Bangladesh-Pakistan trade yet to reach expected level

Says DCCI chief

STAR BUSINESS REPORT

Bilateral trade between Bangladesh and Pakistan has not reached the expected level as the two countries face significant challenges, including non-tariff barriers and tariff disparities, said Taskeen Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI).

He made this comment during a visit by a business delegation from the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) to the DCCI office. The delegation attended the "Bangladesh-Pakistan Business Forum" yesterday with a view to boosting bilateral trade and investment.

During the fiscal year 2023-2024, Bangladesh imported goods worth $627.8 million from Pakistan while exporting goods valued at $61.98 million, he said.

To unlock the full potential of bilateral trade, both nations could consider signing a bilateral trade agreement, said DCCI president

Resuming direct flights between Dhaka and Karachi and introducing shipping routes would facilitate smoother trade, he added.

To unlock the full potential of bilateral trade, both nations could consider signing a bilateral trade agreement, such as a free trade agreement or a preferential trade agreement, he suggested.

Sectors such as agriculture, cement clinkers, leather goods, surgical instruments, chemicals, IT, and public health management offer significant opportunities for joint initiatives, Ahmed opined.

Atif Ikram Sheikh, president of the FPCCI, noted that despite the vast potential, bilateral trade has not yet reached the desired level.

He mentioned that about 55 percent of Pakistan's total exports to Bangladesh come from the textile and apparel sector, while most of Bangladesh's exports rely on the readymade garment sector. This highlights the scope for diversifying the range of products involved in import-export activities, he added.

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Over the last month, retail prices of potatoes, grown by tens of thousands of farmers as a high-value crop, have nearly halved. The photo was taken from Gaibandha's Gobindaganj upazila on Monday.

PHOTO: MOSTAFA SHABUJ

Potato growers at risk of huge losses as prices dip

MOSTAFA SHABUJ, MD QUAMRUL ISLAM RUBAIYAT *and* KONGKON KARMAKER

Potato acreage in Bangladesh increased to a record high of 5.21 lakh hectares this year, but growers are apprehensive about a significant financial setback due to falling prices of the popular vegetable.

Over the last month, retail prices of potatoes—grown by tens of thousands of farmers as a high-value crop—have nearly halved.

Each kilogram (kg) sold for Tk 30-Tk 50 in Dhaka yesterday, whereas it was Tk 65-Tk 80 around a month ago, according to the Trading Corporation of Bangladesh (TCB).

At the growers' level in various northern districts, potatoes are being sold at Tk 12-Tk 20 per kg, with farmers fearing further price drops once full-scale harvests begin.

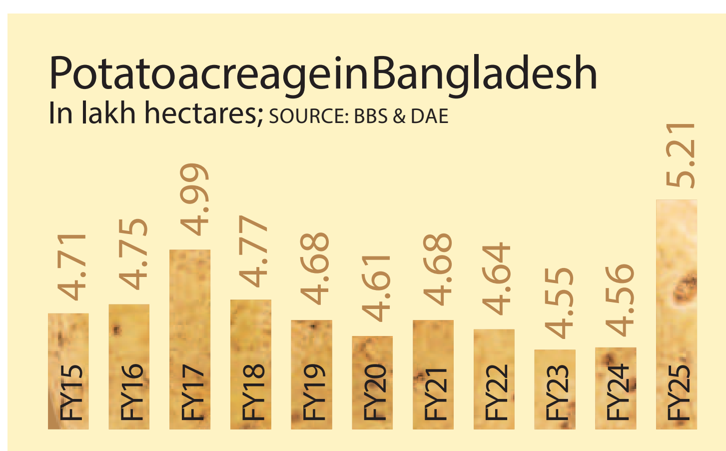
As of yesterday, only 3 percent of the crop had been harvested, according to data from the Department of Agricultural Extension (DAE).

Anything below Tk 20 per kg will result in losses for farmers, said Md Matiar Rahman, director of the Tuber Crop Research Centre under the Bangladesh Agricultural Research Institute (BARI).

He noted that growers expanded acreage this season, encouraged by last year's high prices.

Data from the DAE and the Bangladesh Bureau of Statistics show that the vegetable's cultivation reached its highest level in the fiscal year 2024-25, with the acreage increasing by 14 percent year-on-year from 4.57 lakh hectares in FY24.

