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Star BUSINESS

Electric vehicle makers get VAT, duty waivers

MD ASADUZ ZAMAN

In a bid to accelerate the shift to cleaner transport and promote domestic manufacturing, the interim government plans to roll out a series of tax benefits focusing on electric vehicles, including electric bicycles (e-bikes), and lithium and graphene batteries.

The move signals a strategic push to reduce excessive reliance on fossil fuels, cut import dependency, and promote sustainable urban mobility through the growth of the domestic e-vehicle industry.

Finance Adviser Salehuddin Ahmed announced the measures while presenting the national budget for FY26 on June 2.

For example, all VAT on e-bikes has been cut to 5 percent until June 2030.

For manufacturers of lithium and graphene batteries, the entire VAT at the manufacturing stage has been waived until June 30, 2027.

Afterwards, from July 1, 2028 to June 30, 2030, all VAT will be limited to 5 percent.

Moreover, all import taxes on key raw materials have been limited to 1 percent, subject to conditions.

Currently, customs duties range from 26 percent to 42 percent for lithium batteries and 26 percent to 60 percent for e-bikes, depending on the components, according to the NBR.

VAT and duty benefits

- Partial VAT exemption for e-bikes until June 2030
- VAT waived for lithium & graphene battery production till June 2027
- Partial VAT exemption for battery makers in July 2028-June 2030
- Import duty cut to 1% on raw materials for batteries

These include a five-year value-added tax (VAT) exemption, alongside customs and other duty reductions of up to 60 percent, for key components, according to a separate notification issued by the National Board of Revenue (NBR).

"The government has significantly reduced duties, but it is not for encouraging any form of assembling. Our focus is on true manufacturing and that's a critical distinction," said Mokitul Hasan, second secretary (Customs Policy) at the NBR.

"To make these projects viable, we've separated the lithium battery policy from the e-bike policy. A company can use some batteries for its own bikes and sell the rest in the market. This flexibility ensures financial sustainability," he said.

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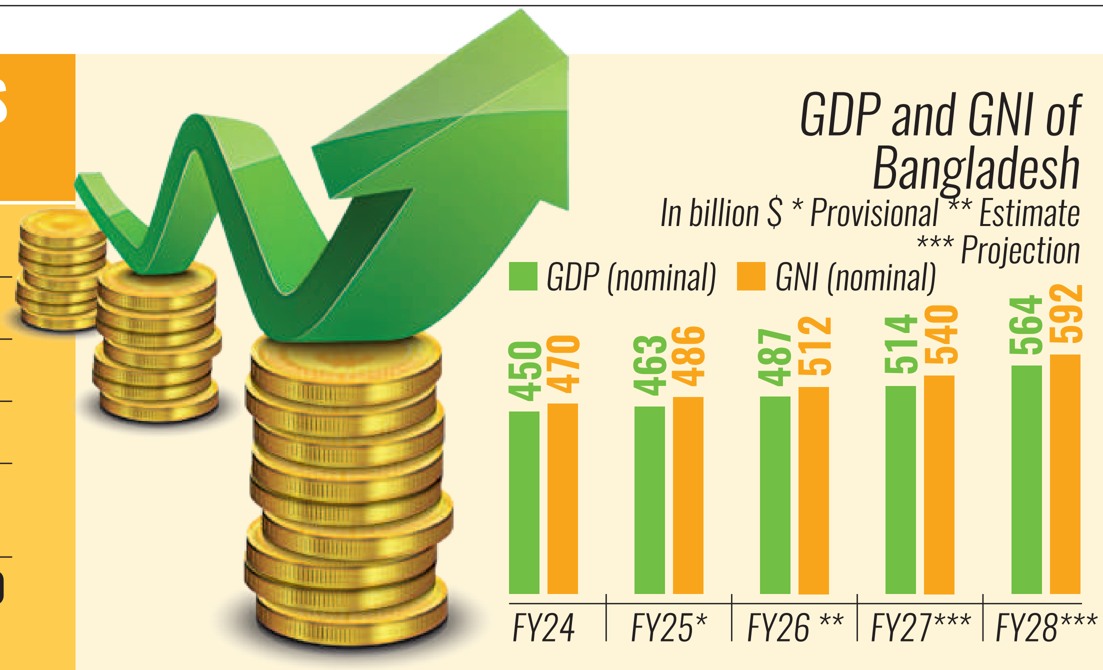
BY THE NUMBERS
(Targets for FY26)

- Forex reserves: $34b
- Remittance growth: 8%
- Import growth: 8%
- Export growth: 10%
- Private sector credit growth: 11%
- Nominal GDP: Tk 6,244,600 crore



SOURCE: FINANCE DIVISION

Bangladesh to become half a trillion-dollar economy in FY27

Govt also estimates gross national income to cross $500b in FY26

REJAUL KARIM BYRON *and* AHSAN HABIB

The government expects the country's economy to cross the $500 billion mark in the fiscal year (FY) 2026-27, buoyed by stabilising policies and sectoral improvements.

These projections were made by the Finance Division in its Medium-term Macroeconomic Policy Statement, released on June 2 alongside the national budget proposal for FY26.

The statement includes forecasts for gross national income (GNI), foreign exchange reserves, exports, imports and inflation through to FY28.

These projections were made using forecasting models developed by the International Monetary Fund (IMF) and the World Bank, adjusted with historical data.

Gross domestic product (GDP) measures the total market value of all goods and services produced within a country in one year, according to Investopedia.

GNI, by contrast, includes income earned by residents and businesses both at home and abroad.

According to the Finance Division, the nominal GDP of Bangladesh will reach $514 billion in FY27, up from a provisional estimate of $463 billion in FY25. In FY26, it is projected to stand at $487 billion.

GNI is expected to overtake the GDP earlier, with the government forecasting it to hit $512 billion in FY26, up from $486 billion in FY25.

However, some economists have questioned the reliability of the data used to make these predictions.

"The Bangladesh Bureau of Statistics is still relying on previous figures. It should carry out fresh surveys to reveal the real state of the economy," said Professor Mustafizur Rahman, a distinguished fellow at the local think tank Centre for Policy Dialogue (CPD).

He said that based on previous figures and accounts, GDP might exceed the half-trillion mark in FY27 if the government meets its growth targets of 4 percent in FY26 and 5.5 percent in FY27.

As for GNI, the economist added, "It is always higher than GDP in Bangladesh because our nationals earn more abroad than foreign nationals earn here."

The upbeat outlook by the government comes at a time when several international development partners, including the World Bank, IMF and Asian Development Bank, have offered more cautious estimates.

Citing political uncertainty, weak investment and geo-political tensions, they expect real GDP to grow between 3 and 4 percent in FY25.

In its provisional estimate for FY25, state-owned statistical agency BBS also projected GDP growth at 3.97 percent

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Islamic banks' deposit share continues to shrink

STAR BUSINESS REPORT

The share of deposits at Islamic banks declined in the January-March quarter of 2025, continuing a recent downward trend.

The banks held just over Tk 376,163 crore in deposits during the three-month period, accounting for 19.56 percent of total deposits, down from 20.14 percent in the October-December quarter and 20.91 percent in July-September, according to Bangladesh Bank data.

Meanwhile, the total deposit liabilities of scheduled banks rose by 2.11 percent during the quarter to around Tk 1,923,504 crore at the end of March.

Of total deposits, state-owned commercial banks accounted for 23.70 percent, specialised banks 2.84 percent, foreign banks 4.55 percent, and private commercial banks, including Islamic banks, 68.90 percent.

Although deposits increased in the January-March period, the growth was slower than the 3.20 percent or Tk 58,372.22 crore rise recorded in the preceding quarter.

