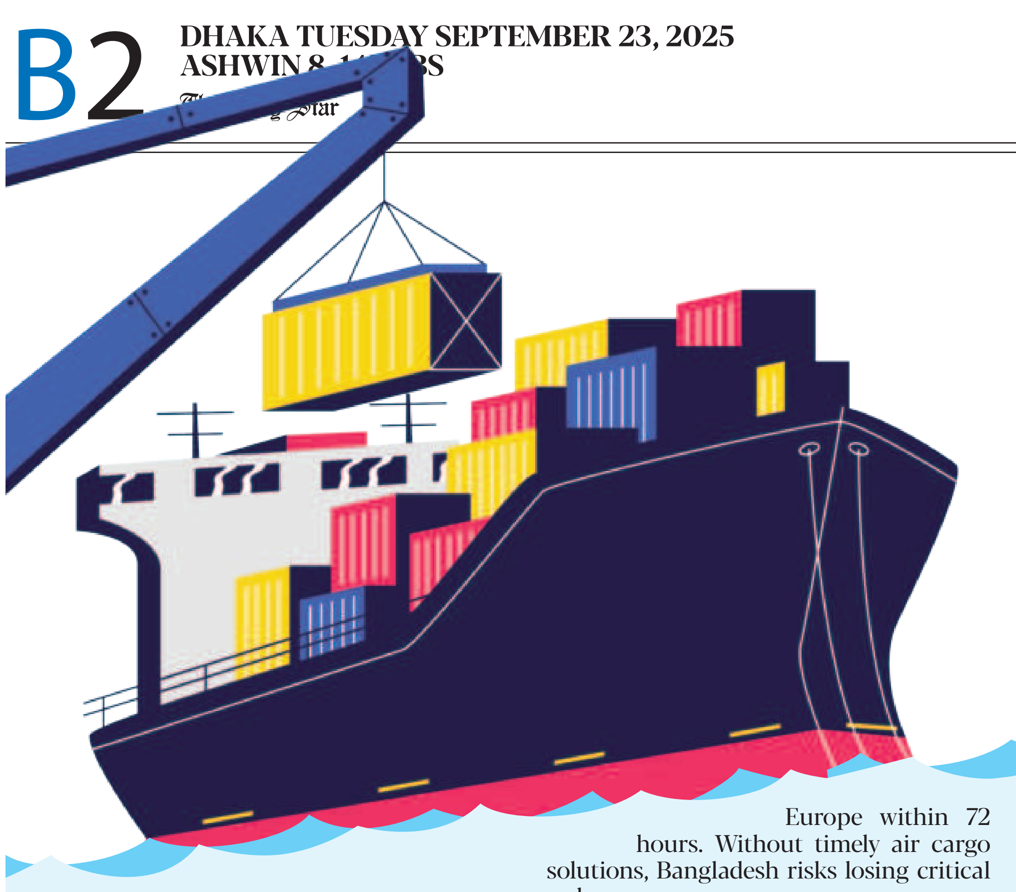


Who recommends LDC graduation

With Bangladesh's graduation from the LDC category raising a reasonable amount of interest, many would like to know which agency recommends that a nation is ready to gain the developing country status.

It is the Committee for Development Policy (CDP), a subsidiary body of the United Nations' Economic and Social Council (Ecosoc).

The CDP reviews the status of LDCs, or low-income countries and monitors their progress every three years based on—Gross National Income (GNI) per capita, the Human Assets Index (HAI), and the Economic and Environmental Vulnerability Index (EVI), as well as additional country-specific information.

Based on the reviews, the CDP recommends to the Ecosoc and the UN General Assembly which countries should graduate from the list of LDCs, where there are now 44 nations.

The UN body, comprising 24 experts nominated by the UN secretary-general, also monitors countries that are graduating or have graduated from the LDC list and alerts Ecosoc to any sign of deterioration in their development progress.

Established in 1965, the UN body meets once a year and subsequently submits its report to the Ecosoc. Its first chair was Nobel Laureate Professor Jan Tinbergen.

ROUNDTABLE 2

SMART LOGISTICS FOR COMPETITIVE PRIVATE SECTOR

Logistics emerges not as a secondary issue but as the very foundation of competitiveness. Without reforms, the country risks losing its edge in ready-made garments (RMG) and other emerging sectors. With reforms, Bangladesh can transform logistics from a drag on competitiveness into an enabler of growth and diversification.

Logistics in Bangladesh today is beset by inefficiencies. Costs are high—15-20 percent of product value compared to 8-12 percent in India and Vietnam. Ports are congested, roads overburdened, waterways underutilised, and rail almost ignored. Customs and regulatory systems remain cumbersome and fragmented. These structural weaknesses, coupled with looming external pressures such as higher tariffs in the EU and US, mean that unless Bangladesh addresses logistics head-on, its competitiveness will erode. The following roadmap sets out the current state of logistics, immediate priorities, medium-term reforms, and long-term strategies, supplemented by both international and local case examples.

