BSTI to develop LED lamp standards

STAR BUSINESS REPORT

The Bangladesh Standards and Testing Institution (BSTI) is planning to formulate "Minimum Energy Performance Standards" (MEPS) for light-emitting diode (LED) lamps to promote energy efficiency and reduce electricity consumption.

The MEPS specify the minimum level of energy performance that appliances and equipment must meet or exceed before they can be supplied or used for commercial purposes.

The BSTI announced the plan in a workshop titled "Minimum Energy Performance Standards for LEDs and Luminaries" jointly organised by the BSTI and US-based non-profit Clasp at The Westin Dhaka last Thursday, according to a press release.

Industry experts, including representatives from LED manufacturers and BSTI technical committee members, shared insights during the technical session.

They pointed out the importance of the MEPS in ensuring high-quality, energy-efficient lighting solutions that align with the country's goals for sustainable energy use.

Maqsura Noor, additional secretary to the Ministry of Industries, attended the event as chief guest, along with officials of the BSTI.

Gold poised for third weekly gain

REUTERS

Gold prices were pressured by an uptick in the US dollar on Friday, but remained on track for a weekly gain as uncertainties around incoming President Donald Trump's policies and renewed bets of further rate cuts lifted bullion above the key $2,700 level.

Spot gold eased 0.4 percent to $2,701.03 per ounce by 03:10 p.m. ET (2010 GMT), while US gold futures settled 0.1 percent lower to $2,748.70.

"The pullback today is not significant, but more of a profit-taking move than anything else, maybe helped by the dollar being a little higher in the day, adding some light pressure," said David Meger, director of metals trading at High Ridge Futures.

Chinese firms bullish on Bangladesh's manmade fibre

KEYPOINTS

- Demand for manmade fibre growing in Bangladesh
- RMG producers in Bangladesh increasing focus on MMF
- Non-cotton exports account for 30 percent of the total
- MMF fetches higher prices than cotton
- Local businesses buying more MMF fabrics from China
- Future bright for MMF-based collaborations

Overall RMG sector

Garment makers diversifying products for global market

Bangladesh aims for 12% of global market share by 2030

JAGARAN CHAKMA

Chinese textile companies are optimistic about increasing exports of manmade fibre (MMF) to Bangladesh as the country's garment makers have been diversifying their products in line with changing global demand over the past few years.

Apparel made from artificial fabrics, such as polyester, is in high demand abroad and offers higher export earnings than comparatively lower value-added clothing items made from traditional fibres like cotton.

As such, nearly 30 percent of all locally made garments are now MMF products, reflecting their critical role in the industry.

Non-cotton garments are particularly lucrative, fetching higher prices than traditional cottonwear for having better flexibility, durability, and functionality. For instance, the cost of an MMF T-shirt is roughly double that of a cotton T-shirt.

So, Bangladeshi garment makers have been diversifying their product base with non-cotton items, increasing production capacities, ensuring consistent supply, and improving quality over the past five decades.

Today, Bangladesh accounts for approximately 7.9 percent of global apparel sales, establishing itself as a reliable source for international retailers and brands. With 30 percent of its garment exports comprising MMF products, the country aims to expand its global market share to 12 percent by 2030.

"We are focusing on MMF as demand in Bangladesh is on the rise, with local garment makers gradually shifting to MMF from cotton to increase their share of high-value products in the global market," said William Yan, head of sales at Guangdong Jinlong Fabric Technology Co Ltd.

She was speaking with The Daily Star at the Dhaka International Yarn and Fabric Show (DIFS), organised by CEMS-Global USA at the International Convention City Bashundhara in the Kuril area of Dhaka yesterday.

People visit a stall at the Dhaka International Yarn and Fabric Show at the International Convention City Bashundhara. PHOTO: COLLECTED

According to Yan, they have 12 clients in Bangladesh that regularly purchase fabrics from them. Previously, these clients would import only cotton fabric, but in recent years, they have started purchasing MMF.

"Although the number of visitors is very low, those who want to do business with us came to make inquiries," she added.

Yan also mentioned that their exports to Bangladesh, particularly MMF, have been increasing gradually.

Echoing the same, Victoria, sales manager at Shishishi Yaming Dress and Weaving Co Ltd, said they have already secured 10 clients in Bangladesh for MMF.

She added that they are focusing solely on MMF at this expo to attract new clients.

