

Economic partnership deal with S Korea likely by this year

Commerce secretary says

STAR BUSINESS REPORT

Bangladesh and South Korea are expected to sign an economic partnership agreement (EPA) at the end of this year, said Commerce Secretary Mahbubur Rahman yesterday.

The first round of talks will start at the end of July in Dhaka and around six to seven rounds of negotiations will take place before an EPA can be finalised, he said while addressing a seminar on bilateral investments at Amari Dhaka.

The proposed EPA would include duty rationalisation, investment, regional value addition, trade in services and other components for expanding bilateral trade, the commerce secretary also said.

The seminar was jointly organised by the South Korean embassy in Bangladesh and the Foreign Investors' Chamber of Commerce and Industry (FICCI). Participants included businesspeople, diplomats and government officials of both countries.

Rahman hinted that changes could come about in the country's import policy for the ease of import and trade.

He also hinted that the government may reduce the duty on the import of smartphones in the national budget for fiscal year 2025-26 to curb grey market sales.

Park Young Sik, South Korean ambassador to Bangladesh, in a keynote paper, said Bangladesh was the 35th largest economy in the world and would emerge as the 9th largest in terms of purchasing power in 2030.

Bangladesh is enjoying demographic dividend for its young population, expanding its market on a huge scale, and has a strategic location connecting South Asia and Southeast Asia, he said.

The commerce secretary hinted that the government may reduce the duty on the import of smartphones in the upcoming national budget

The key task is to unlock Bangladesh's potential, he said.

Zaidi Sattar, chairman of the Policy Research Institute, said Bangladesh has not been able to rationalise its tariff structure over the last 20 years, for which the country was still highly protectionist.

He expects some tariff rationalisation options in the national budget scheduled to be placed today. Vietnam signed free trade agreements with almost half of the world, for which its annual export value stands at nearly

\$400 billion, which is close to the country's GDP of \$470 billion, he said.

Jung Min, country manager of Samsung Electronics, alleged that the grey market was dominating the trade of smartphones in Bangladesh.

Grey devices evade taxes to get price advantages while simultaneously costing the government revenue, he added.

Jung Ho, chief financial officer of KIDO, a South Korean company with operations in Bangladesh, said his company would raise employee numbers from 4,200 to 10,000 at the Adamjee Export Processing Zone in Narayanganj. The cost of production in Vietnam is higher than in Bangladesh, he said.

At the seminar, South Korean businesspeople said political and economic instability, road blockades and delays in customs clearance were the major challenges to doing business in Bangladesh.

In 2023, Bangladesh imported goods worth \$1.62 billion from South Korea while exporting goods worth \$649 million, according to data from the South Korean embassy in Dhaka.

Yasir Azman, vice-president of FICCI and CEO of Grameenphone Ltd, also spoke at the seminar, which was moderated by Nurul Kabir, executive director of FICCI.

Govt spending in Bangladesh

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At present, revenue-to-GDP ratio of Bangladesh stands at just 7.3 percent -- lower than that of Nepal, Bhutan, and several other regional peers.

"So, the original sin is the low tax collection," Rahman said. "On top of that, not all revenue reaches the public coffers due to systemic leakages."

He mentioned that the government is reluctant to raise the budget deficit as it would increase the debt servicing burden. "Already, interest payments have overtaken education as the largest expenditure item in the national budget."

The United Nations General Assembly endorsed the graduation of several LDCs.

Bangladesh, Laos, and Nepal are scheduled to graduate in 2026. The Solomon Islands will follow in 2027, with Cambodia and Senegal set to graduate in 2029.

After the graduation, Bangladesh will need to become more competitive

and productive to survive in a less preferential global environment, said Prof Mohammad Lutfur Rahman, an economics teacher at Jahangirnagar University.

"This calls for strong and large government investments," Rahman said.

According to him, if the government fails to invest adequately in health, education and infrastructure, the country's development may falter.

A CPD report shows that health allocations have remained below 1 percent of GDP for two decades, while education spending was slightly higher to 1.69 percent of GDP in fiscal year 2025.

To improve outcomes in health and education, a country needs to spend at least 5 percent of GDP in each area. Bangladesh still falls far short of that benchmark," said the economics professor.

He also pointed out that budget implementation remains a persistent

problem. "Even when allocations rise, actual spending falls short. Implementation efficiency is falling and leakages are worsening."

According to Ministry of Finance, the budget implementation rate dropped to 84 percent in fiscal year 2022-23, down from 91 percent a decade ago.

