

star BUSINESS



US wheat costing more due to binding agreement

REFAYET ULLAH MIRDHA

Bangladesh has been importing wheat from the United States at higher prices compared to cheaper Russian wheat in order to protect its American export markets and honour a trade agreement with the US, said a top official of commerce ministry yesterday.

The price gap between American and Russian wheat currently ranges between \$75 and \$80 per tonne. Bangladesh has been purchasing American wheat at \$308 per tonne, while Russian wheat is sold in international markets at \$226 to \$230 per tonne.

The first consignment 57,000 tonnes of grain of US wheat, part of a 440,000-tonne purchase agreement, arrived at the Chattogram port on Saturday aboard the MV Norse Stride, according to a press release from the food ministry.

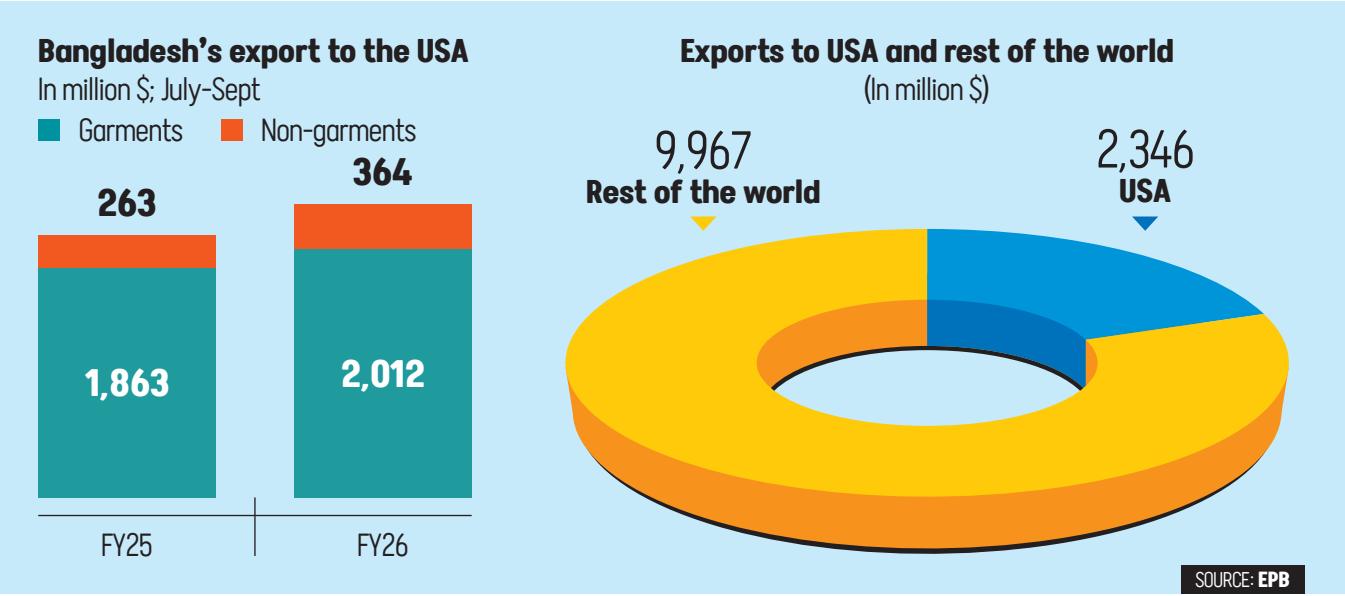
The government bought the wheat from the US under a memorandum of understanding (MoU) signed earlier this year between the Directorate General of Food and the US Department of Agriculture.

The Trump administration had earlier reduced its reciprocal tariff rate for Bangladesh to 20 percent from the initial 37 percent after Bangladesh agreed to increase imports from the US to help narrow the annual trade gap of over \$6.2 billion.

As the single largest export destination, Bangladesh ships goods worth more than \$8.2 billion to the US while

Exports to US rise 10% in July–Sept. Will it continue?

Apparel makers supplying basic low-cost items optimistic about strong demand in coming months



In 5 months, Starlink gets 1,800 subscriptions in Bangladesh

MAHMUDUL HASAN

Starlink, the satellite internet service operated by Elon Musk's SpaceX, now has around 1,800 active devices in use across Bangladesh within five months of beginning operations, according to data from the Bangladesh Telecommunication Regulatory Commission (BTRC).

