

# Star BUSINESS



## Businesses urge review of US trade deal after court ruling



Abdur Razzaque

### Reciprocal tariffs struck down: Why Bangladesh must reassess US trade deal

ABDUR RAZZAQUE

From a legal standpoint, the US Supreme Court's ruling leaves limited room for ambiguity. The practical implications, however, remain uncertain, not least because the President Donald Trump administration's response is still unclear.

#### ANALYSIS

The reciprocal tariffs in question were introduced under the International Emergency Economic Powers Act (IEEPA), yet the Supreme Court determined that the statute does not authorise measures of unbounded scope, magnitude, and duration, particularly given Congress's constitutional primacy in tariff-setting.

Yet the policy environment does not become calmer as a result. It becomes murkier. The reason is simple: the ruling

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## Salehuddin leaves office outlining 20 priority tasks for Khosru

List includes managing high inflation, weak tax collection, rising debt

REJAUL KARIM BYRON and AHSAN HABIB

Bangladesh has entered a new political chapter. The interim government has stepped down, and with it, Salehuddin Ahmed as finance adviser. But on his way out, Ahmed left behind a detailed successor note for the new Finance Minister Amir Khosru Mahmud Chowdhury of the BNP-led government, outlining 20 priority tasks he believes deserve

urgent attention.

The gesture reflects just how much unfinished business remains. The new government inherits an economy under considerable stress. Inflation remains stubbornly high, the debt burden is rising, the banking sector is still fragile, and the tax system needs continued deep reforms. The question now is where to begin.

Ahmed's note offers a starting point--inflation.

Bangladesh's overall inflation has

stayed above 9 percent since March 2023, and while it has eased slightly in recent months, the annual average stood at 8.58 percent in January, according to the Bangladesh Bureau of Statistics.

Ahmed calls for tightly coordinated fiscal and monetary policy, better market monitoring, easing supply-side bottlenecks, and more careful management of essential imports.

Close behind inflation is tax reform.

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#### 2025 US RECIPROCAL TARIFF TIMELINE

<b>Apr 2:</b> US announces 37% tariff on Bangladesh's exports	<b>Apr 7:</b> CA appeals for an extension; letter sent to USTR	<b>Apr 9:</b> US grants 90-day pause, sets 10% baseline tariff	<b>Jun 27:</b> Negotiations begin
<b>Jul 7:</b> Tariff on Bangladesh's exports cut to 35%	<b>Jul 29-31:</b> Final round of talks held	<b>Jul 31:</b> Tariff on Bangladesh's exports reduced to 20%	<b>Aug 7:</b> New rate takes effect

#### 2026

<b>Feb 9:</b> Bangladesh-US sign reciprocal trade deal ➤ Tariff on Bangladesh's exports cut to 19%	<b>Feb 20:</b> US Supreme Court strikes down Trump's entire reciprocal tariff
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JAGARAN CHAKMA

Local business leaders have urged the government to review the country's reciprocal trade agreement with the United States after the US Supreme Court on Friday ruled that Trump's sweeping emergency tariffs are illegal.

The trade deal, signed on February 9

by the interim government, had already been facing criticism. Businesses and economists argued that Bangladesh conceded too much in return for a reduction of the reciprocal tariff to 19 percent.

Besides, the deal was signed just two days before the national election, prompting questions over whether such a commitment should have been left to an elected government.

The court ruling has now complicated matters for countries that have already signed deals with the US.

By invalidating parts of the tariff regime and prompting President

READ MORE ON B3

# Prime Bank customers to get benefits on flat purchases from Wecon Properties

STAR BUSINESS DESK

Prime Bank PLC has signed a strategic partnership agreement with Wecon Properties Limited, one of the country's leading real estate companies.

Mamur Ahmed, senior executive vice-president and head of branch distribution at Prime Bank PLC, and Rezaul Haque Limon, chief business officer of Wecon Properties Limited, signed the agreement at the bank's head office in Gulshan, Dhaka recently, according to a press release.

Under this agreement, home loan customers will be able to enjoy benefits and concessions when purchasing flats from Wecon Properties through financing from Prime Bank. As a result,

investment opportunities in premium real estate projects aimed at securing a permanent address will become more accessible to customers.

Through this partnership, Prime Bank has reaffirmed its commitment to providing lifestyle-based quality services and financial solutions to customers, which will play a supportive role in fulfilling their dreams of homeownership, the release added.

Zowardar Tanvir Faisal, executive vice-president and head of cards and retail assets of the bank; Major Md Aminul Haque, group chief operating officer of the realtor; and Dewan Rashidul Hasan, executive director, along with other senior officials from both organisations, were also present at the ceremony.



Rezaul Haque Limon, chief business officer of Wecon Properties Limited, and Mamur Ahmed, senior executive vice-president and head of branch distribution at Prime Bank PLC, pose for a photograph after signing the agreement at the bank's head office in Gulshan, Dhaka recently. PHOTO: PRIME BANK

# Gold gains over 1% on soft US data

REUTERS

Gold prices rose more than 1 percent on Friday, supported by weaker-than-expected US GDP data, while investors digested President Donald Trump's announcement of fresh global tariffs following the US Supreme Court's tariffs ruling.

Spot gold was up 1.5 percent at \$5,071.48 an ounce by 02:08 p.m. (1908 GMT). US gold futures for April delivery settled 1.7 percent higher at \$5,080.90.

"It's hard to see the president collecting his toys and going home; he will try to re-establish tariffs using other statutes which will promote volatility," said Tai Wong, an independent metals trader.

