



# BUSINESS



## Interbank dollar trade surges nine times in June

STAR BUSINESS REPORT

Average daily interbank spot transactions rose to \$68.7 million in June, registering a ninefold increase from \$7.5 million in March and April this year, following increased market-driven exchange rate movements and improved liquidity.

In a report released yesterday, the Bangladesh Bank (BB) said that the volume of interbank spot transactions had been on the rise since mid-May.

The central bank in May said it would allow the exchange rate of foreign currencies to be determined by market forces, moving away from the crawling peg.

The BB last year introduced the crawling peg, which allowed the exchange rate to move in a certain band, before reintroducing the market-based exchange rate.

"This shows that forex transactions are taking place based on the market rate. Transactions increase when buyers and sellers can take part in the market freely," said Md Shaheen Iqbal, deputy managing director and head of Treasury & Financial Institutions at BRAC Bank.

"And price discovery becomes easy when transactions take place based on market demand and supply, and prices become transparent. Otherwise, it becomes costly for all," he added.

The volume of total spot transactions picked up to \$155 million and \$184 million on the second and fourth of June 2025, respectively, before a 10-day-long public holiday for Eid-ul-Azha and weekends, said the report titled "Exchange Rate & Foreign Exchange Market Dynamics".

Iqbal said the increased availability of foreign exchange, due to higher inflows of remittances and exports, contributed to the spike in spot transactions.

The BB said the interbank exchange rate of the US dollar, after staying stable at Tk 122 for a long time, had been depreciating since mid-May 2025 in an orderly fashion.

However, exchange rates witnessed some appreciation pressure in the recent period at the end of June 2025 amid a favourable development in the Balance of Payments (BoP), which is a summary of a country's transactions with the rest of the world, on the back of strong external inflows against weak import demand.

The BB said the volume of daily spot US dollar transactions in June 2025 ranged from \$23.5 million to \$184.3 million, and transactions were highly concentrated in US dollars.

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## Customs launches special auction to clear backlog at Ctg port

MOHAMMAD SUMAN

Bangladesh will auction around Tk 100 crore worth of abandoned imports on August 8, in the first such sale held under a special order aimed at easing the severe congestion at the country's ports.

The auction, to be conducted by Custom House, Chattogram, will include 6,000 tonnes of goods in 343 containers grouped into 146 lots, according to a circular issued by the customs office on July 19.

The goods—ranging from fabrics, machinery and tyres to tiles, steel, scrap materials, plastics and sodium sulphate—were imported between 2020 and 2023 but were never claimed by consignees.

"This is the first time such a large number of containers are being auctioned under the special mechanism," Md Sakib Hossain, assistant commissioner of Chattogram Custom House, told The Daily Star.

"The process has been launched with greater speed and transparency to clear port space and reduce delays," he said.

The auction is part of a broader effort to decongest Bangladesh's busiest seaport, which has been overwhelmed by abandoned containers.

As per the Ctg customs circular, the containers are open for inspection until July 31. Bidders with a valid Taxpayer Identification Number (TIN) can submit their bids online from anywhere in the country until August 7.

"To encourage participation, bidders have been given a 10-day inspection window and full online access from any part of the country," said Hossain.

Unlike regular auctions, there is no requirement to set a reserve price for the lots being sold under the special auction, but legal verification is mandatory.

Customs officials believe this provision will draw higher participation, as goods will be awarded to the highest bidder regardless of price.

According to Chattogram Port Authority data, there are currently 9,644 unreleased containers stranded at the port. Among these, 383 hold perishable goods such as fruits and spices, 357 contain hazardous materials, and the rest

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## Economy expanded 50% in eight years, but jobs grew only 11%

Researcher blames 'jobless growth', says FDI not the only solution

STAR BUSINESS REPORT

Over the past eight years until fiscal year 2023-24, the country's economy grew by more than 50 percent, painting a rosy picture of performance by major sectors, while the expansion did not translate into job creation.

Employment grew by only 11 percent during the period, making a clear case of "jobless growth", a term that economists have been using in recent years to refer to the paradox of growing gross domestic product (GDP) without much job creation.

"Our growth failed to meet the demand for jobs," said Abdullah Nadvi, research director at non-governmental research organisation Unnayan Shamannay, during a discussion on employment challenges in Dhaka yesterday.

He said that although the country's economic performance has been lauded globally, it has not translated into the expected rise in job opportunities.

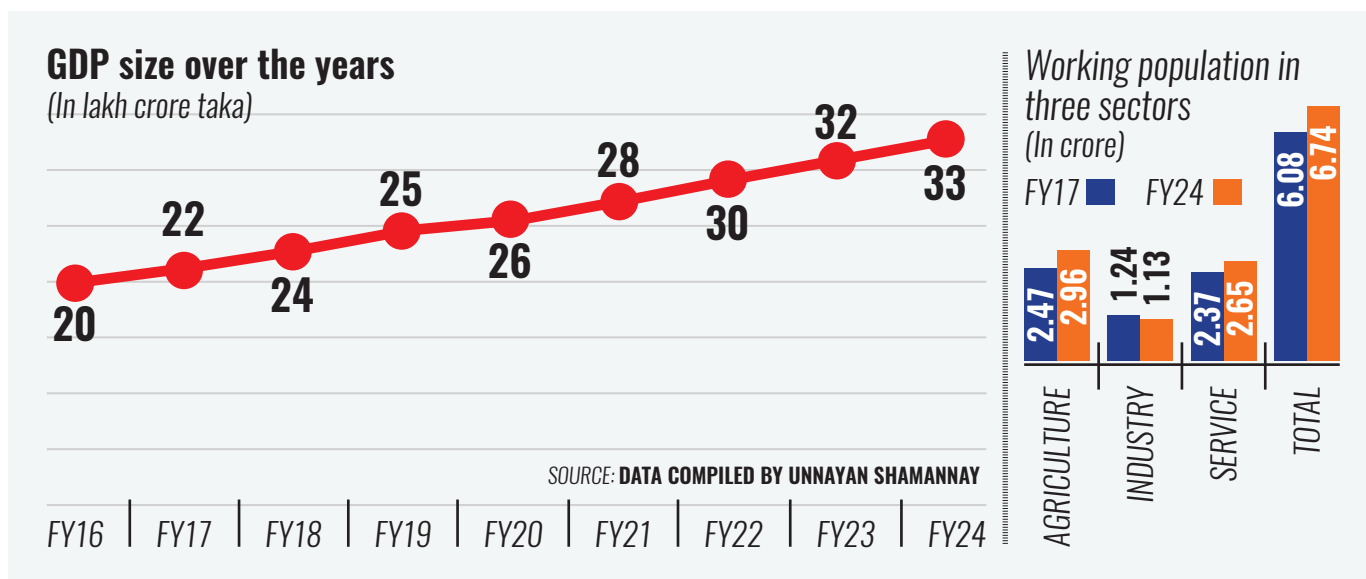
**Although the country's economic performance has been lauded globally, it has not translated into the expected rise in job opportunities, said an expert**

In his presentation at the event, held at the organisation's office, Nadvi pointed out that while GDP had grown fivefold, employment had increased by barely a fifth of that.

"For this reason, Bangladesh's economic growth is referred to as 'jobless growth'," he said.

