DHAKA FRIDAY JANUARY 30, 2026, MAGH 16, 1432 BS ● starbusiness@thedailystar.net

Star BUSINESS

Sammilito Islami Bank depositors to get profit from Feb 1

STAR BUSINESS REPORT

Depositors of Sammilito Islami Bank will be able to withdraw profit on their deposits from February 1, Bangladesh Bank (BB) Governor Ahsan H Mansur said yesterday.

All depositors' principal amounts would remain fully secure and would be returned gradually, as previously announced, he said at a press conference at BB headquarters.

Currently, customers are allowed to withdraw up to Tk 2 lakh from any deposit scheme, he added.

The governor acknowledged that dissatisfaction has surfaced in various quarters regarding Sammilito Islami Bank, but said the authorities are working to address the issues.

"No plan can be implemented with 100 percent success. Problems are identified over time and resolved step by step," he said, adding that some groups are attempting to obstruct the implementation of Sammilito banking operations.

Mansur said that from January 1 this year, depositors have been receiving profit at market rates.

The profit rate has been fixed at 9.5 percent for deposits with a tenure of more than one year, while deposits with a tenure of less than one year will earn 9 percent.

He said that depositors' interests are being given the highest priority in the reform process, adding that the government's 4 percent support for two years is costing an additional Tk 4,500 crore.

Startups, venture capital can hold shares in microfinance banks

Microcredit market leaders welcome gazette, say impact depends on implementation

TAKEAWAYS
FROM MICROCREDIT BANK ORDINANCE

SHAREHOLDERS
Microfinance institutions, startups, venture capital, individuals and borrowers

MODEL
Social business; investor dividends capped; borrower-shareholders can receive dividends

REGULATOR
Bangladesh Bank to issue licences

OPERATIONAL SCOPE
Banks can operate locally or nationwide

CAPITAL REQUIREMENTS
Authorised capital: Tk 500cr
Paid-up capital: Tk 200cr

BOARD COMPOSITION
10 members; managing director has no voting power
Three directors from borrower-shareholders

ACTIVITIES
Can collect deposits, invest in new initiatives and small ventures, and lend to new and small entrepreneurs

STAR BUSINESS REPORT

The government has issued the ordinance on the establishment of long-discussed microfinance banks, opening the door for microcredit institutions, startups and venture capital firms to become shareholders alongside individual entrepreneurs.

Titled as the Microcredit Bank Ordinance 2026, the law allows these banks to operate as social business entities, capping dividends for investors at the level of their total investment.

Borrower-shareholders, however, will be eligible to receive dividends.

Under the law, microfinance banks will take deposits from individuals, organisations and borrowers. They will also be able to borrow funds from the banks by pledging their assets as collateral.

The ordinance says the banks will lend to new entrepreneurs to support job creation and poverty reduction, with or without collateral.

The banks will also make capital investment directly in businesses run by young and small entrepreneurs. It will finance the purchase and storage of industrial and agro-based products, fisheries and livestock, as well as machinery and spare parts.

The Bangladesh Bank will issue licences for the new institutions, which may operate in a single district, across multiple districts or divisions, or nationwide.

Before applying for a licence, prospective banks will have to be registered under the Bank Company Act 1994, according to the ordinance issued by the law ministry on Wednesday.

The gazette notification was published two weeks after the approval by the Advisory Council and amid concerns from leading microfinance institutions that the new banks could weaken the sector's role in poverty alleviation and financial inclusion.

As per the law, the authorised capital of a microfinance bank will be Tk 500 crore, with a minimum paid-up capital of Tk 200 crore at inception.

Each bank will be governed by a 10-member board, comprising three directors from borrower-shareholders, two nominated by the Bangladesh Bank and three representing other shareholders. The managing director will also sit on the board but will not have voting rights, according to the notification.

Asif Saleh, executive director of BRAC, one of the country's largest microfinance institutions, described the ordinance as a positive step, saying it formally recognises startups and venture capital within Bangladesh's regulated financial system.

"Innovation finance has long needed a clear policy framework," he said.

He added that the regulation appears to strike a balance by enabling risk capital for startups while maintaining safeguards for financial stability. "Whether the regulators will understand risk for such an initiative and be more flexible and innovative is another question," he also noted.

Saleh said access to patents and appropriate capital has long constrained

READ MORE ON B3

EU-India trade deal: What does it mean for Bangladesh?

ABDUR RAZZAQUE

Dubbed the "mother of all trade deals," the EU–India free trade agreement, concluded after more than two decades of negotiation, appears to be the most consequential for Bangladesh among recent trade deals involving other countries. The agreement delivers market access gains for India in those sectors that have long underpinned Bangladesh's export success in Europe, notably textiles, apparel, leather, and footwear.

With Bangladesh set to graduate from LDC status in November 2026, and its preferential access to the EU market expected to erode after a three-year transition period, the timing of this deal could not be more unsettling. While trade agreements of other countries lie beyond Bangladesh's control, this one demands utmost seriousness in assessing how competitive conditions would reshape in its most important export destination, and what that implies for preparedness, policy priorities, and the sustainability of an export model built largely on preferential margins rather than enduring competitiveness.

For decades, Indian exports of garments, textiles, leather, and footwear entered the EU facing substantial tariffs. The EU–India FTA dismantles this constraint almost entirely. For instance, it would slash duties on footwear from 17 percent to zero, and apparel and textiles from 9–12 percent to zero, substantially strengthening India's competitiveness.

Therefore, in a twist of irony, the very advantages of preferential margins that once propelled Bangladesh's rapid ascent in the EU market are now eroding, just as key competitors secure permanent duty-free access through free trade agreements.

READ MORE ON B3

Impose tax on gifts, bequests: taskforce

TASKFORCE'S RECOMMENDATIONS

TOTAL POLICY ISSUES COVERED: 55

Tax-to-GDP ratio
- Target 10-12% by 2030
- Target 15-20% by 2035

Restructuring tax share
INDIRECT TAX RATIO: from 70 to 50
DIRECT TAXES: from 2.5% to 9-10% of GDP
TRADE TAXES: from 2.5% to 1% of GDP

MAJOR FLAWS OF TAX SYSTEM
- Narrow tax base
- Overly manual tax administration
- Distorted tax structure

PRIORITY REFORMS
- Introducing 1% tax on gifts and bequests
- Integrating inheritance taxation for first time in 54 years
- Encouraging market formalisation

STAR BUSINESS REPORT

A national tax reform taskforce has recommended introducing a 1 percent levy on gifts and bequests as part of efforts to modernise Bangladesh's tax system and raise the tax-to-GDP ratio.

