

star BUSINESS



Bangladesh eyes 10-20% tariff in final US talks

Delegation leaves for US

REFAYET ULLAH MIRDHA

The Bangladeshi delegation left for the US yesterday to engage in the third and final round of negotiations with the Trump administration, seeking to lower a new tariff on the country's products.

The negotiations are scheduled to begin on July 29 and continue until July 31, whereas a 35 percent tariff is set to be imposed on Bangladeshi products entering the American markets from August 1.

"We are hopeful of a much lower tariff rate as the negotiations held to date have been in a congenial atmosphere," Commerce Secretary Mahbubur Rahman told The Daily Star over the phone before leaving the country.

"I see a positive sign in the negotiations," he said.

The tariff rate is likely to be in the range of 10 percent to 20 percent, as has been the case for some countries that have been able to avail revised tariff rates, he added.

For instance, Vietnam was able to settle on 20 percent, Indonesia and the Philippines 19 percent, Japan 15 percent, the UK 10 percent, and the European Union (EU) 15 percent.

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Bangladesh has also revised its negotiation strategies, such as offering to buy 25 US-made aircraft instead of 14, he said.

Moreover, Bangladesh has already signed agreements with US suppliers to buy 3.5 million tonnes of wheat over the next five years. Another agreement was signed to import liquefied natural gas (LNG) from the US.

The strategy is aimed at reducing the gap in bilateral trade, which is very much tilted towards Bangladesh.

Regarding buying more aircraft, the commerce secretary said that apart from reducing the trade gap to influence a tariff reduction, Bangladesh needs to build up its aircraft fleet for the future.

Moreover, Boeing's waiting list for the delivery of aircraft is already long, and Bangladesh may have to wait a really long time if the orders are not placed now, he said.

For instance, Vietnam has already sought 100 Boeing aircraft, while Indonesia has sought 50, he added.

The agreements for the purchases are flexible, as the products can be availed even at a date later than that initially agreed upon, added Rahman.

However, it is expected that Bangladesh will eventually benefit from these agreements, as the goods will meet demand, he said.

For instance, the local production of wheat is not enough to meet demand, and Bangladesh is dependent on imported wheat. Now the US will be a major source for wheat imports, he said.

One garment exporter aiding the delegation as a private sector representative, asking not to be named, said, "I don't think we will get anything less than 25 percent, it's my gut feeling."

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Smart lockers reshaping last-mile delivery

AHSAN HABIB

While passing stations during rides on the Dhaka metro rail, you may have seen clusters of small boxes resembling bank lockers. Naturally, a question comes to mind—what are the uses of these boxes?

These IoT-based lockers are being used by a couple of companies to deliver their products to customers at a time of convenience.

These lockers are, in effect, attempts to squeeze in a little bit of convenience in this hectic metropolis.

Set up by a startup called DigiBox, these lockers, or "digital boxes", are being used by several companies, including Daraz Bangladesh, BRAC Bank, and 1000Fix Services.

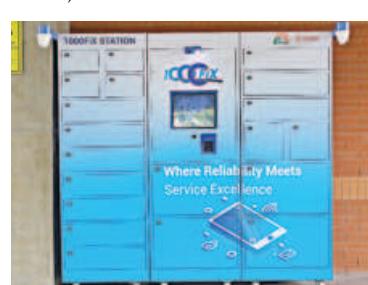


PHOTO: COLLECTED

These IoT-based lockers are being used by a couple of companies.

Already, around 6 lakh products have been handed over to customers through the lockers in the last two years.

DigiBox is going to launch another service through which people will be able to receive snacks and various types of meals in the "food-safe" lockers.

The startup has already set up the lockers for Daraz in 52 locations across the country, including all metro stations in Dhaka, in five locations for 1000Fix Services Ltd, and in several locations for BRAC Bank.

It is going to set up lockers in 10 more locations for 1000Fix Services Ltd and around 100 for BRAC Bank in front of their different branches.

This is a common logistics service available in several countries. However, it is costly to import the lockers.