Nadvi also talked about the widely held belief that foreign direct investment (FDI) leads to huge job creation, calling it overly optimistic.

He said that between 2009-10 and 2020-21, the country received around \$51 billion in FDI, which generated only about



5.46 lakh jobs.

In contrast, domestic investment during the same period stood at \$106 billion and created more than 28 lakh jobs, he noted.

"This shows that FDI alone cannot solve the country's employment challenges. Instead, greater emphasis must be placed on domestic investment," he added.

From 2017 to 2022, the number of agricultural workers rose by 30 percent, while agri production increased by just 10 percent. According to Nadvi, this mismatch means the labour force is growing faster than production, which in turn is depressing incomes.

He also raised concerns over employment in the industrial sector, calling the situation alarming.

While industry's share of GDP increased from 33 percent to 38 percent over the past eight years, the number of people employed in the sector has dropped by an average of 1 percent annually, said Nadvi.

The main reason is believed to be automation, he said, which means fewer workers are needed to maintain factory

production. "As a result, despite growth in the industrial sector, employment is decreasing," he said.

In the service sector, jobs are increasing by just 1 percent a year, whereas GDP is rising at 6 percent. Nadvi added that 68 percent of service sector workers are employed informally.

At the programme, researcher Maha Mirza said that relying solely on market forces to generate jobs in industry is a flawed approach.

"If the responsibility of job creation in the industrial sector is entirely left to the so-called free market economy, profits may increase, but employment generation in line with demand will not occur," she said, adding that this has been evident over five decades of industrialisation in Bangladesh.

Muhammad Shahadat Hossain Siddiquee, economics professor at the University of Dhaka, argued that the country's employment crisis could have been avoided if public resources had not been lost to defaulted loans and

widespread corruption.

Suzana Karim, associate professor at the Institute of Health Economics, University of Dhaka, said Bangladesh is now paying the price for relying too heavily on a single sector to drive industrial growth.

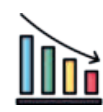
She emphasised drawing lessons from international models to ensure both industrial expansion and adequate job creation.

AKM Fahim Mashroor, chief executive of Bdjobs, pointed out that a significant share of young people are graduating without the skills required in today's job market. As a result, the unemployment rate is considerably higher among graduates than among those with only primary, secondary, or higher secondary education.

SM Zulfiqar Ali, research director at the Bangladesh Institute of Development Studies (BIDS), said that unless education standards align with labour market needs, it will not be possible to meet the challenges posed by automation, digitisation, and the Fourth Industrial Revolution.

## Why is the stock market rebounding now?

### REASONS BEHIND RECENT RECOVERY



Decline in treasury bond interest rates



Easing inflationary pressure



Improvement in foreign exchange situation



Undervalued stocks



Expectations of overall macroeconomic stability



Optimism about listed companies' performance



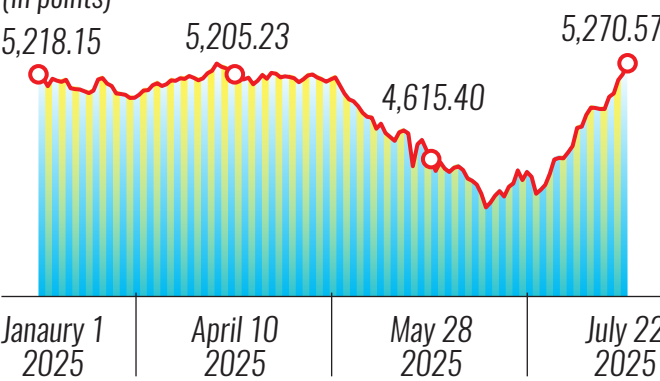
### RECOMMENDATIONS

List fundamentally strong companies

Ensure good corporate governance

### UPS AND DOWNS OF DSEX

(In points)



SOURCE: DSE

AHSAN HABIB

The stock market has bounced back strongly within two months of falling to its lowest in the past five years, thanks to some macroeconomic-level recoveries, including a drop in inflation and the strengthening of the local currency against the greenback.

The DSEX, the benchmark index of the Dhaka Stock Exchange, soared to 5,270 points yesterday, the highest in the last eight months since November 18, 2024, when it was at 5,300, according to DSE data.

In less than two months since last June, the DSEX rose by more than 650 points, or around 14 percent.

During this time, the DSE's market capitalisation soared by Tk 60,907 crore, or 9 percent, to Tk 702,898 crore.

"I would not say the rise of the index is a bull run, it is just a long-overdue recovery which is still underpriced," said Shahidul Islam, chief executive officer of VIPB Asset Management.

In the one and a half months till May 28 of this year, the index had dropped by 590 points, or 11 percent, to 4,615 points, which was the lowest in the past five years.

Regarding the reasons behind the recent market recovery, Islam, who

manages funds and invests in the stock market, said the prime one was the lowering of the interest rate of 10-year tenure treasury bonds.

It was close to 13 percent just a few months ago, and now it has dropped to 10.48 percent, he said.

As the interest rate is falling, large investors are choosing stocks to retain their funds, he said.

"Macroeconomic stability is also clear, and this is another factor to invest in stocks," said Islam.

When the forex market cools in a country like Bangladesh, many other economic problems are resolved, he said.

Not too long ago, there was a scarcity of the US dollar in the country, whereas now the central bank is purchasing the greenback to halt the appreciation of the taka, he said.

Last week, Bangladesh Bank purchased \$484 million from commercial banks as the exchange rate fell by more than Tk 2 in five days, dropping to Tk 120 against each US dollar.

Following this intervention, the rate for interbank sales climbed back to Tk 121.20, according to Bangladesh Bank data.

The contrast to one year ago is just as night is to day, he said.

So, the improvement in the macroeconomic situation has

contributed to the recovery of the index, he added.

Moreover, inflation in Bangladesh eased to 8.48 percent in June.

This is the first time in 27 months that inflation has dipped below the 9 percent mark, according to the latest data by the Bangladesh Bureau of Statistics (BBS).

Saiful Islam, president of the DSE Brokers' Association (DBA), and Sheikh Mohammad Rashedul Hasan, managing director and CEO of UCB Asset Management, echoed Islam.

They said macroeconomic stability, undervalued stocks, and a drop in inflation were the main reasons behind the recent recovery.

On whether the rise in stocks could be sustained, Saiful Islam said it was "a million-dollar question".

The actual financial state of some banks will soon be revealed as they are now following a reporting system of international standard, he said.

Quoting the Bangladesh Bank governor, he said some non-bank financial institutions were in "a red list".

If the performance of the financial institutions drops significantly, it will ultimately impact stock market shareholders and then the market will get its "fingers burnt", said Saiful Islam.

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## Handset production falls 30% in June

MAHMUDUL HASAN

Local handset production dropped by over 30 percent in June compared to the previous month, with feature phones taking the biggest hit, according to official figures.

Data from the Bangladesh Telecommunication Regulatory Commission (BTRC) shows that 16.31 lakh handsets were made in June, down from 23.45 lakh in May.

Manufacturers say production levels often swing from month to month, largely because local assembly depends entirely on imported components. As a result, shipment delays can disrupt the supply chain and affect output.

