



Frustrated, businesses move to hire lobbyist to cushion US tariffs

STAR BUSINESS REPORT

Top business leaders have expressed frustration over the government's progress in negotiations with the United States on reciprocal tariffs, saying they are now working to appoint a lobbyist on their own, though doubts remain about whether this last-ditch effort will succeed.

Speaking at a roundtable in Dhaka yesterday, Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the government had earlier assured them that discussions with the United States Trade Representative (USTR) were going in Bangladesh's favour.

But it has become somewhat clear to the authorities recently that the final decision will come from the Trump administration, not from the USTR, he commented.

"Why did it take so long for the government to understand this?" Khan raised the question at the dialogue titled "US Retaliatory Tariffs: Which Way Bangladesh Is Heading?"

The event was organised by national daily Prothom Alo at the Pan Pacific Sonargaon Dhaka and brought together leading business figures, economists, and researchers.

The BGMEA president said that if exporters had been made aware of this situation earlier, they could have begun the process of hiring a lobbyist sooner.

"Now, we are trying to appoint a lobbyist. But we are getting limited responses because most are already engaged by other countries."

Bangladeshi goods had been entering the US market with an average duty of around 15 percent until the US administration announced a 37 percent reciprocal tariff. After a 90-day pause on the new rate taking effect, President Donald Trump revised the duty to 35 percent, set to take effect from August 1 unless Dhaka can negotiate a better trade deal.



Business leaders and economists attend a discussion titled "US Retaliatory Tariffs: Which Way Bangladesh Is Heading?", organised by the Bangla daily Prothom Alo at the Pan Pacific Sonargaon in Dhaka yesterday.

PHOTO: COLLECTED

The new tariff rattles local exporters, especially the apparel-makers, as the US market is the largest single-country destination for "Made in Bangladesh" clothing.

The BGMEA president said that 1,322 of their member factories export to the US. Of them, 100 send 91 to 100 percent of their garments to the American market, while 822 ship just up to 20 percent there.

Now, with the tariff deadline just around the corner, Khan said these factories run on razor-thin profit margins, between 1.2 and 1.5 percent.

Even a 10 percent tariff could still be bearable, according to him, provided that the US does not offer lower tariffs to Bangladesh's competitors such as India, Vietnam, and Indonesia.

"If it goes above 20 percent, many factories will not survive," he warned, adding that the

government had kept the private sector out of the negotiation process.

"Unless the tug of war within the bureaucracy [indicating the commerce, finance, and foreign ministries] ends, the private sector will not be able to move forward. We need to negotiate smartly on these retaliatory tariffs," he said.

AK Azad, a prominent exporter to the American market, said he had never seen such uncertainty in his four decades of doing business with the US.

"I was convinced Bangladesh would secure a moderate tariff. However, one of my major buyers recently informed me that the outcome will not be as expected. Buyers are already asking how much of the tariff burden we can absorb," Azad said.

Commenting on the duration of the interim government, Azad asked, "After seven to eight months you will leave, but where will we go then?"

"There is a general perception that

someone above us will blow a magic breath and all problems will be solved. That is why we are not being properly evaluated, and no one is even considering appointing a lobbyist," he added.

The government on Saturday said that tariff rates would be decided by the Trump administration, not the USTR.

Addressing the government directly, Azad urged, "If you can, try to make some effort at that level."

Although the government claimed steps had already been taken quickly, including the appointment of lobbyists, Azad remained unconvinced. "We do not even know how far we can go by appointing lobbyists now," he said.

Debapriya Bhattacharya, a noted economist of Bangladesh, criticised the interim government for signing a non-disclosure agreement (NDA) with the US during the tariff talks.

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No cause for panic over US tariffs

Environment adviser Rizwana says

STAR BUSINESS REPORT

There is no reason to create unnecessary alarm over the 35 percent reciprocal tariff announced by the United States on Bangladeshi readymade garment (RMG) products, Environment, Forest and Climate Change Adviser Syeda Rizwana Hasan said yesterday.

"It is premature to draw conclusive remarks while negotiations are still ongoing. The government is prioritising national interest and engaging all stakeholders," she said at a dialogue titled "Fostering Sustainable Investment," organised by the American Chamber of Commerce in Bangladesh (AmCham) at Sheraton Dhaka.

The adviser's comment comes as business leaders have expressed concerns regarding Bangladesh's negotiation with the US administration over the tariffs, set to come into effect on August 1.

The adviser stressed that the RMG industry has survived various crises in the past, including the Rana Plaza tragedy in 2013, even though many feared those would lead to the collapse of the industry.

"Instead, due to public-private collaboration, the industry not only recovered but evolved. Today, Bangladesh has the highest number of green RMG factories globally and is advancing sustainability," she said.

However, she acknowledged that despite progress, Bangladeshi apparel still faces a 35 percent US tariff, while many competitors enjoy duty-free access.

"Even under such disadvantages, the sector remains resilient—a testament to smart policy and entrepreneurial spirit," she said.

