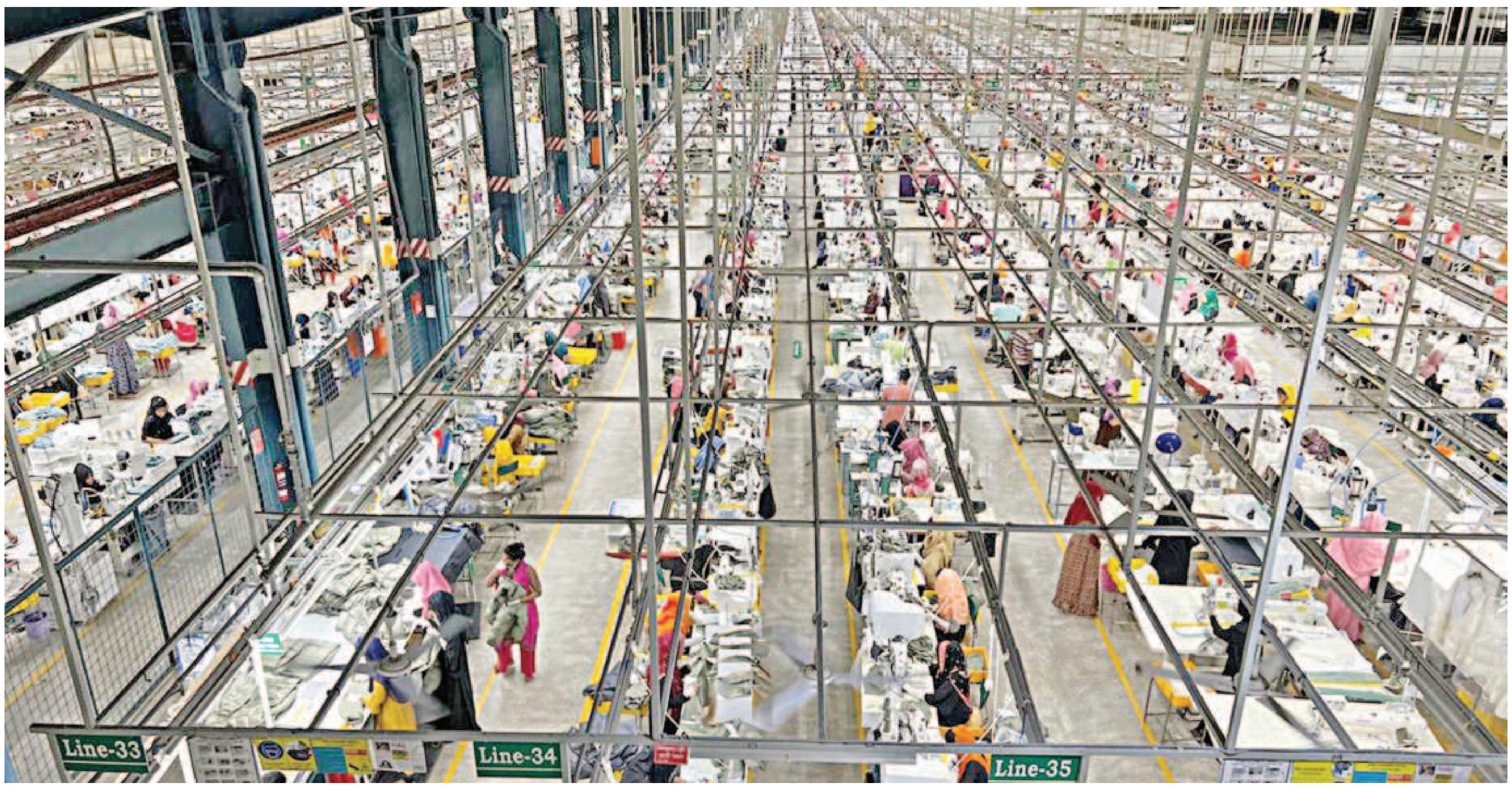

Workers are busy at an apparel manufacturing unit in Korean Export Processing Zone. International clothing retailers and brands are placing more orders for the upcoming seasons, driving the demand for dollars to import raw materials and accessories.
PHOTO: STAR/FILE

Solve cash crunch in five banks immediately: BGMEA

STAR BUSINESS REPORT

Garment exporters yesterday called for an immediate solution to the liquidity crisis in five to six commercial banks so that they can pay workers' salaries on time and open letters of credit (LCs) to continue normal business activities.

