DHAKA FRIDAY OCTOBER 3, 2025, ASHWIN 18, 1432 BS ● starbusiness@thedailystar.net

Star BUSINESS

ADB to cancel or redirect $408m amid project delays

REJAUL KARIM BYRON and AHSAN HABIB

The Asian Development Bank (ADB) will cancel or redirect around $408 million from projects in Bangladesh this year due to prolonged implementation delays, even as several ADB-funded schemes made progress.

The Manila-based lender announced the decision at a project implementation review meeting in Dhaka on Tuesday, attended by officials from the ADB, the Economic Relations Division (ERD), and other ministries. Such reviews are held twice a year to speed up project execution.

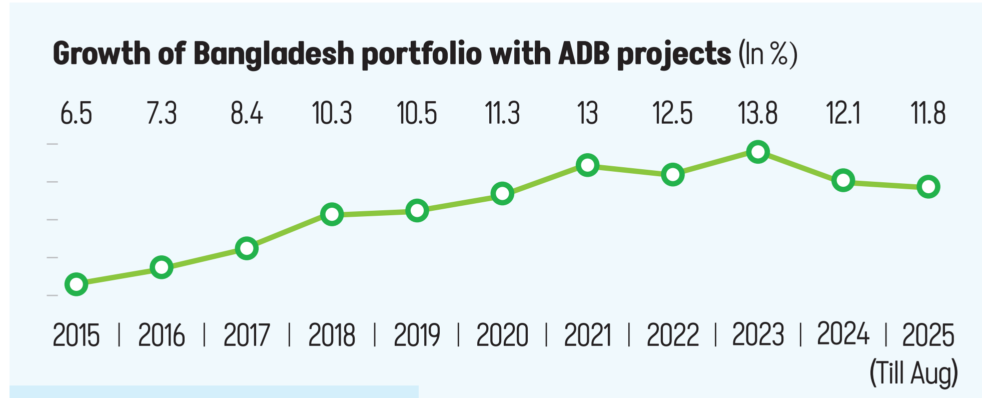
"Some projects have faced significant delays in implementation," the ADB noted in its report.

"Taking into consideration the country's risk appetite and tolerance under the ADB exposure limits framework, partial cancellation of poorly performing loans can create more headroom for new lending opportunities that support the government's priorities," it also stated.

According to the breakdown, $135 million was already cancelled earlier this year due to unused balances at project closing, stemming from procurement savings and favourable foreign exchange rate changes. Another $166 million is set to be cancelled by December, while $107 million will be repurposed for other programmes, bringing the total to $408 million.

This comes as Bangladesh struggles with weak public investment spending. In fiscal year (FY) 2024-25, development expenditure reached only 68 percent of the revised annual development programme (ADP) — the lowest in nearly 50 years. In the first two months of FY2026, implementation was just 2.39 percent, the poorest in 16 years. Earlier this year, the World Bank also repurposed $670 million from 11 ongoing projects for similar reasons.

A senior ERD official said the stalled projects had remained inactive for a long time. "With the cancellation and repurposing, this fund can be diverted to other priority projects, relieving Bangladesh from paying project commitment charges," the official said.



Average days required in procurement

- 2020: 218 days
- 2021: 260 days
- 2022: 214 days
- 2023: 251 days
- 2024: 144 days
- 2025 (As of Aug 31): Around 165 days

Recommendations to speed up ADB-financed projects

- Ensure project readiness
- Establish realistic procurement timelines
- Engage qualified and experienced consultants
- Organise project specific training
- Strengthen e-GP system

SOURCE: ADB

The ADB argued that such steps would strengthen portfolio management and ensure more effective use of public funds. "These steps will enhance portfolio performance and quality," it added.

The lender also highlighted project readiness as a critical factor behind delays, urging ministries to meet new preconditions before taking foreign loans. The government has already tightened requirements — such as securing land, preparing resettlement plans, and finalising tender documents — before projects receive approval.

"The ADB will keep working closely with executing agencies to make projects fully ready for procurement, approvals, safeguards, land acquisition, and manpower," it said.

The bank also acknowledged that 2025 is a challenging year for Bangladesh, with the national election and electoral code of conduct expected to disrupt project activities later in the year. In anticipation, the ADB has set conservative targets for contract awards and disbursements.

"More than half of the current year has passed. So far, implementation performance has been satisfactory, but to maintain this, some areas require greater focus. We still have to achieve another $150 million in contract awards and $661 million in disbursements," the report noted.

To facilitate timely processing, the cut-off date for receiving withdrawal applications and supporting documents has been set for 10 December 2025. Only the next two months — until the end of November — remain available for civil works, procurement of goods, and consultancy services, for which agencies can claim reimbursements or direct payments.

As of August 2025, Bangladesh's ADB-financed portfolio stood at $11.81 billion across 50 projects in seven sectors, alongside 37 ongoing technical assistance projects worth $61.2 million.

Procurement, a major bottleneck in implementation, has shown gradual improvement.

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City Bank gets $75m from AIIB, NDB

STAR BUSINESS DESK

The Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB), two global multilateral development banks, will provide City Bank PLC $75 million in long-term financing for private sector projects with a strong focus on renewable energy and sustainable infrastructure.

The organisations recently signed an agreement to that end, reads a press statement by the bank. Under the arrangement, the AIIB will provide $50 million while the NDB will extend $25 million.

This initiative marks the AIIB's first on-lending facility to any private bank or organisation in Bangladesh without a sovereign guarantee.

The financing is expected to help reduce Bangladesh's infrastructure financing gap and promote investments in energy, energy efficiency, e-mobility, and digital infrastructure.

Mashrur Arefin, managing director and CEO of City Bank, and Gregory Liu, director general for financial institutions and fund clients, global, at the AIIB, initially signed the deal in Beijing. Later, Roman Serov, vice-president and chief operating officer of the NDB, and Bin Hun, director general, signed the long-term financing agreement with City Bank.

Commenting on the partnership, Arefin said, "This long-term financing partnership with the AIIB and the NDB not only demonstrates their confidence in City Bank but also empowers us to

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UN SUPPORT FOR LDC REVIEW

Helpful, but won't guarantee deferment, say economists

REFAYET ULLAH MIRDHA

The United Nations (UN) will support an assessment of Bangladesh's readiness to graduate from least developed country (LDC) status, which economists say would be helpful for, but not guarantee, a deferment of the transition.

The review is expected to start within a month and conclude by mid-January 2026, according to UN Under-Secretary-General Rabab Fatima, who is also the UN high representative for LDCs, and developing landlocked and small island states.

According to the Chief Adviser's Office, the assessment will be carried out by an international consultant alongside a Bangladeshi expert to ensure a comprehensive and balanced evaluation.

