Budget has revived focus on blue economy, but there's a lot of catching up to do

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On July 7, 2014, the Permanent Court of Arbitration in The Hague handed Bangladesh the second half of its maritime triumph. Two years earlier, judges at the International Tribunal for the Law of the Sea (ITLOS) in Hamburg had done much the same against Myanmar. Between them, the two awards left Bangladesh with sovereign rights over roughly 1,18,813 square kilometres of the Bay of Bengal, an aquatic territory close in size to the land we already had. Since then, there has been much discussion framing the collective victory as the start of a "blue economy revolution." Twelve years on, however, that promise remains largely untapped.

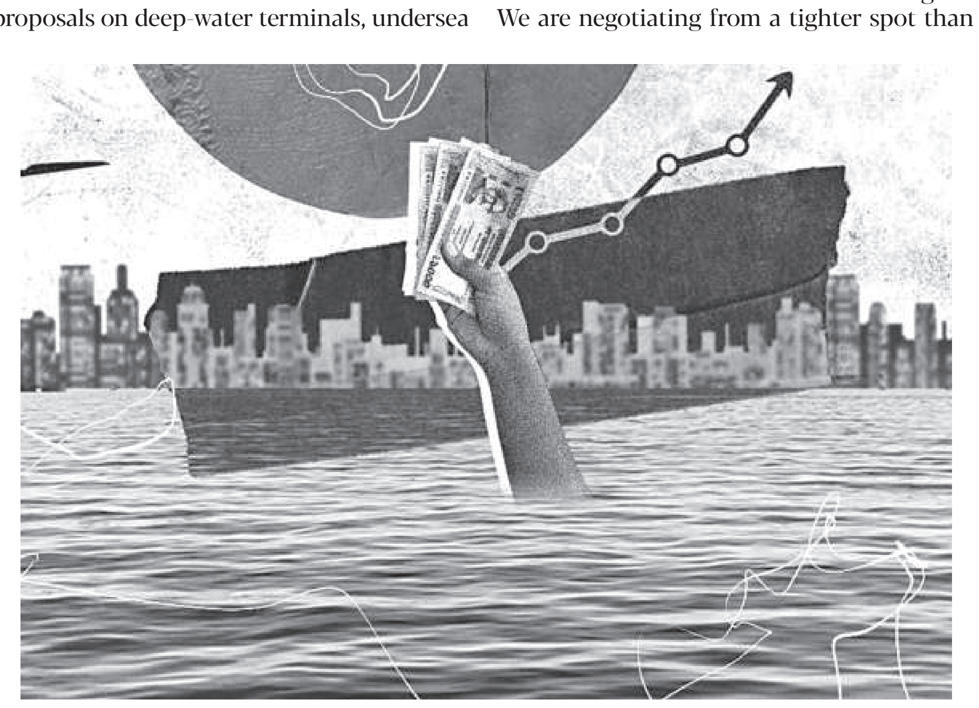
The Blue Economy Cell, established in 2017 to map opportunities in the new maritime estate, identified more than two dozen potential sectors: fisheries, deep-sea hydrocarbons, shipbuilding, salt, marine biotechnology, ocean renewables, tourism. Yet, marine fish catches in FY 2023-24 fell to their lowest level in nine years, at just over 6,28,000 tonnes, and the figure reportedly dropped even further in FY 2024-25. Multiple bidding rounds for deep-sea hydrocarbons have yet to produce a single commercial discovery run by a domestic firm. The marine spatial plan the World Bank flagged years ago as the prerequisite for everything else still sits in draft. Inter-ministerial coordination, divided uneasily among the navy and four civilian ministries, works much as it did before the verdict: indifferently.

Amid these, the proposed budget for the next fiscal year has set aside Tk 200 crore for the blue economy. This includes Tk 100 crore for a new "Blue Economy Research Fund" and Tk 100 crore for development, alongside plans to run commercial vessels for deep-sea tuna, scale up seaweed cultivation, declare new marine protected areas at Kuakata and Salimpur, build a fishing port at Matarbari and upgrade the landing centre in Cox's Bazar. It is a welcome line in the ledger, and an instructive one. For the first time in years, the blue economy has been given not only some significance but also dedicated allocations. But this is only a start. A research fund is not the same as research capacity. The real test will be to see whether this allocation builds the standing human and institutional architecture needed to decide what to do with the sea portions that Bangladesh won.

It is also relevant to look at how the abovementioned cases had been won. For The Hague and Hamburg, the state had spared no expense on counsel. Foreign barristers had been briefed and international advisers retained; a technical record was assembled with care. Unfortunately, to govern the gains, the government has built no comparable bench at home. We have no national maritime commission of the kinds Singapore or Norway use to drive strategy. We have no steady pipeline of marine geophysicists, fisheries economists, or offshore engineers feeding into policymaking. The country that knew to hire world-class counsel to win 1,18,813 square kilometres of sea never thought to hire a local cadre to govern it.