However, it was stronger than the 0.75 percent growth seen in the same quarter of 2024.

The increase in deposits was supported by growth in both urban and rural areas.

Urban deposits rose by 1.94 percent to about Tk 1,622,157 crore while rural deposits went up by 3.05 percent to Tk 301,347.43 crore.

Urban deposits made up 84.33 percent of the total at the end of March 2025, slightly down from 84.48 percent in the previous quarter and 84.62 percent a year earlier.

On a year-on-year basis, total deposits rose by Tk 161,201 crore or 9.15

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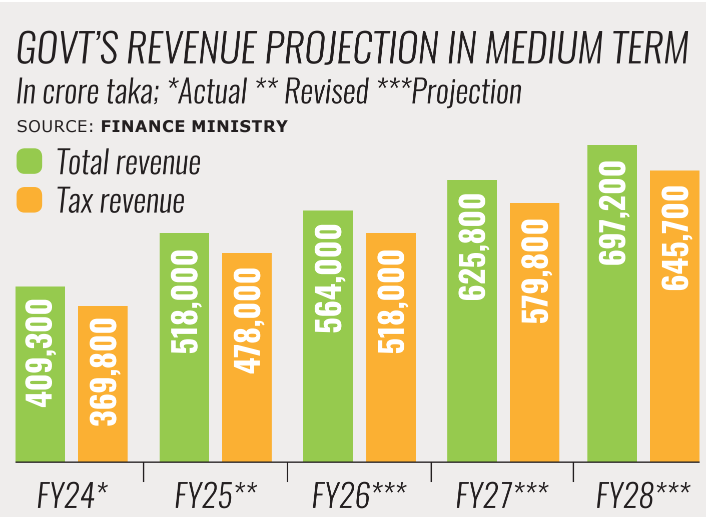

TAKEAWAYS

- Direct taxes made up 31.3% of total NBR revenue in FY24
- Indirect taxes contributed 68.7% of NBR revenue in FY24
- Tax growth continues to lag behind GDP growth
- Significant revenue remains untapped
- A large informal economy remains outside the tax net

Imbalanced tax structure worsens income inequality

Finance ministry says in report

STAR BUSINESS REPORT

An imbalanced tax structure exacerbates income inequality in Bangladesh, underscoring the need for reforms to increase direct tax contributions, according to a recent publication by the finance ministry.

The Medium-term Macroeconomic Policy Statement (MTMPS) for FY26 highlights the revenue authority's over-reliance on indirect taxes, namely value-added tax (VAT) and supplementary duty (SD).

In FY24, VAT and SD, which are paid by consumers, accounted for 3.86 percent of gross domestic product (GDP).

Income taxes contributed only 2.26 percent of GDP, said the MTMPS, suggesting a focus on increasing direct tax contributions and enhancing revenue generation.

In Bangladesh, income inequality, as reflected by the Gini coefficient—which measures the distribution of income and wealth within a population—rose to an all-time high of 0.499 in 2022, up from 0.482 in 2016.

The Gini coefficient measures inequality on a scale from zero to one, with zero reflecting perfect equality and one indicating perfect disparity.

The finance ministry report shows that indirect taxes account for over two-thirds of the total revenue collected by the National Board of Revenue (NBR), the main collector, as the government continues to rely on VAT, customs tariffs, and SD for tax income.

Mohammad Abu Eusuf, a professor of development studies and director at the Centre on Budget and Policy at the University of Dhaka, said the proportion of income tax should be increased while VAT and SD should be reduced to address inequality.

The MTMPS said the existence of a large informal economy is a major problem.

The Medium-term Macroeconomic Policy Statement highlights the revenue authority's over-reliance on indirect taxes, namely VAT and supplementary duty

"Despite consistent economic growth and a structural transition from agriculture to manufacturing and services over the past two decades, informality continues to represent a significant share of economic activity," the report said.

"The widespread informality in the Bangladeshi economy leads to significant tax losses, limiting the country's ability to maximise revenue collection.

"However, it also presents a valuable opportunity to expand the tax base. By integrating informal activities into the formal economy and improving compliance, Bangladesh can tap into substantial potential for increasing revenue and strengthening public finances."

The report said that a key step in reducing inequality is broadening the tax base by increasing the number of direct taxpayers.

"Expanding the tax net through improved compliance is a top priority. To improve tax compliance and raise the share of direct taxes, automating tax administration is crucial," the report said.

It also noted that while some progress has been made in automating VAT and income tax systems, these efforts must be accelerated to include all taxpayers.

"Full automation of the tax filing process, especially the online submission of returns, will streamline operations, reduce evasion, and eliminate administrative inefficiencies."

The report also highlighted the mismatch between GDP growth and tax collection, which is a major reason why Bangladesh lags behind similar economies in revenue collection.

The MTMPS noted that tax growth lagging behind GDP growth indicates significant revenue potential.

It used revenue buoyancy, an important indicator of a country's revenue performance, to measure how revenue responds to changes in GDP. A buoyancy coefficient

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Synthetic footwear exports soar as global demand shifts

JAGARAN CHAKMA

Bangladesh's non-leather footwear sector is emerging as a steering force in the country's export landscape, driven by global shifts in consumer preferences, strong manufacturing capacity, and competitive pricing

While leather footwear still leads with $620.17 million in exports until May of fiscal year 2024-25, up 28.96 percent year-on-year, the non-leather segment is rapidly catching up.

In the first 11 months of the current fiscal year, non-leather footwear exports fetched $494.28 million, marking a 30.25 percent growth compared to $379.48 million in the same period of the previous fiscal year, according to Export Promotion Bureau data.

"... factory compliance standards," he said.

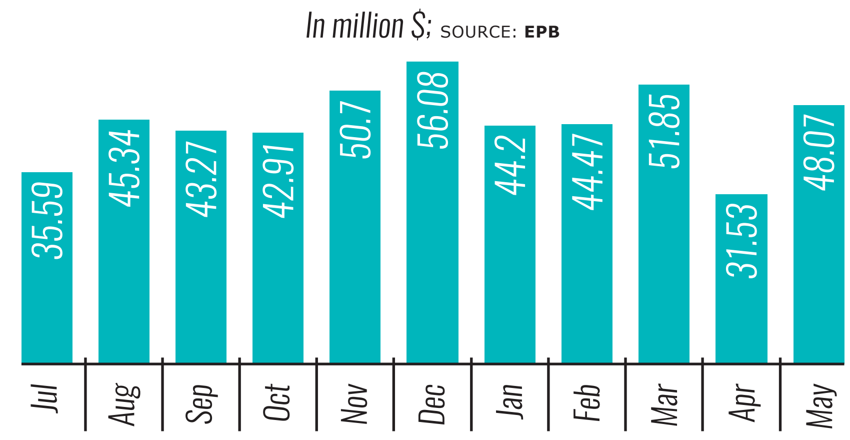
As demand for fashionable, affordable, and sustainable footwear grows globally, particularly among younger consumers, the synthetic footwear segment is well-positioned to become a key contributor to Bangladesh's export diversification strategy.

In the decade preceding the end of FY24, non-leather footwear exports ballooned 120 percent, jumping from $189 million to $416 million.

"The young generation in the Western world is shifting from leather to synthetic shoes as they are more comfortable, fashionable, and cheaper," said Riad Mahmud, managing director of Shoeniverse Footwear.

NON-LEATHER FOOTWEAR EXPORTS IN FY25

In million $; SOURCE: EPB



In May alone, leather footwear fetched $74.82 million compared to $48.37 million a year earlier.

