

Enhancing Saudi- Bangladesh Economic Engagement

Trends, Key Challenges & Long-
term Growth Prospects

January 2025

Preface

The economic relationship between the Kingdom of Saudi Arabia (KSA) and Bangladesh has grown steadily over the years, reflecting the strong and evolving ties between the two nations. This report delves into the multifaceted dimensions of this partnership, examining both the current state and the potential for future economic cooperation.

The study begins by outlining the robust foundation of the Bangladesh-KSA relationship, showcasing the key strengths that can further deepen economic collaboration. It explores the opportunities available for enhancing Bangladesh's exports to KSA, as well as the nature and scope of imports from KSA that can benefit Bangladesh's economy. Additionally, the report identifies key sectors in both countries that hold significant promise for mutual investment, underscoring the potential for growth in bilateral trade and investment flows.

As with any economic partnership, challenges exist that could hinder the full realization of this potential. The study highlights these obstacles and provides strategic recommendations to overcome them, aiming to elevate the economic partnership to new heights. Additionally, the new interim government is committed to fostering economic robustness through strategies such as judicial system reform, civil service and administrative modernization, security forces restructuring, and comprehensive economic reform.

This report serves as a comprehensive guide for policymakers, businesses, and investors from both countries, offering insights into how the economic ties between Bangladesh and KSA can be strengthened for mutual benefit. We hope it will contribute to a deeper understanding of the opportunities and challenges in this vital economic relationship and help in shaping the future trajectory of Bangladesh-KSA cooperation.

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Executive Summary

A. Bangladesh secured impressive development success in five decades since independence

Bangladesh has transformed into a middle-income country with aspirations to achieve upper-middle-income status by 2031 and high-income status by 2041. With steady economic growth, poverty reduction, and progress in human development, the nation stands as a beacon of inclusive development in South Asia.



In just five decades of Independence, transitioned to Middle-Income Status



Bangladesh on track to become \$500 Billion Economy (SCB, IMF)



Aspirations for Upper Middle-Income Country by 2031 and Developed Country by 2041



High-Level Success of Bangladesh in 50 year

Indicators	1971	2024
Gross Domestic Product (in US\$ billion)	9	459
Per Capita Income (in US\$)	137	2,784
Exports (in US\$ billion))	Nil	40.70 (up to May)
FOREX Reserve (in US\$ billion)	Nil	21.69

B. Bangladesh-KSA: A Partnership for Prosperity

Bangladesh and Saudi Arabia share a five-decade-long diplomatic and economic partnership, with bilateral trade reaching \$2.1 billion in FY23. Saudi Arabia has pledged significant investments in energy, logistics, and manufacturing, while providing \$533 million in loans and \$106.38 million in grants for development, showcasing strong collaboration for shared growth.

\$2.1 b
bilateral trade in FY2023

\$533 m
loan assistance in 2023

2011 BD-KSA Double Taxation Treaty signed

\$5-10 bn investment sought in sectors of high importance

\$106.38m Saudi grant assistance for infrastructural development

Source: Center for Bangladesh and Global Affairs, ERD Handbook 2023

Saudi Fund for Development (SFD) in Bangladesh at a glance

Project Status	Number of Projects	Total amount (US\$ Million)
Ongoing	03	125.00
Pipeline	01	40.00
Completed	13	372.15

C. Bangladesh-KSA Trade and Investment Dynamics

Bangladesh's Trade to KSA: Steady growth driven by apparel sector

- Exports to Saudi Arabia skyrocketed by **60 times** since 1995, with a remarkable average growth rate of **17.1%** over 26 years.
- The **Textile & Apparel sector** experienced substantial growth, more than doubling in value from 2017 to 2023. Apparel, **both knitted and non-knitted**, dominate Bangladesh's exports to Saudi Arabia, demonstrating the country's textile industry strength & dependence.
- **Agriculture exports**, such as fish and crustaceans, edible vegetables, and cereals, fluctuated over the years
- **Food & Beverage exports**, like coffee, tea, mate, spices, sugar and sugar confectionery, and beverages, spirits, and vinegar, remained relatively stable from 2017 to 2021.

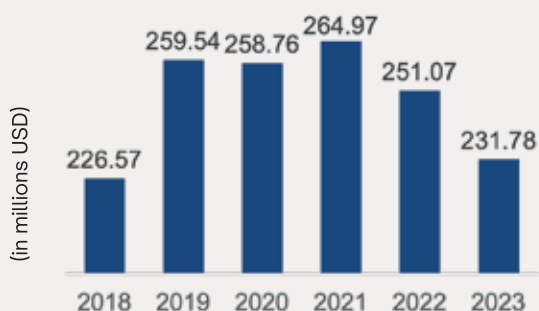
Bangladesh's Imports from KSA: High Growth Post-Covid

- Between 2021 and 2023, KSA's exports to Bangladesh **doubled**.
- In 2023, KSA's top export products include **fertilizers, mineral fuels, plastics, chemical products**, and other organic chemicals.
- Salt, sulfur, earth, and stone emerged as the **fastest-growing** export, particularly in 2019 and 2022.
- Mineral fuels and fertilizers experienced the largest absolute export increase, with notable expansions in **2020 and 2022**.
- Fertilizers, plastics, articles, and miscellaneous chemical products also saw substantial **absolute increases in exports**, showcasing diversification and expansion in Saudi Arabia's export.

FDI from KSA stagnating despite opportunities for rapid growth

Saudi Arabia's FDI in Bangladesh declined to \$231.78 million in FY23, primarily in banking (\$195.6M) and NBFi (\$35.99M). While Saudi invests heavily in countries like India (\$3.3B+), Vietnam, Indonesia, and Pakistan (\$25B planned), Bangladesh offers untapped opportunities in green energy, infrastructure, manufacturing, tourism, and more, presenting a strong case for diversification.

Saudi FDI Stock in Bangladesh



Source: FDI and External Debt Report 2023, Bangladesh Bank

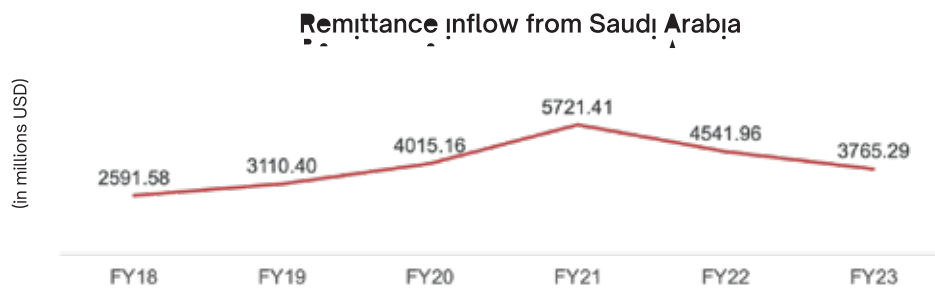
Sector wise FDI Stock from Saudi as of FY23
(in million USD)

Banking	195.6
NBFi	35.99
Textile and Wearing	0.1
Gas & Petroleum	0.01
Other sectors	0.08

KSA: A key destination for Bangladeshi overseas employment

Key Highlights

- Saudi Arabia is the destination for roughly **36%** of total overseas employment for Bangladesh and the cumulative number of people leaving for RSA has roughly doubled since 2016.
- Saudi Arabia has long ranked as the largest origin of official remittances to Bangladesh.
- Bangladesh is among **7th largest** recipient of remittances with higher employment from KSA.
- Saudi Arabia employs Bangladeshi workers in a variety of low-skilled jobs, including construction, cleaning & maintenance, and domestic service.

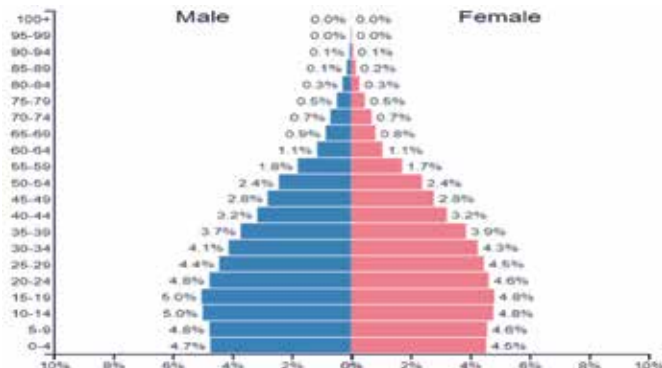


Source: Bangladesh Bank

D. Bangladesh’s key STRENGTHS for deepening economic cooperation

Demographic Dividend With Increasing Purchasing Power: Conducive for Efficiency

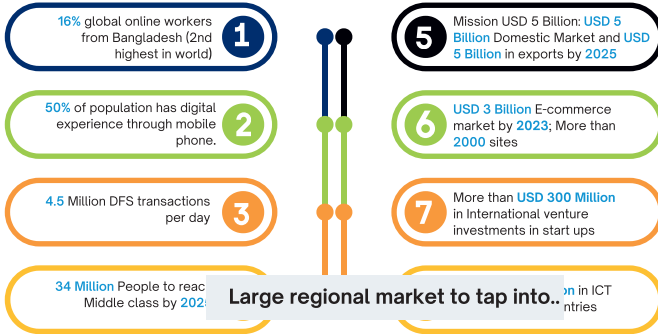
- 28 years is the Median age of a Bangladeshi citizen, lower than India (29 years), Indonesia (31 years), Vietnam (32 years), and Thailand (39 years)
- 68.4% population is working age
- 114 Million working age citizens
- Homogenous culture: Compared to other countries in South Asia, Bangladesh has a high degree of linguistic, religious, and ethnic homogeneity.
- High potential for investments in skills development and skilled/semi-skilled manpower exports in sectors such as healthcare, light engineering, fishing, etc.



Source: HSBC Global Research, BCG’s Center of Consumer Insights, BCG analysis, Neilson HH data, National Housing and Population Census

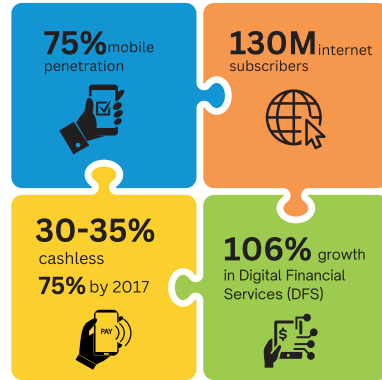
Strong Cost Competitiveness and Digital Readiness Position Bangladesh Well for Supply Chain Shifts

Bangladesh Prepares for Digital Economy



Source: The Business Standard, The Daily Star.

Digital Economy-Readiness



Source: Financial Express

Bangladesh's strategic location, \$40 billion in infrastructure investments, and 100 planned economic zones are boosting business confidence and positioning it as a key South Asian trade hub. JETRO reports 62% of Japanese companies optimistic about Bangladesh's growth. Projections by UBS, McKinsey, and PwC rank Bangladesh as the 28th largest economy by 2030 and 12th by 2050, driven by robust infrastructure, strategic location, and favorable trade agreements.

Key Highlights

Several large infrastructure projects to create synergy with **100 economic zones**, which are to be established in the next 15 years

\$40bn Investment earmarked for improving Infrastructure to facilitate trade & manufacturing in Bangladesh

Northeast Indian Region 2.8% of India's GDP (2022)

US\$ 11 Billion Additional Potential for South Asia Trade (World bank)

Source: Ministry of Finance

Large regional market to tap into..



JETRO Survey of Japanese Companies About Bangladesh Indicates High Hopes



Strong Business Confidence and Growth Prospects Endorsed by Global Players

- "Bangladesh will be the **12th** economic power of the world in 2050" **UBS**
- "Bangladesh is the Next China" **McKinsey & Company**
- "**28th & 23rd** largest economy of World by 2030 & by 2041" **pwc**

E. Opportunities for Enhancing Bangladesh Exports to KSA : Several Competitive Sectors form a Bright Horizon

Textile & Apparel

Key Highlights:

- Opportunity to manufacture and export special traditional dress called 'Thobe' to Saudi, worn by 80% of the population in Middle East countries
- Saudi currently imports apparel from China, India, UAE, and Pakistan
- Large Bangladeshi diaspora offering sizable market
- High opportunities in Suits, and other high-end products if Bangladesh can ensure quality and market the products appealingly

Agribusiness

Key Highlights

- Huge Bangladeshi diaspora, as well as the increasing appetite of locals
- Saudi imports processed fish and fish products from **Vietnam, Thailand, and Indonesia** in large amounts (top exports)
- Bangladesh has good **geo-climatic advantages** and **top producer** of multiple products including mangoes, jackfruit, rice & various fishes.

High potential for Bangladeshi agricultural products such as **raw fish, processed fish, fruits, cereals, vegetables.**

Food & Beverage

Key Growth Drivers:

- **60%** Increase in Demand for Food by 2050
- **68%** Population globally will live in Cities with Increased Demand for Processed Food
- Bangladesh can help meet the nutritional requirement of increasing middle-income people

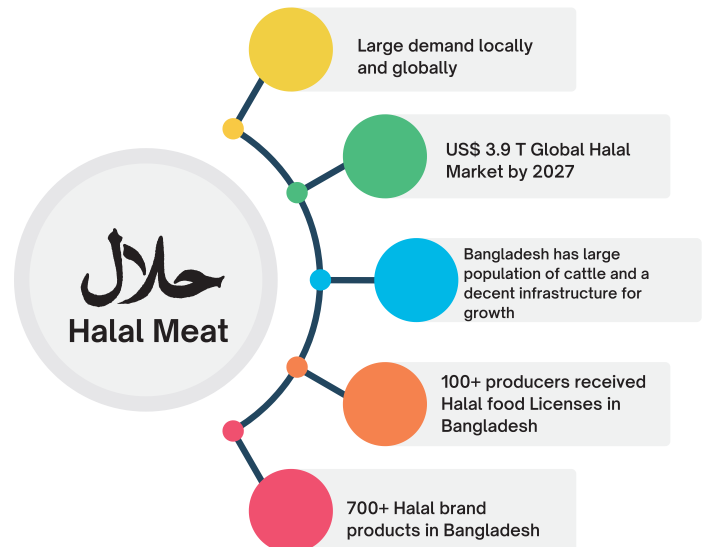
Bangladesh's Opportunity to Export in KSA



Dry Food



Halal Food



Leather & Footwear

Key Highlights

- **Global industry: 102M tonnes, USD 3.3T.**
- **Bangladesh leather: 10%** global supply, **6th** largest producer.
- **Leather trade: Bangladesh holds 0.5%** global share.
- **KSA synthetic leather:** Rising demand.
- **Bangladesh exports:** Strong in footwear, suitcases, handbags.

Products with the highest potential



Non-leather footwear

- sports shoes



Synthetic accessories

- Trunks
- Suitcases
- cases

Plastics

1% Bangladesh Plastic Industry Contribution to GDP (2020)

Exports from Bangladesh reached over **\$166 million** in FY22

KSA imports around **\$7.7 Billion** in 2022, from countries including China, UAE, South Korea, India & Japan

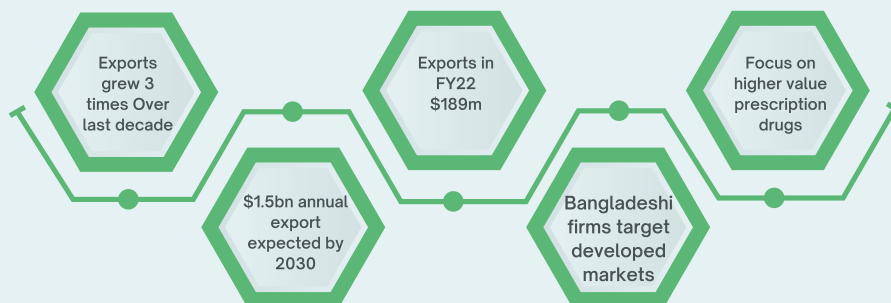
Bangladesh can export large amounts of waste & scrap, among other products including Polyether & epoxide Resin, PVC Bags, lids, caps, tableware & Kitchenware.

Pharmaceuticals

Key Highlights:

- **Key industry:** Meets **97%** domestic demand.
- **Global reach:** Exports to **150+** countries, including USA & EU.
- **Covid-19 response:** Vaccine production & exports.
- **Rapid growth:** Resilient, quality-focused, innovative.

Bangladesh's Export Potential



Source: BIDA, Bangladesh Brand Forum, EPB, OEC.

Light Manufacturing

Key Highlights:

- **50,000 enterprises: 1 million** employed.
- **Domestic market: 3%** of GDP.
- **34 clusters: 10,000** product types.
- **Export growth: 50.4%** in FY 22.
- **KSA imports: \$16B** in 2022.
- **Opportunities:** Refrigerators, compressors, transistors, lenses.

More than 10,000 distinct products are made locally, including

Skilled Manpower

Key Highlights

- **Top destination: Saudi Arabia (37% of overseas jobs).**
- **Skilled workers: Only 22%.**
- **Skills programs:** Leveraging demographic dividend till 2040.
- **Training centers: 70** operational out of **110** under BMET.
- **Potential:** Skilled professionals for KSA in Engineering, IT, Education, and Healthcare.

KSA demand for skilled professionals in



Digital Economy

Key Highlights:

- The Global BPO market size is at **\$261.9 billion**
- There is an estimation of **6 lakhs** freelancers working remotely for foreign companies
- Bangladesh is expected to hit **US\$ 5 billion** exports in the IT/ITES sector by 2025 followed by ICT-based employment hitting **3 million**.
- Around **30** Bangladeshi companies have set up offices overseas
- The country boasts more than **1200** active startups

F. Bangladesh import from KSA: key sectors that will benefit from greater trade partnership

Mineral Products

Key Highlights:

- **KSA:** 3rd largest mineral products exporter.
- **Top exports:** Crude & refined petroleum, petroleum gas.
- **Key markets:** India, China, Japan.
- **Bangladesh demand:** \$15B for refined petroleum in 2022, mainly from India.
- **Opportunity:** KSA can tap into Bangladesh's growing energy market.

Agribusiness

Key Highlights:

- **KSA is a top exporter of chemical products and earned around \$28 Billion in 2022.**
- **Top products KSA exported include Chemical and Nitrogenous Fertilizers, Acyclic Alcohols, and Cyclic Hydrocarbons, to countries including India, China, and the USA.**
- **BD imports reached \$7.9 Billion in 2022, most of which is imported from India.**

G. Key Sectors that Holds Promise for Growing KSA Investment in Bangladesh

Bangladesh's Key Sectors Align with the priorities of Saudi Arabia's Public Investment Fund (PIF)

Targets & Ambitions of the PIF Program

60%

Share of Local Content including PIF and its portfolio companies

24%

Share of Assets in International Sectors

\$320B

Cumulatively Non-oil GDP Contribution

1.8M

Direct and Indirect Jobs to be Created

21%

Share of Assets in New and Growth Sectors

\$1.7Tn

Assets Under Management (AUM)

Key Sectors for growing KSA Investment in Bangladesh



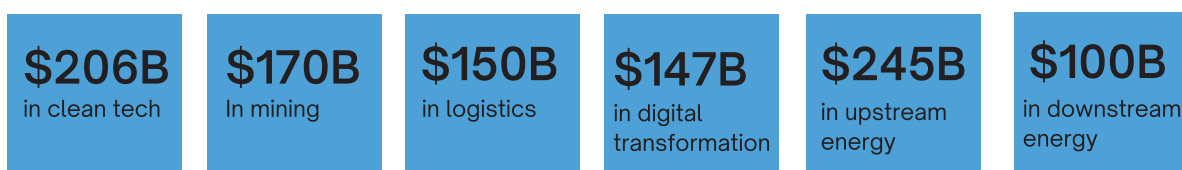
H. Key Sectors in KSA where Bangladesh can Invest

Driving Economic Transformation: Saudi Arabia's National Investment Strategy (NIS)

The NIS enables the goals of Vision 2030



Key investments include



Key Sectors in KSA where Bangladesh can Invest

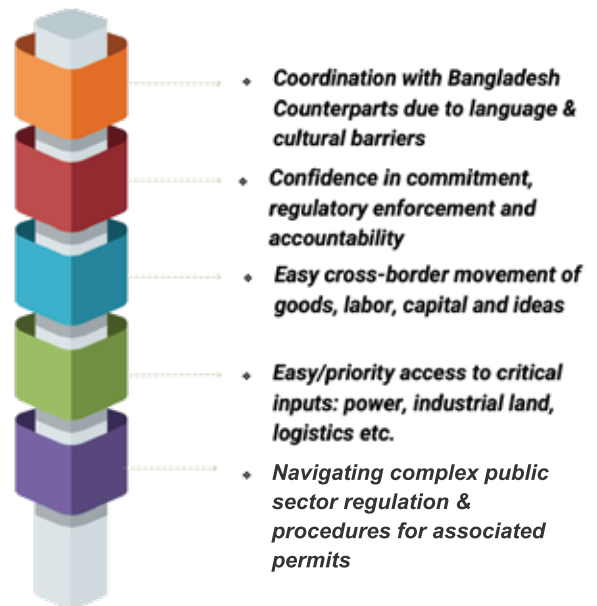


I. Challenges to Improve KSA Trade & Investment potential

The main issues include:

- Timely allotment of land
- Lack of availability of supporting infrastructure
- Cumbersome procedures which needs to be streamlined
- Unusual delays in getting necessary permits & services.

KSA investors have historically shown keen interest in Bangladesh due to **growing market & competitive sectors**, **But...** Investors have **struggled with:**



Other challenges



J. Key Recommendations

Five fronts to facilitate Investments between the two countries

Collaboration, Implementation & Governance

- Form a joint committee led by high officials/ minister in charge of trade & investment
- Identify priority areas and sectors jointly
- Increased collaboration in project design & development
- Prioritize policy implementation and respect commitments
- Maximize spillovers and social benefits
- Policy and strategy for greater SME participation in the supply chain

Public Sector Engagement

- Establish a one-stop-shop system for land allocation
- Further streamline permits, and services specific to Saudi investors to simplify processes and reduce delays.
- Facilitate regular meetings and dialogues to address pressing issues

Fine-tune Investment Policies & Incentives

- Offer targeted tax breaks or holidays for specific sectors or project types
- Discuss with Saudi investors to identify which incentives would be most effective in encouraging their investments
- Review and simplify investment policies and business regulations to enhance transparency and make them more investor-friendly.

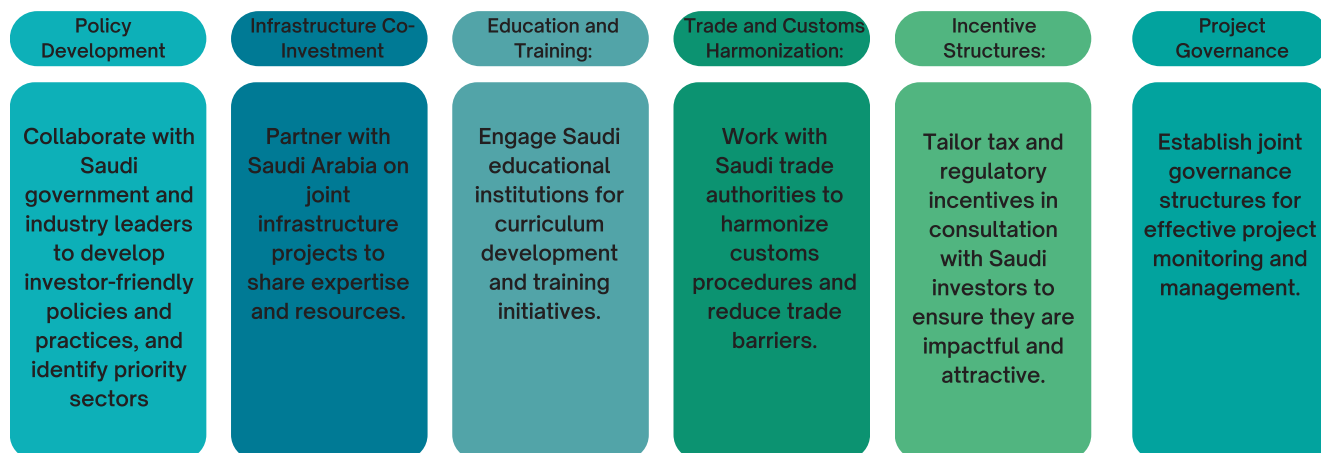
Design a Focused Investment Promotion and Retention Strategy

- Quick implementation of priority reforms: next one year
- Demonstration effect of reforms
- Efficient and proper investment after-care

Further Facilitate the Establishment of Investment Through Strategic Enablers

- Offer strategic enablers, including access to government-owned land under favorable terms
- Expedite approved projects
- Invest in necessary infrastructure
- Provide end-end support for Saudi investors

Priority Focus Areas to Enhance BD-KSA Economic Relationship



Broader Policy Reforms for Sustained Capacity and Competitiveness



Improvement in regulatory environment for businesses:

Modernizing archaic laws (e.g. Companies Act, Bankruptcy Act, tax polices), strengthening contract enforcement (ADR), faster disposal of commercial cases, business taxation, and strengthening regulatory governance through the introduction of systematic tools such as RIA



Strengthening Export Competitiveness through broad based Global Value Chain capabilities:

Reducing average rates of protection and harmonizing tariff schedules across all intermediate and final goods, adopting a national environmental and social compliance framework, efficient trade facilitation



Improve efficiency and availability of clusters for industrial development:

Cooperation with private firms to develop 'plug and play' industrial zones with R&D facilities, waste disposal and recycling facilities, investment in logistics infrastructure, clean energy




Focus on skill building and encouraging firms to engage in incremental innovation and investing in R&D

Chapter 1


Strong and Evolving Bangladesh-KSA Relationship: Key Trends




Bangladesh secured impressive development success in five decades since independence



In just five decades of Independence, transitioned to Middle-Income Status



Bangladesh on track to become \$500 Billion Economy (SCB, IMF)



Aspirations for Upper Middle-Income Country by 2031 and Developed Country by 2041

Bangladesh's developmental narrative is a blend of resilience, determination, and progress. Over the past few decades, the nation has achieved substantial economic growth, transforming from an agrarian economy to one that boasts a significant industrial and services sector. The nation's Gross Domestic Product (GDP) growth rate has been consistently commendable, averaging around 6% over the last two decades.

High-Level Success of Bangladesh in 50 year

Indicators	1971	2024
Gross Domestic Product (in US\$ billion)	9	459
Per Capita Income (in US\$)	137	2,784
Exports (in US\$ billion))	Nil	40.70 (up to May)
FOREX Reserve (in US\$ billion)	Nil	21.69

Source: World Bank Database, EPB, Bangladesh Bank

Additionally, efforts to improve human development indicators have borne fruit. With the extreme poverty rate plummeting to 5.6% in 2022 from 46.0 % in 1991 and remarkable achievements in human development, Bangladesh has taken significant steps toward reaching the first Sustainable Development Goal (SDG) target of eradicating extreme poverty by 2030. Bangladesh now leads South Asia in gender parity, as showcased in the Global Gender Gap Index 2024. The fertility rate has dropped from 7 to 1.95 children per woman, underscoring improvements in health and education. Other indicators, such as mean years of schooling and the proportion of women in both public & private sectors, reflect Bangladesh's commitment to inclusive development.



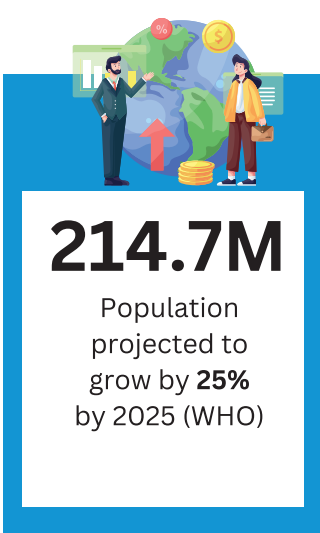
Indicators	Bangladesh	Vietnam	Thailand
GDP growth rate, 2023	5.8	5.0	1.9
Mean Years of Schooling	7.4	8.7	8.4
Proportion of seats held by women in national parliaments (%), 2023	21	30.3	18.8

Source: IMF, World Economic Forum

Bangladesh envisions a future characterized by even greater prosperity and global prominence. The nation is determined to transition from its current status as a lower-middle-income economy to a 'High-Income Country' by 2041.

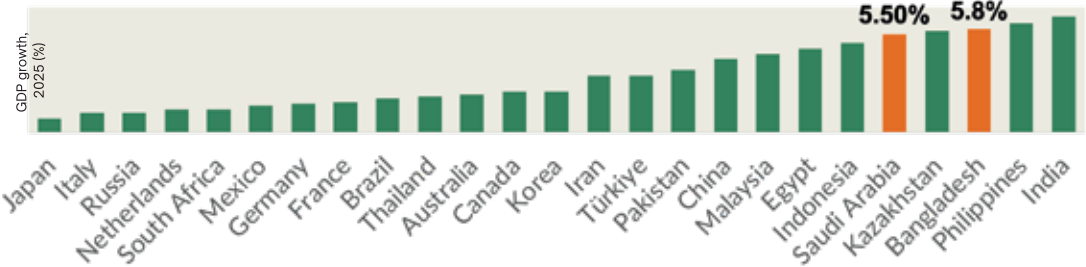


To achieve its development aspirations, Bangladesh aims to diversify its economic landscape, reduce inequality, strengthen governance, and invest in human capital. Prudent macroeconomic management, alongside a continuous approach to domestic and foreign loans in recent years, has supported the country’s progress. Despite global challenges, Bangladesh’s economic forecasts remain strong, with a projected GDP growth rate of 6.5% in 2029 and increasing tax revenues. The country is also making strides in addressing its trade and current account deficits, ensuring a balanced and sustainable economic future. As Bangladesh continues its upward trajectory, its strategic initiatives and robust policies are set to drive further growth and development, solidifying its status as a major player on the global stage.



Economic Outlook For Bangladesh

Percentage change in GDP in 2025 (forecasts), all countries



Source: World Economic Forum

Global Gender Gap Index 2024

Country	Rank	Score
Bangladesh	99	0.689
Sri Lanka	122	0.653
Nepal	117	0.664
India	129	0.641
Maldives	132	0.633
Bhutan	126	0.637
Pakistan	145	0.570

Source: World Economic Forum

Trade Deficit and Current Account Deficit Projection



Source: Bangladesh Bank

Robust Bangladesh-KSA relationship spanning over 5 decades



The diplomatic relationship between Bangladesh and Saudi Arabia spanning five decades remains robust, with a focus on strong socioeconomic development ties. As Bangladesh transitioning from Least Developed Country (LDC) status to MIC by 2026 and meet critical SDG goals by 2030, Saudi Arabia emerges as a key market for trade and investment. This is evident in the significant volume of bilateral trade reached \$2.1 billion in FY23. Additionally, Saudi Arabia provided \$533 million in loan assistance in 2023 and \$106.38 million in grant assistance for infrastructural development, highlighting economic cooperation and support.



Saudi Commerce Minister Majid bin Abdullah Al-Qasabi in a separate visit has discussed potential \$3 billion energy deal and further investments in power, agriculture, and logistics sectors. Significant projects include a 1,000 MW solar initiative, ACWA Power's 300 MW solar unit in Rampal, and a 200 MW project in Payra, highlighting strong partnerships.

The 2011 BD-KSA Double Taxation Treaty, signed to avoid double taxation, encourages more business and investment between the two countries. Bangladesh is seeking \$5-\$10 billion in investments from Saudi Arabia in crucial sectors eg. infrastructure and logistics, fertilizers, construction, green energy.

Bangladesh's interim government has taken critical steps to stabilize the country, focusing on transparency, accountability, and public trust. Key initiatives include reforming governance structures, reshuffling the judiciary and civil administration, addressing corruption, and empowering security forces to restore law and order.

The first dialogue on the GCC framework agreement with Bangladesh has occurred, focusing on cooperation in key areas such as security, trade, and climate change. Bangladesh proposed a technical committee on agriculture and renewable energy, welcomed by the GCC, emphasizing regional stability and the role of 5.5 million Bangladeshi expatriates in strengthening ties. Saudi Fund for Development (SFD) /IFAD's portfolio in Bangladesh is now **\$1.23 billion**.

Investment Agreements Already Established

- Saudi Arabia is planning to invest **\$170 million** to Bangladesh for the development of the Patenga Container Terminal (PCT) through Red Sea Gateway Terminal (RSGT).
- Bangladesh Economic Zones Authority (BEZA) earmarked **300 acres** land for Saudi investments within the strengthening the economic partnership between both countries.

