The Daily Star
FOUNDER EDITOR: LATE S. M. ALI

New US tariff brings fresh concerns

Dhaka must intensify negotiations while working on long-term resilience

We are deeply concerned by the imposition of a steep 35 percent tariff on Bangladeshi goods entering the US market from August 1. This marks a new phase in the trade war launched by President Donald Trump earlier this year. Although the 35 percent rate is a slight improvement from the 37 percent initially proposed, it is still far above the 20 percent that Dhaka had hoped to secure. In fact, Bangladesh is among the hardest-hit countries in the latest round of US trade actions that imposed duties ranging from 25 to 40 percent.

Over the past few months, much has been made of the likely impacts of tariff pressures on our apparel sector. True, the sector is still well-positioned in the US market. As a global leader in low-cost, basic to mid-range garments, Bangladesh's products remain attractive to American retailers. Since the "reciprocal" tariff announcement on April 2, a new cost-sharing model has reportedly emerged among suppliers, fabric manufacturers, and retailers. Each party is apparently bearing a portion of the tariff burden, thus preventing the extra cost from falling entirely on one segment of the supply chain. Moreover, although Vietnam secured a lower, 20 percent tariff from the US, a steep 40 percent tariff slapped on any transshipped goods routed through Vietnam—targeting China's rerouting strategies—could work in our favour. Vietnam's capacity limits, as well as India's, may also benefit Bangladesh.

That said, there is no denying the effect of a 35 percent tariff on our competitiveness. As an apparel manufacturer has told this daily, "it is a major blow for Bangladesh if it remains same." Our limited leverage in bilateral discussions with the US government is a reality we must acknowledge. However, that should not discourage us from continuing to push for a fairer deal. A Bangladeshi delegation currently remains in Washington for last-ditch talks, with the next discussion scheduled for July 9. Bangladeshi officials are hopeful that the latest tariff is not "a final decision", and that something good may come out of ongoing negotiations. President Trump's subsequent statement that the August 1 deadline is "not 100 percent firm" also provides a narrow but critical window of opportunity to reach a mutually beneficial outcome.

Naturally, the immediate goal is reducing the 35 percent tariff as much as possible, but we must also look at the bigger picture. To absorb such tariff pressures and thrive in a post-LDC, protectionist world, Bangladesh should use this crisis as an opportunity to address systemic barriers such as poor infrastructure, inconsistent energy supply, corruption, cumbersome tax regulations, etc. These longstanding issues must now be seen in the context of global competitiveness. We, therefore, urge the government to focus simultaneously on securing a better deal in Washington and laying the groundwork at home for a more resilient and diversified export economy.

Where is the rule of law?

HRSS report paints a grim picture of human rights violations

The latest half-yearly report by the Human Rights Support Society (HRSS) reveals a worrying trend in rights violations during the first half of the year. The rights group has reported an alarming rise in incidents of violence against women and children, including rape, as well as political killings, mob lynchings, assaults on journalists, custodial deaths, and attacks targeting minorities and religious shrines. In addition to these abuses, the report also highlights a sharp increase in crimes such as extortion, theft, snatching, robbery, and murder. Such persistent violations have shaken people's trust in law enforcement in post-uprising Bangladesh, where many had hoped the rule of law would be firmly upheld.

In the first half of the year, at least 1,042 women and girls were reportedly subjected to sexual violence, with an alarming 60 percent of victims being minors. Of the 476 documented rape cases, 292 involved minors. The persistence of these incidents—including the recent rapes in Cumilla and Bhola, the brutal rape and murder of an eight-year-old girl in Magura, and the death of a six-year-old in Munshiganj after a rape attempt—highlights deeper, systemic failures.

The sharp rise in mob violence during this time has also exposed a troubling state of the country's law-and-order situation. According to the report, 141 incidents across Bangladesh led to 67 deaths and 119 injuries. Data from Ain o Salish Kendra reveals that 179 individuals have been killed by mob attacks between August 2024 and June 23 this year. While these figures are deeply alarming, what is equally disturbing is the lack of proper response and accountability from law enforcement agencies.