Bequests refer to assets or property passed on to another person without payment, either during the owner's lifetime or after death.

Under the taskforce's proposal, the tax would apply to transfers of both tangible and intangible property, including inheritance following a person's death.

Assets would be assessed at their fair market value at the time of ownership changes, including when land or property is formally transferred to heirs through mutation in official records.

Currently, transfers of money and movable or immovable property among parents, spouses, children, and siblings are exempt from tax.

Zaidi Sattar, chairperson of the taskforce and chairman of Policy Research Institute, yesterday unveiled the suggestions at a press briefing in Dhaka. The 11-member panel, formed in October 2025, handed over its report titled "Tax Policy for Development: A Reform Agenda for Restructuring the Tax System" to Chief Adviser Muhammad Yunus on Tuesday.

In the report, the panel suggested reducing the trade taxes from the current 2.50 percent to 1 percent of the GDP (gross domestic product).

It also recommends reducing the share of trade taxes in total revenue from around 28 percent currently to 15 percent by 2030 and to about 7.5 percent by 2035.

The panel's report includes a set of key policy recommendations aimed at restructuring Bangladesh's tax system to cover direct and indirect taxes, which could help to enhance the tax-to-GDP ratio and support the country's overall economic development.

It said ensuring long-term economic prosperity and meeting the country's growing development needs will require a comprehensive and structural overhaul of Bangladesh's tax system, rather than fragmented or purely administrative reforms.

Bangladesh's existing tax system is unnecessarily complex and inefficient, characterised by a narrow tax base, excessive reliance on manual processes in tax administration, and heavy dependence on indirect taxes, said the report.

It notes that without a coherent and well-structured tax policy framework, sustainable and credible revenue mobilisation cannot be achieved through administrative measures alone. "As a result, piecemeal reforms will fail to deliver the desired outcomes."

READ MORE ON B2

NBR extends tax return deadline to February 28

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has again extended the deadline for individual taxpayers to submit income tax returns by another month.

Under a special order issued yesterday, taxpayers will now be able to file returns for the 2025-26 tax year until February 28.

This marks the third extension of the deadline. The original deadline was November 30, which was first extended to December 31, then to January 31, and now to February 28.

The tax authority said the extension was granted in the public interest.

As of yesterday, a total of 36.36 lakh taxpayers had submitted their income tax returns online, while the number of Taxpayer Identification Number (TIN) holders is 1.25 crore.

The NBR has made online submission of income tax returns mandatory for all individual taxpayers this year. Under the order, returns must be filed through the NBR's e-return portal at www.etaxnbr.gov.bd.

However, acknowledging registration difficulties on the e-return system, the NBR has allowed conditional relaxation. Taxpayers unable to file online may apply for permission to submit paper returns.

Govt to split CAAB

Plans two entities for regulatory and operational roles

STAR BUSINESS REPORT

The government has made a policy decision to split the Civil Aviation Authority of Bangladesh (CAAB) into separate entities for regulatory and operational functions.

The Ministry of Civil Aviation and Tourism informed CAAB on Wednesday about the decision through an official letter.

At present, CAAB performs a dual role. On one hand, it acts as a regulator, overseeing the country's civil aviation safety and security. On the other hand, it functions as an operator, providing air navigation services and managing airports.

This dual responsibility creates a conflict of interest when CAAB, in its role as regulator, makes decisions concerning its own operational activities, the ministry noted.

The need to separate CAAB's regulatory and operational entities was highlighted in audits conducted by the International Civil Aviation Organization (ICAO).

In addition, a probe committee led by the Senior Secretary of the Ministry of Home Affairs, formed to investigate the fire incident at the import cargo complex of Hazrat Shahjalal International Airport on October 18, 2025, also recommended separating CAAB's operator and regulatory functions.

READ MORE ON B3

Meta shares jump on strong earnings report

AFP, *San Francisco*

Meta on Wednesday reported quarterly earnings that topped market expectations, as revenue grew along with investments in artificial intelligence.

The parent of Facebook and Instagram said it made a profit of $22.8 billion on revenue of nearly $60 billion in the recently ended quarter, adding it could take in as much as $56.5 billion in the current quarter.

"We had strong business performance in 2025," Meta co-founder and chief executive Mark Zuckerberg said in an earnings release. Meta shares rose more than 8 percent in after-market trades.

Some 3.58 billion people used apps owned by Meta daily in the quarter, which are being enhanced with the help of AI, according to the social networking giant.

Meanwhile costs tallied $35.15 billion, an increase of 40 percent from the same period a year earlier, the earnings reported noted.

"Zuckerberg is clearly going all-in on AI, and it wouldn't be surprising to see the share reaction cool as investors absorb those aggressive investment plans," said Hargreaves Lansdown senior equity analyst Matt Britzman.

bKash receives Tk 20,000cr in remittances from expatriates in 2025

STAR BUSINESS DESK

Expatriates sent Tk 20,000 crore in remittances to the bKash accounts of their loved ones in Bangladesh in 2025.

A total of 4.1 million bKash accounts received the funds, nearly double the number recorded a year earlier, according to a press release.

With secure transfers through formal channels and instant delivery, bKash has continued to strengthen its position as a trusted platform for remittance senders and recipients.

Overall remittance inflows to Bangladesh reached a record of nearly $33 billion in 2025, marking a 22 percent increase from 2024.

During the same period, remittances sent through mobile financial services (MFS) channels grew by more than 90 percent, driven by ease of use and quick transfers.

Currently, expatriates can send remittances directly to bKash accounts through 135 international money transfer operators from over 170 countries, with settlements handled by 27 commercial banks in Bangladesh. Recipients also receive a government incentive of Tk 25 per thousand.

To improve convenience, the bKash app offers a "Remittance Statement" feature, allowing users to review and download remittance histories, including for income tax purposes.

Customers can cash out remittances from nearby agent points and more than 2,500 ATMs nationwide at a cost of Tk 7 per thousand.

They can also open DPS accounts through the app and use remittance funds for utility bills, education fees and shopping payments.

Younus elected chairman of Shahjalal Islami Bank

STAR BUSINESS DESK


Mohammed Younus

Mohammed Younus has been elected as the chairman of Shahjalal Islami Bank PLC at the bank's 404th board meeting held on Wednesday.

