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Star BUSINESS

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.

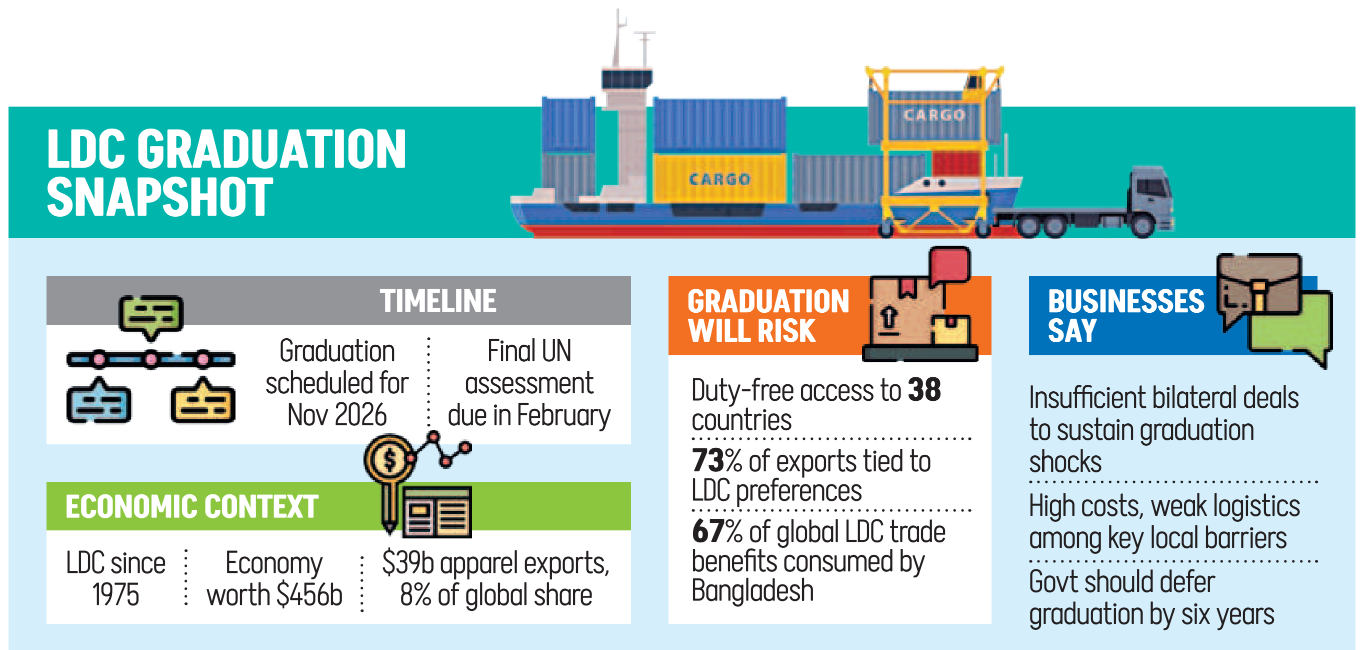
At the core of their concerns is the absence of trade agreements that would allow exporters to retain preferential market access once the country formally becomes a developing nation.

