Adani Power seeks arbitration in Bangladesh payment row

REUTERS, *New Delhi/Dhaka*

India's Adani Power said on Monday it has opted for an international arbitration process to resolve disputes over Bangladesh's power supply payments.

The company led by Indian billionaire Gautam Adani has been at loggerheads with Bangladesh Power Development Board over pending payments for the electricity it supplies as part of a pact that both sides had signed in 2017.

"There are disagreements in the way certain cost elements are calculated and billed. Hence, both partners have agreed to invoke the dispute resolution process and are confident of a quick, smooth and mutually beneficial resolution," an Adani Group spokesperson said in a statement.

However, Bangladesh's de-facto power minister Muhammad Fouzul Kabir Khan told Reuters that negotiations are still on.

The company has been at loggerheads with Bangladesh Power Development Board over pending payments for the electricity it supplies

"Once that process is over, we will move toward international arbitration, if needed," he said.

Adani Power supplies electricity from its coal-fired 1,600 megawatt Godda power plant in eastern India, which meets nearly a tenth of Bangladesh's power needs.

Bangladesh's interim government had accused Adani of breaching the power purchase agreement by withholding tax benefits that the Godda plant got from India, Reuters reported in December.

Bangladesh paid Adani a tariff of Tk 14.87 ($0.1220) per unit during the fiscal year to June 30, 2024, higher than an average of Tk 9.57 for power supplied by other Indian companies.

Adani Power had last week said its power dues from Bangladesh had narrowed significantly to equivalent of 15 days of tariff, down from about $900 million in May and nearly $2 billion early this year.

"Adani Power reaffirms its commitment to the PPA (power purchase agreement) and will continue to support Bangladesh by supplying reliable, cost-competitive and high-quality power," the company said on Monday.

Workers in Faridpur load bundles of jute onto a truck, preparing them for transport to domestic and export markets. Jute prices have been higher this year amid low production. PHOTO: SUZIT KUMAR DAS

Export cap fails to cool jute market as premium prices climb

SUZIT KUMAR DAS, *Faridpur*

The government's move to impose export restrictions on raw jute, aiming to stabilise domestic prices, has failed to produce the desired effect even after two months. In fact, as traders had warned, it has had the opposite effect, with premium-grade raw jute prices climbing further.

Medium-grade fibre has softened slightly but remains elevated, highlighting the limited impact of the export cap.

The export restriction, issued by the commerce ministry in September following recommendations from the textiles and jute ministry, requires prior approval for raw jute shipments. The measure was intended to ensure domestic mills could secure enough fibre at reasonable prices and curb rising costs for jute products.

High-quality jute, which sold for around Tk 4,000 per maund (37.32 kg) in September and October, is now trading at about Tk 4,300, according to Farhad Ahmed Akand, former chairman of the Bangladesh Jute Association.

In Faridpur, the largest producing district, the Department of Agricultural Marketing (DAM) reports premium jute selling for Tk 4,000-Tk 4,300 per maund, Tk 100-Tk 300 higher than before the export restrictions. Faridpur alone produces around 2.14 lakh tonnes of premium-grade jute annually, making it the country's main hub for high-quality fibre.

"Even though the government limited exports, prices in the market continue to rise," said Akhtaruzzaman Chan, a trader at Kanaipur market in Faridpur.

LOW PRODUCTION, TIGHT SUPPLY

Officials note that lower production this year has tightened domestic supply. Jute output fell 6.5 percent year-on-year to 89.5 lakh bales (one bale = 180 kg) in FY25 due to reduced acreage and unfavourable weather, according to Bangladesh Bureau of Statistics data.

"Due to low production, domestic supply is limited despite steady demand. This is why prices have not decreased even after export restrictions," said Shahadat Hossain, senior market officer at the Faridpur DAM.

Many farmers sold their jute early, expecting prices to drop because of the export restrictions. "Because of the export restrictions, we sold our jute quickly. Now we see prices rising. If exports had not been limited, we could have received better prices," said Anowar Molla of Jungurdi village in Faridpur's Nagarkanda upazila.

Lower yields compounded the problem. Moktar Molla, president of the Faridpur District Jute Farmers Association, said, "Cultivating one bigha costs Tk 40,000-Tk 42,000. We harvested only 5-6 maunds per bigha instead of the usual 10. After paying wages, many farmers are barely covering costs. Many thought prices would drop due to export limits, so they sold in September. But now, prices are increasing."

