



Businesses underprepared as LDC graduation clock ticks

REFAYET ULLAH MIRDHA

With less than eleven months left before Bangladesh exits the least developed country club, businesses say they are still not adequately prepared to face the harsher realities of a post LDC world.

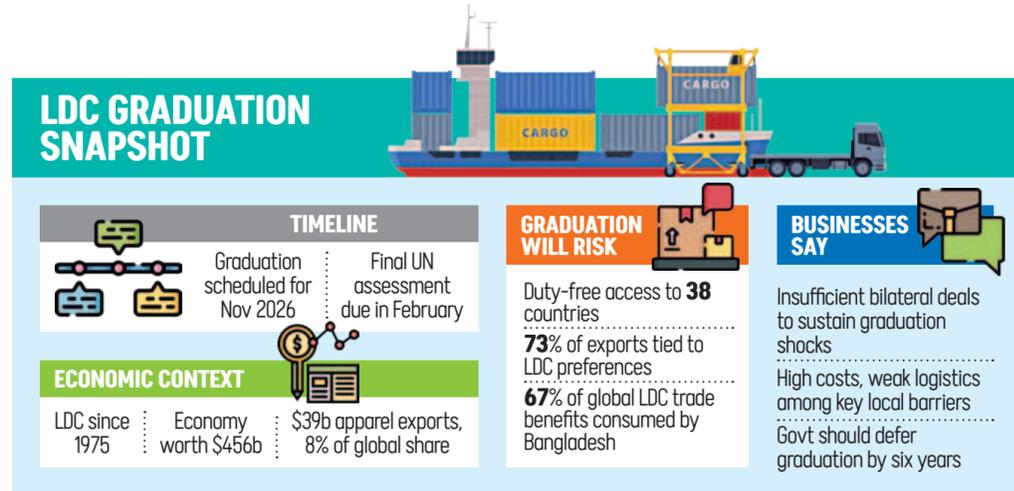
At the core of their concerns is the absence of trade agreements that would allow exporters to retain preferential market access once the country formally becomes a developing nation.

Business leaders also point to weaknesses at home, from infrastructure and logistics to limited product diversification and high production costs, all of which undermine competitiveness against regional peers.

Manufacturers say if the government presses ahead with graduation without adequate preparation, they may lose at least \$8 billion a year in overseas sales currently protected by preferential treatment.

The interim government has repeatedly said it will stick to the November 2026 graduation deadline. But in the face of widespread opposition, it invited a United Nations (UN) body to assess conditions on the ground.

The United Nations Committee for Development Policy (UNCDP) conducted its first assessment in November last year, gathering views from business leaders, policymakers and economists. A second round-up is scheduled for



February, the same month the next national election is due.

Now business leaders say they plan to approach the next government to seek a deferment of at least six years.

AT LEAST \$8B AT STAKE

Studies suggest Bangladesh could lose around 14 percent of its annual export earnings, equivalent to about \$8 billion, once it leaves the LDC group and

preferential access begins to fade. At present, exporters enjoy duty-free or preferential entry to 38 countries and several trade blocs. About 73 percent of national exports benefit from these facilities.

According to trade data, Bangladesh alone accounts for 67 percent of total LDC preference utilisation among the 46 countries in the group.

Economists say these advantages have been central to export growth over the past decades. Since joining the LDC category in 1975, Bangladesh has used preferential access to build a strong export base, especially in garments.

Last year, apparel exports reached \$39 billion, making Bangladesh the second-largest garment exporter after China with close to 8 percent of the global market. Meanwhile, the country's economy has grown into a \$456 billion market.

The risk, according to economists, is concentration. Unlike many countries that have graduated, Bangladesh is heavily reliant on a single export sector and a limited number of markets, leaving it more exposed to any sudden loss of trade privileges.

FEW TRADE DEALS SO FAR

To manage the graduation shock, the government last year adopted a Smooth Transition Strategy (STS). The strategy envisaged signing trade agreements with major partners to preserve market access after graduation.

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DITF kicks off

STAR BUSINESS REPORT

The 30th Dhaka International Trade Fair (DITF) opened yesterday, showcasing locally made products to both domestic and international buyers.

Commerce Adviser Sk Bashir Uddin inaugurated the month-long fair at the Bangladesh China Friendship Exhibition Centre in Rupganj, Narayanganj.

"The DITF is more than just an exhibition. It is a platform to promote innovation and develop entrepreneurship. It also highlights Bangladesh's commercial growth," Bashir Uddin said in a statement released by the commerce ministry after the inauguration.

Originally scheduled to start on January 1, the fair was postponed to January 3 following a three-day national mourning for the death of former prime minister and BNP Chairperson Khaleda Zia.

This year, polythene bags and single-use plastics are banned at the fair. Instead, eco-friendly shopping bags are being sold at discounted prices through the Ministry of Textiles and Jute.

Mohammad Hasan Arif, vice chairman of the Export Promotion Bureau (EPB), said the fair is jointly organised by the commerce ministry and the EPB.

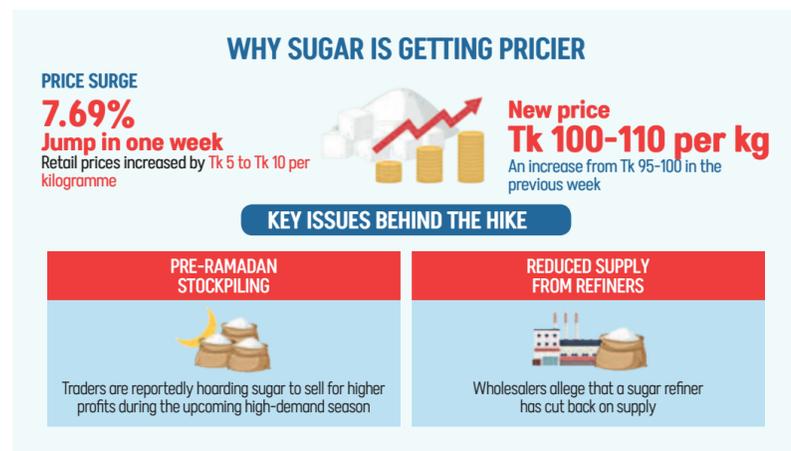
He added that alongside local companies, 11 out of 324 participating enterprises come from six other countries.

