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Yarn import curb thru land ports draws mixed reactions

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has restricted yarn imports through land ports to protect the local textile and spinning sector from Indian imports of the raw material — a move hailed by textile millers but opposed by garment and knitwear exporters.

Apparel exporters said they could import yarn from neighbouring India through land ports in as little as a week. Now, their lead time will increase, affecting competitiveness in the global market.

The decision comes over two weeks after the commerce ministry recommended limiting yarn imports, citing that an influx of imported raw materials for the apparel industry had led to significant losses for domestic textile millers.

Local yarn manufacturers are unable to compete with imported yarn, as importers often declare lower values for shipments brought in through land ports compared to those arriving via Chattogram port, the ministry said earlier.



The recommendation followed pleas from local textile millers.

In a notification issued on April 13, the NBR blocked yarn imports through the Benapole, Bhomra, Bangabandha, Burimari, and Sonamasjid land ports. The restriction took effect immediately.

"This is not a good decision," said Md Fazlul Hoque, managing director of Plummy Fashions Ltd, a leading knitwear exporter.

Already, Bangladesh's exports face a 10 percent additional tariff in the US market. They will have to compete with Indian apparel there, too. In such a situation, any restriction on yarn imports through land ports will affect export-oriented apparel makers.

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MD ASADUZ ZAMAN

In a bid to rationalise tax benefits and meet revenue targets set by the International Monetary Fund (IMF), the National Board of Revenue (NBR) is considering reducing tax exemptions for export-oriented sectors in the upcoming national budget, according to a top official.

Industries such as readymade garments, footwear and frozen foods currently enjoy lower corporate tax rates — between 10 percent and 15 percent — compared with the 25 percent to 27 percent levied on non-exporting businesses.

Speaking on condition of anonymity, the NBR official confirmed that the plan is now at an early stage.

"To rationalise tax benefits, we will place some suggestions regarding the scaling back before Finance Adviser Salehuddin Ahmed in early May," he said.

The prospect of reduced tax benefits has rattled exporters, already wrestling with shifting global trade dynamics, including fresh US tariffs and Bangladesh's scheduled graduation from the least developed country (LDC) club in 2026.

Economists and policy analysts have also voiced concern, saying abrupt changes could harm the country's export competitiveness. They argue that better revenue collection and anti-corruption measures could yield greater results without hurting the export basket.

According to revenue officials, the planned cutbacks would be rolled out in phases. Some exemptions may be allowed to expire, while others could be curtailed by issuing statutory orders.

For instance, the tax break allowed to textile exporters in 2022 is set to expire this June. This may not be extended, the official said.

The readymade garment sector has

REDUCED RATE OF TAX FOR EXPORTS

- General factories 12%
- Green factories 10%

(Regular corporate rate 25% to 27.5%)

REDUCED RATE FOR MANUFACTURERS

- Jute goods 10%
- Textile 15%

EXEMPTIONS

Direct tax expenditure so far in FY25: Tk 163,000cr

Direct tax expenditure in FY24: Tk 147,000cr

IMF ASKS FOR ...

- » Raising additional Tk 57,000cr in FY26
- » Increasing tax-GDP ratio to 7.9% by June 25 (Tax-GDP ratio now 7.4%)

Collection

As of February, NBR collected Tk 221,817cr

ECONOMISTS SUGGEST...

Consider the timing for scrapping exemptions

Improve NBR efficiencies

Curb corruption in NBR

Give a clear road map to phase out exemption

been granted exemptions until 2028, which the official said might be cut short.

Apart from exporters, some other industries, such as jute, small textile mills, poultry and fisheries, are now enjoying lower rates. They currently pay between 5 percent and 15 percent, but may see rates gradually increase.

Ultimately, the NBR hopes to unify all exporters under a single tax structure, according to the official.

This fiscal year, the NBR estimates tax exemptions will cost the exchequer around Tk 163,000 crore — up from Tk 147,000 crore in 2023-24, which was equivalent to 2.91 percent of GDP.

Regarding the concerns of the exporters, the NBR official said,

"Although the export sectors are under pressure, we have to accelerate revenue collection to meet IMF conditions through rationalisation of tax benefits."

