Roundtable Discussion on

Economic Diplomacy: Bangladesh Perspective

Organised by

Bangladesh Institute of International and Strategic Studies (BIISS)

13 March 2025

Proceedings of Roundtable Discussion on

Economic Diplomacy: Bangladesh Perspective

BIISS auditorium, 13 March 2025

Bangladesh Institute of International and Strategic Studies (BIISS) organised a roundtable discussion on **"Economic Diplomacy: Bangladesh Perspective"** at the BIISS auditorium on 13 March 2025. **Dr Ahsan H Mansur,** Governor, Bangladesh Bank graced the event as the Chief Guest. Four presentations were made at the discussion. The first presentation made by **Dr Mahfuz Kabir**, Research Director, BIISS was titled **"Economic Diplomacy: Trade Perspective". Dr Mohammed Helal Uddin**, Professor, Department of Economics, University of Dhaka and Executive Vice Chairman Microcredit Regulatory Authority presented on **"Economic Diplomacy: FDI and 4IR in Focus". Dr Rashed Al Mahmud Titumir,** Professor, Department of Development Studies, University of Dhaka, talked on "**Economic Diplomacy: Discussion on ODA**". **Major General Iftekhar Anis,** BSP, awc, afwc, psc, PEng, Director General, BIISS delivered the welcome address. **Ambassador AFM Gousal Azam Sarker**, Chairman, BIISS, chaired the session. The event was attended by selected participants from different ministries, diplomatic missions, academia, think tanks and other relevant organisations.

WELCOME ADDRESS

Major General Iftekhar Anis BSP, awc, afwc, psc, PEng

Director General, BIISS

Major General Iftekhar Anis stated that Bangladesh considers economic diplomacy as an important aspect of its foreign policy. He observed that the current Interim Government of Bangladesh has been striving to reprioritise development, reinvigorate exports and foreign investment, invite global tech giants like Starlink to provide high-speed internet service, bring back laundered money, and generate support from international development partners to implement reform measures. He expressed that the recent political transition in Bangladesh, amidst global economic uncertainty and increased geopolitical competition, has made economic diplomacy even more important for ensuring its smooth graduation from the group of least developed countries and achievement of Sustainable Development Goals (SDGs).

Major General Anis identified some key areas of economic diplomacy of Bangladesh which include export diversification, attracting foreign direct investment (FDI), transfer of technology and ensuring security and better working conditions for Bangladeshi migrants while facilitating increased and smooth flow of remittance. Readymade Garments (RMGs) currently provide about

85 per cent of foreign currency from goods exports. He argued that diversification of products, both within RMGs and beyond, and exploring new markets would reduce vulnerability in export earnings.

He further remarked that Bangladeshi Missions abroad are working relentlessly to enhance Bangladesh's business. He added that Bangladesh has already established 100 Special Economic Zones and 28 High-tech Parks to attract FDI. He advocated for pursuing FDI inflow in production of semiconductors, electrical and electronics, automobiles, green hydrogen, etc. which will enhance the country's image and promote rapid industrial development. He informed the audience that with its 650,000 registered information technology (IT) freelancers, Bangladesh represents the largest freelancing community in the world vying for a sizeable foothold in the international IT market. He suggested investing significantly to develop infrastructure and engaging the youth in artificial intelligence and robotics as the fourth industrial revolution has opened up global gateway to realise numerous potentials. It will pave the way to increase export of services and create new jobs significantly, he added.

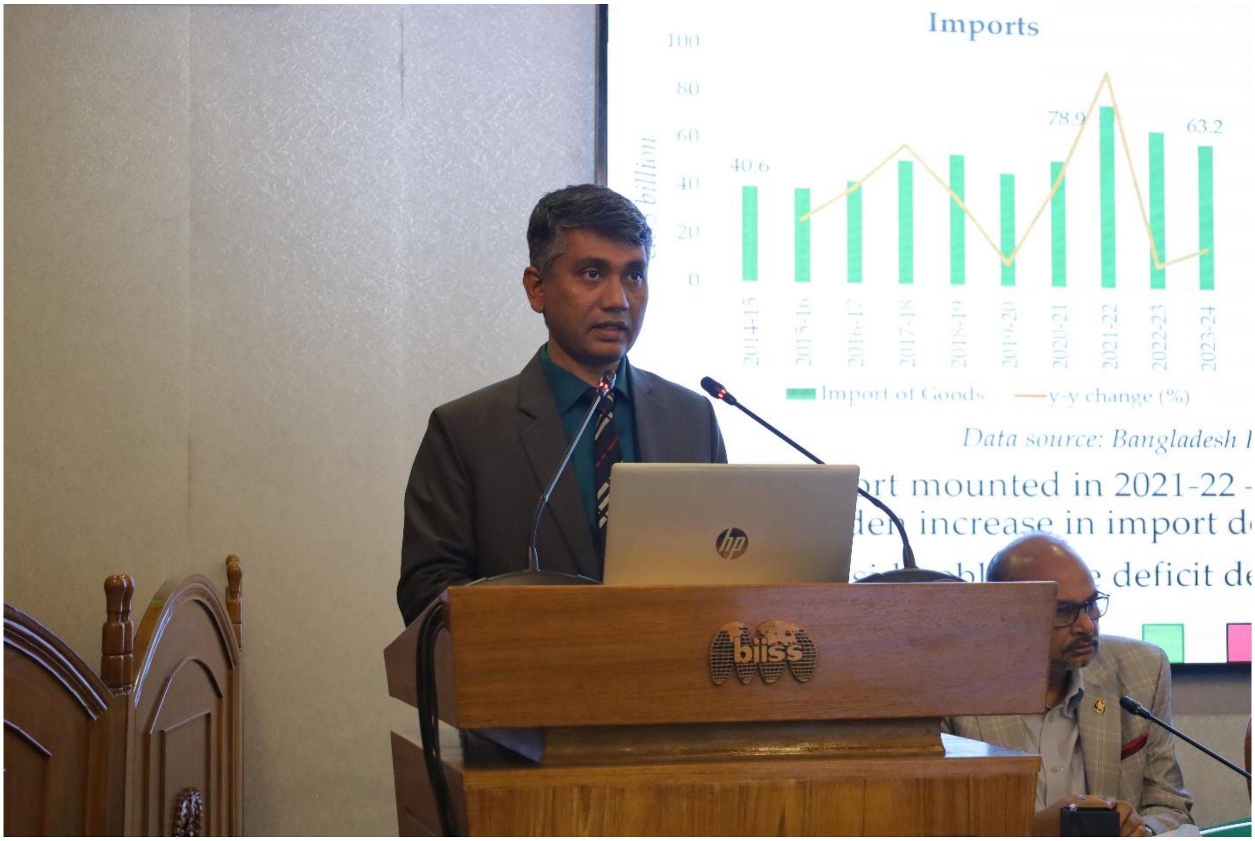
He argued that amidst the evolving political and economic landscape that Bangladesh is now going through, the country is facing some challenges impacting its economic diplomacy endeavours. Global economic uncertainty originating from the fear of upcoming global trade war, trade disruption both at home and abroad, bureaucratic hurdles, and competing geopolitical interests in the region—all these challenges are expected to have some impact on the country's economic diplomacy ventures, he further elaborated. To implement reform measures that the interim government has undertaken, he called for enhancing flow of Overseas Development Assistance (ODA) from important development partners including World Bank, Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), the European Union (EU) and the United Nations (UN). He reemphasised that economic diplomacy can be a strong foreign policy tool to overcome challenges emanating from global economy as well as to create a strong export base.

