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Govt prepares formal appeal to US over tariffs

REFAYET ULLAH MIRDHA

The government will shortly write to the United States Trade Representative (USTR), urging it to reduce what it describes as an irrational imposition of 37 percent reciprocal tariffs on Bangladeshi exports, a top official said yesterday.

The decision was taken at an urgent inter-ministerial meeting at the Secretariat within hours of US President Donald Trump's sweeping tariff announcement, according to Commerce Secretary Mahbubur Rahman.

Speaking to The Daily Star over the phone, he presented Bangladesh's rebuttal to the new US tariff measures.

"Our comprehensive analysis shows that American goods entering Bangladesh face an average tax incidence of merely 2.37 percent," the commerce secretary said.

"This minimal rate reflects our duty-free or near-zero tariff treatment to key US commodities including cotton, iron ore, soybean seeds and scrap metal. So, the imposition of such disproportionate reciprocal duties is not justified," Rahman said.

He added that the ministry has scheduled a high-priority meeting with Tracey Ann Jacobson, the chargé d'affaires at the US Embassy in Dhaka, on Sunday.

After the import tariff hike by the US on Wednesday, Shafiqul Alam, press secretary to the chief adviser, said that the authorities were evaluating options to adjust tariffs.

NBR Chairman Abdur Rahman Khan said revenue officials were examining which US products face duties, their respective rates, and their trade value.

Asked about Trump's claim that Bangladesh imposes a 74 percent tariff on American goods, the NBR chairman said they were verifying this figure.

"They may have cited only the highest-duty items. We are cross-checking the data," he added. "The US might have referenced either peak or average rates. We are now analysing the actual numbers."

Similarly, the commerce secretary identified several issues in the Trump administration's tariff methodology.

"Firstly, their calculations completely disregard Bangladesh's substantial imports of American services," he said.

"Secondly, they ignore the millions we pay annually in licensing fees to US technology firms and insurance providers. They have also excluded the digital service payments flowing to American platforms like Facebook, YouTube and Microsoft."

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Bangladesh must push for urgent US trade talks

Urge experts, say new 37% tariffs could hurt key exports

REFAYET ULLAH MIRDHA, MD ASADUZ ZAMAN *and* SUKANTA HALDER

Business leaders and economists have called upon the government to initiate immediate high-level negotiations with the United States administration following President Donald Trump's imposition of reciprocal tariffs, warning that failure to secure concessions could erode the nation's competitive edge in its most lucrative export market.

The collective appeal comes as Bangladesh's ready-made garment sector, which accounts for over 90 percent of its exports to the US, now faces an expansive 37 percent tariff, a dramatic increase from the previous rate of around 15 percent.

Industry experts maintain that despite this substantial hike, Bangladesh retains significant advantages that could be leveraged during negotiations, including substantially lower production costs compared to regional competitors like China and Vietnam, both of whom have been hit with higher tariffs at 54 percent and 46 percent respectively.

The Trump administration's sweeping tariff measures have precipitated what economists describe as the most significant transformation of international trade architecture in decades.

"The world has witnessed an unprecedented shift in the global trading regime with the introduction of reciprocal tariffs by the Trump administration, signaling a potential end, or at least a significant transformation, of the Most Favoured Nation (MFN) principle that has long been a cornerstone of the GATT/WTO framework," said Professor Selim Raihan, executive director of the South Asian Network on Economic Modeling.

Raihan elaborated on the profound implications of this policy shift, saying, "The new system of variable, country-specific tariffs creates unprecedented uncertainty."

For developing economies like Bangladesh that have built their growth models around predictable trade rules, this presents existential challenges, he said. "Our research indicates these measures could reduce developing nations' export earnings by 15-20 percent annually if left unaddressed."

The economics professor emphasised strategic adaptation.

According to him, Bangladesh must pursue a three-pronged response: domestic policy reforms to enhance competitiveness, active participation in reshaping multilateral trade institutions and the cultivation of deeper bilateral partnerships to secure preferential access.

Hafizur Rahman, administrator of the Federation of Bangladesh Chambers of Commerce and Industry, highlighted Bangladesh's strong case for tariff mitigation.

"When we examine comparative tariff rates, we find India facing just 26 percent and Pakistan 29 percent, despite similar trade profiles. This disparity suggests considerable room for negotiation," he told The Daily Star.

Meanwhile, Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), highlighted specific bargaining chips.

"We currently impose substantial duties on certain US imports, particularly alcoholic beverages," he said. "A reciprocal reduction could demonstrate goodwill while costing our exchequer relatively little.

"More significantly, as the world's fifth-largest cotton importer – with substantial purchases from American growers – we possess considerable untapped leverage."

Industry analysts also caution that conventional negotiation approaches may prove ineffective against the Trump administration's unconventional trade calculus.

Syed M Tanvir, managing director of Pacific Jeans, said, "The administration's so-called 'reciprocal' tariffs bear little relation to actual duty structures. Their calculations incorporate trade deficit figures, perceived currency manipulation and even subjective assessments of regulatory barriers.

"To reduce our tariff burden, we must address the core metric driving these decisions – the bilateral trade imbalance."

He said strategic increases in imports of high-value American products, particularly in defence, aerospace and advanced machinery sectors, could significantly improve Bangladesh's negotiating position.

The executive offered a blunt assessment of political realities.

"President Trump operates as a transactional dealmaker rather than a traditional statesman. Bangladesh must structure any proposal as a mutually beneficial exchange – we need to identify concessions that deliver tangible wins he can showcase to his domestic constituency," Tanvir said.

Anwar-Ul-Alam Chowdhury Parvez, president of the Bangladesh Chamber of Industries and a former leader of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), provided an analysis of vulnerable sectors.

