

Plastic industry seeks VAT relief

STAR BUSINESS REPORT

Plastic goods manufacturers yesterday urged the government to reduce the value-added tax (VAT) on plastic tableware and household items from the proposed 15 percent to 5 percent, warning that it would otherwise severely impact low- and middle-income consumers.

"The proposed hike in VAT will disproportionately burden ordinary citizens, especially those at the grassroots level," said Shamim Ahmed, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association, at a press conference at its headquarters in the capital.

The association said nearly 20 percent of establishments in the plastics sector have been facing difficulties over the last two years.

A combination of economic pressures, including rising fuel prices and high interest rates, has affected the plastic goods manufacturers, said Ahmed.

"We call on the government to retain the existing 5 percent VAT rate to ease the pressure on consumers," he added.

The toy industry has been growing, but the import of raw materials is subject to tariffs of more than 87 percent, he said, urging the government to bring it down.

He said the plastics sector has made substantial contributions to exports and employment in recent years and deserves policy support to ensure its continued growth.

"Without it, the industry will struggle to survive," he said.

The association said it has consistently advocated for measures such as duty reductions on raw materials, tax relief for recycled products, and incentives for capital equipment to encourage modernisation and competitiveness in global markets.

Small footwear makers call for VAT waiver

STAR BUSINESS REPORT

Small-scale footwear manufacturers have urged the interim government to exempt low-cost rubber and plastic footwear, priced at or below Tk 150, from the 15 percent value-added tax (VAT).

The current tax policy is pushing the industry towards collapse, said the Bangladesh Footwear Manufacturers' Association at a press conference at the Dhaka Reporters Unity on Tuesday.

They said the withdrawal of the VAT exemption has increased production costs, reduced demand, forced factory closures, and caused significant job losses, particularly among informal workers.

Mohammad Fazlu, president of the association, said the government had been providing VAT exemption on plastic and rubber footwear since 2016, considering the growth of the local industry and the financial capacity of consumers.

However, midway through fiscal year 2024-25, the National Board of Revenue (NBR) withdrew the facility through a statutory regulatory order issued on January 9 this year, he said.

He added that the proposed budget for fiscal 2025-26 has retained the VAT, continuing the pressure on small producers.

"Our main customers are low-income people like hawkers, rickshaw-pullers, day labourers, and others at the bottom of the pyramid. The VAT burden is directly impacting them," Fazlu said.



PHOTO: FIROZ AHMED

During the Eid break, there was a surplus of mangoes in the market due to the heat, but the number of buyers was low. Now the weather is more favourable and prices are going up, said an official of the Department of Agricultural Extension.

Mango prices rebound after Eid slump

SUKANTA HALDER and SHOHANUR RAHMAN RAFI

Mango prices are rising following a recent slump that had resulted in losses for many traders.

Prices of the popular summer fruit had dipped sharply in many parts of the country during the 10-day Eid-ul-Azha holiday beginning on June 5, amid an increase in supply resulting from the early ripening of the fruit due to a heatwave.

The heatwave swept through 35 to 40 districts for five days starting June 8, according to the Bangladesh Meteorological Department. This forced growers to start plucking the fruit in large quantities.

However, as temperatures began to recede and demand in cities rose, prices witnessed an uptick, both in mango production hubs and in markets—most prominently Dhaka city.

During a recent visit to the Baneshwar market in Rajshahi, The Daily Star found mangoes at prices that had been prevailing prior to the Eid drop.

Varieties such as Khirshapat (Himsagar) are now selling for Tk 2,500 to Tk 2,800 per maund (one maund equals around 37 kilogrammes), up from Tk 1,500 to Tk 2,000 during the holidays.

Similarly, Lakkhanbhog is priced between Tk 1,300 and Tk 1,500, compared to less than Tk 1,000 earlier.

Fazli is being sold at Tk 1,200 to Tk 1,500, Ashwina between Tk 400 and Tk 800, and Amrapali at Tk 2,000 to Tk 2,500.

"In the past few days after the holidays ended, the cooler weather has helped reduce the pressure. The demand has returned, and prices are picking up again," said Halim Uddin, a mango seller in Baneshwar.

Umme Salma, deputy director of the Department of Agricultural

Extension's Rajshahi office, echoed these observations.

"During the Eid break, there was a surplus of mangoes in the market due to the heat, but the number of buyers was low. Now the weather is more favourable, and prices are going up," she told The Daily Star.

Traders and growers said that during the Eid holidays, mango producers refrained from plucking the fruit, anticipating that there would be no market access, as transport arrangements were unavailable.

Mangoes are typically shipped via courier services, which were also shut

Varieties such as Khirshapat (Himsagar) are now selling for Tk 2,500 to Tk 2,800 per maund (one maund equals around 37 kilogrammes), up from Tk 1,500 to Tk 2,000 during the holidays

down for several days. The heatwave put them in trouble, they said.