NBR under IMF target pressure

To satisfy IMF requirements, the NBR has been tasked with collecting Tk 4.55 lakh crore in the 2024-25 fiscal year. This translates to monthly collections of more than Tk 60,000 crore over the remaining three months of the current fiscal year ending in June.

Achieving this goal will require a 19 percent increase in revenue compared to the previous year. Yet, by February, revenue growth had crawled to just 1.7 percent.

Internal NBR estimates show that revenue collection stood at around Tk 252,000 crore between July and March — well short of the annual target.

To minimise the gap, the revenue board has already hiked value-added tax (VAT) and supplementary duties (SDs) on nearly 100 goods and services, aiming to raise an additional Tk 12,000 crore this year.

But the IMF wants more.

For the next fiscal year, it has urged the NBR to not only meet the Tk 4.55 lakh crore target but also mobilise an extra Tk 57,000 crore by reducing exemptions and further raising taxes.

One NBR official called the target "high, ambitious, and unrealistic."

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Foreign investors concerned about gas price hike

STAR BUSINESS REPORT

The Foreign Investors' Chamber of Commerce and Industry (FICCI) and the European Union Chamber of Commerce in Bangladesh (EuroCham) have expressed concern over a recent decision by the Bangladesh Energy Regulatory Commission (BERC) to introduce a revised gas tariff structure that differentiates between new, committed, and existing customers within the same industrial category.

The government earlier this week set new gas tariffs for the industrial sector, hiking the price by 33 percent for new units despite objections from businesses and consumer rights organisations.

"This differentiated pricing

model presents several challenges. It introduces inequity in energy costs across similar operations, undermines the principle of a level playing field, and could adversely affect Bangladesh's industrial competitiveness at a time when investment momentum is building," FICCI said.

The chamber, which represents foreign investors from 35 countries in 21 sectors in Bangladesh, said it may disincentivise new foreign and domestic investments at a critical juncture, just as the government is proactively engaging the global investor community through initiatives such as the recent Bangladesh Investment Summit,

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SATELLITE-BASED INTERNET Starlink applies for BTRC licence

MAHMUDUL HASAN

Starlink has applied to the Bangladesh Telecommunication Regulatory Commission (BTRC) for a licence to operate in the country as both Elon Musk's company and the Bangladesh government look to facilitate the faster entry of satellite-based internet services.

"They already applied last week," Maj Gen Md Emdad Ul Bari, chairman of the BTRC, told The Daily Star yesterday, adding that the process would be followed in awarding the licence.

Earlier, on March 29, the US-based satellite internet service provider received approval from the Bangladesh Investment Development Authority (BIDA) to begin operations in the country.

The final hurdle for Starlink will be securing regulatory approval from the BTRC, the country's internet regulator.

If approved, Starlink will become the first company to receive a licence under the Non-Geostationary Orbit (NGSO) guidelines introduced on March 25.

According to the policy, the application and processing fee has been set at Tk 5 lakh, with a licence acquisition fee of Tk 10,000 and an

AT A GLANCE

- Starlink applied to BTRC for operating licence
- Only Starlink formally applied among global providers
- Six more companies
- showed interest
- Satellite internet providers to get 25% discount for local gateway partnerships
- No revenue sharing required for first two years
- Govt taking steps to prevent future internet shutdowns
- Starlink must ensure competitive prices, analysts say

annual fee of \$30,000.

Additionally, an annual station/terminal fee of \$1 per terminal will be charged. However, no charges will apply for terminals used exclusively to provide IoT services.

Licensees will receive a 25 percent reduction in application, processing, acquisition, and annual licence fees if they connect their gateway through the government-owned International Internet Gateway (IIG) for bandwidth or form a partnership or joint venture with a Bangladeshi satellite company.

There will be no revenue sharing obligation for the first two years.

However, licensees will be required to share 3 percent of gross revenue from the third to the fifth year, and 5.5 percent from the sixth year onward.

In addition to the NGSO licence, companies like Starlink must also obtain a separate Radio Communications Apparatus Licence for non-geostationary orbit satellite services to access the necessary spectrum to launch their services.

