Star BUSINESS



# New telecom policy won't force foreign firms to share ownership

## CA's special assistant says

STAR BUSINESS REPORT

The government's new telecom licensing policy will not compel mobile operators to dispose of 15 percent of their ownership to local partners, said Faiz Ahmad Taiyeb, special assistant to the chief adviser with executive authority over posts, telecommunications, and ICT.

"It's not an act. I'm not forcing you to dispose of the ownership. It's a direction. I'm just making a suggestion. When a company has both foreign and local ownership, it performs better," he told a roundtable yesterday.

The roundtable, titled "Telecom Network and Licensing Policy Reform," was organised by the Telecom and Technology Reporters' Network Bangladesh at a hotel in Dhaka.

The statement comes against the backdrop of leading foreign investors in Bangladesh's telecommunications sector urging the government to reconsider proposed restrictions on foreign ownership in the upcoming Telecommunications Network and Licensing Reform Policy 2025.

In the latest version of the policy, it was mentioned that the maximum foreign ownership limit for mobile network operators is set at 85 percent.

Taiyeb further noted that while the earlier International Long Distance Telecommunication Services (ILDTS) policy was introduced to meet the needs of the time, it was grossly abused by previous governments.

"A total of 3,400 licences were issued under the ILDTS—one of the worst cases of abuse in global telecom history," he remarked.

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# FDI hits 2-year high in Jan-Mar

JAGARAN CHAKMA

Foreign investors channelled more money into their Bangladesh operations during the January to March period this year, marking a sharp rebound in foreign direct investment after years of sluggish inflows amid political uncertainty and erratic energy supplies.

Foreign direct investment (FDI) rose to $1.58 billion in the first quarter of 2025. Of this, $711 million was repatriated, while the remaining $865 million stayed in the country, according to the Bangladesh Bank.

This net inflow was 114 percent higher than the $403 million recorded in the same period a year earlier.

It was the highest quarterly net FDI since around mid 2022, and 76 percent above the $490 million received in the October-December quarter of 2024.

FDI usually consists of equity capital, reinvested earnings, and intra-company loans. Equity capital refers to the purchase of shares or ownership stakes in a foreign enterprise.

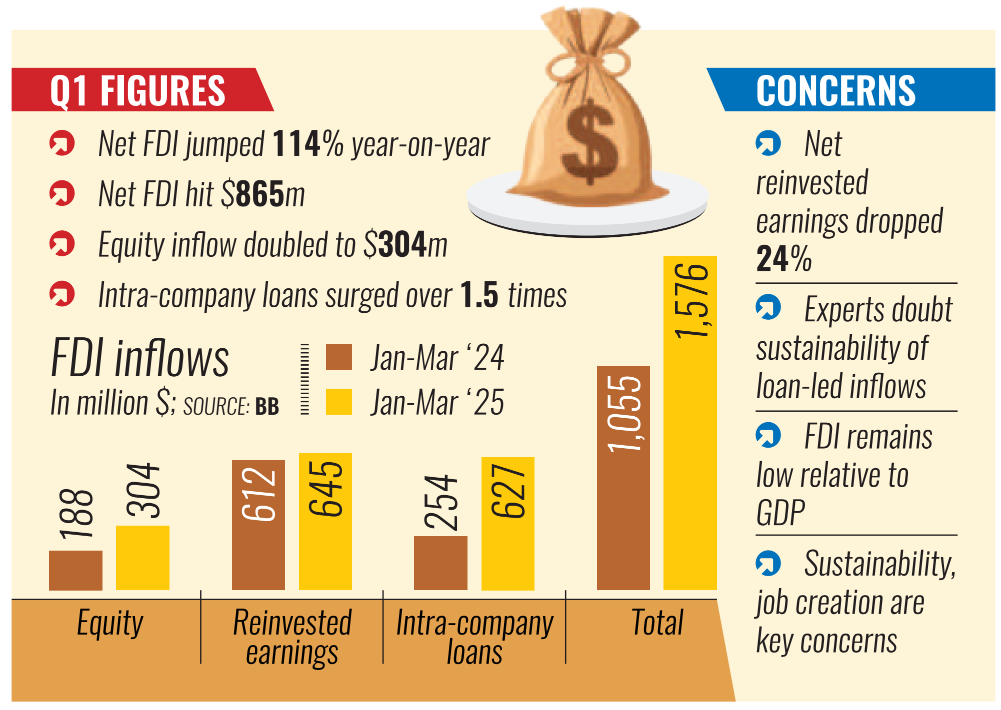
Reinvested earnings are profits retained in the business rather than distributed as dividends. Intra-company loans are financing arrangements between foreign investors and their local subsidiaries within the same multinational group.

In the first quarter of 2025, equity capital rose by 62 percent year-on-year, while intra-company loans saw a 147 percent increase to reach $627 million.

Economists and business leaders say the spike in intra-company loans may reflect firms trying to sidestep high local borrowing costs.

Such loans are mainly used to maintain liquidity, fund ongoing operations, or support expansion without turning to domestic banks.

Ashik




Chowdhury, executive chairman of the Bangladesh Investment Development Authority (Bida), said the agency played only a limited part in securing the recent inflows, as many investment decisions had been made earlier.

However, he credited faster approvals from Bida and the central bank for helping sustain the current momentum.

While the rise in FDI suggests growing investor interest, economists caution that much of the increase comes from intra-company loans rather than fresh capital.

"Post-election stability after January of 2024 and easing industrial unrest may have revived investor confidence,

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Johannes Zutt

# WB's new South Asia vice president in town

STAR BUSINESS REPORT

Johannes Zutt, the newly appointed vice president for the South Asia region at World Bank, arrived in Dhaka yesterday on a four-day official visit, marking his first country mission since assuming the role on July 1.

During the visit, Zutt is scheduled to meet with the chief adviser, the finance adviser, the governor of Bangladesh Bank, senior government officials, and representatives of the private sector, the World Bank said in a press release.

