

Bangladesh Freight and Logistics Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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Report description:

The Bangladesh Freight and Logistics Market is anticipated to register a CAGR of more than 6% over the forecast period.

Key Highlights

The economy of Bangladesh is supported invisibly by the freight forwarding industry. The entire supply chain management would be like a car without an engine in the freight and logistics industry. As per recent research, effective logistics could boost Bangladesh's exports by 20%, according to a session on logistic discourse held by the American Chamber of Commerce in Bangladesh (AMCHAM). Currently, more than 1,100 BAFFA members help the country's exports to and imports from abroad. The nation's foreign trade will top USD 100 billion before it graduates as an LDC (Least Developed Country). Around the world, container ports solely function as terminal operators, not as storage and delivery yards. Contrarily, due to a large number of trucks and laborers entering the port each day, Chattogram and Mongla took on the duty of keeping import containers and facilitating distribution from within the port, which resulted in congestion and a security risk. Since all exports are now kept in Inland Container Depots (ICD) outside the port, Chattogram port congestion has been somewhat reduced.

In Bangladesh, one of the industries that are expanding quickly is logistics. The e-commerce industry now has more opportunities because of its rapid expansion. This reality has been strengthened over the past few years as several logistics companies have raised substantial sums of money. The most recent round of funding for Paperfly came from Indian Ecom Express and totalled USD 12 million.

Other significant local players in the sector include Delivery Tiger, eCourier, Pathao Courier, and ShopUp's REDx. We are witnessing completely new growth this year. Lalamove and Delhivery, two international logistics companies, have entered Bangladesh.

The Bangladesh Freight Forwarders Association (BAFFA) increased freight forwarding fees with effect from 1 September 2022. This represents a staggering 57% increase in freight forwarding fees and will place a greater burden on Bangladeshi firms. According

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to sources in the industry, this decision, which BAFFA made in response to the recent increase in gasoline prices, has been a major setback for the nation's enterprises, particularly the garment industry, as it puts them in danger of losing market share due to an increase in production costs.

Bangladesh Freight & Logistics Market Trends

Increased shipping and inland water freight transport is driving the market

The Indo-Bangla Protocol Route and the Gangetic Plains Fairways will be developed and maintained under a three-year contract by the Inland Water Authority of India (IWAI), which will significantly boost cargo flow by the river to Bangladesh and the Northeast. To dredge the Indo-Bangla Protocol Route and maintain a minimum water depth of 2.5 meters to allow barges loaded with freight to transit from Calcutta to Bangladesh and then to the Northeast, the authorities would flog a tender worth roughly INR 200 crore (USD 24177780). The inland waterways in the Gangetic Plains will be upgraded in the second phase.

An Italian shipping company will link Chittagong directly with Europe, giving Bangladesh's major export market for apparel a boost. Meanwhile, a Danish shipping company is constructing a 200,000-square-foot custom bonded warehouse in Chittagong in partnership with a local organization to ease system congestion and improve the flow of cargo into and out of Bangladesh.

While RifLine's sister company, Kalypso Compagnia di Navigazione SPA, Italy, later applied for permission from the Chittagong Port Authority (CPA) to operate the purpose-built vessels on the route, the move to introduce shipping service on the Chittagong-Italy route at the end of 2021 was initiated by Rome-based RifLine Worldwide Logistics, a freight forwarder from Italy and a client of many European buyers. As a result, the CPA gave two of its rented ships-Cape Flores and Songa Cheetah, each with a 1,200 TEU capacity-permission to operate for six months.

Increased e-commerce demand driving the logistics market in Bangladesh

In June 2020, the government of Bangladesh removed the maximum permissible shareholding limit of 49% for foreign e-commerce enterprises, enabling 100% foreign-owned businesses to operate in Bangladesh. COVID-19's policies on social distancing increased demand for eCommerce solutions, leading many businesses with stores to join online sales platforms.

The expansion of online meal delivery services like HungryNaki and FoodPanda is proof that B2C websites have gained popularity in big cities. The demand for home delivery services has also increased as a result of severely congested highways and hazardous driving conditions. B2C initiatives may also be seen in Facebook-based shopping portals like Shoprbd and ShoptoBd, which let Bangladeshi consumers buy goods from popular international e-commerce destinations like the US, the UK, India, and China. C2C companies are expanding as well. The top competitors in this field are Bikroy, Ekhanei, and Clicked. The C2C market has lately undergone some consolidation as a result of the acquisitions of CellBazar by Telenor Group and playeOLX by Ekhanei.com.

The country's e-commerce industry had a difficult year in 2021 because, after experiencing significant growth in the first half of the year, the industry suffered a serious setback as a result of scams committed by several e-commerce businesses that destroyed the public's faith in the companies. In light of this, the e-commerce industry experienced a decline in the second half of 2021 after experiencing tremendous growth since the COVID-19 outbreak in the nation in March 2020. Because customers didn't trust the official banking channel, the amount of e-commerce that went through it dropped by a lot in the second half of the year.

Bangladesh Freight & Logistics Market Competitor Analysis

Bangladesh's freight and logistics market is relatively fragmented, with more than 1,000 local and around 20 international

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logistics and freight forwarding companies operating in the country. The key players are Bollore Logistics, DHL International GmbH, 3i Logistics Group, A.H. Khan & Co., Agility Logistics, and many more. International companies are mostly relying on open joint ventures with domestic companies to enter the market owing to factors such as the growing congestion on roads and at seaports, which are restricting the market along with the high logistics costs. The infrastructure is also limiting the local players' ability to expand their footprint and the international players' ability to enter the market directly.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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