

Rupali Chowdhury

Predictable policies key to attracting FDI

FICCI President Rupali Chowdhury says implementation matters more than new policies

JAGARAN CHAKMA

Despite its large market and young workforce, Bangladesh trails regional peers in attracting foreign direct investment due to policy uncertainty, weak logistics and unreliable energy, according to Rupali Chowdhury, president of the Foreign Investors' Chamber of Commerce and Industry (FICCI).

Foreign investors increasingly compare Bangladesh with competitors such as Vietnam, Indonesia, India, and Pakistan, where projects move faster, and government services are more predictable, she said in an interview with The Daily Star.

"Investors do not compare Bangladesh with its own past. They compare us with competing destinations," Rupali said.

Her remarks came as FICCI launched its report, FDI for a New Bangladesh: Roadmap for a $15 Billion Vision, which argues that Bangladesh continues to lag behind its regional peers in attracting investment despite decades of economic growth.

The report shows Bangladesh's FDI-to-GDP ratio stood at just 0.29 percent in 2024, compared with 4.23 percent in Vietnam, 1.74 percent in Indonesia and 0.72 percent in Pakistan. It identifies policy uncertainty, logistics bottlenecks, infrastructure shortages, financial sector weaknesses, tax complexity and weak investor protection as the main barriers to investment.

Rupali said logistics remains one of Bangladesh's biggest competitive disadvantages.

"It is not only about roads. It is the entire supply chain," she said, referring to port congestion, traffic bottlenecks and delays in moving goods between Chattogram and Dhaka.

She said these bottlenecks raise transport costs and delay deliveries, undermining Bangladesh's competitiveness. Addressing them requires better coordination among government agencies and sustained investment in transport infrastructure.

Another major challenge is the slow automation of public services.

Rupali said customs, regulatory approvals and other government services still rely heavily on manual processes.

"We need seamless automation," she said. "If manual processes remain, businesses will continue to face delays."

Automation must go beyond online systems by eliminating unnecessary physical interactions, she said. The FICCI report echoes this, citing lengthy approval procedures, overlapping regulations and poor inter-agency coordination as factors that increase costs and uncertainty.

Rupali suggested such reforms be designed and implemented in consultation with businesses.

"We have identified the problems. The government now needs to address them, while involving the private sector because businesses are the end users of these systems," she said.

As an example, Rupali cited the Bangladesh Economic Zones Authority's (Beza) limited authority to ensure supporting infrastructure and utility services in the industrial zones it allocates. "If one agency has to depend on several others to deliver services, investors continue to face delays," she said.

She added that this lack of coordination increases uncertainty for investors planning large manufacturing projects that depend on timely access to utilities and transport infrastructure.

Rupali said reliable energy supply has become one of the first issues raised by prospective investors considering Bangladesh.

"If we cannot assure investors of reliable energy, it becomes difficult to convince them to establish new industries here," she said.

The financial sector is another concern. The FICCI chief said high lending rates have significantly increased the cost of new investments.

"When borrowing costs rise to 14 or 16 percent, businesses naturally become more cautious about making fresh investments," she said.

She also cited exchange-rate volatility as another factor making investment decisions harder, particularly for companies that depend heavily on imported machinery and raw materials.

According to the report, weaknesses in the banking sector, including high levels of non-performing loans and limited access to long-term financing, have further undermined investor confidence.

Despite these challenges, Rupali said Bangladesh retains significant strengths, including a large consumer market, an expanding manufacturing base and a young labour force.

She said global manufacturers are increasingly diversifying production under the "China Plus One" strategy, creating opportunities for Bangladesh to attract new investment.

However, those opportunities will not last indefinitely if competing countries continue to move ahead with reforms, she said.

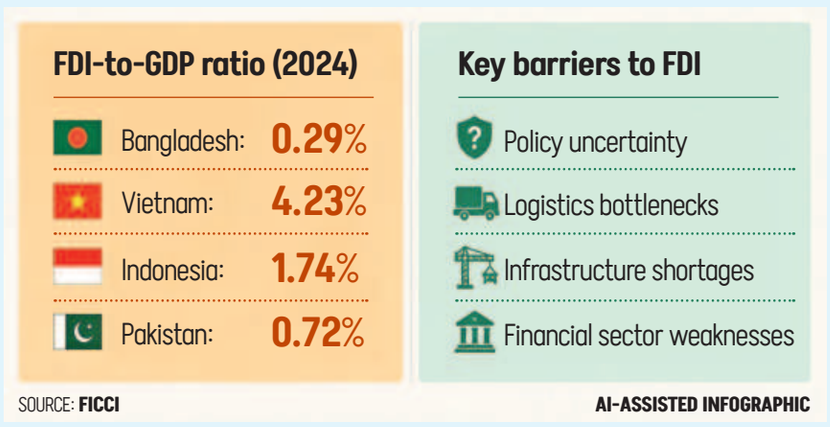
The FICCI report notes that multinational companies now place greater emphasis on policy predictability, efficient logistics, legal protection and institutional quality than on low labour costs alone. It says countries such as Vietnam and India have strengthened industrial policies and logistics networks to capture a growing share of global investment flows.