"Many farmers switched from mustard to potatoes. Overall production is likely to be higher this year due to increased acreage and favourable weather," Rahman said.



Farmers and DAE field offices in some northern districts estimate that the cost of production has risen this year.

In Bogura, farmers estimate that it cost Tk 14.50 to produce each kg, up by Tk 1 from a year ago. Thus, the cost per bigha (33 decimals of land) stands at Tk 41,000 this year.

In five districts of Rangpur, the production cost is over Tk 15 per kg, according to the DAE Rangpur region office.

"We cultivated potatoes while facing many hurdles. We had to buy seeds at almost double the prices paid last season," said Abdur Rouf, a farmer from Gaibandha's Gobindaganj upazila.

"There was also a significant shortage of triple superphosphate fertiliser, forcing me to spend more to obtain it," he said.

Usually, planting for early harvests takes place in the last week of September, with harvesting in late November. However, this season's planting was delayed due to untimely rainfall in September and October.

Many farmers had to replant as heavy rains damaged fields in Rangpur.

Dulu Mia, another farmer from Gaibandha, spent Tk 39,600 on one bigha of land and harvested about 50 maunds. He sold the crop for Tk 42,500, earning Tk 850 per maund.

"Even after early harvesting, I could barely recover my investment. What will happen during the full harvest season? I am deeply worried," he said.

Amzad Hossain, a 50-year-old farmer from Thakurgaon, said his cost was Tk 13 per kg, which was significantly higher than his selling price.

Lutfar Rahman, another farmer from Thakurgaon's Baliadangi upazila, shared similar concerns.

In Dinajpur's Biral upazila, farmer Satyan Roy said his production cost per kg was over Tk 23, but he was forced to sell at Tk 20.

Rubel Ahmed, a first-time potato farmer from Shibganj, Bogura, leased two bighas of land, investing Tk 120,000.

"Potato prices were good over the past two years, but the current price drop is alarming. I fear a massive loss," he said.

Afzal Hossain, deputy director of the Rangpur DAE office, remarked, "This year, farmers planted table potatoes even after seed potatoes were finished."

"Potato cultivation increased significantly due to expectations of higher profits. Sometimes,

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Revenue reforms key to raising tax-to-GDP ratio

Says former NBR chairman Muhammad Abdul Mazid

STAR BUSINESS REPORT

Bangladesh's tax-to-GDP ratio, one of the lowest globally, underscores the urgent need for comprehensive revenue policy reforms, according to a member of a government panel working on recommending relevant changes.

This will bolster domestic revenue collection and reduce dependence on external borrowing, said the member, Muhammad Abdul Mazid, also a former chairman of the National Board of Revenue (NBR).

He recently shared insights on this critical issue in an interview with The Daily Star.

Mazid highlighted the necessity of separating tax policy formulation from tax administration, a move also advocated by International Monetary Fund (IMF) under its $4.7 billion loan programme for Bangladesh.

"When the NBR is tasked with tax collection targets, its policy measures often prioritise meeting those targets, sometimes at the expense of equitable taxation and sectoral growth," he said.

The advisory panel's mandate spans various areas, including restructuring legal and regulatory frameworks, broadening the tax base, digitalising the tax administration, and combating corruption.

Other priorities include improving taxpayer services and dispute resolution mechanisms, and internal controls, while curbing aggressive tax evasion practices.

Mazid also emphasised on the need to reduce the discretionary powers of tax officials and eliminate provisions such as the minimum tax for individuals and turnover-based taxes for firms.

These measures aim to foster fairness and transparency within the tax system, he said. He shed light on key hurdles in revenue administration, including centralised structures, limited managerial capacity, and inadequate enforcement mechanisms.

Mazid noted that these inefficiencies discourage compliance, particularly among honest taxpayers, and create an uneven playing field between formal and informal sectors.

"Tax disputes often arise due to arbitrary assessments by tax officials," he added.

To address this, he said the panel recommends establishing independent tax tribunals with judges from the judiciary to ensure impartiality in dispute resolution.

The introduction of a tax ombudsman is also under consideration to provide aggrieved taxpayers with an alternative avenue for redress, he said.

Building taxpayer confidence is crucial for improving compliance, Mazid said.

"When taxpayers see public funds being used effectively and corruption minimised, they are more likely to fulfil their tax obligations," he explained.

He also criticised contradictory fiscal policies that allow lawmakers to enjoy tax-free benefits, undermining public trust in the system.

