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After airport fire, govt must rebuild trust

It must implement a fire and structural safety audit in all key economic installations

It goes without saying that the devastating blaze that gutted the import section of Dhaka airport's main cargo village has struck at the heart of Bangladesh's manufacturing sector, perhaps at the worst possible time. The incident threatens to derail peak-season garment shipments for Christmas sales in a global supply chain built on speed. The initial estimate of $1 billion damage in the fire, which industry insiders fear may rise, tells only part of the story, however. This catastrophe is the third blow to business confidence in a week, following fire incidents at factories in Chattogram and Dhaka's Mirpur area, both linked to garment production. Meanwhile, Chattogram port saw a steep tariff increase come into effect, and subsequently a truckers' strike, paralysing the country's main trade artery. That comes on top of persistently elevated inflation, high interest rates, and a 20 percent tariff on exports to the US, Bangladesh's largest market.

The crisis set off by the airport fire extends beyond garments. The pharmaceutical industry, reliant on temperature-sensitive, time-bound raw materials from abroad, faces production disruptions. Losses are also mounting in telecoms, with consignments of high-value mobile components worth millions reduced to ash.

In response, industry leaders and the government said they were in emergency mode. The Bangladesh Garment Manufacturers and Exporters Association has secured temporary warehouse space and urged members to clear imports within 36 hours to ease congestion. The government has ordered the cargo village to operate 24/7. Whether these palliative measures will suffice remains to be seen. The deeper question, though, is not what caused the fire, but how resilient Bangladesh's supply chain really is. This demands a fundamental reassessment of the regulatory systems meant to protect our economic assets.

The government must move expeditiously to avert a repeat of such failures. To restore confidence, the first priority is to provide tangible support to the business community—through a streamlined process for registering losses and expediting insurance settlements. Moreover, the investigation into the airport fire must be credible and conclusive, addressing the unresolved questions of sabotage versus negligence. Contradictory accounts of the firefighting response demand nothing less.

The more enduring task would be to confront the abysmal state of fire safety that this tragedy has laid bare. A one-off audit of the airport is therefore not enough. Bangladesh needs a mandatory, nationwide fire safety review of all critical economic infrastructure, including ports, EPZs, warehouses, and major factories. The government must then mandate modern, automated suppression systems and enforce a time-bound compliance schedule. Finally, to salvage its international reputation, Bangladesh must communicate its action plan clearly to global partners. A high-level, cross-ministerial task force should be established to oversee this reform agenda, with the mandate not only to manage the crisis but also to harden the nation's economic infrastructure against future shocks.

Legal migration for all workers crucial

Exorbitant cost of migration is taking a heavy toll on our workers

It is most unfortunate that the migration sector continues to be dominated by middlemen despite there being proper government channels for recruitment. According to a recent study by the Ovibashi Unnayan Karmi Programme (OKUP), workers are paying exorbitant fees as most of them migrate through informal channels. Among the 1,084 workers surveyed by OKUP in eight migration-prone districts, 56 percent relied on informal or illegal agents to facilitate their migration to the Gulf countries, while only seven percent reported using licensed recruiting agencies. This highlights the grim reality of the limited accessibility of formal recruitment channels, particularly in rural areas.

Workers have long migrated to Gulf countries under the "free visa" system without any job guaranteed before departure. While the government-fixed average cost for migration to the Middle East is Tk 116,224, workers with free visa have to spend around Tk 499,802 on average. And despite paying nearly five times more than the government-approved cost, 43 percent fail to find work after reaching the destination countries, while many must spend additional money to obtain work permits.

Reportedly, a total of 938,000 workers migrated to the Middle East in 2022. Of them, 57 percent obtained work permits upon arrival, while 21 percent, who initially failed to secure employment, spent an extra Tk 150,000 on average to acquire work permits (iqamas). The OKUP study estimated that Bangladeshi migrants in Gulf countries lost about Tk 30,000 crore in 2022 alone due to unethical and fraudulent recruitment practices under the free visa system.

Another alarming finding is that 72 percent of respondents took loans to cover migration costs, while 11 percent mortgaged their land and six percent sold it. And many of those who returned home without finding jobs were unable to recover their mortgaged land. All this is deeply concerning. Migration experts note that there is no such thing as a "free" visa; under ILO conventions, workers cannot be sent abroad without an employment contract. Yet, many Bangladeshi migrants go without one, leaving them vulnerable to all sorts of exploitation.

We urge the government to take concrete steps to make legal labour migration more accessible and protect our workers from exploitation through strict measures. The recruitment process must be transparent and accountable. Experts also emphasise the need for skill training to prepare our workers for better opportunities abroad. With Saudi Arabia's recent abolition of the Kafala system, we hope the recruitment process for that country will be easier now, while the hardships faced by our workers will be reduced.