Saudi Fund for Development (SFD) in Bangladesh at a glance

Project Status	Number of Projects	Total amount (US\$ Million)
Ongoing	03	125.00
Pipeline	01	40.00
Completed	13	372.15

Bangladesh-Saudi Arabia Strategic Priority Alignment

Bangladesh's Priority	KSA's Priority
Manpower employment & Remittance	Cheap manpower supply for economic growth
Energy Security [Petroleum and allied products, Fertilizer]	Diplomatic Support in Multilateral Forum
Food Security and Agriculture, contract farming	Food security,
Investment, and Financing Development projects	Environment and Climate Change, Saudi Green Initiative under Vision 2030
Defence, ICT and Cyber Security	Security, defence, ICT and Cyber Security

\$2.1 b

bilateral trade in FY2023

2011

BD-KSA Double Taxation Treaty signed

\$106.38m

Saudi grant assistance for infrastructural development

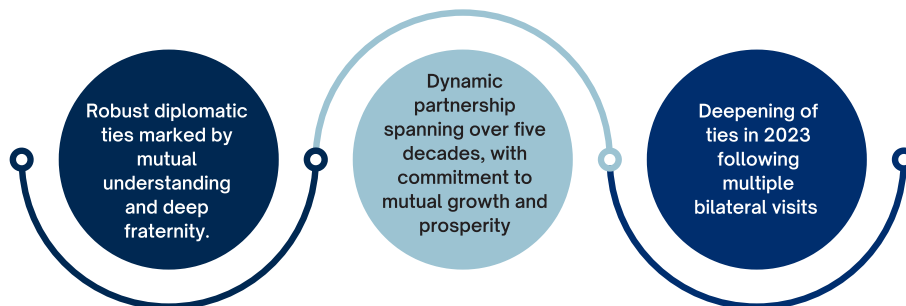
\$533 m

loan assistance in 2023

\$5-10 bn

investment sought in sectors of high importance

Source: Center for Bangladesh and Global Affairs, ERD Handbook 2023



Saudi Arabia's confidence in Bangladesh's market is evident from its pledged \$10 billion investment in several major projects and the operation of a major terminal in Bangladesh's largest port by RSGT. Due to LDC graduation, Bangladesh needs to diversify its export portfolio and seek new markets, with Saudi Arabia emerging as a key partner. In this context, Saudi Arabia emerges as a potentially game-changing market with immense potential for both trade and investment.

BANGLADESH, SAUDI ARABIA BILATERAL TRADE

Kingdom of Saudi Arabia interested to invest \$10bn in 19 projects

COMPANY	AMOUNT	PROJECT
ARAMCO	\$1.5-2BN	Oil refinery
Engineering Dimension LLC	\$1.7 BN	Dhaka East-West Elevated Expressway & Development of Patenga Container Terminal
ACWA Power	\$600MN	730MW combined cycle power plant in Chattogram
Al-Fanar	\$100MN	100MW IPP solar project
Al Sawani	\$10MN	Construction & engineering projects

ARAB NEWS

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Home / Saudi Arabia's RSGT to operate major terminal in Bangladesh's largest port

Saudi Arabia's RSGT to operate major terminal in Bangladesh's largest port

- KSA affirmed its commitment to strengthening business ties with Bangladesh in various sectors, including food, energy, logistics, and manufacturing.
- Common ground in global position and economic interests, leading to engagement across diverse sectors such as trade, investment, energy security, defense, agriculture, education, culture and tourism

Bangladesh and Saudi Arabia have Signed Multiple Agreements and MoUs Across Key Areas

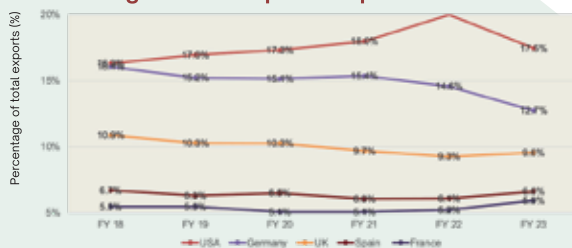
- MoU to increase frequency of flights between Bangladesh and Saudi Arabia (August 2023).
- MoU to increase Saudi investment in Bangladesh, focusing on infrastructure, medicine, and tourism (October 2021).
- MoU on cooperation between the Foreign Service Academies of Bangladesh and Saudi Arabia.
- Agreement to avoid double taxation.
- Agreement on cooperation and mutual assistance in customs matters.
- Four agreements in energy, industry, agriculture, and infrastructure worth SAR 6.3 billion (December 2023).

Source: Center for Bangladesh and Global Affairs, ERD Handbook 2023

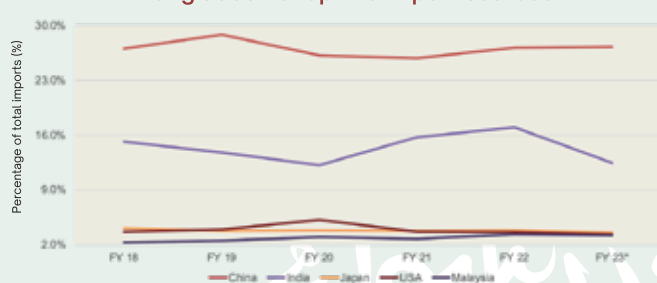
Trends In Bangladesh's Export Destinations And Import Sources

- The US leads Bangladesh's exports, followed by Germany and the UK, with France and Spain making up the top five export destinations for Bangladesh
- China dominates Bangladesh's import sources, followed by India, Japan, the US, and Malaysia

Bangladesh's top five export destinations

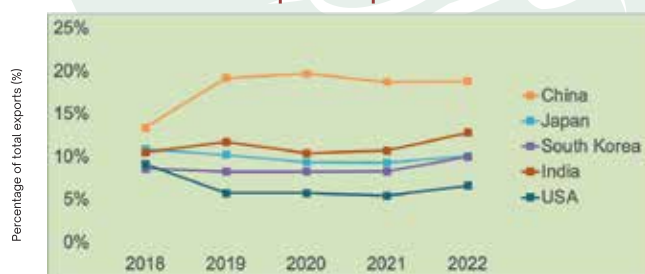


Bangladesh's top five import sources



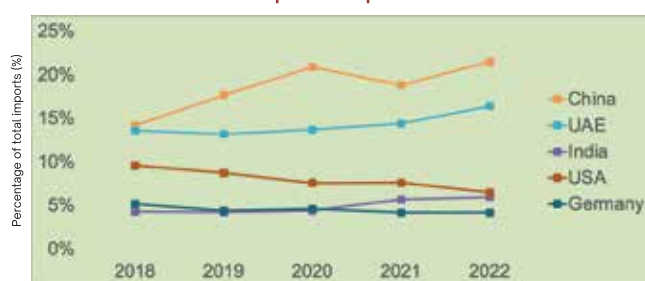
Source: Export Promotion Bureau (EPB),(OEC)

KSA's top five export destinations



Source: Observatory of Economic Complexity (OEC)

KSA's top five import sources



Source: Observatory of Economic Complexity (OEC)

Bangladesh's total export in 2023, USD 55.55 billion shown significant strength, with the ready-made garment (RMG) sector making the most substantial contribution 84.58%, equating to USD 47 billion. This underscores the vital role of the RMG sector in Bangladesh's export economy.

Bangladesh's total merchandise in FY23 were US\$ 68600.8 million, reflecting a 13.11% decrease in dollar terms compared to the previous year. China leads as the dominant source of imports accounting for 27.3% of total imports in 2023.

The decreasing import payments, despite the continued dominance of key trade partners, indicate a potential shift towards more cost-effective sourcing.

Saudi Arabia is a major exporter of mineral products, plastics, and chemicals to key partners like South Korea, Japan, and India, with China consistently accounting for around 18-19% of total exports in recent years. On the import side, China again leads, contributing 21.5% of total imports in 2022, followed by the UAE and India.

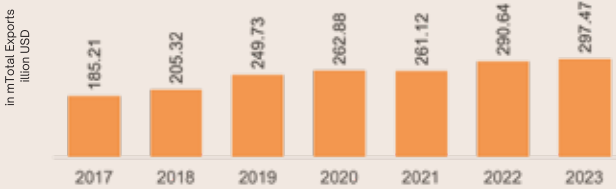
As Bangladesh diversifying its export portfolio and seeks new markets, Saudi Arabia stands out as a crucial partner with significant potential for trade and investment. Collaborative projects and Saudi investments in key Bangladeshi sectors highlight a mutually beneficial relationship, foster economic development and create a win-win situation for both countries.

Bangladesh's Exports to KSA: Steady growth driven by apparel sector



- Exports to Saudi Arabia skyrocketed by **60 times** since 1995, with a remarkable average growth rate of **17.1%** over 26 years.
- The **Textile & Apparel sector** experienced substantial growth, more than doubling in value from 2017 to 2023. Apparel, **both knitted and non-knitted**, dominate Bangladesh's exports to Saudi Arabia, demonstrating the country's textile industry strength & dependence.
- **Agriculture exports**, such as fish and crustaceans, edible vegetables, and cereals, fluctuated over the years
- **Food & Beverage exports**, like coffee, tea, mate, spices, sugar and sugar confectionery, and beverages, spirits, and vinegar, remained relatively stable from 2017 to 2021.

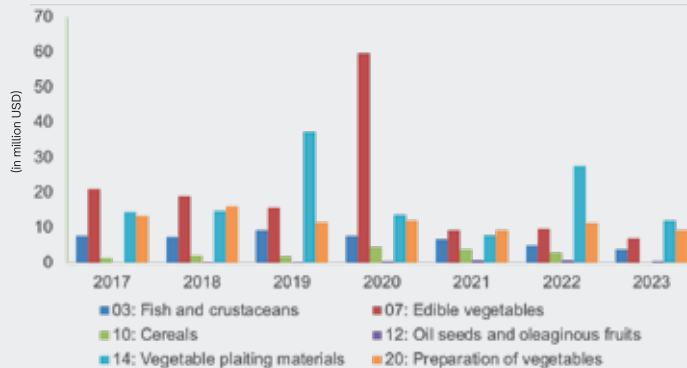
Bangladesh's Exports to KSA



Source: Export Promotion Bureau

Bangladesh's exports to Saudi Arabia have experienced remarkable growth over the past few decades. Since 1995, exports have surged by 60 times, achieving an impressive average growth rate of 17.1% over 26 years. This significant expansion is largely driven by the textile and apparel sector. Additionally, the overall export from Bangladesh to Saudi Arabia rose steadily from \$185.21 million to \$297.47 million in the last five years.

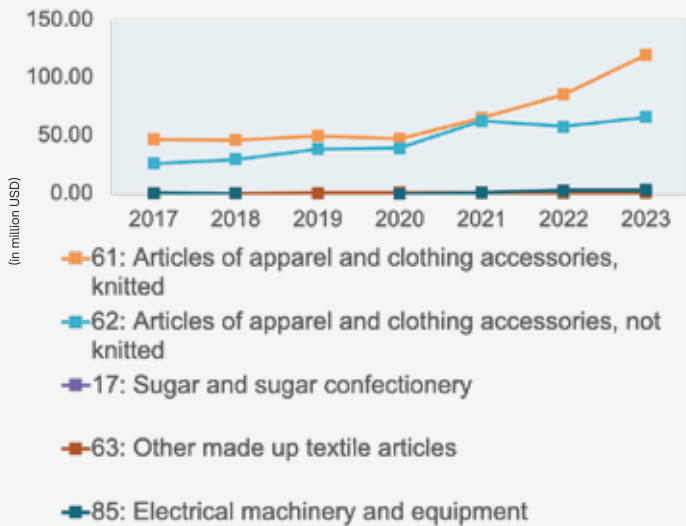
Bangladesh's Agriculture Export to KSA



Source: Export Promotion Bureau

Bangladesh's agricultural exports to Saudi Arabia have experienced significant fluctuations in last five years, highlighting both the potential and the volatility in this sector. Total agricultural exports peaked at \$98.12 million in 2020, driven by substantial exports of edible vegetables and vegetable plaiting materials, which saw their highest values in that year. However, the overall export value declined sharply to \$32.73 million by 2023. This decline can be attributed to reductions across most categories, including fish and crustaceans and edible vegetables. The notable peaks and troughs in these categories suggest a dependence on specific market conditions and potential disruptions. Some stability is seen in oil seeds and oleaginous fruits, and the consistent export values of prepared vegetables.

Bangladesh's Fastest Growing Export to KSA



Source: Export Promotion Bureau

Moreover, the export of sugar and sugar confectionery, though smaller in absolute terms, has shown remarkable growth. From a modest \$0.14 million in 2017, it surged to \$1.83 million in 2023. Electrical machinery and equipment also witnessed significant increases, particularly between 2020 and 2023, growing from nearly negligible values to \$3.27 million. Exports of other made-up textile articles have demonstrated consistent growth, albeit at a slower pace, with values rising from \$0.27 million in 2017 to \$0.91 million in 2023.

Bangladesh's Top 10 exports to KSA, Grouped



Source: Export Promotion Bureau

Bangladesh's Textile Exports to KSA



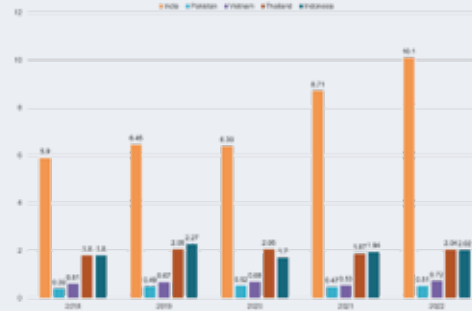
Source: Export Promotion Bureau

Bangladesh's top 10 exports to Saudi Arabia reveals distinct trends across different sectors in last few years. The Textile & Apparel sector is the dominant export category, showing a robust growth trajectory. In 2017, textile and apparel exports were valued at \$73.69 million, which significantly increased to \$187.07 million by 2023. This growth is primarily driven by the export of knitted and non-knitted apparel, which saw consistent increases over the years. Knitted apparel exports rose from \$46.84 million in 2017 to \$119.59 million in 2023, while non-knitted apparel exports increased from \$25.98 million to \$65.83 million in the same period. Agricultural exports experienced volatility, and manufacturing inputs also saw notable growth from \$30.11 million in 2017 to \$56.74 million in 2021 before declining to \$38.96 million in 2023. The Furniture & Furnishing sector remained relatively small but showed some growth. Other made-up textile articles and footwear exports also contributed to the overall textile and apparel category, although their growth was less pronounced compared to apparel.

KSA's Import from regional comparators provides insights into opportunities

- India remains the **highest importing country** for Saudi Arabia.
- Saudi Arabia's primary import from India is **refined petroleum**. India imports crude oil from KSA and refines it before exporting to Saudi.
- **Automobiles** rank as the leading imports from Thailand and Indonesia for Saudi Arabia, underlining the automotive trade dynamics between these countries
- Bangladesh has the potential to capitalize in various sectors, including **processed fish, wood, spices, nuts & other agri products**.

KSA's Import from comparator Countries



Source: Observatory of Economic Complexity (OEC)

KSA's imports from regional comparators offer valuable insights into potential trade opportunities for Bangladesh. India is the highest importing country for refined petroleum which is KSA's top imported product from India, valued at USD 1.92 billion. India imports crude oil from KSA and refines it before exporting to Saudi. The KSA's abundant crude oil reserves and India's refining capabilities established a symbiotic trade relationship between Saudi Arabia and India within the energy sector.

Also, Saudi Arabia has significant import interactions with Pakistan, Vietnam, Thailand, and Indonesia. These relationships highlight the diverse range of products that KSA sources from its regional partners. From Pakistan, KSA's imports have shown a steady increase over the years, reaching \$507 million in 2022. The top imported products from Pakistan include rice, valued at \$107 million and making up 21.10% of the total import value, followed by bovine meat at \$44.5 million (8.77%), spices at \$29.5 million (5.81%).

Vietnam also serves as a key supplier to KSA, with imports amounting to \$718 million in 2022. Broadcasting equipment tops the list at \$262 million, accounting for 36.50% of the total value. Other notable imports include coconuts, Brazil nuts, and cashews valued at \$52.4 million (7.31%) and fish fillets at \$49.8 million (6.94%).

Thailand's trade with KSA is characterized by a focus on automotive and manufacturing products, with total imports reaching \$2.04 billion in 2022. Cars are the leading import, valued at \$687 million (33.70%), followed by delivery trucks at \$277 million (13.60%) and wood fiberboard at \$188 million (9.24%). Indonesia, another crucial trading partner, exported goods worth \$2.02 billion to KSA in 2022. Cars were the top product, valued at \$781 million (38.90%), followed by palm oil, processed fish and food seasonings.

Top Imported Products from Thailand (2022)

Product	Value (% of total)
Cars	687M (33.7%)
Delivery Trucks	277M (13.6%)
Wood Fiberboard	188M (9.24%)
Processed Fish	156M (7.7%)
Rubber Tires	99.7M (4.89%)

Top Imported Products from Pakistan (2022)

Product	Value (% of total)
Rice	107M (21.1%)
Bovine Meat	44.5M (8.77%)
Spices	29.5M (5.81%)
Non-Rice Mass Breads	23M (4.54%)
House Linens	22.6M (4.45%)

Top Imported Products from Vietnam (2022)

Product	Value (% of total)
Broadcasting Equipment	262M (36.5%)
Coconuts, Brazil Nuts, Cashews	52.4M (7.31%)
Fish Fillets	49.8M (6.94%)
Rice	36.2M (5.05%)
Industrial Fatty Acids, Oleo and Alcohol	34.7M (4.83%)

Top Imported Products from India (2022)

Product	Value (% of total)
Refined Petroleum	1.92B (38.9%)
Cyclic Hydrocarbons	1.04B (20.7%)
Rice	995M (19.7%)
Cars	579M (11.5%)
Rice Segals	312M (6.2%)

Top Imported Products from Indonesia (2022)

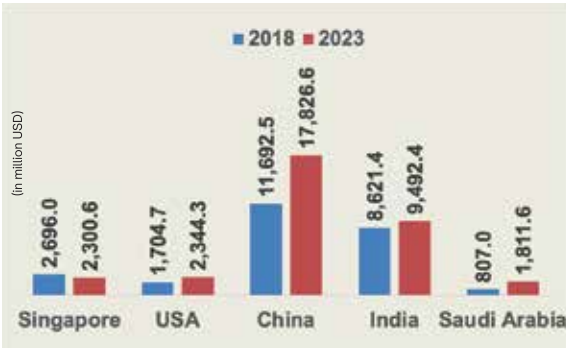
Product	Value (% of total)
Broadcasting Equipment	262M (12.9%)
Coconuts, Brazil Nuts, Cashews	52.4M (2.5%)
Fish Fillets	49.8M (2.3%)
Rice	36.2M (1.7%)
Industrial Fatty Acids, Oleo and Alcohol	34.7M (1.6%)

Source: Observatory of Economic Complexity (OEC)

Key Highlights

- Between 2021 and 2023, KSA's exports to Bangladesh **doubled**.
- In 2023, KSA's top export products include **fertilizers, mineral fuels, plastics, chemical products**, and other organic chemicals
- Salt, sulfur, earth, and stone emerged as the **fastest-growing** export, particularly in 2019 and 2022
- Mineral fuels and fertilizers experienced the largest absolute export increase, with notable expansions in **2020 and 2022**.
- Fertilizers, plastics, articles, and miscellaneous chemical products also saw substantial **absolute increases in exports**, showcasing diversification and expansion in Saudi Arabia's export.

Bangladesh's Import from KSA and other Comparators

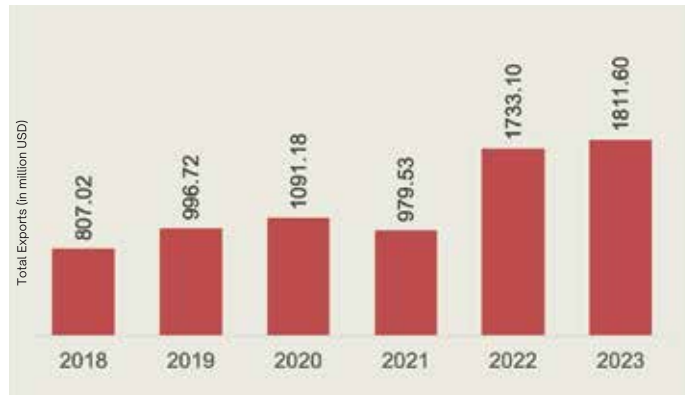


Source: Bangladesh Bank

The fastest-growing exports include "Salt; Sulphur; earths and stone," which jumped from a modest \$0.197 million in 2018 to \$29.644 million in 2019, before stabilizing around \$10-20 million in subsequent years. "Animal or vegetable fats and oils" also experienced considerable growth, rising from \$0.51 million in 2018 to \$14.3 million in 2023, after a notable increase in 2021. Similarly, "Miscellaneous edible preparations" grew from \$1.208 million to \$11.1 million in five years, showcasing a diverse expansion in Saudi Arabia's exports to Bangladesh, particularly post-COVID-19.

Bangladesh's Imports from KSA: High Growth Post-Covid

KSA's Exports to Bangladesh

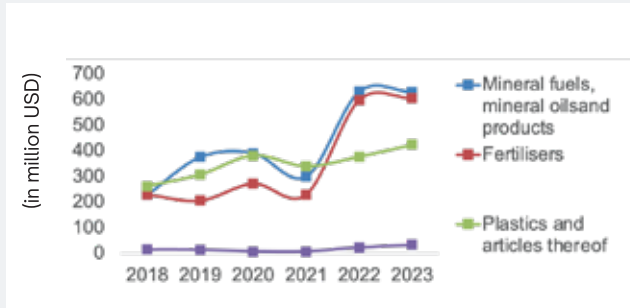


Source: Bangladesh Bank

In 2023, the top export products from Saudi Arabia to Bangladesh included fertilizers, mineral fuels, plastics, chemical products, and other organic chemicals. Among these, the export of salt, Sulphur, earths, and stone emerged as the fastest-growing category, particularly noted in 2019 and 2022. This surge reflects both countries' efforts to diversify their trade portfolios and expand their economic cooperation. This burgeoning trade relationship between Bangladesh and Saudi Arabia is a testament to their mutual commitment to economic collaboration and development. The two nations' ongoing efforts to strengthen ties through diversified trade, investment in key sectors, and collaborative projects highlight a mutually beneficial relationship poised for continued growth and development.



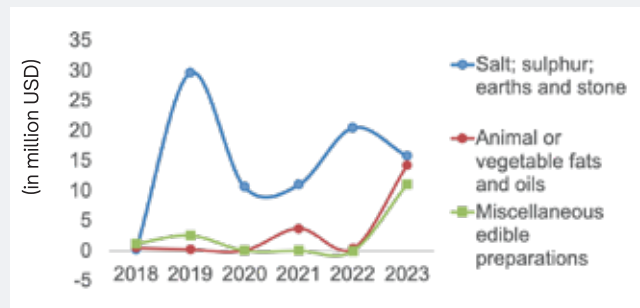
Export with largest absolute increase



Source: Bangladesh Bank

In terms of specific product growth, mineral fuels and fertilizers experienced the largest absolute increases. Mineral fuels and mineral oils exports surged from \$229.07 million in 2018 to \$629.5 million in 2023, while fertilizers grew from \$229.53 million to \$606.2 million during the same period. The export of plastics and articles thereof also saw a substantial increase, rising from \$263.07 million in 2018 to \$424.5 million in 2023, showcasing diversification in Saudi Arabia's export portfolio.

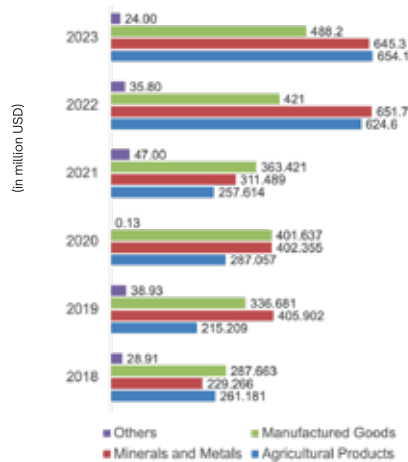
Fastest Growing Exports



Source: Bangladesh Bank

The substantial growth in exports from Saudi Arabia to Bangladesh, particularly in key sectors like mineral fuels, fertilizers, and plastics, underscores the strategic importance of this partnership. As Bangladesh aims to graduate from Least Developed Country (LDC) status by 2026 and achieve developed economy status by 2041, Saudi Arabia's role as a critical trade partner and investor will be pivotal.

KSA's Top 10 exports to BD, Grouped



Source: Bangladesh Bank



Agricultural products saw a remarkable rise, with export values climbing from \$261.18 million in 2018 to \$654.1 million in 2023. Minerals and metals also demonstrated significant growth, increasing from \$229.27 million in 2018 to \$645.3 million in 2023. Manufactured goods maintained steady growth, with values rising from \$287.66 million in 2018 to \$488.2 million in 2023. Other product categories, while smaller in absolute terms, still contributed to the overall expansion of trade between the two countries.

Manufactured Goods

- Plastics and articles thereof
- Miscellaneous chemical products
- Organic chemicals
- Animal or vegetable fats and oils and their cleavage products

Minerals and Metals

- Mineral fuels, mineral oils and products
- Salt; sulphur; earths and stone; plastering materials, lime and cement

Agricultural Goods

- Fertilisers
- Residues and waste from the food
- Miscellaneous edible preparations

FDI from KSA stagnating despite opportunities for rapid growth

Key Highlights

Saudi Arabia's FDI stock in Bangladesh has experienced a **decline** in recent years.

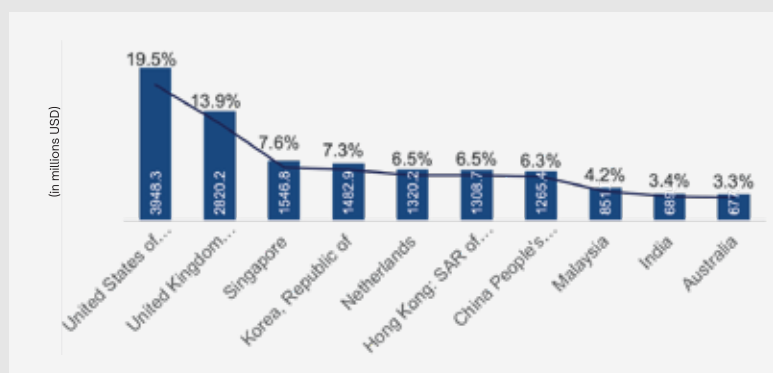
Banking and Non-Banking Financial Institutions (NBFI) dominate among sectors with the highest level of investment from Saudi Arabia.

KSA made large investments in other countries:

- Saudi Arabia's investments in **India** exceeded **\$3.3 billion** in various economic and commercial sectors. Plans to invest **\$100 billion** in the future.
- Established **seven projects** in **Vietnam** for a combined capital contribution of **US\$49.87 million** by 2022.
- Saudi Arabia's investment in **Indonesia** reached **US\$26.5 million** by 2023.
- Saudi Arabia will invest up to **\$25 billion** in **Pakistan** over the next two to five years in various sectors(2023).

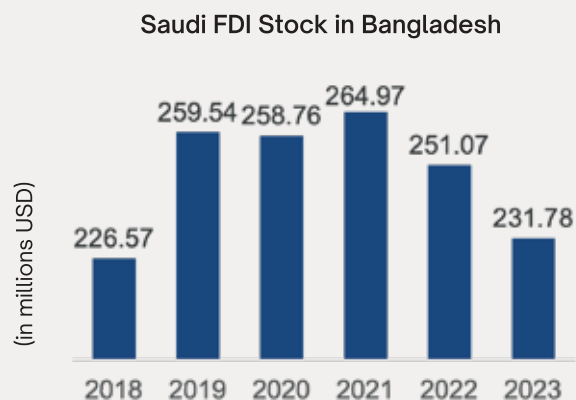
Over the past three decades, Bangladesh has made attracting foreign direct investment (FDI) a central feature of its economic policy. Bangladesh has been notably successful in drawing FDI inflows since the onset of economic reforms in 1995, which have significantly contributed to its economic development. In 2023, Bangladesh saw net FDI inflows of USD 3.0 billion, down from USD 3.5 billion in 2022. This overall decline in FDI inflows in 2023 was primarily due to a reduction in equity capital (net) by USD 316.79 million (31%) and reinvested earnings (net) by USD 305.31 million (12.1%). However, intra-company loans saw an increase of USD 146.55 million.

FDI Stock in Bangladesh, top 10 source countries FY23



Source: FDI and External Debt Report 2023, Bangladesh Bank

Bangladesh has attracted significant Foreign Direct Investment (FDI) from various countries, with the United States leading as the top source, contributing \$3,948.3 million, which accounts for 19.5% of the total FDI stock. The United Kingdom follows with \$2,820.2 million (13.9%), and Singapore ranks third with \$1,546.8 million (7.6%). Other notable investors include the Republic of Korea, the Netherlands, Hong Kong SAR, and China, with contributions ranging from \$1,482.9 million to \$1,308.7 million. Malaysia, India, and Australia also feature in the top ten, investing between \$851.0 million and \$677.3 million. These investments underscore the confidence and interest of these countries in Bangladesh's growing economy and potential for development.



Source: FDI and External Debt Report 2023, Bangladesh Bank

Sector wise FDI Stock from Saudi as of FY23 (in million USD)

Banking	195.6
NBFI	35.99
Textile and Wearing	0.1
Gas & Petroleum	0.01
Other sectors	0.08

Saudi Arabia's FDI stock in Bangladesh has declined in recent years. In FY23, the FDI stock position was USD 231.78 million, down from USD 251.07 million in FY22. The banking sector and non-banking financial institutions (NBFI) dominate Saudi Arabia's investments in Bangladesh, with the banking sector holding USD 195.6 million and NBFI holding USD 35.99 million. In contrast, Saudi Arabia has made substantial investments in other countries.

Saudi Arabia has been expanding its investment footprint globally, with significant investments in India, Vietnam, Indonesia, and Pakistan. In India, Saudi investments have surpassed \$3.3 billion, with plans to further invest \$100 billion in various sectors. In Vietnam, seven projects have been established with a capital contribution of US\$49.87 million by 2022. Saudi investments in Indonesia reached US\$26.5 million by 2023, and a commitment to invest up to \$25 billion in Pakistan over the next two to five years highlights its strategic economic engagement.

As Saudi Arabia looks for new opportunities, Bangladesh presents several potential sectors for investment, including green energy, fertilizer, electronic manufacturing, infrastructure and logistics, petroleum refining and petrochemical products, tourism and hospitality, education and skills development, shipping lines, and construction. These sectors offer promising avenues for Saudi Arabia to diversify its investment portfolio while contributing to the economic growth and development of Bangladesh.

Opportunities for Saudi Arabia to invest in sectors such as:



Green Energy



Infrastructure & Logistics



Education & Skills Development



Fertilizer



Petroleum Refining and Petrochemical products



Shipping lines



Electronic Manufacturing



Tourism & Hospitality



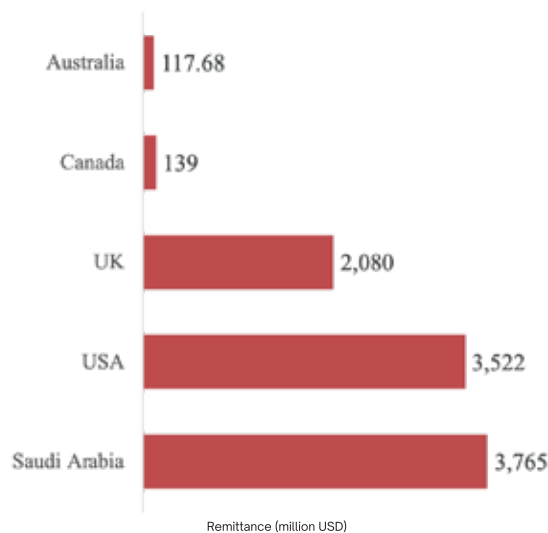
Construction



KSA: A key destination for Bangladeshi overseas employment



Bangladesh Remittance Earnings from Key Countries in FY23



Source: BMET, Bangladesh Bank

The remittance inflow from Saudi Arabia experienced significant growth from \$2,591.58 million in FY18 to \$5,721.41 million in FY21, driven by better earnings, favorable exchange rates. However, this trend reversed in FY22 and FY23, with remittances declining to \$4,541.96 million and then to \$3,765.29 million, respectively. Several factors contributed to this decline: the rise of the informal transfer channels (hundi) due to banks offering lower rates than market dealers, the deployment of less-skilled workers to Saudi Arabia, global economic uncertainty, high inflation, unfavorable exchange rates, and increased competition among remittance service providers. Despite these challenges, Saudi Arabia remained a dominant source of remittance income for Bangladesh, with FY23 remittance inflows surpassing those from the UK (\$2,080 million) and the USA (\$3,522 million). These substantial inflows from key countries highlight the critical role of the Bangladeshi diaspora in bolstering the national economy, emphasizing the importance of remittances for household incomes and overall economic stability.

