



## Garment exports find a workaround after India ends transshipment

Dhaka and Sylhet airports improve export services, also offer lower handling costs

REEYAT ULLAH MIRDHA and RASHIDUL HASAN

Garment exports to Europe have remained largely unaffected by India's suspension of transshipment through its airports, as Bangladeshi exporters adapt by using alternative routes and improved facilities at home.

Exporters said that since India halted the transshipment facility in April this year, most of them now send goods by sea from Chattogram port to Colombo in Sri Lanka. When shipments face tight schedules, consignments are then flown from Dubai after arriving from Colombo.

Otherwise, large vessels carry goods directly from Colombo to their destinations.

Bangladeshi exporters usually use Singapore port and Penang port in Malaysia, where smaller vessels from Chattogram feed mother ships.

After the suspension of the transshipment in April, the government installed an explosive detection system (EDS) at Osmani International Airport in Sylhet to screen cargo bound for Europe.

Besides, all four EDS machines at Hazrat Shahjalal International Airport (HSIA) in Dhaka have been repaired.

Moreover, ground-handling charges for export cargo have been reduced by five to six cents per kilogramme at both airports.

Shovon Islam, managing director of apparel exporter Sparrow Group, said pressure on Dhaka airport had eased since the EDS was installed in Sylhet.

"Some major international clothing retailers and brands such as Inditex are now carrying the goods with their chartered planes from Sylhet or sometimes from the airport in Dhaka," he said.

Faisal Samad, director at the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said this was currently a lean season for air shipments, as many buyers were transporting goods by sea.

### RMG EXPORTS STEADY AFTER INDIA ROUTE HALT

#### REROUTING TRADE

- India's April transshipment ban shows little impact so far
- Exporters now send cargo via Ctg to Colombo and Sylhet airport

#### INFRASTRUCTURE & POLICY UPGRADES

- Explosive detection system installed at Sylhet airport, Dhaka got all four fixed
- Ground handling fees cut by 5-6 cents per kg
- Civil Aviation Authority proposes 25% lower screening charge

#### RATES & COSTS

Sylhet to Europe about \$2.80 per kg off-peak, \$3.80-\$4.00 in peak

Indian routes used to cost \$2.10-\$2.20 per kg plus \$0.15-\$0.20 via Benapole

Bangladesh rates remain competitive post-ban

#### AIRFREIGHT OPERATIONS

Major brands like Inditex using charter flights from Sylhet, Dhaka

With 100-tonne capacity, Sylhet airport shipped three consignments in Aug

Air exports from Dhaka and Sylhet average 450 tonnes in lean season, 1,200 in peak

#### SECTOR FEEDBACK

Exporters report smoother handling and no major delays

"So, space on cargo flights is not an issue at the moment," he said, adding that a large volume of garments bound for Europe and the United States is now shipped via Colombo, with some airlifted from Dubai when deadlines are tight.

Before the suspension, exporters transported their goods to India through Benapole by trucks, from where they were flown out of Kolkata and Delhi airports.

The route was used by local exporters due to a shortage of screening facilities in Dhaka and reduced cargo space after several airlines cut flights from HSIA.

Between January and March this year, about 34,900 tonnes of garments worth \$462 million were shipped to 36 countries through Indian airports, according to BGMEA.

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## Bangladesh's low AI readiness puts young workforce at risk: WB

STAR BUSINESS REPORT

Artificial intelligence (AI) is poised to reshape Bangladesh's economy, yet the country's preparedness remains low, leaving its vast young workforce vulnerable to disruption, according to the World Bank's latest South Asia Development Update (October 2025).

The report, launched yesterday at the bank's Dhaka office, describes AI as "a transformative general purpose technology" that could accelerate productivity and economic growth, provided that the right digital and human capital foundations are built.

"Increasing trade openness and the growing adoption of AI could be transformative for South Asia," said Franziska Ohnsorge, the World Bank's chief economist for South Asia.

"Policy measures to facilitate the reallocation of workers across firms, activities, and locations can help channel resources to productive sectors and are critical for boosting investment and job creation in the region," she added.

### WB describes AI as "a transformative general-purpose technology" that could accelerate productivity and economic growth

The report states that Bangladesh sits at the lower end of AI readiness in South Asia, with the region's average occupational exposure to AI "among the lowest globally."

Bangladesh's exposure, it adds, is "well below the regional average," reflecting its dependence on agriculture, garment manufacturing, and informal services — sectors least affected by automation so far. That low exposure could soon become a liability.

"As AI technologies diffuse through global services and manufacturing value chains, Bangladesh's low exposure today could quickly become a disadvantage tomorrow," the report warns.

Drawing on evidence from advanced economies, the bank noted that automation through industrial robots and digital systems has already depressed employment and wages elsewhere. While Bangladesh's immediate exposure is limited, "the potential for adverse labour market consequences from AI adoption is particularly acute in South Asia's young, fast-growing labour markets."

Young and moderately educated workers are seen as most at risk, especially in entry-level white collar roles such as customer service, data entry, and software support — fields increasingly vital to Bangladesh's growing service exports.

AI adoption, the report stresses, depends critically on digital infrastructure and human capital — two areas where Bangladesh continues to lag.

Only around 62 percent of the population has internet access, and reliable high-speed broadband remains largely confined to urban areas. The 32-percentage-point rural-urban gap in internet access is the largest among all emerging-market regions, the WB observed.

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## Economy expanded at quicker pace in Sept: PMI

STAR BUSINESS REPORT

Bangladesh's economy expanded at a quicker pace in September, as the country's Purchasing Managers' Index (PMI) climbed to 59.1, up 0.8 points from August, indicating renewed momentum across all major economic sectors.

This latest PMI reading was attributed to a faster expansion rate for the manufacturing index, but a slower expansion rate for the services index.

In contrast to August, when growth had moderated and both agriculture and construction had contracted, the September reading marks a strong rebound, shows the latest data, released yesterday in a joint report by the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka, and Policy Exchange Bangladesh (PEB).

For the first time in months, all four key sectors — agriculture, manufacturing, construction, and services — recorded expansionary readings, a sign that the economic recovery is regaining strength.

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The PMI, a monthly composite index jointly developed by MCCI and PEB with technical support from the Singapore Institute of Purchasing and Materials Management and backing from the UK government, serves as a vital early indicator of economic health. It helps businesses, investors, and policymakers track momentum in real time.

As per the latest report, the manufacturing sector remained the primary driver of economic expansion, posting its 13th consecutive month of growth. The sector reported solid expansion in new orders, exports, production, and input purchases.

