

Under US pressure, Mexico mulls 50% tariff on Chinese cars

AFP, Mexico City

Mexico, under pressure not to serve as a back door for Chinese goods entering the United States, has proposed a 50-percent duty on car imports from the Asian giant — up from 15-20 percent.

The initiative, contained in a bill submitted by the government to Congress, seeks to assuage US President Donald Trump — who has repeatedly urged trading partners to increase duties on China — while also bolstering Mexico's industrial sector.

The White House has said Chinese producers are abusing a free-trade deal between the United States, Mexico and Canada to send goods northward over the Mexican border tariff free.

Mexican President Claudia Sheinbaum has also complained of the impact of Chinese imports on domestic manufacturing, and the bill says the increased tariff will seek to protect 19 industrial sectors considered "strategic."

The White House has said Chinese producers are abusing a free-trade deal between the United States, Mexico and Canada

It also proposes raising tariffs on other countries with which Mexico has no trade agreement.

Mexico replaced China in 2023 as the United States' largest trading partner, with the Latin American country's northern neighbor buying more than 80 percent of its exports.

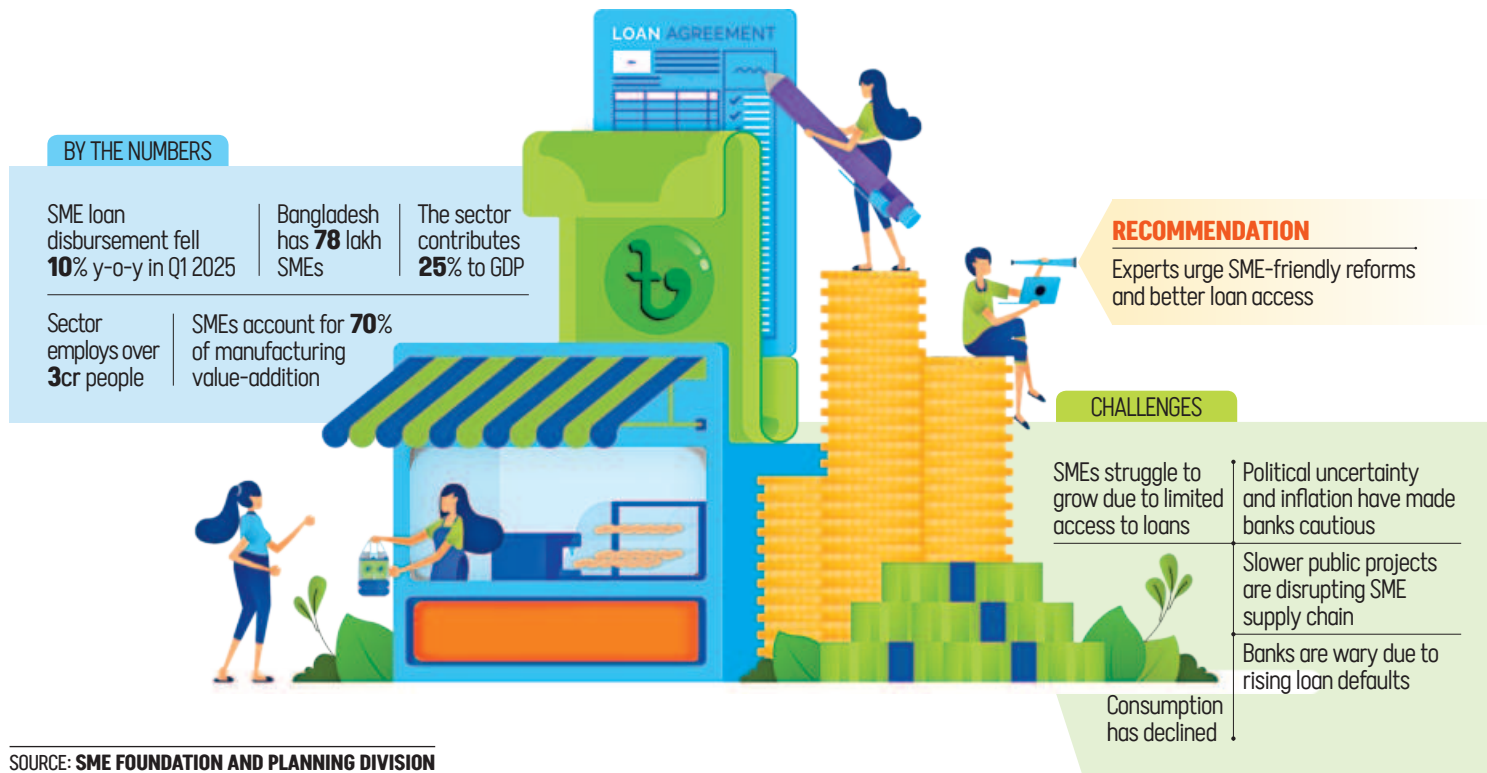
It sends nearly three million automobiles to the United States a year, including cars and trucks assembled by US auto companies in Mexico.

