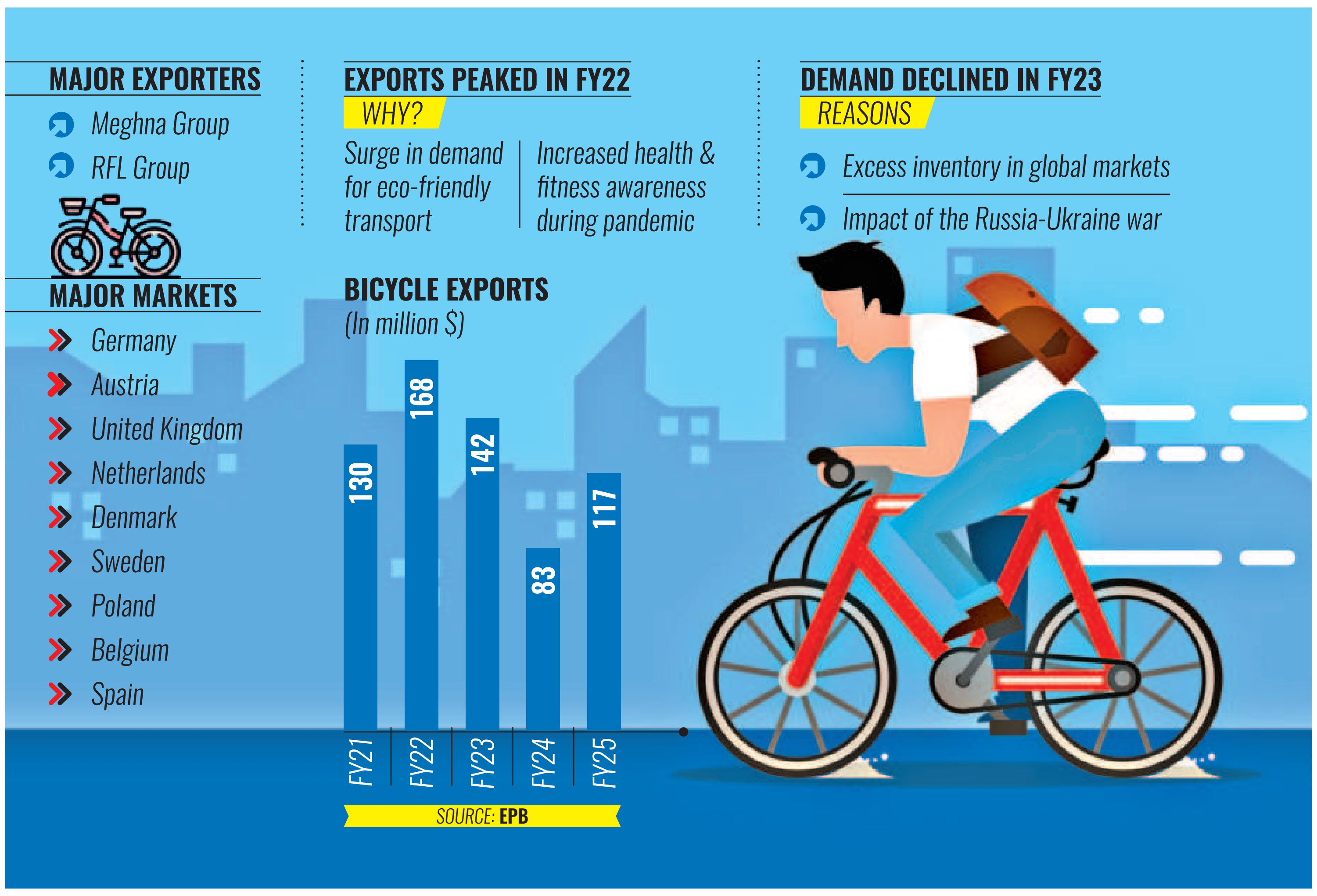
Bicycle exports rebound after two-year slump



JAGARAN CHAKMA

Bangladesh's bicycle exports are showing signs of recovery, rebounding after two years of decline since peaking during the pandemic-era boom.