He expressed optimism that the roundtable discussion will offer a valuable platform to engage in meaningful discussions about how Bangladesh can navigate through the politico-economic situation, ensuring effective implementation of economic diplomacy. He was hopeful that the discussions will not only deepen the understanding of the challenges for economic diplomacy of

Bangladesh in the present context but also will provide insightful suggestions for the policy makers.

Presentation I

Economic Diplomacy: Trade Perspective



Dr Mahfuz Kabir

Research Director, BIISS

In his presentation **Dr Mahfuz Kabir** examined Bangladesh's economic diplomacy from trade perspective. The key topics he covered included trends in exports and imports, the role of foreign missions, the impact of LDC graduation and trade wars. He also provided some policy recommendations for Bangladesh.

Dr Kabir started by discussing the trends and characteristics of Bangladesh's exports and imports. He noted that in recent years, the country has experienced fluctuating trade patterns. In fiscal year 2021-22, imports reached a peak of approximately USD 79 billion, largely driven by deferred payments and a post-COVID surge in demand. He observed that despite efforts to curb non-essential imports, the trade deficit continues to grow, emphasising the need for strategic trade management.

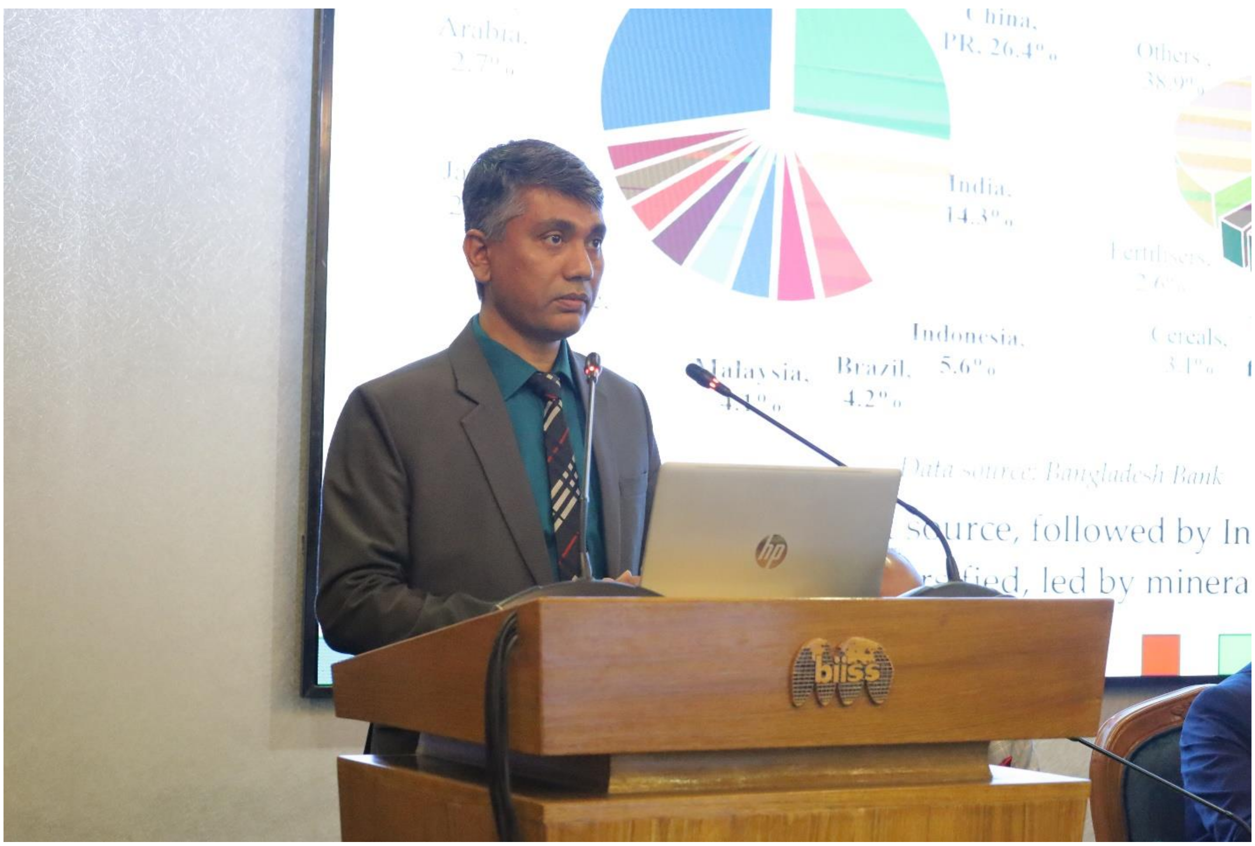
He pointed out that China is the largest source of Bangladesh's imports, accounting for over 26 per cent of the total imports, followed by India and the US. The main import items of the country include mineral fuels, cotton, machinery, iron, steel, electronics, plastics, and various agricultural products. He noted that Bangladesh is diversifying its import basket, particularly for materials like mineral fuels and cotton, which are crucial for its textile industry. The country imports a significant amount of cotton and other goods from the US. He further observed that while the Trade and Investment Cooperation Framework Agreement (TICFA) has facilitated trade with the US since 2014, Bangladesh has not yet secured a Free Trade Agreement (FTA) with the US.

On the export side, Bangladesh has diversified its market to include the US, Germany, the UK, Spain, France, Italy, India, and the Netherlands. Ready-made garments (RMG) dominate the export list, followed by jute, home textiles, leather, and leather goods. He emphasised that for Bangladesh, the growth trends and market diversification of export are two important issues that deserve attention.

Dr Kabir then shifted his focus to trade in services. He informed that for the fiscal year 2023-2024, Bangladesh's service imports were around USD 9.7 billion, while exports were USD 6.7 billion, indicating limited growth in this sector. Despite a positive growth trend in the demand for Bangladesh’s goods over the past eight months, demand for these goods tends to be stronger in other countries, signalling ample opportunities for Bangladesh to expand its exports.

He explained that, based on the gravity model of trade, Bangladesh has significant potential to increase its exports to countries like the US, the UK, Germany, and Japan. The model suggests that though geographical proximity plays a key role in trade expansion, Bangladesh’s strong business relationships with distant countries also contribute positively to its trade potential.

