# EU to seek trade 'rebalancing' with China

AFP, *Strasbourg*

The EU will seek to rebalance economic ties with China, demanding it eases market access for European firms and loosen export controls on rare earths at a summit this month, the bloc's chief said Tuesday.

European Commission president Ursula von der Leyen said overcapacity concerns and China's support for Russia's war effort in Ukraine will also be on the table at the talks with Chinese leader Xi Jinping.

Addressing the European Parliament in Strasbourg, von der Leyen said Beijing was running the largest trade surplus "in the history of mankind" exporting vast amounts to the EU while making it harder for European companies to do business in China.

"If our partnership is to move forward, we need a genuine rebalancing, fewer market distortions, less overcapacity exported from China, and fair, reciprocal access for European business," she told lawmakers.

**Beijing has sought to improve relations with the European Union as a counterweight to superpower rival the United States**

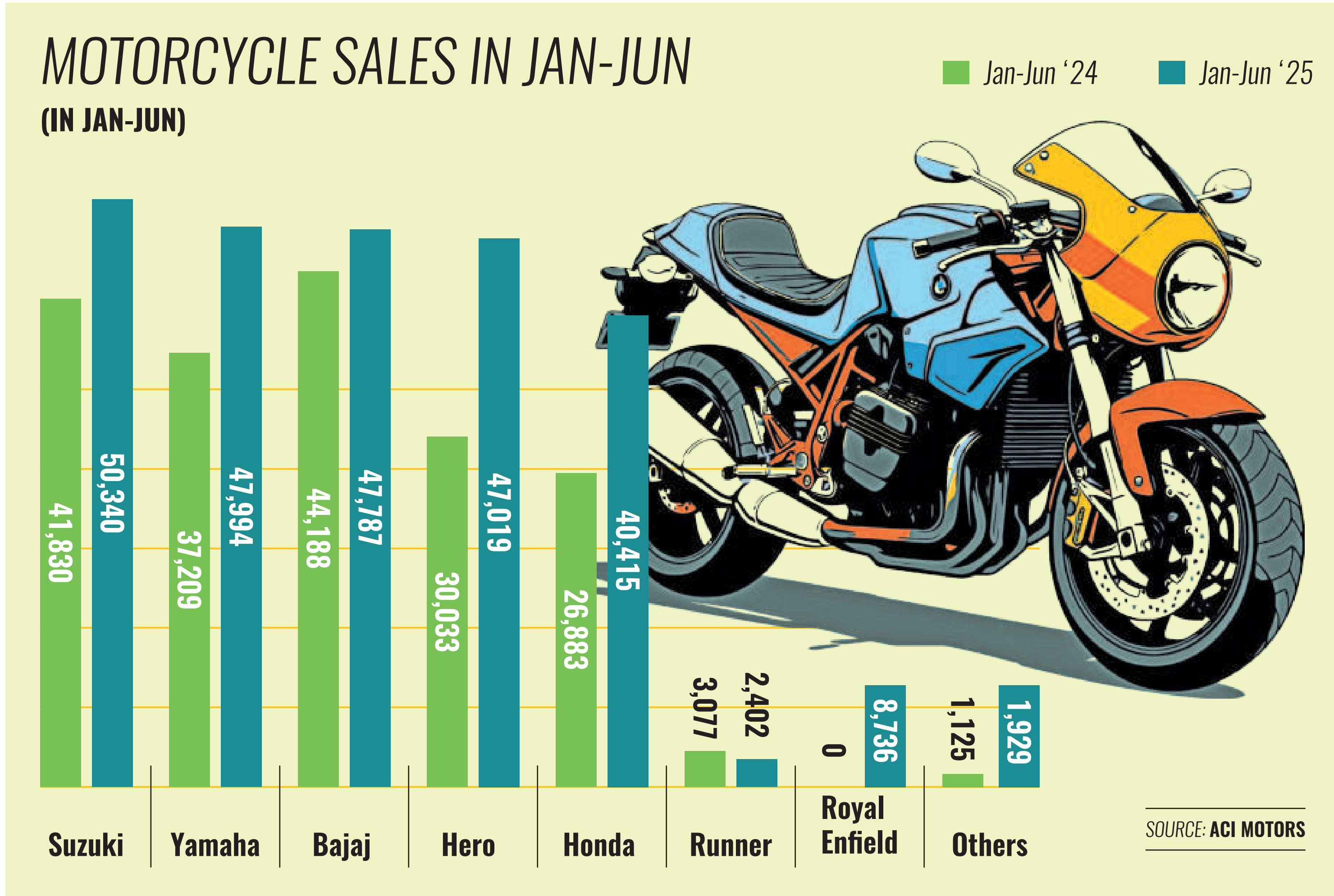
Beijing has sought to improve relations with the European Union as a counterweight to superpower rival the United States, but deep frictions remain over their economic relationship.

