Gold dips on stronger dollar

REUTERS

Gold fell 1 percent on Friday due to a stronger dollar and profit-taking, although lingering geopolitical and economic uncertainties, and US Federal Reserve rate cut prospects kept bullion on track for a third consecutive weekly rise.

Spot gold was down 1 percent at $3,015.43 an ounce at 01:43 p.m. ET (1743 GMT). US gold futures settled 0.7 percent lower at $3,021.40. Bullion has gained 1 percent so far this week.

Gold, traditionally viewed as a safe-haven investment during times of geopolitical and economic uncertainty, and typically thriving in a low-interest-rate environment, has hit 16 record highs this year, reaching an all-time peak of $3,057.21 per ounce on Thursday.

"The market is taking a bit of a breather. There's some profit-taking at these levels and also the dollar is stronger today," said Marex analyst Edward Meir.

The US dollar rose 0.3 percent, hitting a two-week high and making greenback-priced bullion more expensive for overseas buyers.

"Ongoing safe-haven demand, both based on trade concerns and geopolitical risks, continues to be the primary driving force," said Peter Grant, vice president and senior metals strategist at Zaner Metals.

US President Donald Trump still intends for new reciprocal tariff rates to take effect on April 2.

The Fed held its benchmark interest rate steady on Wednesday as widely expected, but indicated two quarter-percentage-point cuts before the end of the year.

Traders are pricing in 71 basis points of easing this year from the Fed with at least two rate reductions of 25 bps each, with a cut in July fully priced in, LSEG data showed.

Israel announced an escalation in air, land and sea strikes against Hamas in Gaza to pressure the release of remaining hostages, effectively abandoning a two-month ceasefire and launching an all-out air and ground campaign against the dominant Palestinian militant group.

PHOTO: AHMED HUMAYUN KABIR TOPU

Many small and marginal weavers face challenges in running their looms due to excessive production costs.

Weavers in a bind as costs soar, Eid sales slump

AHMED HUMAYUN KABIR TOPU

With Eid-ul-Fitr just a week away, weavers in Pabna and Sirajganj, the country's major handloom cloth-producing regions, are frustrated by soaring production costs and poor sales.

Weavers say sales for Zakat clothes and supply to India have faltered this year, while yarn prices have increased by 50 percent. In response, cloth prices have risen by only 10 percent, leaving them with minimal profits.

According to the Handloom and Power Loom Owners Association, only 250,000 of the 450,000 looms in Pabna and Sirajganj are operational this year.

Though these looms manufacture mainly sari, lungi and gamcha year-round, Eid sales are the lifeblood of the business.

"Due to excessive production costs, small and marginal weavers in Pabna and Sirajganj are unable to run their factories," said Md Hydar Ali, director of the Bangladesh Specialised Textile Mills and Powerloom Industries Association.

For example, Md Uzzal Bishwas, a weaver from Kulunia village, closed his factory several months ago and is now working as a labourer to make his ends meet.

"I had five looms, but the factory closed last year. Ahead of the Eid festival, my brothers and I have been working in my factory as labourers, while another company invested yarn and colours for cloth manufacturing."

He said it was better to work as a labourer than remain jobless. "We are earning Tk 250 to Tk 300 producing 8 to 10 lungis a day, which helps with family expenses."

Like them, most small and marginal weavers are facing similar difficulties with rising yarn prices and shrinking profits.

"Each bundle of yarn previously was sold for Tk 26,000 to Tk 28,000. Now, we bought each bundle for Tk 30,000 for making Eid clothes last month," said Md Abdus Sattar, a power loom factory owner from Dogasi Kulunia village in Pabna Sadar upazila.

He added that while yarn prices had risen sharply, cloth prices had not kept pace.

"Last year, we sold each lungi for Tk 300 to Tk 320, making a profit of Tk 30 to 40 per piece. This year, each lungi sells for Tk 340 to Tk 350, with a profit of only Tk 10 to 15 per piece."

According to the Handloom and Power Loom Owners Association, only 250,000 of the 450,000 looms in Pabna and Sirajganj are operational this year

"This is not enough to survive," said Sattar, adding that five of his 10 power looms remained closed due to poor profits.

Handloom and power loom factories in Pabna and Sirajganj use 80-count yarn, which local spinning mills do not produce due to high manufacturing costs. This yarn is mostly imported from India and China.