Dr Kabir emphasised the critical role of Bangladesh’s foreign missions in economic diplomacy. He noted that some missions have commercial wings that focus on promoting exports. However, missions in Tehran, Yangon, and Geneva have not been particularly successful in this regard. Surprisingly, missions without commercial wings—such as those in Hong Kong, Copenhagen, Rome, Stockholm, and The Hague—are performing well in boosting exports of both goods and services.

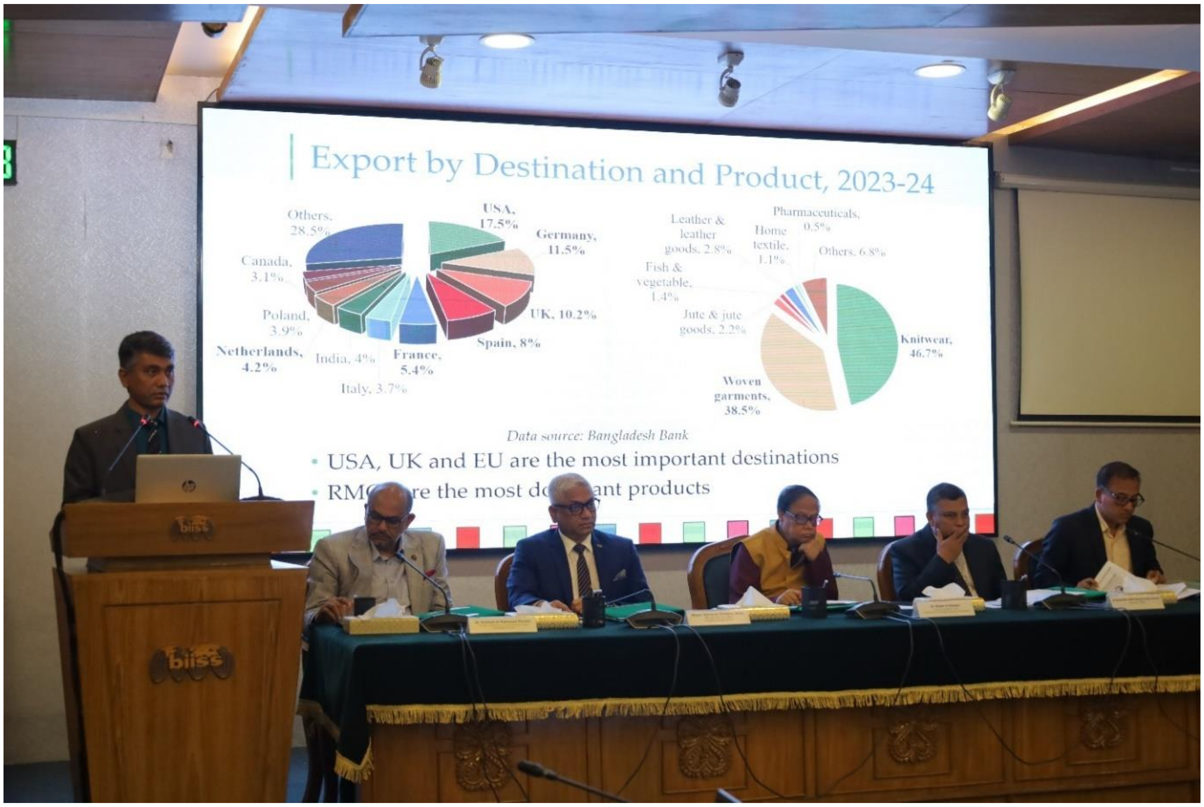


He then highlighted Bangladesh’s growing potential in the global freelancing market. Bangladesh is ranked second globally in terms of the online labour force, accounting for 16 per cent of the global market share. Bangladesh ranks first in clerical/data entry (28 per cent) and creative multimedia (25 per cent), and sixth in software development and information technology (6.1 per cent). Despite these impressive rankings, wages in Bangladesh’s freelancing sector remain relatively low compared to countries like Canada and Australia, where workers charge much higher rates for similar services.

Dr Kabir also discussed Bangladesh’s strong position in key export markets for knitwear and woven garments. In the US, Bangladesh ranks fourth in knitwear exports and third in woven garments. In Germany, it holds the top position for knitwear and second for woven garments, while in the UK, it ranks second in both categories. These findings point to substantial potential for expanding exports in these key markets.

Dr Kabir then shed light on the potential consequences of Bangladesh's upcoming graduation from Least Developed Country (LDC) status. According to simulations, Bangladesh could face a 20 per cent loss in exports to the EU after LDC graduation, with even more significant losses in other markets. For example, exports to Turkey could decrease by up to 70 per cent for RMG products and 29 per cent for non-RMG products. Similarly, exports to India could decline by 41 per cent for RMG products and 31 per cent for non-RMG goods. The loss of trade preferences in the EU, the UK, and other countries could total USD 11.42 billion by 2031-32, posing a significant challenge for Bangladesh.

In light of this, Dr Kabir suggested that Bangladesh should consider appealing to the UN for an extension of the LDC graduation transition period, particularly in the EU and other key markets, to mitigate potential losses.



In the concluding part of his presentation, Dr Kabir offered several policy recommendations. He stressed that effective image-building is crucial for enhancing Bangladesh's global presence. He pointed out that the current Chief Adviser's international reputation can help promote Bangladesh's positive attributes. Sustainable export items and a growing number of green factories are also helping in the country's image-building.

He argued that Bangladesh should pursue trade agreements with countries like the UK, South Korea, China, Australia as well as with the EU. There is potential to initiate negotiations with the EU, despite previous reluctance, especially as Bangladesh prepares for the GSP Plus facilities. The UK also offers similar benefits to developing countries, which Bangladesh can leverage until it graduates from LDC status in 2026 and becomes an upper-middle-income country by 2031.

He emphasised that Bangladesh needs to better utilise its foreign missions, especially those with underperforming commercial wings in places like Yangon and Tehran. The government should also consider adding commercial wings to successful missions, such as in Hong Kong, to further boost exports.

Dr Kabir opined that with ongoing global trade tensions, particularly the trade war initiated by the Trump administration, Bangladesh must remain vigilant and prepared for any new developments. The country can use platforms like TICFA to safeguard against potential trade disruptions, particularly with the US. He concluded by stressing that Bangladesh's ability to adapt to these challenges will determine its future economic success.

Presentation II

Economic Diplomacy: FDI and 4IR in Focus

Dr Mohammed Helal Uddin

Professor, Department of Economics, University of Dhaka

Professor Dr Mohammed Helal Uddin began his presentation by situating his remarks within the broader theme of the panel discussion, emphasising that his primary focus would be on the critical role of economic diplomacy in the context of two transformative global shifts: the evolution of the global economic order following the First Digital Revolution (FDR), and the ongoing Fourth

Industrial Revolution (4IR). He explained that, as an economist, his perspective would remain firmly grounded in macroeconomic trends, international trade dynamics, and the strategic positioning of a country like Bangladesh within these shifting paradigms.

