

Bangladesh's Shipbuilding Industry in the Blue Economy

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Bangladesh's shipbuilding industry is at the forefront of the nation's blue economy, holding the potential for substantial economic growth. Over the years, Bangladesh has transitioned from a consumer of imported ships for inland routes to a self-reliant producer of both inland and coastal vessels. This transformation is supported by favorable factors such as cost-efficiency compared to neighboring nations and strategic government initiatives.

The shipbuilding sector currently employs a workforce of over 150,000 skilled and semi-skilled individuals, with an estimated two million people engaged in various aspects of shipbuilding. This notable transformation underscores Bangladesh's shift towards self-sufficiency in ship production, a crucial milestone for economic development. Bangladesh's strategic geographical location, with extensive coastlines and abundant maritime resources, positions it favorably to leverage the vast potential of the blue economy. However, the realization of the blue economy's full benefits depends to a great extent on the comprehensive development of shipyards and the shipbuilding sector. The government has rightly declared shipbuilding a priority sector, setting the stage for its future growth.

In the contemporary global economy, the importance of maritime trade cannot be overstated. Approximately, 80 percent of all international trade being facilitated through maritime routes. Bangladesh, holding the 13th position in global shipbuilding, occupies a unique and advantageous position to cater to the ever-growing global demand for vessels. Government-owned dockyards and shipyards, presently overseen by the Bangladesh Navy, are actively engaged in robust initiatives aimed at propelling this potential industry to new heights. Their strategic efforts reflect a concerted commitment to harnessing Bangladesh's shipbuilding prowess to meet the global demand for high-quality vessels. In Bangladesh, prominent industrial conglomerates in the nation have made substantial capital investments in the shipbuilding industry. Privately operated shipbuilding enterprises play a pivotal role in driving the sector's growth and innovation. A discernible trend within the shipbuilding sector is the growing number of shipyards securing recognition for their compliance with rigorous international standards. Presently, an impressive 15 shipbuilding facilities have achieved this distinction. This progressive stride reflects the industry's unwavering commitment to excellence and its adherence to globally acknowledged benchmarks. These shipbuilding factories stand as invaluable assets, bolstering Bangladesh's reputation as a dependable and top-tier producer of vessels on the global arena.

A pivotal moment in Bangladesh's shipbuilding history occurred in 2008 when Ananda Shipyard & Slipways Limited played a seminal role in establishing our nation as a ship-exporting powerhouse. This achievement was marked by the export of the technologically advanced container ship 'Stella Maris' to Denmark. It solidified Bangladesh's position as a ship-exporting nation and opened up new horizons for ship exports from the country, highlighting its capacity to produce world-class vessels. In the past, ships with cargo capacities ranging from three to five thousand tons used to be imported, but there has been a noticeable decline in such imports lately. These vessels primarily serve the purpose of fulfilling local shipping demands through waterways. In response to local and international market demands, numerous shipbuilding facilities have upgraded their capacities to construct vessels with capacities of up to 10,000 tons. Renowned companies such as Ananda Shipyard and Slipways Limited, as well as Western Marine Shipyard Limited, have garnered international acclaim for their expertise in modern shipbuilding practices. These companies exemplify Bangladesh's ability to produce world-class vessels adhering to international standards.

Presently, Bangladesh is home to approximately 200 shipyards and numerous marine workshops actively involved in diverse maritime endeavors. Khulna hosts the nation's primary shipbuilding facility. Nevertheless, the shipbuilding industry largely extends its reach to various regions, including Dhaka, Chittagong, Narayanganj, and Barisal. This decentralized presence facilitates engagement with a diverse workforce and allows for the efficient utilization of resources across the nation. The shipbuilding sector's economic significance is evident through its annual contribution to Bangladesh's revenue, amounting to approximately Tk 15 thousand crores. Furthermore, the nation has made significant strides in the global shipbuilding market, with ship exports totaling around \$200 million. This figure is projected to increase substantially, reaching \$650 million by 2026. These accomplishments underscore Bangladesh's growing stature as a ship-exporting nation.

The prospects for Bangladesh's shipbuilding industry are exceptional. Business leaders opine that by removing barriers and fully capitalizing on its potential, the industry could generate an astonishing \$90 billion in revenue by 2040. This revenue would not only cater to domestic needs but also position Bangladesh as a formidable player in the global shipbuilding arena. The shipbuilding industry serves as the linchpin of Bangladesh's blue economy, a vital factor for the sector's robust and sustainable growth. Bangladesh's cost-efficient shipbuilding, approximately 15 percent lower than neighboring countries, provides a competitive edge in the global market. Nevertheless, it's crucial to acknowledge that the shipbuilding industry operates on a long-term trajectory, requiring unwavering dedication and meticulous strategic planning.

Bangladesh has made significant strides in developing the capacity to construct a wide range of vessels, including frigates. The nation has also gained international recognition for its successful export of shipbuilding textiles to countries such as England, Germany, Norway, Finland, New Zealand, Denmark, the United Arab Emirates, Tanzania, Uganda and other countries. This achievement demonstrates the versatility and global appeal of Bangladesh's shipbuilding products. Despite these commendable achievements, the shipbuilding process presents distinctive challenges, notably related to its time-intensive nature, which often spans two to three years. This prolonged timeline can, at times, introduce complexities in securing necessary financing. Furthermore, the shipbuilding sector faces substantial hurdles associated with the requirement to import the majority of its raw materials due to the underdeveloped local back-end industry. Additionally, it's noteworthy that the cost of shipbuilding materials in the global market has more than doubled, further exacerbating the industry's existing challenges.

The shipbuilding sector in Bangladesh holds immense promise, surpassing even the ready-made garment industry in terms of potential. Recognizing this potential, the government has designated shipbuilding as a priority sector for future national development. This strategic decision reflects the government's foresight in nurturing an industry that can significantly bolster the nation's economic growth and international standing.

The shipbuilding sector in Bangladesh is more than a growing industry; it is the backbone of our blue economy, offering unparalleled potential and opportunities. Its growth has been marked by remarkable achievements in ship construction and global ship exports. As we navigate the complexities and challenges of this industry, one thing remains unequivocal: with the right dedication, innovation, and unwavering commitment, Bangladesh's shipbuilding industry will flourish, making a substantial contribution toward realizing the vision of 'Smart Bangladesh' by 2040.

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