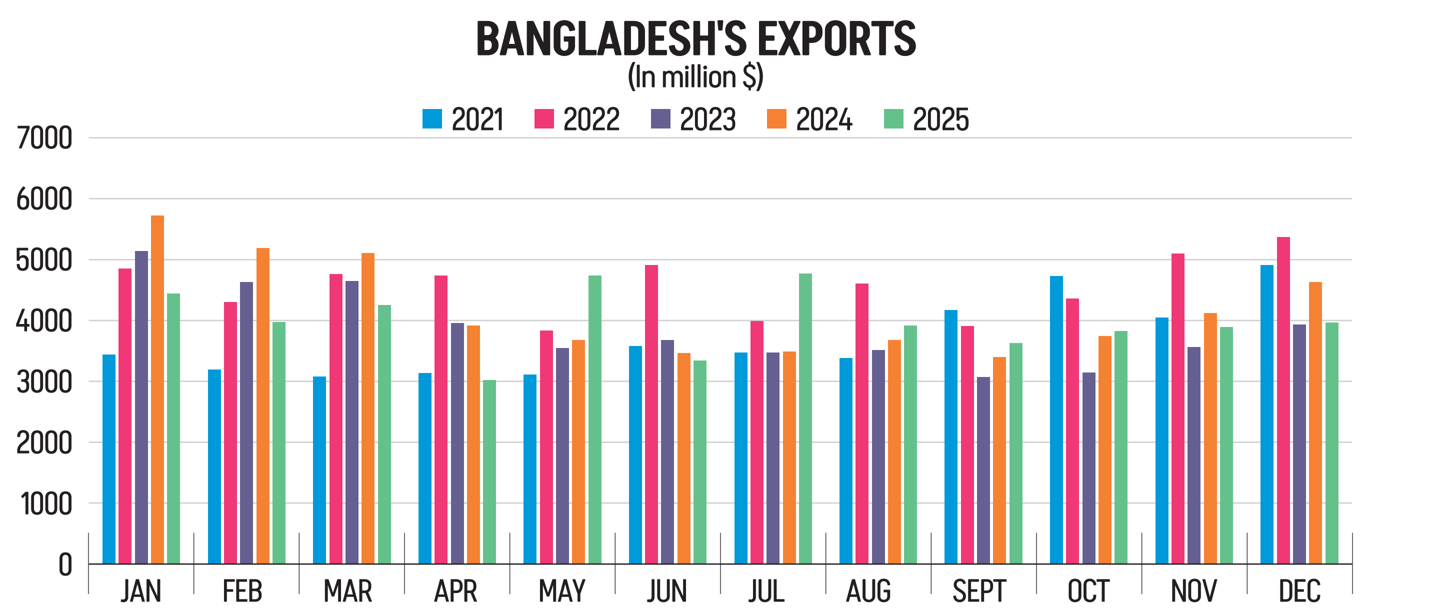
DHAKA MONDAY JANUARY 5, 2026, POUSH 21, 1432 BS ● starbusiness@thedailystar.net

Star BUSINESS

Exports fell nearly 5% in 2025

Merchandise shipments dropped in Dec for a fifth straight month as overseas buyers sit on excess inventories amid weak demand



SOURCE: EPB

REFAYET ULLAH MIRDHA

The country's merchandise exports declined by nearly 5 percent last year, falling to $47.74 billion compared with the previous year, according to official data, as weak global demand for garments and other consumer goods weighed on shipments.

The calendar year closed against a turbulent global backdrop. The prolonged Russia-Ukraine war, Israeli attacks on Palestine and assaults on five other countries heightened tensions across the Middle East, disrupting trade routes and unsettling global supply chains.

These shocks rippled through international commerce and dampened consumer demand in key markets.

Global disruptions hit apparel exports particularly hard. Bangladesh was not alone. Other major exporters in the region, including China, India and Vietnam, also saw their clothing shipments slow as buyers cut orders and trimmed inventories.