In June, feature phone production saw the steepest fall, dropping 36.88 percent to 8.69 lakh units. Yet, these devices still made up 53.32 percent of all handsets produced during the month.

Smartphone output also fell in June, shrinking 25.97 percent to 7.01 lakh units, making up the remaining 46.68 percent.

Over the past few years, local phone makers have been complaining about the growing dominance of the grey market, which they say has been chipping away at their sales and undercutting production.



According to the Mobile Phone Industry Owners' Association of Bangladesh (MPIOAB), nearly 40 percent of the smartphone market is now dominated by grey imports.

As such illegal products flood the industry, domestic firms, already grappling with high input costs, see their margins undercut and sales eroded.

"The handset industry is under growing pressure as handsets are brought into the country through illegal channels. Besides, the depreciation of the Bangladeshi taka against the US dollar hurts," Rizwanul Haque, vice-president of the association, said.

To make matters worse, the association said the government recently hiked taxes on locally assembled handsets.

Bangladesh now imposes an effective tax rate of around

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## Thailand rejects full tariff liberalisation for US imports

ANN/THE NATION

Thailand has strongly affirmed its position that it will not concede to zero percent tariffs on all US imports, citing the vital need to protect its agricultural sector and domestic businesses as negotiations for reciprocal customs duties approach an August 1, 2025 deadline.

Should a satisfactory agreement not be reached in time, Thailand faces the prospect of its tariff rate remaining at 36 percent, a figure significantly higher than that of its regional competitors within ASEAN.

The “Thailand Team” recently engaged in its second round of negotiations with the Office of the United States Trade Representative (USTR) via teleconference on 17 July 2025.

During this session, Thailand submitted an updated proposal and is now awaiting Washington’s response. The Thai government is hopeful that the outcome will see its tariffs reduced to a level competitive with other nations in Southeast Asia.

Deputy Prime Minister and Finance Minister Pichai Chunhavanjira revealed that the reciprocal tariff discussions with the US are progressing at an operational level, with minor figure adjustments currently under review following the submission of Thailand’s additional offer.

The scheduling of the next negotiation round will hinge on the US response.

Concurrently, Deputy Finance Minister Julapun Amornvivat underscored Thailand’s unwavering negotiation strategy, stating that the country would not accept a proposal that fully opens its market to all US imports, unlike some other nations that have concluded agreements with Washington.

This stance stems from profound concerns over potential adverse economic impacts.

Julapun cited Vietnam as an example, which secured a 20 percent tariff on its exports to the US whilst agreeing to zero percent on imports from the US.

However, he warned that such agreements often necessitate broader market liberalisation due to Most-Favoured Nation (MFN) principles, compelling a country to extend similar concessions to all its Free Trade Agreement (FTA) partners.

He stressed that the tariff negotiations are founded on the principle of mutual benefit. “If only one side gains all the benefits, an agreement cannot be reached,” he asserted.

He clarified that Thailand’s new proposal, which seemingly offers the US zero percent import tariffs on “tens of thousands of items,” refers to customs tariff codes rather than a vast number of actual product categories, advising against undue alarm over the figure.

## Mercantile Bank signs agreements with Pran-RFL Group

STAR BUSINESS DESK

Mercantile Bank PLC signed two agreements with Pran-RFL Group on July 17 at the bank’s head office in Dhaka. Uzma Chowdhury, CPA and director of Pran-RFL Group, and Md Zahid Hossain, deputy managing director and chief business officer of Mercantile Bank, signed the agreements on behalf of their respective organisations, according to a press release.

Under the agreements, Mercantile

Bank will provide credit facilities to the suppliers and distributors of Pran-RFL Group to support business expansion.

Md Zakir Hossain and Ashim Kumar Saha, deputy managing directors, and Mohammad Iqbal Rezwan, senior executive vice-president of Mercantile Bank, along with Mohammad Mehadi Hasan and Quanz Fatima, deputy managers of Pran-RFL Group, were present at the signing ceremony, among other senior officials of both organizations.

## Industrial pruning won’t end China’s deflation quickly

REUTERS, Beijing

China’s hardened rhetoric against price wars among producers is raising expectations Beijing may be about to kick off industrial capacity cuts in a long-awaited, but challenging, campaign against deflation that carries risks to economic growth.

Communist Party leaders pledged this month to step up regulation of aggressive price-cutting, with state media running its harshest warnings yet against what it describes as a form of industrial competition that damages the economy.

These signals echo Beijing’s supply-side reforms a decade ago to reduce the production of steel, cement, glass and coal, which were crucial to ending a period of 54 consecutive months of falling factory gate prices.

This time, however, the fight against deflation will be much more complicated and poses risks to employment and growth, economists say. The trade war with the US meanwhile is intensifying price wars, squeezing factory profits.

Challenges Beijing didn’t face last decade include high private ownership, misaligned incentives at local and national level, and limited stimulus options in other economic sectors to absorb the job losses resulting from any capacity cuts.

Beijing sees employment as key to social stability. Exporters and even the state sector are already shedding jobs and cutting wages, while youth unemployment runs at 14.5 percent.

“This round of supply-side reform is far, far more difficult than the one in 2015,” said He-Ling Shi, economics professor at Monash University in Melbourne.

“The likelihood of failure is very high and if it does fail, it would mean that China’s overall economic growth rate will decline.”

Economists expect that any efforts by Beijing to reduce capacity will be undertaken in small, cautious, steps, with officials - keen to achieve annual economic growth of roughly 5 percent - keeping a close eye on spillover effects.

An expected end-July meeting of the Politburo, a decision-making body of the Party, might issue more industry guidelines, although the conclave rarely delivers a detailed implementation roadmap.

Analysts expect Beijing to first target the high-end industries that it once billed as the “new three” growth drivers, but which state media now singles out for fighting price wars: autos, batteries and solar panels.

Their expansion accelerated in the 2020s as China redirected resources from the crisis-hit property sector to advanced manufacturing to move the world’s No.2 economy up the value-chain.

But China’s industrial complex, a third of global manufacturing, looks bloated across the board.

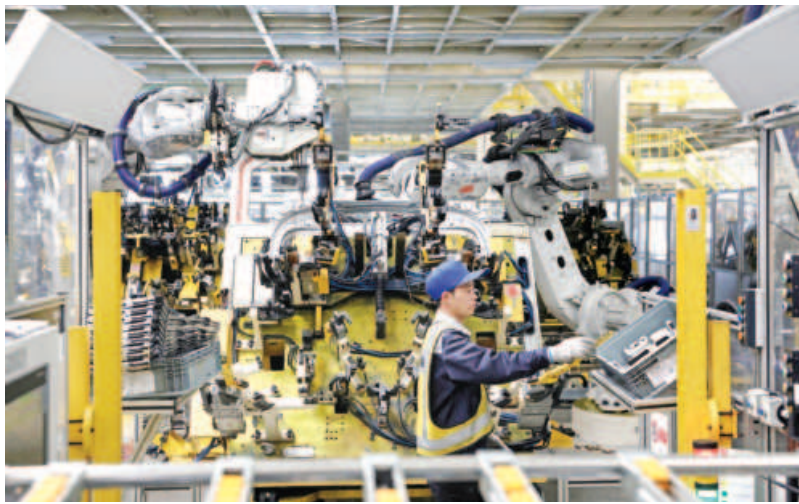
Most sectors have capacity utilisation rates below the 80 percent “healthy” level, Societe Generale analysts said, blaming weak domestic demand and an investment driven growth model that favours producers over consumers.

