Trade thru Benapole drops sharply amid bans, global downturn

STAR BUSINESS REPORT

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.

PHOTO: STAR/FILE

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.

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.

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

FROM PAGE B1

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.