Riad Mahmud

US tariff hike no big blow to non-leather footwear exports

Shoeniverse MD says buyers resume bookings

JAGARAN CHAKMA

Emerging export item non-leather footwear remains largely unscathed after the US tariff storm, thanks to Bangladesh's limited exposure to the American market and a stronger competitive position than some peers.

The sector, which has recently entered the half-a-billion-dollar export club from $189 million a decade earlier, is seeing American buyers returning to Bangladeshi exporters, according to a leading industry figure.

"US buyers have done their calculations and seem ready to absorb the 35 percent tariff for now," Riad Mahmud, managing director of Shoeniverse Footwear, told The Daily Star in a recent interview.

Mahmud, who supplies products to top buyers like Walmart, Target, and Reebok, said, "Bangladesh can still emerge as a major player in the global synthetic footwear market despite recent tariff pressures."

Around 90 percent of Bangladesh's non-leather footwear exports currently go to Europe. But Mahmud sees greater promise across the Atlantic.

"US orders are large and consistent. When one style runs on the line for weeks, our efficiency improves. Europe's orders are smaller and fragmented. Constant style changes reduce output and raise costs," the Shoeniverse MD said.

Just months ago, top US retailers were exploring Bangladesh as an alternative sourcing base amid shifting global trade dynamics. The sudden introduction of a 20 percent US tariff on Bangladeshi products, on top of an existing 15 percent, had initially put a damper on that optimism.

The tariff hike, Mahmud said, was "like a fog rolling over clear skies." Half his confirmed orders were frozen almost overnight. "Buyers simply said, 'We'll get back to you.'"

Faced with idle capacity, Shoeniverse pivoted to lower-margin clients to keep its factory floors busy. "We didn't earn profit, but we avoided empty lines. It was survival." Now, orders for November and December are back on the books.

Building Resilience

To compete sustainably, Mahmud argues, Bangladesh needs the scale and stability that the US market offers. The tariff shock, he says, also exposed structural weaknesses, particularly the high dependence on Chinese raw materials, which stretched lead times to 90 days.

To address this, Shoeniverse is offering land and infrastructure at its Bhaluka industrial zone to Chinese suppliers willing to form joint ventures in Bangladesh. "If components like soles and uppers are produced here, we can cut lead times from three weeks to three hours. That's how you withstand external shocks—not by lobbying, but by building smarter."

Mahmud likened the current crisis to emergency surgery. "We didn't have time to prepare; we simply had to respond. But now we must plan our recovery and future growth."

He estimates Bangladesh's footwear exports could reach $1 billion in two and a half years if key hurdles are cleared. Chief among them is the Nirapon certification, which guarantees US-standard safety and compliance.

"It took Parasol 18 months to secure theirs. Without it, we can't access high-volume US orders," he said, adding that several other firms, including Pran-RFL and MAF Shoe, are also pursuing the certification.

Beyond America

Beyond the US, Mahmud sees potential in the Australian market, which is also seeking alternatives to China.

Besides, Vietnam's rising costs and capacity limits could push European and Australian buyers towards Bangladesh. "Bangladesh is well positioned to benefit, if we act fast."

With Bangladesh's graduation from the least developed country category approaching next year, Mahmud warns that Bangladesh alone cannot sustain growth. "To recover our investments, we need bigger buyers from larger economies."

Mahmud was pragmatic on the US push for stronger labour unions. "As long as it's not disruptive, I believe in labour rights. We've already implemented 8-hour shifts and overtime limits. We've rejected child labour. These are global standards, and we accept them."

"The human and mental cost of violating these rights is too high, far beyond any financial calculation," he added.

Policy and Power

To ensure long-term competitiveness, Mahmud called for reforms in banking regulations.

"Payment cycles with US buyers can exceed 90 days, but current policies don't accommodate that. Also, occasional penalties for defective shipments are flagged as suspicious by banks, even when they're legitimate business practices," said the exporter.

Energy supply is another pressing issue. "We often face 6 to 8 power outages a day. That forces us to rely on gas or diesel generators, raising our production costs significantly."

Despite the hurdles, Mahmud remains hopeful.

"This is our RMG moment," he said, referring to the boom of Bangladesh's readymade garment sector, the crown jewel of the country's export industry.

"If we localise supply chains, ensure compliance, and scale up, we can replicate the garment sector's success in footwear," he noted.

The tariffs, he said, have not shut the US market. "The door is still open, just with a higher threshold. The opportunity remains. Now it's on us."

