



Rubber saplings grow in a nursery at Lama upazila in Bandarban, with rolling hillocks in the background. Bangladesh has 1,304 private and 28 state-run rubber plantations, mostly in the Chattogram region. PHOTO: COLLECTED

# Rubber producers hit by price slump, security strains

JAGARAN CHAKMA

Bangladesh's natural rubber industry, once a bright spot in the economy, is losing its lustre as slumping demand and volatile law and order in the greater Chittagong Hill Tracts (CHT) send prices tumbling.

Over the past six months, domestic rubber prices have dropped sharply – from Tk 280 per kilogramme to below Tk 220 – leaving growers and investors grappling with mounting losses.

Most plantations are concentrated in the CHT, where security risks and political instability have further dented confidence in a sector that supports thousands of jobs, according to Syed Moazzam Hossain, chairman of Lama Rubber Industry Ltd.

He said, "Producers are struggling to survive. Without immediate government intervention, the industry could suffer long-term damage."

Thanks to reduced local consumption, rubber exports increased year-on-year to \$34.93 million from \$25.93 million during the July-February period of the current fiscal year.

Hossain said that Gazi Tyre, a major buyer of natural rubber, reduced its purchases significantly after its factory was set ablaze following the political changeover in August last year.

The factory, owned by former Awami League minister Golam Dastagir Gazi, was

targeted after the previous regime was ousted by a mass uprising.

Gazi Tyre consumed 60 to 65 percent of the natural rubber produced in the country, Hossain said, adding that the company would buy around 25 tonnes of natural rubber daily before its factory was burnt down.

According to the Bangladesh Rubber Board (BRB), around 140,000 acres of land are currently dedicated to rubber plantations, with annual natural rubber production standing at 67,939 tonnes. Private operators run 1,304 gardens while state agencies run 28 gardens. Most of these are located in the greater Chattogram region.

Hossain added that local sales of raw rubber amount to around Tk 1,200 crore annually.

Although no accurate data is available, it is estimated that at least Tk 2,500 crore has been invested to establish the gardens, creating around 150,000 jobs.

According to Hossain, weak law and order and security concerns in the Chittagong Hill Tracts (CHT) have become a major deterrent for plantation maintenance and expansion.

He alleged that extortion by different political parties in the CHT region has increased at an alarming rate following the political changeover last year.

Due to instability and recurring conflicts, plantation owners face



difficulties in ensuring the safety of their workers and protecting their estates from illegal encroachment, he said.

"Security issues have discouraged many from proper maintenance, affecting both yield and quality. If this continues, the supply chain will be disrupted, causing further economic setbacks."

Moreover, Hossain said they have informed the authorities about the problems but have yet to find a solution.

"We would like to urge the government to take immediate action to protect the industry, stabilise rubber prices, and create a secure environment for plantation owners and workers," he said. "Otherwise, Bangladesh risks losing valuable revenue."

Samir Datta Chakma, president of the Indigenous Rubber Garden Owners Association in Khagrachhari, said rubber producers in the district never receive fair prices.

Before the political changeover in August last year, plantations used to sell natural rubber for Tk 180 per kg, but now the price has plummeted to Tk 120.

Middlemen make more profit than producers, leaving small farmers struggling, he added.

Chakma claimed that a syndicate controls the prices, with the presence of a limited number of processing firms failing to bring about fair competition.

He also said rubber plantations are more profitable than fruit gardens due to low maintenance costs, providing sustainable income for around 100 rubber garden owners in the district.

Mohammad Kamal Uddin, president of the Bangladesh Rubber Garden Owners' Association, pointed out that one of the primary reasons for the price decline was Gazi Tyre significantly reducing its purchases.

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## Saif Powertec in talks with UCB to resolve Tk 518cr loan issue

STAR BUSINESS REPORT

Saif Powertec said yesterday that it is in discussions with United Commercial Bank (UCB) to resolve a loan-related issue, following a recent notice by the bank regarding the planned auction of Saif's assets.

"We are going to settle the matter with UCB, Mohakhali Branch, Dhaka, for which our management is in discussions with the bank authorities to resolve it as early as possible," the company said in a disclosure to the Dhaka Stock Exchange (DSE).

Shares of Saif Powertec declined 0.86 percent to Tk 11.5 in mid-day trading at the DSE.

The company expressed hope that the matter would not have any adverse effect on its operations.

Earlier, UCB announced that it would auction the assets of Saif Powertec to recover a loan worth Tk 517.74 crore. The private bank published the notice on its website on 20 March, inviting interested parties to submit bids by 24 April.

Saif Powertec, a leading container handler at Chittagong Port, has been operating for 27 years.

## Aramit Cement trims losses in Q2

STAR BUSINESS REPORT

Aramit Cement reduced its losses in the second quarter of the current fiscal year, although it still remained in the red.

The company incurred a loss of Tk 6.03 crore during the October-December period of FY25, down 53 percent year-on-year. Shares of Aramit rose 4.76 percent to Tk 15.4 as of mid-day trading yesterday at the Dhaka Stock Exchange (DSE).

Loss per share stood at Tk 1.78 in the quarter, an improvement from Tk 3.86 in the same period a year ago, according to a disclosure on the DSE.

For the July-December half, loss per share declined to Tk 4.01 from Tk 7.88 in FY24.

Net operating cash flow per share turned positive at Tk 1.75 for the July-December period, compared to a negative Tk 1.22 a year earlier.