The trade deficit between China and the EU was a yawning $357 billion in 2024.

Brussels is worried that a manufacturing glut propelled by massive state subsidies could add to it, and result in a flood of cheap Chinese goods undercutting European firms.

"China cannot rely on exports to solve its domestic economic challenges. Overcapacity must be addressed at its source, it cannot simply be offloaded onto global markets," von der Leyen said.

The commission leader, who will travel to Beijing with European Council President Antonio Costa, said the pair will seek to loosen export restrictions on rare earths -- while Brussels also looks at "developing alternative supply resources".




# Motorcycle demand picks up speed after three-year slump

## Sales jump 27% in Jan-Jun driven by pricier, higher cc models

JAGARAN CHAKMA

Motorcycle sales are showing signs of recovery after a slow patch of nearly three years, due mainly to easing consumer prices, lower registration costs, and aggressive marketing by manufacturers.

Local bike companies say their sales rose by about 27 percent in the January-June period this year. Higher-capacity models, priced between Tk 2.2 lakh and Tk 4.5 lakh, saw stronger demand than lower-cc (cubic capacity) bikes.

Industry insiders say budget-friendly motorcycles, which usually cost between Tk 1.2 lakh and Tk 2 lakh, have seen slower sales as many low- and middle-income buyers continue to feel the pinch financially.

In the first six months of 2025, total sales reached 257,632 units, up from 202,330 during the same period last year, according to industry data.

In the domestic market, Indian brand Bajaj and Japanese makers Yamaha and Suzuki remain top choices for buyers.

"Higher-capacity motorcycle sales have been strong over the past six months, driven by stable prices and customers' preference for better riding quality and long-distance travel," said Subrata Ranjan Das, deputy managing director of ACI Motors, which sells Yamaha bikes.

Popular Yamaha models include the R15 series, MT-15 V3, MT-15 V1, FZ-S V3, FZ-S V4, and FZ-S. These bikes cost around Tk 2.30 lakh to Tk 4.50 lakh.

Motorcycles in Bangladesh are mainly used for short- and medium-distance travel, especially in urban and semi-urban areas. Outside the capital, poor road conditions are prompting buyers to opt for more durable and higher-capacity options.

Das said local road conditions are far from ideal, making bikes with engines over 160cc more practical than smaller ones.

Meanwhile, bikes in the 100cc to 150cc range have seen marginal growth, as high prices and a volatile exchange rate continue to make many buyers cautious.

"Many had been waiting for prices to fall, but now they realise significant drops are unlikely. Demand is gradually returning," added Das.

While Japanese brands continue to dominate, Indian Bajaj also maintains a strong position. Competition among the top three has intensified in recent years, putting pressure on profit margins, especially in the entry-level segment.

**Higher-capacity models, priced between Tk 2.2 lakh and Tk 4.5 lakh, saw stronger demand than lower-cc (cubic capacity) bikes**

Industry sources said fewer new models have been launched this year, partly due to a decline in corporate orders. At the same time, many buyers are placing advance bookings due to limited availability in showrooms.

"The motorcycle market has become highly competitive as profit margins are shrinking," said Das. "While the high-end segment is performing well, the market for 100cc to 120cc bikes has slowed somewhat."

Bangladesh's overall motorcycle market expanded by nearly 20 percent in the past six months, according to Biplob Kumar Roy, chief executive officer of TVS Auto Bangladesh.

"There used to be monthly sales of around 24,025 units. Now it has increased to about 30,320 units. That means there has been nearly 20 percent growth. On a per-month basis, the numbers are rising quite well," Roy told The Daily Star.

TVS's popular higher-cc models include the Apache RTR 160 4V Fi, Apache RTR 160 4V, and Apache RTR 160 2V.

Roy said that despite the recent rebound, the lower-end segment continues to face difficulties.