During the first half of the year, at least 529 incidents of political violence were also reported, leaving 79 dead and over 4,100 injured. The HRSS also documented an alarming rise in custodial deaths and enforced disappearances—40 deaths in jail custody and 14 in law enforcement-related incidents. Journalists also faced mounting threats during this period, with 257 subjected to harassment or assault in 152 incidents. Additionally, legal action was taken against 92 journalists under the Cyber Security Act.

This situation must be reversed. We urge the government to ensure the rule of law across the country. Impunity for violence against women, child abuse, and increasing rape incidents must end, and swift action is needed to curb mob violence. However, restoring justice is not the government's responsibility alone. Political parties and civil society must also step up, as reversing the current trend requires a combined effort. The fundamental and constitutional rights of citizens must be protected through effective control of the law-and-order situation.

THIS DAY IN HISTORY

Catherine the Great assumes power

On this day in 1762, Catherine the Great overthrew Peter III and began her reign as the empress of Russia, leading her country into full participation in the political and cultural life of Europe and extending Russian territory.

How we could broaden our export base

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T.I.M. NURUL KABIR

Diversifying Bangladesh's export basket has been a high-priority policy objective and a much-talked-about subject for many years. As the country prepares to graduate from the LDC status in 2026, accelerating export diversification initiatives and strengthening the country's export competitiveness have become urgent needs.

Challenges to export diversification include issues regarding trade policy regime, trade infrastructure, and other crucial business-enabling factors. Despite these challenges, some of the priority sectors have been making significant contributions to Bangladesh's export earnings, including industries with high potential for higher-value products.

Thanks to the rise of RMG, Bangladesh's economy saw a significant structural transformation in the 1980s. Apparel exports have led our transformation from a primary goods-exporting economy to a manufactured goods-exporting country, thus spurring economic expansion and poverty reduction. Over the decades, the country has achieved a notable industrial production base. Now its export portfolio remains highly concentrated in the RMG sector, which accounts for more than 80 percent of total exports.

The country's entry into the global apparel markets was facilitated by the multi-fibre arrangements (MFAs). Duty-free and quota-free market access particularly under the EU's Generalised System of Preferences (GSP) for LDCs, Relaxed Rules of Origins (ROOs), and supportive trade policy adopted by the government have been instrumental in gaining competitive advantage and sustaining export growth. After the MFA quotas were scrapped in 2005, Bangladesh was able to consolidate its export competitiveness on the basis of its cheap labour cost.

However, the overdependence on apparel exports means any adverse impact on the RMG industry would lead to a major setback for our economy. Export concentration in a single sector leaves it vulnerable to the impacts of shocks affecting said industry, such as disruptions in supply chain or production, global demand fluctuations, and changing fashion trends.

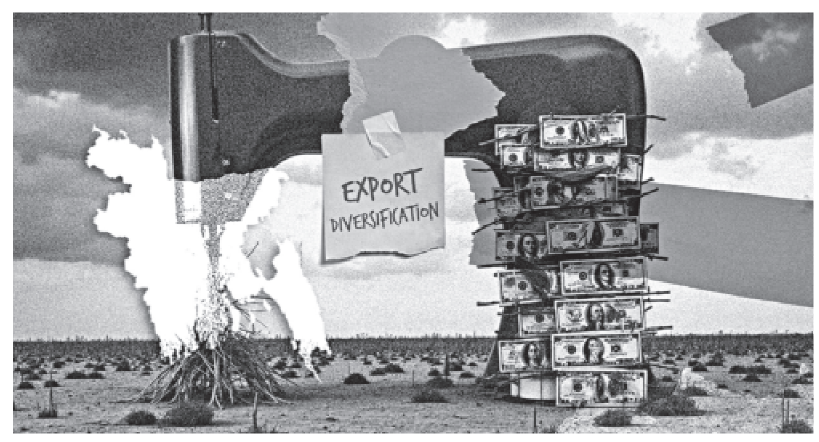
As per statistics, knitwear garment products comprise 44.6 percent and woven garments 37.2 percent of Bangladesh's total exports, followed by footwear (2.3 percent), jute products (1.9 percent) and fish (one percent). According to the Asian Development Bank's (ADB) working paper titled "Fostering Export Diversification in Bangladesh," published in June 2024, the country's export structure is among the least diversified in the world.

