# Starting business remains challenging due to graft: Bida chief

STAR BUSINESS REPORT

Bangladesh's business startup environment remains highly challenging as entrepreneurs continue to grapple with cumbersome procedures, harassment and entrenched corruption, said Chowdhury Ashik Mahmud Bin Harun, executive chairman of Bangladesh Investment Development Authority (Bida), yesterday.

Speaking at the inauguration of the 12th National SME Product Fair in Dhaka, he said business registration still involves visiting multiple offices, where many entrepreneurs face corruption.

"We are also trying to combat corruption. You can see the ongoing discussions around ports and logistics. Ultimately, the government cannot compromise on corruption," he said.

"If small entrepreneurs encounter corruption while seeking government services, the business model simply does not work," he added.

Chowdhury said Bida, with support from development partners, is working to bring registration, bank account opening and all startup-related services under a single digital form accessible through one website or app.

"Our goal is to launch this system sometime next year. We aim to digitise services as much as possible so that entrepreneurs no longer need to meet anyone in person," he said.

Once active, the system will allow users to simply receive services from a website or app without needing to know or interact with any government official, the Bida chief added. "This will reduce corruption."

Bida last week launched a matchmaking portal on its website to link foreign investors with potential domestic partners.

"Foreign investors often ask us to connect them with local partners, and local investors ask for foreign partners. This is difficult to manage manually," he said.

Investors can now register with details of their business, land availability and sectors of interest so that overseas investors can identify suitable local counterparts directly.

Visitors look at a pot on the first day of the ongoing National SME Product Fair at the Bangladesh-China Friendship Conference Centre in Dhaka's Sher-e-Bangla Nagar yesterday. The SME Foundation is organising the eight-day show, which features over 350 SMEs, 60 percent of which are women-led enterprises. PHOTO: PALASH KHAN

Citing projections by international organisations, he said Bangladesh is expected to become the eighth-largest consumer market in the world by 2030. "Within the next five years, the country's domestic market will be larger than that of the United Kingdom. Therefore, the potential for doing business in the country is extremely high."

At the event, Industries Adviser Adilur Rahman Khan said the SME sector is a key driver of global economic growth.

Industrialisation, job creation, poverty reduction and balanced development can be achieved through the expansion of SMEs, which he described as labour-intensive and low-capital ventures capable of generating significant employment.

City Bank Managing Director & CEO Mashrur Arefin pointed out that high loan interests – up to 15 percent for small and 13-14 percent for medium SMEs – remain a major challenge for the sector.

He said the SME loan distribution recently fell 2 percent as large investors hold back.

With banks holding Tk 1.5 lakh crore in excess liquidity and international support being available, investment is expected to pick up after the elections, boosting SME lending, he added.

SME Foundation Chairperson Md Musfiqur Rahman said financing continues to be a major challenge for small entrepreneurs. To address this, 30 banks and financial institutions have been allocated stalls at the fair.

"There is no central database of SMEs in the country, which is essential for policymaking, sector-specific support, and assessing export potential. Government assistance is needed in this regard," he said.

The 8-day fair will continue until December 14 and will be open to the public from 10 am to 9 pm, with no entry fee. Nearly 400 small and medium-sized enterprises from across the country are participating in the fair.

# A stronger future for Bangladesh's export economy

MAMUN RASHID

For more than forty years, Bangladesh has carried a remarkable story of economic transformation. A country rooted in agriculture built one of the world's most influential apparel industries through grit, discipline and a willingness to learn. The label "Made in Bangladesh" travelled across continents because workers and entrepreneurs believed they could do something bigger than their circumstances. That belief helped reshape the national economy and identity.

But today the landscape looks more uncertain. Export earnings have been falling for four consecutive months, a sign that the long-trusted engine is facing pressure. In November, Bangladesh exported goods worth $3.89 billion, about five and a half percent lower than the same month a year earlier, when the figure was $4.12 billion. According to the Export Promotion Bureau (EPB), almost all major sectors saw declines in November. Apparel, jute, agricultural processed goods, home textiles, non-leather footwear, frozen food and plastics all registered drops. Only leather and leather goods managed to grow. Even apparel, the strongest pillar, was down by five percent.