Zutt, a Dutch national, has served as the World Bank's Country Director for Bangladesh, Bhutan and Nepal from 2013 to 2015.

"I have very fond memories of Bangladesh, its people, and the friendships I have made there," he said, recalling his previous tenure.

"I look forward to returning to Bangladesh to see first-hand the transformative changes that have been achieved over the past ten years since I left my role as country director," he said.

Zutt joined the World Bank in 1999 and has since held several leadership positions.

Before taking charge as South Asia vice president, he was the World Bank's country director for

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# Construction slumps as public spending slows

PHOTO: ANISUR RAHMAN

Prices of key construction materials have surged by 12 percent to 15 percent in recent years, industry insiders said.

JAGARAN CHAKMA

Bangladesh's construction sector, one of the country's largest sectors, is reeling from a sharp contraction in public project implementation and spending, underscoring growing stress across the broader economy, according to industry insiders and analysts.

The sector's woes are laid bare in the latest Purchasing Managers' Index (PMI) report of the Metropolitan Chamber of Commerce and Industry (MCCI) and Policy Exchange Bangladesh (PEB).

It reveals that the construction index has dipped below the crucial 50-point mark. A reading under 50 signals contraction, suggesting that instead of expanding, the sector is now grappling with a downturn.

Meanwhile, the implementation rate of the Annual Development Programme (ADP) fell to a record low of 49 percent in the first 11 months of fiscal year (FY) 2024-25 (July-May).

This signals a significant slowdown in development spending compared to previous years.

"The construction sector in Bangladesh is facing unprecedented challenges," said Mir Nasir Hossain, managing director of Mir Akhter Hossain Ltd and a former president of the Federation of Bangladesh Chambers of Commerce and Industry.



He said prices of key construction materials have surged by 12 percent to 15 percent in recent years, while fund disbursement for government projects has slowed considerably.

As a result, most firms are incurring losses in one way or another, he said.

"Bank interest rates have jumped nearly 44 percent, rising from 9 percent to between 14 and 16 percent, significantly increasing borrowing costs for construction companies," said Hossain.

He further said changes in loan classification regulations have heightened the risk of companies being labelled loan defaulters, posing a serious threat to their survival.

"Although the public procurement rules allow for price adjustment clauses in projects exceeding 18 months, in practice, these clauses are not always effectively implemented, leaving contractors vulnerable to price volatility," he added.

Hossain also pointed out that foreign firms, particularly Chinese companies, continue to enjoy advantages in the local market—whether in financing, resources, or government facilitation—while domestic firms are grappling with rising costs, payment delays, and regulatory uncertainties.

Monir Uddin Ahmed, president of the Bangladesh Association of Construction Industry, said public infrastructure work has nearly ground to a halt because the interim government is not allocating sufficient funds for new projects.

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# Apparel exports to US rose 14% in FY25

STAR BUSINESS REPORT

Bangladesh's garment exporters registered the highest growth in shipments to the United States (US) in the just-concluded 2024-25 fiscal year, thanks to the shifting of work orders from other countries, mainly China.

Bangladesh shipped $7.54 billion worth of apparel to the US in the last fiscal year, posting a 14 percent year-on-year growth.

With the spike, the share of exports to the US in overall garment shipments edged up nearly one percentage point to 19.18 percent year-on-year in FY25, according to the Export Promotion Bureau (EPB).

"Many American buyers increased sourcing from Bangladesh in the last fiscal year after shipments from Vietnam got stuck. US trade tensions with China also made some buyers source from us," said Shams Mahmud, managing director of Shasha Denims Ltd, a leading apparel exporter.

In FY25, woven garments accounted for the majority of the shipments to the US, the single biggest market for Bangladesh. Exports of woven items grew 13 percent year-on-year to $4.94 billion in FY25.

But knitwear makers' exports soared 15 percent year-on-year to $2.59 billion during the period.

Overall, Bangladesh sent over $39 billion worth of apparel in FY25, posting nearly a 9 percent growth.

The European Union (EU) bought half of the garments sold by the South Asian country, the world's second-largest apparel exporter after China.

In FY25, garment exports to the EU expanded 9 percent year-on-year to $19.7 billion.

Within the EU market, where Bangladesh's goods get duty-free entry, Germany was the biggest destination, followed by Spain, France, and the Netherlands, according to EPB data.



Apart from the US and EU, the UK, Canada, and Japan were the largest markets for apparel in the last fiscal year.

Mohiuddin Rubel, managing director of Bangladesh Apparel Exchange, an initiative to promote local apparel and textiles, said that since the onset of Covid-19, the global landscape has taken unexpected turns, presenting a cascade of new challenges each day.

"Our performance remains robust in the traditional markets, boasting an impressive 84 percent share of our total apparel exports. However, the non-traditional market tells a different story, with our current stake standing at a modest 16 percent."

Exporters define the EU, US, UK, and Canada as traditional markets, while the rest—including Japan, Australia, and India—as non-traditional ones.

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# Hitachi, Transcom Digital unveil top-load smart washing machines, dishwashers

STAR BUSINESS DESK

Hitachi, a global leader in home appliances, in partnership with Transcom Digital, has launched its top-load smart washing machines and dishwashers for the very first time in Bangladesh.

These cutting-edge appliances come equipped with features such as smart wash, an air jet dry system, auto balancer, soaking function, 19-minute half load, 28-minute speed wash programmes, soft-close lids, and tempered glass covers -- each designed to deliver powerful cleaning with enhanced ease and efficiency, according to a press release.

The dishwashers are fitted with 11 advanced technologies, including a steam shine function, auto open door, surround wash technology, hygiene care with 99.99 percent elimination of bacteria and viruses, and an eco-friendly chassis made from recycled PET, setting a new standard for smart kitchens in Bangladesh.

Ritesh Ranjan, head of business at Transcom Digital, remarked: "We are delighted to bring Hitachi's globally renowned technology to our customers in an exciting new format. The introduction of the Top Load Washing Machines and Dishwashers underscores our commitment to making premium innovations accessible to Bangladeshi households."