They expressed concern that labour unrest may increase in garment factories if the banks fail to disburse salaries on time due to the ongoing cash crunch.

Exporters linked with these troubled banks are also struggling to open LCs for importing raw materials, BGMEA President Mahmud Hasan Khan said in a statement following a meeting with Bangladesh Bank Governor Ahsan H Mansur at the central bank office yesterday.

The liquidity-hit banks are even unable to release export proceeds to apparel exporters on time, the statement added.

Consequently, affected factories face disruptions in both export and import operations, which could damage the reputation of the sector and the country internationally.

The governor assured business leaders that initiatives would be taken as soon as possible to resolve the problem so that exporters can meet their financial needs, according to the statement.

BGMEA Vice-President Md Shehab Udduza Chowdhury said it is expected that the problem will be addressed by the end of this month, as the governor took the matter seriously and assured exporters of timely action.

Chowdhury added that nearly 350 export-oriented garment factories are affected by the dollar shortage linked to the five to six banks.

The affected banks are prioritising importers' demands, leaving exporters without access, although exporters own the dollars, he alleged.

Exporters are facing difficulties in settling back-to-back LCs due to the dollar shortage, making it challenging to purchase the raw materials required to maintain production during the peak season, Chowdhury also said.

This season, garment exporters have seen an increase in work orders following the final settlement of the US tariff at 20 percent. International clothing retailers and brands are placing orders for upcoming seasons, driving higher demand for dollars to import raw materials and accessories for the US, European, and other markets.

A dollar crunch at this time may create trouble in the garment sector, exporters said.

Vietnam's textile sector sees record export momentum

ANN/VIETNAM NEWS

Vietnam's textile and garment industry is charging into the final months of 2025 with robust momentum, aiming to meet an ambitious export target of US$47–48 billion, buoyed by strong order flows and growing global reach.

Since the start of the year, the industry has received encouraging signals. Export turnover in the first seven months of 2025 reached more than $26.33 billion, up $5.3 billion, or 9 percent, compared with the same period in 2024. Many enterprises have already secured orders through the end of the year, sustaining growth through to the year's close.

To reach the annual target, exports must average over $4 billion per month for the remainder of the year. While this presents a challenge, industry experts believe the goal is achievable given the current growth trajectory.

According to the Vietnam Textile and Apparel Association (VITAS), the industry has expanded its export reach to 132 countries and territories this year, up from 104 in 2024. Notably, Vietnam is now exporting high-quality

garment products to China, as well as strengthening its market presence in Russia, the Commonwealth of Independent States (CIS), and Asean nations.

In addition, Vietnamese enterprises are pursuing overseas investment projects in Mexico and Myanmar, with further expansion planned in India and Egypt. This broader footprint demonstrates Việt Nam's strengthened position on the global textile and garment map.

Chairman of VITAS Vũ Đức Giang said that with growth exceeding 10 percent, the sector had a solid foundation to meet its ambitious targets.

However, he stressed that continued success depended on enterprises making effective use of 17 new-generation free trade agreements (FTAs), while adapting to shifting trade dynamics and differing economic policies across major markets.

Simultaneously, the industry needed adaptive solutions to cope with evolving global conditions and regulatory frameworks, as some major economies remained divided over trade and economic policies.

Each enterprise must reinforce its supply chain linkages. Drawing lessons from tariff disputes and Europe's stringent green-product standards, businesses were encouraged to proactively develop more sustainable

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DSE flags scam syndicate duping investors

STAR BUSINESS REPORT

A fraud ring is posing as the Dhaka Stock Exchange (DSE) to trick unsuspecting investors into pouring money into bogus high-return schemes.