Because the success of the RMG sector has not been replicated in other sectors, export concentration has become a long-standing challenge, signalling significant risk for long-term export sustainability. Moreover, Bangladesh's export items consist primarily of labour-intensive products with limited value addition.

Leather and leather goods industry is the second highest export-earning sector in Bangladesh. According to the Export Promotion Bureau (EPB), the total leather exports registered a 12.55 percent growth year-on-year in FY2024-25, amounting to nearly $1.06 billion between July 2024 and May 2025. Noticeably, the export of leather goods registered a 6.11 percent decrease and export of finished leather fell by 6.29 percent between July 2024 and March 2025. On the other hand, leather footwear exports rose by 26.08 percent during the first 10 months of FY25. This significant success of leather footwear exports indicates a shift towards the export of higher-value products.

The global leather goods market, valued at $531.07 billion in 2025 to $855.36 billion by 2032, according to Fortune Business Insights, a global market research and consulting firm. To increase the export competitiveness of Bangladesh's leather industry, it is essential to speed up green transformation of the tanneries to become eligible for the Leather Working Group (LWG) certification. Besides, SMEs that work with leather products must be given easy access to finance. A closer industry-academia integration is indeed necessary for creating skilled human resources for the leather industry.

On the other hand, Bangladesh has succeeded in developing the strongest performing pharmaceutical industry—the most knowledge-intensive and advanced technology-dependent industry in the country—among all the LDCs. Several factors have catalysed the development of the pharmaceutical sector; promulgation of the Drug Control Ordinance, 1982 and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), for example, made way for the country to manufacture generic and branded generic medicines. High level of professional knowledge and skills and the innovative ideas and visionary initiatives of some industry leaders orchestrated the establishment of this high performance pharmaceutical industry. It meets almost 98 percent of the domestic demand and exports drugs to at least 151 countries, including the US.



VISUAL: SALMAN SAKIB SHAHRYAR

Bangladesh is also among the top 10 producers of rice, jute, farm fish, vegetables and potatoes, among other harvests. The agriculture sector employs over 36.9 percent of the national workforce and contributes 11.2 percent to the GDP, according to government data. According to Bangladesh Investment Development Authority (BIDA), the country produces over 70 million tonnes of agricultural products annually. Due to a lack of adequate processing and storage facilities, as much as 30 percent of the 40 million tonnes of vegetables and fruits produced in the country is lost after harvesting every year. So, agro-processing has the potential and the opportunity to build upon the country's agricultural strength. The agro-processing sector has high prospects for diversifying exports and reaching a growing global processed food market.

The agro-processing industry currently contributes 1.7 percent to GDP and 13 percent to the country's manufacturing value. Value-added food products such as frozen fish, spices, potato flakes, fruit juice, and dry food are exported across the world, including the EU, Middle East, and Japan. Given the projections showing a gradual growth of global food markets, there are significant opportunities for Bangladeshi suppliers to supply agro-processed products.

Light engineering is another potential industry that can contribute to export diversification. This industry produces machinery spares and small tools for automobiles, railways, mills and factories, textiles, agro-machinery, construction equipment, the shipbuilding industry, etc. The sector meets approximately 50 percent of the domestic demand for light engineering products, significantly reducing dependency on imports.

The sector's domestic market size is estimated at $8.2 billion, as of FY2023-24. In 2022, light engineering product export reached $795.63 million. Key export items include bicycles, industrial machinery, refrigerators, optical lenses, and batteries. Industry insiders say Bangladesh's share in the global market is less than one percent. With targeted export promotion and improved market access, this industry has significant potential to support export diversification.

Therefore, policymakers in the country can consider the potential of these sectors to urgently diversify the range of Bangladesh's exports.

Lessons we must learn before aspiring to be like Singapore

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MD MEHEDI HASAN

Over the past 16 years of the Awami League-led government, many ministers and policymakers have consistently praised Bangladesh's development trajectory—often comparing the country to Singapore, Asia's renowned business hub. For instance, in February 2020, then Finance Minister AHM Mustafa Kamal claimed that Bangladesh would surpass Singapore and Malaysia economically by 2024.

