



Lighter vessels wait in the Pasur river near Mongla port in Khulna to unload imported goods brought by foreign ships. As mother vessels cannot dock at the port, cargo is offloaded onto lighters, which then wait for their turn to enter the jetty. The photo was taken from the Mongla-Pasur river area in Bagerhat recently. PHOTO: HABIBUR RAHMAN

## Dollar set for first weekly gain since March

REUTERS, New York

The dollar headed for its first weekly gain since mid-March on Friday after China granted some tariff exemptions for US imports, raising hopes that the trade war between the world's two largest economies may be closer to abating.

The US currency has been whipsawed this week by conflicting signs for a thaw in the fraught relations between Washington and Beijing.

On Tuesday, US President Donald Trump suggested a de-escalation of their tit-for-tat tariff battle, saying direct talks were already underway.

By Friday, a number of businesses that had been notified of the changes said China had granted some exemptions from its 125 percent tariffs on US imports and was asking companies to identify the goods that could be eligible.

Trump, in an interview with Time magazine published on Friday, said his administration was talking with China to strike a tariff deal and that Chinese President Xi Jinping has called him. Beijing, however, continues to dispute the US characterization of the talks.

The dollar rose against a basket of currencies , up around 0.07 percent on the day and set for a modest weekly gain, its first since the middle of March.

## Small traders seek easier VAT process for smooth business

STAR BUSINESS REPORT

Small traders have urged the government to ease value-added tax (VAT) management, stop harassment, and improve the law-and-order situation to ensure a congenial business climate.

They made the demands at a view-exchanging meeting organised by the Dhaka Chamber of Commerce and Industry (DCCI) in Dhaka yesterday, according to a press release.

Speaking at the event, DCCI President Taskeen Ahmed said the complex VAT and tax system, delays in export-import activities, weak law enforcement, and high bank interest rates are putting pressure on the economy, especially for small and medium enterprises (SME).

He called for full automation of

revenue management, a single-digit VAT rate, and easier credit access to boost industrialisation.

"Businessmen want to pay tax and VAT, but without harassment," he said, adding that rule of law is critical for smooth business operations.

Mohammad Mostafizur Rahman, additional director (SME and Special Programs Department) at the Bangladesh Bank, said the central bank has extended the term loan period to seven years and formed a Tk 25,000 crore fund to support SMEs at lower interest rates.

The programme took place at Tokyo Square Convention Centre in the capital's Mohammadpur.

While speaking at the event, Md Milon Sheikh, additional commissioner of Customs, Excise and VAT Commissionerate (Dhaka

West), said VAT collection has grown by 15-20 percent in Mohammadpur and nearby areas, and 98 percent of small businesses are now VAT-registered.

He welcomed proposals for a VAT return app to reduce human contact and simplify collection procedures.

Md Alamgir Kabir, additional deputy commissioner of police (Tejgaon zone), said the law-and-order situation has improved, citing recent arrests of many extortionists.

Tania Sultana, additional deputy commissioner of police (traffic, Tejgaon zone), stressed the need for greater public awareness to ease traffic congestion.

DCCI senior leaders and representatives of several market associations also spoke, calling for better business conditions for traders.

## Weekly decline drags DSEX below 5,000

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) suffered another week of losses as its benchmark index sank below the 5,000 point threshold, closing at a six-month low.

The DSEX, the key index of the premier bourse, lost 124.73 points, or 2.45 percent, to settle at 4,972.60 last week, DSE data showed.

Market analysts attributed the prolonged slump to subdued corporate performance, the absence of quality new listings, and growing investor pessimism.

The DS30, which represents blue-chip stocks, fell 30.38 points to 1,845.01, while the DSES index, tracking Shariah-compliant companies, dropped 39.01 points to 1,104.70.

Despite the decline, total turnover rose 7 percent to Tk 1,718.18 crore compared to the previous week. However, the average daily turnover slipped 14 percent to Tk 344 crore.

Investors showed most interest in banking stocks, which accounted for 14 percent of total weekly turnover, followed by food (12 percent) and power (11 percent) sectors.

Among major sectors, non-bank financial institutions fell the most at 4.3 percent. Engineering, banking, pharmaceuticals, and telecom also ended in the red.

Of the 396 issues traded, 324 declined, 57 advanced, and 15 remained unchanged.