Tarun Jain, director of sales at Arçelik Hitachi Home Appliances Sales (Singapore) Pte Ltd, added: "Bangladesh has always represented a promising market for Hitachi. With this launch, we aim to enhance the lifestyle of modern consumers by providing reliable, intelligent, and energy-efficient solutions at attractive price points."

To celebrate the launch, Transcom Digital has introduced a promotional campaign, titled "Double Scratch & Win" for the new Top Load Washing Machines.

Customers will have two chances to scratch and win from a pool of over 1,000 prizes, including instant cash vouchers, complimentary gifts, and grand travel rewards to Thailand and Nepal.

In addition, each buyer will receive a complimentary one-month supply of detergent. For dishwashers, customers will enjoy a free one-month supply of dishwashing tablets. The promotional offers are valid until July 31, 2025 across all Transcom Digital showrooms nationwide.


**Ritesh Ranjan, head of business at Transcom Digital, and Tarun Jain, director of sales at Arçelik Hitachi Home Appliances Sales (Singapore) Pte Limited, pose for photographs at the recent launch of the Hitachi's top-load smart washing machines and dishwashers in Dhaka.** PHOTO: TRANSCOM DIGITAL

# BRAC Bank organises 'Agent Meet 2025' in Barishal


**Nazmur Rahim, deputy managing director and head of alternate banking channels at BRAC Bank PLC, poses for group photographs with participants of the "Agent Meet 2025" at the BRAC Learning Centre in Barishal recently.** PHOTO: BRAC BANK

STAR BUSINESS DESK

BRAC Bank PLC recently organised an "Agent Meet 2025" in the Barishal region, aimed at strengthening field-level engagement and accelerating financial inclusion.

The event brought together agent banking partners from six southern districts -- Patuakhali, Barishal, Jhalokathi, Pirojpur, Bhola and Barguna.

Nazmur Rahim, deputy managing director and head of alternate banking channels at the bank, inaugurated the event as the chief guest at the BRAC Learning Centre in Barishal, the bank said in a press release.

In his speech, Rahim emphasised the importance of trust, technology, and teamwork in delivering financial services at the grassroots level.

He encouraged agents to align their efforts with the bank's broader vision of inclusive, responsible and sustainable banking.

Key themes discussed included a review of business performance for 2024, strategic planning for 2025, creating a roadmap for sustainable banking outlets, identifying business challenges, and exploring practical solutions.

Through engaging discussions and interactive sessions, participating agents received valuable guidance from BRAC Bank's leadership, which is expected to enhance the effectiveness and outreach of agent banking operations in rural and underserved communities.

Among others, Md Nazmul Haq, regional head of SME banking at the bank; Mizanur Rahman, senior regional manager of monitoring; Anwar Hossain Mollah, manager of the Barishal branch; and Md Faysal Islam, regional coordinator for agent banking in the Barishal and Khulna divisions, were also present.

# Global stocks fall as Trump ramps up tariff threats

AFP, *New York*

European and US stock markets retreated Friday as US President Donald Trump ramped up his trade offensive, threatening a 35-percent levy on Canada.

Trump dampened earlier optimism by firing off more than 20 letters to governments outlining new tariffs if agreements are not reached by August 1.

Bitcoin meanwhile pushed on with its climb, reaching an all-time high above $118,000.

The dollar was higher against its main rivals, and oil prices gained.

Wall Street's three main indices fell, with both the S&P 500 and Nasdaq retreating from records.

But the pullback was relatively modest, implying that many investors are taking a wait-and-see approach to Trump's latest tariff broadsides.

"We have yet to see new substantial tariffs actually be enforced," said Adam Sarhan of 50 Park Investments, describing investors as skeptical the biggest levies will actually be enacted.

**In Europe, where investors were awaiting news of Trump's new tariff level targeting the European Union, the Paris stock market dropped 0.9 percent and Frankfurt 0.8 percent**

A note from Oxford Economics characterized Trump's moves as "more tariff theatrics," while allowing that the levy on Canada produced "jitters."

In Europe, where investors were awaiting news of Trump's new tariff level targeting the European Union, the Paris stock market dropped 0.9 percent and Frankfurt 0.8 percent.

"The fallout hasn't been more pronounced because the market still continues to view all of this as a point of negotiating leverage," said analyst Patrick O'Hare of Briefing.com.

Trump dialed up his trade war rhetoric Thursday, warning that Canada faced a 35-percent tax, while other countries would be handed blanket tariffs of up to 20 percent, from the current 10 percent.

That came after he outlined plans to impose 50-percent tariffs on copper imports, while threatening 200-percent levies on pharmaceuticals, and hit Brazil with a new 50-percent charge.

The moves are the latest by the White House in a campaign it says is aimed at ending decades of the United States being "ripped off".

Trump's initial bombshell tariffs announcement in April sent markets into turmoil until he paused them for three months, and the latest measures have had less impact.


**Citizens Bank PLC yesterday organised its 4th annual general meeting at its head office in Dhaka. Chowdhury Mohammed Hanif Shoeb, chairman of the bank, presided over the meeting. Mukhlesur Rahman, SM Shofiqul Hoq and Tajkia Rahman, directors; NKA Mobin, independent director; Rakibul Islam Khan, sponsor shareholder, and Alamgir Hossain, managing director of the bank, also attended the meeting.** PHOTO: CITIZENS BANK


**Md Touhidul Alam Khan, managing director and CEO of NRBC Bank PLC, poses for group photographs with participants of a training programme, titled "Foreign Exchange and Foreign Trade", recently organised by the bank for its officials at its training institute in Dhaka. Kabir Ahmed and Harunur Rashid, deputy managing directors of the bank, were also present.** PHOTO: NRBC BANK

# Thailand's tourism struggles as Chinese visitors decline

ANN/THE NATION

From January 1 to July 5, 2025, Thailand welcomed 16.8 million international tourists, a 5 percent decrease compared to the same period last year. Of these, 67.1 percent were from nearby markets, and 32.9 percent from long-haul markets. The number of tourists from nearby markets dropped by 12.20 percent, with East Asia seeing a significant decrease of 24.81 percent, mainly due to a slowdown in Chinese tourism. Meanwhile, long-haul markets have seen a positive increase of 14.88 percent compared to last year.