Importantly, the employment index turned positive, suggesting that firms are increasingly confident in the demand outlook. A slower rate of order backlog contraction also points to rising capacity utilisation.

Meanwhile, both agriculture and construction sectors, which had contracted in August, bounced back in September.

In agriculture, positive readings for new business, activity, and input costs, alongside easing contractions in employment and order backlogs, reflected improved weather and seasonal conditions.

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## Remitting from Saudi Arabia too costly Says governor

STAR BUSINESS REPORT

Remitting money from Saudi Arabia remains disproportionately expensive for Bangladeshi migrants, pointed out Bangladesh Bank Governor Ahsan H Mansur yesterday, urging coordinated bilateral efforts among financial sectors to streamline and reduce the cost.

Speaking at the opening of the Saudi Arabia-Bangladesh Business Summit, Mansur emphasised the need for deeper financial and economic integration between the two countries.

The conference was organised by the Saudi Arabia-Bangladesh Chamber of Commerce and Industry (SABCCI) at the Sheraton Dhaka.

"Saudi Arabia remains the largest source of remittance for Bangladesh, but the cost of sending money is still 6 percent to 10 percent — an excessive burden for migrants," said the BB governor.

"A joint initiative between financial institutions and central banks could significantly reduce this cost, offering relief to our workers abroad," he said.

Mansur said the economies of Bangladesh and Saudi Arabia were complementary to each other. While Saudi Arabia requires both skilled and unskilled labour, Bangladesh is a key source of such manpower, he said.

Bangladesh, meanwhile, seeks energy and investment — both of which Saudi Arabia can readily offer, he pointed out.

Highlighting the potential of bilateral trade, he said, "Bangladesh can export textiles and other products that are widely used in Saudi Arabia. In turn, Saudi investors could explore sectors beyond oil and fertiliser, including infrastructure and technology."

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## Shipping line raises fees after Ctg port tariff hike



Businesses have expressed concern over the impending increase in import and export costs due to the surcharges following the port's tariff hike.

PHOTO: STAR/FILE

DWAIPAYAN BARUA, Ctg

Importers and exporters in Bangladesh are going to feel the pinch of an increase in service charges at the Chattogram port as major foreign shipping lines have started imposing additional surcharges to offset the rise in operational costs.

The government, through a gazette on September 14, announced a 41 percent average increase in service charges at the Chattogram port.

France-based global container shipping company

CMA CGM yesterday announced that it would impose an "Emergency Cost Recovery Surcharge," ranging from \$45 to \$350 per container.

The company said it was aimed at helping mitigate the impact of increased operational charges at the Chattogram port.

The main line operator (MLO) made the announcement through a notice to its customers on October 7.

"This surcharge will apply to all import and export shipments via Chittagong

(BDCGP) and will be effective from October 26, 2025, based on the vessel berthing date at BDCGP," it read.

The surcharge is payable at the Chattogram port or elsewhere within Bangladesh, irrespective of the terms of shipment or contract, the company added in the notice.

According to the notice, the surcharge will be \$40 for a 20-foot dry container, \$70 for a 40-foot dry container, \$105 for a 40-foot high-cube dry container, and \$145 for a 45-foot high-cube dry container.

READ MORE ON B2

## Govt amends VAT law to regain power to grant exemptions

STAR BUSINESS REPORT

The government has amended the Value Added Tax (VAT) Law 2012, restoring its authority to grant exemptions from the indirect tax through special orders, according to an ordinance issued by the law ministry on Monday.

The development comes months after the government in the Tax Expenditure Policy and Management Framework (TEPMF) removed the National Board of Revenue's (NBR) power to grant exemptions from VAT, supplementary duty (SD), and advance tax.

The policy came into effect in July this year.

Officials said the NBR often receives applications from welfare organisations and donations seeking exemption from taxes. As the new policy has come into effect, the revenue board can no longer extend such benefits.

To resolve this, the NBR added a clause specifying that the tax expenditure policy would not apply to VAT exemptions on donations and grants.

"So, the provision of special orders has been included, empowering the government to give the exemption," said a senior NBR official on condition of anonymity.

In the ordinance on a Few Finance-Related Laws (Second Amendment) 2025, the government has also raised the advance tax on income from investments in treasury bills and bonds held by companies.

Previously, companies paid a 10 percent tax on interest income from these securities. This has now been raised to 15 percent, according to the amendment.

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# Prime Bank launches 'SME Debit Card' with int'l remittance facility

STAR BUSINESS DESK

Prime Bank PLC has unveiled Bangladesh's first-ever "SME Debit Card" equipped with an international remittance facility, enabling small and medium enterprises (SMEs) to execute seamless cross-border online payments for business purposes.

The card may also be used domestically for point-of-sale (PoS) transactions, automated teller machines (ATMs), and online payments.

Proprietorship entities are eligible to obtain this debit card, while SMEs registered as partnerships or limited companies may apply for SME prepaid cards.

Nawshad Mustafa, director of the SME and Special Programmes Department at Bangladesh Bank,

and Md Nazrul Islam, additional director of the same department, attended the launching ceremony held at Prime Tower in Nikunja, Dhaka yesterday, according to a press release. M Nazeem A Choudhury, deputy managing director of Prime Bank PLC, presided over the event.

Addressing the occasion, Choudhury remarked, "Prime Bank has consistently been at the forefront of empowering SMEs through innovative financial solutions. The SME Debit Card with international remittance capability marks yet another milestone in enabling Bangladeshi entrepreneurs to compete confidently in the global digital marketplace."

The launch follows a recent circular from Bangladesh Bank permitting SMEs to make



**Nawshad Mustafa, director of the SME and Special Programs Department at Bangladesh Bank, and M Nazeem A Choudhury, deputy managing director of Prime Bank PLC, attend the launch of the "SME Debit Card" at Prime Tower in Nikunja, Dhaka yesterday.**

PHOTO: PRIME BANK

international business payments online.

Under this initiative, verified SME clients registered with the SME Foundation may now carry out business-related payments

abroad. The SME Debit Card can be reloaded for bona fide business expenses of up to \$600 per transaction, with a ceiling of \$3,000 per calendar year.

Mamur Ahmed, head of

distributions at Prime Bank; Mohammad Aminur Rahman, head of SME; and Joarder Tanvir Faisal, head of cards, along with other senior officials, were also present.