Exports rose to $117 million in the last fiscal year (FY) 2024-25, marking a 41 percent increase from the previous fiscal year's $83 million, which marked the industry's lowest point in five years, according to data from the Export Promotion Bureau (EPB) released recently.

Exports of the two-wheeler had peaked at $168 million in FY2021-22, driven by a surge in European orders during lockdowns, when cycling became a preferred means of commuting and recreation due to social distancing requirements.

"The demand for bicycles in the European market experienced a significant surge during the pandemic period. This was largely driven by a growing preference for individual and environmentally friendly transportation options that supported social distancing," said Md Luthful Bari, chief operating officer at the Meghna Group of Companies, one of the largest bicycle exporters in the country.

He, however, noted that the trend shifted sharply in 2023. As economies reopened, global demand declined, retailers were left with excess stock, and Bangladesh's bicycle exports dropped to $142 million in FY2022-23 before falling further in the next fiscal year.

"The ongoing geopolitical crisis in Europe, particularly the Russia-Ukraine war, had a direct and adverse impact on the bicycle market," he said.

Industry insiders say the recent export uptick suggests early signs of stabilisation.

Exporters cite easing freight costs, improved global logistics, and renewed interest in low-cost, sustainable mobility as contributing factors. Some Bangladeshi manufacturers have also shifted towards value-added products, including lightweight and electric bicycles, in a bid to stay competitive.

"Exports are gradually increasing as international buyers have started placing new orders," said Bari.

The improvements come after a challenging period marked by adverse weather, slowing demand in Europe, and the ongoing fallout from the Russia-Ukraine war, all of which had dampened export performance in previous years

Meanwhile, Kamruzzaman Kamal, marketing director of Pran-RFL Group, another major player, said, "In total, we've seen around 20 percent growth."

He credited the growth to targeted market diversification and product adaptation to meet global standards.

"We've opened up several new markets, including in the USA, and seen moderate recovery in European sales," Kamal told The Daily Star recently. "At the same time, we've resolved some key product development issues, which helped push export volumes up."

He added that the opening of new international markets has begun yielding positive results, with increased sales from the USA market contributing significantly to the company's recent export performance.

Kamal noted that while the company introduced electric bicycles in recent initiatives, these were not entirely new products, but refinements within existing lines aimed at meeting international regulatory requirements.

"There were some technical compliance issues, particularly around product size and safety regulations, that we had to address for specific export destinations," he explained. "These adjustments were critical for continuing access to key markets."

The improvements come after a challenging period marked by adverse weather, slowing demand in Europe, and the ongoing fallout from the Russia-Ukraine war, all of which had dampened export performance in previous years, he said.

"With the geopolitical climate now somewhat stabilised and economic activities picking up in our core markets, we are seeing renewed growth," Kamal said.

Despite the improvement, Bangladesh's bicycle exports remain 30 percent below their FY22 peak, highlighting that the sector's recovery is far from complete. Rising production costs and competition from low-cost producers such as Cambodia and Vietnam continue to weigh on local manufacturers.

Bari, however, remains optimistic that the sector will continue to recover gradually as market conditions stabilise and buyers resume regular procurement.

IDLC Finance's profit jumps 46% in Q2

STAR BUSINESS REPORT

IDLC Finance PLC reported a significant rise in profitability in the second quarter of 2025, buoyed by higher investment income and lower provisioning expenses, the leading non-bank financial institution said in its financial statements.

The listed company logged a net profit of Tk 57.89 crore in the April-June quarter, marking a 46 percent year-on-year increase.

Its consolidated earnings per share (EPS) stood at Tk 1.33 in the second quarter, up from Tk 0.91 in the same three-month period of 2024.

For the first half of 2025, consolidated EPS was Tk 2.49 against Tk 1.72 for January-June period of the previous year.

Its net profit for January-June rose to Tk 108.8 crore, an increase of Tk 33.5 crore from the same period a year ago.

IDLC attributed the earnings surge primarily to an increase in investment income, which rose by Tk 120 crore, and a Tk 3.2 crore decline in provisions for loans and investments.

However, the NBFI also faced headwinds as its net interest income declined by Tk 57.8 crore, commission, exchange and brokerage income by Tk 6.2 crore, and other operating income by Tk 4.8 crore.

