

## Proper steps needed to handle US tariffs

Bold diplomacy, united efforts can help avert the crisis

We welcome the government's initiative to send two letters to the US administration—one to President Donald Trump and another to the US government's lead trade negotiation office—in response to its new "reciprocal" tariff regime imposed on all its trading partners. According to a report by this daily, the letters will outline policy measures to reduce bilateral trade imbalances that triggered the levying of a 37 percent tariff on imports from Bangladesh. This comes amid fears that the new policy, effective from April 9, may strike a blow to our export-based economy, particularly the garments sector, for which the US is the single largest market. As the world rushes to the negotiating table to deal with this economic setback, we must do the same to protect our industries and retain our competitiveness.

While talking to *The Daily Star* following a high-level meeting at the finance ministry, government officials and industry leaders appeared optimistic that if proper measures are taken, Bangladesh may not only weather this storm but also turn the challenge into an opportunity to diversify exports, streamline trade practices, and strengthen its position in the US market. This confidence comes partly from the fact that most regional trade rivals of Bangladesh face a heavier blow. In 2024, Bangladesh shipped \$7.4 billion worth of garments to the US, making it the third-largest apparel supplier after China and Vietnam. Now, under the new US policy, China's total apparel tariff could reach 65.5 percent, while Vietnam's may rise to 57.5 percent. However, there remains doubt about whether the 37 percent tariff imposed on Bangladesh will replace existing duties or be added on top of them. If it is an additional tariff, the total duty on our garments could rise to 48.5 percent—up from the current average of 11.56 percent. We, therefore, must prepare for the worst-case scenario, although we will not know for sure until April 9.

Our response must be swift, strategic, and with the broader interests of the nation, including workers, in mind. One strategy that could prove effective is requesting a delay in the implementation of the new tariffs. Vietnam has reportedly already sought at least 45 days of relief from the US to allow room for negotiation and adjustment, even offering to reduce all tariffs on US imports to zero. Bangladesh should not shy away from making similar moves to adjust trade balances. While the commerce adviser has said that a deferral is unlikely at this stage, persistence may lead to rewards. Even a limited extension could give our exporters time to reorganise and adjust pricing strategies.

In this regard, we may also consider engaging experienced US-based lobbyists to support our case. Experts have also stressed the importance of expanding US imports of goods and services, broadening our export base beyond RMG, expanding exports to other markets beyond the US, and removing all tariff and non-tariff barriers to encourage greater bilateral trade.

## Endless loss of lives on the roads

Govt must make greater efforts to ensure road safety

We are deeply saddened by the tragic loss of lives in road crashes during the Eid ul-Fitr holidays. According to data from the Bangladesh Road Transport Authority (BRTA), during the eight-day vacation from March 28 to April 4, a total of 132 people lost their lives and 208 were injured in road accidents across the country. Unfortunately, such crashes and fatalities during Eid vacations have become a recurring feature over the years.

While the government deserves some appreciation for its efforts to make Eid journeys smooth and hassle-free for home-bound people this year, clearly, not enough was done to prevent road crashes. While ad-hoc measures cannot fully prevent road crashes during mass movements, we believe some steps could have been taken to secure accident-prone areas on the highways. For instance, the Chhota Jangal area on the Chattogram Cox's Bazar highway—reportedly the most accident-prone spot along this route—witnessed three major crashes, which could have been averted had preemptive measures been taken. Similarly, there are numerous known spots on our highways where road accidents frequently occur. Implementing safety measures in these areas during Eid could have helped save precious lives.

It is heartbreaking to think of the family that was traveling to Cox's Bazar to celebrate Eid but tragically lost their lives—all five of them—in a devastating accident on the Chattogram-Cox's Bazar highway. Or think of the family of the police constable who was on his way to visit his pregnant wife but never made it. Such tragedies must not be normalised. The authorities and transport leaders must take effective measures to prevent this annual scenario.

Previously, we saw how the Awami League regime consistently neglected the issue of road safety and bowed down to pressure from transport owners and workers. While numerous infrastructural development projects were undertaken during its tenure to enhance road connectivity nationwide, road safety was regrettably sidelined. Thus, over the past 15 years, public transport became one of the most corrupt and unregulated sectors, with the anarchy on our roads increasing significantly.

We hope the interim government will take decisive steps to regulate this sector and enforce the RTA 2018 without succumbing to any external pressures. Establishing a dedicated commission to implement much-needed reforms in the sector should be a priority. Without a comprehensive overhaul of the entire system, achieving road safety will remain an unattainable goal.

