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US reciprocal tariff taking effect tonight

JAGARAN CHAKMA and DWAIPAYAN BARUA

The new 20 percent reciprocal tariff by the United States on Bangladeshi exports to the American market will come into effect tonight, which may open up opportunities for the country's apparel sector as it adapts to evolving global trade dynamics.

This duty will raise the total tariff on Bangladeshi garments, the main item in the country's export basket, to 35.5 percent.

While it may affect competitiveness, industry leaders see it as a chance to reaffirm their manufacturing might amid higher rates imposed on market peers.

In the fiscal year (FY) 2024-25, Bangladesh's garment exports to the US rose to \$7.54 billion, marking 14 percent year-on-year growth. The US remains the country's largest single-nation export destination for ready-made garments (RMG).

The new tariff will apply to all consignments shipped from Chattogram port after August 7, starting at 12:01 am tonight, according to the White House executive order issued on July 31.

Shipments dispatched earlier will remain exempt. "When the Trump administration imposed a 35 percent tariff in April, Western buyers tried to reduce prices by 5 to 10 percent. But after the US president revised it down to 20 percent, no serious bargaining has taken place yet," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

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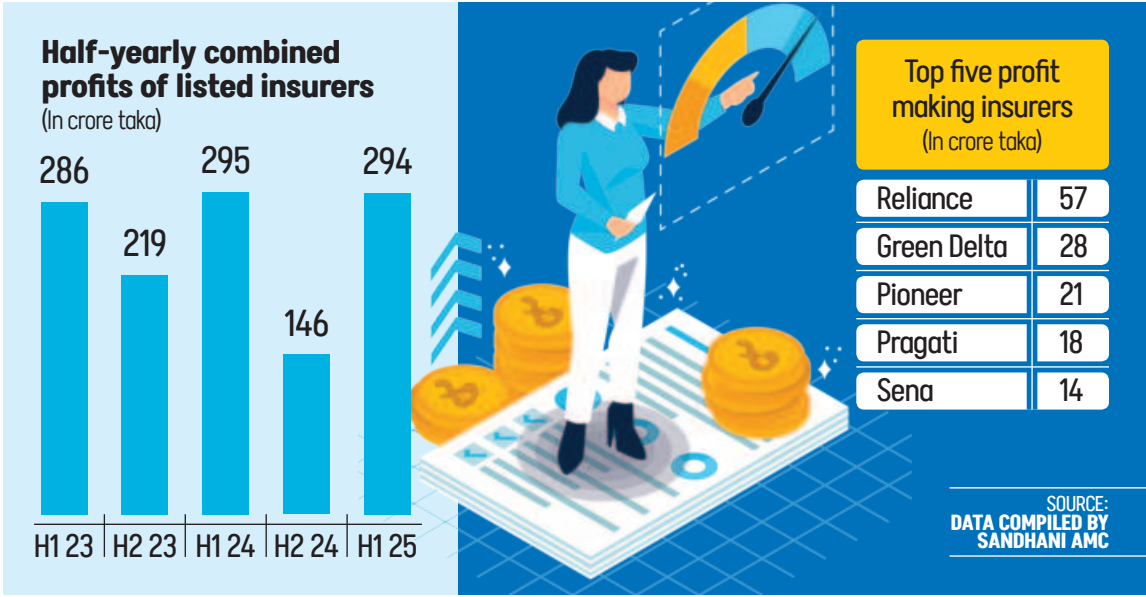
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Profits shrink for most listed insurers in January-June



AHSAN HABIB

Most general insurance companies in the country suffered a decline in profits in the first half of this year, due mainly to a drop in marine and fire insurance policies amid ongoing challenges in the business sector.

Of the 37 listed general insurance firms, 22 saw profits fall while 15 recorded higher earnings compared with the same period last year.

Their combined profit stood at Tk 294 crore, slightly down from Tk 295 crore in the same six months of 2024.

"The country's economy is facing several challenges, and businesses are

also suffering. The insurance sector was no exception," said Md Rezaul Karim, adviser of Pragati Insurance Limited.

"Due to the squeeze in business, marine and fire insurance sales have dropped," he told The Daily Star on Tuesday.

Bangladesh's GDP grew by 3.97 percent in the recently concluded fiscal year 2024-25, the slowest in 34 years, excluding the Covid pandemic period. Weak growth in the agriculture and service sectors contributed to the slowdown, according to the Bangladesh Bureau of Statistics (BBS).

In June, inflation eased to 8.48 percent, falling below 9 percent for the first time in over two years.

Karim said that even when companies are purchasing insurance policies, they are opting for lower coverage.

"Companies which in previous years had the capacity to pay insurance premiums for coverage worth Tk 1 crore are now paying half of it," he commented.

"They are having to come to terms with the fact that this is increasing their risk exposure, as the current situation is not that favourable for business," he said.

Among the listed firms, Reliance Insurance Limited posted the highest

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Short-term economic reforms by Dec: Salehuddin

STAR BUSINESS REPORT

Short-term reforms will be brought about in the economic sector by December this year, said Finance Adviser Salehuddin Ahmed yesterday.

Speaking to journalists after a meeting of the Cabinet Committee on Government Purchase, he said, "My target is to complete bringing about some reforms by December. We've already met a few immediate needs."

"There are some other reforms that are mid-term and long-term, like bank resolution, which will take a bit more time," he said.

"I went to Bangladesh Bank the day before yesterday — they've created a roadmap. Its implementation will come next," said Ahmed.

He said that the government will complete the separation of tax policy from tax implementation soon.

"We'll amend the ordinance slightly and get that done. The manpower issue will be settled—that won't be too difficult," he said.

In response to a question about the country's economic situation under the interim government, he said, "We've come a long way up from the edge of the cliff."

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