**Ahsan Zaman Chowdhury, managing director and chief executive officer of Trust Bank PLC, poses for group photographs with officials during the celebration at the bank's head office in Dhaka recently.**

PHOTO: TRUST BANK

## Trust Bank celebrates deposit milestone of Tk 50,000cr

STAR BUSINESS DESK

Trust Bank PLC has celebrated reaching the milestone of Tk 50,000 crore in deposits at a ceremony held at its head office in Dhaka recently.

Ahsan Zaman Chowdhury, managing director and chief executive officer of Trust Bank PLC, attended the event as the chief guest, according to a press release.

While addressing the gathering, Chowdhury expressed his appreciation for the collective efforts of employees and customers, saying, "We are proud to reach this remarkable milestone of Tk

50,000 crore in deposits."

"With our continued focus on digital transformation and tailored product offerings, I am confident that Trust Bank will achieve its next milestone even sooner," he added.

The celebration marked a moment of pride for Trust Bank, reflecting strong customer confidence, steady growth, and the bank's commitment to providing modern, technology-driven banking solutions across Bangladesh, the release said.

Deputy managing directors, senior executives, and branch managers of the bank were also present.

## Meghna Bank partners with Saudi Arabia-Bangladesh Business Summit

STAR BUSINESS DESK

Meghna Bank PLC has partnered as the silver sponsor with the "Saudi Arabia-Bangladesh Business Summit 2025".

Organised by the Saudi Arabia-Bangladesh Chamber of Commerce and Industry (SABCCI), the three-day summit is currently taking place at Sheraton Dhaka in the capital's Banani area, with the aim of strengthening bilateral trade, investment, and business collaboration between the two friendly nations.

As an active member of SABCCI, Meghna Bank PLC has set up an exhibition booth at the summit to showcase its range of innovative, customer-centric banking products and services.

Amir Khasru Mahmud Chowdhury, politician and businessman, inaugurated the bank's stall at the summit. Uzma Chowdhury, businesswoman and chairperson of Meghna Bank PLC, was also present.

Through its participation, Meghna Bank reiterated its commitment to enhancing cross-border business cooperation and contributing to sustainable economic growth between Saudi Arabia and Bangladesh, the release added.

Md Sadiqur Rahman, managing director and CEO (current charge), and Kazi Farhana Zabin, head of the liability and wealth management division, along with other senior officials of the bank, were also present.



**Amir Khasru Mahmud Chowdhury, a politician and businessman, and Uzma Chowdhury, a businesswoman and chairperson of Meghna Bank PLC, pose for group photographs at the launch of the bank's stall at Sheraton Dhaka in the capital's Banani yesterday.**

PHOTO: MEGHNA BANK

## NCC Bank arranges entrepreneurship development programme in Mymensingh



**Md Kawsar Matin, executive director of Bangladesh Bank's Mymensingh office, poses for group photographs with participants of the "Entrepreneurship Development Programme" in Mymensingh yesterday.**

PHOTO: NCC BANK

STAR BUSINESS DESK

NCC Bank PLC, in collaboration with Bangladesh Bank, has organised a month-long "Entrepreneurship Development Programme" in Mymensingh under the Skills for Industry Competitiveness and Innovation Program (SICIP).

The initiative is implemented by the Finance Department of the Ministry of Finance with

funding from the Asian Development Bank (ADB).

Md Kawsar Matin, executive director of Bangladesh Bank's Mymensingh office, attended the closing ceremony as the chief guest yesterday, and distributed certificates among 25 participating entrepreneurs, according to a press release.

In his speech, Matin said the initiative aims to foster new entrepreneurs and accelerate

inclusive economic growth. He expressed his gratitude to NCC Bank PLC and all stakeholders for arranging such a valuable training programme and hoped the entrepreneurs would utilise the knowledge gained to expand their new and existing businesses.

Md Nazrul Islam, programme director of SICIP and additional director of the SME and Special Programmes Department at Bangladesh Bank, and Md Ayub Ali, joint director and deputy programme director of SICIP, were present as special guests.

Md Zakir Anam, deputy managing director of NCC Bank PLC, handed over loan sanction letters amounting to Tk 3.9 million to 23 of the 25 trained entrepreneurs.

At the end of the programme, an "Entrepreneur Fair" was also inaugurated, where the trained entrepreneurs showcased their products at various stalls.

Sharif Mohammad Mahsin, senior vice-president and head of SME at NCC Bank PLC; AKM Badrul Hasan, head of the Mymensingh region; and Mohammad Faizur Rahman, head of business and branch manager of the Mymensingh branch, along with other senior officials of NCC Bank and Bangladesh Bank, were also present.

## Guardian Life, CliniCall team up to safeguard remitters



**Parvez Ahmad, co-founder and chief operating officer of CliniCall Limited, and Sheikh Rakibul Karim, additional managing director and acting chief executive officer of Guardian Life Insurance Limited, pose for photographs after signing the agreement at the life insurer's head office in Dhaka recently.**

PHOTO: GUARDIAN LIFE INSURANCE

STAR BUSINESS DESK

Guardian Life Insurance Limited has signed an agreement with health-tech company CliniCall Limited to introduce an innovative insurance and healthcare package exclusively designed for Bangladeshi remittance workers and their families.

Sheikh Rakibul Karim, additional managing director and acting chief executive officer of Guardian Life Insurance Limited, and Parvez Ahmad, co-founder and chief operating officer of CliniCall Limited, signed the agreement at the insurer's head office in Dhaka recently, according to a press release.

Commenting on the partnership, Karim said, "This collaboration reflects our shared commitment to delivering sustainable and accessible solutions for remittance workers."

"This initiative is a symbol of appreciation and respect for our brothers and sisters who tirelessly support their families and contribute to our national economy from abroad," he added.

Ahmad said, "We are delighted to

combine medical services with Guardian's trusted insurance solutions. Through our shared mission, we aim to ensure that those in need experience accessible and affordable healthcare with financial security."

The partnership seeks to address the pressing health and financial protection challenges faced by millions of remittance earners who contribute significantly to the country's economy.

The newly launched package offers a comprehensive range of benefits, including life and health insurance coverage, unlimited doctor consultations through CliniCall, financial protection in case of job loss, and holistic healthcare support for families in Bangladesh.

Abdul Halim, head of microinsurance digital channel and ADC at the insurer; Md Naushadul Karim Chowdhury, vice-president of microinsurance digital channel and ADC; Saad M Milkan, head of business at the health-tech company; and Shaba Shams, head of technology, along with other senior officials from both organisations, were also present.

## Bank Asia unveils QR code-based cash withdrawal service 'Scan to Cash'

STAR BUSINESS DESK

Bank Asia PLC has launched "Scan to Cash", an advanced QR code-based cash withdrawal service for its customers.

