



Bangladesh Investment
Development Authority



Shipbuilding Industry

June 2024

Key Features



14th in Global Ranking

Bangladesh has ascended 13 positions to reach 14th place in the shipbuilding industry within five years, surpassing countries such as the US, India, Singapore, and Spain.

Priority sector in 2016
– National Industry Policy

Thrust Sector in 2019

Current annual contribution to economy:

USD 1.36bn

Government target for sectoral growth by 2026:

USD 4bn

120+

registered shipyards in Bangladesh

8%

average growth rate

800 rivers

24,000km inland waterways

The annual market value of the local shipbuilding industry is **approximately USD 1 billion**, with export capacity estimated at **around 20 vessels per year**.

Key Products



Multipurpose Vessel



Cargo Vessel



Tugboat



Ferry



Water Taxi



Landing Craft



Bulk Carrier



Patrol Vessel



Oily Waste Collection Vessel



Passenger Vessel

Economic Overview

Minimum wage in shipbuilding industry:

In Bangladesh: US\$ 122
In China: US\$ 365.28
In South Korea: US\$ 1690



Over 90% of Bangladesh's USD 110 billion international trade occurs via maritime routes requiring hundreds of ships annually to meet the demand for freight services

0.84% contribution to the global shipbuilding industry

Earned \$200 million from ship exports in the Fiscal Year 2020-2021



Currently, over 100 shipbuilders and over 120 registered shipyards operate along riverbanks, varying in size.

In Bangladesh, waterways transport most fuels (90%), cargo (70%), and passengers (35%), driving demand for vessels domestically.

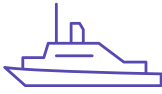


Competitiveness for international small vessel segment

Bangladesh has the potential to compete for small vessel segment up to 12,000 dwt (MPVs, cargo feeders and passenger ferries for regional services) in international market, since labor cost matters more as vessel size is smaller. Bangladeshi shipbuilding industry enjoys 20 to 30% lower labor cost relative to other countries.



Growth Drivers



Increasing need for vessels due to economic growth and infrastructure development within Bangladesh.



Delivering high-quality ships to international clients has built a positive reputation, attracting more foreign orders.



Adapting to global trends towards environmentally friendly shipbuilding practices.



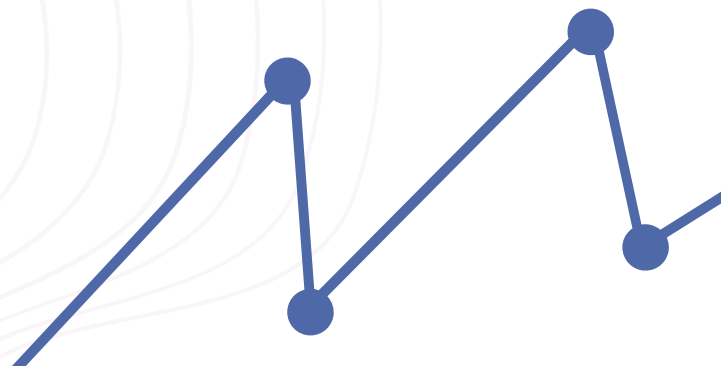
Moving away from heavy reliance on textiles, the government is prioritizing more on this sector as a diversified one in terms of post LDC graduation.



Increased interest and investment from international companies bring in capital, technology, and expertise to the industry.



The deep sea port in Bangladesh is driving growth by enhancing trade capacity, reducing logistics costs, and attracting foreign investment.



Hot Spots for Foreign Investment



Skill Development and Training:

Investing in comprehensive training programs for the local workforce can elevate the skill levels, ensuring higher quality production and innovative techniques. Skilled labor can produce more complex and specialized ships, increasing the industry's capacity to fulfill diverse international orders.



Infrastructure Enhancement:

Developing and upgrading existing shipyard facilities, supplying essential raw materials like steel and aluminum for ship construction. Early investment allows foreign investors to establish a strong market presence in an emerging industry with significant growth potential, capturing a share of the increasing demand for new ships domestically and regionally.



New Ports:

Payra Port in Bangladesh has seen major developments, making it the deepest port channel in the country with a depth of 10.5 meters. Key projects include capital dredging, construction of the first terminal, a six-lane approach road, and a bridge, costing around Tk 11,072 crore. These improvements enable the port to handle larger vessels and increase its cargo handling capacity, positioning it as a significant maritime hub in Bangladesh.



Green Shipbuilding Initiatives:

Investing in environmentally friendly shipbuilding practices and technologies, such as energy-efficient designs and sustainable materials. Meeting international environmental standards can open new markets and attract eco-conscious clients, boosting the industry's global competitiveness.



Manufacture of Specialized Vessels:

Focusing on building specialized vessels like LNG carriers, container ships, and offshore supply vessels, which require advanced technology and expertise. Specialized vessels have higher profit margins and are in demand globally, providing a lucrative niche for Bangladeshi shipyards and foreign investors.

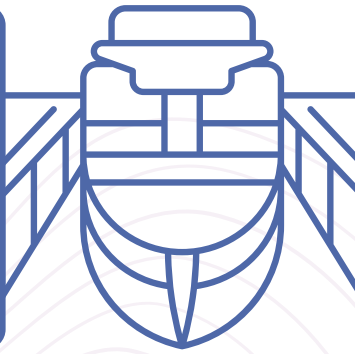


Research and Development (R&D):

Establishing R&D centers to foster innovation in ship design, materials, and construction techniques. Continuous innovation can lead to better and more cost-effective shipbuilding practices, maintaining a competitive edge in the market.

