

# star BUSINESS



## Exporters criticise high bank interest

Say they are losing ground to regional peers

### STAR BUSINESS REPORT

Bangladesh is losing ground to regional competitors as high interest rates push up business costs, according to top businessmen, as they call for a cut in the policy rate and reforms to the revenue system.

While the International Monetary Fund (IMF) has recommended a tighter policy to curb inflation, business leaders at a programme yesterday said the government should not follow every suggestion from development partners.

They also urged the resumption of the Export Development Fund (EDF), improvements to law and order, and measures to ease traffic congestion in Dhaka.

At the dialogue at the Bangladesh Investment Development Authority (Bida) headquarters in Dhaka, Energy Adviser Muhammad Fouzul Kabir Khan, Special Assistant to the Chief Adviser Lutfe Siddiqi, Bangladesh Bank (BB) Governor Ahsan H Mansur, Bida Executive Chairman Ashik Chowdhury, and National Board of Revenue (NBR) Chairman Abdur Rahman Khan replied to questions from around 100 business leaders and entrepreneurs from various sectors.

**Of the money that has been laundered, bureaucrats have siphoned off the most. We businessmen do not want to take this responsibility. Those businessmen who steal money or gas should be caught and brought to justice. Their responsibility should not fall on us.**

**Syed Nasim Manzur,**  
President of Leathergoods And Footwear Manufacturer & Exporter's Association of Bangladesh (LFMEAB)

Addressing lending rates, Syed Nasim Manzur, president of Leathergoods And Footwear Manufacturer & Exporter's Association of Bangladesh (LFMEAB), told the central bank governor, "I have a humble request to you, businessmen cannot bear this interest rate anymore. It is becoming impossible for us to bear it."

"The cost of doing business is increasing a lot. We cannot compete with the market peers, especially with Vietnam and India," he added.

Manzur, also managing director of Apex Footwear Ltd, said that export orders

could remain sluggish until February or March next year, as Western buyers turn to alternative sourcing countries.

He praised the NBR for recent reforms, including automated bonds and relief from the "terrorism of the HS Code". "Now we want relief from advance tax and tax at source," he said.

The Apex MD said it is not often questioned whether only businessmen have become rich or whether bureaucrats have become rich too.

"Of the money that has been laundered, bureaucrats have siphoned off the most. We businessmen do not want to take this responsibility."

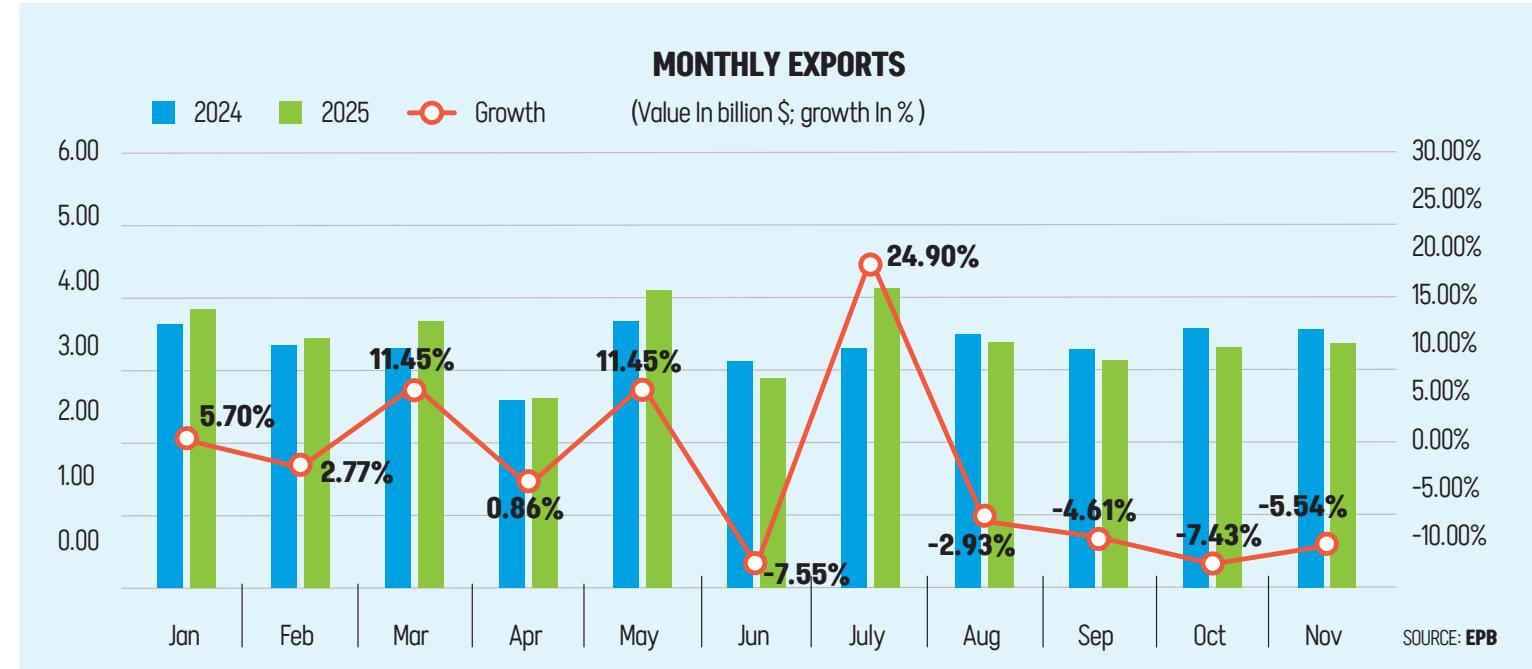
"Those businessmen who steal money or gas should be caught and brought to justice. Their responsibility should not fall on us," he added.

