



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

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"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

FOCUS ON VALUE Not just volume

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

STRATEGIC FOCUS

- Focus more on value-added garment exports
- Higher retention from exports is key to growth

LABOUR & RELATIONS

- Unplanned expansion often causes wage arrears and labour unrest
- Stronger industrial relations can prevent strikes

INVESTMENT & READINESS

- Power, gas shortages block investment in man-made fibre
- MMF is vital to compete globally

TAKEAWAYS FROM INTERVIEW



TRADE & MARKETS

- Defer LDC graduation by 2 years
- Diversify exports beyond EU, US
- Japan, Korea, Australia offer growth

GOVERNANCE & CLIMATE

- Ensure law and order before polls
- Fix energy crisis for growth

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 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's 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 chicken out could be the most likely outcome. The United States is not in a position to quickly 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



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.

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.

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 negotiations 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.

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