Md Shakil Ahmed, a spinning trader of Dhaka, said the price of 80-count yarn has increased as Indian yarn is hardly coming since last year. This is being attributed to increased yarn prices this year.

Powerloom Industries Association Director Hydar Ali said that although small and marginal weavers' associations across the country are eligible for duty-free yarn support from the government, they have received little support over the years.

Weavers also said that the availability of cheap Indian yarn, which helped last year, has decreased, forcing them to buy yarn at inflated prices.

SALES NOSEDIVE

Traders claimed handloom cloth sales are significantly lower than last year's festival sales.

"Last year, I used to sell around 400 to 500 thaan (each thaan means four lungis) on each market day, with at least 1,500 to 1,600 thaan sold weekly ahead of Eid-ul-Fitr. But this year, I am selling only 250 to 300 thaan lungis on each market day," Md Golam Hossain, a wholesale trader of handloom cloth at Shahzadpur market, told The Daily Star.

"This is very poor sales in the festival market," Hossain added.

He added that fewer buyers from different districts and abroad are coming to Shahzadpur wholesale market, the country's largest handloom cloth wholesale market, contributing to the decreased sales.

Bodiuzzaman, a leading trader at Shahzadpur wholesale market, told The Daily Star, "Handloom cloth worth Tk 150 crore to Tk 200 crore used to sell from Shahzadpur wholesale market ahead of Eid last year, but this year we are barely getting Tk 100 crore in sales."

"Many people used to buy sari and lungi for Zakat during Eid-ul-Fitr every year, but this year there are hardly any Zakat sales, as wealthy individuals are trying to remain inconspicuous," said Bodiuzzaman.

"Besides, supplying cloths to India from Shahzadpur haat has stopped this year, which has decreased cloth sales," he added.

Minimise tax evasion and combat graft

AF NESARUDDIN

There is no denying the fact that Bangladesh's economy has grown at a steady and relatively fast pace since the early 1990s. However, we should not be complacent about this growth, as there was potential for even greater progress given the rise in per capita income and the significant expansion of businesses and industries. The low tax-to-GDP ratio and heavy reliance on indirect taxes remain major concerns for policymakers and the nation as a whole. In a country with around 180 million people, only 10 million hold Taxpayer Identification Numbers (TINs), and of them, only 4 million file tax returns. Clearly, there is considerable room to increase tax collections from both individuals and corporations. The absence of a transparent assessment system, credible and reliable financial (profit) reporting, and effective measures to minimise tax evasion and combat corruption have hindered the acceleration of direct tax collection.

Tax evasion is not unique to Bangladesh; it exists in many countries, including developed ones. The key concern is the extent of evasion -- whether it remains within a tolerable level or exceeds acceptable limits. In most cases, corruption occurs through collusion between taxpayers, tax officials, and tax consultants. A lack of transparency and accountability, exacerbated by unreliable financial reporting, further contributes to this problem. A comprehensive tax reform is long overdue to address these issues effectively.

The current interim government has introduced reform agendas in several key areas of the country and the economy. However, no significant fiscal reform initiatives have been undertaken. According to media reports, a committee comprising former chairpersons and members of the National Board of Revenue (NBR) has submitted a report proposing the bifurcation of the Revenue Policy Board and the Revenue Management Board. This division is expected to make revenue administration more effective and efficient. However, this alone may not fully resolve the challenges in revenue collection. In such committees, stakeholder consultations are crucial, but to our knowledge, they have not been conducted.

It is worth recalling that the Large Taxpayer Unit (LTU) was established around 20 years ago under the Reforms in Revenue Administration (RIRA) project, with four separate wings: the Audit Wing, the Revenue Accounting Wing, the Collection and Enforcement Wing, and the Service Wing. Initially, these functional divisions operated effectively for a few years. Unfortunately, this system was discontinued, and the LTU reverted to traditional assessment methods. Currently, for all practical purposes, the LTU functions like any other tax zone. Given this history, a case study should be conducted to analyse why the LTU failed to sustain its original structure and operations. The findings from such a study could provide valuable insights for the successful implementation of the government's plan to establish two separate boards for revenue administration based on distinct responsibilities.