At the outset, Professor Helal reflected on the general confusion that sometimes accompanies the discourse on economic diplomacy. He remarked that many observers and even policymakers often conflate economic diplomacy with mere trade facilitation or commercial promotion. However, he argued that it is, in fact, a much broader and more nuanced discipline. Economic diplomacy, in his view, involves the strategic use of a country's economic tools, institutions, and capacities to achieve foreign policy objectives, while also ensuring the country's economic interests are advanced in a highly competitive global environment. (check this statement)

Professor Helal noted that the activities of commercial wings in foreign missions of Bangladesh has shown signs of progress in recent years. However, performance remains uneven across destinations. He stressed that missions in key trade destinations need to adopt a much more proactive role, aligning their efforts not only with national export targets but also with the long-term structural transformation of the Bangladesh economy.

Turning to historical trends, Professor Helal traced the evolution of economic diplomacy across three critical global junctures. The first period, he argued, was the era of the First Digital Revolution, which began in the early 19th century and was marked by the widespread diffusion of electricity, telecommunications, and early computing technologies. This period saw the rise of new patterns of trade and industrialisation, giving birth to modern protectionist policies and, in turn, contributing to global instability. He referred to the period between 1945 and the 1970s as the second phase—one marked by a relative shift away from protectionism and toward multilateralism, embodied most significantly in the formation of institutions such as the General Agreement on Tariffs and Trade (GATT) and later the World Trade Organization (WTO).

During this post-war period, multilateral economic cooperation gained traction. Oil shocks in the 1970s briefly disrupted this order, but the general trend remained towards greater global economic integration. The third phase began in the 1990s with the acceleration of globalisation and the rise of regional and bilateral trade agreements. The rapid expansion of global trade, the formation of BRICS, and the integration of major developing economies into the world market—most notably China's accession to the WTO—heralded an era of unprecedented global interdependence.

However, he cautioned that this phase has now entered a period of uncertainty. The last decade has witnessed a return to protectionist impulses and rising economic nationalism, particularly in major economies. Trade wars, supply chain realignments, and currency wars have complicated the global economic landscape. Professor Helal pointed out that in this emerging world order, countries like Bangladesh must adapt quickly to survive and thrive. It is in this context that economic diplomacy must evolve from routine trade promotion to a more agile and strategic toolkit capable of responding to the complex demands of the 21st century.

Professor Helal acknowledged that while Bangladesh did not experience the full brunt of the 2008 global financial crisis due to its relatively limited exposure to international capital markets, the evolving nature of global economic disruptions—including those brought by pandemics, geopolitical tensions, and technological shifts—now pose serious challenges. He argued that Bangladesh needs a robust foreign economic policy that is clearly aligned with its domestic economic policy. These two domains—foreign and economic policy—can no longer be treated as separate silos. Instead, they must converge in the form of what he termed "strategic economic diplomacy".

He then posed a critical question: Can a small country like Bangladesh play an active role in shaping the global economic order? His answer was cautiously optimistic. While acknowledging Bangladesh's limited geopolitical leverage, he argued that small states have agency—if not through coercive power, then through strategic alignment, diplomatic foresight, and economic adaptability. In the current era, power is not merely about territory or military strength but increasingly about influence in global institutions, value chain integration, and control over innovation, he added.

He then looked into the global economy from the perspective of game theory characterised by a constantly shifting arena of competition, cooperation, and strategic responses. He commented that to play this game effectively, countries need to be clear-eyed about their strengths and weaknesses. They need to understand not just their own strategy but also anticipate the strategies of other players. For instance, the rise of economic nationalism in the United States under President Trump, including the reversal of global trade commitments and the imposition of tariffs is a classic example of how sudden shifts in major economies can disrupt the playing field for others. Bangladesh, he argued, must remain vigilant and responsive to such changes.

Professor Helal elaborated on the structural challenges faced by Bangladesh in this regard. One of the most pressing issues, in his view, is the country's overdependence on a limited range of exports—primarily ready-made garments (RMG). While Bangladesh enjoys a comparative advantage in this sector, this narrow base makes the economy vulnerable to external shocks. The entry of China into the WTO was a game-changer that forced Bangladesh to compete with a much more diversified and technologically capable export machine. The cost advantage that Bangladesh had long enjoyed has already started to erode, and concerns over quality, compliance, and branding are coming to the forefront.

He stressed that a key focus of economic diplomacy should therefore be to reposition Bangladesh as a diversified and competitive exporter. This requires diplomatic missions not only to promote exports but also to gather intelligence, foster technology transfer, attract FDI, and support capacity-building efforts across sectors. The goal should be to transition from low-cost to high-value production.

Professor Helal also drew attention to the crucial link between domestic reforms and international positioning. He argued that one cannot speak of economic diplomacy in the abstract without addressing the systemic issues within the domestic economy. Issues such as regulatory unpredictability, infrastructure deficits, syndicate control in key sectors, and weak institutional capacity - all undermine Bangladesh's credibility as a trade and investment destination. In his view, Bangladesh must invest in both hardware (infrastructure, logistics, connectivity) and software (governance, innovation systems, skills training) to elevate its standing.

The speech then transitioned into a detailed discussion on the Fourth Industrial Revolution (4IR). Professor Helal characterised the 4IR as a seismic shift in the global economy, led by advancements in robotics, artificial intelligence, biotechnology, and digital connectivity. He argued that unlike previous industrial revolutions, the 4IR is not confined to a single region or sector—it is deeply integrated, technology-intensive, and rapidly evolving.

He further argued that for countries like Bangladesh, the 4IR presents both an existential threat and a historical opportunity. On the one hand, the automation of manufacturing processes in industrialised countries could undermine the traditional outsourcing model that underpins Bangladesh's RMG-led export strategy. On the other hand, with the right investment in skills and innovation, Bangladesh could integrate into new segments of global value chains. However, he cautioned that the country's current education and training systems are poorly aligned with the needs of a digital economy. Without a clear roadmap to improve the technological skills of the labour force and incentivise innovation, Bangladesh risks being left behind.

To face the challenges posed by the 4IR, he called for a multi-pronged strategy. First, Bangladesh must actively engage in global and regional dialogues on the governance of emerging technologies. Second, it must build domestic institutions that can nurture innovation—through university-industry linkages, research grants, and support for startups. Third, its economic diplomacy must pivot toward strategic partnerships in areas like digital infrastructure, green technology, and data governance.