"As the largest international platform for showcasing products, the DITF helps promote Bangladesh and its goods. It also strengthens the supply chain," Arif said.

"The fair encourages development and innovation in the manufacturing sector by bringing together entrepreneurs and

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No major shortage, yet sugar prices rise ahead of Ramadan



SUKANTA HALDER and MOHAMMAD SUMAN

Retail sugar prices have risen by up to Tk 10 per kilogramme within a week, even though traders say there is no shortage of the sweetener – a pattern that recurs almost every year across several essential food items.

Some traders linked the recent price rise to stockpiling ahead of Ramadan, anticipating higher profits as demand for the popular sweetener usually surges during the month of fasting, which will begin in the third week of February.

People in the month prepare a variety of sweet iftar items and drinks to break their fast in the evening.

The price hike comes at a time when consumers are already facing high inflation, which has been hovering above 8 percent for at least three years.

In Dhaka, sugar sold at Tk 100 to Tk 110 per kg yesterday, up from Tk 95 to Tk 100 a week earlier, according to data from the state-run Trading Corporation of Bangladesh. This reflects a 7.69 percent increase over the week.

Tafsir Uddin, a grocery shop owner in Chattogram's Oxygen area, said traders are stockpiling sugar due to wholesale shortages and fears of supply disruptions, pushing up retail

prices. "Within a week, prices have increased by Tk 10 per kg," he added, alleging that sugar refiners have reduced supply ahead of Ramadan.

Shopkeepers also said that the price hike is due to tighter wholesale supply and stockpiling over concerns about availability ahead of Ramadan.

A market visit to Asadganj, Chaktai, Agrabad, and Pahartali confirmed the rising prices, although updated packaged sugar rates have not yet reached all shops.

At the wholesale level, a 50-kg sack now sells for Tk 4,950 to Tk 5,150, up Tk 180 to Tk 200 depending on the brand.

Abul Hashem, president of the Bangladesh Sugar Traders' Association, said the price hike is partly due to a temporary supply disruption.

"The market is facing a shortage because shipments from City Group have been delayed. The ship carrying their supply has not yet arrived, but is expected within a week. Once it does, the situation will stabilise, and prices will likely decrease," he said.

On wholesale prices, Hashem added, "A week ago, sugar was selling at around Tk 3,250 to Tk 3,280 per maund, but due to the supply shortage, it has now risen to Tk 3,370 to Tk 3,380."

Muzibur Rahman, head of accounts at Meghna Group of Industries, one

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NBR beats VAT registration target in Dec

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has surpassed its target for new VAT registrations in December, bringing 131,000 previously unregistered businesses under the VAT net through a special nationwide drive.

The registrations were made under a campaign conducted from December 10 to December 31, following the observance of VAT Day on December 10 and VAT Week from December 10 to 15, according to a press release.

This year's VAT Day theme was "Register on time, pay VAT correctly." As part of the initiative, the NBR had set a target to register 100,000 unregistered businesses across the country.

However, the drive exceeded expectations, with the country's 12 VAT commissionerates jointly registering 131,000 establishments within a single month.

Before launching the drive, Bangladesh had 644,000 VAT-registered entities, and now the number stands at 775,000.

Prior to the interim government assuming office, the number of registered entities was around 516,000.

VAT remains the single largest source of government revenue. Of the total revenue collected last year from customs duty, VAT, and income tax, VAT accounted for 38 percent.

Officials said expanding the VAT base is critical to boosting domestic resource mobilisation and reducing dependence on a relatively small pool of compliant taxpayers.

Construction slump likely to persist in 2026

SAYS INDUSTRY LEADERS, EXPERTS

JAGARAN CHAKMA

Bangladesh's construction sector is expected to remain under strain in 2026, extending a downturn that took hold over the past year amid weak public spending, subdued private investment and prolonged policy uncertainty, according to industry leaders and analysts.

After a turbulent year marked by sluggish project approvals, falling demand for construction materials and constrained development spending by the government, the slowdown has rippled through real estate, infrastructure and manufacturing-linked industries.

"The construction sector may continue to suffer in 2026, much like last year, due to persistent financial challenges," said Mir Nasir Hossain, managing director of Mir Akhter Hossain Ltd, one of the prominent construction companies in the country.

"The main issue is financial mobility," he said. "Unless interest rates on bank loans are reduced, doing business will remain extremely difficult. The new loan classification rule – under which loans are classified as non-performing after just three months – has added further pressure."

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He also pointed to broader industry issues, such as disruptions in gas supply, which have impacted operations. "We do have customers, but these kinds of complications continue to make things tough."

Regarding public sector projects, Hossain said their participation in government tenders has become uncertain due to unclear fund availability.

"We are currently working on foreign-funded projects, where processes are more structured. But even there, payment delays are causing cash flow problems," he added. The real estate sector, the most vital driver of construction activity, also ended the past year on a weak footing, with industry players expecting the downturn to carry into 2026.

"Overall business across the market has declined by at least 20 to 25 percent compared to last year," said M Hoque Faisal, director of sales and marketing at Tropical Homes Limited.

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The photo shows a production site of German carmaker Volkswagen in Dresden. Germany, Eurozone's largest economy, recorded the weakest performance among the eight nations monitored with the PMI reading hitting a 10-month low. PHOTO: AFP/FILE

Asia factory activity ends 2025 on firmer footing

Eurozone manufacturing sinks deeper into contraction

REUTERS, Bengaluru/Singapore

Euro zone manufacturing activity shrank further in December but Asia's factory powerhouses closed 2025 on a firmer footing backed by a rebound in export orders and growing demand for artificial intelligence, private surveys showed.

Factory activity in the common currency bloc slid into deeper contraction last month as production decreased for the first time in 10 months on further declines in new orders.

The HCOB Eurozone Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 48.8 in December from 49.6 in November. It was the lowest reading in nine months and below the 50 level that separates growth from contraction for the second straight month.

Surveys highlighted a broad-based decline in activity in the 20-nation euro zone. Germany, the bloc's largest economy, recorded the weakest performance among the eight nations monitored with the PMI reading hitting a 10-month low. Italy and Spain also slipped back into contraction territory.

"Demand for manufactured products

from the euro zone is slowing down again," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank. "Companies seem neither able nor willing to build momentum for the coming year, but are instead exercising caution, which is poison for the economy."