Thailand's tourism sector is facing challenges from the structural changes in its market, especially the slowdown of Chinese tourists, which has traditionally been a major source market. The decline is partly due to concerns over safety perceptions surrounding travel to Thailand. From January 1 to July 5, 2025, the number of Chinese tourists dropped by 34.23 percent compared to 2019, before the pandemic, when 11.1 million Chinese tourists visited Thailand out of 39.8 million total international visitors, accounting for 28 percent, or about 925,000 per month.

Currently, Chinese tourists make up only 13.58 percent of the total. If the trend continues, Thailand is expected to receive only 4-5 million Chinese tourists in 2025, the first time in 12 years that numbers will fall below 5 million (excluding the Covid-19 period and post-recovery).

The loss of Chinese tourists has had a significant impact on Thailand's tourism revenue target. While Malaysia has overtaken China as the top source market, with 2.36 million tourists compared to China's 2.32 million, Malaysian tourists spend much less. Chinese tourists typically stay for 7.36 days and spend an average of 42,428 baht per trip, compared to Malaysia's 4.17-day stays and 21,450 baht spending.

However, markets such as India, Japan, Singapore, Australia, South Korea, the UK, and the US have seen growth. Although long-haul markets have higher spending, averaging 81,482 baht per trip compared to around 50,000 baht for short-haul markets, their smaller volume (28 percent) isn't enough to fully compensate for the drop in Chinese tourism. Additionally, the global economic slowdown and geopolitical issues have led to more cautious spending from long-haul tourists.

**Tourists ride a cruise in the Chao Praya river in Bangkok. Thailand's tourism sector is facing challenges from the structural changes in its market, especially the slowdown of Chinese tourists.** PHOTO: AFP/FILE

Thailand is not only facing issues related to safety concerns from Chinese tourists but is also contending with increased competition, particularly from Japan and Vietnam. The depreciation of the yen has led more Chinese tourists to visit Japan, which has now seen over 3.1 million Chinese visitors, surpassing Thailand. Additionally, the stronger Thai baht has made Vietnam an increasingly popular destination for Chinese travellers.

Yuthasak Supasorn, former Governor of the Tourism Authority of Thailand (TAT), stated that the outlook for Thai tourism this year may not meet targets for both the number of tourists and revenue due to the decline in tourist numbers and the global economic downturn. While there are positive signs from other markets, such as South Asia, Europe, the US, and the Middle East, these do not fully replace the loss from China.

"The Chinese market is vital, and we need to quickly pursue an aggressive marketing strategy. Rebuilding the 1 million Chinese tourists who have stopped coming could bring in 40-50 billion baht to the Thai economy. Thailand must urgently address safety concerns, introduce new selling points, and utilise promotions and value-driven offers to attract Chinese tourists back," Yuthasak concluded.

# US budget deficit widens

AFP, *Washington*

The US government saw its budget deficit widen from the prior year in the October to June period as spending rose, but customs duties surged to a record after President Donald Trump's wide-ranging tariffs on imports.

The budget gap widened by $64 billion to $1.3 trillion for the first nine months of the fiscal year, said the Treasury Department on Friday.

This came as increased expenditures outweighed receipts, with greater spending seen in areas like Medicare, the government health care program for seniors, and Medicaid, the federal program for low-income Americans.

There were also higher expenses from interest on the public debt, which hit a record $921 billion.

But collections of customs duties also ballooned from $61 billion to $113 billion -- a record surpassing levels seen in past fiscal years.

In June alone, the US government collected $27 billion in customs duties, up from $7 billion in 2024.

The jump came after Trump imposed a 10 percent tariff on imports from almost all trading partners in April, alongside steeper rates on Chinese goods, steel, aluminum and autos since returning to the presidency.

The Trump administration has repeatedly pointed to levies as a revenue driver. Treasury Secretary Scott Bessent said at a cabinet meeting this week that tariff income could exceed $300 billion by year-end, although economists warn that tariffs would likely shift trade flows over time.

Overall, government receipts rose by seven percent, boosted by tax collection from individuals. This was helped by increased employment and wages, said a senior Treasury official.

But there was a slump in corporate taxes collected, which the Treasury official said was likely due to expectations of preferable expensing and deduction provisions included in Trump's new flagship tax and spending bill.

# Customs backlog grows as server performance worsens

STAFF CORRESPONDENT, *Chattogram*

The performance of the ASYCUDA World system, used by the National Board of Revenue to process trade documentation, worsened over the weekend, prompting fears of a major disruption in goods clearance.

Customs houses across Bangladesh, including Chattogram, Dhaka, Benapole, Mongla, Pangaon, and ICDs, remained open on Friday and yesterday in a bid to clear the backlog that had accumulated due to the server's slow performance.

However, the move did little to ease the problem as ASYCUDA's functionality deteriorated further.

"The ASYCUDA World system now operates for only 10–15 minutes every two hours, a significant decline from earlier disruptions," an official working at the Chattogram customs house, speaking on condition of anonymity, told The Daily Star yesterday.

"If this persists into Sunday (today) and next week, the situation could escalate into a full-blown clearance crisis," the official added.

Meanwhile, Moazzem Hossain, chairman of CN Trade International, said, "Keeping customs houses open over the weekend had little real benefit because banks and shipping agents were closed."

"Although import-export duties were calculated, no consignments were actually cleared for release," he added.

The ASYCUDA World was introduced in 2013 to replace ASYCUDA++. Although the system is designed to facilitate end-to-end online submissions, performance issues and complete breakdowns have become increasingly common.