At the same meeting, Mohiuddin Ahmed was re-elected and Fakir Akhtaruzzaman was elected vice-chairmen of the bank, according to a press release.

He is the managing director of Sobhan Ice & Cold Storage Ltd, Younus Cold Storage Ltd, Ananta Paper Mills Ltd, Younus Paper Mills Ltd, Younus Fine Paper Mills Ltd, Younus Spinning Mills Ltd, Younus Newsprint Mills Ltd and Younus Offset Paper Mills Ltd.

He is a member of the board of trustees of Fareast International University and serves as managing director of Galaxy Flying Academy Ltd and vice-president of the Bangladesh Chamber of Industries.

The re-elected vice-chairman, Mohiuddin, has more than four decades of business experience. A businessman by profession, he is the proprietor of Rupsha Trading Corporation and Mohiuddin Auto House and also serves as chairman of Pacific Automobiles. He is vice-chairman of Shahjalal Islami Bank Securities and a sponsor shareholder of Islami Insurance Bangladesh Ltd.

Another elected vice-chairman, Akhtaruzzaman, has more than three decades of experience and is a prominent figure in the knit garments industry.

He is the managing director of Fakir Knitwears Limited, FKL Spinning Ltd and Zaman Agro Fisheries Ltd, and is a member of the Bangladesh Garment Manufacturers and Exporters Association and the Bangladesh Textile Mills Association.

Citizens Bank opens sub-branch in Karwan Bazar

Masuduzzaman, chairman of the executive committee of Citizens Bank PLC, inaugurates the sub-branch in Karwan Bazar, Dhaka recently. PHOTO: CITIZENS BANK

STAR BUSINESS DESK

Citizens Bank PLC recently launched a new sub-branch on Kazi Nazrul Islam Avenue in Karwan Bazar, Dhaka.

Masuduzzaman, chairman of the executive committee of Citizens Bank PLC, inaugurated the sub-branch as the chief guest, according to a press release.

NKA Mobin and AKM Shahidul Haque, independent directors of the bank, and Alamgir Hossain, managing director, attended the programme.

In their speeches, the speakers emphasised that Citizens Bank will place special focus on small and medium enterprises (SMEs) by offering customised financing solutions, working capital support, trade finance facilities, and advisory services to help local entrepreneurs grow and compete effectively.

Additionally, retail banking customers will benefit from a wide range of deposit products, consumer loans, remittance services, and digital banking solutions designed to meet evolving financial needs and contribute meaningfully to the socio-economic development of the communities the bank serves.

Oil hovers around four-month high

REUTERS, *New York*

Oil prices rose to their highest since late September on Wednesday on looming Iran concerns while a weak US dollar lent further support.

Brent crude futures settled up 83 cents, or 1.23 percent, to $68.40 a barrel. US West Texas Intermediate crude closed 82 cents, or 1.31 percent, higher at $63.21.

Both benchmarks were headed for their biggest monthly rises in percentage terms since July 2023, with Brent set to rise around 12 percent and WTI around 10 percent.

US President Donald Trump urged Iran on Wednesday to come to the table and make a deal on nuclear weapons or the next US attack would be far worse, but Tehran said that if that happened it would fight back as never before.

A US aircraft carrier and supporting warships arrived in the Middle East, US officials said earlier this week.

IFIC Bank opens ATM booth in Sreepur

STAR BUSINESS DESK

IFIC Bank PLC recently opened an ATM booth on the factory premises of Arbella Fashion Limited in Sreepur, Gazipur, to make financial transactions easier and faster.

Helal Ahmed, head of operations at IFIC Bank PLC, and Md Ziaul Hasan, managing director of Arbella Fashion Limited, jointly inaugurated the ATM booth, according to a press release.

Through this ATM booth, valued customers of IFIC Bank will be able to conveniently withdraw cash, transfer funds to IFIC or other banks' accounts and cards, check balances, obtain mini statements, activate cards, change PINs, and access other ATM-related services.

IFIC Bank remains committed to providing greater convenience to customers through such initiatives and to accelerating the process of digital transformation in the country's financial sector.

Syed Hasanuzzaman, chief manager of the Gulshan branch, and Md Arifur Rahman, manager of the Maona branch, along with other senior officials from both organisations, as well as local business representatives and customers, were also present.

Md Ziaul Hasan, managing director of Arbella Fashion Limited, and Helal Ahmed, head of operations at IFIC Bank PLC, jointly inaugurate the ATM booth in Sreepur, Gazipur recently. PHOTO: IFIC BANK

Jamuna Bank arranges training on expected credit loss implementation

PHOTO: JAMUNA BANK

Mirza Elias Uddin Ahmed, managing director and chief executive officer of Jamuna Bank PLC, attends the training programme at the bank's training academy in Gulshan-1, Dhaka recently.

STAR BUSINESS DESK

Jamuna Bank PLC recently organised a training programme on the implementation of Expected Credit Loss (ECL) under IFRS 9 at the bank's training academy in Gulshan-1, Dhaka.

A total of 41 officials from the head office and various branches of Jamuna Bank PLC participated in the training, representing different functional divisions of the bank.

Mirza Elias Uddin Ahmed, managing director and chief executive officer of Jamuna Bank PLC, inaugurated the training session as the chief guest, according to a press release.

Ahmed emphasised the importance of IFRS 9-compliant credit risk management, forward-looking loss assessment, and strict regulatory compliance to support capital adequacy and sustainable financial performance.

Abdur Rahman, manager at PricewaterhouseCoopers (PwC), Bangladesh Office, conducted the training.

The bank's management expressed confidence that the training would significantly strengthen the institution's capacity for IFRS 9-compliant ECL implementation, enhance credit risk management practices, and ensure improved accuracy, transparency, and regulatory compliance in financial reporting.

Md Abdus Salam, additional managing director and chief operating officer; Md Shahidul Islam, deputy managing director and chief risk officer; Md Jahangir Alam, deputy managing director and head of the wholesale banking division; and Sayaqua Moslem, director at PwC Bangladesh, along with other related divisional heads of the bank, were also present.

NRB Bank inks deal with BB on entrepreneurship

STAR BUSINESS DESK

NRB Bank PLC has signed a participation agreement with Bangladesh Bank as part of the Skills for Industry Competitiveness and Innovation Programme (SICIP) on the Entrepreneurship Development Programme.

The initiative aims to arrange training programmes for entrepreneurs and support emerging business ventures across the country.

