Farmers harvest onion seeds—often called “black gold”—in Faridpur. This year, onion seed has been cultivated on 1,854 hectares of land in the district. Last year, the seeds sold for Tk 150,000 to Tk 200,000 per maund. The photo was taken in Baliadangi village of Charbhadrasan upazila in Faridpur recently. PHOTO: SUZIT KUMAR DAS

Increase imports of US goods to reduce trade gap: textile millers

STAR BUSINESS REPORT

Textile millers and garment exporters yesterday urged the government to increase imports from the US market in order to reduce the trade imbalance between Bangladesh and the United States.

They made the call at a roundtable on “US Tariffs on Bangladesh’s Exports: Reciprocal Strategies and Way Forward for Negotiations,” organised by the Bangladesh Textile Mills Association (BTMA) at Gulshan Club in Dhaka.

Showkat Aziz Russell, president of the BTMA, proposed leveraging Bangladesh’s status as a major importer of American cotton by manufacturing cotton-based garments for duty-free access to the US market.

He also called for robust government support and greater foreign direct investment to create employment and enhance competitiveness in the textile sector.

In his keynote, Masrur Reaz, chairman of Policy Exchange Bangladesh, underscored the significance of the recent 90-day deferment on new US tariffs and suggested that stakeholders move beyond diplomacy alone and pursue market-based solutions.

“Bangladesh must act decisively — by engaging buyers and brands, increasing US content in exports, and assessing sector-specific impacts — to secure long-term access to the US market,” said Reaz.

The speakers suggested increasing US content in manufactured goods to 20 percent to qualify for reduced tariff rates, and establishing US cotton storage hubs in Bangladesh to streamline imports and eliminate logistical barriers.

They also recommended investing in infrastructure, industrial capacity, and human capital to boost productivity and global market readiness, and encouraging US investment in diversified sectors to expand export offerings.

Including the US private sector in ongoing free trade agreement dialogues alongside government efforts was also recommended.

Participants expressed cautious optimism that evolving global trade realignments could open new doors for Bangladesh. However, they warned that inaction could lead to long-term setbacks.

The US remains Bangladesh’s largest export destination, accounting for nearly 20 percent of total readymade garment exports, valued at $7.34 billion in 2024.

Hafizur Rahman, administrator to the Federation of Bangladesh Chambers of Commerce and Industry; Anwar Hossain, vice-chairman of the Export Promotion Bureau and administrator to the Bangladesh Garment Manufacturers and Exporters Association, attended the event.

Anwar-ul Alam Chowdhury, president of the Bangladesh Chamber of Industries; Abdul Hai Sarker, president of the Bangladesh Association of Banks; and Shamim Ahmed, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association, also attended.

Mohibuz Zaman, managing director of ACI Healthcare Ltd, and Mohammad Helal Mia, chairman of Amanat Shah Group, were also present.

Ship with 36,100 tonnes of Indian rice arrives at Ctg port

STAFF CORRESPONDENT, *Ctg*

A vessel carrying 36,100 tonnes of parboiled rice from India has arrived at Chattogram port, with the consignment imported under an open tender agreement, according to a press release.

The ship, MV Frosso K, reached the outer anchorage on April 10 and was berthed at the GCB terminal yesterday, said the office of the Controller of Movement and Storage, Chattogram, under the Directorate of Food.

The consignment is part of a government deal to import a total of 4.5 lakh tonnes of rice from India in nine packages, as per the press release signed by Imdad Islam, senior information officer and public relations officer of the ministry.

So far, 3.17 lakh tonnes of rice have reached Bangladesh under this agreement, it added.

Unloading of the cargo began in the afternoon after the rice samples were tested, said an official of the Controller of Movement and Storage office.

Nearly half of Bangladeshi homes without internet: BBS

STAR BUSINESS REPORT

Just over half of Bangladesh’s households were direct internet users by the end of December 2024, according to a new survey by the Bangladesh Bureau of Statistics (BBS).

The BBS quarterly report on the use of information and communication technology (ICT) revealed that 52.4 percent of households had access to internet services at the end of last year, up from 50.4 percent in the July–September quarter.

Despite the rise, nearly 48 percent of families remained outside the reach of internet connectivity. Internet usage at the household level has steadily increased in recent years.

In 2022, the household internet usage rate was 38 percent, marking a 14.4 percentage point rise in just two years.

However, at the individual level, growth has been slower, rising by only 6.5 percentage points over the same period to reach 47.2 percent.

The findings are based on data collected from 61,632 households across the country as part of the BBS’s second quarterly ICT usage survey of the current financial year.

The survey showed a significant increase in smartphone penetration.

While 70 percent of households used smartphones in the July–September quarter, the rate rose to 72.3 percent in October–December.

The BBS attributed this rise to the growing utility and affordability of smartphones.

However, the urban–rural disparity in internet usage remains stark. About 61.6 percent of urban households use the internet compared to just 48.2 percent of rural households.

The BBS survey, which gathers data from individuals aged five and above, is aimed at informing national ICT policy, as well as reporting to international platforms such as the International Telecommunication Union (ITU) and the SDG Tracker.