France provided a rare bright spot, with its manufacturing PMI jumping to a 42-month high.

In Britain, outside the European Union, activity grew at its fastest pace in 15 months in December, riding a recovery in demand after finance minister Rachel Reeves' budget provided some relief.

ASIA SHINES

Factory activity in the major tech-exporting economies of South Korea and Taiwan snapped months of declines in December, while most Southeast Asian nations maintained brisk growth.

They followed PMIs released for China on Tuesday, which also showed an unexpected turnaround in factory activity in the world's second-largest economy, helped by a pre-holiday surge in orders.

While it is too early to say whether Asia's largest exporters are adjusting to US tariffs, a pickup in global demand

has given some manufacturers cause for optimism heading into the new year.

US stocks finished mixed on the first trading day of 2026. The Dow rose two-thirds of one percent while the S&P 500 added two tenths, and the Nasdaq was little changed.

"Exports from most countries have surged in recent months, and we think the near-term outlook for Asia's export-oriented manufacturing sectors remains favourable," said Shivaan Tandon, Asia economist with Capital Economics.

He noted that most Asian economies should continue to benefit from a shift in US demand away from China and strong global demand for AI-related hardware.

Taiwan's PMI rose to 50.9 in December from 48.8 in November, breaking above the 50-point mark that separates growth from contraction for the first time in 10 months.

Similarly, South Korea's PMI rose to 50.1 from 49.4, the first expansionary reading since September on the steepest rise in new orders since November 2024.

Both economies are among the world's largest manufacturers of semiconductors, which have benefited enormously from a

booming market for artificial intelligence.

"According to manufacturers, new product launches and improved external demand drove the improvement in sales, while confidence in the outlook also improved markedly in December to reach its highest level since May 2022," said Usamah Bhatti, economist at S&P Global Market Intelligence.

"In turn, firms were encouraged to raise both employment levels and purchasing activity." Official data released on Thursday showed exports from South Korea, a bellwether for global trade, beat forecasts in December.

Elsewhere in Asia, factories mostly sustained activity growth although Indonesia and Vietnam reported slight moderations in expansion.

India's factory sector activity slowed to its weakest growth in two years, although the pace remains the region's strongest.

Separately, Singapore on Friday reported a pickup in economic growth for 2025 to 4.8 percent from 4.4 percent in 2024, while the quarterly growth beat forecasts.

S&P Global will release the Japanese PMI on Monday.

CES gadget fest a world stage for AI and its hype

AFP, San Francisco

Dreams about the vast potential of artificial intelligence will collide with cold, hard reality as the Consumer Electronics Show kicks off in Las Vegas on Tuesday.

Science fiction portrays AI as superintelligence that can operate faster and better than people can, and do it autonomously.

However, the technology for now is being put to work at very specialized tasks – in gadgets that translate languages during conversations, say, or monitor health symptoms, or provide information on people's surroundings through smart glasses.

Even AI being built into humanoid robots remains a work in progress, with human tele-operators overseeing their operation remotely.

"The gap between AI technology hype and customer experience expectations will widen at CES 2026," predicted Forrester principal analyst Thomas Husson.

"If software and AI models move at the speed of light, energy and hardware move at the speed of physics."

Nonetheless, he expects CES to feature an array of "AI-powered smart everything devices" for consumers, including televisions, home appliances, personal computers, vehicles, and wearables such as rings that monitor health.

The gap between AI technology hype and customer experience expectations will widen at CES 2026

Analysts expect the annual trade event, which drew more than 142,000 attendees last year, to be a sprawling affair with vendors pitching products from humanoid robots and exoskeletons to AI-infused toys and huge autonomous mining vehicles.

With thousands of exhibitors, the week-long gathering includes connected cars, heavy equipment and AI shows. Demos, presentations and meetings will take place in a massive convention center as well as ballrooms and suites throughout the city.

"There's no question that some of it is going to be AI washing," Techspontential analyst Avi Greengart said of hype expected at CES.

"But we will also see genuinely useful features driven by advances in machine learning that provide new capabilities into a range of products, everything from phones to TVs to wearables to digital health to cars."

Smart glasses, like those from Meta in a partnership with Ray-Ban, will likely kick-start an AI wearables race with some 10 percent of consumers trying them by the end of this year, according to Husson.

Greengart said he expects an emphasis on personal computers because of a rivalry among Intel, AMD, and Qualcomm to produce chips that provide lots of AI capability while trimming power use to extend battery life.

Greengart cautioned that there is a "huge cloud hanging over the PC industry" due to soaring prices for computing and memory chips.

With chip makers focused on serving needs of AI data centers, supplies of basic building blocks for laptops or gaming consoles have dwindled as prices have soared, according to Greengart.

Tesla cedes EV crown

FROM PAGE B4

The automotive juggernaut has come to dominate China's highly competitive market for new energy vehicles, a term used to describe various vehicles from fully electric ones to plug-in hybrids. China is the world's largest market for new energy vehicles.

BYD is now looking to expand its presence overseas, as increasingly price-wary consumption patterns in China weigh on profitability.

While BYD and other Chinese EV producers come up against hefty tariffs in the United States, the company's success is picking up in Southeast Asia, the Middle East and in Europe.

Tesla only narrowly beat BYD in annual EV sales in 2024, with the US company's 1.79 million outpacing the latter's 1.76 million.

Tesla shares closed 2.6 percent down in New York on Friday.

Analysts at Wedbush Securities noted that Tesla's quarterly sales figure remained better than some had speculated.

They flagged that the company faces a "more difficult demand environment following the end of the EV tax credit while Europe remains a headwind to its deliveries."

The company still sees challenges obtaining certain regulatory approval in Europe – relating to self-driving technology – with sales potentially rebounding once the regulatory hurdles are cleared.

"Sales around smaller and emerging markets have started to see larger growth metrics than expectations which look to offset the declines in key regions like China and Europe," Wedbush analysts said.

Precious metals rise

FROM PAGE B4

"Technically, February gold futures bulls' next upside price objective is to produce a close above solid resistance at the contract/record high of \$4,584," Jim Wyckoff, senior analyst at Kitco Metals said in a note.

Elsewhere, physical gold traded at a premium in India and China for the first time in about two months.

Spot silver advanced 0.7 percent to \$71.77/oz, after hitting an all-time high of \$83.62 on Monday. Platinum jumped 3.5 percent to \$2,125.80/oz, after rising to

an all-time high of \$2,478.50, also on Monday.