He attributed the recent uptick in sales largely to pent-up demand following a long period of economic uncertainty.

"Many people had postponed buying despite needing a motorcycle. Now they are no longer looking for alternatives. They are making their decisions. You could say there is a certain extent of uncertainty still there," commented Roy.

As for TVS, the CEO said monthly sales have climbed from around 3,500 to nearly 4,000 units in recent months. "Growth has been quite good."

Shah Muhammad Ashequr Rahman, chief marketing officer of Bangladesh Honda Private Limited, said Honda's recent gains reflect its strong focus on customer satisfaction.

Popular higher-end Honda models include the XBlade, SP 160, and Hornet 2.0.

"We prioritise resolving customer issues with urgency," he said. "Our product launches are strategically aligned with customer expectations, offering competitive pricing and true value for money."

"We have introduced advanced technologies such as PGM-FI engines, digital meters, improved fuel efficiency, and low running costs. These make our motorcycles smarter and more economical," he added.

These features, he claimed, have contributed to Honda's growth in sales.

US TARIFF SHOCK

# Navigating export vulnerability, strategic response

SELIM RAIHAN

As the initial three-month pause approached its end, the United States started announcing new reciprocal tariff rates, generally in accordance with the initial rates released in April. While the Donald Trump-led administration has offered a small window for countries to strike a better deal before the tariffs come into effect on August 1, the latest development is bound to introduce new uncertainty into global trade and the economy.

For Bangladesh, the readjusted 35 percent tariff rate is certainly a harsh economic blow, especially to the readymade garment industry. With US tariffs on Bangladeshi imports more than doubling from roughly 15 percent, the sharp and dramatic hike has the potential to erode the price competitiveness of Bangladesh's garments in its biggest export market.

In 2024 alone, Bangladesh exported around $8.5 billion to the US. The burden of this tariff hike will fall heavily on garment manufacturers and the millions of workers they employ, a majority of whom are women, raising the risks of slower growth, job losses, and a rise in poverty. These are setbacks with wide-ranging economic and social consequences.

The rationale behind these reciprocal tariffs is weak, and this has added to the concerns. Among the 14 countries targeted in the first round, Bangladesh's 35 percent rate is among the highest. If the tariff rates on its competitors eventually prove to be lower, Bangladesh would face a serious competitive disadvantage, making supply chain decision-making more difficult and eroding the confidence of buyers and investors.

The broader implications are serious. Increased costs may encourage US buyers to shift orders to countries with lower tariff burdens. The Bangladeshi economy, which relies heavily on garments for over 80 percent of its annual export revenues, is especially vulnerable.

It is also disappointing that the Bangladeshi negotiators involved in bilateral tariff discussions with the US have seemingly failed to secure any favourable outcomes. The inability to reach a more balanced bilateral agreement only increases Bangladesh's vulnerability in a rapidly changing global trade environment and geopolitical shifts.

There is no denying that in an increasingly volatile and unpredictable global trading regime, countries like Bangladesh—characterised by highly concentrated export baskets, uncompetitive domestic business and investment climates, and limited diplomatic leverage—are particularly at risk. In this context, Bangladesh must adopt a strategic mix of responses to safeguard its economic future.

First, export diversification and competitiveness must be prioritised. This involves investing in productivity, upgrading technology, and developing industries beyond garments. Dependence on a narrow range of products and markets, primarily North America and Europe, makes Bangladesh highly susceptible to external shocks. Product and market diversification is no longer optional; it is essential.

Second, it is critical to accelerate negotiations on free trade agreements (FTAs) with key trading partners. Bangladesh must actively pursue FTAs with major developing economies in Asia, Africa, and Latin America and leverage South-South cooperation. Preferential access and the removal of trade barriers will help expand export markets and reduce the risk of overdependence.

Third, comprehensive domestic trade reform is urgently needed. This includes simplifying the trade regime by lowering tariffs, reducing non-tariff barriers, and streamlining import-export procedures. These reforms will not only strengthen Bangladesh's negotiating position in trade talks but also lower input costs, attract foreign investment, and support sectoral diversification.

As international trade rules continue to evolve, Bangladesh must respond promptly, strategically, and in a multifaceted manner. Failure to adapt quickly risks deepening economic vulnerabilities and undermining future prospects.

