

LDC graduation must reflect readiness, not just prestige

Says EuroCham Bangladesh President Nuria Lopez in an interview with The Daily Star



Nuria Lopez

REEFAYET ULLAH MIRDHA

Bangladesh should graduate from the least developed country club only when the private sector is ready, not simply to claim prestige, according to Nuria Lopez, president of EuroCham Bangladesh.

The chamber represents 60 European companies, including H&M, Decathlon, Airbus, LafargeHolcim, Arla Foods, and Maersk, with annual business with Bangladesh worth nearly \$10 billion.

In an interview with The Daily Star, Lopez said, "Right now, I feel the government is pushing for graduation mostly out of prestige, not readiness."

According to the chamber leader, graduation would certainly be a moment of pride. But she thinks the country, without a clear roadmap and broad consensus, is still unprepared to take such a step.

She described private sector entrepreneurs as the driving force of the economy. Yet, she said the entrepreneurs are the ones who face numerous problems every day.

"Politicians or academics may rely on data and polls, but we are the ones who see what happens on the ground — when there is no energy, when regulations change, when logistics and financing costs keep rising."

She criticised the lack of vision in product diversification, pointing out that exports remain heavily concentrated in garments.

She said people call the Bangladesh case a miracle, but it is not.

"A miracle means developing everything. Here, only one sector, garments, grew, while others were left behind. This sector cannot absorb more manpower. Without diversification and competitiveness, we cannot move

forward."

According to Lopez, the absence of a national vision is the biggest weakness of the country.

"If I ask you today, what kind of country are we building? An open economy or a protected one? We cannot be both. Without a vision and a roadmap, it is very difficult to prepare for graduation."

She said she would be proud to see Bangladesh graduate, but only when the country is prepared.

Energy shortages, high financing costs, poor logistics, rising expenses of around 10 percent a year, and weak vocational training were among the problems she listed. She also criticised over-reliance on import duties instead of meaningful tax reform.

"We cannot attract new industries if we do not reform taxation, energy, and education. Investors want stability, predictability, and skilled manpower. Right now, Bangladesh is not on the radar of any European company."

without us. But we are the ones who will bear the consequences."

"The economy is in private hands. Competitiveness depends on government policies, lower financing costs, stable energy, modern logistics, and strong tax reforms. Without these, we cannot compete."

She also called for a branding strategy to attract foreign investors. "Yes, Bangladesh should graduate. But let's do it properly, with a roadmap, reforms, and responsibility. Otherwise, rushing ahead would be a mistake."

Lopez said those claiming Bangladesh is ready are "misleading". "Academics or economists may give theories, but the private sector sees the real problems every day."

Factories are struggling with power cuts, spiking costs and fragile logistics, she said. Interest rates are high, the financial sector is unstable, and businesses struggle to access funds. "Sometimes I worry my bank may not even give me money to pay salaries. With such conditions, how can we graduate?"

She said Bangladesh can seek deferment. Unlike Nepal or Laos, the country faces unique challenges, from climate risks and frequent disasters to the pressure of supporting 200 million people.

Competitiveness, she said, is being eroded further by logistics costs, which make Bangladesh about 10 percent less competitive than its neighbours.

"That is not something the private sector alone can fix. It needs government reforms and policies."

"The official message of the government is 'we want to graduate', but in private, many are not confident. The private sector must raise its voice, because we face the reality," commented Lopez.

Takeaways from interview

Private sector struggles with energy, costs, and logistics daily

Garment overdependence blocks diversification and job growth

Bangladesh lacks clear national vision and graduation roadmap

Reforms in energy, taxation, and logistics key to competitiveness

There is risk of losing EU GSP Plus without urgent negotiations

Graduation needs responsibility, reforms, and preparation

"Graduating at the right time means after five more years, and with a roadmap, with commitments, with reforms. Not just an extension for free, where nothing changes. We need responsibility."

Lopez urged stronger efforts to secure GSP Plus access in European markets and deeper engagement with the European Business Council, as Bangladesh has the potential to expand trade with the Eurozone.

She talked about areas where the country is falling behind, such as the absence of free trade agreements, while market competitors such as Vietnam and India have moved far ahead.

On trade safeguard measures, she said, "It is not guaranteed. Safeguards and quotas in the RMG sector are critical issues. We need to start negotiating in Brussels now, before regulations are finalised. Otherwise, after the three-year transition, Bangladesh may not qualify for the EU's GSP Plus status."

European brands and retailers, who buy billions of dollars' worth of garments from Bangladesh, are concerned about post-graduation competitiveness and market access, Lopez added.

She stressed that the private sector must be part of policymaking. "The government prepared a strategic plan

LDC graduation: milestone or risky leap?

