen private **Inland Container Depots (ICDs)** in Bangladesh have agreed to **postpone the suspension of export and empty container handling** for one month — avoiding immediate disruption to trade flows after a planned shutdown was announced earlier. The extension gives exporters and logistics operators more time to adjust and ensures smoother movement of goods while a final resolution is worked out.

1. **Suspension deferral details**
   a. The 19 private ICDs decided to delay the planned halt in export and empty container handling services by **one month**.
   b. The decision was made after discussions with exporters and industry groups to avoid bottlenecks and cost pressures.
2. **Impact on trade logistics**
   a. Exporters welcomed the deferral, saying it alleviates immediate concerns over shipping delays and container shortages.
   b. The extension gives stakeholders time to work on a longer-term agreement on handling fees and operational terms.

The one-month extension helps maintain continuity in export processing and container handling, reducing short-term trade disruptions while industry and ICD operators negotiate a more sustainable operational framework.

Sources:

1. *ICDs defer cargo-handling closure, give authorities a month to resolve tariff row*

Addressing Systemic Extortion in Port Operations

December 11

Government advisors have identified widespread extortion at the Chattogram Port, estimating that illegal tolls take a Tk 2.25 crore daily toll on the economy. These illegal collections occur throughout the logistics chain, from transport workers to terminal operators, artificially inflating the cost of imported goods for consumers.

In response, the interim administration has launched a crackdown on these "toll-collecting" syndicates. By removing these illegal financial burdens, the government hopes to lower the cost of doing business and restore the port's reputation as a fair and transparent gateway for international trade.

Tariff Disputes Halt Private Container Depot Operations

A major standoff has emerged between private Inland Container Depot (ICD) owners and the government over service charges. The ICD owners have suspended the handling of export cargo, claiming that existing tariff rates have not been adjusted for years despite rising fuel and labor costs, making their operations financially unviable.

1. Business leaders are protesting a 41% average hike in port tariffs across 56 services.
2. Under the new rates, the duty for a 20-foot container has increased from Tk 11,849 to approximately Tk 16,243, adding a burden of Tk 4,395 per unit for trade operators.

This disruption poses a serious threat to the garment industry, as private depots handle most Bangladesh's export containers. The conflict highlights the urgent need for a transparent and flexible tariff policy that can adjust to global economic shifts without halting the national supply chain.

Labor Protests Against Port Privatization

Port workers recently organized a "red-flag march" to protest the leasing of terminals to foreign companies. The workers argue that transferring national assets to private international operators could threaten job security and national interest, leading to clashes with law enforcement as they attempted to block port access.

These protests underscore the social challenges of modernizing Bangladesh's infrastructure. While foreign management brings efficiency, the government must balance these gains with the concerns of the local workforce to ensure that port reforms are sustainable and socially acceptable.

Sources:

1. *Extortion Chattogram port tk 2.25 crore daily - adviser says*
2. *Port users operators differ on charges*
3. *All private ICDs to halt export cargo, empty container handling from tomorrow*
4. *Police block workers' red-flag march towards Ctg Port*

ECONOMIC DEVELOPMENTS & MACROECONOMIC TRENDS

GROWTH DYNAMICS, STABILITY CHALLENGES, AND POLICY SIGNALS

Bangladesh Sees $1.5 B Investment Pipeline

December 04

Bangladesh Investment Development Authority (BIDA) has reported that it is currently managing a **dedicated investment pipeline worth about US $1.5 billion**, tracking potential projects that registered investor interest from January to November 2025. This pipeline was built through investment summits, roadshows, and outreach missions, and signals stronger engagement with both local and foreign investors. Early data show a **conversion rate of about 25 %**, roughly **twice that of traditional investment flows**, suggesting improved efficiency in moving proposals toward actual implementation.

1. **Composition and performance of the pipeline**
    a. Investors have signed up projects valued at **$1.5 billion** in the dedicated pipeline so far.
    b. The pipeline is updated daily, allowing BIDA to monitor progress and help projects move closer to execution.
    c. During the same period, BIDA also received an additional **$2.8 billion in investment proposals** outside this dedicated pipeline.
2. **Strategic outreach efforts**
    a. The Bangladesh Investment Summit 2025, held in Dhaka with around **415 foreign delegates from 50 countries** and about **2,500 local investors**, played a key role in generating interest.
    b. Sessions focused on priority sectors like energy, digital economy, and healthcare.
    c. BIDA plans **multiple rounds of consultations** with local businesses to refine priorities and address challenges for 2026.

By managing a targeted pipeline and boosting investor engagement through structured events and follow-up plans, BIDA aims to turn expressed investment interest into real economic activity — a step toward larger foreign direct investment and broader diversification of Bangladesh's investment base.

Sources:

1. *Bida currently managing dedicated investment pipeline worth $1.5b*

Bangladesh's Economy at a Sensitive Turning Point

December 09

Bangladesh's economy has shown signs of **regained macroeconomic stability** in FY25, but remains at a **critical juncture** due to persistent inflation, weak private credit growth, and ongoing structural vulnerabilities, according to the *State of the Economy 2025* report by the General Economics Division (GED) of the Planning Commission.

