



China keen to set up SEZ in Mongla Bida chief says

STAR BUSINESS REPORT

China has expressed interest in establishing a Special Economic Zone (SEZ) in Mongla to expand trade relations and increase investment flows, according to the Bangladesh Investment Development Authority (Bida).

Additionally, \$1 billion in development funding from the New Development Bank (NDB), a multilateral development bank established by the BRICS states, is under discussion for 2025.

Ashik Chowdhury, executive chairman of the Bida, unveiled the plans while speaking during a press briefing on the second day of the Bangladesh Investment Summit 2025 at the Intercontinental Dhaka yesterday.

Chowdhury pointed to Mongla's location near the seaport, referring to it as a gateway for maritime and export-linked industries.

In one of the sessions, a Chinese construction firm with operations in Bangladesh indicated its intent to expand. Company representatives discussed their experience in Bangladesh over the last 45 years and highlighted the availability of labour.

Chowdhury said the company had received support from different levels of government. At the same time, he acknowledged challenges.

He cited the example of a businessman who has been waiting for more than three years for a licence to begin a project that intends to employ 10,000 people.

"He has funding and preparation, but progress remains halted due to administrative processes," Chowdhury said.

He added that similar cases have been seen over the years. "Many investors have been unable to proceed. These delays have affected the investment process. Administrative reforms are required."

The summit included sessions on planning, foreign participation, and sector-specific issues, and also saw Bangladesh sign agreements with 53 countries.

Additionally, Bida has opened a digital platform to collect feedback from private businesses.

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WB identifies four sectors ripe for reform

Says strategic changes can draw investments, create jobs and spur growth

SECTOR-WISE RECOMMENDATIONS

RMG

- Adjust labour laws for post-LDCEU market
- Adopt EU sustainability regulations
- Include skills training in nat'l curricula
- Equalise duties on solar imports
- Implement shadow price of water

Housing

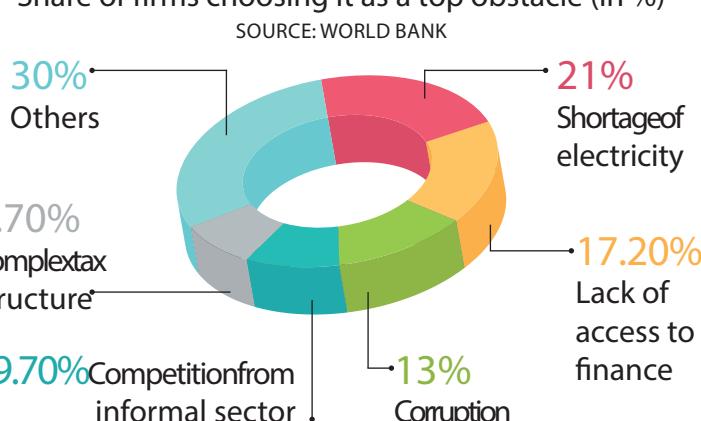
- Utilise vacant govt lands
- Improve municipal services
- Digitise land records
- Set up mortgage refinance firm
- Revise building codes for green bricks

Digital finance

- Enable corporate MFS wallets
- Publish fee methodologies
- Broaden CIB reporting
- License fintech firms
- Scrap transfer taxes

Top five business environment obstacles

Share of firms choosing it as a top obstacle (in %)



Paint & dyes

- Digitise customs classifications for input imports
- Accept third-party lab tests for customs clearance
- Allow non-RMG players to use bonded warehouses
- Equalise duties on raw material imports

STAR BUSINESS REPORT

Bangladesh has the potential to attract significant investment and generate millions of jobs by carrying out key reforms in four promising sectors — green readymade garments (RMG), housing for the middle class, paint and dyes, and digital financial services, according to a new report by the World Bank Group.

The Bangladesh Country Private Sector Diagnostic (CPSD), unveiled yesterday at the Bangladesh Investment Summit 2025, identifies the sectors as ripe for reform due to their relative maturity and the political feasibility of implementing change.



Although not the only drivers of growth, these industries were singled out for their capacity to stimulate investor confidence, both domestic and international, and to signal that

Bangladesh is ready to do business, the report said.

It said that by improving the business climate in these areas, Bangladesh could trigger a ripple effect, encouraging reforms in interconnected sectors.

This, the report suggests, could set off a virtuous cycle of structural transformation to help address the country's pressing challenges around employment and productivity.

The World Bank estimates that targeted interventions could create up to 2.37 million jobs each year in the construction sector by supporting new housing developments for middle-income families.