Medium-term uncertainty won't deter gold bulls, Wong added. Trump said that he would impose a 10 percent global tariff for 150 days to replace some of his emergency duties that were struck down by the US Supreme Court.

The Supreme Court declared illegal his broad global tariffs imposed under the International Emergency Economic Powers Act, ruling that he had overstepped his authority under that law.

Data showed US economic growth slowed sharply to a 1.4 percent annualized rate in Q4, well below economists' forecast of 3 percent, as the government shutdown and softer consumer spending hit activity.

Separately, the Fed's preferred inflation gauge, the Personal Consumption Expenditure index, rose 0.4 percent in December, above expectations for a 0.3 percent increase.

# Brent rises

REUTERS, Houston

Brent crude prices rose in late-day short-covering on Friday as investors worried about US military action, as President Donald Trump presses the Islamic Republic to halt nuclear weapon development.

Brent crude futures settled at \$71.76 a barrel, up 10 cents, 0.14 percent. US West Texas Intermediate crude finished at \$66.39 a barrel, down 4 cents, 0.06 percent.

For most of Friday, Brent and WTI were down, with the market awaiting developments in the struggle between Iran and the US.

"We're caught in between anticipation what's going to happen with the US and Iran and denial an attack's going to happen," said Phil Flynn, senior analyst with Price Futures Group.

The oil market shrugged off a US Supreme Court decision ruling unconstitutional Trump's use of a law to levy tariffs in national emergencies, Flynn said.

"The tariff's decision didn't seem to move us too much," he said. "I think there is a sense the tariffs are going to get done another way."

Over the week, Brent and WTI were both up more than 5 percent. Trump said this week that "bad things" would happen to Iran if there was not a deal to end the Islamic Republic's development of nuclear weapons.

Iran's foreign minister said on Friday he expected to have a draft counterproposal ready within days following nuclear talks this week as Trump said he was considering limited military strikes.

# Eastern Bank, Thalassemia Foundation join hands for healthcare



Prof Syeda Masooma Rahman, vice-chairman of Bangladesh Thalassaemia Foundation, receives a financial aid cheque from Ziaul Karim, head of communications and external affairs at Eastern Bank PLC, at the bank's head office in Dhaka recently. PHOTO: EASTERN BANK

STAR BUSINESS DESK

Eastern Bank PLC (EBL) recently provided financial support to the Bangladesh Thalassaemia Foundation (BTF) to strengthen healthcare services for underprivileged patients suffering from thalassaemia, as part of its corporate social responsibility (CSR) initiative.

Ziaul Karim, head of communications and external affairs at Eastern Bank PLC, handed over a cheque to Prof Syeda Masooma Rahman, vice-chairman of Bangladesh Thalassaemia Foundation, at the bank's head office in Dhaka, according to a press release.

Prof Rahman said the partnership would help improve treatment facilities and offer renewed hope to affected children and their families.

Ziaul Karim noted that supporting life-saving healthcare infrastructure

reflects EBL's commitment to sustainable community development.

Under the partnership, EBL will support the modernisation of BTF's medical facilities by funding advanced equipment such as refrigerated centrifuges, platelet incubators and agitators, plasma freezers and whole blood refrigerators. The initiative aims to enhance blood storage and transfusion services for thalassaemia patients.

Thalassaemia is one of the most common hereditary blood disorders in Bangladesh, with an estimated 6-12 percent of the population carrying the gene.

ABM Zunaed, head of human resources and operations at the foundation; CM Omar Faruq Niloy, manager of accounts and finance; and Momotaj Jahan Koli, assistant manager of donor relations and partnership development, attended the event.

# Jamuna Bank holds workshop on financial literacy

STAR BUSINESS DESK

Jamuna Bank PLC recently organised a policy guidelines workshop on financial inclusion and financial literacy for the officials heading all divisions at its head office.

Md Abdus Salam, additional managing director and chief operating officer of Jamuna Bank PLC, inaugurated the workshop, according to a press release.

Md Iqbal Mohsin, director of the Financial Inclusion Department of Bangladesh Bank, was present as the chief guest and conducted the workshop.

At the workshop, Mohsin discussed in detail the importance of extending banking services to marginalised people and the need for financial literacy to ensure financial inclusion for customers.

He provided guidance to the divisional heads, on how to implement the latest policy guidelines set by the Bangladesh Bank at the field level.

Noor Mohammed, AKM Atiqur Rahman, Md Shahidul Islam and Mohammad Jahangir Alam, deputy managing directors of the bank, along with other senior officials, were also present at the event.



Md Iqbal Mohsin, director of the Financial Inclusion Department of Bangladesh Bank, and Md Abdus Salam, additional managing director and chief operating officer of Jamuna Bank PLC, attend the workshop on financial inclusion and financial literacy at the bank's head office in Dhaka recently. PHOTO: JAMUNA BANK

# BRAC Bank unveils Visa cashback credit card



Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank PLC, inaugurates the "Visa Cashback Credit Card" at the bank's head office in Dhaka recently. PHOTO: BRAC BANK

STAR BUSINESS DESK

BRAC Bank PLC has launched the "Visa Cashback Credit Card", offering customers tangible savings, enhanced lifestyle benefits and greater financial flexibility across Bangladesh.

Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank PLC, inaugurated the card as the

chief guest at a function held recently at the bank's head office in Dhaka, according to a press release.

The card allows customers to earn up to Tk 8,400 in annual cashback across retail, grocery, healthcare and wallet-related transactions.

Newly issued primary cardholders will also receive welcome vouchers from leading merchants, including Pickaboo, Artisan, Gadget & Gear and Chaldal.