With this facility, customers can easily withdraw cash from any Bank Asia branch without using a cheque or debit card, according to a press release.

Under the "Scan to Cash" service, a unique QR code is displayed at the cash counter of every Bank Asia branch. To make a withdrawal, customers simply open the Bank Asia Smart app on their smartphone, scan the QR code, enter the desired amount, and authenticate the transaction using a one-time password (OTP).



Once the authentication is complete, the teller hands over the cash, and the customer's account is instantly debited to reflect the withdrawal amount.

Customers can make up to five transactions per day, with a daily withdrawal limit of Tk 300,000. The new service ensures a time-saving, convenient, and seamless banking experience.

As part of its commitment to customer-centric digital banking, Bank Asia's "Scan to Cash" marks a milestone in expanding secure, smart, and hassle-free financial services, the release added.

## Yen slides to 2-month low against dollar

REUTERS, Tokyo

The yen weakened to a two-month low against the dollar on Tuesday as attention in Japan turned to who may join the administration of fiscal dove Sanae Takaichi after her party leadership victory.

With the yen also trading at an all-time low against the euro, Japan's finance minister said authorities were watching out for excessive moves in currency markets. Takaichi, expected to become Japan's next prime minister, chose former premier Taro Aso as vice president of her ruling party.

The euro remained on a fragile footing following the resignation of France's prime minister and statements by European Central Bank officials that a rate cut may be necessary. Traders will be on watch for speeches from Federal Reserve policymakers later in the day as a US government shutdown squelches other data signals.

As markets await more clarity on how Takaichi will structure her government, Japanese officials may try to talk the yen down from recent extremes, said Bart Wakabayashi, the Tokyo branch manager of State Street.

"We'll see if the expected policies that she is tied to will come through," Wakabayashi said of Takaichi. The 150 yen per dollar mark is "a very important level, psychologically and economically."

## Shipping line raises fees

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For refrigerated containers, the surcharges will be \$40 for a 20-foot container, \$60 for a 40-foot container, and \$90 for a 40-foot high-cube container.

For hazardous goods, the surcharges will be \$140 for a 20-foot container, \$215 for a 40-foot container, and \$305 for a 40-foot high-cube container.

Businesses have expressed concern over the impending increase in import and export costs due to the surcharges following the port's tariff hike.

The chairman of the Bangladesh Shipping Agents Association (BSAA) sent a letter to the senior secretary of the

Ministry of Shipping and the chairman of the Chittagong Port Authority (CPA) on Sunday.

In it, he urged reconsideration of the newly imposed port tariff and its implementation timeline, saying the sharp increase and abrupt implementation would severely hurt trade competitiveness and the country's economy.

BSAA Chairman Syed Mohammad Arif told The Daily Star yesterday that not only CMA CGM but also all other foreign shipping lines would soon follow suit to impose additional surcharges for containers to and from Chattogram.

Exporters may not be directly affected by this additional

surcharge as foreign buyers usually bear the transportation costs, but importers would be affected directly.

"Although foreign buyers will bear the additional charges, this will eventually have an impact on Bangladeshi exporters," opined Khairul Alam Suzan, former vice-president of the Bangladesh Freight Forwarders Association (BAFFA).

Following the hike in charges at the port and the ICDS, these additional surcharges by the MLOs would further increase the costs of the country's foreign trade, he said.

The readymade garment sector will suffer the most, as they will count the additional surcharges

twice — when importing raw materials for their factories and when exporting finished products, he said.

M A Salam, a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the surcharges pose a threat to the competitiveness of the country's RMG sector in the global market.

The country's RMG exports are already suffering from additional tariffs imposed by the US, pointed out Salam, who is also the managing director of the Asian Group.

He hoped that the government would reconsider the decision to hike the port's tariffs for the sake of the country's exports.

## Bashir urges Germany to import more from Bangladesh

### STAR BUSINESS REPORT

Commerce Adviser Sk Bashir Uddin yesterday urged German importers to source more garments, home textiles, medicines, plastic goods, shoes, bicycles, and leather products from Bangladesh, noting that the country is strong in the production of these items.

The adviser made the call during a meeting with the newly appointed German ambassador to Bangladesh, Rüdiger Lotz, at the commerce ministry's office in Dhaka.

Germany is Bangladesh's second-largest single-country export destination after the USA, accounting for 10.96 percent of the country's total merchandise exports in a year, according to data from the commerce ministry.

**Germany is Bangladesh's second-largest single-country export destination, accounting for 10.96% of total exports in a year**

Bilateral trade between Bangladesh and Germany is heavily tilted in favour of the South Asian country, as Bangladesh serves as a major sourcing destination for Germany's clothing retailers and brands.

In the 2023-24 fiscal year, Bangladesh exported goods worth \$4.85 billion to Germany, while imports from Germany amounted to \$940.60 million, the commerce ministry data showed.

Lotz said Germany would continue working with Bangladesh to strengthen bilateral economic relations.

Germany will also collaborate with Bangladesh to advance the ongoing process of trade diversification between the two countries, the statement added.



A potter arranges clay utensils and decorative items at his roadside shop in Godagari upazila of Rajshahi. Once a vital part of rural households, earthenware has lost demand due to the rise of plastic and metal alternatives. Yet, many artisans continue the craft, keeping the age-old pottery tradition alive despite dwindling profits.

PHOTO: AZAHAR UDDIN

# Tariff cuts on intermediate goods can benefit jobs, firms

Says World Bank economist

### STAR BUSINESS REPORT

Bangladesh collects about 28 percent of its revenue from trade taxes, which is the highest in South Asia, with a senior World Bank economist saying cutting tariffs, especially on intermediate goods, could strengthen competitiveness and create more jobs.

Franziska Ohnsorge, chief economist for the World Bank's (WB) South Asia region, said the average tariff rate in South Asia stands at 16 percent, much higher than in other emerging markets.

She made the remarks yesterday while launching the WB's latest "South Asia Development Update" at an event organised by the Policy Research Institute (PRI) of Bangladesh and the WB at the PRI office in Dhaka.

Ohnsorge said industries are among the most affected by tariffs on intermediate goods. "If you reduce tariffs on intermediate inputs, it would benefit younger and more skilled workers," she said.

Lower tariffs on intermediate inputs, she added, can enhance competitiveness and generate more manufacturing jobs.

The economist said South Asia's participation in global trade agreements is much lower compared to other emerging markets. Trade reforms, she said, would help

countries in the region expand their markets.