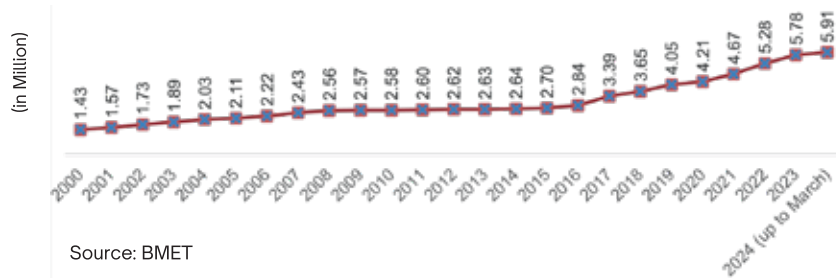
Key Highlights

- Saudi Arabia is the destination for roughly **36%** of total overseas employment for Bangladesh and the cumulative number of people leaving for RSA has roughly doubled since 2016.
- Saudi Arabia has long ranked as the largest origin of official remittances to Bangladesh
- Bangladesh is among **7th largest** recipient of remittances with higher employment from KSA.
- Saudi Arabia employs Bangladeshi workers in a variety of low-skilled jobs, including construction, cleaning & maintenance, and domestic service.





Bangladeshi Migrant Workers in Saudi Arabia (Cumulative Trend)



Saudi Arabia, accounting for 36% of Bangladesh’s overseas employment, has seen a doubling of Bangladeshi workers since 2016, primarily in construction, cleaning, and domestic services. Aligning with Saudi Vision 2030’s focus on economic diversification and human capital, Bangladesh can enhance skills training to meet Saudi demand for skilled workers in IT, manufacturing, and advanced industries. This strategy promises better job prospects, increased remittances, and mutual economic growth. To maximize the benefits of this relationship, Bangladesh needs to focus on skills development according to Saudi demand and seize opportunities for skilled jobs in the Saudi market. This strategic focus on skills enhancement will not only ensure better employment prospects for Bangladeshi workers but also contribute to higher remittance inflows and economic growth.

Remittance inflow from Saudi Arabia



Source: Bangladesh Bank

Remittances from Saudi Arabia have been a critical component of Bangladesh’s economic growth, stimulating domestic demand and bolstering GDP. Saudi Arabia has consistently ranked as the largest source of official remittances to Bangladesh, reflecting the strong economic ties between the two nations. Notably, Bangladesh is among the top seven recipients of remittances from Saudi Arabia, highlighting the significance of these financial inflows. The data represents, fluctuating trend in remittance earnings, peaking at \$5,721.41 million in FY21 before settling at \$3,765.29 million in FY23.

Chapter 2

Bangladesh's key Strengths for Deepening Economic Cooperation

Demographic Dividend With Increasing Purchasing Power: Conducive for Efficiency

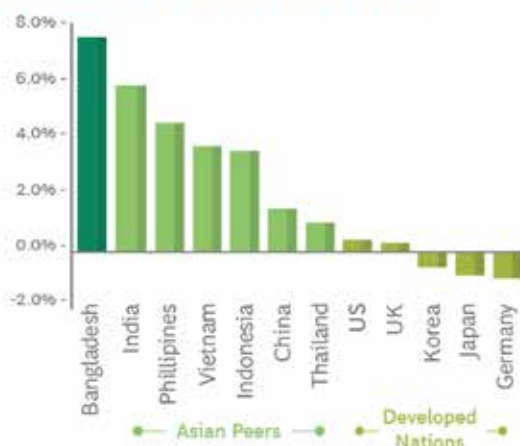
Conducive for Efficiency and Market-seeking Investments



Key Highlights

- 28 years is the Median age of a Bangladeshi citizen, lower than India (29 years), Indonesia (31 years), Vietnam (32 years), and Thailand (39 years)
- 68.4% population is working age
- 114 Million working age citizens
- Homogenous culture: Compared to other countries in South Asia, Bangladesh has a high degree of linguistic, religious, and ethnic homogeneity.
- High potential for investments in skills development and skilled/semi-skilled manpower exports in sectors such as healthcare, light engineering, fishing, etc.

Fastest-growing consumer market

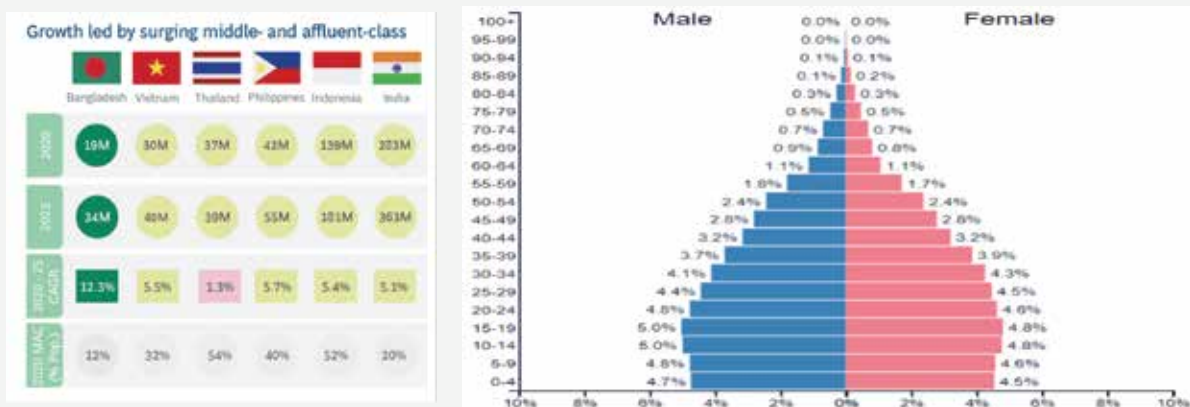


Source: HSBC Global Research, BCG analysis, Neilson HH data, National Housing and Population Census

Bangladesh is poised to become the ninth-largest consumer market globally by 2030, driven by significant economic and demographic shifts. Fundamental drivers of this growth include consumer optimism, a willingness to innovate, a rising middle and affluent class (MAC), an ambitious young workforce, and strong economic resilience. According to a recent report by HSBC, Bangladesh is expected to surpass established markets like the UK and Germany and high-growth peers like Vietnam and Thailand. The surge in consumer demand is largely fueled by the expanding MAC population, predicted by BCG to grow from approximately 12 million in 2015 to 34 million by 2025, representing 17% of the overall population.

This growth is underpinned by high household savings rates, low national debt, and substantial remittance inflows. With household consumption accounting for 69% of GDP and gross fixed capital formation at 31% of GDP in 2021, Bangladesh is well-positioned to protect its economy from external shocks and continue its robust investment trends.

Bangladesh's demographic profile presents a significant advantage for efficiency and market-seeking investments. With a median age of 28 years, younger than India, Indonesia, Vietnam, and Thailand, Bangladesh boasts a vibrant, youthful population. The country has a large working-age population, with 68.4% of its 114 million citizens of working age. Furthermore, Bangladesh benefits from a homogenous culture, with high degrees of linguistic, religious, and ethnic uniformity, making it conducive to cohesive economic development. The nation's demographic dividend, combined with increasing purchasing power, makes it a fertile ground for investments in skill development and manpower exports in sectors such as healthcare, light engineering, and fishing. This demographic and economic dynamism positions Bangladesh as an attractive destination for efficiency-seeking and market-expanding investments.

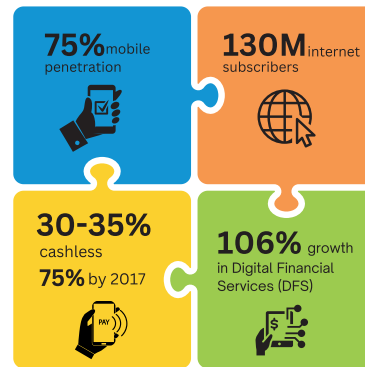


Source: HSBC Global Research, BCG's Center of Consumer Insights, BCG analysis, Neilson HH data, National Housing and Population Census



Strong Cost Competitiveness and Digital Readiness Position Bangladesh Well for Supply Chain Shifts

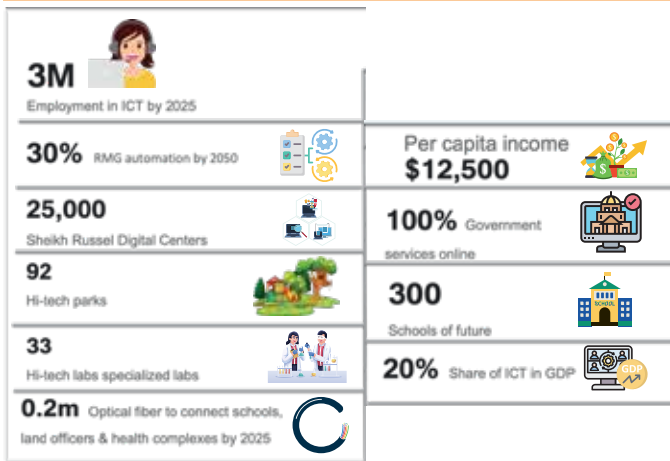
Digital Economy-Readiness



Source: Financial Express

Bangladesh's strong cost competitiveness and digital readiness uniquely position it well for shifts in global supply chains. This industry is not only rapidly expanding but also has significant digital infrastructure and a talented labor force to back it up at the national level. As Bangladesh aims at ICT exports earning of \$5 billion by 2025 and ICT domestic market of \$5 billion, it is creating tremendous economic opportunities. The strategic aim to lift 34 million people into the middle-income bracket by 2025 offers a massive market, which underpins the economy. All these strategic initiatives help improve Bangladesh's competitiveness but at the same time, guard Bangladesh to remain relevant in the global digital economy.

Bangladesh's Digital Prospects at a Glance



Source: Perspective plan 2041

Bangladesh is rapidly emerging as a significant competitor in the digital economy, demonstrating a strong capacity for trade and investment. The nation's target for digital transformation is evident through impressive statistics: mobile phone penetration of 75%, 130 million internet users, and a whopping 106% DFS growth. Bangladesh's vision is to create 3 million employments in the ICT sector by 2025 and introduce 100% online government services. Furthermore, the country plans to integrate 92 high-tech parks and 33 specialized labs, supported by 0.2 million kilometers of optical fiber connecting schools, land offices, and health complexes. These ambitious initiatives underline Bangladesh's strategic vision for achieve higher middle income country 2041," underpinned by a robust digital infrastructure and a growing middle class that is becoming increasingly digitally sophisticated. The country's e-commerce market is projected to reach \$3 billion by 2023, supported by over 2,000 sites, while the digital financial sector is experiencing 4.5 million DFS transactions per day.

Bangladesh Prepares for Digital Economy



Source: The Business Standard, The Daily Star.

Several GoB Initiatives and Conducive Policies Drive Private Sector Growth and Enhance Investment Climate in Bangladesh

Overall Government Initiatives to Boost the Investment Climate

Investment Promotion and Protection

Special Economic Zones (SEZs)

Digitalization of Services

Infrastructure Development

Public-Private Partnerships (PPPs)

Incentives for Priority Sectors

Key Highlights

Bangladesh Investment Climate Improvement Programme after EODB

- 100 reforms targeted in 3 years
- Across the country
- In the 7 pillars below
 - Business Entry, Exit, and Technology Adoption
 - Industrial Infrastructure and Logistics
 - Cross Border Trade and Business
 - Commercial Dispute Resolution and Labor Regulations
 - Tax Regime
 - Financial and Non-financial incentives
 - Access to Finance

The Bangladesh Government has launched a comprehensive program to improve the investment climate, which is aimed at catalyzing more investments and fostering private sector-led growth. The initiative seeks to implement 100 reforms in three years, focusing on business environment, entry/exit policies, technology, infrastructure, logistics, trade, and dispute resolution. It includes labor law updates, tax reforms, improved incentives, and better access to finance, with a 'single-window' online service at BIDA for business startups.



Secured by law against nationalisation and expropriation



Local and Foreign investments are given equal treatment



Double taxation treaties with 28 countries



Almost all industrial sectors are open for foreign investors



Bilateral Investment treaties (BITs) signed with 32 countries



100% foreign equity is allowed along with unrestricted exit



Bangladesh is a signatory to ICSID, UNCITRAL, OPIC, MIGA, WAIPA, WIPO and WTO



All laws, regulations are conducive to investment

Bangladesh has launched initiatives to boost investment, including SEZs, infrastructure development, digitalized services, PPPs, and incentives for priority sectors, alongside legal safeguards against nationalization and expropriation. The country allows 100% foreign equity, unrestricted exits, and equal treatment for local and foreign investors, supported by bilateral investment treaties with 32 countries, double taxation treaties with 28, and membership in global agreements like ICSID and UNCITRAL. These efforts, coupled with economic and export processing zones, enhance ease of doing business and attract both local and foreign investors.

Strategic Geopolitical Location and Infrastructure Investment Boost Business Confidence and Growth Prospects in Bangladesh

Key Highlights

Several large infrastructure projects to create synergy with **100 economic zones**, which are to be established in the next 15 years

\$40bn Investment earmarked for improving Infrastructure to facilitate trade & manufacturing in Bangladesh

Northeast
Indian Region
2.8% of
India's GDP
(2022)

US\$ 11 Billion
Additional Potential for
South Asia Trade
(World bank)

Source: Ministry of Finance

Bangladesh's strategic geopolitical location, coupled with a substantial investment in infrastructure, is significantly enhancing business confidence and growth prospects. The government has embarked on several large infrastructure projects designed to create synergy with the establishment of 100 economic zones over the next 15 years. These initiatives include the construction of the Rooppur Nuclear Power Plant, Rampal Coal Power Project, and the Dhaka Metro Rail, among others. Also, SAFTA and APTA provide trade access to the rest of South Asia for this country because of its strategic location. But to make the advancement more concrete, the World Bank has estimated extra trade in South Asia worth \$11 billion which positions Bangladesh as a significant player in South Asia.

Doorway to wider South Asia Market

- SOUTH ASIA FREE TRADE AREA (SAFTA)
- Asia Pacific Trade Agreement (APTA)
- D-8 PREFERENTIAL TRADE AGREEMENT (D8-PTA)
- The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)
- SAARC Preferential Trading Arrangement (SAPTA)
- SAARC Framework Agreement on Trade in Services (SAFAS)
- Bilateral FTA Under Consideration with 10 Countries Including India, Japan, and Singapore
- Strong links to Japan's Big-B Program



The strategic investments are therefore expanding the national asset base, and at the same time increasing business confidence through international guarantees and sound economic outlooks. A survey by JETRO of Japanese companies highlights increasing profitability and business confidence forecasts, with 62% of companies expressing high hopes for 2023. Market leaders like UBS and McKinsey & Company have envisioned Bangladesh to be the 12th economic powerhouse in the world by 2050. This optimism is further supported by projections from PwC, placing Bangladesh as the 28th and 23rd largest economy by 2030 and 2041, respectively. The country's robust infrastructure development, strategic location, and favorable trade agreements collectively contribute to a dynamic business environment, positioning Bangladesh as a key player in the global market.



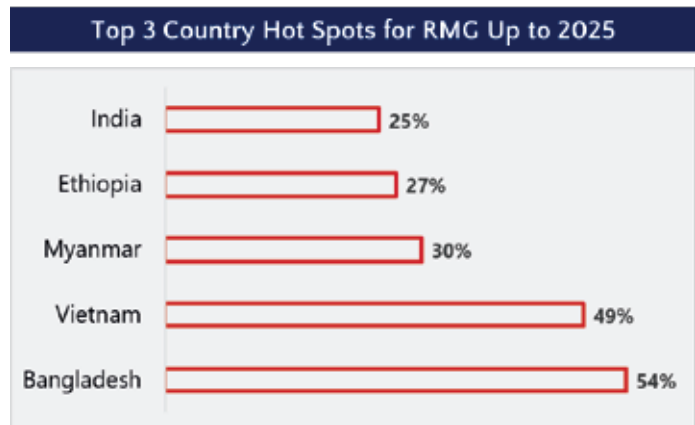
Source: JETRO Survey on Business

Strong Business Confidence and Growth Prospects Endorsed by Global Players

"Bangladesh will be the **12th** economic power of the world in 2050"

"Bangladesh is the Next China"

"**28th & 23rd** largest economy of World by 2030 & by 2041"



Source: World Bank

Chapter 3

Opportunities for Enhancing Bangladesh Exports to KSA :

Several Competitive Sectors form
a Bright Horizon

Textile & Apparel

Key Highlights:

- Opportunity to manufacture and export special traditional dress called 'Thobe' to Saudi, worn by 80% of the population in Middle East countries
- Saudi currently imports apparel from China, India, UAE, and Pakistan
- Large Bangladeshi diaspora offering sizable market
- High opportunities in Suits, and other high-end products if Bangladesh can ensure quality and market the products appealingly



KSA Top Textile Sourcing Countries



India



China

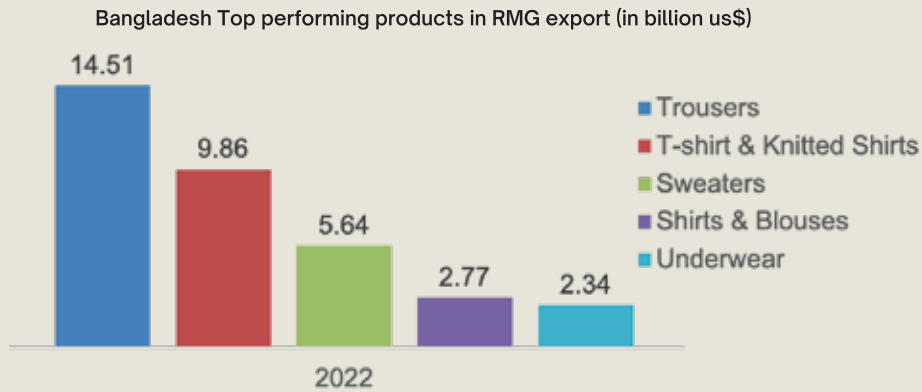


UAE

Currently, the KSA sources textiles mostly from China, the United Arab Emirates (UAE), and India. Providing a favorable environment for Bangladesh to export in the KSA will allow the country to meet the increasing demand, and reduce vulnerability to economic downturns and dependency on China, UAE, and India. On the other hand, the KSA will allow Bangladesh to diversify its textile and apparel export destination

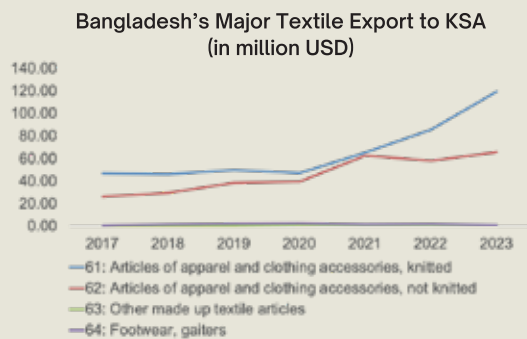
The KSA also harbors multiple prospects for Bangladesh to extend its RMG exports. Opportunities exist in the manufacture and export of thobe*, suits, and other high-end products. Ensuring quality and promoting the products appealingly will help Bangladesh tap into the KSA market help meet the growing demand of the country and make steady progress towards making high-end products.

Bangladesh made notable progress in the exports of Ready-Made garments (RMG) and established itself as the second-largest garment exporter globally after China. The Ready-Made Garment (RMG) sector grew from USD 116.2 million in FY85 to approximately USD 47 billion in FY23, demonstrating the sector’s resilience and adaptability. This sector now employs over 4 million workers, of which above 60 percent are women. With over 200 LEED-certified factories, Bangladesh is making incremental advancements in environmental sustainability and working conditions in the RMG factories.



Source: Export Promotion Bureau (EPB), Observatory of Economic Complexity (OEC)

The proportion of RMG’s contribution to the total export was around 85.6 percent between 2022-2023, implying the country’s specialization in exporting apparel products. Between 2022 and 2023, Bangladesh’s total RMG export to the world was USD 47 billion. Trousers alone generate USD 14.51 billion in exports, followed by T-shirts with a substantial export revenue of USD 9.86 billion alongside other high-performing products. This highlights Bangladesh's crucial role in the global apparel market and its capacity to consistently deliver high-quality products. This success is evident in the growing demand for Bangladesh's apparel and major textile exports in the Kingdom of Saudi Arabia (KSA)



Source: Export Promotion Bureau (EPB), Observatory of Economic Complexity (OEC)



Bangladesh’s apparel export growth to the KSA in 2023 is 30.6%. For knitted apparel and clothing accessories, the exports from Bangladesh to the KSA increased from USD 46.84 million to USD 119.59 between 2017 to 2023. The exports of non-knitted products grew from USD 25.98 million to USD 65.83 million within the same time. However, Bangladesh has the potential to contribute further in the overall KSA Textile import which has increased by 24.2 percent between 2018 to 2022.

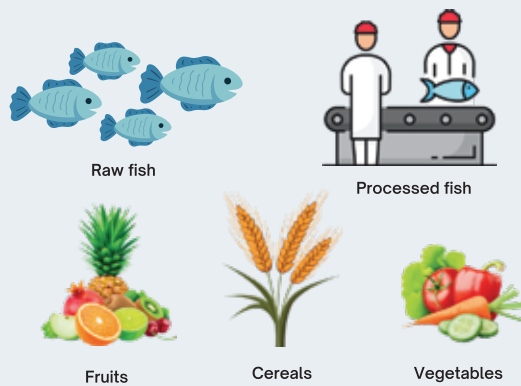
Agribusiness



Key Highlights

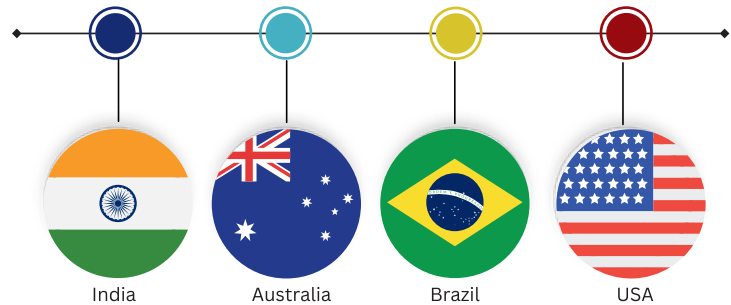
- Huge Bangladeshi diaspora, as well as the increasing appetite of locals
- Saudi imports processed fish and fish products from **Vietnam, Thailand, and Indonesia** in large amounts (top exports)
- Bangladesh has good **geo-climatic advantages** and **top producer** of multiple products including mangoes, jackfruit, rice & various fishes.

High potential for Bangladeshi agricultural products such as



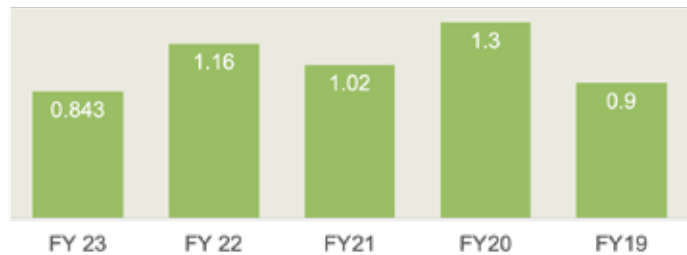
Bangladesh's agrarian and tropical nature is conducive to cultivating diverse crops, fruits, and vegetables and supporting livestock and fisheries. Bangladesh uses its excellent geo-climatic advantage as its competitive advantage to produce rice, potatoes, vegetables, fruits, and many other products to export these agricultural products worldwide. Total Agri exports surpassed \$1 billion in FY20-22. As Bangladesh graduates from the Least Developing Country (LDC) in 2026, it has to diversify and discover new sectors and markets for growth. In this regard, the agribusiness sector has immense potential, especially in exporting goods like raw and processed fish, vegetables, cereals, and fruits.

KSA Top Agri Sourcing countries



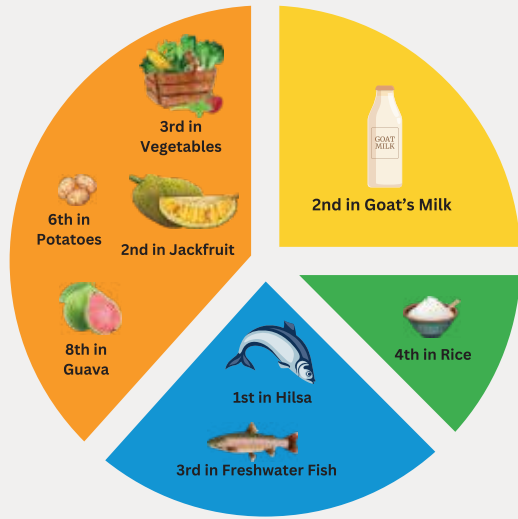
The agribusiness sector holds immense potential for substantial export growth, playing a pivotal role in Bangladesh's economic landscape. Over the past five decades, agriculture has been a cornerstone of the country's development, employing 38 percent of the workforce and contributing 14 percent to the Gross Domestic Product (GDP). The agro-processing segment further bolsters the economy, contributing 1.8% to the country's GDP. With a projected 60 percent surge in global food demand and an anticipated 68 percent of the global population residing in cities by 2050, the demand for agricultural products, particularly processed foods, is poised to soar.

BD's Export of Agribusiness sector in Recent Years (In Billion USD)



Source: Export Promotion Bureau (EPB),



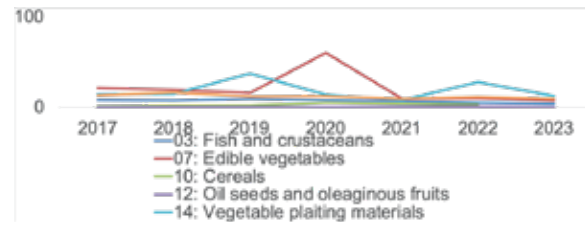


Bangladesh's fruit sector has experienced remarkable growth, positioning itself as a key player in the global fruit market. Notably, Bangladesh stands second in jackfruit production, seventh in mangoes, eighth in guavas, and fourteenth in papayas on a global scale. The nation has earned its place among the top 10 countries worldwide for seasonal fruit production, cultivating an impressive array of 72 different kinds of fruits. The current export portfolio includes 34 types of fruits, featuring dragon fruit, jackfruit, pineapple, lychee, mango, star fruit, lemon, and guava.

Key Considerations

- Systematic promotion of high-quality BD Agri products
- Maintaining world-class standards in production and packaging
- Mitigate bottlenecks in export procedures

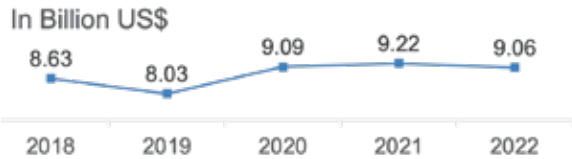
Bangladesh's Major Agri Export to KSA (in million USD)



Source: Export Promotion Bureau (EPB)

Another potential sector with immense export potential is the aquaculture industry. Bangladesh exports frozen and live fish to over fifty countries, including the European Union, Japan China, etc. This demonstrates Bangladesh's huge capacity to offer competitive prices and export potential.

KSA Agriculture Import



Source: Observatory of Economic Complexity (OEC)

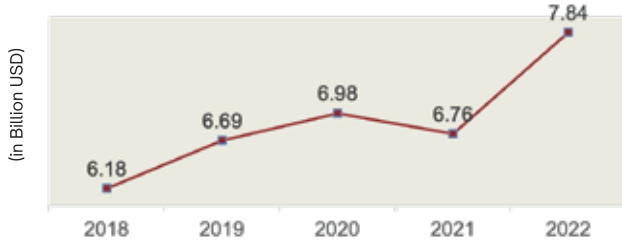
With significant production in both fruit and aquaculture sectors, Bangladesh is well-positioned to seize opportunities in more countries including the KSA. Currently, the major agriculture export basket of Bangladesh to KSA comprises fish and crustaceans, edible vegetables, cereals, etc. With KSA importing upwards of \$9 billion worth of Agricultural goods from countries like India, the USA, Australia, and Brazil, Bangladesh has significant potential to deepen exports in KSA and middle-east region.

Food & Beverage



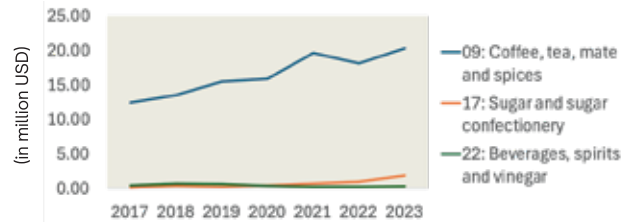
Bangladesh's food sector is a vibrant and rapidly expanding segment of the economy, underpinned by a diverse range of activities from agricultural production to advanced food processing. The sector contributes significantly to the country's economic growth, employing a large portion of the workforce. As of 2023, the food processing industry alone is a \$4.5 billion market, with major sub-sectors including dairy, edible oil, sugar, rice, wheat, fruits and vegetables, tea, and fish processing

KSA Food & Beverage Import rising rapidly



Source: Observatory of Economic Complexity (OEC)

Bangladesh's Major Food & Beverage Export to KSA



Source: Export Promotion Bureau (EPB)

The beverage sector in Bangladesh, particularly the carbonated beverage industry, is a significant contributor to the national economy. With an annual turnover of approximately \$900 million, the industry employs around 350,000 people across production and distribution levels. The sector contributed significantly to the nation's revenue, amounting to BDT 24.86 billion in 2022--highlighting the sector's pivotal role in the country's fiscal framework.

Bangladesh has a significant opportunity to enhance its food and beverage exports to Saudi Arabia, particularly in areas like dry food, halal food, and honey. These sectors not only align with the dietary preferences of the Saudi market but also Bangladesh's potential in actively meeting the requirements. Bangladesh's major food exports to KSA include coffee, tea, sugar and sugar products, and spices.

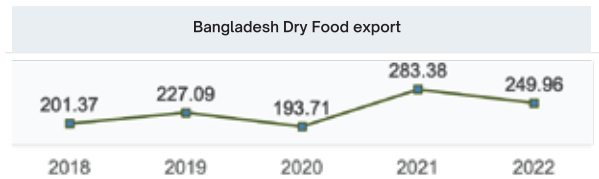
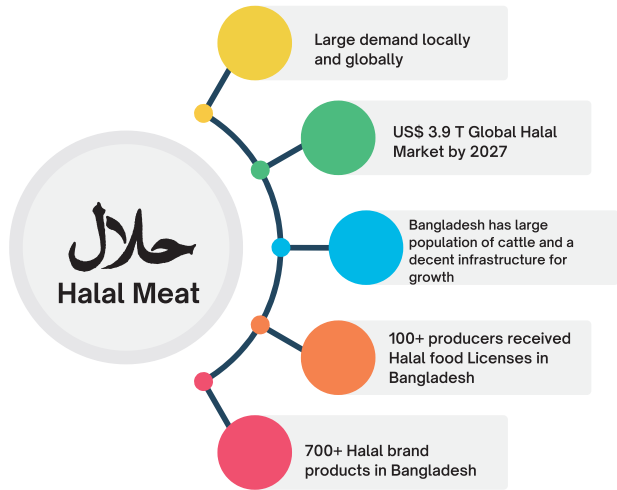
KSA Top Food & Beverage Sourcing countries



Bangladesh's Opportunity to Export in KSA



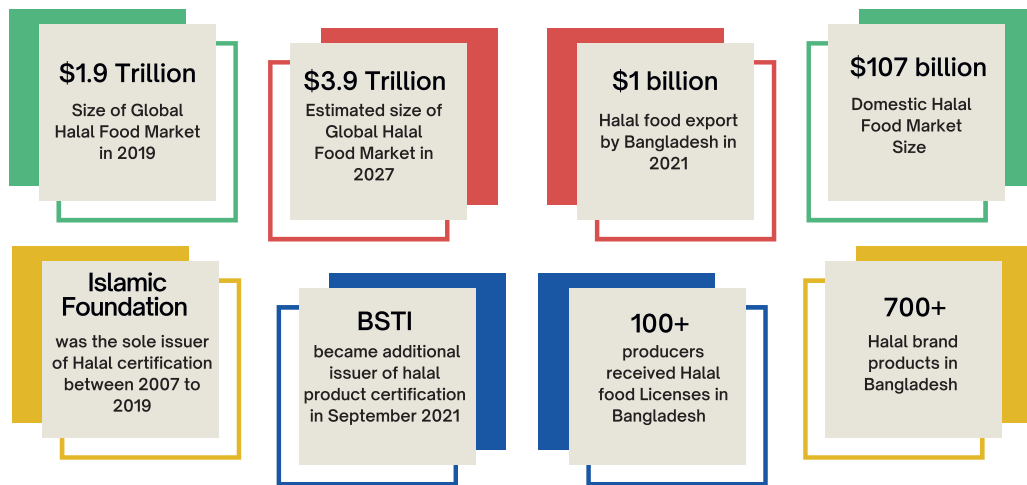
KSA's food and beverage imports have steadily increased-- from USD 6.18 billion in 2018 to USD 7.84 billion in 2022, indicating a growing demand in the sector. The Saudi Arabian food and beverage market, valued at **\$28.8 billion** in 2023, is projected to grow at a CAGR of 3.22% over the next five years. The country primarily imports from UAE, Brazil, and India, with the top 3 products including dry food, honey, and halal Food.