The current state of logistics

Bangladesh's exporters are under pressure on multiple fronts. The United States has already imposed tariffs of 20 percent on certain Bangladeshi exports. Once LDC benefits expire in 2026, duty rates in the European Union could rise by 9-12 percent. These additional costs cannot be absorbed without significant efficiency gains. Yet the logistics system remains ill-prepared to deliver them.

The country ranks 88th on the World Bank's Logistics Performance Index, 334th on the Container Port Performance Index for Chattogram port, and 176th on the former Trading Across Borders index. These numbers reflect real, daily challenges. Chattogram port requires four days to handle a vessel, compared with less than a day in Singapore. Export cargoes take four to five days to clear, while imports take eight to eleven. Each day lost translates into orders missed, contracts delayed, and competitive advantage eroded.

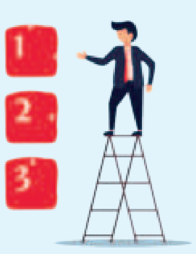
The reliance on roads is another weakness. Over 80 percent of freight is moved by road—the most expensive and least efficient option. Rail carries just 4 percent of goods, while waterways account for 16-17 percent, far below potential. Industry data shows that road transport costs Tk 8 per tonne per kilometre, compared with Tk 2 by water. Rail is equally inefficient: costs stand at Tk 9 per tonne per kilometre in Bangladesh compared with Tk 2 in India. The consequences are stark. In the cement industry alone, logistics accounts for nearly half a billion dollars annually, much of which could be saved through better use of waterways and rail.

Air logistics presents its own challenges. Hazrat Shahjalal International Airport, the country's main hub, handles 400-500 tonnes of imports and 600-700 tonnes of exports daily. Yet congestion remains acute. At times, backlogs rise to 1,500 tonnes, forcing cargo to be stored in the open, at risk of damage. While Biman Bangladesh Airlines has introduced new systems and activated Sylhet as a second cargo hub, inefficiencies persist. International buyers, particularly in the RMG sector, expect shipments to reach Europe within 72 hours. Without timely air cargo solutions, Bangladesh risks losing critical orders.

Underlying these inefficiencies is weak governance. Logistics is split across multiple ministries and agencies, with overlapping mandates and little coordination. Regulatory reforms have stalled for years. Policies on air freight stations, regulated agents, and bonded warehouses have been discussed but not implemented. The result is a fragmented, inefficient system unable to meet the demands of modern global trade.

Immediate priorities: 12-18 months

The most urgent priority is governance reform. Bangladesh must establish a National Logistics Authority under the Ministry of Commerce to provide a single point of accountability. This body should be empowered to coordinate across ministries, implement reforms, and monitor progress. A "war room" approach—regular reviews involving both government and private sector stakeholders—would help overcome inertia and ensure accountability.



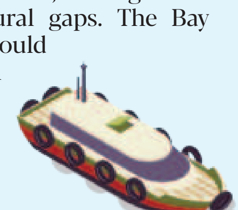
Operational reforms at Chattogram Port should aim to reduce vessel turnaround time from 13 days to under 5 days. Importers should be required to move containers quickly, supported by expanded off-dock facilities. Customs procedures must be digitised and automated, reducing delays and opportunities for arbitrary intervention. Introducing competition in lighterage services would lower costs by breaking existing monopolies.

Multimodal transport expansion should be another immediate goal. Dredging key waterways, investing in navigational aids, and piloting night navigation would increase the share of freight carried by river. Rail connections between Dhaka and Chattogram should be prioritised, with container-specific wagons and freight-friendly scheduling. These measures could reduce logistics costs by up to 75 percent in sectors like cement and bulk commodities.

Air cargo reforms are equally urgent. Reducing free storage times from 72 hours to 24 at airports, ensuring redundant EDS scanners, and operationalising transit cargo handling in Dhaka would ease congestion and improve reliability. With Terminal 3 due to open, new SOPs should reduce cargo dwell times to six hours and aircraft turnaround to two, putting Bangladesh closer to international standards.

Finally, digitalisation must be accelerated. The national single window system should be fully integrated with port and customs platforms, while freight-matching apps can reduce inefficiencies in trucking, eliminating unnecessary intermediaries.

> "The private sector is already investing in warehouse automation and digital processes. But competitiveness also depends on national infrastructure -- ports, airports, waterways."
>
> **Md Mahbub ur Rahman** CEO, HSBC Bangladesh



Mid-term reforms: 3-5 years

In the medium term, Bangladesh must address structural gaps. The Bay Terminal project should be completed with the participation of global operators such as PSA and DP World. Experience from Singapore, India, and Sri Lanka shows that private management of terminals increases efficiency and competitiveness. Inland container depots and freight stations should be established in Dhaka, Gazipur, and Narayanganj, with customs clearance facilities linked to rail lines.

Regulatory reform is essential. The century-old Railway Act must be updated to allow private investment in rail infrastructure and logistics services. Policies on bonded warehouses and Air Freight Stations must be finalised and implemented. Chattogram Port should move from a "tool port" model, where government manages operations, to a "landlord port" model, where the state retains ownership but private operators manage daily operations.

Human capital development is also critical. A centralised logistics authority should support the establishment of training centres and certification programmes. Skilled personnel in customs, port management, and freight forwarding are essential to sustaining reforms. Reducing dependence on foreign experts is both a cost-saving and a capacity-building priority.

