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Star BUSINESS

RMG leaders urge rate cuts, energy fixes as US tariffs loom

"If we are not making money, we shouldn't keep exporting. Profitability first. We need to move up the value chain and focus on high-end clothing

Kihak Sung
Chairman of Youngone

"Govt should form a panel led by an adviser with private sector players, hire lobbyists soon, and engage the ILO and the World Bank for negotiation with the US

AK Azad
Chairman and CEO of Ha-Meem Group

"Gas prices rose, while bank interest doubled in the last 3 years. Despite giving higher prices, we are not getting enough electricity and gas

Anwar-Ul Alam Chowdhury (Parvez)
President of BCI

"We can also review and cut some of our unnecessary supplementary duties to signal openness. We should not rush to remove export subsidies now

Mohammad Abdur Razzaque
Chairman of RAPID

"We have around two months before the US tariffs finally come to effect. Only non-tariff barriers can be resolved during this timeframe, possibly within a week

Md Fazlul Hoque
MD of Plummy Fashions

"It will be a win-win situation if we import more US cotton, produce garments, and export duty-free to America. US farmers will benefit from premium cotton rates

Faruque Hassan
Ex-BGMEA president

"Govt should form a formal national forum for regular and inclusive dialogue to ensure real progress on labour and external trade issues with all stakeholders

Syed Sultan Uddin Ahmed
Executive director of BILS

"Domestic infrastructure is poor, so the government should work on it. Due to traffic congestion, buyers can't visit factories easily; it should be taken into consideration

Humayun Rashid
CEO of Energypac Power

STAR BUSINESS REPORT

The readymade garment (RMG) sector is grappling with a range of internal challenges, including rising interest rates, soaring energy costs, and unreliable gas and electricity supplies, all of which are taking a heavy toll on productivity and profitability.

This domestic turbulence coincides with external trade hurdles, including US President Donald Trump's higher tariffs, making international trade more difficult.

In this context, industry leaders urged the government to urgently address these domestic constraints.

At a roundtable titled "Impact of US Tariffs on Bangladesh's Garment Industry: Challenges and Opportunities", organised by The Daily Star at its office yesterday, business leaders warned that internal inefficiencies could cost Bangladesh dearly.

"When Bangladesh is facing international challenges, domestic issues are also squeezing our competitiveness," said Anwar-Ul Alam Chowdhury (Parvez), president of the Bangladesh Chamber of Industries (BCI).

"Gas prices have increased, and bank interest rates have doubled in three years. Even after paying more, industries still are not receiving sufficient gas or electricity," he added.

Chowdhury, a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), contrasted the situation with that in Pakistan, where electricity rates have dropped from 10.7 to 7.57 rupees per unit, and solar power has become cheaper.

"In Bangladesh, every cost of business is climbing. There has been no serious effort to cut expenses or improve competitiveness."

He cautioned that even without US tariffs, the deteriorating business environment could derail the industry.

AK Azad, a former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), voiced similar concerns.

He said senior US embassy officials had recently visited his factory and stressed the need to reduce non-tariff barriers (NTBs).

"For example, American exporters need six licences just to send goods to Bangladesh. That must go," said Azad.

Citing US import data, the business leader said that while China's garment exports to the US dropped nearly 40 percent, from $27.37 billion to $16.5 billion in 2024, Bangladesh's exports to the US rose by 35.9 percent during the same period, reaching $7.34 billion from $5.4 billion in 2018.

Vietnam's exports jumped by 22.6 percent to $15.3 billion, India's rose 23.3 percent to $3.95 billion, and Pakistan's soared by 58.6 percent to $1.75 billion.

Pakistan's performance was helped by currency depreciation and domestic raw material availability. "Pakistani suppliers don't agree to price cuts. Instead, they ask buyers to raise prices," Azad added.

Azad urged the government to call a meeting with all exporters to discourage undercutting on prices.

Besides, he warned against complacency.

"Officials assume orders won't shift because Bangladesh is cheap. But Indian states like Odisha, Karnataka, and Bihar are offering hefty incentives to attract investment," he said.

In Odisha, for example, investors can receive a 40 percent subsidy on plant and machinery costs up to Rs 50 crore, a 25 percent rebate on land prices, and monthly wage subsidies of Rs 6,000 for female workers and Rs 5,000 for male workers for five years.

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Govt drafting policy for tax exemptions

Says NBR chairman

STAR BUSINESS REPORT

The interim government of Bangladesh is drafting a tax exemption policy, prohibiting both the government and the National Board of Revenue (NBR) from allowing tax exemptions.

The move is aimed at enhancing fiscal discipline and ensuring transparency in the revenue system, according to the tax authority.

"The right to grant exemptions will rest with parliament," said NBR Chairman Abdur Rahman Khan.

He was speaking at a seminar, styled "Macroeconomic Perspective and Fiscal Measures", organised by the Economic Reporters' Forum (ERF) and the Foreign Investors' Chamber of Commerce and Industry (FICCI) at the ERF office in Dhaka yesterday.

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Khan said that at present, anyone with good connections or influence can convince revenue officials to provide them with tax exemptions.

But with this move, the path to tax exemption will be more difficult in the future, the NBR chief said. He informed that the NBR constantly gets suggestions from the business community to reduce taxes.

"On the one hand, there is a need to increase revenue. But on the other, there is demand for policy support. So, balancing these is a major challenge," Khan said.

Highlighting poor governance as their biggest problem, he said that tax officials are not properly carrying out their respective duties.

"There are serious deviations at every level. As such, we are suffering across the board. This is why we need to stabilise the rule of law. We are trying to address these issues," he added.

Khan also said that the government doesn't want to face trouble by increasing expenditure through excessive borrowing without raising revenue.

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Matarbari power tariffs to be benchmark for coal-fired plants

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The government has fixed the power tariff at Tk 8.45 ($0.766) per kilowatt-hour for the coal-fired Matarbari 1,200MW Ultra Super Critical Power Plant.

The tariff was approved at a meeting of the Advisory Committee on Government Purchases yesterday.

Of the tariff, Tk 5.84 was set against fuel cost and Tk 2.61 would be for capacity payment.

Calculating around 85 percent of the load factor of the plant (PLF), Bangladesh Power Development Board (PDB) has to pay a total of Tk 2,17,004 crore in the next 30 years to the plant. READ MORE ON B3

BBS to launch quarterly index for service sector growth

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The Bangladesh Bureau of Statistics (BBS) is set to introduce a Quarterly Index of Service Production in a bid to measure the short-term growth of Bangladesh's service sector—now the dominant contributor to GDP.

The BBS has long published the Quarterly GDP and the Index of Industrial Production to reflect trends in manufacturing and overall economic output.

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