Source: Export Promotion Bureau (EPB),

Bangladesh's dry food exports have demonstrated strong growth potential, reaching as high as \$283.38 million in 2021. This showcases the country's expanding market presence and export capabilities in the sector. This robust agricultural foundation positions Bangladesh to capitalize on the growing demand for dry & processed food in Saudi Arabia and globally, driven by the high number of office-goers and working women.

Bangladesh has reached self-sufficiency in halal red meat production and is in a position to export halal meat. In 2022, the Global Halal Meat Market was valued at USD 265.9 Billion and is expected to reach USD 723.7 Billion in 2032. Between 2023 and 2032, this market is estimated to register a CAGR of 9.7%. However, challenges related to certification and traceability have hindered Bangladesh's potential.



Source: Observatory of Economic Complexity (OEC)



Key Growth Drivers:

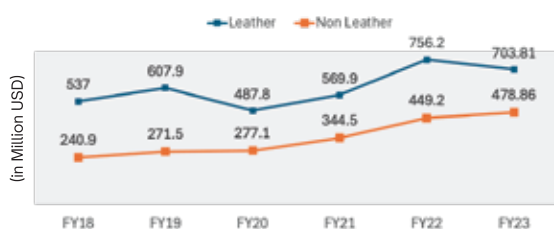
- **60%** Increase in Demand for Food by 2050
- **68%** Population globally will live in Cities with Increased Demand for Processed Food
- Bangladesh can help meet the nutritional requirement of increasing middle-income people



The Bangladeshi footwear industry is one of the fastest growing in the world. It produces 2 percent of the world’s footwear. Bangladesh is the 6th largest footwear manufacturer in the world, producing around 2 percent of the world’s production in terms of pairs of footwear. Ranking 11th globally in terms of consumption, Bangladesh’s footwear industry is mainly driven by and geared towards the domestic market.

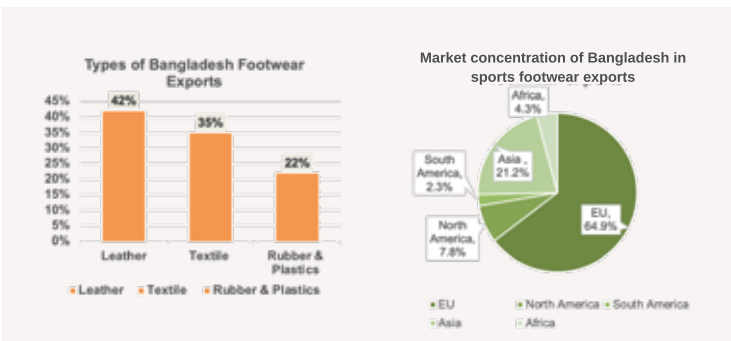
Non-leather footwear has a high contribution to Bangladesh’s footwear exports. Bangladesh was ranked 21st globally in 2018 by their export value, and 20th overall by the volume of footwear exports. In FY23, non-leather footwear registered \$478.86 Million, Sports footwear, training shoes and other footwear made in combination with rubber, plastic, or textiles made up Bangladesh’s Synthetic footwear export basket Major export partners for Bangladeshi footwear items include the United States, France, Germany, Netherlands, Spain, Canada, and Poland.

Bangladesh’s Overall Leather and Footwear Export trend



Source: World Footwear 2022 Yearbook

The leather and footwear exports from Bangladesh have shown significant growth, with non-leather exports expected to increase substantially. The upward trend in the overall leather and footwear exports is noteworthy, indicating the sector’s burgeoning influence and potential. Between 2018 and 2023, leather exports increased from \$ 537 million to \$ 703.81 million. Bangladesh's non-leather exports, valued at USD 478.86 Million in FY23, have experienced a notable 30.4% increase, fueled primarily by sports shoes and cases.



Source: Bangladesh Bank, EPB, OEC; Pulse of fashion industry, 2019

Bangladesh footwear exports however remain concentrated in the EU, comprising 65 percent of Bangladesh’s sports footwear export basket. Despite the massive market in Asia, which consumes 56.1 percent of all footwear, Bangladesh managed to send only 21 percent of its exported sports footwear.

Products with the highest potential

Non-leather footwear

- sports shoes

Synthetic accessories

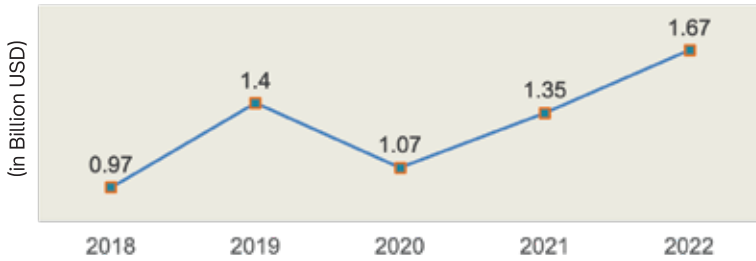
- Trunks
- Suitcases
- cases

Synthetic accessories also hold major potential in Bangladesh. Export exceeded USD 150 million in FY2021-22, a growth of 268 percent from around 41 million in FY 2020-21.



The KSA market for leather and footwear imports has expanded, with imports rising from USD 0.97 billion to USD 1.67 billion between 2018 to 2022. Bangladesh’s strategic focus on expanding its leather and footwear exports is well-equipped to meet the surging demand for synthetic leather in the KSA.

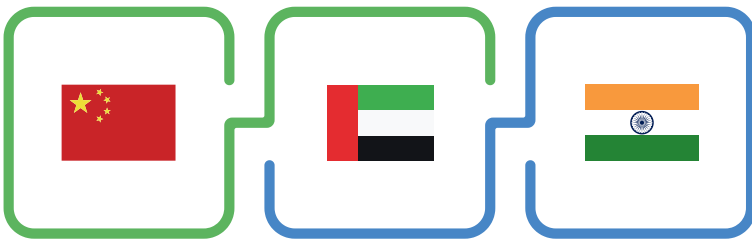
KSA Leather and Footwear Import



Source: World Footwear 2022 Yearbook

Saudi Arabia's increasing demand for synthetic leather across diverse industries aligns with Bangladesh's expertise in exporting synthetic leather products. This demand for synthetic leather in the KSA is congruent with its growing application of synthetic leather in various industries, including footwear, furnishing, interior designs, automobiles, sporting goods, garments, and luxury goods products.

KSA Top Leather and Footwear Sourcing countries



Key Highlights

- **Global industry: 102M tonnes, USD 3.3T.**
- **Bangladesh leather: 10%** global supply, **6th** largest producer.
- **Leather trade: Bangladesh holds 0.5%** global share.
- **KSA synthetic leather:** Rising demand.
- **Bangladesh exports:** Strong in footwear, suitcases, handbags.

Source: Pulse of fashion industry, 2019



Plastics

1% Bangladesh Plastic Industry Contribution to GDP (2020)

Exports from Bangladesh reached over **\$166 million** in FY22

KSA imports around **\$7.7 Billion** in 2022, from countries including China, UAE, South Korea, India & Japan

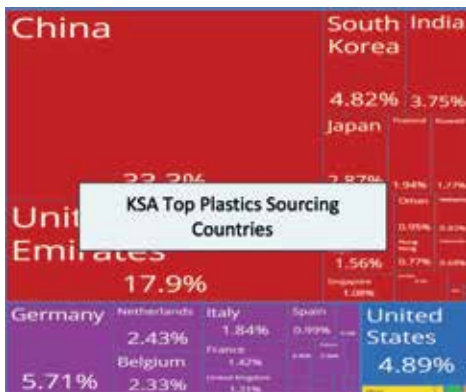
Bangladesh can export large amounts of waste & scrap, among other products including Polyether & epoxide Resin, PVC Bags, lids, caps, tableware & Kitchenware.



Bangladesh's Export Trend in Recent Years

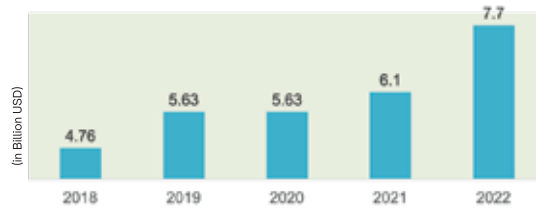


Source: Export Promotion Bureau (EPB)



Source: Observatory of Economic Complexity (OEC)

KSA Plastic Import Trend



Source: Observatory of Economic Complexity (OEC)

Saudi Arabia is a significant market for plastics. The country imported around \$7.7 billion worth of these products in 2022 from leading suppliers such as China, the UAE, South Korea, India, and Japan. This indicates a substantial opportunity for Bangladesh to enhance its export footprint in the region.

Bangladesh is well-positioned to supply a diverse range of plastic products to KSA. With its growing expertise and production capabilities, Bangladesh can capitalize on the expanding market in Saudi Arabia, reinforcing its position as a competitive player in the global plastics industry and unlocking further economic potential.

Bangladesh's Top Performing Products on Plastic Export



Source: Export Promotion Bureau (EPB)

The plastic industry in Bangladesh is a vital sector, contributing 1% to the nation's GDP in 2020. Demonstrating remarkable growth, the industry's exports exceeded \$210 million in FY23, showcasing Bangladesh's capacity to meet global demands. Key export partners include the USA, Canada, India, China, Vietnam & Taiwan.

Bangladesh exports a diverse range of plastic products, including waste and scrap materials, polyether and epoxide resins, PVC bags, lids, caps, tableware, and kitchenware.

Bangladesh's Plastic Export Destinations



Source: EPB

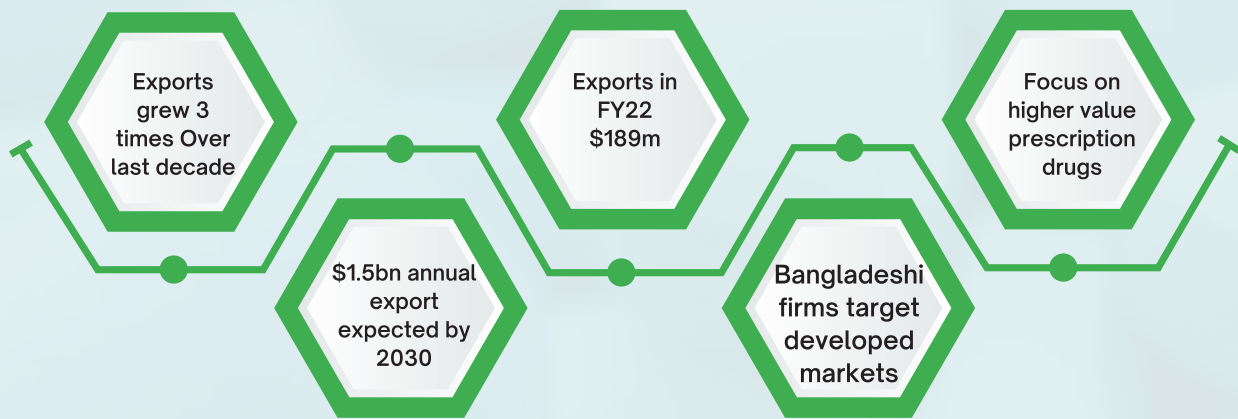
Pharmaceuticals



Key Highlights:

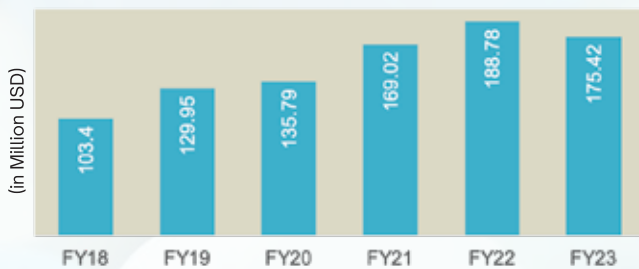
- **Key industry:** Meets **97%** domestic demand.
- **Global reach:** Exports to **150+** countries, including USA & EU.
- **Covid-19 response:** Vaccine production & exports.
- **Rapid growth:** Resilient, quality-focused, innovative.

Bangladesh's Export Potential



Source: BIDA, Bangladesh Brand Forum, EPB, OEC.

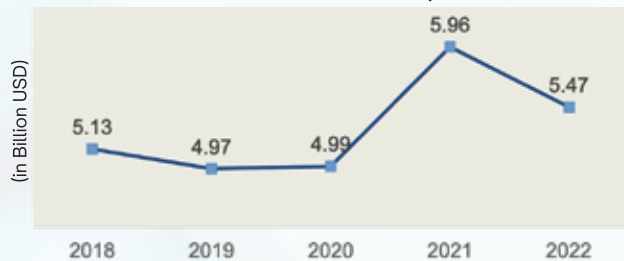
Bangladesh's Pharmaceuticals Export Performance



Source: Export Promotion Bureau (EPB)

The Bangladeshi pharmaceutical industry has shown remarkable growth, with exports nearly tripling over the past decade. In FY23 alone, exports from Bangladesh reached over \$175 million.

KSA Pharmaceutical Products Import Trend



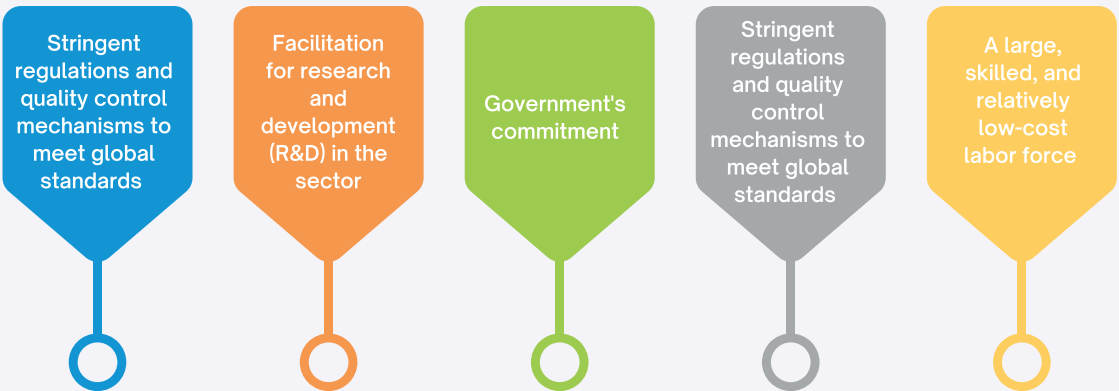
Source: BIDA, OEC.

Net FDI inflows into Bangladesh's pharmaceutical sector have nearly doubled from \$44.65 million in 2018 to \$ 116.65 million in 2023, showcasing its growing strength and attractiveness in this industry.

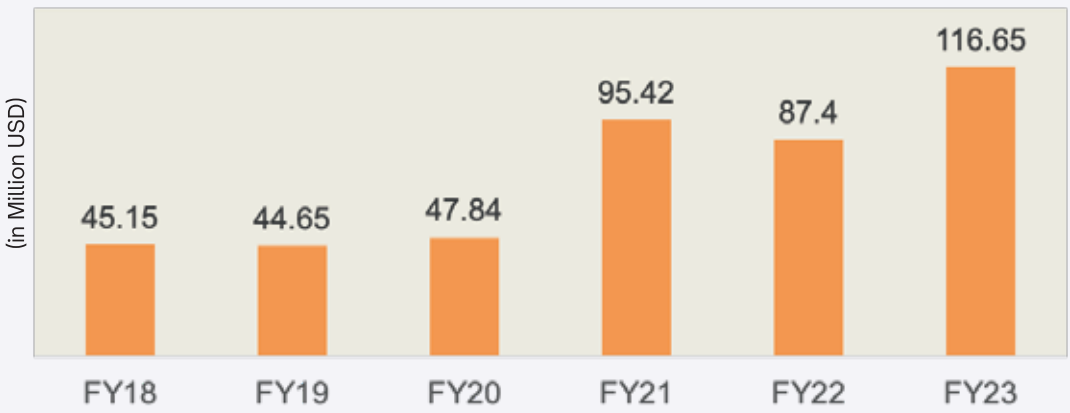




Bangladesh's Export Potential Explained



Bangladesh's Net FDI Inflows for Pharmaceutical Sector



Source: Bangladesh Bank

The industry's journey began with a primary focus on enhancing local access to essential medicines, particularly through the production of off-patent drugs. By producing a diverse range of generic medications locally, it ensured a steady and affordable supply, which in turn significantly lowered healthcare costs for the Bangladeshi people.

Bangladesh is currently exporting drugs to more than 100 countries globally, including the USA, Australia, and the EU. Around 1200 products have been accredited for import by authorities in importing countries. WTO has extended patent waivers for its LDC members' pharmaceutical products until January 2033.

Bangladeshi firms are increasingly targeting developed markets, focusing on higher-value prescription drugs. Bangladesh has diversified towards advanced products such as API molecules. At present, there are 26 API producers in the country. Additionally, biosimilar, vaccines, hormones, and oncology products are produced alongside natural/ animal health products.

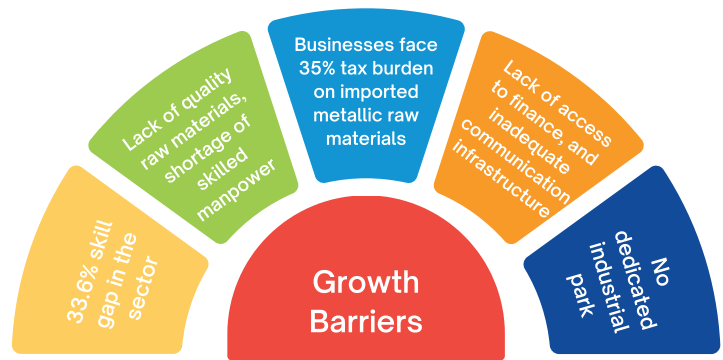
Light Manufacturing



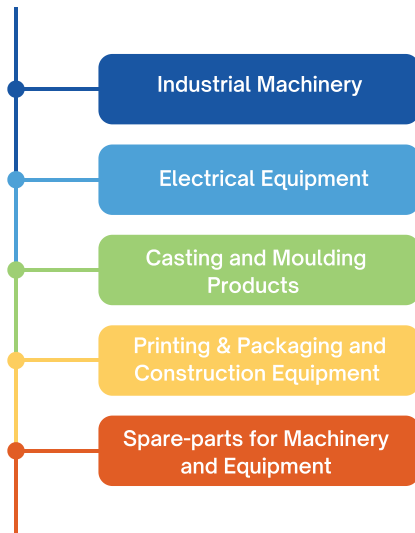
Key Highlights:

- **50,000 enterprises: 1 million** employed.
- **Domestic market: 3%** of GDP.
- **34 clusters: 10,000** product types.
- **Export growth: 50.4%** in FY 22.
- **KSA imports: \$16B** in 2022.
- **Opportunities:** Refrigerators, compressors, transistors, lenses.

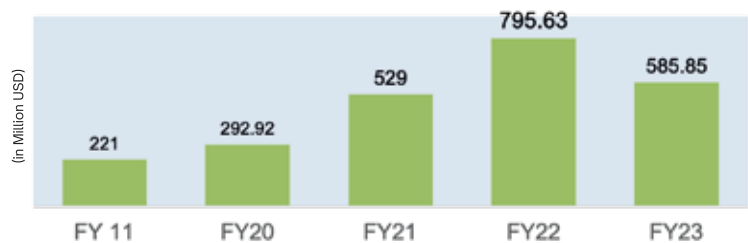
The light engineering (LE) sector makes a significant contribution to the economy of Bangladesh. The total domestic market size was estimated to be nearly 3% of GDP. 34 clusters spread across 18 districts of Bangladesh employ more than 1 million people nationally.



More than 10,000 distinct products are made locally, including:



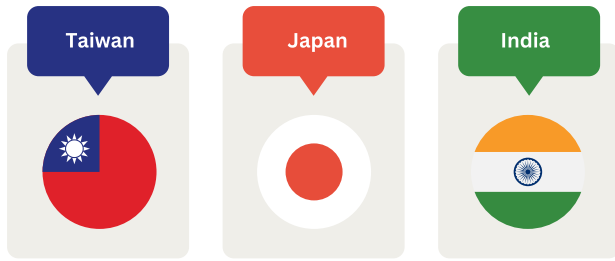
Export Earnings from Light Engineering Industry has increased consistently over the last few years. Total export earning in FY23 was about \$585.63 million.



Source: Export Promotion Bureau (EPB)

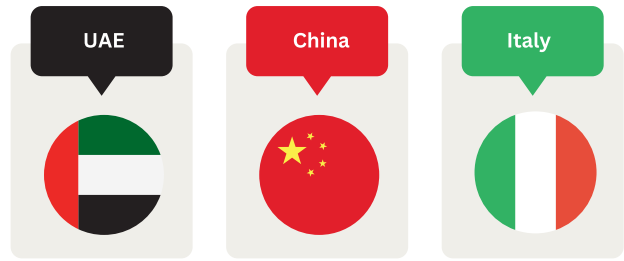
Bangladesh exports light engineering products all over the world, including the EU, USA, and Africa. However, the majority of its exports go to Asian countries such as India, Taiwan & Japan.

Bangladesh's Light Engineering Export Destinations



Source: Observatory of Economic Complexity (OEC)

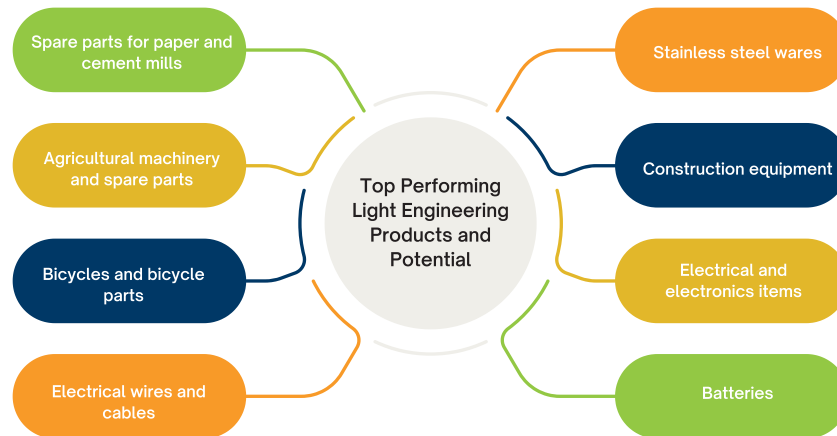
KSA's Light Engineering Sourcing Countries



Source: Observatory of Economic Complexity (OEC)

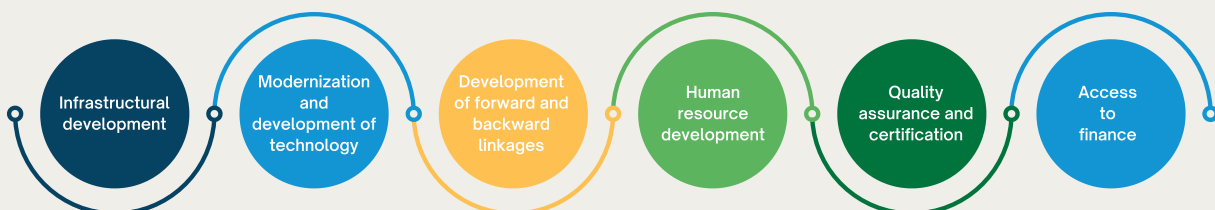
Bicycles account for almost one-fourth of total exports with the potential to grow further as the demand for eco-friendly means of transport increased, especially in the EU countries. Other than bicycles, Bangladesh exports electrical equipment such as lead accumulators, refrigerators, compressors, transistors, diodes as well as optical lenses.

Significant private investment & GoB commitment has helped address some of the existing barriers such as tax burdens and skill gaps. While there is some way to go to become a global manufacturing hub, Bangladesh is largely ready to tap into the Saudi Arabian market with complex electronic products at competitive prices.



Bangladesh has formulated a comprehensive light engineering industry development policy with an implementation period from 2022 to 2027 with the objective of infrastructural development, technology modernization, quality assurance certification, among many others.

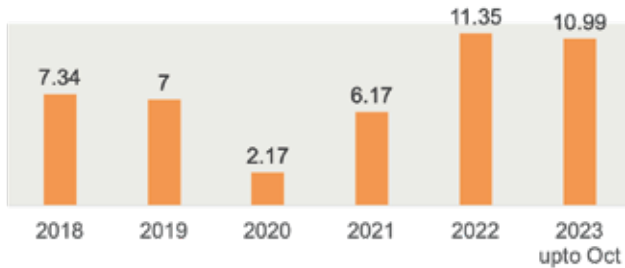
Light Engineering Industry Development Policy sets eleven strategic objectives including:



Key Highlights

- **Top destination:** Saudi Arabia (37% of overseas jobs).
- **Skilled workers:** Only 22%.
- **Skills programs:** Leveraging demographic dividend till 2040.
- **Training centers:** 70 operational out of 110 under BMET.
- **Potential:** Skilled professionals for KSA in Engineering, IT, Education, and Healthcare.

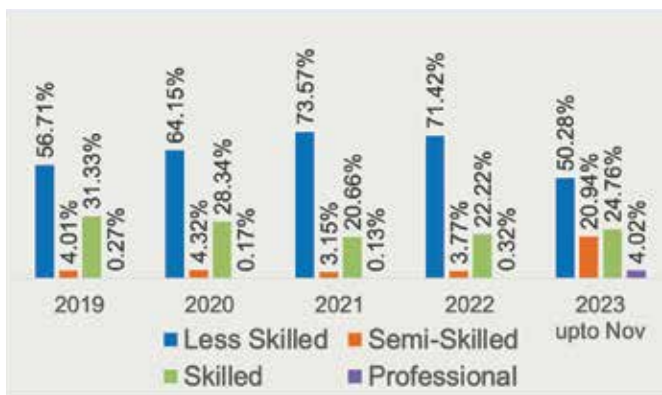
Labour Migration (in Lakhs)



Source: Bureau of Manpower, Employment and Training (BMET)

Bangladesh is experiencing a demographic transition with a rising working-age population. The country's median age is relatively young at 27.6, significantly lower than other Asian countries like China, Sri Lanka, Vietnam, and India. However, despite the advantage of having a young population, the country faces challenges due to a prevalence of low-skilled labor.

Overseas Employment (Category Wise)



Source: Bureau of Manpower, Employment and Training (BMET)

Bangladesh's demographic advantage, with two-thirds of its population in the working-age group, is projected to continue until 2040. Over two million youth enter the labor force each year. Despite this, only 22% of the 1.1 million people sent abroad in 2022 were skilled workers, highlighting a significant gap in skilled labor migration.

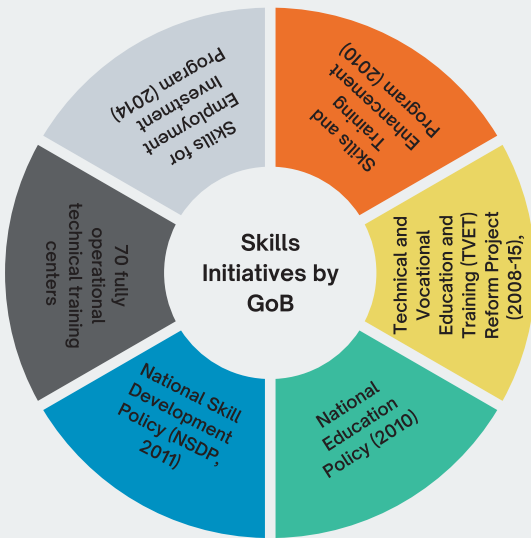




The Dominating Skilled Categories

- Drivers
- Caregivers
- Domestic staff
- Hospitality personnel
- Electrician,
- Quality control supervisor,
- Plumbing and pipefitting
- General electrical workers

The Government of Bangladesh has implemented various policies and programs to address disparities and enhance education and skills development. These initiatives aim to improve the quality of education and training to meet the evolving demands of the global job market.



The Perspective Plan of Bangladesh 2021-2041 (PP2041) acknowledges the current skills gap and provides a vision for a smart-knowledge-based economy. Furthermore, GoB programs have reduced gender disparities and expanded access to all types of education—advancing the skills development agenda and responding to industry requirements.

Bangladesh has immense potential to fulfill the manpower requirements of Saudi Arabia and other nations. Bangladesh has the potential to rapidly develop the skill and capability of outgoing migrant workers systematically, through dedicated programs such that they can claim employment in skilled categories.

KSA demand for skilled professionals in



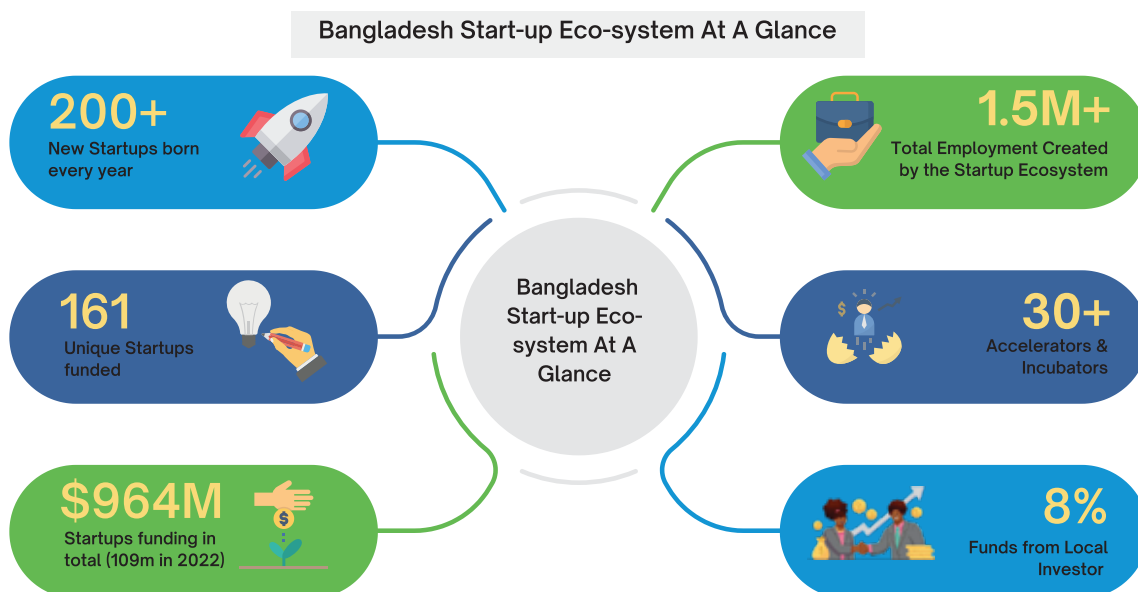
Key Highlights

- The Global BPO market size is at **\$261.9 billion**
- There is an estimation of **6 lakhs** freelancers working remotely for foreign companies
- Bangladesh is expected to hit **US\$ 5 billion** exports in the IT/ITES sector by 2025 followed by ICT-based employment hitting **3 million**.
- Around **30** Bangladeshi companies have set up offices overseas
- The country boasts more than **1200** active startups

Bangladesh's digital economy is recognized as one of the promising export-potential industries, supported by the availability of a cost-competitive, English-proficient, young workforce and increasingly reliable communication and power infrastructure. Software development and IT-enabled service (ITES) including business process outsourcing (BPO) services, freelance, fin-tech and ed-tech start-ups are some key sectors driving growth.