Industry insiders credit this growth to modern production capacity and fewer compliance burdens, making it easier for Bangladeshi manufacturers to meet global standards and attract international buyers.

"The non-leather segment benefits from fewer regulatory hurdles," noted one industry expert.

"Unlike the leather sector, which requires certification from the Leather Working Group (LWG) and faces challenges related to raw material quality and environmental compliance, synthetic footwear producers primarily need to meet

In contrast, leather shoes are worn for formal occasions and have limited design flexibility, causing a global demand decline of around 12 percent annually, he noted.

This shift has fuelled steady growth in synthetic shoe demand over the past five to six years.

Shoeniverse's Mymensingh-based factory, employing around 4,700 workers, supplies footwear to major global brands including Inditex, Aldi, Matalan, and RedTape.

Mahmud said global brands are increasingly placing orders in Bangladesh, drawn by its competitive labour costs and proven expertise in apparel manufacturing.

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The Three Mile Island nuclear power plant stands in the middle of the Susquehanna River near Middletown, Pennsylvania. PHOTO: AFP/FILE

World Bank lifts ban on nuclear energy financing

AFP, *Washington*

The World Bank is re-entering the nuclear energy space "for the first time in decades," its President Ajay Banga said Wednesday, as it works towards meeting growing electricity demand in developing countries.

Banga said in an email to staff that the bank will work closely with United Nations nuclear watchdog the International Atomic Energy Agency (IAEA), "strengthening our ability to advise on non-proliferation safeguards" and regulatory frameworks.

The decision comes as electricity demand in developing countries is set to more than double by 2035, Banga noted in the memo seen by AFP.

To meet this need, annual investment in energy generation, grids and storage will have to increase from $280 billion today to about $630 billion.

"We will support efforts to extend the life of existing reactors in countries that already have them, and help support grid upgrades and related infrastructure," Banga said.

The Washington-based lender will also work to speed up the "potential of Small Modular Reactors" so these can become a viable choice for more countries eventually.

Banga, who took the helm of the development lender in 2023, has pushed for a change in the bank's energy policy -- and his letter comes a day after a board meeting.

"The goal is to help countries deliver the energy their people need, while giving them the flexibility to choose the path that best fits their development ambitions," Banga said.

Besides focusing on improving grid performance, he added that the institution will continue financing the retirement or repurposing of coal plants, supporting carbon capture for industry and power generation.

In April, on the sidelines of the International Monetary Fund and World Bank's spring meetings, US Treasury Secretary Scott Bessent said the bank could use resources more efficiently by helping emerging countries boost energy access.

He said that it should focus on "dependable technologies" rather than seek out "distortionary climate finance targets."

This could mean investing in gas and other fossil fuel-based energy production.

Bessent at the time also lauded the bank's efforts toward removing restrictions on support for nuclear energy.

Beyond the shift in nuclear energy financing, Banga said Wednesday that the bank has yet to reach agreement within its board on whether it should "engage in upstream gas," and under what circumstances it should do so.

The United States, which is the World Bank's biggest shareholder, is among countries to have campaigned for the group to rethink its ban on supporting nuclear projects.

EU crypto regulation hampered by national flaws

AFP, *London*

The first EU-wide cryptocurrency regulation was meant to impose some harmony, but disparities in implementation by member countries has allowed companies to exploit a flaw in the system.

Launched in December, Markets in Crypto-Asset (MiCA) insists on service providers obtaining a licence to operate legally in the European Union.

It is issued once specific criteria on anti-money laundering, prevention of terror group financing, IT security and financial soundness have been implemented.

Such a framework aims to protect investors and provide credibility to a sector deemed to be poorly regulated.

Once obtained, a licence grants access to the entire EU market, which encourages some companies to seek authorisation in the most "accommodating" member state.

Crypto experts, speaking to AFP, do not question the integrity of regulatory authorities in, for example, Germany and the Netherlands -- two EU members which account for the majority of the roughly 30 MiCA licences issued so far.

Other bloc nations, including Malta, are in the crosshairs, however, according to these same experts, who preferred to remain anonymous.

They point to, for example, the Mediterranean island hastily issuing licences before the formal implementation of collective standards.

"From time to time we see arriving on our market, via the (MiCA) passport, products approved by some of our colleagues with, let's say, a rather quick signing off," lamented the president of the financial markets authority in France, Marie-Anne Barbat-Layani, as she addressed the country's Senate in March.

Barbat-Layani noted that EU markets regulator ESMA had launched a "peer review" of an unnamed regulator that is potentially too lax.

When contacted by AFP, the watchdog declined to comment. The Maltese regulator, MFSA, neither confirmed nor denied that it was involved.

An official working under her, Stephane Pontoizeau, added: "There is always the risk of someone trying to find the least demanding entry point into Europe."

Crypto platform OKX, which had planned to hire about 100 staff in France making the country its "anchor" in Europe, ultimately opted for Malta.

Peer Gemini followed the same strategy, having targeted Ireland before changing its mind, citing the "proactive engagement" of the Maltese authorities.

"Malta began welcoming applications several months earlier than other regulators, which meant that we could start the application process earlier, build the teams and infrastructure required to operate under MiCA," noted Gemini's head of Europe, Mark Jennings.

Other countries have been slow to grant approvals, with France having only just issued its first MiCA licence -- to French fintech firm Deblock -- amid accusations that its process is long and complex.

France, however, sees it as granting companies greater time to prepare their application, with the country implementing a transition period through to June 2026.

Pontoizeau insisted the French financial regulator is "determined not to add national requirements to European rules".

According to lawyer Anne Marechal, former legal director at the regulator, there have been "cut-price approvals".

She told AFP that "believing one can save a few weeks and a little money" puts companies' credibility at risk with investors.

Obtaining the necessary certification can also require considerable outlay, whether for a MiCA or national licence.

Tangi Le Calvez, founder of the crypto investment firm GOin, has invested about one million euros on obtaining a French licence, which inspired MiCA.

He believes that many players will not be able to complete all the necessary steps.

Already in 2017, EU member Estonia introduced its own mandatory licences for the crypto sector, which resulted in 75 percent of industry participants ceasing operations there, according to the Cointelegraph publication.

While it remains to be seen if a similar outcome will occur in the wake of MiCA, Claire Balva, strategy director at Deblock, highlighted the risk of European crypto firms being replaced by rivals from places with more flexible rules, such as the United States and Dubai.

Given their financial resources, such non-European companies would have no difficulty complying with EU rules, she insisted.

Should "a significant portion of cryptocurrencies held by Europeans" be hosted "on American infrastructure", this also raises "questions of economic sovereignty", added Balva.

Eastern Bank celebrates World Environment Day with weeklong sustainability drive

STAR BUSINESS DESK

Eastern Bank PLC (EBL) recently celebrated "World Environment Day 2025" through a weeklong series of impactful initiatives, held under the theme "True Transformation Starts from Within".

Ali Reza Iftekhar, managing director and CEO of EBL, inaugurated the programme at the bank's head office in the capital's Gulshan, according to a press release.

A key feature of the celebration was a dedicated internal culture development session, during which EBL honoured its Green Champions -- dedicated individuals and teams leading the adoption of environmentally responsible practices within the organisation.

"Real change begins at home -- both at a personal and institutional level," remarked Iftekhar during the inauguration of the week's events.

"These initiatives reflect EBL's unwavering commitment to sustainable banking and environmental stewardship," he added.

As part of the Green Customer Appreciation initiative, EBL's relationship managers and business unit heads are personally engaging with valued environmentally conscious clients, presenting them with eco-friendly tokens of appreciation.