The UN move follows a formal request from the interim government, Fatima said during a meeting with Chief Adviser Prof Muhammad Yunus at his hotel in New York on Monday.

Regarding the move, Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD), said the first deferment of the graduation, until 2026, came in an assessment in 2021.

A transition period of three years was granted, but it was extended to five years due to the severe fallout from the Covid-19 pandemic.

Mustafizur Rahman said a UN team is scheduled to visit Bangladesh in November this year to assess the state of the economy, and Bangladesh should then raise its voice in favour of its demand for the deferment for a specific number of years.

For instance, earlier a Smooth Transition Strategy (STS) was formulated as part of the government's preparation guideline for LDC graduation.

Here, Bangladesh can argue with the UN that the country's progress in readiness as per the STS is still not satisfactory due to last year's political transition and uncertainties in some economic areas.

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PHOTO: STAR/FILE

A billion-dollar opportunity exists to attract global players across ports, river terminals, multimodal transport, and inland container services, according to a report.

Bangladesh drew less than 5% of S Asia's logistics FDI: report

STAR BUSINESS REPORT

Bangladesh has attracted $1.8 billion in greenfield foreign direct investment (FDI) in logistics between 2019 and 2024, accounting for 4.9 percent of South Asia's total, according to a report by GlobalData and the International Finance Corporation (IFC).

The country registered 10 projects in logistics and warehousing operations during the period, apart from receiving $185.6 million in FDI in sales and administration business functions relating to the logistics sector, said the study.

Posted on the Bangladesh Investment Development Authority's website, the study was published in June this year.

Of the investment, the report cited the plan of UAE-based Abu Dhabi Ports to invest $1 billion in the construction of a multipurpose terminal under the Bay Terminal project at Chattogram port.

It also cited the announcement of Denmark-based shipping company AP Moller-Maersk to invest $400 million to open a new container terminal in Laldia, Chattogram.

However, from a South Asian perspective, Bangladesh's share in FDI projects was far below that of India. South Asia attracted 258 logistics FDI projects, with India leading at 85 percent.

The study said the global economy is changing rapidly, driven by politics, policy, and technology, and recommended that the government plan strategically.

The government should enable and encourage the development of logistics

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As bond yields fall, will lending rate decline in coming months?

SOHEL PARVEZ

After the yield on the 10-year Bangladesh government bond fell below Bangladesh Bank's (BB) policy rate of 10 percent last month, the 15-year bond followed suit. Its yield dropped further to 9.67 percent, the lowest since October 2023.

On the other hand, the weighted average interest rate on loans and deposits rose further in August. The interest rate on deposits stood at 6.39 percent and advances at 12.15 percent, the highest since July 2019.

Now the question that comes to mind is: will the interest offered by banks and financial institutions decline?

"Definitely," said Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank PLC. "It is expected that the overall interest rate will come down," he said.

However, there is a condition — the policy rate has to decline.

The BB has been maintaining a contractionary monetary policy stance for nearly two years to bring down inflation.

The annual average inflation rose to 10.03 percent in June from 9.73 percent a year ago.

The central bank hiked the repo, or policy rate, to 10 percent in October 2024, the 11th time since May 2022.

Bankers said yields on treasury bills and government bonds have been falling over the past three months, ending the upward trend that began two years ago.

A number of factors are behind this.

Amid sluggish demand for private credit, banks with surplus funds are more inclined to invest in government securities. Other institutional investors find investment in bonds more attractive than stocks.

At the same time, the BB's purchase of US dollars from the forex market caused a spike in liquidity flow to the market.

Overall, investment opportunities have declined. So, banks are investing in bonds, he said. The BB data showed that private credit grew 6.52 percent year-on-year in July this year, up slightly from 6.49 percent in June, the lowest in four months, because of political uncertainties, high borrowing costs, and sluggish business sentiment.

There was slack demand for funds from the government too, particularly because of a slow start in the implementation of the annual development programme. All this contributed to the fall in yields on bonds and bills, said one chief of treasury at a private bank.

"Besides, our import business has declined. This is a major reason behind the fall in private credit growth," he said.

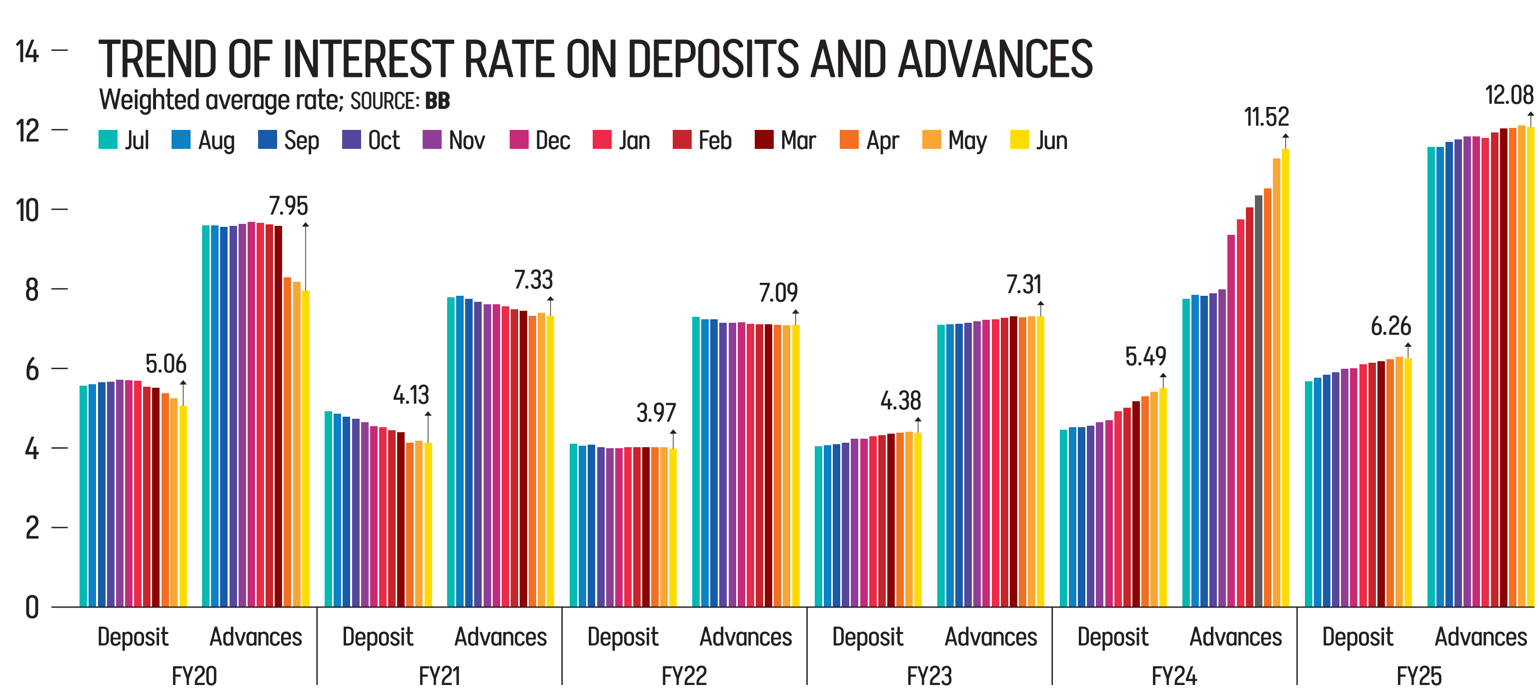
After a 1.75 percent rebound in imports in fiscal year (FY) 2024-25, the opening of letters of credit for imports grew 8.28 percent year-on-year in the July-August period of FY26, according to BB data.

