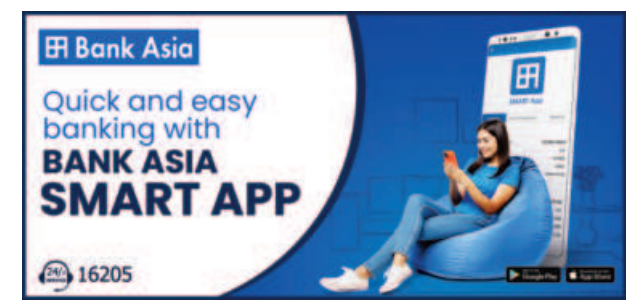


Star BUSINESS



USTR report flags persistent trade barriers in Bangladesh

SOHEL PARVEZ

Bangladesh's high tariff rates, investment hurdles, corruption, and bribery continue to disadvantage American firms and dampen bilateral trade prospects, according to the latest report by the US Trade Representative (USTR) on foreign trade barriers.

The 2025 report on foreign trade barriers, released last month, is also critical of Bangladesh's data localisation efforts and restrictive digital laws, which could stifle cross-border digital trade.

The report, which highlights significant foreign barriers to US exports, foreign direct investment, and US electronic commerce, was released before the Trump administration slapped tariffs on imports from 60 countries, including Bangladesh, to reduce its trade deficit.

In the case of Bangladeshi goods entering the American market, the US authorities have imposed a 37 percent

agricultural products in 2023.

Bangladesh has bound 17.6 percent of its tariff lines in the World Trade Organization (WTO), with an average bound rate of 155.1 percent.

Apart from this, there are non-tariff barriers related to customs and trade facilitation.

Bangladesh ratified the WTO Trade Facilitation Agreement (TFA) in 2016 but has not submitted the required transparency notifications on import, export, and transit regulations.

These notifications were due to the WTO on December 31, 2023, it said, adding that the country has not notified its customs valuation legislation to the WTO.

Investment Barriers

The USTR report said Bangladesh allows 100 percent foreign ownership in most sectors but imposes equity caps in areas like petroleum, gas, and telecoms.

Investors in 22 sectors require no-objection certificates from relevant ministries. Though profit repatriation is permitted, US investors report delays and non-transparent processes, sometimes exceeding a year.

US companies also face delays in securing approvals for remittances, said the report, adding that the interim government agreed to formal repayment arrangements with US firms and pledged to improve repatriation procedures.