Both metals outperformed gold in 2025, with silver rising over 147 percent, driven by its designation as a critical US mineral, supply shortages, and low inventories when industrial and investment demand was strong. Platinum rose 127 percent last year.

Palladium gained nearly 2 percent to \$1,636.43 per ounce, after closing the previous year up 76 percent, its biggest gain in 15 years.

Akij Resource launches South Asia Travel and Hajj Service

STAR BUSINESS DESK

Akij Resource has launched a new business unit, named "South Asia Travel and Hajj Service", to provide reliable, transparent and quality hajj and umrah services for pilgrims.

Sheikh Jasim Uddin, managing director of Akij Resource, inaugurated the new business unit as the chief guest at Nayapaltan in Dhaka recently, according to a press release.

Addressing the occasion, Jasim Uddin said organising hajj and umrah is a highly sensitive and sacred service sector, where quality of service, transparency and credibility are of utmost importance.

"We have decided to enter this sector after noticing a long-standing lack of quality and transparent services in the hajj and umrah industry. South Asia Travel and Hajj Service will reflect the trust and professionalism with which

Akij Resource has been conducting its business," he said.

"We want those who are going to perform hajj and umrah to receive safe, orderly and uninterrupted services," he added.

The service will offer group and customised hajj and umrah packages, visa processing, air ticketing, hotel bookings in Mecca and Madinah, local transport, guide assistance, real time customer support, and training sessions for pilgrims.

Abu Ammar Abdulla, head of business of South Asia Travel and Hajj Service; Mohammad Towfique Hasan, chief business development officer of Akij Resource; Mohammed Afsar Uddin, chief people officer; and Sohanur Rahman Sohan, deputy chief operating officer, along with senior officials from various business units of Akij Resource, were also present.



Sheikh Jasim Uddin, managing director of Akij Resource, inaugurates the new business unit, named "South Asia Travel and Hajj Service", at Nayapaltan in Dhaka recently. PHOTO: AKIJ RESOURCE

bKash opens corporate doors to students thru 'bHive'



Ferdous Yusuf, chief human resources officer of bKash, poses for a group photograph with participants of a career development programme, titled "bHive", in Dhaka recently. PHOTO: BKASH

STAR BUSINESS DESK

bKash, the country's leading mobile financial service (MFS) provider, has launched a career development initiative, titled "bHive" to connect university students with the corporate environment while they are still pursuing their studies.

As part of the initiative, the MFS provider recently organised a programme in which around 180 students from 18 leading public and private universities took part in subject-based sessions, office tours and interactive discussions with senior officials of bKash.

According to a press release, the four-day event was divided into four segments, allowing participants to closely observe and gain insights into the operations of the country's leading fintech company. Maisha Mahviyat Nawly, a student of

the Institute of Business Administration at the University of Dhaka, said the programme helped her understand how a corporate office functions, how projects are developed and how they are implemented.

"Now I have a much clearer idea of how to prepare myself for the career I want to pursue," she said.

Ferdous Yusuf, chief human resources officer of bKash, said one of the biggest challenges in the rapidly evolving fintech sector is developing skilled talent aligned with innovative technologies.

"bKash has been investing in building future-ready professionals. Alongside our existing programmes such as bNext, GenNext Leader, b-ACE and bTechWhiz, bHive aims to inspire university students to envision their careers early and prepare accordingly," he added.



NBR introduced a separate licensing framework for shipping agents, saying such reforms will ease export-import activities.

PHOTO: STAR/FILE

Shipping agents get separate licensing framework

STAFF CORRESPONDENT, Ctg

The National Board of Revenue (NBR) has, for the first time, issued a separate licensing framework for the shipping trade.

The Shipping Agent Licensing Regulations 2025 were issued through a gazette notification on December 30 of the just-concluded year.

Previously, shipping agents operated under the Customs Agent Licensing Regulations 2020, creating complexities as clearing and forwarding agents and shipping agents were governed by the same rules.

Under the new regulations, a shipping agent licence issued from one customs station will be valid for operations at any seaport or river port across the country.

The NBR also said prior board approval will no longer be required to determine the number of licences, enabling faster issuance.

Khairul Alam Sujjan, vice-president of the Bangladesh Freight Forwarders Association (BAFFA), said the regulations recognise shipping as an independent national commercial sector.

He added that key reforms include scrapping written and viva examinations and ensuring licence issuance within 30 working days if all documents are in order.

In a press release, the NBR said the move aims to ensure competition, transparency and accountability in issuing shipping agent licences from customs stations adjacent to seaports and river ports.

The NBR said the reforms would help promote an investment-friendly environment and ease import-export activities.

Ensure political stability to safeguard economic recovery

Dhaka chamber urges govt, parties ahead of polls

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry (DCCI) has urged political stability, policy continuity, and timely economic measures to safeguard Bangladesh's economic recovery in 2026 amid challenges posed by the upcoming national elections.

In a statement released yesterday, DCCI called on the interim government, political parties, and all stakeholders to ensure a peaceful, inclusive, and credible electoral process, stressing that political stability is critical for sustaining investor confidence and long-term growth.

"A stable political environment before and after the election will strengthen the confidence of local entrepreneurs and foreign investors," said DCCI.

To accelerate the pace of economic recovery, DCCI recommended improvements in law and order, uninterrupted and affordable energy supply to industries, enhanced ease of doing business, and a reduction in the overall cost of doing business.

It also urged infrastructure upgrades and sound policy frameworks to attract both domestic and foreign investment.

Highlighting the persistent energy crisis and high power costs, DCCI cautioned about continued disruption in manufacturing and export competitiveness.

The chamber reiterated its call for a long-term, predictable energy pricing policy, along with intensified gas exploration, diversification of energy sources, and long-term supply agreements.

Amid pressure on foreign exchange reserves and currency depreciation, DCCI proposed considering currency swap arrangements for essential import payments and strengthening incentives for remittance inflows to stabilise the reserves.

The chamber also raised concerns over excessive government borrowing from the banking sector, cautioning that it could crowd out private sector credit for MSMEs (Cottage, Micro, Small and Medium Enterprises), ultimately constraining investment

and job creation. To ease liquidity pressure and enhance financial sector resilience, DCCI recommended fiscal discipline, improved project execution, reduced reliance on bank borrowing, and stronger governance.