Meanwhile, the sea around us has filled up. In March 2025, India retired the SAGAR framing it had used for a decade and announced MAHASAGAR (Mutual and Holistic Advancement for Security and Growth Across Regions) as the new banner for its maritime engagement, now stretched well past the Indian Ocean. China's Maritime Silk Road has thickened into a steady traffic of port deals, undersea cables and logistics agreements. The US's Indo-Pacific Strategy now binds together security pacts, technology controls, and supply chain initiatives that converge on the Bay. Bangladesh's own Indo-Pacific Outlook of April 2023, a careful and non-aligned 15-point document, was a sensible attempt at staying out of trouble.

But hedging is not a posture; it is a workload. Every port concession, security memorandum, dual-use logistics agreement has to be read against a sovereignty checklist that only the country's own experts can credibly write. When three competing powers arrive at the same time with detailed proposals on deep-water terminals, undersea cable landings, hydrographic surveys, joint exclusive economic zone patrols or rare-earth prospecting, the negotiating table requires not goodwill but specialists who can tell a commercial partnership from a strategic mortgage. We do not have enough of such specialists.



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The real problem is the gap between the complexity of what is offered and our ability to interrogate it. Call it epistemic vulnerability if you like, or call it being out-staffed. It rarely makes the front page. It surfaces, instead, in fine print: in clauses we did not push back on, in side-letters we did not read closely, in strategic doors we left a little ajar because we weren't entirely sure what we were signing.

This gap has only widened, for obvious geopolitical reasons, since August 2024. The political transition effectively cooled the historically close Dhaka-Delhi axis. Across the Naf, and in the waters around Saint Martin's, the Arakan Army's effective control of much of Rakhine State has made the eastern flank of Bangladesh's maritime border one of the most volatile in the region. We are negotiating from a tighter spot than we've had to at any point in time since 2014, but with much the same institutional toolkit we had over a decade ago.

There is, however, one asset we have not yet begun to draw on. Across the International Maritime Organization (IMO), the International Seabed Authority (ISA), major shipping conglomerates, the world's leading naval academies, and a number of well-funded ocean-science laboratories, several hundred Bangladeshis hold senior-level technical positions. Many of them spent years inside the very institutions whose rules now shape our maritime fate. Almost none of these experts is formally connected to Dhaka's policymaking architecture.

This is odd, and out of step with what other countries do. India treats its diaspora as a strategic resource: through Pravasi Bharatiya Divas (a day to recognise the contributions made by Non-Resident Indians), overseas advisory councils, and the quiet practice of seconding civil servants to multilateral bodies. China does much the same through Maritime Silk Road technical networks. Even Vietnam, with less to spend, regularly calls back its IMO and ISA personnel to shape national positions on seabed mining or shipping decarbonisation. Bangladesh, alone among countries with a serious maritime stake, has built no such mechanism. The diaspora's willingness to help is not in doubt; the issue is that institutional response has been silence.

A standing Ocean Affairs Advisory Council, attached to the Prime Minister's Office or a future Ministry of Maritime Affairs, could pair domestic policy officers with diaspora specialists by sector: hydrocarbons, deep-sea mining, port concessions, fisheries, IMO, ISA, and Indian Ocean Rim Association (IORA) negotiations, and maritime law. Its work would be to carry out technical reviews of inbound proposals, mentoring of junior officials, continuous horizon scanning, and so on. Its annual cost would be a rounding error against the Tk 200 crore the budget has just earmarked. A sliver of that research fund, redirected towards the people who would actually read the contracts, would do more for Bangladesh's blue economy than acquiring another vessel. The question is no longer whether Bangladesh will spend on the sea, but whether it will spend to build the people and institutions capable of governing it. Think of it as "intellectual remittance." And unlike the financial kind, this one the state can structure on its own terms.

The lesson of the past 12 years is uncomfortable but plain: winning at a tribunal is not the same as governing the space won. The 1,18,813 square kilometres will go on existing on the map whether or not we do anything about it. Whether this portion of the sea ends up as an economy of our own or becomes a buffer in someone else's calculations will depend on the decisions Bangladesh makes in the coming days and the institutional capacity we choose to build around these decisions.

Budget 2026-27 exposes gaps in renewable energy rollout

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Those in power often express a strong commitment to renewable energy transition, but this commitment is not adequately reflected in the proposed budget for fiscal year 2026-27. The budget appears to disproportionately favour a few specific segments of the renewable energy sector, raising concerns about the inclusiveness and effectiveness of the country's transition strategy.

The government has reduced import duty, regulatory duty, supplementary duty, and advance tax on essential solar power components to zero percent until June 30, 2031. While this initiative is commendable, the benefits are not being extended equally across the solar industry. If the objective is to develop an entire sector, all stakeholders should receive equitable support.