Ashim Kumar Saha, deputy managing director of Mercantile Bank PLC, said liquidity flow has increased due to the purchase of US dollars by the central bank in recent months.

The BB bought more than $1.7 billion since July by paying for the US dollars with the local taka from the market.

"Some banks have started reducing the interest rate. But it is yet to have an impact on the overall market. We expect the interest rate on deposits to drop, but it may take some time," he said.

SM Galibur Rahman, head of research and strategic planning at Shanta Securities, said after reducing the interest rate on deposits, banks usually take two to three months to cut lending rates.



China goes all out to boost domestic demand

ANN/CHINA DAILY

China is intensifying efforts to expand domestic demand, with service-related spending emerging as a key growth driver.

In response, regulators have rolled out consumer finance measures designed to support consumption upgrades and encourage household spending.

Earlier this year, the National Financial Regulatory Administration directed financial institutions to broaden their consumer finance offerings as part of a wider push to stimulate demand.

"The regulatory guideline encourages banks to increase personal consumption lending and support financing needs for emerging consumption scenarios, such as digital, green and smart consumption. This will create new business opportunities for banks, particularly in wholesale and retail, culture and tourism, and also healthcare and elder care services. By innovating in products and services, banks can expand their market presence and strengthen revenue streams," said Zeng Gang, chief expert and director of the Shanghai Institution for Finance & Development.

Zeng said that simultaneously boosting consumption capacity and financial supply will ease households' concerns about spending and provide enterprises with the capital to expand production, thereby forming a virtuous cycle in which rising demand drives optimized supply and further unlocks consumption potential.

The consumer goods trade-in program has been one key measure to stimulate consumption this year.

The Ministry of Finance, in cooperation with the National Development and Reform Commission, has allocated 300 billion yuan ($42 billion) of ultra-long-term special treasury bond funds to support the program, continuously unleashing consumption potential and driving industrial upgrading, Wu Gai, a finance ministry official, said at a news conference on July 25.

"This round of consumer goods trade-in policies has delivered remarkably positive results, significantly boosting sales of key consumer items such as home appliances and communication equipment. It has supported profitability and performance improvement in related industries, thereby promoting consumption and stabilizing employment," said Zhou Jingtong, deputy director of the BOC Research Institute, the in-house think tank of Bank of China, and Fan Ruoying, a researcher at the institute, in a report on Aug 12.

To better implement the initiative, Bank of Communications, a Shanghai-based State-owned commercial lender, launched a "trade-in" service section on its mobile banking app. The section integrates comprehensive features

People walk along the Huguosi street, a dedicated food street in Beijing. Chinese regulators have rolled out consumer finance measures designed to encourage household spending.
PHOTO: AFP/FILE

including subsidy policy inquiries, subsidy eligibility criteria, partner merchant directories, and coupon collection and redemption, enabling a seamless one-stop process for obtaining and utilizing coupons.

Looking ahead to the second half of this year, experts noted that as the consumer goods trade-in program gains traction, some companies may face cash flow pressure from pre-financing costs since

The regulatory guideline encourages banks to increase personal consumption lending and support financing needs for emerging consumption scenarios, such as digital, green and smart consumption

businesses participating in the program must advance funds for the subsidy portion. Banks are expected to step in to help ease these financing strains.

At the same time, cultivating new growth drivers in service consumption is widely seen as a key lever for supporting economic momentum in the months ahead, experts said.

Pan Gongsheng, governor of the People's Bank of China, announced on May 7 that the central bank would establish a 500-billion-yuan relending facility for service consumption and elder care, in coordination with fiscal and industry policies, to better meet the needs of consumption upgrading. Banks are now making every effort to implement this policy.

Zeng said the relending program will directly benefit households by helping enterprises improve service quality, expand supply in the consumption sector, and enhance elder care infrastructure. He expects the policy to spur industry development, create jobs, and raise household incomes.

Recently, supported by this policy, the Shanghai branch of Bank of China issued nearly 1 billion yuan in service-consumption working capital loans to a leading private tourism company. The funding will support the company in expanding business and enhancing market competitiveness while meeting the growing demand for diverse, high-quality travel experiences.

This year, BOC plans to issue over 1 trillion yuan in loans, focusing on both traditional and emerging consumption sectors to expand supply and stimulate consumer vitality.

The bank is enhancing products to capture demand in areas such as home renovation and smart living. It is also backing the consumer goods trade-in programme by providing home renovation and furnishing trade-in installment financing of up to 2 million yuan, with maturities of as long as five years. Select eco-friendly appliances and digital products qualify for zero-interest installment plans.

Aligned with government efforts to spur big-ticket consumption, Bank of China has teamed up with 17 new energy vehicle makers to expand subsidized auto installment financing. For certain popular models, customers can access installment plans with terms of up to five years at zero interest.

To further spur consumption and expand domestic demand, China unveiled plans to offer interest subsidies for qualifying personal consumption loans and eligible business loans in the services sector on Aug 12.

According to the financial institutions authorized to participate in the subsidized personal consumption loan program, which began Sept 1, the procedure has been simplified.

Applicants only need to authorize banks to check loan accounts and identify eligible consumption transactions. Subsidies are directly deducted from interest payments in line with policy rules. If the bank system cannot match transactions, borrowers may present receipts at branches for manual review before receiving subsidies.

Following the launch of the new loan subsidy programs, Lin Li, executive vice-president at Agricultural Bank of China, said the bank is working quickly to finalize operating guidelines, upgrade technology systems, and ensure effective rollout so that the policy benefits households and businesses efficiently.

ABC is actively responding to the national consumption stimulus campaign, supporting new consumption models, business formats and scenarios. The large State-owned commercial lender has launched a dedicated consumption loan action plan across its branches.