Shahjibazar Power Co was the top gainer this week, surging 15.93 percent to Tk 44.40. On the other hand, Beach Hatchery posted the sharpest drop, plunging 39.71 percent to Tk 58.30.

The Chittagong Stock Exchange also closed lower, with the CSE All Share Price Index losing 294 points to 13,957.

## Xi says China must 'overcome' AI chip challenges

AFP, Beijing

President Xi Jinping said China must "overcome" the challenges of developing core AI technologies including high-end chips, state media reported Saturday, as Beijing seeks to become a world leader in the rapidly developing industry.

China aims to dominate the artificial intelligence sector, a goal complicated by the trade standoff with Washington that could further deprive Chinese industry of certain key technologies.

The world's two leading economies are locked in an escalating tit-for-tat trade battle triggered by US President Donald Trump's new levies on Chinese goods, which have reached 145 percent on many products. Beijing has responded with new 125 percent duties on imports from the United States.

In this context, Xi called for "continuing to strengthen basic research, focusing our efforts on overcoming challenges in key technologies such as advanced chips and core software, and building an autonomous AI system," according to Xinhua news agency.

## IMF talks end without deal

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However, after the Dhaka mission, Papageorgiou said, "This is, in fact, the right time to move towards greater flexibility."

"From the IMF's perspective, and based on the history of the reform process, we have been discussing this crawling peg for at least one or two years," he said. A crawling peg allows a currency to fluctuate within a predetermined band, offering gradual adjustments rather than sudden shifts.

Referring to the implementation of the greater flexibility now, BB Governor Mansur said, "If the exchange rate rises to Tk 135 or beyond, what would happen to our macroeconomic stability, to the prices of oil and gas?"

Mansur, who worked at the IMF in his early career, commented that Bangladesh would compromise only where it found it acceptable.

"If we do not receive the IMF's loan, it will not derail us. We will continue with a tight monetary policy and tight fiscal policy, with or without IMF support."

He insisted Bangladesh's economy is not fragile and that reforms, especially in the banking sector, must continue to stabilise the exchange rate through broader macroeconomic stability.

"The IMF can play a supportive role, but if some of its recommendations are not suitable for us, we will not accept them," he said.

"Discussions are ongoing. If we get the funds, it will be good, but if not, it is not critical. Our main focus remains on implementing reforms, while financing is secondary."

"We know what is happening within the country," said the governor, pointing to a surge in exports, with apparel exporters reportedly booked through to next Christmas.

"We are optimistic about our export earnings, although the IMF appears to fear a slowdown similar to other economies," he said.

"Frankly, we have no problem if we do not get the IMF's financial support, which was meant to cover the balance of payments deficit."

Describing the IMF loan as merely a "sweetener", he said its absence would not impact the country significantly.

"Our reserves are stable, we are not selling dollars, and exports are rising. We are hopeful of achieving double-digit export growth, so there is no crisis in the balance of payments."

He said that discussions with the IMF are largely centred on reforms in the financial and revenue sectors, and that Bangladesh values the IMF's attention to these areas.

## Concerns grow

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In 2015, the CPA appointed Saif Powertec Ltd as the operator for these two jetties and its joint venture with A&J Traders and M/SMH Chowdhury Ltd as the operator for jetties number four and five.

In 2024, Saif Powertec handled around 12.61 lakh TEUs (twenty-foot equivalent units) of containers, representing about 44 percent of what was handled by the port in total.

Of the port's two other terminals, Chittagong Container Terminal (CCT) handled 19 percent, and General Cargo Berth (GCB) handled 37 percent of the port's containers.

The port has a fourth terminal, the newly built Patenga Container Terminal (PCT). It is yet to become fully operational, as its Saudi operator, Red Sea Gateway Terminal (RSGT), is in the process of acquiring handling equipment.

In March 2023, the Awami League government engaged in nepotism by appointing Saif Powertec Ltd through a tender bearing conditions that only Saif could meet.

"A new operator can be appointed through open tender, and it can operate the terminal as per the current system where the port authority collects all the charges and pays handling charges to the operator," he said.

Kabir further said if the NCT was leased out to a foreign operator, it would collect and take away most of the revenue, paying only a meagre handling charge despite operating a fully equipped terminal.

The CPA's records state that it earned Tk 1,216 crore as revenue from the NCT during fiscal year 2022-23, with a net income of Tk 574 crore after expenditures.