During the first three months after issuance, customers can enjoy monthly cashback of up to Tk 300 on POS, QR and e-commerce transactions. The card continues to offer a 1 percent cashback on bKash wallet transfer processing fees.

Cardholders will receive a 10 percent monthly cashback on purchases at major grocery chains such as Shwapno, Meena Bazar, Agora and Unimart Limited, as well as at healthcare outlets including Lazz Pharma, Tamanna Pharmacy and Arogga.

For higher-value local and international purchases, the card provides flexible EMI facilities ranging from six to 24 months through the bank's digital banking app, Astha. An extended EMI option of up to 36 months is also available at more than 1,700 partner merchants nationwide.

Customers will earn reward points on transactions, redeemable against eligible retail purchases or for annual fee waivers. The card additionally offers an optional Credit Shield Insurance facility, providing hospitalisation coverage and protection against death, permanent disability and critical illness.

Shabbir Ahmed, country manager for Bangladesh at Visa, and Mahiul Islam, deputy managing director and head of retail banking at the bank, were also present, along with senior officials from both organisations.

# Asian economies

FROM PAGE B4

Christopher Hui, Hong Kong's secretary for financial services and the treasury, Trump's new levy served to underscore Hong Kong's "unique trade advantages", Hui said.

"This shows the stability of Hong Kong's policies and our certainty ... it shows global investors the importance of predictability," Hui said at a media briefing on Saturday when asked how the new US tariff's would affect the city's economy.

Hong Kong operates as a separate customs territory from mainland China, a status that has shielded it from direct exposure to US tariffs targeting Chinese goods.

While Washington has imposed duties on mainland exports, Hong Kong-made products have generally faced lower tariff rates, allowing the city to maintain trade flows even as Sino-US tensions escalated.

Before the Supreme Court's ruling, Trump's tariff push had strained Washington's diplomatic relations across Asia, particularly for export-reliant economies integrated into US-bound supply chains.

Friday's ruling concerns only the tariffs launched by Trump on the basis of the International Emergency Economic Powers Act, or IEEPA, intended for national emergencies.

Trade policy monitor Global Trade Alert estimated that by itself,

the ruling cuts the trade-weighted average US tariff almost in half from 15.4 percent to 8.3 percent.

For those countries on higher US tariff levels, the change is more dramatic. For China, Brazil and India, it will mean double-digit percentage point cuts, albeit to still high levels.

In Taiwan, the government said it was monitoring the situation closely, noting that the US government had yet to determine how to fully implement its trade deals with many countries.

"While the initial impact on Taiwan appears limited, the government will closely monitor developments and maintain close communication with the US to understand specific implementation details and respond appropriately," a cabinet statement said.

Taiwan has signed two recent deals with the US - one was a Memorandum of Understanding last month that committed Taiwan to invest \$250 billion and the second was signed this month to lowering reciprocal tariffs.

**MORE CONFUSION**

Analysts say the Supreme Court's ruling against Trump's more aggressive tariff measures may offer little relief for the global economy. They warned of looming confusion as trading nations brace for moves by Trump to find other means of using levies to circumvent the ruling.

# Guardian Life to give insurance coverage to Super Star Group employees

STAR BUSINESS DESK

Guardian Life Insurance Ltd has signed an agreement with Super Star Group, an electrical equipment supplier in Dhaka, to provide comprehensive insurance benefits to its employees.

Sheikh Rakibul Karim, chief executive officer of Guardian Life Insurance Ltd, and Harun Ar Rashid, managing director of Super Star Group, signed the agreement at the life insurer's head office in Gulshan, Dhaka recently, according to a press release.

Commenting on the deal, Karim said, "At Guardian, we believe employee well-being is fundamental to sustainable business success. By partnering with Super Star Group, we are ensuring comprehensive financial protection and healthcare support for employees and their families, enabling them to work with confidence and peace of mind."

Under the agreement, employees of Super Star Group and their dependents will be able to avail themselves of comprehensive life coverage and medical benefits, strengthening their financial and healthcare safety nets.



Harun Ar Rashid, managing director of Super Star Group, and Sheikh Rakibul Karim, chief executive officer of Guardian Life Insurance Ltd, pose for a photograph after signing the agreement at the life insurer's head office in Gulshan, Dhaka recently. PHOTO: GUARDIAN LIFE INSURANCE

# What's next after US

FROM PAGE B4

But those still finalizing deals may have more leverage now.

Asia Society Policy Institute senior vice president Wendy Cutler expects that walking away from announced deals "does not seem to be in the cards for our partners."

"They know all too well that such a step could end up leaving them in a worse position with the White House," she said.

**LOWER TARIFFS?**

With the Supreme Court ruling, consumers "face an overall average

effective tariff rate of 9.1 percent, which remains the highest since 1946 excluding 2025," according to The Budget Lab at Yale University.

This is down from 16.9 percent. Despite Trump's plan to move towards more lasting duties, Navy Federal Credit Union chief economist Heather Long expects Friday's ruling "will force a reset in tariff policy."

She anticipates this is "likely to lead to lower overall tariff rates and a more orderly imposition of future tariffs."

## ECB's Lagarde signals no imminent exit

REUTERS

European Central Bank President Christine Lagarde has told colleagues she remains focussed on her job and she would tell them first if she was about to step down, a message they took to mean she was not about to resign, four sources told Reuters.

The Financial Times reported on Wednesday that Lagarde planned to leave her job early ahead of next year's French presidential election, a vote which the eurosceptic far-right could win.