Trump to push Xi on soybeans as US farmers struggle

AFP, *Washington*

President Donald Trump signaled Wednesday that he plans to push Chinese leader Xi Jinping on US soybean purchases when they meet, as American farmers grapple with fallout from his trade wars.

"The Soybean Farmers of our Country are being hurt because China is, for 'negotiating' reasons only, not buying," Trump wrote on his Truth Social platform.

"I'll be meeting with President Xi, of China, in four weeks, and Soybeans will be a major topic of discussion," he added.

Trump said last month that he would meet Xi on the sidelines of an Asia-Pacific Economic Cooperation (APEC) summit in South Korea starting at the end of October. He also said that he would travel to China next year.

The talks come after Washington and Beijing engaged in a tit-for-tat tariffs war earlier this year, imposing escalating duties on each other's exports.

While both sides have since agreed to de-escalate tensions, this has been a shaky truce with lingering effects.

Trump on Wednesday reiterated plans to use some US tariff revenues to aid farmers, while taking aim at his predecessor Joe Biden for not enforcing an earlier trade pact with Beijing that involved a step up in farm purchases.

"The Soybean Farmers of our Country are being hurt because China is, for 'negotiating' reasons only, not buying," Trump wrote on his Truth Social platform

Trump's aggressive trade policies and resulting fallout have weighed on US farmers, including hitting export markets like China.

The American Soybean Association (ASA) has urged Trump to prioritize soybeans in trade talks with Beijing.

It warned in August that Beijing's retaliatory tariffs are "shutting American farmers out of their largest export market going into the 2025 soybean harvest."

China is a top global buyer of soybeans, with the United States once being a major source for the world's second biggest economy.

But "the US has made zero sales to China in this new crop marketing year due to 20-percent retaliatory tariffs imposed by China in response to US tariffs," ASA President Caleb Ragland said last week.

"This has allowed other exporters, Brazil and now Argentina, to capture our market at the direct expense of US farmers," he added in a statement.

"The frustration is overwhelming," he said.

The first Trump administration provided aid to farmers too as his previous trade war gutted exports to what had been a massive market for US soybeans and pork, among other products.

During Trump's first presidency, retaliatory tariffs on the United States caused more than $27 billion in US agricultural export losses from mid-2018 to late-2019.

Prime Bank customers to enjoy discounts on the purchase of Hyundai cars

Md Zahidul Kabir, head of treasury at Fair Group, and Mamur Ahmed, senior executive vice-president and head of branch distribution at Prime Bank PLC, pose for photographs after signing the agreement at the bank's corporate office in Dhaka recently.
PHOTO: PRIME BANK

STAR BUSINESS DESK

Prime Bank PLC has signed an agreement with Fair Technology Limited, a business unit of Fair Group and the manufacturer and authorised distributor of Hyundai passenger vehicles in Bangladesh.

Mamur Ahmed, senior executive vice-president and head of branch distribution at Prime Bank PLC, and Md Zahidul Kabir, head of treasury at Fair Group, inked the agreement at the bank's corporate office in Dhaka recently, according to a press release.

Under the partnership, Prime Bank customers will be entitled to enjoy special discounts when purchasing Hyundai cars in Bangladesh.

The initiative reflects Prime Bank's commitment to enhancing customer benefits by offering premium lifestyle privileges and superior service experiences, the release added.

Through this collaboration, Prime Bank further strengthens its pledge to deliver lifestyle advantages for its customers and employees, enriching their overall banking and lifestyle journey.

Joarder Tanvir Faisal, executive vice-president and head of cards and retail assets at the bank, and JM Taslim Kabir, head of marketing at Fair Group, along with other senior officials from both organisations, were also present.

City Bank gets $75m from AIIB, NDB

Mashrur Arefin, managing director and CEO of City Bank PLC, and Gregory Liu, director general for financial institutions and fund clients, global, at the Asian Infrastructure Investment Bank, pose for photographs after signing the agreement in Beijing recently.
PHOTO: CITY BANK

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accelerate investments in renewable energy and infrastructure projects, critical areas for the country's sustainable development goals."

The loan to one of Bangladesh's leading private commercial banks will help bridge the country's infrastructure financing gap by mobilising private sector capital, enabling longer-term infrastructure loans, and supporting projects across key sectors, according to the statement.

The facility also underscores the foreign lenders' commitment to building resilient and sustainable infrastructure ecosystems across member economies.

Mesbaul Asif Siddiqui, deputy managing director and head of wholesale banking at City Bank, was also present, along with other senior officials from the participating organisations.

Prolonged US govt shutdown

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A shutdown that lasts the entire quarter would reduce fourth-quarter real gross domestic product by 1.2 to 2.4 percentage points, Oxford Economics said in a note, while cautioning that a shutdown of that length has never occurred before.

A long-lasting shutdown may weigh more on consumer sentiment, said Lauren Goodwin, economist and chief market strategist at New York Life Investments.

The 2018-2019 shutdown that lasted over 30 days coincided with a 7 percent hit to confidence in the University of Michigan consumer survey, Goodwin said in written commentary.

The 19 partial or full government shutdowns over the past 50 years have gone on for an average of about eight days, according to analysts at Canaccord Genuity.

Analysts at BBH said in a note that a shutdown of more than two weeks "increases the downside risk to growth."

That in turn, BBH said, raises the likelihood of a more accommodative Fed which can further weigh on the US dollar.

Indeed, many investors were focused on how the shutdown might sway Fed policy with the central bank due to meet at the end of the month and the likelihood now of delays to key data, starting with the US employment report that had been scheduled to be released on Friday.

That expected gap in government releases could place more emphasis on alternative data including the ADP National Employment report published on Wednesday, which showed private payrolls dropped by the most in 2-1/2 years in September.

"If the shutdown drags on, the weakness in the ADP will be all the Fed has to go on," Capital Economics analysts said in a note.

Peter Cardillo, chief market economist at Spartan Capital Securities, doubted the shutdown would last two or three weeks, "but if it should, that puts the Federal Reserve in a big bind."

As of Wednesday, Fed funds futures indicated investors widely expect a standard quarter-percentage-point cut at the central bank's October 28-29 meeting, according to LSEG data.

To be sure, investors said that any economic hit to growth would likely be recouped at least to some extent once the government reopened.

Taiwan considers high-tech partnership with US

REUTERS, *Taipei*

Taiwan is considering forming a high-tech strategic partnership with the US, which wants increased Taiwanese investment, the island's top tariff negotiator said on Thursday, giving an update on talks with Washington.

Taiwan, home to the world's biggest contract chipmaker TSMC, runs a large trade surplus with the United States. The island's exports to the US are currently subject to a 20 percent tariff, a figure Taipei's government is seeking to cut.

