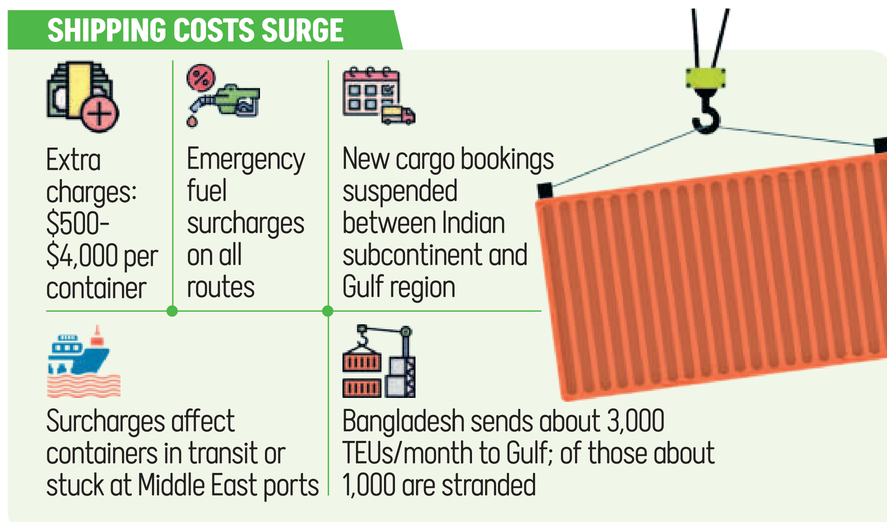
Star BUSINESS

Shipping costs spiral as Iran war prompts new surcharges

Emergency war levies, fuel premiums and risk surcharges hit containers to Gulf ports and imports of apparel inputs

DWAIPAYAN BARUA, *Ctg*



Bangladeshi exporters and importers are facing higher shipping costs as major global carriers introduce war-related surcharges following the US-Israel war on Iran.

The extra fees, ranging from $500 to $4,000 per container, threaten to push up export prices, delay deliveries, and disrupt trade flows to the Middle East and other markets.

Foreign shipping lines have started applying the new charges, including emergency conflict surcharges and war risk surcharges, for cargo moving to and from ports in the Arabian Peninsula.

Besides, rising global fuel prices have prompted shipping lines to introduce an emergency fuel surcharge across all routes.

Immediately after the US-Israel war on Iran began, major carriers suspended all new cargo bookings between the Indian subcontinent, including Bangladesh, and the Gulf region, as vessels faced bomb attacks in the strategic Strait of Hormuz.

Despite the suspension, companies said the surcharges would also apply to containers already stuck at Middle East ports or in transit.

Around 60 percent of containerised cargo from Bangladesh is handled by four major global shipping companies. They are Denmark's Maersk Line, Switzerland's Mediterranean Shipping Company (MSC), France's CMA CGM, and Germany's Hapag-Lloyd.

SHIPPING LINES IMPOSE VARYING CHARGES

After the closure of the Strait of Hormuz, Maersk announced on March 3 an emergency freight increase for cargo to and from Gulf destinations, including the UAE, Qatar, Saudi Arabia (Dammam and Jubail), Bahrain, Kuwait, Iraq, and Oman (Sohar).

The new rates are $1,800 per 20-foot container, $3,000 per 40-foot container, and $3,800 for refrigerated containers, citing higher operating costs and the need to use alternative routes.

Since March 5, MSC has imposed an emergency war surcharge of $500 to $1,000 per container on cargo from the Indian subcontinent, including India, Pakistan, Sri Lanka, and Bangladesh, to East Africa, Somalia, Mozambique, and the Indian Ocean islands.

On March 7, the company introduced an emergency fuel charge of up to $200 on shipments from the Mediterranean and Black Sea to the Indian subcontinent, the Red Sea, and East Africa.

CMA CGM introduced an emergency conflict premium on March 2, setting the rate at $2,000 per 20-foot container,

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What US trade probes mean for Bangladesh

SELIM RAIHAN

The United States' recent decision to launch two separate investigations under Section 301 of the Trade Act of 1974—one concerning global industrial overcapacity and another focusing on forced labour—signals a sharper turn in Washington's trade policy.