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US loses cotton market share in Bangladesh

Bangladesh's cotton imports by sources

In % of import quantity

MARKETING YEAR 2024

Source	Share (%)
Australia	10
Brazil	14
India	22
USA	11
West Africa	35
Others	8



MARKETING YEAR 2025

Source	Share (%)
Australia	9
Brazil	20
India	19
USA	6
West Africa	41
Others	5



SOHEL PARVEZ

The United States is losing its market share in cotton exports to Bangladesh amid concerns about logistics and the lengthy shipment duration for American cotton, according to a recent report by the US Department of Agriculture (USDA).

Bangladesh's millers imported 7.8 million bales of cotton in the marketing year (MY) 2023-24, beginning in August.

Of that, the share of US cotton, a key raw material for the country's apparel industry, was 9 percent. A year ago, in MY23, the share of cotton imported from America was 10 percent.

During the first seven months of MY25, local importers bought 286,056 bales of cotton from the US. The amount was only 6 percent of the total import of the item, down from 11 percent during the same period a year ago.

The USDA's report came just days before the Trump administration hiked tariffs on goods from 60 countries, including Bangladesh, entering the

American market.

Bangladesh's exports will face a 37 percent higher tariff in the US market following Trump's tariff hike, which has created worries among exporters. It also prompted Chief Adviser Muhammad Yunus to write to the US President, promising to significantly increase imports of US farm products, including cotton.

The government is also finalising a dedicated bonded warehousing facility in Bangladesh, where US cotton will have duty-free access, according to the letter.

Citing its industry contacts, the USDA said the quality of US cotton is better than cotton from other sources.

"Many spinning mills in Bangladesh prefer US cotton; however, they always express concerns about the logistics and lengthy shipment duration required to obtain US cotton," it said in its Cotton and Products Annual report released on March 31.

The agency said many cotton merchandisers sell South American and West African cotton while it is afloat.

"This practice helps to reduce the

shipment duration. However, US cotton is not sold afloat. Merchandisers also store their cotton in nearby warehouses in ports in Malaysia, Singapore, and Sri Lanka. Cotton from these warehouses can be delivered to Bangladesh in just seven days."

As per the report, West African countries and Brazil gained market share in cotton exports.

The West African countries collectively supplied 1.9 million bales, 41 percent of Bangladesh's total imports during the first seven months of this marketing year, the USDA said.

The US agency said the market share of West African and South American cotton is gradually increasing based on these logistical benefits, which allow importers to take advantage of price shifts.

"As a single country, Brazil emerged as the major raw cotton supplier to Bangladesh during this period," it said. Brazil exported 970,487 bales, comprising 20 percent of the market share, followed by India with 887,600 bales and a 19 percent share.

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Inflation inches up in March as non-food prices jump

MD ASADUZ ZAMAN

After declining for each of the past three months, overall inflation in Bangladesh increased slightly in March, driven by an uptick in non-food prices, government data shows.

Overall inflation stood at 9.35 percent in March, up from 9.32 percent the month prior, according to data released by the Bangladesh Bureau of Statistics (BBS) yesterday.

Non-food prices spiralled to 9.70 percent in March, up from February's 9.38 percent, indicating rising costs of goods and services such as clothing, healthcare, education, and transport.

On the other hand, food inflation decreased to 8.93 percent in March, down from 9.24 percent the month prior.

Economists expressed optimism about the slow rate of growth, saying the moving average is decreasing.

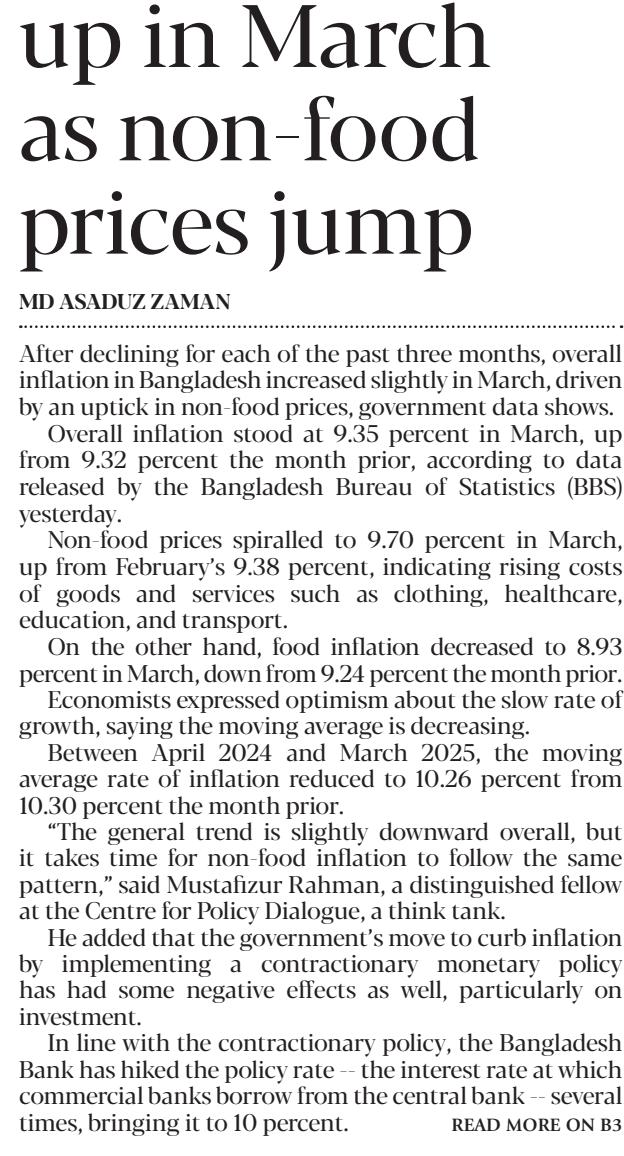
Between April 2024 and March 2025, the moving average rate of inflation reduced to 10.26 percent from 10.30 percent the month prior.