Medium-quality jute, used mainly for bags, sacks, hessian, and packaging, has declined modestly to Tk 3,600-Tk 3,700 per maund from around Tk 3,900. Md Omar Faruk Talukdar, assistant director at the Faridpur Jute Department, explained that high-quality fibre feeds export-oriented yarn mills, while medium grades cater to domestic demand, creating a natural price divergence.

HOARDING AND MARKET PRESSURE

Some traders point to alleged hoarding as another factor keeping prices elevated. "Hoarders are buying large quantities of jute and storing them to sell later at higher prices to mill owners. The government should take action against them," alleged Akand.

Talukdar noted, "Under government rules, anyone hoarding over 1,000 maunds of jute for more than a month is considered a hoarder, and action is taken. However, due to limited staff, not all cases can be addressed."

"This year, lower production has left demand in the market, pushing prices up. Without export restrictions, prices could have reached Tk 5,500, causing instability in the jute market," he added.

Raw jute exports declined following the restriction. During July-October of FY26, jute and jute goods exports together grew 4.7 percent year-on-year to $277 million, largely driven by yarn, twine, sacks, and bags. Raw jute shipments, however, remained lower.

The rebound comes after FY25, when exports of jute and jute goods fell to $820 million, the lowest in six years.

Farmers like Nab Kumar Kund of Raotara village in Magura Sadar describe a complex market. "Prices have increased mainly due to reduced production. We want prices high enough to encourage cultivation, but the government should ensure stability for all stakeholders," he said.

Can legal reforms free BB from political control?

SELIM RAIHAN

The Bangladesh Bank (BB) has proposed a comprehensive legal overhaul to secure full institutional autonomy and reduce political interference. In a letter to the finance adviser, BB Governor Ahsan H Mansur presented nine draft amendments to the Bangladesh Bank Order 1972, aiming to align the central bank's governance with international standards. The proposed Bangladesh Bank Ordinance 2025 would introduce significant structural changes to administration and governance, including management, board composition and institutional functions.

Key proposals include a search committee to appoint the governor and deputy governors to prioritise professional competence rather than political loyalty. A Court of Inquiry would be authorised to investigate serious allegations against regulators and issue formal advice following a trial. This would make appointment and removal processes less politically driven. The board structure would shift towards greater independence, reducing government-appointed positions and increasing independent experts. The governor's rank would be elevated to that of a cabinet minister, matching peers in India and Singapore, to reinforce institutional standing. The draft also expands the bank's oversight powers, granting legal authority to protect whistleblowers, regulate credit rating agencies, value collateral and act against monopolies to improve discipline across the financial sector.

Backed by the International Monetary Fund (IMF) recommendations under its $5.5 billion loan programme, these reforms are seen as long overdue. The initiative is a long-anticipated attempt to address one of the central bank's deepest weaknesses: its lack of independence. For decades, political considerations have shaped decisions in monetary policy, banking regulation and financial governance. Governor Mansur's proposals aim to convert the idea of autonomy into a practical legal framework, creating guardrails that could survive changes in political leadership.

Yet the initiative is as ambitious as it is fragile. The timing, under an interim government and IMF conditions, creates both opportunity and risk. It offers a brief window for technocratic reform without partisan obstruction, but it also raises questions of legitimacy and durability. Without broad political consensus, future governments could overturn the ordinance. Bangladesh's history is full of reforms reversed before they could take root.

The design of the proposal draws heavily from models such as the Bank of England and the Reserve Bank of India. It is an impressive effort to meet international standards. However, the local political economy is different. The central bank operates in a system where informal influence, patronage networks and bureaucratic overlap are deeply entrenched. Legal safeguards alone cannot overcome such forces. Autonomy is not just a legal matter, but a political one, shaped by how much space political leaders are willing to allow and how responsibly that space is used.

Elevating the governor's rank to cabinet level may enhance authority, but it could also blur boundaries between fiscal and monetary policy if not carefully managed. Likewise, extending the bank's mandate to include whistleblower protection and anti-monopoly action could overburden it without adequate capacity and coordination with other agencies.

In the end, the proposed amendments are an important and urgent beginning, not a cure-all. Independence cannot be granted only by law; it must be built through credible leadership, transparency and consistent enforcement of rules. If enacted, the amendments would strengthen the legal foundations of financial governance. But without political restraint, professional integrity and sustained implementation, they risk becoming another chapter in the country's long record of unfulfilled promises of reform.