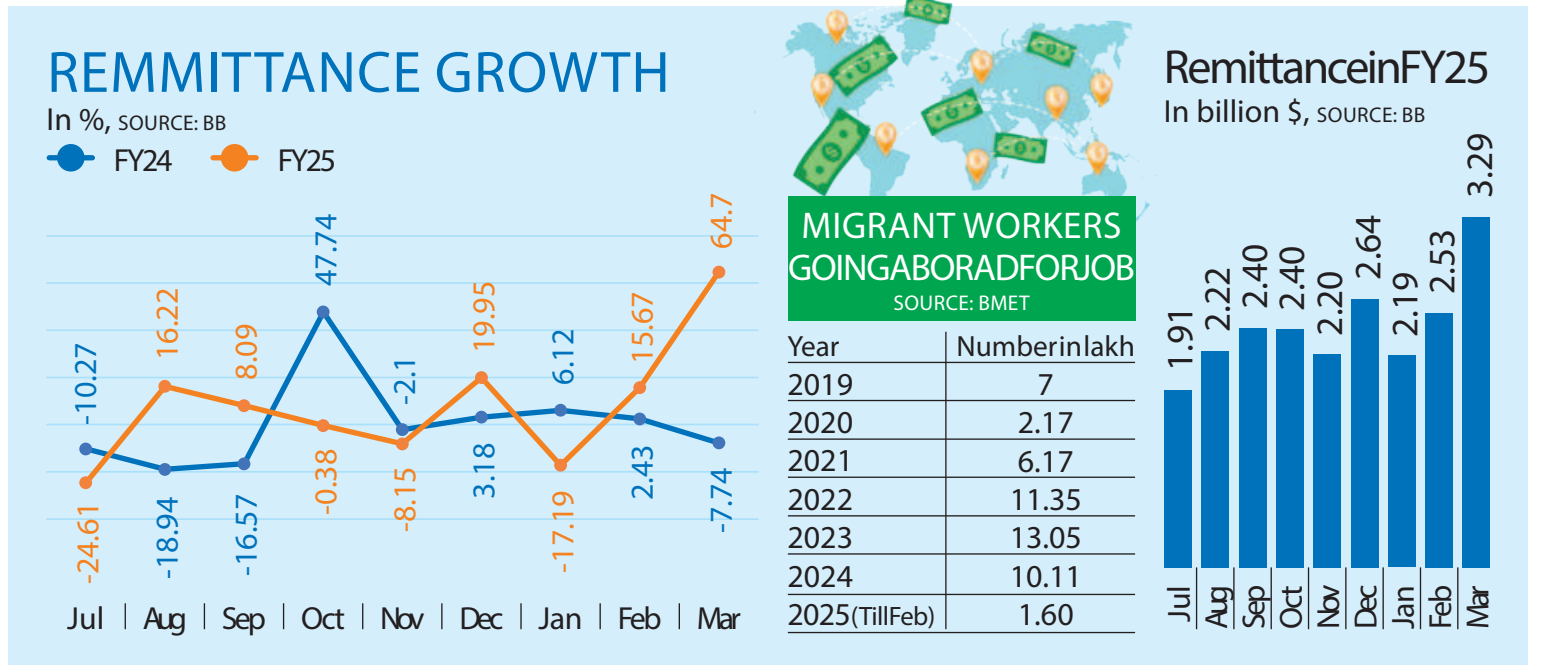
Government Procurement

The US authorities, citing government procurement, said although Bangladesh supports international competitive bidding, corruption is widespread.

"Bangladesh has launched a national electronic government procurement portal, but US stakeholders have raised concerns about the use of outdated technical specifications, the structuring of specifications to favour preferred bidders, and a lack of overall transparency in public tenders."

READ MORE ON B3

Formal channels drive remittances to record \$3.29b in March



REJAUUL KARIM BYRON and AHSAN HABIB

The country received a record \$3.29 billion in remittances in March – the highest monthly figure to date – marking a 65 percent year-on-year surge.

The rise is largely attributed to stronger inflows through formal channels, an uptick in overseas employment and expatriates sending more money home for Eid-related expenses.

This influx has offered a much-anticipated tonic to an economy under strain, with foreign exchange reserves under pressure and the interim government navigating macroeconomic challenges.

Remittance earnings have been climbing steadily since August last year, providing some much-needed breathing space.

According to the Bangladesh Bank, the previous monthly record was set in December 2023, when remittances reached \$2.64 billion. The latest figure crossed that, setting a new benchmark for Bangladesh.

Between July and March of the current fiscal year (FY) 2024–25, total remittances amounted to \$21.77 billion – up from \$16.69 billion during

the same period the previous year.

Zahid Hussain, former lead economist at the World Bank's Dhaka office, said a shift towards formal remittance channels has most likely caused the spike.

The change, he said, followed a decline in demand for informal hundi networks after politically linked money launderers went into hiding with the political changeover in August last year.

Quoting the White Paper on the State of the Bangladesh Economy, the economist said illicit outflows – historically equivalent to 35–75 percent of official remittance flows – were estimated at around \$16 billion annually.

"As hundi driven outflows declined, formal channels absorbed significant volumes," he added.

While the US dollar's depreciation played a role, Hussain said its impact was marginal.