Adding to the strain were reciprocal tariffs imposed by the United States, which weighed on exports for much of 2025. Ahead of the finalisation of higher duties, local exporters rushed shipments from April through the first week of August to beat the deadline.

That front-loading came at a cost. Garments, which make up more than 84 percent of the country's export earnings, lost pace during the crucial season for Christmas deliveries in August, September and October.

Retailers in Western markets had already built up inventories, leading to a temporary lull in new orders. The new tariffs also pushed up prices for US consumers, curbing demand and adding further pressure on Bangladeshi exporters.

Even so, manufacturers expect shipments to recover once excess inventories are cleared and demand begins to normalise.

The Trump tariff measures also sharpened competition in major apparel markets. After facing higher duties in the United States, large exporters such as China, India, Pakistan, Vietnam, Thailand, Cambodia, Indonesia and Turkey redirected similar products to other destinations, including the European Union, often at lower prices.

During the July-December period, garment exports fell by 2.63 percent to $19.36 billion compared with the same period in 2024. Knitwear exports dropped 3.22 percent to $10.48 billion, while woven garment shipments declined by 1.91 percent to $8.87 billion.

The slowdown gathered pace in December. That month, garment exports plunged by 14.23 percent to $3.14 billion. Knitwear shipments fell by 13.74 percent to $1.61 billion, while woven exports slid by 14.71 percent to $1.52 billion, according to data released yesterday by the Export Promotion Bureau (EPB).

Despite the sharp overall decline in December, several non-RMG sectors recorded growth compared with November 2025.

Jute and jute goods, specialised textiles, home textiles, frozen and live fish, vegetables, chemical products, rubber, leather and bicycles all posted gains, pointing to progress in export diversification.

Among major destinations, the United States, Germany and the United Kingdom remained the top three markets in December. Exports to these countries grew by 7.14 percent, 18.08 percent and 14.50 percent, respectively.

Shipments to emerging and strategic markets also expanded. Exports to the United Arab Emirates rose by 25.39 percent, Australia by 21.33 percent, and Canada by 9.13 percent. The EPB said the figures showed Bangladesh was gradually widening its global footprint.

In overall terms, merchandise exports in December fell by 14.25 percent year-on-year to $3.96 billion, marking the fifth consecutive month of decline. Compared with November, however, exports edged up by 1.97 percent, offering a tentative sign of month-on-month recovery.

READ MORE ON B3

MFIs concerned over proposed microcredit bank law

STAR BUSINESS REPORT

The Microcredit Bank Ordinance 2025, drafted to establish a specialised microcredit bank to expand access to capital for small and emerging entrepreneurs under a social business framework, could undermine the sector's role in poverty alleviation and financial inclusion, warned leading microfinance institutions (MFIs).

"While MFIs are development-oriented, not-for-profit, and focused on serving low-income and marginalised populations, banks are inherently profit-driven," reads a joint statement issued by leaders of over a dozen prominent MFIs, including BRAC and the Association for Social Advancement (ASA), yesterday.

They acknowledged the government's initiative to introduce microcredit banks as a positive step in principle but stated that the proposed ordinance does not accurately reflect the realities of the microfinance sector or the needs of the communities it serves.

Asif Saleh, executive director of BRAC, and Md Ariful Haque Chowdhury, president of ASA, signed the statement among others. The two MFIs together accounted for about two-thirds of the Tk 176,650 crore disbursed as microcredit in the last fiscal year.

Leaders of prominent microfinance institutions (MFIs) said the draft ordinance lacks clarity on how existing MFIs could convert into microcredit banks

The statement comes as the interim government has taken an initiative to set up a new microcredit bank, aimed at helping small entrepreneurs secure capital on easier terms. The Financial Institutions Division (FID) has drafted the Microcredit Bank Ordinance to that end.

As per the draft, published on the FID website, the proposed bank will run as a social institution. Dividend payments to investors will not cross the amount they invest.

In yesterday's statement, leaders of prominent MFIs said the draft ordinance lacks clarity on how existing MFIs could convert into microcredit banks, and instead allows individuals, institutions and corporate investors to obtain microcredit bank licences.