Tapan Chowdhury, managing director of Square Pharmaceuticals, urged the government to take firm action against wilful loan defaulters. He said they had misappropriated depositors' money without consequence.

"The real offenders remain untouched, while genuine businesses are unfairly labelled as corrupt," he said.

At the dialogue, BB Governor Mansur said, "We must protect the economy

## Exports fall for 4th month as US tariff continues to bite



### JAGARAN CHAKMA

Bangladesh's merchandise exports have declined for the fourth consecutive month, as the reciprocal tariff measures by the United States and a slump in global demand continue to weigh on the apparel sector, the backbone of the country's export industry.

According to latest data from the Export Promotion Bureau (EPB), November exports amounted to \$3.89 billion, down 5.54 percent compared with \$4.11 billion in the same month last year.

Garments, which account for over 80 percent of the national export earnings, remained the largest category, bringing in roughly \$3.14 billion in November, a 4.8 percent decline from \$3.30 billion recorded in the same month last year.

October's exports had fetched \$3.82 billion.

Despite a modest overall growth of 0.09 percent during July–November, amounting to \$16.13 billion, the breakdown shows the knitwear segment fetched \$8.85 billion and woven garments \$7.27 billion, with knitwear falling 7 percent and woven garments slipping 3 percent in November compared with a year ago.

Industry leaders attribute the slump to reduced order volumes from major markets such as the European Union and the US, triggered by the newly applied reciprocal tariffs and global buyer caution.

First, US buyers have delayed placement of

new orders following the increased tariffs on apparel imports, said Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Mohammad Hatem.

"As US tariffs have increased, buyers are now trying to shift part of the cost burden onto Bangladeshi garment manufacturers, which we simply cannot absorb," he explained.

Second, he said there is a notable shift in the EU market, where buyers are increasingly sourcing from lower-cost producers in China

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and India.

"Because Chinese and Indian manufacturers have slashed prices to reclaim orders lost from the EU, EU buyers are turning to them for more competitive rates," Hatem added.

These twin pressures have created a tough environment for Bangladesh's garment exporters, Hatem noted, adding, "We expect this crisis to continue for at least the next three to four months."

He also said most buyers are placing only

small, minimum-volume orders to keep their operations running.

Meanwhile, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Mahmud Hasan Khan said the decline in garments export is largely owed to external market pressures and domestic challenges.

He said most competitor countries are witnessing similar declines, except Pakistan.

"Buyers in major markets changed their purchasing patterns earlier in the year," he noted, "as tariff concerns prompted many to stockpile basic items in July. Since these products can be stored for months, fresh orders have slowed."

Khan added that rising global prices have dampened consumer demand, further weakening apparel exports.

The BGMEA president also stated that several garment factories have already shut down and more may close in the coming months.

However, he said, "This will not necessarily cause a sharp fall in export earnings, as production is increasingly shifting toward larger and more efficient factories."

On prospects of export rising after Christmas, Khan said the Western holiday sales season is not a strong indicator for Bangladesh, since shipments for that period are completed by October or November.

"Although some rebound is possible, I expect limited improvement in new orders," he said.

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## Subsidies, interest payments rose 30% in FY25

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Government spending on subsidies and interest payments, considered a fiscal burden, rose 30 percent year-on-year to Tk 2.43 lakh crore in the fiscal year 2024-25.

In FY 2023-24, the expenditure stood at more than Tk 1.87 lakh crore.

Although the government's development expenditure declined significantly last year, interest payments and subsidies accounted for nearly 39 percent of the total budget.

Subsidy spending in FY25 rose by 49 percent to around Tk 1.08 lakh crore, up from Tk 72,841 crore in the previous fiscal year. Interest payments rose 17 percent to around Tk 1.34 lakh crore, compared with Tk 1.14 lakh crore in FY24.