For Bangladesh, these moves are more than distant geopolitical gestures. They strike close to the heart of the country's export model and raise uncomfortable questions about how sustainable its current trade strategy will be in a more protectionist global environment.

The first investigation, centred on alleged excess manufacturing capacity, appears to be driven by the Trump administration's broader effort to revive American industrial production. Bangladesh's inclusion in that list is revealing.

The country's bilateral trade surplus with the United States, estimated at over $6 billion, is overwhelmingly driven by textile and apparel exports. For decades, Bangladesh's ready-made garment sector has thrived on its ability to produce large volumes at competitive prices.

Yet the logic of the US investigation suggests that this very success may now be framed as a problem. When Washington speaks of "excess capacity" abroad harming American manufacturing, it essentially questions whether export-oriented

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Internet subscriber base shrinks by 70 lakh in 6 months

MAHMUDUL HASAN

Bangladesh's internet subscriber base has been on the decline for the last six consecutive months till January, with around 70 lakh users dropping off the network since August last year, mainly due to a steady fall in mobile internet subscriptions.

According to the latest data of the Bangladesh Telecommunication Regulatory Commission (BTRC), the total number of internet subscribers stood at 12.90 crore in January, down from 13.60 crore in July 2025.

This has been almost entirely driven by a plunge in mobile internet user numbers, who account for the vast majority of internet connections in the country.

Mobile internet subscribers fell from 12.15 crore in July last year to 11.42 crore in January, marking a decline of about 74 lakh users over the period.

In contrast, fixed internet connections provided by ISPs and PSTN operators increased slightly. However, this modest growth was not enough to offset the marked drop in mobile data users.

Looking at the monthly trend, the largest downturn was witnessed in October last year.

Total subscribers dropped from 13.42 crore in September to 13.15 crore in October, then further to 12.99 crore in November and 12.97 crore in December, before falling to 12.90 crore in January.

Mobile internet users declined from 11.97 crore in September to 11.69 crore in October, and then to 11.53 crore in November.

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Shoppers browse colourful Eid collections at Meridian Kohinoor City in Dampara, Chattogram, as retailers expect overall sales to beat last year's business despite recent slowdown amid global economic uncertainty. The photo was taken recently. PHOTO: RAJIB RAIHAN

Eid sales surge despite temporary slowdown

MAHMUDUL HASAN

Clothing sales at fashion retailers started off strong before facing a slowdown over the last few days this Eid-ul-Fitr season amid broader economic uncertainty triggered by the United States and Israel's war on Iran.

Most retailers, however, expect the season's sales to finish better than last year with popular items such as panjabis, saris, salwar kameez and children's wear being in high demand.

Eid remains the most crucial season for the apparel market, with fashion retailers estimating it accounts for roughly 35 to 40 percent of their annual clothing sales.

SM Khaled, managing director of Snowtex Group, whose fashion brand Sara Lifestyle operates 17 outlets nationally, said overall sales have improved compared to last year despite recent market anxiety.

"We are seeing about a 10 to 15 percent year-on-year increase."

The company has also lowered prices on many products and is targeting two to three times growth in online sales in 2026 compared to 2025.

"Until March, we achieved that," he noted.

"We are gradually changing our strategy. Prices of many products have actually decreased compared to last year."

Still, Khaled acknowledged that uncertainty in global markets has affected consumer sentiment.

"There is some impact due to uncertainty. But Bangladesh remains a stable country, and the business environment is gradually improving after the election," he added.

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Bangladeshi garments fetch over 10% higher prices in EU than US

Finds RAPID study

STAR BUSINESS REPORT

Bangladeshi apparels are fetching over 10 percent higher prices in European markets on average compared to the United States, even for similar products, according to a recent study by the Research and Policy Integration for Development (RAPID).

The study, unveiled yesterday by the local think tank in Dhaka, links the price gap to differences in tariff structures and trade preferences, with exporters benefiting from lower tariffs in Europe while facing higher barriers in the US.

RAPID said the research was based on transaction data from nearly 3,000 exporting firms collected by the customs department of the National Board of Revenue between 2010 and 2023.

It found that about 45 percent of these garment factories export to both the US and EU markets. For major products, prices in the EU consistently exceed those in the US.