Sohel Rana, an agricultural entrepreneur from the Godownpara area of Sapahar upazila of Naogaon, has been tending to three mango orchards spread over 200 bighas of land.

He said that before Eid, he sold Amrapali mangoes at Tk 4,500 per maund, but prices have now fallen to less than Tk 2,500 per maund.

"Last year, Langra mangoes sold for Tk 3,000 to 3,500 per maund, but this year I'm forced to sell them for Tk 1,200 to 1,500 because they ripened too early," he said.

In his orchard, several varieties,

including Khirshapat, Langra, Amrapali, and Nag Fazli, have ripened simultaneously.

"Even the Banana mango, which usually ripens at the end of the month, has already started to ripen. I've never seen such a situation before," Rana added.

"Due to the intense heat, many mangoes ripened. On top of that, banks and courier services were closed during the Eid holidays. As a result, there is now an oversupply of mangoes in the market, forcing us to reduce prices," he said.

However, after the Eid-ul-Azha holidays, mango prices have started to rise again.

According to yesterday's market rates, the price has increased by an average of Tk 300 per maund, he added.

Munier Alam, another grower in Chapainawabganj, said, "Because so many mangoes ripened at once, prices have dropped sharply."

He said that Khirshapat mangoes should have sold for Tk 4,000 to Tk 5,000 per maund this season but are now being sold for Tk 2,000 to Tk 3,000 due to the fall in demand.

Ujjal Hossain, a wholesaler at Dhaka's Karwan Bazar, said he had bought Himsagar, Langra, Khirshapat, and Amrapali mangoes for Tk 2,500 to 3,500 per maund about 20 days ago.

"But due to the oversupply, I can now purchase the same mangoes for Tk 1,500 to Tk 2,000 per maund," he said.

Hossain added that on the 12th of this month, he had bought 18 maunds of mangoes at Tk 3,500 per maund but later had to sell them at Tk 1,900 per maund due to low demand.

"As a result, I incurred a total loss of about Tk 29,000," he noted.

However, the trader believes that prices are slowly beginning to rise following the Eid holidays and expects demand to increase further by the end of this month.

Will floating exchange rates attract foreign stock investors?

MESBAH UDDIN AHMED

Bangladesh's shift to a market-based currency exchange system marks an effective transformation of the country's macroeconomic policy approach. By allowing market forces to play a greater role in determining the value of the BDT, the government has signalled its commitment to transparency, flexibility and broader participation in the global market. These changes are expected to reshape foreign portfolio investment in Bangladesh's capital market.

The earlier exchange rate regime caused friction for foreign investors because of pricing ambiguity and difficulties in repatriating funds. Under the new system, exchange rates are set largely through interbank discussions, with the central bank intervening only to moderate volatility. The shift, partly driven by the terms of the IMF's extended credit facility, has improved market sentiment by making dollar pricing more predictable. Market liquidity and regulatory frameworks have long constrained the capital market, but with the BDT now more responsive to supply and demand, pricing volatility should ease. This signals a fairer playing field and a more transparent investment climate. The exchange rate has stabilised at around Tk 122 per US dollar, offering cautious investors a measure of optimism.

Since the fiscal year 2019-20, net withdrawals from overseas portfolio investments made through Non-Resident Investor's Taka Accounts (NITA) have been inconsistent. These peaked in 2020-21 at \$409 million before falling to \$75 million in 2023-24. Non-resident stock ownership declined sharply, from \$2.47 billion in 2019 to about \$818.5 million in 2024. Over the same period, foreign holdings of debt securities fell from \$1.6 billion to \$911 million.

Apart from macroeconomic concerns, structural barriers have also weighed on investor confidence. Market liquidity remains weak, exit flexibility is limited, and while the previously imposed floor prices that hampered price discovery have been withdrawn, taxation remains an issue. Capital gains on listed stocks are taxed at 15 percent, and dividends to non-resident foreigners face a 30 percent withholding tax. Although dividend repatriation needs no prior permission, repatriating capital gains involves valuation and tax clearance.

With a market-based exchange rate now in place, there is an opportunity to reverse this trend. One of the most significant benefits of the new system is reduced exchange rate volatility. This is a potential game changer for global institutional investors, particularly those managing large frontier market mandates. A more stable currency makes it easier to price risks, assess returns and invest in Bangladeshi stocks for the long term.

Alongside the exchange rate reform, there is scope to accelerate improvements in capital market governance. This could mean more efficient capital repatriation, better regulatory coordination and simpler tax and compliance procedures for foreign investors.