Its operating expenses increased by Tk 8.6 crore, while tax provision was higher by Tk 13.1 crore during the period.

The company also posted strong operating cash flows as its consolidated net operating cash flow per share hit Tk 20.31 for January-June 2025, significantly higher than Tk 6.49 in the corresponding period of 2024.

The substantial jump in cash generation was driven by higher inflows from terms and other deposits, the NBFI said in the financial report.

As of June 30 this year, sponsor-directors held 56.66 percent of the company's shares, followed by institutions 27.87 percent, the public 15.10 percent, and foreign investors 0.37 percent, according to Dhaka Stock Exchange data.

Why five Islamic banks should not be merged

DH CHOUDHURY

The prospect of five Islamic banks in Bangladesh being merged into one "New Bank" has raised a general concern over whether such a move is the most effective solution to their problems. Merger memories exist in our banking history. My central argument is that restructuring each bank individually offers a more sustainable path forward.

Looking back through my institutional memory, the creation of Rupali Bank in 1972 was a result of the Liberation War, with three Pakistani banks combined into one organisation. At the time, I served as a mid-level officer in the managing director's secretariat. In hindsight, the merger was disorderly, ad hoc and without a proper long-term plan.

The loan portfolio was about Tk 80 crore (USD 1 = Tk 4.76), with 159 branches and 2,000 staff.

The merger happened without a structured assessment of the three banks' asset quality, which led to an unstable loan portfolio. Senior leaders from all three institutions, regardless of their track records, were placed under one governance framework. Many did not have the shared understanding needed to function as a cohesive leadership team.

There was no alignment in processes between the three units. Their differing work ethics and organisational cultures caused friction and poor decision-making. This disorderly start hampered the bank's evolution into a sustainable institution.

With that institutional memory still vivid, let us consider the implications of a mega-merger into a New Bank. If Social Islami Bank, First Security Islami Bank, Union Bank, Global Islami Bank and EXIM Bank were merged, their combined deposit base would be Tk 153,000 crore, with investments totalling Tk 192,000 crore. Their non-performing loan (NPL) rates range from 46 to 97 percent, with a weighted average of 73 percent. These five banks collectively employ about 18,500 people across 1,465 branches and sub-branches, along with 500 agent outlets.

They currently operate under three different core banking systems and have distinct operational guidelines, service rules and financial products. Although all follow Shariah-based banking, their interpretations and practices vary. Merging five weak banks will not necessarily result in one strong bank. On the contrary, it could raise systemic risks and increase pressure on the Bangladesh Bank to support an even larger and more fragile institution.

Such a merger could also give rise to a moral hazard. The New Bank would be a fresh legal entity. This could potentially erase the track record of misconduct, setting a dangerous precedent and sending the wrong signal that fraud can be absorbed into a larger system without consequences.

Governance and accountability in the New Bank could be paralysed. Each of the five banks has suffered from dishonest acts by past owners. Fraud was committed through deceitful lending, nepotism, misreporting, regulatory breaches and board-level collusion. These wrongdoings differ in each institution.

A more effective solution would be a strategic, phased restructuring of each bank. This could begin with the appointment of a "Turnaround Management Team" for each institution, operating under the oversight of the Bangladesh Bank. The next step would involve reforming the Shariah Board, bearing in mind that members without backgrounds in banking and finance may lack the risk awareness needed. With support from forensic auditors, past misconduct should be thoroughly investigated, and perpetrators brought to justice.

In conclusion, a mega-merger may provide short-term political or face-saving gains, but it carries the risk of market instability, systemic failure and public mistrust. A more prudent course is to restructure each bank independently, allowing their boards and management to play active roles and be held accountable for performance.

The writer is a former banker

Apple ready to open its wallet to catch up in AI

REUTERS, *San Francisco*

Apple CEO Tim Cook signaled on Thursday the iPhone maker was ready to spend more to catch up to rivals in artificial intelligence by building more data centers or buying a larger player in the segment, a departure from a long practice of fiscal frugality.

Apple has struggled to keep pace with rivals such as Microsoft and Alphabet's Google, both of which have attracted hundreds of millions of users to their AI-powered chatbots and assistants. That growth has come at a steep cost, however, with Google planning to spend $85 billion over the next year and Microsoft on track to spend more than $100 billion, mostly on data centers.