In March, Chief Adviser Muhammad Yunus directed the authorities to ensure Starlink's commercial launch within 90 days.

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Bangladesh feels like South Korea of the 80s

Giordano Korea CEO sees 'familiar signs of promise' as he plans a factory in economic zone

JAGARAN CHAKMA

In the 1980s, South Korea embarked on an economic transformation that would turn it into a global manufacturing powerhouse driven by export-led industrialisation, strategic investments, and an increasingly skilled labour force.

Around four decades later, Bangladesh, with its competitive workforce and growing industrial ecosystem, seems to be treading a similar path.

One of the keen observers of this evolution is Junseok Han, chairman and CEO of Giordano Korea, a retail giant that has become a household name across Asia.

Visiting Bangladesh for the first time to attend the Bangladesh Investment Summit 2025, Han was struck by what he called "familiar signs of promise".

Speaking to The Daily Star on the sidelines of the recently concluded summit, Han drew parallels between Bangladesh's current economic climate and Korea's growth phase decades ago.

"This country reminds me of where Korea was 30 to 40 years ago," Han said.

"There's tremendous opportunity here, especially in manufacturing and exports," he added.

Han's remarks come at a time when Korean interest in Bangladesh is steadily growing, and his visit signals a deeper intent to expand business operations in the country.

With plans to expand sourcing and potentially set up a manufacturing base, Giordano Korea could become the next big foreign player betting on Bangladesh's economic ascent.

Under Han's leadership, Giordano Korea saw its sales soar from two billion won (South Korea's currency) in 1994 to a 100-fold increase within the next six years.

By 2003, it became the most popular women's casual clothing brand in Korea.

Now, Han is setting his sights on Bangladesh, seeing it as the next chapter in his global journey.

"This is my first visit to Bangladesh, and I must say I'm deeply impressed," Han began, fresh from a series of meetings with government officials and business leaders.

"I met capable individuals, including ministers, chairmen and young professionals. They're highly attuned to global business trends. The country's leadership is strong and forward-thinking. I believe the future is bright for Bangladesh under their guidance."

Han's visit was part of a broader strategy to explore sourcing and manufacturing



ECONOMIC PARALLEL

Bangladesh reminds me of Korea 30 to 40 years back
Giordano Korea CEO Junseok Han

INVESTMENT AND EXPANSION PLANS

Giordano Korea plans to establish a manufacturing base in Bangladesh. Han aims to triple annual sourcing from Bangladesh within five years.

"There's tremendous opportunity here," he says.

Sectoral opportunities

- Han sees potential in garments, electronics assembly, and light auto components
- Bangladesh's skilled and educated workforce seen as a major draw for foreign investors

Challenges and recommendations

- Han calls for urgent improvements in logistics, lead times, and port infrastructure
- "Streamlining export processes would make a massive difference," he says

Perception and impressions

Han says he's "deeply impressed" by Bangladesh's leadership and business environment.

"I met ministers and young professionals who understand global trends," Han notes.

Korean investment

Han says 27 Korean companies are eyeing business growth in Bangladesh.

Why some nations rise while others stagnate

ASHIKUR RAHMAN

Why do some nations prosper while others remain mired in poverty or stagnation? Why do countries that once showed promise -- like Argentina or South Africa -- struggle to sustain momentum? And what allows certain countries, such as Japan or China, to achieve lasting economic transformation?

These are among the most enduring puzzles in political economy, eluding definitive answers even today. Moreover, for countries like Bangladesh, which aspires to undergo transformative change in the coming decades, these inquiries are not only intrinsically essential but instrumentally fundamental.

Despite decades of scholarship, there exists no single convincing theory that fully explains why some countries climb the ladder of development while others slip or remain stuck.

Is it due to geography? Historical injustices? Poor policy choices? Or is the game rigged, with global rules designed by and for the wealthy -- as one can argue after witnessing the ongoing Trump tariff saga.

Some argue that geography -- landlocked borders, harsh climates and limited natural resources -- act as structural constraints. Others point to external domination, citing colonial exploitation in India or decades-long sanctions in Cuba as key reasons for economic decline or stagnation.

