

## Dollar stood tall in 2024

REUTERS, Singapore

The dollar slipped on the last trading day of the year on Tuesday but was poised to clock strong gains in 2024 against almost all currencies as investors prepared for fewer US rate cuts and the incoming Trump administration.

The dollar's ascent, buoyed by rising Treasury yields, pushed the yen toward its lowest levels since July on Monday at around 158 per dollar.

The US currency fell against the yen on Tuesday, however, and was last down 0.14 percent at 156.65 yen. Nonetheless, the yen was on course for a 10 percent drop in 2024, its fourth straight year of decline against the dollar.

Japanese markets are closed for the rest of the week, and with most markets closed on Wednesday for the New Year's Day holiday, volumes are likely to be razor thin.

The dollar index, which measures the US currency versus six other major units, was down 0.12 percent at 107.92, just off a two-year high.

READ FULL STORY ONLINE

# Revenue collection falls in Nov though business climate improves

MD ASADUZ ZAMAN

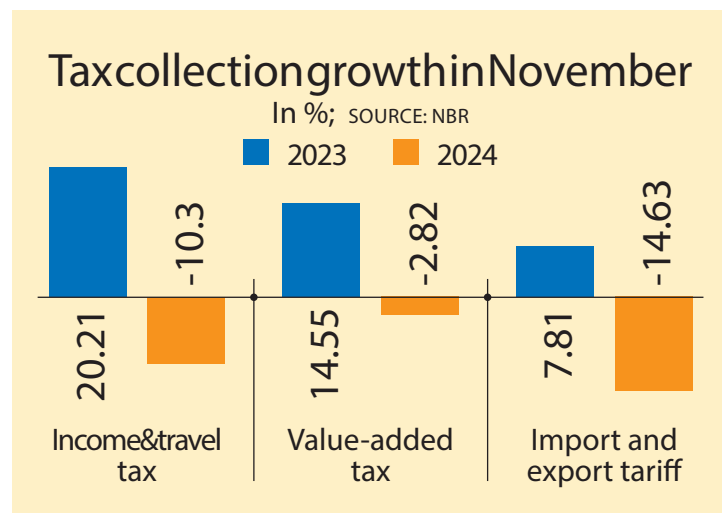
Bangladesh's revenue collection fell in November this year even though the country saw improvement in its business climate that month thanks to the alleviation of political uncertainties stemming from the nationwide mass uprising in July-August.

Revenue collection amounted to Tk 25,360 crore in November, down 8.95 percent compared to the same month the year prior, shows provisional data of the National Board of Revenue (NBR).

On top of that, overall revenue collection declined 2.62 percent year-on-year to Tk 130,185 crore in the July-November period of the current fiscal year (FY).

Besides, the tax administrator was Tk 38,830 crore behind its collection target of Tk 169,015 crore for the first five months of FY25, with its end goal set at Tk 480,000 crore for the year.

Bangladesh underwent



political upheaval in the July-August period as a student movement culminated in an uprising that ended the 15-year reign of the Awami League government led by Sheikh Hasina.

In the lead up and even long after the political changeover in early August, businesses

in the country were seriously hampered by internet outages, lack of law-and-order and labour unrest, resulting in lower revenue collection.

And although the situation started stabilising from September, government revenue collection has remained below what was registered during the

same period of the previous year.

Regarding the lower revenue collection, some NBR officials and financial analysts are blaming the ongoing economic slowdown, including reduced imports, increased subsidies for various sectors and persistent higher inflationary pressure.

"The deceleration in revenue collection is closely linked to the current economic slowdown," said MA Razzaque, research director of the Policy Research Institute of Bangladesh.

Reduced imports, higher exemptions and inflationary pressure also contributed to the overall shortfall, he added.

The World Bank slashed its forecast for Bangladesh's economic growth by 1.7 percentage points to 4 percent for FY25 due to "significant uncertainties following recent political turmoil" and "data unavailability".

However, Razzaque said the country's actual GDP growth

READ MORE ON B3

## Challenges and priorities for 2025

ABDUR RAZZAQUE

Macroeconomic management will remain a formidable challenge for Bangladesh in the coming year. Containing inflation, bolstering foreign exchange reserves and dealing with overstretched banks will be critical priorities. Many financial institutions are grappling with liquidity crises, operational inefficiencies, and weakened public confidence, necessitating decisive interventions to restore stability in the banking sector.

Despite making a commitment not to provide liquidity support to ailing banks by printing money, the central bank had to backtrack. If such a measure has to be repeated, policy credibility will be called into question, let alone the objective of tackling inflation with a contractionary monetary policy.

Prolonged inflationary pressure for more than two years now has eroded purchasing power, intensifying socioeconomic vulnerabilities. If the most recent official poverty incidence data from the BBS Household Income and Expenditure Survey (HIES) 2022 acts as the benchmark, it can be estimated that, accounting for both rising price levels and nominal wage increases, nearly 7.9 million additional individuals have been pushed into poverty over the past two years. Furthermore, the size of the vulnerable population—defined as those living above the poverty line but by no more than 25 per cent of it—has increased by approximately 10 million.