On average, leading exporters fetch 5-18 percent higher prices in the EU than the US for major 10 apparel products, it states. T-shirts, for instance, earn 20-27 percent higher prices in Germany than in the US, while trousers fetch 9-15 percent more.

Presenting the findings, Jillur Rahman, deputy director at RAPID and lecturer in development studies at Dhaka University, said, "The gap remains significant even after accounting for product type, firm size, and technological intensity."

He also highlighted differences in pricing strategies across preferential and non-preferential markets.

"High US tariffs compel exporters to absorb a significant share of the tax burden within their own margins to remain competitive at the border," Rahman noted.

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Dollar rises broadly

REUTERS, *New York*

The US dollar rose across the board on Friday, set for a second straight weekly gain, as the war in the Middle East drove investors toward safe-haven assets and weighed on energy-sensitive currencies such as the euro.

President Donald Trump said the US was going to be hitting Iran "very hard over the next week", shortly after issuing a partial 30-day waiver for purchases of sanctioned Russian oil, hoping to ease prices fuelled by the US-Israeli war on Iran.

A sharp and prolonged rise in oil prices would severely hurt the economies of Japan and the euro zone, which are heavily reliant on crude imports, while the United States would be relatively insulated, having been a net crude exporter for almost a decade.

A sharp and prolonged rise in oil prices would severely hurt the economies of Japan and the euro zone, which are heavily reliant on crude imports

"Global investors are unwinding cross-border exposures, pushing money into safe havens, and punishing currencies issued by net energy importers," said Karl Schamotta, chief market strategist at Corpay in Toronto.

The euro was 0.6 percent lower against the dollar at $1.14395. The dollar index , which measures the greenback's strength against a basket of currencies, was up 0.7 percent at 100.35. The index is up 1.5 percent for the week.

Schamotta, however, warned that FX markets face two-way risks.

"As the war drags on, both Tehran and Washington have strong motivations for returning to the negotiating table and there are good reasons to suspect they could strike a face-saving bargain as soon as this weekend," said Schamotta.

US President Donald Trump, Saudi Crown Prince, Prime Minister Mohammed bin Salman and other attendees arrive for a group photo at the US-Saudi Investment Forum at the John F Kennedy Center for the Performing Arts in Washington, DC on November 19, 2025. PHOTO: AFP/FILE

Gulf states can make a financial point to Trump

REUTERS, *London*

'The defense of Saudi Arabia is vital to the defense of the United States'. President Franklin Roosevelt's 1943 assertion, which other Gulf states like Qatar and the United Arab Emirates came to see as equally relevant to them, now looks different given all three states have endured nearly two weeks of Iranian drone and missile attacks in retaliation for US and Israeli strikes. Traditionally warm relations between Washington and Saudi Crown Prince Mohammed bin Salman, UAE President Sheikh Mohamed bin Zayed Al Nahyan and Qatari Emir Sheikh Tamim bin Hamad al-Thani make it unlikely these Gulf leaders will publicly register any displeasure they might feel. But there are still various financial ways to send a message.

The Gulf disquiet is real. Dubai billionaire businessman Khalaf al-Habtoor questioned whether the costs of dragging the Gulf into the conflict were ignored. Sources close to Gulf Arab government circles told Reuters that many believe US President Donald Trump brought the Gulf into a war shaped heavily by Israel, and agree the political and economic fallout for allies was not fully weighted.

Such displeasure is unsurprising. Saudi, Qatar and the UAE have invested a lot – in hard cash – in public displays of support for Trump that have gone way beyond the norm. Ahead of the president's visit to the region last May, Qatar gave Trump a luxury Boeing 747 airliner, while entities linked to a senior Abu Dhabi royal took a stake in World Liberty Financial, the Trump family's stablecoin business. Meanwhile the three Gulf states collectively contributed $24 billion to the ultimately successful bid for Warner Bros Discovery by Paramount Skydance, backed by the Trump-aligned Ellison family.