If the bill is approved, light vehicle imports from China will be subject to a 50 percent tariff, and auto parts between 10 and 50 percent.

The bill, announced by the economy ministry Wednesday, said the changes sought to "protect the national industry in strategic sectors, replace imports from Asia with domestic production" and "improve Mexico's trade balance."

The initiative should protect 325,000 jobs in strategic industries and create thousands more, said the ministry.

Double blow to SMEs: Tight financing and sluggish sales



SUKANTA HALDER

The ongoing economic and political uncertainty, spiralling bad loans, and eroding trust are depriving many cottage, micro, small, and medium enterprises (CMSMEs) of necessary loans, as they face weaker sales amid high inflation.

Banks are cautious about issuing large loans under the current scenario, while CMSME owners say they are struggling to get the required capital to sustain and grow their businesses, which has led to falling sales.

Bangladesh Bank data show that year-on-year, SME loan disbursement fell to Tk 47,821 crore during the first three months of this year from Tk 53,107 crore in 2024.

Often described as the backbone of the economy, the country's 78 lakh CMSMEs contribute one-fourth of the gross domestic product.

A 2019 Planning Division report found that small and medium-sized enterprises account for 69.9 percent of total manufacturing value-addition. But without capital backing, industry insiders say, growth is losing momentum.

"I'm not getting the amount of financing I require," said Ripon Majumder, a cricket bat and accessories producer from Jashore's Narendrapur.

"Recently, I approached several private commercial banks for a loan of Tk 50 lakh, but they offered only Tk 20-25 lakh," he said, adding that without adequate financing, small loans bring little benefit.

Noting that political instability and inflation have already slashed his sales, Majumder said, "Suppose I sold products worth Tk 100 a month, my current monthly sales would be Tk 60 on average."

"The unstable political climate has also reduced the number of events, a key driver of demand for my products. As a result, my regular buyers have cut back on their orders," he said.

Majumder, who has been in business for 26 years, said uncertainty is making banks hesitant to lend, as they fear repayment delays.

According to the Bangladesh Bureau of Statistics, inflation stood at 8.29 percent in August, down from 8.55 percent a month

earlier.

Saleha Begum, a Manipuri saree producer from Sreemangal, described a similar situation. "Recently, I tried to get a loan of just Tk 1 lakh from a private bank, but I haven't received it yet."

She noted that the struggle for finance comes as high inflation is eating away at consumer spending. "I supply sarees to different showrooms, but orders have dropped sharply. Earlier, I sold products worth Tk 2 lakh a month, but now that has fallen to Tk 50,000-60,000."

Banks say the political shift last August has added pressure on the sector as a mammoth amount of toxic loans was uncovered, revealing its fragility.

"Recently, I approached several private commercial banks for a loan of Tk 50 lakh, but they offered only Tk 20-25 lakh," said an entrepreneur

According to central bank data, Bangladesh's non-performing loan (NPL) amount stands at Tk 4.80 lakh crore. The country has the highest bad loan ratio in Asia, with defaults surging to 20.2 percent of total loans in 2024, according to a recent Asian Development Bank report.

"Many politically influential individuals were connected to CMSMEs, while many buyers left the country or went into hiding after August 5 last year," said Sanjib Kumar Dey, head of SME at Mutual Trust Bank PLC.

"Slower public sector development has also hurt contractors and the entire supply chain, including rod, cement, sand, hardware and paint," he noted.

Private sector consumption has dropped too, Dey added. "Previously, people with undeclared income invested in real estate, but that segment has shrunk, affecting CMSMEs linked to the sector."

He said rising NPLs are also making banks more cautious. "Trust is eroding, forcing banks to heighten scrutiny and adopt conservative lending practices."

