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 Chunhavajira 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.

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.

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 Quaniz Fatima, deputy managers of Pran-RFL Group, were present at the signing ceremony, among other senior officials of both organizations.

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

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.

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.

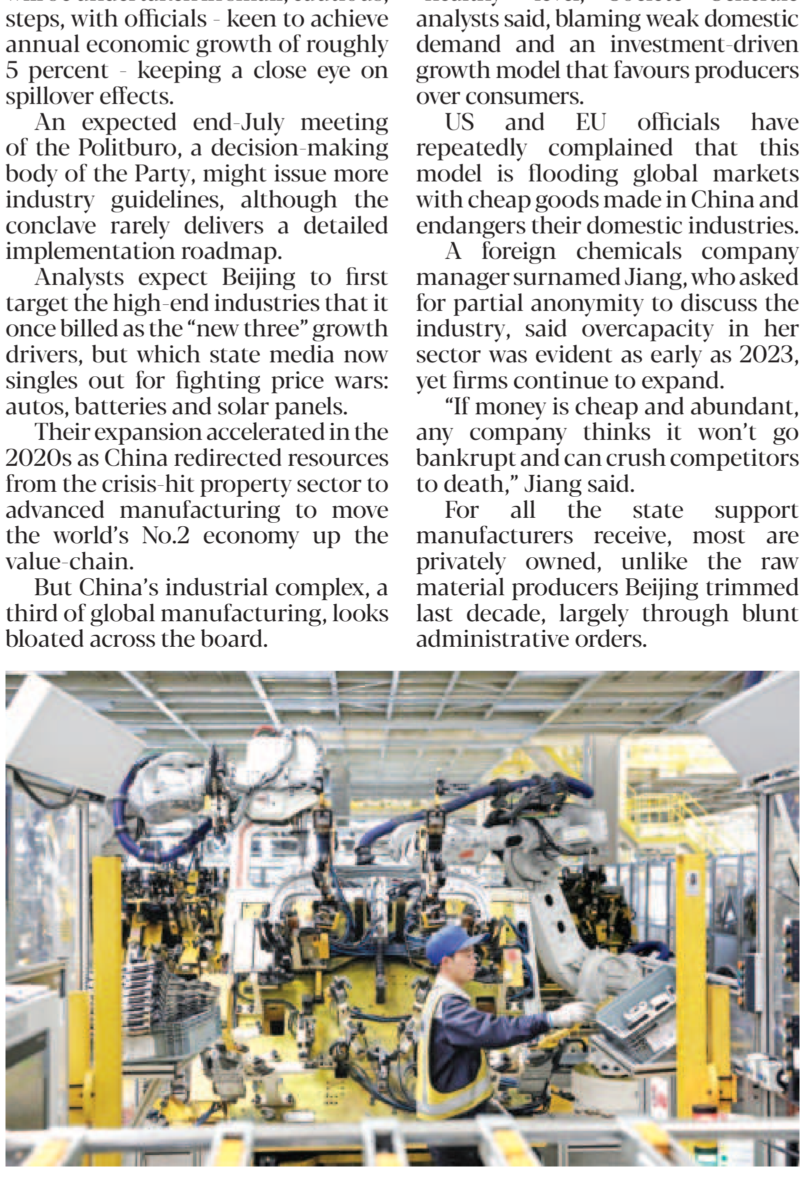
Most sectors have capacity utilisation rates below the 80 percent "healthy" level, Societe Generale analysts said, blaming weak domestic demand and an investment-driven growth model that favours producers over consumers.

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

Precision farming

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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

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"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.

Transshipment

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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 officials will get some help from countries including Malaysia, Thailand and South Korea, which are stepping up their effort to crack down on blatant re-labelling of goods. This is in their interest because cheap Chinese products are threatening to hollow out local industries.

Support for the US measures will drop, however, if Trump is serious about trying to squeeze China out of supply chains. The People's Republic accounts for nearly 29 percent of value added in US imports from Cambodia, and almost 19 percent of those originating in Vietnam, according to research by Sonal Varma and Si Ying Toh at Nomura. Chinese investors are also big owners of factories across Southeast Asia.

Despite the proliferation of rules of origin, the World Trade Organization estimates that 74 percent of global trade still flows under its "most favoured nation" terms, a principle whereby member countries treat imports equally regardless of their origin. For now, it looks like other economies are moving in the opposite direction from the United States. The European Union and Indonesia are moving ahead on finalising a free trade deal; China has extended zero-tariff treatment to 53 African countries; while talks over an EU-India trade pact are slated to continue in September.

Trump could have satisfied some of his stated goals of reducing US trade deficits, raising money and isolating China by imposing high duties on the world's second-largest economy, and a single lower tariff on the rest of the world. Indeed, that may yet be where the president's tariffs end up: On Wednesday, he said he would send letters to more than 150 "smaller" countries notifying them their tariff rates could be 10 percent or 15 percent. But that would still potentially leave more than 40 countries facing wildly diverging rates. Expect the new dirty word in trade – transshipment – to be used much more often in future.