Time to move from investment promotion to facilitation

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Earlier in April this year, when the Bangladesh Investment Development Authority (BIDA) organised the Bangladesh Investment Summit 2025, people expected investment to rise overnight. But it did not quite happen. Because what BIDA did was investment promotion, not facilitation. Investors focus on three things: price, predictability, and procedure—and facilitation directly addresses these core concerns, not promotion alone.

While investment promotion is about encouraging investors to come through tax holidays, special zones, or marketing, investment facilitation is about helping investors once they decide toattend summits and invest. What Bangladesh urgently needs now is investment facilitation—the support investors require. Facilitation is about solving real problems on the ground.

Globally, governments focus more on investment promotion than facilitation. A 2017 United Nations Conference on Trade and Development (UNCTAD) study found that between 2010 and 2016, only 20 percent of investment measures targeted facilitation, while 80 percent focused on incentives, special economic zones (SEZs), and investment promotion agencies (IPAs). Bangladesh follows a similar trend; its policies are among the most liberal in South Asia, showing strong openness to foreign capital. Yet, despite these favourable conditions, foreign direct investment (FDI) has not matched expectations. This shortfall stems not from a lack of investor interest but from persistent legal, institutional, and operational barriers.

Another recent study by the Centre for Policy Dialogue (CPD), based on the UNCTAD Action Menu for Investment Facilitation, highlighted that investment facilitation encompasses a wide range of measures designed to make investment processes more transparent, efficient, and predictable for both domestic and foreign investors. It identified six key aspects to assess facilitation performance: (i) regulatory transparency and predictability, (ii) electronic governance, (iii) focal point and review mechanisms, (iv) application process efficiency, (v) inter-agency cooperation, and (vi) responsible business conduct and anti-corruption enforcement.

The on-ground reality indicates a mixed and uneven investment facilitation ecosystem in Bangladesh. If we take a look at the status of investment facilitation in the country, it can be noted that regulatory transparency and predictability are not ensured across sectors. Although laws and transparency mechanisms exist, information is scattered, poorly localised, and often inaccessible. Investors face difficulty understanding procedures and identifying the correct contact points. Across sectors, policy inconsistencies, conflicting interpretations, lack of transparency, and abrupt procedural changes have created an environment of uncertainty that discourages investment.

For instance, in the power and energy sector, the interim government's decision to discontinue the unsolicited process, introduce open tendering, and abruptly halt projects came despite investors already receiving the "go-ahead" and committing resources.

FILE VISUAL: **SALMAN SAKIB SHAHRYAR**

To ensure predictability, policies should remain consistent across regimes, with gradual, well-notified changes. Investor confidence depends heavily on perceptions and market signals; therefore, the government must consider how its decisions shape those perceptions.

Electronic governance is at a poor to nascent stage, with partial and non-functional online systems. Most processes across sectors remain manual or only half-digitised. Investment portals, e-payment systems, and online document submissions are often incomplete or difficult to use. Websites are not user-friendly in design or functionality, reflecting a lack of understanding of user perspectives and limited institutional willingness to improve.

Despite substantial spending, many digitisation initiatives have turned into opportunities for rent-seeking rather than reform. Consequently, investors still visit offices physically and face confusion as different authorities demand varying sets of documents. Moreover, online platforms generally lack effective grievance redress and feedback mechanisms. Thus, digital systems exist but yield little benefit for investors. Ministries managing digital platforms should actively seek user feedback and adapt systems accordingly, learning from global best practices. Recently, BIDA expanded its online One Stop Service (OSS) platform to include land registration services and introduced relationship managers from the private sector as focal points. It has also shown responsiveness to the recommendations of CPD's action guide for investment facilitation in the renewable energy sector.

Focal point mechanisms are minimal and fragmented. From an investor's perspective, focal points are vital for identifying both the right organisation and the specific department or official to contact. In Bangladesh, investors often navigate multiple agencies with little guidance. Even when focal points are established, they are rarely empowered to coordinate across institutions. Without sufficient authority, accountability, and established coordination mechanisms, these arrangements become ineffective.

A recent notable initiative is BIDA's introduction of a dedicated team of relationship managers drawn from the private sector to guide investors throughout their journey—from information-seeking to industrial setup.

Furthermore, application processes are opaque and inconsistent across sectors. During both the business establishment and project implementation phases, investors need multiple licences and approvals. As e-governance is weak, application procedures are not user-centric. Many online forms lack features such as automatic notifications for incomplete submissions or real-time application status updates. Clear timelines are rarely stated, and inter-agency cooperation is inadequate, forcing investors to submit the same documents repeatedly to different offices. Consequently, application processes remain slow, inconsistent, and unpredictable.

Investors should not be left in uncertainty. Clear instructions, timelines, notifications, and regular updates on application status must be ensured. Reducing these uncertainties will make the process simpler, more predictable, and more comfortable.