Stocks ended lower last week

STAR BUSINESS REPORT

The stock market ended lower last week as investors reacted cautiously to the imposition of ‘reciprocal tariffs’ by the United States, dampening sentiment in the first trading week after the Eid vacation.

Earlier this month, the US administration imposed a 37 percent tariff on Bangladeshi products under a new policy targeting countries it says were trading unfairly.

However, US President Donald Trump, on April 9, announced a 90-day pause on the measure for all nations except China.

The initial announcement had already rattled global markets and triggered retaliatory moves from other countries, shaking investor confidence.

The Dhaka Stock Exchange’s benchmark DSEX index dropped 13.93 points, or 0.27 percent, to close at 5,205.23, continuing its recent downward trend.

Govt to rationalise tariffs on around 350 items

FROM PAGE B1

Following the panel’s recommendations, the revenue board scrapped RDs on 282 items between FY23 and FY25. It also abolished the minimum import price on 50 items, a benchmark used for duty assessments.

The study also showed that supplementary duties (SDs) were applied to 1,926 tariff lines, accounting for 26 percent of the total. Most of these lines carried a 20 percent SD.

It was found that 154 items contributed over 85 percent of the revenue collected from SDs.

The panel proposed reducing SDs on items not deemed harmful or socially undesirable, especially those that are not produced locally and are unlikely to strain the foreign currency reserves.

However, it recommended maintaining high SDs on luxury goods such as cars and diamonds. Acting on these suggestions, the NBR has so far removed SDs on 234 items and reduced them on another 172.

The remaining adjustments are expected to be carried out in the next fiscal year, following a time-bound plan devised to implement the panel’s recommendations.

The study said that high levels of tariff protection can discourage domestic industries from pursuing export opportunities, as the local market offers higher profitability under such a regime.

“Therefore, the process of tariff rationalisation will create an opportunity for the policymakers to strike a balance between protecting import-substitute local industry through tariffs and creating a conducive environment for increasing competitiveness of exportable products and increasing the efficiency of local producers,” it said.

According to the report, nearly half of Bangladesh’s manufacturing sector, in terms of value added, is now export-oriented. “Therefore, there is a need to focus on the export market along with the domestic markets.”

The study also pointed out that efforts to streamline the tariff regime could help promote export diversification — an area where Bangladesh has long sought progress.

The panel said that with LDC graduation scheduled for 2026, Bangladesh will need to gradually lower import-stage tariffs.

It warned that once the country loses its unilateral duty-free market access, signing Free Trade Agreements (FTAs) will become essential to offset the impact.

“As Bangladesh may lose unilateral free market access after graduation, it will be necessary to start preparing for signing Free Trade Agreements (FTAs) to recuperate that loss,” the report said.

It added that high customs duties and para-tariffs, such as regulatory and supplementary duties, would pose serious obstacles in securing FTAs.

“The process of tariff rationalisation will therefore help Bangladesh to increase its eligibility as a potential trade partner and engage effectively in trade negotiations,” it added.

Local think tank Centre for Policy Dialogue (CPD) last month suggested aligning tax policies with WTO regulations to prepare for LDC graduation.

The independent think tank said Bangladesh has a binding coverage of 17 percent of tariff lines, which means 83 percent of tariff lines remain unbound.

“Bangladesh will continue to enjoy the flexibility related to tariffs on non-bound items even after graduation. NBR should be aware of and take advantage of this.”

It said LDC graduation will mean that direct export incentives — 3-4 percent cash incentive for the export-oriented apparel sector, and the 20 percent cash incentive for agricultural exports — will no longer be permissible under the WTO.

“Such export incentives will need to be phased out and WTO-compliance ensured. To support exporters, Bangladesh will need to put in place other supportive measures that do not violate WTO regulations.”

Why is private credit

FROM PAGE B1

From July to February of FY25, LC openings for capital machinery imports fell by 30.10 percent year-on-year to $1.15 billion, central bank data showed.

On the other hand, after the political changeover on August 5, some large borrowers have defaulted and are now unable to secure fresh loans from banks.

Beximco Group, a few concerns of the Bashundhara Group, S Alam Group, and Thermax Group have defaulted on loans, and some other business conglomerates affiliated with the previous government are on the way to becoming defaulters, as per industry insiders.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, recently told The Daily Star that he had never seen such slow credit growth during his over three-decade career.

The senior banker attributed the slowdown to heightened lending rates and a worsening law-and-order situation following the recent political changeover.

“Panic has gripped investors in recent months due to the weak law-and-order situation,” he said, adding that some garment companies have shut down recently.

Rahman, also a former chairman of the Association of Bankers, Bangladesh, said that around 10 banks have seen their lending capacity erode due to massive irregularities and scams, further impacting private sector credit growth.

Pahela Baishakh sales

FROM PAGE B1

He attributed this to a sense of uncertainty among the public and institutions regarding the scale of this year’s celebrations.

Shaheen Ahmed, the owner of Anjan’s -- a well-known fashion and lifestyle brand in Bangladesh offering a wide range of clothing, accessories, and lifestyle products -- echoed Khan.

