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Trade breakthrough: Pakistan and Bangladesh connect ports



Containers and shipyard cranes at Chittagong Port in Bangladesh. Photo: Getty Images

Editor's note: Ibrahim Khalil Ahasan is a Dhaka, Bangladesh based independent columnist and freelance journalist. The article expresses the personal opinion of the author and may not coincide with the view of News.Az.

On November 13, a direct cargo ship from Karachi, Pakistan, arrived at the port of Chittagong, Bangladesh, establishing the first-ever direct maritime connection between the two nations—a significant step in strengthening bilateral ties. The Bay of Bengal, the Indian Ocean, and the Arabian Sea bind Bangladesh and Pakistan, which are geographically close neighbors. The development of these maritime linkages is expected to benefit both nations in terms of regional communication, trade, and investment. The distance between Chittagong Port in Bangladesh and Karachi Port in Pakistan is approximately 2,907 nautical miles.

Previously, trade between the two countries was conducted through Singapore and other intermediary ports due to the lack of direct marine connectivity. As a result, trading volumes had not reached a noteworthy level. However, both Pakistan and Bangladesh are favorably positioned on various economic indices, and this new maritime link offers an opportunity to enhance bilateral trade.

Although <u>relations between Bangladesh and Pakistan</u> remained cool under Sheikh Hasina's 15-year administration, recent political changes in Bangladesh have reignited optimism for the normalization of comprehensive economic ties. As Bangladesh seeks additional international partners to address its current economic challenges, increasing trade and economic cooperation, as

well as exploring joint ventures and investment opportunities, could benefit both countries and contribute to regional development.

The direct shipping route promises to reduce travel times and greatly streamline supply chains. With a capacity of approximately 2,300 TEUs and the ability to carry diverse cargo, the maiden voyage underscores the growing demand for direct trade between the two nations. Syed Ahmed Maroof, Pakistan's High Commissioner to Bangladesh, hailed the direct shipping route as a significant step in strengthening corporate and bilateral trade ties. He noted that the initiative would not only accelerate existing trade flows but also create new business opportunities for enterprises of all sizes, from small importers to large exporters.

In 2022, cotton accounted for the majority of Pakistan's \$839 million in exports to Bangladesh. Conversely, Bangladesh exported \$74 million worth of jute and other textile fibers to Pakistan. Bangladesh's imports from Pakistan primarily include equipment, cotton, salt, and sulfur, which are key raw materials for its apparel sector. The potential for trade is substantial, with Pakistan capable of exporting up to \$2.95 billion worth of goods—including textiles, agricultural products, food, and chemicals—to Bangladesh. Similarly, Pakistan could become a significant market for Bangladeshi exports such as jute and pharmaceutical products.

Both nations could also explore further regional economic integration through organizations such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the South Asian Association for Regional Cooperation (SAARC).

The primary seaport in Bangladesh, Chittagong, handles 90% of the country's trade, while the remaining commerce is facilitated through the ports of Mongla and Payra. With the growing volume of trade, Bangladesh could also benefit from utilizing Pakistan's Gwadar Port. Enhanced connectivity between Karachi and Bangladesh's ports in Chittagong, Payra, and Mongla would increase trade efficiency and reduce transportation distances. Over time, this network could expand to include Afghanistan, Iran, Central Asia, and Northeast China.

Sea connectivity plays a critical role in regional trade integration. Sri Lanka's Colombo and Hambantota Ports could serve as strategic links, connecting Pakistan's ports—such as Gwadar, Karachi, Port Qasim, and Keti Bandar—with Bangladesh's Chittagong, Payra, and Mongla ports. This would facilitate a trilateral access and distribution network. Bangladesh and Sri Lanka import products such as cotton from Pakistan, Central Asia, Western and Central China, and even Russia.

Bangladesh's thriving clothing, pharmaceutical, IT services, and electronics sectors could complement Sri Lanka's traditional tea, clothing, rice, and agricultural industries, as well as its growing mechanical and industrial manufacturing sectors, such as automobile tire production.

Bangladesh is strategically positioned as a gateway between SAARC and ASEAN regions, offering export-oriented industries in both blocs potential access to new markets. While SAARC includes Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka, ASEAN encompasses Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. Pakistan, on the other hand, serves as a gateway and hub for Central Asia, Afghanistan, the Middle East, and Northwest China, presenting opportunities to develop supply chain value and regional trade at an unprecedented scale.

The establishment of direct maritime connectivity between Karachi and Chittagong is expected to play a pivotal role in boosting trade and commerce between Pakistan and Bangladesh. This connection will significantly reduce the time and cost of transporting goods and is likely to facilitate trade with other nations in the Middle East and Central Asia, including China and Russia. Direct shipping will incentivize traders to increase regional investment and trade activities. Both nations stand to benefit from coordinated trade and commercial corridors aligned with Bangladesh's Look West Policy and Pakistan's efforts toward strengthening ties with Dhaka, as well as from the development of coastal shipping networks.