These include live plants, artisanal clay crafts, and biodegradable essentials -- each symbolising a shared commitment to a greener, plastic-free future.

Complementing the in-person efforts is a targeted social media campaign, spotlighting EBL's sustainability journey and inspiring wider community participation in environmental action.

Through these activities, EBL reasserts its role as a responsible financial institution devoted to cultivating a culture of environmental awareness and sustainable development.

From green financing and energy-efficient infrastructure enhancements to e-learning platforms and paperless trade solutions, the bank's sustainability ethos is deeply embedded across all facets of its operations.

PHOTO: EASTERN BANK

Ali Reza Iftekhar, managing director and CEO of Eastern Bank PLC, speaks at the inaugural ceremony of the weeklong programme to celebrate the World Environment Day 2025 at the bank's head office in Gulshan, Dhaka recently.

FDI falling

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as exchange rate volatility, high inflation, and interest rates—and a shortage of skilled labour, especially in technology sectors, she said.

Khatun urged the government to ensure policy stability, streamline tax and regulatory processes, and make the One-Stop Service portal fully functional.

She also stressed improving human capital through technical education and offering preferential treatment to both local and foreign investors.

Most critically, she emphasised the need for a credible, long-term roadmap for political stability. Without urgent reforms, Bangladesh risks falling behind regional competitors like Vietnam and Cambodia, she said.

"The potential is undeniable, but it will remain unrealised unless the investment climate improves," she warned.

Myanmar

FROM PAGE B4

The tremor also inflicted an estimated $11 billion of damage, equivalent to 14 percent of GDP, according to the report.

Myanmar's sparsely populated administrative capital Naypyidaw and the second-largest city of Mandalay were the worst impacted by the quake.

The World Bank predicted both regions would suffer from output slashed by a third between April and September, before being buoyed by reconstruction efforts in the second half of the financial year.

"The earthquake caused significant loss of life and displacement, while exacerbating already difficult economic conditions, further testing the resilience of Myanmar's people," said Melinda Good, World Bank division director for Thailand and Myanmar.

Myanmar's military seized power in a 2021 coup which sparked a many-sided civil war between its troops, pro-democracy guerillas and ethnic armed groups which have long held sway in the country's fringes.

While the military and some of its adversaries have pledged a ceasefire throughout this month to spur aid efforts, intense combat has continued in locations across the country.

The fighting has eviscerated Myanmar's economy. Inflation for the year up to April 2025 was estimated at 34.1 percent, the World Bank report said.

More than three million people are currently displaced in the country and the World Bank said 2024's poverty rate was estimated at over 30 percent.

Vietnam ready

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consumer interests. Diên proposed several strategic directions for supporting Nike's operations in Vietnam . The minister affirmed that Vietnam does not see Nike merely as an investor, but as a strategic partner in its sustainable development and international integration.

In his meeting with leaders of Walmart – the world's largest retail corporation, Diên acknowledged Walmart's contributions to promoting Vietnamese goods in global markets. He proposed the retailer expand its procurement of high value-added, and environmentally friendly products, and consider establishing a strategic sourcing hub in Vietnam .

The minister also encouraged collaboration on strengthening supplier capacity through sharing technical standards and providing training.

Regarding challenges Walmart has faced in its business operations in Vietnam , Diên affirmed that the Ministry of Industry and Trade will coordinate with the Ministry of Finance and other relevant agencies to review and improve policies, ensuring transparency and alignment with international practices.

Highlighting the crucial role of the US business community as negotiations for the Reciprocal Trade Agreement enter a pivotal phase, the minister called on Nike and Walmart to voice strong support for the process and help advance the negotiations toward a fair, balanced, and sustainable agreement between Vietnam and the US.

He emphasised that Vietnam not only hopes Nike and Walmart will continue to thrive in the Vietnamese market but also sees them as strategic partners in building a green, transparent, flexible, and sustainable supply chain, thus contributing to deeper economic connectivity between the two countries.

Earlier, on June 10, the Vietnamese minister had a working session with Vice President for ExxonMobil Product Solutions Ventures Jennifer M. Chan and Vice President of ExxonMobil Chemical International Major Growth Ventures Zoe Barinaga, during which he welcomed the corporation's ongoing cooperation in various energy projects in Vietnam , including oil and gas exploration and production, as well as gas-to-power projects.

He also appreciated ExxonMobil's commitment to providing Vietnam with a reliable energy supply while minimising greenhouse gas emissions, contributing toward the goal of carbon neutrality.

The ExxonMobil representatives affirmed their strong confidence in Vietnam 's economic growth prospects and the country's potential, which are the key reasons why ExxonMobil has been actively developing multiple projects in Vietnam .

Dollar keeps

FROM PAGE B4

However, there have been signs since April that euro assets may finally be benefiting.

Treasury yields have risen but the dollar has weakened sharply against the euro, a highly unusual correlation which appears to suggest that investors are questioning the dollar's status as the world's premier asset and demanding a higher risk premium to hold US assets.

The euro zone, however, lacks a truly liquid, large-scale safe asset since debt is issued by individual countries, leaving the bloc's debt market fragmented unless more joint bonds are issued.

Renowned economists Olivier Blanchard and Angel Ubide recently proposed that European countries create separate revenue streams to repay joint 'blue' bonds and national 'red' ones.

"The conditions today are far more favourable, especially if the scale of blue bond issuance were to be calibrated in a prudent manner," ECB chief economist Philip Lane said on Wednesday.

He also revived his own proposal for a synthetic euro zone bond, effectively a portfolio of different government bonds sold in tranches.

But Europe's banking system is also fragmented and the EU lacks a capital market union with harmonised rules and large, cross border players.

Moreover, the region lacks military defence capabilities to provide the sort of geopolitical assurance that reserve managers demand.

Abdur Rahim, a farmer in Badulla Matubbarer Dangi village of Charbhadrasan upazila, Faridpur, harvests groundnuts, locally known as "chinabadam". This year, groundnut has been cultivated on 4,564 hectares of land in Faridpur. Rahim, who spent Tk 1 lakh to farm three bighas, hopes to earn between Tk 1.4 and 1.5 lakh from the sale, with current market prices at Tk 4,000 per maund.

PHOTO: SUZIT KUMAR DAS

Shares stumble after Trump's latest trade threat

AFP, *Hong Kong*

Investors were rattled on Thursday after Donald Trump said he would impose unilateral tariffs on partners in the next two weeks, reigniting trade war fears soon after reaching a deal with China to dial down tensions between the superpowers.

The mood was also shaded by geopolitical concerns after the US president said personnel were being moved from the Middle East as nuclear talks with Iran faltered and fears of a regional conflict grew.

The equity losses snapped a recent rally fuelled by talks between Beijing and Washington in London that saw them hammer out a framework agreement to move towards a pact to reduce levies.

Investors have been on edge since Trump's "Liberation Day" tariff blitz on April 2 that sent shockwaves through stock and bond markets and stoked global recession fears.

Days later he announced a pause in those measures until July 9 to allow for countries to cut deals with the White House, sparking relief rallies that have pushed some markets towards all-time highs.

However, he once again shook confidence by saying on Wednesday that he intended to send letters telling governments what levies Washington would be imposing.

"We're going to be sending letters out in about a week-and-a-half, two weeks, to countries, telling them what the deal is," he told reporters.

Investors have been on edge since Trump's "Liberation Day" tariff blitz on April 2 that sent shockwaves through stock and bond markets and stoked global recession fears

"At a certain point, we're just going to send letters out. And I think you understand that, saying this is the deal, you can take it or leave it."

While some analysts indicated that previous threats had been rowed back, the comments added to the ongoing uncertainty about Trump's policies, reviving fears about sky-high levies and the impact on the economy.

