

## H&M earnings hit by discounts

AFP, Stockholm

H&M reported Thursday weaker-than-expected sales and profits in the first quarter, as discounts and a strong Swedish currency hit earnings at the world's second-biggest fashion retailer.

H&M said net profit fell 53 percent to 579 million kronor (\$57.5 million) between December and February – the first three months of the group's fiscal year.

Sales rose three percent to 55 billion kronor, boosted by women's collections.

"Although we have made important progress in our plan and have good cost control, our sales and earnings in the quarter were somewhat weaker than planned,"

**Its profit margin was negatively impacted by "increased markdowns" and a strong krona, the company said**

H&M chief executive Daniel Erver said in a results statement.

"But the first quarter is the smallest quarter of the year for us in terms of sales and margin, and we are confident going forward," he added.

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H&M expects sales to rise one percent in local currencies in March.

"We can see that the improvements we have made, especially in the women's assortment, are starting to have a positive effect," Erver said.

"Here we have simplified the organisation and become faster at adapting to new trends and creating a more relevant assortment."



Women weave elephant grass, or hogla pata as is called in Bangla, in intricate patterns to create baskets and other household items at Dumuria Village Super Market in Khulna. The work is undertaken on completion of household chores and provides some income for the women. A private company manages the production and sells the products abroad. The photo was taken recently. PHOTO: HABIBUR RAHMAN

# Expert panel discusses strategic planning for smooth LDC transition

STAR BUSINESS REPORT

The first meeting of the expert committee tasked with ensuring Bangladesh's smooth transition from the least developed country (LDC) status was held virtually yesterday, hosted by Economic Relations Division.

Anisuzzaman Chowdhury, special assistant (rank of state minister) of the Ministry of Finance, presided over the session.

Committee members – including Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD), Monzur Hossain, research director at the Bangladesh Institute of Development Studies (BIDS), Abdur Rahim Khan, additional secretary to the commerce ministry, MA Razzaque, chairman of RAPID, and Kazi Iqbal, senior research fellow at the BIDS – participated in the discussions.

The meeting focused on key aspects of Bangladesh's transition, emphasising

strategic planning, prioritisation of necessary actions, monitoring mechanisms, and government advisory considerations.

Besides, stakeholders' opinions were collected to formulate actionable policies that would facilitate a seamless graduation.

Monzur Hossain, research director of the BIDS, said the committee held its first meeting to discuss Bangladesh's transition from LDC status.

Various stakeholders shared their insights, emphasising the need for well-structured and implementable policies, he added.

A comprehensive strategy report on LDC graduation will be prepared, outlining short, medium, and long-term plans to ensure a smooth transition.

Furthermore, the meeting identified priority initiatives crucial for Bangladesh's economic and structural development.

According to him, discussions also underscored the importance of international

engagement and cooperation.

Moreover, the experts deliberated on how Bangladesh could leverage its global trade partnerships to retain benefits even after the LDC graduation.

The role of the private sector was also highlighted, with an emphasis on enhancing its contribution to the national economy, Hossain said.

To oversee the implementation of these plans, a proposal was placed to establish a monitoring committee.

"The roles of the government and other relevant agencies must be clearly defined to ensure smooth execution of suggestions," he added.

Hossain also informed that the meeting explored ways for Bangladesh to continue enjoying preferential trade benefits until 2029, with key considerations including access to climate change funds and other international financial assistance.

## Up to \$10,000 can be invested abroad

But solely to open companies

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Businesses in Bangladesh that are not over a decade old alongside Bangladeshi nationals can from now make investments of up to \$10,000 abroad, albeit to solely establish legal entities, thanks to the relaxation of associated rules by Bangladesh Bank.

Earlier, businesses had to seek approval of the central bank to make any type of investment abroad.

Now no prior permission will be required when applying to banks to facilitate the fund transfer, on condition businesses stick to the investment limit and purpose, as per a notice issued by the central bank yesterday.

The permission has been granted under Foreign Exchange Regulation Act, 1947.

However, applicants must have innovative business ideas that enable future investments and earnings to be rerouted into Bangladesh.

The notice also stated that Bangladesh Bank will consider requests from companies in Bangladesh seeking to acquire shares of firms overseas, albeit solely in exchange for their own shares or securities.