It further emphasised the need for full automation of revenue collection, modernisation of tax laws, broadening of the tax base, and prevention of taxpayer harassment.

As Bangladesh continues its transition from least developed country status, DCCI underscored the urgency of comprehensive economic preparedness.

It called for fast-tracking free trade agreements with key global and regional partners to expand market access and mitigate tariff-related risks.

The chamber identified export diversification, resilient industrial manufacturing, development of local industries, modern infrastructure, skilled human capital, technology adoption, backward linkage expansion, and rational tax-tariff reforms as critical drivers of growth in the post-LDC era.

Munir Hossain, Ahsan Habib elected CMJF president, secretary



Md Munir Hossain



Ahsan Habib

STAR BUSINESS REPORT

Md Munir Hossain, special correspondent of the Daily Jugantor, has been elected president of the Capital Market Journalists' Forum (CMJF), while Ahsan Habib, senior reporter of The Daily Star, has been elected general secretary for a two-year term (2026-27).

The new leadership was elected at the organisation's biennial general meeting held on January 2 at the CMJF office in Dhaka.

After the election, Chief Election Commissioner Nasir Uddin Chowdhury announced the results.

Other members of the election commission were Mainul Hasan Sohel, Shahnaz Sharmin Rinvi, and Abu Ali.

For the 2026-27 term, Babul Barman, senior reporter of The Financial Express, was re-elected vice-president, while Tahidul Islam Rana, senior reporter of Independent Television, was elected joint general secretary.

Mahfuzul Islam was elected finance secretary, and senior reporter Obaidur Rahman was elected office secretary.

Five members were elected to the executive committee: Alamgir Hossain, Md Sajjad Hosain, Sushanto Sinha, Mostafizur Rahman, and SM Zakir Hossain.

German exporters face slump in key markets

REUTERS, Berlin

German exporters should prepare for continued weakness in 2026 in their two largest markets, the United States and China, with little prospect of recovery, the BGA trade association said on Friday.

"We do not see a turnaround, but at best a brief respite," said BGA president Dirk Jandura.

Exports to the US are projected to have fallen more than 7 percent to just under 150 billion euros (\$156 billion) in 2025, while exports to China have contracted even more sharply, dropping 10 percent to 81 billion euros, GTAI figures show.

US tariffs on EU goods have acted like "sand in the gears of transatlantic trade", Jandura said, adding they created a permanent additional burden on margins for German exporters.

Germany also faces structural headwinds, including a comparatively strong euro, high energy costs, excessive bureaucracy and weak investment, the BGA chief said. In China, industrial policies favouring domestic producers have eroded demand for German goods, particularly in automotive, mechanical engineering and chemicals sectors where Chinese competitors are gaining ground.

Businesses underprepared Construction slump

FROM PAGE B1

But the progress has been slow so far. Till January this year, Bangladesh has signed just one preferential trade agreement (FTA) with Bhutan, effective since 2022.

Negotiations with Japan on an Economic Partnership Agreement (EPA) were completed in December last year. Commerce Adviser Sk Bashir Uddin said the deal with the island nation is expected to take effect by the end of January.

Talks with other key partners and blocs, including the European Union (EU), South Korea, the United Arab Emirates, Indonesia, RCEP and Asean, continue with no clear timelines.

At home, businesses say conditions have worsened rather than improved. Bureaucratic delays, policy uncertainty and infrastructure bottlenecks continue to push up overhead costs and weaken competitiveness.

Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said the government does not have a clear roadmap for graduation.

"The interim government did not sit with businessmen and did not prepare any concrete plan for the post-LDC period," he said.

HOME FRONT WEAK TOO

Last year, leaders of 16 major trade bodies and chambers wrote to Chief Adviser Professor Muhammad Yunus, urging the interim government to seek a deferment of at least six years.

They cited a long list of pressures, including high interest rates, stress in the financial sector, gas shortages, rising energy prices, limited industrial land and inadequate workforce skills.

Business leaders argue that pressing ahead without proper groundwork would be a costly error.

"The decision on LDC graduation should not be whimsical. It must be based on detailed studies,"

said Anwar-ul Alam Chowdhury (Parvez), president of the Bangladesh Chamber of Industries (BCI) and a former BGMEA president.

Showkat Aziz Russell, president of the Bangladesh Textile Mills Association (BTMA), said primary textile producers are already struggling under higher production costs. "Gas prices were raised locally although international prices fell, which hit production hard," he said.

He added that recent improvements in foreign exchange reserves and remittance inflows do not yet point to economic stability. "Graduating in such a situation would not reflect wisdom," he said.

Some economists echo these concerns.

Mohammad Abdur Razzaque, chairman of local think tank Research and Policy Integration for Development (RAPID), said the level of overall preparation is inadequate given the limited time left.

"Bangladesh must identify a small number of top priorities that can realistically be addressed within the next six months," said the economist.

Those priorities, according to him, include reducing the cost of doing business, improving law and order, streamlining customs procedures and stepping up engagement with the European Union to secure GSP Plus status after graduation.

Razzaque said that while deferment remains an option, the looming election and political transition make decisions more complex.

Even so, he said graduation could still serve as a policy anchor if used to accelerate long delayed reforms.

Anisuzzaman Chowdhury, special assistant to the chief adviser of the interim government, said progress should be viewed in relative terms, as there is no single benchmark.

He said the government has identified 12 priority export sectors beyond garments and is working to improve compliance and the broader business environment.

FROM PAGE B1

He attributed the contraction largely to prolonged uncertainty surrounding planning regulations, particularly the Detailed Area Plan (DAP) and floor area ratio (FAR) rules.

"Due to indecision on these issues, fewer land signings have taken place, and approvals for new projects have significantly decreased," he added. "As a result, developers have been cautious, and new areas have not opened up for development."

Political uncertainty ahead of national elections has further dampened sentiment. Buyers and investors, Faisal noted, have largely adopted a wait-and-see approach, delaying purchase decisions amid questions about the future policy direction.

The slowdown in construction and real estate has led directly into weaker demand for building materials.

With few new projects being launched by either private developers or the government, demand for key inputs such as steel rods and cement has dropped sharply.

"From my perspective, the construction materials sector may have seen an even sharper decline, possibly around 30 percent," said Faisal.