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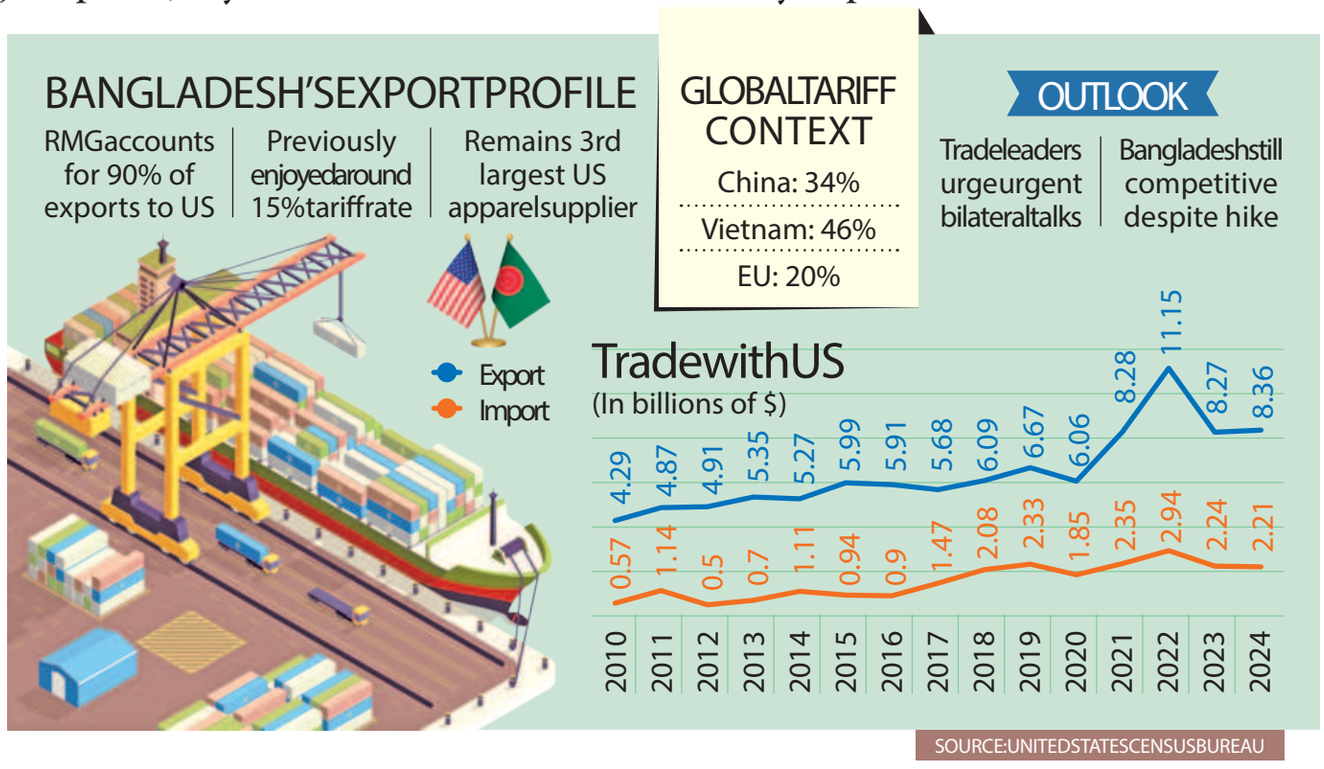
Read on B4:

- Trump kicks all of Asia into the China tariff boat
- Implications and strategies for Bangladesh



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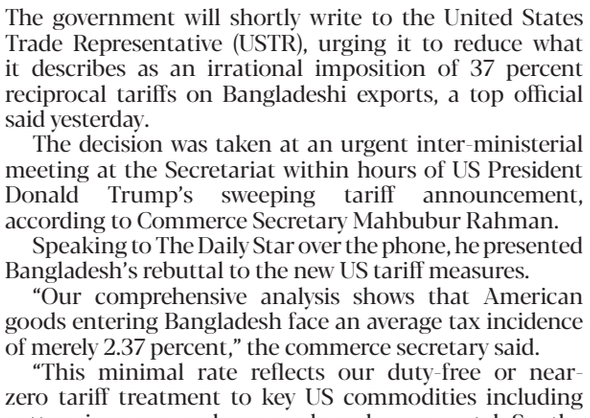

Footwear exporters see opportunity in US tariffs

Pharma, plastic and agro-processed food sectors mired in uncertainty

SOHEL PARVEZ *and* JAGARAN CHAKMA

As the United States moves to impose reciprocal tariffs, concerns are mounting among Bangladeshi exporters, particularly in the footwear and pharmaceutical sectors, over potential implications for the country's trade prospects.

Industry leaders say Bangladesh, which depends heavily on the US market as a key export destination, could have prepared earlier to mitigate the fallout. In contrast, others remain cautiously optimistic that the impact may be less severe than feared.

The new tariff measures -- the full details of which are yet to be revealed -- have sparked urgent calls for the government to engage in proactive economic diplomacy and undertake long-overdue trade policy reforms to safeguard Bangladesh's competitive edge, especially at a time when global trade is already under pressure.

"The impact could be extremely serious. So, we need to engage and inform carefully," said Syed Nasim Manzur, managing director of Apex Footwear Ltd, a leading footwear exporter in Bangladesh.

He said the US was the fastest-growing destination for Bangladeshi footwear in fiscal year 2021-22 and is one of the single biggest markets for bags.

Manzur, also president of the Leathergoods and Footwear Manufacturers and Exporters Association, said the US has been talking about imposing reciprocal tariffs since January this year.

"Unfortunately, we were in a kind of comfort zone and have not taken any measures. But a major competitor of ours was following this and was taking actions to minimise the possible impact of US tariffs on its exports," he added. "We could have started preparations earlier as well."

He said Bangladesh's total tax incidence is one of the highest in the region, adding that it is high time for the country to rationalise import tariffs and para-tariffs, specifically supplementary duty.

Bangladesh's average duties on US imports currently stand at 54 percent, but the rate goes up to 528 percent in the case of products like luxury automobiles.

"We must engage with the US administration and explain our position. This is a time for economic diplomacy," he said. "We also need a clear roadmap with a short timeline for tariff rationalisation. In parallel, we must have clear plans to reduce the cost of doing business, and eliminating bureaucratic bottlenecks and corruption."

In a welcome move, the National Board of Revenue has already initiated discussions on the issue.

"So, we are happy to see that the government has announced that it is reviewing tariffs for US products," Manzur said.

Nasir Khan, managing director of Jennys Shoes Ltd, one of the country's leading footwear exporters, said the US accounts for nearly 19 percent of Bangladesh's total exports, making it a crucial destination for local manufacturers.

However, Bangladesh's imports from the US are relatively modest, standing at around $2 billion annually.

"If we reduce import tariffs on US products, it will not have a significant negative impact on us," Khan said. "On the contrary, if the US considers lowering tariffs on Bangladeshi exports, it could unlock fresh opportunities for our manufacturers."

While acknowledging that the non-leather footwear segment relies on the US market, he noted that it is not as exposed as other major export sectors.

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Will the tariff hike impact stock market?

AHSAN HABIB

Stock investors in Bangladesh are apprehensive about the US hiking import tariffs, a move that could hurt the South Asian nation's exports and the profitability of export-oriented listed firms.

A 37 percent "discounted reciprocal tariff" was levied in response to White House estimates that a 74 percent tariff is effectively imposed by Bangladesh on American goods. Previously, Bangladeshi goods entered the US market by paying an average duty of 15.62 percent.

The rise in tariffs will negatively impact many listed readymade garment manufacturers and pharmaceutical companies as they export substantial volumes of goods to the US, said stock investor Mia Rubel Hossain.

