

MATARBARI

The island where Bangladesh is building its economic future

Close to the sandy beach town Cox's Bazar, Matarbari offers advantages over Bangladesh's existing ports in Chattogram, Mongla and Payra.

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Life on Matarbari island revolved around the sea, salt and shrimp even several years ago. Days used to begin slowly, with waves rolling on the shore and the sun rising over the hills. That quiet scene has now been replaced.

Today, plumes of smoke rise from the chimney of a coal-fired power plant, drifting above salt fields that still cling on.

The island, part of Moheshkhali upazila in the southeastern district of Cox's Bazar, is being transformed into a hub for power, ports, logistics and manufacturing for Bangladesh, a \$460 billion economy in South Asia.

The plan promised better connectivity, energy security and industrial development with Japan as a long-term partner.

In 2019, the Maheshkhali-Matarbari Integrated Development Initiative (MIDI) was rolled out, centred on a deep-sea port designed to handle rising volumes of containers and cargo from mother vessels.

This July this year, the interim government gave the project fresh momentum by issuing an ordinance to form the Moheshkhali Integrated Development Authority (Mida). Its task is to prepare a master plan covering ports and logistics, industry and manufacturing, energy, fisheries



PHOTO: KABBO SAWRAB

Potential hubs in Moheshkhali-Matarbari area



Deep-sea port & logistics hub

Matarbari has 16+ metre draft, can handle large ships
4.9 million TEUs container capacity
16-39 million tonnes bulk cargo capacity
Likely to handle 25% of bulk and 36-43% of container traffic by 2041
Expected to reduce shipping costs by 20-35%, save time
Reduced cost and lead time to boost export competitiveness
Direct impact on GDP by 2041: \$1.6b
Direct jobs by 2041: 7,200



Manufacturing hub

Possibility of establishment of 7 economic zones
Potential sectors: Steel & cement, food processing, petrochemicals & polymers, fertiliser, auto and electronics
Investment potential: \$18-\$20b
Likely to contribute 10% to national manufacturing output
Likely exports by 2041: \$7.6b
Potential of direct impact on GDP by 2041: \$52b
Projected to create direct jobs: 150,000



Power & energy hub

Likely power generation capacity by 2041: 156GW
Expected to supply 20-30% of national power demand
LNG import capacity: 2,000m cubic feet/day
Petroleum import capacity: 4.5m tonnes/year
LPG import capacity: 1m tonnes/year



Economic impact by 2041

Total envisioned investment: \$60-65b
Govt: \$15-16b
Private investment: \$47-48b
Foreign direct investment: \$4.8b
Contribution to GDP by 2041: 6%



Risks & challenges

Global fuel price volatility
Growing regional port competition
Skilled labour & industrial ecosystem gaps

between 8.5 metres and 11 metres, restrict them to smaller vessels.

By contrast, Matarbari's up to 18.5-metre draft will allow ships of up to 100,000 dead weight tonnage and container vessels with 8,000 TEUs to dock directly, according to a 2023 study by the Japan International Cooperation Agency (Jica).

The agency projects shipping cost reductions of 25 to 35 percent, while lead times for garment exports could shorten by around three to four weeks. Cutting reliance on trans-shipment hubs in Singapore and Colombo would save both time and money.

Neighbouring countries stand to benefit too. Nepal and Bhutan, both landlocked, could use Matarbari to access global markets, while India's landlocked northeast could also be connected.

"Matarbari is the only feasible location for such infrastructure. Other sites are limited by geographical and environmental constraints," said Jica's Bangladesh Chief Representative Ichiguchi Tomohide.

Banking on this, the government plans to develop Moheshkhali as an integrated economic hub by making Matarbari port a gateway for Bangladesh.

The deep-sea port will also help decongest Chattogram port for container trade, offering better and more efficient handling facilities, according to Jica.

BUILDING THE PORT

The first phase of the port is already operational, receiving coal for the nearby power plant. Future phases will add container and multipurpose terminals.

In April, the Chittagong Port Authority (CPA) signed a \$500 million contract with Japanese firms Penta Ocean and Toa Corporation to build a 760-metre terminal. Construction is scheduled to begin in September 2025, with operations expected in early 2029.

The full deep-sea port project, mostly financed by Jica, is projected to cost Tk 24,380 crore. A 27-kilometre access road linking the port to the inland network is also under construction by Max Infrastructure and Japan's Tokyo Construction.

According to Jica, the port and its road links could reduce logistics costs by up to 30 percent. By 2041, it could handle 36 to 43 percent of Bangladesh's projected container traffic and up to 70 million tonnes of bulk and breakbulk cargo each year.

AN ENERGY HUB IN THE MAKING

Matarbari is also being prepared as a major energy gateway. Plans are underway for a liquefied natural gas terminal, a liquefied petroleum gas plant, and potentially an oil refinery.