A finance ministry official said the increase in subsidy spending reflected repayment of arrears from previous years in the power and fertiliser sectors.

Allocation for electricity subsidies, originally set at Tk 40,000 crore, was later raised to Tk 62,000 crore in the revised budget, according to the official.

**Don't clear mangrove forests for shrimp farms: adviser**

### STAR BUSINESS REPORT

Fisheries and Livestock Adviser Farida Akhter has urged stakeholders to halt the clearing of mangrove forests to make way for shrimp farms, warning that the destruction of these vital ecosystems would undermine coastal protection.

"Mangrove forests are indispensable for safeguarding the coastal environment," she said while speaking as the chief guest at a policy dialogue on Wednesday.

The Bangladesh Frozen Foods Exporters Association (BFFEA) and the Policy Research Institute of Bangladesh (PRI) jointly organised the event at the InterContinental Dhaka.

Farida said allegations such as the use of jelly in shrimp have damaged Bangladesh's image abroad and reduced exports, causing "significant losses" to the economy.

She underscored the importance of accurate, field-level data, stating that effective policies cannot be designed without understanding the realities on the ground.

Expressing alarm over the sharp decline in marine fish stocks, she said illegal, unregulated and excessive fishing has slashed fish reserves in the Bay of Bengal by 78 percent in the past seven years.

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Similarly, subsidies for fertiliser and fuel also increased. Interest payments last year were almost on par with spending under the annual development programme.

According to Finance Division data, the government spent around Tk 1.16 lakh crore (\$13.6 billion) on domestic loans, a 17 percent rise from Tk 99,606 crore in FY24.

Meanwhile, interest on foreign loans increased 25 percent to Tk 17,812 crore (\$2.1 billion), up from Tk 14,984 crore in FY24. Most domestic borrowing comes from treasury bills and bonds issued to banks and non-bank investors. The cost of these borrowings has risen sharply, according to finance ministry data.

Bond yields, which were once around 8 percent, climbed above 10 percent in FY24 and further to between 11 percent and 13 percent in FY25, according to the ministry.

Interest payments surged after the Covid-19 pandemic, when the government borrowed heavily from foreign sources to support the economy. Obligations on these loans began immediately after disbursement.

Meanwhile, the sharp drop in development spending led to a slowdown in overall budget implementation.

Last year, budget implementation totalled around Tk 6.28 lakh crore, with development spending reaching around Tk 1.43 lakh crore.

In FY 2023-24, total implementation was Tk 6.11 lakh crore, including Tk 1.95 lakh crore under the ADP.

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## ILO ratifications pave way for GSP+, FTA talks: EU ambassador



Workers stitch and assemble clothing at a garment factory in Bangladesh.

PHOTO: STAR/FILE

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Ratifying key International Labour Organization (ILO) conventions will help Bangladesh better negotiate the GSP+ scheme and a potential Free Trade Agreement (FTA) with the European Union (EU), as it demonstrates progress in human rights and good governance, said EU Ambassador to Bangladesh Michael Miller yesterday.

He made the statement at a celebration of Bangladesh's ratification of ILO Conventions 155, 187, and 190, held at the Foreign Service Academy in Dhaka.

ILO Convention 155 addresses labour rights in refusing hazardous work, Convention 187 establishes a promotional framework for occupational safety and health, and Convention 190 aims to prevent violence and harassment.

The event was jointly organised by the Ministry of Labour and Employment and the ILO, and attended by interlocutor government advisers, senior officials, diplomats, labour leaders, and ILO representatives.

"As Bangladesh prepares to graduate from LDC [least developed country] status, it can benefit from the EU's GSP+ scheme. This scheme provides continued preferential market access, but links trade benefits to the implementation of international standards on labour rights, environmental protection, human rights, and good governance," Miller said.

He added, "Our future partnership will remain rooted in mutual respect for fundamental rights and shared prosperity. Should Bangladesh one day formally request FTA negotiations, I assure you that the highest standards in rights protection and

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Applications sought for Sammilito Islami Bank's MD post

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The government has sought applications by December 22 for the appointment of managing director and CEO of Sammilito Islami Bank on a three-year contract.

The finance ministry, in a notification, said applicants should hold a postgraduate or master's degree, preferably in economics, finance, accounting, banking, management or business administration from any recognised university.

Additional qualifications such as CFA, FCA, CMA, CPA, ACCA, AIBB, and internationally recognised Islamic finance certifications will be considered added advantages.

Applications must include a curriculum vitae, a cover letter outlining the candidate's suitability for the role, overall work experience and sound risk management principles, along with all necessary supporting documents.

The age limit is a minimum of 45 years and a maximum of 60 years on the date of advertisement.

Candidates must have 20 years of experience in the banking sector, including at least 10 years in core commercial banking operations and risk management functions.

They must also have a minimum of three years

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