AHMED HUMAYUN MURSHED

Bangladesh is set to leave the least developed country (LDC) club next year after meeting UN criteria in two consecutive reviews. Graduation means crossing three thresholds: income per person, human development indicators and economic vulnerability. The UN reviews these every three years, and a country must pass twice before graduating.

Several nations have already done this, including Botswana, the Maldives and Bhutan. In 2026, Bangladesh will graduate alongside Nepal and Laos. What makes Bangladesh stand out is its size. With nearly 200 million people, we are by far the most populous country to graduate in recent times. The task is far more complex than for small nations.

Graduation will bring some benefits. It raises our profile as a creditworthy and growing economy and may attract more investment. It will make it easier to raise funds in global markets and negotiate trade deals as a developing country. It will also boost national confidence and send a message that Bangladesh is no longer seen as fragile.

But this recognition comes at a difficult time. Banks are burdened with bad loans, governance failures and declining public trust. Foreign currency reserves are low, making it harder to import fuel and raw materials. Inflation is pushing up prices, and families are cutting back on essentials. Investment is slow, and job creation is falling short of the needs.

Exports face mounting pressure. Most of our earnings come from garments, mainly to Europe and North America. Buyers now demand stronger labour rights, greener production and traceable supply chains. Meeting these standards will require investment and compliance.

Graduation also means losing the benefits we now enjoy. The European Union will continue providing duty-free access until 2029, but after that, we must qualify for GSP Plus by implementing 27 conventions on labour, human rights, environment and governance.

The United Kingdom offers a similar transition, while the United States already imposes tariffs. Without GSP Plus, our exports could face 9-12 percent tariffs. We will also lose special treatment at the World Trade Organization and some concessional aid.

The pharmaceutical sector highlights another risk. Bangladesh produces almost all of its own medicines and exports to more than 150 countries thanks to a WTO waiver allowing us to make generic versions of patented drugs. This is why life-saving medicines are affordable. After graduation, that waiver will expire, and prices could rise sharply.

Some argue Bangladesh should ask for more time. This is technically possible in case of a major crisis, but a delay might signal weakness to investors and buyers. Others believe we should go ahead and use the three-year transition to push urgent reforms.

We must also be realistic. Corruption and pollution remain serious concerns, and Dhaka continues to rank among the most unlivable cities in the world. These realities remind us that graduation is not the finish line. It only means we have crossed statistical thresholds. The real challenge is to turn this milestone into better governance, a cleaner environment and a better quality of life.

The next few years will decide whether graduation becomes a success story or a missed opportunity. We must clean up banks, control inflation and rebuild reserves. The government needs to raise more revenue and invest in power, ports and skills. Exporters must diversify into electronics, IT services, agro-processing and higher value pharmaceuticals. We must also prove to buyers that we can meet labour and environmental standards to retain market access after 2029.

Graduation is not the end of our story. It is the start of a tougher, more competitive chapter. If we act quickly and honestly, this moment can be a springboard to a stronger future. If we delay, we risk losing the very gains that brought us here.

The writer is co-founder and CEO of Accfintax and associate director at Hoda Vasi Chowdhury & Co



Trump's tariffs could shave 0.5% off India GDP

Chief economic adviser says

REUTERS

US President Donald Trump's 50 percent tariffs on India could reduce the country's gross domestic product by half a percent this year, the nation's Chief Economic Adviser V. Anantha Nageswaran said in a Bloomberg TV interview on Monday.

"Depending upon how long it lasts even in this financial year, it may translate into a GDP impact of somewhere between 0.5 percent to 0.6 percent," he told Bloomberg TV.

US President Donald Trump, who is seeking to broker an end to the Ukraine conflict, has said India's oil imports are helping fund Moscow's war effort and last month doubled tariffs on imports from India to 50 percent.

Finance Minister Nirmala Sitharaman said last week the world's third-biggest oil importer and consumer will continue to buy Russian oil as it proves economical.

US-India two-way goods trade totaled \$129 billion in 2024, with a \$45.8 billion US trade deficit, according to US Census Bureau data.

Exporter groups estimate the tariffs could affect nearly 55 percent of India's \$87 billion in merchandise exports to the US, while benefiting competitors such as Vietnam, Bangladesh and China.

StanChart expects Fed to cut rates by 50bps

REUTERS

Standard Chartered expects the US Federal Reserve to cut interest rates by 50 basis points at its policy meeting this month, double its earlier projection of a 25-bp reduction, following a soft August jobs report.