They also came not long after he had flagged the London agreement, and posted on social media that "President Xi and I are going to work closely together to open up China to American Trade", referring to his counterpart Xi Jinping.

Stephen Innes at SPI Asset Management said: "Whether this is a hardball negotiation tactic or a pressure valve reset ahead of another 90-day extension is anyone's guess -- but traders are reading it as another layer of headline risk.

"The market knows the Trump playbook: bark, delay, then deal. But the closer we get to the cliff's edge, the more likely someone slips."

Most Asian markets fell on Thursday, with Tokyo, Hong Kong, Wellington, Sydney, Taipei, Mumbai, Bangkok and Jakarta in the red after a broadly healthy run-up this week.

London was flat as data showed the UK economy shrank more than expected in April, while Paris and Frankfurt fell.

There were gains in Singapore, Seoul and Wellington. Shanghai was barely moved.

Gold climbs on rising Middle East tensions

REUTERS

Gold prices rose on Thursday, bolstered by rising tensions in the Middle East and a weaker dollar, while softer-than-expected US inflation data boosted expectations of Federal Reserve rate cuts.

Spot gold was up 0.6 percent at $3,373.09 an ounce, as of 0552 GMT. US gold futures gained 1.5 percent to $3,393.80.

The US dollar index fell to a near two-month low, making greenback-priced bullion more attractive to overseas buyers.

The weakness in the dollar index serves as a strong catalyst, said Kelvin Wong, a senior market analyst, Asia Pacific at OANDA, adding that a "bullish breakout" of the $3,346 resistance triggered technical buying.

Rising geopolitical risks aided safe-haven assets, with President Donald Trump announcing on Wednesday that US personnel were being moved out of the Middle East due to heightened security risks amid rising tensions with Iran.

Meanwhile, US consumer prices increased less than expected in May, driven by cheaper gasoline, though inflation could accelerate due to import tariffs. The data prompted renewed calls from Trump for significant rate cuts.

US inflation edges up but Trump tariff hit limited for now

AFP, *Washington*

US consumer inflation ticked up in May, in line with analyst expectations, government data showed Wednesday as President Donald Trump's sweeping tariffs began to ripple through the world's biggest economy.

The consumer price index (CPI) came in at 2.4 percent from a year ago, after a 2.3 percent reading in April, the Labor Department said, with headline figures cooled by energy prices.

All eyes were on the data after Trump imposed a blanket 10 percent levy on imports from almost all trading partners in early April.

He also unveiled higher rates on dozens of economies including India and the European Union, although these have been suspended until early July.

Trump engaged in a tit-for-tat tariff escalation with China as well, with both sides temporarily lowering eye-wateringly-high levies on each other's products in May.

Despite the wide-ranging duties, analysts said it will take months to gauge the impact of Trump's tariffs on consumer inflation.

This is partly because businesses rushed to stockpile goods before the new tariffs kicked in -- and they are now still working their way through existing inventory.

"As that inventory level gets worked down, we'll see a larger and larger pass-through of the tariffs," Nationwide chief economist Kathy Bostjancic told AFP.

In a post on Truth Social after Wednesday's data, Trump insisted that the Federal Reserve should cut interest rates, arguing that the country "would pay much less interest on debt coming due."

This, however, overlooked that lower interest rates usually increase consumer demand and stoke inflation.

Between April and May, CPI was up 0.1 percent, cooling from a 0.2 percent increase from March to April.

While housing prices climbed alongside food costs, energy prices edged down over the month, the report added.

The energy index fell 1.0 percent in May from a month ago, as the gasoline index declined over the month.

Excluding the volatile food and energy components, so-called core CPI was up 2.8 percent from a year ago, the Labor Department said.

"Many Americans are enjoying cheaper gas prices this summer," said Navy Federal Credit Union chief economist Heather Long.

"But there are early signs of what is coming for Main Street: grocery store prices and appliance costs rose in May," she added in a note.

Samuel Tombs, chief US economist at Pantheon Macroeconomics, estimates that retailers usually take at least three months to pass on cost increases to customers.

He expects price increases for "core goods" to gain momentum in June and peak in July, while remaining elevated for the rest of the year -- assuming current tariff policies remain in place.

Bostjancic said she did not expect the latest inflation report to significantly impact the US central bank's interest rate decision next week.

"The guidance remains that there's such a great degree of uncertainty of how the increased tariffs will affect prices and ultimately the economy," she said.

"They need to wait and see, to see how this plays out over the coming months. And we should learn a lot more from the data through the summer and early fall," she added.

The Federal Reserve has begun cutting interest rates after the Covid-19 pandemic as officials monitor progress in lowering inflation to their long-term two-percent goal sustainably.

But Fed policymakers have been cautious in recent months as they monitor how the Trump administration's policies affect the economy.

Electric vehicle makers

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"Producing lithium batteries requires massive investment. We've made it clear that the cell, which makes up a significant portion of the battery's value, must be manufactured locally," said Hasan.

"Importing cells and assembling the rest isn't true manufacturing. We want full-scale production from raw materials," he said.

Furthermore, although an environmental surcharge is applicable if an individual owns multiple vehicles, a provision has been kept exempting electric vehicles from this surcharge to promote the use of environmentally friendly vehicles.

An official of the NBR pointed out that though some companies utilised duty structures under statutory regulatory orders to set up assembly units, it did not necessarily build up an industry. "The NBR has consciously avoided the issue," he said.

"Our goal is to attract real investors with capital and technology, not mere assemblers. Even partial local production of lithium batteries would be a major step forward for Bangladesh," he said.

He also said major foreign companies were already considering shifting their battery manufacturing operations to Bangladesh. "This is a strategic opportunity."

However, the NBR has set various conditions to access the tax benefits.

Companies must employ at least 250 Bangladeshi workers, obtain International Organization for Standardization (ISO) certifications, and meet environmental and safety standards.

Besides, they must submit a detailed declaration for NBR vetting, register with Bangladesh Economic Zones Authority or similar agencies, get approval from Bangladesh Road Transport Authority, and set up dedicated manufacturing units with advanced machinery like CNC machines and molding systems.

Welcoming the move, Hafizur Rahman Khan, chairman of Runner Automobiles, said the new notifications have addressed several "unnecessary" conditions for accessing the benefits.

"Any automobile industry is always vendor-dependent. Industries don't manufacture everything themselves; they source components and assemble the vehicles," he said.

The notification that has been issued is beneficial only for industries that are established with the required machinery. However, many of the machines listed are unnecessary for the automobile industry, he said.

It seems like the focus is now more on electric vehicles and lithium battery production, but this approach needs to be more carefully considered, he said.

The policy should focus on facilitating industry growth, not creating hurdles. It needs to be more thought out, with feedback from the industries that will be directly impacted, he added.

"We will soon raise our concerns with the government," he said.

Synthetic footwear exports soar

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He emphasised that the non-leather footwear sector holds strong potential due to its labour-intensive nature, giving Bangladesh a cost advantage over countries like Vietnam.

However, challenges persist. Delays in customs clearance for raw materials hamper lead times—a critical factor in the fashion-driven synthetic shoe market that demands quick delivery.

Despite this, demand remains robust. Shoeniverse is fully booked through March next year, with buyers seeking new slots amid potential US tariffs on Chinese goods.

A market assessment by Bangladesh Investment Development Authority (Bida) supports the trend, citing rising non-leather footwear exports due to increased orders from global brands such as H&M, Puma, Decathlon, FILA, and Kappa.

Major export destinations include Spain, France, the Netherlands, South Korea, India, Italy, and Germany.