According to Section 4 of the draft ordinance, licences to establish microcredit banks may be granted not only to existing microcredit organisations and registered non-profit entities, but also to organisations and multiple individuals using their own capital.

"This could encourage excessive profit-seeking, unethical practices, and governance risks within the sector," reads the statement. They argued that this promotes private ownership at the expense of the sector's principles of community ownership, social accountability and development-oriented values.

MFI leaders also expressed concern that longstanding

READ MORE ON B3

Govt reverses cuts in savings certificate interest rates

STAR BUSINESS REPORT

The government has reversed its recent decision to cut interest rates on savings certificates, reinstating the current rates for the next six months.

The Internal Resources Division (IRD) issued the notification yesterday.

As a result, investors will continue to receive interest at the same rates that were applicable from July 1 to December 31, 2025, until June 30 this year.

Last week, the government issued a gazette notification announcing lower interest rates on all types of savings certificates for the January-June 2026 period.

The move drew criticism as it affected middle- and lower-income investors who rely on savings certificates for financial security, prompting the authorities to reverse the decision.

Interest rates on savings certificates vary based on the size of investment, with higher returns offered on investments of up to Tk 7.5 lakh. Returns decline for investments exceeding this threshold.

Among savings instruments offered by the National Savings Directorate, the Family Savings Certificate remains the most popular. The interest rate at maturity after five years stands at 11.93 percent for investments below Tk 7.5 lakh, while investments above that amount earn 11.80 percent. Both rates remain unchanged.

For Pensioners' Savings Certificates, the interest rate at maturity is 11.98 percent for investments below Tk 7.5 lakh and 11.80 percent for larger investments.

The five-year Bangladesh Savings Certificate offers an interest rate of 11.83 percent for investments below Tk 7.5 lakh and 11.80 percent for investments above the threshold, both of which will remain in force.

Uncertainty hit life insurance in 2024, non-life grew

THE SECTOR AT A GLANCE

Life insurance premiums fell 1.05% to Tk 11,389cr	Non-life premiums rose 2.46% to Tk 4,339cr	Life funds reached Tk 33,232cr, total assets Tk 46,004cr
MetLife topped life insurers with Tk 3,310cr in premiums	Non-life assets stood at Tk 11,916cr	Regulator flagged 32 risky insurers

SUKANTA HALDER

Bangladesh's life insurance sector saw a marginal decline in premium income in 2024 as political instability and economic uncertainty eroded policyholder confidence, while non-life insurers posted modest growth, according to data released recently by the Bangladesh Insurance Association (BIA).

Life insurance companies collected Tk 11,389 crore in premiums last year, down 1.05 percent from Tk 11,510 crore in 2023, reported the BIA, an organisation representing insurance company owners and CEOs.

Data presented at the BIA's annual meeting showed that MetLife Bangladesh ranked first in premium income among the country's 36 life insurers in 2024. The US-based company, which has operated in Bangladesh since 1955, posted premiums of Tk 3,310 crore.

Adeeba Rahman, first vice-president of the BIA and sponsor director of Delta Life Insurance, attributed the slowdown in life insurance business to political and economic disruptions.

"During the previous government's tenure, many field-level officials became politically involved and had absconded, which has disrupted field operations and reduced business activity in certain areas," Rahman told The Daily Star.

Restoring policyholder confidence and ensuring a stable operating environment will be critical for the sector's sustainable growth, she said, adding that delays in settling insurance claims continue to constrain market expansion.

She also pointed to regulatory concerns, noting that the insurance regulator has recently categorised companies as high-risk, medium-risk and strong performers, calling for urgent corrective measures.

In July 2025, the Insurance Development and Regulatory Authority (Idra) placed 32 companies in the "risk" category due to weak governance and fragile financial conditions. Of them, 15 life insurers were classified as "high risk" and considered "unviable," while 17 non-life insurers were categorised as "at risk."

The insurance sector's challenges unfolded against a turbulent political backdrop in 2024, when the Awami League-led government was ousted following a mass uprising in August.

READ MORE ON B2