Data on Friday showed US job growth weakened sharply in August and the unemployment rate rose to a near four-year high of 4.3 percent, confirming a softening labor market and bolstering the case for a rate cut this month. In a client note on Friday, the brokerage said that the labor market had shifted "from solid to soft in less than six weeks."

"August labor market data has paved the way for a 'catch-up' 50 basis point rate cut at the September FOMC meeting, similar to what occurred at this time last year."

After a 50-bps cut the market could take time to price in a slower subsequent pace of cuts, the brokerage added.

Meanwhile, Morgan Stanley and Deutsche Bank do not consider the August jobs report weak enough to warrant a 50-bps rate cut in September, though they noted it could pave the way for reductions at consecutive meetings.

Omera to acquire Totalgaz Bangladesh for Tk 227cr

STAR BUSINESS REPORT

Omera Petroleum Ltd, a subsidiary of MJL Bangladesh PLC, is going to acquire Premier LP Gas Ltd (PLPG), a leading operator in the liquefied petroleum gas (LPG) market under the brand name "Totalgaz Bangladesh," for Tk 227 crore.

Omera will buy 99.995 percent of the shares of PLPG, and both have signed an agreement in this regard.

The acquisition is subject to regulatory approvals, according to a disclosure posted on the Dhaka Stock Exchange (DSE) website

MJL Bangladesh said the move is expected to strengthen Omera's LPG operations by leveraging Premier LP Gas's existing infrastructure and its 1.6 million LPG cylinders

yesterday.

MJL Bangladesh said the move is expected to strengthen Omera's LPG operations by leveraging PLPG's existing infrastructure and its 1.6 million LPG cylinders.

"This is anticipated to boost revenue and improve profitability in the LPG business segment," it said.

As of August 31, 2025, shareholding data from the DSE show sponsors and directors held 71.52 percent of shares, institutions 20.79 percent, foreign investors 1.96 percent, and the general public 5.73 percent.

MJL Bangladesh traces its roots to 1998, when Mobil Corporation, later ExxonMobil, partnered with the state-run Jamuna Oil to establish Mobil Jamuna Lubricants. The company now operates as MJL Bangladesh PLC.

China says trade grew in August, but below forecasts

AFP, Beijing

China's exports missed expectations but expanded 4.4 percent year-on-year in August, official data showed Monday, with falling US shipments offset by a jump in those to Southeast Asia and Europe.

Trade tensions between Beijing and Washington have been on a rollercoaster ride in 2025, with both sides slapping escalating tariffs on each other.

Exports to the United States — China's largest single-country trading partner — continued to fall in August, Monday's data showed, sinking 11.8 percent from the previous month and 33.1 percent from a year earlier. However, shipments to the European Union jumped 10.4 percent and those to the Association of Southeast Asian nations rose 22.5 percent year-on-year.

Overall though exports failed to meet a Bloomberg forecast of 5.5 percent.

Imports similarly did not meet expectations, growing 1.3 percent year-on-year in August, compared with a forecast of 3.4 percent.

Zhiwei Zhang, president and chief economist at Pinpoint Asset Management, said the "frontloading" of exports — accelerating shipments in anticipation of further tariffs — is "probably fading away".

The resilience of Beijing's exports this

year can also be attributed to Chinese businesses pushing for higher market share in other countries, exacerbated by weak domestic demand, he said.

Southeast Asia and China have deeply interwoven supply chains and Washington

has long accused Chinese manufacturers of "transshipping" — having products pass through a country to avoid harsher trade barriers elsewhere. "Trade diversion remains evident," Yue Su, principal economist at the Economist Intelligence Unit, told AFP.



An employee works at a factory manufacturing lithium batteries in Huaibei, in eastern China's Anhui province. Exports to the United States declined 11.8 percent from the previous month and 33.1 percent from a year earlier.

PHOTO: AFP/FILE

"Much of this reflects... supply-chain diversification to avoid higher tariffs, a practice also seen during the first US-China trade war," Su added.

Beijing has set an official goal of around five percent growth this year.

But it has struggled to maintain a strong economic recovery from the pandemic, as it fights a debt crisis in its massive property sector, chronically low consumption and elevated youth unemployment.

China's factory output ticked up in August but still recorded a fifth straight month of contraction, official data showed, in a further sign that trade tensions were hitting the export-dependent economy.

At one point this year tit-for-tat US-China tariffs reached triple digits on both sides, snarling supply chains as many importers halted shipments to try and wait for the governments to settle matters.

Since then, Washington and Beijing have reached an agreement to de-escalate tensions, temporarily lowering tariffs to 30 percent on the United States' side and 10 percent on China's part.

In August, they delayed the threatened reimposition of higher tariffs on each other's exports for another 90 days — meaning the pause on steeper duties will be in place until November 10.