The advisory panel will call for reforms to align revenue administration practices with modern business activities and counter sophisticated tax evasion schemes, said Mazid.

This includes strengthening human resource capacity, revising disciplinary rules for public servants, and ensuring strategic financial management within revenue departments, he said.

The panel is actively engaging with stakeholders, including businesses, tax officials, civil society, and fiscal experts, to finalise its recommendations. It has already submitted a preliminary report to the government outlining reform proposals, he said.

Mazid stressed that revenue reforms must strike a balance between achieving revenue objectives and fostering an investment-friendly environment.

"Good tax policies support equitable, inclusive, and sustainable growth while minimising administrative burdens," he said.

China's growth seen slowing to 4.5% in 2025

REUTERS, *Beijing*

China's economic growth is likely to slow to 4.5 percent in 2025 and cool further to 4.2 percent in 2026, a Reuters poll showed, with policymakers poised to roll out fresh stimulus measures to soften the blow from impending US tariff hikes.

Gross domestic product (GDP) likely grew 4.9 percent in 2024 - largely meeting the government's annual growth target of around 5 percent, helped by stimulus measures and strong exports, according to the median forecasts of 64 economists polled by Reuters.

But the world's second-largest economy faces heightened trade tensions with the United States as President-elect Donald Trump, who has proposed hefty tariffs on Chinese goods, is set to return to the White House next week.

"Potential US tariff hikes are the biggest headwind for China's growth this year, and could affect exports, corporate capex and household consumption," analysts at UBS said in a note.

"We (also) foresee property activity continuing to fall in 2025, though with a smaller drag on growth."

Growth likely improved to 5 percent in the fourth quarter from a year earlier, quickening from the third-quarter's 4.6 percent pace as a flurry of support measures began to kick in, the poll showed. On a quarterly basis, the economy is forecast to grow 1.6 percent in the fourth quarter, compared with 0.9 percent in July-September, the poll showed.

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Trump's return threatens resurgence of trade wars

AFP, *Washington*

Donald Trump's second presidential term promises a return to tariffs as he pressures partners and rivals to tackle everything from migration to drug trafficking, while protecting US industries -- in moves that could trigger new trade wars.

Even before taking office, Trump has raised the prospect of fresh levies on companies, countries and groups of states as he seeks to implement his agenda.

He has vowed tariffs on Mexico, Canada and China until they crack down on fentanyl and border crossings, and he threatened "economic force" against Ottawa after suggesting Canada should become the 51st US state.

Trump also warned of 100 percent tariffs on BRICS nations -- a bloc including Brazil, Russia, India, China and South Africa -- if they create a rival to the US dollar.

New trade wars could rock the global economy, worsen tensions with Beijing and upend ties with allies.

US manufacturers, farmers and small business owners await his first moves, girding for higher import costs on anything from batteries to wines, while bracing for retaliation.

"I'm not necessarily against all tariffs," said Mark Pascal, a restaurant owner based in New Jersey. He said he understands the rationale of taxing a country that unfairly suppresses prices.

But "we're concerned about any tariff that would apply broadly to wine and spirits, which is an industry that is not unfairly competing in any way," added Francis Schott, who co-runs restaurants with Pascal.

Trump introduced a range of duties in his first term, including on steel and aluminum, and on Chinese imports as he waged an all-out trade war on the world's second biggest economy.

Even before taking office, Donald Trump has raised the prospect of fresh levies on companies, countries and groups of states as he seeks to implement his agenda.

PHOTO: REUTERS/FILE

In 2019, he imposed tariffs on European food and drinks as Washington and Brussels clashed over aviation subsidies.

While these were later suspended, restaurateurs worry their return would batter small establishments.

"It raised our costs, so it raised our prices," said Pascal.

Trump has used tariffs as a bargaining tool and will probably do so again, said Joshua Meltzer of the Brookings Institution. But China is signaling pushback and Europe is more prepared policy-wise, he told AFP.

Governments appear to have "reached a similar conclusion that they are better off threatening retaliation at least at this stage, rather than capitulating," Meltzer added.

EY chief economist Gregory Daco warned that tariffs and other measures could tip the world economy into stagflation -- stagnation with elevated inflation -- if pursued to their fullest.

Trump's other promises include an across-the-board levy of 10 percent or more, with a steeper rate on China.