KEY TAKEAWAY

- US tariffs: New **20%** tariff raises total on synthetic shoes to **35%**.
- Key markets: Europe is the main buyer; the US offers larger orders
- Supply chain: Sector heavily relies on Chinese materials
- Opportunities: Chinese firms may relocate to Bangladesh, shortening lead times
- Challenges: Banking rules and power outages increase costs

Bangladesh in an identity crisis

MAMUN RASHID

When we hear the word engineering, Germany naturally comes to mind. Mention technology, and Japan emerges. Talk about innovation and Silicon Valley in the United States takes centre stage. These associations are the result of long-term, strategic nation branding, built over decades of investment, a clear national vision, and alignment between government, private sector and civil society.

Where does Bangladesh stand in this regard? What comes to mind when the world hears our name?

The reality is that, despite progress in areas such as women empowerment, microfinance and manufacturing resilience, Bangladesh's image continues to be defined by outdated and incomplete narratives. Political unrest, corruption, natural disasters and poor governance have long overshadowed our achievements. Our young, energetic workforce remains largely invisible in global conversations. Our entrepreneurs work tirelessly, often without recognition. Our cultural richness and intellectual promise rarely feature in the world's understanding of who we are.

Part of this distortion lies in our inability to tell our own story. And part of it lies in the years spent under authoritarian rule, where dissent was criminalised and merit was undermined. The past regime, despite its infrastructural ambitions, left a fractured civil society and a deeply polarised nation. The international community watched as democratic institutions weakened and critics were silenced. These developments deepened our branding crisis, portraying us not as a land of opportunity but as a cautionary tale.

Now, with the end of that chapter, we find ourselves at a rare turning point. We have an opportunity to rethink how the world sees us.

As we move forward, we must confront a central question. Do we want to be known as a conservative Muslim-majority country, susceptible to ideological drift and political repression? Or do we want to present ourselves as a confident, entrepreneurial, forward-looking nation capable of contributing to global growth and prosperity?

Nation branding is not about a catchy slogan or a tourism campaign. It is a long-term process of aligning perception with reality and, in many cases, improving the reality itself.

As branding expert Simon Anholt has observed, a national image is shaped not by advertisements but by behaviour. It is influenced by how a country treats its people, engages with the world, encourages innovation and honours its values.

For too long, Bangladesh has been excluded from the strategic conversations that shape regional and global futures. Investors have chosen Vietnam, Indonesia or Sri Lanka, often overlooking us despite strong fundamentals. Part of the reason is perception. We have not treated branding as a national priority. We have not told our story well enough, and when we have, the loudest voices, not always the most truthful, have dominated the narrative.

That must change. The post-Hasina era offers a narrow but crucial window to reset. It is a chance to collectively reimagine the identity we project. Civil society, private sector, media, diaspora, academia and government must come together to define it.

We are already known for microfinance, and our ready-made garment sector has driven much of our export success. But as marketing expert Philip Kotler suggests, relying solely on these strengths may not sustain us in the long term.

We must build capacity, expand into new markets and improve management to remain competitive. It is time to brand Bangladesh around digital innovation, green industry, creative exports and values such as tolerance, entrepreneurship and equity, reflecting the vibrancy of our youth and the ingenuity of our people.

Branding a nation is not a public relations stunt. It is nation-building through a global lens. If done well, it can open new markets, attract better investment, inspire talent to return and restore dignity to people who have long been misrepresented and underestimated.

The writer is the chairman of Financial Excellence Ltd

US licenses Nvidia to export chips to China

REUTERS

The commerce department has started issuing licenses to Nvidia to export its H20 chips to China, a US official told Reuters on Friday, removing a significant hurdle to the AI bellwether's access to a key market.

The US last month reversed an April ban on the sale of the H20 chip to China. The company had tailored the microprocessor specially to the Chinese market to comply with the Biden-era AI chip export controls.

The curbs will slice $8 billion off sales from its July quarter, the chipmaker has warned.

Nvidia CEO Jensen Huang met with Trump on Wednesday, two sources familiar with the matter told Reuters.

A spokesperson for Nvidia declined comment. A White House spokesman did not immediately respond to a request for comment.

The company said in July it was filing applications with the US government to resume sales to China of the H20 graphics processing unit, and had been assured it would get the licenses soon.

It is unclear how many licenses may have been issued, which companies Nvidia is allowed to ship the H20s to, and the value of the shipments allowed.

Nvidia disclosed in April that it expected a $5.5 billion charge related to the restrictions. In May, Nvidia said the actual first-quarter charge due to the H20 restrictions was $1 billion less than expected because it was able to reuse some materials.

The Financial Times first reported Friday's developments.

Nvidia said last month that its products have no "backdoors" that would allow remote access or control after China raised concerns over potential security risks in the H20 chip.

Exports of Nvidia's other advanced AI chips, barring the H20, to China are still restricted. Successive US administrations have curbed exports of advanced chips to China, looking to stymie Beijing's AI and defense development.

While this has impacted US firms' ability to fully address booming demand from China, one of the world's largest semiconductor markets, it still remains an important revenue driver for American chipmakers.

