



Apparel exports from Bangladesh reached \$39.34 billion in the just concluded fiscal year of 2024-25, data from Export Promotion Bureau and Bangladesh Garment Manufacturers and Exporters Association (BGMEA) shows. US accounts for over 19 percent of the country's total apparel exports. PHOTO: STAR/FILE

Chattogram's garment factories fear fallout from US tariffs

DWAIPAYAN BARUA, Ctg

Owners of Chattogram-based readymade garment factories, many of which do business with buyers in the United States, are worried about a US tariff hike to 35 percent set to take effect on August 1.

They, however, are still hopeful that the Bangladesh government will be able to negotiate a reduction. Otherwise, the future is bleak, they said.

Though the country's RMG sector commenced its journey from Chattogram in early 80s, the number of factories in the port city has dropped in the past decade, with many either shutting down or shifting to Dhaka or elsewhere.

Currently, over 300 factories remain operational in Chattogram.

Around 200 factories take orders directly from buyers or brands, and the others work under subcontracts, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), and export processing zones (EPZs).

It is difficult to find accurate data regarding the export volume of the factories in Chattogram. Market insiders opine it is over 9 percent of the total exports.

Apparel export from Bangladesh reached \$39.34 billion in the just concluded fiscal year of 2024-25, data from the Export Promotion Bureau and BGMEA shows.

This was 81.49 percent of the country's total export earnings worth \$48.28 billion in the year.

And Bangladesh's garment exports to the US accounted for over 19 percent of total apparel exports.

Market insiders said most of the factories in Chattogram are engaged in business with US buyers.

Asian Apparels Group has 18 readymade garment factories in Chattogram, and 95 percent of its exports are destined for the US market. In 2024, the group's exports to the US market amounted to \$300 million.

Deputy Managing Director Sakeef Ahmed Salam opines that Chattogram-based garment factories are more engaged in business with US buyers compared to those in Dhaka.

He said US buyers have already asked them to bear a good portion of the extra

tariff on work orders currently under negotiation.

Moreover, many US buyers are not releasing purchase orders for products informed of earlier, the production of which could have started in July or August, as they opted to wait for the final tariff rate, he said.



In the absence of purchase orders, they are not able to start purchasing the required accessories and raw materials, he said.

BGMEA Director SM Abu Tayyab said most of the garment factories in Chattogram are dependent on the US market, and the trade has been running for long.

Last year, Tayyab's factory, Independent Apparels Ltd, exported around \$60 million worth of sportswear and kidswear, and 90 percent of it was destined for the US market.

"Even if the US imposes a 30 percent tariff instead of 35 percent, a good number of these factories would not survive," he said.

If the US tariff can be lowered to that for Vietnam, meaning 20 percent, only

then will Bangladeshi factories be able to compete, said Tayyab.

"Otherwise, US buyers would shift their orders to Vietnam and even to India, as the sector in the neighbouring country has been developing over the last 10 years," he said.

He underscored the need for reducing the tariff through bilateral talks this week.

Most of the 60 RMG factories located inside Chattogram Export Processing Zone (CEPZ) are more or less dependent on the US market.

Syed M Tanvir, managing director of leading denim exporter Pacific Jeans Group, which has eight factories in the CEPZ, said the factories would surely face an immediate impact.

Bangladeshi garment products would become 35 percent more expensive compared to current rates, he said.

He, however, prefers to wait a bit longer to assess the overall impact until the tariff figures are fixed for other competitive sources like India, Pakistan, Egypt, and Jordan.

Tanvir stressed the need for strategies for the factories to individually deal with their customers and face the challenges in the coming days.

Investor confidence wavers

SYED ERSHAD AHMED

While the continued decline in foreign direct investment (FDI) in Bangladesh remains a cause for concern, the first quarter of 2025 showed signs of promise. It reflects growing unease about the country's investment climate and long-term competitiveness, but also presents an opportunity that can be harnessed through timely reforms and consistent, investor-friendly policy actions.