These shifts are not happening in isolation. Global markets are adjusting to changing tariff regimes, political tensions and evolving consumption patterns. Buyers in key regions are reassessing costs, placing smaller orders and negotiating harder. A combination of price adjustments and softer demand has created a slowdown that is affecting several producing countries, including Bangladesh. This is a reminder that no matter how strong an industry may be, its fortunes can still be shaped by geopolitical forces beyond national control.

This is why the conversation on diversifying the export base feels more urgent than it did a decade ago. Bangladesh cannot rely on a single sector to sustain long-term growth. The apparel industry will remain a cornerstone, but it cannot be the only path to resilience. There are promising alternatives emerging. Plastics and packaging, furniture and light engineering, frozen and processed foods and software and digital services all show real potential. Some Bangladeshi companies in these sectors have already reached international markets, often with little coordinated support. Their progress suggests what is possible if the country takes a more organised approach.

To chart that path, it helps to recall how the apparel sector rose in the first place. In the early years, Bangladesh did not have world-class factories or ready access to buyers. What it did have was ambition and a willingness to build partnerships. Entrepreneurs collaborated with experienced international firms, and groups of young Bangladeshis travelled abroad for hands-on training. They returned with knowledge that reshaped the sector. These early professionals later became managers, production specialists and eventually, for some of them, entrepreneurs. Their learning created the backbone of a national industry.

The principle remains relevant today. Countries rarely diversify by working alone. New sectors grow when skills, technology and market access move across borders through partnerships that are commercially aligned. Bangladesh has the foundation for this model. Universities, institutes and NGOs have long experience in delivering training at scale. Development finance institutions are increasingly interested in supporting sectors that can mature into export industries. IFC and FCDO both came forward in the recent past. What is needed now is focus and coordination.

Diversification works best when a country chooses a few priority sectors and invests with discipline. That means building technical capacity, shaping supportive regulation, reducing friction for exporters and ensuring that early movers have the room to grow. When the focus is clear, industries can mature faster and attract stronger partnerships.

The apparel sector still has room to expand through new materials, automation, sustainability and access to emerging markets. But it cannot remain the only driver of an economy approaching half a trillion dollars. The recent decline in export earnings is not a crisis. It is a signal that the time has come to widen national horizons and move beyond a single engine.

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# Inflation still strains US consumers

AFP, *New York*

US consumer pricing and sentiment reports released Friday pointed to lingering questions about affordability as the calendar moves towards the peak of the festive season.

The personal consumption expenditures (PCE) price index, the Federal Reserve's preferred data point for measuring inflation, rose to 2.8 percent on an annual basis in September from 2.7 percent in August.

When food and energy prices were excluded, prices also rose by 2.8 percent in September. However, that was below the 2.9 percent reading in August for the same benchmark.

The mixed report, delayed due to the US federal government shutdown, is the last major inflation reading before the Fed's rate decision next week.

People shop in Macy's Herald Square ahead of Black Friday and Christmas in New York City, US on November 24. PHOTO: REUTERS

The figures were largely in line with expectations, but included notable increases in some categories that have strained consumers. Durable goods like automobiles, appliances and furniture rose 1.4 percent from a year ago.

A separate report showed consumer sentiment rose in December to 53.3 from 51.0 in November, according to the University of Michigan.

However, consumers today have a diminished outlook for their expected personal income compared with early in 2025 and labor market expectations "remained relatively dismal," said survey director Joanne Hsu.

"Consumers see modest improvements from November on a few dimensions, but the overall tenor of views is broadly somber, as consumers continue to cite the burden of high prices," she said.

The data did not significantly move the US stock market on Friday. Stocks are up modestly for the week, due partly to expectations the Fed will cut interest rates next week.

The Fed has cut interest rates at its last two meetings following indications of a slowdown in the US employment market.

# Gold's bubble behaviour may signal paradigm shift

ANALYSIS

REUTERS, *London*

Assets that rise rapidly above their long-term trend are usually set for a fall. That's what happened to gold after it peaked in late 1979. Over the following five years, the price of the yellow metal fell by nearly two-thirds. This year, gold has risen more than 60 percent in dollar terms, its best performance in 46 years. Adjusted for inflation, gold has never been more expensive. Either we are witnessing another bubble or it's a paradigm shift.