An early resignation aimed at giving outgoing French leader Emmanuel Macron a say in picking the new ECB president would rekindle a debate about central bank independence from politics, a principle which has come under threat in the US from President Donald Trump's attack on the Federal Reserve.

Lagarde sent a private message to fellow policymakers later on Wednesday to reassure them that she was still concentrating on her role of leading Europe's most important financial institution and that they would hear it from her, rather than the press, if she wanted to step down, sources said.

Recipients of the message said this indicated that Lagarde did not want to leave the ECB immediately but she did not firmly close the door to such a step either.

An ECB spokesperson declined to comment.

Some policymakers said they were surprised that speculation about Lagarde's future should emerge already, with more than a year to go until the French elections in the spring of 2027 and the end of Lagarde's term in October of next year.



PHOTO: SUZIT KUMAR DAS

A farmer carefully sorts tomatoes from a stockpile, filling plastic crates for dispatch to Dhaka and other districts across the country. In Rajbari, farmers invest between Tk 50,000 and Tk 60,000 per bigha of land in tomato cultivation, with yields ranging from 180 to 220 maunds per bigha. At present, tomatoes are selling at Tk 1,200 per maund. The photograph was taken in Gopalbari village, Rajbari Sadar recently.

# MSMEs need targeted policy support: BUILD

STAR BUSINESS REPORT

The Business Initiative Leading Development (BUILD) has urged the newly formed government to provide targeted policy support for micro, small, and medium enterprises (MSMEs), identifying them as the backbone of the economy.

In a press statement issued today, the public-private dialogue platform stressed the importance of simplifying licensing processes and ensuring easier access to finance for small business owners.

Formalising the informal sector through digital integration and simplified regulatory compliance is essential for inclusive economic development, BUILD Chairperson Abul

Kasem Khan said in the statement.

Noting that the nation has entered a new chapter, the platform also highlighted the urgency of addressing prevailing economic challenges to ensure sustainable growth and private sector resilience.

It further stated that the immediate priority for the new administration should be the restoration of macroeconomic stability. This includes managing inflation, ensuring a stable foreign exchange regime, and improving liquidity within the banking sector.

BUILD said a stable economic environment is the primary prerequisite for regaining investor confidence and sustaining industrial productivity.

The platform also called for accelerating

reforms that reduce the cost of doing business.

With the upcoming challenges of graduating from least developed country (LDC) status, it emphasised the need for streamlined trade procedures, rationalised tariff structures, and the removal of regulatory bottlenecks.

Attracting both domestic and foreign direct investment (FDI) must remain at the heart of the national economic agenda to create employment and diversify exports, it added.

Since 2011, BUILD has served as the secretariat to the Private Sector Development Policy Coordination Committee (PSDPCC) at the Prime Minister's Office.

## Abul Kasem Khan appointed as chairperson of BUILD

STAR BUSINESS DESK

Abul Kasem Khan has been appointed as the chairperson of Business Initiative Leading Development (BUILD) for a two-year term covering 2026-27.

Khan's appointment was made recently at the organisation's 39th trustee board meeting, according to a press release.

A member of the BUILD Trustee Board since 2020, he assumed this leadership role following a formal resolution by the Board in accordance with the relevant articles of the BUILD Deed of Trust.

Nominated by the Dhaka Chamber of Commerce and Industry (DCCI), he currently serves as vice-chairman of AK Khan & Company Ltd and managing director of AK Khan Telecom Limited.



Abul Kasem Khan

## RED Technologies, UNCDF partner to launch POOJI

STAR BUSINESS DESK

RED Technologies Ltd has partnered with the United Nations Capital Development Fund (UNCDF) to launch POOJI, a digital remittance and financial inclusion platform for Bangladeshi migrant workers and their families.

The initiative aims to reduce high remittance costs and improve access to formal financial services, according to a press release.

The mobile application offers a secure, affordable, and user-friendly way to send and receive money, featuring biometric-enabled e-KYC and two-factor authentication (2FA) for enhanced security.

Implemented under the Shafal Programme -- a collaboration between the Embassy of Switzerland and UNCDF -- POOJI forms part of UNCDF's Leaving No One Behind in the Digital Era initiative.

Tanvir Alam, chairman of RED Technologies, said, "This partnership exemplifies our shared commitment to advancing financial inclusion across underserved communities."

## Businesses urge review of US trade deal

FROM PAGE B1

Trump to introduce a fresh 10 percent global duty under a separate legal authority, the ruling has cast worldwide uncertainty over how existing bilateral arrangements will operate.

Amid this chaos and confusion, Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), described the pact as "uneven".

"The recently signed reciprocal trade agreement with the US is, in my view, an unequal deal. It should be reviewed to ensure that Bangladesh's interests are adequately protected," he said.

While the tariff agreement provides zero tariff access for products manufactured with US raw materials, Hatem said the benefit is conditional and limited. "In exchange, Bangladesh appears to have conceded on several difficult conditions," he added.

After the court ruling, he now questioned the practical value of the new 10 percent levy. "It is still unclear how long this will continue," he said, noting that the additional duty offers no distinct advantage to Bangladesh exporters.

AK Azad, managing director of Ha-Meem Group, said the legal development in Washington raises a more fundamental issue. "The court has struck down the tariff framework. If that is no longer in place, then what happens to the agreement signed just before the election?" he asked.

Azad said it is unclear whether the agreement automatically loses force following the ruling.

He suggested that the 10 percent global tariff could also face legal challenge, though he does not expect a sharp immediate impact on Bangladesh exports. Even if the agreement remains intact, he said, the government should reassess its options.