Maf Shoes Ltd, a TK Group subsidiary exporting to France and Germany, boosted daily output from 50,000 to over 65,000 pairs. "European demand is soaring but structural barriers remain," said Managing Director Hasnat Md Abu Obida Marshall.

Europe remains the top market for Bangladeshi synthetic shoes, yet exporters face customs confusion, weak logistics, and exclusion from RMG-specific waivers.

"During Eid, our containers were stuck, but penalty waivers applied only to the BGMEA," a frustrated exporter said.

Moreover, competing with China is tough. While Chinese exporters enjoy 7 percent to 12 percent incentives and raw material self-sufficiency, Bangladesh battles high import duties, delays, and little policy support.

"We import everything and still try to compete on price," said one exporter.

The country also lags in value-added footwear. Despite paying lower wages than Vietnam, productivity remains much lower in Bangladesh.

"We are burning money just to keep factories running," the exporter added.

Some big global firms are eyeing India for relocation, drawn by availability of land, tax breaks, and better infrastructure in states like Tamil Nadu and Kerala.

"India calls investors—we don't even have an exit policy for foreign investment," said Marshall.

To unlock growth, exporters are calling for swift government action, including a dedicated synthetic footwear policy, equal customs treatment as RMG, access to technology financing, and incentives for backward linkage industries, he said.

Jakaria Shahid, managing director of Edison Footwear Limited, sees the synthetic footwear sector as a crucial driver for future export diversification, thanks to its fast-paced expansion.

However, he pointed out that major international brands like Nike and Adidas have yet to enter the Bangladeshi market, mainly because local manufacturers struggle to meet required lead times.

Imbalanced tax structure

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greater than one indicates that tax revenues are growing faster than GDP, while a coefficient of less than one suggests the opposite.

For Bangladesh, revenue buoyancy was calculated using real GDP growth rates and real revenue growth rates from FY13 to FY24. The average revenue buoyancy over this period is 0.83, indicating that tax revenues are growing at a slower pace than GDP, the report said.

Towfiqul Islam Khan, a senior research fellow at the Centre for Policy Dialogue, said when tax collection is skewed towards indirect taxes, the burden of tax is disproportionately borne by people with lower incomes.

"The primary weakness of the tax collection structure in Bangladesh is tax evasion. The share of income tax collection is very poor in Bangladesh compared to similar countries in terms of per capita income. There is a serious mismatch between the wealth we see around us and the tax paid.

"We have been advocating for years to integrate databases across government agencies. The land and flat registration databases should be matched to see if they are fully reported in the tax files of the owners," he said.

Effective VAT rate much lower than standard rate

Revenue potential also exists in VAT.

The MTMPS said the effective VAT rate, which is calculated by comparing VAT revenue to total consumption in the real sector, fluctuated within a narrow range of 3.5 percent to 3.9 percent from FY16 to FY24.

In FY24, the effective VAT rate was recorded at 3.7 percent, substantially below the standard rate of 15 percent on goods and services.

"This gap indicates significant potential for improving VAT efficiency and compliance."

To address these challenges, the government has taken several reform initiatives, including separating tax administration from policy, mandating online submission of income tax returns, applying the standard 15 percent VAT rate on goods and services, and removing exemptions.

Over the next three years, the government forecasts that revenue collection will grow by an average of 10.4 percent annually, reaching Tk 697,000 crore by FY28.

Bangladesh to become

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Despite the current slowdown, the Finance Division expects a gradual recovery. It projects real GDP growth to reach between 5.5 and 6.5 percent by FY28, supported by efforts to bring down inflation, boost productivity and strengthen the external sector.

"The government's efforts to control inflation, enhance productivity, and maintain external resilience will be critical for ensuring macroeconomic stability," said the policy statement.

Following the Covid-19 pandemic, Bangladesh struggled to keep its exchange rate stable as foreign currency reserves depleted fast.

For FY25, the Finance Division revised the estimate for foreign exchange reserves to $26.7 billion, down from $31.8 billion in the original projection.

In FY24, actual forex reserves were at $26.9 billion.

The government expects reserves to rise to $34 billion in FY26, with a slight increase the following year.

Professor Rahman said the target could be met, but only under certain conditions.

"Gross reserves might cross $34 billion, but that depends on assumptions that import growth stays low at around 6 percent and export growth remains strong," he said.

But sluggish import growth could spell trouble, he said.

"If import growth stays this low, it does not bode well for GDP growth, investment or job creation. This trend is mainly due to falling imports of capital machinery.

"What we need is higher imports of capital machinery, not just a push to increase foreign currency reserves," he added.

The central bank currently uses two methods to measure foreign currency reserves. According to Bangladesh Bank data, gross reserves stood at $25.8 billion on May 29, while the BPM6 method by the IMF recorded it at $20.6 billion.

"We need to maintain reserves at a sustainable level," said Rahman. "But we must also remember that reserves will be used if investment rises and capital machinery imports go up."

"I would prefer strong investment, higher growth, stable reserves and a steady exchange rate rather than low investment, weak growth and artificially high reserves," he added.

Islamic banks'

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percent in March 2025, compared to a growth of Tk 149,240 crore or 9.25 percent in March 2024.

The quarterly rise in deposits was mainly driven by a Tk 25,277 crore or 1.94 percent increase in deposits at private banks.

Deposits at state-owned banks rose by Tk 12,067 crore or 2.72 percent, specialised banks by Tk 2,359 crore or 4.51 percent, and foreign banks by Tk 89 crore or 0.10 percent.

Year-on-year, private banks saw the largest growth in deposits, with a rise of Tk 121,267 crore or 10.07 percent, followed by state banks, specialised banks, and foreign banks.

Boeing shares fall 8% after Air India plane crashes

REUTERS

Shares of planemaker Boeing fell 8 percent in premarket US trading on Thursday after an Air India aircraft with 242 people crashed minutes after taking off from India's western city of Ahmedabad.

Aviation tracking site Flightradar24 said the plane was a Boeing 787-8 Dreamliner, one of the most modern passenger aircraft in service.

The plane was headed to Gatwick Airport in the UK, Air India said, while police officers said it crashed in a civilian area near the airport, without specifying whether there were any fatalities.

It was not immediately clear what caused the crash. Boeing said in a statement it was aware of initial reports and was working to gather more information.

The news comes as the planemaker tries to rebuild trust related to safety in its jets and ramp up production under new Chief Executive Officer Kelly Orthberg.

Boeing's shares were down about 8 percent at $196.52 in premarket trading.

"It's a knee jerk reaction (to the incident) and there's revised fears of the problems that plagued Boeing aircraft and Boeing itself in recent years," said Chris Beauchamp, analyst at IG Group.

Myanmar to lose 2.5% of GDP to March quake: WB

AFP, *Yangaon*

Myanmar's economy is set to shrink 2.5 percent in the 2025/26 financial year, largely as a result of March's devastating magnitude-7.7 earthquake, the World Bank said on Thursday.

The country's economy had already been battered by four years of brutal civil war when the March 28 tremor hit, killing nearly 3,800 people and destroying swathes of homeS and businesses.

A World Bank report predicted GDP will contract 2.5 percent in the financial year ending in March 2026 "mostly due to earthquake impacts", with output $2 billion lower than it would have been without the disaster.

"Production across all sectors has been disrupted by factory closures, supply chain constraints, labour shortages, and damage to infrastructure," said a World Bank statement.