The path will not be without challenges. The central bank must carefully manage its actions to uphold the credibility of the floating exchange rate and avoid distorting market signals. The macroeconomic environment remains uncertain, and rising import demand could put pressure on reserves. Still, for now, strong dollar inflows from healthy exports, steady remittances and lower import costs are supporting stability. The adoption of a market-based exchange rate, coupled with efforts to broaden market participation and improve governance, is a clear signal of Bangladesh's intention to engage more fully with international financial markets. These reforms could help position Bangladesh as a transparent, reform-driven and investable frontier market. The tide might indeed be turning.

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Trump says EU not offering 'fair deal' on trade

AFP, Washington

US President Donald Trump said Tuesday that the European Union had yet to offer a "fair deal" on trade, as Washington negotiates tariff agreements with friends and foes alike.

"We're talking but I don't feel that they're offering a fair deal yet," Trump said of the EU, speaking to reporters on board Air Force One before arriving back in the United States from a G7 summit in Canada.

"We're either going to make a good deal or they'll just pay whatever we say they will pay."

Shortly after taking office, Trump upended the global economic order by accusing the United States' trading partners of unfair practices and he announced huge global tariffs.

Trump imposed a blanket 10 percent tariff on most US trading partners and unveiled higher individual rates on dozens of economies, including India and the European Union — although he swiftly paused the elevated rates.

The pause on those higher duties is due to expire on July 9, though the White House has indicated it could extend the deadline for countries that it believes are negotiating in good faith.

The US president also imposed additional sector-specific levies on cars, steel, and aluminum that have hit many US trading partners hard, including the EU.

World leaders at the Group of Seven summit in Canada on Monday pushed Trump to back away from his punishing trade war, arguing that it posed a risk to global economic stability.

Made in Vietnam: Hanoi cracks down on fake goods as US tariffs loom

AFP, Hanoi

Since the United States accused Vietnam of being a hub for counterfeit goods, Tran Le Chi has found it increasingly hard to track down her favourite fake Chanel T-shirts, Gucci sunglasses and Louis Vuitton handbags.

As Vietnam's government tries to head off President Donald Trump's threatened 46 percent tariff, it has launched a crackdown on fake products — in part to show responsiveness to US concerns.

Now there are streets filled with shuttered shops in Hanoi and rows of closed stalls at Saigon Square shopping mall, a major clothing market in Ho Chi Minh City — the kind of places Chi used to go to buy her latest gear.

"The clothes help me look trendy," Chi told AFP. "Why would I care if they are fake or not?"

Chi — a betting agent for an illegal game known as lo-de, where punters predict the last two lotto numbers of the standard daily draw — said she had never paid more than \$40

per "designer" item.

"Only the super-rich people can afford the real ones," she added. "They're not for people like us."

Communist-run Vietnam is a manufacturing powerhouse that produces clothing and footwear for international brands, with the United States its number-one export market in the first five months of 2025.

But it also has a thriving market for counterfeit goods.

In a report published by the US Trade Representative in January, Saigon Square shopping mall was flagged as a major market for the sale of fake luxury items including handbags, wallets, jewellery and watches.

The report noted government efforts to stamp out the trade, but said "low penalties have had little deterrent effect" and "counterfeit products remain rampant".

Shop owner Hoa, a pseudonym to protect her identity, said almost all of the fake Nike, Lacoste and North Face products she sells in her shop in Hanoi's old quarter are from China — but tagged with a



This photo, taken on June 10, shows bags with the logos of international fashion brands for sale outside a store in Hanoi. Vietnam has launched a crackdown on fake products -- in part to show responsiveness to US concerns.

PHOTO: AFP

"Made in Vietnam" label to make them seem authentic.

She insists that all her customers know what they're getting.

"My clients are those who cannot afford authentic products," Hoa said. "I've never

cheated anyone."

Hanoi and Washington are in the thick of trade talks, with Vietnam doing everything it can to avoid the crushing 46 percent tariff that could come into force in early July.

Vietnam's trade ministry ordered

authorities in April to tighten control over the origin of goods after the Trump administration accused the country of facilitating Chinese exports to the United States and allowing Beijing to get around tariffs.

The public security ministry also said there would be a three-month-long crackdown — until mid-August — on counterfeit goods.

Nguyen Thanh Nam, deputy head of the agency for domestic market surveillance and development, said last week that in the first five months of the year, more than 7,000 cases of counterfeit products worth more than \$8 million had been discovered.

He added that 1,000 fake Rolex watches had been seized from Saigon Square shopping mall.

Mounds of vitamins, cosmetics and sweets — seemingly also counterfeits — have appeared at waste grounds outside cities including Hanoi, Ho Chi Minh City and Danang, while fake electronics including Marshall speakers and smartwatches have been confiscated.