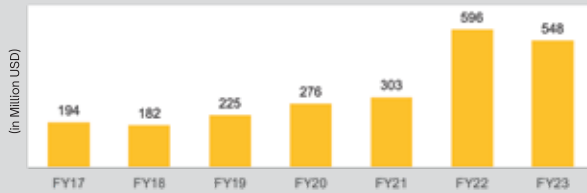
More than 120 companies export products worth \$596 million to more than 35 countries in 2022, posting a 95% year-on-year growth, with unofficial annual earnings estimated at over \$1.3 billion. In the next few years, the country is expected to increase its ICT export to USD 5 billion, driven by ICT outsourcing & a vibrant start-up ecosystem.

The Bangladeshi start-up ecosystem is vibrant, with over 200 new startups emerging every year, 161 unique startups funded, and close to \$1 billion raised in startup investments so far. . Additionally, there are more than 30 accelerators and incubators, creating over 1.5 million jobs.



Source: Export Promotion Bureau, The Daily Star

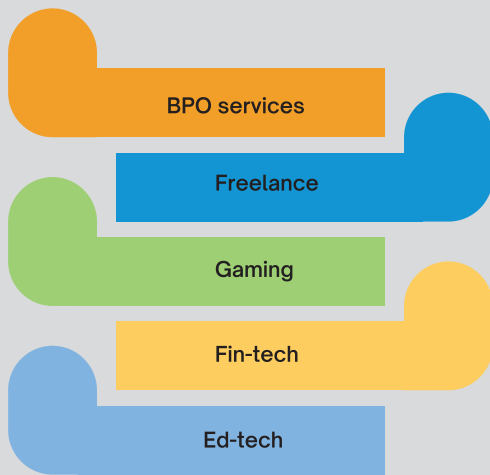
Export Earnings from Digital Economy




Source: Export Promotion Bureau

Bangladesh's ICT outsourcing potential is significant, driven by the Vision 2041 initiative, a vibrant startup ecosystem, and substantial export revenue and investment. The potential for ICT outsourcing is vast, with export revenue from Japan exceeding \$120 million in FY21-22. Identified as a thrust area for growth, the Vision 2041 initiative serves as a catalyst for this sector.


Sectors driving growth




By the numbers




IT sector earned \$596M from exports in FY22



Exports posted 95pc year-on-year growth last fiscal year



BASIS estimates unofficial annual earning now over \$1.3B

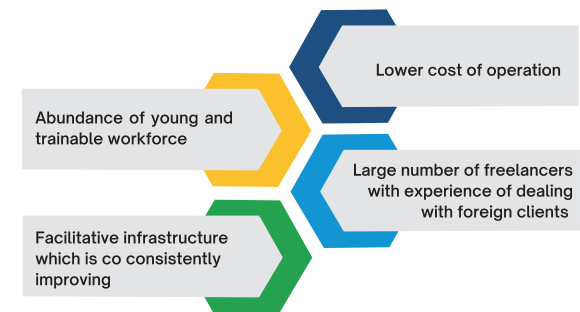


Bangladesh has set IT export target at \$5B by 2025

Source: The Daily Star

Strengthening the digital economy partnership between Bangladesh and Saudi Arabia offers substantial benefits. It can address Saudi Arabia's shortage of qualified engineers, and provide cost advantage to Saudi Arabia's firms looking to outsource operations and meet their digital needs.

Key strengths of Bangladeshi IT Industry



Benefits of increased partnership with KSA:

Meet KSA's digital needs at a competitive cost

Addresses KSA's shortage of qualified engineers

Foster a mutually beneficial relationship that drives innovation and economic growth for both nations.

Chapter 4

Bangladesh import from KSA:

key sectors that will benefit from
greater trade partnership

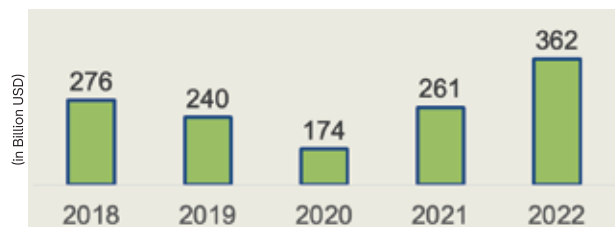
Mineral Products



Key Highlights:

- **KSA:** 3rd largest mineral products exporter.
- **Top exports:** Crude & refined petroleum, petroleum gas.
- **Key markets:** India, China, Japan.
- **Bangladesh demand:** \$15B for refined petroleum in 2022, mainly from India.
- **Opportunity:** KSA can tap into Bangladesh's growing energy market.

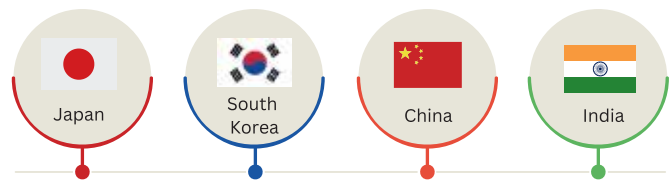
KSA Mineral Products Export Trend



Source: Bangladesh Bank

Saudi Arabia is the third-largest exporter of mineral products in the world, with top exports including crude petroleum, refined petroleum, and petroleum gas, mainly to countries like India, China, and Japan. This positions Saudi Arabia as a key player in the global mineral market.

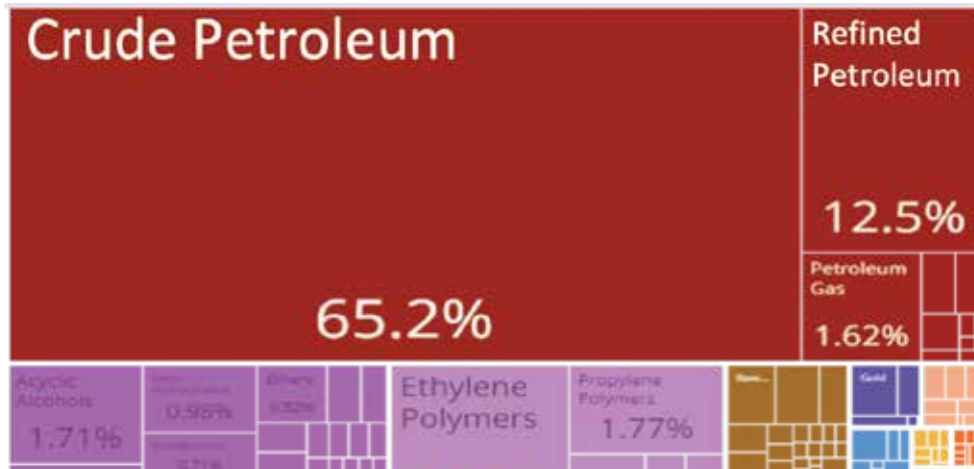
KSA's Top Minerals Destination countries 2022



Source: Bangladesh Bank

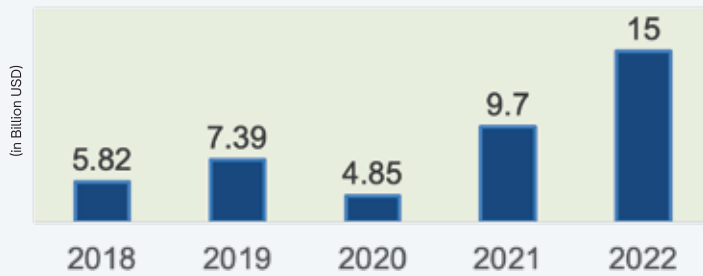
The export trend of Saudi Arabian mineral products has shown resilience, with exports gradually falling from \$276 billion in 2018 to \$174 billion in 2020, and then turning around with a significant increase in the following years to reach \$362 billion in 2022. This upward trend indicates Saudi Arabia's expanding capacity and reliability as a top supplier of mineral products.

KSA's Top Mineral Exporting Products 2022



Source: Observatory of Economic Complexity (OEC)

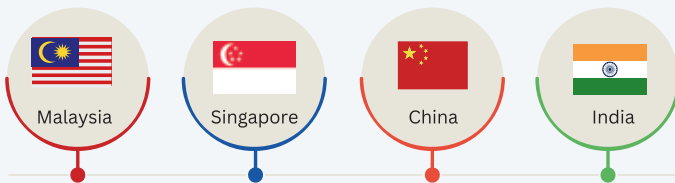
Bangladesh's Mineral Products Import Trends



Source: Bangladesh Bank

Meanwhile, Bangladesh has a growing need for refined petroleum, which makes up 75% of Bangladesh's \$15 billion imports in 2022, almost triple the value recorded in 2020. The majority of Bangladesh's mineral imports are sourced from India.

Bangladesh's Top Mineral Sourcing countries 2022



There is substantial potential for enhancing the import relationship between Bangladesh and Saudi Arabia. By diversifying its sources, Bangladesh can secure a more stable and competitive supply of refined petroleum and other mineral products.

Expanding into the Bangladeshi market could provide Saudi Arabia with an additional robust market for its mineral products. Strengthening this import-export relationship would be mutually beneficial, meeting Bangladesh's growing energy needs and contributing to energy security, while enhancing the economic ties and growth of both nations.



Chemicals

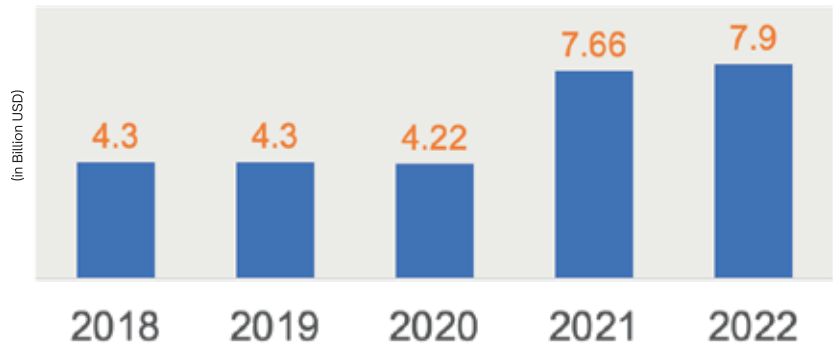
Key Highlights:

- KSA is a top exporter of chemical products and earned around \$28 Billion in 2022.
- Top products KSA exported include Chemical and Nitrogenous Fertilizers, Acyclic Alcohols, and Cyclic Hydrocarbons, to countries including India, China, and the USA.
- Bangladesh regularly imports fertilizers, pesticides, and other chemicals that can be sourced from KSA at competitive prices.
- BD imports reached \$7.9 Billion in 2022, most of which is imported from India.
- Establishing a direct and deeper relationship with KSA will enable Bangladesh to diversify its import market and secure competitive prices



Chemical import from Bangladesh shows an overall upward trend. Imports reached \$7.9 billion in 2022, almost doubling from \$4.2 billion in 2020. KSA, one of the leading chemical exporters with an export value of USD 28 billion has the opportunity to meet this increasing demand.

Bangladesh's Chemical Products Import Trends



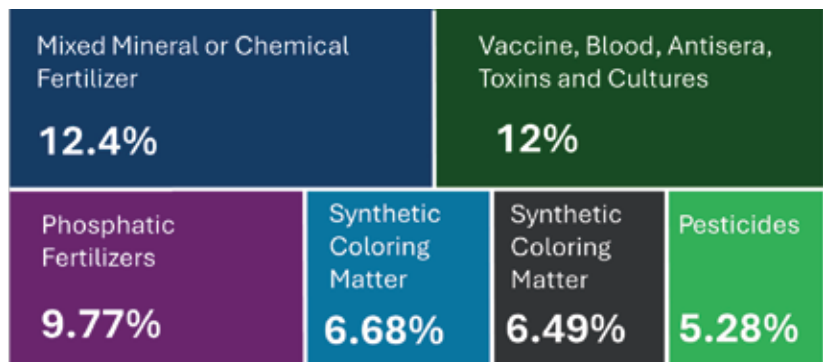
Source: Observatory of Economic Complexity (OEC)

Bangladesh's Top Chemical Sourcing countries



Top imports of Bangladesh include different types of fertilizers, Pesticides & synthetic coloring matter. Bangladesh regularly imports chemicals from countries that source from Saudi Arabia.

Bangladesh's Top Chemicals Importing Products 2022



Source: Observatory of Economic Complexity (OEC)

KSA Chemical Products Export Trend

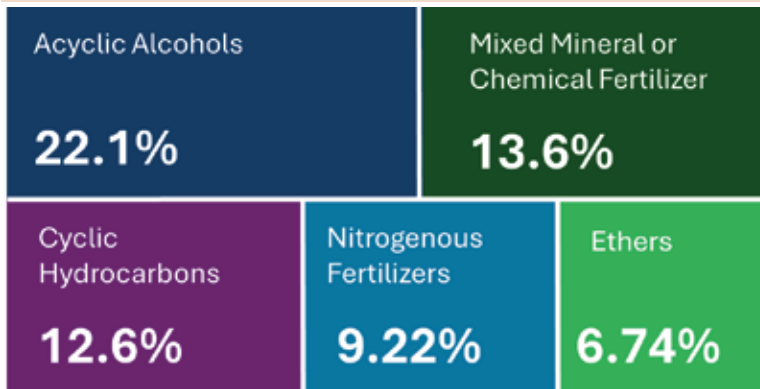


Source: Bangladesh Bank

The KSA is a top exporter of Chemicals including Acrylic Alcohol, Chemical & Nitrogenous Fertilizers, and Cyclic Hydrocarbons & Ethers. Total exports reached \$28 billion in 2022, an increase of 17% from 2020.



KSA's Top Chemicals Exporting Products 2022

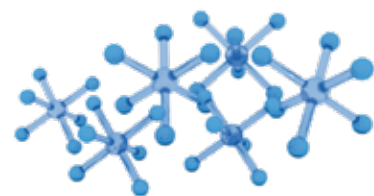
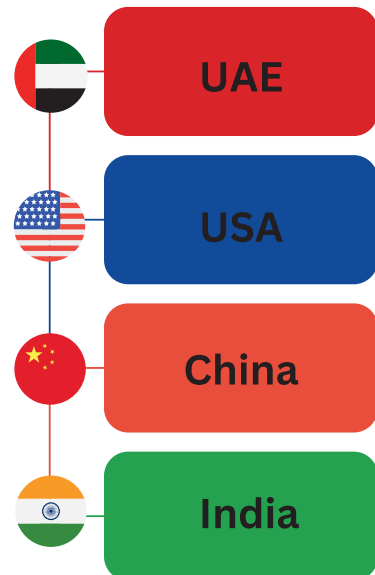


Source: Observatory of Economic Complexity (OEC)

KSA exports chemical and chemical products all across the globe. Top destinations of Saudi chemicals include the USA, China, India, and other countries in the Gulf region. KSA can further extend its chemical exports beyond India to other South Asian regions by seizing the current export opportunity presented in Bangladesh.

Bilateral cooperation in the chemical sector between the KSA and Bangladesh can induce mutual economic growth. Establishing a direct relationship between the two countries will be advantageous to both. For instance, Bangladesh can import fertilizers at competitive prices from KSA directly. Conversely, the KSA can diversify its export destinations, strengthen its regional influence, and develop economic partnerships with key South Asian countries.

KSA's Top Chemical Destination countries 2022



Chapter 5

Key Sectors that holds Promise for growing KSA Investment in Bangladesh

Bangladesh's Key Sectors Align with the priorities of Saudi Arabia's Public Investment Fund (PIF)



Saudi Arabia's Public Investment Fund (PIF) is a sovereign wealth fund designed to diversify the Kingdom's economy and drive Vision 2030. PIF aims to act as an economic diversification engine, developing strategic sectors and solid economic partnerships that deepen the Kingdom's regional and global influence. It focuses on 13 strategic sectors, including infrastructure, tourism, and technology and operates through domestic and global investment pools, including giga-projects like NEOM and international holdings in sectors such as energy and technology. Approximately, \$925 Billion worth of assets are under PIF Management, has created over 1.1 million direct and indirect jobs domestically and globally.



Targets & Ambitions of the PIF Program

60%

Share of Local Content including PIF and its portfolio companies

24%

Share of Assets in International Sectors

\$320B

Cumulatively Non-oil GDP Contribution

1.8M

Direct and Indirect Jobs to be Created

21%

Share of Assets in New and Growth Sectors

\$1.7Tn

Assets Under Management (AUM)

The PIF launched two international investment pools—International Strategic Investments and International Diversified Pool—focusing on assets outside the Kingdom and the MENA region. By 2023, PIF increased its global investments to 30% of its assets, up from 5% in 2017, diversifying across North America, Europe, and Asia. The portfolio includes a range of assets such as stocks, real estate, and infrastructure, targeting key sectors like healthcare and technology.

These pools are designed for long-term direct and indirect international investments, building strategic partnerships with innovative companies and investors globally. PIF aims to foster international relationships, strengthen ties with leading investors, and gain advanced knowledge, in line with its diversification strategy. The "International Strategic Investments" pool has expanded significantly since its inception, with investments in growth industries and strategic partnerships, including the largest private equity fund. Notable investments include Blackstone, Uber, Babylon Health, and major companies in India like Jio Platforms and Reliance Retail, along with initiatives in Brazil, France, and Russia.

Source: PIF Strategy 2021-25; PIF Website, Available at <https://www.pif.gov.sa/en/>

French Private Equity Investment

A memorandum of understanding was signed with AFIC in June 2015, to invest **\$2 billion** with French asset managers, whereby PIF, until the end of 2020, committed in eight funds for private equity, credit, and infrastructure.

Investment program in Brazil

In October 2019, during the Future Investment Initiative, PIF announced its intention to invest up to **\$10 billion** in the Federative Republic of Brazil. PIF is currently building relationships to help execute this program in accordance with PIF's goals and strategy. To date, PIF has committed to two funds in private equity and infrastructure.

Russian Direct Investment Fund

PIF and the Russian Direct Investment Fund concluded a series of agreements for investments of up to **\$10 billion** in joint projects between the Kingdom of Saudi Arabia and Russia. PIF invested nearly \$2 billion in diverse sectors including infrastructure, manufacturing, logistics and retail sectors.

A key pillar of PIF Program is to grow and diversify its international portfolio across geographies, asset classes, and sectors. This includes megatrend investing and forming international partnerships, aiming to enhance returns, reduce risks through diversification, and strengthen Saudi Arabia's global influence. The objectives are to secure long-term returns, position the Kingdom as a preferred global investor, and support future sources of wealth beyond oil and gas.

Bangladesh's key sectors offer significant alignment with Saudi Arabia's Public Investment Fund (PIF) priorities, particularly in its efforts to diversify away from oil and gas and foster international partnerships in future-oriented industries.

Bangladesh Key Sectors	Alignment with Saudi PIF Priorities
Green Energy	Supports KSA's Vision 2030 sustainability and renewable energy goals.
Fertilizer	Aligns with Saudi food security and agricultural productivity efforts.
Electronic Manufacturing	Taps into KSA's push for technological innovation and diversification.
Transport & Logistics	Fits PIF's global supply chain and infrastructure investment strategy.
Petroleum & Petrochemicals	Enhances KSA's expertise in energy diversification and refining capabilities.
Tourism & Hospitality	Complements PIF's global tourism expansion and economic diversification plans.
Construction	Aligns with KSA's infrastructure development and large-scale project investments.
Jute	Fits PIF's interest in sustainable, eco-friendly industries.
Blue Economy	Matches KSA's growing focus on maritime and coastal economic development.
Education & Skills	Supports knowledge transfer, human capital development, and capacity building.

Green Investment Opportunities in Bangladesh Aligning with Saudi Green Initiatives



Bangladesh is transitioning towards renewable energy to uphold its commitment to sustainable development goals. The peak electricity generation in Bangladesh reached a record of 15,648 MW in 2023. This increased energy generation demonstrates the growing energy demand of the country. However, only 1% of the total net energy was generated by renewable resources in 2023, indicating the urgent need for sustainable solutions. The government has taken numerous initiatives towards green initiatives, such as introducing 125 green energy initiatives.

Total net energy generated by fuel type 2023

Hydro	610	1%
Gas	46,013	52%
Furnace Oil	18,323	21%
HSD	2,327	3%
Coal	10,081	11%
Renewable	671	1%
Import	10,425	12%
Total	88,450 (MkWh)	100%

Source: Ministry of Finance

Saudi Arabia's partnership with Bangladesh in renewable energy highlighted by several agreements

- The country has signed several Memoranda of Understanding (MoUs) with the Sustainable and Renewable Energy Development Authority (SREDA).
- ACWA Power plans to invest **\$1.2 billion** in Bangladesh to build a gas-run power plant with a capacity of generating **3,600 MW** of electricity. This project underscores the potential for Saudi investments to bolster Bangladesh's energy infrastructure and support its renewable energy ambitions.

Bangladesh aims to increase renewable energy generation significantly by 2041, presenting an investment opportunity to support its green energy transition. These initiatives are expected to generate 12,047 MW of green energy against the current level of 1302.98 MW. Additionally, these are projected to reduce greenhouse emissions by 20 percent, create 55,000 jobs, and achieve cost savings of USD 5 by 2030. With the ongoing and planned initiatives, Bangladesh is set to achieve its visionary goal of generating 40 percent of its energy from renewable sources by 2041.

The green power initiatives of Bangladesh

1302.98 MW installed green energy generation capacity

125 Green energy initiatives taken

12,047 MW Expected generation capacity

Source: SREDA

Lack of investment impedes achieving this goal. From 2023 to 2027, the country requires an estimated annual investment of \$20 billion to meet its energy needs, focusing on expanding gas, coal, and imported energy sources. Bangladesh would require an additional investment of between USD 37.2 billion to USD 100 billion between 2030 to 2050 to achieve this ambitious goal. The country needs an investment of USD 1.7 billion per year to transition to green energy. This presents a lucrative opportunity for investors to contribute to and benefit from the country's shift towards a greener, more sustainable energy future.

Advantages of Green Power Projects



55000 Jobs expected to be generated by 2030 from just 1 project



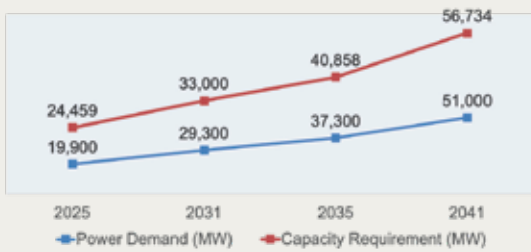
Million Lives can be saved from air pollution issues



\$5 Bn Anticipated cumulative cost savings from each project



20% Reduction in greenhouse gas emission by 2030



Source: Ministry of Finance

Saudi Arabia's substantial investment experience in renewable energy can significantly contribute to Bangladesh's transition to green energy. The KSA's extensive experience and substantial capital can contribute to Bangladesh's endeavors to green energy transition. The KSA is investing heavily in its renewable energy sector, with 77 initiatives, valued at \$186 billion with the objective of achieving over 50% of its energy mix from renewable sources by 2030. The KSA-Bangladesh partnership will ensure that Bangladesh's power capacity exceeds its demand by 2041, creating a stable and sustainable energy future for the nation. By partnering with Bangladesh, Saudi Arabia can support global development.

Saudi Arabia's Saudi Green Initiative (SGI), which includes over 80 sustainability-focused initiatives align with investment opportunities in Bangladesh. As Saudi Arabia targets afforestation, emissions reduction, and clean energy, Bangladesh's transition to renewable energy creates synergies for collaboration. With Bangladesh aiming for a 40% renewable energy mix and Saudi Arabia enhancing its energy efficiency, clean hydrogen production, and carbon capture, both nations can explore joint ventures in sustainable energy and environmental projects, benefiting from shared goals of a greener future by 2030 and beyond.

SGI Targets

Reducing emissions

Greening Saudi Arabia

Protecting land and sea

Bangladesh's Path to Renewable Energy

- Bangladesh Needs **\$1.7 Billion** a Year for Green Energy Transition
- Bangladesh has set an ambitious goal to generate **40 percent** of its energy from renewables.
- To attain this **USD 37.2-100 billion** investment is needed from 2030-50
- From 2023-27 Bangladesh will need **\$20 billion** every year for energy
- Cost Breakdown of the **\$20 billion** requirement



For Gas 6 to 7 Billion USD



For Coal 5 Billion USD



Imported electricity, furnace oil, nuclear fuel 9 Billion USD

- Saudi's goal over **50%** of the energy mix with renewable energy sources by 2030
- **\$101 Billion** Renewable Energy Investment in Saudi Arabia

Source: The Confluence

Saudi Arabia's Green Initiatives

2023 Mangrove Plantation Pilot at Jeddah Islamic Port	2025 10 billion trees study
2027 Use captured carbon to produce chemicals and synthetic fuels	2030 Clean Hydrogen Production
2030 Transforming Saudi's domestic energy mix	2030 Enhance Saudi Arabia's Energy Efficiency Program (SEEP)
2035 Waste management transformation in Riyadh	

Fertiliser



Bangladesh's agriculture sector, critical for GDP and food security, relies heavily on strong backward linkages such as fuel and fertilizer for growth. The agriculture sector has made a critical contribution to the GDP of Bangladesh over the last two decades and thus is a crucial sector for Bangladesh. This sector generates 40 percent of the country's employment and ensures food security. Therefore, a strong backward linkage like fuel and fertilizer is essential for the sector's growth.

Currently, Bangladesh faces challenges in urea fertilizer supply, with heavy reliance on imports due to limited local production. The Bangladesh Chemical Industries Corporation (BCIC) currently holds a stock of around 1.6 million tonnes of urea against the demand of 4 million tonnes. The local production of urea fertilizer accounts for only 50 percent and the remaining 50 percent has to be imported from Russia, China, Saudi Arabia, Qatar, and the UAE, which results in high import costs exacerbated by reduced gas supply to fertilizer factories.

Fertilizer Production and Demand for Bangladesh



Source: Ministry of Finance, BBS,

Bangladesh's Fertilizer Import



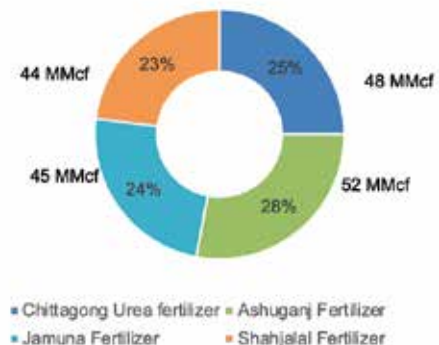
Gas Demand for Urea production at BCIC Industries

BCIC has a stock of urea

6.63
lakh tonnes

Urea demand for the ongoing Aman season

12
lakh tonnes



Source: Bangladesh Bank

Import costs are substantially higher than local production, leading to inefficient utilization of resources. The import cost of urea per kilogram is Tk. 70 which is higher than the domestic production cost of Tk. 31.08. This price discrepancy was further exacerbated by a reduction in gas supply to fertilizer factories from 250 mmcf to 140 mmcf. This caused a surge in import expenditure from USD 870 million in 2017 to USD 3,451.8 million in 2023.

Local and KSA investment can enhance fertilizer production in Bangladesh and align with the regional interests of the KSA. The prime minister in Bangladesh inaugurated an environmentally friendly urea fertilizer plant in 2023, with a project cost of \$1.2 billion and an annual production capacity of 1,822,000 MT. The project, financed by JICA, HSBC, and Bank of Tokyo Mitsubishi UFJ Limited, aims to generate 30,000 jobs and save Tk.7000 crore in import costs annually. Additionally, the KSA recently signed a Memorandum of Understanding (MoU) with Bangladesh to construct an ammonia plant in the northwest with fertilizer storage and bagging facilities. The KSA-Bangladesh partnership through the KSA investment of USD 2 to USD 3 billion will help Bangladesh mitigate the existing challenges and also align with Saudi Arabia's strategic interests in expanding its influence in the region.

70 Tk/kg Import cost of Urea

31.08 Tk/kg Domestic production cost of Urea

Gas supply to fertilizer factories reduced from 250 mmcf to 140 mmcf since 2022

Local initiatives and the KSA investment could help bridge production gaps, alleviate import costs, and contribute to environmental sustainability of the fertilizer sector in Bangladesh.

Former PM inaugurated an environmentally friendly urea fertilizer plant on November 12, 2023.

\$1.2B
project cost

1,022,000 MT
Annual production capacity

Project Financing

Tk.4580.2
1 cr. GOB Financing

Tk.10920
cr. Debt Financing

Debt financing from financial institutions- JICA, HSBC, and Bank of Tokyo Mitsubishi UFJ Limited.

Project Benefit

30,000
employment Generation

Tk.7000 cr.
Saved import cost annually

Source: Ministry of Finance, The Confluence

Fertilizer Capacity Growth Forecast by Gulf Country

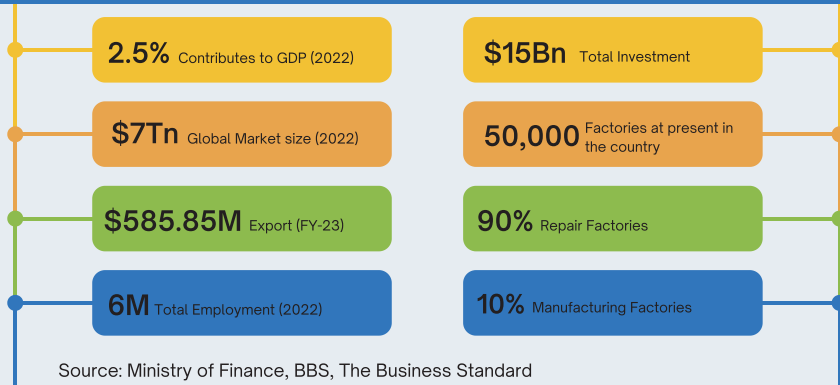


Source: GPCA analysis 2020

- Saudi invest USD 6.4 billion in Maaden Phosphate 3 project
- Production capacity 3 million tons annually

Electronic Manufacturing

Bangladesh LE sector Overview



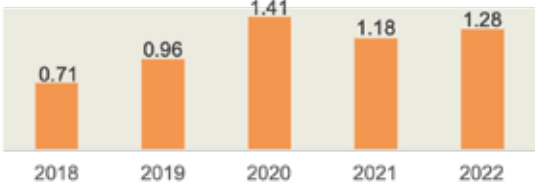
Bangladesh's light engineering sector offers significant investment opportunities for Saudi Arabia, with a strong contribution to GDP, substantial exports, and many factories. This sector contributes 2.5 percent to Bangladesh's GDP with an export of \$585.85 million in FY23, employment of 6 million, and investments of \$15 billion. Currently, there are 90 percent repair and 10 percent manufacturing factories of the total 50,000 factories present in the country. With the global market size for light engineering products at \$7 trillion, Bangladesh has vast opportunities to increase its market share with the right investment and strategic partnerships.

Bangladesh's growing light engineering sector, with strong domestic demand, is promising for Saudi investment. The domestic demand in Bangladesh stands at USD 8.2 billion. Besides a burgeoning domestic market, major export markets include China, the USA, India, Singapore, and Japan. Key export products, like lamps and LED spotlights, are exported to China, Germany, and South Korea, making Bangladesh a strong candidate for Saudi investment in light engineering. From 2018 to 2022, the exports of this sector grew significantly from \$355.97 million to \$795.63 million, despite a slight dip in 2023. This growth trajectory and domestic demand show the sector's potential for expansion.



Saudi Arabia's increasing light fixture imports highlight the strategic advantages of investing in Bangladesh's robust light engineering sector for reliable supply and improved trade dynamics. There is an upward trend of light fixture imports of the KSA which rose from USD 0.71 million to USD 1.28 million between 2018 to 2022. Saudi Arabia, with its rising import trend of light fixtures, stands to gain significantly from investing in Bangladesh's light engineering sector. By investing in Bangladesh's light engineering sector, Saudi Arabia can secure a stable and cost-effective supply of essential products, thereby improving its trade balance and reducing dependency on imports from more expensive or volatile markets. Bangladesh's present exports to major markets like China, the USA, India, Singapore, Japan, Germany, and South Korea highlight Bangladesh's competitiveness and reliability as a supplier in the global light engineering industry.

KSA Light fixture Import Trend

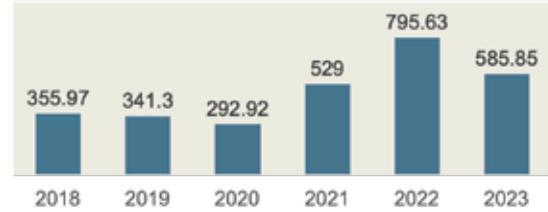


Source: Observatory of Economic Complexity (OEC)

KSA currently Imports from



Bangladesh's export of LEP (million USD)



Source: Export Promotion Bureau

Bangladesh's prime Export Markets signaling Competitiveness & Reliability



Investing in Bangladesh's light engineering sector offers Saudi Arabia financial returns from tapping into growing domestic & international markets, and enhanced bilateral trade. The sector's established infrastructure, skilled workforce, and significant market demand make it an attractive destination for investment. By utilizing Bangladesh's strengths and Saudi Arabia's capital, both nations can foster economic growth, enhance bilateral trade relations, and contribute to sustainable industrial development.