"Either their exports will decline, or their profits will shrink -- or both. As a result, these companies may not be able to offer good dividends," he said.

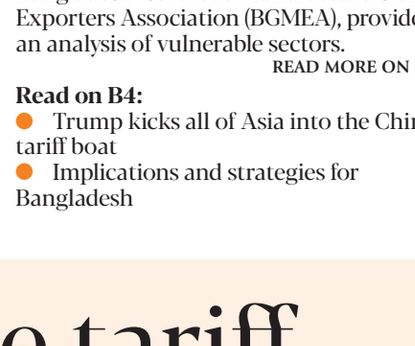
Bangladesh's stock market has been struggling for several years due to the poor performance of listed firms, exacerbated by the Covid-19 pandemic and the Russia-Ukraine war. Additionally, recent political uncertainties have significantly impacted corporate profitability.

Most listed firms reported lower profits during the first half of the current fiscal year while many incurred losses. Now, many export-oriented companies listed on the stock market could sustain a further hit to their revenues due to the hike, which would subsequently affect stock market investors.

The question is whether such concerns are fair and the extent to which the rise in tariffs will impact the stock market.

Asif Khan, president of the CFA Society of Bangladesh, said there would be little direct impact.

There are 58 readymade garment and textile companies listed on the Dhaka Stock Exchange (DSE) that export goods alongside 34 pharmaceutical companies.



However, Khan said there are not many listed firms that export goods to the US, adding that those who do are not dependent solely on the destination.

"Many listed textile companies are not exporting to the US. Instead, they sell products to readymade garment companies, which then go for exports. Besides, a couple of pharmaceutical companies export goods to the US," he said.

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An aerial view shows a container ship being guided to its berth by tugboats at Qingdao port, in China's eastern Shandong province. By the 1990s and early 2000s, China entered Trump's crosshairs, and Beijing remains one of his top tariff targets, along with Canada, Mexico and the European Union. PHOTO: AFP/FILE

'Tariff man': Trump's long history with trade wars

AFP, *Washington*

Donald Trump loves few things more than talking about his affinity for tariffs, but it's nothing new: he's been saying the same thing for decades.

"To me, the most beautiful word in the dictionary is 'tariff,'" Trump repeatedly said on the campaign trail for the 2024 election.

He has since joked that it is now his fourth favorite word, after love, God and family -- but his commitment to them remains as strong as ever.

The 78-year-old Republican has promised a "Liberation Day" for America on Wednesday when he announces sweeping "reciprocal" tariffs targeting any country that has import levies against US goods.

The sudden trade war has sent leading world economies scrambling -- yet anyone surprised by the onslaught has not been listening to Trump himself.

Other policies have come and gone, especially on hot-button issues such as abortion, but Trump's belief that America is being ripped off by the world has remained one of his core values.

So has his innate conviction that tariffs are the solution, despite arguments by opponents and many economists that US consumers will suffer when importers pass on increased prices.

"I am a Tariff Man," Trump declared in a social media post back in 2018 during his first presidential term. In fact, Trump has been saying as much since the 1980s.

His main target then was Japan, as Trump -- best known in those days as a brash property dealer and tabloid fixture -- discussed getting into politics in an interview with CNN's Larry King.

"A lot of people are tired of watching other countries ripping off the United States," Trump said in 1987, using rhetoric that has changed little in the intervening 38 years.

"Behind our backs, they laugh at us because of our own stupidity."

In a separate interview with chat show host Oprah Winfrey, he raged: "We let Japan come in and dump everything right into our markets."

By the 1990s and early 2000s, China entered his crosshairs, and Beijing remains one of his top tariff targets, along with Canada, Mexico and the European Union.

"To me, the most beautiful word in the dictionary is 'tariff,'" Trump repeatedly said on the campaign trail for the 2024 election

In his successful 2016 election campaign, Trump stepped up the rhetoric, saying: "We can't continue to allow China to rape our country."

During his second term, Trump has also started citing a historical precedent going back more than a century -- President William McKinley.

McKinley's passion for both territorial expansion and economic protectionism during his time in office from 1897 to 1901 could have been the model for Trump's "Make America Great Again" policies.

"President McKinley made our country very rich through tariffs and through talent -- he was a natural businessman," Trump said in his inauguration speech in January.

Trump's promises of a "Golden Age" harkens back to the so-called "Gilded Age" that culminated with McKinley's presidency, a time when America's population and economy exploded -- along with the power of oligarchs.

In addition to deploying tariffs, McKinley presided over a period of territorial adventurism for the United States, including the Spanish-American war and the purchases of Guam, Puerto Rico and the Philippines.

Such moves echo Trump's own designs for Greenland, Panama and Canada.

The two also share the unwanted similarity of being struck by an assassin's bullet -- although Trump survived the attempt on his life at an election rally last July, while McKinley was killed by an anarchist in 1901.

In shift, OpenAI announces open AI model

AFP, *San Francisco*

Artificial intelligence powerhouse OpenAI, the creator of ChatGPT, on Monday announced it is building a more open generative AI model as it faces growing competition in the open-source space from Chinese rival DeepSeek and Meta.

The announcement marks a strategic shift by OpenAI, which until now has been a fierce defender of closed, proprietary models that do not allow developers to modify the basic technology to make AI more adapted to their goals.

OpenAI and defenders of closed models -- which include Google -- have often decried open models as more risky and vulnerable to nefarious uses by bad actors or foreign adversaries.

OpenAI's embrace of closed models has also been a bone of contention in its battles with former investor Elon Musk, the world's wealthiest person, who has called on OpenAI to honor the spirit of the company's name and "return to the open-source, safety-focused force for good it once was."

Putting pressure on OpenAI, many large companies and governments have proved reluctant to build their AI products or services on models they have no control over, especially when data security is a concern.

The announcement marks a strategic shift by OpenAI, which until now has been a fierce defender of closed, proprietary models that do not allow developers to modify the basic technology

The core selling point of Meta's family of Llama models or DeepSeek's models is addressing these worries by letting companies download their models and have far greater control to modify the technology for their own purposes and keep control of their data.

Meta CEO Mark Zuckerberg said earlier this month that Llama hit one billion downloads, while the release of DeepSeek's lower cost R1 model in January rocked the world of artificial intelligence.

"We've been thinking about this for a long time but other priorities took precedence. Now it feels important to do," OpenAI's chief executive Sam Altman said on X.

As it builds its new model, the company plans to gather developer feedback through a series of events starting in San Francisco in the coming weeks, followed by sessions in Europe and Asia-Pacific regions.

The announcement came as OpenAI has been riding on the success of its latest image-generation features in ChatGPT, the world-leading AI app and chatbot.

Altman posted on Monday that the tool helped add "one million users" in one hour.