SaRa Lifestyle Limited, a sister concern of leading garment exporter Snowtex Group, has rolled out a summer collection designed specifically with the hot weather during Pahela Baishakh in mind.

Sk Rahat Auyon, manager of media and public relations at Snowtex Group, said the response has been encouraging.

“Sales are going quite well. With Eid and Pahela Baishakh falling close together this year, many customers chose to buy their Baishakh outfits during Eid shopping,” he said.

According to a 2012 survey by the Bangladesh Fashion Entrepreneurs Association, a platform for local clothing entrepreneurs, fashion houses across the country generate annual sales of around Tk 6,000 crore.

More than 50 percent of the sales come during Eid-ul-Fitr, and at least another 25 percent ahead of Pahela Baishakh, said the survey, which was conducted in 2012.

Celebration of the new Bengali year has also become one of the biggest occasions for sweetmeat makers thanks to a growing trend among corporates to send gift hampers to clients and vendors.

Sweets are an integral part of Baishakh celebrations, with items worth around Tk 50 crore sold across Bangladesh each year before the pandemic hit in 2020.

Mahbubur Rahman Bokul, head of Bangladesh operations at Premium Sweets, said sales centring this year’s Pahela Baishakh have increased by 5 percent compared to last year.

“In 2024, Pahela Baishakh was just two days after Eid, whereas this year the gap is nearly two weeks. This has had a positive impact on sales,” he said.

However, Bokul said that sales could have been even better if the overall situation in the country was more stable.

Over time, a plate of panta (water-soaked rice) with mashed potato and a piece of fried hilsa has become a must for Baishakh breakfast, marking the start of daylong celebrations. The demand for hilsa, already a pricier national fish, typically drives prices up every year.

High tax on stock trading

FROM PAGE B1

Moreover, if an investor makes any profit from share sales, they must pay a capital gains tax. If they benefit from dividends, they must pay further taxes.

“So why should those investors come to the stock market, especially as the government’s treasury bond is offering 12 percent interest and carries a minimum tax burden,” Rizvi asked.

Md Saifuddin, senior vice-president of the DBA, said the high turnover tax was inequitable as it is “unadjustable”.

“You are paying taxes even if you are incurring losses because this tax is not adjustable. Such a system is unthinkable in any country. This is a breach of equity and justice to the broker community,” he said.

Moreover, the advance tax is exorbitant compared to other countries, he said.

For instance, the tax rate is such that for every trade worth Tk 1 lakh, a Bangladeshi broker pays Tk 50. In India, it is 10 rupees for every trade of 1 lakh rupees while in Pakistan it is 0.65 rupees for each trade of 1 lakh rupees. In Singapore, the tax is 7 dollars for each trade worth 1 lakh dollars.

In many countries, such as the US, Malaysia, and Turkey, the turnover tax is zero, according to the DBA.

“I can tell you, taking all the responsibility, that all the brokerage houses of the country are now incurring losses if their investment income is not considered. So, advance tax on trade should be adjustable, allowing them to adjust taxes if they incur losses,” said Saiful Islam, president of the DBA.

Even the top 10 brokerage houses are incurring losses in that sense, he claimed. The rate should be rationalised so that the industry remains afloat, he said, adding the brokerage house business is now at a critical stage due to low turnover.

However, Islam praised the NBR’s top brass, saying this year they had listened to the brokers’ logic behind the demand for lowering the advance turnover tax, and hoped to see an impact of that in the next budget.

He also pointed to a positive move last year, when the NBR lowered the tax from 30 percent to 15 percent on capital gains above Tk 50 lakh from selling shares of listed companies on the stock exchanges with the objective of encouraging investment in the capital market.

The DBA President also sought clarification on the definition of capital loss when it comes to calculating capital gains tax. Mohammed Nasir Uddin Chowdhury, managing director of LankaBangla Securities, sought a ban on the provision allowing black money to be whitened through the real estate sector.

The interim government scrapped the provision that allowed individuals to legalise undeclared income on payment of 15 percent tax on assets, including cash, securities, deposits, financial schemes and instruments in September last year.

However, the National Board of Revenue did not cancel the amnesty to whiten black money in case of investment in real estate -- flats, buildings and land -- on payment of a specific amount of tax depending on the size and location of the properties.

Minhaz Mannan Emon, a director of the DSE, and Umar Haider Khan, vice-president of the DBA, also spoke at the event.

Trump’s tariff

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Presiding over the event, Debate for Democracy Chairman Hasan Ahmed Chowdhury Kiron said the 90-day suspension of the new US tariffs has brought temporary relief, and some purchase orders have resumed.

He said Bangladesh could benefit from the void created by the 145 percent tariff on Chinese products.

Kiron presented 10 recommendations, including diversifying exports, reviving generalised system of preference (GSP) benefits, ensuring timely repatriation of export earnings, and shifting incentives from cash to utilities.

The shadow parliament, titled “Bangladesh Will Be Able to Meet the Challenge of High Tariff Rates in the United States,” was won by Bangladesh University of Business and Technology, defeating Manarat International University.