Policy Initiatives

- Cash incentives for ship exports
- Reduced import duties on shipbuilding raw materials
- Tax holidays up to 10 years for shipbuilders
- Ban on ships under 100,000 meters
- In addition to the aforementioned provisions, there are specific tax regulations in place
- Reduced tax rates on export income: 5% for publicly listed companies and 10% for non-listed companies.
- A 5% import duty is levied on raw materials utilized for shipbuilding within the local market.
- Export subsidies of 10% are granted on the export of ships.



Tax Regulations:

- Reduced tax rates on export income
- 5% for publicly listed companies
- 10% for non-listed companies



**Ananda Shipyard
& Slipways Limited**

Ananda Shipyard:

It is based in Narayanganj, Bangladesh. It builds cargo ships and ferries, boosting the economy through exports and local employment. Supported by government incentives, modern technology, and a strategic location, Ananda Shipyard enhances Bangladesh's global standing in shipbuilding.



KHULNA SHIPYARD LTD
BANGLADESH NAVY

Khulna Shipyard Limited:

Situated in Khulna, this shipyard is instrumental in building and repairing a range of vessels, contributing significantly to Bangladesh's maritime infrastructure.



**WESTERN MARINE
SHIPYARD
LIMITED**

Western Marine Shipyard Ltd:

Located in Chittagong, Western Marine Shipyard is one of the largest shipbuilders in Bangladesh, specializing in various types of vessels including bulk carriers, tankers, and offshore vessels.

DESMI

DESMI Ocean Guard A/S:

This Danish company has partnered with local shipyards in Bangladesh to manufacture ballast water treatment systems, supporting the environmental sustainability of the shipping industry.



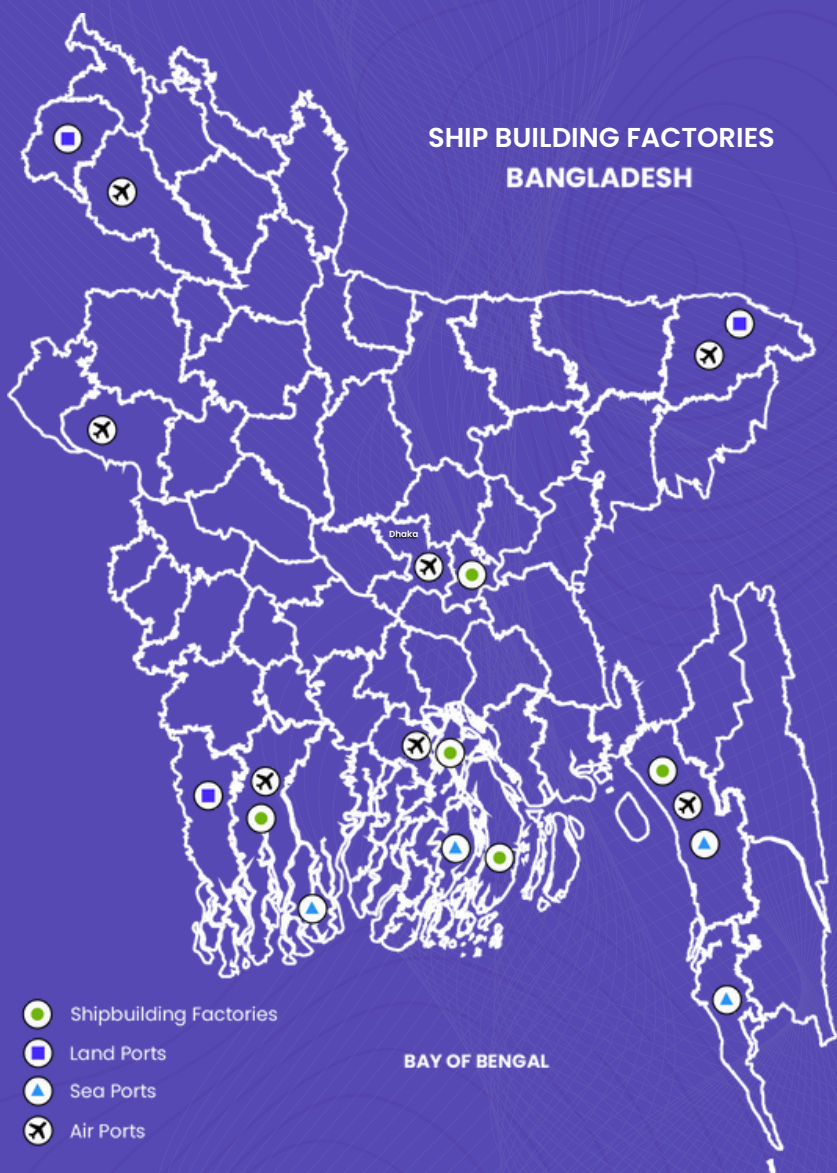
Karnafuly Ship Builders Limited:

Based in Chittagong, Karnafuly Ship Builders is involved in constructing and repairing ships, contributing to the growth of Bangladesh's shipbuilding capabilities.



Dhaka Dockyard & Engineering Works:

Located in Dhaka, this shipyard focuses on building and repairing small to medium-sized vessels, catering to both domestic and international markets.



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