Remittances are usually sent in dollars, so when currencies like the Malaysian ringgit gain strength, the dollar value of remittances increases. However, this factor alone doesn't account for the recent surge, he said.

"Religious occasions such as Ramadan and

Eid, or the shifting timing of Ramadan, also fail to fully explain the increase, as historical patterns have shown mixed trends," he added.

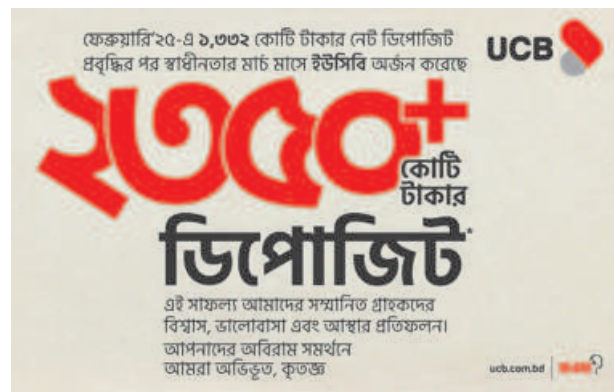
Following the Covid pandemic, the number of Bangladeshi migrants sending money home rose by 2.9 million. Although political turmoil disrupted flows temporarily, formal channels capitalised on the larger migrant base and the reduced reliance on hundi networks.

Their speed, security, and expanding range of services also contributed to their growing popularity among expatriates, according to Hussain.

Figures from the Bureau of Manpower, Employment and Training (BMET) show that manpower exports crossed 1 million in 2017, before falling to between 200,000 and 700,000 annually over the next four years.

The number rebounded in 2022, crossing 1.1 million, and surged further in 2023 and 2024, reaching 2.3 million.

Although manpower exports rose, remittance growth remained subdued during 2022 and 2023. The turning point came in late 2024, after Sheikh Hasina's fall in a popular uprising in August last year. READ MORE ON B3



tariff, which has raised concerns among garment and other exporters, since the US is the single biggest market for local manufacturers.

The US exported \$2.2 billion of goods to Bangladesh and imported \$8.3 billion in 2024, with trade highly favouring Bangladesh.

The USTR report said Bangladesh's average Most-Favored-Nation (MFN) tariff rate was 14.1 percent in 2023. Of that, Bangladesh's average MFN applied tariff rate was 17.7 percent for agricultural products and 13.5 percent for non-

Starlink gets nod to launch in Bangladesh

STAR BUSINESS REPORT

Starlink, a US-based satellite internet provider owned by billionaire Elon Musk, has received formal approval from the Bangladesh Investment Development Authority (Bida) to begin operations in Bangladesh – a move hailed as a step forward in bridging the digital divide.

The go-ahead was given to the SpaceX subsidiary on March 29, said Ashik Chowdhury, executive chairman of Bida and the Bangladesh Economic Zones Authority (Beza).

"This is a significant milestone. Starlink's entry will not only enhance internet connectivity across hard-to-reach areas but also showcase Bangladesh as an emerging tech-forward economy," he said.

Chowdhury shared the information at a press briefing at the Foreign Service Academy in Dhaka yesterday. The event was organised to announce the schedule of the four-day Bangladesh Investment Summit 2025, which begins in the capital today.

Using a constellation of low-Earth orbit satellites, Starlink aims to deliver high-speed internet to rural and remote regions where traditional fibre-based infrastructure is not feasible.

The initiative is expected to particularly benefit communities in areas like the Chattogram Hill Tracts, char areas, and border regions that have long faced connectivity challenges, experts said.

READ MORE ON B3

Rice prices may fall from May, rise again in Aug: USDA

STAR BUSINESS REPORT

Rice prices in Bangladesh are expected to fall from May for two to three months due to increased market supply but may climb again in August, according to a report by the US Department of Agriculture (USDA).

The forecast comes at a time when the cost of the food staple remains stubbornly high, placing further strain on fixed- and low-income households amid persistently high inflation.