Project approvals have also fallen well below historical norms. According to Faisal, in a typical year, the real estate sector records between 1,000 and 1,500 new project approvals. "This year, approvals are likely to be limited to 300 to 500, a third of what we'd normally expect."

Economists warn that the prolonged weakness in construction is already weighing on broader economic performance.

"The construction sector has remained sluggish for over a year, with a noticeable adverse impact on GDP growth and employment," said M Masrur Reaz, chairman and chief executive officer of Policy Exchange of Bangladesh.

High inflation, he said, has eroded purchasing power and constrained spending on capital-intensive activities, while a slowdown in private sector credit growth has curtailed investment.

Public spending has offered limited support, he also noted. The Annual Development

Programme (ADP) implementation fell to its lowest level in at least 15 years in the first five months of the ongoing fiscal year, as the interim government has taken a cautious approach to expenditure.

"All of these factors combined have led to a significant slowdown in the construction sector over the past year," Reaz said.

Downstream industries are also feeling the effects.

The ceramic sector, which is heavily dependent on construction and real estate demand, is unlikely to see a rebound before political and economic stability improves, said Irfan Uddin, general secretary of the Bangladesh Ceramic Manufacturers and Exporters Association.

"The ceramic industry depends heavily on real estate and development, and the lack of momentum in these areas continues to have a serious impact," he said.

Demand for tiles, sanitaryware and tableware has declined sharply and may remain weak well into 2026 if construction activity fails to pick up, he added.

No major shortage

FROM PAGE B1 of the country's largest commodity importers and processors, disagreed that there is a supply shortage.

"Imports are proceeding normally, and there is no disruption in supply, but stockpiling has temporarily pushed prices higher. The market has enough sugar for the next two to two and a half months," he said.

Reporters tried to contact Biswajit Saha, director of corporate and regulatory affairs at City Group, but he was unavailable for comment.

Bangladesh consumes 20 to 22 lakh tonnes of sugar annually, with about 3 lakh tonnes used during Ramadan. The country meets nearly 98 percent of its sugar demand through imports, as domestic production remains limited.

Meanwhile, the Consumers Association of Bangladesh, in a press release yesterday, condemned sudden sugar price hikes, blaming artificial shortages and market syndicates for the surge.

Dollar starts 2026 firmer

REUTERS, New York

The US dollar began 2026 stronger on Friday, snapping last year's slump against most currencies as investors look ahead to a critical week of economic data that could steer Federal Reserve policy and global markets.

The rebound follows the sharpest annual decline since 2017 of more than 9 percent, driven by narrowing interest-rate gaps with other economies and persistent worries over US fiscal health, a global trade war and Fed independence — risks that remain in play this year.

Next week's data deluge, capped by next Friday's payrolls report, is expected to offer clues on whether the Fed will cut rates further, with markets already pricing in two reductions versus one projected by a divided central bank.

"It's going to be a time to actually do a lot of assessment, we won't have the Fed meeting until the end of the month, but there's no consensus," said Juan Perez, director of trading at Monex USA in Washington.

DITF kicks off

FROM PAGE B1

businessmen from home and abroad," he added.

Bashir Uddin said Bangladesh is now an important partner in global trade. "The main goal of the International Trade Fair is to achieve sustainable economic growth by developing and diversifying export products," he added.

He also highlighted that the DITF helps access new international markets, strengthen trade links, promote economic diplomacy, expand international cooperation, improve the country's image, and attract foreign investment.

"This past US government shutdown was unprecedented and inconceivably long, so it really affected the way that data has been taken, has been interpreted, and has been able to really be gauged or taken as fully accurate."

Markets in Japan and China were closed on Friday, leading to thin trading volume.

The dollar index, which measures the greenback against a basket of currencies, rose 0.24 percent to 98.48, with the euro down 0.25 percent at \$1.1716.

Euro zone manufacturing activity fell in December to its weakest in nine months, a survey showed. The currency surged more than 13 percent last year, its biggest annual rise since 2017.

Sterling weakened 0.18 percent to \$1.3445 following a 7.7 percent increase in 2025, also its biggest yearly jump since 2017.

Investors will also be eyeing whom US President Donald Trump chooses to be the next Fed chair as the term of current head Jerome Powell ends in May.

The commerce adviser said the government identifies certain sectors as the 'Highest Priority Sector' and 'Special Priority Sector' based on their contribution to the economy.

"To further boost exports and promotion, one product is selected each year as the 'Product of the Year.' This year, I am declaring 'Paper and Packaging Products' as the 'Product of the Year' for 2026," he added.

Special guests at the fair included Mahbubur Rahman, secretary of the commerce ministry, and Md Abdur Rahim Khan, administrator of The Federation of Bangladesh Chambers of Commerce & Industry.



Tapash Pramanik

Jute sector losing edge due to high costs, old technology

Says chairman of jute spinners' association

SUKANTA HALDER

Bangladesh's jute industry is losing global competitiveness as outdated machinery, low productivity and high energy costs keep production expensive, while rival countries have modernised and achieved better cost efficiency, said Bangladesh Jute Spinners' Association (BJSJA) Chairman Tapash Pramanik.

Speaking to The Daily Star in a recent interview, he said the sector remains heavily dependent on traditional products such as yarn, hessian and sacks, even as global demand has shifted towards diversified, value-added and blended eco-friendly goods.

"Bangladesh has lagged in research and development, design development and the commercialisation of new jute-based products," he noted.

Jute used to be one of the most prominent products of this region. Its high economic value and importance as a cash crop once earned it the moniker of the "golden fibre". But over the decades, it has lost its glory.

"The sector is largely treated as a legacy industry to be protected, not as a modern agro-industrial value chain to be rebuilt," Pramanik said.

Noting that the sector has environmental advantages, he said it has nevertheless failed to regain its former prominence due to structural, policy-driven and market-oriented challenges, while most government initiatives have been fragmented rather than transformative.

He pointed out the stark difference in policy support for the readymade garments (RMG) industry, the current crown jewel of Bangladesh's export economy, and the jute industry.

He pointed out that RMG benefited from predictable incentives, modern machinery, high productivity, export-focused strategies, access to low-cost finance and continuous R&D, enabling rapid global integration and higher margins.

In contrast, he said the jute sector remained dependent on bulk, low-value products, suffered from outdated technology, financial constraints, weak institutional support and limited innovation, leaving it stagnant in exports and unable to capture emerging global opportunities.