On average, the customs house handles around 3,500 to 4,000 bills of entry daily. When the system goes down, even the simplest clearance takes up to five times longer than usual, traders complain.

# Trade thru Benapole drops sharply amid bans, global downturn

STAR BUSINESS REPORT

PHOTO: STAR/FILE

Trade through Benapole Land Port has dropped sharply since August 5 last year, owing to a global downturn and bans by Bangladesh and India, causing major losses to businesses on both sides.

Bangladesh imported 2.13 million tonnes of goods from India through the land port in the 2023-24 fiscal year, which fell to 1.49 million tonnes in the next year, according to Bangladesh Land Port Authority data.

Meanwhile, Bangladesh's exports to the neighbour hit 381,440 tonnes in FY25, down from 456,672 tonnes in FY24.

In a year, imports dropped by 631,330 tonnes and exports by 75,232 tonnes.

The successive bans by India and Bangladesh have plunged the cross-border trade into a crisis, said Motiar Rahman, a director of the India-Bangladesh Chamber of Commerce and Industry.

He also urged the government to intervene to resolve the stalemate, as the continuous restrictions have caused severe disruptions.

On April 8, the Indian government barred the export of Bangladeshi goods via Indian airspace to a third country and imposed another restriction on May 17, halting the shipment of garments, cotton waste, plastic furniture, and various fruits.

Later, on June 26, India suspended the export of jute and jute products through land routes.

The Bangladesh government banned the import of yarn from India via land ports, citing the protection of domestic industries at the behest of the Bangladesh Textile Mills Association.

# Stocks rose last week for increased investor activity

STAR BUSINESS REPORT

The indexes of the Dhaka Stock Exchange (DSE) rallied last week as investor activity remained upbeat on the back of a continuous market recovery.

The DSEX, the benchmark index of the DSE, surged 173.97 points, or 3.55 percent, to close the week at 5,068.

The DS30 index, comprising blue-chip stocks, advanced 73 points to 1,908, while the DSES index, which tracks Shariah-compliant firms, gained 36 points to close at 1,101.

With the market closed on July 6 as it was a public holiday for holy Ashura, there were four trading sessions last week, all of which ended higher, buoyed by increased turnover, according to DSE data.

Total turnover for the week stood at Tk 2,545 crore, up from Tk 1,945 crore in the previous week.

The average daily turnover rose to Tk 636 crore, marking a 31 percent increase from the previous week's Tk 486 crore.

Investors were most active in the banking sector, which accounted for 19.13 percent of the daily average value of trade, followed by pharmaceuticals (13.59 percent) and textiles (10.43 percent).

In terms of sector-wise returns, the life insurance sector led with a gain of 7.49 percent, followed by paper and printing, jute, travel and leisure, and tannery.

Of the issues that were traded, 324 advanced, 35 declined, and 35 remained unchanged.

Rahim Textile Mills PLC topped the gainers' list with a 37.56 percent rise, while Yeakin Polymer Limited dropped the most, losing 8.05 percent.

# Construction slumps

FROM PAGE B1

"As a result, many small and mid-level contractors are facing severe financial hardship and may be forced to exit the sector due to a lack of income and work opportunities," he said.

According to Ahmed, the construction industry is passing through one of its toughest phases in recent years and is unlikely to regain momentum until an elected government takes office and revives development spending.

"The dynamics of the sector have turned negative," said M Masrur Reaz, chairman and CEO of Policy Exchange Bangladesh.

"This contraction is concerning because construction has high entry costs, significant value chain depth, and strong linkages with domestic industries such as cement, bricks, and steel," he said.

"When the sector shrinks, the economy's value addition and employment prospects suffer," he said.

Reaz said multiple factors are driving the slowdown.

Domestic demand has weakened amid broader economic uncertainty, while high inflation has forced the government to cut back on public spending for infrastructure and development, he said.

He further said the monsoon typically halts or delays construction work, as heavy rains disrupt building activities, logistics, and the transport of materials, reducing economic activity in allied industries and creating ripple effects across the broader economy.

The cement industry, deeply tied to the construction sector, is already facing significant headwinds due to political uncertainty and sluggish public spending, said Mohammed Amirul Haque, managing director of Premier Cement Mills PLC.

"The slowdown in construction has already affected employment, economic activity, and government revenue collection," he told The Daily Star.

He said cement sales have dropped by around 15 percent over the past three months amid reduced public spending.

"While the monsoon typically dampens cement and construction material sales, this year the situation is markedly worse, with construction activities remaining severely limited," he said.

Haque added that the contraction in construction work has dealt a heavy blow to backward linkage industries that supply raw materials and services essential for construction.

However, he noted that there was one market that was still unaffected.

"Demand in rural areas remains relatively strong, offering some relief to industries connected to the sector," he said.

According to him, the construction sector is linked to the development of numerous ancillary industries, including those producing steel, cement, tiles, sanitary ware, cables, electrical equipment, paint, glass, aluminium, and bricks.

However, when the construction sector is affected, these subsectors are also impacted, he said.

Haque expressed hope that the sector might rebound once an elected democratic government comes to power and development projects resume in earnest.

# Apparel exports

FROM PAGE B1

According to the EPB, Bangladesh's RMG exports to non-traditional markets increased 6 percent year-on-year to $6.44 billion in FY25.

Rubel said the US economy recovered faster than the EU. Besides, US purchases from China declined, which benefitted Bangladesh.

"We invested in factories and compliance. Now, a lot depends on the resolution of the tariff issue with the US," he said, referring to the government's negotiation with the Trump administration over its plan to impose a 35 percent tariff on Bangladesh's exports.

Mahmud said the worst-affected countries would focus on the EU markets because of Trump's tariffs.

"So, there will be a knock-on effect, and a price war may unfold in the EU market," he said. "In the US, consumer demand is likely to shrink due to the higher import cost. A price war is also likely in the American market."