In its latest Grain and Feed Annual report on Bangladesh released last week, the USDA said that rice prices reached record levels in 2025.

Quoting data from the

Trading Corporation of Bangladesh (TCB), the agency said the average retail price of coarse rice in Dhaka was Tk 52.9 per kilogramme in February – up 6.3 percent compared to the same month last year.

"Since October 2023, the coarse rice price has risen slightly every month, primarily due to inflation, higher milling costs, higher paddy production costs, and an inefficient supply chain," the report said.

The USDA said that the rice supply chain involves numerous market actors, which ultimately drive up consumer prices.

A major factor behind the surge was the flooding in

around 200,000 hectares of Aman-season rice and reduced yields.

In response, the government slashed import tariffs for private traders and initiated international procurement of rice through both open tenders and government-to-government deals.

"Despite these efforts, rice prices continue to rise in the local market," the USDA said.

The agency projected that Bangladesh – the world's third-largest rice producer – could harvest 2.05 crore tonnes of milled rice during this Boro season, with harvesting already under way in the northeastern region.

READ MORE ON B3



The USDA said that the cost of Boro rice cultivation continues to rise each year due to higher irrigation charges, pricier fertilisers, and increased labour wages. The photo was taken from Ishwardi upazila of Pabna on Saturday.

PHOTO: AHMED HUMAYUN KABIR TOPU

Raise tax collection, cut budget size

IMF focuses on four priorities for releasing two loan instalments

STAR BUSINESS REPORT

The visiting mission of the International Monetary Fund (IMF) is prioritising four conditions for releasing two instalments of an ongoing \$4.7 billion loan programme, according to Finance Adviser Salehuddin Ahmed.

The conditions comprise raising overall tax collection, reducing the national budget for the next fiscal year of 2025–26, shifting to a more market-based exchange rate regime, and reducing budget deficits.

Ahmed informed journalists about these focus areas after meeting with the IMF delegation at his office in Dhaka yesterday.

Led by Mission Chief Chris Papadakis, the IMF delegation is reviewing Bangladesh's progress in qualifying for two instalments together, as the fourth tranche was deferred due to the country's failure to complete some prior actions.

As such, officials of the multilateral lender sat with the top brass of the Bangladesh Bank after meeting the finance adviser earlier in the day.

Ahmed said the IMF is focused on increasing the tax-GDP ratio by boosting revenue collection. They also stressed streamlining the country's tax system, particularly with regard to separating policymaking and administration into separate bodies.

"We discussed how the tax-GDP ratio will be raised and from which sector revenue earnings will be increased," he added.

Ahmed also said the IMF's main concerns are how the revenue will be generated, how large the budget will be, and how much of it will be in deficit.

Furthermore, the multilateral lender is focused on fostering discipline in banking and recovering default loans. "But from the government's side, it has already made sure to prepare a new law to this end," he said.

Asked about the main areas of focus, Ahmed said the IMF is stressing increasing the tax-GDP ratio, strengthening the exchange rate regime, and reducing



IMF prioritises ...

- Tax reform
- Lowering budget size
- Market-driven exchange rate
- Reducing budget deficit
- Raising tax-GDP ratio
- Curbing revenue leakages

budget expenditure and the budget deficit. "These are major priorities for the IMF," Ahmed said.

"Subsidy structures were not included in the discussion, but when budget expenditure is reduced, it will automatically affect subsidies," said the finance adviser.

Asked if a single VAT rate will be implemented to increase the tax-GDP ratio, he said they will not hike the charge in one go, but instead do it gradually.

Asked how Bangladesh will get two instalments together, Ahmed said he would discuss the issue again in Washington after the visiting delegation completes its review.

"So, the decision will be taken in May/June on the basis of the current mission's review," the finance adviser said.

Regarding the required prior actions, Ahmed said: "I told them straight that we are trying our very best considering the READ MORE ON B3