Key investment areas:



Light fixtures



Home Appliances



Basic Tools



Phone Appliance



Automobile Spare Parts

Transport & Logistics Sector



The transport and logistics Sector in Bangladesh presents vibrant growth opportunities. The surge of foreign trade over the last decade has increased the size of the logistics sector in Bangladesh. The logistics market has an estimated value of US\$ 28.7 billion as of 2023 and it's expected to grow by over 6.5% yearly until 2028. Furthermore, the expected rise in Bangladesh exports, averaging 11.12% till 2041, highlights the immediate need for enhanced infrastructure to support Bangladesh's development aspirations. Therefore, Bangladesh must take the initiative to develop a world-class, technology-driven, cost-optimized, and time-efficient logistics ecosystem.



Source: USSBC analysis

The National Logistics Policy 2024 and the Saudi-Bangladesh partnership aim to enhance Bangladesh's logistics capabilities through infrastructure development, boosting economic growth. Bangladesh has recently launched the National Logistic Policy 2024 to transform the country into a logistics hub that can meet the increasing demands of international trade and ensure sustainable development. Before that, Saudi Arabia had signed a memorandum of understanding (MoU) with Bangladesh in 2021 as part of the Saudi aviation sector strategy aimed at building international partnerships. This partnership aims to increase Saudi investment in the logistics infrastructure development in Bangladesh. The National Logistics Policy 2024 along with the emerging Saudi-Bangladesh partnership will certainly enhance Bangladesh's logistic capabilities and drive economic growth.

8FYP Target for Logistics Sectors			
Indicators		FY2031	FY2041
Passenger Traffic (Billion Passenger Kilometers)	Roads	2072	4215
	Inland Water	252	843
	Railways	203	562
	Total	2527	5620
Freight Traffic (Billion tonnes kilometers)	Roads	71	177
	Inland Water	20	74
	Railways	10	44
	Total	101	295
Air Traffic:	Passenger (Million)	29.1	55.97
	Freight (Million Tons)	0.65	1.14
Sea Port Cargo	Container (Million)	12.5	48.2
	Tonnes (Million tons)	417	1612
Urban mass transit	No of cities	8	All major cities
Infrastructure quality	Country ranking	60	40
	Score	4	5.0

Source: Ministry of Finance

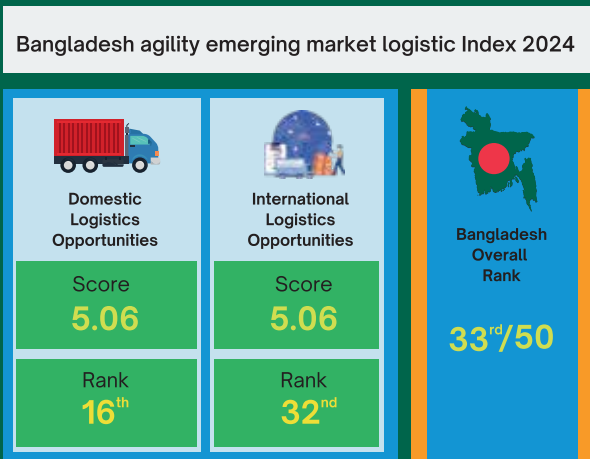


Increased Saudi investments in Bangladesh's logistics infrastructure can help achieve GoB Vision and enhance logistics connectivity in South Asia. Saudi Arabia plans to invest \$147 billion in its transport and logistics sector by 2030. Directing a portion of this investment towards Bangladesh in key areas of the logistics system such as port terminals, warehouses, freight transportation, etc., will help meet the targets of FYPs and Vision 2041. The Agility Emerging Market Logistics Index 2024 shows an overall ranking of 33 out of 50 for Bangladesh, showing strong domestic and international logistics opportunities. Given KSA's strong position in the GCC logistics market and Bangladesh's growing trade volumes, a mutual partnership between these countries could enhance logistics connectivity between South Asia and the Middle East.

Key stats showcasing high potential of the sector



Source: Ministry of Finance, BBS, The Business Standard,, USSBC analysis



Source: World Bank



Petroleum Refining and Petrochemical Industries

Bangladesh's petroleum sector is growing steadily due to increased demand for refined petroleum and crude oil, presenting significant opportunities to Saudi Arabia. Bangladesh's petroleum industry is experiencing steady growth, with an annual demand increase of 4% for petroleum products. In 2023, Bangladesh imported 4.85 million tonnes of refined petroleum and 1.55 million tonnes of crude oil. Bangladesh's total import of refined petroleum increased to \$7.01 billion in 2023, reflecting both rising demand and fluctuating global oil prices. Projections indicate that by 2030, the oil demand will rise to about 15 million tonnes. This growing demand, coupled with the government's recent move to open the industry to private-sector investment, presents significant opportunities for collaboration and investment, particularly from Saudi Arabia.

4.85 mn

tonnes Bangladesh refined petroleum imports in 2023

15 mn

tonnes Demand for oil by 2030



Source: Bangladesh Petroleum Corporation, Bangladesh Bank

Saudi Arabia's expertise in refining and regional investments positions it well for investing in Bangladesh. Saudi Arabia, with its leading technological expertise in refining and substantial investments in regional countries, is well-positioned to invest in Bangladesh's petroleum refining and petrochemical industries. The Kingdom has already committed to major investments in countries like Pakistan and South Korea, showcasing its capability and intent to enhance regional energy infrastructure. For instance, Saudi Aramco's \$10 billion investment in Pakistan's largest oil refinery at Gwadar Port and its \$7 billion petrochemical project in South Korea are testament to this.

Bangladesh government has opened refinery industry for private investment

BPC to procure 60% of oil outputs in the first 3 years at pre-determined prices, guaranteeing a market

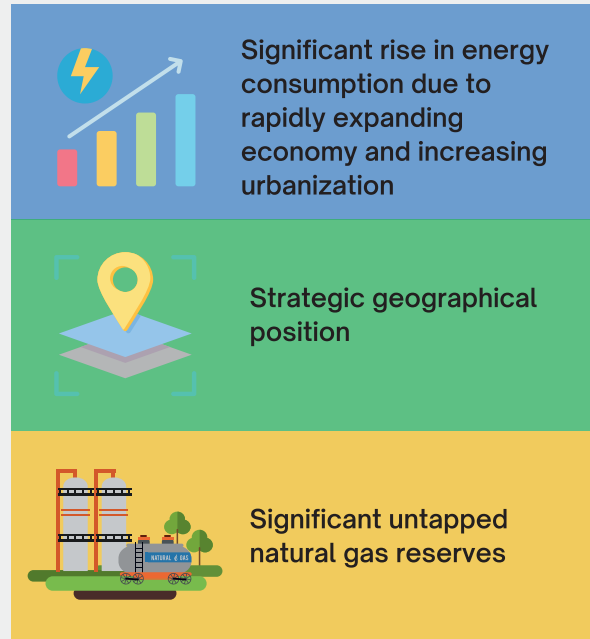
KSA Investments in cutting-edge technology and innovation in refining processes will help Bangladesh

Opportunities for Saudi Investments in Bangladesh

Bangladesh's policy for private refineries offers lucrative investment opportunities for Saudi Arabia's advanced refining technologies. The Bangladesh government has laid out a clear policy framework for private investment in the refinery industry. Private refineries must sell a minimum of 60% of their fuel oil outputs to the Bangladesh Petroleum Corporation (BPC) at government-determined prices for the first three years, with the remaining 40% available for private sale. This opens lucrative avenues for Saudi investments, leveraging their expertise in cutting-edge technology and innovation in refining processes.

Key highlights for investment potential include:

- **Significant Untapped Natural Gas Reserves:** Saudi investment could help explore and exploit these reserves, meeting the rising energy consumption driven by Bangladesh's rapidly expanding economy and increasing urbanization.
- **Strategic Geographical Position:** Bangladesh's strategic location can serve as a hub for regional energy distribution, benefiting both local and regional markets.
- **Government Support and Incentives:** The government's draft policy supports private investments by allowing bonded facilities for fuel tanks, setting eligibility criteria to ensure serious investors, and facilitating storage and distribution logistics.



Eligibility Requirements for Investment

To ensure the efficiency and quality of investments, the Bangladesh government has set specific eligibility criteria for private investors:

- Annual turnover of at least Tk5000 crore in three of the last five years.
- The refining capacity of at least 1.5 million tonnes of crude oil annually.
- Refineries must be located on a minimum of 80 acres in unpopulated areas.
- Storage capacity of at least 200,000 tonnes.
- Capability to produce BSTI-compliant products.
- Enjoyment of bonded facilities for all fuel tanks except feed tanks.



Source: Bangladesh Petroleum Corporation, Bangladesh Bank

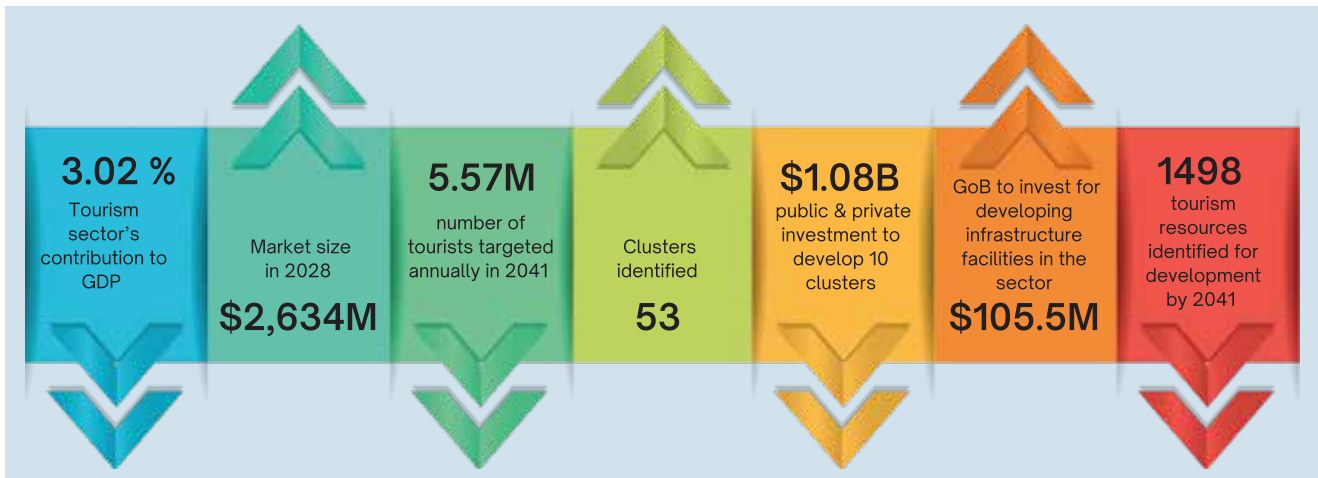
Strategic Benefits

Saudi investments in Bangladesh's petroleum refining sector will enhance energy security, foster technological advancements, create jobs, and strengthen economic ties between the two nations. Saudi investments in Bangladesh's petroleum refining sector will not only enhance Bangladesh's energy security but also foster technological advancements and job creation. Additionally, such investments align with Saudi Arabia's strategy to expand its global energy footprint, ensuring a stable and diversified market for its petrochemical products. This collaboration will bolster economic ties between the two nations, driving mutual growth and prosperity in the energy sector.

Tourism & Hospitality



Bangladesh's tourism and hospitality industry has the potential for rapid growth, and the government aims to further support the sector's growth. The global tourism industry is experiencing significant growth, with most tourists opting for Asia as their preferred destination. In response to this trend, Bangladesh is prioritizing the rapid development of its tourism sector, recognizing the substantial potential it holds. The economic impact of tourism in Bangladesh is evident, with the industry contributing 3.02% to the GDP in 2022. The country welcomed 291,000 tourists excluding non-resident Bangladeshis, in the fiscal year 2019 just before the global pandemic. The sector is poised for rapid growth, with a compound annual growth rate (CAGR) of 4.80% anticipated between 2024 and 2028, and revenue expected to reach US\$2,184 million.



Source: Tourism Masterplan 2041, BIDA

Strategic Initiatives & Investments

Bangladesh aims for 5.57 million annual tourists by 2041, supported by investments in several sectors. To achieve this, the government has identified 53 tourism clusters, with an estimated \$1.08 billion in public and private investment earmarked for the development of 10 clusters. A total of 1,498 tourism resources have been identified for development by 2041. The government has committed \$105.5 million to develop infrastructural facilities in this sector and allocated Taka 65.97 billion for the tourism industry in the FY 2023-24 budget.



Tourism sector poised to grow rapidly

- High growth in 2019 and post-covid
- Govt. to invest and aiming for PPP projects and investment.
- \$1.08 billion in public and private investment earmarked for the development of 10 clusters out of 53 identified
- Taka 65.97 Billion allocated for Tourism industry in FY 2023-24
- Anticipated to achieve an annual growth rate (CAGR 2024-2028) of 4.80% by 2028.
- By 2028, this expansion is projected to propel the market revenue to US\$2,184m

Source: Tourism Masterplan 2041, BIDA

Challenges

Lack of Tourists from Western Countries:	Only 7% of tourists are from foreign countries, mainly from India and other Asian nations, with minimal visitors from America and Europe despite these regions dominating global tourism expenditure.
Inadequate Security Measures:	Security concerns, including crime and terrorism, have led to travel warnings, deterring foreign tourists despite some improvements in safety rankings.
Limitations of Domestic Airlines:	Limited international flight routes, with Biman Bangladesh Airlines only serving one non-Asian destination, leading to higher travel costs and reduced accessibility.
High Travel Costs:	Higher travel expenses compared to other tourism-advanced countries, offering fewer amenities and opportunities, making Bangladesh less competitive.
Lack of Adequate Marketing:	Insufficient marketing efforts by the Bangladesh Tourism Board since its establishment, failing to effectively promote the country's tourism potential.
Inadequate Tourism Infrastructure:	Poorly developed transportation infrastructure and services, ranking 109th globally and 133rd in tourism services, causing traffic congestion and frequent road accidents.

Benefits of Saudi Investment

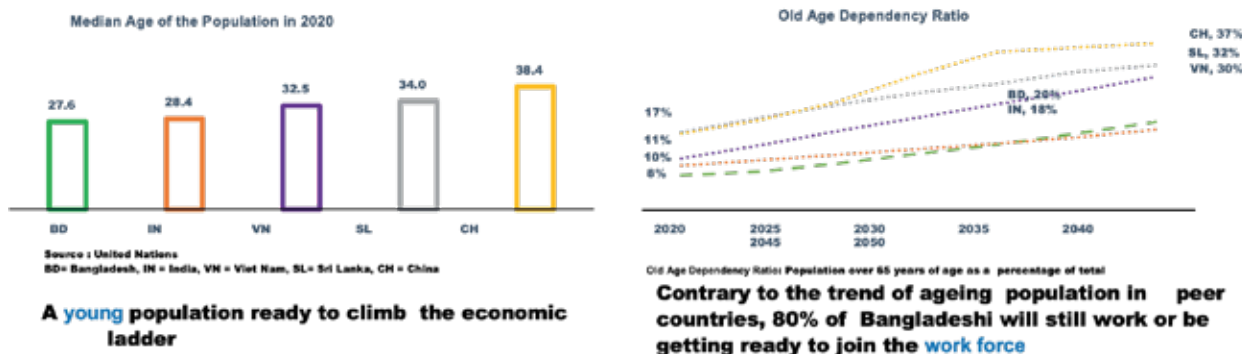
Saudi investment can play a pivotal role in overcoming these challenges and unlocking the full potential of Bangladesh's tourism sector

- **Enhancing Security Measures:** Investment in security infrastructure can help alleviate concerns and make Bangladesh a safe destination for tourists.
- **Expanding Airline Routes:** Investment in the aviation sector can improve international connectivity, making Bangladesh more accessible.
- **Reducing Travel Costs:** Investments in infrastructure and amenities can help reduce travel costs and increase competitiveness.
- **Boosting Marketing Efforts:** Saudi expertise and investment can enhance marketing campaigns to promote Bangladesh globally.
- **Developing Infrastructure:** Investment in transportation and tourism infrastructure can improve services and facilities, attracting more tourists.
- **Creating PPP Projects:** Collaboration through PPP projects can bring in expertise, technology, and capital, fostering sustainable growth in the tourism sector.

Education & Skills Development



Bangladesh's young population of 170 million, with a median age of 27.6, is a key asset for sustained economic growth, necessitating investments in education and skills development. The country's median age is significantly lower than other Asian countries like China, Sri Lanka, Vietnam, and India. This demographic advantage positions Bangladesh favorably for long-term economic growth, provided that its education and skills development systems are adequately strengthened.




A young population ready to climb the economic ladder


Source: United Nation

Vision 2041 aims to transform Bangladesh into a high-income, innovation-driven economy with 100% literacy, aiming to eliminate absolute poverty.


Vision 2041- Innovation-driven knowledge-based smart economy




Driven by the core growth and poverty targets




Achieve high-income status




Eliminate absolute poverty by 2041.



Population with 100% literacy rate



Universal free education for up to 12 years



Upwards of

\$7B

requirement for the period FY24-FY29

Meeting these goals will require over \$7 between FY24 to FY29. Recent initiatives have been instrumental in improving the quality of education and training to meet evolving demands.

Currently skilled and semi-skilled workforce in KSA **3%-5%**

Remittance Inflow **\$2.5B**

If skilled and semi-skilled workforce increases to **10-15%**

Expected Remittance Inflow within 3-5 years **\$3.5B**

Source: Ministry of Foreign Affairs Estimate

The National Education Policy (2010) and NSDP (2020) prioritize flexible training, and targeted investments to maximize Bangladesh's demographic dividend. Existing policies like the National Education Policy (2010) and the National Skill Development Policy (NSDP, 2020) provide a strong foundation. The core strategy to maximize the demographic dividend involves a flexible supply of training institutions for all who seek job-based skills, appropriate investments and incentives in education and job-based training, and a strong public-private partnership with coordinated investments and enabling policies.

Bangladesh's education sector needs improvement in quality and industry relevance with public spending crucial for leveraging the demographic dividend and achieving Vision 2041. While the education sector has seen rising enrollment figures, it faces challenges in terms of quality, industry relevance, and linkage, leading to placement issues. This disconnect between demographic potential and development infrastructure is reflected in public expenditure on education, which stands at 2.3% of GDP—substantially lower than the 4.5% average in upper-middle-income countries. Vision 2041 underscores the urgency of bridging these gaps, emphasizing that investing in quality education and skill development is crucial for harnessing Bangladesh's demographic dividend and transitioning to a knowledge-based, inclusive economy.

80% of Bangladeshis will soon be in or preparing to join the workforce, offering Saudi Arabia a key role in investing in Bangladesh's education and skills sectors. Contrary to the trend of aging populations in peer countries, 80% of Bangladeshis will still be working or preparing to join the workforce in the coming years. This presents a unique opportunity for Saudi investment to play a pivotal role in Bangladesh's education and skills development sectors.

Source: Perspective plan of Bangladesh, United Nation

Existing policies

- National Education Policy (2010)
- National Skill Development Policy (NSDP, 2020)

A core strategy to maximise demographic dividend?

- Flexible supply of training institutions for all who seek to acquire job-based skills
- Appropriate investments and incentives in education and job-based training
- Strong public-private partnership with coordinated investments and enabling policies
- The private sector will play a dominant role in tertiary education
- Ensure quality and industry-relevant skills

Benefits of Saudi Investment

- **Enhancing Quality and Relevance:** Saudi investment can help improve the quality of education and align it with industry needs, ensuring that graduates are job-ready and meet market demands.
- **Infrastructure Development:** Funding from Saudi Arabia can support the development of educational infrastructure, including schools, universities, and vocational training centers.
- **Public-Private Partnerships:** Investment in public-private partnerships can foster innovation and improve the efficiency of educational programs.
- **Capacity Building:** Saudi investment can contribute to capacity building in Bangladesh's education sector, equipping educators with the necessary skills and resources.
- **Technological Integration:** Investment in educational technology can modernize learning methods, making education more accessible and effective.

Mobilizing Saudi Capital for PPP Projects and Private Financing

The private sector is essential for economic growth, job creation, poverty reduction, and delivering critical services in developing countries. The private sector plays a crucial role in economic growth and addressing development challenges, including job creation, poverty reduction, and the delivery of essential services. In developing countries, over 90% of jobs are generated by the private sector, making it essential for reducing poverty and improving livelihoods. The private sector also provides critical services in infrastructure, healthcare, education, and finance.

Saudi investment can accelerate Bangladesh's growth in several sectors, fostering economic competitiveness and supporting small businesses with enhanced financing options. Saudi capital can significantly enhance Bangladesh's growth by funding formal banking channels, critical infrastructure, and advanced technologies in key sectors. Investments in education, climate finance, healthcare, and infrastructure will help create a facilitative environment for economic activities. Additionally, affordable financing options for entrepreneurs and small businesses will boost the overall development and competitiveness of sectors.

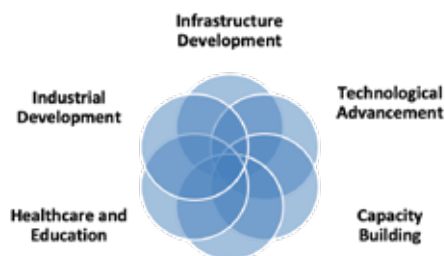
Bangladesh's domestic & external debt position is dominated by the public sector, highlighting the need for mobilizing Saudi capital to address diverse growth finance needs. As of the end of 2023, Bangladesh's private sector external debt stands at \$21.28 billion. The gross external debt position is \$100.64 billion, with the public sector holding approximately 80% of this debt. Access to long-term finance in Bangladesh has remained consistently low and fluctuated between 0.21 and 0.31 from 2017 to 2022, indicating ongoing challenges in securing sustainable long-term financial resources. Mobilizing Saudi capital through formal channels can address various growth finance needs in Bangladesh, including infrastructure development, technological advancements, capacity building, climate finance, healthcare, education, and industrial development.

Investment Opportunities (Annually)	
Infrastructure	US\$ 25 Billion
Green Investments	US\$ 14.3 billion
-Renewable energy (0.27 billion USD)	
-Green Buildings (9.3 billion USD)	
-Renewable energy (0.27 billion USD)	
-Transport infrastructure (1.98 billion USD)	
-Climate Smart Urban Wastewater (1 billion USD)	
-Municipal Solid Waste Management (0.33 billion USD)	
PPP Investment	US\$ 24 billion
Logistics	US\$ 15 billion
Apparel	US\$ 4.7 billion
SME Finance	US\$ 2.8 billion
Housing Finance	US\$ 2.5 billion
Agribusiness	US\$ 1.4 billion
Total	US\$ 84.4 billion

\$21.28B
private sector external debt by end of 2023

\$100.64
Gross External Debt Position of Bangladesh

80%
approx. share of the public sector in external debt



Source: PPA, Perspective Plan of Bangladesh

Benefits of Saudi Investment

- **Infrastructure Development:** Saudi investment can fund critical infrastructure projects, enhancing connectivity and supporting economic activities.
- **Technological Advancements:** Investments in technology will boost productivity and foster innovation.
- **Capacity Building:** Developing skills and capacity will create a more competent workforce, driving economic growth.
- **Climate Finance:** Saudi capital can support green projects, contributing to sustainability and climate resilience.
- **Healthcare and Education:** Investments in these sectors will improve the quality of life and promote social development.
- **Industrial Development:** Funding industrial zones will attract more businesses, creating jobs and stimulating economic growth.

Growth Finance Need in the Coming Years

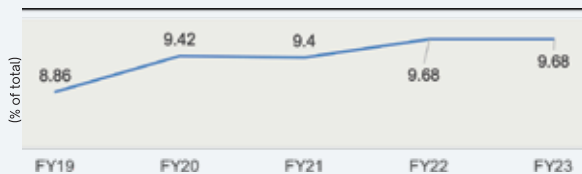
- **Infrastructure : \$608 Billion between 2020-2041 (Global Infra Outlook)**
- **SME Annual Financing Gap: \$2.8 Billion (IFC)**
- **Housing Finance Annual Gap: \$2.5 Billion (IFC)**
- **Green Finance : \$37 Billion for 80 projects in Delta Plan; \$5.7 billion annually for adaptation (WB)**

Source: World Bank, International Trade Administration

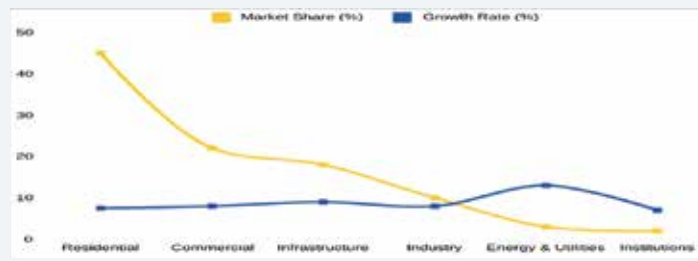


Saudi Arabia's booming construction sector aligns well with Bangladesh's expanding construction market, reflecting significant growth opportunities for both nations. Saudi Arabia's construction sector is booming, with projects worth SAR 8 trillion (USD 2.1 trillion) in the pipeline for the next eight years, including over USD 1.25 trillion in infrastructure and property projects currently underway. This robust investment environment aligns well with Bangladesh's expanding construction market, which is estimated at USD 32.33 billion in 2024 and expected to reach USD 44.13 billion by 2029, growing at a CAGR of 6.42% during this period. The construction sector's share of Bangladesh's GDP has shown a steady increase from 8.86% in 2019 to 9.68% in 2022, indicating its growing importance in the economy.

Bangladesh's Construction sector share of GDP



Bangladesh Construction Market Segmentation



Source: Construction Industry in Bangladesh Size & Share Analysis - Growth Trends & Forecasts (2024 - 2029), Mordor Intelligence

Steel

9M tons

Domestic Production Capacity

60%

Consumption in Public Project

7M tons

Annual Domestic Consumption

- The current market size of the steel industry in Bangladesh is around 5 Billion USD.
- The current per capita steel consumption is estimated at 45kg. Experts expect the demand to cross 100 kg per capita by 2030.
- Annual Domestic Consumption of steel is 7Mn tons

Source: Mordor Intelligence,

Cement

78M tons

Domestic Production Capacity

60K+

Employment

39M tons

Annual Demand

- The import of clinkers has increased at a CAGR of 10.3% in the past 5 years.
- Bangladesh mostly imports clinker from Vietnam, Indonesia, and Malaysia.
- Only 2 manufacturers produce clinkers in Bangladesh; the state-owned company Chhatak Cement Factory Limited, with a limited production capacity, and LafargeHolcim, which produces about 10% of local demand
- Foreign companies hold around 15%-18% of the total market share.

Source: Mordor Intelligence,

Existing Partnerships

Saudi investments in Bangladesh, exemplified by projects like the Saudi-GCC Hi-Tech Park, bring mutual benefits. Saudi investment in Bangladesh in the construction sector can yield positive outcomes. The collaboration between Al Rajhi and BHTPA for the construction and O&M of the Saudi-GCC Hi-Tech Park at Kaliakor, valued at USD 30-50 million is one such high-impact project. Such partnerships demonstrate the mutual benefits of Saudi investments in Bangladesh, offering Saudi Arabia lucrative opportunities in a rapidly growing market while providing Bangladesh with the necessary investment and expertise to advance its key sectors.

The partnership between Saudi Al Bawani Co. and Bangladesh's BEZA/BEPZA highlights the potential for increased Saudi investment in Bangladesh's construction sector. The existing partnership for the development of 1,000 acres as the Saudi Special Economic Zone at Mirsharai exemplifies the fruitful collaboration potential. Increased Saudi investment in Bangladesh's construction sector can leverage this growth trajectory, providing expertise and capital that can enhance infrastructure development, ultimately fostering economic growth and creating employment opportunities.

Saudi investment in Bangladesh's construction, steel, and cement sectors can foster mutual growth and stronger economic ties between the nations. Bangladesh offers substantial opportunities for Saudi investment across its construction, steel, and cement sectors. By capitalizing on these opportunities, Saudi investors can enhance their global footprint while contributing significantly to Bangladesh's economic development. This mutually beneficial relationship promises accelerated growth, technological advancements, and strengthened economic ties between the two nations.

Top 5 Major Construction Companies



Jute



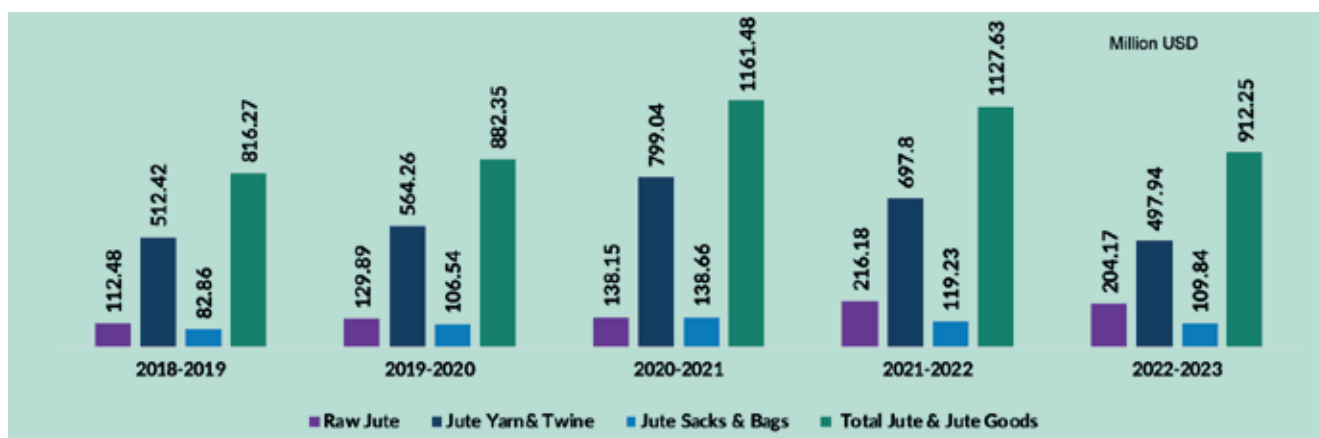
Sector Overview



Source: BIDA

The jute sector is a cornerstone of Bangladesh's economy, with a significant contribution to both agricultural GDP (26%) and the overall GDP (1.4%), adding approximately USD 8 billion in 2022. As the global market for jute is projected to reach USD 3.8 billion by 2027, with an expected CAGR of 8.94% between 2022 and 2027, Bangladesh remains a key player, exporting \$912.25 million worth of jute products in 2022-23. The sector not only supports over 40 million people directly or indirectly but also plays a crucial role in global jute consumption, which stands at 1.4 million metric tons. The potential for growth in this sector underscores its importance to Bangladesh's economy and its capacity to drive sustainable development.

Bangladesh's Jute Export Basket over the years



Source: Export Promotion Bureau

Bangladesh is a Top Exporter of Raw Jute & Jute Product

Top 5 exporters of Jute Yarn Globally (2021)

Country	Export Value	Percent
Bangladesh	\$550 M	89.7%
India	\$23.3 M	3.79%
Turkey	\$14.3 M	2.34%
China	\$6.94 M	1.13%
Nepal	\$3.89 M	0.63%

Source: Export Promotion Bureau

Top 5 Exporters of Sacks & bags of jute or other bast fibres (2021)

Country	Export Value	Percent
India	\$118 M	45%
Bangladesh	\$56.1 M	21.4%
Nepal	\$16.4 M	6.27%
China	\$15 M	5.71%
Pakistan	\$6.9 M	2.64%

Source: Export Promotion Bureau

Evolving Global Laws and Consumer Taste Are Making Jute Products Relevant and in-Demand

Changing global laws and shifting consumer preferences towards sustainability are making jute products increasingly relevant and in demand, presenting significant opportunities for Bangladesh. As disposable incomes rise, so does the demand for packaging items, with consumers and businesses alike seeking eco-friendly alternatives. Jute fiber, known for its biodegradability and durability, perfectly aligns with this trend, driving the popularity of jute bags and other packaging materials. These products not only offer low-cost, high-strength solutions but also provide excellent insulation and low thermal conductivity, making them ideal for packaging temperature-sensitive goods. The versatility of jute allows it to meet the diverse needs of various industries, positioning Bangladesh to capitalize on the growing global demand for sustainable and affordable packaging options.