Policy failures played the most decisive role in holding back the sector, according to the BJSJA chairman. "Weak and inconsistent policies discouraged long-term investment in modernisation and reinforced both technological stagnation and managerial inefficiency."

He also identified limited financial incentives and poor enforcement of laws,

such as mandatory jute packaging, which undermined market confidence and demand.

State dominance without meaningful reform also allowed inefficient public sector mills to continue operating without accountability, he added.

At present, according to Pramanik, the most serious concern for the sector is high production costs, driven by obsolete machinery, low labour productivity, high energy prices and expensive financing. "These factors make jute products less competitive than synthetic alternatives and other natural fibres."

Limited access to affordable finance has further restricted modernisation, as

The government, he said, should provide stable, long-term policy support by recognising jute as a strategic export sector and strictly enforcing existing jute laws to stabilise domestic and export demand.

It should also offer affordable financing through low-interest working capital facilities and technology upgradation funds, while reforming sector institutions to improve accountability and ensure industry-oriented research and development (R&D).

Support for product diversification, quality certification and international branding, backed by active trade diplomacy, is equally essential, he also

Pramanik, also the managing director of Teamex Jute Mills Ltd.

Financial reforms are also needed to treat jute as a priority export industry, offering single-digit interest loans and export-linked credit facilities.

Strengthening applied R&D, certification, and product innovation will help capture premium markets, he added.

"Proactive trade diplomacy and global branding of 'Bangladeshi Jute' as a sustainable product are necessary to expand markets and improve pricing power," Pramanik said.

Climate change poses an additional risk by affecting jute yields, fibre quality and cultivable areas.

TAKEAWAYS FROM INTERVIEW

Bangladeshi jute's edge

Abundant supply of high-quality raw jute

Cost-competitive labour compared to peers

Naturally biodegradable, eco-friendly fibre

Long history and skilled labour base



Weaknesses

Old machinery, low productivity

High energy and financing costs

Dependence on low-value, traditional products

Weak product diversification and innovation

Inconsistent policy support

What needs to change

Technology upgrade, productivity reset

Financing for modernisation

Shift to value-added, diversified products

Stronger R&D

Consistent policy support

mills struggle to secure low-interest, long-term loans.

Technological stagnation remains widespread, resulting in low efficiency, high wastage and inconsistent quality, he added.

Weak product diversification is another major challenge.

Despite growing global demand for diversified and lifestyle-oriented jute products, exports remain dominated by traditional, low-value items.

"Inconsistent policy support and weak enforcement create uncertainty for investors and exporters," Pramanik said.

Quality control issues, logistics bottlenecks, and the absence of strong global branding and effective trade diplomacy continue to erode Bangladesh's position in the international jute market, he added.

To overcome these challenges, Pramanik said the sector requires a coordinated approach in which the government acts as an enabler while private enterprises function as market drivers.

Private enterprises, on the other hand, should prioritise modernising production, improving efficiency and shifting away from low-value commodity exports.

He added that effective public-private coordination through a joint sector platform is necessary to align policy, finance and market strategies for sustainable transformation.

For more than a decade, export earnings from jute and jute goods have stagnated between \$900 million and \$1 billion.

Breaking this deadlock, Pramanik said, will require deep structural reforms rather than short-term incentives.

The sector must move from volume-based, low-margin exports to value-based, diversified products with higher unit returns, he said.

A sector-wide technology and productivity reset is a must, including the creation of a dedicated jute technology upgradation fund and the phased replacement of obsolete machinery, said

Addressing this will require climate-resilient jute varieties, improved agronomic practices, diversified cultivation zones and crop insurance, Pramanik said.

Looking ahead, Pramanik said the industry should adopt an export-led strategy, engage directly with global buyers, ensure compliance, professionalise management and invest in innovation and R&D.

Key opportunities include eco-friendly packaging, partnerships with global brands for certified jute bags and wraps, lifestyle and home décor products such as rugs, mats and furniture, and technical textiles including geotextiles and automotive composites.

Agricultural and environmental applications, such as erosion control mats, also offer potential demand from NGOs and government projects, he said.

Bangladesh's strengths in the global jute market include abundant high-quality raw jute, an established production base, low-cost labour and a strong sustainability image.

An economic miracle in 2026 is unlikely

MAMUN RASHID

Bangladesh's economy showed signs of consolidation in 2025. Market liquidity, especially foreign currency liquidity, improved significantly, driven by a rise in wage earners' remittances, a moderate increase in exports, and higher foreign aid disbursement. Inflation, however, continued to remain stubbornly high. The Bangladesh Bank had limited room to act, as the government relied heavily on high-cost borrowing from the banking sector. At the same time, debt defaults continued to weaken banks' ability to extend fresh credit.

High interest rates discouraged even capable entrepreneurs from pursuing new investments. Large banks found a "safe haven" in high-yield government treasury bonds rather than extending new loans to the private sector.

The interim government largely opted to maintain the status quo in public financial management. As a result, no new model emerged for budget allocation, social safety net management, or broader fiscal policy. Long-pending revenue reforms were pushed forward under IMF pressure, but deeper restructuring faltered due to legacy constraints within the civil bureaucracy. Some directional steps were visible from the central bank, yet tangible results will take years. These include identifying the holes created by bad loans and capital flight in large bank balance sheets, recovering siphoned-off funds, recapitalising major banks, and realising the benefits of Islamic banks' merger.

As a result, we can only be cautious about expectations for 2026. Development partners and the investment community have pinned high hopes on the national election scheduled for February, expecting political clarity to restore confidence among entrepreneurs and investors.

Many believe this could open the door to higher job creation and stronger growth.

Inflationary pressure is also expected to ease. Analysts point to softer global food and energy prices, along with gradual domestic stabilisation. Still, a full economic turnaround will take time, as any new government will need months to design and implement effective policies.

Much will depend on the direction the new leadership chooses and who ultimately drives decision-making. Ironically, even with a new government, limited change may occur unless the country abandons its age-old approach to economic management. Some relief is likely from improvements in the balance of payments and foreign exchange reserves.

The financial sector endured a difficult 2025, weighed down by rising non-performing loans. The merger of five troubled banks, though not yet visible in outcomes, is expected to create a stronger foundation for lending and financial stability in 2026.

