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Chinese footprint widens in Bangladesh's economic landscape

JAGARAN CHAKMA

China has spent several decades building roads, bridges, tunnel and power plants across Bangladesh. Now, its focus is expanding.

The strongest evidence suggests it has, and the clearest sign is foreign direct investment (FDI).

China became Bangladesh's second-largest source of net FDI in 2025, accounting for more than 18 percent of total inflows, according to Bangladesh Bank data.

That means nearly one in every five investment dollars entering Bangladesh came from Chinese businesses. Chinese FDI reached a six-year high, while cumulative investment approached $2 billion last year.

In 2025, power attracted the largest share of FDI, receiving $448.18 million, followed by food processing with $410.62 million and textiles and apparel with $360.16 million.

Banking, telecommunications, chemicals and pharmaceuticals, agriculture, leather and information technology also drew substantial investment.

For years, Chinese companies were best known in Bangladesh as engineering, procurement and construction contractors rather than long-term investors. They built landmark projects such as the Padma Bridge Rail Link and the Karnaphuli Tunnel.

Now BB data show their role is changing.

China is increasingly directing capital towards industrial investment, relocating manufacturing and embedding itself more deeply in Bangladesh's production base.

That change is becoming visible across a series of developments which, taken together, point to a new phase in China-Bangladesh economic relations.

The most significant is the long-awaited start of construction of the China Economic and Industrial Zone (CEIZ) at Anwara in port city Chattogram.

First proposed during President Xi Jinping's visit to Bangladesh in 2016, the project remained largely dormant for years despite land acquisition and planning. Following Prime Minister Tarique Rahman's first foreign visit to Beijing in June, it regained momentum.

Designed to attract around $1.3 billion in investment and create more than 1 lakh jobs, CEIZ will be China's first dedicated industrial zone in Bangladesh. More importantly, it marks a shift from delivering infrastructure to establishing industrial production.

Chinese interest is also expanding outside Chattogram.

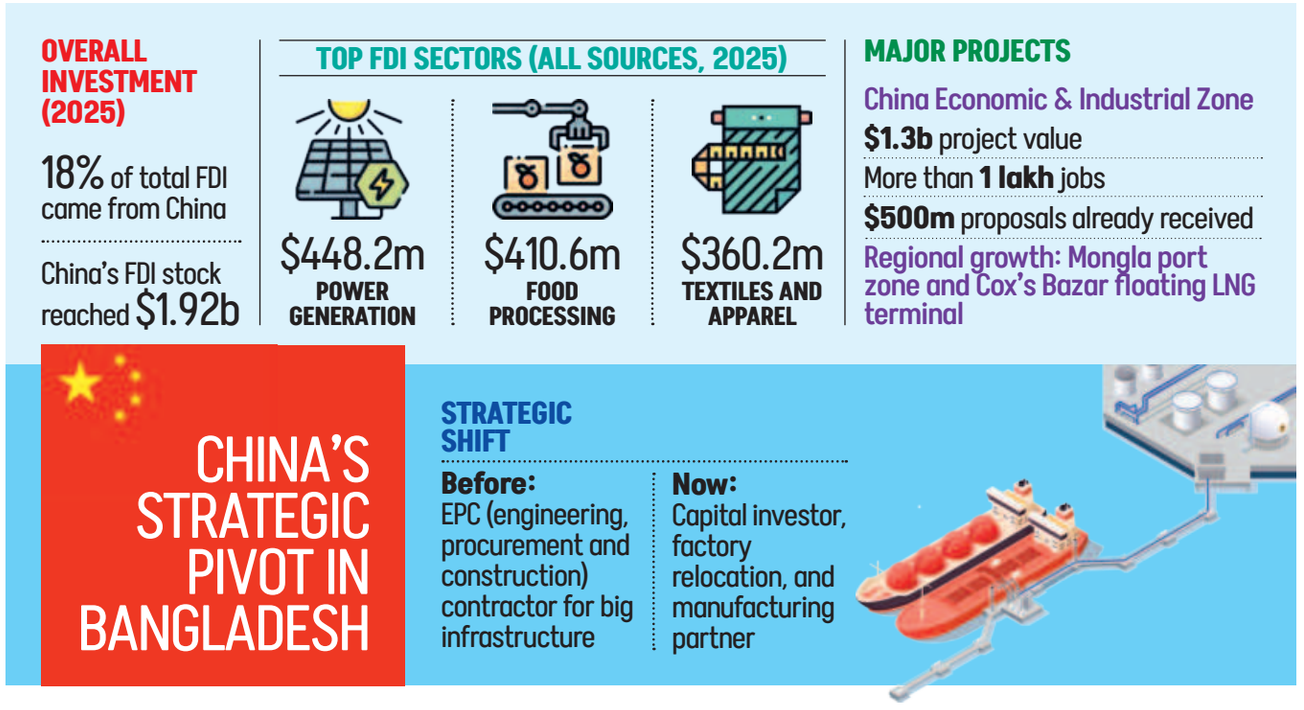
During the prime minister's visit, Dhaka and Beijing signed an agreement to develop the China-Bangladesh Mongla Port Economic Zone in Mongla, an area that had previously featured in India's industrial cooperation plans.