Then there is the internal dimension: how domestic elites shape institutions to extract rents rather than foster innovation and productivity. The Democratic Republic of Congo (formerly Zaire), with its vast resources but kleptocratic leadership, serves as a textbook example of this phenomenon.

Importantly, these explanations are not mutually exclusive. At different points in history, various combinations of these forces have been at play. Consider Japan under the Tokugawa Shogunate (1603-1868), when isolationist policies limited exposure to trade and technological change. Or India, whose economy withered under

British colonial rule -- from contributing nearly 25 percent to the global GDP in 1757 to less than 5 percent by 1947.

And yet, other nations have managed to pivot. Japan's Meiji Restoration in 1868 marks a dramatic reversal: the state realigned its priorities to support export-oriented industries like silk and shipbuilding, integrating

into the global economy. Similarly, China's economic reforms post-1978, driven by a strong political mandate, unlocked decades of sustained industrial growth and poverty reduction.

The lesson here is not that there's a universal recipe for development, but rather that success often hinges on a country's capacity to adapt. High-performing nations do not avoid setbacks altogether; rather, they possess the institutional resilience to minimise downturns and capitalise on global opportunities. They actively reshape their domestic economies to align with shifting global demand, embedding themselves in global value chains. For developing nations seeking transformative change like Bangladesh, the imperative is twofold.

First, they must rigorously analyse specific barriers -- be they structural, institutional, or political -- that are impeding their progress. Second, they must engage in cautious yet bold experimentation, crafting policies and building institutions that foster competitiveness, innovation and global integration.

Above all, policymakers must recognise that the forces impeding development are dynamic and context-specific. There is no universal roadmap. What worked for South Korea or Singapore may not work elsewhere. A deep, historical understanding of one's own developmental constraints, paired with a willingness to adapt and learn, is essential. Thus, to truly attain transformative developmental change, nations must shed both the fatalism of structural determinism and the allure of simplistic policy mimicry. Only then can they chart a course that is both nationally rooted and globally relevant.

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EU tariffs on US goods suspended until July 14

AFP, Brussels

The EU's retaliatory tariffs on US goods worth 21 billion euros will be on hold until July 14, Brussels said on Monday, to give time for negotiations with Washington.

The European Union was hit with a 20 percent rate as part of Trump's sweeping tariffs on April 2, before he suspended the measures for 90 days a week later.

To give breathing room for negotiations, the EU in turn last week halted its countermeasures on previously enacted US tariffs on steel and aluminium, and on the auto sector -- which remain in place.

The EU's pause will "take legal effect" on Tuesday, the European Commission said. EU trade chief Maros Sefcovic was in Washington Monday for talks with US counterparts in the hope of an agreement before the 90 days are over.

Indonesia to lift US imports as part of tariffs talks

AFP, Jakarta

Indonesia is considering boosting its US imports as it tries to narrow its trade surplus with the country as part of upcoming negotiations with Washington, chief economic minister Airlangga Hartarto said.

The 32 percent tariffs imposed on Indonesia made it one of Asia's hardest hit by Donald Trump's sweeping measures that have sent shockwaves around the world.

Data from the US trade representative office shows Washington's goods trade deficit with Jakarta stood at \$17.9 billion in 2024, up 5.4 percent on-year.

"Indonesia will purchase goods from America according to Indonesia's needs," Airlangga told reporters Monday.

He said last week that Jakarta would buy more products such as liquefied natural gas and liquefied petroleum gas to close the gap with the economic powerhouse, which is one of Indonesia's top trading partners.

Airlangga said he and other high-ranking Indonesian officials, including Foreign Minister Sugiono and Finance Minister Sri Mulyani Indrawati, will head to Washington for meetings with their US counterparts from April 16 to 23.

He added that they will hold talks with key members of Trump's team, including Treasury Secretary Scott Bessent, Commerce Secretary Howard Lutnick and Secretary of State Marco Rubio.

"Indonesia is one of the countries that had the first opportunity to be invited to Washington," Airlangga said.