FDI in Bangladesh fell to \$1.47 billion in FY24, down 8.8 percent from \$1.61 billion in FY23. In the January-March quarter of FY25, FDI rose by 76.31 percent from the previous quarter and 114.31 percent year-on-year. While most of the increase came from intra-company loans and equity, the sharp drop in reinvested earnings signals deeper concerns that must be addressed. Letters of credit for machinery imports also declined by 27.46 percent year-on-year, while settlements fell by 25.56 percent. After peaking at \$1.72 billion in FY22, inflows have declined, though the economy has shown resilience. GDP grew by 4.86 percent in the January-March quarter, the fastest pace in nearly two years, thanks to a rebound in industrial and service outputs.

The Bangladesh Bank has stabilised the exchange rate, but this has yet to reignite investor interest. Political uncertainty remains a key reason for caution. Many investors are waiting to see the next national elections before making major commitments. In April 2025, the interim government hosted a major investment summit, where more than 400 foreign delegates made proposals exceeding Tk 3,100 crore. Key commitments include one from China's Handa Industries, worth \$150 million, alongside strong interest from DP World and other global firms. Bida is also working to improve its one-stop service platform.

Vietnam attracted \$36.6 billion in FDI in 2023. Agreements such as RCEP and CPTPP have given it a seamless trade ecosystem. In contrast, Bangladesh struggles with inefficiencies. Chattogram Port ranks 337th out of 405 in the Global Container Port Performance Index. Delays in customs clearance and administrative bottlenecks remain widespread. The Matarbari Deep Sea Port is under construction, and the Rooppur Nuclear Power Plant is nearing completion. However, despite a 50 percent increase in energy capacity, outages persist. An unstable gas supply continues to trouble industrial users. Upgrades to underground grids and solar power partnerships are in progress, but faster execution is vital.

The tax and legal frameworks also require urgent reform. At 30 percent, the corporate tax rate is among the highest in the region. A reduction to 20-25 percent would send a clear signal to investors. Legal clarity in special economic zones is essential. Intellectual property protection must be strengthened to attract investment in pharmaceuticals, IT, and advanced manufacturing. High withholding taxes on dividends and capital gains tax on foreign portfolio investors remain major barriers to sustainable FDI.

Notably, more than 70 percent of Bangladesh's current FDI originates from reinvestments by existing investors. This suggests that while they still see potential, they are holding back. Their needs should be prioritised. Timely connections, quick resolution, and dedicated support for expansion should be ensured. FDI projects should have dedicated managers, and agreements should be upheld to reduce friction. Retaining current investors remains the fastest route to boosting FDI. Bangladesh should also look beyond garments. Pharmaceuticals, electronics and technology, agro-processing, and green manufacturing are promising areas.

Global perception matters. To regain investor confidence, Bangladesh must show policy consistency, professionalism, and transparency. The interim government has shown early promise. The next must act more decisively and effectively. Bangladesh stands at a crossroads. Investors are watching with interest but remain unconvinced. Delivering energy, logistics, regulatory clarity, and skills development will be key to reviving momentum and attracting FDI through credible, coordinated reforms. The resources are there. Now is the time to realise the country's full potential.

The writer is president of the AmCham Bangladesh and former president of the FICCI



China exports beat forecasts in June

AFP, Beijing

China's exports rose more than expected in June, official data showed Monday, after Washington and Beijing agreed a tentative deal to lower swing-tariffs on each other.

Data from the General Administration of Customs said exports climbed 5.8 percent year-on-year, topping the five percent forecast in a Bloomberg survey of economists.

Imports rose 1.1 percent, higher the 0.3 percent gain predicted and marking the first growth this year.

China's exports reached record highs in 2024 -- a lifeline to its slowing economy as pressures elsewhere mounted.

Beijing's efforts to sustain growth have been hit by a bruising trade war with the United States, driven by President Donald Trump's sweeping tariffs, though the two de-escalated their spat with a framework for a deal at talks in London last month.

Monday's customs figures showed Chinese exports to the United States surged 32.4 percent in June, having fallen the month before, according to an AFP calculation based on official data.

"Growth in export values rebounded somewhat last month, helped by the US-China trade truce," Zichun Huang, China economist at Capital Economics, said.

"But tariffs are likely to remain high and Chinese manufacturers face growing constraints on their ability to rapidly expand global market share by slashing prices," Huang said.

