BB governor stresses increased domestic resource mobilisation

STAR BUSINESS REPORT

As global aid flows shrink and traditional donor priorities turn inward, Bangladesh must strengthen its domestic resource mobilisation, Bangladesh Bank Governor Ahsan H Mansur said yesterday.

"Bangladesh used to rely on foreign aid for 12 to 14 percent of its budget back in 1972. Today, we've significantly reduced that dependency," he said at an event organised by CARE Bangladesh at Sheraton Dhaka.

"I firmly believe that we must enhance our resource mobilisation capacity, which is perfectly achievable," he added.

The governor noted that Bangladesh is lagging in revenue collection and stressed the need for constructive reforms. "Some initiatives are being taken by the government, but resistance persists."

Stating that Bangladesh is not doing a good job in terms of revenue collection, the BB governor noted that the sector needs constructive focus. "Some initiatives are being taken by the government, but there's resistance from within."

For instance, he said, "Recently, we have seen the fallout from a strike at the National Revenue Board, where officials essentially wanted to maintain the status quo.

"But the status quo is not an option. We have to break out of it and move towards higher revenue generation."

Citing regional examples, Mansur questioned, "If India can collect revenue equal to 18-20 percent of its GDP, and Nepal can exceed 20 percent, why should we be stuck at our current levels?"

"Bangladesh used to rely on foreign aid for 12 to 14 percent of its budget back in 1972. Today, we've significantly reduced that dependency," Bangladesh Bank Governor Ahsan H Mansur said

"These are questions we need to ask ourselves. It's certainly doable, and I'm not overly concerned about the financing gap," he said.

He stressed that Bangladesh must also harness the power of private capital, both domestic and international, in addition to public funding. Sovereign bonds, private sector borrowing, and foreign direct investment are among the viable options to tap into global capital markets.

"The world is moving on. Industrial countries are preoccupied with their problems. We must fend for ourselves, and East Asia has shown us that it can be done," he said.

The governor also noted that the Bangladesh Bank, under its evolving regulatory roadmap, is pursuing a multi-pronged strategy to bring the unbanked into the fold.

Over the past decade, agent banking has expanded rapidly with over 24,000 active units, rivaling the reach of traditional microcredit institutions. Combined with mobile financial services (MFS) like bKash and Nagad, the country is quietly scripting a digital finance revolution.

Each day, more than 4,000 nano-loans—small-scale, collateral-free credit—are being disbursed through mobile apps.

"So far, nearly Tk 7,000 crore has been disbursed through such platforms without paperwork, without face-to-face interaction. That's a game-changer," Mansur said. However, he admitted that Bangladesh still faces a paradox: even as digital finance grows, cash dependency continues to rise.

Sanctuaries crucial to increase fish resources: adviser

STAR BUSINESS REPORT


PHOTO: MOKAMMEL SHUVO

Fishermen take shelter along the coast of the Bay of Bengal due to unfavourable weather. The photo was taken yesterday.

Establishing and protecting sanctuaries is crucial for increasing fish resources, as the volume of open water bodies is declining at an alarming rate, Fisheries and Livestock Adviser Farida Akhtar said yesterday.

"In the past, perhaps policymaking did not give this area enough attention, which is why the current administration is prioritising it," the adviser said while speaking at a Fisheries Week seminar at the Bangladesh Agricultural Research Council in Farmgate, Dhaka.

"We must do whatever is necessary to restore and preserve our open water bodies," she said.

The adviser also stressed that protecting fish species is not only vital for Bangladesh but also essential for global fish resource conservation. "We are naturally located in a region where it is nearly impossible to survive without fish."

She said 64 fish species had become endangered in Bangladesh, but 41 had been restored through BFRI research.

Bangladesh currently has 669 fish sanctuaries covering 1,169 hectares, including six designated for hilsa, according to BFRI.

A fish sanctuary is a designated protected area established for the conservation of aquatic species, particularly fish and other aquatic biodiversity.

It is usually set up in specific parts of rivers, haors, canals, wetlands, lakes, or seas, where fishing, hunting, or other human activities are prohibited or strictly regulated.

How Trump's reciprocal tariffs challenge WTO's multilateral trading system

REFAYET ULLAH MIRDHA

ANALYSIS

The Trump administration started applying the reciprocal tariff on different countries from August 7 this year, after nearly five months of consultation.

With the implementation of the reciprocal tariff, the global trading system entered a new phase as the previous system was largely ignored in the reciprocal tariff framework.

Bangladesh has also been levied a 20 percent reciprocal tariff, which took the country's effective tariff rate (ETR) to 36.5 percent, including the 20 percent reciprocal tariff and the existing 16.5 percent tariff rate.

Bangladesh's tariff is much lower than India's at 50 percent with an ETR of 66.5 percent, and Vietnam's at 20 percent reciprocal tariff with an ETR of 36.5 percent.