Apple, in contrast, has leaned on outside data center providers to handle some of its cloud computing work, and despite a high-profile partnership with ChatGPT creator OpenAI for certain iPhone features, has tried to grow much of its AI technology in-house, including improvements to its Siri virtual assistant. The results have been rocky, with the company delaying its Siri improvements until next year.

During a conference call after Apple's fiscal third-quarter results, analysts noted that Apple has historically not done large deals and asked whether it might take a different approach to pursue its AI ambitions. CEO Cook responded that the company had already acquired seven smaller companies this year and is open to buying larger ones.

"We're very open to M&A that accelerates our roadmap. We are not stuck on a certain size company, although the ones that we have acquired thus far this year are small in nature," Cook said. "We basically ask ourselves whether a company can help us accelerate a roadmap, and if they do, then we're interested."

Shares of the company were up 1.7 percent in premarket trading on Friday. Apple has tended to buy smaller firms with highly specialized technical teams to build out specific products. Its largest deal ever was its purchase of Beats Electronics for $3 billion in 2014, followed by a $1 billion deal to buy a modem chip business from Intel.

US government turmoil stalls thousands of export approvals

REUTERS

Thousands of license applications by US companies to export goods and technology around the globe, including to China, are in limbo because turmoil at the agency in charge of approving them has left it nearly paralyzed, two sources said.

While US Commerce Secretary Howard Lutnick has become a familiar face touting President Donald Trump's tariff and trade deals, sources said the export bureau under Lutnick's command has failed to issue expected new rules, stifled communications with industry representatives, pushed out experts, and lost staff through buyouts and resignations.

Shipments of artificial intelligence chips from Nvidia to China are the most high-profile example of licenses not being swiftly approved. The company said July 14 the government assured it licenses would be granted for its H20 chip, and it hoped to start deliveries soon. Lutnick and other officials confirmed sales would be allowed.

But sources said this week no licenses have yet been issued, and billions of dollars of AI chip orders are at stake.

One US official said the backlog of license applications is the lengthiest in more than three decades.

A spokesperson for Nvidia declined to comment.

The Commerce Department defended its licensing practices, saying its Bureau of Industry and Security "will no longer rubber-stamp license applications that raise grave questions of national security," a spokesperson said.

Forklifts move shipping containers at PortMiami, in Miami, Florida. One US official said the backlog of export license applications is the lengthiest in more than three decades.
PHOTO: AFP/FILE

"BIS is driving forward President Trump's agenda through strong rules and aggressive enforcement," the person added.

The turmoil and resulting inaction at an agency tasked with promoting overseas trade and safeguarding American technology are alarming both those seeking tougher restrictions on exports to China and companies trying to sell their wares abroad.

"Licensing is how the US does business and competes globally," said Meghan Harris, who served on the National Security Council in the first Trump administration and has worked at Commerce. "Delays and unpredictability put us at an unnecessary disadvantage."

BIS averaged 38 days per export license application in fiscal year 2023, the most recent data available, denying 2 percent of 37,943 applications.

The license process enforces US export restrictions in an effort to make sure sensitive goods and technology do not reach countries or entities whose use of the items could harm US national security.

Some staff have criticized Jeffrey Kessler, who became BIS undersecretary in March, saying he has micromanaged the bureau and failed to communicate adequately.

At a staff meeting soon after he took office, Kessler urged BIS staff to limit communications with company representatives and industry officials, according to two additional sources, who said he later asked for all meetings to be entered on a spreadsheet.

Getting approval from Kessler's office to attend meetings with other government agencies has also been tricky, those sources said, speaking anonymously because they were not authorized to speak publicly.

The BIS spokesperson said Kessler "is restoring integrity" to the bureau and enjoys Lutnick's "full confidence."

Frustration is growing within US industry.

"We're seeing whole sectors where there is no movement or indication if or when licenses will be issued," including license applications for semiconductor manufacturing equipment worth billions of dollars, said Sean Stein, president of the US-China Business Council.

While the clock is ticking on license applications, "Chinese companies are exploring and doing deals with suppliers in China and other countries," he said. "The longer we have the delay, the more market share we're going to lose."

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