"The largest income gains will come when trade reforms are combined with other structural reforms," said the economist while presenting her keynote on the report, which focuses on jobs, artificial intelligence (AI) and trade.

The report said that South Asia's workforce is only moderately exposed to the disruptions caused by the adoption of AI, largely because the region still relies heavily on low-skill, agricultural and manual work. Such jobs are among the least likely to be replaced by automation.

**The average tariff rate in South Asia stands at 16 percent, much higher than in other emerging markets.**

But demand for AI-related skills has grown rapidly, with jobs requiring these skills earning about 30 percent more than other white-collar roles, the report said.

"AI technology is a shock that is sweeping across the world," Ohnsorge said, adding that AI adoption benefits workers in complementary roles.

Fahmida Khatun, executive director of local think tank Centre for Policy Dialogue

(CPD), said job creation is one of South Asia's biggest challenges.

"The root causes of this are inequality and deprivation. This has been exacerbated by a lack of opportunity, especially given the region's large young population," she said.

Khatun pointed out that around 2 million people enter the country's labour market each year, with youth unemployment a growing concern. Over 85 percent of employment is in the informal sector, where jobs are typically low-paid and insecure.

"So, there is a huge need for investment in human capital, a factor that remains neglected. The core reason for this neglect is a lack of fiscal space," she said.

Sadiq Ahmed, vice-president of PRI, said fiscal constraints are particularly tight in Bangladesh, and the likelihood of substantial relief in the next 12 to 18 months is modest.

He said the government should prioritise reducing trade protection even if fiscal resources for boosting spending on social protection, education, training, energy and transport are not immediately available.

PRI Chairman Zaidi Sattar said tariff reduction should be balanced across both inputs and outputs.

"Otherwise, protection will rise if only input tariffs are reduced. That will not lead to trade openness," he said.

## Govt to import wheat from US, rice from India

### STAR BUSINESS REPORT

Bangladesh has approved the purchase of wheat from the United States and non-basmati parboiled rice from India at a combined cost of Tk 1,044 crore.

In an earlier memorandum of understanding, Dhaka agreed to buy 700,000 tonnes of wheat annually from the US, valued at about \$200 million, to secure tariff concessions from Washington.

The Cabinet Committee on Government Purchase cleared the proposals at its meeting at the Secretariat in Dhaka yesterday.

Under the first deal, 220,000 tonnes of wheat will be imported from the US through a government-to-government arrangement.

The Directorate General of Food will implement the purchase at a cost of Tk 825.31 crore, with Agrocorp International Pte Ltd, authorised by US Wheat Associates, supplying the grain at \$308 per tonne.

The second proposal involves the purchase of 50,000 tonnes of non-basmati parboiled rice from India through an international tender. The contract, worth Tk 219.09 crore, was awarded to Bagadiya Brothers Private Ltd at a rate of \$359.77 per tonne.

India, meanwhile, has tightened controls on rice exports, requiring registration with its Agricultural and Processed Food Products Export Development Authority. Bangladesh remains one of the largest buyers of Indian non-basmati rice.

## Stocks fall for second day

### STAR BUSINESS REPORT

Dhaka stocks extended losses yesterday, with the main index closing lower as non-bank financial institution (NBF) and food & allied shares dragged the market down for a second straight session.

The DSEX, the benchmark index of the bourse, dropped 46.63 points, or 0.85 percent, to close at 5,377, according to DSE data.

Other indices also had negative performances, as the Shariah-based DSES and the blue chip DS30 declined.

Turnover, a key indicator of investor activity, stood at Tk 787.48 crore, up from Tk 736.81 crore in the previous session, reflecting higher investor participation despite the market downturn.

The market closed in the red as all large-cap sectors posted negative performances, said BRAC EPL Stock Brokerage Ltd in its daily market update. Block trades — high volume transactions involving large numbers of securities — contributed 2 percent of the overall market turnover.

Market breadth was mostly negative, with 85 issues advancing against 282 declining, while 34 remained unchanged.

Among the major sectors, NBFs led the fall, sliding 1.43 percent, followed by food & allied (1.31 percent), telecommunication (1.20 percent), banks (1 percent), fuel & power (0.95 percent), pharmaceuticals (0.74 percent), and engineering (0.73 percent).

## Remitting from Saudi

### FROM PAGE B1

Mansur also pointed out that while the Public Investment Fund, the sovereign wealth fund of Saudi Arabia, has made significant investments in India, its presence in Bangladesh remains negligible.

"This is an opportune time for Saudi sovereign and private investors to engage with Bangladesh's dynamic economy," he said.

Referring to the broader Islamic economic landscape, the governor said over 20 percent of the global population resides in Islamic nations, yet intra-Organisation of Islamic Cooperation investment remains underwhelming.

"Turkey and Indonesia have reached trillion-dollar economies. Bangladesh, currently at the half-trillion mark, is firmly on that trajectory," said Mansur.

He added, "Despite global shocks — pandemics, recessions, or political instability — Bangladesh has maintained steady growth. In the past 30 years, the GDP growth of Bangladesh has never fallen below 3.5 percent. This resilience underscores the country's economic potential."

Urging Saudi investors to pursue greenfield foreign direct investment

(FDI) rather than short-term portfolio flows, Mansur said Bangladesh welcomes long-term commitments.

"The investment focus should shift beyond traditional sectors to emerging opportunities in manufacturing, services, and digital infrastructure," he said. He also called for deeper engagement in areas such as trade facilitation, labour market reforms, and capacity building.

"Our political, cultural, and religious ties are strong. Now we must match that with equally robust economic relations," he said.

Speaking as a special guest, Amir Khasru Mahmud Chowdhury, a BNP standing committee member, highlighted the historic roots of Bangladesh's labour diplomacy with the Middle East. He credited BNP founder and former president Ziaur Rahman for initiating formal agreements to send workers abroad.

He lauded the current remittance inflow from Saudi Arabia but stressed the need for skill development to multiply earnings.

"Only 22 percent of our 2.1 million workers in Saudi Arabia are skilled. Enhancing this ratio could exponentially boost remittance volumes," said Chowdhury.

## Economy expanded

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The construction sector reversed four straight months of employment decline, supported by renewed hiring and rising construction activity. This rebound is linked to the rollout of fiscal year 2025-26 budget allocations and increased public sector investment.

The services sector marked its 12th straight month of expansion, though at a slightly slower rate than in previous months. New business, employment, and activity indicators all remained positive, but inflation, still the highest in South Asia, likely dampened consumer demand and raised operational costs.

**OUTLOOK POSITIVE ACROSS MOST SECTORS**

Forward-looking indicators suggest continued optimism.