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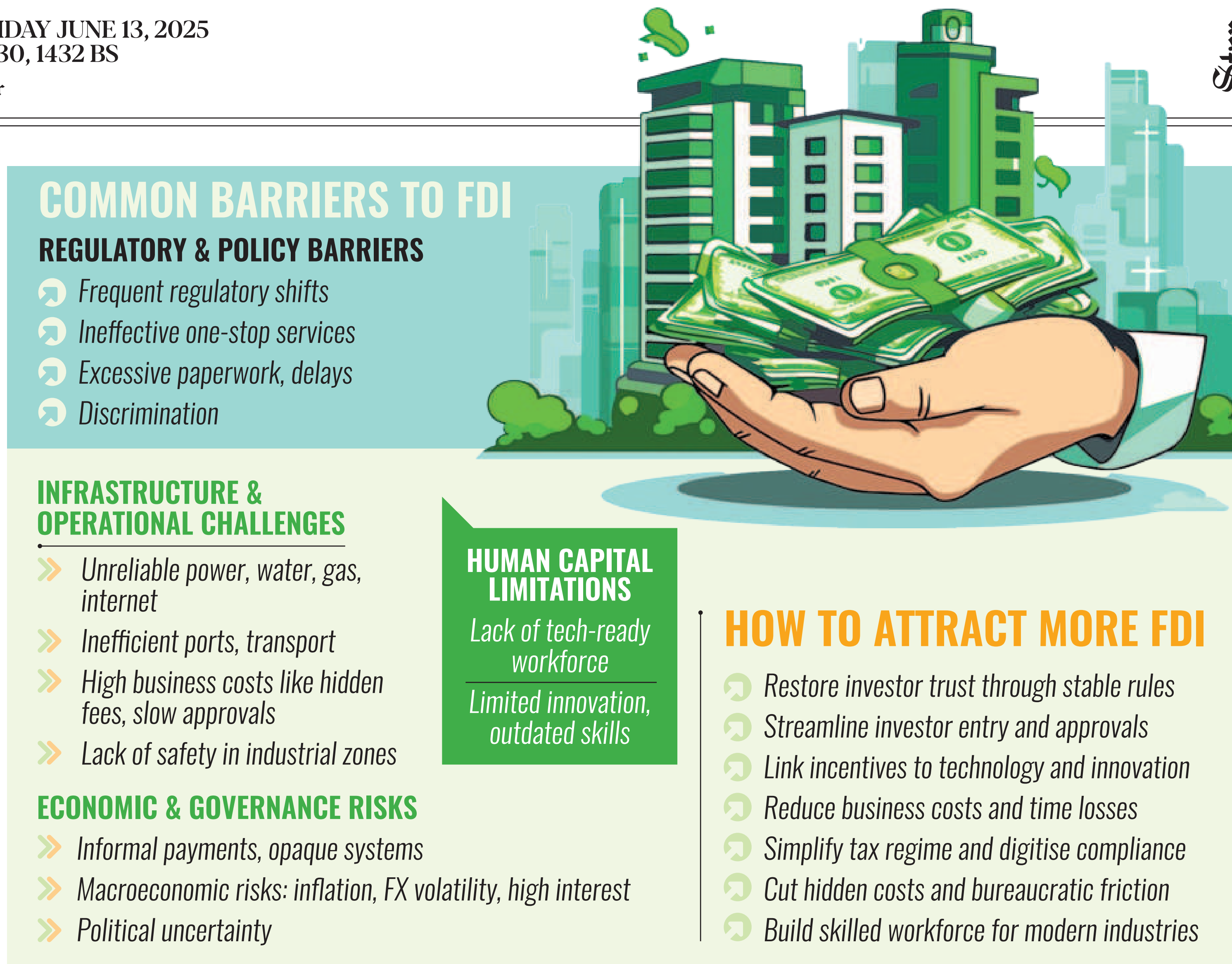

FDI falling—experts call for urgent policy overhaul

JAGARAN CHAKMA

Bangladesh must urgently adopt a strategic, reform-driven foreign direct investment (FDI) policy by removing existing barriers to attract and retain investment to remain competitive in the region, experts suggest.

Despite recent high-level government initiatives, investor confidence continues to falter due to policy inconsistencies, weak infrastructure, and inadequate institutional capacity, they pointed out.

In a promising move, however, the government has formed a five-member high-level committee, led by Finance Adviser Salehuddin Ahmed, tasked with crafting incentive frameworks to attract quality investments, according to a May 29 gazette from the Chief Adviser's Office.

Net FDI in Bangladesh plunged to a five-year low in 2024, according to provisional figures released by Bangladesh Bank, raising concerns over investor confidence amid growing economic headwinds and policy uncertainties.

The country received $1,270.39 million in net FDI in 2024, a 13.25 percent drop from $1,464.13 million in 2023.

Bangladesh needs a more strategic and goal-oriented approach to attracting FDI, said Syed Akhtar Mahmood, former global lead for regulatory reforms at the World Bank Group.

"We must be clear on why we want FDI—whether to access export markets, join global value chains, or promote innovation and sustainability," he said.

He said not all investors would meet every objective, so aligning investor capabilities with national development priorities was key.

Instead of offering blanket tax holidays, Mahmood advocated performance-linked incentives tied to outcomes like technology transfer, local supplier development, and research and development (R&D).

"South Korea is a prime example of how incentives, when linked to clear expectations, can drive long-term gains," he said.

Mahmood emphasised that foreign investors could catalyse innovation in Bangladesh, encouraging local firms to adopt R&D practices and global standards.

He cited a World Bank study in Turkey showing that firms receiving R&D-linked incentives grew faster in patent and design filings.

However, he cautioned that performance-based schemes must be carefully designed to avoid deterring investment.

"Done right, they can attract quality FDI while delivering on national goals," he added.

Finally, Mahmood urged a thorough review of Bangladesh's existing incentive packages, asking, "What returns have we earned from the incentives already granted?"

He stressed the need for evidence-based policy reform to ensure incentives support productivity, innovation, and sustainable growth.

Zaved Akhtar, chairman and managing director of Unilever Bangladesh and president of the Foreign Investors' Chamber of Commerce and Industry (FICCI), stressed that Bangladesh must urgently address policy inconsistency and institutional inefficiency and ensure credibility to sustainably attract FDI.

Despite recent high-level government initiatives, investor confidence continues to falter due to policy inconsistencies and weak infrastructure, experts say.

"Investors return to countries that deliver—not just promise," Akhtar said, citing delays in profit repatriation, weak intellectual property (IP) protection, and a complex regulatory regime as key deterrents.

He emphasised the need for a forward-looking, simplified tax system, digitalised compliance processes, and a unified investment window empowered to coordinate across agencies such as the Bangladesh Investment Development Authority (Bida), the Bangladesh Economic Zones Authority, and the National Board of Revenue.

Akhtar also called for formal investor onboarding and aftercare services, stronger financial sector governance, and the removal of sectoral restrictions that deter foreign capital.

"There's enough global FDI—Bangladesh must learn how to fish by fixing its investor journey," he noted, urging the formation of a National Economic Reform Committee to fast-track reforms.

"Credibility, clarity, and capacity must be our investment brand," he said.

Asif Ibrahim, founder and former chairperson of Business Initiative Leading Development, said Bangladesh must adopt a multi-pronged strategy to boost FDI.

This includes streamlining regulations, ensuring policy consistency, and strengthening investor protections through bilateral treaties and efficient dispute resolution, he said.

He emphasised the need for infrastructure upgrades—modern ports, stable power, and strong digital connectivity—to lower operational costs.

Special economic zones offering tax holidays, duty-free imports, and simplified profit repatriation can serve as major incentives, he said.

Promoting sectors like garments, pharmaceuticals, ICT, and renewable energy via global roadshows is vital, he said.