*The write is executive director of the South Asian Network on Economic Modeling (Sanem)*

# SE Asian nations to express 'concern' over US tariffs

AFP, *Kuala Lumpur*

Southeast Asian nations will express "concern" over "counterproductive" US tariffs, according to a draft statement shared with AFP on Tuesday, after Donald Trump threatened more than a dozen countries with higher levies.

The president's trade war will likely be high on the agenda as foreign ministers from the Association of Southeast Asian Nations (ASEAN) gather in Kuala Lumpur for talks this week.

"We expressed concern over rising global trade tensions and growing uncertainties in the international economic landscape, particularly the unilateral actions relating to tariffs," ASEAN foreign ministers said, according to a draft Joint Communique.

Without directly naming the United States, the ministers said tariffs were "counterproductive and risk exacerbating global economic fragmentation and pose complex challenges to ASEAN's economic stability and growth".

Trump sent letters to 14 countries announcing that duties he had suspended in April would snap back -- even more steeply -- in three weeks.

Among those targeted were top trade partners Japan and South Korea, which each face 25 percent tariffs.

Indonesia, Laos, Thailand, Malaysia and Myanmar -- all members of the ASEAN -- face duties ranging from 25 percent to 40 percent if they do not strike a deal with Washington by August 1.

Export-dependent Vietnam, which is also an ASEAN member, is one of only two countries to have reached a tentative agreement that spares it from Trump's measures.

# Trump's trade war promises no real endgame

REUTERS, *Washington*

The reward for negotiators from South Africa to Malaysia working to reach a deal with the White House: three more weeks in the pressure cooker. On Monday, President Donald Trump again extended his deadline to seal country-by-country trade agreements, this time until August 1. The announcement came posed as a threat, with letters sent to a group of world leaders declaring that their exports would be subject to levies ranging from 25 percent to 40 percent next month. Effectively a reminder of Trump's "Liberation Day" tariff threats, his whack-a-mole demands portend ill for any deals that are struck.

Japan and South Korea provide cautionary tales. Trump's April trade announcement applied levies of 24 percent and 25 percent, respectively, only to be delayed for negotiations. He has since vented that Japan does not buy enough American rice and cars. Yet half of all the tariff-free rice Japan imports comes from the US already. Meanwhile, US rice exports to all countries account for a measly $2 billion, less than the $13 billion Japanese tourism contributed to the domestic economy in 2019, according to the State Department. Trump and spokesperson Karoline Leavitt nonetheless fixate on this one issue.

South Korea shows the cost of failing to satisfy such whims. The country sealed a free trade agreement with the US that came into force in 2012. It did nothing to prevent today's broadside. Now, Trump's agenda could slow Korean industrial giants' efforts to ramp production on American shores: recent cuts to electric-vehicle subsidies may ding the likes of battery maker SK On and automaker Hyundai.

Tariff threats against smaller countries are particularly difficult to appease. Look at, say, Laos. Its goods imports from the US amounted to $40 million, versus $803 million in goods exports, in 2024. This is infinitesimal in the scheme of the US's overall $1.2 trillion goods trade deficit, yet a promised 40 percent tariff on its exports would be extremely material to Laos's own $16 billion economy.

US President Donald Trump speaks to journalists as he signs executive orders in the Oval Office of the White House in Washington, DC. PHOTO: AFP/FILE

Furthermore, what any country gets for reaching a "deal" is still nebulous beyond lowering rates that have never been imposed. Look at Vietnam, where Trump announced a tentative agreement setting a 20 percent tariff and a levy designed to target products passing through the country from elsewhere. Monday's announcements for South Korea and Japan, where there is no deal, involve the same "trans-shipment" charge plus a 25 percent baseline rate. According to the White House, Vietnam even dropped its tariffs on US goods to zero.

Meanwhile, new bugbears – like an additional threatened 10 percent duty on the BRICS nations – creep up. Whether the tumult can ever really end is unclear. The best outcome for any country might be the framework sealed with the UK, which softened some trade barriers but little else. It's a small win now, without relying on Trump not to simply change his mind in the future.

President Donald Trump sent letters to multiple US trading partners on July 7 notifying them of new tariff rates their goods can expect to face starting on August 1. These rates are in most cases close to so-called reciprocal tariffs announced on April 2, which were subsequently paused to allow for the negotiation of trade deals. That pause was initially scheduled to conclude on July 9.