

# Investors interested in Bangladesh despite business hurdles

German denim maker says they're here to stay and grow

JAGARAN CHAKMA

Although Bangladesh is the world's second-largest exporter of readymade garments, it continues to struggle with major challenges, including inadequate infrastructure, cumbersome bureaucracy and murky regulations.

Still, these obstacles haven't scared off global investors. On the contrary, many, including those from Germany, are taking an even keener interest.

One such investor is Thomas Koning, chief executive officer (CEO) of Ospig GmbH, a German firm specialising in jeans and casual wear.

Speaking to The Daily Star on the sidelines of the Bangladesh Investment Summit 2025, Koning was frank about the barriers international businesses often face in the country.

Yet he also expressed a growing confidence in Bangladesh's shifting policy landscape and, above all, in its people.

"You can have the best factory in the north, but if you can't get your goods out to the port efficiently, it simply doesn't work. Infrastructure must improve," he said, pulling no punches.

Despite these concerns, Koning made his position clear by saying that Ospig is not going anywhere.

"The speeches we heard, particularly from the CEO of Inditex and the chief adviser of the interim government, were deeply encouraging. They have given us hope that positive changes are not only coming, they are already underway," he added.

He said that political stability was the foremost concern for foreign investors, and he believed Bangladesh was on the right track.

"What we need is stability. And we see it coming. We already held bilateral meetings here with members of the interim government. I must say, we have a very positive impression. They are focused on what truly matters at this moment," Koning said.

When asked what could accelerate foreign direct investment (FDI), he was direct. "The most important thing is to

## TAKEAWAYS FROM INTERVIEW

### INVESTMENT & BUSINESS COMMITMENT



Ospig signals renewed confidence in Bangladesh's industrial ecosystem

It plans further investments within the next 12 months

"Bangladesh is ready—and so are we," says Ospig CEO

### CHALLENGES & BOTTLENECKS



Poor infrastructure and red tape are key hurdles

Using only one port for exports is unsustainable for international business

### STRENGTHS & OPPORTUNITIES



Bangladesh's greatest strength is its eager, skilled, and hard-working workforce

Ospig is impressed by Bangladesh's high-tech manufacturing capabilities

Beyond garments, Bangladesh shows promise in electronics, bikes, and machinery

### POLICY & REFORM RECOMMENDATIONS



Govt should simplify bureaucracy and ensure policy consistency

Political stability is the top priority for international investors



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Thomas Koning  
CEO of Ospig GmbH

reduce bureaucratic red tape," said the German investor.

"International investors like us need a clear, streamlined structure. Talking to multiple departments for one project slows things down. We need simplicity, transparency and efficiency," he said.

According to Koning, his company has already urged the government to maintain policy consistency and adopt key reforms to unlock the country's human potential fully.

Even with optimism in the air, logistical headaches remain, particularly those tied to infrastructure.

"If you run a factory near Dhaka and want to export to Europe, you need to go through Chattogram. It's just 270

kilometres, but it takes ten hours by truck. That's not viable. There are at least 16 bottlenecks along the way," he said.

He pointed out that relying on a single port makes overseas trade far more difficult than it is supposed to be.

To support Bangladesh's ambitions of becoming a manufacturing hub beyond garments, Koning said the country must urgently invest in infrastructure and enforce its laws more rigorously.

However, one key strength lies in its people. "We've had a factory here for 30 years. We know the people. They are eager to learn, hardworking, and often well-educated," he said.

"In many countries, finding skilled manpower is tough. But in Bangladesh,

you have both the numbers and the mindset. That's your biggest potential," he added.

Ospig GmbH has been operating in Bangladesh since the mid-1990s, supplying denim and casual wear to leading fashion brands worldwide.

The company's renewed commitment sends a strong signal about growing global confidence in Bangladesh's industrial prospects and investment ecosystem.

Koning said that the company plans to expand its operations further. "Yes, we have already invested millions in the garment sector here. And yes, we are planning further investments within the next 12 months," he added.

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## Dollar feels heat as Trump's tariffs spark trade turmoil

REUTERS, Singapore

In just a week, the dollar has gone from a safe haven to investors' whipping boy as US President Donald Trump's chaotic tariffs on friend and foe alike undermine decades of trust in the world's reserve currency.

