

Bangladesh's Foreign Policy and Importance of FDI

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Bangladesh, a country situated in South Asia, has been actively pursuing a foreign policy aimed at promoting peace, stability, and economic development both domestically and internationally. Bangladesh always practices the foreign policy dictum of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman - 'Friendship to all, malice towards none'. Bangabandhu's able daughter, our current Prime Minister Sheikh Hasina successfully implemented the vision of Bangabandhu and uphold Bangladesh's global images by becoming a continuous voice on the issues such as climate change, culture of peace, women empowerment, rights of the developing countries, sustainable development goals, equal opportunity for economic development etc. The Ministry of Foreign Affairs actively engage with the countries and international and regional organizations to get the maximum benefit for Bangladesh.

Bangladesh's foreign policy is guided by several key objectives that contribute to the country's overall development. Firstly, Bangladesh aims to safeguard its national interests by ensuring regional stability and security. The country actively engages in diplomatic efforts to build strong bilateral and multilateral relations with neighboring countries and the international community. Secondly, Bangladesh seeks to promote international and regional cooperation through organizations such as United Nations, Organization for Islamic Cooperation (OIC), Commonwealth, World Trade Organization (WTO), the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), ASEAN Regional Forum (ARF) etc. These platforms provide opportunities for political dialogues, economic integration, trade facilitation, and the exchange of ideas and resources. Additionally, Bangladesh pursues an active role in global affairs, advocating for the interests of developing countries and participating in international forums. The country supports peacekeeping missions and contributes to humanitarian efforts worldwide. Bangladesh's foreign policy objectives aim to establish the nation as a responsible global player while addressing its domestic needs and aspirations.

In the Foreign Ministry, we are actively engaged in two broad areas of diplomacy – Public Diplomacy and Economic Diplomacy. Public diplomacy works include improving the brand image of Bangladesh in the global sphere, establishing Bangladesh Brand theme, increase people to people contact both in home and abroad, disseminating information about the work of the Foreign Ministry and its 81 Missions, and work against any propaganda activities that are harmful for Bangladesh. In the economic diplomacy part, we are involved with five categories of activities – increase the export earnings of Bangladesh, export product diversification, attract significant amount of foreign direct investment every year, transfer of technology in the Bangladesh's industrial and service sectors and ensure suitable employment for our expert manpower in the global and regional institutions/industries/service sectors and provide quality services. For completing and monitoring the whole gamut of economic diplomacy, we have established a separate International Trade, Investment and Technology Wing in the Ministry. This Wing wholeheartedly work on the economic diplomacy areas to ensure maximum economic benefit for Bangladesh.

One of the key components of economic diplomacy is Foreign Direct Investment (FDI) which plays a pivotal role in Bangladesh's economic growth and development strategy. It serves as a catalyst for job creation, technology transfer, infrastructure development, and the overall enhancement of productive capacities. FDI contributes to the diversification of industries, boosts export potential, and helps attract foreign expertise and knowledge. FDI inflows have a significant impact on the economy by providing a steady source of capital, which can be utilized for investment in critical sectors such as manufacturing, energy, telecommunications, and infrastructure. This inflow of foreign capital strengthens the domestic investment base, stimulates economic activities, and creates employment opportunities. Furthermore, FDI brings along technological advancements and managerial expertise, which can have a transformative effect on local industries. Foreign investors often introduce modern production techniques, research and development capabilities, and efficient management practices, leading to increased productivity and competitiveness. Several factors contribute to the attractiveness of Bangladesh as a destination for foreign direct investment. Understanding these factors helps identify the country's strengths and opportunities for further improvement.

Stable Macroeconomic Environment: A stable macroeconomic environment is a crucial factor for attracting FDI. Bangladesh has demonstrated macroeconomic stability with steady economic growth, low inflation, manageable public debt, and a stable exchange rate in the last 14 years. The Awami League government's prudent fiscal policies and sound monetary measures have instilled confidence in foreign investors. In the last couple of years, we see an uprising trend of FDI in Bangladesh.

Investment Incentives and Policies: Bangladesh offers a range of investment incentives and policies to attract foreign investors. These include tax holidays, duty exemptions on capital machinery imports, reduced tariffs on raw materials, and repatriation facilities for profits and dividends, avoidance of double taxation, foreign investment guarantee, etc. Additionally, the government has implemented a "One Stop Service" to streamline administrative processes and provide faster approvals for investment projects.

Infrastructure Development: The government has made substantial investments in infrastructure development, including roads, ports, power plants, digitalization, Hi-Tech Parks and special economic zones (SEZs). These initiatives aim to improve connectivity, reduce transportation costs, and provide dedicated areas for foreign investors. We have constructed the Padma Bridge, the Metro Rail network in the mega city Dhaka, the Karnaphuli tunnel under the river, the Nuclear Power Plant, and all the main highways of Bangladesh have been upgraded to four lane capacity. The government also takes many other infrastructure projects to improve the overall connectivity across the country. Bangladesh is well connected with the neighboring countries through roads, rails and air network.

Sheikh Hasina's government already declared to establish 'Smart Bangladesh' by 2041 and take necessary policies to develop Smart Citizen, Smart Economy, Smart Government and Smart Society. To make this vision of Prime Minister successful, we need to upgrade our activities and way of doing work to a new high so that we can be able to compete with the fast-changing world. My Ministry has already work on practicing Smart Foreign Policy which will be more focused on ensuring the national interest of Bangladesh and increasing the trade and business capabilities. Smart Foreign Policy of Bangladesh will use the frontier technology tools to carry forward our diplomatic work. Foreign Ministry and its 81 Missions are well prepared to take the challenges of this time and the time ahead. Together we will achieve our goals to become a developed state by 2041.

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