## THIS DAY IN HISTORY

Violence erupts in Rwanda, foreshadowing genocide



On this day in 1994, violence fuels the launch of what would become the worst episode of genocide since World War II: the massacre of an estimated 500,000 to 1 million innocent civilian Tutsis and moderate Hutus.

# EDITORIAL

## The golden rule in recovering stolen assets



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In 1972, when Bob Woodward was investigating the Watergate scandal, he was not getting any leads. He got a breakthrough from a secret informant with the pseudonym "Deep Throat," saying "Follow the money." In 2005, the identity of "Deep Throat" was revealed—it was Mark Felt, an FBI special agent. Mark passed away in 2008, but his advice to Bob Woodward became a golden rule in uncovering major crimes involving huge amounts of money.

Mark Felt's rule is still relevant to the question of laundered money from Bangladesh and its recovery. In this respect, "time is of the essence"—because the more time passes, the more difficult it becomes to "follow the money." Any laundered money travels very fast, particularly in this digital age. It moves to various destinations and takes different forms—both tangible and intangible. So, after a while, the colour of the money gradually fades, and it simply becomes very difficult to track and identify laundered money.

One critical question is: how big is the amount of money laundered from Bangladesh? Estimates vary. However, the White Paper on the state of the Bangladesh economy indicates that Tk 28 lakh crore was laundered between 2009 and 2023—equivalent to \$234 billion. This is just an indicative figure, based on various sources and assumptions. The ultimate point is that the sheer scale of laundered money from Bangladesh is simply huge. After it left the country, the money was used to buy homes or other tangible assets in Dubai, UAE, UK, Malaysia, and so on.

The million-dollar question is: how can Bangladesh recover the laundered money that has crossed its borders? Let us make it clear at the very outset that the recovery process is both complex and time-consuming. The complexity arises on both financial and legal fronts. The process often starts with identifying unusual and suspicious transactions, which can be done through anti-money laundering protocols. Authorities trace the funds through financial records, such as bank accounts, wire transfers, and export-import invoices, which requires

forensic financial investigation to uncover how money was laundered. The detection and investigation of laundered money require both bilateral and international cooperation. For example, governments use Mutual Legal Assistance Treaties to request assistance from foreign governments in gathering evidence, freezing accounts, or tracing assets. With cooperation from foreign countries, the laundered money can be temporarily frozen to prevent further movement. International anti crime organisations like Interpol can be involved in the investigation. International investigation firms



VISUAL: ANWAR SOHEL

are sometimes engaged in evidence gathering and investigations.

Next comes the legal action. Legal action is initiated against those involved in money laundering, both in the country of origin and the country of destination. The legal action involves charges of money laundering, fraud, or other related crimes. Along with criminal charges, civil lawsuits may also be initiated. But two issues are critical in this respect. First, three basic points need to be established: one, in the country of origin, wealth was accumulated illicitly; two, wealth was taken out of the country illegally; and three, the wealth entered the country of destination illegally. Second, before

For example, the destination country may only be interested in whether the money has entered its borders legally, irrespective of where and how it was accumulated and how it left the originating country. This reflects that the destination country might be more interested in incoming resources. This may impede the recovery process.

Additionally, if the funds were settled in tax havens or offshore banking, the recovery process becomes more complex. Similarly, complexities may arise if the laundered money is turned into tangible assets such as houses. It has been found on many occasions that legal firms engaged by money-laundering victim countries to

initiating legal actions abroad, those involved in money laundering must be convicted in the courts of the country of origin. Sometimes, international law firms are appointed for legal actions abroad. If the laundered money is found to be illegal, confiscation orders are served by courts to seize the funds in the destination country. The confiscated laundered money is then returned to the originating country through legal agreements and treaties.

The process of convicting those involved in money laundering and recovering the laundered money critically hinges on collaboration between the country of origin and the country of destination. In that context, the existence of mutual treaties and agreements between those countries is a prerequisite. There must be compatible legal frameworks between the two parties. Different legal frameworks, weak enforcement of anti-money laundering protocols, and strict banking secrecy laws in the destination country may make the recovery process difficult. Furthermore, the goodwill of the destination country is also key.

Angola is often cited as a positive example, where \$5 billion was recovered through various means. It represents part of the billions of dollars laundered by the son of a past president of the country, Jose Eduardo dos Santos. In fact, about \$3 billion of the \$5 billion was willingly returned by a friend of the president's son. In Nigeria, during the rule of Sani Abacha, an estimated \$5 billion was looted and laundered abroad. After extensive legal proceedings and cooperation between Swiss authorities, the World Bank, and the Nigerian government, \$500 million was recovered in 2004.