"The latest PMI readings indicate that the overall Bangladesh economy continued to expand at a slightly faster rate in September," said M Masrur Reaz, chairman and CEO of PEB.

"Agriculture and construction sectors reverted to expansion after improvements in weather conditions and the gradual rollout of the new fiscal year budget. Meanwhile, the service sector posted a slower expansion reading, possibly due to persistent inflation, which is still the highest in South Asia."

According to a statement from the organisations, as Bangladesh's PMI rises above the 59-mark, the broad-based sectoral improvements and forward-looking optimism signal a more confident trajectory for the national economy moving into the final quarter of 2025.

## Bangladesh's low

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Education systems have also failed to keep pace with the demands of digital transformation. "Only 75 percent of South Asians are literate, compared with 85 percent in other emerging markets," the report noted — a gap particularly visible in Bangladesh.

It further pointed out that a large number of highly educated South Asian AI researchers have emigrated abroad," echoing concerns about Bangladesh's own technology talent drain.

Despite these weaknesses, the report highlights a window of opportunity. If Bangladesh can invest in digital skills and infrastructure, AI could substantially boost productivity and income growth.

"AI could boost productivity significantly in South Asia if the preconditions are in place," the bank said. For Bangladesh, that means improving broadband access, ensuring reliable electricity, and expanding programmes to teach both digital literacy and AI-related skills.

The country's young demographic could also be an advantage. "It may be easier for South Asia to adopt AI given its relatively young and growing labour force," the report argued, "provided workers have access to opportunities for building AI-related skills."

AI's potential applications are wide-ranging: improving logistics efficiency, expanding financial inclusion through digital credit scoring, and boosting agricultural productivity via predictive analytics. Early experiments in AI-assisted education and healthcare diagnostics could, the report said, help "expand access to quality learning and healthcare."

Yet the WB cautions that without strong institutions and coordinated reforms, these opportunities could remain out of reach. "Artificial intelligence offers Bangladesh the chance to leapfrog into higher

productivity — but without strong institutions and coordinated reforms, the technology will remain underused."

### SOUTH ASIA'S AI DIVIDE

Across South Asia, AI adoption is highly uneven. "Levels of AI penetration and engagement are relatively low in emerging markets and developing economies," the report said, "but engagement is rising sharply."

India leads the region's AI transformation, with jobs requiring AI skills commanding a wage premium of nearly 30 percent, the WB found. Smaller economies, including Bangladesh, Nepal, and Bhutan, have yet to experience significant AI-driven employment growth.

While South Asia's average occupational exposure to AI remains below the global developing-country average, the region does have one advantage: around 70 percent of AI-exposed jobs are complementary, meaning humans and machines can work together. That is the highest share among all developing regions.

"AI does not have to mean job losses," the report emphasised. "Where human-AI complementarity is high, such as in teaching, law, and medical professions, productivity gains can offset displacement."

The message for Bangladesh and its neighbours is clear: harness AI or risk being left behind. The World Bank urged governments to build an enabling environment that combines reliable infrastructure, human-capital investment, and robust data-governance frameworks.

"Government policies can promote AI adoption with reliable and affordable access to energy and the internet," the report said.

It also recommended that public institutions themselves use AI to streamline processes, predict service demand, and automate routine tasks, ranging from chatbots to data analytics, to improve transparency and service delivery.

## Garment exports find

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Kabir Ahmed, immediate past president of the Bangladesh Freight Forwarders Association (BAFFA), said screening facilities had improved at both Dhaka and Sylhet airports following the transhipment suspension.

"At HSIA, three of the four EDS machines are usually in operation, and explosive detection dogs are also deployed. Exporters have no complaints about screening delays at Dhaka or Sylhet airport," he said.

After the reduction of ground-handling charges, airlines now charge about \$2.80 per kilogramme from Sylhet to European destinations. In peak months such as November and December, rates rise to between \$3.80 and \$4.00 per kilogramme from Dhaka, according to Ahmed.

By comparison, Indian routes cost between \$2.10 and \$2.20 per kilogramme, plus an additional 15 to 20 cents per kilogramme for transport through Benapole, he said.

On average, 450 tonnes of dry cargo are shipped daily from Dhaka and Sylhet airports in the off-season, increasing to about 1,200 tonnes during peak periods.

A European buyer who sources billions of dollars worth of garments from Bangladesh said air shipment facilities had "improved a lot because of alternative routes such as Sylhet and Chattogram airports".

He credited the government's quick installation of new screening systems for the progress.

Air Commodore Abu Sayeed Mehboob Khan, member (Operations and Planning) of the Civil Aviation Authority of Bangladesh (CAAB), said the authority had proposed cutting screening charges for Europe-bound cargo from eight cents to six cents, a reduction of around 25 percent.

Group Captain S M Ragib Samad, executive director of HSIA, said cargo flights are kept out of any restrictions to facilitate the country's export.

"In November and December, we will take extra measures to ensure smooth operations during the peak season," he said.

At Sylhet's Osmani International Airport, three dry cargo consignments were handled in August, said its director Mohammad Hafiz Ahmed. He said the airport now has a storage capacity of 100 tonnes and is ready to expand operations if demand increases.

Although top CAAB officials had earlier said the third terminal at Dhaka airport would open by December, that now seems unlikely.

Civil Aviation Adviser Sk Bashir Uddin said the government was ready to approach other international operators if the Japanese consortium declined to take over management of the new terminal.

## Govt amends VAT law

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Snehasish Barua, managing director of SMAC Advisory Services, said the overall tax on companies from income on financial assets had not increased despite the higher advance tax on securities.

Until now, firms paid these taxes while filing income tax returns. "It appears that the government needs quicker revenue to finance the budget. So, it is collecting tax on income from these types of financial assets upfront," he said.

Barua added that under Article 4 of the Tax Expenditure Policy, effective from July this year, only parliament will have the authority to approve tax exemptions except in specific cases.

However, under the second amendment to the Finance Ordinance 2025, the government may issue VAT exemptions through special orders in line with Section 126 of the VAT and Supplementary Duty Act 2012, in line with the policy, he said.

According to the proviso of Article 4 of the policy, the government may need to exempt certain goods and services from taxation. Processing such amendments through the official gazette can take longer than issuing a special order.

Therefore, Barua said extreme caution must be exercised when granting such exemptions, as tax expenditure is a factor behind the country's low tax-to-GDP ratio.

## Goldman hikes gold price forecast

REUTERS

Goldman Sachs raised on Monday its December 2026 gold price forecast to \$4,900 per ounce from \$4,300, citing strong Western exchange-traded fund (ETF) inflows and likely central bank buying.