Ongoing reforms are still very weak, but combined with the stability of a five-year policy horizon, they could give businesses greater confidence to invest. Higher investment following an inclusive and fair election would support employment, purchasing power, and overall growth.

Given the role of multiple stakeholders in Bangladesh's economic journey, the new government should engage more actively with global investors, trade partners, and development agencies. This requires political stability and peace in production belts. A conducive law and order situation is non-negotiable. Lower energy and food prices, alongside resilient global supply chains, could further support growth, provided no major disruptions emerge.

Several challenges from 2025 are likely to spill into the new year. Investment remains sluggish, and the pressure to create decent jobs for young people continues. In an emerging economy like Bangladesh, inflation must be managed carefully through market oversight and supply-side measures. Rising debt repayments call for stronger domestic revenue mobilisation through tax digitisation, capacity building, a firm stance against corruption, reduced VAT leakages, and expanded income tax collection. Close monitoring of the exchange rate is also essential.

Export growth has slowed in recent months, highlighting the need to lower the cost of doing business, improve turnaround times, and better management of industrial zones.

While diversification of products and markets has long been discussed, progress remains limited. As Bangladesh prepares to graduate from the LDC category this year, these measures will demand sharper focus and decisive action.

The writer is an economic analyst and chairman at Financial Excellence Ltd

Tesla cedes EV crown to China's BYD as sales slip

AFP, Washington

Tesla's sales fell in 2025, the company reported Friday, ceding its position as the world's biggest electric vehicle maker for the year to Chinese auto giant BYD.

The American company led by Elon Musk logged 418,227 deliveries in the final three months of the year, taking its full-year sales figure to around 1.64 million EVs.

This marked a drop in sales of more than eight percent compared with 2024.

A day prior, BYD said that it sold 2.26 million EVs last year.

Analysts had expected Tesla's sales in the final quarter to slow less, to 449,000, according to a FactSet consensus.

The pullback comes amid the elimination of a \$7,500 US tax credit at the end of September 2025, with industry watchers noting it will take time for EV demand to rebalance.

But even before then, Tesla had seen sales struggle in key markets over CEO Musk's political support of US President Donald Trump and other far-right politicians.

Tesla has also been grappling with rising competition from BYD and other Chinese companies, and from European giants.

Shenzhen-based BYD, which also produces hybrid cars, unveiled record EV sales in the past year on Thursday.

Known as "Biyadi" in Chinese – or by the English slogan "Build Your Dreams" – BYD was founded in 1995 and originally specialised in battery manufacturing.

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US battery autonomy will upend EV hierarchy

REUTERS, Hong Kong

In 2026, US battery supply will outstrip demand, ending dependency on imports. Former President Joe Biden's policies set the changes in motion, and successor Donald Trump may take the credit. But the real winners are Korea's LG Energy Solution, Samsung SDI and SK On, who will be better able to take on China.

US demand for lithium-ion batteries, used to power cars and store energy, has been accelerating, but domestic supply failed to keep pace: consequently, for storage alone, the country has imported more than \$100 billion in batteries and components since 2021, according to S&P Global, roughly half of which came from China. Increasing reliance on the People's Republic – total lithium-ion battery shipments grew 15-fold in the decade to 2024, per International Trade Centre data – worried policymakers.

Biden's 2022 Inflation Reduction Act flipped the script. The scheme awarded generous credits for local investment and production, slashing battery-making costs by 30 percent, the Center on Global Energy Policy estimates. Setting up factories was especially enticing for Korean giants, since Chinese rivals, including the world's largest battery maker Contemporary Amperex Technology, were effectively excluded. Now, the country could see an oversupply of lithium-ion batteries as soon as 2026, per Benchmark Minerals forecasts.

South Korean producers have invested some \$20 billion to build out capacity, per S&P, and will account for more than two-fifths of the growth in production between 2025 and 2029, Benchmark Minerals estimated in 2024. The US was LGES's largest market by sales in the first



An employee works at a company manufacturing lithium batteries in Huaibei, China. The United States imported more than \$100 billion in batteries and components since 2021, roughly half of which came from China. PHOTO: AFP/FILE

half of 2025, and SK On expects to have more than doubled its capacity there in that year, compared with 2024.

That's feeding through to earnings. LGES and Samsung will turn a 2025 loss to a 2026 net profit of \$700 million and nearly \$400 million, respectively, according to Visible Alpha. SK Innovation's battery subsidiary SK On needs longer to reach profitability, but revenue will increase around 50 percent in the year ahead, Jefferies estimates. While Trump terminated electric car subsidies in September, the energy storage market is growing quickly due to demand from AI data centres, and manufacturers are retooling production to cater to the latter.

There are other perks. Higher overall sales drive economies of scale in sourcing and also research. That, coupled with the lack of Chinese competition, has helped the Koreans play catch-up in commercialising lithium ferrous phosphate chemistry, a cheap and long-lasting kind of battery in which China's players until recently boasted a global monopoly. LGES is now producing LFP products in the US while Samsung begins production in 2026, and SK On is in discussions with automakers. The US is also a good testing ground for alternatives like lithium manganese-rich cells. That will help the three in other major markets like Europe.

Precious metals rise early in 2026 on rate cut bets

REUTERS

Precious metals began the first trading session of the New Year by building on the major gains of 2025 as geopolitical tension and expectations of US rate cuts keep demand for gold high.

Spot gold was steady at \$4,313.29 per ounce, as of 01:46 p.m. ET, (1846 GMT), after rising as high as \$4,402.06 earlier in the session. Bullion hit a record high of \$4,549.71/oz on December 26, and logged a 64 percent rise in 2025.

US gold futures for February delivery settled 0.3 percent lower at \$4,329.6/oz.

"We are continuing to see the market talk about cuts in March and maybe another cut later this year... that combination with significant talk about markets potentially being at risk with tariffs and continued US debt are all kind of moving gold, silver, platinum, and palladium higher," said Bart Melek, global head of commodity strategy at TD Securities.

GOLD HAS GREATER INVESTMENT APPEAL WHEN RATES FALL

Markets anticipate at least two quarter-point Fed rate cuts, making non-yielding gold more attractive to investors.

Gold, a traditional safe-haven asset, was also supported by news of unrest in Iran and the absence so far of a Russia-Ukraine peace deal, as well as issues surrounding Gaza.

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