Rupali said implementation is more important than announcing new policies.

"Bangladesh has many strengths. What investors want now is timely implementation, predictable policies and reliable institutions," she said.

FICCI estimates that, if these reforms are implemented consistently, Bangladesh could increase annual FDI inflows from about $1.7 billion to $15 billion by 2030, raising the FDI-to-GDP ratio from around 0.36 percent to 2.5 percent.

The report says achieving that target will require sustained policy consistency, stronger institutions and closer collaboration between the government and the private sector.



SOURCE: FICCI AI-ASSISTED INFOGRAPHIC

What global companies can do in Bangladesh

MAMUN RASHID

Bangladesh has reached an important stage in its economic journey. It is no longer seen only as a low-cost manufacturing base or an emerging consumer market. With a growing middle class, improving infrastructure and an expanding private sector, it has become a market where global companies can create long-term value while contributing to institutional development. Their role, however, should extend beyond investment, sales and profit. Their greatest legacy should be the transfer of knowledge, governance and leadership.

There is a clear distinction between a foreign company, a multinational enterprise and a truly global corporation. While all global companies are foreign companies, not all foreign companies are global in character. A foreign company may simply sell products in Bangladesh, while a multinational may establish manufacturing or distribution operations, creating synergies at the bottom of the pyramid. A global company goes further by bringing a unified culture of governance, compliance, talent development and risk management that remains consistent across markets. It is this institutional character that creates lasting value for the host economy.

Although Bangladesh hosts relatively few such companies, it has benefited greatly from those that operate here. Global banks, professional, technology and consumer goods firms have introduced international standards in financial reporting, internal controls, customer service, supply chain management and corporate governance. Many professionals trained in these organisations have gone on to lead local businesses, spreading those standards across the economy.

Their next major contribution should be leadership localisation. As Bangladesh's economy matures, more local professionals are capable of leading complex organisations. They often understand the country's regulatory environment, culture and business realities better than expatriates who serve only a few years. Local leadership also strengthens employee engagement, improves stakeholder relationships and signals confidence in the country's talent.



However, appointing local chief executives should not be treated as a diversity initiative. It requires sustained investment in leadership development, cross-border exposure and succession planning. Promising executives should receive regional assignments, global mentoring and cross-functional experience before taking the top job. Leadership cannot be improvised; it must be developed over many years.

At the same time, global companies must protect the principles that define them. Strong compliance, transparent procurement, merit-based recruitment and disciplined credit and investment decisions are not bureaucratic procedures but the foundation of institutional credibility. In emerging markets, where informal influence often competes with formal governance, these principles are even more valuable. A company's long-term reputation depends not only on financial performance but also on its ability to resist nepotism, conflicts of interest and undue external pressure.

Knowledge transfer is equally important. Bangladesh needs more than foreign capital; it needs global capabilities. Companies should invest more in technical training, digital transformation, innovation centres and managerial education. Partnerships with universities, research institutions and professional bodies can help develop globally competitive leaders who remain closely connected to local realities.

Global companies can also strengthen Bangladesh's corporate ecosystem by developing suppliers, supporting small and medium enterprises, promoting environmental sustainability and raising governance standards among business partners. Such responsible practices create positive spillover effects that extend well beyond individual companies.

Bangladesh's ambition to become a higher-income economy will depend not only on domestic entrepreneurship but also on the quality of institutions operating within its borders. Global companies bring decades of experience in building resilient organisations, managing risk and nurturing ethical leadership. Their most valuable investment should therefore not be factories, offices or distribution networks, but institutions that inspire trust, develop capable local leaders and demonstrate that world-class governance can flourish in Bangladesh. That contribution will outlast any balance sheet and become their most enduring legacy.

The writer is an economic analyst.

Oil giants post blowout profits on war

AFP, *New York*

US petroleum giants ExxonMobil and Chevron released blowout profits Friday due to the Middle East war, as executives cautioned that elevated gasoline prices will probably continue to strain consumers.

The US oil giants scored huge profit increases, illustrating that the financial benefits from supply disruptions from the US-Iran war easily offset negative effects at both companies.

ExxonMobil's second-quarter profits more than doubled to $14.5 billion, while Chevron's came in at $12.1 billion, more than five times the level in the year-ago quarter.

But gasoline prices sit above the psychologically important $4 per gallon level, posing political risk to US President Donald Trump ahead of the US midterm elections.

While crude prices are relatively high, executives with the two oil giants emphasized the effects of diminished refinery capacity in the wake of Iran's virtual shutdown of the Strait of Hormuz that has led some plants to shut or reduce runs.

"I wouldn't hold my breath here in the short term," ExxonMobil Chief Executive Darren Woods told CNBC in response to a question about when gasoline prices will fall.