In 2020, a further \$300 million was agreed to be repatriated from the US. Other recoveries were made in various countries, including the UK and Liechtenstein, bringing the total recovered to \$1.3 billion. In Malaysia, 1Malaysia Development Berhad was involved in laundering \$4.5 billion through complex schemes. In 2020, the US Department of Justice reached a settlement with Goldman Sachs, which agreed to pay \$2.5 billion directly to Malaysia for its role in the scandal. US authorities also recovered over \$1 billion in assets tied to 1Malaysia Development Berhad.

Money laundering is a sensitive issue. Recovery is neither costless nor easy. It will take time. People should surely be informed about the progress as well as the problems of the recovery process, but they should not be given any false notions about the timing or the extent of the recovery. Whatever success Bangladesh has in recovering the laundered money, the issue needs to be pursued, irrespective of time and cost, because it has a moral dimension. When the culprits are brought to justice, it will send a strong signal to everyone that nobody can get away with looting national wealth.

## The draft Renewable Energy Policy 2025 needs revision

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The long awaited draft of the new Renewable Energy Policy (REP) 2025 was published in February, inviting suggestions and advice for refinement. It promises generation of 20 percent (6,145 MW) of electricity from renewables by 2030 and 30 percent (17,470 MW) by 2041. However, this estimation is based on the overstated electricity demand forecast from the Integrated Energy and Power Master Plan (IEPMP). As per a demand projection by the Centre for Policy Dialogue (CPD), 20 percent renewable electricity in 2030 is 5,600 MW and 30 percent is 10,500 MW. Thus, the target of the draft policy is ambitious on the surface.

In 2008, Bangladesh set a modest target: 10 percent electricity from renewable sources by 2020. That deadline came and went. Even in 2025, the country barely achieved around five percent of renewable capacity. Now, the draft policy expects us to believe that in just six years, we will quadruple that share. China, a global leader in renewables, has set a target of achieving 25 percent non-fossil fuel by 2030. This raises the

question: does Bangladesh—with the same resources, infrastructure, or investment as China—truly believe it can aim for a similar target?

The glaring flaw of the draft policy is the omission of a fossil fuel phasing-out strategy. The UK agreed on a coal phase out by 2024. In Germany, a law schedules a coal phase out by 2038 at the latest. On the other hand, Bangladesh government continues to promote conventional fossil fuel sources, and without a phase-out strategy, the renewable energy target seems like a mere political statement.

The draft policy lacks synchronisation. While its goals are set based on the estimations from the IEPMP, it should be noted that IEPMP emphasised natural gas, LNG, and nuclear power rather than renewable sources. Besides, the draft policy talks about increasing the "green energy" share in the energy mix but promotes many renewable sources that are not green. The policy assigns the Sustainable Renewable Energy Development Authority (SREDA) the responsibilities for overseeing, developing and implementing renewable programmes, but it provides the Bangladesh Energy Regulatory Commission the licensing authority, thus creating a bureaucratic maze.

The policy is deficient in adequate financing mechanisms. It speaks of a Sustainable Energy Development Fund, yet only in whispers, using wordings such as "may" be established, "may" be implemented. These words suggest a language of hesitation, not commitment. It also mentions Bangladesh Bank and Infrastructure

Development Company Limited. However, financing from banks and non-bank financial institutions is not mentioned. Nothing is mentioned about incentives for foreign investors either. The truth is that the policy did not lay out any real financial schemes to generate the billions of dollars necessary for this shift. Where will that money come from in a country where too many power subsidies are already

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weighing the economy down?

There are several other areas where the policy uses indecisive language with regard to several incentives. For instance, "the government may consider waivers for EVs," "stamp duty may be exempted," and "production-linked incentives may be provided." This lack of clarity creates uncertainty for stakeholders and could hinder investment and industry participation.

If Bangladesh wants to transition to a sustainable energy future, REP 2025 must undergo critical revisions. First, it must re-evaluate and set targets based on proper estimations. Secondly, strong and well-thought financing mechanisms and incentives for foreign direct investments must be introduced. Besides, it should include a phase-out strategy. Additionally, to accelerate the industrial renewable energy integration, it should also create financial incentives for off-grid solar adoption in manufacturing zones. To improve coordination, it is recommended SREDA be assigned full licensing authority over renewable energy projects. In terms of providing incentives, it must remove ambiguous wording and use more definitive language, such as "shall" or "will" to clearly establish the government's commitments. It has to actively and judiciously promote grid modernisation and improvement of renewable energy storage capacity.

The draft REP 2025 does not have enough necessary structural support, financial backing, and clear implementation strategies to attain the envisioned targets. Without critical revisions, the draft policy risks being another well-intentioned but ineffective document.