Anwar Ul Alam Chowdhury (Parvez), president of the Bangladesh Chamber of Commerce and Industry, said the US retains multiple statutory tools to shape trade policy.

Although certain tariff measures were declared unlawful, Washington has already invoked alternative provisions to impose the 10 percent duty and could initiate further trade

investigations, he commented.

"They have multiple options at their disposal. We cannot predict which instruments they may use next," he said.

In that context, Parvez questioned the haste in finalising the agreement and urged policymakers to prepare a clear negotiating strategy grounded in US trade law. "We need proper preparation and a realistic evaluation of our commitments," he said.

Tasken Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI), also criticised the timing of the deal, describing the decision to sign it days before the election as "not prudent."

"Such an agreement should ideally have been advanced by an elected government after carefully weighing all implications," he said.

Ahmed said the DCCI has asked the new government to explore ways to review the arrangement. He said further measures from Washington could follow and that the agreement might affect Bangladesh's trade relations with major partners such as China and India.

"The government should strategically assess the broader trade implications before moving forward," he said.

Riad Mahmud, managing director of National Polymer Industries PLC, said Bangladesh could find itself in a stronger position if the agreement is rendered void as a result of the US court decision. However, there are several uncertainties.

There is confusion, he said, over whether the agreement lapses automatically or remains legally binding despite changes in the US tariff framework.

Asif Ibrahim, vice chairman of Newage Group of Industries, described the ruling as a significant development in US trade policy.

He said businesses value stability, transparency and rule-based systems, which underpin investment decisions and long-term planning.

"The United States remains a valued and strategic trading partner for Bangladesh," he said. "We hope both governments will continue constructive engagement to ensure predictable market access, strengthen bilateral economic ties and safeguard the interests of businesses and consumers in both countries."

## Reciprocal tariffs struck down

FROM PAGE B1

closes one route, but it does not remove the underlying political preference within the administration for using tariffs as leverage, and it does not exhaust the US President's tariff toolkit.

For Bangladesh, the immediate implication is that the bilateral agreement just signed now sits on shifting ground. A large part of its logic was anchored to a specific tariff regime, including a reduced "reciprocal" tariff rate and related conditions.

If the legal foundation of that tariff regime is removed, the agreement's operational value and bargaining context must be re-evaluated, clause by clause, through a sober mapping of what is still executable, what becomes moot, and what remains binding as a matter of bilateral commitment even if the original tariff threat is weakened.

This distinction matters because in trade diplomacy, commitments do not always vanish simply because the initial leverage instrument is curtailed. They can reappear as expectations, "understandings", or benchmarks in the next round of pressure.

Can the US still pressure Bangladesh bilaterally to operationalise the signed agreement? Yes, and it is not difficult to see how,

even after the Court's ruling.

First, the administration can attempt to recreate pressure using other statutory authorities, though these involve procedural steps and are not always as fast or as sweeping as IEEPA.

Commentators and trade-law specialists have already pointed to alternatives such as Section 232 (national security), Section 301 (unfair trade practices), and Section 122 (temporary balance-of-payments surcharge with limits), among others. Even where these tools are slower or narrower, they can still produce credible uncertainty for exporters and investors, and uncertainty itself is bargaining power.

Second, pressure does not have to be purely tariff-based. The US can use sequencing and implementation discretion, for example, how quickly it operationalises promised tariff adjustments, how it interprets compliance-related clauses, or how it links trade cooperation to wider diplomatic or security cooperation.

Those moves can be quiet, and therefore more difficult for Dhaka to contest publicly, but they can be materially felt by firms.

So, what should Bangladesh do now, in practical terms, without turning the situation into a public standoff?

performance and external debt management to bolster foreign exchange reserves.

Avoiding non-concessional loans as much as possible is crucial, especially as Bangladesh's debt risk rating has been downgraded from "low" to "moderate."

Regarding the budget deficit and financing, the former adviser notes that although the deficit remains below 5 percent of GDP, the debt-to-GDP ratio has been rising steadily.

Since the stock of external debt and the amount of principal and interest payments are not aligned with export earnings or revenue income, the government's debt-carrying capacity has weakened.

Although, according to the International Monetary Fund's benchmark, debt sustainability remains at a tolerable level, caution is necessary.

Meanwhile, one of the more politically sensitive items on the list is a new government pay scale.

The former adviser notes that it has been nearly 11 years since civil servants last received a pay revision in 2015, and cumulative inflation of around 111 percent since then

Buy time, but do so formally, not passively.

The Supreme Court ruling provides a legitimate, non-confrontational basis to request a "technical pause" for legal and economic review, framed as due diligence to ensure implementability under the changed US legal context. This is not a delay for its own sake. It is an evidence-based request grounded in an altered legal reality.

Ring-fence the binding parts and identify what is conditional.

Bangladesh should instruct a rapid legal scrub of the signed text (and any annexes or side letters) to distinguish (a) commitments that become redundant if reciprocal tariffs are vacated, from (b) commitments that could still be demanded independently, especially procurement-related undertakings and regulatory or standards commitments. This is where hidden fiscal, industrial policy, and competition implications often sit.

Shift the dialogue from "tariff relief" to "predictable, rules-based access"

If the US cannot rely on IEEPA for broad reciprocal tariffs, it may seek other tools, but those tools typically involve more process. Bangladesh should use that procedural reality to argue for predictability, transparency, and consultative sequencing, rather

than episodic pressure.

Do not over-correct through public messaging.

