

## 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

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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

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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.

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## Salehuddin leaves office outlining 20 priority tasks

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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