Nawshad Mustafa, director of the SME Special Programmes Department of Bangladesh Bank, and Md Shaheen Howlader, deputy managing director of NRB Bank PLC, signed the agreement at the central bank's headquarters in Motijheel, Dhaka recently, according to a press release.

Nurun Nahar, deputy governor of Bangladesh Bank, attended the signing ceremony as the chief guest.

Under the agreement, NRB Bank, with support from Bangladesh Bank, will provide training to SME entrepreneurs to enhance their skills, competitiveness and innovation.

The initiative marks another milestone in NRB Bank's ongoing efforts to promote financial inclusion, empower new entrepreneurs and accelerate the country's journey towards a resilient and innovation-driven economy.

Husne Ara Shikha, executive director of Bangladesh Bank, and Anwar Uddin, managing director (current charge) of NRB Bank PLC, were present in the event.

Among others, Md Nazrul Islam, project director and additional director; Mohammad Wasim, deputy project director and joint director; and Md Ariful Islam, deputy director and project coordinator, were also present.

Insurance sector

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INDUSTRY LEADERS STRESS PROFESSIONALISM

Syed Shahriyar Ahsan, chief executive officer of Pioneer Insurance PLC, said that for insurance to fully contribute to GDP, it must be treated as a mandatory, professionally managed sector, supported by skilled human resources, strong regulation, and modern curricula.

"With the right policies and institutional commitment, the insurance industry can become a powerful driver of sustainable national development," he added.

ABM Nurul Haq, senior consultant at Global Insurance PLC, highlighted the social importance of the profession. "An insurance career is more than just a job -- it is a noble and dignified profession. Insurance work involves social service, offering great personal satisfaction, and an insurance professional is the client's family's closest and most reliable friend in times of need," he said.

Insurance penetration in Bangladesh currently stands at around 0.5 percent, one of the lowest in the world, compared to India's 3.2 percent and China's 2.4 percent, according to the Insurance Development and Regulatory Authority.

In 1972, Bangladesh nationalised its insurance industry through the Bangladesh Insurance (Nationalisation) Order, except for postal life and foreign life insurance. Today, the country has 82 insurance companies -- 36 life insurers and 46 non-life insurers -- providing coverage to approximately 16.5 million people through a range of policies.

Impose tax on gifts, bequests

FROM PAGE B1

The report has identified a total of 55 priority policy issues across three major tax areas – direct taxes, value-added tax (VAT), and trade taxes.

Of these, 32 relate to direct taxes, 10 to VAT, and 13 to trade taxes. It sets targets to raise the tax-to-GDP ratio to 10-12 percent by 2030 and to 15-20 percent by 2035.

One of the key objectives of the reform agenda is to restore balance in the tax structure by reducing reliance on indirect taxes and significantly increasing the share of direct taxes.

To this end, the report proposes gradually shifting the current indirect-to-direct tax ratio from 70:30 to 50:50. It estimates that revenue from direct taxes could rise from about 2.5 percent of GDP at present to 9-10 percent by 2035.

It argues that once the tax-to-GDP ratio reaches 15-20 percent, substantial revenue can still be generated from trade taxes even at these lower rates.

The report warns that weak tax policy forces tax administration to rely on discretionary decisions rather than rules. This gives rise to practices such as aggressive audits, arbitrary assessments, and excessive withholding taxes, which undermine the credibility of the tax system and discourage voluntary compliance in the long run.

Digital transformation, automation, artificial intelligence-based risk analysis, and risk-based audits are identified as core pillars of the overall reform strategy.

On trade taxes, the report recommends a gradual shift away from reliance on tariffs and para-tariffs towards domestic taxes such as VAT, personal income tax, corporate income tax, and property tax.

It notes that the current tariff structure is excessively complex, creates barriers to trade and imports, and introduces an anti-export bias that hinders export diversification.

The report calls for modernisation and rationalisation of the tariff structure, discontinuing the use of supplementary duties and VAT for protectionist purposes, and ensuring that domestic sales do not become more profitable than exports.

It also urges that longstanding valuation problems be addressed on a priority basis, as high tariffs encourage under-invoicing and tax evasion.

The report also recommends fundamental reform of the withholding tax system, suggesting that withholding taxes be gradually withdrawn in all areas except salaries, interest, dividends, and capital gains on listed shares.

It further calls for a review of the minimum tax on gross receipts.

Tomato harvesting is nearing its end in Godagari upazila of Rajshahi, where the picking of larger varieties has already finished. In this photo taken recently from Kakonhat, workers collect and pack smaller tomatoes for sale to sauce producers at lower prices.

PHOTO: AZAHAR UDDIN

BTMA backtracks on shutdown move

STAR BUSINESS REPORT

The Bangladesh Textile Mills Association (BTMA) has temporarily suspended its plan to shut spinning mills from February 1, following assurances from the government that the problems facing the spinning sector will be addressed through consultations with stakeholders.

The decision comes after a high-level consultative meeting at the commerce ministry on Tuesday.

The meeting, chaired by Adviser Sk Bashir Uddin, reviewed the challenges faced by the readymade garment and textile sectors, with particular emphasis on the spinning industry, according to a statement from the BTMA.

The commerce adviser acknowledged the validity of the concerns raised by industry stakeholders and underscored the strategic importance of the spinning sector in Bangladesh's export competitiveness and industrial value chain.

He reaffirmed a strong commitment to resolving the issues through lawful, equitable, and time-bound policy measures in line with existing fiscal and regulatory frameworks.

Earlier, at a press conference on January 22, the leaders of the BTMA, a platform of the country's primary textile sector, announced that millers would keep their spinning units shut from February 1 if their demands were not met within the stipulated time.

The millers demanded that the government implement the commerce ministry's proposal to withdraw the duty-free import facility of 10 to 30 count yarn, as cheap Indian yarn has been affecting the $25 billion invested domestic primary textile sector.

The National Board of Revenue (NBR) is yet to implement the commerce ministry's proposal, although BTMA leaders have repeatedly urged the government to withdraw the bond facility for yarn imports from India.

Tuesday's meeting was attended by senior government officials, including the NBR chairman, commerce secretary, representatives of the Bangladesh Trade and Tariff Commission, and the finance division.

Leaders from the BTMA, Bangladesh Garment Manufacturers and Exporters Association, and Bangladesh Knitwear Manufacturers and Exporters Association were also present.