"We therefore expect export growth to slow over the coming quarters, weighing on economic growth," she added.

Zhiwei Zhang, president and chief economist at Pinpoint Asset Management, said the figures showed Chinese firms were still "frontloading" exports to the United States -- accelerating shipments in anticipation of further tariffs to come.

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Bitcoin climbs to record \$123,000

REUTERS, Singapore

Bitcoin surpassed \$120,000 for the first time on Monday, marking a milestone for the world's largest cryptocurrency as investors bet on long-sought policy wins for the industry this week.

Bitcoin scaled a record high of \$123,153.22 before pulling back slightly to trade 2.4 percent higher around \$122,000.

Later in the day, the US House of Representatives will debate a series of bills to provide the digital asset industry with the nation's regulatory framework it has long demanded.

Those demands have resonated with US President Donald Trump, who has called himself the "crypto president" and urged policymakers to revamp rules in favour of the industry.

"It's riding a number of tailwinds at the moment," said IG market analyst Tony Sycamore, citing strong institutional demand, expectations of further gains and support from Trump as reasons for the bullishness.

"It's been a very, very, strong move over the past six or seven days and it's hard to see where it stops now. It looks like it can easily have a look at the \$125,000 level," he said.

The surge in bitcoin, which is up 30 percent so far this year, has sparked a broader rally across other

cryptocurrencies over the past few sessions even in the face of Trump's chaotic tariff policies.

Ether, the second-largest token, scaled a more than five-month peak of \$3,059.60, while XRP and Solana gained about 3 percent each.

The sector's total market value has swelled to about \$3.81 trillion, according to data from CoinMarketCap.

"What we find interesting and are watching closely are the signs that bitcoin is now being seen as a long-term reserve asset, not just by retail investors and institutions but even some central banks," said

Gracie Lin, crypto exchange OKX's Singapore CEO.

"We're also seeing increasing participation from Asia-based investors, including family offices and wealth managers.

These are strong signs of bitcoin's role in the global financial system and the structural shift in how it is perceived, suggesting that this isn't just another hype-driven rally," Lin said.

Earlier this month, Washington declared the week of July 14 as "crypto week," during which members of Congress are set to vote on the Genius Act, the Clarity

Act, and the Anti-CBDC Surveillance State Act.

The most significant bill is the Genius Act, which would create federal rules for stablecoins.

Elsewhere, prices of crypto stocks and exchange traded funds advanced.

In US premarket trading, shares of crypto exchange Coinbase surged 1.7 percent, while bitcoin holder Strategy climbed 3.3 percent. Crypto miner Mara Holdings jumped 4.6 percent.

Hong Kong listed spot bitcoin ETFs launched by China AMC, Harvest and Boserá all hit record highs.



Representations of virtual currency Bitcoin are placed on US dollar banknotes in this illustration. Bitcoin scaled a record high of \$123,153.22 before pulling back slightly to trade 2.4 percent higher around \$122,000 yesterday. PHOTO: REUTERS/FILE

Gold price hits three-week high

REUTERS

Gold rose to a three-week high on Monday, boosted by safe-haven demand after US President Donald Trump threatened tariffs on the European Union and Mexico, while silver hit a near 14-year peak.

Spot gold was up 0.4 percent at \$3,367.51 per ounce, as of 0957 GMT, after hitting its highest level since June 23 earlier in the session.

US gold futures rose 0.5 percent to \$3,379.30.

Trump said on Saturday he would impose a 30 percent tariff on most imports from the EU and Mexico from August 1, adding to similar warnings for other countries.

Both the European Union and Mexico described the tariffs as unfair and disruptive, while the EU said it would extend its suspension of countermeasures to US tariffs until early August and continue to press for a negotiated settlement.

"Trump tariffs threats are supporting demand for safe haven assets, and gold is a main beneficiary of that," said UBS commodity analyst Giovanni Staunovo.

On the data front, traders await US consumer price index data and the producer price index this week for cues on the Federal Reserve's interest rate path.

Investors are currently anticipating 50 basis points worth of Fed rate cuts by the end of this year, starting in October. Gold tends to thrive in a low-rate environment.