So far, Bangladesh is in an advantageous position compared with other competing countries in the US market.

The Trump administration's reciprocal tariff is fixed unilaterally, as the concept of reciprocal tariff was not consulted with the countries concerned in any multilateral platform such as the World Trade Organisation (WTO).

However, Trump's reciprocal tariff is fundamentally opposed to the basic principles of the WTO, which was formed in 1995 in Singapore after years of consultations among global leaders.

The WTO was formed with the philosophy of easing global trade and ensuring equality in trade for smaller countries, as many states were struggling for minimum trade facilities after the Second World War.

After the Second World War, many countries, especially smaller nations such as Bangladesh, Nepal, Bhutan, African countries, and many Latin American nations, were suffering from a lack of trade facilities, as manufacturing and trading were mainly confined to the technology-rich Western world.

Because of the shortage of skilled workers and the higher cost of production, many Western countries started moving away from mass production in mills and factories, and poorer countries began receiving those industries as they were rich in labour.

Bangladesh is one of them. For instance, Bangladesh was one of the major beneficiaries of the quota system, and after a journey of nearly five decades, the country eventually turned into the second-largest apparel exporter after China.

This was possible because of new trading systems such as quotas and, consequently, the formation of the WTO, which helped to establish a rules-based trading system globally, benefitting all countries.

Even before the formation of the WTO, many countries such as the European Union (EU) launched Everything but Arms (EBA) under its Generalised Scheme of Preferences (GSP) in 1971, and the USA launched the GSP through amendments to its foreign trade rules in 1974.

As a member of the least developed countries (LDCs), Bangladesh has also benefited from these trading measures taken by developed and developing nations. For instance, Bangladesh enjoys preferential trade benefits with 38 countries, and 73 percent of its total export value is LDC-induced.

By enjoying such trade benefits, Bangladesh eventually turned into a half-a-trillion-dollar economy and is on the way to becoming a trillion-dollar economy in the near future.

Like Bangladesh, many other countries have come out of extreme poverty and moved to middle-income or developing status due to the liberal tariff measures taken by developed and developing nations.

The liberal tariff regime has been helping countries grow as a favourable tax ecosystem has developed worldwide over the years through trade practices.

With Trump's reciprocal tariff in place, it is estimated that the average global tariff will cross 20 percent, as the US average tariff will climb to 20.1 percent—the highest level since the early 1910s (except for a brief spike earlier this year, after new duties took effect on August 7), according to data from the WTO and the International Monetary Fund (IMF).

The average tariff figure of the USA was far lower at 2.4 percent when President Donald Trump took office on January 20, 2017, and this rate remained in effect until the new tariff came into place on August 7.

Bangladesh is called one of the most protected economies because of its higher average duty at 28 percent, and many trading partners have been asking Bangladesh to liberalise its economy by reforming the current tariff regime.

Bangladesh has been working to liberalise its tariff regime, as the country is scheduled to graduate from LDC to developing nation status in November next year.

Why Trump Imposed the Reciprocal Tariff

President Trump imposed the reciprocal tariff mainly as a tool for weaponising trade to fulfil his dream of "Make America Great Again" (MAGA), his electoral pledge.

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Reforming the banking sector

DH CHOUDHURY

Bangladesh Bank has recently taken an unprecedented step in restructuring some banks. This move will only bring real benefits if individual banks carry out their own internal reforms.

Banking reform is often confused with regulatory oversight. Regulators set the legal charters and provide policy support, but reform is a self-motivated task carried out by banks through constant, organised effort. Reform is most effective and sustainable when it comes from within. Just as charity begins at home, reform must begin at the boardroom tables of our banks. The maxim is not only a moral lesson, it is a powerful metaphor for institutional reform. That is my core argument.

Reform is needed in governance, processes and moral regeneration. In this effort, the Bangladesh Association of Banks (BAB), and in particular the forum of bank chairmen, bears a critical responsibility. As thought leaders and custodians of their institutions, bank chairpersons are in a unique position to lead by example.

History offers lessons. In 1972, the country was war-torn, with broken roads, destroyed bridges and no banking resources. Senior Bengali central bankers were stranded in West Pakistan. Banks had no overseas accounts (NOSTRO) to transact foreign trade, no monetary reserve, and no cross-border credibility. A vacuum in policy and power lasted for months.

Today, by contrast, Bangladesh has first-rate infrastructure, a dependable core banking system, workable reserves, and robust central banking support. What is lacking is a determined workforce driven by governance standards.

After independence, banking was coordinated by strong nationalism and determination to achieve results comparable to the liberation victory. This moral strength brought a second conquest that bankers still cherish.

Now, however, many bankers face moral conflict. Conversations with them reveal a dilemma. Their defensive silence in the past cannot turn into truth-telling voices overnight. After systemic change, many remain in what I call a post-corruption vacuum of moral uncertainty. They know the old ways were wrong, but they are unsure which of the new choices are right. They need an inner moral ground to stand upon, guided by internal leadership.