As such, when some of the Gulf states counselled the US president against striking Iran, they had grounds to at least hope he'd listen. Instead, they now have to contend with a war of uncertain duration, and a blocked Strait of Hormuz that means they can't ship their main fossil fuel exports. They also, according to Adnan Mazarei, senior fellow at the Peterson International Institute for Economics, face rising defence bills, reconstruction costs and shrinking FDI inflows – all while the cost of borrowing climbs.

That's probably why regional governments are examining their options. High-level representatives of three of the four biggest Gulf states are reviewing how they globally deploy trillions of dollars invested by their sovereign wealth funds, Reuters reported on Wednesday, citing a Gulf official. The main reason for the move is to offset any losses triggered by the war. But the rethink could also be used as a way to register irritation at Washington.

On the face of it, a high-profile way to do that would be to pull out of either the Paramount acquisition, or even for Saudi's PIF to reverse course on the $30 billion of equity it's sinking into the $55 billion Electronic Arts buyout. Neither promises a good return, and it would represent a pointed snub. Unfortunately, as Elon Musk found buying Twitter, it's extremely difficult legally to wriggle out of a nearly done deal.

That still leaves scope for a major rethink on investment pledges made during Trump's 2025 Gulf visit, which eventually led to Qatar pledging $1.2 trillion in the US, Saudi $1 trillion and the UAE $1.4 trillion. These are long-term commitments over a decade or so, and only a minority came with specific contracts at the time. Scope for a potential AI bubble to pop might suggest that Abu Dhabi's MGX investment vehicle should dump its stakes in OpenAI and the Trump-endorsed Stargate venture to build out AI infrastructure. Yet with the emirate laser-focused on pushing its status as an AI hub – and still reliant on Nvidia chips – that might hurt the UAE more than the US.

There are other less high-profile ways to send a message to Washington, though. Among last May's pledges, bets that look less strategically important include Saudi entity SURJ Sports Investment's $4 bln US tie-up, and backing for US LNG. Saudi Arabia's drive to localise 50 percent of defence spending by 2030 is gathering pace, including through non-US partnerships with Chinese and Turkish drone manufacturers. Riyadh could emphasise the point by doing more defence deals in Europe.

Gulf leaders may feel it's better to avoid ditching even these commitments. But with Iranian regime change looking unlikely, they may find themselves locked into a riskier situation in which they can't count on Washington. It would be odd if that didn't come with financial as well as political consequences.

Three Gulf states are reviewing how they deploy trillions of dollars invested by their sovereign wealth funds in anticipation of offsetting the losses triggered by the US-Israeli war on Iran, a Gulf official told Reuters on March 11.

These reviews include possible investment pledge reversals, divestments and a re-evaluation of global sponsorship deals as the oil-and-gas-rich states assess how to absorb the financial shock, said the official, who requested anonymity due to the sensitivity of the matter and without identifying which states.

War has halted Gulf oil flow -- and restarting it won't be easy

AFP, *Paris*

The war in the Middle East has largely paralysed the Gulf region's crucial oil industry, which has been hit by attacks and an export blockade.

The war has forced companies to dramatically slow or even halt production -- and restarting it will not be easy, even when the war is over.

WHAT HAS BEEN TARGETED?

Since the war started with US-Israeli strikes on Iran on February 28, at least 33 strikes or attempted strikes have targeted energy infrastructure in the Middle East, according to an AFP tally.

The United States and Israel carried out 13 of them against Iran.

The other 20, which struck seven Gulf countries, were attributed to Iran.

The strikes mostly hit oil and gas fields or complexes, such as the massive Ras Tanura refinery in Saudi Arabia, Ras Laffan gas processing base in Qatar and the complex housing the Ruwais refinery in the United Arab Emirates.

Iran has also effectively blocked the crucial Strait of Hormuz, the usual shipping lane for around 20 percent of the world's oil and liquefied natural gas output.

WHY IS PRODUCTION DOWN?

Some infrastructure has been damaged.

Other facilities have closed or reduced activity as a precaution, such as Ruwais.

The near-closure of the strait has also had a major impact.

Gulf countries' output of oil and oil products has plunged from 30 million barrels per day last year, excluding Oman, to 20 million currently, according to the International Energy Agency (IEA).

It said the amount passing through the Strait of Hormuz had fallen to less than 10 percent of pre-war levels.