Taiwan Vice Premier Cheng Li-chiun, who is leading the tariff talks with Washington, told reporters in Taipei she was hopeful both sides could reach a consensus on expanding investment in the United States through a "Taiwan model".

Taiwan, home to the world's biggest contract chipmaker TSMC, runs a large trade surplus with the United States

This would not involve relocating supply chains but rather extending and expanding US production capacity, said Cheng, who returned this week from the latest round of talks.

The government views the model for investing in the country as "industrial investment planning" coupled with government support measures such as export credit guarantees and joint Taiwan-US development of industrial clusters, she added.

"The current negotiation focus is that the United States expects us to expand investments and engage in supply chain cooperation," Cheng said.

Neither the US Commerce Department nor the Office of the United States Trade Representative has responded to requests for comment on the talks.

Ibrahim and his son collect used jute sacks from around Khulna city which they trim and sew together to create large sacks having a capacity of around 60 kilogrammes. The sacks are then sold to rice traders at wholesale for Tk 40 each. The photo was taken at Sonadanga KDA Residential Area around a week ago. PHOTO: HABIBUR RAHMAN

China's exports get boost from EVs, robots

ANN/CHINA DAILY

Emerging industries will continue to fuel momentum for China's exports this year, as shipments of high-tech products such as electric vehicles and industrial robots are expected to gain greater traction overseas, said market watchers and exporters on Monday.

They said Chinese companies are tailoring their products to meet the diverse needs of overseas markets, from EVs in energy-rich countries to advanced industrial robots in new manufacturing hubs in emerging economies. This has notably enhanced their global competitiveness.

Foreign buyers are increasingly favoring green and intelligent products, and China is capitalizing on this trend by ramping up innovation in sectors such as EVs, advanced digital devices and smart manufacturing technologies, said Zhang Xiaotao, dean of the School of International Trade and Economics at the Central University of Finance and Economics in Beijing.

Echoing that view, Chen Jianwei, a researcher at the University of International Business and Economics' Academy of China Open Economy Studies, said Chinese exporters' flexibility in boosting efficiency and responding swiftly to foreign consumer need is strengthening their earnings ability amid external headwinds.

China's foreign trade grew 3.5 percent year-on-year to 29.57 trillion yuan ($4.15 trillion) in the first eight months, said the General Administration of Customs.

In the meantime, the country's foreign trade continued to undergo a structural shift as exports of mechanical and electrical products surged 9.2 percent on a yearly basis to 10.6 trillion yuan, accounting for 60.2 percent of China's total exports. The growth was largely driven by rising shipments of vehicles and integrated circuits.

China's exports of labor-intensive products fell 1.5 percent during the January-August period, highlighting the contrasting performance between high-tech sectors and traditional industries.

Liang Hao, president of Horgos Haocheng International Freight Forwarding Co Ltd in Horgos, Xinjiang Uygur autonomous region, said in the past that most of the cars exported through Horgos Port went to Central Asian countries and Russia.

Since the beginning of the year, demand has risen markedly in countries such as Armenia, Azerbaijan and Georgia, with the share of EVs in exports continuing to increase, said Liang.

From January to August, more than 250,000 passenger vehicles were exported through Horgos Port, up 8.5 percent year-on-year, including over 100,000 EVs, soaring 45 percent on a yearly basis, said Urumqi Customs.

In energy-rich countries and regions such as Azerbaijan and the Middle East, EVs previously attracted limited attention, said Li Hongbiao, a manager at China Changan Automobile Group, a Chongqing-based auto exporter.

"In recent years, however, Chinese EVs — featuring comfort and advanced technologies such as massage seats, voice assistants and smart infotainment systems — have successfully appealed to young consumers in these countries," said Li.

According to a forecast by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products in early September, China's vehicle exports are expected to hit the 7 million unit mark in 2025, with commercial vehicle exports set to surpass 1 million units for the first time and NEV exports poised for steady growth amid a more balanced overseas market distribution.

Dollar regains some ground

REUTERS

The US dollar regained its footing in early Asian trading on Thursday after the US Supreme Court said it would hear arguments in January over President Donald Trump's attempt to remove Federal Reserve Governor Lisa Cook, leaving her in the post for now.

Market concern about the Fed's independence now "moves to the backburner for the next few months," said Tony Sycamore, market analyst at IG in Sydney.

The dollar's broader index measure against a basket of key currencies edged up 0.1 percent to 97.80, retracing declines after four straight days of losses, as traders pondered the length of the US government shutdown and its effect on economic data releases.

"We're in a bit of a void," Sycamore added. "We're effectively done now, in terms of market-moving data, until October 13."

The US government shutdown has put the brakes on the flow of federal economic data at a moment of uncertainty and division among policymakers. The Trump administration on Wednesday froze $26 billion for Democratic-leaning states, following through on a threat to use the shutdown to target Democratic priorities.

The betting website Polymarket indicates the highest likelihood that the standoff will last between one or two weeks, though there is currently a 34 percent probability of a longer shutdown, with just shy of $1 million wagered.

US private payrolls unexpectedly dropped by 32,000 last month after a downwardly revised 3,000 decline in August, according to data released by ADP on Wednesday.

G7 ministers to target those increasing Russia oil purchases

AFP, *Washington*

G7 finance ministers pledged Wednesday to take aim at those who are continuing to step up purchases of Russian oil, since Moscow's invasion of Ukraine more than three years ago.

In a statement after a virtual meeting, officials from the Group of Seven advanced economies -- Britain, Canada, France, Germany, Italy, Japan and the United States -- agreed that it is time to "maximize pressure on Russia's oil exports."

This would hit at revenue Moscow needs for the war. "We will target those who are continuing to increase their purchase of Russian oil since the invasion of Ukraine and those that are facilitating circumvention," the ministers said in a joint statement.

They added that they agreed on "the importance of trade measures, including tariffs" and import or export bans in efforts to cut off Russian revenues.

The countries are also giving "serious consideration to trade measures and other restrictions on countries and entities that are helping finance Russia's war efforts, including on refined products sourced from Russian oil."

China, Malaysia in talks for rare earths refinery project

REUTERS, *Kuala Lumpur/Beijing*

China and Malaysia are in early talks for a project to process rare earths, with sovereign wealth fund Khazanah Nasional likely to partner with a Chinese state-owned firm to build a refinery in the Southeast Asian nation, people familiar with the matter said.

If the joint venture takes shape, it would represent a significant policy departure for China, the world's top supplier and refiner of rare earths, which has banned export of its processing technology to protect its dominance of the industry.

Beijing is ready to swap its technology for access to Malaysia's untapped rare earths reserves, seeking to limit competition from Australian rival Lynas Rare Earths, which has a processing plant in the central state of Pahang, said two sources in Malaysia with knowledge of the talks.