Several Strategic Advantages make Investments in Jute Lucrative

Industry Competitiveness and location advantage

- Competitive labor force and government incentives lead to low production costs in Bangladesh's jute goods industry.
- Access to high-quality raw jute contributes to cost and quality advantages.
- Abundant water resources and inexpensive water/road transport benefit jute processing and transportation, reducing costs.






Several Jute products ready for commercial production

- Biodegradable jute-tin developed through R&D by a Bangladeshi scientist
- Jute tin was demonstrated to be more durable and resistant to rust and saline compared to metallic tin. Offers a stronger alternative to traditional metallic tin

Ample Opportunities for Investment in the Jute Sector

- Home décor products such as rugs, mats, carpets, and floor covering; Jute furniture
- Footwear
- Eco-friendly Jute Bags & Sacks
- Jute GeoTextiles
- Jute Tin
- Automobile accessories such as dashboards, door panels, etc.
- Jute stick
- Machinery
- Storage & Transportation ecosystem

Top 5 Exporters of Sacks & bags of jute or other bast fibres (2021)

Country	Export Value	Percent
 Ghana	\$34.9 M	13.3%
 India	\$34.2 M	13.1%
 Netherlands	\$19.5 M	7.46%
 Cote d'Ivoire	\$17.2 M	6.56%
 USA	\$11.9 M	4.53%

Source: Export Promotion Bureau

Blue Economy



GDP contribution to the blue economy

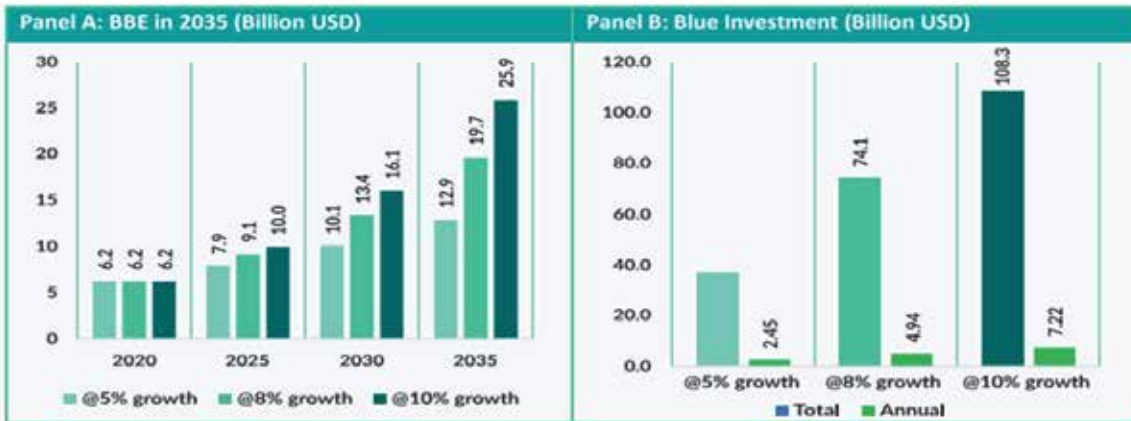
9% by 2025

10% by 2030

Bangladesh has Ocean resources of \$120 Tn

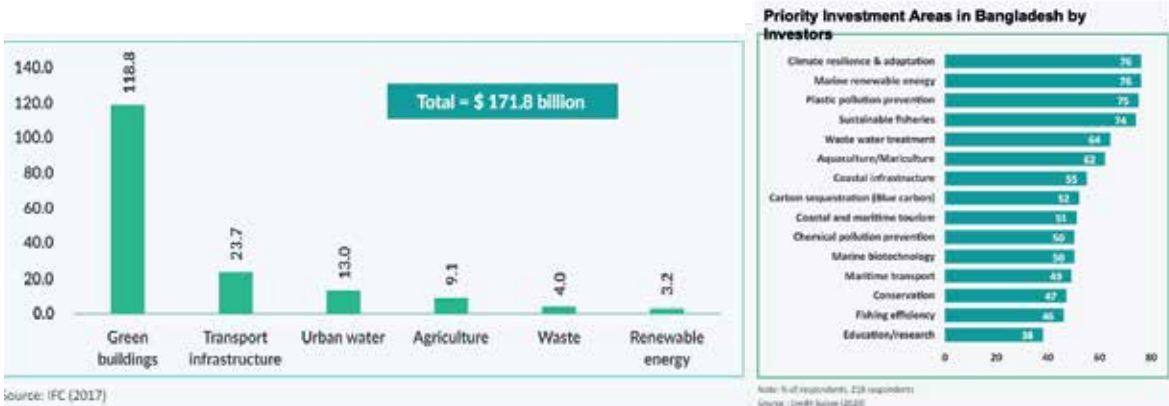


Bangladesh's Blue Economy poised to grow further in the next decade



Source: GED's projections

Scope of foreign direct investment for growth and expansion



Source: IFC (2017)

Note: % of respondents, 228 respondents
Source: Credit Suisse (2022)

Key Investment Needs to take the Sector to New Heights and Achieve Potential

- **Investment in Green Technologies:** Bangladesh needs investments in cleaner propulsion systems, exhaust gas cleaning systems, and energy-efficient designs.
- **Infrastructure Development:** Developing cleaner fuel supply chains and installing shoreside power facilities at ports.
- **Regulatory Compliance:** Ensuring vessels adhere to emission control areas and international conventions requires rigorous enforcement.

Key Sectors in KSA where Bangladesh can Invest

Driving Economic Transformation: Saudi Arabia's National Investment Strategy (NIS)

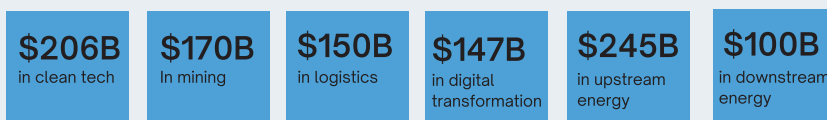
Saudi Arabia's National Investment Strategy (NIS) marks a significant initiative towards economic diversification. It aims to diminish dependence on oil revenues and elevate the Kingdom among the world's largest economies by 2030. With a comprehensive \$3.3 trillion investment plan, the strategy targets key sectors including clean technology, mining, logistics, digital transformation, upstream and downstream energy, and healthcare, emphasizing Saudi Arabia's commitment to global competitiveness and substantial foreign direct investment (FDI). This ambitious initiative not only seeks to increase GDP to 6.4 trillion SAR but also aims to significantly elevate the private sector's contribution to GDP to 65% by 2030.

The NIS enables the goals of Vision 2030



Highlights:

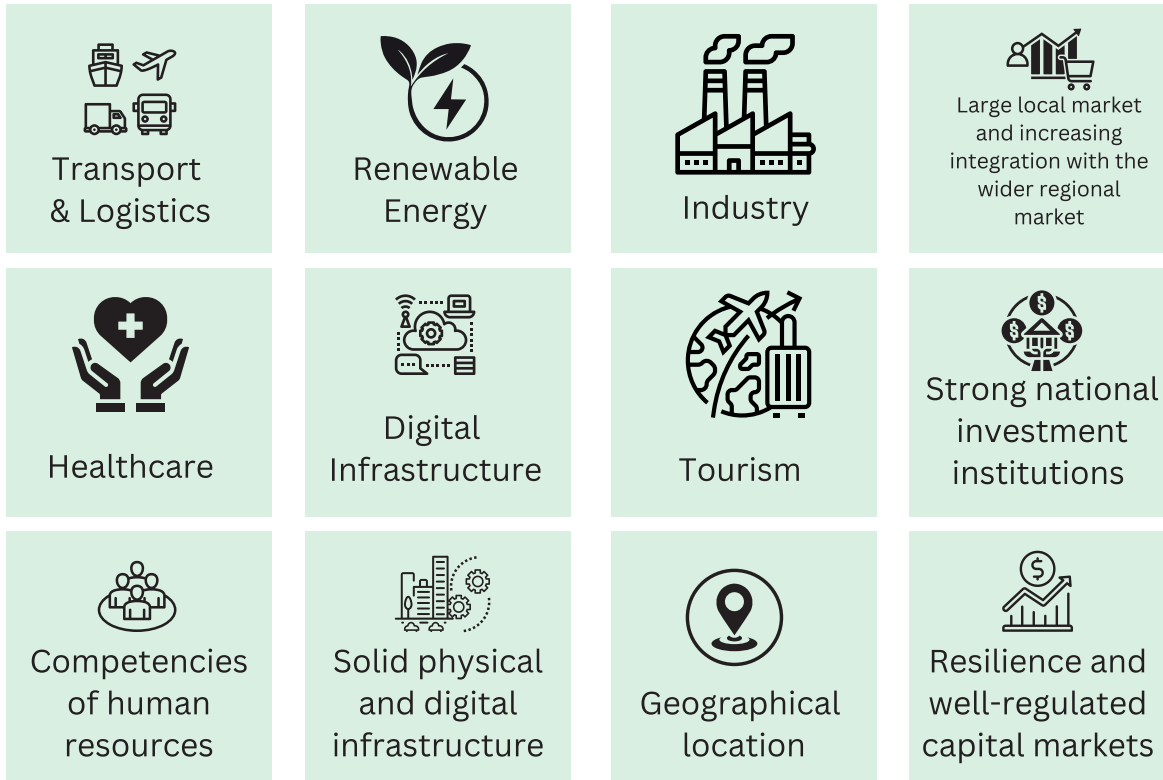
- Saudi Arabia's National Investment Strategy (NIS) aims to diversify the economy beyond oil with a **\$3.3 trillion** plan by 2030.
- Key investments include



- Saudi Arabia has prioritized sectors such as health care, and digital infrastructure diverse opportunities for global investors.

The NIS focuses on key sectors to stimulate economic growth and enhance infrastructure, aligning with Vision 2030 for sustainable development. Critical to achieving these objectives is the prioritization of sectors such as transport and logistics, renewable energy, industry, and tourism for investment. By fostering an attractive environment for both domestic and international investors, the NIS aims to stimulate economic growth, generate employment opportunities, and enhance the Kingdom's infrastructure and technological capabilities.

The NIS's Priority Sectors for Investment

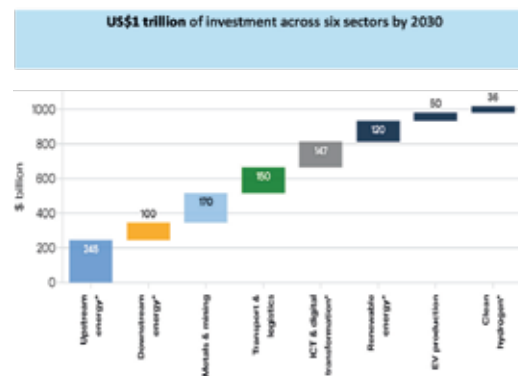


The NIS Investment Goals by 2030



Source: Goldman Sachs Ministry of Investment, KSA

The NIS Investment Goals by 2030



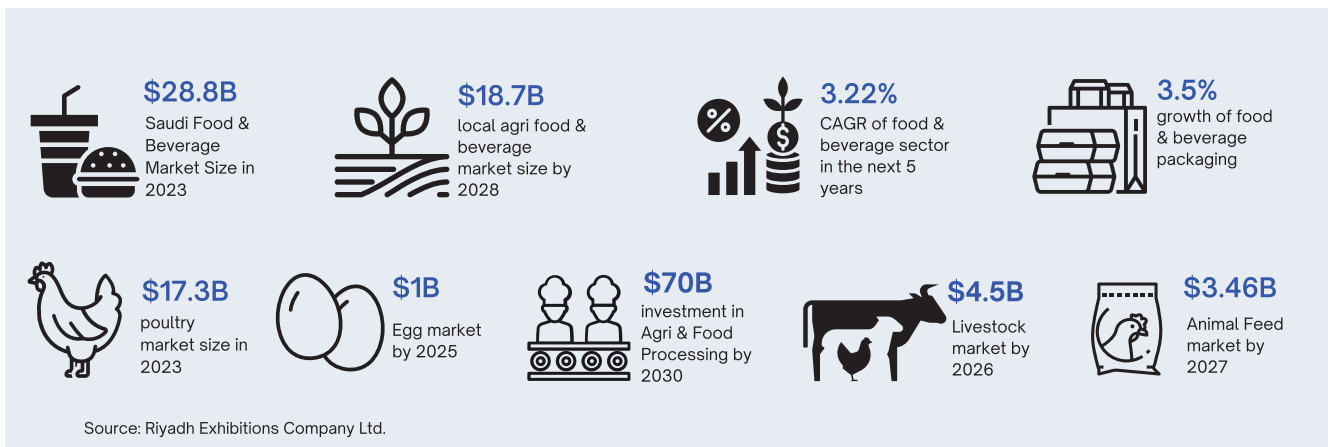
The NIS aims to make Saudi Arabia a regional hub for innovation and global economic prominence through diversification and strategic investments. Looking ahead, the NIS will not only reshape Saudi Arabia's economic landscape but also establish the Kingdom as a regional hub for innovation and investment in the Middle East. Through robust diversification efforts and strategic investments in key sectors, Saudi Arabia aims to position itself as a leading player in global markets. The strategy closely aligns with Vision 2030, reinforcing Saudi Arabia's commitment to sustainable development and economic resilience amidst a dynamically changing global landscape.

Food & Beverage Sector



Saudi Arabia's burgeoning food and food processing sector is witnessing robust growth. Fueled by population growth, a rise in income, and burgeoning domestic, regional, and global demand for Saudi food products, especially seafood, dates, and the halal market, the sector is well-established and poised for rapid expansion.

The sector is flourishing due to the growing demand for convenience foods, driven by shifting demographics and rapid urbanization. In 2022, the KSA's agricultural GDP grew by over 38%. The food and beverage market, led by agrifood, was valued at \$28.8 billion in 2023 and is projected to register a CAGR of 3.22% over the next five years. The cold chain logistics market, crucial for the transport and distribution of temperature-controlled products, is expected to grow from \$1.36 billion in 2023 to \$2.33 billion by 2028.



Value Proposition for BD Investors

- Large and growing local and regional markets
- Unique dates endowment making it a suitable base for exports
- An ocean of fish guaranteeing big catches
- Well-developed ecosystem and superior supply-chain management

The Saudi market for organic foods is set to grow by 17.4% and the aquaculture sector by 500%. The Saudi market is set to be the fastest-growing in the region for organic foods, with a projected growth of 17.4%. The aquaculture sector is expected to grow by 500%, offering significant opportunities. Additionally, the Red Sea Global Tamala Project presents investment opportunities across 3000 farms, and the kingdom is home to 25 agricultural science schools.

500%
Projected Sector Growth for Aquaculture Products and Services...



With lifestyle changes and the demand of salads and other greens rising, the Agricultural Development Fund of Saudi Arabia is distributing approximately \$220 Million on high-tech greenhouses between 2021 and 2025

Source: Riyadh Exhibitions Company Ltd.

17.4% Projected Growth
Creates Fastest and Largest Market in the Region for Organic Foods...

3000 Farms
Large Opportunities are Offered by Red Sea Global Tamala Project...

25
Agricultural Science Schools in Saudi Arabia...

Top 10 in Consumption
Kingdom's Coffee Consumers Spend Annually more than \$266 Million...

Bangladesh's Relevance and Investment Opportunities:

Bangladesh can leverage its agrifood expertise by investing in Saudi Arabia's growing food and beverage sector to meet local and regional demand. Bangladesh, with its expertise in agrifood production and processing, can significantly benefit from investing in Saudi Arabia's food and beverage sector. Bangladesh's established agricultural practices, technological know-how, and experience in managing supply chains align well with the needs of the Saudi market. By investing in Saudi Arabia, Bangladeshi companies can tap into the growing local and regional demand, leveraging Saudi Arabia's well-developed ecosystem and superior supply-chain management.

Bangladesh can invest in Saudi Arabia's poultry, livestock, animal feed, and cold chain logistics sectors to meet rising demand and expand its market reach. Investment from Bangladesh can be channeled into various sub-sectors, including poultry, livestock, animal feed, and cold chain logistics. This will not only help meet the rising demand in Saudi Arabia but also allow Bangladeshi firms to expand their market reach and enhance their global footprint.

High potential sub-sectors for investment:

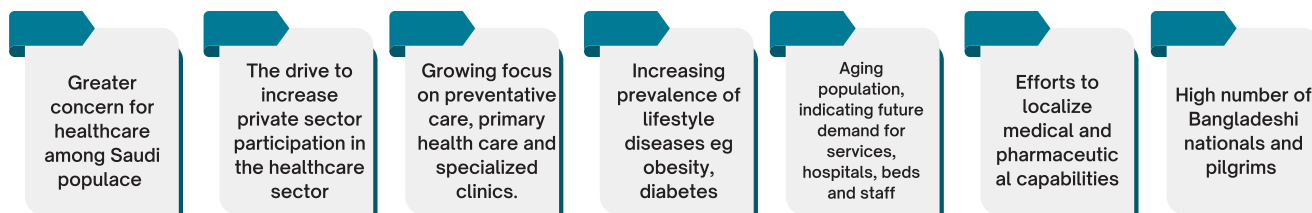


Healthcare sector: Hospitals and Pharmaceuticals



Bangladesh can invest in Saudi Arabia's burgeoning healthcare sector, aligning with KSA Vision 2030 and its National Transformation Programmes. The KSA has witnessed an increase in demand for healthcare facilities, particularly for patented and generic medicine, such as antibiotics.

Key factors driving the demand for healthcare facilities



Saudi Arabia is heavily investing in healthcare infrastructure, prioritizing private sector involvement through extensive hospital and health center privatization. Saudi Arabia's robust \$66 billion investment plan in healthcare infrastructure highlights its commitment to sector expansion, with a projected 65% contribution from the private sector. A significant portion, estimated at 40-50% of total investment until 2025, is allocated for infrastructure development, including the privatization of 290 hospitals and 2,300 primary health centers to be privatized. The country plans to launch 21 health clusters across the kingdom, each serving approximately 1 million people, as an effort to enhance healthcare accessibility and delivery nationwide.

- **\$66B** KSA's plan to invest in healthcare infrastructure
- **65%** Private Sector contribution expected
- Around **40-50%** of the total investment likely to be on infrastructure until 2025
- **290** hospitals and **2300** primary health centers to be privatized
- **21** "health clusters" to be launched across the country, each serving around **1M** people

Source: International Trade Administration, Odyssey Enterprises Ltd, BIDA



Bangladeshi investment opportunities in Saudi Arabia's pharmaceutical sector are promising due to the sector's substantial market presence in GCC pharmaceutical purchases and supportive policies incentivizing local investment. The Pharmaceutical Sector in the KSA has a high potential for Bangladeshi investments with 60 percent of pharmaceutical purchases in the GCC and a USD 11.72 billion pharmaceutical market valuation as of 2022. This market is expected to grow to USD 15.09 billion by 2027 with a compound annual growth rate of 5.2 percent. Supportive policies can encourage companies to invest in the KSA rather than export to it.

Subsectors with the highest Potential for Bangladesh

High prospects for setting up Hospitals:

- Huge Bangladeshi population with unmet healthcare needs
- Around **127,000** Bangladeshi nationals of various socio-economic backgrounds go to perform hajj every year
- Nearly **3 Million** Bangladeshi Nationals live in Saudi Arabia.



Increased demand for both patented and generic medicine-

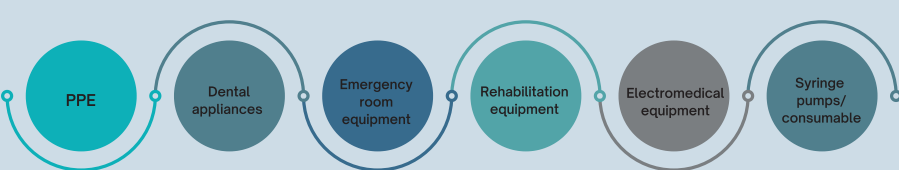
- antibiotics
- cardiovascular disease
- diabetes.

The pharmaceutical sector has a high potential for Bangladeshi investments

- **60%** of pharmaceutical purchases in the GCC.
- **\$11.72B** pharmaceutical market valuation in 2022.
- **\$15.09B** valuation expected by 2027 with a compound annual growth rate of **5.2%**.
- Policies encourage companies to invest in the Kingdom rather than exporting to it.
- Bangladesh's pharmaceutical has put plan to invest **\$5 billion** export in the GCC.

Source: Odyssey Enterprises Ltd

Medical Equipment: The Saudi market for medical equipment has an estimated value of \$2 billion and is growing annually at approximately 10 percent. Best prospects include:

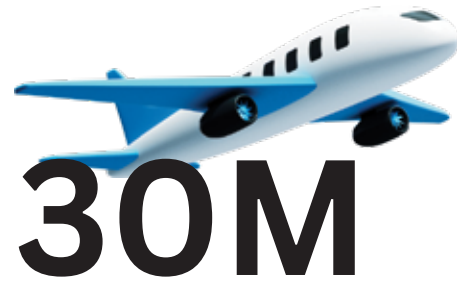


Source: International Trade Administration

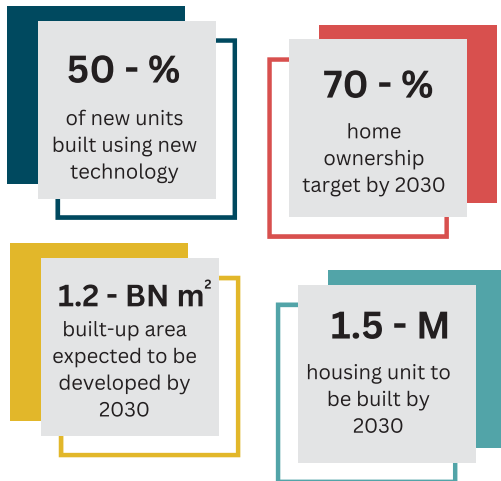




Saudi Arabia's Vision 2030 outlines ambitious goals for its housing and real estate sectors, aiming for a 70% homeownership rate by the end of the decade. This initiative is bolstered by increased private sector involvement, promising substantial growth opportunities. Concurrently, the country plans to expand its hospitality infrastructure significantly to accommodate a surge in Hajj and Umrah pilgrims, with projections indicating a rise from 10 million visitors annually in 2019 to over 30 million by 2030.



30M
Annual Umrah visitors by 2030, up from 8M in 2016



Source: Invest Saudi, The Bangladesh Monitor



Source: Saudi Ministry of Hajj

Saudi Arabia's Vision 2030 emphasizes the growth of tourism, entertainment, and housing sectors through different means. The tourism and entertainment sectors are pivotal in Vision 2030, witnessing rapid transformation and presenting lucrative prospects for international and local investors alike. New developments are leveraging advanced technologies, with plans to build 50% of new housing units using innovative methods. By 2030, Saudi Arabia anticipates constructing 1.5 million new housing units across approximately 1.2 billion square meters of developed area, supporting its broader economic diversification goals.

Saudi Arabia is developing new economic cities to expand urban areas and attract global investments, strengthening its tourism and real estate sectors. The establishment of new economic cities such as King Abdullah Economic City and Al Faisaliah Economic City underscores the Kingdom's commitment to expanding its urban landscape and attracting substantial investments. These initiatives aim not only to meet domestic demand but also to position Saudi Arabia as a premier destination for global investors looking to capitalize on the burgeoning tourism and real estate sectors.

Several new cities planned offers investment opportunities in KSA



Source: Invest Saudi

Highlights:

Housing & Real Estate has a high growth potential, driven by KSA’s Vision 2030:

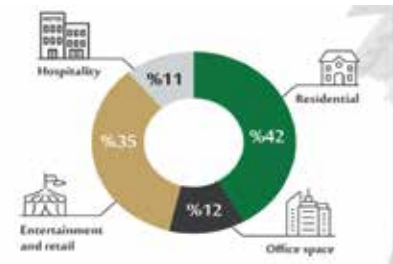
- The **70% home ownership** goal set by Vision 2030 has provided new impetus to the attractiveness of the real estate sector, along with the government’s strong commitment to involve the private sector in this journey.
- The government aims to increase its capacity to accommodate more Hajj and Umrah visitors – from approximately **10 million visitors annually in 2019 to over 30 million by 2030**.

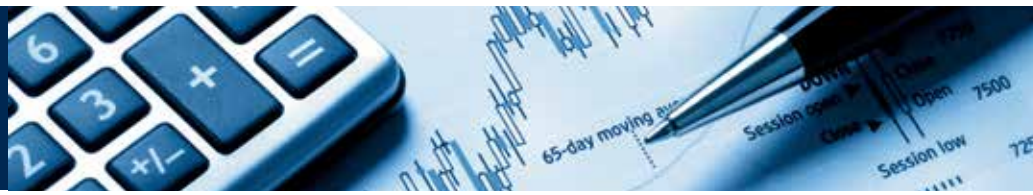
Tourism & Entertainment:

- Of all new sectors being unlocked by Saudi Arabia’s Vision 2030, none are undergoing more profound and visible transformations as the tourism.
- It is showing great potential in satisfying international and local investors’ needs, providing excellent first mover advantages for investors in the nascent stages of a booming industry.

Source: Saudi Ministry of Hajj, The Bangladesh Monitor

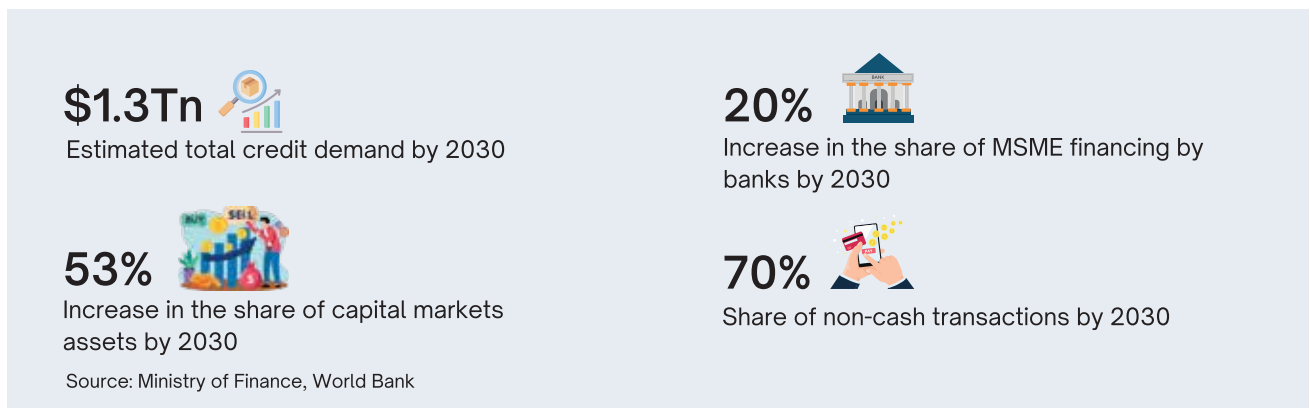
Distribution of Project Areas



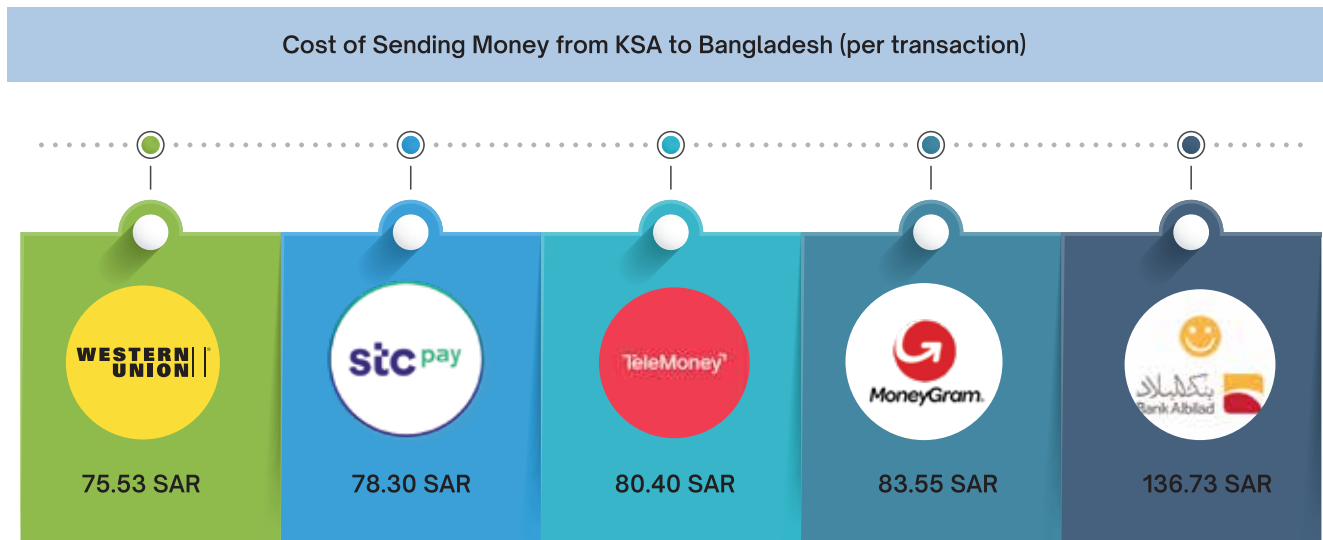


Saudi Arabia boasts one of the world's most sophisticated financial sectors, renowned for its development, liquidity, stability, and efficiency. This sector plays a pivotal role in supporting Vision 2030 by diversifying income sources, facilitating foreign capital inflows, and promoting savings and investments through advanced capital markets and robust financial institutions.

Saudi Arabia aims to achieve ambitious financial targets by 2030. The ambitious financial targets set by Saudi Arabia for 2030 underscore a robust growth strategy aimed at expanding credit demand, enhancing MSME financing, boosting capital market assets, promoting non-cash transactions, and addressing remittance costs to strengthen economic and financial ties.



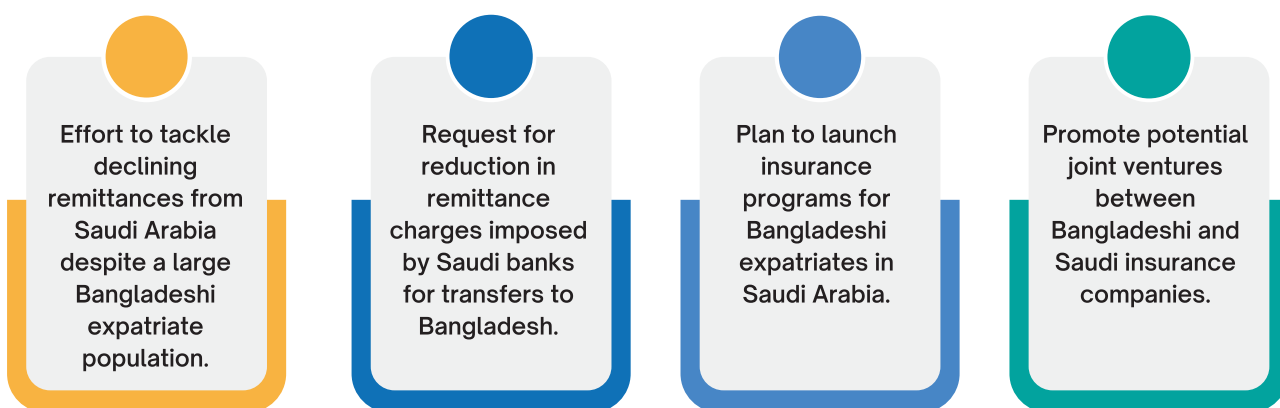
Bangladeshi financial institutions can aid the diaspora in KSA to secure contractual obligations. Bangladeshi entrepreneurs and investors encounter challenges in securing working capital and meeting security deposit requirements when bidding for operation and maintenance contracts in Saudi Arabia. Bangladeshi banks and non-bank financial institutions (NBFIs) can play a crucial role in facilitating seamless operations for the Bangladeshi diaspora in Saudi Arabia.



Source: The Bangladesh Monitor

Bangladeshi financial institutions have proposed initiating banking operations and digital banking services in Saudi Arabia, catering specifically to the needs of Bangladeshi expatriates. This includes efforts to address declining remittances from Saudi Arabia despite a large Bangladeshi expatriate population, advocating for reduced remittance charges imposed by Saudi banks, and launching insurance programs tailored for Bangladeshi expatriates.