The sudden loss of confidence was nowhere more stark than in the Treasury market, which saw the largest weekly increase in borrowing costs since 1982 as offshore funds fled. "The US, almost overnight, it seems to have lost its safe-haven attributes," said Ray Attrill, head of FX strategy at National Australia Bank.

"There is ... a loss of confidence to some extent ... you're overlaying that with the loss of exceptionalism and the view that in the short-term, at least, it's the US economy that's going to be suffering more than any other from what's happening on the tariff front."

The dollar, already on course for its worst year since 2017, on Friday plunged to a decade-low against the Swiss franc and dropped to its weakest level against the euro in more than three years. "The whole premise of the dollar as a reserve currency is being challenged, effectively, by what we've seen since Trump's election," said Attrill.

## US tariffs threaten Sri Lanka's recovery: IMF

AFP, Colombo

Sri Lanka's recovery from its worst economic meltdown, which forced a sovereign default and toppled a president, will be undermined if punishing US tariffs resume, the IMF warned on Friday.

The United States is Sri Lanka's largest single market, accounting for almost a quarter of its \$12 billion in merchandise exports. The trade balance is heavily in favour of the small South Asian nation.

Washington imposed a 44 percent "reciprocal tariff" on the island nation before putting it on hold for 90 days on Thursday.

Sri Lanka has not retaliated but instead appealed for negotiations with Washington.

"The recent external shock and evolving developments are creating uncertainty for the Sri Lankan economy, which is still recovering from its own economic crisis," the IMF said following talks with local officials.

It noted that more time was needed to assess the full impact on the IMF-supported bailout programme Sri Lanka entered into in early 2023.

Sri Lanka secured a \$2.9 billion, four-year loan from the IMF after running out of foreign exchange to finance even the most essential imports, such as food, fuel and medicines. "Against ongoing global uncertainty, it remains important to continue rebuilding external buffers through reserves accumulation," the IMF said.

Sri Lanka had reported its first full year of economic expansion since its unprecedented crisis in 2022 when the US tariff announcement was made. READ MORE ON B2

## CPA calls for ministry's intervention as port rate row deepens

Shipping agents, berth operators deadlocked over Tk 205 rate hike

DWAIPAYAN BARUA, Ctg

The feud between shipping agents and berth operators over increasing the onboard container handling rate has remained unresolved for over three months now, despite repeated attempts by the Chittagong Port Authority (CPA).

The CPA, in a tripartite meeting last month, unilaterally determined an incremental rate, but the shipping agents opposed it.

Sensing further disruption in container handling at six jetties of a port terminal, the CPA has, for the second time, sought intervention from the ministry for the sake

of smooth port operations and uninterrupted import and export activities.

**The CPA, in a tripartite meeting last month, unilaterally determined an incremental rate, but the shipping agents opposed it**

The CPA also sought the ministry's assistance early last month on the same issue, following a longer stay of vessels for several weeks due to slowed-down

operations by the berth operators amid the dispute.

The issue arose in early January, centring a longstanding conflict between shipping agents—who represent container vessel operators—and six berth operators over the latter's proposal to raise onboard container handling charges.

The six berth operators are engaged in handling vessels at six jetties of the port's oldest terminal, named the General Cargo Berth (GCB).

Shipping agents currently pay berth operators Tk 559.53 per container for onboard handling, including loading and unloading.

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## Strengthening leadership to regain trust in private banks

MAMUN RASHID

Moody's recently downgraded the outlook for Bangladesh's banking sector to negative due to increasing asset risks and worsening economic conditions. Key concerns include declining asset quality, high inflation, and a slowdown in GDP growth, which is projected to fall to 4.5 percent in FY25. By September 2024, the systemwide non-performing loan (NPL) ratio had jumped to 17 percent, up from 9 percent just nine months earlier.

Social unrest, supply chain disruptions, and weakening demand drove this surge. State-owned banks remain undercapitalised, with a capital-to-risk-weighted-assets ratio of 2.5 percent in September 2024. Despite stable liquidity, the systemwide loan-to-deposit ratio stands at 81 percent.

Strong leadership is crucial for navigating the crisis facing the banking sector. Effective leaders can drive the necessary reforms and strategic investments to address challenges such as scams and corruption. They play a pivotal role in fostering a culture of transparency and accountability, which is essential for restoring public trust.