Cooperation among agencies is limited and still developing. Establishing a business or project requires approvals from several authorities, ministries, regulatory bodies, and BIDA, but poor cooperation prolongs timelines and increases costs. Investors often invest in land or take loans before approvals, and delays directly affect project expenses. BIDA should serve as the central coordination mechanism and the driving force for investor facilitation, as it holds the mandate to manage investor relations and perceptions. It should lead and ensure that investors can access sector-specific guidance without redirection. Government agencies under different ministries should be service-centric and open to cooperation with BIDA and sectoral nodal agencies.

Responsible business conduct and anti-corruption mechanisms exist but are not effectively practised. Bangladesh has ratified international conventions and aligned its legal frameworks with global standards, yet enforcement remains inconsistent. Given that the country will be under greater scrutiny in the international market, following standards and best practices is crucial to gain investor confidence.

To unlock the potential of foreign direct investment, Bangladesh must adopt a phased and concrete reform agenda addressing both structural and procedural bottlenecks. Reforms should be feasible within existing institutional arrangements and designed to strengthen predictability and investor trust. However, BIDA's engagement is necessary but not sufficient. Ministries and agencies responsible for different sectors must act with equal enthusiasm and coordinate closely with BIDA.

For reforms to succeed, a collaborative, transparent, and investor-friendly approach is critical for Bangladesh to attract foreign investment, create jobs, and advance its sustainable energy transition.

We must rebuild an economy that works well for the youth

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When Bangladesh's youth poured into the streets in July 2024, the trigger was a court ruling on job quotas. This was no policy dispute. It was an inevitable eruption—the moment a generation which was promised a future through education finally declared war on the system that betrayed them.

For over a decade, we have been celebrating our "demographic dividend," a youth bulge seen as the engine of growth. Every university degree was supposed to be a step towards prosperity. Yet in 2024, the numbers told an unambiguous tale of failure. Youth unemployment, aged between 15-24, stood at 11.46 percent. Among university graduates, the rate stood at 13.11 percent. Some estimates suggested that one in three graduates remained without work for up to two years.

Moreover, nearly 40 percent of Bangladeshi youth fell into Not in Education, Employment, or Training (NEET) category. The gender divide remained harsh as the female NEET rate was almost 50 percent higher than that of males. Education had been framed as a path to dignity, but became a symbol of exclusion. At its root, the education system was disconnected from market needs. Nevertheless, that cohort of "educated unemployed," digitally connected and deeply frustrated, was the movement's core energy.

Beneath the social unrest lay an economic model that equated growth with success even as its core engines broke down. Bangladesh's GDP looked strong, but its foundations were not. The banking sector was one key cause and symptom of the malady. By early 2025, the non-performing loan (NPL) ratio had climbed to 24.13 percent, meaning nearly one in every Tk 4 lent was unrecoverable. This was no ordinary banking failure—it was money heist in plain sight. The mountain of bad loans stood as a monument to impunity, where connected borrowers drained capital unchecked. With credit to private enterprise drying up, investment stalled. The SME sector was choked by a financing shortfall estimated at $2.8 billion.

Meanwhile, dependence on the RMG sector evolved into a trap. With the industry accounting for about 85 percent of export value, the jobs it offered were low-skill and low-pay, inadequate for a rising class of graduates. Gender exclusion deepened the fracture. Women's workforce participation had risen, but remained concentrated in the garment work, lacking security. The mismatch was stark: talent was being produced for which no roles existed.

The uprising is not supposed to be a passing eruption. The youth, once exalted as Bangladesh's dividend, became its critics. Deprived of economic mobility, they seized political agency.

Meanwhile, as job creation stagnated, living costs continued to rise. Inflation peaked officially at 11.7 percent in July 2024, eroding household purchasing power. Analyses suggested that nearly 28 percent of the population slipped back into poverty. Inequality soared as local studies placed the Gini coefficient near 0.50—a level typically associated with serious social tension.

The uprising is not supposed to be a passing eruption. The youth, once exalted as Bangladesh's dividend, became its critics. Deprived of economic mobility, they seized political agency. And so, in a sandbox where the economy was made to serve politics, sense must prevail and politics must serve the economy.

The foremost priority now for any elected government must be job creation. This starts with financial-sector cleanup. It will require more than just new regulations or reform; it demands the political courage to dismantle the networks of impunity that have protected willful defaulters for years.

Once credit returns, education reform and SME revival must follow in tandem. Education must move beyond theory to build AI and digital skills, applied learning, and university-industry partnerships, backed by a national commitment of at least four percent of GDP. At the same time, closing the $2.8 billion SME credit gap through guarantee schemes and fintech tools can offer the fastest, most inclusive path to employment generation.

This will provide Bangladesh with the groundwork to realistically diversify into value-added sectors, such as ICT, pharmaceuticals, and light engineering, which are capable of absorbing educated labour sustainably.

The July uprising was not a riot; the masses rallied to a simple call—a call for economic justice, which would uphold their right to a brighter future.

Regardless of the failings of current politics, a generation that feels its future is being stolen will not wait quietly. If we answer their call, this chapter in our history may become a turning point. If they are ignored, the next eruption will be louder.

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