CPD Distinguished Fellow Rahman recommended increasing tax collection, plugging leakages, improving tax administration and accelerating digital reforms.

With stronger revenue streams, he said, the government could boost investment in human capital and infrastructure -- sectors that are critical for helping local businesses compete internationally.

Similarly, Prof Rahman advocated for greater spending in education, health and infrastructure, alongside better implementation and tighter control over financial leakages.

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Professor Md Shamsul Hoque, director of the Accident Research Institute of the Bangladesh University of Engineering and Technology, said increasing the import duty would raise production costs and help reduce the number of vehicles.

He recommended a standard VAT on batteries and motors to curb the rise of such three-wheeler rickshaws.

Bangladesh has around 14 lakh battery-powered rickshaws, creating tens of thousands of jobs, according to a study by the Coastal Livelihood and Environmental Action Network (CLEAN).

Most of these are locally made using local and imported technologies. These three wheelers, the cheapest mode of transportation due to their low energy costs, serve around 2.5 crore people daily for short-distance commutes.

Hoque said the present and past governments were

to blame for the rise in the number of such vehicles.

Officials concerned lacked knowledge about such transportation, and they failed to address the issue in the initial period, leading to a significant workforce now becoming dependent on it, he said.

"Those in the government who were involved in magnifying this problem, those who gave registration approvals -- they now need to be held accountable," he said.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue, said battery-run rickshaws have significantly improved transportation for low-income groups.

He cautioned that increasing duties on batteries would burden users dependent on them and discourage investment, despite the high number of rickshaws in Dhaka.

Moazzem pointed out that taxation alone cannot stop more of such vehicles from plying the

roads, as it would limit future purchases and battery replacements but leave existing vehicles unaffected.

He called for a comprehensive government policy for battery-run three-wheeler rickshaws, detailing safety standards, vehicle specifications, designated routes, and proper licensing.

He also advocated for a robust regulatory framework encompassing driver training, road usage rules, and environmental safeguards.

"Addressing legal, policy, and operational gaps is crucial, as short-term fiscal measures will not resolve issues like road safety or traffic congestion," he said.

"Importantly, auto-rickshaws should not be scapegoated for urban traffic congestion, which is also heavily influenced by private vehicles. Singling them out will not yield sustainable improvements," he said.

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"This will inevitably push up the price for consumers as well, making it increasingly difficult for us to sustain operations in this industry," she added.

Redoan Rony, chief executive officer of Chorki, said the government has not yet finalised the OTT policy.

During the previous government, when the drafting of this policy was underway, adequate discussions were not held with stakeholders, he said.

"This is a growing industry in Bangladesh, and the government must first make a plan to protect it," he said.

"If taxes are imposed in this manner before the industry has even found its footing, it will have a negative impact," Rony said.

To inspire and support the OTT industry, the government should prioritise finalising the OTT policy, he added.

Apart from slapping a supplementary duty on OTT platforms, the government is also expected to hike the

OTT platforms

value-added tax (VAT) on commissions from online sales of goods to 15 percent in the fiscal year 2025-26, up from 5 percent a year ago.

Already, the standard 15 percent VAT is applied on most types of commissions.

But the VAT rate on sales commissions is lower in the case of online sales, said an official of the finance ministry.

"This is a distortion in VAT. So, we are addressing this," he said, but added that the cost of shopping online would increase only marginally.

OTT platforms in Bangladesh have seen rapid growth in recent years, driven by increased smartphone penetration, affordable internet, and rising demand for localised content.

The Covid-19 pandemic significantly accelerated the shift from traditional TV and cinema to digital streaming platforms, industry people said.

Popular OTT platforms in Bangladesh include Chorki, Hoichoi, Bongo, Binge, etc.

Import duty on rickshaw

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Government of the People's Republic of Bangladesh