The group has been using the DSE name, logo, and even its official address to appear credible before approaching people on WhatsApp and other platforms.

Now, the DSE itself has publicly identified the scam and warned investors to be vigilant.

Mohammad Asadur Rahman, chief operating officer of the exchange, said the syndicate is already under intelligence surveillance and that its members are "expected to be brought under the law very soon."

Speaking at a press briefing at the Capital Market Journalists' Forum auditorium in Dhaka yesterday, he explained how the fraudsters build trust with a small, successful transaction.

"For example, they might take Tk 4,000 at first and return Tk 2,000 as profit. Gradually, the amount of money increases, and eventually, after taking a large sum, they switch off that mobile number," Rahman said.

He said the gang presents itself as official DSE representatives and lures people with promises of guaranteed profits.

"They first gain trust by showing small profits, then show a little more profit to lure larger investments. At some point, they inform the victim that the app has a problem and more money is required. After taking the additional money, the fraud syndicate blocks the victim."

The DSE filed a complaint with Khilkhet Police Station earlier this month.

Letters have also been sent to stakeholders inside the DSE building, and the Bangladesh Securities and Exchange Commission (BSEC) has been asked to involve law enforcement.

Rahman said one group linked to the racket has already been traced to Narayanganj. He added that while investor confidence in the market is on the rise, such scams are tarnishing its image.

"There is no scope for trading in the stock market without licensed stockbrokers, stock dealers, and mobile apps of the stock exchange," he said, urging the public not to fall for shortcuts or illegal trading offers.

Ownership caps undermine FDI potential

RAKIBUL HASSAN

As a regulator with firsthand experience, I have seen how well-intentioned policies such as foreign ownership caps often fail to achieve their goals. I was also part of a due diligence process with a billion-dollar company from the industry side. To understand why caps are counterproductive, one must step into the shoes of the foreign investor, the very partner Bangladesh is trying to attract. From that perspective, ownership limits are not protective measures but red flags. They signal uncertainty, constrain growth and undermine our image as an FDI-friendly destination.

Foreign investors think long-term. When someone commits millions of dollars into a new telecom market, their key requirements are stability, clarity and predictability. Ownership caps provide the opposite. An investor considering Bangladesh might ask: "The cap is 60:40 today, but will that hold in five years? What if the other partner does not invest?" Or worse: "What if a new government retroactively lowers it to 49:51?" This moving-goalpost effect makes it impossible to model returns with confidence. Investors do not dislike local partnerships; they dislike being bound by rules that could shift with every budget or political cycle.

Nowhere is this concern clearer than in telecom. The sector is capital-intensive, requires patient investment and evolves rapidly with each wave of technology. From 5G to fibre rollout to data centres, none of these can be built without strong foreign capital. Yet the draft licensing guidelines propose limiting foreign ownership to 85 percent in mobile operations and 70 percent in national infrastructure services. For international gateway and submarine cable services, the cap remains at 49 percent.

This is not only about numbers. Caps create mistrust towards global partners who bring in expertise, capital and innovation. The outcome is predictable: investors look elsewhere. The inflow of FDI to Bangladesh stood at $3 billion in 2023, down nearly 14 percent from $3.48 billion in 2022, with telecom hit hardest. Meanwhile, countries like Vietnam are reaping the rewards of more open frameworks.

Vietnam offers a lesson. In 2024, it removed a longstanding 49 percent cap on data centres. Within months, it drew interest from AWS, Google and Alibaba. Under CPTPP and EVFTA commitments, Vietnam has also liberalised most non-core telecom segments. As a result, broadband penetration has risen by more than 30 percent in two years. India too benefited after lifting foreign ownership caps in telecom, attracting over $11 billion in FDI between 2016 and 2018. That investment enabled rapid 4G rollout and laid the foundation for 5G.