Each active device, or user terminal, connects directly to Starlink's satellite network to provide broadband connectivity, indicating that there are at least 1,800 people using the service.

Brig Gen Shafiu Azam Parvez, director general (engineering and operations) at the BTRC, said that Starlink updates its device count on a quarterly basis.

Industry sources said another 2,500 orders have been placed but are facing delays due to logistical challenges.

The satellite internet provider received its operating licence on April 29 this year and was permitted to begin three months of test operations from May 8. It officially announced its Bangladesh launch on May 20 through its X (formerly Twitter) account, offering two packages – the Tk 6,000 "Starlink Residential" plan and the Tk 4,200 "Residential Lite" plan.

Bangladesh currently has 13.53 crore internet subscribers, including 1.45 crore broadband and 12.08 crore mobile users, according to BTRC data.

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importing around \$6 billion worth of American products.

The government has agreed to import 3.5 million tonnes of wheat under the trade agreement, which is awaiting formal signing at a mutually convenient time, as both sides have already approved the draft deal.

"The main target of Bangladesh is to protect its export market worth over \$8 billion, which may exceed \$10 billion by the end of this year," Commerce Secretary Mahbubur Rahman told The Daily Star over the phone yesterday.

"The US is a big market for Bangladesh and a major trading partner, unlike Russia," Rahman said, adding that Bangladesh's exports to Russia have yet to cross the \$1 billion mark.

"Since the US is a major trading partner, it can be given some privileges," he said, noting that exports from Bangladesh to the US have grown rapidly under the favourable tariff regime.

Rahman also pointed out that American wheat has higher protein content and better consistency than Russian wheat, indicating superior quality and standards.

"That is why US wheat is preferred, and historically, its price has always been higher than Russian wheat," he added.

The commerce secretary further said about 12 percent to 20 percent of Russian wheat becomes unusable after sorting due to the presence of harmful insects and moisture, which reduces the final usable quantity.

Moreover, Russia and Ukraine are not considered reliable sources of wheat supply for Bangladesh because of the ongoing war between the two countries, he said.

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JAGARAN CHAKMA

Merchandise shipments to the United States rose by more than 10 percent year-on-year in the July-September quarter of the fiscal year 2025-26, defying concerns that the Trump tariffs would slow the country's trade with its largest export market.

Bangladesh earned \$2.3 billion from exports to the US in the first quarter of FY26, up from \$2.1 billion in the same period a year earlier, according to the Export Promotion Bureau (EPB).

Of this, ready-made garments accounted for \$2.12 billion, compared with \$1.87 billion last year.

The American market made up more than a fifth of Bangladesh's total garment exports, driven by strong demand from Western retailers stocking up ahead of the Christmas season.

This growth comes despite imposition of addition tariffs imposed by the Trump administration, which have made Bangladeshi goods more expensive than those from duty-free competitors.

The US had earlier reduced its reciprocal tariff rate for Bangladesh to 20 percent from the initial 37 percent after Bangladesh agreed to increase imports from the US to help narrow the annual trade gap of over \$6.2 billion. The new rate came into effect in August.

"There is no possibility of export decline from Bangladesh to the US due to

the new tariffs, as we mainly export low-value apparel products for hypermarkets," said Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

"The price increase from the tariff will be minimal and unlikely to affect demand," he added.

Hatem said as prices for high-end products rise with the new rates, more US consumers may turn to affordable options, boosting sales of Bangladeshi goods.

Many competitors do not have the capacity to produce low-cost garments, leaving Bangladesh well placed to meet demand in the coming months, he added.

Mohammad Abdur Razzaque, chairman of local think tank Research and Policy Integration for Development, said exports to the US have risen in the first quarter, with garment shipments up by more than 13 percent.

"The feared impact of the Trump-era tariffs has not materialised yet," Razzaque said, while noting it was still early to judge, as the tariffs only took effect in August.

He pointed to three factors supporting exports. Those include reduced American imports from China, concerns over India's supply reliability, and adjustments in Vietnam's China-dependent supply chain.

The real test, Razzaque said, will come in the next quarter. "By December or

January next year, we will have a clearer view of how the US market is responding," Razzaque said that without the tariffs, garment export growth could have reached 12 to 15 percent, helped by a global rebound in demand.