"The general trend is slightly downward overall, but it takes time for non-food inflation to follow the same pattern," said Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, a think tank.

He added that the government's move to curb inflation by implementing a contractionary monetary policy has had some negative effects as well, particularly on investment.

In line with the contractionary policy, the Bangladesh Bank has hiked the policy rate -- the interest rate at which commercial banks borrow from the central bank -- several times, bringing it to 10 percent.

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Investors seek policy continuity, conducive business climate

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Seeing robust potential in Bangladesh, foreign investors have called on the interim government to ensure policy consistency and uphold its commitment to fostering a more predictable and business-friendly environment.

Investors also stressed that the government should intensify its efforts to attract foreign investment by offering more competitive incentives and adopting investor-friendly policies.

These demands were voiced by a group of foreign investors during a visit to the Bangladesh Special Economic Zone (BSEZ) in Narayanganj on Tuesday as part of the four-day Bangladesh Investment Summit 2025.

The Bangladesh Investment Development Authority (Bida) has organised the summit to highlight investment opportunities and demonstrate the impact of economic reforms undertaken following the July mass uprising.

Investors also stressed that the government should intensify its efforts to attract foreign investment by offering more competitive incentives

About 36 investors and representatives from companies in China, Japan, the United States, India, and other countries visited the BSEZ -- also known as the Japanese Economic Zone.

"I see a great opportunity in Bangladesh. However, the government, Bangladesh Economic Zones Authority, and BSEZ should uphold the commitments they have made to facilitate us," said Mohammad Abdul Quyum, managing director of Nilorn Bangladesh, a Swedish company.

Yesterday, Nilorn Bangladesh signed a memorandum of understanding (MoU) with BSEZ to establish a factory in Narayanganj.

"We already have a garments factory in Bangladesh. Now, we are planning to make a larger investment to produce garment accessories in the BSEZ," Quyum said at a media briefing.

"We will gradually invest between \$11 million and \$14 million. The project will create job opportunities for nearly 300 people," he added.

When asked about the investment timeline, he said, "The timeline will depend on when the agreement is signed. As per regulations, construction work must begin within six months of signing. We will try to follow it."

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BB extends tenure of Tk 200cr stock market fund

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Bangladesh Bank (BB) issued a circular on Tuesday extending, till the end of 2026, the tenure of a Tk 200 crore fund that each bank was individually allowed to create in order to make investments in the stock market.

Back in February 2020, Bangladesh Bank allowed banks to form the special funds, some of them by taking low-interest loans from the central bank.

The funds were initially meant to remain valid till February 2025.

The central bank said it extended the tenure amid the prevailing volatile situation in the country's capital market.

It also said it had availed opinions of various stakeholders related to the capital market, investor banks, as well as considered its own review, in the interest of attaining stability for the overall financial sector.

The banking regulator also asked banks that have already formed the special funds and invested in the stock market to gradually reduce their investments within the extended period.

For the reduction, a specific action plan, approved by the board of directors of the respective investor bank, must be submitted to Bangladesh Bank within 30 days of the issuance of the circular.

Upon the tenure's expiration on December 31, any remaining investment will be considered part of the capital market investment fund in accordance with Section 26K of the Bank Companies Act, 1991.

In November last year, the Bangladesh Securities and Exchange Commission (BSEC) had sought a five-year extension of the funds.

Moreover, the BSEC wanted the fund amount to be increased to Tk 300 crore.

BSEC Chairman Khondoker Rashed Magsood had placed the demand in a meeting with BB Governor Ahsan H Mansur at the central bank.