Saudi Arabia and the UAE have pipelines that can send some oil beyond the region, but their capacity is limited.

The result is storage facilities that are full to the brim.

"That's the main issue at the moment," an industry insider told AFP.

"Since there aren't enough ships to empty the storage facilities and export the product, suppliers have to stop production."

There is no easy fix, warned Pankaj Srivastava, a commodities expert at Rystad Energy.

"With crude supply increasingly stranded in the Gulf, refiners may soon be forced to adjust operations, curtailing runs as product exports stall and directing output solely to domestic markets," he said.

HOW LONG TO RESTART?

"Depending how they were shut down, (restarting refineries) can take a week or two to reach full output," said the industry insider.

For oil wells, it is simpler: "You just reopen the valve."

According to the IEA, "upstream production will take weeks and, in some cases, months, to return to pre-crisis levels", depending on the site.

And "in the absence of a full ceasefire, ship owners, charterers, insurers, and crew will need to see robust security measures" to return to the strait, such as armed escorts, it added.

It said a traffic management system may need to be created to handle the massive backlog when traffic resumes in the strait, estimating it would take "several days to weeks" to clear.

War cuts Hormuz transit to 77 ships

Maritime data firm says

AFP, *London*

Only 77 ships have so far crossed the Strait of Hormuz in March as the Mideast war disrupts one of the world's most vital shipping routes, a maritime data firm reported Friday.

Lloyd's List Intelligence said most of these vessels belonged to the so-called "shadow fleet" -- ships used to skirt Western sanctions and regulations, typically linked to Russia and Iran.

They are often ageing ships in poor condition, without proper insurance and with opaque ownership.

The 77 transits recorded so far this month compare with 1,229 passages between March 1 and 11 last year, according to Lloyd's List Intelligence.

Iran's Revolutionary Guards have all but closed the Strait of Hormuz, which borders Iran and through which 20 percent of global oil supplies pass.

Since the start of March, 20 commercial vessels, including nine oil tankers, have been attacked or reported incidents, according to the UK Maritime Trade Operations agency.

EBL Head of Asset Salekeen Ibrahim and Branch Area Head-Chattogram Mesbah Uddin Ahmed are seen with a few of the 52 entrepreneurs at a ceremony held recently at the bank's Chattogram office. PHOTO: EBL

EBL honours SME women entrepreneurs

STAR BUSINESS DESK

Eastern Bank PLC (EBL) honoured SME women entrepreneurs who successfully repaid their loans under the Small Enterprise Refinance Scheme for Women Entrepreneurs and received incentives from Bangladesh Bank.

EBL honoured 52 entrepreneurs at a ceremony held at the bank's Chattogram office recently, according to a press release.

EBL Head of Asset Salekeen Ibrahim, and Branch Area Head - Chattogram Mesbah Uddin Ahmed, were present at the event.

Why is the dollar

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"The dollar remains in demand and well supported," Kathleen Brooks, analyst at traders XTB, told AFP.

"However, as the conflict drags on the attractiveness of the dollar could diminish... The US still has a massive budget deficit, which could get worse due to the war, as military spending may need to rise sharply in the coming months."

TRUMP'S PARADOX

Market developments since the start of the conflict run counter to the objectives initially stated by Trump, who has pledged to lower gas prices, fight for lower interest rates, as well as advocating for a weak dollar to support exports.

US trade deal undermines sovereignty

Say economists

STAR BUSINESS REPORT

The reciprocal trade deal signed by the interim government with the United States limits Bangladesh's ability to make independent decisions, economist Mustafizur Rahman said yesterday.

He made the remarks at a discussion titled "Unfair Trade Deal with the United States: A Threat to Bangladesh's Economy, Security, and Sovereignty", organised by the Communist Party of Bangladesh (CPB) at the Dhaka Reporters Unity.

Rahman, a distinguished fellow at the Centre for Policy Dialogue (CPD), said the deal increases tariffs from 15 percent to 34 percent and forces Bangladesh to buy large quantities of US products, including defence equipment and Boeing planes, according to a press release.

"This deal limits our ability to make independent decisions and threatens our economy, security, and sovereignty," he said.