That claim came days after Altman said the new image features were so popular that they were melting the OpenAI graphics processing units that power the AI due to heavy use.

The flurry of announcements comes as OpenAI is reportedly finalizing a $40 billion funding round led by Japan's SoftBank Group that would be the biggest capital-raising session ever for a startup.

US manufacturing shrinks in March on uncertain tariff picture

AFP, *Washington*

US manufacturing activity contracted again in March, snapping a two-month expansion as firms contended with uncertainty over President Donald Trump's tariff plans, according to survey data published Tuesday.

Traders are nervously preparing for sweeping reciprocal tariffs on Wednesday, which Trump has dubbed "liberation day," without providing much detail on the levies that are set to be imposed.

The Institute for Supply Management (ISM) manufacturing index slipped to 49.0 percent last month, a 1.3 percentage point fall from February. This was below the market consensus estimate of 49.8 percent, according to Briefing.com, and less than the 50-point mark separating expansion from contraction.

PHOTO: AFP/FILE

GMC Hummer EVs are seen on an assembly line at the General Motors Factory in Detroit, Michigan.

"US manufacturing activity slipped into contraction after expanding only marginally in February," ISM survey chief Timothy Fiore said in a statement. "The expansion in both February and January followed 26 consecutive months of contraction."

"Demand and production retreated and destaffing continued, as panelists' companies responded to demand confusion," he added, noting that price growth had accelerated "due to tariffs."

Tariffs also caused a backlog in new order placement, supplier delivery slowdowns and manufacturing inventory growth, he said.

Some of the firms who responded to the survey flagged trade uncertainty as a key concern.

How 'liberation day'

FROM PAGE B4

Likely to be hit hardest are China's top exports to the United States -- the country is the dominant supplier of goods from electronics and electrical machinery to textiles and clothing, according to the Peterson Institute of International Economics.

But analysts also warn that because of the crucial role Chinese goods play in supplying US firms, the tariffs may also have major knock-on effects.

"US imports from China are dominated by capital goods and industrial materials instead of consumer goods," Gene Ma, Head of China Research at the Institute of International Finance, told AFP.

"The tariff will hurt US manufacturers as well as consumers."

"This trade war not only has a destructive impact on China but also on the global trade system," Chen Wenling, Chief Economist at the China Center for International Economic Exchanges in Beijing, said.

How might Beijing respond?

Beijing has yet to specify what exactly its "countermeasures" will involve. But the retaliation could see Beijing hike pre-existing tariffs imposed in response to previous measures.

"China's countermeasures should be reasonable, beneficial and measured," Mei Xinyu, an economist at the state-affiliated Chinese Academy of International Trade and Economic Cooperation in Beijing, told AFP.

"They need to be strong and precise, while also avoiding turning the countermeasures into a decoupling of China and the United States," Mei added.

China last month slapped tariffs of 15 percent in imports of coal and liquefied natural gas from the United States. Crude oil, agricultural machinery, big-engined vehicles and pickup trucks also face 10 percent duties.

Analysts say those moves are designed to hit Trump's support base -- those in America's rural heartlands that voted him into office last year.

Beijing has called for dialogue to resolve the dispute, but any deal will take time.

"There are still chances for the two parties to resume talks in the following months," Betty Wang at Oxford Economics told AFP.

US tariff war: Implications and strategies

FROM PAGE B4

limited alternatives, as many of our competitors face similar or even higher reciprocal tariffs.

However, fierce competition among sellers poses a significant challenge, enabling wholesale buyers like Walmart and Target to pass the tariff costs onto us. To counter this, it is crucial for sellers to collectively agree not to accept a reduction in prices to offset the tariff.

The relevant association must closely monitor renegotiated prices and enforce penalties for non-compliance with this agreed position.

Additionally, we should explore the possibility of qualifying our exports for duty exemptions by emphasising their status as low-priced essential products.

Looking ahead, Bangladesh must tackle the 74 percent combined tariff rate on US imports. The legitimacy of this tariff—whether reciprocal or punitive—depends on the accuracy of the USTR's calculations.

It appears that the USTR has simply divided the bilateral trade deficit by US imports from the respective country to calculate the combined tariff rate.

For instance, with Bangladesh, the bilateral trade deficit was $6.2 billion, and US imports from Bangladesh totaled $8.4 billion in 2023. Hence, the ratio 6.2/8.4 equals 74 when expressed as a percentage.

This method's arbitrariness is difficult to comprehend. Nonetheless, it is undeniable that average tariffs in Bangladesh are high at 14.8 percent, and nearly double that when para-tariffs are included. The restrictiveness of non-tariff barriers, with an average ad valorem equivalent of nearly 200 percent (World Bank, Change of Fabric 2022), far surpasses that of tariffs.

These barriers include burdensome sanitary and phytosanitary requirements, technical barriers to trade, pre-shipment inspection, nonautomatic licensing requirements, and price control measures.

The USTR's 2025 Foreign Trade Barriers report serves as a negotiating guide, outlining reforms necessary to reduce the combined tariff rate on US imports.

It highlights tariff and non-tariff barriers in Bangladesh's import policies, corruption in government procurement, inadequate intellectual property protections, unrestricted government access to computer systems, data localisation requirements for classified information, criminalisation of certain forms of free expression, internet shutdowns, equity caps on foreign ownership, delays in repatriating investment-related capital, export subsidies, worker rights violations, and bribery and corruption.

The report acknowledges the interim government's recognition of these issues and its commitment to reform.

For instance, it notes that the interim government has agreed to formal repayment agreements with US companies owed arrears and pledged to streamline bureaucratic processes for repatriating investment-related capital.

The report also credits the government's investigation into the internet shutdown in July, revealing it lacked judicial or administrative approval.

It positively views the draft Cyber Protection Ordinance approved on December 3, 2024, and applauds efforts to enhance transparency in procurement by halting direct negotiations initiated by the previous regime.

Bangladesh must leverage the goodwill generated by these reform commitments to finalise and implement changes that could reduce the combined tariff rate, ensuring a more favorable trade relationship moving forward.

Will the Trump tariff stick?

Trump views tariffs as a catch-all solution—to raise revenue, reduce trade deficits, reshore manufacturing, protect national security, ensure reciprocity, and even penalize countries for issues like migration or drug trade. However, history is filled with examples of failed attempts at tariff protection. Targeting trading partners does little to resolve domestic challenges and instead harms the US economy while fostering foreign resentment and retaliation, compounding the damage.

A universal tariff on all imports is neither practical nor effective. Even as a negotiating tool, tariffs cause significant collateral damage. Business media is now rife with terms like uncertainty, chaos, and retaliation.

The erratic trade policy—characterized by steep tariffs, threats, and sudden reversals—has driven economic uncertainty to levels exceeding those of the 2008 financial crisis.

