

Vietnam stays on course for 8% growth

ANN/VIETNAM NEWS

Despite escalating global uncertainties and the looming threat of reciprocal tariffs from the United States, Vietnam remains committed to its ambitious GDP growth target of 8 percent for 2025.

This determination, highlighted in a resolution issued by the Government on April 10, reflects not only optimism but also a strategic readiness to absorb external shocks through coordinated and flexible policies.

Amid growing geopolitical tensions, trade disputes and supply chain disruptions, Vietnam is also contending with extreme weather events, inflation and exchange rate volatility. Nonetheless, the Government is calling on ministries, local authorities and businesses to stay optimistic, confront challenges head-on and seize emerging opportunities.

In particular, 37 provinces and cities that fell short of their Q1 growth targets have been directed to reassess their performance and revise strategies for the remainder of the year.

One of the gravest current concerns is the potential imposition of reciprocal tariffs by the US, with rates possibly reaching as high as 46 percent. Although Washington has granted a temporary 90-day reprieve, the urgency remains.

According to the General Statistics Office, Vietnam's exports to the US were valued at US\$119.6 billion in 2024, making it the country's largest export market and accounting for nearly 30 percent of total exports. The trade surplus with the US stood at \$104.6 billion.

# Credit card spending falls in February

## STAR BUSINESS REPORT

Credit card spending, both at home and abroad, declined in February compared to the month prior, according to the latest data from the Bangladesh Bank.

Domestic credit card transactions dropped by 5 percent to Tk 2,968 crore while international transactions fell 14 percent to Tk 383 crore.

However, transactions made within Bangladesh using foreign credit cards rose 6.10 percent to Tk 268 crore.

Spending at department stores using credit cards declined alongside transactions for retail services, utility bill payments, cash withdrawals, pharmacies, government services, transportation, fund transfers, and professional services.

In contrast, spending on clothing and business services increased slightly.

Central bank data showed that nearly half of all domestic credit card transactions

occurred at department stores. Credit cards were also widely used at retail outlets and for utility payments, cash withdrawals, purchases at pharmacies and clothing stores.

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Other key categories included retail services (17.31 percent), pharmacies (12.32 percent), transportation (9.40 percent), business services (8.15 percent), clothing stores (7.02 percent), and other sectors (16.81

percent).

A country-wise breakdown shows that the United States accounted for the largest share of international spending at 13.62 percent.

Other major destinations included Thailand (12.19 percent), Singapore (10.30 percent), Malaysia (7.92 percent), the United Kingdom (7.81 percent), India (7.65 percent), Saudi Arabia (6.27 percent), the UAE (5.21 percent), the Netherlands (4.06 percent), Canada (3.79 percent), Ireland (3.33 percent), Australia (3.27 percent), and other countries (14.58 percent).

VISA remained the most widely used credit card for both domestic and international transactions.

Among foreign users in Bangladesh, US-issued cards were used the most.

Over the past five years, the issuance of debit, credit and prepaid cards have risen 137 percent, while total card-based transaction volumes surged 170 percent, according to Bangladesh Bank data.

## Matarbari all set to sign deal

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member for harbour and marine and the project director.

Once operational, Matarbari Port will become the country's first deep-sea port, capable of handling container vessels with capacities of up to 8,000 TEUs (twenty-foot equivalent units).

In contrast, the Chattogram port currently accommodates vessels of up to 2,500 TEUs.

The vision for a deep-sea port at Matarbari emerged in 2018 when the government launched a coal-based power plant project in the area.

The need for a wider and deeper channel to transport fuel sparked the idea for a full-fledged seaport.

The state-owned Coal Power Generation Company Bangladesh (CPGCB), which implemented the 1,200-megawatt power plant project, also constructed an artificial channel measuring 14.5 kilometres in length, 250 metres in width, and 18 metres in depth.

Recognising the strategic value of this deep-draft channel, the government decided to establish a commercial port on the same site.

JICA, which had also funded the power plant, endorsed the idea after its feasibility study revealed the seabed was deeper than previously expected.

To further facilitate the port's development, the channel was widened by 100 metres and deepened by an additional two metres.