Bangladesh lost its preferential access to the US market in 2013 after the suspension of the Generalised System of Preferences over labour and safety issues. Since then, the garment industry has made major improvements in workplace safety and environmental standards, including setting up the highest number of green factories in the world.

Even so, apparel products remain excluded from the GSP scheme, a policy many in the sector describe as "unfair and outdated".

Riad Mahmud, managing director of N Poly, which exports non-leather shoes to the US, said orders have risen recently not because of new demand but due to strategic sourcing by buyers.

"We are now receiving orders we previously missed," he said, citing mid-range brands such as Fila and Decathlon.

Mahmud said tariffs on Chinese footwear have prompted US buyers to look for new suppliers, creating opportunities for Bangladeshi exporters. But he believes sustaining this growth would depend on meeting compliance standards such as Nirapon, which many factories struggle to afford.

Shawkat Haider, executive director

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BSEC forms shariah council for Islamic securities

STAR BUSINESS REPORT

The stock market regulator formed a Shariah advisory council recently for ensuring proper issuance of Islamic securities products in the market.

Shariah is the Islamic legal system based on the Qur'an, the Sunnah or teachings and practices of the Prophet Muhammad (PBUH), the consensus of Islamic scholars (Ijma), and analogical reasoning (Qiyas).

Informing of it in a notice, the Bangladesh Securities and Exchange Commission said it was necessary to ensure proper issuance of Shariah-based securities and accordingly protect investors' interests.

The council is also necessary for the development of an Islamic capital market, the regulator said.

The council comprises nine members—five Shariah scholars and four experts from different industries.

Prof Nakib Muhammad Nasrullah, vice-chancellor of the Islamic University, is the council's chairman.

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REJAUL KARIM BYRON and MD ASADUZ ZAMAN

Bangladesh's investment is showing early signs of revival, with the opening of letters of credit (LC) for capital machinery imports increasing by over 20 percent year-on-year in the first quarter of the current fiscal year.

The growth comes amid a sluggish private sector credit growth, which stood at the lowest level in 22 years during the first two months of the fiscal year 2025-26 (FY26).

Bangladesh Bank data shows that the LC opening for capital machinery rose by 23 percent year-on-year to \$472 million during July-September. In FY2024, the figure stood at \$384 million, down by 41 percent year-on-year from \$651 million a year ago.

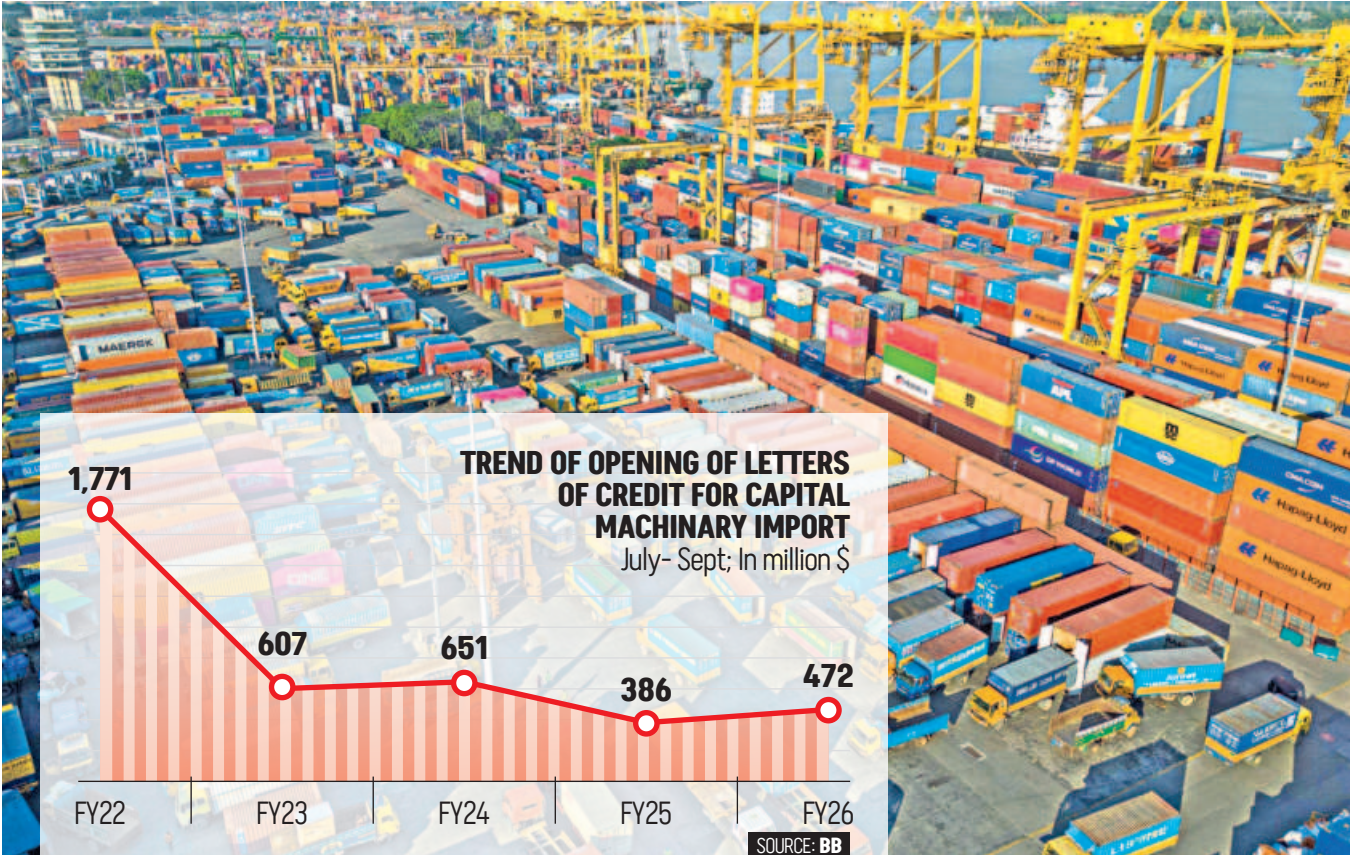
In terms of intermediate goods, LC opening rose by 1.59 percent during the period, compared to a 7.22 percent decline in the previous fiscal year. Similarly, LC opening for industrial raw materials increased by 5.73 percent during the same period, up from 4.66 percent earlier.