Trump has acknowledged the short-term economic pain caused by tariffs, indicating they won't be quickly removed as part of broader negotiations.

However, if stock markets crash, the US economy slips into stagflation, and Trump's approval ratings plummet, he may retreat from the tariff war as abruptly as he initiated it.

The writer is former lead economist of the World Bank's Dhaka office

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Amazon makes last-minute bid for TikTok

AFP, *San Francisco*

Amazon has made a last-minute bid to buy TikTok, which faces a US ban if not sold by its Chinese owner, the New York Times reported on Wednesday.

The offer arrived in a letter to officials involved in talks regarding the sale of TikTok to appease US national security concerns, according to the New York Times.

Amazon declined to comment on the report.

President Donald Trump has downplayed risks that TikTok is in danger of being banned in the United States, saying he remains confident of finding a buyer for the app's US business by a Saturday deadline.

US media reported that Trump plans to meet with top White House officials on Wednesday to discuss possible solutions.

The Times added that its sources said the parties involved in the talks did not appear to be taking Amazon's bid seriously.

According to reports, the most likely solution would see existing US investors in ByteDance roll over their stakes into a new independent global TikTok company.

Additional US investors, including Oracle and Blackstone, the private equity firm, would be brought on to reduce the proportion of Chinese investors.

Much of TikTok's US activity is already housed on Oracle servers, and the company's chairman, Larry Ellison, is a longtime Trump ally.

The hugely popular video-sharing app, which has over 170 million American users, is under threat from a law that passed overwhelmingly last year and orders TikTok to split from its Chinese owner ByteDance or face a ban in the United States.

Motivated by widespread belief in Washington that TikTok is ultimately controlled by the Chinese government, the law took effect on January 19, one day before Trump's inauguration.

PHOTO: MOKAMMEL SHUVO

Tourists began flocking to Cox's Bazar during the Eid-ul-Fitr holiday, but experts believe business will peak in the coming week. The beach town is now bustling with visitors, with more than 100,000 holidaymakers arriving daily, a trend that is likely to continue through next week.

Cox's Bazar tourism industry eyes Tk 700cr post-Eid windfall

MOKAMMEL SHUVO

After a month-long slowdown in business during Ramadan, businesses in Cox's Bazar are expecting more than Tk 700 crore in revenue in the week following Eid-ul-Fitr owing to a massive surge of tourists.

The beach town is now bustling with visitors, with more than 100,000 holidaymakers arriving daily.

Abul Kasem Sikdar, president of the Hotel, Motel, and Guest House Owners' Association in Cox's Bazar, said on Wednesday that the trend is likely to continue through next week.

"While the influx of tourists is promising, hotels have not yet reached full capacity. Before Ramadan, Cox's Bazar saw a massive influx of tourists, which is why many have opted not to visit this time. As a result, only about 70 to 80 percent of hotel and motel rooms have been booked. Additionally, the hot weather has discouraged some travelers," Sikdar said.

"However, by Friday or Saturday, we expect hotel occupancy to reach 100 percent. Currently, over 100,000 people are visiting Cox's Bazar daily, spending an estimated Tk 10,000 per person. This would bring the total income from the tourism sector to around Tk 700 crore in a week," he added.

Sifat Saifullah, a supervisor at Sea Save Lifeguard, reported that more than 150,000 people visited Kolatoli, Sugandha, and Laboni beaches from morning till evening on Wednesday

Sharing similar projections, Abu Morshed Chowdhury, president of the Cox's Bazar Chamber of Commerce, estimated that the tourism industry would see a gross turnover of around Tk 700 crore in the week following Eid. He emphasised that this revenue includes all sectors linked to tourism.

He further noted that hoteliers have been urged to keep accommodation rates reasonable to ensure a positive experience for visitors.

Sifat Saifullah, a supervisor at Sea Save Lifeguard, reported that more than 150,000 people visited Kolatoli, Sugandha, and Laboni beaches from morning till evening on Wednesday.

He also mentioned that 27 Sea Save lifeguards were on duty to assist visitors.

Ensuring security remains a top priority, according to Inspector Jahangir Alam of Cox's Bazar Tourist Police.

"Strict security measures have been implemented across the beach and hotel-motel zones. Uniformed officers, mobile patrols, and plainclothes detectives are actively working to ensure the safety of tourists," he said.

Sharif Hossain, a newlywed from Dhaka's Rampura, shared his experience, "Security arrangements are excellent, but due to high demand, rent and food prices are a bit expensive."

Wall Street plunges as tariffs trigger recession fears

REUTERS

US stock indexes tumbled on Thursday, with heavyweight technology stocks suffering big losses, as President Donald Trump's sweeping tariffs on major trade partners ignited fears of an all-out trade war and heightened the risk of a global economic recession.

Apple sank 8 percent reeling from the impact of an aggregate 54 percent tariff on China, which is the base for much of the iPhone maker's manufacturing. Microsoft dropped 3 percent and Nvidia slumped 5.6 percent.

At 09:40am ET, the benchmark S&P 500 dropped 3.1 percent while the Nasdaq Composite fell 4.27 percent - with both indexes trading at a near seven-month low. The Dow Jones Industrial Average shed 2.6 percent.

Global stocks slumped, government bonds jumped and safe-haven gold touched a record high as Trump slapped a 10 percent tariff on most goods imported to the United States and much higher levies on dozens of rivals.

"This was the first bullet thrown in this trade war and it could get nasty and that is spooking investors. We're going to continue to trade on a heavy tone because of the heightened risk of either recession or stagflation," said Elias Haddad, senior markets strategist at Brown Brothers Harriman.

The benchmark S&P 500 dropped 3.1 percent while the Nasdaq Composite fell 4.27 percent - with both indexes trading at a near seven-month low. The Dow Jones Industrial Average shed 2.6 percent

"We could see the correction bottom out when we have firm evidence that we're not falling into recession." The CBOE Volatility index, known as Wall Street's fear gauge, touched a three-week high at 26.91 points.

The tariffs, poised to disrupt the global trade order and unsettle businesses, highlight a stark shift from just a few months ago when the promise of business-friendly policies under the Trump administration propelled US stocks to record highs.

The benchmark S&P 500 and the tech-heavy Nasdaq fell 10 percent from their record highs last month, marking a correction, as investors priced in the damage from tariffs on the economy and businesses.

Traders are ramping up expectations for the Federal Reserve to cut interest rates at least three times this year, with the possibility of a fourth cut by the year's end becoming less of a long shot.

That heightens the significance of Friday's payrolls data and Fed Chair Jerome Powell's speech, which could offer crucial insights into the health of the US economy and the future path of interest rates.