No cash transactions will be allowed.

Relevant proposals will be assessed to ensure that the share or securities swap ratio is determined in accordance with global best practices, the notice added.

A central bank official mentioned that this is the first step toward opening up capital account transactions in response to changing economic conditions. Industry insiders believe that the new regulations will facilitate inward investment through companies established abroad.

## Govt considers selling surplus potatoes through TCB

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The government is considering selling surplus potatoes through the Trading Corporation of Bangladesh (TCB) to help mitigate losses for potato farmers.

During yesterday's meeting of the government's purchase committee, the proposal was discussed, with Finance Adviser Salehuddin Ahmed in the chair.

After the meeting, Salehuddin told reporters that the issue of selling excess potatoes through TCB is still under deliberation.

However, he said there is a challenge, adding, "It becomes difficult to buy at a higher price and sell at a lower price in many cases."

Additionally, the committee approved the construction of a 10-storey headquarters building for the Fire Service and Civil Defence in the capital's Mirpur under the Urban Building Safety Project.

The project, valued at Tk 515.58 crore, will be implemented by Toa Corporation.

The finance adviser pointed out that it took six years to evaluate the proposal. "There were several factors considered during the evaluation of the tender," he explained. In other approvals, the government's purchase committee gave the green light to proposals to import two liquefied natural gas (LNG) cargoes and 50,000 tonnes of non-Basmati rice.

## Gold climbs back toward record high

REUTERS

Gold prices climbed back towards last week's record high on Thursday after US President Donald Trump announced new tariffs on auto imports starting next week, escalating global trade tensions that have been driving safe-haven demand for gold.

Spot gold had jumped more than 1 percent to \$3,052.97 an ounce as of 1030 GMT, just a few dollars away from the all-time high of \$3,057.21 hit on March 20. US gold futures climbed 1.3 percent to \$3,060.90.

Gold, traditionally seen as a hedge against uncertainty and inflation, has risen more than 15 percent this year.

"Policymaking coming from the US is driving huge amounts of uncertainty and gold, being the defensive, anti-fragile asset, is largely going up because of those uncertainties," Nitesh Shah, commodities strategist at WisdomTree, said.

Trump on Wednesday unveiled a 25 percent tariff on imported cars and light trucks, set to come into effect the day after he plans to announce reciprocal tariffs aimed at the countries responsible for the bulk of the US trade deficit.

Traders are now looking to Friday's US personal consumption expenditures data, the Federal Reserve's preferred inflation measure, to shed more light on the US central bank's rate cut path.

The Fed held its benchmark interest rate steady last week but indicated it could cut rates later this year. Non-yielding bullion tends to thrive in a low interest-rate environment. "We maintain our bullish stance on gold, though a consolidation is possible after the recent swift rally towards \$3,040/oz," ANZ analysts said in a note.

## US corporate profits surge in Q4

REUTERS, Washington

US corporate profits rebounded sharply in the fourth quarter, but an uncertain economic outlook due to tariffs is creating a challenging environment for businesses in the first quarter.

Profits from current production increased \$204.7 billion last quarter, the Commerce Department's Bureau of Economic Analysis (BEA) said on Thursday. Profits declined \$15.0 billion in the July-September quarter.

President Donald Trump has announced a blizzard of tariff actions since taking office in January. Economists have warned that the manner in which the tariffs are being handled is not supportive of economic activity.

Business and consumer sentiment have sagged, which was reinforced by data on Wednesday from two regional Federal Reserve banks and Duke University that showed optimism among company chief financial officers dropped in the first quarter.

## 75% factories yet to pay March wages

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Hossain said that while 94.78 percent of factories had paid bonuses, liquidity pressures were high due to the dual burden of salaries and bonuses.

To ease it, the Bangladesh Bank has released Tk 2,250 crore from export cash incentives to help facilitate payments before Eid.

At a press conference in Dhaka yesterday, Labour and Employment Adviser Brig Gen (Retd) M Sakhawat Hussain assured that "almost all

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Gross domestic product increased at an upwardly revised 2.4 percent annualized rate last quarter, the BEA said in its third estimate of fourth quarter GDP.

Growth was previously estimated to be a 2.3 percent pace. The economy grew at a 3.1 percent rate in the third quarter.

