

# Star BUSINESS



## Exports stuck in EU, US orbit

Bangladesh's two-thirds of shipments still head to Western markets

SOHEL PARVEZ

For years, policymakers and businesses have talked about diversifying the country's export basket and destinations. Yet little has changed. Despite generous government incentives, shipments rely heavily on a few products and markets.

And, readymade garments account for more than 82 percent of total export earnings. The European Union and the United States together take over two-thirds of those exports.

In the recently concluded fiscal year (FY) 2024-25, their combined share slipped only slightly to 62 percent of the record \$48 billion-plus shipments, down from 65 percent three years earlier.

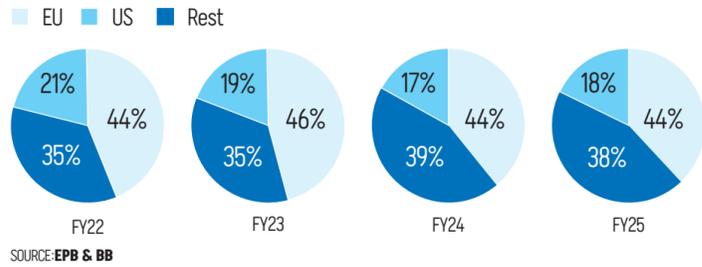
Last year, the EU alone absorbed 44 percent, thanks largely to duty-free and quota-free access for least developed countries, according to Export Promotion Bureau (EPB) data.

"The deeper reason is not simply that firms prefer those destinations; it is that our export basket remains overwhelmingly garment-centred, and we have too few competitive, scalable products outside apparel to push meaningfully into new markets," said Mohammad Abdur Razzaque, chairman of local think tank Research and Policy Integration for Development (RAPID).

"When product variety is narrow, market variety cannot expand in any durable way. Hence, even with cash incentives for 'non-traditional' destinations, the aggregate geography barely shifts," said the economist.

The government sees incentives as "a

Shares of Bangladesh's exports by destinations



strategic tool" to drive export growth.

In FY 2024-25, it set aside Tk 7,830 crore, a 6 percent rise from the previous year. Over the past five years, exporters have received around Tk 35,000 crore in support, according to finance ministry data.

Currently, incentives are offered on 43 products. To encourage shipments outside the traditional markets like the EU, the United Kingdom, the USA and Canada, the government provides a 2 percent incentive to apparel exporters.

But analysts are divided over how effective the support really is.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD),

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said, "It is important to examine whether the incentive really yields any benefit.

Because of the export concentration in garments, two-thirds of that goes to the sector, he said.

"But it should be reversed. Incentives for exports should be target-oriented, market-specific, and impact-oriented. But what we see is that a lot of incentives are given because of demands from pressure groups, associations, lobbyists and even specific companies."

Meanwhile, Razzaque said the pull of global demand explains the imbalance.

He said, "The EU and the US are the world's largest, most sophisticated consumer markets, with dense buyer networks, established compliance regimes, and the capacity to absorb large and regular orders."

"For Bangladeshese firms, especially those producing fast, repeat apparel runs, these markets offer scale, reliability,

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## Protectionism endangers 'win' from US tariff

Experts say

STAR BUSINESS REPORT

The recently concluded US-Bangladesh tariff talks might have been hailed as a "positioning win," but the outcome, which secured reciprocal 20 percent tariffs for Bangladeshi exports to America, carries risks in a world of rising protectionism and shifting supply chains, economists and analysts have cautioned.

In order to navigate the new trade regime, Bangladesh needs a clear and coherent national strategy, they also said at a roundtable on "Trump Tariffs, Next World Trade and Bangladesh," organised by Bangladesh Research, Analysis and Information Network (BRAN) at The Daily Star Centre yesterday.

Bangladesh must rethink its economic strategy in a world that is not "returning to the old liberal order," argued Rashed Al Mahmud Titumir, a professor of development studies at the University of Dhaka. "We must question not just how we survive, but how we lead."

The country's economy, he warned, faces three stress tests: the looming loss of preferential market

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## Pran-RFL ramps up lift production

Invests Tk 200cr so far

STAR BUSINESS REPORT

Pran-RFL Group has been manufacturing lifts in Bangladesh since 2018 and has so far invested around Tk 200 crore to reduce dependence on imported ones, said RN Paul, managing director of RFL Group.

The group began its business in 1988 with lift imports and started producing the devices locally at its factory in Danga Industrial Park in Narsingdi under the brand Property Lifts, he said.

Initially, the lifts were made using imported components, but gradually the company expanded its investment and began manufacturing various parts in-house, he told journalists yesterday during a visit to the

### Company performance

- Property Lifts began production in 2018
- It now contributes over 40% local value
- In 2024, the company sold 329 lift units

### Market size and demand

- Bangladesh's lift market is worth Tk 1,300cr
- Around 4,500-5,000 lifts are sold annually in the country
- Demand is highest in Dhaka and Chattogram

### Import vs local production

- About 70-80% of lifts in use are still imported

Narsingdi factory.

Property Lifts is currently adding more than 40 percent value, although basic raw materials are still imported, Paul said.

The company has set a target of producing 80 percent of the components locally within the next five years, he said.

In the past seven years, Property Lifts' sales have increased nearly sixfold, with the company selling 329 lift units in the country in 2024, he said.

During the visit, this correspondent observed that there is a modern testing tower at the production unit,

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## Govt to buy potato directly from farmers this year

STAR BUSINESS REPORT

The government has decided to procure potatoes directly from farmers this year in a bid to ensure fair prices for growers amid a sharp decline in domestic rates due to higher production.

The government will set potato prices at the cold storage level and purchase the tuber directly from farmers, said Agriculture Adviser Lieutenant General (retd) Md Jahangir Alam Chowdhury.

The move was taken to cut out middlemen and ensure more benefits for the growers, he said.

Chowdhury shared the information at a press conference after visiting the Bangladesh Agricultural Development Corporation's (BADC) cold storage, central seed testing laboratory, and

vegetable seed processing centre at Gabtoli in Dhaka yesterday.

The BADC, a corporation under the agriculture ministry, works on the production of high-yielding seeds of different crops, preservation and supply enhancement, along with irrigation technology development.

The government is yet to decide how much potato will be procured, Mohammad Zakir Hossain, senior information officer at the agriculture ministry, said at the event.

A meeting will be held soon to finalise the amount, he said.

At the beginning of the season,

many farmers were forced to sell their produce at the field level for as low as Tk 11 per kilogramme (kg), far lower than the Department of Agricultural Extension's estimated average production cost of Tk 14.

Moreover, in some northern regions, where cultivation costs run higher, production expenses reached up to Tk 20 per kg, according to DAE data.

Bangladesh produced 1.15 crore tonnes of potatoes, the highest in history, in the last harvesting season, according to estimates by the Bangladesh Bureau of Statistics (BBS).

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