US and EU officials have repeatedly complained that this model is flooding global markets with cheap goods made in China and endangers their domestic industries.

A foreign chemicals company manager surnamed Jiang, who asked for partial anonymity to discuss the industry, said overcapacity in her sector was evident as early as 2023, yet firms continue to expand.

“If money is cheap and abundant, any company thinks it won’t go bankrupt and can crush competitors to death,” Jiang said.

For all the state support manufacturers receive, most are privately owned, unlike the raw material producers Beijing trimmed last decade, largely through blunt administrative orders.



An employee works on the electric vehicle production line at the Zeekr factory in Cixi, China. The trade war with the US is intensifying price wars in China, squeezing factory profits.

PHOTO: REUTERS/FILE

## Prime Bank pledges Tk 5cr for treatment, rehabilitation of Uttara crash victims

STAR BUSINESS DESK

Prime Bank PLC has committed Tk 5 crore to support the medical treatment and rehabilitation of students, teachers, and others critically injured in the recent aircraft crash at Milestone School and College in Uttara, Dhaka.

The contribution will be used for urgent medical care, burn



treatment, and rehabilitation of the affected students, guardians, teachers, and staff members, according to a press release.

“We are deeply saddened by this unimaginable tragedy. Our thoughts and prayers are with the victims

and their loved ones,” said Tanjil Chowdhury, chairman of Prime Bank. “We hope this support can help alleviate some of the suffering and assist in the healing process.”

The bank also expressed gratitude to rescue workers, hospital staff, and others who responded swiftly to the emergency. Prime Bank reiterated its commitment to standing by the community during this difficult period.



PHOTO: BANK ASIA PLC

Duco E de Vries, cluster general manager of Radisson Blu Chattogram Bay View, and Zishan Ahammad, executive vice-president and head of cards, ADC and internet banking of Bank Asia, pose with the signed documents along with other officials at the hotel in the port city on July 20.

## Bank Asia partners with Radisson Blu Chattogram Bay View

STAR BUSINESS DESK

Bank Asia PLC has entered into a partnership with Radisson Blu Chattogram Bay View to provide exclusive benefits for its credit cardholders.

Under this collaboration, Bank Asia credit cardholders will enjoy a Buy 1 Get 1 Free Room Night Stay at

Radisson Blu Chattogram Bay View.

The offer also includes complimentary breakfast, a 15 percent discount on buffet dinner and in-room dining, and a 20 percent discount on spa treatments, according to a press release.

The official signing ceremony was held on July 20, at Radisson Blu Chattogram Bay View. Duco E

de Vries, cluster general manager of Radisson Blu Chattogram Bay View, and Zishan Ahammad, executive vice president & head of Cards, ADC & Internet Banking of Bank Asia, signed the agreement on behalf of their respective organizations.

Senior officials from both organizations were also present at the ceremony.



Uzma Chowdhury, CPA and director of Pran-RFL Group, and Md Zahid Hossain, deputy managing director and chief business officer of Mercantile Bank, are seen with signed documents along with officials of both organisations at the bank's head office in Dhaka on July 17.

PHOTO: MERCANTILE BANK

## Precision farming Transshipment

FROM PAGE B4

He also said pesticides and herbicides must be applied at the right time, and that is where data and decision-support tools become invaluable.

Stoorvogel said a major concern in Bangladesh is the dominance of smallholder farmers, who often lack the resources to invest in advanced technologies.

In Bangladesh, a large portion of land is rented. Without ownership, farmers may be less inclined to invest in long-term soil health, he said.

He also said climate change is a big challenge for local farmers.

He emphasised addressing these issues step by step.

Private companies in Bangladesh could play a role in this transition by bundling advice, inputs, and even soil testing services, as has been done successfully in Uganda, Kenya, and Vietnam, he added.

They must coordinate across departments—seed, fertiliser, crop protection, and machinery—to offer integrated solutions, he said.

The potential is real, but success will depend on customised solutions, cooperation, and gradual, well-informed implementation.

Ultimately, government policies must support a strong ecosystem involving extension officers, farmers, researchers, and private companies. None can succeed alone, he added.

## Hopes fade

FROM PAGE B4

“However, this could be temporary, as both countries aim to sign the deal over time,” he said.

US Treasury Secretary Scott Bessent told CNBC on Monday that the Trump administration was more concerned with the quality of trade agreements than their timing.

Asked if the deadline could be extended for countries in talks, he said it was up to Trump.

Indian officials remain hopeful of clinching a broader deal by September or October, in line with what was agreed by Prime Minister Narendra Modi and Trump in February.

FROM PAGE B4

The classic rule of origin is based on the concept of “last substantial transformation”. This means the correct tariff depends on the country where the character of the product was last changed.

This principle sounds simple but is anything but. Take clothing. Say a company sends a Chinese-made shirt to Hanoi, adds a “Made in Vietnam” label, and then ships it to the United States while paying the lower Vietnamese tariff. Most trade lawyers would agree that is fraud. But what if brands making clothing in Vietnam like Nike, Lululemon Athletica and Fast Retailing’s Uniqlo, use dye, cotton, buttons or zips from China? Determining a product’s true origin becomes a complex and ever-changing mystery.

The US Department of Commerce tries to clarify the difference using the example of mixed frozen vegetables and cookies. Vegetables which are grown in various places and taken to another country to be mixed and frozen were not substantially transformed, so the mixture must be labelled with the origin of each ingredient. But if sugar, dairy products, and nuts from different countries are made into a cookie, the country of origin is the location where the ingredients are baked or processed.

Today’s supply chains are much more globalised and complicated. For motor vehicles produced by Ford Motor, General Motors and Stellantis, origin depends on the value of the contents. To qualify for the United States-Mexico-Canada Agreement, for example, at least 70 percent of a vehicle producer’s steel and aluminum purchases must originate in North America.

Tariffs can also vary depending on a product’s American content. US Customs and Border Protection says for imports where at least 20 percent of the value is from the United States, the reciprocal tariff will not apply to the US components.

Verifying the origin of goods requires cooperation. US customs

## US not rushing trade deals ahead of August deadline: Bessent

REUTERS, Washington

The Trump administration is more concerned with the quality of trade agreements than their timing, US Treasury Secretary Scott Bessent said on Monday ahead of an August 1 deadline for countries to secure trade deals or face steep tariffs.

“We’re not going to rush for the sake of doing deals,” Bessent told CNBC.

Asked whether the deadline could be extended for countries engaged in productive talks with Washington, Bessent said US President Donald Trump would decide.

“We’ll see what the president wants to do. But again, if we somehow boomerang back to the August 1 tariff, I would think that a higher tariff level will put more pressure on those countries to come with better agreements,” he said.

Trump has upended the global economy with a trade war that has targeted most US trading partners, but his administration has fallen far short of its plan to clinch deals with dozens of countries. Negotiations with India, the European Union, Japan, and others have proven more trying than expected.