Medium-term reforms should also focus on sustainability. With the European Union's Green Deal and similar initiatives reshaping global value chains, Bangladesh must align its logistics practices with international standards. Promoting fuel-efficient trucking, incentivising clean vessels, and introducing carbon reporting for logistics companies will ensure competitiveness in sustainability-conscious markets.

Long-term vision: 5-15 years

Bangladesh's long-term vision should be to position itself as a regional logistics hub. Its geography—situated between South Asia and Southeast Asia, with proximity to India, China, and ASEAN—offers a natural advantage. To leverage this, the country must build world-class port infrastructure, seamless inland connectivity, and robust cross-border trade systems.

Matarbari Deep Sea Port will be central to this strategy. Complementing Bay Terminal, it will enable larger vessels to call and integrate Bangladesh into global shipping networks. However, without proper hinterland connectivity and integration into a broader logistics master plan, its potential will be limited.

Cross-border land ports with India, Nepal, and Bhutan must be modernised with automation, multimodal connectivity, and streamlined customs processes. This would enable Bangladesh to become a bridge between South and Southeast Asia, unlocking regional trade opportunities.

The future logistics system must be digital and data-driven. A national logistics data platform should integrate information across all modes of transport, offering real-time visibility to exporters and importers. Blockchain-enabled trade documentation, automated container terminals, and AI-driven logistics management should be mainstreamed. Emerging technologies like drones and autonomous vehicles could also find a role in specialised niches.

Financing this long-term vision will require diversified strategies. Government-to-government partnerships, supplier financing, international syndicates, and private investment must all be mobilised. A 30-year national logistics master plan should guide investments, phasing projects to avoid overcapacity while ensuring full utilisation of assets.

International case examples

SINGAPORE: A BENCHMARK FOR EFFICIENCY

Singapore's logistics success is the product of governance, technology, and competition. The Maritime and Port Authority of Singapore coordinates all stakeholders, ensuring integration of ports, customs, and logistics providers. The port achieves average vessel turnaround times of less than 24 hours, aided by automation such as automated guided vehicles and fully automated terminals. The lesson for Bangladesh is clear: efficiency comes not only from infrastructure but also from clear institutional responsibility, discipline in process, and openness to competition.

> "Lead time and transit time are now as critical as product cost in the RMG sector, but airport delays, customs hurdles, and poor coordination continue to erode competitiveness."
>
> **Syed M Tanvir** MD, Pacific Jeans

VIETNAM: LEVERAGING MULTIMODAL TRANSPORT

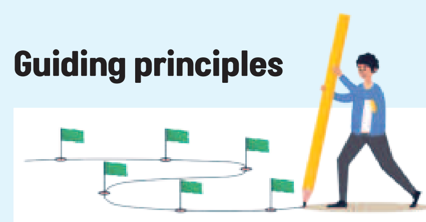
Vietnam has successfully harnessed its waterways and rail systems to reduce logistics costs and dependence on roads. River transport plays a significant role in bulk cargo movement, while rail links connect industrial zones directly to ports. At the same time, Vietnam has proactively pursued free trade agreements, which reinforce the importance of efficient logistics. The integration of customs reform, investment in logistics parks, and multimodal transport has been central to Vietnam's rise as a global manufacturing hub. Bangladesh can draw lessons from Vietnam's ability to maximise existing assets while aligning reforms with trade strategy.

BANGLADESH: LESSONS FROM CHATTOGRAM AND PANGAON

Chattogram port illustrates both the scale of Bangladesh's challenge and its potential. With rankings near the bottom globally, inefficiencies are glaring. Yet reforms—such as reducing dwell times, introducing competition in services, and separating regulation from operations—could deliver rapid improvements. Pangaon Inland Container Terminal, meanwhile, shows how underutilisation often reflects policy rather than capacity. Treated as an extension of Chattogram rather than as a standalone hub, it has failed to reduce congestion as intended. With the right policies, both could become symbols of transformation rather than bottlenecks.

Bangladesh's logistics sector is both a weakness and an opportunity. Left unreformed, it will weigh down exporters with high costs, delays, and missed opportunities. But with bold action, it can become the country's greatest strength, enabling diversification, attracting investment, and positioning Bangladesh as a regional logistics hub. The roadmap is clear: governance reform, multimodal investment, regulatory modernisation, digital transformation, and sustainability. What remains is the political will and institutional clarity to deliver. If achieved, logistics will no longer be a bottleneck but a catalyst for Bangladesh's economic transformation.

Guiding principles



REFORM OF LOGISTICS IN BANGLADESH MUST BE GUIDED BY FIVE PRINCIPLES

- Integration over fragmentation: A single authority should oversee the sector as a whole
- Public-private collaboration: Reforms must be co-created and co-implemented with the private sector
- Global benchmarking: Success should be measured against international standards, not domestic averages
- Accountability and transparency: Progress must be tracked, reported, and enforced
- Resilience and sustainability: Infrastructure and processes must withstand shocks, from natural disasters to global trade disruptions