

## **Fifty Years of Bangladesh-Singapore Bilateral Ties: A Landmark Occasion**

Mohammad Masudur Rahman and Divya Murali

### **Summary**

*Bangladesh and Singapore mark 50 years of bilateral ties this year. Singapore is an important trading and strategic partner for Bangladesh. With Bangladesh on the cusp of a new growth journey, it is opportune for the two countries to further strengthen their bilateral economic and strategic relationships.*

This year marks 50 years of diplomatic bilateral relations between Bangladesh and Singapore. Propelled by its growing role in trade and global supply chains, Bangladesh is now one of the fastest-growing emerging economies in the world, having made remarkable progress on its socio-economic front. Singapore is a proponent of free trade, having implemented [27 free trade agreements](#) (FTAs) over the years. It also plays a critical role in global supply chains and logistics.

Over the past five decades, the two countries have shared a cordial relationship and their ties have gradually grown stronger through cooperation in a number of areas.

### **Bilateral Trade in Goods**

Singapore is an important [trading partner for Bangladesh](#). In FY2020-21, it was the third-largest importing partner of Bangladesh, with imports amounting to about US\$2.4 billion (S\$3.23 billion). Singapore's trade surplus with Bangladesh was about US\$2.2 billion (S\$2.96 billion) during that period. The two countries have the potential to further expand trade ties. For instance, Bangladesh's imports primarily include capital machinery and intermediate goods, and its global import of these items in 2020 amounted to around US\$13 billion (S\$17.47 billion). Of this, Bangladesh imported only US\$1.4 billion (S\$1.88 billion) worth of capital machinery and intermediate goods from Singapore, or only about 10 per cent of its total requirement. Singapore's export of the same items to the world in 2020 was about US\$220 billion (S\$295.64 billion). Similarly, Bangladesh key exports include garment products. Singapore imported over US\$3 billion (S\$4.03 billion) garment products from the world in 2020, of which less than US\$200 million (S\$268.76 million) came from Bangladesh. In other words, Singapore only imported about six per cent of its total garment import requirement from Bangladesh, whose export of the same to the world in 2020 was over US\$35 billion (S\$47.03 billion).

### **Singapore's Investment in Bangladesh**

With a proliferation in Bangladesh's trade, Singapore has become one of its top investors in the power, energy, transport, logistics and port sectors in the country. According to Bangladesh Bank's latest statistic on foreign direct investment (FDI) inflows for FY2021-22

(July-September), Singapore is the fifth largest investor in Bangladesh. Recently, a Singapore-based company, in collaboration with a Dutch company, signed a [memorandum of understanding](#) with the Bangladesh government to establish a shipyard in the Payra Sea Port area with an investment of US\$1.58 billion (S\$2.13 billion). If implemented, this is touted to be one of Bangladesh's highest FDIs.

In a major move that could help balance skewed levels of imports and exports and investments within Bangladesh and its investments overseas, the Bangladesh government, on [16 January 2022](#), issued the 'Capital Account Transaction (Overseas Equity Investment) Rules', which allows Bangladeshi export-oriented businesses to invest 25 per cent of their total assets in offshore investment. So far, [16 Bangladeshi companies](#) have been granted approval to invest in overseas markets, and a few of them are investing in Singapore.

## People-to-People Connections

There is a large Bangladeshi diaspora and semi-skilled workforce in Singapore. Before the pandemic, Bangladesh sent about 50,000 people to Singapore every year. The remittance inflow from the diaspora was US\$624 million (S\$838.53 million) in 2020 – [three times higher](#) than its export value. Besides the diaspora connection, common knowledge suggests that many Bangladeshi elites look at Singapore as a medical destination. Furthermore, the Chittagong-Singapore sea link is Bangladesh's most vital cargo route and critical international business gateway.

## Strategic Relationship

Bangladesh and Singapore have signed several agreements, including the double taxation avoidance agreement, a bilateral investment agreement for promotion and protection of investment and the air service agreement. In addition, they are both regular participants in the Shangri-La security dialogue. The countries are currently considering an FTA to enhance bilateral trade and investment, which will be a significant milestone in their relationship.

Bangladesh is on the cusp of a new phase in growth and development and Singapore has the opportunity for sizeable engagement with Dhaka. Bangladesh will graduate from the Least Developed Countries status in 2026, and an FTA with Singapore would prove opportune to both parties in ensuring sustainable market access in the Southeast and East Asian regions. With an upwardly mobile market of 170 million people, it is time for Singapore to initiate a full-fledged residential mission in Dhaka to take the bilateral relationship to the next level.

.....

Dr Mohammad Masudur Rahman is a Visiting Research Fellow at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore (NUS). He can be contacted at [masudrahman@nus.edu.sg](mailto:masudrahman@nus.edu.sg). Ms Divya Murali is a Research Analyst at the same institute. She can be contacted at [divya.m@nus.edu.sg](mailto:divya.m@nus.edu.sg). The authors bear full responsibility for the facts cited and opinions expressed in this paper.