Victoria also appreciated local producers, noting that they understand the future market of readymade garments and are working to increase their market share worldwide.

Against this backdrop, she said she foresees a bright future for her company in Bangladesh.

Vivien Zhang, general manager (sales) at Shaoxing Anyue Textiles Co Ltd, highlighted the growing importance of Bangladesh in their business strategy.

"We export a huge quantity of MMF to Bangladesh every year, and this demand continues to grow," she said.

Zhang noted that the company currently has five dedicated clients in Bangladesh who are instrumental in expanding their client base in the region.

According to Zhang, Shaoxing Anyue Textiles is keen to see Bangladeshi garment manufacturers increase their MMF usage as it would not only help their company sustain its business but also foster further development of the textile sector.

She emphasised the mutual benefits of this collaboration, stating that greater adoption of MMF could significantly contribute to the efficiency and sustainability of Bangladesh's apparel industry, paving the way for long-term growth and stronger partnerships.

Anthea, sales manager at Shaoxing Huiyi Textile Co Ltd, and May Lin, head of marketing at Shanghai Haofan Industrial Co Ltd, expressed optimism about future business prospects with Bangladesh.

Both companies see significant potential in the country's growing textile and apparel sector, which has motivated their participation in the DIFS, she said.

Anthea emphasised the importance of such fairs in fostering partnerships and showcasing innovative textile solutions, while May Lin highlighted Bangladesh's expanding role as a key market for high-quality fabrics and yarns.

Can IMF prescriptions salvage our economy?

MAMUN RASHID

There seems to be much confusion among the citizenry regarding how our economy is being managed, and challenges are addressed. There is a popular belief that it is none other than the International Monetary Fund (IMF) behind raising interest rates to combat inflation, pushing for raising taxes and now especially VAT to manage the government's earnings gap, and some say this may also be applicable for continuous depreciation of the taka against the greenback. The principal reason for these tightening or regressive decisions is -- increasing the government's ability to pay for their increased local and foreign payment obligations.

The government's debt escalated by 13.3 percent in the last fiscal year, attaining a concerning Tk 18.3 lakh crore due to a consistently fragile income footing. Upon the inauguration of the preceding administration in 2009, the national debt was $33.66 billion. By its departure in August 2024, the debt had surged to $156 billion. Although the current debt-to-GDP ratio of 36.3 percent is within the IMF's acceptable threshold, this statistic becomes concerning compared to the nation's lacklustre revenue generation and diminishing dollar reserves.

The acute cash shortage is a critical issue affecting domestic and international transactions. On one hand, income collection is exceedingly low; on the other hand, interest payments are escalating significantly.

The recently released white paper on the economy forecasts that by June 2025, the debt-to-GDP ratio may escalate to 41.3 percent, heightening the dangers of fiscal instability.

Interest payments alone surged by 21 percent last year, totalling Tk 1.1 lakh crore -- representing one-sixth of the national budget. This substantial expenditure on debt payments has constricted the fiscal capacity, allowing minimal opportunity to support growth-focused initiatives. As inflation elevates interest rates on government bills and bonds, the fiscal constraint may intensify in the forthcoming years.

Bangladesh's foreign debt per capita has more than doubled in the past eight years, a worrying sign of the country's reliance on external borrowing. The government is now compelled to take out further loans to settle foreign debt and keep importing necessities like energy and fertiliser. Sustainable debt management requires fundamental adjustments, particularly in revenue yield. However, recent efforts to increase VAT and other taxes on almost 100 items and services could backfire, driving up inflation and raising prices for average people.

Addressing long-term tax evasion and greatly expanding the tax base are superior strategies. The government has been using indirect taxation, which unfairly burdens the poor more than the rich, for many years. This strategy deepens economic inequality and disadvantages the most vulnerable.

Bangladesh urgently needs a progressive taxation structure that reconciles equality with fiscal necessities. Enacting progressive revenue policies prioritises augmentation of direct taxes, maintains adherence to regulations, and curtails tax evasion. This will allow the government to address its escalating debt without further taxing the strained middle and lower classes. A comprehensive public financial management reform is necessary to reestablish budgetary discipline, optimise expenditures, and prioritise investments that yield long-term prosperity.

The country faces a pivotal decision: adhere to short-term solutions that exacerbate inequality or adopt enduring reforms that foster stability and advancement.