All four sources who spoke to Reuters for this report sought anonymity because the matter is a sensitive one. Khazanah Nasional and Malaysia's natural resources and trade ministries did not immediately respond to requests for comment on the talks.

China's State Council Information Office, which handles media queries on behalf of the government, did not immediately respond to a Reuters request for comment due to the National Day holiday.

A Malaysian source said the plan faced several roadblocks, however, such as China's concern whether Malaysia would be able to supply enough raw material for the plant.

Two of the sources said Malaysia was also concerned by the potential environmental impact and regulatory hurdles, since mining activities typically require approvals and licensing from both state and federal government authorities.

Malaysia has said it did not support rare earths mining in sensitive locations such as permanent forest reserves and water catchment areas.

Global manufacturers are scrambling to secure alternative supplies of rare earths, after Beijing's export curbs this year led to output delays for major automakers and magnet producers.

Malaysia has some 16.1 million metric tons of rare earth deposits, the government estimates, but lacks the technology to mine and process them.

It has banned companies from exporting raw rare earths to prevent loss of resources.

The only exception was granted in 2022 to a pilot mining project aimed at helping to set national operating and licensing guidelines for extraction of the rare earths.

Australia's Lynas, the world's largest rare earths producer outside China, signed a deal in May with Malaysia's eastern state of Kelantan for a future supply of mixed rare earths carbonate, seen as an effort to develop the local industry.

The proposed refinery is expected to process both light and heavy rare earths, two Malaysian sources said. These elements are critical to the manufacture of products from cars and mobile phones to military equipment.

Heavy rare earth metals, used widely in the development of clean technology, are less common, however, and some elements face shortages amid high demand.

ADB to cancel or redirect $408m

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Low-value packages ($1 million–$10 million) took an average of 165 days to process in 2025 as of August, down from the overall average of over 235 days between 2020 and 2023. Last year, however, the figure had already improved to 144 days.

Still, the ADB noted sectoral gaps, with the energy sector taking significantly longer. It traced delays to poor project design, inadequate preparation, and prolonged government approval timelines. To address these, it recommended strengthening procurement planning, setting realistic timelines, and engaging qualified consultants, as well as expanding training for project-specific procurement and bid evaluation. Enhancing the government's e-GP system and extending it to service procurements were also advised.

On financial management, the ADB rated performance as "satisfactory" as of September 10, with 91 percent of projects "on track," 2 percent "at risk," and 6 percent "for attention." Timely submission of audited financial statements was seen as a positive.

However, concerns persist over a large backlog of audit issues. As of September, there were 1,028 unresolved audit observations for active projects, including 658 carried over from the previous year. The ADB flagged a shortage of qualified financial management staff, weak internal auditing, incomplete records, and direct payments not captured in the government's IBAS++ system as recurring problems.

The lender urged Bangladesh to strengthen financial management and audit capacity alongside procurement reforms to ensure faster, more transparent, and more efficient implementation of development projects.

Helpful, but won't guarantee

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This is the right time to raise the demand for the deferment of LDC graduation, Mustafizur Rahman also said.

But if the focus is on the three indexes on which the country has been assessed for graduation, the demand for a deferment will be weakened as Bangladesh has already proved that it is in a strong position for graduation.

LDC graduation was deferred for the Solomon Islands based on the argument that the country was vulnerable to climate change, while the same happened for Angola with the argument being a significant fall in oil prices, he said.

So, there is no harm for Bangladesh if it gets a few more years before making the status graduation, the trade analyst also said.

However, Bangladesh should always focus on the progress of readiness as per the STS guidelines, he said.

The independent review by the UN is not a guarantee for deferment, but it will be helpful, said Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development (RAPID).

The government requested the UN to reassess the state of the country's economy as local businesses, especially exporters, are raising concerns over the scheduled status graduation to a developing nation in November next year. Businesses have been demanding a deferment of at least six years as their competitiveness in international markets will erode following graduation.

"Let us see what the review finds, and it can be helpful for making the decision," Razzaque told The Daily Star over the phone.

However, if Bangladesh wants the deferment, it can also approach Nepal, another South Asian nation set to graduate, as this country also faced a political transition.

If Bangladesh and Nepal jointly apply to the UN for the deferment, then the international community will consider it carefully, he said.

Three countries — Bangladesh, Nepal, and Lao PDR — are scheduled to graduate from the LDC grouping.

But at the end of the day, Bangladesh will have to go to the United Nations General Assembly if it wants the deferment, added Razzaque.

There is no such instance in the history of LDC graduations of any independent assessment being conducted just prior to the transition, said another noted economist asking not to be named.

All the previous assessments were conducted independently, so there is nothing to be reassessed for any reason, he also said.

The country's exports, which currently enjoy duty-free access to the European Union, are expected to face tariffs of up to 12 percent from 2029, when a three-year grace period on preferential treatment ends.

Shipments to Canada and Japan will also face higher tariffs, while manufacturers of pharmaceuticals will need to comply with international patent laws, which could push up medicine prices.

Bangladesh drew less than 5%

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and infrastructure that can serve a dual-use function — international trade and Bangladesh's growing domestic market, it said.

"Promote green logistics solutions to diminish environmental impact. This can connect with sustainable investment, which is pertinent for FDI," it added.

The report suggested that the government encourage an environment that promotes smart logistics with smart technologies to reduce inefficiencies, such as reducing wastage, lowering the volume of documentation, and improving time management.

"This could be a solution to the just-in-time vs just-in-case dichotomy in supply chains," it said, suggesting a focus on attracting logistics companies in areas that have a high volume of projects and large capital investments.

"These are core logistics companies, e-commerce, and food companies. Textiles should be another important target sector and one in which Bangladesh has a regionally competitive domestic market," said the report.

The report on logistics said that to be regionally competitive, Bangladesh should consider an attractive incentive package for companies interested in opening logistics operations.

"Incentives have become a much more important factor in FDI in recent years," it said, recommending identifying key source markets and companies to target for investment.

Commenting on logistics, M Masrur Reaz, chairman and CEO of the Policy Exchange of Bangladesh, said, "Logistics is now absolutely critical for Bangladesh from two perspectives."

"As an export-led economy, our competitiveness hinges on faster delivery to global markets and lower freight costs, both of which depend on efficient logistics," he said.

Bangladesh lags significantly behind peers such as Vietnam, Thailand, and India in infrastructure, ports, storage, and transport services — constraints that limit global competitiveness, he said.

"Bangladesh has historically missed out on logistics FDI due to regulatory restrictions and underdeveloped sectoral capacity," he added.

"Now, however, a billion-dollar opportunity exists to attract global players across ports, river terminals, multimodal transport, and inland container services," said Reaz.

