Baroness Rosie Winterton

More British investment coming to Bangladesh

Potential sectors include agro-processing and renewables, says UK trade envoy

PORIMOL PALMA

British businesses are increasingly optimistic about Bangladesh's investment climate and are planning to expand their footprint in the country in the coming years, said Baroness Rosie Winterton of Doncaster, the UK trade envoy for Bangladesh.

"What I'm hearing from companies is that they are certainly looking to increase investment and have future plans to do so," she told The Daily Star in an exclusive interview during her visit to Bangladesh last week. "It will take a lot of partnership work."

The envoy said the UK sees strong potential to expand trade in agro-processing, renewable energy, and the creative industries – areas that Bangladesh can capitalise on to reduce its dependence on readymade garments.

According to official data, UK-Bangladesh bilateral trade in the fiscal year 2024-25 totalled £3.9 billion, of which Bangladesh's exports stood at £3.4 billion and the UK's exports to Bangladesh at around £500 million.

The UK also remains one of the top foreign direct investors in Bangladesh, with a cumulative investment of about £3 billion by 2024.

Under the UK's Developing Countries Trading Scheme, Bangladesh continues to enjoy full duty-free access to the UK market until 2029, a support measure aimed at maintaining Bangladesh's export competitiveness as the country transitions from Least Developed Country status.

During the visit, Baroness Winterton met Chief Adviser Prof Muhammad Yunus, as well as advisers to the ministries of commerce and education, and the Chief Adviser's Special Envoy on International Affairs, Lutfey Siddiqi, to discuss the Bangladesh-UK partnership on economic reform, trade, and investment.

The trade envoy also held meetings with stakeholders from various sectors, including aviation, higher education, renewable energy, and defence industries. She visited UK-linked investment sites in Chattogram and met leaders of major political parties to discuss Britain's commitment as a long-term growth partner of Bangladesh.

"I am here to build on the strong partnerships that have existed for so many years. We've done good business together over the years, and I want to see that continuing and strengthening in partnership," said Baroness Winterton, who also attended an investment summit in Dhaka in April this year.

She noted that the UK government has been working closely with the commerce ministry, Bangladesh Bank, and the Bangladesh Investment Development Authority to simplify business regulations and make it easier for British companies to invest and operate.

"We feel there has been good progress, and that means there is now a very positive environment for us to take forward and further strengthen the partnerships that have already been created," she said. "I'm very hopeful that these partnerships will continue well beyond the transition period."

Baroness Winterton identified education as another area of rapid progress. "We have built a strong partnership between BRAC University and SOAS University of London to offer PhD programmes here in Bangladesh. That's a big move forward," she said, adding that more such collaborations are in the pipeline.

She also pointed to recent improvements in regulatory procedures, saying these have made it easier for British companies to invest.

"These are all very good signs, and the message we're getting back is that there is growing optimism from British businesses in terms of investing in Bangladesh and exporting to the UK," she said.

When asked about potential products beyond readymade garments that Bangladesh could export to the UK, she said British and Bangladeshi businesses are already exploring opportunities in agro-processed foods, mangoes, traditional arts, ceramics, leather goods, and other creative industries.

"These are areas that could be expanded in the future because that is the way the world is going," she explained.

British companies are also investing in garment factories to help the industry become more sustainable and resilient to climate change. British International Investment, the UK's development finance institution, is investing up to £450 million in Bangladesh between 2022 and 2026.

Speaking about aviation, Baroness Winterton said, "There are a range of opportunities that we will be exploring in the coming months and years."

She emphasised that historic ties and the contribution of the Bangladeshi diaspora form the backbone of the bilateral relationship.

"The diaspora is a very important part of UK society," she said. "So, there is naturally an interest in strengthening those partnerships, not only on the economic front but also through cultural links."

Skills for SMEs to diversify exports

MAMUNUR RAHMAN

Bangladesh's economic success over the past two decades is remarkable, yet its foundation remains precariously narrow. The story of growth is largely the story of the ready-made garment (RMG) sector, which contributes over 80 percent of total merchandise exports. As the nation approaches its LDC graduation in 2026 and prepares to lose crucial preferential trade access, this concentration poses a serious threat. The key to building a resilient, diversified export economy lies in unlocking the potential of small and medium enterprises (SMEs), which form the industrial backbone but whose capacity to expand non-RMG exports remains largely untapped.