"I think we're going to see prices consistent with what we're experiencing for quite a while yet," said Woods, describing a "disconnect" between crude and gasoline markets distinct from long-term trends.

"We've got to get the Strait opened up and then we've got to resupply the inventories and get things moving," Woods said.

Chevron Chief Executive Mike Wirth described the meager state of motor gasoline inventories as part of broader dearth of refined products supplies that also affects jet fuel and diesel, among other goods.

"We're going to see upward pressure on product pricing here into the third quarter and perhaps beyond that," Wirth told analysts on a conference call.

With revenues of $116 billion, up 42 percent, ExxonMobil pointed to higher oil prices as a factor in its earnings, while emphasizing huge increases in refining margins.

Figures behind the rush for Hormuz oil export alternatives

AFP, *London*

Disruption to shipping through the Strait of Hormuz has prompted oil-producing countries in the Gulf to accelerate plans for alternative export routes, with a series of pipeline projects announced or revived.

Here is a breakdown of the proposals.

REGIONAL PICTURE

A total of 14.95 million barrels per day (mbd) of crude oil was exported through the Strait of Hormuz in 2025, according to the International Energy Agency (IEA).

Iran exported around 1.69 mbd and is expected to continue relying on Hormuz over the long term given its effective control of the waterway, Andrew Wilson of BRS Shipbrokers told AFP.

"Iran is just going to produce as much as it can, ship as much to China as it can. It's not really such an issue," he said.

Of the remaining 13.26 mbd, as much as 11.5 mbd could eventually be rerouted by maximising existing pipeline capacity and completing planned projects, according to official announcements and industry experts.

SAUDI ARABIA

Before the war broke out in late February, Saudi Arabia transported around 2 mbd of crude through its East-West Pipeline linking Abqaiq, near the Gulf coast, with the Red Sea port of Yanbu, according to the IEA.

State oil giant Aramco said in March 2025 it had increased the pipeline's capacity to 7 mbd, leaving up to 5 mbd of spare capacity. Riyadh is also planning a further expansion of up to 2 mbd, according to the US-based Institute for Energy Research (IER).

The IER said it was "unclear" whether this would involve upgrades to the existing line or construction of a parallel pipeline.

The project could potentially be completed by 2030/2031, Wilson told AFP.

UNITED ARAB EMIRATES

Before the conflict, the UAE exported around 1.1 mbd of crude through its Abu Dhabi Crude Oil Pipeline (ADCOP), which links inland oil fields with the port of Fujairah on the Gulf of Oman, bypassing the Strait of Hormuz.

The IEA said the pipeline had a capacity of 1.8 mbd, leaving an additional 0.7 mbd available.

The UAE said in May it was fast-tracking construction of a second pipeline that would run parallel to the existing route before extending to the country's northern coast, allowing crude produced north of Hormuz to bypass the strait.

The project would double export capacity through Fujairah and is expected to enter service next year, according to the Abu Dhabi Media Office.

IRAQ

The US State Department said earlier in July that plans were under way to restore a major pipeline linking Iraq's oil fields with Syria's Mediterranean coast.

Washington is overseeing an international consortium "to execute the technical and financial aspects of this project", which is expected to have an initial capacity of 2 mbd, the department said.

No timetable has been announced, however, and political and investment hurdles risk delaying the project, Wilson warned.

KUWAIT AND BAHRAIN

Neither Kuwait nor Bahrain currently has a pipeline route that bypasses Hormuz.

However, both have recently held discussions with Saudi Arabia on a possible connection to its pipeline network, according to the IER.



Vessels sail at Suru Beach in Bandar Abbas along the Strait of Hormuz. A total of 14.95 million barrels per day of crude oil was exported through the Strait of Hormuz in 2025. PHOTO: AFP/FILE

OpenAI says it has more than 1b active users

AFP, *Washington*

OpenAI announced on Friday that it had surpassed the symbolic milestone of 1 billion active users, less than four years after the launch of its popular chatbot ChatGPT.

"Our models now reach more than one billion active users and more than two million businesses. As people gain confidence in the technology, they use it more deeply," the company said in a blog post.

According to several US media outlets, the San Francisco-based startup had initially expected to reach the milestone earlier this year, after hitting 900 million weekly active users in late February, but faced increased competition from its rivals.

OpenAI was founded in 2015, but did not launch its first consumer product, ChatGPT, until November 2022.

By comparison, it took Facebook six years after launching its social network to reach one billion users.

The figure cited by OpenAI on Friday covers all of its artificial intelligence (AI) interfaces, primarily ChatGPT but also Codex, its model dedicated to AI-assisted programming, as well as ChatGPT Work, a platform that allows users to access other external applications.

Its business customer segment, which generates higher revenue and margins per user, became a priority for the company in late 2025. Since then, it has closed some of the gap with its major rival Anthropic, which focuses on this class of clients.

The emergence of AI agents -- which perform tasks on demand, evaluate their results, and make improvements autonomously -- has sent demand for computing power skyrocketing and caused costs to soar for businesses and developers.