The forum of bank chairmen also carries a troubled legacy. For a time, it was dominated by self-seekers, leaving behind a stigma that must be shed.

By contrast, the ethical model was once set by the Bankers Consultative Committee (BCC) of 1972. Convened by the then finance minister to shape the banking sector, the BCC was chaired by a senior central banker who later became governor of the Bangladesh Bank, with top bankers as members. If BAB could adopt the historical work ethic of the BCC, it could become the conscience keeper of the banking industry.

Consider this: foreign banks operating in Bangladesh under the same laws consistently demonstrate strong credit quality, compliance and operational discipline. Local banks, by contrast, often stumble. The difference does not lie in the laws but in internal culture, governance and ethics. Domestic banks struggle with political interference, weak controls and lax accountability. BAB has the power to change this culture by setting examples. We must remember that on the same soil, some flowers bloom and others fade, not because of the weather but because of how they are cultivated.

This is a plea not to regulators, but to leaders within the banking sector. The greatest reward for the bank chairmen forum lies not in dividends, but in seeing their institutions grow with dignity. Just as charity begins at home, sustainable banking reform must come from within.

The writer is a former banker

US widens metal tariffs

AFP, *Washington*

The United States has broadened the reach of its steel and aluminum tariffs, the Commerce Department said Tuesday, impacting hundreds more products that contain both metals such as child seats, tableware and heavy equipment.

The Bureau of Industry and Security said in a recent notice that it was adding 407 product types to a list of items considered steel and aluminum "derivative products."

This means a 50-percent tariff on both metals, imposed by President Donald Trump earlier in the year, will apply to their steel and aluminum content.

The widened scope took effect Monday, and the notice detailing the changes was published in the Federal Register on Tuesday.

"Today's action covers wind turbines and their parts and components, mobile cranes, bulldozers and other heavy equipment, railcars, furniture, compressors and pumps, and hundreds of other products," said the Commerce Department on Tuesday.

The move "shuts down avenues for circumvention," Under Secretary of Commerce for Industry and Security Jeffrey Kessler said, reiterating the aim of boosting US steel and aluminum industries.

Since returning to the presidency, Trump has imposed a 10-percent tariff on almost all US trading partners, alongside varying steeper levels on dozens of economies such as the European Union and Japan.

Certain sectors have been spared from these countrywide tariff levels but instead were targeted under different authorities by even higher duties.

Eating in makes a comeback as inflation hits restaurants

REUTERS

Cash-conscious consumers choosing to eat in rather than dine out have raised the prospect of an upturn in earnings for supermarkets and food delivery firms, according to data, analysts and company executives.

US President Donald Trump's tariff policies have added to economic uncertainty, increased the likelihood of stubborn inflation and made consumers question whether restaurants are worth the expense.

"I eat much more at home because first of all eating out is way more expensive lately, and quality is not always guaranteed," Marilena Graziano, a Florence-based teacher, told Reuters.

Dutch retailer Ahold Delhaize, owner of the Food Lion and Giant stores in the United States, said earlier this month that it was increasing its offers tailored to low-cost eating in.

"We have solutions for customers to have a very affordable meal of $2.50 per person at home with the family," Ahold's CEO Frans Muller said in an interview this month. "We have increased a lot of that proposition in our stores."

The shift hints at a revival of the boom in eating at home during the Covid-19 pandemic when people could not go out. Home delivery companies such as Just Eat.com made record sales, although they struggled once lockdown restrictions were lifted.

Figures from Rabobank and Eurostat show that food retail sales volumes adjusted for inflation in supermarkets, hypermarkets and similar stores grew by 1.5 percent in the Eurozone between January and May this year. That compares with 0.1 percent growth over the same period last year.

A waiter takes an order from diners during the lunch hour at The Hamilton restaurant in Washington, DC. Visits to grocery stores have steadily outpaced those to restaurants and bars in the US.
PHOTO: AFP/FILE

For food and beverage services, such as restaurants and bars, the metric fell by 0.3 percent. Last year's growth was flat at 0 percent.

RESTAURANTS LAG

The inflation-adjusted figures suggest that sales at supermarkets are recovering faster than at restaurants, especially for routine weekday meals, Rabobank's consumer foods sector analyst Maria Castroviejo told Reuters.

Castroviejo cited the rising popularity of grab-and-go meals, salads, wraps, and sandwiches.

"This offer has increased and improved a lot and we know that this is taking away some demands from certain foodservice players," she said.

Delivery Hero, which owns Glovo and Foodpanda, said that consumers go out less during times of economic hardship, but will order in as a cheaper alternative.

A survey of more than 5,000 US adults commissioned by Hellofresh, a German meal-kit maker that makes most of its revenue in North America, showed 93 percent of them expect to cook as much as last year or more in the next year.

Among those who plan to cook more at home in the next year, more than three-quarters say the economy is a factor.