The temptation will be to treat the ruling as Bangladesh's "escape route". That is strategically unwise. A measured line is safer. Bangladesh respects the US legal process, is studying implications, and remains committed to constructive engagement with the United States, while ensuring that any operational steps are consistent with national interest and legal certainty.

The bottom line is this. The ruling limits one presidential instrument, but it does not dissolve US negotiating ambition, nor does it automatically neutralise bilateral commitments already signalled. Bangladesh should therefore act as though pressure can return in a different legal form, at a different tempo.

That is precisely why buying time must be paired with preparation, coalition management, and a disciplined, technical review of what Bangladesh has already agreed, and what, in the new circumstances, it should seek to clarify, sequence, or reopen.

*The author is an economist and chairman of Research and Policy Integration for Development (RAPID). He can be reached at m.razzaque@gmail.com*

## Salehuddin leaves office outlining 20 priority tasks

FROM PAGE B1

As part of an ongoing overhaul of the National Board of Revenue, it is necessary to complete establishing the Revenue Policy Division and the Revenue Management Division, Ahmed said.

It is also essential to introduce VAT automation and e-invoicing, digitalise the income tax system, modernise customs administration, and review tax exemptions, he argued, adding that expanding the tax base and preventing tax evasion are also crucial.

The tax reform report prepared by the task force must be reviewed and implemented, he said.

On the external front, he noted that foreign exchange reserves and debt management demand careful handling.

Bangladesh repaid \$4.11 billion in external loans in fiscal year 2024-25 (FY25), and the target for FY26 is \$4.83 billion.

Ahmed urges maintaining a market-based exchange rate, providing incentives to channel remittances through formal mechanisms, strengthening export

reform plan to the next elected government rather than enact it directly, leaving that task now squarely on Khosru's desk.

Bank consolidation, capital market regulation, and broader governance reforms in the financial sector round out the agenda. Ahmed flags the slow pace of foreign aid disbursement as a persistent drag.

He recommends regular coordination meetings among the Economic Relations Division, line ministries, and development partners, with lagging projects placed under special monitoring.

Strict compliance with project preparation requirements and loan agreement conditions is essential, with priority given to infrastructure, education, health, and social protection sectors.

For expenditure rationalisation, greater focus should be placed on high-priority development projects. Energy, agriculture, and food subsidies need to be better targeted, and although the coverage of social protection programmes has expanded, their efficiency must be improved.

The interim government chose to pass the Bangladesh Bank autonomy



# Ensure level playing field, policy support for local fashion brands

Says president of fashion entrepreneurs association

Azharul Hoque Azad

MD ASADUZ ZAMAN

Despite a growing consumer market, the country's domestic fashion brands are struggling with structural and policy constraints that could hinder long-term growth.

Entrepreneurs cite limited access to bank loans, an uneven tax system, strict regulations, competition from "illegal" imports, political uncertainty, and a shortage of skilled workers as key concerns. They warn that these issues could affect the sector's sustainability and its role in promoting cultural identity and domestic enterprise.

Amid these pressures, a three-day fair titled "Sutor Golpo - Nijoshshotay Bona Utso", organised by the Fashion Entrepreneurs Association of Bangladesh (FEAB) ahead of Eid-ul-Fitr at Midas Center in Dhanmondi, concluded yesterday, showcasing the resilience and creativity of local brands.

In an interview with The Daily Star, Azharul Hoque Azad, president of FEAB and managing director of Sadakalo Ltd, said that although Bangladesh's garment exports are expanding globally, grassroots domestic brands — many rooted in handloom and indigenous craftsmanship — are struggling to survive.

"Political and economic stability is vital for our business," he added.

Azad said since the Covid-19 pandemic, they faced repeated disruptions, including global shocks and domestic instability. "Since Covid, we've faced instability. Retail is usually the first to feel the shock," he said.

He added that domestic fashion products are non-essential items, so demand declines when household budgets tighten. "If someone already has two shirts, they won't buy another unless necessary. That has affected our sector," he said.

Azad cited a lack of supportive government policies, saying small and medium fashion brands have to operate under a complex and outdated regulatory system that requires them to pay VAT and secure multiple licences, including trade licences and other permits introduced decades ago.

Referring to a 1972 "dealing licence"

law, which was originally meant to regulate warehouses and prevent food hoarding but is now applied to fashion outlets, he said, "There are many regulations that are not fully relevant to our production reality."

He further questioned testing standards for handcrafted goods, explaining that handloom fabrics and hand-dyed yarn cannot always meet uniform factory standards. "When you dye yarn by hand, colour consistency will not be 100 percent identical every time," he said, adding, "But there is no special consideration for handcrafted products."

invoicing and sell them at lower prices without paying full taxes.

"We prepare the whole year for Eid, investing in design and production. But some traders import products just days before the season and flood the market," he said.

He questioned whether such imports are properly taxed and monitored. "There is no level playing field," he added.

**CAPITAL GAPS AND COMPETITION**

Azad said competition from large domestic retail chains is also significant but structurally different. Major brands, including those linked to garment

fashion entrepreneurs, he said, is essential for growth and sustainability.

**RAW MATERIAL ACCESS AND PRICING CHALLENGES**

Access to raw materials remains a challenge, as yarn and other inputs are not always readily available locally. This limits consistent use of high-quality domestic fabrics. "We want to use more local materials. But availability is a challenge," Azad said.

He stressed that higher prices for local brands reflect craftsmanship and quality. "People need to understand the value of a handloom product or a Jamdani," he said. "If something is handcrafted, it may cost a bit more."