The commerce adviser said an inter-ministerial coordination meeting involving all relevant stakeholders will be held on February 3 at the Finance Division to resolve the current crisis in Bangladesh's spinning sector.

Gold rally continues, hits Tk 2.86 lakh per bhori

STAR BUSINESS REPORT

Gold surged past the Tk 285,000 mark per bhori from yesterday morning, breaking all previous records as the global rally of the metal continues.

Yesterday, the Bangladesh Jewellers Association (Bajus) said it started selling gold at Tk 286,001 per bhori (11.664 grammes), effective from 10:15 am, owing to a spiral in the prices of pure gold.

The association had fixed the rate of the metal at Tk 269,788 per bhori on Wednesday, up from the previous Tk 262,440 per bhori, showing that prices have risen by Tk 23,561 per bhori since January.

The announcement from Bajus came after gold hit a fresh record, nearly $5,600 per ounce, in the global market yesterday, as investors sought safety amid geopolitical and economic uncertainties, Reuters reported.

Spot gold rose 2.6 percent to $5,538.69 an ounce by 03:49 GMT, after reaching a record $5,591.61 earlier in the day. One troy ounce equals 31.103 grammes.

"Growing US debt and uncertainty created by signs that the global trade system is splintering into regional blocs, rather than a US-centric model, are leading investors to pile into gold," said Marex analyst Edward Meir.

Fed holds interest rates steady, defying Trump pressure

AFP, *Washington*

The US Federal Reserve held interest rates steady Wednesday at its first policy gathering this year, citing robust economic growth, as the central bank resists President Donald Trump's mounting pressure for cuts.

Trump has sharply escalated his targeting of the Fed since returning to the White House, seeking to oust a key official among its leadership in what chairman Jerome Powell said could be the "most important legal case" in the institution's long history.

But on Wednesday, the Fed voted 10-2 to maintain rates at a range between 3.50 percent and 3.75 percent, an outcome that was widely expected as officials await more data on the world's biggest economy.

In a statement, policymakers flagged that economic activity was "expanding at a solid pace," while the unemployment rate showed some "signs of stabilization."

But the rate-setting Federal Open Market Committee saw two dissents.

Fed governors Stephen Miran and Christopher Waller -- the latter is seen as a potential candidate to succeed Powell -- both backed a quarter-percentage-point rate cut instead.

The Fed has made quarter-point cuts at its last three policy meetings, as officials worried about the cooling jobs market.

Samsung logs best-ever profit on AI chip demand

AFP, *Seoul*

South Korean tech giant Samsung Electronics posted record quarterly profits Thursday, riding massive market demand for the memory chips that power artificial intelligence.

A global frenzy to build AI data centres and develop the fast-evolving technology has sent orders for advanced high-bandwidth memory microchips soaring.

That is also pushing up prices for less flashy chips used in consumer electronics -- threatening higher prices for phones, laptops and other devices worldwide.

In the quarter to December 2025, Samsung said it saw "its highest-ever quarterly consolidated revenue at KRW 93.8 trillion (US$65.5 billion)", a quarter-on-quarter increase of nine percent.

"Operating profit was also an all-time high, at KRW 20.1 trillion," the company said.

The dazzling earnings came a day after a key competitor, South Korean chip giant SK hynix, said operating profit had doubled last year to a record high, also buoyed by the AI boom.

The South Korean government has pledged to become one of the top three AI powers, behind the United States and China, with Samsung and SK hynix among the leading producers of high-performance memory.

Startups, venture capital

FROM PAGE B1

entrepreneurs, especially younger founders, and that the new framework creates the possibility of easing that gap over time.

"It is also important to be realistic. This is not an overnight solution. Its impact will depend heavily on how it is implemented in practice, how it will be regulated within the current realities of the banking sector and whether an entrepreneur will be able to raise institutional capital for such a venture soon," he said.

"Considering the current scenario of the banking sector, I do not see major private or impact capital flowing in this direction at this stage," he added.

Murshed Alam Sarkar, chairman of the Credit Development Forum, a national network of microfinance institutions, said the ordinance opens a new window for innovation.

"If anyone wants to pursue social business, they can," he said, but added that how microfinance banks will operate is still unclear.

"This will become evident after the rules under the ordinance are formulated," he commented.

Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development (InM), said microfinance banks will operate as specialised institutions rather than conventional banks.

They are expected to focus on rural and suburban areas, which could create competition in deposits and lending and may prompt restructuring within the banking sector, he added.

Given the sector's fragile condition, Mujeri suggested issuing a few licences on an experimental basis to assess the impact. He reminded that past wholesale licence approvals for private banks had negatively affected the sector.

Prof Mohammed Helal Uddin, executive vice chairman of the Microcredit Regulatory Authority (MRA), said that under the ordinance, investors in such social business ventures will receive dividends only up to the amount of their investment.

"However, it may take 10-15 years to recover the capital through dividends. After adjusting for inflation, the investor will recover only a portion of the real investment," he said.

He added that both the banking and microfinance sectors are under strain. "At this stage, it is unclear how a hybrid entity like this will operate. This will become evident once the law is implemented," he said.

Govt to split CAAB

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To address these concerns, the government has taken the policy decision.

Necessary laws and regulations will be enacted and amended soon to form a separate operator entity responsible for providing air navigation services and managing airports.

The move is expected to ensure compliance with international obligations and improve the quality of civil aviation-related services.

Aviation experts and private airlines welcomed the government's decision. Aviation expert ATM Nazrul Islam said, "We have long been demanding for splitting CAAB into two organisations – regulator and service provider – for providing better service."

"It's really a conflict of interest that those who are regulatory authorities are also the operator. The practice all over the world is that the regulatory authority will be separated from operation," he added.

"Although it's late, the government has finally taken a good decision," Nazrul also said.

He, however, said, "We will have to see how fast the government implements the decision."

Kamrul Islam, general manager of public relations at US-Bangla Airlines, also welcomed the move, saying this will enhance the service quality of the two new entities.

EU-India trade deal

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Moreover, given the safeguard provisions embedded in the EU's Generalised System of Preferences, there is a genuine risk that even if Bangladesh qualifies for GSP+ after graduation, its garment exports could still face full MFN tariffs, fundamentally altering the competitive balance in the EU market.