# Oil price rises over 2%

REUTERS, *New York*

Oil prices rose over 2 percent on Friday as the International Energy Agency said the market was tighter than it appears, while US tariffs and possible further sanctions on Russia were also in focus.

Brent crude futures settled up $1.72, or 2.5 percent, at $70.36 a barrel. US West Texas Intermediate crude gained $1.88, or 2.8 percent, to $68.45 a barrel. For the week, Brent rose 3 percent, while WTI had a weekly gain of around 2.2 percent.

The IEA said the global oil market may be tighter than it appears, with demand supported by peak summer refinery runs to meet travel and power generation.

Front-month September Brent contracts were trading at about a $1.20 premium to October futures.

"The market is starting to realize that supplies are tight," said Phil Flynn, senior analyst with Price Futures Group.

US energy firms this week cut the number of oil and natural gas rigs operating for an 11th straight week, energy services firm Baker Hughes said. The last time that happened was July 2020, when the COVID-19 pandemic cut demand for fuel.

Short-term market tightness notwithstanding, the IEA boosted its forecast for supply growth this year, while trimming its outlook for growth in demand, implying a market in surplus.

"Opec+ will quickly and significantly turn up the oil tap. There is a threat of significant oversupply. In the short term, however, oil prices remain supported," Commerzbank analysts said. Opec+ is the Organization of the Petroleum Exporting Countries plus allies including Russia.

Further adding support to the short-term price outlook, Russian Deputy Prime Minister Alexander Novak said Russia will compensate for overproduction against its Opec+ quota this year in the August-September period.

# FDI hits 2-year high

FROM PAGE B1

but it hasn't fully returned to pre-crisis levels," said M Masrur Reaz, chairman and chief executive of Policy Exchange Bangladesh, a local think tank.

"It's vital to verify whether these inflows represent genuine new investments or mainly financial adjustments," added the economist.

In January–March, reinvested earnings, which are a key indicator of confidence among existing investors, fell by 24 percent year-on-year, dropping to $194.71 million from $257.26 million a year earlier.

At the same time, outflows rose to $711 million, up from $651 million in the first quarter of 2024.

Zaved Akhtar, chairman and managing director of Unilever Bangladesh, said more firms appeared to be leaning on intra-company loans as interest rates in the local banking sector spiked.

Akhtar, also president of the Foreign Investors Chamber of Commerce and Industry (FICCI), said that if the funds are only used to cover operational costs or liquidity gaps, they do little to benefit the broader economy.

"But if the funds go into local investments, they can generate jobs and boost the economy," he said, urging closer assessment of the data.

Akhtar pointed out that investment still remains low as a share of GDP, and fresh equity comprises just 30 percent of the total inflow. Declining reinvested earnings also reflect caution among current investors. "We need to push all these other levers of FDI," he said.

Selim Raihan, executive chairman of local think tank South Asian Network on Economic Modelling (Sanem), agreed that while the net FDI inflow in the first quarter of 2025 was encouraging, much of it came in the form of intra-company loans, which do not necessarily signal stronger greenfield investment.

"Inflows of FDI through intra-company loans are positive, but multinational companies usually bring in such loans from their parent companies either to finance further expansion or to manage crises," he said.

He added that under Bangladesh's FDI policy, these types of inflows are not usually viewed as successful outcomes of investment promotion efforts.

However, Bida's Executive Chairman Chowdhury said that investors had kept a close eye on the second half of 2024 to assess whether the interim government could deliver on its promises, leaving FDI largely stagnant during that period.

"However, they have witnessed that the interim government has performed well and has managed to build confidence among investors," he said.

"To maintain this momentum, it is crucial to expedite reform initiatives aimed at attracting foreign direct investment," he added.

# New telecom policy won't force

FROM PAGE B1

Under the new policy, many of the licensing layers introduced by the ILDTS will be discontinued.

However, existing licensees will be allowed to operate until their current licences expire.

Sumon Ahmed Sabir, chief technology officer at Fiber@Home Ltd, said, "We must come to a conclusion on how long we'll continue depending on foreign companies for such a sensitive sector like telecom."

"At the infrastructure level, there should not be open licensing—just as roads aren't built everywhere without planning," he said.

"If the same foreign investor is allowed to invest across all layers of telecom, a single foreign entity could end up controlling the entire telecom ecosystem in Bangladesh," he said.

TIM Nurul Kabir, executive director of the Foreign Investors' Chamber of Commerce and Industry, emphasised the need for strategic direction.

"Bangladesh needs a holistic roadmap to define where the telecom and ICT sectors will go in the next five years. This clarity is crucial for foreign investors," he said.

Mahtab Uddin Ahmed, former CEO of Robi Axiata, welcomed several aspects of the draft policy.

"Active sharing is a good move, as are incentives for meeting rollout obligations and promoting innovation. But my concern is the lack of clear SMP [significant market power] regulation," he said.

Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink, noted, "We still need to think more deeply about setting caps on foreign investment in telecom. Bangladesh continues to need FDI, but there should be a balance."

Aminul Hakim, president of the Internet Service Providers Association of Bangladesh, criticised the lack of fair competition.

"Telecom operators enjoy both floor and ceiling prices for their packages, but ISPs don't even have a floor price. Transmission costs are fixed for ISPs, while mobile operators can negotiate," he said.

Maj Gen (retd) Md Emdad ul Bari, chairman of the Bangladesh Telecommunication Regulatory Commission, said, "The ILDTS policy was well-intentioned, but it was severely abused."

"The number of licences for IIG, ICX, and IGW far exceeded actual demand. Some companies secured licences across multiple layers," he said.

He emphasised that the new policy aims to simplify regulation, ensure competition, and prevent market monopolies.

Banglalink CEO Johan Buse said the main objective of the policy should be to ensure better service quality for customers.

Grameenphone CEO Yasir Azman also spoke at the event.

# WB's new

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Brazil and earlier served as director for strategy, results, risk and learning in the operational policy and country services vice presidency.