SMEs are the economic engine, accounting for 90 percent of industrial units and contributing about 45 percent of manufacturing value added. Promising non-RMG sectors such as leather goods, light engineering, processed foods, and pharmaceuticals are driven by SMEs. Yet export diversification has remained stagnant: the share of non-RMG products in total exports has barely shifted from 16.6 percent in FY 2016-17 to around 15.9 percent in FY 2024-25. This is not due to a lack of entrepreneurial spirit, but a systemic failure to address core constraints.

The long-standing issue of access to finance often dominates policy discussions. The SME sector still faces a funding deficit estimated in billions of dollars. While essential, loans alone are not enough. Export competitiveness, especially in the post-LDC era, requires more than capital. It depends on innovation, quality, and productivity -- all outcomes of capacity development. SMEs face a serious skills gap and limited investment in research and development, which hinders their ability to meet international compliance, quality, and design standards, particularly in markets like the EU. Many lack basic technological literacy and market insight, preventing them from evolving from low-cost subcontractors into high-value global suppliers.

Institutional support has also been inadequate. Government policies, financial incentives, and bureaucratic processes have long favoured the RMG sector, depriving emerging industries of the tailored assistance they need.

While numerous state-led initiatives exist, they often fail to deliver real impact. Lending institutions frequently act as mere money dispensers, focusing on quick loan recovery rather than genuine development partnerships. This leads to stringent collateral requirements and short repayment windows that do not align with the time required to establish new export markets or build complex supply chains.

To navigate LDC graduation and achieve genuine diversification, Bangladesh must make a decisive policy shift by prioritising skills over subsidies and transforming its financial institutions into true capacity builders.

First, the government should implement mandatory, subsidised upskilling and reskilling programmes focused on specific export demands -- advanced product design for leather, rigorous food safety and quality assurance for agro-processing, and high-end technical skills for light engineering. Investing in human capital is the fastest way to foster innovation and productivity, enabling SMEs to create distinctive, value-added products that can command premium prices in global markets.

Second, the financial sector should adopt a Development-Focused Credit model. Loan approvals for export-oriented SMEs should be linked to participation in a Capacity Enhancement Programme facilitated by the lending institution. Bank officers themselves need training in development banking, allowing them to assess credit based on business potential rather than fixed collateral. This approach should be supported by new central bank guidelines that permit longer-tenure financing and align loan recovery with realistic market-building cycles for diversified exports.

Finally, the government must cut bureaucratic red tape through full formalisation and invest in infrastructure such as accredited domestic testing laboratories to ensure compliance. By investing in its people and shifting from an RMG-centric to a skill and innovation-focused mindset, Bangladesh can unlock the full export potential of its SMEs and secure a more diverse, resilient, and sustainable economic future.

The writer is coordinator of Ella Alliance and founder of Ella Pad

JMI Hospital Requisite to invest Tk 11.5cr in subsidiary

STAR BUSINESS REPORT

JMI Hospital Requisite Manufacturing Ltd (JHRML) will inject Tk 11.50 crore into its subsidiary, JMI Specialized Hospital Limited, to complete an ongoing project, purchase machinery, and strengthen working capital.

According to a disclosure posted on the Dhaka Stock Exchange (DSE) website yesterday, the board-approved investment is aimed at supporting the hospital's expansion and related requirements.

JHRML, a manufacturer of medical devices and components, reported a 14 percent year-on-year decline in net profit to Tk 6.24 crore in the January-March quarter of 2025.

Founded in 2008 through a joint venture with South Korea, the company produces a wide range of products, including IV cannulas, bulk needles, blood transfusion sets, and urine drainage bags. Its products are sold both domestically and internationally, according to its website.

As of September 30, 2025, the company's shareholding structure stood at: sponsors and directors 32.30 percent, institutions 43.05 percent, and public shareholders 24.65 percent, DSE data shows.

China's rare earth exports fall sharply

REUTERS, *Beijing*

China's rare earth exports fell 31 percent in September from August, customs data showed on Monday, the third straight month of declines.

New controls that were introduced by China last week have threatened a trade truce with Washington and the three months of declines are expected to raise questions about its agreements with Europe and the US to ramp up exports after China's decision to restrict shipments in April triggered shortages worldwide.

China, the world's largest exporter of rare earths, sold 4,000.3 tonnes of rare earths in September, down 30.9 percent from August, marking the lowest level since February, figures from the General Administration of Customs of China showed.