Finance Minister Sri Mulyani said last week that Indonesia would adjust import taxes on some commodities from 2.5 percent to 0.5 percent, including mobile phones and laptops.

Dollar wins reprieve from selling

REUTERS, Singapore/London

The dollar held steady on Tuesday, trading near a three-year low against the euro and a six-month trough against the yen, as investors trying to make sense of the constant changes to President Donald Trump's tariff remained wary of US assets.

Much of the volatility that hit the dollar last week and sent Treasury yields soaring appeared to have abated somewhat on Tuesday, although investor sentiment was still fragile.

The euro, which has been one of the biggest beneficiaries of this month's dumping of US assets, was a touch weaker on the day at \$1.1343, narrowly below last week's

three-year high at \$1.1474.

The dollar weakened by 0.2 percent against the yen to 142.855, not far off Friday's six-month low of 142.05.



After slumping to a 10-year low against the Swiss franc last week, the dollar was flat at 0.8144 francs on Tuesday. Still, it is down nearly 8 percent against the Swiss franc this month, set for its biggest monthly

drop since December 2008.

Market focus has been on the ever-shifting tariff headlines, with the US removing smartphones and other electronics from its duties on China over the weekend providing some relief, although comments from Trump suggested the reprieve is likely to be short-term.

Trump's imposition and then abrupt postponement of most tariffs on goods imported to the US has sown confusion, adding to the uncertainty for investors and policymakers around the world.

There was a greater sense of calm across the market on Tuesday. But given the uncertainty Trump and his vacillation over tariffs have stirred up, analysts expected the reprieve for the dollar to be short-lived.

US opens door to tariffs on pharma, semiconductors

AFP, Washington

The United States opened the door on Monday to tariffs targeting high-end technology and pharmaceuticals, feeding the uncertainty gripping the global economy in a trade war that Chinese leader Xi Jinping warned can have "no winner."

After weeks of indications such a move was coming, the US commerce secretary formally announced "national security" investigations into pharmaceutical imports, and another on semiconductors and chip-making equipment.

The specter of a broadening tariffs onslaught came as Treasury Secretary Scott Bessent touted momentum in talks with individual countries on reaching trade deals -- but with little detail offered.

On China, he said "there's a big deal to be done" but was notably vague about the timing or chances of it happening. Talks have begun with Vietnam and were to start with Japan on Wednesday, then South Korea next week, Bessent told Bloomberg TV.

Investors were relieved at the apparent easing of pressure in President Donald Trump's wide-ranging but often chaotic attempt to reorder the world economy.

by using tariffs to force manufacturers to relocate to the United States.

Wall Street stocks finished solidly higher on Monday as markets greeted more conciliatory signs from the Trump administration on exemptions for key electronics. Asian and European markets were also boosted.



People line up at a pharmacy in the Manhattan borough of New York City. The US commerce secretary formally announced "national security" investigations into pharmaceutical imports, and another on semiconductors and chip-making equipment.

Trump remains firm that the tariffs will bring critical manufacturing back, with White House spokesman Kush Desai telling AFP Monday that "the entire administration is committed to working on Trump Time" -- apparently referring to moving quickly on the matter.

Tit-for-tat exchanges have seen US

levies imposed on China this year rise to 145 percent, and Beijing setting a retaliatory 125 percent barrier on US imports.

Late Friday, US officials announced exemptions from the latest duties against China and others for a range of high-end tech goods such as smartphones, semiconductors and computers.

But Trump suggested Sunday that the exemption would be only temporary and that he still planned to put barriers up on imported semiconductors and much else.

In response, South Korea -- a major exporter to the United States and home to the world's largest memory chip maker Samsung -- announced on Tuesday plans to invest an additional \$4.9 billion in its semiconductor industry.

The South Korean finance ministry said "growing uncertainty" over US tariffs had left the country's powerful industry clamoring for support.

On Monday, Trump once again pivoted to suggesting possible compromise, saying in remarks at the White House that he was "very flexible" and "looking at something to help some of the car companies" hit by his 25 percent tariff on all auto imports.

"I don't want to hurt anybody," he said.

PHOTO: REUTERS/FILE