Apart from this bifurcation, broader fiscal reforms, including digitalisation, are urgently needed to enhance revenue collection, ensure transparency in the assessment process, combat corruption, and curb tax evasion. This reform agenda can and should be initiated now. However, until such reforms are finalised and implemented, a few short-term measures can help sustain revenue collection growth. These include introducing independent certification -- if not a full-fledged tax audit -- of sales, major unusual transactions, compliance with withholding tax and VAT regulations, inter-company transactions, and the siphoning of funds by business entities. Downsizing the national budget should not be considered a solution when these straightforward measures can be implemented effectively.

It is undeniable that increasing revenue collection could create opportunities for further reductions and rationalisation of corporate tax rates. Ultimately, achieving the desired level of revenue collection is essential for Bangladesh to transition out of its Least Developed Country (LDC) status.

The author is a senior partner of Hoda Vasi Chowdhury & Co and a former president of ICAB

'Antipathy' to US: Tourists turning away from Trump's America

AFP, *New York*

In just a few weeks, the US tourism outlook has clouded as a result of some of President Donald Trump's policy decisions, which have angered some foreign visitors and prompted fear of a surge in prices and a stronger dollar.

Foreign traveler arrivals in the United States are expected to decline by 5.1 percent in 2025 compared to last year, against a previously projected increase of 8.8 percent, Tourism Economics said in a report published late last month.

Their spending is expected to slide 10.9 percent.

Since the report's publication, "the situation has deteriorated further," and the outcome will likely be even worse, Tourism Economics president Adam Sacks said, citing "the effects of antipathy towards the US."

In recent weeks, the Trump administration has slapped tariffs on Canada, Mexico, and China -- and threatened to impose them on the European Union. A sweeping plan to curb immigration has intensified.

Government bodies like the US Agency for International Development have been decimated, thousands of civil servants from lawyers to park rangers have been laid off, and Trump has drawn up controversial plans for the wars in Ukraine and Gaza.

"A situation with polarizing Trump Administration policies and rhetoric... will discourage travel to the US," said Tourism Economics, a subsidiary of Oxford Economics.

"Some organizations will feel pressure to avoid hosting events in the US, or sending employees to the US, cutting into business travel," it added.

The World Tourism Forum Institute said a mix of stringent immigration policies, a strong dollar and global political tensions "could significantly affect" international arrivals, "potentially reshaping the nation's tourism sector for years to come."

Among residents of 16 European and Asian countries surveyed by YouGov in December, 35 percent of respondents said they were less likely to come to the United States under Trump, while 22 percent were more likely.

For tourists from France, Uzbekistan, and Argentina interviewed by AFP in New York's Times Square, Trump's stance has not upended their plans.

Marianela Lopez and Ailen Hadjikovakis, both 33, nevertheless used their European passports rather than their Argentine ones to avoid any problems at the border.

"We were a bit scared about the situation, but we didn't change our plans," said Lopez.

The Lagardere family, who came from France, said it hadn't impacted their plans either.

The Americans "elected this president. It's democracy. If they're not happy, they'll change it in four years," said Laurent Lagardere, 54.

"He is who he is" and avoiding the United States "won't change anything," Lagardere added.

Some 77.7 million foreign tourists were expected in 2024, up 17 percent year-on-year, according to the National Travel and Tourism Office, which does not yet have final figures for last year.

Tourists from Western Europe -- who made up 37 percent of visitors in 2024 -- are the most likely to choose other destinations, along with Canadians and Mexicans.

Buildings on the Chicago River are reflected on the facade of the Trump International Hotel & Tower, as a Shoreline Sightseeing tourist boat sails by in Illinois.

PHOTO: AFP/FILE

The US Travel Association warned in early February that customs tariffs would deter Canadians, the largest contingent of foreign tourists in the United States with 20.4 million in 2024.

According to Statistics Canada, the number of Canadians returning from the United States fell 23 percent in February year-on-year, the second consecutive monthly decline.

In New York, which welcomed 12.9 million foreign travelers in 2024, the effect is already noticeable, with Canadians canceling tour bookings and a drop in online searches for hotels or Broadway shows, NYC Tourism president Julie Coker told AFP.

She lowered her forecast for the year in February but said that so far, only Canadians are saying no to Trump's America.

"We're not currently seeing anything from the UK or Europe," because it's too early, she said. "We are definitely watching that very closely."

But British and German authorities have just warned their nationals to be extra vigilant with their travel documents, citing the risk of arrest.

United Airlines has noted a "big drop" in travel from Canada to the United States as well as a decline in demand for domestic travel, as have several competitors.