The precious metal known as the eternal store of value has retained its purchasing power over millennia. On examination, its market valuation tends to reflect different monetary regimes. Gold reset higher following the credit collapse of the 1920s, and jumped in the second half of the 1970s as the so-called "Great Inflation" took hold; over the next two decades it remained in the doldrums as price increases abated and real interest rates remained high; after Alan Greenspan's Federal Reserve slashed interest rates in the early 2000s, gold enjoyed a long bull run. During the era of zero interest rates and quantitative easing from 2008 to 2022 the price was volatile but its upward trend continued.

By the turn of this decade it had become received wisdom that gold moves inversely with long-term real interest rates. Thus its value swooned in 2022 when central banks tightened the cost of borrowing and bond yields climbed. Then something unexpected happened: gold started to rise exponentially even as inflation turned down and inflation-adjusted bond yields rose.

Daniel Oliver of Myrmikan Capital, a firm that invests in microcap gold miners, says this regime shift was caused by then US President Joe Biden's decision to seize Russian foreign exchange reserves following Vladimir Putin's invasion of Ukraine in February 2022. This act shook the foundations of the international monetary system in which the US dollar had long served as lynchpin. Reserve managers at a number of central banks started looking for an asset that could not be seized and was not the liability of another sovereign. They returned to the original reserve asset: gold.

During each of the past three years, central banks have purchased over a thousand of tonnes of bullion. Goldman Sachs expects these official purchases to continue into next year. A number of central banks in the emerging world still own relatively little gold. Earlier this year, for instance, China's reported holdings as a share of its total foreign exchange reserves stood at only 6.5 percent, although some analysts believe Beijing's official gold reserves massively understate the true size of its hoard.

At first glance, the gold chart over the past three years looks like a classic investment bubble. But the irrational exuberance that normally accompanies a mania is absent. Speculators are too busy obsessing about cryptocurrencies and anything related to artificial intelligence to pay much attention to the barbarous relic. The number of ounces of gold held in exchange-traded funds remains more than 10 percent below the October 2020 high, according to Caesar Bryan, portfolio manager of the Gabelli Gold Fund. Furthermore, the number of shares outstanding in the VanEck Gold Miners ETF, which invests in publicly traded companies involved in gold and silver mining, has fallen by around a third from the 2020 peak.

Bryan observes that Wall Street remains unenthusiastic about gold's prospects. The consensus gold price for 2028 projected by investment analysts is nearly $1,000 below the current spot price. The 1970s gold bull market was extremely volatile, with a number of painful drawdowns. Gold investors have been bracing for a correction, but until now every minor setback has quickly reversed. Bryan has witnessed many bull and bear markets over his four decades in the gold business, but, he says, "it does feel different this time."

The monetary and fiscal background to the 1979 bubble and the current day could hardly be more different. At the end of the 1970s the United States was a significant international creditor. Today, it's the world's largest debtor. Back then US government debt was around 30 percent of GDP. Today, it is nearly four times higher. For the past three years, the US fiscal deficit has averaged around 6 percent of GDP, roughly four times higher than the budget shortfall in 1979.

An employee wraps gold bars for customers at Hua Seng Heng gold traders in Chinatown in Bangkok. This year, gold has risen more than 60 percent in dollar terms, its best performance in 46 years. PHOTO: AFP/FILE

By the end of that year, the Fed Funds Rate was at 14 percent and rising. Today, the policy rate is below 4 percent and falling. Former Fed Chair Paul Volcker was an inflation hawk. President Donald Trump has made it clear that is not what he is looking for in the central bank's next boss. Besides, high leverage in the US financial system and elevated asset valuations suggest any attempt to emulate Volcker's hard-money stance would end in disaster.

Myrmikan's Oliver points out that the Fed's balance sheet in 1979 was robust. In those days, its assets were mostly invested in short-dated government securities and, thanks to the elevated gold price, the value of its gold holdings exceeded its monetary liabilities. Today, the US central bank's balance sheet is stuffed with long-dated securities, including mortgage-backed bonds, that have produced large paper losses in recent years. The market value of the Fed's gold reserves has risen, says Oliver, but still cover only 16 percent of its liabilities, far below the historic average.

Thus, it's not unreasonable to conclude that the rising gold price reflects a host of fiscal, financial and geopolitical uncertainties.