EU FTAs typically require double transformation for garments, a challenge for countries with weak backward linkages. While such requirements seem to have constrained Vietnam, they pose little difficulty for India, which has a deep and integrated textile base. This structural advantage is reinforced by India's explicit export strategy. India has set an ambitious target of $100 billion in textile and apparel exports by 2030, from currently around $40 billion, and backed it with a layered policy framework that combines output-linked subsidies, export rebate schemes that refund embedded taxes, input-side support, and extensive infrastructure and logistics investments. These measures reflect a sustained commitment to building competitiveness, scale, and upgrading capacity.

By leveraging LDC duty-free access while competitors such as India and Vietnam continued to face tariffs, Bangladesh was able to expand its share of the EU apparel market at a remarkable pace. As China's share of EU apparel imports declined from 45 percent in 2010 to 28 percent in 2025, Bangladesh's share rose sharply from about 7 percent to 21 percent.

This shift is particularly striking given that, in 2005, Bangladesh and India held almost identical market shares in the EU, but over the next two decades, Bangladesh would be able to increase its share by threefold as against India's declining to 5 percent. During the same period, Vietnam's share rose from 1 percent to converge with India's before being further buoyed by the EU–Vietnam FTA that entered into force in 2020. Bangladesh's rise was driven not only by tariff advantages but also by favourable EU rules of origin for LDCs, notably the single transformation rule.

External developments further intensify the challenge. With US tariffs constraining India's export prospects, Indian exporters are likely to redirect efforts toward alternative markets. The EU-India FTA facilitates this shift, intensifying competition in Europe, with Bangladesh among those most exposed.

What do the numbers tell us?

The structure of exports to the EU differs sharply between India and Bangladesh. In 2024, India exported about $80 billion worth of goods to the EU from a diversified basket dominated by engineering goods, chemicals, minerals, pharmaceuticals, and agricultural products, with textiles and apparel accounting for less than 10 percent. Bangladesh's exports, by contrast, amounted to about $21.4 billion in FY25, more than 90 percent of which came from garments. Such concentration leaves Bangladesh particularly vulnerable to shocks in a single sector, with limited scope to offset losses through diversification.

Quantitative modelling exercises undertaken by Research and Policy Integration for Development (RAPID) reinforce these concerns. Partial equilibrium estimates, when the impact is assessed separately for individual products at the HS 6-digit level, suggest that, with Bangladesh's continuing LDC preferences, its garment exports would decline by $190 million due to the EU-India FTA, with marginal losses in textiles and footwear. The picture changes dramatically once LDC graduation is factored in. When erosion of LDC preferences is combined with India's duty-free access, Bangladesh's garment exports are estimated to fall by more than $5.7 billion.

General equilibrium simulations using the GTAP model point in the same direction. In the scenario where Bangladesh faces post-LDC MFN tariffs, while competitors such as India and Vietnam enjoy duty-free access, Bangladesh's exports are found to decline by 36.5 percent.

Even under a less severe scenario, where post-LDC Bangladesh retains duty-free access but faces stricter rules of origin such as double-stage transformation, exports are still projected to fall by around 16 percent.

It must be noted that these model-based estimates inevitably rely on simplifying assumptions and abstract from important real-world constraints such as adjustment frictions and buyer–supplier relationships. Even so, they provide valuable insight into the direction and relative magnitude of competitiveness pressures Bangladesh is likely to face.

Beyond tariffs: the new sources of advantage for India

It is so easy to overlook the competitive implications of the EU–India agreement that extend well beyond the headline issue of tariffs and rules of origin. Provisions on customs facilitation, regulatory cooperation, and standards alignment are expected to reduce transaction costs, improve predictability, and shorten lead times. For Indian exporters, these measures reinforce existing strengths, including stronger backward linkages and a growing ecosystem of logistics and compliance services, deepening integration into European value chains. The agreement also needs to be viewed alongside the EU's tightening regulatory regime under instruments such as CBAM and the Corporate Sustainability Due Diligence Directive. While formally non-discriminatory, compliance capacity matters. India's institutional readiness and regulatory cooperation with the EU may ease adaptation, whereas for Bangladesh, rising compliance costs and weaker preparedness risk translating into higher effective trade barriers.

What options do we have?

The first and foremost priority is to address the uncertainty surrounding post-graduation market access to the EU. Securing duty-free access for garments under GSP+, alongside workable rules of origin, should be treated as an urgent trade priority. Despite being identified in the Smooth Transition Strategy, progress on engagement with the EU remains limited. The UK's recent relaxation of rules of origin for garments under its Developing Countries Trading Scheme offers a precedent that Bangladesh should actively leverage.

Beyond market access, export competitiveness must be elevated to a national economic priority. This requires coordinated reforms across trade policy, energy pricing and reliability, logistics and ports, access to finance, skills development, and regulatory capacity.

Currently, the most visible policy action has been the withdrawal of export subsidies, driven largely by fiscal constraints and packaged as a move toward WTO compliance. While compliance with international rules is necessary, it should not lead to a passive retreat from export support. Expanding WTO-compliant mechanisms for export financing, technology upgrading, and compliance support is essential.

Persistent governance failures also continue to impose avoidable costs. Unresolved issues such as the Savar CETP, unreliable energy supplies, congested ports, and inefficient customs procedures directly undermine competitiveness. At the same time, non-price competitiveness related to sustainability and due diligence is receiving limited policy attention, despite its growing importance. Addressing these challenges will require state investment alongside private sector initiatives.

Finally, sustaining export growth without significantly higher foreign direct investment will be difficult. Targeted incentives for FDI into man-made fibres, leather, footwear, and other export-oriented sectors, supported by predictable policies and serviced industrial land, are critical for export competitiveness.

What is most troubling, however, is the persistence of inertia. As competition intensifies and preferential margins erode with the approach of LDC graduation, the reform agenda remains largely confined to paperwork. Even from the time of the previous regime, there has been no shortage of reports and recommendations on building export competitiveness, however, the key results have yet to materialise. In a dynamic world, such inaction can yield anything but competitive strength.

The author is chairman of Research and Policy Integration for Development (RAPID), a think tank.

Insurance sector faces demand-supply gap

Overlooks rural needs, says an expert

STAR BUSINESS REPORT

The insurance sector is facing a serious gap between demand and supply, as most products, designed by urban elites, ignore the needs of rural and low-income people, said Md Main Uddin, professor of the Department of Banking and Insurance at the University of Dhaka.

"Insurers need to engage directly with potential policyholders and move away from forced sales towards voluntary, trust-based adoption," he said.