As a business journalist, I heard this comparison so often at government events that it became somewhat monotonous. Ironically, Kamal is no longer in the country, and a new political regime is in place. Under the interim government led by Nobel Laureate Dr Muhammad Yunus, similar comparisons with Singapore have resurfaced.

Most recently, the Bangladesh Investment Development Authority (BIDA) Chairman Ashik Chowdhury stated at an international investment conference that Bangladesh would become a regional manufacturing hub and transform into "a country like Singapore" by 2035.

Such remarks, however, often feel detached from reality.

As of 2024, Singapore's GDP per capita stood at around $85,000, compared to Bangladesh's $2,700. But beyond the numbers, Singapore is far ahead in terms of economic complexity, governance, innovation, and global competitiveness. The legacy of one of its former prime ministers, Lee Kuan Yew's leadership has made the city-state a beacon of human capital development, infrastructural excellence, and business-friendly governance. By contrast, Bangladesh continues to face chronic challenges—bureaucratic red tape, underdeveloped infrastructure, frequent traffic congestion, and an unpredictable regulatory environment that deters foreign investors.

Despite the overused comparisons, I must admit that they sparked a personal dream in me to one day see Singapore—the very symbol of efficiency and development our leaders often cite. That dream came true in the last week of June when I was selected for the 2025 International Trade Journalism Fellowship in Singapore, jointly organised by the National Press Foundation (USA) and the Hinrich Foundation (Singapore). I spent a week in the city and returned with unforgettable impressions—and a sobering perspective on where we actually stand.

Let me share some personal observations from that journey.

My experience began at Hazrat Shahjalal International Airport. Carrying a laptop in my luggage, I was stopped and asked to open my suitcase after scanning. I politely requested to avoid opening it, as it was tightly packed, but the officials insisted. After a pointless search, they let me go. The ordeal did not end there. Despite having a valid passport and a Singapore visa, I was held at immigration simply because I'm a journalist. They claimed to need "higher authority" permission. Although eventually cleared, I felt harassed and embarrassed. This experience raised a troubling question: how can a country with such a chaotic system aspire to become "the next Singapore"?

In sharp contrast, after a short three-and-a-half-hour flight, I arrived at Changi Airport—one of Asia's largest transportation hubs. My first impression? Breathtaking. Immigration took no more than three minutes—fully automated, no human interaction required. We spent nearly three hours simply exploring the airport's beauty and organisation. The comparison with our own airport was painful. I kept thinking: why would any serious investor choose to come to Bangladesh?

In Singapore, the roads are wide, traffic is smooth, and everything follows order. Pedestrians have designated crossings. Vehicles obey traffic signals without needing police intervention.

I did not see any traffic police on the roads—because everything runs on automation. Public cleanliness is maintained meticulously. People do not litter. Smokers use designated zones. Road safety is taken seriously—no illegal vehicles like battery-run rickshaws clogging the streets. One of the most impressive aspects was digital connectivity. I did not even need to buy a SIM card—public Wi-Fi was everywhere. I stayed connected via WhatsApp during my stay. The metro rail service throughout the city was just mind-blowing, and I visited most areas in Singapore using the metro rail with my contactless Mastercard. Above all, the sense of safety and order was reassuring. Surveillance is tight, and laws are strictly enforced—preventing illegal activities and ensuring peace in public spaces.

Having reported on business and economic issues for over a decade, I have witnessed how the Bangladeshi system often stifles enterprise through red tape, corruption, and inefficiency. It pains me to say this, but if we continue along our current path, it's not just that we won't become Singapore by 2035—we may not reach that level even by 2090.

Our policymakers must come down from the clouds and engage with reality. Mere optimism will not build an investment-friendly environment. We need serious, systemic reform.

Unfortunately, much of our development narrative is undermined by corruption, nepotism, lack of law enforcement, and policy inconsistency. Many of our so-called business elites are more focused on laundering money than investing productively at home. We may have numerous rules on paper, but enforcement remains elusive.

It's time we stop invoking Singapore in speeches and start drawing lessons from it in practice. Until then, these comparisons will only deepen public cynicism and push genuine reform further out of reach.

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