Considering the demand, DigiBox came up with its own software so that people can get their products by tapping on a screen next to the lockers.

"Initially, we built wooden boxes. However,

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Heavy import reliance leaves pharma industry vulnerable

Drugmakers call for setting API production as a strategic priority

JAGARAN CHAKMA

Local medicine manufacturers can meet almost the entire domestic demand and export to as many as 160 countries, given that supplies of raw materials come from China and India.

But without these imported ingredients, the 45-year-old pharmaceutical industry cannot produce even something as basic as Esomeprazole—a commonly used tablet to treat heartburn.

Industry insiders say it is high time Bangladesh invested in the development of active pharmaceutical ingredients (APIs) to reduce its annual import bill of roughly \$1.3 billion, improve resilience, and ensure long-term growth.

Meanwhile, health economists say delays in building API capacity could lead to patient-related issues. Bangladesh currently enjoys a patent waiver as a least developed country, but that exemption will end when the country graduates from the LDC club in November next year.

According to local drugmakers, around 85 percent of drug ingredients are still imported, mainly from China and India. Efforts to manufacture these locally are obstructed by gaps in the production ecosystem, regulatory hurdles, a shortage of skilled workforce, and limited access to finance.

To resolve these issues, they have called for an API policy to support local initiatives.

At least six domestic firms, including Square, Beximco, ACME and Incepta, currently produce 40 types of APIs worth Tk 2,500 crore.

Rabibur Reza, chief operating officer of Beximco Pharmaceuticals, said, "Bangladesh must stop treating API production as the

IMPORT DEPENDENCE

- 85% of APIs are imported, mostly from China and India
- Annual API imports cost \$1.3b
- Only six firms produce APIs domestically

CHALLENGES

8-9 months needed to get import approvals	API industrial park lacks gas connections	High interest rates (14-15%) make API ventures costly
High ETP setup costs hinder growth	The sector lacks adequate expertise	Patent waiver expiry to raise production complexity

responsibility of individual companies and instead prioritise it as a national strategic objective."

"Even when we try to manufacture APIs locally, there are approval delays of eight to nine months just to import the ingredients, as the process requires 18 separate clearances," said Reza.

"By the time we receive the go-ahead, global prices have shifted or competitors have beaten us to market," he said.

He said API byproducts from one industry feed another in China. "That is how they have built a cost-effective, integrated model. We need to replicate that thinking here."

To support the local pharmaceutical industry, the government has set up an

API industrial park in the Gajaria area of Munshiganj. While land has been acquired and infrastructure developed, the site does not have a gas connection, making it an unattractive location for API ventures.

The Beximco pharma executive said that without coordination between agencies and a single-window clearance system, the API park could become another underused industrial zone.

"We are ready to invest, but policy must support viability," he commented.

Abdul Muktadir, president of the Bangladesh Association of Pharmaceutical Industries (Bapi), said, "We have made great strides in pharmaceutical formulations, but without local API capacity, our base remains fragile."

Referring to the API park, Muktadir said no chemical plant can run on LPG.

Besides, he said that access to affordable finance is another major challenge for API manufacturing.

According to the Bapi president, with bank interest rates hovering around

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Ctg port operations stall over union vote

DWAIKAY BARUA, Ctg

Container transport to and from Chattogram port was suspended for nearly 12 hours since yesterday morning as drivers and helpers of prime mover trailers stopped work to vote in their union's biennial executive committee election.

The disruption lasted from 6am to 6pm, halting the movement of containers between the port, inland container depots (ICDs), and other districts, according to port officials and industry sources.

Container handling inside the port was also severely affected, with most prime movers that transport containers between jetties and port yards out of operation.

The Chattogram District Prime Mover Trailer, Concrete Mixer, Flat Bed and Dump Truck Workers' Union had earlier announced the 12-hour suspension of operations due to the vote.

The election was held at the Chattogram Port Republic Club from 8am to 4pm, with 67 candidates contesting for 25 positions on the union's executive committee. The union has 10,452 registered voters, most of whom are drivers and helpers of prime movers.

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