We need massive readjustment within our revenue architecture or public financial management model. A proven development partner like the IMF should be helping us there with all necessary tools and capacity building and refrain our government from taking any temporary or one-off regressive path to make the already suffering common person on the street in a widening income inequality and poverty-stricken country like Bangladesh.

The writer is the chairman of Financial Excellence Ltd

Trump's economic plans could cause US inflation

IMF chief economist says

AFP, *Washington*

Donald Trump's economic plans risk reigniting US inflation, International Monetary Fund (IMF) chief economist Pierre-Olivier Gourinchas told AFP, a few days before the president-elect returns to the White House.

Trump's proposals to hike tariffs and curtail immigration would likely constrain the supply side of the economy and push up prices, Gourinchas said in an interview. Other proposals the president-elect has floated, such as cutting red tape and taxes, could also fuel inflation by boosting demand, he added.

"The bottom line is, when we look at the risk for the US, we see an upside risk on inflation," he said.

Gourinchas spoke to AFP at the IMF's headquarters in Washington, a day before the publication of its key World Economic Outlook (WEO) report on Friday.

In the WEO update, which did not account for Trump's proposals due to policy "uncertainty," the IMF raised its forecast for global growth and sharply hiked its outlook for the US economy.

Many economists see Trump's tariff and immigration plans as inflationary, but Trump and his advisors have pushed back, arguing that the overall package of measures he plans to enact should help keep prices in check.

Traders have pared back the number of rate cuts they expect the US Federal Reserve to make in 2025, assigning a roughly 80 percent chance that it will make no more than two quarter-point cuts this year, according to data from CME Group.

IMF raises global growth outlook

Flags rising economic divide between US and European countries

AFP, *Washington*

Global growth is expected to increase slightly this year while remaining stuck below its pre-pandemic average, the IMF said Friday, flagging the growing economic divide between the United States and European countries.

In an update to its flagship World Economic Outlook report, the International Monetary Fund said it expects global growth to hit 3.3 percent this year, up 0.1 percentage point from its previous forecast in October, and to remain at 3.3 percent in 2026.

"Growth is steady," IMF chief economist Pierre-Olivier Gourinchas told AFP in an interview, adding that it remained below the average global growth rate in the first two decades of the 21st century of 3.7 percent.

The IMF expects the global inflation rate to continue decelerating, reaching 4.2 percent this year and 3.5 percent in 2026, with prices cooling faster in advanced economies than in emerging markets.

"Among advanced economies, the interesting development here is the strength and resilience and growth of the US economy," Gourinchas said, pointing to the IMF's decision to hike its outlook for US growth to 2.7 percent in 2025 and to 2.1 percent in 2026.

"The labor market has been strong, there is strong demand, private demand is robust, there is good confidence," he said.

One of the risks to the IMF's forecasts is policy uncertainty in the United States, where Donald Trump is preparing to return to the White House.

The IMF did not include the Republican president-elect's policy proposals in its forecasts and instead based its projections on existing US policies.

"The bottom line is, when we look at the risk for the US, we see an upside risk on inflation," he said.

The economic picture in the United States stands in stark contrast to the Euro area, where a sharp downgrade for Germany has dampened expectations for a rebound in growth.

People walk along Nanjing Pedestrian Road, a main shopping area in Shanghai. The IMF expects China's growth rate to continue cooling this year to 4.6 percent, up 0.1 percentage point from the October forecast. PHOTO: REUTERS/FILE

The IMF now forecasts Euro area growth to increase slightly to 1 percent this year, and 1.4 percent in 2026, below its October forecasts.

"Some of the divergence is structural," Gourinchas told reporters on Friday, noting the "persistently stronger" productivity growth in the United States than in Europe, especially in the technology sector.

This, he added, was "linked to a favorable business environment and deeper capital markets."

The Fund left its outlook for growth in Japan unchanged this year and next, and slightly increased its outlook for the United Kingdom in 2025.

In Russia, which is affected by the ongoing and costly war in Ukraine, the IMF expects growth to slow sharply from 3.8 percent in 2024 to 1.4 percent this year, and to 1.2 percent in 2026.

The IMF expects China's growth rate to continue cooling this year to 4.6 percent, up 0.1 percentage point from the October forecast, before easing to 4.5 percent next year.

The slight upgrade was due to the Chinese government's recently announced package of fiscal support to help prop up the slowing economy, which is struggling with a property market slump and uncertainty about trade policy once Donald Trump takes office next week.