White House press secretary Karoline Leavitt told reporters Trump could discuss trade when he meets with Philippine President Ferdinand Marcos Jr. at the White House on Tuesday.

**Trump has upended the global economy with a trade war that has targeted most US trading partners, but his administration has fallen far short of its plan to clinch deals with dozens of countries**

She said the Trump administration remained engaged with countries around the world and could announce more trade deals or send more letters notifying countries of the tariff rate they faced before August 1, but gave no details.

Leavitt’s comments came as European Union diplomats said they were exploring a broader set of possible counter-measures against the US, given fading prospects for an acceptable trade agreement with Washington.

An increasing number of EU members, including Germany, are now considering using “anti-coercion” measures that would let the bloc target US services or curb access to public tenders in the absence of a deal, diplomats said.

“The negotiations over the level of tariffs are currently very intense,” German Chancellor Friedrich Merz told a press conference. “The Americans are quite clearly not willing to agree to a symmetrical tariff arrangement.”

On China, Bessent said there would be “talks in the very near future.” “I think trade is in a good place, and I think, now we can start talking about other things. The Chinese, unfortunately ... are very large purchasers of sanctioned Iranian oil, sanctioned Russian oil,” he said.

“We could also discuss the elephant in the room, which is this great rebalancing that the Chinese need to do.” US officials have long complained about China’s overcapacity in various manufacturing sectors, including steel.



# 75% of money laundering is trade-based: BIBM study

STAR BUSINESS REPORT

Trade-based money laundering is responsible for around 75 percent of the funds siphoned off from Bangladesh, a study has found.

Most of the funds are laundered through false import and export declarations, according to the findings of the study conducted using data from the National Board of Revenue (NBR).

The findings of the study, conducted by the Bangladesh Institute of Bank Management (BIBM), were presented at a roundtable at the BIBM in Dhaka yesterday.

The study, titled "Enforcement Status of the Standards to Prevent Trade-Based Money Laundering", was prepared using responses from officials of 37 banks and was compiled by three BIBM faculty members, two officials from private banks, and one representative from the Bangladesh Financial Intelligence Unit.

Earlier, following the amendment of the Money Laundering Prevention (Amendment) Act, 2015, the Customs Intelligence and Investigation Directorate investigated 95 money laundering cases and found that all were

trade-based, according to the study.

During a keynote presentation, Shah Md Ahsan Habib, professor (selection grade) at BIBM, explained the key reasons why criminals prefer trade channels for money laundering.

Chief among them was the ability to move large volumes of funds – far more than possible through other means, he said.

Speaking as the chief guest, Bangladesh Bank Deputy Governor Nurun Nahar said money laundering also takes place through under-invoicing in imports and exports, which falls under trade financing.

In many cases, the transactions appear legitimate on the surface, but hidden manipulation lies beneath.

"A 2024 white paper estimated annual trade-related outflows from Bangladesh at \$16 billion, equivalent to 3.4 percent of the GDP – more than the nation's total yearly health budget."

"These losses, often facilitated through over- or under-invoicing and phantom shipments, erode the country's foreign exchange reserves, reduce customs revenue, and inflate the cost of doing business," reads the report.

## No reason for Fed chair to step down

Treasury chief says

AFP, Washington

US Treasury Secretary Scott Bessent said Tuesday that he did not see a reason for Federal Reserve Chair Jerome Powell to resign immediately, a day after calling for a sweeping review of the Fed.

Bessent's comments in a Fox Business interview come as Powell faces growing pressure from Donald Trump's administration to slash interest rates, with the president recently ramping up attacks against the independent central bank chief over the Fed's \$2.5 billion renovation project.

"There's nothing that tells me that he should step down right now," Bessent said, referring to Powell.

He noted that Powell's term as Fed chair ends in May 2026, and that Powell should see out his full term if he wants to.

But if the Fed chief wanted to leave early, he should as well, Bessent added.

# Gopinath leaving IMF next month to return to Harvard

REUTERS, Washington

Gita Gopinath, the No. 2 official at the International Monetary Fund, will leave her post at the end of August to return to Harvard University, the IMF said in a statement on Monday.

IMF Managing Director Kristalina Georgieva will name a successor to Gopinath in "due course," the IMF said.

Gopinath joined the fund in 2019 as chief economist – the first woman to serve in that role – and was promoted to first deputy managing director in January 2022.

No comment was immediately available from the US Treasury, which manages the dominant US shareholding in the IMF. While European countries have traditionally chosen the Fund's managing director, the US Treasury has traditionally recommended candidates for the first deputy managing director role.

Gopinath is an Indian-born US citizen.

The timing of the move caught some IMF insiders by surprise, and appears to have been initiated by Gopinath.

Gopinath, who had left Harvard to join the IMF, will return to



Gita Gopinath

the university as a professor of economics.

Gopinath's departure will offer the Treasury a chance to recommend a successor at a time when US President Donald Trump is seeking to restructure the global economy and end longstanding US trade deficits with high tariffs on imports from nearly all countries.

She will return to a university that has been in the Trump administration's crosshairs after it rejected demands to change its governance, hiring, and admissions practices.

Georgieva said Gopinath joined

the IMF as a highly respected academic and proved to be an "exceptional intellectual leader" during her time, which included the pandemic and global shocks caused by Russia's invasion of Ukraine.

"Gita steered the Fund's analytical and policy work with clarity, striving for the highest standards of rigorous analysis at a complex time of high uncertainty and rapidly changing global economic environment," Georgieva said.

Gopinath has also overseen the fund's multilateral surveillance and analytical work on fiscal and monetary policy, debt, and international trade.

Gopinath said she was grateful for a "once in a lifetime opportunity" to work at the IMF, thanking both Georgieva and the previous IMF chief, Christine Lagarde, who appointed her as chief economist.

"I now return to my roots in academia, where I look forward to continuing to push the research frontier in international finance and macroeconomics to address global challenges, and to training the next generation of economists," she said in a statement.

## Handset production

FROM PAGE B1

35 percent, the highest in the region, the association noted, adding that Pakistan, by comparison, levies just 20 percent.

Besides, over the past three years, the sector had been grappling with a shortage of letters of credit due to the dollar crisis and rising exchange rates.

Simultaneously, sales have fallen, and the expanding grey market continues to erode the competitiveness of domestic manufacturers.

The downturn is more than a blip. In 2023, total production fell year-on-year for the first time since Bangladesh launched local manufacturing in 2017.

Industry insiders also point to regulatory lapses

as a contributing factor.

The National Equipment Identity Register (NEIR), a system launched by the BTRC to prevent the illegal use and import of mobile phones, remains only partially implemented. As a result, efforts to curb the grey market have been largely ineffective.

The BTRC signed a Tk 29 crore agreement with the Synesis-Radisson-Computer World consortium on November 25, 2020, to set up and operate the NEIR system. A trial run began in July 2021, but the initiative has yet to be fully enforced.

The regulator has floated a new tender to revive the NEIR system with the full feature set, including the ability to block illegal phones.

# Dollar's dive offsets tariff sting for some US bellwethers

REUTERS

A slump in the dollar has come to the rescue of some major multinational US companies this earnings season, easing the sting from President Donald Trump's tariffs that have driven up costs and upended financial planning.