"We see the risks to our upgraded gold price forecast as still skewed to the upside on net, because private sector diversification into the relatively small gold market may boost ETF holdings above our rates-implied estimate," Goldman said.

Spot gold was trading around \$3,960 per ounce, as of 0130 GMT on Tuesday, after hitting a fresh high of \$3,977.19 earlier in the day.

Gold has climbed 51 percent so far this year on strong central bank buying, increased demand for gold-backed ETFs, a weaker dollar and growing interest from retail investors seeking a hedge against rising trade and geopolitical tensions.

Goldman expects central bank buying to average 80 metric tons in 2025 and 70 tons in 2026, saying emerging market central banks are likely to continue the structural diversification of their reserves into gold.

## Sri Lanka faces slow recovery from recession: WB

AFP, Colombo

Cash-strapped Sri Lanka's recovery from its worst economic meltdown remains "uneven and incomplete" with many households yet to regain livelihoods lost during the 2022 crisis, the World Bank said Tuesday.

In its latest review of the South Asian island nation, the World Bank projected that growth would slow to 4.6 percent in 2025 and 3.5 percent in 2026, down from 5 percent last year.

Sri Lanka's economy experienced its worst recession in 2022, contracting by 7.3 percent, when then-president Gotabaya Rajapaksa was forced to resign following months of street protests.

"While Sri Lanka's recent economic progress is encouraging, the recovery is uneven and incomplete," said David Sislén, who covers Sri Lanka for the World Bank.

The poverty rate has declined but remains twice as high as in 2019, Sislén told reporters in Colombo.

# HILSA BAN HARDSHIP

## Fishermen get only half maund of rice for 22 days

SOHRAB HOSSAIN and SUKANTA HALDER

With low hauls from the sea throughout the year, Masum Billah, a 42-year-old fisherman from Dhulasar village near Kuakata in Patuakhali, was already struggling to feed his family of five. Now, with a 22-day ban on hilsa fishing in effect, he has no choice but to depend on government aid under social protection scheme for survival — aid that has yet to arrive.

"With the ban, I'm now without work," Masum said quietly. "The government promised 25 kilograms (kg) of rice for each registered fisherman, but I have yet to receive mine."

"The local administration says the rice will arrive soon, but rice alone cannot sustain a family. How am I supposed to buy oil, salt, and other essentials?" he added.

Like Masum, thousands of fishermen across the coastal belt are enduring hardship during the fishing ban, which began on October 4 and will last until October 25 to protect brood hilsa during its peak breeding season.

"I am the sole breadwinner for my six-member family. Last year, we requested Tk 5,000 in cash along with rice from the fisheries officer, but we only received the rice," said Shah Alam, another fisherman from the same village.

Community leaders and traders say the struggle of fishermen has worsened amid persistently high prices of daily essentials. They have urged the government to increase rice allocations and provide additional assistance, including cash support, during the ban period.

"Fishermen are among the poorest communities in the country and have long called for both rice and cash assistance. However, their appeals have largely gone unheard," said Raja Ahmed Raju, president of the Fish Traders' Association at Mahipur Fish Landing Centre in Kalapara.

"A family can't survive on rice alone. The government should also provide other essentials or at least some cash support. Unfortunately, no action has been taken so far," he added.

According to data from the Bangladesh Bureau of Statistics, the country's headline inflation rose slightly to 8.36 percent in September from 8.29 percent in August, with food and non-food prices continuing to strain household budgets.

Bangladesh currently has about 17 lakh registered



**KEY POINTS**

 Fishermen get just 25kg rice, "not enough," they say

 No cash aid, despite repeated pleas

 Fishermen see little profits due to middlemen

 Many still waiting as rice delivery delayed

 High inflation worsens crisis

 Experts urge rice plus cash support for ban



PHOTO: STAR/FILE

fishermen working across rivers, haors, baors, canals, and other water bodies. Of them, around 7.42 lakh are involved in hilsa fishing, according to the Department of Fisheries (DoF).

However, due to limited allocations, assistance this year could be extended to only 6.2 lakh fishermen, said Mohammad Faruque Moyaduzzaman, an assistant director at the DoF.

"Last year, during the hilsa ban, fishermen were given 14,164 tonnes of rice across the country. This year, the allocation has increased to 15,503 tonnes," he said.

A proposal was also submitted to increase rice support during the 58-day ban from 40 kg to 50 kg per fisherman, and during the 22-day ban from 25 kg to 30 kg.

"Despite the clear need, the proposal was not approved by the authorities due to budgetary constraints," he added.

Abdur Rouf, director general of the DoF, said about half of this year's allocations have already been distributed and the rest should be completed

by October 10.

"Due to the Durga Puja holidays, the process was delayed. We submitted our demand but received a limited allocation, which we are now distributing," he said.

"The allocation was insufficient. We couldn't cover everyone. This decision comes from higher authorities," he added. Local administrations echoed similar delays. Masudur Rahman, chairman of Golkhali Union in Galachipa upazila, said, "Rice allocations have arrived but have not yet been distributed. We'll start within a few days."

He added that authorities were also conducting drives to ensure compliance with the fishing ban.

In Barguna, Golam Mostafa Chowdhury, president of the District Trawler Owners' Association, said, "Protecting hilsa is vital, but we must also protect fishermen's livelihoods. The government should provide both rice and cash support."

Economists say the crisis facing fishing communities is a reflection of structural weaknesses in social

protection.

Selim Raihan, professor of economics at the University of Dhaka, said that while hilsa remains abundant in the market and is selling at exorbitant prices, fishermen receive only a fraction of the profit.

"Based on value chain analysis, most benefits go to those higher up the supply chain," he said.

"The current support, such as rice allocation during the 22-day ban, is clearly insufficient for fishermen's expenses. It seems unlikely that a family can manage solely on rice without additional aid," he said, stressing the need for targeted social protection programmes for fishing households.

"Many studies suggest cash transfers are more effective than in-kind support because cash provides flexibility," Prof Raihan noted.

"Fishermen might sell the rice to cover other urgent needs. A better approach would combine both cash and in-kind assistance, with efforts to expand coverage to the additional 80,000 people who remain outside current support schemes," he added.

## Why food inflation feels detached from reality

SELIM RAIHAN

The officially reported figures showing only a slight rise in food inflation in September 2025 seem hard to reconcile with ground realities. Anyone who has visited a kitchen market in Dhaka in recent months knows that the prices of essentials, such as rice, flour, pulses, edible oil, meat, and fish, have surged far more sharply than the marginal 0.04 percentage point increase would suggest.

