After Australia food success, Bangladeshi expat eyes investment back home

JAGARAN CHAKMA

Eighteen years ago, a young man from Narayanganj landed in Melbourne with a suitcase full of ambition and just a few hundred dollars to his name. Today, that man – Md Shamim – owns 108 Subway outlets across Australia, ranking him among the franchise's largest global operators.

Subway, one of the biggest fast-food chains in Australia with more than 1,200 stores, is known for its made-to-order sandwiches, salads and wraps.

"I started small," Shamim told The Daily Star during a recent visit to Chattogram for the Bangladesh Investment Summit 2025. "My first job was behind the counter at a fast-food shop. I washed dishes, cleaned tables and saved every penny I could."

From those early days, Shamim opened his first Subway outlet in a quiet Melbourne suburb. What followed was a meteoric rise. His business now employs more than 2,000 people and brings in an annual turnover of 120 million Australian dollar (AUD).

Despite the success, one concern continues to trouble him – the limited number of Bangladeshis in his workforce.

"Only 3 percent of my employees are Bangladeshi, just about 60 people," he said. "I seek to hire from my country, but visa issues and a lack of training hold many back."

Now, Shamim is exploring ways to bring Bangladesh into his supply chain.

Each year, his business spends around AUD 30 million on condiments and packaging, with the majority sourced from China.

Md Shamim owns 108 Subway outlets across Australia and brings in an annual turnover of 120 million Australian dollars. PHOTO: COLLECTED

"Even if a small portion of that supply chain shifts to Bangladesh, it could create jobs, boost exports and help build technical capacity," he said. "And I'm just one player. There are over 12,000 Subway outlets worldwide and thousands of other food chains with similar needs."

Shamim believes Bangladesh could become a reliable supplier of food-grade packaging, sauces, uniforms and other restaurant essentials, provided the country improves its logistics and regulatory environment.

To explain the nation's untapped potential, he offers a simple example.

"In Bangladesh, we produce a T-shirt for five to six dollars. The same shirt sells for 30 dollars in Australia," he said. "It's not just about margins, it's about realising how undervalued our production capacity truly is."

But low costs alone would not attract international buyers.

"What we do not have are fast, transparent and efficient systems – especially in banking and logistics," he said. One of the major problems, according to Shamim, is the difficulty in transferring money.

"If I send $10,000 through Western Union, it's in my account before I even step out of the car," he said. "But if I go through a Bangladeshi bank, it takes two days just to see if the transfer works."

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Can 'bridge banks' act as a 'financial ambulance' for ailing banks?

TOUHIDUL ALAM KHAN

Bangladesh's banking sector, once celebrated for its contribution to economic growth, is currently facing a crisis. The sharp increase in non-performing loans (NPLs), severe liquidity issues, and persistent governance scandals have placed several banks on the brink of failure. This precarious situation not only threatens the stability of the financial system but also undermines public trust. In such a challenging environment, the concept of "bridge bank" emerges as a potential solution.

The crucial question is: can "bridge banks" truly rescue Bangladesh's troubled banking sector?

The challenges besetting Bangladesh's financial landscape are serious and widespread. Non-performing loans, often worsened by politically motivated lending practices and inadequate credit management, have reached concerning levels, with the NPL ratio ranking among the highest in South Asia. Many banks are also grappling with significant capital shortages, failing to meet the minimum capital requirements set by regulatory authorities. These financial troubles are aggravated by significant governance issues. Insider lending, a lack of transparency, and high-profile scams have seriously damaged public confidence in the banking system. This creates a harmful cycle: as banks struggle to manage their operations, depositor trust declines, which in turn destabilises the entire financial ecosystem.

This is where "bridge bank" comes into play. This temporary institution is designed to take over the operations of distressed banks, essentially acting as a "financial ambulance" that stabilises these failing entities until a long-term solution—whether it be restructuring, sale, or liquidation—can be achieved. Normally established by central bank or regulatory authorities, a "bridge bank" aims to protect depositors, maintain essential banking services, and reduce systemic risks.