Saif Powertec was paid Tk 79.13 crore in handling contractor charges.

At a press conference on April 20, the Chattogram city unit of Bangladesh Jamaat-e-Islami also opposed the move.

"Handing over the NCT, a self-sufficient terminal, to foreign hands would be a direct blow to the national economy," said Jamaat city unit Ameer Shahjahan Chowdhury.

Claiming that local operators had efficiently managed the terminal for the past 17 years, he said, "Handing over a profit-making terminal to a global operator is illogical... such a move would put the country's sovereignty at stake."

"Now those types of banks will have to survive, then the government can merge them under the Bank Resolution Ordinance," he added.

economist of Bangladesh Bank.

He pointed out that problems in the Islamic banking sector are related to governance issues, which would not be solved if the government created two large Islamic banks by merging existing ones.

"Now the weak banks will have to strengthen instead of reducing the number because just reducing the number is not the solution," he said.

Mohammed Nurul Amin, independent director and chairman of Global Islami Bank, said that weak Islamic banks should be strengthened first and only then can they be merged. Otherwise, it will not bring any positive outcome.

"Now those types of banks will have to survive, then the government can merge them under the Bank Resolution Ordinance," he added.

## Vehicle sales plunged

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Against this backdrop, industry people are calling for urgent policy reforms to revitalise the sector, which annually generates thousands of crores in government revenue and sustains employment for more than one lakh people across showrooms, workshops, dealerships, and ancillary services.

Regarding the reduced sales, Haque said several factors have combined to hit the reconditioned vehicle market hard.

According to him, the foreign currency shortage that began in late 2022 continued to plague the economy throughout 2024, pushing up the cost of imports.

The exchange rate of the Bangladeshi taka against the US dollar and Japanese yen deteriorated at the same time, thereby making imports even costlier.

Also, ongoing inflationary pressure and double-digit interest rates on consumer loans forced middle-class consumers to cut back on major purchases such as cars, Haque said.

"Costs are up everywhere – from shipping and customs duties to showroom maintenance – but consumer budgets have shrunk," he added.

The Barvida chief believes that reconditioned vehicles offer the best value for the country's growing middle-income group by balancing affordability, reliability, and resale value.

However, he said the price gap between new and reconditioned vehicles has narrowed, paradoxically making reconditioned cars more expensive than brand-new models in some cases.

This phenomenon is rooted in discriminatory customs valuation practices. For example, while new car importers benefit from a 20 percent discount on the published yellow book price, reconditioned importers are often denied similar deductions, leading to an artificially inflated tax base.

As a result, middle-income buyers are increasingly opting for cheaper, lower-quality alternatives, including older used cars or inexpensive imports from neighbouring countries, often at the expense of safety and environmental standards.

"We are seeing a concerning rise in the use of low-grade vehicles that could undermine both road safety and Bangladesh's climate goals," Haque said.

Barvida gave some ideas to the interim government to help fix the problem. They want these ideas to be included in the national budget for fiscal year 2025-26.

The most crucial recommendation is to reduce supplementary duties on hybrid vehicles to encourage the transition towards fuel-efficient, eco-friendly cars.

Barvida also suggested fixed duties on microbuses, which are widely used for worker and student transport across the country.

Additionally, the association demanded a comprehensive national policy for electric, hybrid, plug-in hybrid, and hydrogen vehicles, based on participatory discussions involving industry stakeholders.

It also emphasised the growing importance of microbuses for local public and private transport needs.

At the press conference, Haque called for not just tariff reductions but also a broader promotional framework to encourage safe, organised, and affordable transportation options, particularly in peri-urban and rural areas.

Given the widespread deaths from accidents involving unsafe three-wheelers on highways, Barvida urged the interim government to treat microbuses as a national transport priority.

## Delay in polls

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visible in Singapore in the next 10 years, he said.

"However, we can achieve the level of development of Thailand if we can create an investment-friendly environment," he added.

The economist said an unrealistic scenario for investments was portrayed during the tenure of the previous government. The stock of foreign investment is \$360 billion in Vietnam, whereas it is \$22 billion in Bangladesh, he said.

Hassan Ahamed Chowdhury Kiron, chairman of the DFD, said Bangladesh would have to register a 33 percent economic growth to attain the level of development of Singapore.