In contrast, Bangladesh caps have not strengthened local industries or improved services. They have encouraged nominee arrangements or shadow partnerships that blur accountability. For BTRC, whose mandate is to ensure fair competition, innovation and quality, the solution lies not in limiting equity stakes but in enforcing competition laws, carrying out audits and defining clear licensing obligations.

Telecom today is about more than voice and data. It is about fintech, cloud services, edge computing and AI-enabled infrastructure. Investors in these fields are not chasing short-term profits; they want to build long-term platforms. What they need in return is a policy regime that is consistent, modern and trustworthy.

Bangladesh should adopt a differentiated approach. Full foreign ownership could be allowed in greenfield projects such as triple play, data centres or software-defined networks. Strategic safeguards may remain for critical infrastructure like national gateways or spectrum, but these must be clearly defined and consistently applied.

Bangladesh has the potential to be a digital hub for South Asia. We have a young population, a growing tech sector and a government vision for a connected nation. But policies must match ambition. Caps may have served a purpose in the analogue era; today, they are out of step with global trends and digital realities.

The writer is the CTO of Link3 Technologies Limited.

India readies for punishing US tariffs

AFP, *Mumbai*

Indian exports to the United States will face some of the highest tariffs in the world this week, barring a last-minute reversal from President Donald Trump.

Trump has tied issues of war and peace to trade, threatening to slap 50 percent duties on New Delhi in retaliation for its continued purchases of Russian oil -- which Washington argues help finance Moscow's war in Ukraine.

The tariff offensive has rattled US-India ties, given New Delhi a new incentive to repair relations with Beijing, and carries major consequences for the world's fifth-largest economy.

Trump issued a three-week deadline on August 6, which is expected to take effect on Wednesday morning in India.

HOW BAD WILL IT BE?

The United States was India's top export destination in 2024, with shipments worth $87.3 billion.

Analysts at Nomura warn that 50 percent duties would be "akin to a trade embargo", devastating smaller firms with "lower value add and thinner margins".

Elara Securities's Garima Kapoor said no Indian product can "stand any competitive edge" under such heavy import taxes.

Economists estimate tariffs could shave 70 to 100 basis points off India's GDP growth this fiscal year, dragging growth below six percent, the weakest pace since the pandemic.

Exporters in textiles, seafood and jewellery are already reporting cancelled US orders and losses to rivals such as Bangladesh and Vietnam, raising fears of heavy job cuts.

A small reprieve: pharmaceuticals and electronics, including iPhones assembled in India, are exempt for now.

S&P estimates exports equivalent to 1.2 percent of India's GDP will be hit, but says it will be a "one-off" shock that "will not derail" the country's long-term growth prospects.

A freight train carrying cargo containers rides along a railway track in Ajmer yesterday. The United States was India's top export destination in 2024, with shipments worth $87.3 billion.
PHOTO: AFP

WILL EITHER SIDE BLINK?

There's no sign yet. In fact, since the US and Russian presidents met in Alaska, Washington has ramped up criticism of India.

"India acts as a global clearinghouse for Russian oil, converting embargoed crude into high-value exports while giving Moscow the dollars it needs," White House trade adviser Peter Navarro wrote in the Financial Times earlier this month, slamming the country's refiners for "profiteering".

Indian Foreign Minister Subrahmanyam Jaishankar fired back, arguing India's purchases helped stabilise global oil markets -- and were done with Washington's tacit approval in 2022.

He argued that both the United States and Europe buy refined oil and associated products from India.

"If you have a problem buying oil from India, oil or refined products, don't buy it", he said, speaking in New Delhi. "Nobody forced you to buy it -- but Europe buys, America buys."

Jaishankar said that, until Trump's ultimatum, there had been "no conversations" asking them to stop buying Moscow's oil.

Trade trackers at Kpler say India's stance will become clearer only in September, as most August shipments were contracted before Trump's threats.

But experts say India is in a tricky situation.

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