A weaker dollar enhances the value of foreign earnings of US companies, while also making American exports more competitive.

Companies such as Levi Strauss, Netflix, Pepsi and 3M, which generate significant revenue from overseas sales, reported a boost to their April-June earnings or raised their annual forecasts due to the slump in the dollar.

The greenback has lost about 10 percent this year, due to rapidly changing US trade policy and worries about growth and ballooning government debt.

Last week, PepsiCo, which relies on international business for about 40 percent of its total net revenue, forecast a smaller annual profit drop helped by a weaker dollar.

Rival Coca-Cola said on Tuesday its annual comparable earnings per share is expected to be near the top end of its target of a 2 percent to 3 percent rise, helped by a softer greenback.

The whole point of Trump's plan is to try to get the dollar weaker in order to try to increase international sales for US multinationals," said Robert Pavlik, senior portfolio manager at Dakota Wealth.

"It's probably a good course of



action to take and we'll continue to see that going forward especially if he gets his way as far as rates are concerned."

Based on two decades of data, every 1 percent depreciation in the dollar historically improves S&P 500 earnings per share growth by about 0.6 percentage points, according to LSEG data. Roughly 38 percent of S&P 500 revenue is derived from international markets.

Information technology, consumer discretionary, health care and industrial companies have the highest international exposure.

"We originally expected over \$100 million of headwinds from a strengthening dollar and the reverse has happened," medical equipment maker Edward Lifesciences CFO Scott Ullem said at a Jefferies conference on June 4.

TAILWIND NOT ENOUGH

Still, a forex tailwind is not always enough to reassure investors, who are looking out for signs of real growth as skittish consumers curb spending. Investors typically do not reward FX-driven sales beats the way they reward constant-currency beats, Goldman Sachs strategists said in a note.

"In many ways, investors should consider some of these things as transitory or one-time adjustments that are not sustainable," said Michael Arone, chief investment strategist at State Street Investment Management.

Netflix shares declined more than 4 percent on Friday as some investors were disappointed by a revenue forecast raise that was driven more by a weaker dollar than strong demand.

## Gold retreats from 5-week high

REUTERS

Gold eased on Tuesday as investors booked profits after prices scaled a five-week high, while market participants focused on trade talks ahead of US President Donald Trump's August 1 deadline.

Spot gold fell 0.3 percent to \$3,385.20 per ounce by 0932 GMT. Earlier in the session, bullion hit its highest since June 17.

US gold futures were down 0.3 percent at \$3,396.10.

Gold prices edged lower amid profit-taking but remained close to the five-week high due to lingering uncertainty ahead of the August 1 tariff deadline, said Jigar Trivedi, a senior commodity analyst at Reliance Securities.

"Gold is likely to stay bullish. A strong resistance is seen near \$3,420. On the flip side, \$3,350 is a support," he said.

The US dollar index steadied against its rivals. A stronger dollar makes greenback-priced gold more expensive for other currency holders.

European Union diplomats said the bloc is exploring broader counter-measures against the United States as prospects for a trade agreement with Washington diminish. Trump has threatened 30 percent tariffs on European imports if no deal is reached before the August 1 deadline.

US Treasury Secretary Scott Bessent said the administration prioritises the quality of trade deals over timing.

## Interbank dollar

FROM PAGE B1

However, non-USD spot transactions, mostly euros, dominated the spot market transactions in March and April 2025, partly because of inflexibility in the Bangladesh Taka and US dollar exchange rate.

The BB said its intervention in the market reversed to a net purchase in March-May 2025 after a persistent net selling

amid stress on the external balance.

"To foster effective functioning of the interbank market, BB has gradually phased out undue intervention (both selling and purchasing of foreign currency) in the foreign exchange market," the report said, adding that the central bank has not intervened in the foreign exchange market since 15 May 2025.

## Why is the stock market

FROM PAGE B1

At the end of the day, the number of good stocks and investors is limited in the Bangladesh stock market. So, when some banks and NBFIs get hurt, it impacts the whole market, he said.

In the interest of market sustainability, the government should immediately work towards listing more companies with sound financial backgrounds, he said.

Regarding foreign investors, Saiful Islam hopes that some will come to the market as the currency is now stable.

On the other hand, there could be a departure of some investors whose funds had remained stuck for several years due to the imposition of the floor price, which is the lowest price at which a stock can be traded, he said.

If the market remains active and trade volume remains high, it will not be a problem, and so the government should focus on bringing good stocks so that investors are attracted to the market, he added.

A top analyst, preferring anonymity, said if the government suddenly lifts

the floor price on Beximco Ltd, it may result in a heavy impact on the index as it is a large capital-based company. So, it should be careful about this, he said.

Rashedul Hasan said foreign exchange stability is a major influencer of portfolio investment and it is improving day by day on the back of an increase in the flow of inward remittance.

He believes that portfolio investment will rise further and investors realise it, which is why companies with strong financial records are rising.

The market has

realised that there would be improvements in the macroeconomy, and the stock market is giving off signals, he said, hoping for inflation to drop to 6 percent within October.

With improvements in the macroeconomy, listed firms will also start to generate a good amount of revenue. The recent rise of the index is an "early sign of strong recovery of the market," said the asset manager.

On whether the market may drop again to its previous levels, he said, "I believe the worst is over."

## Customs launches special auction

FROM PAGE B1

are filled with non-perishables including construction materials, chemicals, electronics, and consumer goods.

Apart from this, there are 453 imported vehicles which were brought in by 208 companies and individuals since 1995, port officials said.

To expedite the clearance of such

abandoned imports, the National Board of Revenue (NBR) issued a special order in June, allowing customs houses at all sea and land ports to sell goods through e-auction, spot auction, or, under certain conditions, direct sale or transfer.

The order also permits the disposal of hazardous materials either at an offered price or free of cost to authorised agencies.

Under the special order, all goods imported before 2024 are now being brought under the special auction. Items imported in 2024 and onwards will continue to be sold through the regular process.

In parallel with the special auction, customs authorities are also preparing to auction approximately 2,000 tonnes of goods from 113 containers grouped into 64 lots under

the regular system.

The items are set to be auctioned on July 30, and participation is also open to all eligible bidders online.

According to customs law, importers have to take delivery of goods within 15 days of arrival at the port; if they fail to do so, the Customs authority will initiate procedures to sell the goods through auction.