"Strategic investment can not only boost exports but also bring world-class logistics operators to Bangladesh, adding credibility to our investment landscape," he said.

Envoy Textiles signs $30m loan deal with ADB

STAR BUSINESS REPORT

The Asian Development Bank (ADB) has signed a $30 million sustainability-linked loan facility with Envoy Textiles Limited, marking its first such financing in Bangladesh.

The agreement builds on ADB's earlier engagement with Envoy in 2022 and underscores the lender's push to align industrial growth with environmental targets, according to a press release.

Sustainability-linked loans are performance-based instruments tied to measurable indicators, in this case, rooftop solar capacity and greenhouse gas emissions reduction.

The proceeds of the loan will be used to fund the design and construction of a new spinning unit for Envoy to expand its annual yarn production capacity at Envoy's manufacturing plant in Jamirdia, Bangladesh, install 3.5 MWp of rooftop solar panels at the factory, and refinance short-term local working capital loans.

The proceeds of the loan will be used to fund the design and construction of a new spinning unit for Envoy to expand its annual yarn production capacity

The new unit will be automated and more energy-efficient, and will have an annual yarn production capacity of 4,550 tonnes, mainly used for in-house production of denim fabrics, it said.

"The ready-made garment industry is a key driver of Bangladesh's economy, accounting for over 80 percent of total export earnings, and Envoy is the leading denim fabric manufacturer," said ADB Country Director for Bangladesh Hoe Yun Jeong.

"This first sustainability-linked loan advances environmental sustainability and industrial modernisation, setting a new standard for the garment sector."

Envoy Chairman Kutubuddin Ahmed said it would expand production capacity, accelerate renewable energy adoption, and reduce the company's environmental footprint.

"Envoy remains dedicated to upholding the highest standards in quality, inclusivity, and sustainability," he said.

Envoy is one of Bangladesh's leading denim fabric producers with an annual capacity of 54 million yards, representing about 10 percent of the country's total.

PHOTO: PRABIR DAS

Bangladesh produced 1.15 crore tonnes of potatoes in the last harvesting season, far more than the country's demand for 90 lakh tonnes a year.

Potato price dips below Tk 20/kg amid oversupply

SUKANTA HALDER *and* SHAHEEN MOLLAH

Potato prices across Bangladesh have plunged below Tk 20 per kilogramme from Tk 25 a month ago, leaving farmers reeling from losses even as the government struggles to contain the market glut.

Stakeholders blame the government for failing to implement its announced measures, including a minimum cold storage gate price of Tk 22 per kg and a planned procurement of 50,000 tonnes. The fixed cold storage price is not followed, and the procurement of the promised amount was never carried out, leading to oversupply.

According to traders and data from the Trading Corporation of Bangladesh (TCB), potatoes were sold yesterday at Tk 18-Tk 25 per kg at the retail level, down from Tk 20-Tk 25 last week and Tk 25-Tk 30 a month ago. Compared with last year's Tk 50-Tk 60 per kg, prices have collapsed nearly 61 percent.

At the wholesale level, traders report that prices have fallen to Tk 11-Tk 12 per kg.

Delwar Hossain, a wholesaler at Karwan Bazar, one of the largest kitchen markets in the capital, said, "Potato supply has overrun the market, which is why prices have started to fall.

"For instance, I need one truck of potatoes. But I already have two trucks waiting in front of my shop to take the goods," he explained, adding that he is selling the staple vegetable at Tk 12 per kg.

Mohammad Sabuj, another wholesaler at the same market, said he has been buying potatoes from middlemen in Munshiganj at Tk 11 per kg over the past few days and selling them at Tk 11.66 per kg.

However, his purchase from traders in Bogura, Rajshahi, and Rangpur regions cost Tk 12-Tk 15 per kg.

Bangladesh produced a historic high of 1.15 crore tonnes of potatoes in the last harvesting season, according to estimates by the Bangladesh Bureau of Statistics (BBS), far more than the nationwide demand of 90 lakh tonnes.

According to estimates by the Tuber Crop Research Centre and the Bangladesh Cold Storage Association, direct consumption accounts for most of it, while 10 lakh tonnes are used for seed and a portion goes into processing chips and crackers. Exports added another 62,000 tonnes in fiscal 2024-25, leaving a surplus piling up in cold storage.

According to traders and data from the Trading Corporation of Bangladesh, potatoes were sold yesterday at Tk 18-Tk 25 per kg at the retail level, down from Tk 20-Tk 25 last week and Tk 25-Tk 30 a month ago

At the beginning of the last season, many farmers were forced to sell their produce for as low as Tk 11 per kg, far lower than the government's estimated average production cost of Tk 14. For farmers in the northern region, however, it was Tk 20 per kg, according to government data. For some, it was even more.

Ashraf Sarker, a farmer in Munshiganj who cultivated potatoes on six bighas of land last season, said, "Last month, I sold potatoes at Tk 9 per kg, even though my production cost was Tk 31 per kg."

He has stopped selling potatoes recently as prices continue to fall day by day. "I still have 12,500 kg of potatoes in cold storage."

"I spent nearly Tk 500,000 last season, but so far have only been able to sell potatoes worth Tk 80,000," Sarker said, highlighting the loss he faces.

To contain the prices and safeguard farmers' interests, the government on August 27 announced it would procure 50,000 tonnes of potatoes in a bid to protect farmers amid falling market prices.

In addition, a minimum selling price for potatoes at the cold storage gate was set at Tk 22 per kg.

However, traders say none of these steps worked.

Mostofa Azad Chowdhury Babu, president of the Bangladesh Cold Storage Association, said, "Currently, around 12 lakh tonnes of potatoes remain in storage, with only about two and a half months left to sell them."

"At present, potatoes are selling for Tk 10-Tk 11 per kg at the cold storage level, far below the government-fixed price," he said.

He noted that although the government had set a cold storage gate price and announced a planned procurement, those promises were not fulfilled.

"Farmers held back potatoes expecting government procurement, but when that didn't happen, stocks piled up. Now, with limited time left, everyone is releasing their potatoes into the market, which has caused prices to fall sharply," he added.

"You can't control prices just by fixing them. When supply is high, prices naturally fall," Babu noted.

Agriculture Secretary Mohammad Emdad Ullah Mian couldn't be reached for a comment on the matter over the phone.

However, TCB Chairman Brig Gen Mohammad Foyshol Azad said the government will start buying potatoes from the end of this month.

Purpose beyond profit

MAHTAB UDDIN AHMED

A CEO in Dhaka once gathered his managers and declared with great seriousness, "Our company has only one purpose: to maximise profit." A young executive raised his hand and asked, "Sir, then why does your wife run the CSR committee with a bigger budget than my sales team?" The room burst into laughter, but behind the joke lay a bitter truth: many Bangladeshi companies treat purpose as either a fancy poster on the wall or a side hustle for family members. Meanwhile, the real engine of the business continues to be fuelled by short-term profits and cost-cutting, often at the expense of employees.