Mahbubur Rahman Palash, head of MSME at Dhaka Bank PLC, noted that his bank is not rationing loans arbitrarily. "If a borrower's business performance is weak or their ability to repay is in doubt, loan amounts may be adjusted in line with internal policy."

In the past few months, Dhaka Bank has taken on new CMSME clients across different regions, with credit limits from Tk 5 crore to Tk 30 crore, he said.

Syed Abdul Momen, head of SME banking at BRAC Bank, said, "If a borrower requests Tk 5 lakh, but their financial state doesn't support it, the bank will not approve the loan. It's not arbitrary."

He added that many good clients are avoiding loans altogether in the current uncertain climate. "It's not that we are denying them, but that the demand itself has fallen significantly."

Trade bodies say banks should adopt a more CMSME-friendly approach.

"Many entrepreneurs face barriers in securing loans that match their business realities. The banking system must adopt a more SME-friendly approach, with simplified procedures, collateral-free options, and tailored credit products," he said.

"Strengthening financial inclusion and supporting CMSMEs will not only unlock their growth potential but also create jobs, foster innovation, and ensure sustainable economic progress for Bangladesh," he added.

Melita Mehjabeen, professor at the Institute of Business Administration, University of Dhaka, said CMSMEs face a twofold problem.

"On one hand, banks are reluctant to extend credit, with CMSMEs receiving at most 20 percent of bank loans and just 9 percent of trade finance," she said.

"On the other hand, weak sales and reduced production have made CMSMEs even more vulnerable. Only 28 out of 100 CMSMEs currently have access to formal credit, leaving a financing gap of about \$2.8 billion," she added.

The risk-averse stance of banks has left many viable businesses deprived of the support they need. "Unless these financing barriers are addressed, CMSMEs will remain unable to recover and contribute fully to the economy."

The soul of wealth

MAHTAB UDDIN AHMED

The wealthiest man in the city once promised to donate gold equal to the weight of a cow at a charity event. The organisers, being business-minded, asked for some time, not to think but to fatten the cow, and immediately started feeding it biryani to make it heavier. That is the logic of long-term investing: the more you feed it, the bigger the return. But if the cow gets too fat and collapses, as often happens during Qurbani Eid, the deal collapses too. Investments behave in much the same way, always subject to market risks.

This brings us to the real psychology of money in our own backyard. Here, wealth is not just about patience and compounding; it is about politics, connections, and sometimes a very creative relationship with the banking system. Morgan House's reminder that "wealth is what you do not see" often collides with our culture of showing off everything: the towers with neon logos, the convoys of black SUVs, and the endless sponsorships splashed across cricket tournaments. In Bangladesh, invisible wealth will not get you on the evening news or talk shows, but a shiny Land Cruiser with a police siren will.

Then comes the tricky part: getting rich is one thing, staying rich is another. Here, fortunes are made overnight through one government tender, one inflated import deal, or one "special arrangement" with the banks. But survival is dull, and dull does not sell. That is why empires rise like fliedoyers in record time and collapse just as fast, sometimes before the pillars are even dry.

No matter how much you plan, you are not in control. A sudden change in regulations, a currency slide, or simply the wrong cousin becoming a minister can turn today's millionaire into tomorrow's cautionary tale. Add to that the invisible dice of luck and risk. Some people are celebrated as business geniuses for being in the right place at the right time, while others do



everything right and still end up crushed by a policy change. In our country, some build wealth through sweat and strategy, while others simply loot the banks, rebrand themselves as "borrowers under stress," and carry on building marble palaces. That kind of luck does not usually get covered in finance books, but here it is

practically a national curriculum, though it is not taught in universities.

The irony is that behaviour still outweighs intelligence. Those who quietly reinvest, keep their heads down and know when to stop are the ones who last. The rest spend their lives chasing comparisons, one more house, one more car, one more foreign degree for the children, never realising that the treadmill has no finish line. "Enough" is a word rarer in our vocabulary.

While the West celebrates Warren Buffett or Bill Gates for their frugal habits and philanthropy, we often assume wealth must scream in neon. Yet a few of our top conglomerates quietly prove otherwise. Behind the steel, tea and cement empires are families who live modestly, avoid unnecessary pomp and quietly support causes. Their restraint contrasts sharply with the billboard culture, showing that humility is not an import but a homegrown asset too.