By 2041, Jica estimates that the

Integrated Development Initiative could process daily imports of 2,000 million cubic feet of LNG, two million tonnes of LPG a year, and up to 20 million tonnes of petroleum oil and lubricants.

However, Bangladesh has already scaled back its earlier ambition of building 10 coal plants in the area. Once targeted for 20 gigawatts of generation, this has been reduced to 10-15 GW, reflecting a shift in energy priorities.

"We are thinking of this as an energy hub, but there is room to revisit the plan to better align it with our national interests and long-term vision," said Bida Executive Chairman Ashik Chowdhury.

INDUSTRY POTENTIAL

Lower transport and energy costs are expected to make Matarbari attractive to heavy industry.

Jica's 2023 report identified scope for seven economic zones spanning 8,400 acres, ranging from steel and cement to petrochemicals, fertiliser, automobiles, plastics and textiles.

The agency projected investment of \$18-\$20 billion over the next two decades, including \$5 billion in foreign capital. By 2041, the hub could account for 10 percent of Bangladesh's manufacturing output, create 1.50 lakh jobs, and contribute at least 6 percent to GDP.

"The potential for Japanese private investment is substantial, and this initiative can create long-term economic value for the country," said M Masrur Reaz, chairman and CEO of Policy Exchange Bangladesh.

He said new regional supply chain corridors could link Bangladesh with Northeast India and wider South Asia, though significant investment in manufacturing and logistics would be essential.

"The potential for Japanese private investment is substantial, and this initiative can create long-term economic value for the country," added the economist.

RISKS AND CHALLENGES

Despite the promise, experts warn that building a global trade hub will not be easy. Jica projects \$60 to \$65 billion of investment over 20 years, but success depends on the timely delivery of the port, access road and economic zones.

"The recent establishment of Mida is strategically sound, but it is not enough. Creating a new body must be matched with institutional capacity, skilled human resources and clear operating procedures," said Reaz.

"Ultimately, the success of MIDI will depend not just on infrastructure but on inter-agency coordination, investor confidence and long-term commitment. If executed properly, it could position Bangladesh as a central player in South Asia's supply chain

network," he added.

Business leaders also stress the need for private investment.

"The government should open the door for private investors to set up LNG terminals, as public initiatives alone may not be cost-effective," said Mohammed Amirul Haque, managing director of Premier Cement Mills.

He urged the authorities to avoid land monopolies and give priority to basic industries.

CONCERNS AT HOME

The rapid development has brought mixed feelings among residents. Some expect jobs and business opportunities, while others fear displacement and environmental damage.

SM Abu Haider, chairman of Matarbari union, said local residents are yet to feel the impact of the government's development initiatives in the area. "Some residents are hopeful, expecting employment opportunities or business prospects."

But, he said there is frustration, too. On July 28, young people and environmental activists of Moheshkhali staged a protest against the formation of Mida, citing risks to society, livelihoods and future generations.

"Moheshkhali is not just an island, it is a key region rich in natural resources, supporting the lives of around 5 lakh people," said Abdul Mannan Rana, one of the organisers.

He warned that nearly 3 lakh people could be displaced within five years.

Environmental activist Abdul Rashid Manik said coal plants, the deep-sea port and industrial zones had already damaged the island's ecology. Shrimp farming and fishing, once the backbone of the local economy, are fading fast.

"These days, what I see is the giant chimney of the Matarbari coal-fired power plant. The smoke coming out of it is now the air we breathe at dawn," Rana said. "Our lives are becoming harder. Previously, we survived by fishing or farming salt and shrimp. But now those livelihoods are disappearing."

Prof Anu Muhammad, a former economics professor at Jahangirnagar University, questioned transparency.

He said the project's plan was made during the tenure of Sheikh Hasina and was initiated through the use of power.

Jica, however, said its master plans usually undergo consultations and that the MIDI plan would be subject to one before being finalised.

Bida Executive Chairman Ashik Chowdhury acknowledged the concerns. "We will deviate slightly to ensure alignment with local employment needs. It must reflect our economic goals and social realities," he said.

He added that while heavy industry would be part of the plan, labour-intensive sectors would also be prioritised. "Once the basic structure is in place, we will focus on revisiting the original master plan."

FUTURE-READY BANGLADESH

The infrastructures are slowly taking shape, gradually turning Matarbari into Bangladesh's next economic frontier.

But for now, it remains a work in progress. The port, LNG facilities and industrial zones will take years to complete, while the new Mida authority is still in its infancy.

"It is not just about big infrastructure. It is about making Bangladesh future-ready," as Jica Bangladesh Chief Representative Ichiguchi Tomohide put it.



PHOTO: FARUQ AZAM