Prof Uddin made the statements at a seminar titled "Prospects of Insurance in Bangladesh", organised by the Department of Banking and Insurance at the University of Dhaka, held at the Faculty of Business Studies yesterday.

He added that despite Bangladesh's large population and growing middle class, insurance penetration remains below 0.5 percent, reflecting deep structural and governance problems rather than a lack of market potential.

"The country needs to view insurance not just as a capitalistic transaction, but as a welfare-oriented social tool," he said.

Despite Bangladesh's large population and growing middle class, insurance penetration remains below 0.5 percent

Citing global examples such as Japan, Prof Uddin explained that insurance works through collective pooling, where the underuse of services by some allows life-saving support for others during disasters.

"This mindset is crucial for building long-term resilience and intergenerational security," he added.

On governance, he described the sector's challenges as a "crisis of will" rather than a lack of technical skill.

He criticised cases where companies misuse funds instead of settling legitimate claims, warning that such actions harm public trust and threaten financial stability.

To prevent a wider economic crisis, he stressed the importance of strengthening and balancing Bangladesh's four key financial pillars -- banks, insurance, bonds, and capital markets -- through consolidation, ethical enforcement, and policy reform.

Md Shahidul Islam Zahid, professor and chairman of the Department of Banking and Insurance, said that although the insurance sector has long been underestimated, Bangladesh's rapid economic growth has greatly increased assets and risks, making insurance essential for sustainable development.

He added, "By engaging industry leaders and understanding the skills needed over the next five to ten years, the department aims to continuously update its curriculum and research focus.

"Our ultimate goal is to produce competent graduates with strong practical knowledge who can provide high-quality service and contribute meaningfully to the financial and insurance sectors."

READ MORE ON B2

Plastic products are on display at the International Plastics, Printing and Packaging Industry Fair at International Convention City Bashundhara in Dhaka yesterday. PHOTO: FIROZ AHMED

Packaging makers see $10b export potential

Industry leaders say stronger policy support and infrastructure could expand overseas sales

STAR BUSINESS REPORT

The local plastic and flexible packaging sector, which now earns $2.2 billion a year from direct and indirect exports, has the potential to grow to $10 billion and emerge as a major export earner with targeted policy support, according to industry leaders.

They highlighted the sector's growing role as a critical backward linkage to export-driven industries such as readymade garments, food, pharmaceuticals and fast-moving consumer goods.

"Bangladesh's flexible packaging industry has significant potential to become a high-value export sector with the right policy and infrastructure support," said Md Anisur Rahman, deputy executive director of Premiaflex Plastics Limited of ACI PLC.

He made the remarks at a seminar titled "Packaging Export Potentiality and Identification", jointly organised by the Plastic Products Business Promotion Council (PPBPC) and the Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA).

The event was held yesterday at the International Convention City Bashundhara in Kuril on the occasion of the International Plastics, Printing and Packaging Industry Fair.

Presenting the keynote paper, Rahman said flexible packaging used in food, pharmaceuticals, garments and FMCG has become a vital backbone of the country's export ecosystem.

The sector has an estimated market size of Tk 3,500 crore and an annual production capacity of 115,000 tonnes, supported by more than 100 manufacturers. Yet only about 3 percent of locally produced packaging materials are exported directly.

Rahman pointed to skilled manpower and competitive production costs as key strengths but said the sector remained constrained by the lack of bonded warehouse facilities, limited export incentives and inadequate certification services.

He also stressed the need for stronger support for eco-friendly packaging and suggested introducing a national label, "Produced and Packaged in Bangladesh", to improve branding in global markets.

The sector has an estimated market size of Tk 3,500 crore and an annual production capacity of 115,000 tonnes

Md Obaidur Rahman, secretary of the Ministry of Industries, said plastic packaging held immense export potential, especially as Bangladesh seeks to diversify beyond garments.

"Plastic packaging is no longer just a support industry; it has the potential to become a billion-dollar export sector," he said.

The secretary urged closer collaboration between industry stakeholders, policymakers and development partners, adding that Bangladesh could tap a global market worth up to $10 billion in plastic packaging exports.

Md Nuruzzaman, additional secretary at the Ministry of Industries, called for stronger engagement between the public and private sectors.

"Oftentimes, policies are made without direct input from the business community. But seminars like this allow us to better understand your challenges and align our policies accordingly," he said.

Highlighting the changing role of packaging, he said, "Packaging is no longer just a supportive sector; it is essential. Without proper packaging, even the best products fail to attract consumers, both locally and globally."

"We must bring novelty to the packaging sector so our products stand out and meet evolving market demands," he said.

Hafizur Rahman, former head of the WTO Cell at the commerce ministry, said packaging plays an important role in export competitiveness.

"Packaging is not just about carrying products; it determines shelf life, quality, and global competitiveness," he said.

He noted that weaknesses in the domestic packaging sector contribute to post-harvest losses of up to 30 percent and called for bonded warehouse facilities and lower tariffs on imported packaging materials to support exporters.

"Packaging can transform our exports with the right policy support," he said.

Kazi Anwarul Haque, vice-president of BPGMEA, highlighted growing global demand for PP woven and FIBC bags and urged local manufacturers to look beyond the domestic market.

He said reusable and recyclable packaging products offer strong export prospects if producers focus on quality, compliance and market access.

The session was moderated by Shamim Ahmed, president of BPGMEA. Senior vice-president KM Iqbal Hossain and vice-presidents Md Enamul Haque and Quazi Anwarul Haque of the association also spoke at the event.

The fixed pie fallacy

MAHTAB UDDIN AHMED

The CEO and board spent three meetings arguing over his bonus, quoting KPIs and "current market conditions." The consultant calmly billed for conflict management and facilitation, earning more than the bonus, even though they did not attend the final meeting.

Negotiation often begins with an unspoken assumption that the pie is already baked, its size fixed, and its slices limited. Whoever takes a bigger piece must be stealing from the other. This belief quietly shapes boardroom arguments, salary discussions, regulatory debates, and even family business conversations. The moment this mindset enters the room, creativity exits. What follows is not negotiation, but a slow tug-of-war where everyone pulls hard, and the rope eventually snaps.

This is what negotiation scholars describe as the fixed-pie mentality, or the Trump model. It is the belief that one party's gain automatically requires another's loss. Global research suggests this belief is not just common but deeply flawed. Studies from Harvard's Program on Negotiation show that a majority of negotiators systematically fail to identify opportunities for mutual gain, leaving significant value on the table simply because they assume it does not exist. McKinsey's work on complex negotiations further indicates that organisations that move beyond zero-sum thinking generate materially higher long-term value and more durable agreements than those that focus only on who wins today.