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

Supreme Court cannot stop all of Trump's tariffs. Deal with it, officials say

REUTERS, *Washington*

US factory equipment maker OTC Industrial Technologies has long used low-cost countries to supply components - first China and later India - but President Donald Trump's blitz of tariffs on numerous trade partners has upended the supply chain math for CEO Bill Canady.

"We moved things out of China and went to some of those other countries, and now the tariffs on those are as bad or worse," Canady told Reuters. "We just have to hang on and navigate our way through this so we don't all go broke in the short run."

It is a dilemma that is sinking in with companies, foreign trade ministries, trade lawyers and economists as the US Supreme Court considers the legality of Trump's global tariffs, with arguments, set for Wednesday. Under one legal authority or another, Trump's tariffs are expected to stay in place long term.

LOWER COURTS RULE AGAINST TRUMP

The court, whose 6-3 conservative majority has backed Trump in a series of major decisions this year, is hearing his administration's appeal after lower courts ruled that the Republican president overstepped his authority in imposing sweeping tariffs under a federal law meant for emergencies.

A ruling striking down Trump's use of the 1977 International Emergency Economic Powers Act, or IEEPA, to quickly impose broad global tariffs also would eliminate a favorite cudgel to punish countries that draw his ire on non-trade political matters.

These have ranged from Brazil's prosecution of former president Jair Bolsonaro to India's purchases of Russian oil that help fund Russia's war in Ukraine.

"If we don't have tariffs, we don't have national security, and the rest of the world would laugh at us because they've used tariffs against us for years and took advantage of us," Trump told reporters on Air Force One on Sunday.

"We were subject to being abused by a lot of other countries, including China - for years, not anymore. Tariffs have brought us tremendous national security," Trump said, reinforcing a key justification for the duties.

Trump added that he will not attend Wednesday's arguments, but Treasury Secretary Scott Bessent told the Fox News Channel that he would attend to "emphasize that this is an economic emergency."

Trump is the first president to invoke this statute - which often has been used to apply punitive economic sanctions to adversaries - to impose tariffs. The law provides a president broad authority to regulate a variety of economic transactions when a national emergency is declared.

In this case, Trump deemed a $1.2 trillion US goods trade deficit in 2024 a national emergency - even though the United States has run trade deficits every year since 1975 - and also cited overdoses of the often-abused painkiller fentanyl.

US President Donald Trump speaks to the media while signing executive orders in the Oval Office of the White House. Under one legal authority or another, Trump's tariffs are expected to stay in place long term. PHOTO: AFP/FILE

Bessent told Reuters that he expects the Supreme Court to uphold the IEEPA-based tariffs. But if it strikes down the tariffs, Bessent said in an interview, the administration will simply switch to other tariff authorities, including Section 122 of the Trade Act of 1974, which allows broad 15 percent tariffs for 150 days to calm trade imbalances.

Bessent said Trump also can invoke Section 338 of the Tariff Act of 1930, a statute that allows tariffs up to 50 percent on countries that discriminate against US commerce.

"You should assume that they're here to stay," Bessent said of Trump's tariffs. For countries that have negotiated tariff-lowering trade deals with Trump, "you should honor your agreement," Bessent added. "Those of you who got a good deal should stick with it."

The Supreme Court case covers only a portion of the tariffs Trump has imposed this year. His administration already is using other authorities for certain tariffs. He is busy piling up tariffs under Section 232 of the Trade Expansion Act of 1962 involving national security concerns to protect strategic sectors including autos, copper, semiconductors, pharmaceuticals, robotics and aircraft, as well as tariffs under Section 301 of the Trade Act of 1974 involving unfair trade practices investigations.

"This administration is committed to tariffs as a cornerstone of economic policy, and companies and industries should plan accordingly," said Tim Brightbill, co-chair of law firm Wiley Rein's trade law practice in Washington.

NEGOTIATING POWER

Trump administration officials have touted his tariffs as pushing major trading partners such as Japan and the European Union to negotiate major concessions that will help to reduce the US trade deficit, arguing those concessions will survive any Supreme Court ruling.

US trade partners are not waiting for a Supreme Court ruling in deciding how to proceed. The US Trade Representative's office has announced finalized framework trade deals with Vietnam, Malaysia, Thailand and Cambodia, locking in tariff rates of 19 percent to 20 percent. South Korea agreed to terms on a $350 billion investment plan, unlocking a 15 percent tariff for its cars and other goods.