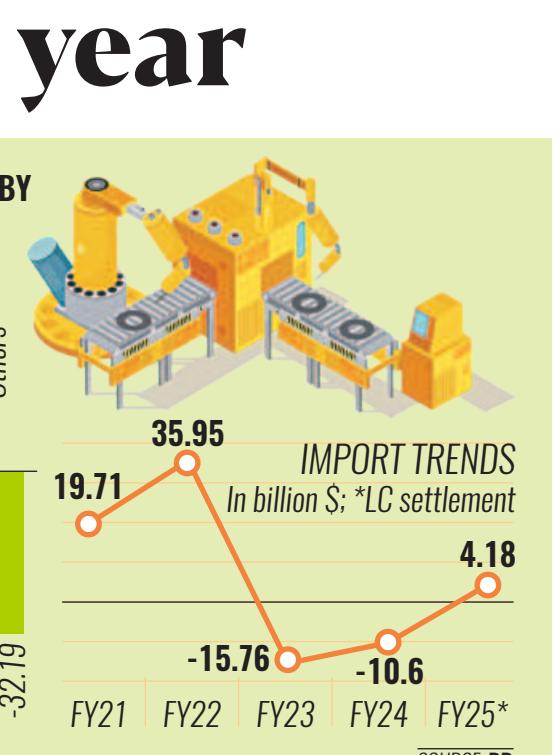
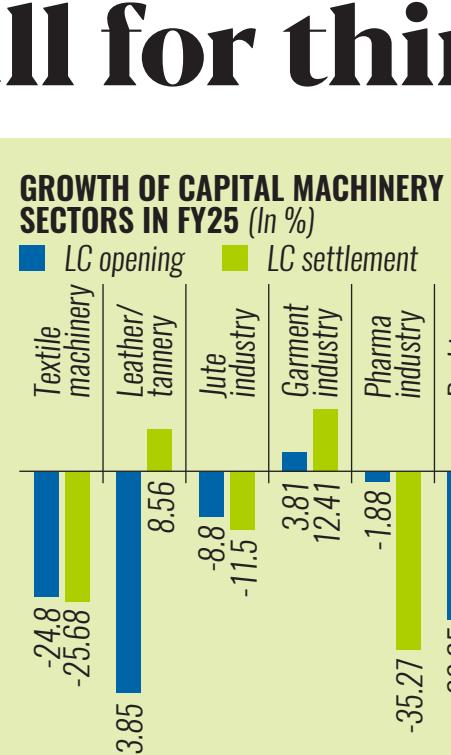
The adviser called for "constructive, realistic dialogue" rather than panic.

Speaking on environmental sustainability, she warned that sustainable investment alone won't ensure environmental

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GROWTH OF CAPITAL MACHINERY IMPORT BY SECTORS IN FY25 (In %)

■ LC opening ■ LC settlement



Capital machinery imports fall for third year

JAGARAN CHAKMA

Bangladesh's imports recovered in the fiscal year 2024-25 after two years of downturn, but capital machinery imports fell for the third consecutive year, reflecting low appetite for investment among entrepreneurs.

Imports of capital machinery, as reflected by the openings of Letters of Credit (LCs), dipped by 25 percent year on year to \$1.74 billion in the last fiscal year, according to the latest Bangladesh (BB) data.

During the same period, settlements of LCs dropped by 25 percent year on year, with analysts and businesses terming the decline a sign of weakened investor confidence and subdued industrial demand.

"This reflects a slowdown in both current and forward-looking investments," said Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue (CPD).

The BB says capital machinery import for the leather industry fell the highest, followed by the packing, textile, and jute sectors.

Stakeholders said the contractionary monetary policy, now in force, is another major factor discouraging investors.

Private sector credit growth stood at just 7.15 percent in May of FY25, below the 9.5 percent target.

"Uncertainty over policy and ease of doing business is dampening appetite," he said.

Asif Ibrahim, former chairperson of Business Initiative Leading Development (BUILD), said the sharp decline in LC openings is largely a result of mounting pressure on the country's foreign exchange reserves.

"As the trade deficit widened and remittance inflows remained volatile, the Bangladesh Bank was

compelled to prioritise essential imports—such as food, fuel, and medicine—while restricting non-essential and luxury items to preserve dwindling reserves."

"This prompted tighter administrative measures and more rigorous scrutiny of LC approvals," he said.

Commercial banks, in response, raised LC margin requirements—often demanding 100 percent cash margins—which created major hurdles for importers,

particularly small and medium-sized enterprises (SMEs).

"The steep depreciation of the taka further inflated import costs, leading many businesses to defer or abandon their import plans. Simultaneously, rising domestic inflation and a slowdown in private sector credit growth have dampened both industrial and consumer demand, weakening the overall appetite for imports," he added.

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ICDs to raise export container charges by 60%

DWAIPAYAN BARUA, Ctg

Inland container depots (ICDs) have announced a sharp increase in charges for handling export cargoes and empty containers by as much as 60 percent starting September 1, triggering concerns among exporters already feeling the pinch from the impending reciprocal tariff by the United States.

The Bangladesh Inland Container Depots Association (BICDA) issued a circular on July 15 in this regard, citing rising operational and investment costs, currency devaluation, and inflationary pressures as key reasons behind the decision.

Speaking to The Daily Star on this, BICDA Secretary General Md Ruhul Amin Sikder said, "The charge hike was overdue since the ICDs did not raise charges that much for a decade

or more."

"Only the transport cost on the Dhaka-Chittagong highway has increased by more than Tk 20,000 in the last few years but no one ever raised their voice against it."

THE NEW CHARGES

There are 21 privately owned ICDs located in and around the port city. Almost 93 percent of the export-laden containers are handled by 19 ICDs before shipment through Chittagong port.

The ICDs impose various charges for handling export cargoes and containers, including the export stuffing package—a bundled service covering the transport of an empty container from the depot yard to the container freight station (CFS), loading or stuffing of goods into the container, returning the loaded

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