Toward the conclusion of his speech, Professor Helal provided some striking figures to underscore the importance of trade balance and competitiveness. He cited the United States' trade deficits with various countries: USD 773 billion with China, USD 279 billion with Mexico, USD 152 billion with Vietnam, and USD 83 billion with Germany. In contrast, United States' trade deficit with Bangladesh stands at around USD 6 billion. While this may appear modest, he warned that competition with regional players—particularly India and Vietnam—requires a serious push to enhance efficiency, quality control, and branding.

Professor Helal concluded by reiterating the importance of strategic thinking in Bangladesh's approach to global economic engagement. Economic diplomacy, in his view, cannot succeed unless it is supported by domestic reforms, inter-agency coordination, and a clear understanding of both historical context and emerging trends. He urged policymakers to see beyond short-term targets and focus instead on building the foundational capacities that will allow Bangladesh to shape, rather than merely respond to, the changing contours of the global economy.

Presentation III

Economic Diplomacy: Discussion on ODA

Dr Rashed Al Mahmud Titumir

Professor, Department of Development Studies, University of Dhaka

Professor Rashed Al Mahmud Titumir began his remarks by paying tribute to the late Professor Anisur Rahman. He mentioned Professor Rahman's seminal work titled 'Welfare Economics of Foreign Aid' which, according to him, provides great insights on foreign aid. Professor Titumir emphasised that Professor Rahman had long argued for a key idea—originally highlighted by two prominent figures in 1949—that the international community held a responsibility in the post-decolonisation period. Structuralist economists such as Hollis Chenery and others sought to understand how this role could be integrated into economic theory. As a result, they developed what became known as the dual-gap analysis, which posited that a shortfall in domestic savings could be compensated by official development assistance (ODA). Reflecting on his own work, he mentioned that he had not focused on foreign aid in recent years. His last major engagement with the topic had been during the presidency of James Wolfensohn at the World Bank. Wolfensohn, who served two terms between 1995 and 2005, had raised questions about the effectiveness of structural adjustment policies. In response, he proposed a tripartite review mechanism involving the World Bank, recipient governments and civil society actors to assess the impact of World Bank lending.

Professor Titumir emphasised that there was a need to redefine ODA in the context of structural transformation. He referred specifically to Bangladesh, where such transformation has not been adequately realised. He outlined four distinct phases in the evolution of ODA in Bangladesh. The first phase, spanning the post-independence period of the 1970s to the 1980s, was marked by ODA's focus on humanitarian relief, food security and basic infrastructure. Although the World Bank did not enter directly at first, its involvement began through initiatives from the American embassy, eventually taking Bangladesh as a test case for aid programs—something that reveals much about the aid industry's perception of the country. The second phase, during the 1990s, was defined by structural adjustment. During this era, ODA was tied to economic reforms emphasising liberalisation, deregulation and privatisation. However, Professor Titumir stressed that neither aid nor these reforms yielded the expected outcomes. The notion that simply getting prices right, as advocated by market fundamentalists, would bring success did not hold true. This gave rise to another misconception—that ensuring good governance through institutional reform would solve development challenges, though this agenda too had its flaws.

In the third phase, he noted, the focus shifted during the 2000s to the Millennium Development Goals (MDGs), eventually giving way to the current Sustainable Development Goals (SDGs) era. Yet, globally, certain trends continued. Although the United Nations had agreed that 0.7 per cent of Gross National Income (GNI) from the countries of Organization for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC) should be allocated to aid, only five out of the 32 member states had met that commitment. This, Professor Titumir suggested, amounted to a familiar narrative of "unkept promises". He pointed out that in earlier decades, ODA made up about 8 per cent of Bangladesh's GNI, but this has since declined to just 0.8 per cent . Despite this shift, the country's bureaucracy has not adapted. He recalled how the former External Relations Department became the Economic Relations Division, yet its approach remains outdated. During visits abroad, he observed how Bangladeshi missions now emphasise trade and economic roles—such as Economic Ministers and Commercial Counsellors—highlighting a move from aid dependency to trade and productive capacity. However, this shift has not been reflected in the domestic administrative structure, which, he argued, needs urgent reform.

Professor Titumir avoided delving into debates around neo-colonialism, power imbalances or geopolitical rivalries, noting that the aid industry itself has not been proven capable of enabling countries to fulfil the aspirations of their people in a post-colonial context. He cited the recent downsising of icddr,b as an example of how fragile aid-dependent institutions can be when reliant on external goodwill. He also touched on US economic policy, suggesting that critiques of leaders like Donald Trump often miss deeper structural issues. In his view, Trump's approach to managing domestic deficits and maintaining economic competitiveness reflects broader challenges in sustaining growth. With US growth slowing in the 21st century, he argued that boosting labour productivity through science, technology, and innovation is essential.

He emphasised that the current global order is unpredictable—what Donald Rumsfeld once described as ‘unknown unknowns’. He further commented that post-Cold War transitions may not repeat themselves peacefully and in this uncertain landscape, aid will continue to be shaped by geopolitical motives. For example, US aid often aligns with strategic interests while the EU would remain focused on labour. He observed that Japan, despite being Bangladesh’s largest development partner, shows a stark imbalance between ODA and foreign direct investment (FDI). In one year, Japan provided USD 365 million aid to Bangladesh while its investment in the country was USD 598 million. Compared to Japan’s global investments which is USD 1.5 trillion, Bangladesh received less than Japan's global average. He argued that to ensure sustainable reserves, Bangladesh must improve its financial account, especially by attracting more FDI. Countries with strong reserve growth typically show consistent financial account surpluses. With FDI declining and debt liabilities rising, Bangladesh faces growing risks. Professor Titumir stressed that this is the core issue—and one that demands serious attention if the country is to safeguard its economic interests.

Professor Titumir discussed the importance of aligning foreign assistance and regional cooperation with tangible economic outcomes, particularly through investment that expands productive capacity. Citing India as an example, he noted that while regional connectivity initiatives like power grids or railways—such as the promised BBIN (Bangladesh-Bhutan-India-Nepal) initiative—have been announced, implementation has been lacking. He questioned how such promises are being negotiated and whether they are leading to actual foreign direct investment, job creation or supply chain development. He emphasised the need to assess whether investments—particularly from India and China—are truly contributing to employment and productivity. For instance, many Indian investment projects have yet to materialise meaningfully. Similarly, large amounts of aid and development finance have been received, but their real impact remains unclear. In this connection he mentioned cases where organisations, including universities affiliated with NGOs, received substantial development funding. He mentioned BRAC Institute of Governance and Development (BIGD) as a case in example that received significant resources but whose contributions to broader academic teaching and system reform remain uncertain.