Office of the Divisional Forest Officer

Cox's Bazar North Forest Division

Invitation for Tender

Tender Notice Number: 39/Revenue/2024-25 Date: 01/06/2025

1	Ministry/Division	Ministry of Environment, Forest and Climate Change
2	Agency	Bangladesh Forest Department
3	Procuring entity name	Divisional Forest Officer, Cox's Bazar North Forest Division
4	Procuring entity district	Cox's Bazar
5	Invitation for	Supply of Service Workers through outsourcing
6	Invitation Ref No. & date	Memo No. 22.01.2200.771.13.000.25.1805 Date: 01/06/2025
7	Procurement method	Open Tendering method (OTM), One Stage Two Envelope Tendering Method (OSTETM)
8	Budget and source of funds	পরিচালন ব্যয়
9	Tender last selling date	22/06/2025 up to Office Time
	Date	Time
10	Tender closing date and time	23/06/2025 02.00pm
11	Tender opening date and time with place	23/06/2025 03.00pm. At office of the undersigned
12	Name & address of the office(s)	Address
13	-Selling tender document	Office of the Sadar Range Officer, Cox's Bazar North Forest Division, Cox's Bazar.
14	Receiving tender document	1. Office of the Sadar Range Officer, Cox's Bazar North Forest Division, Cox's Bazar. 2. Office of the Divisional Forest Officer, Cox's Bazar North Forest Division, Cox's Bazar.
15	Eligibility of tenderer	Tenderer must have submitted the following up-to-date documents: <ul style="list-style-type: none"> Trade licence. Vat registration certificate. Income tax certificate. Registration Certificate from Department of Inspection for Factories and Establishments. Financial qualification document as mentioned in TDS. Similar work experience document as mentioned in TDS. Tender document purchase receipt (original copy). Firms having experience of manpower supply through outsourcing as mentioned in TDS. Others Eligibility criteria as mentioned in TDS.
16	Brief description of services	Supply of Service workers for the position of 30 types of Service worker, e.g. (1) Despatch Rider (01 No.), (ii) Bungalow Chowkidar/Cottage Keeper-(04 Nos.), (iii) Boatman- (03 Nos.), (iv) Mali- (20 Nos.), (v) Cleaner- (01 No.) & (vi) Bungalow Attendant (01 No.).
17	Tender Package No.	Works/delivery location
18	Work name/package name	Price of tender document (not-refundable)
19	Service 02	Tender security amount (Tk.)
20	Supply of Service Workers through outsourcing.	Completion time in days/weeks/months
21	Name, designation & address of official inviting tender	Tk. 2000/- (two thousand) only
22	Contact details of official inviting tender	30 June 2027
23	Phone No. 02-33346655, E-mail: dfocoxsbazarnorth@gmail.com	
24	(a) Details particular of tender can be seen & obtained from the concerned office during office hours.	
25	(b) The procuring entity reserves the right to reject all tenders or annul the Tender proceedings.	

01/06/25

Md. Maruf Hossain
Divisional Forest Officer
Cox's Bazar North Forest Division, Cox's Bazar
Email: dfocoxsbazarnorth@gmail.com
Phone No. 02-33346655

Chinese investors eye strategic sectors for long-term investment

Bida says after China-Bangladesh conference

STAR BUSINESS REPORT

Chinese investors have shown interest in strategic sectors in Bangladesh -- including textiles, renewable energy, electronics, and agribusiness -- signalling a new phase of bilateral investment cooperation, according to the Bangladesh Investment Development Authority (Bida).

The interest was expressed by those among the over 250 representatives from 143 Chinese companies who took part in the China-Bangladesh Conference on Investment and Trade in Dhaka yesterday.

Jointly organised by the Bangladesh Economic Zones Authority (Beza) and Bida, the conference served as a high-level platform to align sectoral priorities and attract industrial capital into targeted areas.

One of the outcomes was the signing of a Memorandum of Understanding (MoU) between PowerChina International Group Ltd and Beza to jointly develop a photovoltaic-based economic zone in Matlab Uttar, Chandpur.

The zone aims to integrate solar energy production with agricultural use -- an innovative model for renewable-focused industrial development.

"This is more than a project; it's a strategic model for combining energy independence with food security," said Ashik Choudhury, executive chairman of Bida, at the Bida office yesterday.

According to the MoU, China Power International Ltd will develop a 3,000-acre agribusiness industrial zone in Chandpur. The project's first phase is expected to create over 300 jobs, particularly for women, with plans to cultivate Chinese herbs like honeysuckle for export, he added. He also said the initiative underscores a growing Chinese interest in agro-processing and high-value horticulture, sectors where Bangladesh has both land availability and cost advantages.

With rising production costs in China, Bangladesh's competitive labour environment makes it an ideal destination, Choudhury believes.

Chinese textile giants, including Hongdou Group and Shandong Weiqiao Pioneer Group -- both Fortune Global 500 companies -- expressed interest in relocating or expanding labour-intensive manufacturing operations to Bangladesh, according to a Bida official who participated in the conference.