Bangladeshi FIs have proposed to begin banking operations or digital banking services of Bangladeshi commercial banks in Saudi Arabia.



Bangladesh's Relevance and Investment Opportunities:

Bangladeshi financial institutions can leverage their experience to establish a presence in Saudi Arabia, enhancing financial inclusion and offering tailored services to the Bangladeshi community. Investing in Saudi Arabia's financial services sector presents Bangladeshi entities with opportunities to expand their market reach, tap into Saudi Arabia's growing financial landscape, and facilitate smoother financial transactions for Bangladeshi expatriates. By collaborating with Saudi counterparts, Bangladeshi financial institutions can contribute to the sector's growth trajectory, benefiting both countries through enhanced economic cooperation and mutual prosperity.

Highlights:

- Saudi Arabia's reputation as an internationally renowned finance center has been fostered by a stable economic and political environment, as well as favorable legal and tax policies.
- As a key enabler of Vision 2030's ambitions, the sector is expected to play an even greater role in supporting the development of the national economy, diversifying its sources of income, providing different sources of financing, attracting foreign capital, and stimulating savings and investments.
- Bangladeshi entrepreneurs and investors in Saudi face difficulties in working capital and paying security deposits when bidding for operation & maintenance contracts. Bangladeshi banks and NBFIs can help the Bangladeshi diaspora in this regard, enabling them to invest and operate seamlessly in Saudi Arabia.

Source: Ministry of Finance

Chapter 7

Challenges to Improve KSA Trade & Investment potential



Challenges faced by Saudi Investors



Saudi Investors continue to show interest in various sectors including infrastructure, power & renewable energy, electronic manufacturing, hospitality, and education.

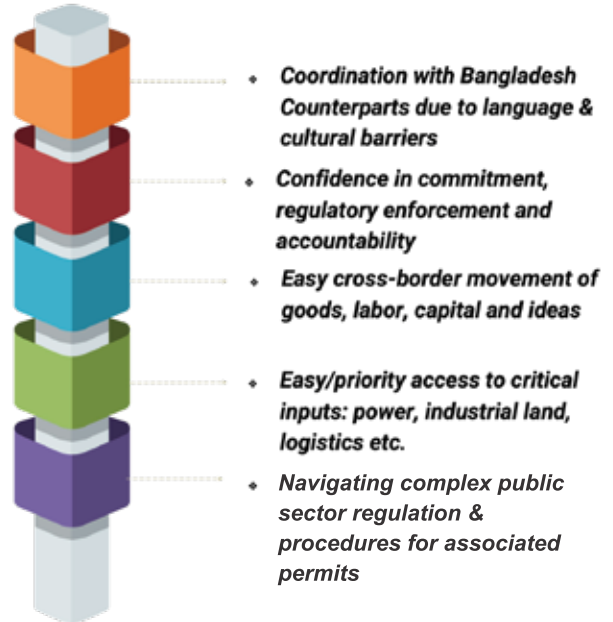
However, as reported they are facing various challenges. Several agreed projects have not seen much progress and yet to be materialized.

The main issues include:

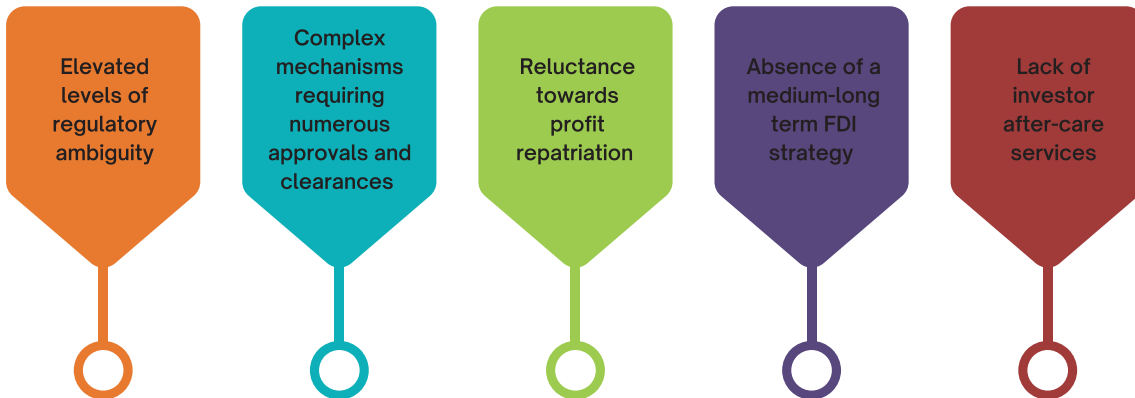
- Timely allotment of land
- Lack of availability of supporting infrastructure
- Cumbersome procedures which needs to be streamlined
- Unusual delays in getting necessary permits & services.

Other challenges include absence of positive investment policies & business regulations, lack of adequate skills, complex trade & customs procedures, and absence of user friendly tax environment

KSA investors have historically shown keen interest in Bangladesh due to **growing market & competitive sectors**, But... Investors have **struggled with:**



Issues in Bangladesh Regulatory Framework affecting Investments



Other challenges



Challenges in Business Climate Impacts Current and Potential FDI



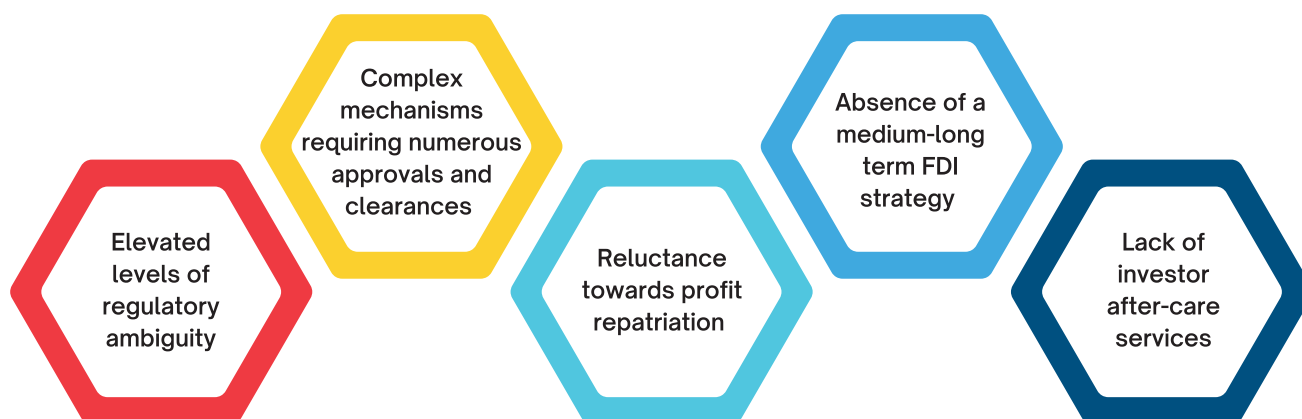
Bangladesh's business landscape faces challenges from regulatory ambiguity and weak policy enforcement, deterring foreign investors and undermining trust. Recognizing this, the interim government has initiated key reforms to attract FDI, including reshuffling the judiciary, civil administration, and security forces to improve governance and combat corruption.

Bangladesh frequently falls short of delivering on its commitments, underscoring a deficiency in coordinated efforts due to entangled processes in the public sector. This prevailing scenario undeniably dampens investor enthusiasm and trust, perpetuating an environment where the perceived risks of engagement outweigh the potential gains.

Inefficiencies stemming from deficient coordination and centralized structures within the governmental apparatus contribute to the compromised attractiveness and competitiveness of the nation's business environment. The regulatory landscape in Bangladesh is intricate, composed of a labyrinthine network of 23 distinct government agencies responsible for catering to investor needs. Aspiring investors are compelled to navigate this intricate landscape, often encountering the requirement to secure up to 150 approvals, registrations, certificates, or clearances from a multitude of entities.

Several elements lead to high-level constraints for the proliferation of private sector investment and significantly affect business dynamism in Bangladesh. This is characterized by over-regulation, weakness in regulatory service delivery, and challenges in transparency and accountability which are detrimental to the regulatory environment

Issues in Regulatory Framework that Adversely Affects FDI Facilitation



Source: World Economic Forum, The Heritage Foundation, Policy Exchange Bangladesh

International Trade Indices Show Need for Improvement in Trade Facilitation

Economic Freedom Index 2023		Enabling Trade Index		Logistics Performance Index 2023	
Country	Rank (out of 180 Countries)	Country	Rank (out of 116 Countries)	Country	Rank (out of 380 Countries)
Bangladesh	123	Bangladesh	123	Bangladesh	88
Vietnam	72	Vietnam	73	Vietnam	43
Indonesia	60	Indonesia	70	Indonesia	61

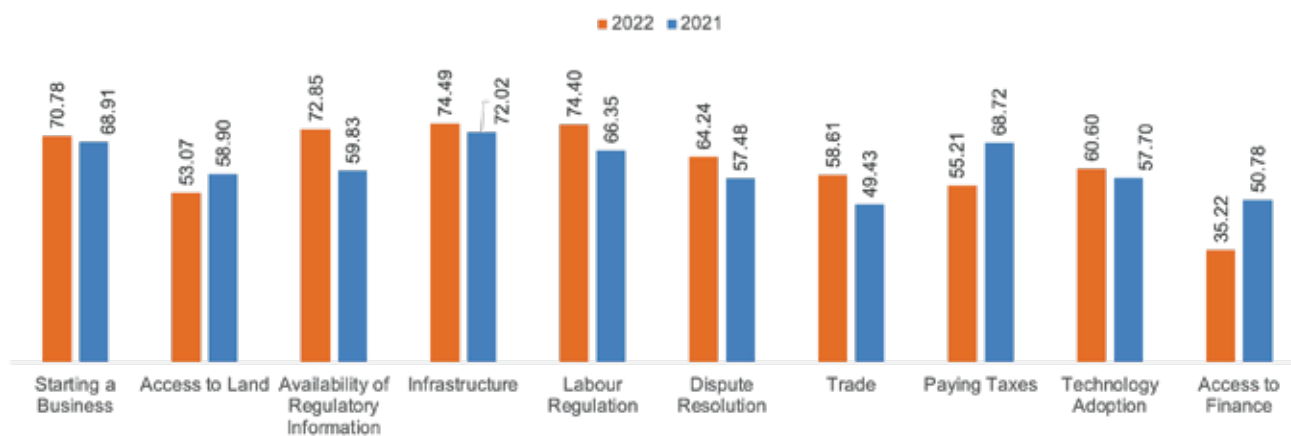
Source: World Bank, World Economic Forum, The Heritage Foundation

Logistics Performance Index 2023 Results

Country	LPI Grouped rank	Customs Grouped rank	Infrastructure Grouped rank	Timeliness Grouped rank
Bangladesh	88	101	108	87
India	38	47	47	35
Vietnam	43	43	47	49
Thailand	34	31	25	46
South Korea	17	7	9	25

Bangladesh still falls behind its competitors. Bangladesh has improved in logistics performance according to the World Bank’s Logistics Performance Index (LPI)— from 100 in the past to 88. This improvement is owed to prudent actions taken by the Government of Bangladesh through its various agencies such as Bangladesh Investment Development Authority (BIDA) and others in taking active steps towards improving the logistics ecosystem of the country. However, there is some way to go as Bangladesh falls behind its comparators, leading to FDI moving away from Bangladesh to other countries.

Comparison of BBX Pillar Scores in 2021 & 2022



Source: Policy Exchange Bangladesh

According to Bangladesh Business Climate Index (BBX) 2022-23, access to digitally enabled regulatory transparency varies significantly between central and local level regulatory service delivery agencies. A 23.63-point difference between the highest and the lowest performing divisions in access to regulatory information implies that there is a huge disparity in the availability of regulatory information across divisions. This not only reflects a gap in access to the internet across divisions but a disparity in the availability of information regarding rules and regulations by the local government such as municipal corporations. The BBX reports that firms from the construction sector found it challenging to find transportation as the sector requires a special set of transport services/vehicles to carry their raw materials and products which are heavy-weighted.

Complex Tax Environment & Cumbersome Border Clearance Procedures remains Perennial Problems

The taxation landscape in Bangladesh is marked by its intricacies and ambiguities. The multiplicity of taxes and levies, coupled with frequent changes in tax policies and rates, contribute to a lack of predictability in the taxation system, making it challenging for investors to plan their financial strategies effectively.

Bangladesh's Tax System has Major Gap when compared to International Tax Principles



Despite some recent initiatives, Bangladesh's tax structure continues to face key challenges in terms of complexity, transparency, and predictability. However, the new interim government has taken initiatives to address these challenges by prioritizing tax reforms aimed at enhancing transparency, simplifying tax systems, and broadening the tax base. Complex and ever-changing tax laws and regulations pose a significant barrier for both local and foreign investors. The unclear application process and inconsistent eligibility criteria can discourage foreign investors. Moreover, varying interpretations of tax regulations by different authorities and the absence of clear guidelines can lead to confusion and delays in tax assessments. Unpredictable changes in tax laws in Bangladesh make it difficult for foreign investors to plan for the future, leading to uncertainty, financial losses, and potential withdrawal of investments.

Key Challenges in Bangladesh's Tax Environment

<p>Tax Disputes and Legal Hassles</p> <ul style="list-style-type: none"> Limited experts and High Costs Interpretational confusion Lack of effective ALTERNATIVE DISPUTE RESOLUTION 	<p>Digitalization Challenges</p> <ul style="list-style-type: none"> Digital Transformation Integration Issues
<p>Lack of Predictability</p> <ul style="list-style-type: none"> Constant Changes Investor Uncertainty 	<p>International tax treaties</p> <ul style="list-style-type: none"> Lack of Double Taxation Avoidance Agreements (DTAAs) Existing not always followed/ respected
<p>Effectiveness of tax incentives and Hurdles in claiming Tax benefits</p> <ul style="list-style-type: none"> High bureaucracy Ambiguity in procedures Authorization Issues/ Registration Issues/ Hidden Costs 	<p>High total tax incidence</p> <ul style="list-style-type: none"> Minimum tax Tax deducted at source Different thresholds Different rates in VAT

Key Issues in Customs Laws /Policies in Bangladesh

<p>Harmonization & Standardization issues</p>	<ul style="list-style-type: none"> WTO Inconsistencies: The minimum price system under Section 25 clashes with WTO rules. Minimum/Tariff value higher than international customs price Not aligned with WCO guidelines
<p>Transparency issues</p>	<ul style="list-style-type: none"> Depth of clarity in customs decisions Sections of Concern: Sections 65, 71, 94, 204, 204A, and 215A(1) contribute to uncertainty. Low Transparency: Section 79C adds to uncertainty
<p>Simplification</p>	<ul style="list-style-type: none"> Procedural delays Complexities in processes Absence of limitation on fee amounts



Bangladesh's customs procedures face significant challenges in harmonization, standardization, transparency, and simplification. In terms of harmonization, inconsistencies between the national minimum price system and international trade rules pose a risk of conflict for foreign investors. The lack of a formal mechanism for stakeholder input contributes to uncertainty, necessitating clearer guidelines and stakeholder involvement. Standardization issues, such as the absence of rules for canceling prior customs decisions, create unpredictability, and discrepancies in minimum or tariff values can burden investors. Alignment with international standards, particularly those of the WTO and WCO, is crucial for a business-friendly environment. Transparency issues, stemming from unclear decisions and the absence of legal authority for automated risk management, hinder investor confidence

Simplifying customs procedures, addressing complexities in the public sector, and fostering better coordination among authorities during physical examinations can significantly improve the ease of doing business and boost investor confidence in Bangladesh. Simplification of customs procedures is pivotal for ensuring that the flow of goods across borders is smooth and efficient. However, the customs framework in Bangladesh grapples with several simplification-related challenges. One of the primary issues is procedural delays, often resulting from system complexities. These delays add unnecessary costs and affect the timely clearance of goods, making the process cumbersome for foreign investors.

The interim government has initiated key reforms to attract FDI, including reshuffling the judiciary, civil administration, and security forces to improve governance and combat corruption. A 12-member economic task force has been formed to issue a comprehensive white paper addressing economic challenges, aiming to streamline public procurement, boost transparency, and strengthen investor confidence. These measures could foster a more predictable and business-friendly environment, critical for revitalizing FDI inflows.

Implications on/
Risks for the KSA-
Bangladesh
Economic
Relationship

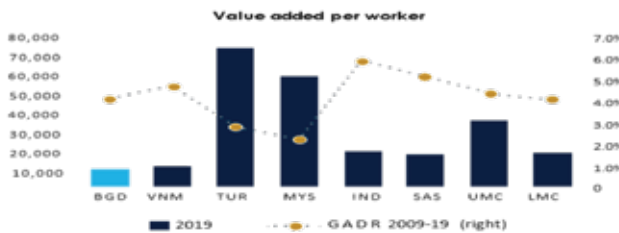
- Constricted capacity of agencies for service delivery
- Ambiguous regulations for tax compliance and incentives hampers tax planning
- Time and resources spent in navigating complex system restricts trade
- Lack of predictability & simplicity discourages investor confidence and limit investments

These multifaceted constraints emphasize the urgent need for comprehensive reforms to bolster investment prospects and create a more conducive environment for FDI in Bangladesh. Streamlining the tax environment and customs procedures, alongside enhancing overall business conditions, is imperative for creating an investor-friendly climate.

Current Skills Scenario Need Strengthening to Support Development Aspirations & Attract FDI

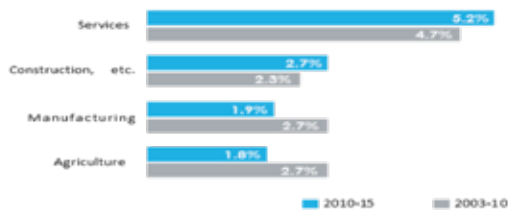
- With its population of **170 million**, a majority of whom are youth, Bangladesh's potential strength lies in its human capital. By focusing on productivity enhancement strategies across key sectors, Bangladesh can harness its demographic potential, elevate economic performance, and position itself more robustly on the global economic stage.
- The majority of employment opportunities, **roughly 90%**, remain informal, exposing workers to issues like unpaid labor, underemployment, and subpar working conditions.
- Female labor force participation stagnates at **35%**, while nearly **30%** of the youth remain disconnected from employment, education, or training.
- Bangladesh's **value added per worker** stands at **80%** of Vietnam's level, half of India's, and merely a **quarter of the average** observed in upper-middle-income countries (UMICs).
- **Agricultural productivity**, remains disproportionately inferior to other economic segments, accounting for just one-fourth of the productivity witnessed in other sectors.

LABOR PRODUCTIVITY GROWTH, BANGLADESH AND PEERS



Source: World Development Indicators.
 Note: CAGR = compound annual growth rate. Countries are BGD = Bangladesh; VNM = Vietnam; TUR = Turkey; MYS = Malaysia; IND = India; UMC = upper-middle-income country; LMC = lower-middle-income country.

ANNUAL PRODUCTIVITY GROWTH, BY SECTOR, 2003-16



Source: National accounts and Labor Force Surveys in Farole and others 2017.

Note: Productivity gap is calculated in taka per worker.
 Source: World Bank and UNCOMTRADE

Bangladesh in Global Skills Index, 2024

Global Rank	Country	Business Skills	Technology Skills	Data Science Skills
1	Switzerland	100%	100%	100%
2	Japan	96%	99%	99%
3	Germany	93%	96%	97%
54	Vietnam	58%	58%	48%
87	India	11%	33%	30%
94	Bangladesh	22%	12%	16%

Source: Coursera

Export per Capita in various industries (US\$)



Source: World Development Indicators

Critical sectors like agriculture and manufacturing grapple with persistently low productivity levels. Elevating agricultural productivity assumes heightened significance to sustain the rural economy and underpin the broader structural transformation of the nation's economic fabric. While there is an upward trajectory in agricultural productivity, it remains disproportionately inferior to other economic segments, accounting for just one-fourth of the productivity witnessed in other sectors. An array of obstacles impedes this productivity surge, encompassing challenges related to climate change, weak transport and storage networks that result in elevated wastage, inadequate market connectivity, and a limited expansion of more diversified, value-added ventures.

There is a significant investment need & opportunity in Bangladesh's Skills development & education sector. The education sector, while witnessing rising enrollment figures, grapples with quality issues. Similarly, access to healthcare remains inadequate, with 80 million people lacking sufficient coverage. This disconnect between demographic potential and development infrastructure is mirrored in cumulative public expenditure on education and healthcare, which stands at 2.5 % of GDP – significantly lower than the 10 % benchmark in upper-middle-income countries. Both Vision 2041 and the World Bank reports accentuate the urgency of bridging these gaps, emphasizing that investing in quality education, healthcare, and skill development is essential for harnessing the full potential of Bangladesh's demographic dividend and transitioning to a knowledge-based, inclusive economy.

Chapter 8

Key Recommendations

Five fronts to facilitate Investments between the two countries

Collaboration, Implementation & Governance

- Form a joint committee led by high officials/ minister in charge of trade & investment
- Identify priority areas and sectors jointly
- Increased collaboration in project design & development
- Prioritize policy implementation and respect commitments
- Maximize spillovers and social benefits
- Policy and strategy for greater SME participation in the supply chain

Public Sector engagement

- Establish a one-stop-shop system for land allocation
- Further streamline permits, and services specific to Saudi investors to simplify processes and reduce delays.
- Facilitate regular meetings and dialogues to address pressing issues

Fine tune investment policies & incentives:

- Offer targeted tax breaks or holidays for specific sectors or project types
- Discuss with Saudi investors to identify which incentives would be most effective in encouraging their investments
- Review and simplify investment policies and business regulations to enhance transparency and make them more investor-friendly.

Design a focused investment promotion and retention strategy

- Quick implementation of priority reforms: next one year
- Demonstration effect of reforms
- Efficient and proper investment after-care

Further facilitate the establishment of investment through strategic enablers

- Offer strategic enablers, including access to government-owned land under favorable terms
- Expedite approved projects
- Invest in necessary infrastructure
- Provide end-end support for Saudi investors

Key Reform Opportunities for Trade Facilitation

Effective Governance of Logistics Sector

- Constitution of Nodal Agency/Champion Ministry/Department for logistics
- Formulation of National Logistics Policy/Strategy
- Development of co-ordination framework, review, and monitoring
- Implementation of mechanism for sector review & monitoring framework
- Promoting PPP for the development, operations & maintenance of infrastructure
- Implementation of a Single Window for Trade, Transport & logistics

Efficient Border Clearance

- Digitization of Customs
- Exploring the presence of OGAs at trade gateways
- Strengthening Authorized Economic Operator (AEO) Programme
- Relaxing restrictions on import & LCL containers/cargo to be handled at off-docks
- Development of One Stop Border Posts for land-based trade in the medium term
- Operationalize E-maritime single window

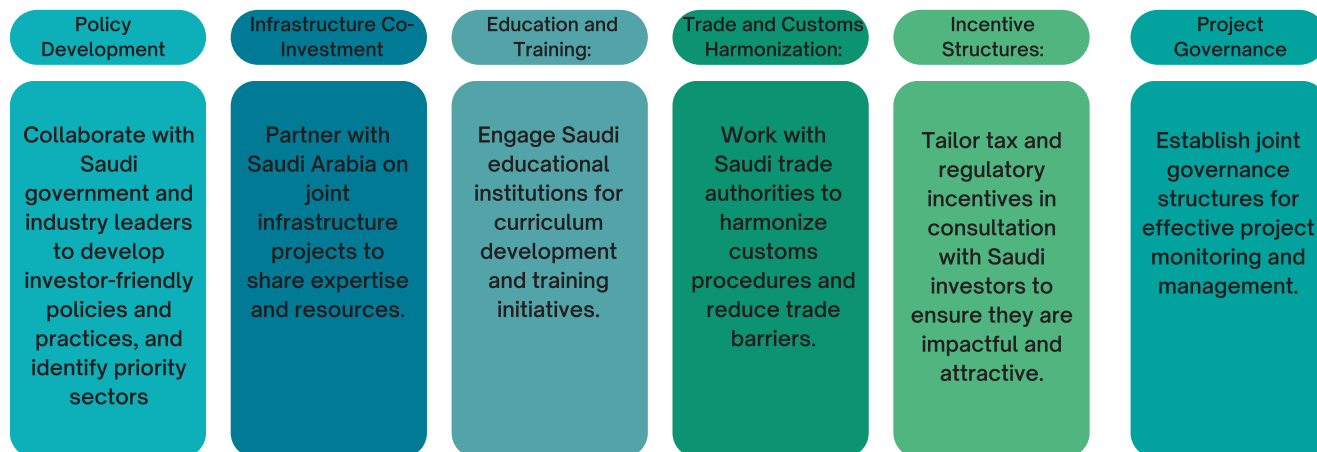
Innovative and Long-term Finance for Logistics Development

- Credit Guarantee Mechanism for Transport and Logistics Operators; inclusion in priority sector (for IWT)
- Vehicle Scrappage Policy incentivizing fleet renewal and high-capacity vehicles
- Policy for promoting private sector participation in railways – Terminal Facilities and Wagon Ownership/Investment


Transitioning to More Efficient Ports and Hinterland Connectivity

- Tariff review for land ports & seaports (demurrage and storage)
- Gradual adoption of the landlord port model
- Promoting the development of Off-dock facilities through a conducive policy environment
- Promoting inland containerization by an expansion of rail ICD/terminal capacity and relaxing customs regulations requiring bank guarantee for movement of empty containers
- Enhancing Climate Resilience of New Ports and Logistics Infrastructure


Priority Focus Areas to Enhance BD-KSA Economic Relationship




Broader Policy Reforms for Sustained Capacity and Competitiveness




Improvement in regulatory environment for businesses:
 Modernizing archaic laws (e.g. Companies Act, Bankruptcy Act, tax polices), strengthening contract enforcement (ADR), faster disposal of commercial cases, business taxation, and strengthening regulatory governance through the introduction of systematic tools such as RIA



Strengthening Export Competitiveness through broad based Global Value Chain capabilities:
 Reducing average rates of protection and harmonizing tariff schedules across all intermediate and final goods, adopting a national environmental and social compliance framework, efficient trade facilitation



Improve efficiency and availability of clusters for industrial development:
 Cooperation with private firms to develop 'plug and play' industrial zones with R&D facilities, waste disposal and recycling facilities, investment in logistics infrastructure, clean energy



Focus on skill building and encouraging firms to engage in incremental innovation and investing in R&D

Recommendations for Enhancing Broader Investment Climate & Investors' Confidence (1/3)

Investment Climate Area	Recommendations	Leading Institutions	Time Required
Business Regulations	<ul style="list-style-type: none"> Modernizing archaic laws such as the Companies Act 1994, Competition Act 2012, Intellectual Property Rights (IPR) framework, and Import and Exports Control Act 1950 	Ministry of Law, Justice and Parliamentary Affairs, Ministry of Finance, Ministry of Commerce	Medium-Term
	<ul style="list-style-type: none"> Utilization of new generation promotion mechanisms by Investment Promotion Agencies. 	PMO, BIDA, BEZA, BHTPA, PPA, and BEPZA	Short-Term
	<ul style="list-style-type: none"> Increase overall coordination among stakeholders (G to G, G to B & B to B) 	MOFA, MOC, BIDA, BEZA and PMO	Short-Term
	<ul style="list-style-type: none"> Develop Standard Operating Procedures (SOPs) to reduce the regulatory burden and bring predictability in regulatory service delivery. 	BIDA, BEZA, BHTPA, PPPA and BEPZA	Short-Term
	<ul style="list-style-type: none"> Introduction of systemic methods such as Regulatory Impact Assessment (RIA) and Feedback Loop to improve regulatory service delivery. 	Ministry of Law, Cabinet Division, BIDA	Medium-Term
	<ul style="list-style-type: none"> Establishing an online portal containing all information relevant to regulatory delivery 	BIDA, BEZA, BHTPA, PPPA and BEPZA	Short-Term
	<ul style="list-style-type: none"> Revitalizing certain laws such as The Company's Act; Review sectoral licensing regulations for priority export and domestic sectors. 	Ministry of Law, Justice and Parliamentary Affairs, Ministry of Finance, Ministry of Commerce	Short-Term
	<ul style="list-style-type: none"> Introducing a system that accommodates innovative business activities and start-ups 	BIDA, ICT Division, Startup Bangladesh Ltd.	Short-Term
Access to Land	<ul style="list-style-type: none"> Introduce and publish a regulatory calendar at the beginning of a fiscal year indicating all upcoming laws for the year. 	Ministry of Law, BIDA	Short-Term
	<ul style="list-style-type: none"> Increasing transparency of the Land Offices and Sub-Registry Offices service by making information on service standards publicly available. Computerizing/digitizing all land records and property title registration. 	Ministry of Land, RAJUK Ministry of Land, RAJUK	Medium-Term Medium-Term

Recommendations (2/3)

Investment Climate Area	Recommendations	Leading Institutions	Time Required
Infrastructure and Logistics	<ul style="list-style-type: none"> Strengthen institutional and implementation capacities with regards to PPPs: Review PPP Law and relevant regulations for more effective implementation. 	PPPA	Medium-Term
	<ul style="list-style-type: none"> Financing infrastructure projects by sovereign bond issuance. 	Bangladesh Bank, PMO, Ministry of Finance, Securities and Exchange Commission	Medium-Term
	<ul style="list-style-type: none"> Developing domestic capital markets and issuance of local currency bonds offshore. 	Bangladesh Bank, PMO, Ministry of Finance, Securities and Exchange Commission	Medium-Term
	<ul style="list-style-type: none"> Selection of Economic Zones should be based on careful feasibility studies and competitive analysis. 	BEZA, PMO	Medium-Term
	<ul style="list-style-type: none"> Develop National Logistics Policy and Masterplan; Allow more ICDs and streamline bonded requirements for various modes of logistics transportation including air shipments; Expedite development of Bay Container Terminal 	PMO, Ministry of Shipping, Ministry of Commerce, NBR, Ministry of Civil Aviation, Railways	Medium-Term
Skills and Productivity	<ul style="list-style-type: none"> The skills eco-system requires several policy and strategic initiatives which are as follows: <ul style="list-style-type: none"> Developing Long-term Skills Strategy/Master Plan/Program Aligning with National Growth Strategies and Projected Key Growth Drivers. Public Private Partnership in the delivery of skills. This is critical in high skills matching and high employment outcomes. Greater business orientation of Private Training Providers. 	NSDA, Ministry of Education, Ministry of Expatriates' Welfare & Overseas Employment, Industry Skills Council	Long-Term

Recommendations (3/3)

Investment Climate Area	Recommendations	Leading Institutions	Time Required
Commercial Dispute Resolution	<ul style="list-style-type: none"> Enforce the mandatory mediation provisions through the adoption of the administering rules to support the implementation and create the necessary infrastructure to operationalize mediation 	High Court Division of the Supreme Court of Bangladesh, Ministry of Law, Justice and Parliamentary Affairs	Short-Term
	<ul style="list-style-type: none"> Establishing time limits for certain stages of court cases and monitoring compliance. 	High Court Division of the Supreme Court of Bangladesh, Ministry of Law, Justice and Parliamentary Affairs	Medium-Term
	<ul style="list-style-type: none"> Amend the Bangladesh Arbitration Act 2001 to improve implementation. 	Ministry of Law, Justice and Parliamentary Affairs	Medium-Term
Trade Facilitation	<ul style="list-style-type: none"> Adopting certain policy measures such as reducing para-tariffs can support in inducing more trade and thus increasing private investment and FDI. 	NBR, PMO, Tariff Commission, MoFA	Medium-Term
Technology Diffusion	<ul style="list-style-type: none"> Reducing the cost of internet connection. 	ICT Division, NBR	Short-Term
	<ul style="list-style-type: none"> Gradually build up Bangladesh's technology extension system to support upgrading in more advanced firms and sectors. 	PMO, ICT Division,	Medium-Term
Access to Finance	<ul style="list-style-type: none"> Implementing a modern resolution framework for distressed assets. 	Bangladesh Bank	Short-Term
	<ul style="list-style-type: none"> Developing local capital markets as a source of long-term finance. 	Bangladesh Bank, Bangladesh Securities and Exchange Commission	Medium-Term
	<ul style="list-style-type: none"> Stimulate the corporate debt market by correct reforms. 	Stimulate the corporate debt market by correct reforms.	Medium-Term
	<ul style="list-style-type: none"> Develop a domestic green bond market to mobilize private capital for climate-related initiatives. 	Bangladesh Bank, Bangladesh Securities and Exchange Commission	Medium-Term



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