Data on Thursday showed the number of Americans filing new applications for unemployment benefits fell last week, pointing to continued labor market stability ahead of potential volatility from import tariffs.

Bangladesh must push

FROM PAGE B1

He said preliminary assessments suggest home textiles, heavyweight jerseys and denim products will bear the brunt of these tariffs due to their thinner profit margins.

For these segments, Chowdhury said that a 37 percent duty could erase competitiveness entirely without prompt intervention.

He also suggested reviving a longstanding trade proposal that could serve as a centrepiece in negotiations.

"We should reinvigorate our request for duty-free access when using US cotton. This existing framework – where garments manufactured from American cotton receive preferential treatment – could be expanded to offset the new tariff burden while simultaneously benefiting US agricultural interests," he added.

Meanwhile, Faruque Hassan, a former president of the BGMEA, warned of impending market disruptions, opining that the new tariffs would trigger a brutal price war across all exporting nations.

"Every competitor will be forced to absorb costs or compromise on quality to maintain their market share. In this environment, our traditional cost advantage alone may prove insufficient."

As such, Hassan advocated moving beyond price competition.

"The solution lies in vertical integration and value addition. By bringing more production processes – from fabric to accessories – under one roof, we can achieve the efficiency gains needed to offset these tariffs while improving our positioning in the global supply chain."

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, highlighted Bangladesh's growing influence as a cotton importer.

He said Bangladesh's annual purchases of US cotton now surpassed $1 billion, making the country fifth-largest global buyer. "This gives us substantial leverage that remains underutilised in trade discussions."

The economist proposed a comprehensive negotiation framework. "We should structure a package deal that ties our continued cotton imports to tariff relief for finished garments. Such an arrangement would secure stable demand for American farmers while preserving our export competitiveness – the definition of a win-win scenario."

As Bangladesh prepares for complex negotiations, trade experts unanimously stressed the need for coordinated action across government and private sectors.

The consensus is that while the challenges posed by the new tariffs are substantial, Bangladesh retains multiple avenues to protect its vital export interests through strategic diplomacy, calculated concessions, and the smart deployment of its growing economic influence.

The coming months will prove critical in determining whether Bangladesh can transform this trade policy upheaval into an opportunity to secure more favourable terms and deepen economic ties with its most important export destination.

With the right combination of negotiation strategy and domestic adaptation, industry leaders remain cautiously optimistic that the nation can not only weather this storm but emerge with a stronger, more diversified trade relationship with the United States.

Trade experts advised that Bangladesh must immediately activate all available diplomatic channels to address the sweeping US tariff measures.

This includes convening urgent meetings under the Trade and Investment Cooperation Forum Agreement (Ticfa) while accelerating negotiations for more comprehensive trade pacts like a Free Trade Agreement (FTA) or Comprehensive Economic Partnership Agreement (CEPA).

Mahfuz Kabir, research director at the Bangladesh Institute of International and Strategic Studies, cautioned against over-reliance on tariff tweaks.

He said, "The National Board of Revenue's standard measures won't suffice here. Ticfa provides a ready-made platform for swift, high-level dialogue to contain the damage."

Zahid Hussain, former lead economist of the World Bank's Dhaka office, outlined an urgent action plan for exporters.

"The entire sector must unite under BGMEA and BKMEA to establish a non-negotiable position - these tariff costs cannot fall solely on manufacturers," he said.

The economist painted a grim picture of the alternatives. "With razor-thin margins already, especially in woven garments, absorbing these duties would be catastrophic."

Hussain highlighted the particular injustice facing shipments already in transit.

"Contracts signed months ago never accounted for these tariffs. Buyers invoking force majeure would be completely inappropriate - this isn't an act of God but a policy change," he said.

Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh, contextualised the move's seismic implications.

He said, "By invoking an 'economic emergency' to bypass WTO rules, the US has potentially unravelled decades of multilateral trade consensus."

The economist noted Bangladesh's paradoxical position. "While our nominal tariffs average 26 percent, certain sectors like automotive face much higher duties. Yet we impose zero tariffs on strategic US exports like cotton - a potential bargaining chip."

Preferring anonymity, a Bangladesh Bank official drew parallels with past trade shocks.

The official said that after the Multifibre Arrangement ended in 2005, Bangladesh adapted. "Today, despite 12 percent average duties, the US remains our top market because our apparel is essential.

"Exporters must stop acting as price-takers. When fuel costs rise, we don't stop importing - we adjust. This requires the same pragmatism."

Taskeen Ahmed, president of Dhaka Chamber of Commerce and Industry, warned of cascading economic consequences from the US tariff hike.

"This isn't just an export problem - it's a macroeconomic timebomb," he cautioned.

"Shrinking export earnings will strain our foreign reserves, potentially triggering currency depreciation and imported inflation that could ripple through the entire economy."

The garment sector's crisis carries particular alarm bells. Ahmed said, "We're staring at potential mass unemployment that could undermine Bangladesh's hard-won economic stability."

Govt prepares

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He told The Daily Star that the upcoming diplomatic engagement aims to formally communicate Bangladesh's objections.

While Rahman suggested the direct impact on Bangladesh's export volumes might prove manageable in the short term, there would be broader economic consequences.

"These measures will inevitably contribute to inflationary pressures that will reverberate through both our economies. American consumers will ultimately bear the cost through higher prices," he said.

Rahman added that President Trump himself indicated in his announcement that he remains open to bilateral negotiations with affected nations.

"We intend to pursue this opening vigorously and believe a more rational tariff adjustment can be achieved through constructive dialogue."

Commerce Adviser Sk Bashir Uddin, senior officials from the National Board of Revenue, representatives from major trade bodies, members of the Bangladesh Trade and Tariff Commission and policy specialists from various government agencies were present at the meeting.

Footwear exporters

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"If the US market opens up further, some countries may face challenges due to competition from American goods. But for Bangladesh, it could actually turn out to be a strategic advantage," Khan added.

He stressed that the real determining factor will be how effectively the government handles the shifting trade landscape.

"With the right set of policies, Bangladesh can convert this challenge into an opportunity," he said, expressing confidence that the country's footwear exports would continue to perform strongly despite the changing tariff regime.

Abdul Muktadir, president of the Bangladesh Association of Pharmaceutical Industries, said a thorough assessment is required to determine the full impact of the tariffs.

"The announcement appears general, but the real implications will only be clear after sector-wise analysis," said Muktadir, also chairman and managing director of Incepta Pharmaceuticals Ltd.

He noted that full tariff details are yet to be published, leaving exporters uncertain about the changes affecting individual products.

"We will need to scrutinise tariff cards and other documents to pinpoint the affected items," he said, urging businesses to stay updated with developments from the US Treasury.

"If duties on key items like electrical products decrease, we could see immediate positive effects. Fortunately, essentials such as soybean and natural gas are already duty-exempt," Muktadir added.