Huang has said the company's leadership position could slip without sales to China, where developers were being courted by Huawei Technologies with chips produced in China.

In May, Nvidia said the H20 had brought in $4.6 billion in sales in the first quarter and that China accounted for 12.5 percent of overall revenue during the period.

Dhaka stocks end 8-week winning run

STAR BUSINESS REPORT

Dhaka stocks snapped their eight-week winning streak last week owing to the negative performance of banking and other sector shares.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 35.35 points, or 0.65 percent, to close the week at 5,408.07.

Market movement was influenced by declines in the market capitalisation of bank, general insurance, and financial institution scrips, offsetting gains in fuel and power, pharmaceuticals and chemicals, and life insurance scrips, according to a weekly market review by Shanta Securities.

The DS30, which tracks blue-chip stocks, fell 0.79 percent to 2,097.70, while the DSES, comprising Shariah-compliant companies, edged down 0.02 percent to 1,170.43, DSE data showed.

Turnover, a key indicator of investor activity, stood at Tk 3,645.50 crore, down from Tk 4,194.31 crore of the previous week, as the exchange was closed on August 5 for "July Mass Uprising Day", resulting in four trading days.

On a daily average, turnover stood at Tk 911.37 crore, up from Tk 838.86 crore the previous week. This marked an 8.64 percent increase in average daily turnover.

Bangladesh Shipping Corporation topped the turnover chart, followed by City Bank, Jamuna Bank, and Uttara Bank, the Shanta Securities review said.

Banking stocks dominated trading, accounting for 23.81 percent of the average daily traded value. Pharmaceuticals followed with 13.21 percent, while textiles accounted for 10.27 percent.

Sector-wise, life insurance stocks led the gains with a 4.03 percent rise. Paper and printing, services and real estate, and jute stocks also posted notable advances.

Market breadth was negative, with 138 scrips advancing, 227 declining, and 30 remaining unchanged.

Among individual issues, Pragati Life Insurance was the top gainer, surging 19.11 percent, while SEML Lecture Equity Management Fund suffered the steepest fall, losing 10.23 percent during the week.

Automakers' $13b tariff hit is shot in the dark

ANALYSIS

REUTERS, *Hong Kong*

Efforts to quantify US President Donald Trump's tariff hit on automakers feel like a bad joke. Japan's Toyota Motor and Honda Motor now expect more than a $12.5 billion impact combined for the year. But moving parts and shifting assumptions mean those forecasts could easily change again. That makes decisive action, such as raising prices, harder to commit to.

On Wednesday, Honda raised its operating profit forecast to 700 billion yen ($4.76 billion) for the twelve months to March 2026 – still some 40 percent below last year's earnings – as US tariffs on Japanese goods came in lower than feared. Larger rival, the $237 billion Toyota, on Thursday also offered its estimates for the current period and now expects annual operating profit to fall by a third. Shares of both automakers barely reacted on the news, implying the impact of US tariffs, while painful, was largely in line with expectations.

Problem is, the companies – and investors – are filling in some big blanks to come up with these projections. The US-Japan trade agreement, which pinned the tariff on auto imports from the Asian country at 15 percent, down from 27.5 percent previously threatened, isn't yet laid out in writing, so the fine print might change. Honda assumes the new rates will kick in from September, while Toyota's calculations assume August. Both also input a 25 percent levy for completed cars from Canada and Mexico, where they each manufacture a significant portion of their US-bound vehicles, plus exemptions for parts imported from those regions. Those too may change: US Commerce Secretary Howard Lutnick said last month that the president is "absolutely" going to renegotiate the United States–Mexico–Canada agreement.

That makes responding to tariffs – whether by tweaking production lines, shifting supply chains or raising prices – extra perilous. Honda is considering steps like ramping up US production capacity by adding factory shifts, per management, or outsourcing to Nissan Motor's stateside facilities, according to reports from the Nikkei. But that would probably result in higher manufacturing costs and increase the urgency to find alternative sources for key Japan-made components such as batteries and motors. It's understandable CEO Toshihiro Mibe wants to take his time before taking the plunge.

Meanwhile, Toyota has stayed quiet on tariff-induced price hikes, which are not factored into its guidance. In fact, most industry peers have opted to stand put in the first half this year: first movers risk losing market share, or even incurring Trump's wrath. And once a company commits to higher prices, it's extremely difficult to reverse.

The only certainty is that the latest forecasts and the assumptions underpinning them can't be taken too seriously. That leaves carmakers and shareholders driving with big blind spots.

US flags fly outside a Toyota dealership in Alhambra, California. Toyota revised down its operating profit forecast for the full year by 600 billion yen to 3.2 trillion yen for the impact of tariffs.

PHOTO: AFP