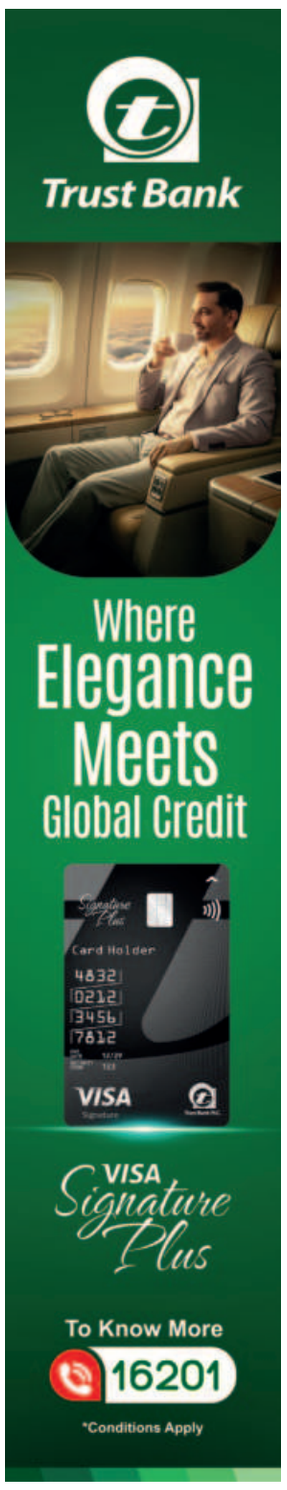
At the same time, Chinese involvement has widened to include port infrastructure, logistics and industrial development. While many of these projects are still at the planning or memorandum stage, together they suggest China is looking to build industrial ecosystems rather than deliver individual projects.

The timing is no coincidence.

As labour costs rise in China and geopolitical tensions reshape global supply chains, Chinese manufacturers are increasingly relocating labour-intensive production overseas. Vietnam and Cambodia have attracted much of that investment over the past decade.

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S Alam closes 11 factories as raw material crisis deepens

Over 5,000 workers lose jobs

STAFF CORRESPONDENT, *Ctg*

S Alam Group has shut down all its factories in Karnaphuli upazila of Chattogram, halting operations in 11 industrial units, company insiders have said.

The shutdown came into effect on July 31, a day after the company published lists of terminated employees on factory notice boards.

The move marks the latest phase of workforce reductions, with more than 5,000 workers and employees losing their jobs over the past two years, company sources said.

The affected factories are S Alam Refined Sugar Industries, S Alam Steel, S Alam Cold Rolled Steels, S Alam Cold Rolled Steels (NOF), Galco Steel, Chemon Ispat, S Alam Cement, S Alam Vegetable Oil Ltd., S Alam Super Edible Oil, Infinity CR Strips Industries, and S Alam Bag.

The notice issued on July 30 said the services of the listed employees would stand terminated with effect from August 1.

The group's factories have remained largely idle because it has been unable to import raw materials, said Rafiqul Alam, deputy general manager of S Alam Refined Sugar Industries

Company insiders said the factories had employed over 5,000 workers and staffers before the closure. Only a small number of personnel, mainly assigned to security duties, will remain at the industrial units, while further staff reductions are planned in the coming months.

The group's factories have remained largely idle because it has been unable to import raw materials, said Rafiqul Alam, deputy general manager of S Alam Refined Sugar Industries.

The company has been unable to open letters of credit (LCs) since the political transition in August 2024, resulting in a prolonged shortage of raw materials and, eventually, the suspension of production, he said.

Despite the production halt, workers and employees had continued to receive their salaries and festival bonuses, Rafiqul added.

The group's business operations have come under increasing pressure since the political transition in August 2024.

Following the fall of the Hasina-led Awami League government, S Alam Group reportedly lost control of banks linked to its business interests, while the Anti-Corruption Commission and other agencies launched several investigations into alleged financial irregularities involving the group and its chairman, Saiful Alam Masud. The allegations remain under investigation.

Dollar continues to gain vs taka

STAR BUSINESS REPORT

The US dollar continues to gain against the taka amid increased demand for foreign currency to clear import bills.