The advantages of "bridge banks" for Bangladesh is significant. By stepping in to manage troubled banks, it can prevent sudden collapses, ensuring that customers continue to have access to their funds and banking services. This continuity helps maintain public confidence during turbulent times. Additionally, a "bridge bank" can safeguard depositors' funds during crises, reducing the risk of panic withdrawals and bank runs. It also creates necessary time and framework for restructuring distressed banks, including recapitalisation, governance improvements, and management of non-performing assets. Most importantly, by isolating failing banks from the broader financial system, a "bridge bank" can prevent the crises from spreading to healthier institutions, thereby protecting the overall banking sector.

However, the introduction of a "bridge bank" in Bangladesh presents a distinct set of challenges. A strong legal and regulatory framework is vital for ensuring successful outcomes. While the proposed "Bank Resolution Ordinance" is a positive step forward, it requires transparent execution free from political interference to be effective. Setting up and managing a "bridge bank" needs considerable financial resources, meaning they will require backing from the government, international institutions, and contributions from other banks.

Good governance and transparency in managing a "bridge bank" is also crucial. Without proper oversight, there is a risk of mismanagement or misuse of resources, which could further erode public trust. Moreover, there is the moral hazard; banks may adopt reckless behaviour, believing that they will be shielded by a "bridge bank". This highlights the necessity for stringent regulatory oversight.

Globally, the "bridge bank" model has proven effective in addressing banking crises. During the 2008 financial crisis in the United States, for instance, the Federal Deposit Insurance Corporation employed a "bridge bank" to manage failing institutions like IndyMac Bank, ensuring the continuity of services and protection for depositors. Similar results have been observed in countries like Portugal, Italy, and India, where "bridge banks" played a key role in stabilising troubled banks and restoring public confidence in the financial system.

While a "bridge bank" may not be the panacea for all the issues facing Bangladesh's banking sector, it presents a promising avenue for addressing its challenges.

The author is a former managing director and CEO of a first-generation private bank in Bangladesh.

Reckitt Benckiser declares 3,330% cash dividend

STAR BUSINESS REPORT

Reckitt Benckiser (Bangladesh) has announced its highest-ever dividend payout despite a fall in annual profit.

The board of the company has recommended a 3,330 percent final cash dividend, or Tk 333 per share, for 2024, according to a disclosure on the Dhaka Stock Exchange (DSE) news board yesterday.

Following the record dividend announcement, shares of the multinational company edged up 0.82 percent to Tk 3,980 in morning trade on the DSE.

The company posted a profit of Tk 75.20 crore in 2024, an 8 percent decrease year-on-year.

Its earnings per share dropped to Tk 159.17 from Tk 173.65 in 2023. Net operating cash flow per share fell sharply to Tk 22.55 from Tk 253.56 over the same period.

Reckitt Benckiser (Bangladesh), a prominent multinational, has had a long-standing presence in the country since its incorporation in 1961.

Renowned for household names such as Dettol, Harpic, and Lizol, the company manufactures and markets a wide array of health, hygiene, and home care products.

Vietnam to buy more US goods as it seeks tariff delay

AFP, *Hanoi*

Vietnam will buy more US goods including security and defence products, the government said, as it seeks a last-minute delay to enormous tariffs imposed by Washington.

The Southeast Asian manufacturing powerhouse counted the United States as its biggest export market in the first three months of the year, but its key customer has now hit it with colossal 46 percent duties.

Hanoi has asked US President Donald Trump to delay their implementation by at least 45 days to give time for talks.

Prime Minister Pham Minh Chinh said Vietnam would "approach and negotiate with the US side to reach a bilateral agreement, moving towards a sustainable trade balance", according to a statement published on the government's news portal late Monday.

It would also "continue to buy more US products that are strong and Vietnam has demand for, including products related to security and defence; promote early delivery of aircraft trade contracts", the statement added.

The tariffs are part of a global trade blitz announced last week by Trump that has sent markets around the world into a tailspin.

Regarding Vietnam, it appears that his administration was particularly angered by what it sees as the country's role in attempts to get around tariffs imposed on China.

According to a separate statement on the news portal Tuesday, Deputy Prime Minister Bui Thanh Son has requested the ministry of industry and trade "to review and strictly control the origin of goods, to prevent unfortunate incidents from happening".

Top leader To Lam has sent a letter to Trump asking for a delay to the tariff.

According to a copy seen by AFP, Lam said he had appointed Ho Duc Phoc, another deputy prime minister, to serve as the primary contact with the US side on the issue, "with the aim of reaching an agreement as soon as possible".

He also said he hoped to meet Trump in Washington at the end of May to finalise the matter.

