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".

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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.