Under the proposed budget, these incentives primarily benefit solar power producers and companies operating under the Renewable Energy Service Company (RESCO) and CAPEX (Capital Expenditure) models, which use Power Purchase Agreements (PPAs) to install and finance solar power in Bangladesh. Large-scale industrial facilities, particularly those in the ready-made garments (RMG) sector, operate under these models, and they account for approximately 20-22 percent of the country's electricity consumption. The Statutory Regulatory Order (SRO) framework—which dictates tax exemptions and mandatory installation policies for solar projects—issued by the National Board of Revenue immediately after the budget, favours only these companies. Thousands of importers, distributors, dealers, retailers, engineering, procurement, and construction firms, and self-financed solar users operating outside the RESCO and CAPEX frameworks have been excluded from these tax benefits. Collectively, these stakeholders contribute significantly to the expansion of solar energy across Bangladesh. Excluding such a large segment of the industry while offering preferential treatment to a limited group of beneficiaries will not facilitate a smooth and inclusive renewable energy transition.

Another major concern is that the proposed budget offers no incentives for solar irrigation, solar street lighting, or Battery Energy Storage Systems (BESS). This omission is particularly alarming given Bangladesh's heavy reliance on approximately 17 lakh diesel-powered irrigation pumps. Every year, substantial amounts of foreign currency are spent on importing diesel fuel. Had the government provided adequate tax incentives and fiscal support to encourage farmers to adopt solar irrigation systems, it could have significantly reduced fuel imports, saved valuable foreign exchange, and strengthened the country's foreign exchange reserves.

The current SRO allows up to six months for testing renewable energy components before approval. Such a lengthy process often delays project implementation and increases costs. Solar industry stakeholders have long demanded that testing procedures be completed within a much shorter timeframe. Unfortunately, neither the proposed budget nor the current SRO introduces any meaningful initiative to address this issue. Furthermore, existing regulations do not require testing for all imported solar components. Mandatory testing currently applies only to projects operating under the net-metering framework, creating inconsistencies in quality assurance and regulatory oversight.

Another long-standing challenge is the weight-based customs assessment system for imports of renewable energy equipment. This outdated approach increases import costs and inflates overall project expenditures. Industry stakeholders have repeatedly urged the government to replace the weight-based assessment system with the internationally recognised transaction-value method. However, no effective initiative has been taken to implement this reform.

The proposed budget also exempts imports of raw materials used in the production of lithium-ion batteries, sodium-ion batteries, lithium-ion battery packs, and related components from duties and taxes. Per the SRO, this will remain effective until June 30, 2028. While this measure aims to encourage domestic manufacturing, the three-year incentive period is unlikely to be sufficient for developing a globally competitive battery manufacturing industry at home. Establishing production facilities, developing technological capabilities, and achieving economies of scale require long-term policy certainty. Therefore, these incentives should be extended for at least 10 years.

There are also concerns regarding the financial mechanisms needed to support large-scale renewable energy investments. Although the government has introduced zero-tax facilities and tax rebates for solar power projects under the RESCO and CAPEX models, the budget does not allocate any additional resources to facilitate the expansion of such projects. Similarly, the budget remains silent on expanding Bangladesh Bank's green financing programme. Bangladesh Bank has increased the size of its green financing scheme to Tk 1,000 crore, but the current loan ceiling of Tk 30 crore remains far below the financing requirements of utility-scale renewable energy projects such as a 10 MW solar park. Moreover, the central bank has instructed commercial banks to provide loans for renewable energy projects at a concessional interest rate of 5 percent.

In practice, however, many investors are unable to access financing at this interest rate. Even obtaining large-scale renewable energy financing from the government-owned Infrastructure Development Company Limited (IDCOL) remains a challenge. High collateral requirements, bank guarantees, and extensive documentation create significant barriers for many investors and companies. Furthermore, concerns persist regarding the transparency and fairness of IDCOL's loan disbursement process, with a relatively small number of firms reportedly receiving the majority of financing support.

To achieve a successful and smooth renewable energy transition, Bangladesh must adopt a more inclusive and comprehensive policy framework. The government should extend the zero percent tax rate on solar power components to all solar industry stakeholders for at least the next five years. In addition, all relevant stakeholders should be eligible for a 5 percent tax rebate on payments made against solar electricity bills, along with full income tax rebate facilities.

The government should also introduce effective financial incentives to encourage farmers to replace diesel-powered irrigation pumps with solar-powered alternatives. Mandatory testing requirements should be extended to all imported solar components, and testing procedures should be completed within one month through a single-window service mechanism.

Finally, Bangladesh Bank's green financing scheme should be expanded further, and stricter monitoring should be introduced to ensure that commercial banks provide renewable energy loans at the prescribed concessional interest rate. Simultaneously, IDCOL's financing procedures must be simplified, made more transparent, and made accessible to a broader range of investors.