US tariffs: thorn in the side or blessing in disguise?

MD MOHIUDDIN RUBEL

Causing some trepidation in the hearts of Bangladesh's readymade garment (RMG) sector leaders is the newly imposed 37 percent tariff by the United States on Bangladeshi imports. The move comes just as the economy was finding its feet after a regime change, making it a moment of critical reflection for the industry.

Although not entirely disheartening, the tariff makes it clear that Bangladesh must act fast to reduce the bilateral trade deficit. Enhancing efficiencies could help regain momentum with its largest buyer and improve long-term sustainability in global trade.

Bangladesh is not alone in facing US trade penalties. Other affected countries include China (54 percent), Vietnam (46 percent), Cambodia (49 percent), Indonesia (32 percent), Pakistan (29 percent), Mexico (25 percent), Honduras (10 percent), and India (26 percent). Tariffs vary depending on each country's trade deficit with the US.

Bangladesh's deficit stands at $6.2 billion. For comparison, China's trade deficit with the US was $295.4 billion as of 2024, followed by Vietnam at $123.5 billion and Mexico at $171.8 billion. These numbers offer a glimpse into how the US may be calculating its trade defence strategy.

Initially, the outlook appeared simple — with rivals facing higher tariffs, Bangladesh could potentially gain more orders. However, upon deeper analysis, the situation is far more nuanced and requires strategic planning to seize any real advantage.

Bangladesh has been trying to break into mid- and high-end markets. Yet, its core strength remains in low- and mid-range garments, thanks to labour intensity, economies of scale, and competitive wages, despite ongoing productivity challenges compared to its peers.

The US heavily relies on low- and mid-range imports, which Bangladesh primarily supplies.

With fewer countries capable of bulk production in these categories, Bangladesh could become an attractive alternative — especially as Chinese, Vietnamese, and Cambodian goods face higher tariffs.

To illustrate the tariff impact, let us consider a product priced at $5 exported from both China and Bangladesh.

The tariff gap of approximately 17 percent means a price difference of $0.85 per unit, which could significantly benefit Bangladeshi exports while harming Chinese ones.

Similarly, countries such as Vietnam, India, and Pakistan have price gaps of $0.45, $0.50, and $0.40, respectively.

Such gaps, although small in unit terms, matter immensely in bulk orders — the bread and butter of RMG exporters.

In 2024, the US imported $80 billion worth of RMG. Of that, China, Vietnam, and Cambodia — the hardest hit by tariffs — together contributed about $35 billion. Naturally, there's a looming question: who will benefit from this shift in sourcing?

While India and Pakistan are also potential beneficiaries, their limited production capacities may restrict how much of this shifting demand they can absorb. India's total RMG exports stood at $15.72 billion, with only $4.69 billion going to the US. Pakistan exported $8.33 billion in total, with $2.16 billion to the US.

With tight resources and limited infrastructure, these countries may target higher-value orders redirected from China or Vietnam. For example, India could win specialised woven items, while Pakistan might pick up denim. That leaves the basic product orders — where Bangladesh excels — up for grabs.

To maintain its hard-won position as the world's second-largest garment exporter, Bangladesh must commit to long-term, strategic reforms focused on boosting productivity and cutting lead time. PHOTO: STAR/FILE

Shifting orders to new players like Ethiopia, Jordan, or Kenya also won't be easy. These countries still lack the production scale needed to absorb high-volume orders, despite some of them enjoying duty-free access in the past.

Honduras and Mexico, which will now face 10 and 25 percent tariffs respectively, don't pose a large threat either. Honduras exported $3.23 billion to the US in 2023, while Mexico's figure was only $2.6 billion — not large enough to disrupt Bangladesh's market share.

Turkey, with its 10 percent tariff and focus on high-value products, also does not directly compete with Bangladesh's low- and mid-tier offerings. With about 9 percent of the US garment market already in its pocket, Bangladesh is still a major player in the sector.

That said, US consumers may start scaling back purchases due to price hikes. Combined with the challenge of shipping goods ordered before the tariff was announced, this could temporarily impact Bangladesh's export volumes in the short term.

Indonesia, facing a 32 percent tariff and with $7.34 billion in US-bound exports in 2024, is now considered expensive. This could give Bangladesh an opening, especially in non-cotton product categories, where the market is currently underserved.

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