On July 13, the weighted average rate of the greenback hit Tk 123 per dollar in interbank trading. The rate, after remaining steady for three days, began to increase gradually.

On July 30, the taka-dollar exchange rate rose to Tk 123.82 per dollar in the interbank market. On the spot market, the dollar was traded at Tk 123.88 each on the same day, according to Bangladesh Bank (BB) data.

"We are seeing increased pressure for import payments, particularly for the import of fuel and fertiliser by government agencies. Overall, imports have increased too," said a top executive of a private bank.

During the July-May period of FY26, Bangladesh's imports grew 6.26 percent year-on-year to $64 billion. By contrast, exports declined 2 percent year-on-year to $40 billion, according to BB.

Bankers said that although the country received a record $35.5 billion in remittances sent by migrant workers and Bangladeshis living abroad, the inflow has slowed recently as the two major festivals -- Eid-ul-Fitr and Eid-ul-Azha -- have already been celebrated.

"It appears exports are likely to remain dull. The fresh escalation of the war in the Middle East and the consequent spike in oil prices have also raised concerns," said another banker. "It appears that the taka will remain under pressure for some time."

However, there is a flip side. A weaker taka will enhance the competitiveness of exports, bankers said.

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Bangladesh faces higher freight costs amid Mideast conflict

STAFF CORRESPONDENT, *Ctg*

Bangladesh's export sector is facing sharply higher ocean freight rates, largely driven by an escalating conflict between Iran and the US-Israel coalition that has choked shipping through the Strait of Hormuz, according to industry insiders.

However, most garment exporters, who account for the lion's share of the country's total exports, are expected to remain shielded from paying those costs directly, stakeholders say.

Import costs have risen too, though by a much smaller margin.

The Mideast conflict deepened this week, with Iran saying it stopped two vessels trying to leave the Strait of Hormuz and turned back four tankers, following a drone attack on ships at an Egyptian port earlier in the week, Reuters reported.

The US and Israel are reportedly planning strikes on Iran's energy infrastructure, including power plants and refineries, possibly as soon as this weekend, though no final order had been given as of Friday.

RATES FOR MIDEAST TRIPLED

Khairul Alam Suzan, vice-president of the Bangladesh Freight Forwarders Association (BAFA), said freight rates to the Middle East had briefly dropped to $1,400 to $1,500 per container during a ceasefire three weeks ago.

They have since jumped to $5,000 to $6,000.

He also said rates to Europe have climbed from around $4,000 to $5,000 to about $11,000 per container. Rates to Africa are up by another $3,000 to $4,000.

"Freight charges have doubled or even tripled," Suzan said. "Demand for 40-foot export containers remains high, while many containers are stranded in the Middle East because of the conflict."

He said shipping lines have rerouted vessels to avoid the Strait of Hormuz, adding to fuel and insurance costs.

Houthi forces in Yemen have this month also begun threatening the Bab el-Mandeb Strait, the other route out of the Red Sea, adding a second pressure point for shippers.

Industry insiders say shipping companies have cut back on export bookings from Bangladesh as well, leaving exporters and freight forwarders paying more and waiting longer for vessel space — in some cases up to three weeks longer.

GARMENTS SHIELDED, FOR NOW: BGMEA

Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said most garment exporters are insulated from the immediate impact, since 90 to 95 percent of export orders are shipped on Free on Board (FOB) terms.

"Under FOB contracts, exporters bear transportation

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Container ships dock at Chattogram port, which handles the bulk of Bangladesh's seaborne trade. The photo was taken recently.

PHOTO: RAJIB RAIHAN

Women dominate sustainable finance borrowing

STAR BUSINESS REPORT

Women and rural entrepreneurs are leading Bangladesh's shift toward a climate-resilient economy, taking the lion's share of the country's growing sustainable finance portfolio.

Women accounted for 55 percent of the total 10.9 lakh sustainable finance recipients in the first quarter of 2026, outnumbering male borrowers, according to the latest quarterly review report on sustainable finance by Bangladesh Bank (BB), published last week.

The data revealed that over 73 percent of the borrowers are located in rural areas, especially those operating in the small business and agricultural sectors.

The BB said total sustainable finance disbursements topped Tk 100,057 crore during the January-March 2026 quarter.

Micro, small, and medium enterprises (MSMEs) absorbed Tk 36,537 crore, or 36.5 percent of total disbursements. Loans given to sustainability-linked initiatives accounted for nearly 42 percent of the total disbursement.

Banks led the disbursement drive, financing Tk 97,558 crore, while the rest was disbursed by finance companies.

The central bank highlighted the evolving regulatory landscape that has enabled this transition.

"Over time, Bangladesh Bank has established a comprehensive sustainable

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