He stressed that real investment also requires skill development. He highlighted the potential of adopting successful models, such as the American community college system to build a skilled workforce. Japan, South Korea and European countries are interested in skilled labour—particularly in sectors like nursing—but this interest hinges on standardization of education and training, which Bangladesh must prioritise. Regarding China, he raised questions about disbursement patterns from institutions like the Asian Infrastructure Investment Bank (AIIB), of which Bangladesh is a member. He noted that a disproportionate share of AIIB funds have gone to India and Bangladesh needs to engage more actively in discussions on equitable disbursement. Similarly, with the New Development Bank (NDB) and the Shanghai Cooperation Organization (SCO), he argued that Bangladesh should negotiate support for its capital markets. He also referenced China's recent government work report, which includes measurable targets on reducing electricity consumption per unit of GDP and improving air and water quality. Bangladesh, he suggested, should seek similar commitments and cooperation, especially given its own environmental pledges and green transition goals.

In conclusion, Professor Titumir argued for better policy alignment, integrated planning and robust monitoring and evaluation systems. He denoted that Bangladesh must focus on expanding productive capacity, building human capital, creating a liveable environment and improving its global economic positioning. He stressed that Bangladesh's diplomatic missions should prioritise resolving labour-related issues, especially given rising ESG (Environmental, Social, and Governance) concerns. Without addressing these core matters, aid will fall short. In conclusion, he called for a fundamental restructuring of the aid industry—one that directly supports productive growth, human development and green transformation.

OPEN DISCUSSION

Ambassador Shahed Aktar (Retd)

Ambassador Shahed Akhtar (Retd) remarked that the discussions in the roundtable were insightful. Drawing from his experience in both government and private sectors, including his time at Bangladesh's oldest and largest chamber, he emphasised that economic diplomacy is not an unfamiliar concept to those involved in trade, commerce, or diplomacy. He noted that post-political transition, ensuring economic stability and long-term prosperity through proactive economic diplomacy was vital. He acknowledged the interim government's appointment of a capable and internationally experienced governor who has taken promising initiatives to investigate and recover funds siphoned off abroad. Ambassador Akhtar appreciated the governor's outreach efforts to regional and global partners, including South Asian Association for Regional Cooperation (SAARC), Association of Southeast Asian Nations (ASEAN), and the European Union (EU), and noted the importance of connecting diplomatically with new global leadership, such as the United States under Donald Trump.

He stressed the need to create an investment-friendly environment and expand trade partnerships beyond traditional markets like the EU and the US. Highlighting the necessity of market diversification, he urged stronger engagement with African and Latin American economies. Ambassador Akhtar pointed out the limitations in current regional cooperation under SAARC but asserted that business and trade can still proceed even in the absence of full political alignment. He emphasised leveraging platforms like Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and ASEAN for regional economic cooperation.

Touching on export diversification, he underlined the need to look beyond the garments sector and explore potential in Information and Communication Technology (ICT), pharmaceuticals, and agro-based industries. He noted that merely producing goods is not enough; exporting to markets like Europe requires compliance with strict regulatory processes and standards, for which coordinated efforts from multiple ministries are essential.

Energy security was also a key concern to Ambassador Akhtar. He called for strategic partnerships with India, Nepal, and Bhutan to ensure energy-sharing agreements and develop renewable energy projects. Regarding FDI, he echoed concerns about the underwhelming investment climate, despite claims of progress. He recounted how even during the COVID-19 period, foreign investors showed interest, but bureaucratic inefficiencies prevented outcomes.

On remittance and labor diplomacy, he lamented the exploitation of Bangladeshi workers abroad and highlighted how such practices damage the country's global image. He advocated for better coordination between the private and public sectors to ensure ethical labor migration practices.

He then addressed skill development, suggesting the conversion of underperforming universities into polytechnic institutes to bolster vocational training. Ambassador Akhtar also underscored the importance of advancing Bangladesh’s readiness in areas like Artificial Intelligence (AI) and digital transformation to strengthen its global technological presence. He stressed the need for better policy coordination and internal reforms to create a favorable environment for international investment.

In conclusion, he emphasised the significance of enhancing Bangladesh's diplomatic relationships with major powers like China, India, and the US while improving internal governance to support economic diplomacy.

Ambassador Dr Toufik Ali (Retd)

Ambassador Dr Toufik Ali (Retd) underscored that economic diplomacy is not a static concept—it evolves with time. He recounted his own experience in export promotion as a diplomat in Sri Lanka and noted how shifts from state-led to private sector-led trade had changed the dynamics of economic diplomacy. He emphasised the critical role of the private sector, pointing out its underrepresentation in the roundtable despite being a primary stakeholder.

He also elaborated on the complexities of multilateral trade negotiations, especially in the WTO format, and shared his views on contemporary issues like the role of tariffs in the US government policy. He argued that recent shifts in trade policy under Trump show how such global developments create uncertainty, making economic adaptability and preparation even more crucial.

Dr Ali concluded by stressing the enduring fundamentals for developing countries like Bangladesh: increasing exports, facilitating remittances, acquiring technology, and exploring new areas of cooperation. He called for deeper preparation for LDC graduation and emphasised that duty-free access can no longer be relied upon. Instead, Bangladesh must engage in Free Trade Agreements and strategic economic planning.

Nargis Murshida

Joint Secretary, Ministry of Commerce, Government of the People’s Republic of Bangladesh

Nargis Murshida emphasised the government's commitment to aligning commercial presence with strategic trade interests. She highlighted the Ministry's recent export policy for 2024–2027, which includes a focus on product diversification. The policy categorises sectors into top priority and special priority areas, with specific facilities allocated for their development. However, she acknowledged that exports remain heavily reliant on the garment sector. Ms Murshida encouraged exporters and industry associations to play a more active role in expanding Bangladesh’s export basket.

Rear Admiral A S M A Awal (Retd)

Rear Admiral A S M A Awal (Retd) focused on the importance of GSP+ negotiations and related reforms. He explained that achieving GSP+ status now hinges on compliance with four criteria: labor rights, human rights, governance, and environmental sustainability. He emphasised that diplomatic efforts alone cannot achieve these goals without substantive domestic reforms.

He criticised the lack of reform in labor unions, particularly in the garment sector, where many unions are led by individuals not directly involved in the industry. Admiral Awal warned that vested interests and institutional inertia pose major barriers to implementation of reforms. He also drew attention to the lack of follow-through after high-profile investment summits and emphasised the need for accountability.

Admiral Awal proposed restructuring Bangladesh's diplomatic missions abroad by placing all commercial and economic officials under the direct supervision of ambassadors to improve coordination and accountability. He cautioned that the LDC graduation process, though desirable, is complex and demanding. Political will and effective leadership are essential to navigate this transition successfully.

Rabiul Islam Rabi

Economist, Asian Development Bank

Rabiul Islam shared two key observations. First, he advocated for implementing a Supplier Development Program to connect local firms with multinational companies. This model, successfully adopted in countries like Malaysia and Vietnam, ensures technology and knowledge transfer, employment generation, and industry-specific capacity building.