The strength in profits helped an alternative measure of economic growth. Gross domestic income

(GDI) grew at a 4.5 percent rate last quarter after rising at a 1.4 percent pace in the July-September quarter.

In principle, GDP and GDI should be equal, but in practice they differ as they are estimated using different and largely independent source data. Annual benchmark revisions tend to close the gap between GDP and GDI.

The average of GDP and GDI, also referred to as gross domestic output and considered a better measure of economic activity, increased at a 3.5 percent rate. Gross domestic output grew at a 2.2 percent pace in the third quarter.

There are signs that GDP growth has significantly slowed down in the first quarter because of snowstorms and unseasonably cold weather as well as trade policy uncertainty.

Growth estimates for the January-March quarter are mostly below a 1.5 percent rate and the odds of a contraction are high. The Fed last week left interest rates unchanged, an acknowledgement of the uncertainty swirling around the economy.

factories" would clear payments as Eid approaches.

According to the adviser, the government has barred 12 garment factory owners from travelling abroad over unpaid wages.

As the owner of Roar Fashion Sailuzzaman Shikhor, a former Amwai League lawmaker, is now absconding, labour agitation prompted authorities to disburse Tk 1.23 crore in loans to cover unpaid wages.

The labour ministry has also urged the home ministry to file a

case against the former lawmaker and alert Interpol.

In a bid to settle dues, the adviser said Apparel's Eco Ltd of TNZ Group sold cars to pay workers, while Mahmud Jeans used central bank incentives. Disputes at Stylecraft and Youngone BD have also been resolved.

In a statement last night, BGMEA said that 83.2 percent of its 2,107 factories had paid half of March's wages, with full payments expected by March 28-29.

## NBR flags tax anomalies

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"Our files came under audit by the tax office," he said, adding that they will follow due legal process.

The CIC found that M/S Fakhor Uddin is a shareholder of Hotel Star Pacific, Casablanca Hotel & Restaurant, Sylhet Communications Systems Ltd, and International Securities Ltd.

"The individuals have run the firms and used them as a medium to evade taxes," said an NBR document.

For this reason, the tax authority took legal measures and asked banks to freeze the accounts of the taxpayers, including their firms, in February.

Based on a writ petition filed by the taxpayers, the High Court last week stayed the NBR directive to block the accounts of International Securities Ltd.

**Undisclosed offshore investment found**

The CIC also found an undisclosed offshore investment made by Fakhor and Nahian in an under-construction 33-storey complex in Dubai.

The project consists of 224 apartments, including studio,

one-bedroom, two-bedroom, and three-bedroom units, along with shared facilities such as a gym and a swimming pool, according to the NBR, which sent teams to Dubai in January to gather information on undisclosed assets of Bangladeshis abroad.

The tax administration said it is probing the matter to recover taxes and penalties.

As per the Income Tax Act, 2023, all Bangladeshi residents must disclose any foreign assets or investments in their tax filings, the NBR said.

However, the individuals have not reported offshore investments in their tax files, which is a violation of tax laws.

Speaking to The Daily Star, Nahian refuted those allegations as well, saying, "I have no financial investment in the Dubai project. The developer hired me as a sales agent, and we signed the agreement on July 2, 2024. I have a residence permit in Dubai. I have not laundered money in any way. Since I signed it in July last year, I still have the opportunity to include it in my tax file."

## Eid sales surge online

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"This allows us to provide significant discounts, including vouchers worth nearly Tk 5 crore, offering savings of up to 80 percent," said Rusho.

"Furthermore, we've introduced promotions such as free delivery on purchases of three or more items and

a special gift with the purchase of four," he said.

"In addition, various payment partners are offering discounts of up to 15 percent on our platform. In total, these initiatives aim to make product prices very reasonable," said Rusho.

## Four state-run banks

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According to the circular, all branches and sub-branches of scheduled banks will remain closed on April 3, following a government-declared holiday for Eid.

The central bank also instructed authorities to ensure proper security at branches that will remain open

and to compensate officers and employees working on holidays as per the rules.

The Ministry of Public Administration has officially declared April 3 a public holiday for Eid. Finance companies, like government institutions, will also be closed on that day.