

US tariffs have increased financial stability risks: IMF

AFP, Washington

Donald Trump's stop-start tariff rollout has significantly increased global financial stability risks, the International Monetary Fund said in a new report published Tuesday.

The IMF's Global Financial Stability Report (GFSR) was published as global financial leaders gather for meetings in Washington under the cloud of policy uncertainty triggered by Trump's tariff announcements.

The administration's tariff plans "triggered a bout of policy uncertainty," which was only exacerbated by the retaliatory measures unveiled by China, the IMF said.

Against this backdrop, the GFSR's authors found that "global financial stability risks have increased significantly, driven by tighter global financial conditions and heightened economic uncertainty."

The Fund identified three vulnerabilities to financial stability: High valuations in "key" equity and corporate debt markets; highly-leveraged financial institutions including some hedge funds; and the possibility of "further turbulence" in sovereign bond markets in countries with high debt levels.

The bond markets became an unlikely cause for concern in the United States earlier this month, with yields jumping sharply after Trump's tariffs went into effect.

The risk, however, extends far beyond the decisions taken in Washington, with higher bond yields in countries considered a safe bet feeding through into even higher borrowing costs elsewhere.

"Emerging market economies already facing the highest real financing costs in a decade may now need to refinance their debt and fund fiscal spending at higher costs," the IMF said.

Deal signed for constructing

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Terming the project as a strategic investment for the country's future, the adviser said once operational, the port will be capable of handling large ships of up to 100,000 deadweight tonnage capacity.

"With this port, which will help reduce congestion at the existing port facilities and speed up the supply chain, the country will turn into an important energy and transhipment hub," the adviser said.

Under phase-1, a terminal comprising a 460-metre container jetty and a 300-metre multi-purpose jetty will be built.

The terminal, which will have a deep navigation channel, will allow the berthing of container ships up to 350-metres long and capable of carrying 8,200 TEUs (twenty-foot equivalent unit) of containers.

The Chattogram port can currently allow feeder container ships of only up to 200-metre with at best

STAR BUSINESS REPORT

Bangladesh's real estate sector is facing a deepening crisis and housing could soon become entirely unaffordable for the middle class unless urgent reforms are undertaken, warned Md Wahiduzzaman, president of the Real Estate and Housing Association of Bangladesh (REHAB).

Speaking at a press conference at the Jatiya Press Club yesterday, he said, "We have reached a critical juncture where ownership, regulation, and production in the housing sector are being adversely affected. Government institutions like the National Housing Authority are failing to deliver effectively due to a lack of coordination."

Although 98 percent of construction materials are sourced domestically, many housing projects have stalled due to spiralling costs.

"Small, medium, and large developers who create employment for millions are now under existential threat," the REHAB president added.

He pointed out that the ongoing housing stagnation is intricately linked to uncoordinated policies, interference by vested groups, and indecisiveness among policymakers.

Wahiduzzaman recalled a time when

REHAB president says, urging reforms

housing projects were built on 50-50 partnership models involving respected national figures. "Today, certain groups are attempting to hijack the sector to serve foreign interests," he alleged.

He further highlighted the burdensome registration processes, land scarcity, and overall uncertainty in new project investments, urging the government to undertake swift policy reforms and coordinated action.

"If immediate steps are not taken, production will decline further, impacting the economy and the lives of citizens," Wahiduzzaman warned.

REHAB underscored the broader economic impact, saying over 200 linkage industries — including rods, cement, bricks, tiles, cables, paints, elevators, and sanitaryware — are dependent on the real estate sector.

The industry directly employs about 40 lakh people and supports the livelihoods of nearly two crore, contributing approximately 15 percent to Bangladesh's gross domestic product.

"Currently, the housing sector is stagnant. Naturally, the related industries are also under immense pressure," Wahiduzzaman said, citing the fallout of the Detailed Area Plan (DAP 2022-2035) and restrictive building regulations.

"Due to the FAR (Floor Area Ratio) issue, building height and volume have been drastically reduced, discouraging landowners from partnering with developers."

He claimed that developers are now unable to initiate new projects, which has led to a sharp decline in demand for construction materials.

The demand for rods, the largest component of construction, has dropped by 50 percent, with several manufacturers reducing their production shifts and laying off workers.

REHAB leaders also criticised the annulment of the 2008 Dhaka Metropolitan Building Construction Rules and the 2010 Master Plan.

"This was done under pressure from a vested group supported by a former autocratic regime," Wahiduzzaman alleged.

The association claimed the resulting regulatory discrimination paralysed development in Dhaka and other cities, stalled numerous industries, and had a direct impact on revenue generation and employment.

"Unemployment and resulting social unrest are threatening the legal and social fabric of the country," he said.

As the national budget approaches,

REHAB has called for a people-friendly and business-friendly fiscal plan.

At present, the apartment registration charge is 8 percent and VAT is 4.5 percent. These are borne by buyers and create extra burden, he said.

"There are significant value added tax (VAT) and tax-related challenges for both the housing and linkage industries. We urge the interim government to present a realistic budget that stimulates investment and employment," Wahiduzzaman said.