জেলা পরিষদ, ঢাকা।

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(অস্থায়ী কার্যালয়: সেক্টরনং ৬, আজমপুর, উত্তরা মডেল টাউন, ঢাকা-১২৩০।)

স্মারক নং: জেপঢা/কা:উ-৪২/ঠিকাদার নবায়ন ও তালিকাভুক্তি-০৬/২০২৫-১৩৭

তারিখঃ ২২.০৭.২০২৫ খ্রি:

ঠিকাদারী লাইসেন্স নবায়ন ও নতুন ঠিকাদার তালিকাভুক্তির বিজ্ঞপ্তি:

নিম্নোক্ত সময়সূচী এবং ফি পরিশোধ সাপেক্ষে ঢাকা জেলা পরিষদের আওতায় তালিকাভুক্ত সকল শ্রেণীর ঠিকাদার/ঠিকাদারী প্রতিষ্ঠানকে ২০২৫-২০২৬ অর্থ বছরের জন্য তালিকাভুক্তি/নবায়নের লক্ষ্যে নির্ধারিত ফরমে দরখাস্ত আহবান করা যাচ্ছে। অন্যান্য তথ্যাবলি অফিস চলাকালীন সময়ে জেলা পরিষদ কার্যালয় হতে জানা যাবে।

জরিমানা ছাড়া নবায়ন ফি জমা দেয়ার তারিখ	৫০% জরিমানা সহ নবায়ন ফি জমা দেয়ার শেষ তারিখ	১০০% জরিমানা সহ নবায়ন ফি জমা দেয়ার শেষ তারিখ	নতুন তালিকাভুক্তি ফরম ও জমা দেয়ার শেষ তারিখ
০৩.০৮.২০২৫ খ্রি: হতে ০৪.০৯.২০২৫ খ্রি: পর্যন্ত নবায়ন ফি-২০০০/- ভ্যাট- ৩০০/- ফরম-৩০০/-	৩১ ডিসেম্বর ২০২৫ খ্রি: পর্যন্ত নবায়ন ফি-৩০০০/- ভ্যাট- ৪৫০/- ফরম-৩০০/-	৩০ জুন ২০২৬ পর্যন্ত নবায়ন ফি-৪০০০/- ভ্যাট- ৬০০/- ফরম-৩০০/-	০৩.০৮.২০২৫ খ্রি: হতে ০৪.০৯.২০২৫ খ্রি: পর্যন্ত ফরম-১০০০/-টাকা

শর্তাবলী:

০১। নবায়ন ফি ও ফরমের মূল্য (২০০০+৩০০)=২,৩০০/- টাকা (জরিমানা ছাড়া) সোনালী ব্যাংক যে কোন শাখা হতে প্রধান নির্বাহী কর্মকর্তা, জেলা পরিষদ, ঢাকা, বরাবর পে-অর্ডার দাখিল করতে হবে।

০২। ভ্যাট/মূল্য সংযোজন কর (অর্থনৈতিক কোড ১৪১১০১) নামে ৩০০/- পে-অর্ডার সহ (জরিমানা ছাড়া) "এ চালানে" জমা প্রদান করতে হবে।

(মো: শফিকুল ইসলাম)

সহকারী প্রকৌশলী

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GD-1627



# Mobile subscribers rise by 10 lakh in May

Driven by GP, Robi gains

MAHMUDUL HASAN

The number of mobile subscribers in Bangladesh grew by 10 lakh in May, driven primarily by net additions from the country's two largest operators, Grameenphone and Robi Axiata.

With the increase, total mobile subscriptions reached 18.76 crore at the end of May, according to data released by the Bangladesh Telecommunication Regulatory Commission (BTRC).

The growth marks a modest rebound following several months of decline. Between July 2023 and March 2024, the industry shed nearly 1 crore subscribers, largely due to higher taxes on new SIMs.

The BTRC defines an active subscriber as a biometrically verified user who has made a call, used mobile data, or sent an SMS at least once in the previous 90 days.

Grameenphone, the largest telecom operator in the country, added 7 lakh subscribers in May, pushing its total to 8.61 crore.

The operator now commands 45.93



PHOTO: STAR/FILE

percent of the total mobile subscriber market.

Robi Axiata, the second-largest operator, gained 3 lakh new customers during the same period, bringing its total to nearly 5.70 crore.

Robi's market share now stands at 30.37 percent.

Meanwhile, Banglalink saw a decline of 1.2 lakh subscribers, bringing its total customer base to 3.78 crore.

The operator's current market share is 20.18 percent.

State-owned Teletalk, on the other hand, added 20,000 new subscribers in May, taking its total to 65.8 lakh.

Teletalk holds a 3.51 percent share of the market.

Industry executives attribute the earlier contraction in the subscriber base to the rise in supplementary duty on new SIM cards.

Shahed Alam, chief corporate and regulatory officer of Robi, said the tax rose from Tk 200 to Tk 300.

"We are subsidising SIM sales again," he said.

"Due to the high taxation, it was difficult for smaller operators to offer subsidies, which negatively impacted our growth. As a result, while the top operator, which has far superior financial might, was gaining, our customer base was shrinking," he added.

Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink, said, "The increased SIM tax makes it very difficult for smaller mobile operators to subsidise SIMs as heavily as they did in the past."

However, the market has shown signs of a gradual rebound since April.

## Walton signs Barbados firm as global distributor

STAR BUSINESS REPORT

Walton Hi-Tech Industries PLC has signed a global distributorship agreement with Barbados-based private company Bargain Warehouse Inc to expand its international reach.

Bargain Warehouse will sell, distribute, and market 13 Walton products in 16 territories under a six-year agreement, according to a disclosure published on the Dhaka Stock Exchange (DSE) website yesterday.

Walton, one of the leading electronics manufacturers in Bangladesh, said the deal aims to expand its global footprint and strengthen its international market presence.

However, Walton's net profit declined to around Tk 392 crore in the January-March quarter of fiscal year 2024-25, compared to nearly Tk 422 crore in the same period a year earlier.

As of June 30, 2025, sponsors and directors held 61.09 percent of the company's shares, while institutional investors accounted for 0.60 percent, foreign investors 0.09 percent, and the general public 38.22 percent, as per DSE data.

# Precision farming can raise yields by 25%

Dutch scientist says in interview

SUKANTA HALDER

Bangladesh can boost crop yields by at least 25 percent through the adoption of modern technology in a cultivation method known as "precision agriculture", according to a Dutch environmental and soil scientist.

Precision agriculture, also known as precision farming or smart farming, is a modern approach to agriculture that uses data, technology, and targeted management to optimise crop production and reduce waste.

During an interview with The Daily Star recently, Prof Jetse Stoorvogel of the Department of Environmental Sciences at Open University in the Netherlands, explained that the approach involves collecting information about variables in crop fields, such as soil conditions, weather patterns, and crop health, and using this data to make informed decisions about resource applications and management.

The country is in a unique position where agricultural production continues to rise—unlike in many countries where growth has plateaued or declined, said the professor.

To sustain and optimise this progress, precision agriculture is essential in a country like Bangladesh, he added.

### TAKEAWAYS FROM INTERVIEW

- Rice output per hectare could double with tech
- Data-driven methods improve farm efficiency
- Fertiliser is often overused without benefit
- Affordable tech now within reach for smallholders
- Land leasing discourages long-term investment

According to him, Bangladesh's current crop yields, especially in rice, are at just 50 percent of their potential.

"You're often producing 4 tonnes to 5 tonnes per hectare, whereas 10 tonnes could be possible," he pointed out.

Precision agriculture can help close that gap, he added.

If a field has low yield in one section, precision agriculture may help identify whether it needs more fertiliser, said Stoorvogel, who had visited Dhaka in the middle of July.

This approach allows farmers to use resources more efficiently, reduce costs, improve yields,

and minimise environmental harm, he added.

It is particularly important for countries like Bangladesh, where food security is a challenge, the population is growing, and agriculture must become more resilient to climate change and market fluctuations, he said.

The scientist said Bangladesh has made some progress, particularly in developing seeds and adopting technological innovations, and that is the starting point of precision agriculture.