He has also served as country director for Türkiye, Comoros, Eritrea, Kenya, Rwanda, Seychelles and Somalia.

The World Bank has committed around $46 billion to Bangladesh since its independence, primarily through grants and concessional financing under International Development Association.

# FOCUS ON VALUE Not just volume

## New BGMEA president urges shift in apparel export strategy for sustainable growth

Mahmud Hasan Khan

REFAYET ULLAH MIRDHA


Bangladesh should shift its focus from volume-driven garment exports to value-added products to retain more export earnings at home, said Mahmud Hasan Khan, the newly elected president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

He said that expanding export volumes without increasing value addition weakens long-term sustainability.

"At the end of the day, Bangladesh, as a manufacturing and supplying country, needs more value addition and value retention. These are the ultimate goals in the global value chain," he said during an interview with The Daily Star last week.

Value retention refers to the net earnings a country retains from exports after subtracting the cost of imported raw materials and inputs. A higher retention rate indicates a stronger local economic contribution.

To support his argument, the new BGMEA president said that if Bangladesh were to export $100 billion worth of garments in a year but retain only $2 billion due to low value addition, the business model would not be sustainable.

> **The new BGMEA president said that if Bangladesh were to export $100 billion worth of garments in a year but retain only $2 billion due to low value addition, the business model would not be sustainable**

"Instead, if we export $50 billion and retain $13 to $14 billion, that makes much more sense for Bangladesh," he said.

Many industry leaders have long championed the target of $100 billion in garment exports by 2030, focusing largely on increasing volume.

But Khan believes a better approach would be to prioritise value addition to ensure resilience and profitability. "If exporters chase volume alone, buyers will come, but the business might not be sustainable in the long run."

One important area for value addition is the production of garment items using man-made fibre (MMF). Countries like China and Vietnam have excelled in this segment.

Khan said Bangladeshi exporters are also eager to invest in MMF-based facilities, but inconsistent gas and electricity supplies obstruct large-scale investments in this area.

Although the interim government has repeatedly said it will not defer Bangladesh's graduation from the UN's least developed country (LDC) category, which is currently scheduled for November 2026, the new BGMEA president supports a two-year delay.

"If we can get another two years, businesses will have time to prepare for a smooth transition," he said.

Such a delay would also allow exporters to continue receiving incentives on export earnings, which he said would help increase competitiveness.

The top apparel manufacturers' leader also called on the government to support efforts to diversify export markets.

Bangladesh treats all markets outside the UK, the US, Canada and the European Union as emerging. While exports to these destinations were once negligible, they reached nearly $7 billion during the July–May period of fiscal year 2024–25.

New markets such as Japan, Malaysia, South Korea, Australia, India and China are now showing great potential, thanks in part to targeted government support.

"Japan is a $24 billion garment import market. Our exports there are rising fast and may reach $1.5 billion by the end of the current fiscal year," he said.

He said Bangladeshi missions abroad should play a stronger role in expanding both new and traditional markets.

"If we can grab a bigger share of the non-traditional markets, pressure on traditional ones will ease. That will reduce the tendency among buyers to push prices down and minimise unhealthy competition among domestic suppliers."

Regarding labour unrest, which added another layer to the challenges facing the local apparel industry after the political changeover in August last year, Khan partly blamed the factory owners.

He said labour unrest remains a recurring issue in the industry, often triggered by unpaid wages following unplanned factory expansion.

"Both human and natural causes prompt worker unrest. Healthy industrial relations are key to resolving these issues effectively," he said.

Commenting on the reciprocal tariffs by the Trump administration, Khan said if US buyers cut back on sourcing from Bangladesh, export dependence on the EU would grow.

"In the end, consumers in importing countries will bear the cost. If American consumers still demand Bangladeshi garments, exports to the US will continue despite higher tariffs."

The Trump administration is expected to announce the final tariff rates for Bangladesh soon.

If this leads to export concentration to the European bloc, Khan said Bangladeshi exporters will face greater pricing pressure from both buyers and market peers.

"Higher tariffs mean tougher challenges. But we still don't know what kind of tariff they will impose," he added.

The garment sector has faced multiple setbacks, including incidents of arson, vandalism, labour unrest and work stoppages following the August political changeover.

"After an uprising, law and order often deteriorates. Fortunately, it didn't reach that level in Bangladesh," Khan said. "Still, the current law and order needs to be improved for a better business environment."

"As the general election approaches, law and order might tumble. If stability holds, the sector will grow, and new investments will follow," he commented.

Urging the government to ease the ongoing energy crunch, reduce high bank interest rates and resolve political uncertainty, the BGMEA president said these measures are essential for attracting new investment, increasing exports and creating more jobs in the private sector.

# Tariff talks alone will not fix the economy

MAMUN RASHID

The pricing issues caused by new trade restrictions are raising growing concern across Bangladesh's export sector. And this concern comes not from problems within the country, but from sudden changes in the international trade system.

The recent decision by the United States to impose a 35 percent tariff on Bangladeshi goods marks a serious challenge. Even though this is slightly lower than the earlier announced 37 percent, it remains significantly higher than the 20 percent that Bangladesh had hoped for. In effect, the tariff puts enormous pressure on our exports, particularly the readymade garments (RMG) industry, which depends on keeping prices low and competitive.

For years, Bangladesh has held a firm position in global supply chains by producing good-quality products at affordable prices. But now, this new tariff is testing the resilience of that model. The RMG sector has responded swiftly, with local suppliers, factories and international buyers trying to share the additional cost. However, such solutions are not sustainable. No matter how creative the cost-sharing model may be, it cannot fully protect us from the erosion of our price advantage.

This moment calls for a deeper, more honest review of our export strategy. Much attention is currently focused on ongoing discussions. Some recent signals from the US government suggest that the August 1 deadline may be flexible. While this offers a narrow window of hope, Bangladesh cannot rely solely on foreign talks without making improvements at home.