The Trading Corporation of Bangladesh's (TCB) daily retail price data for September tells a different story: prices of most staple items were significantly higher than those a year ago. From this perspective, the official estimate of 7.64 percent food inflation appears understated. This raises a fundamental question: are the sampling methods, market coverage, or weighting patterns used by the statistical agency still capturing the lived experience of consumers?

The credibility gap widens further when we look at the composition of non-food inflation. The Bangladesh Bureau of Statistics (BBS) figures suggest that non-food inflation is now the main driver, but the process through which these prices are gathered and weighted remains opaque.

Simply put, we do not know which non-food goods and services are being priced, how often they are monitored, or whether the official basket reflects the actual consumption patterns of urban and rural households today. Without such clarity, any movement in non-food inflation becomes difficult to interpret.

For instance, how much of the increase comes from rent, health, education, or transport costs? And how much reflects administrative price adjustments rather than market dynamics?

In short, the persistence of inflation above 8 percent is real, and perhaps the actual rate is still much higher, but its internal composition appears blurred by data limitations. When food inflation seems far higher on the ground while official numbers show little change, it can erode public trust in statistics.

The need, therefore, is for greater transparency in methodology and communication, particularly regarding how prices are gathered, how index weights are updated, and how regional differences are incorporated. Only then will inflation data become more than a bureaucratic exercise, offering instead a credible picture of the cost pressures ordinary people face.

Another issue that deserves serious attention is the structure of the basket of goods used to calculate inflation. Currently, the food inflation rate is determined using a long list of items, many of which are rarely bought or carry low weight in the average household budget.

When basic commodities such as rice, flour, pulses, edible oil, vegetables, fish, and meat, whose prices have soared, are averaged with dozens of less frequently consumed products, the overall index becomes artificially muted.

From this perspective, it seems more sensible to base the calculation on the prices of essential and commonly consumed food items that actually determine household welfare. After all, inflation is not just a statistical indicator; it reflects the daily struggle of families trying to put food on the table. A narrower, essentials-based food inflation index would thus offer a far more accurate and policy-relevant picture of the pressures real consumers face.

The writer is an economics professor at Dhaka University and executive director at the South Asian Network on Economic Modeling (Sanem). He can be reached at selim.raihan@gmail.com

## US tariffs on Indian exports to slow South Asia growth

World Bank says

REUTERS, New Delhi

The World Bank on Tuesday said higher tariffs on Indian goods exported to the US will drag the South Asian growth rate in 2026, even as the current year remains shielded by government spending.

The World Bank said growth in South Asia is expected to slow sharply to 5.8 percent in 2026 from its projection of 6.6 percent for 2025. Its forecast for the region comprises India, Bangladesh, Sri Lanka, Nepal, Bhutan, and the Maldives.

"For 2026, the forecast has been downgraded, as some of these effects unwind and India continues to face higher-than-expected tariffs on goods exports to the United States," the World Bank said in its report.

The World Bank has raised its forecast for India's growth in the current fiscal year ending March 2026 to 6.5 percent from 6.3 percent, while trimming its projection for the next fiscal year to 6.3 percent from 6.5 percent.

US President Donald Trump imposed a 50 percent tariff on most exports from India, among the highest of any US trading partner. The move impacts about \$50 billion of Indian exports to the US, mainly hurting labour-intensive sectors such as textiles, gems and jewellery and the shrimp industry.

To offset the impact of tariffs, Indian Prime Minister Narendra Modi cut taxes on everything from shampoos to cars last month, in the biggest tax overhaul since 2017, even as India continues to spend aggressively on infrastructure projects.

REUTERS, New York

Sam Altman should be used to starring in bizarre fantasies by now. Thanks to OpenAI's Sora model, the artificial intelligence company's boss can be seen shoplifting or directing a movie set in life-like videos. Yet they pale next to the reality-bending might of a press release. On Monday, Altman announced a huge, multi-year order of chips. The twist is that they're from second-choice AMD, while OpenAI gets the option to purchase, for a nominal sum, up to 10 percent of the \$340 billion firm in return. It may help restrain the costs of server farms fueling the AI boom. It just depends on seemingly fantastical spending.

OpenAI's revenue and now \$500-billion valuation are growing at incredible speed. So too are its costs. Even with aid from Nvidia, the company expects to burn over \$100 billion before it reaches profitability in 2029. Nurturing a stronger competitor among its suppliers could help slash these enormous expenses.

AMD just isn't there yet. Yes, tech giants are buying its chips, but Nvidia's are the gold standard for training new models, where falling behind is unacceptable. AMD's silicon is primarily

useful for inference, or running those trained models, a less profitable slice of the business. The company's shares lag leagues behind Nvidia's.

Still, if AMD can make the leap to training, returns could be large. Go back ten years, and its stock vastly outperformed the S&P 500 Index as it

gained share in the traditional processor market from then-dominant Intel.

A purchase order for enough chips to consume 6 gigawatts of power — equivalent to the demand of nearly 5 million homes — over five years provides stability and a seal of technological approval from OpenAI. That might encourage other buyers to

step forward.

Altman is taking a cut. After all, cheaper chips also benefit his competitors. The option to buy a chunk of AMD almost for free is his reward. If the chipmaker's business benefits, OpenAI captures the value. It's also effectively a rebate on the purchases, just one that doesn't hurt AMD's reported margin.

That's if it works. This is all on paper. Chip delivery starts in late 2026. The stock-purchase rights are conditional on orders and shares appreciating in value. Moreover, shares Altman's recent agreement with Nvidia and today's, he is committing his company, and its partners, to buy 16 gigawatts of computing power. Assume \$50 billion a gigawatt in costs, and that's \$800 billion. That far outstrips giant Microsoft's cumulative expected free cashflow through the rest of the decade, according to Visible Alpha. Nonetheless, AMD's market value jumped an incredible \$72 billion on the news. Investors, at least, already trust in the fantasy.

OpenAI and AMD on October 6 announced an agreement under which AMD would supply six gigawatts' worth of chips over several years, either directly to OpenAI or its cloud partners, starting in the second half of 2026.

# OpenAI takes its cut for expanding the AI boom



OpenAI CEO Sam Altman speaks at OpenAI DevDay, the company's annual conference for developers, in San Francisco on October 6. OpenAI and AMD on October 6 announced an agreement under which AMD would supply six gigawatts' worth of chips over several years, either directly to OpenAI or its cloud partners. PHOTO: AFP