Second, he stressed the urgent need to implement Bangladesh's National Tariff Policy adopted in 2023. Without tariff rationalisation, Bangladesh cannot meaningfully participate in Free Trade Agreements or gain favorable trade terms. He noted that delays in policy execution weaken Bangladesh's preparedness for LDC graduation and undermine IMF compliance efforts. He emphasised that resource mobilisation through improved direct taxation and efficient revenue collection is essential.

Ambassador M Shameem Ahsan (Retd)

Ambassador M Shameem Ahsan (Retd) highlighted that while economic diplomacy is important, its success is contingent on internal reforms. He asserted that labor issues remain entangled with national politics and pose significant challenges to securing trade benefits like GSP+. He called for a stronger focus on investment and productivity to sustain economic growth in post-LDC graduation period.

Drawing from his own diplomatic experience, Ambassador Ahsan pointed out that poor inter-agency coordination hampers export promotion. He cited an example from his tenure involving the export of mangoes to Switzerland, where sanitary and phytosanitary compliance was a major hurdle due to lack of proper manpower. He stressed that such operational issues must be addressed if Bangladesh wants to diversify its exports and fully utilise economic diplomacy.

Dr Delwar Hossain

Professor, Department of International Relations, University of Dhaka

Professor Delwar Hossain emphasised the need for a comprehensive performance assessment of Bangladesh’s economic diplomacy. He questioned whether Bangladesh had a well-defined operational understanding of economic diplomacy and whether the relevant ministries and actors were adequately coordinated. He noted that while economic diplomacy has been discussed for decades, a lack of proper evaluation hinders progress.

He differentiated between the Global North’s use of economic diplomacy—to achieve both economic and strategic goals—and the Global South’s approach, which is more focused on securing economic benefits through diplomacy. He advocated for a structured assessment framework, clearly defined instruments of negotiation, and stronger coordination among key actors like the Ministry of Foreign Affairs, Ministry of Commerce, and the Prime Minister’s Office.

Professor Hossain also questioned whether the country needs 24 commercial wings abroad, suggesting a review to align with actual trade priorities. He concluded by highlighting the rise of protectionism and economic nationalism, warning that these global trends could influence Bangladesh's diplomatic and trade strategies over the coming decade.

Ambassador Mashfee Binte Shams

Ambassador Mashfee Binte Shams observed that in the discussion on economic diplomacy, it is often perceived that economic diplomacy is solely the mission's responsibility. Such perception often fails to consider what exactly the mission was supposed to do or what tools were provided to embassies or ambassadors to conduct economic diplomacy effectively.

She further emphasised that though economic diplomacy involves multiple stakeholders, there is often a significant lack of coordination among them. She pointed out that apart from commerce and investment, various other ministries, such as Ministry of Expatriates Welfare and Overseas Employment and Ministry of Industries as well as Information and Communication Technology

Division play roles in economic diplomacy, particularly in branding and information dissemination. However, despite the multi stakeholder involvement, the ministries work in isolation.

The Ambassador highlighted that economic diplomacy often focus on specific areas managed by individual ministries, leading to jurisdictional barriers. For example, she noted that trade promotion is considered to be the sole responsibility of the Ministry of Commerce, and there was a tendency to exclude others from participating. Similarly, when it came to Official Development Assistance (ODA), there is often a refusal to acknowledge that other ministries or government agencies could contribute. She identified this isolationism as the first major barrier to successfully achieving economic diplomacy targets.

She also stressed the importance of private sector involvement, arguing that without it, government efforts, including those by practitioners and embassies, would not succeed. She explained that while the Ministry of Commerce can discuss product diversification and set export targets, the success of these efforts ultimately depend on the willingness of businesses to engage. Recalling her experience while working as an ambassador to Nepal, she mentioned that despite reaching out to various chambers of commerce, such as Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Dhaka Chambers of Commerce and Industry (DCCI), and Metropolitan Chambers of Commerce and Industry (MCCI), none had acknowledged or responded to her letters. She observed that the private sector show little interest in exploring relatively unknown markets, which she believes hinders the success of economic diplomacy in both trade and investment.

Regarding Foreign Direct Investment (FDI), she pointed out that attracting foreign investment is closely linked to a country's image. She clarified that this does not refer to large-scale branding but rather to small but significant factors that shape perceptions. As an example, she noted that in the Middle East, Indians have occupied key financial advisory roles while Pakistanis have managed good positions in hospitality sectors such as hotels and airports. In contrast, Bangladeshis are primarily employed in low-skilled labor positions such as cleaning. She questioned whether a Qatari investor would be more likely to invest in a country that supply financial advisors or one that supply unskilled laborers. She urged stakeholders to critically examine the image that Bangladesh is projecting by exporting unskilled workers.

Ambassador Mashfee Binte Shams concluded by expressing her gratitude to the presenters for their insightful discussions and to BIISS for organizing the roundtable. She suggested arranging a follow-up roundtable involving the private sector to better understand their challenges in promoting economic diplomacy.

Salah Uddin Ahmed

Former Member, Bangladesh Energy Regulatory Commission (BERC)

Salah Uddin Ahmed referred to the case of Dhaka Metropolitan Police (DMP) where DMP had engaged auxiliary forces from the private sector and suggested that a similar approach could be considered for commercial wings and diplomatic missions. He pointed out that there were many experienced and competent professionals in the private sector, and some of them could be selected to work alongside commercial wings, especially in cases where performance was lacking.

He remarked that the era of superficial actions and gimmicks had ended. Since, in his view, such practices were no longer relevant, he stressed on focusing solely on reality rather than meaningless praise or empty gestures.

He also shared insights from his conversation with some bankers. According to the bankers he spoke with, there was a lack of trained professionals in banking sector who could adequately support foreign entrepreneurs. They suggested that banks should showcase their offerings and facilities on their websites so that potential investors from abroad could access relevant information. In this connection, he also recommended the establishment of well-structured, dedicated desks specifically for foreign investors.

Dr Azreen Karim

Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS)

Dr Azreen Karim stated that economic diplomacy extends beyond trade relations. She emphasised that foreign investment largely depends on internal investment, particularly in infrastructure development and improvement of the ease of doing business scenario. She suggested that Bangladesh should actively engage in the trade agreements it is already a part of, such as South Asian Free Trade Area (SAFTA) and BIMSTEC. Additionally, she stressed the need for an internationally competitive financial sector.

Referring to the phase of LDC graduation, she highlighted the importance of addressing Trade-Related Aspects of Intellectual Property Rights (TRIPS) and rules of origin. She then talked about product diversification and emphasised on reducing non-tariff barriers in order to gain greater market access in both the East and the West, where integration appear to be relatively easier.

Finally, she emphasised the need to accelerate energy trade within the regional belt, particularly by securing more corridor access from neighboring countries. Lastly, she identified manpower export as a crucial area requiring further exploration and development.