At the core lies a long-standing issue. Bangladesh depends too heavily on a limited number of products and a handful of international markets. Although this risk has been acknowledged for years, meaningful diversification has been slow. It is true that countries like Vietnam have secured lower tariffs, but they too are now facing restrictions aimed at preventing trade route misuse, especially by China. This underlines just how unpredictable global markets have become.

Several areas demand urgent attention. Infrastructure issues such as port delays, power shortages and inefficient transport continue to undermine export performance. The tax and customs environment remains far from business-friendly. What were once seen as internal issues now directly affect our global competitiveness.

On top of that, Bangladesh is on the cusp of graduating from its least developed country (LDC) status. This transition means that the trade benefits we have enjoyed for decades will gradually be withdrawn. In a world becoming increasingly protectionist and focused on national interests, this shift will bring fresh challenges.

There is no question that Bangladesh needs a clear, long-term strategy. We must focus on strengthening our foundations, not just reacting to individual crises. We need to expand into new markets, including Africa, Latin America and the Middle East, rather than relying on a few Western countries. Trade agreements must be pursued proactively to show that Bangladesh is ready to take a fair and equal place in the global economy.

We must also invest in skill development and the production of higher-value goods. Bangladesh cannot continue to rely solely on low-cost manufacturing if it wants to remain relevant in global trade. In addition, stronger collaboration between government, the private sector, foreign trade missions and influential global stakeholders is essential for better preparation.

This new tariff should not be viewed as an isolated problem. It is a signal. It tells us that the time has come to move beyond a basic low-cost approach towards a smarter and more balanced export model.

The path forward lies not in quick fixes or short-term talks, but in aligning smart foreign policy with real domestic reform. Tariffs will come and go. What matters is whether Bangladesh has the strength and adaptability to manage change and emerge stronger through better negotiation.

*The writer is an economic analyst and chairman at Financial Excellence Ltd*

# IEA sees anaemic global oil demand growth

AFP, *Paris*

Growth in oil demand is anaemic globally, with several countries in the crosshairs of US President Donald Trump tariff threats suffering drops, the IEA said Friday.

Annual growth in oil demand fell from 1.1 million barrels per day (mbd) in the first quarter of the year to just 0.5 mbd in the second, the International Energy Agency said in its monthly oil market review.

Consumption in emerging markets was "particularly lacklustre", it added.

It lowered its forecast for oil demand growth for 2025 as a whole to 0.7 mbd, "its lowest rate since 2009" apart from when the Covid pandemic shut large swathes of the global economy in 2020.

"Although it may be premature to attribute this slower growth to the detrimental impact of tariffs manifesting themselves in the real economy, the largest quarterly contractions occurred in countries that found themselves in the crosshairs of the tariff turmoil," the IEA said.

The drops were particularly sharp in China, Japan, South Korea and Mexico, all targeted by Trump with stiff tariffs.

Oil demand in Europe and other Asian emerging economies, also targeted by Trump, proved more resilient.

The IEA sees the oil production exceeding demand in 2025, with output rising by 2.1 mbd to 105.1 mbd on average, while demand averages 103.7 mbd.

In 2026, it sees demand rising by a tepid 0.72 mbd to 104.4 mbd. Meanwhile supply is expected to rise by 1.3 mbd to 106.4 mbd.

# Trump TACO trade contains seeds of own unravelling

REUTERS, *London*

Tacos can be tasty and satisfying, but tend to come apart if eaten too eagerly. Something similar may be happening in global stock markets, where hopes that Donald Trump will always chicken out from imposing high tariffs – the so-called TACO – have propelled stocks to record highs. It's an unstable equilibrium.

Trump's 35 percent threatened tariff on Canada capped off a week of more-aggressive-than-expected announcements: a mooted 50 percent levy on copper imports, and a potential 200 percent charge on drugs. Markets have drawn the same conclusion as before: that Trump will bark loudly, but his tariffs will not bite enough to derail the economy. The S&P 500 is now at a record level. The Russell 2000 Index, which contains smaller companies more directly exposed to the US economy, is above where it was on April 2 when the president announced country-specific reciprocal levies.

The TACO trade is more than a bet on Trump psychology. There are good reasons why chickening out could be the most likely outcome. The United States is not in a position to quicky fire up copper mines, or smartphone manufacturing plants, and so may settle for lower tariffs. If its key trading partners end up somewhere close to the April 2 10 percent "baseline" level, the economic impact may be modest.

Yet the TACO trade implies a seductive predictability, and Trump is anything but. His previous actions during his first presidency, which include hyping dubious remedies for Covid-19, show that policy errors are a feature of his government. His most recent announcements, including a 25 percent levy for Japan, suggest tariffs will end up higher than the baseline 10 percent. And the confidence created by the TACO trade may now be creating a risky logic. On Thursday Trump told NBC that buoyant stock markets proved his tariffs had been "well received", rather than damaging the economy, implicitly giving him a green light to proceed with more damaging levies.

Traders work on the New York Stock Exchange floor in New York City. On Donald Trump recently told NBC that buoyant stock markets proved his tariffs had been "well received", rather than damaging the economy. PHOTO: AFP/FILE

Yet markets are far from pricing in the true impact of a trade war. So far, the US has barely concluded any trade deals, meaning more extreme negotiation and threats may be coming. Moreover, the impact of tariffs announced to date on US consumer prices will only start to be felt this month.

Stock prices in some of the most affected sectors look complacent. In Europe, drugmakers Novartis, AstraZeneca, Sanofi and GSK are on average trading at 11.8 times forward earnings, above their 11.3 times level at the start of the year, as per LSEG data. Carmakers Volkswagen, Stellantis, Porsche, BMW and Mercedes-Benz are now on average trading at 8 times, also above their level at the start of the year. Buoyant markets will require capitulation from Trump to avoid a reckoning, yet they make that same capitulation less likely.

US President Donald Trump on July 10 announced a new wave of tariffs on Canada, whilst at the same time highlighting buoyant stock markets as a validation of his trade war.