The association also revealed it is in talks with various ministries and plans to submit a comprehensive proposal aimed at reviving the sector.

"There is deep dissatisfaction among landowners, developers, and investors regarding the discriminatory DAP. Even flat buyers are losing confidence," he added.

"We expect the interim government to take decisive steps to address these challenges without delay."

He also demanded that the NBR reduce registration fees and VAT by 50 percent.

Sheikh Masadul Alam Masud, founding chairman of the Bangladesh Steel Manufacturers Association (BSMA), said the real estate slowdown is severely impacting related industries.

Customs flags hurdles at 3rd terminal

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indicator of the airport," the customs letter mentioned, recommending an expansion of the customs area.

The space may be required to handle as many as 7,000 to 8,000 passengers at a time, but it can accommodate only around 300 people.

"There are 16 belts at the new terminal compared to only 8 now at Dhaka airport. Just imagine how long the queue of passengers will be for customs checks at the new terminal," said a senior customs official.

Officials fear the cramped conditions will lead to long queues even before passengers reach the hall.

The low ceiling could also cause poor ventilation and congestion, slowing down clearance processes.

"It may require a longer time for passenger clearance and, as a result, may have a negative impact on the overall performance

for high value or transit goods, posing a security risk for seized items.

"It poses a security risk for seized items," customs officials wrote, seeking a secure storage space with restricted access to prevent theft or misuse of seized goods.

"This could lead to inefficiencies, operational delays, and increased risks in customs handling. If not addressed, it may result in revenue loss, smuggling opportunities, and challenges in passenger baggage management," the report said.

At present, the airport manages around 800,000 passengers and 500,000 tonnes of cargo per year.

With the new terminal in operation, cargo handling capacity at the airport is also expected to double, but customs authorities have pointed out a number of issues.

For instance, there is no designated warehouse

In addition, there is no space allocated for scanners, nor seating for scanner operators, the report said, adding that this shortcoming could again lead to smuggling risks and revenue leakage.

Other issues include the absence of a diversion route for high-risk baggage and the location of the baggage storage room within the airside area, which customs says could hamper efficiency.

Customs officials have called for a dedicated baggage inspection zone accessible to passengers. There is also no organised system to transport suspicious baggage for further checks or storage.

At the import cargo terminal, customs found no designated examination yard or space for physically inspecting consignments.

"While scanning is helpful for trade facilitation, there is a need

for physical examination along with scanning for the proper collection of taxes and duties. However, the warehouse design does not have any yard or space for physical examination of imported consignments," the report said.

"There is a great possibility of tax evasion and an increase in smuggling tendencies," it said.

Customs has also requested at least one dedicated warehouse for storing seized goods over longer periods.

The NBR's customs wing also said there are four scanning rooms to examine imported goods, but space for installing the necessary equipment is insufficient.

Regarding the ECT, customs has recommended installing at least two baggage scanners and one vehicle scanner, along with space for physical checks.

Stocks fall

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Many listed firms have already published lacklustre financial reports for recent quarters. So, it has had an impact on their share prices. However, most of the listed banks showed handsome operating profits this year.

Still, the high operating profits could be eaten by their bad assets and high non-performing loans, apprehend investors.

Investors are losing confidence as they sense a lack of coordination within the Bangladesh Securities and Exchange Commission (BSEC), said Saiful Islam, president of the DSE Brokers Association of Bangladesh (DBA).

"To me, it is the right decision because the capacities of all the houses are not the same. Other brokers also did not disagree with it," he said.

For instance, brokerage houses have been seeking directives for the last couple of months regarding adjustment of their negative equity issues. For this, they have been unable to prepare their financial reports, he claimed.

The deadlines for allowable provisioning against negative equity and unrealised loss expired last December 2024 and February 2025 respectively.

This would compel brokers to maintain full provisioning or write-off of negative equity against margin loan accounts in order to comply with accounting rules of International Financial Reporting Standards (IFRS).

Full provisioning against unrealised losses in dealers' portfolios would compel almost all brokers in the industry to recognise substantial and

unsustainable losses at once although some part of it is actually contingent upon market sentiment.

Yesterday, top officials of 20 leading brokerage houses were finally able to meet the BSEC top brass at the latter's office in the capital in order to discuss the negative equity issue.

A clear message came only yesterday, said Md Saifuddin, vice-president of the DBA.

The BSEC ordered submission of a plan on how the loss will be written off with full details of time schedule considering capital, capacity, and loss size of every dealer, he said.

"To me, it is the right decision because the capacities of all the houses are not the same. Other brokers also did not disagree with it," he said.

So, they will inform how and when they will write those off. After getting their suggestions, the BSEC will review it and allow them so that this problem gradually ceases to exist, he added.

"We had failed to get a direction on this issue though we sought it several months earlier on whether the deadline would be extended or not," said Islam, president of the DBA.

"On the other hand, investors think that the BSEC is not functioning well. So, no new good companies came in the last 7-8 months through initial public offerings though the market lacks good companies," he said.

The government is also not focusing on the stock market. So, investors are losing confidence in the market, which kept them on the sidelines, he added.

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