Price comparisons, he argued, are often unfair. Imported garments are mass-produced at scale, reducing costs, while domestic brands operate on smaller volumes and prioritise design. "Our brands focus heavily on design. They do not produce thousands of identical pieces...because production volume is lower, it is not possible to reduce prices to the same level as mass industrial producers," he said.

He added that comparing mass-market imports with local designer products is misleading. "If you bring a mass-market product from abroad and compare it with a local designer brand, that is not an equal comparison. Compare mass-market to mass market, designer to designer — then it becomes fair."

He acknowledged the need to balance affordability with quality but said pricing is not the industry's main obstacle.

**INDUSTRY SIZE AND CONTRIBUTION**

Azad said there is no precise database for the boutique and fashion-house segment, but estimates suggest more than 5,000 fashion houses and entrepreneurs operate using local products.

Around five to six lakh people are directly employed in the ecosystem, with many more working indirectly. The supply chain includes weavers, block and batik artisans, embroidery workers and handcraft specialists. "A large population is directly or indirectly connected to this industry," he said.

## KEY CHALLENGES FOR LOCAL FASHION BRANDS

- Limited access to bank credit
- Unequal VAT burden on branded products
- Competition from clothes allegedly imported through duty evasion
- No special policy support for handcrafted items
- Low capital base among small entrepreneurs
- Shortage of raw materials



**TAX IMBALANCE AND UNFAIR COMPETITION**

Tax differences, he said, create unfair competition. Consumers pay 10 percent VAT on branded clothing stores, while non-branded products are taxed at 7.5 percent, according to the National Board of Revenue.

"So why would a customer be more interested in buying from us?" Azad asked, adding that informal sellers may pay less or avoid compliance altogether.

He alleged that some importers bring foreign garments — particularly from India and Pakistan — through under-

exporters, have stronger financial capacity and supply chains. Many benefit from greater capital access and infrastructure.

"Our entrepreneurs are mostly small-scale. They face capital shortages," he said. "If they try to take loans, they face numerous requirements and complications."

He explained that stronger firms can maintain competitive pricing longer due to higher production volumes and better financing, while smaller designers struggle with rising costs.

Targeted credit support for domestic

# Rebuilding trust in the financial sector

MAMUN RASHID

The new government has inherited a financial system burdened by three interrelated weaknesses: poor governance, fragile balance sheets and erosion of public trust in policy decisions and credibility. These weaknesses are structural and, unless addressed in sequence and with discipline, they will continue to undermine economic recovery and stability.

The first issue is asset quality and governance. Non-performing loans have reached alarming levels, unofficially approaching nearly 35 percent of total outstanding credit if restructured and evergreened exposures are included. Repeated loan fraud, insider and related party lending, and weak enforcement have deeply eroded confidence in banking and non-banking financial institutions. The insurance sector has seen some consolidation, and the microfinance sector remains resilient, but the core stress lies in banks and NBFIs.

My experience during loan restructuring exercises revealed inefficiency among borrowing entities, weak risk appraisal standards within banks and NBFIs, and excessive interference, particularly in state-owned banks. Regulatory forbearance went too far. Governance failure has not been confined to one layer.

The question is how to break this cycle.

To begin with, we need a realistic and enforceable fit and proper regime for bank directors and chief executives. Governance reform must precede capital injection. There must be full transparency about beneficial ownership and who ultimately benefits from loans. Even the definition of family requires tightening to prevent circumvention of rules.

The Bank Company Act must be aligned with Basel core principles, particularly the emphasis on risk-based supervision grounded in real economic conditions. Our legislative tendency has been reactive, enacting punitive rules after scandals. Such reactionary policymaking rarely distinguishes between systemic weaknesses and isolated malpractice.

The second major challenge is capital adequacy and bank resolution. The capital base of the financial system has weakened in recent years, exposing concealed insolvency risks. Repeated recapitalisation without structural reform only postpones resolution.

The central bank has initiated an Asset Quality Review in eleven banks. Once we determine the depth of the problem, a time-bound recapitalisation

roadmap must follow. Recapitalisation should not be unconditional. It must be tied to measurable restructuring commitments, including loan write-offs, governance reform and bad loan recovery targets. Banks should prepare action plans, but implementation must remain under close central bank oversight. For institutions unwilling or unable to comply, resolution tools must be activated, including bridge banks, purchase and assumption mechanisms, management replacement or structured consolidation. Reform of state-owned banks is the critical pillar. Fiscal drain through repeated capital injections cannot continue indefinitely. Consolidation is long overdue. However, a merger without governance reform simply aggregates weakness. Consolidation must be accompanied by professional boards, operational autonomy with accountability and a firm stance on loan recovery.

Equally important is restoring coherence between monetary policy and financial stability. Inflation, combined with inconsistent policy signalling, weakens credibility. Policy contradiction is more damaging than a tight policy. This brings us to the autonomy of the Bangladesh Bank. Autonomy must be accompanied by institutional capacity building. Bangladesh remains one of the more over regulated economies, where excessive directives substitute for supervisory depth. If deposit rates decline because of macroeconomic adjustment, lending rates must follow through market transmission.

Finally, governance reform without legal enforcement remains incomplete. Faster adjudication of loan recovery cases, a strengthened credit bureau mechanism, stricter enforcement of anti-money laundering provisions and transparent disclosure of bank health indicators are necessary to restore credit discipline. A sound financial system reduces uncertainty. Investors do not respond to slogans or presentations. They respond to predictability. Policy clarity, knowledge of peer country reform experience and political commitment at the highest level to allow institutions to function without distortion are essential. Confidence cannot be legislated. It must be rebuilt through consistent action.