Undoubtedly, the misgovernance of the previous regime has brought us to this dire situation, leaving people desperately seeking relief. A clear policy direction on expanding social protection support for the poor and vulnerable is still lacking.

It is with this backdrop that Ramadan will be a litmus test for the government's ability to stabilise prices effectively.

While protecting the most vulnerable remains a priority, the middle class also expects robust measures to counter potential price hikes during the month of fasting for Muslims.

How to improve the supply side to complement contractionary approaches in addressing inflation remains largely a subject of discussion, with little concrete action apart from lowering import taxes on essential items. This alone cannot check prices during Ramadan.

Improving revenue mobilisation constitutes another urgent issue. Without significant progress in this area, the already limited fiscal space will shrink further, potentially jeopardising macroeconomic stabilisation efforts. Weak revenue collection, widespread corruption and persistent reform inertia have long been entrenched in fiscal management. Compounding these issues are slowing economic activities, sluggish import growth—partly driven by the reserve crisis—and inflation-induced reductions in purchasing power, all of which have adversely affected government revenue sources.

The preparation of the next national budget may prove to be a formidable task. Questions surrounding past GDP data and other information in national income accounting pose serious challenges to reconciling discrepancies and delivering a credible budget with clear policy directions.

There are also other fundamental budgetary challenges. Can the government avoid inflating social protection spending figures while reallocating resources to critical social sectors such as education and health? Given weak government revenue collection, how can public spending be managed without excessive reliance on borrowing from both domestic and external sources?

Under the interim government, the public expects responsible, innovative and accountable approaches to budget preparation and fiscal management. In line with the spirit of the July movement, it is imperative to link revenue collection and government expenditure to the broader goal of addressing growing inequality.

Global trade and geopolitical uncertainty are most likely to be additional external challenges. Tariff wars involving China, the US and EU are already a major concern for the world economy. The return of Donald Trump to office is likely to heighten trade conflicts, affect trade and investment flows and complicate the task of macroeconomic management. Combined with inflation and weak foreign reserves, such dynamics would further hinder Bangladesh's macroeconomic stabilisation.

So, the new year should mark the beginning of tangible and effectively implemented reform measures. Decisive action in this area is crucial to restoring public trust. Establishing reform commissions and gathering their recommendations are relatively straightforward tasks. However, the government, and as a nation, we must urgently address a far more critical question: why previous reform efforts failed and what will ensure their success this time.

The author is an economist and chairman of Research and Policy Integration for Development. He can be reached at [m.a.razzaque@gmail.com](mailto:m.a.razzaque@gmail.com)



# USDA forecasts drop in rice harvest for floods

STAR BUSINESS REPORT

Rice production in Bangladesh may fall in the current marketing year of 2024-25, which began last May, for a reduction in the acreage of Aman season paddy due to repeated floods.

In a report on the third week of December, the US Department of Agriculture (USDA) said two consecutive floods in August and October damaged around 3 lakh hectares of cropland.

Transplanted in the July-September period and harvested in the December-January period, the Aman season paddy ended up being cultivated on 56 lakh hectares of land.

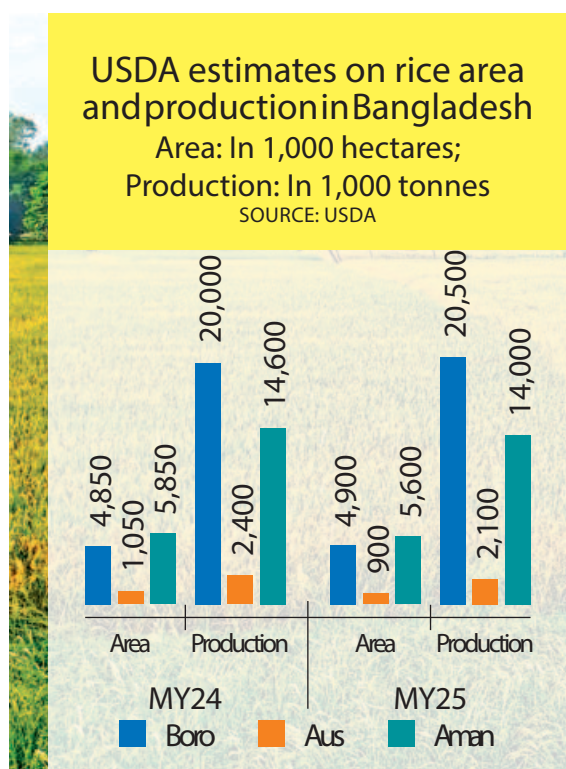
Consequently, overall yield of the monsoon-fed Aman rice crop would drop 4.1 percent year-on-year to 1.4 crore tonnes, said the US agency in its latest grain and feed update on Bangladesh.

Around 1.46 crore tonnes were harvested in the same season of the previous year.

And as a result of the fall in the yield of Aman, total rice production may decline to 3.66 crore tonnes in the marketing year 2024-25 ending in April this year.