1. **Inflation and macro stability**
    a. Inflation stayed **high at around 8–9% in FY25**, driven by food price shocks, currency weakness, rising import costs, and energy pressures. This dampens real incomes, especially for low-income households.
    b. While tight monetary and fiscal measures helped stabilize prices and the exchange rate, **persistent inflation remains a key risk** for economic resilience. ([turn0search6])
2. **Banking sector and credit squeeze**
    a. The GED report highlights that **tight monetary policy has slowed both deposit growth and bank credit expansion**, reflecting higher lending costs and low private investment demand.

   b. Slower credit and weak bank balance sheets constrain private sector activity and job creation, reinforcing economic fragility even amid stability gains. ([turn0search6])
3. **Structural challenges and investor confidence**
   a. Growth remains vulnerable to **governance weaknesses, financial sector stress, and limited investor confidence**, as noted in the Planning Commission's assessment.
   b. External challenges — such as volatile global prices, export pressures, and limited reserves — keep Bangladesh's economic turnaround tentative.
4. **Emerging green shoots but cautious outlook**
   a. Some indicators, including remittances, foreign exchange reserves, and exchange rate stability, show improving trends, suggesting **foundations for cautious optimism**.
   b. However, the report emphasises that **growth momentum is not yet assured** without addressing lingering risks and structural imbalances.

Overall, while macroeconomic stability is improving, Bangladesh's economy stands at a **sensitive turning point** — with high inflation, credit constraints, and structural weaknesses still clouding the outlook. Deepened reforms in banking, investment confidence, and supply-side competitiveness will be crucial to sustain and strengthen growth prospects.

Sources:

1. *Economy at 'critical juncture' despite regaining macroeconomic stability, warns Planning Commission report*

How PISP Could Transform Bangladesh's Digital Payment

December 09

Bangladesh is on the verge of a significant upgrade in its digital payment ecosystem with the emergence of Payment Initiation Service Providers (PISPs). Under the draft *Payment System Operators Regulation, 2025* by Bangladesh Bank, PISPs will be licensed for the first time, enabling a smoother, more unified digital payment experience that connects bank accounts and mobile financial services (MFS) through a single gateway.

1. **Simplifying payments for consumers**
   a. PISPs let users pay directly from bank or MFS accounts with consent.
   b. A single interface can manage multiple financial accounts, improving ease and access.
   c. Strong Customer Authentication keeps payments secure with fewer passwords.
2. **Benefits for businesses and merchants**
   a. One-click and low-friction payments can cut cart abandonment and raise online sales.
   b. PISPs enable instant B2B and government payments, lowering costs.
   c. Consent-based real-time data supports BNPL and tailored credit products.
3. **Global context and readiness**
   a. Similar systems thrive globally, with platforms in India and Europe processing billions.
   b. Bangladesh's NPSB and widespread bKash and Nagad usage create a strong base.

For PISPs to fully transform the payment system in Bangladesh, three pillars are essential: security, system readiness, and consumer awareness. With these in place, the country could leap forward to a more inclusive, secure, and seamless digital finance ecosystem that supports faster payments and new fintech innovations.

Sources:

1. *PISP: The next big leap in Bangladesh's digital payment*

Bangladesh Bank Buys $149 Million to Support Taka

December 09

Bangladesh Bank has stepped into the foreign exchange market to stabilize the taka's exchange rate by purchasing $149 million from 16 commercial banks via auction at around Tk 122.29 per dollar, bringing its foreign currency purchases this fiscal year to around $2.66 billion. The central bank says this intervention aims to prevent the taka from strengthening too much—which could hurt exports and remittance inflows—and to maintain balance in the current account by supporting the dollar rate amid fluctuating demand and supply.

Sources:

1. *BB buys another $149m to support exchange rate*

Moderate Recovery in Foreign Exchange Reserves

December 10

Bangladesh's foreign exchange reserves have shown a slight upward trend, reaching over $27 billion. This recovery is driven by a surge in remittances and a strategic reduction in non-essential imports, providing the central bank with more breathing room to manage the Taka's value. While this growth is a positive sign, economists warn that the country must remain cautious. Maintaining these reserves is vital for paying off international debts and ensuring that the country can continue to import essential raw materials for its industrial sector.

Sources:

1. *Bangladesh's forex reserves climb to $27.22b*

Bangladesh Bank Eases Capital Machinery Import Rules

December 10

Bangladesh Bank has relaxed its rules to allow entrepreneurs and industries to import capital machinery and other long-term capital goods on foreign loans with a three-year usance term **without needing prior approval from the Bangladesh Investment Development Authority (BIDA)**, simplifying the import process and reducing procedural hurdles. This move is expected to help businesses procure essential equipment more quickly, support industrial expansion and boost investment planning.