MM Akash, a former professor of economics at Dhaka University, said, "This agreement was rushed and lacks transparency. Only a few people were involved, and it clearly favours US interests over Bangladesh."

CPB President Sazzad Jahir Chandon called the deal a serious threat to the country, saying, "It must be cancelled immediately, and those responsible must face punishment."

CPB former general secretary Ruhin Hossain Prince said the deal essentially protects US interests and forces Bangladesh into a state of dependency.

"The government must make all agreements public, and the people must oppose any actions that serve foreign powers over national interests," he said.

CPB Dhaka North President Hasan Hafizur Rahman Sohel said those who signed the deal against the interests of Bangladesh must be held responsible.

Global fuel price hike won't hit Eid travel cost: minister

STAR BUSINESS REPORT

Commerce Minister Khandaker Abdul Muktadir has said that increased global fuel prices will not affect transport costs in Bangladesh or impact travel to and from home during Eid-ul-Fitr celebrations in the country.

There is also no possibility of a spike in the prices of essential commodities, said Muktadir, who is also the minister for industries, textiles, and jute.

"However, if the war is prolonged, the global economy may suffer to some extent. We are in favour of peace. I hope the war will end soon and peace will be established in the world," he said, responding to questions from journalists at an Iftar and Eid gift distribution ceremony for working-class families in Sylhet city yesterday.

He added that the government has made all necessary preparations to ensure that ordinary people do not face any hardship.

Gold prices slip

REUTERS

Gold prices slipped on Friday and were on track for a second consecutive weekly decline, pressured by a stronger dollar and inflation worries driven by the Iran war, which weighed on rate-cut expectations.

Spot gold fell 0.5 percent to $5,052.15 per ounce, by 1:44 p.m. ET (1744 GMT), and was down over 2 percent for the week so far.

US gold futures for April delivery settled 1.3 percent lower at $5,061.70.

What US trade probes mean

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economies like Bangladesh have built industrial strength in ways that distort competition.

From Bangladesh's perspective, this framing is debatable. Much of the country's export growth has been rooted not in heavy industrial subsidies but in labour-intensive production, private entrepreneurship, and participation in global value chains. Export incentives do exist, and they are common among developing economies seeking to diversify production. But they are hardly unique to Bangladesh.

The risk, however, lies less in the validity of the accusation and more in the political momentum behind it. If the investigation ultimately leads to punitive tariffs or other trade restrictions, Bangladesh's largest export market could become less predictable.

That possibility alone introduces uncertainty into a sector that employs millions and remains central to the country's industrial transformation.

The forced labour investigation introduces a different but equally sensitive dimension. Bangladesh's garment industry has already undergone significant reforms since the Rana Plaza tragedy in 2013. Workplace safety standards have improved, monitoring mechanisms have strengthened, and global buyers have imposed stricter compliance requirements.

Still, labour governance remains uneven. Informality persists in segments of supply chains, and labour rights enforcement often struggles with institutional capacity constraints. The US investigation therefore touches on a broader debate about labour standards in global production networks.

From a policy standpoint, Bangladesh faces a delicate balancing act. On the one hand, it must resist narratives that simplistically portray its development model as exploitative or unfair. On the other hand, the investigations highlight the urgency of strengthening domestic institutions. Labour inspections, supply-chain transparency, and compliance monitoring must continue to improve—not only to satisfy foreign scrutiny but also to protect workers and sustain long-term competitiveness.

More broadly, these developments illustrate a deeper shift in global trade politics. The era when export success alone guaranteed market access is fading. Trade is increasingly intertwined with geopolitical rivalry, industrial policy, and social standards. For Bangladesh, which is preparing to graduate from least developed country status, this changing landscape demands a strategic response. Diversifying export markets, moving up the value chain, and building stronger regulatory institutions will become essential.

In that sense, the US investigations should be viewed not merely as threats but also as warning signals. They remind Bangladesh that the next phase of its development cannot rely solely on cost advantages and scale. Competitiveness in the future will depend increasingly on credibility, standards, and institutional strength.

The writer is a professor of economics at the University of Dhaka and executive director of Sanem

Shipping costs spiral

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$3,000 per 40-foot container, and $4,000 for refrigerated containers for cargo linked to several Gulf countries.