The export of plastic and agro-processed products to the US will also be affected, according to Kamruzzaman Kamal, marketing director at Pran-RFL Group.

"The sudden increase in tariffs has significantly undermined our competitiveness in the US market. Our tariff rate has now risen to 37 percent while competitors like India face only around 27 percent. This disparity puts us at a serious disadvantage.

"Compared to competitor countries, we are now falling further behind," he said. "The higher tariff will restrict our access to the export market and make it increasingly difficult to sustain our business."

Will the tariff hike impact

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However, Khan, also chairman of Edge Asset Management Ltd, added that the tariff hike may have an indirect impact on the stock market. For instance, if the government now tries to reduce tariffs on products imported from the US, it will reduce revenue earnings, he said.

"This may prompt the government to raise taxes on other sectors or borrow from the banking sector. Borrowing from banks will create extra pressure on the liquidity of the financial sector," he said. If there is a liquidity shortage and the interest rate of bonds rises further, it will impact the stock market, he explained.

Saiful Islam, president of the DSE Brokers Association of Bangladesh, said the immediate impact of the tariff hike on the stock market was low as there were many "if's and but's".

If the government does not take proactive measures to tackle it by reducing duties on US products, it will have an impact, he said.

The impact on the stock market could manifest in two ways -- a reduction in exports and profits of export-oriented firms and a downturn in business opportunities in the financial sector, he said.

"If exports to the US decline, the financial sector's trade financing will also be affected. The government should take proactive steps to address the situation," he said. As this is a "reciprocal tariff", he expressed hope that the government would consider reducing import duties on US products.

"Most of the goods Bangladesh imports from the US are not produced locally, nor is there any possibility of producing them here. So, the tariff can be reduced, which could help avoid a high tariff on our exports," he added.

How 'liberation day' tariffs will impact China

AFP, *Beijing*

US President Donald Trump has slapped punishing new tariffs on imports of Chinese goods, deepening a trade war between the world's two largest economies.

Beijing has vowed countermeasures in response and warned the new tariffs will cripple global supply chains -- and Washington's own interests.

AFP looks at how so-called "liberation day" tariffs -- which bring levies on Chinese goods to 54 percent -- will hit China:

Why is China so vulnerable?

China's export-driven economy is particularly sensitive to vicissitudes in international trade. Trade between it and the United States, the world's two largest economies, is vast.

According to Beijing's customs data, sales of Chinese goods to the United States last year totalled more than $500 billion -- 16.4 percent of the country's exports.

US duties also threaten to harm China's fragile economic recovery as it struggles with a long-running debt crisis in the property sector and persistently low consumption -- a downturn Beijing had sought to slow with broad fiscal stimulus last year.

But an intensified trade war will likely mean China cannot peg its hopes for strong economic growth this year on its exports, which reached record highs in 2024.

US duties threaten to harm China's fragile economic recovery as it struggles with a long-running debt crisis in the property sector and persistently low consumption -- a downturn Beijing had sought to slow with broad fiscal stimulus last year

"The US tariffs on Chinese imports announced so far this year could fully negate the lift from the fiscal stimulus measures announced so far," Frederic Neumann, Chief Asia Economist at HSBC, told AFP.

And while he said the impact on export competition may be slightly mitigated by the fact that all countries are hit by the levies, he stressed "the drag on Chinese growth is nevertheless significant".

What impact will the new tariffs have?

The new tariffs slap 10 percent levies on imports from around the world.

But China -- whose yawning trade deficit with the United States of $270.4 billion has long drawn Trump's ire -- faces much higher levies.

The latest salvo adds 34 percent to a 20 percent rate imposed last month, bringing the total additional tariffs on imports from the Asian economic powerhouse imposed by the Trump administration to 54 percent.

The tariffs come into effect in stages -- a ten percentage point bump on Thursday, followed by the full levy on April 9. China is also under sector-specific tariffs on steel, aluminium and car imports.

Analysts expect the new levies to take a significant chunk out of the country's GDP, which Beijing's leadership hope will grow five percent this year.

Julian Evans-Pritchard, Head of China Economics at Capital Economics, said in a note he expected the economic hit to range from 0.5 percent to one percent of GDP.

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Workers are seen assembling a tractor on the factory floor of a tractor manufacturer in Qingzhou, east China's Shandong province. Reciprocal tariffs announced on Wednesday by the White House hit China with a hike of 34 percentage points, taking the fresh levies on exports from the People's Republic up 54 percentage points in the 10 weeks since the US president took office.

PHOTO: AFP/FILE

Trump kicks all of Asia into the China tariff boat

ANALYSIS

REUTERS, *Hong Kong*

Donald Trump's second trade war is a battle of one against all. Reciprocal tariffs announced on Wednesday by the White House hit China with a hike of 34 percentage points, taking the fresh levies on exports from the People's Republic up 54 percentage points in the 10 weeks since the US president took office. Nor did he spare those who tried to surrender rather than retaliate. Some countries are worse off than others, but Washington has put all of Asia in pretty much the same tariff boat.

Japan gets a 24 percent levy despite its role as America's geopolitical lynchpin in the region and massive foreign investment by giants like SoftBank; South Korea's many US Army bases did not help it avoid a 26 percent hit; and neither did Taiwan's vital role in supplying semiconductors for Silicon Valley titans, nor Taiwan Semiconductor Manufacturing's pledge to invest in American chip production, prevent a 32 percent hike.

The move also crushes the so-called China-plus-one strategy adopted by countries like Vietnam, now subject to tariffs that, at 46 percent, are almost on a level with the world's second-largest economy from which it had been re-exporting finished goods to US buyers. That will slam Chinese exporters which had grown to rely on re-routing goods through Southeast Asia, and were investing in factories there, all the more.

It might create an opening for India, which wants to expand its manufacturing sector. The South Asian nation faces a smaller 27 percent tariff and its high barriers to Chinese investment may ultimately support its attractiveness as a low-cost base to supply the US, but most global companies are unlikely to flip their supply chains until they see more stability in trade policy.

The move crushes the so-called China-plus-one strategy adopted by countries, slamming Chinese exporters that had grown to rely on re-routing goods through Southeast Asia and were investing in factories there

Optimists may hold out hope that partners can negotiate at least partial reversals before tariffs go into effect on April 9 or in the months afterwards. But US tariffs in the Trump era are extremely sticky, and the conditions laid out in the president's executive order requiring substantial capitulation on trade and security issues make successful negotiations much less likely.

All of this appears to play into China's hands as Beijing seeks to cement its rising role as both regional hegemon and implacable supporter of free trade relative to Trump's America, a giant market that is almost impossible to replace. Yet Beijing's opposition to trade barriers goes hand in hand with its need to keep its vital exports sector humming to prevent surging unemployment and an even greater drag on sluggish growth.