Sources:

1. *Bangladesh Bank allows entrepreneurs to Import Capital Machinery without BIDA's approval*

Govt to Launch NEIR with Grace Period for Grey-Market Traders

December 10

The interim government will launch the **National Equipment Identity Register (NEIR)** system on **16 December** to curb the use of illegal and unregistered mobile phones in Bangladesh, but traders involved in the grey market have been granted a **three-month grace period** to adjust, during which their handsets won't be blocked. The authorities agreed to use this time to ease letter of credit procedures, consider duty reductions and create legal channels for regularizing imported devices following discussions with industry and trade representatives.

Sources:

1. *Govt to launch NEIR on 16 December, 3-month grace period granted to grey-market traders*

Why Export Diversification Is Struggling

December 10

Bangladesh's efforts to diversify exports beyond traditional products are being held back by structural weaknesses that limit competitiveness in global markets. Gaps in quality standards, logistics, and certification continue to restrict access to higher-value destinations.

1. **Quality and compliance gaps**
   a. Many exporters fail to consistently meet international quality standards.
   b. Product rejections and compliance issues weaken buyer confidence.
2. **Weak logistics and high costs**
   a. Inefficient transport, port delays, and slow customs clearance raise export costs.
   b. These challenges are especially damaging for time-sensitive and perishable goods.
3. **Limited certification capacity**
   a. Lack of testing and certification facilities and reliance on foreign labs.
   b. This increases costs and leads to reduced competitiveness.

Unless these bottlenecks are addressed, Bangladesh's export basket is likely to remain narrow. Improving quality assurance, logistics efficiency, and certification infrastructure is critical to accessing new markets and moving up global value chains.

Sources:

1. *Quality gaps, weak logistics, poor certification holding back export diversification: Businesses*

Managing the Growing Burden of External Debt

December 12

Bangladesh is currently facing its most significant debt repayment period in history, with repayment obligations jumping by over 600% in recent years. This surge is primarily due to the "grace periods" of several large-scale infrastructure projects ending simultaneously, requiring billions in annual payments. The rapid increase in debt servicing is testing the country's economic resilience, especially as global interest rates remain high. Moving forward, the government will need to prioritize high-return projects and ensure that its export earnings grow fast enough to cover these massive "mega-bills" without draining national reserves.

Sources:

1. *Megaprojects' mega bills are testing Bangladesh's economy*
2. *Bangladesh's debt repayment jump fastest in South Asia*
3. *Bangladesh spent 26b debt servicing in fy24*
4. *Bangladesh's external debt jumps 42% in 5yrs, repayment pressure doubles: World Bank*

VAT Shift on LPG Cutting Tax Evasion

December 15

Bangladesh's National Board of Revenue (NBR) is planning to simplify the VAT structure on liquefied petroleum gas (LPG) by shifting tax collection to a single point. The move is aimed at reducing tax evasion, improving compliance, and easing administrative complexity in a sector heavily dependent on imports.

1. **Single-stage VAT at import level**
   a. NBR proposes imposing **10% VAT at the import stage**, replacing existing multi-stage VAT and advance tax at local production and trading levels.
   b. The total tax burden is expected to remain unchanged.

2. **Reducing evasion and compliance costs**
    a. Collecting VAT at one point will make monitoring easier and reduce loopholes linked to local value addition and refunds.
    b. Industry players have welcomed the move as it simplifies accounting and creates a more level playing field.
3. **Limited impact on consumers**
    a. Bangladesh imports about **98% of its LPG**, making the import stage the most effective point for tax collection.
    b. Regulators indicate retail LPG prices are unlikely to rise due to the restructuring.

Overall, the proposed reform signals a shift toward more efficient and transparent tax administration. If implemented effectively, it could strengthen revenue collection while avoiding additional pressure on consumers and businesses.

Sources:

1. *NBR moves to shift VAT on LPG at import stage to cut tax evasion*

Bangladesh's Garment Exports Shrink as Alternative Markets Falter

December 15

Bangladesh's garment exports grew **just over 3 % in the first four months of FY26**, driven mainly by traditional markets like the EU and US, while **exports to alternative markets declined** during the same period. Challenges such as weaker demand in non-traditional destinations and global supply chain pressures contributed to the slowdown.

1. **Modest overall export growth**
    a. I n July–October FY26, garment shipments increased by **3.05 %**, with value reaching **US$20.41 billion**.
    b. The increase was largely supported by sales to **traditional markets** (EU, US), while growth was limited elsewhere.
2. **Decline in alternative markets**
    a. Exports to **alternative destinations** such as Russia, Ukraine, and parts of Latin America fell, offsetting some gains from core markets.
    b. This suggests that diversification efforts have yet to fully take hold, leaving dependence on key Western markets.
3. **Product mix and price pressures**
    a. Lower unit prices and a stronger USD affected competitiveness, limiting value growth.
    b. Higher production costs and global inventory adjustments also restrained orders.

Despite overall growth, the reliance on a few major markets and weak performance in alternative ones highlight risks for Bangladesh's garment sector. To sustain growth, exporters may need deeper market diversification and strategies to enhance value and competitiveness.

Sources:

1. *Garment exports to alternative markets fall over 3% in FY26*