Gold, silver hit record highs

REUTERS

Gold prices scaled to another record high on Monday as investors revved up their safe-haven bets after US President Donald Trump renewed tariff threats against China, while expectations of US interest rate cuts added to the metal's allure.

Silver also jumped to an all-time peak, tracking gold's rally.

Spot gold was up 1.4 percent to $4,074.02 per ounce, as of 0825 GMT, after hitting a record $4,078.05/oz.

US gold futures for December delivery surged 2.3 percent to $4,093.50.

Trump on Friday reignited the US trade war with China, threatening 100 percent tariffs on Chinese goods imports into the United States and announcing new export controls on critical software by November 1 in a reprisal against Beijing curbing critical mineral exports. However, Trump, posting on Truth Social on Sunday, wrote: "Don't worry about China, it will all be fine!"

Trade tensions remain a focus for markets, said UBS analyst Giovanni Staunovo, adding that "while they have eased again between the US and China, the 100 percent additional tariff threat remains."

"Ongoing strong investment and central bank demand should further support gold. We target a move to $4,200/oz," he added.

Spot silver jumped 2.2 percent to $51.37/oz, after hitting $51.70/oz, driven by similar factors as gold alongside tightness in the spot market. Goldman Sachs said on Sunday that silver prices were expected to rise in the medium term due to private investment flows, but warned of heightened near-term volatility and downside risks compared to gold.

On a technical basis, gold's and silver's Relative Strength Index stands at 80 and 83, respectively, indicating the metals are overbought.

Non-yielding bullion has gained 53 percent year-to-date, driven by geopolitical risks, alongside strong central bank gold-buying, exchange-traded funds inflows, Fed rate cut expectations and economic uncertainties stemming from tariffs.

How the US is eating Trump's tariffs

REUTERS

US companies and consumers are bearing the brunt of the country's new import tariffs, early indications show, contradicting assertions by President Donald Trump and complicating the Federal Reserve's fight against inflation.

Trump famously predicted that foreign countries would pay the price of his protectionist policies, wagering that exporters would absorb that cost just to keep a foothold in the world's largest consumer market.

But academic studies, surveys and comments from businesses show that through the first months of Trump's new trade regime, it is US companies that are footing the bill and passing on some of it to the consumer - with more price hikes likely.

"Most of the cost seems to be borne by US firms," Harvard University professor Alberto Cavallo said in an interview to discuss his findings. "We have seen a gradual pass-through to consumer prices and there's a clear upward pressure."

A White House spokesperson said "Americans may face a transition period from tariffs" but the cost would "ultimately be borne by foreign exporters." Companies were diversifying supply chains and bringing production to the United States, the spokesperson added.

Cavallo and researchers Paola Llamas and Franco Vasquez have been tracking the price of 359,148 goods, from carpets to coffee, at major online and brick-and-mortar retailers in the United States.

They found that imported goods have become 4 percent more expensive since Trump started imposing tariffs in early March, while the price of domestic products rose by 2 percent.

The biggest increases for imports were seen in goods that the United States cannot produce domestically, such as coffee, or that come from highly penalised countries, like Turkey.

These price hikes, while material, have been generally far smaller than the tariff rate on the products in question - implying that sellers were absorbing some of the cost as well.

People shop along the Magnificent Mile retail strip in Chicago, Illinois. Through the first months of Trump's new trade regime, it is US companies that are footing the bill and passing on some of it to the consumers - with more price hikes likely. PHOTO: AFP/FILE

Yet US import prices, which don't include tariffs, showed foreign exporters have been raising their prices in dollars and passing on to their US buyers part of the greenback's depreciation against their currencies.

"This suggests foreign producers are not absorbing much if any of the US tariffs, consistent with prior economic research," researchers at Yale University's Budget Lab think-tank said in a blog post.

National indices of export prices paint the same picture. The cost of goods exported by China, Germany, Mexico, Turkey and India have all risen, with Japan the only exception.

Adapting to Trump's tariffs - a still-incomplete set of levies that pushed import taxes from an average of around 2 percent to an estimated 17 percent - is still underway. It is seen taking months longer as exporters, importers and consumers jostle over who pays duties worth round $30 billion per month.

"We shouldn't expect this to be a one-time jump but rather firms are trying to find ways to soften the blow," and stretch price increases out over time, Cavallo added.