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External balance swings to surplus after 3yrs

MD MEHEDI HASAN

The country's balance of payments returned to a surplus in the fiscal year (FY) 2024-25, ending a three-year spell of deficits.

The turnaround has been attributed to stronger remittance inflows, foreign aid, a flexible exchange rate, and tighter fiscal measures.

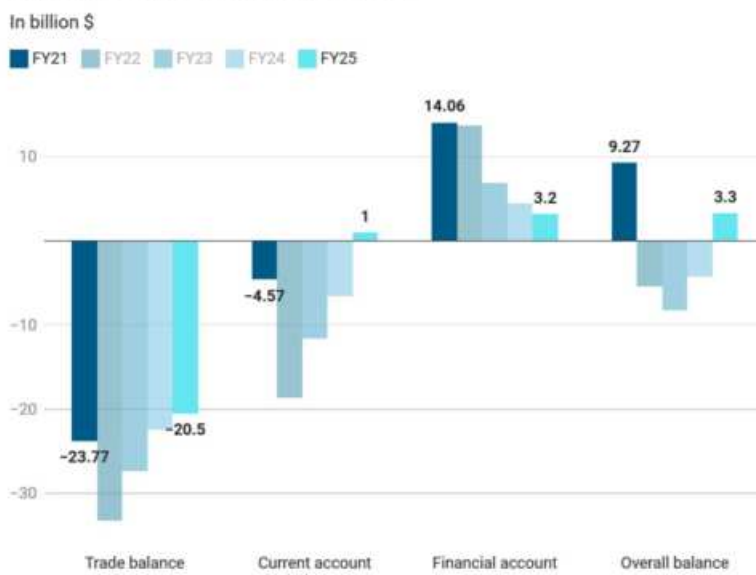
According to the Bangladesh Bank data, the overall balance of payments posted a surplus of \$3.3 billion at the end of FY25, bouncing back from a \$4.3 billion deficit the previous year.

The country recorded deficits of \$8.22 billion in FY23 and \$5.38 billion in FY22. The last time the external balance was in surplus was in FY21, when it stood at \$9.27 billion.

The balance of payments tracks the difference between what the country earns from the rest of the world and what it spends abroad.

In its Monetary Policy Statement (MPS) for the July-December period of FY26, the central bank said the external sector's

Bangladesh's external balance



Rahman, distinguished fellow at local think tank Centre for Policy Dialogue (CPD), told The Daily Star.

He said the financial account benefited from loans and assistance from the

Imports, which had dropped by 11.1 percent in FY24, began recovering in FY25 as the foreign exchange market became more liquid.

Total imports grew by 2.4 percent, led by consumer goods and raw materials for the garment sector. However, the import of capital machinery remained weak, reflecting a lack of investment appetite, it said.

Rahman pointed out that the private sector had not yet resumed capital machinery imports in any meaningful way. However, he said restrictions were

Bangladesh's export outlook still sensitive: BRAC EPL

STAR BUSINESS REPORT

The overall export outlook of Bangladesh remains sensitive to broader global tariff realignments despite the reciprocal tariff cut offering relief, BRAC EPL Stock Brokerage said in a special brief.

The brokerage house issued the brief after the US announced a 20 percent tariff on Bangladesh's exports to its market, 17 percentage points lower than the tariff initially announced by the Trump administration.

It significantly enhances the country's competitive position, BRAC EPL said.

The report said Bangladesh has secured parity with major garment exporters like Vietnam, Pakistan, Indonesia, and Sri Lanka in the US apparel market following the reduction.

Despite the cut, Bangladeshi exporters will still face a total duty burden of about 35 percent, the report said.

However, Bangladesh's well-developed RMG infrastructure gives the country greater bargaining power to negotiate cost pass-throughs with buyers, the brokerage house added. India, for instance, currently faces a 25 percent reciprocal tariff.

However, a possible free trade agreement or

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LG eyes green growth with RANCON partnership

STAR BUSINESS REPORT

LG Electronics is set to expand its presence in the country's energy-efficient air solutions market through a strategic partnership with RANCON Group, company officials announced yesterday.

To mark the collaboration, senior executives from LG's global and regional leadership visited RANCON eMART showroom in Gulshan of Dhaka. The visit was aimed at evaluating the market's readiness for LG's environmentally friendly and energy-saving air solutions and deepening ties with its long-standing partner RANCON.

At a formal event in the capital, Jaesung Lee, president of LG EcoSolution Company, unveiled the brand's latest range of heating, ventilation and air conditioning (HVAC) products designed specifically for Bangladesh.

"In response to the rapidly evolving needs of Bangladesh's residential and commercial sectors, we are introducing a solution that not only ensures effective temperature control but also sets new benchmarks in energy efficiency, indoor air quality, and intelligent system management," said Lee.

The company's offerings under LG EcoSolution include room air conditioners, conversion-type units, industrial chillers, and air purifiers. Company officials said these products have been tailored to suit the environmental and climatic conditions of Bangladesh.

Highlighting the country's potential as a key growth market, Lee noted its demographic

Rod prices hit 3-year low as demand dries up

JAGARAN CHAKMA

Steel rod prices have fallen below Tk 90,000 per tonne for the first time in more than three years, as construction demand continues to fall amid reduced government spending and economic uncertainty.

The retail price of 60 grade mild steel (MS) rod, widely used by construction sites and infrastructure projects, dropped 12 percent year-on-year last week to between Tk 85,000 and Tk 89,000 per tonne, down from Tk 97,500 to Tk 99,500 a year ago, according to Trading Corporation of

Bangladesh (TCB) data. Prices are now lower than they were on March 23, 2022, when a tonne sold for Tk 91,500. At its peak in mid-2024, the price neared Tk 1 lakh.

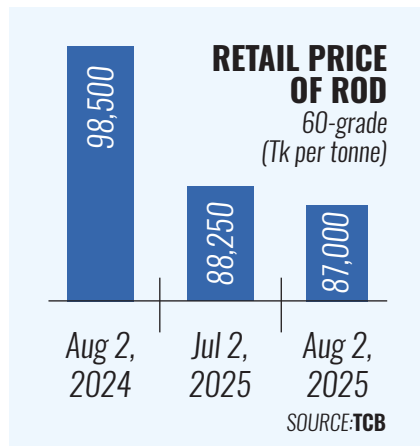
Before the political changeover in August last year, the country consumed around 6.5 lakh tonnes of MS rod each month, according to the Bangladesh Steel Manufacturers Association (BSMA). Since then, demand has steadily declined to about 4 lakh tonnes in recent months, a drop of roughly 35 percent.

BSMA said public construction and large-scale government projects, which usually account for nearly two-thirds of domestic steel consumption, have been in consistent decline since July last year.

"In just minutes, the price dropped 9 percent on July 27 this year. In such volatility, running a business is very difficult," said Sumon Chowdhury, secretary general of the BSMA.

Chowdhury said domestic demand has almost disappeared. "It is a major concern for the industry," he said, citing the lowest Annual Development Programme (ADP) implementation in 49 years as a key factor behind the slump.

He added that smaller producers such as Bandar Steel and Mohammadi Steel have suspended production due to limited access to bank finance. "Many mills cannot survive under current conditions," said Chowdhury.



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