The CPGCB also constructed essential maritime infrastructure, including a 1,753-metre breakwater on the north side, a 713-metre breakwater on the south side, and a 1,802.85-metre revetment—all using stone blocks.

The Executive Committee of the National Economic Council (ECNEC) originally approved the Matarbari Deep Seaport Development Project in 2020 with an estimated cost of Tk 17,777 crore and a Phase-1 completion target of 2026.

However, in October 2024, ECNEC revised the project, raising the budget to Tk 24,381 crore and pushing the deadline to 2029.

According to port officials, the 37 percent rise in project costs resulted from factors such as the depreciation of the taka, increased land acquisition expenses, and design modifications.

## Govt follows taskforce

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The GDP growth target for FY26 will be 6 percent while it is 6.75 percent for the current fiscal year.

The task force announced its recommendations after analysing trends in the country's revenue collection and spending targets as well as findings from meetings with officials of the Ministry of Finance, Planning Commission and other government bodies.

So, relevant ministries and their departments have been ordered to correct and restate the revenue collection and spending targets following the recommendations, the circular said.

Also, separate revenue and development budgets for FY26 will be prepared for each ministry and their departments so that they remain within the approved spending limit prepared by the budget management committee.

As such, the ministries have been ordered to set spending targets considering their contributions to GDP growth, and allocate funds mostly for high priority projects.

The budget management committee will finalise the list of priority projects after analysing their relevance to the ministries' strategic goals.

# Oil posts weekly gain on trade deal hopes

REUTERS, New York

Oil prices settled more than 3 percent higher on Thursday, supported by hopes for a trade deal between the United States and the European Union and new US sanctions to curb Iranian oil exports, which continued to elevate supply concerns.

Brent crude futures settled \$2.11, or 3.2 percent, higher to \$67.96 a barrel, and US West Texas Intermediate crude gained \$2.21, or 3.54 percent, at \$64.68 a barrel.

For the week, both Brent and WTI gained about 5 percent, their first weekly gain in three weeks. Thursday is the last settlement day of the week ahead of the Easter holidays and trade volumes were thin.

US President Donald Trump and Italian Prime Minister Giorgia Meloni met in Washington and expressed optimism about resolving trade tensions that have strained US-European relations.

"We're going to have very little problem making a deal with Europe or anybody else, because we have something that everybody wants," Trump said.

Reaching a trade deal with the EU could potentially limit oil demand destruction from Trump's tariffs, said Bob Yawger, director of energy futures at Mizuho.

Sanctions issued by Trump's administration on Wednesday, including against a China-based "teapot" oil refinery, ramp up pressure on Tehran amid talks on the country's nuclear programme. "Teapot" is an industry term for small, independent and simple oil refiners.

"These are far-ranging sanctions, focusing on the Chinese teapot refineries," said John Kilduff, partner with Again Capital. "It's a potential supply loss to the market."

Washington also issued additional sanctions on several companies and vessels it said were responsible for facilitating Iranian oil shipments to China as part of Iran's shadow fleet.

"The US continues to aggressively sanction Iran and impose sanctions against buyers of Iranian oil. Opec+ has also provided updates and reassurance to the market, stating that they remain in control with flexibility to cut production if needed," analysts at energy consulting firm Gelber and Associates said in a note.

The Organization of the Petroleum Exporting Countries (Opec) said on Wednesday it had received updated plans for Iraq, Kazakhstan and other countries to make further output cuts to compensate for pumping above quotas.

However, Opec, the International Energy Agency and several banks, including Goldman Sachs and JPMorgan, cut forecasts on oil prices and demand growth this week as US tariffs and retaliation from other countries threw global trade into disarray.

## The worst

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sustain economic growth, consumer spending must rise. Economic stability and employment opportunities will play a crucial role in restoring consumer confidence.

She also highlighted the continued importance of the banking sector in economic recovery.

"Non-performing loans (NPLs) are still a concern. Many businesses depend on banks for financing. The government is making necessary changes to mitigate the risks related to the banking sector."

"We must bring back the confidence of the depositors. With stability in forex rate and reserves, both local and foreign investors will gradually gain confidence," she added.