Aman season paddy accounts for the second-biggest amount of rice harvested in a year, or roughly 40 percent of the country's annual rice production.

The USDA report said



a devastating flood struck the southeastern part of the country, damaging around 2 lakh hectares of Aman rice fields in the third week of August.

From August 18-21, several districts in Chattogram, Barishal, and Sylhet divisions experienced heavy rainfall, leading to widespread flooding in Feni, Noakhali, Cumilla, Lakshimpur, Moulvibazar, Habiganj, and Brahmanbaria

districts, as well as landslides in Cox's Bazar district.

Another flash flood occurred in the first week of October in Sherpur and Mymensingh districts, inundating around 1 lakh hectares of Aman rice fields, it added.

However, the Department of Agricultural Extension (DAE) says the recurrent floods affected 1.62 lakh hectares of Aman acreage.

As such, farmers could harvest Aman from 56.71 lakh hectares of land, said DAE Director (in-charge) of Field Services Sarker Shafi Uddin Ahmed.

Until yesterday, farmers harvested roughly 95 percent of the crop.

"Even after the area reduction, we have found that the average yield of Aman rice has increased this year," he said.

Overall production rose to 3.1 tonnes per hectare this year from 2.9 tonnes a hectare a year ago, he said.

The USDA said the Aman rice harvest has been completed in the northern, northwestern, and central parts of the country, while the southern regions are expected to complete their harvest by the end of December.

READ MORE ON B3

## Gold set for brightest year since 2010

REUTERS

Gold prices were set to end a record-breaking year on a positive note on Tuesday as robust central bank buying, geopolitical uncertainties and monetary policy easing fuelled the safe-haven metal's strongest annual performance since 2010.

Spot gold rose 0.4 percent to \$2,615.00 per ounce as of 0927 GMT, while US gold futures gained 0.4 percent to \$2,627.30.

As one of the best-performing assets of 2024, bullion has gained more than 26 percent year-to-date, the biggest annual jump since 2010, and last scaled a record high of \$2,790.15 on Oct. 31 after a series of record-breaking rallies throughout the year.

"Rising geopolitical risks, demand from central banks, easing of monetary policy by central banks globally, and the resumption of inflows into gold-linked Exchange Traded Commodities (ETC) were the primary drivers of gold's rally in 2024," said Aneeka Gupta, director of macroeconomic research at WisdomTree.

The metal is likely to remain supported in 2025 despite some



headwinds from a stronger US dollar and a slower pace of easing by the Federal Reserve, Gupta added. The US Fed delivered a third consecutive interest rate cut this month but flagged fewer rate cuts for 2025.

Donald Trump's incoming administration was also poised to significantly impact global economic policies, encompassing tariffs, deregulation, and tax amendments.

"Bullion bulls may enjoy another stellar year ahead if global geopolitical tensions are ramped up under Trump 2.0, potentially pushing investors towards this time-tested safe haven," said Exinity Group Chief Market Analyst Han Tan.

# Thai tourism rebounds strongly, exceeds arrival goals

ANN/THE NATION

The Tourism Authority of Thailand (TAT) announces that international tourist arrivals have surpassed the target of 35 million visitors in 2024, generating over 1.8 trillion Baht in tourism revenue.

This landmark achievement highlights Thailand's strong tourism rebound and sets the foundation for an even greater year ahead, as 2025 has been declared the 'Amazing Thailand Grand Tourism and Sports Year.'

With targets for 2025 to welcome between 36 and 39 million international visitors and generate 1.98-2.23 trillion baht in tourism revenue, Thailand is poised to strengthen its position as a premier global Tourism Hub, offering exceptional experiences and fostering sustainable growth across the sector.

TAT Governor Thapanee Kiatphaibool credited this remarkable achievement to strategic government initiatives that enhanced Thailand's appeal as a world-class destination. From 1 January to 27 December

2024, Thailand welcomed 35,047,501 visitors, a testament to these efforts.

Key policies included the visa exemption for citizens of 93 countries, allowing stays of up to 60 days, and

the elimination of TM.6 immigration forms at 16 key border crossings, streamlining entry processes. These measures significantly improved travel convenience, encouraging more

visitors to choose Thailand.

The aviation sector also played a vital role, with international airlines resuming routes and introducing new ones from primary and secondary cities worldwide. This expansion increased total airline seat capacity into Thailand to 47 million in 2024—a 26 percent rise compared to 2023. Over 311 additional flights were scheduled during the December high season, adding over 70,000 seats.

Adding to Thailand's appeal were high-profile events and festivals, such as the Amazing Thailand Countdown 2024, the Maha Songkran World Water Festival 2024, and fan meet concerts featuring Thai and international artists. Attractions inspired by popular TV series, music videos, and movie filming locations further captivated global audiences, expanding the market for quality tourists from short-haul and long-haul regions.

Enhanced Connectivity for the High Season

Expanded flight routes significantly improved accessibility to Thailand during the high season.



Tourists take photos in front of the Patong Beach sign by the seafront on the southern Thai island of Phuket. PHOTO: AFP/FILE