Economists, however, cautioned that while this is a positive sign, it remains modest and far from indicating a full-fledged recovery.

"Investors might be feeling better, but they're not yet ready to put out their money from their own pocket into new investments," said Zahid Hussain, former lead economist of the World Bank's Dhaka office.

Meanwhile, Prof Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD), said, "The situation was negative before, but now it has turned positive.

Capital imports rebound



"Since last year was deeply negative, this shift indicates that things are returning to a more normal situation."

Rahman, however, noted that private sector credit growth still hasn't strengthened.

It remains below the central bank's target of an 11 percent credit growth for the private sector. In the first two months of the current fiscal year, credit to the private sector grew only 6.35 percent, the

lowest in over two decades.

He said this rise in capital machinery imports is mainly for export-oriented sectors, while domestic market oriented investments are not increasing. As a result, private sector credit growth remains very low.

After the government announced the national election timeline, businesspeople received positive signals, he said. "Although many businesspeople

may still wait, some are likely already taking this as an investment opportunity."

Economist Hussain termed the development a low-base effect. "For raw materials and intermediate goods, the indicators are not showing much change; it's mostly business as usual," he said.

Although there's a bit of recovery where things were negative before, the

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DSE reduced tick size

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Dhaka Stock Exchange (DSE) has reduced the tick size from Tk 0.10 to Tk 0.01 for shares whose price is less than Tk 1.

Tick size is the smallest possible price increment for a financial instrument, set by exchanges to ensure orderly trading. For example, a stock with a tick size of Tk 0.01 can only move in one-paisa increments, like from Tk 50.00 to Tk 50.01.

In a disclosure yesterday, the premier bourse said it currently applies a tick size of Tk 0.10 for equity securities in determining single price deviations in the secondary market.

However, it has been observed that the market prices of certain securities have recently fallen close to Tk 1.

In such cases, when the price of any security falls below Tk 1, the existing tick size of Tk 0.10 becomes unsuitable for price movement and trading purposes.

Therefore, DSE shall introduce a revised tick size of Tk 0.01 for securities trading below Tk 1, effective from October 29, 2025, as per the disclosure.

This has been brought about in accordance with Regulation 18 of the Dhaka Stock Exchange Automated Trading Regulations, 1999, to ensure smoother price discovery and improved market efficiency, it added.