Ambassador Humayun Kabir
President, Bangladesh Enterprise Institute (BEI)

Ambassador Humayun Kabir observed that the primary challenge to Bangladesh's economic diplomacy lay in domestic issues. He emphasised that diplomacy, including economic diplomacy, was essentially about marketing what already existed. Diplomacy itself could not produce products; rather, products—whether tangible goods, services, or even reputation—had to be created domestically. In this regard, he supported Professor Hellal's concern about the absence of a clear local strategy and the lack of efficiency in domestic production. He warned that without efficiency, Bangladesh's exports might struggle to gain long-term traction.

Ambassador Kabir also stressed the need for coordination at various levels. He pointed out that there was no internal coordination mechanism at either the secretary or ministry levels in Bangladesh's economic activities abroad, including trade, remittances, investment, and technology. Without such coordination, different government agencies could end up working at cross purposes. He cited the example of how the commerce ministry aimed to reduce duties to enhance competitiveness for Free Trade Agreements (FTAs), but the National Board of Revenue (NBR) resisted these changes due to revenue concerns. He also noted that agencies like ERD and the commerce ministry operated independently without coordination, leading to inefficiencies.

He urged the government to improve inter-ministerial coordination and also highlighted the lack of synergy between the government and the private sector. Since the private sector was responsible for production while the government provided guidance, collaboration between the two was essential for successful economic diplomacy. He illustrated this point by recalling his experience in India, where he helped Rahimafrooz navigate trade barriers, demonstrating how diplomatic missions could facilitate trade. He acknowledged that while the BGMEA had an established working relationship with the government, other sectors needed similar engagement to promote diversification.

Ambassador Kabir also raised concerns about whether policymakers seriously considered recommendations from embassies and missions. He questioned the extent of Bangladesh's engagement with the international community, particularly in a globalised world where trade and diplomacy were increasingly interconnected. He noted that decisions such as setting economic targets for missions were often made without prior consultation with the diplomats involved. Furthermore, with international regulations constantly evolving—such as the European Union's new digital law—Bangladesh needed to proactively adapt to such changes to avoid being left behind in the global digital economy.

Addressing the topic of LDC graduation, he sided with the governor's view that while deferment was possible, it would eventually have to happen. He acknowledged that graduation required significant adjustments not only in international trade but also within domestic systems. He warned that while Bangladesh currently enjoyed duty-free benefits under non-reciprocal agreements, transitioning to FTAs and PTAs would require reciprocal commitments. He questioned whether the country was prepared for this shift.

He concluded by emphasizing the importance of strengthening Bangladesh's national negotiation capacity, which was not limited to a single ministry but required a collective national effort. He expressed concern that Bangladesh remained too inward-looking, lacking sufficient focus on external engagement. He stressed that negotiation skills were essential for successful economic diplomacy and warned that without investing in this capacity, Bangladesh's ability to navigate international economic relations would be severely limited.

Finally, Ambassador Kabir reiterated that effective economic diplomacy required substantial improvements both domestically and in external engagement. A deeper understanding of these dynamics, he asserted, would be crucial in making economic diplomacy productive and beneficial for the nation.

SPEECH OF THE CHIEF GUEST

Dr Ahsan H Mansur

Governor, Bangladesh Bank

Dr Ahsan H Mansur emphasised that economic diplomacy is a dynamic and evolving concept that aligns with shifts in time, economy, politics, and geopolitical developments. Reflecting on the 1970s, he noted that Bangladesh was heavily dependent on foreign aid, particularly from multilateral and bilateral donors, with 12.5–13 per cent of Gross Domestic Product (GDP) financed through grants. This dependency began to decline as domestic resource mobilization and economic capacity improved, reducing foreign aid reliance to around 2.5 per cent . He identified the RMG (Ready-Made Garments) sector as a key contributor to macroeconomic stability and export growth. However, he admitted that Bangladesh has not achieved similar success in attracting foreign direct investment (FDI) and continues to lag behind peer countries.

Looking ahead, he noted that LDC graduation is inevitable and cannot be delayed indefinitely. He questioned why Bangladesh should still be grouped with other LDCs when its GDP and export volume surpass many of them. He stressed that holding on to the LDC category merely for tariff benefits was not strategic, especially as institutions like the World Bank had already classified Bangladesh as a blend country.

Dr Mansur highlighted the need to address internal inefficiencies such as port management, administrative weaknesses, corruption, and energy shortages. He stressed the importance of engaging proactively with international trade blocs to secure market access, especially in the context of Generalized System of Preferences (GSP)+ facilities, which Bangladesh lost from the United States and risks losing from the European Union. He emphasised the importance of labor rights and compliance with International Labour Organization (ILO) conventions to regain trade privileges. He argued that if previous concerns about democratic deficits have been resolved, Bangladesh should leverage that progress to strengthen trade relations and gain international trust.

Dr Mansur urged the development of free trade agreements (FTAs), noting that Bangladesh currently has none beyond Bhutan. He attributed this to high tariff barriers and called for reforms to encourage integration into global value chains. He also criticised the lack of progress in the healthcare and education sectors, highlighting the country's reliance on foreign services due to poor quality and standards. He called for investment in medical infrastructure and the regulation of educational institutions to raise quality. Regarding industrial development, he pointed to the failure of the shipbuilding sector to establish joint ventures with global players. He advocated for strategic partnerships and sound financial management to attract investment and generate employment.

Finally, he stressed the need for internal policy reforms and stronger ties with ASEAN, East Asian, and Western economies. He underscored that Bangladesh must align its economic diplomacy with global realities to ensure long-term sustainable growth and global respect.

CONCLUDING REMARKS BY THE CHAIR

Ambassador AFM Gousal Azam Sarker

Chairman, BIISS

Ambassador AFM Gousal Azam Sarker highlighted the importance of the steps analysed and shared with the group, emphasising that there was a lot of work to be done, including filling gaps and improving coordination. He pointed out the critical areas that needed attention, such as connectivity, infrastructure development, ports' automation, and digitalisation. He stressed that these tasks are substantial, and much work is yet to be done.

He also discussed the need for market exploration, particularly in regions like Africa, Central Asia, Latin America, ASEAN, and the immediate neighborhood, which had been neglected in the past. He emphasised the importance of studying market trends and exploring new opportunities. Additionally, he drew attention to the growing domestic market, which could be a strong foundation for industrialisation, and suggested focusing on import substitution.

The session chair encouraged looking at examples from peer countries, particularly Vietnam, which had successfully developed major export sectors and could serve as a model. He underlined the need for strategies, particularly in a country with resource constraints like theirs. He highlighted human resources as a key area for growth, especially in the digital world and the era of 4IR technologies, which offered immense possibilities for development.

Finally, he stressed the importance of uniting efforts, conducting research, coordinating, and formulating strategies, especially when facing more limitations than opportunities. He thanked the chief guest for his time and valuable insights and expressed gratitude for the participants' expert views. He concluded by advocating for more discussions on economic diplomacy, an area that covers various sectors.