The writer is a banker and an economic analyst

# India, Brazil sign mining pact

REUTERS

India moved to deepen trade ties with Brazil on Saturday, signing a pact to expand cooperation in mining and minerals as it seeks to meet rising domestic steel demand and support capacity expansion amid a global race for raw materials.

The agreement was signed in the presence of India's Prime Minister Narendra Modi and Brazilian President Luiz Inacio Lula da Silva, who arrived in New Delhi earlier this week for a three-day visit.

Brazil is among the world's top producers of iron ore and holds

large reserves of minerals critical to steelmaking. Closer cooperation is expected to improve India's access to raw materials and technologies needed to sustain long-term growth in its steel sector, an Indian government statement said.

**INFRASTRUCTURE INVESTMENT**

The cooperation will focus on attracting investment in exploration, mining and steel sector infrastructure, the statement said.

India has steelmaking capacity of 218 million metric tons, and companies are expanding output to meet rising domestic demand driven by infrastructure development and industrialisation.

Addressing a meeting with a Brazilian delegation led by Lula, Modi said their talks had focused on ways to deepen the India-Brazil trade partnership.

"We are committed to taking bilateral trade much beyond \$20 billion in the next five years," Modi said.

Bilateral trade between the two countries currently stands at about \$15 billion.

"Our nations will also work closely in areas such as technology, innovation, digital public infrastructure, AI, semiconductors and more," Modi said.

**LARGEST TRADING PARTNER IN LATIN AMERICA**

India and Brazil have been strategic

partners since 2006, with cooperation spanning trade, defence, energy, agriculture, health, critical minerals, technology and digital infrastructure.

Brazil is India's largest trading partner in the Latin America and Caribbean region, and the two countries work closely on global issues such as UN reform, climate change and counterterrorism.

Lula on Thursday advocated for Brazil and India to conduct trade in their own currencies rather than settling transactions in US dollars, but dismissed speculation that the BRICS group of countries, of which both nations are members, would create a common currency.

# Asian economies weigh impact of fresh Trump tariff moves, confusion

REUTERS, Hong Kong/Taipei

US trading partners in Asia started weighing fresh uncertainties on Saturday after President Donald Trump vowed to impose a new tariff on imports, hours after the Supreme Court struck down many of the sweeping levies he used to launch a global trade war.

The court's ruling invalidated a number of tariffs that the Trump administration had imposed on Asian export powerhouses from China and South Korea to Japan and Taiwan, the world's largest chip maker and a key player in tech supply chains.

Within hours, Trump said he would impose a new 10 percent duty on US imports from all countries starting on Tuesday for an initial 150 days under a different law, prompting analysts to warn that more measures could follow, threatening more confusion for businesses and investors.

In Japan, a government spokesman said Tokyo "will carefully examine the content of this ruling and the Trump administration's response to it, and respond appropriately."

China, which is preparing to host Trump in late March, has yet to formally comment or launch any counter moves with the country on an extended holiday. But a senior financial official in China-ruled Hong Kong described the US situation as a "fiasco".

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# What's next after US Supreme Court tariff ruling?

AFP, Washington

The Supreme Court's striking down of President Donald Trump's global tariffs, while a relief to many, heralds more months of uncertainty as US businesses brace for new levies and a fight for refunds plays out.

What comes next after the conservative-majority court's decision?

**LONG ROAD TO REFUNDS**

The ruling sets up a long fight for tariff refunds, as the duties, now deemed illegal, generated some \$133.5 billion from January 2025 to mid-December. The top court did not address the refunds issue, and analysts say this will be decided by lower courts in the coming months.

The US Court of International Trade is expected to manage this process, said ING analysts Carsten Brzeski and Julian Geib.

"Refunds won't come automatically, as any importer that wants its money back must sue individually," they said.

"This process has already kicked off, with over 1,000 corporate entities now involved in a legal fight."

Trump told reporters Friday: "We'll end up being in court for the next five years."

**MORE VOLATILITY**

Hours after the court decision, Trump vowed to impose a new 10-percent tariff on imports under an alternative authority.

This is widely seen as a temporary move to pave the way for more durable tariffs, but is set to trigger other challenges and upheaval in the meantime.

The law Trump is tapping for this tariff — Section 122 of the Trade Act of 1974 — only allows for a duty of 150 days unless

Congress extends it.

Trump has said there will be new investigations of unfair trade practices under Section 301, a path towards more lasting duties. Josh Lipsky, chair of international economics at the Atlantic Council, said Friday's ruling merely "opens

a new chapter" in Trump's tariff policy.

There will be "more uncertainty, more volatility for businesses to navigate, and more fraught trade deals for countries to negotiate," Lipsky added.

**LOSING SPEED**

But for now, the court's decision "removes one of Trump's fastest tools for imposing broad tariffs," said ING.

US Treasury Secretary Scott Bessent told Fox News on Friday that tariffs based on the International Emergency Economic Powers Act (IEEPA) "were custom made for President Trump to assert leverage" against other countries.

"We were able to bring them to the table very quickly," he said.

"We will get back to the same tariff level for the countries," Bessent vowed. "It will just be in a less direct and slightly more convoluted manner."

**TRADE DEAL UNCERTAINTY?**

With tariffs imposed via emergency economic powers forming the basis of recent trade talks, analysts warned that some partners may try to rethink their commitments.

Lipsky expects economies that have already made deals to keep them rather than "risk unraveling an agreement which at least has provided some stability."



A view of the US Supreme Court in Washington, US.

PHOTO: REUTERS/FILE

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