The rest of Asia may now face an almighty flood of cheap Chinese foreign goods torpedoing local factories, and a hard choice about whether to throw up their own protectionist trade barriers. Major stock markets in the region fell on Thursday, led by a 3 percent fall in Japan's Topix , as investors digested the immediate and long term impacts. The harsh reality is that there is no safe harbour in Asia, and the storm has already arrived.

US President Donald Trump announced retaliatory tariffs on April 2 with a 10 percent baseline levy for all trading partners but singled out those with the largest trade imbalances for bigger hikes, including 34 percent for China, 32 percent for Taiwan, 24 percent for Japan and 46 percent for Vietnam.

Trump's executive order threatens higher tariffs on countries that retaliate and warns they could be increased if American manufacturing output worsens, though it also allows for possible lowering of tariffs if trading partners "take significant steps to remedy non-reciprocal trade arrangements and align sufficiently with the United States on economic and national security matters".

India eyes opportunity despite trade challenges

AFP, *Mumbai*

India on Thursday reacted cautiously to US President Donald Trump's sweeping tariffs with exporters saying the flat 27 percent on exports imposed on fifth-largest economy could have been far worse.

Indian stocks fell at the open of trading on Thursday, with the benchmark Nifty index trading nearly 0.3 percent down in morning trading.

Trump said that Indian Prime Minister Narendra Modi was a "great friend" but that he had not been "treating us right", speaking while unveiling the tariffs at the White House on Wednesday.

The Indian government has yet to comment publicly on the announcement, but exporters said they were disappointed and relieved in equal measure.

"The tariffs slapped on India are definitely both high and higher than expected, which will hurt demand for our exports," Ajay Sahai, director general of the Federation of Indian Export Organisations, told AFP. But Sahai also pointed out that India was hit with lower levies than regional manufacturing competition.

"Many countries which we compete with globally, including China, Indonesia, and Vietnam etc have been hit harder than us," he said.

"That opens up space for us to gain in terms of market share. But at the same time, if more countries retaliate and global trade gets hurt, this isn't good for anyone."

People crowd a wholesale market in Bengaluru, India.

PHOTO: AFP/FILE

India's pharmaceutical sector, which exported more than $8 billion of products to the United States in the 2024 fiscal year, also emerged unscathed -- with drugs exempt from its reciprocal tariff move.

Indian Pharmaceutical Alliance secretary general Sudarshan Jain said that showed "the critical role of cost-effective, life-saving generic medicines in public health, economic stability, and national security".

The Nifty Pharma index was up over 2.5 percent in morning trading. New Delhi is also in the process of negotiating the first tranche of a bilateral trade agreement with Washington.

Experts say that India's future policy responses should also take into account China's next steps.

In the run-up to Trump's "Liberation Day" announcement, India sought to reduce trade tensions with Washington by cutting tariffs on some products including high-end motorcycles and whisky. "Asia has been hit much more than India on tariffs," Madhavi Arora, chief economist at Emkay Global Financial Services, said.

"China's survival response to the massive tariff blow will matter for India, amid its excess industrial capacity and dumping in the world/Asian markets."

But Global Trade Research Initiative, a New Delhi-based think tank, said the tariff shakeup "presents an opportunity for India to strengthen its position in global trade and manufacturing".

It added that India had been handed a "competitive advantage" in several key sectors, highlighting textiles and garments with high tariffs slapped on Chinese and Bangladeshi rivals.

US tariff war: Implications and strategies for Bangladesh

ZAHID HUSSAIN

On April 2, 2025, US President Trump introduced sweeping reciprocal tariffs, effectively reversing nearly all US tariff liberalisation since the Great Depression of the 1930s.

The average US tariff surged from 2.5 percent to 20 percent with a single executive action. This move signals the onset of a global tariff war reminiscent of the Smoot-Hawley Tariff of 1930, which imposed a 20 percent duty on 20,000 imported items.

While its intention was to protect American farmers and businesses, it had unintended consequences that exacerbated the Great Depression. The act led to retaliatory tariffs from other countries, significantly reducing international trade by 67 percent between 1929 and 1934.

Reciprocal tariffs set US tariff rates to match the highest levels imposed on American exports, with potential reductions contingent on meeting specific demands.

President Trump justifies this policy as a measure to protect US industries and correct trade imbalances, asserting that the US has been unfairly treated by other nations. Viewing trade as a zero-sum game, he argues that lower import tariffs compared to export tariffs disadvantage the US Rejecting free trade agreements, his goal is to realign trade dynamics in favour of the United States.

An overview of the new tariff regime

Bangladesh now faces a 37 percent reciprocal tariff. In 2023, Bangladeshi imports to the US were subject to an average tariff of 15.7 percent, generating $1.02 billion in customs duties on $8.28 billion worth of goods.

PHOTO: REUTERS/FILE

Tariffs play a significant role in Bangladesh's trade policy and revenue generation, with an average applied MFN tariff of 14.8 percent. Agricultural products face higher protection at 18.1 percent, compared to 14.1 percent for non-agricultural goods.

Textiles and apparel, already burdened by some of the highest US tariffs, continue to face challenges. Pew Research highlights the disproportionately high taxes on clothing and footwear imports from Bangladesh in the US Despite this, Bangladesh is subject to reciprocal tariffs due to USTR estimates that the combined tariff, para-tariff, and tariff equivalent of non-tariff barriers against US imports into Bangladesh is 74 percent.

President Trump claims to be generous by offering a "kind reciprocal tariff discount" of 50 percent to all countries, including Bangladesh.

Amidst this drastic shift in US trade policy, there is a silver lining: competitors face similar or even higher reciprocal tariffs.

For example, Vietnam is subject to 46 percent, India 26 percent, Cambodia 49 percent, Sri Lanka 44 percent, Thailand 36 percent, Pakistan 29 percent, Myanmar 44 percent, Laos 48 percent, China 34 percent, and Indonesia 32 percent.

India's 26 percent and Pakistan's 29 percent are not too far behind. This suggests that Bangladesh's competitiveness relative to its rivals remains largely unchanged.

However, this offers little comfort in the face of a potential global demand contraction triggered by the Trump tariffs. If tit-for-tat dynamics escalate, it remains uncertain whether Trump will reverse course, as he did earlier this year with Canada, Mexico, and China.

What should Bangladesh do?

The immediate priority is damage control, as the reciprocal tariffs are already in effect, with no time allowed for a smooth transition. Even goods currently en route to the US will be subject to the new tariffs, raising the critical question: Who will bear the cost?

Our strategy should aim to shift the tariff burden onto buyers. A key advantage is that buyers have

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