Strong leadership is also vital for implementing transformation initiatives that can enhance operational efficiency and resilience. It is recommended that the appointment of board members in commercial banks be based solely on qualifications and experience, rather than political or social affiliations. This aims to enhance governance and ensure that decisions are made in the best interests of stakeholders.

In the early 1980s, Bangladesh allowed the establishment of new private sector commercial banks (PCBs), which were predominantly led by CEOs and senior management transitioning from state-owned banks. This era saw a focus on expanding trade finance and private sector lending, although there was less emphasis on modernising business processes, risk management, and developing robust delivery platforms. Subsequent reform programmes in the banking sector have initiated changes in managing classified loans and at-risk assets. However, areas such as IT, modern management practices, human resource development, and governance have received less attention.

The late 1990s marked a shift, as young professionals with global perspectives—often coming from foreign banks—joined PCBs, pushing for change. Their efforts were bolstered by second-generation, foreign-educated entrepreneurs on bank boards and supportive central bank officials with international training. The introduction of "core risk management guidelines", developed with input from foreign bank executives, was a pivotal step in transforming risk management practices.

The sale of ANZ Grindlays Bank and the exit of several foreign banks left a pool of experienced professionals who could be integrated into the local banking system. Successful transformations in certain banks instilled confidence among private sector bank directors to attract senior managers with international experience, embedding change into their growth strategies.

In recent times, many banks prioritise tech-savvy CEOs because technology drives innovation and efficiency. A CEO skilled in technology and banking can lead digital transformations crucial for competitiveness and meeting customer expectations. They foster a culture of innovation by integrating emerging technologies like AI, blockchain, and data analytics to enhance services and operations. Additionally, tech-savvy CEOs improve risk management and compliance using sophisticated tools.

As consumer behaviour shifts to digital banking, they expand digital channels and improve the customer experience with user-friendly apps and personalised services. Ultimately, a tech-savvy CEO positions the bank to navigate digital challenges and opportunities for sustainable growth and competitive advantage.

Despite current challenges, there is a growing acknowledgment among PCB owners and directors of the need to attract talent from top-tier banks to sustain the transformation. They recognise that change is inevitable and essential for future banking success.

Although state-owned banks are yet to see similar leadership transitions, a shift in this area may occur. Bangladesh's banking sector is undergoing significant transformation, with a focus on integrating global practices and fostering leadership that can navigate the evolving landscape.

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## Why is gold reaching record heights?

AFP, London

Why do investors flock to gold when economic times turn tough? As the precious metal reaches record highs AFP explains why it remains such a trusted lifeline.

The trading turmoil unleashed by US President Donald Trump's tariffs has triggered a record run for gold, widely viewed as a safe-haven investment.

On Friday it struck an all-time high of \$3,227.51 an ounce in trading, handing the commodity a gain of more than 20 percent since the start of the year.

**Additional Trump benefit**  
"So far, precious metals bullion is exempt from US tariffs and this is probably because they are not seen as core industrial products," Frank Watson, senior metals analyst at trading platform Kinesis Money, told AFP.

The aim of Trump's tariffs is to support American output and reduce the US trade deficit, which taxing gold would fail to achieve.

After gold struck a record high at the start of April when Trump unleashed his reciprocal tariffs, investors sold off the metal to gain necessary liquidity amid tumbling stock markets.

This caused gold to weaken briefly before rebounding. The metal meanwhile avoided fresh declines after Trump on Wednesday surprisingly paused his tariffs for dozens of countries, with the

exception of China.

**Dollar retreat**

The US currency has retreated strongly against main rivals in the wake of Trump's tariffs, further boosting gold's attractiveness.

Gold is "an important risk-management asset held by entities including central banks and financial institutions as well as

retail investors", said Watson.

Markets are concerned about the impact of a global trade war on growth and is betting that the US Federal Reserve will announce further cuts to interest rates to support activity in the world's biggest economy.

This despite the tariffs threatening a fresh spike to inflation, which ordinarily



People buy gold at a shop in Denpasar on Indonesia's resort island of Bali on April 12. Gold struck an all-time high of \$3,227.51 an ounce in trading, handing the commodity a gain of more than 20 percent since the start of the year.

PHOTO: AFP