In Bangladesh, the fixed-pie mindset is visible across sectors. Employers assume employees want more pay at the cost of profitability, while employees assume management wants profit at the cost of dignity. Boards treat management as cost centres, management treats boards as threats, regulators see industries as adversaries, and businesses view policy as punishment. Everyone negotiates defensively, as if survival depends on extracting concessions rather than creating solutions. The outcome is predictable. Deals get delayed, relationships erode, and mistrust becomes institutionalised. Eventually, the pie shrinks for everyone.

The irony is that most negotiations are not inherently zero-sum. Compensation discussions are not only about money but also about growth, learning, flexibility, and recognition. Corporate deals are rarely just about valuation; they involve risk allocation, timelines, governance, reputation, and future opportunities. National-level negotiations around investment, energy, or infrastructure are never about a single transaction. They are about credibility, continuity, and confidence. When negotiators obsess over one variable and ignore the rest, they fight fiercely over a small slice while ignoring the bakery next door.

Evidence from Asia offers useful lessons. Economies that have successfully attracted long-term investment tend to negotiate on multiple dimensions simultaneously. By aligning interests rather than rigid positions, they expand the value pool and then share it. Research from the World Bank shows that countries with higher trust and collaborative negotiation cultures experience lower transaction costs, faster deal closures, and stronger private sector participation. These are not abstract theories. They translate directly into jobs, investment, and growth.

Overcoming the fixed-pie mentality requires a shift in mindset rather than tactics. It starts with curiosity rather than suspicion, and with asking why the other side wants something rather than assuming bad faith. It requires the maturity to separate ego from outcome and to recognise that walking away with a sustainable agreement is more powerful than winning a loud argument. Most importantly, it demands an understanding that negotiation is rarely a one-time event. In a small economy like ours, today's opponent is tomorrow's partner.

The real cost of fixed-pie thinking is not a bad deal. It is the normalisation of conflict, the erosion of trust, and the gradual weakening of institutions. When leaders negotiate as if value is finite, they create scarcity where none is necessary. When they negotiate to create value, they strengthen themselves, their organisations, and the nation as a whole. A country does not grow by fighting over slices. It grows by learning how to bake a bigger pie and, wisely, agreeing on how to share it.

The writer is the president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd

Trump-era trade stress leads Western powers to China

AFP, *Tokyo*

Britain's Keir Starmer is the latest Western leader to thaw trade ties with China in a shift analysts say is driven by US tariff pressure and unease over Donald Trump's volatile policy playbook.

The prime minister's Beijing visit this week to promote "pragmatic" co-operation comes on the heels of advances from the leaders of Canada, Ireland, France and Finland.

Most were making the trip for the first time in years to refresh their partnership with the world's second-largest economy.

"There is a veritable race among European heads of government to meet with (Chinese President) Xi Jinping," Hosuk Lee-Makiyama, director of the European Centre for International Political Economy, told AFP.

This is "driven by internal rivalry to secure investments and market access before the China-US summits in February and April", he said.

It's not just China looking more appealing these days: on Tuesday, India and the European Union announced a huge trade pact two decades in the making, a move to open new markets in the face of a strained status quo.

Vietnam and the European Union also on Thursday committed to deeper cooperation on trade, technology and security.

India and other emerging markets such as South America "are too small to sustain the world's most export-dependent economies, which are in Europe", Lee-Makiyama said.

So they have no choice but to turn to Beijing -- despite concern over its human rights record, and accusations of economic coercion. "Half of economic growth is generated by either the United States or China," Lee-Makiyama said, adding that "the United States is hardly opening up".

Trump's unpredictable tariff onslaught signals that "the United States is no longer a reliable trading partner", said William Alan Reinsch at the Washington-based Center for Strategic and International Studies.

For the new EU-India Free Trade Agreement, "you can argue that, ironically, Trump's policies have pushed it across the finish line" 20 years since negotiations began, Reinsch told AFP.

Starmer told Xi on Thursday it was "vital" to develop the two countries' relationship, with the Chinese leader also stressing the need for stronger ties in the face of geopolitical headwinds.

Britain's Prime Minister Keir Starmer (left) and Chinese Premier Li Qiang shake hands after a signing ceremony held at the Great Hall of the People in Beijing on January 29. Chinese President Xi Jinping told Starmer their countries must "strengthen" ties to counter geopolitical headwinds. PHOTO: AFP

London and Beijing enjoyed what they described as a "Golden Era" a decade ago but relations deteriorated from 2020 when Beijing imposed a national security law on Hong Kong.

Nonetheless, China remains Britain's third-largest trading partner, and Starmer's centre-left government is keen to boost UK economic growth.

While the European Union also wants stronger ties with China, it is alarmed by the current trade imbalance, with a gaping deficit of more than $350 billion to Brussels's disadvantage.

Irish Prime Minister Micheal Martin urged "open trade" in his talks with Xi in early January, while France's Emmanuel Macron denounced the trade imbalance on a visit to Beijing in December.

China and India are also seeking ways to cope with Trump's tariffs designed to boost US manufacturing and "make America great again".

"A select few countries should not have privileges based on self-interest, and the world cannot revert to the law of the jungle where the strong prey on the weak," Chinese Vice Premier He Lifeng said at the World Economic Forum this month.

In some cases, Trump has retaliated with more tariff threats, including a new 100 percent levy on all Canadian goods if the US neighbour makes a trade deal with China.

Canadian Prime Minister Mark Carney hailed a "new strategic partnership" with China in Beijing this month, touting a "preliminary but landmark trade agreement" to reduce tariffs.

Under the deal, China, which used to be Canada's largest market for canola seed, is expected to reduce tariffs on the products to around 15 percent, down from the current 84 percent. In return, Canada will import 49,000 Chinese electric vehicles under a preferential tariff rate.

Carney's visit "signalled a fundamentally new approach to how Ottawa intends to navigate a more fragmented, contested and uncertain world", wrote Vina Nadjibulla, vice-president of research and strategy at APF Canada.

But she warned it could risk being misinterpreted as "a softening of Canada's assessment of the national and economic security challenges China poses".

Reinsch at the CSIS predicted that the latest agreements would leave the United States at a disadvantage in the long run, while noting they were "surprisingly traditional".