## Base broadband

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He revealed that several telecom licences would be scrapped as part of upcoming reforms, but existing businesses will have the opportunity to continue under stricter performance-based milestones and key performance indicators.

He also said a new telecom act is on the way.

He also highlighted the need for continuous monitoring of internet service quality, especially after ISPs recently announced a minimum speed of 10 Mbps.

"Some claim Bangladesh offers the cheapest internet in the region, but in terms of quality, it's among the worst. So, it's actually overpriced," he remarked.

Additionally, Taiyeb said investors must be assured that internet shutdowns are a thing of the past, adding that Bangladesh aims to be among the top 30 countries in global digital indices within two years.

BTSC Chairman Major General (Retd) Md Emdad Ul Bari echoed those sentiments.

He criticised the manipulation of the International Long Distance Telecommunications Services (ILDTS) policy, which was originally designed for accountability, network separation, and to curb illegal VoIP operations.

"In 2010, political interference overthrew the policy framework, leading to unnecessary and politically motivated licensing," he said.

ISPs could have become a strong solution for SMEs, but political influence over ISP licensing requiring ISPAB membership hampered progress, he said.

He added that small businesses may no longer need licences but will instead undergo a registration process to open up the market further.

## March revenue growth

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Bangladesh. "If we can't revive the historic 15 percent growth momentum, there's no way we can meet the IMF set revenue targets.

"At this rate, there's absolutely no way we can reach 15 percent. In fact, we're not even sure if we'll hit 10 percent in the current fiscal year," he added.

Based on the current growth trajectory, the government may not even have the capacity to increase spending due to the revenue shortfall, even if it wants to, he noted.

"In that light, both the revenue target and the overall projection appear aspirational," Rahman said.

Referring to revenue collection in the first half of FY25, the Centre for Policy Dialogue (CPD) projected earlier last month that total collection would need to increase by a staggering 55.5 percent in the second half of FY25 for the target to be met.

"This is indeed a highly unlikely prospect," the CPD noted, adding that if the current trend of revenue mobilisation continues, the shortfall could reach Tk 105,000 crore by the end of FY25.

He also said that the Tax Policy Department must be restructured immediately, and this entire process needs to be expedited.

Additionally, Rahman sought to lessen the burden of tax exemptions.

"We've done little to address tax exemptions. It's time to act, not just promise."

According to a top NBR official, the revenue board is planning to reduce existing tax exemptions for export-oriented sectors in the upcoming national budget in a bid to rationalise tax benefits and meet revenue targets set by the IMF.

The corporate tax rate will not be reduced in the upcoming fiscal year, NBR Chairman Md Abdur Rahman Khan said recently.

He also underscored the need to establish a non-discriminatory tax regime for all sectors and reduce exemptions.

Income and travel tax grew 5.67 percent to Tk 116,676 crore in the

same period, up from Tk 82,253 crore the year prior.

This weak performance has raised concerns that the government will be more reliant on domestic borrowing to finance the national budget as foreign funding declines and debt repayment obligations rise.

"Without major fiscal reforms, macroeconomic stability cannot be achieved," Rahman said.

"If you look at this budget, 85 percent of interest payments are going towards domestic interest expenses. The operating budget is increasingly being eaten up by interest payments."

Without boosting revenue growth, there is no way out of this fiscal quagmire, he stressed.

"But it's not just about setting targets; real reforms are needed."

He referred to the government's decision to separate the tax administration from the policy division. "But it should not be limited to paper. These need to be staffed immediately with people who understand tax policy -- whether brought in from abroad or found locally."

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widely attributed to geopolitical tensions, while softer performances in the UAE, Malaysia and Korea indicate the need for renewed commercial engagement.

By product type, knitwear exports grew by 11.22 percent, though gains in non-traditional markets slowed.

Woven garments saw a 10.40 percent increase, buoyed by rising demand in less conventional markets even as growth in the UK remained subdued.

Despite encouraging performances in several emerging markets, exports to Russia, South Korea, the UAE and Malaysia declined.

The fall in Russian demand is

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