Aramit Cement, a sister concern of Aramit Group, operates from the Kalurghat Heavy Industrial Estate in Chattogram.

The company, listed as a public limited firm in 1995, has a capital base exceeding Tk 50 crore and a production capacity of 6.12 lakh tonnes annually, according to its website.

## Gold prices fall over 3%

REUTERS

Gold fell more than 3 percent on Friday, erasing gains from earlier in the week, as investors sold off bullion to cover their losses from a wider market meltdown as an intensifying trade war sparked concerns of a global recession.

Spot gold was down 2.9 percent at \$3,024.2 an ounce as of 1:44 p.m. EDT (1744 GMT), after hitting a session low of \$3,015.29 earlier in the session. It hit a record high of \$3,167.57 on Thursday. For the week, gold was down 1.9 percent. US gold futures settled 2.8 percent lower at \$3,035.40.

On the technical front, spot gold price managed to hold above its 21-day moving average of \$3,023.

"We tend to see gold as a liquid asset being used to meet margin calls elsewhere, so it's not unusual for gold to sell off after a risk event given the role that it can play in a portfolio," said Suki Cooper, an analyst at Standard Chartered.

# Bracing for a tariff storm



MASHUR AREFIN

There are mornings when the news feels like a personal blow. As I sat at my desk, the headline about the United States imposing a 37 percent tariff on Bangladesh exports – particularly garments – struck me with a strange mix of disbelief and dread. Not just as a banker who supports businesses involved in international trade, but as a Bangladeshi who has watched our country rise from the margins of global commerce to become the second-largest exporter of RMG in the world.

I thought of the thousands of women working under fluorescent lights in Narayanganj and Gazipur, of exporters who've built empires stitch by stitch, and of factory owners who have staked their futures on long-term US orders. In trade, as in life, one decision from far away can unravel years of careful effort. Seneca said: "A gem cannot be polished without friction, nor a man perfected without trials." We are being tested here.

Now let us try to understand what this tariff truly means for us.

### UNDERSTANDING TARIFFS

A tariff is a tax imposed on

goods entering a country. When the US levies a 37 percent tariff on Bangladeshi garments, American importers must pay that extra amount, often passing the cost along the chain. In simple terms, tariffs make foreign products more expensive, protecting domestic industries but hurting foreign sellers.

The move is part of a broader strategy by the Trump administration to target countries it believes impose higher duties on US products. While the logic may appear sound, its implementation risks disrupting economies like ours that are heavily export-dependent.

### WHY BANGLADESH IS PARTICULARLY VULNERABLE

Bangladesh's economy is uniquely exposed to such a shock. The RMG sector accounts for over 80 percent of export earnings, contributes around 10 percent of GDP, and employs more than four million workers – most of them women.

In 2024, Bangladesh exported over \$8.4 billion to the US, with \$7.3 billion from garments. Some factories depend almost entirely on American orders.

With a 37 percent tariff, many US retailers may shift to sourcing from countries like India or Mexico, which face lower duties. Even a 10 percent cost difference can sway buyers in a price-sensitive industry.

### RIPPLE EFFECTS ON THE ECONOMY

A drop in US orders would hit export revenue and reduce dollar inflows, potentially leading to a foreign exchange crunch. Our

economy relies on these dollars to pay for essential imports and maintain currency reserves. A sustained decline in exports could weaken the taka and widen the trade deficit.

Job losses are another concern. Just last year, over half a million, mostly female garment workers, lost jobs during global disruptions. A shock like this could worsen that

trend. The garment industry supports a wide network: textile mills, suppliers, packaging firms, and transport providers. Shrinking orders will hurt them too. The investment climate is also at risk. Investors may pause or redirect funds to "safer" countries.

### WHY THIS TARIFF HITS US SO HARD

While China, Vietnam, Cambodia, and Sri Lanka face even higher rates, Bangladesh's 37 percent tariff is among the steepest in South Asia. What makes it especially damaging is our reliance on garment exports. Losing a large share of this trade would be a major economic blow.

India faces a lower US tariff of 27 percent, making it more attractive

to buyers. In this industry, small cost differences shift major orders.

There's also a diplomatic dimension. The US removed Bangladesh from the GSP in 2013 over labor concerns. Apparel was never part of GSP, but its loss still hurt. Now, instead of progress, we face a "super-tariff". Bangladesh is not an industrial giant like China. We are still navigating political and economic transformation. Punishing a country that employs millions of low-income workers – especially women – risks harming the very communities global development efforts aim to empower.

### WHAT BANGLADESHI EXPORTERS CAN DO

Exporters are working on ways to adapt. One step is renegotiating contracts with US buyers to share the cost burden. This is a time for win-win compromises.

Another strategy is accelerating market diversification. Over-reliance on the US has long been a vulnerability. Europe, Canada, Japan, and emerging markets like China and Latin America offer potential. Diversifying doesn't mean abandoning the US.

Upgrading the value chain is also key. Competing solely on low cost is no longer enough. Some firms are using advanced technology and producing complex items like sportswear. Sustainable production can attract buyers who value more than just price.

Industry unity is critical. As a banker working closely with exporters, I expect groups like



Bangladesh exported goods worth more than \$8.4 billion to the US in 2024, with \$7.3 billion coming from garment shipments. Some factories depend almost entirely on American orders. PHOTO: STAR/FILE

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