With LDC graduation approaching, strategies to sustain export competitiveness and develop a skilled workforce through vocational training are also essential to attract long-term, export-oriented FDI, he added.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, welcomed the government's move to form a high-powered committee to boost FDI but deemed it insufficient.

Despite global roadshows, actual FDI remains low due to political uncertainty and structural issues, she said.

Khatun noted that foreign investors remain cautious, citing deterrents such as policy unpredictability, poor infrastructure, weak consumer demand, bureaucratic delays, and corruption.

The One-Stop Service portal introduced by Bida for investors is still ineffective, plagued by procedural hurdles, she said.

Additional challenges include security concerns, macroeconomic instability—such

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Audit gaps, national traps

MAHTAB UDDIN AHMED

One reason we remain stuck in the slow lane of progress is painfully simple: in Bangladesh, the individual trumps the institution, and the institution trumps the nation. Self-interest isn't just tolerated—it's celebrated. We've perfected the art of spotting others' flaws while remaining blind to our own. Admitting shortcomings? That's social suicide. Sharing credit or professional space? Practically taboo. So, when the moment comes to prioritise, the nation quietly slips behind ego, entitlement, and institutional turf wars. In such a culture, even well-intended reforms get buried under layers of insecurity and resistance.

Take the audit ecosystem, for example. It mirrors the same dysfunction we see across public institutions, banking, and capital markets. With an estimated $17 billion siphoned from banks and FDI inflows stagnating at just $1.6 billion, according to the Financial Times and UNCTAD, investor confidence is visibly shaken. Substandard audits, inadequate enforcement, and monopolistic practices are part of the problem. The establishment of the Financial Reporting Council (FRC) in 2015 was a welcome reform, although it met fierce resistance from vested quarters.

Bangladesh has just 2,005 chartered accountants, compared to 375,000 in India, 10,096 in Pakistan, 7,000 in Sri Lanka, and 9,052 in Nepal. The FRC records only 209 registered firms. ICAB lists just 450 practising members, a startling mismatch against over 300,000 registered companies.

Ironically, Bangladesh actually has two professional accounting bodies: ICAB and ICMAB, both recognised under the Financial Reporting Act 2015. It defines their auditors as "Auditors", their members as "Professional Accountants", and their institutions as "Professional Accounting Organisations". Both ICAB and ICMAB are founding members of IFAC, both adhere to global standards, and both are part of SAFA and CAPA.

Still, only one enjoys the lion's share of statutory recognition. A popular excuse? Practical experience. IFAC clearly states that professional candidates must complete three years of relevant experience, not necessarily through articleship. ICMAB requires three years of managerial experience for associate membership and eight for fellowship. CMA members have held over 100 CEO and 300 CFO positions, reflecting leadership capacity and deep financial insight. Yet, their presence in audit and taxation remains low due mainly to a lack of opportunity.

That needs to change. CMAs should be authorised to conduct audits not covered under the Companies Act. Statutory audits for listed or Public Interest Entities (PIEs) can remain with chartered accountants. But for non-PIE companies, sole proprietorships, partnerships, trusts, and NGOs -- entities outside the Companies Act -- CMAs offer an untapped pool of expertise.

In Pakistan, CMAs can audit Associations of Persons (AOPs) and individuals and conduct statutory audits of companies with paid-up capital under PKR 3 million. The United Kingdom, Canada, Australia, South Africa, and Nigeria recognise multiple professional bodies for audit -- avoiding monopolies and promoting quality through competition.

In Bangladesh, audit fees have surged under monopoly control, while the availability of competent auditors has declined. The current system serves a privileged few while failing to serve the broader economy.

Yet, reforms remain stalled. Despite a reform-minded interim government, change is kept at bay, perhaps for fear of backlash from a loud but narrow segment.

With over 300,000 companies and fewer than 500 practising auditors, Bangladesh is navigating a compliance crisis with a skeleton crew. To address this, audit rights must be broadened. CMA members should be permitted to audit non-PIE and non-registered entities under the oversight of the FRC. This would expand the talent pool, reduce costs, enhance coverage, and ultimately restore trust in governance.

The author is president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd.

Dollar keeps losing market share

ECB study finds euro slow to benefit

REUTERS, *Frankfurt*

The dollar continued to lose market share as the world's dominant currency last year but mostly smaller rivals and gold benefited rather than the euro, an ECB report showed on Wednesday.

However, an acceleration in the selling of dollar assets since April because of erratic US economic policy provides an opportunity for the single currency, ECB President Christine Lagarde has said, provided the 20-nation bloc finally pushes ahead with key integration steps including joint borrowing.

In 2024 alone, the dollar lost 2 percentage points from its share of global foreign exchange holdings and while the euro made small gains, the Japanese yen and the Canadian dollar were the big winners, the ECB said on Wednesday.

Although the dollar still had a 58 percent market share of global foreign exchange reserves by end-2024, this is down by 10 percentage points in the past decade. Meanwhile, the euro's share has hovered at just below a fifth.

Another big winner last year was gold, with central banks increasing their stock by more than 1,000 metric tons, a record pace and double the average annual level seen in the previous decade, the ECB said.

"Survey data suggest that two-thirds of central banks invested in gold for purposes of diversification, while two-fifths did so as protection against geopolitical risk," it said.

When all foreign reserves are added together, gold accounted for 20 percent, and the euro 16 percent, the ECB added.

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Vietnam ready to further open market for US exports: minister

ANN/VIETNAM NEWS

Vietnam is ready to further open its market and offer additional incentives for US exports, and hopes for corresponding steps from the US side, Minister of Industry and Trade Nguyễn Hồng Diên told Senator Roger Marshall at their meeting in Washington DC on June 11 (local time).

Diên conveyed the message from Party General Secretary Tô Lâm and Prime Minister Phạm Minh Chính to the senator, affirming Vietnam 's determination to enhance its Comprehensive Strategic Partnership with the US, as well as its desire to promote bilateral economic and trade cooperation for the mutual benefit of their people and businesses.

Regarding the ongoing negotiations on a Reciprocal Trade Agreement between the two countries, he emphasised that Vietnam remains consistent in its approach to the talks with the US, aiming for a bilateral agreement based on respect for sovereignty, independence, political system, harmonisation and balance of interests, as well as in line with international commitments and the development level of each country.

The minister expressed his hope that Marshall, with his strong political influence within the Republican Party and deep expertise in trade, agriculture, and innovation, will voice his support for Vietnam during the negotiation process, and act as a bridge to promote cooperation between Vietnam and the US in general, and with Kansas state in particular, especially in areas where Kansas has strengths such as agriculture, aerospace, and biotechnology.

Vietnamese garment workers stitch apparel at a factory in Ho Chi Minh City. Vietnam said it remains consistent regarding the ongoing negotiations on a trade agreement with the US.

PHOTO: AFP/FILE

Marshall appreciated Vietnam 's seriousness, proactive approach, and goodwill in the negotiations with the US. The Senator stated that he will soon raise the matter with the President and relevant Cabinet members involved in the negotiation process and expressed his hope for positive outcomes from both sides.

Additionally, the Senator spoke highly of the minister's working visit, noting that it will open up many opportunities for bilateral collaboration across various fields.

On the same day, the Vietnamese minister held meetings with leaders of Nike and Walmart that have maintained large-scale investment and business operations in Vietnam .

At the meeting with leaders of Nike, Diên praised the corporation's long-standing and responsible presence in Vietnam , which currently accounts for around 50 per cent of Nike's global footwear production and provides jobs for over 450,000 workers.

He also shared concerns about the latent impact of current tariff policies on Nike's global supply chain and on US

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