This is exactly the trap that one of my favourite Harvard professors, Ranjay Gulati, warns against in his research on "deep purpose." Companies that thrive in today's volatile world are those that anchor themselves in something beyond profit. And for Bangladesh, a country navigating everything from political heatwaves to climate change, discovering and living that deeper purpose is not a luxury; it's a matter of survival.

Global research shows that purpose-driven companies significantly outperform others: consumers are 4 to 6 times more likely to trust and buy from them (Zeno, 2020), 58 percent report more than 10 percent growth compared to 42 percent of non-purpose firms (EVERFI), and employee turnover can drop by 25 percent to 50 percent (MovingWorlds). Moreover, 70 percent of employees wouldn't work without a strong purpose (HBS), yet only 42 percent of firms translate purpose into action (McKinsey), exposing a persistent "purpose gap."

Let's start with our readymade garments (RMG) sector. For decades, it has been our pride and our biggest export earner. However, when the purpose narrowed to just producing cheaper and faster, we ended up with disasters like the Rana Plaza collapse. The world doesn't forget those cracks in the foundation. Since then, factories that embraced a purpose of worker safety, dignity, and sustainability have not only won back orders but also earned reputational dividends that no marketing budget could buy. It turns out that buyers trust a factory that values life more than one that only values the dollar.

The digital economy offers another lesson. Mobile financial services didn't win the trust of rickshaw pullers and garment workers because they plastered the city with billboards. Their real purpose was to bring financial services to the unbanked, and that human-centred mission turned them from a mobile wallet into a national habit. The same is true for health-tech startups connecting rural patients with doctors online or ed-tech platforms teaching coding to village kids. Profit followed because purpose led.

The problem, however, is what I like to call purpose-washing. Too many Bangladeshi corporations are experts in mission statement poetry: "empowering people," "building a better tomorrow," "serving the nation." Beautiful words, but when employees see the boss siphoning off funds, avoiding taxes, or throwing staff under the bus during a downturn, those words sound hollower than an empty ATM on Eid night.

True purpose is not a Facebook post on Independence Day; it is a guiding principle for how you hire, reward, invest, and lead. When a conglomerate decides to go green even at higher costs, or when a CEO keeps workers on payroll during political unrest instead of mass layoffs, that's purpose in action. Many MNCs love to showcase their ESG credentials, but few are willing to bear even a modest incremental cost, often spending more on publicising their brand image than on doing the actual work.

Bangladesh stands at a critical juncture. Cheap labour and borrowed capital may have carried us this far, but they won't carry us into the next chapter. To compete with Vietnam or India, our businesses must become trusted institutions, not just profit factories. Purpose is not charity; it is our best bet for resilience, investment, and long-term success.

Otherwise, we will keep filling plates with "shingaras" of short-term gains, while our neighbours sit comfortably at the feast of purposeful growth, leaving us with oily fingers and empty stomachs. Let's do what is right, not what is easy!

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

OpenAI valuation soars to $500b

AFP, *Paris*

The valuation of ChatGPT developer OpenAI soared to a chart-topping $500 billion in a deal for employees to sell a limited number of shares, financial media reported Thursday.

If confirmed, OpenAI workers' sale of a reported $6.6 billion in shares to investors would make the company the world's most valuable startup, overtaking Elon Musk's rocket company SpaceX -- valued at around $400 billion, according to Bloomberg.

A gaggle of investors snapping up the shares included Japanese investment giant SoftBank, the Financial Times and Bloomberg reported, citing people familiar with the transaction.

OpenAI's French spokespeople declined to comment on the reports when contacted by AFP, while its US press office did not immediately respond to a request for comment. Softbank declined to comment on the reports.

Known for making high-stakes bets on tech, SoftBank had already committed to ploughing $40 billion into OpenAI by the end of 2025 if the startup met certain conditions.

That March deal valued the US company at $300 billion, less than three years after its flagship chatbot ChatGPT wowed the public with its ability to generate convincing text responses.

Other investors cited by the FT and Bloomberg Thursday included venture capital firms Thrive Capital and Dragoneer and Abu Dhabi's AI investment company MGX.

In the first six months of 2025, OpenAI pulled in around $4.3 billion in revenue, specialist outlet The Information reported this week.

Prolonged US govt shutdown could raise market risks

REUTERS, *New York*

Investors have anticipated for weeks the risks of a US government shutdown to markets. Now that it is here, they are hoping it will be brief.

A shutdown that lasts at least several weeks could cause confusion about the Federal Reserve's monetary policy path as the central bank will be without government data that helps guide its decisions, while also posing a possible drag on economic growth the longer it extends.

"We have the markets trading at extended valuations at all-time highs with an economy that seems to be showing some pretty clear signs of slowing," said Eric Kuby, chief investment officer at North Star Investment Management.

"That slowness in the economy is going to be exacerbated by the lack of government spending, and the longer it goes on, the more difficult it is to overcome those challenges."

The shutdown, impacting a wide swath of government operations, is leading to the furlough of federal workers, while US President Donald Trump, whose campaign to reshape the government is on track to push out some 300,000 workers by December, has warned congressional Democrats that a shutdown could lead to more job cuts.

Shutdowns in the past have typically had limited impact on the markets, with the S&P 500 stock index roughly flat on average during shutdowns since 1976, according to LPL Financial. More recently, since 1995, the S&P 500 finished higher during every shutdown, according to John Luke Tyner, portfolio manager at Aptus Capital Advisors.

Traders work on the floor of the New York Stock Exchange in New York City. Shutdowns in the past have typically had limited impact on the markets, with the S&P 500 stock index roughly flat on average during shutdowns since 1976.

PHOTO: AFP/FILE

However, this impasse could present a different risk, some investors say. The shutdown comes alongside concerns about America's fiscal health - highlighted by a downgrade earlier this year of the country's sovereign debt - and as companies absorb the impact of tariffs.

"It's the cumulative, compounding effect of all of these events - the US credit rating downgrade, the changes to the trade regime and now the shutdown - that worry me," said Brian Shipley, chief investment officer of Coldstream Wealth Management.

Shipley said if it extends past the two-to-four week time frame seen in the past, it opens up a question about how investors globally will view the US He said he has shifted some assets out of Treasury bills to a portfolio manager with a wide mandate to own assets including international bonds.

The shutdown's hit to growth will depend on its length, analysts said.

Oxford Economics estimated that a partial government shutdown reduces economic growth by between 0.1 and 0.2 percentage points per week.

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