The tragedy is that our media glorifies the rogues and hardly spares a headline for the good ones. Bad news sells, they say, while stories of integrity gather dust. By ignoring our own Warren Buffetts, we waste the chance to inspire thousands more. Instead, we remain trapped in a short-term obsession with scandal, forgetting that real progress comes from celebrating humility, resilience and long-term vision.

In the end, the psychology of money in Bangladesh is not about how much gold you can weigh or how many SUVs you can parade. It is about building wealth that lasts, behaving with humility and resisting the temptation to loot in the name of "business." Until we learn to celebrate the quiet builders instead of the noisy thieves, our economy will remain rich in spectacle but poor in substance.

The writer is president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd

Musk's title of richest person challenged by Oracle's Ellison

AFP, New York

Billionaire Elon Musk is at risk of losing his title as the world's wealthiest person to Oracle co-founder Larry Ellison, whose software giant appears poised for massive AI riches through a major deal with OpenAI.

Ellison, 81, amassed about \$95 billion in additional wealth Wednesday as Oracle shares skyrocketed after the nearly 50-year-old company forecast massive revenue growth thanks to large contracts that will dwarf current revenue.

That rise lifted Ellison's overall fortune to nearly \$390 billion compared with Musk's roughly \$436 billion, according to Forbes' real-time billionaires index.

A Bloomberg wealth index placed Ellison's bounty slightly ahead of Musk's, designating the Oracle chief number one at the moment. The difference in the tallies relates to how some of their huge holdings are estimated.

Ellison and Musk are close friends, with the Oracle boss often coming to Musk's aid during challenging periods in the Tesla tycoon's career.

He invested over \$1 billion in Musk's

buyout of Twitter and served on Tesla's board for many years.

Musk's most easily estimated holding is Tesla, whose shares have fallen in 2025 amid languishing sales attributed partly to Musk's embrace of far-right political causes.

Tesla earlier this month unveiled a compensation proposal for Musk that could top \$1 trillion through 2035 if the company hits ambitious targets. Shareholders will vote on the plan in November.

Ellison, a longtime supporter of President Donald Trump, holds more than 1.1 billion shares of Oracle, accounting for more than 40 percent of the company's equity, according to S&P Capital IQ.

Oracle CEO Safra Catz called the just-finished quarter "astounding" as the company signed "four multi-billion-dollar contracts with three different customers."

Oracle projected that its cloud business revenues would grow 77 percent in the current fiscal year to \$18 billion. In subsequent years, revenues are expected to rise to \$32 billion, \$73 billion, \$114 billion, and \$144 billion.

India's IT sector nervous as US proposes outsourcing tax

REUTERS, Bengaluru

India's massive IT sector faces a lengthy period of uncertainty with customers delaying or re-negotiating contracts while the US debates a proposed 25 percent tax on American firms using foreign outsourcing services, analysts and lawyers said.

The sector is likely to be on the receiving end of a bill which, though unlikely to pass in its nascent form, will initiate a gradual shift in how big-name firms in the world's largest outsourcing market buy IT services, they said.

Still, with US firms having to pay the tax, those heavily reliant on overseas IT services are likely to push back, setting the stage for

extensive lobbying and legal battles, analysts and lawyers said.

India's \$283 billion information technology sector has thrived for more than three decades exporting software services, with prominent clients including Apple, American Express, Cisco, Citigroup, FedEx and Home Depot. It has grown to make up over 7 percent of GDP.

However, it has also drawn criticism in customer countries over job loss to lower-cost workers in India.

Last week, US Republican Senator Bernie Moreno introduced the HIRE Act which proposes taxing companies that hire foreign workers over Americans, with the tax revenue used for US workforce development. The bill also seeks to bar firms from claiming outsourcing payments as tax-deductible expenses.

The bill could not have come at a worse time for India's IT sector, which is struggling with weak revenue growth in its mainstay US market as clients defer non-essential tech spending amid inflationary pressure and tariff uncertainty.

"The HIRE Act proposes sweeping changes that could alter the economics of outsourcing and significantly increase the tax liability associated with international service contracts," EY India's compliance head Jignesh Thakkar said.



Workers are pictured beneath clocks displaying time zones in various parts of the world at an outsourcing centre in Bangalore. India's \$283 billion information technology sector has thrived for more than three decades exporting software services and has grown to make up over 7 percent of GDP.

PHOTO: AFP/FILE