While the rest of the world has moved further ahead, Bangladesh



still appears to be in the early stages of adopting precision methods, he added.

He said 25 years ago, a soil test cost \$200. Today, handheld sensors go for around \$100, and subscription-based advisory services on mobiles now make it possible to deliver real-time, customised advice to even the smallest farms, he said.

These tools, along with increasing access to machinery like combine harvesters and mobile-based advisory services, can make precision agriculture accessible to smallholders over time, he said.

In countries like Kenya and India, smallholders are already benefiting from such tools, and the same can happen in Bangladesh, with its growing access to smartphones and mechanisation bridging the knowledge and technology gap.

Another key issue is fertiliser overuse—many Bangladeshi farmers apply more than 300 kilograms per hectare, even when yields do not justify it, he said.

Based on soil conditions and crop performance, many farmers could safely reduce fertiliser use by 10 percent to 25 percent, cutting costs and improving environmental outcomes, he added.

READ MORE ON B2

## Modernising ports for trade competitiveness

M MASRUR REAZ

Bangladesh has entered a new chapter under a fresh political horizon, opening new opportunities for development. With a focus on governance reforms, economic liberalisation, and citizen-centric policies, the country aims to achieve stability and sustainable growth. Trade will remain central to this journey, as it drives inclusive growth and job creation. For a \$459 billion economy, exports are critical and must grow further to capture a share of the \$33 trillion global trade.

Yet trade competitiveness is held back by inadequate and inefficient port and logistics infrastructure. Poor road, rail and inland waterway links to ports increase transport costs and cause major delays. Logistics costs in Bangladesh reach up to 48 percent in some sectors, far higher than in competing economies. The World Bank estimates that targeted reforms could raise national export earnings by 19 percent, and even a 1 percent cut in logistics costs could lift demand for Bangladeshi exports by up to 7.4 percent. This is even more relevant in the context of the least developed country graduation and growing protectionism in global trade.

At the centre of these logistic challenges is Chattogram port, the country's main trade gateway. Handling 92 percent of seaborne trade and 98 percent of container trade, it faces high berth occupancy, long ship turnaround times, and delays in cargo clearance. These inefficiencies raise trade costs and reduce competitiveness.

The port sector suffers from outdated practices and frameworks. Chattogram port struggles with congestion, delays, high operating costs, environmental concerns and security risks. It ranks 337th out of 405 in the World Bank Container Port Performance Index.

Ships face turnaround times of 3.23 days, compared with 0.86 days in Colombo. Import clearance takes around 11 days, and export border compliance takes about 36 hours.

Bangladesh still follows an outdated port management model that limits efficiency and private engagement. For decades, the Port Authority has been responsible for development, financing, infrastructure and cargo

handling. This reflects the "tool port" model, where the authority owns and operates all major equipment and services. By contrast, India, Pakistan and Sri Lanka moved to the "landlord port" model in the late 1990s, separating ownership from operations to attract private investment and improve services.

Ports also operate under a tariff structure unchanged since 2008, restricting the ability to invest in expansion and upgrades. The current pricing does not reflect rising trade volumes, service needs or costs. Without updating the tariff, ports cannot generate the revenue needed for modernisation. Operational costs such as labour, maintenance, energy and security have all increased. Without a tariff adjustment, maintaining service quality and safety will be difficult.

While the RMG sector worries that higher tariffs may cut export margins, the main cost pressure lies elsewhere. Shipping lines and intermediaries often charge \$150 to \$200 per container in local fees, while actual port handling may cost only \$50 to \$70. These fees often include vague surcharges and documentation charges.

Strategic projects and global best practices offer a way forward. Many countries with complex trade needs have brought in experienced global terminal operators such as PSA International, DP World and APM Terminals. India, Vietnam and the UAE have opened up for not just investment, but also operational expertise. Bangladesh has taken early steps in this direction. The awarding of operations at Patenga Container Terminal and upcoming plans for Bay Terminal are encouraging. Projects like Matarbari Deep Sea Port and Bay Terminal could ease capacity limits and cut shipping costs by up to 15 percent. But without parallel investment in connectivity, warehousing and digital systems, these gains may fall short. Countries like Vietnam and Singapore show that integrating foreign investment, digital platforms and private sector know-how is essential.

The writer is the chairman of Policy Exchange Bangladesh



## Hopes fade for India-US interim trade deal

REUTERS, New Delhi

The prospects of an interim trade deal between India and the United States before Washington's August 1 deadline have dimmed, as talks remain deadlocked over tariff cuts on key agricultural and dairy products, two Indian government sources said.

US President Donald Trump threatened a 26 percent tariff on Indian imports in April but paused implementation to allow for talks. That pause ends on August 1, though India has yet to receive a formal tariff letter, unlike over 20 other countries.

India's trade delegation, led by chief negotiator Rajesh Agrawal, returned from Washington after a fifth round of talks without a breakthrough.

"An interim deal before August 1 looks difficult, though virtual discussions are ongoing," one of the Indian government sources said, adding a US delegation was expected to visit New Delhi soon to continue negotiations.

Talks are stalled as New Delhi is refusing to open its politically-sensitive agriculture and dairy sectors, while Washington is resisting India's demand for relief from higher tariffs on steel, aluminium and autos.

Officials are exploring if these issues can be deferred to a later stage, after an interim deal, the second Indian official said.

Ajay Sahai, director general of the Federation of Indian Export Organisations, warned sectors like gems and jewellery could be hit hard if 26 percent tariffs are imposed.

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REUTERS, Hong Kong

Where is it from? It's one of the top questions customs officials must ask of every shipment, alongside what it is and how much it is worth. Donald Trump's trade war could turn this inquiry on the origin of \$3.3 trillion of US goods imports into a quagmire.

The dizzying spread of tariffs the US president is imposing on American trading partners – ranging from a baseline duty of 10 percent secured by the United Kingdom to the threat of a punitive 50 percent charge on imports from Brazil – a large arbitrage. Exporters, particularly in China, have a big incentive to misrepresent where their goods are from.

The president is attempting to counter this risk by saying goods that are "transshipped" through lower-tariff countries will face higher charges. For example, the US has imposed a 20 percent import duty on products originating in Vietnam, but will charge double that figure for goods routed via the Southeast Asian country.

Transshipment is not a new word or concept. In trade, it simply means moving goods between vehicles such as airplanes, trains and lorries. Trump, however, is using it as a shorthand for tariff evasion or fraud.

He has good reasons to be concerned. Just look at what happened when the president slapped duties on China in 2018. The share of US imports arriving from the People's Republic fell by 8 percentage points to 13.4 percent between 2017 and 2024. However, China's total share of total

global merchandise exports rose about 1.5 percentage points to 14.2 percent over a similar period. One reason is that some Chinese manufacturers dodged US duties by re-routing everything from electronics to footwear through other countries, in particular Mexico and Vietnam.



Container trucks are seen as they wait to cross the border at Huu Nghi border gate connecting with China, in Lang Son province, Vietnam. The US has imposed a 20 percent import duty on products originating in Vietnam, but will charge double that figure for goods routed via the Southeast Asian country.

PHOTO: REUTERS/FILE

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