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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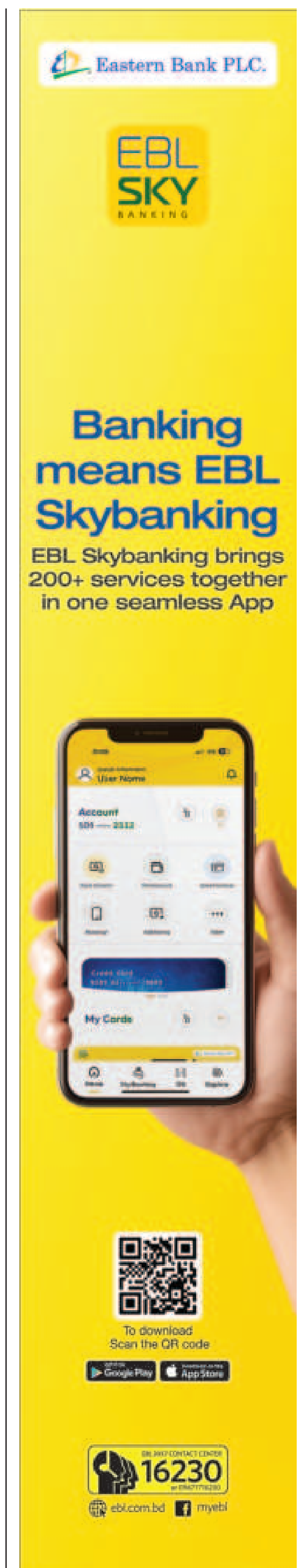

DITF kicks off

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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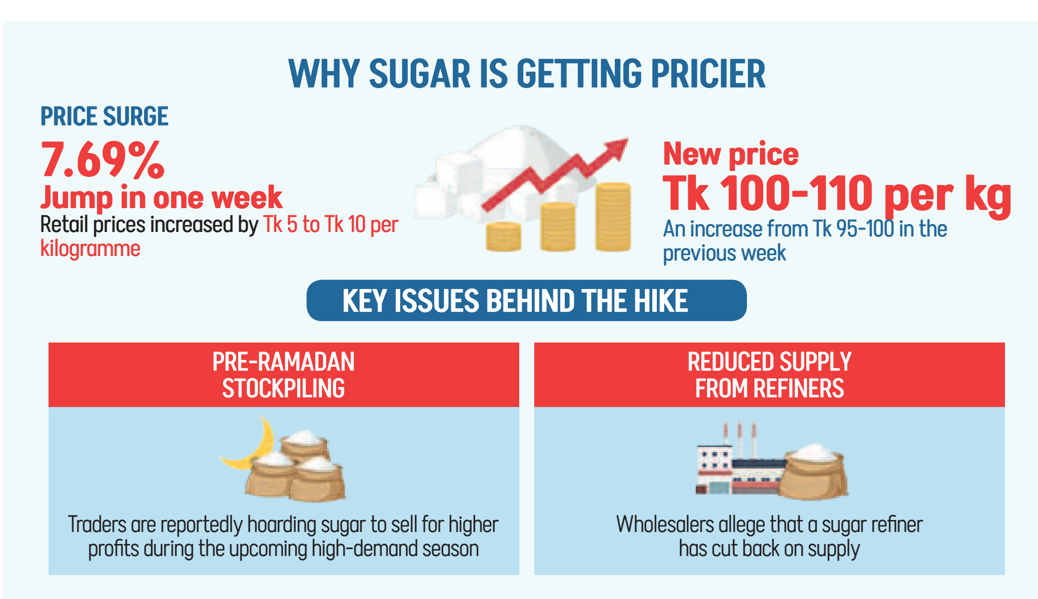
No major shortage, yet sugar prices rise ahead of Ramadan



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

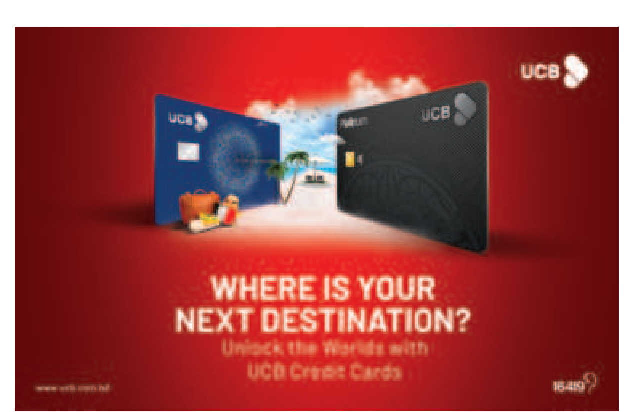
JAGARAN CHAKMA

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."



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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