The company also announced an emergency fuel surcharge of $75 to $180 starting March 16 due to rising bunker costs -- the price of fuel for ships.

CMA CGM said sharply higher fuel prices, caused by ongoing geopolitical tensions in the Middle East, have pushed up bunker costs across all regions, raising overall ocean transport costs.

Hapag-Lloyd has implemented a war risk surcharge of $1,500 per 20-foot container for standard containers and $3,000 per refrigerated container for cargo to and from the Upper Gulf, Arabian Gulf, and Persian Gulf.

The company has also introduced an emergency fuel surcharge of $70 to $225 on all trade routes, effective from March 23.

A senior executive at a local office of a foreign shipping company said the new rates were introduced to cover additional operating costs and risks.

IMPACT ON BANGLADESH EXPORTS

Bangladesh exports a wide range of products to the Middle East, including spices, mustard oil, and processed foods such as beverages, biscuits, puffed rice, chanachur, noodles, and other snacks.

Bangladeshi diasporas in those countries are the main consumers of those items. According to data from the Export Promotion Bureau (EPB), processed food exports to the Middle East are valued at $40-$45 million annually.

Shipping lines say that around 3,000 TEUs (twenty-foot equivalent units) of export containers leave Bangladesh for Middle Eastern countries each month.

Since the war began, at least 1,000 TEUs have been stranded at private container depots in Chattogram, at Chattogram port, and at

transshipment ports such as Colombo, as well as on vessels in transit.

Pran EFL Group, which exports a wide range of food products to more than 70 countries, sends around 30 percent of its exports to the Middle East.

Kamruzzaman Kamal, marketing director of the company, said around 400 TEUs of the group's export containers are currently stranded on vessels and at transshipment ports.

"We will have to pay additional surcharges for these cargoes," Kamal told The Daily Star yesterday.

He said that the company is negotiating with shipping lines to find alternative routes for the stranded shipments.

At present, cargo can only be shipped to the Saudi port of Jeddah, where freight rates have surged to $6,300 per container from the previous $2,700, he said.

Freight forwarders said shipping from Chattogram to Europe now costs about $1,400 per 20-foot container and $2,000 per 40-foot container, with the new emergency fuel surcharge added on top. Freight rates on other shipping routes have also increased.

Rakibul Alam, director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the freight rate for importing raw materials for the readymade garment sector from China to Chattogram has risen to $2,000 per 40-foot container, up from $1,500.

Bangladeshi

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"The findings are particularly important as Bangladesh prepares to graduate from the least developed country (LDC) category," he added.

Currently, duty-free access to the EU helps exporters secure better prices. But once Bangladesh graduates, some of these trade preferences may gradually erode, he said.

"The industry will need to strengthen competitiveness by improving product quality, diversifying into higher-value apparel segments and enhancing technological capabilities," he noted.

Without such upgrades, he said exporters may face growing pressure on prices and margins in global markets, especially in destinations where Bangladesh lacks preferential trade access.

Abdur Rahim Khan, additional secretary of the Ministry of Commerce, said in the past 50 years, the country has failed to develop alternative markets or product competition, and now needed export-driven investment.

"If we graduate from LDC status without proper preparation and preferential market access, it will deal a major blow to both the country's economy and social structure," he added.

Doulot Akter Mala, president of the Economic Reporters Forum, added, "The biggest problem of our ready-made garments industry is that we have put all our eggs in one basket. Lack of diversification in products and markets makes us vulnerable whenever instability arises in the US or European markets."

Md Hafizur Rahman, adviser on trade policy and trade facilitation at the World Bank, said, "Bangladesh needs to move from being a low-cost or low-price brand to a high-price brand. This will increase pricing power and competitiveness in international markets."

Eid sales surge

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Khalid Mahmood Khan, co-founder and chief executive of Kay Kraft, which operates 14 outlets nationwide, echoed the broadly positive outlook but said the past 10 days had been softer than expected.

"This year, the start was great. The first weeks of Ramadan, particularly after the election, were very good for sales," he said, adding, "The last 10 days have not been as generous as expected."

He attributed the recent slowdown partly to consumer sentiment, noting that global developments, including the ongoing war in the Middle East, had introduced an element of caution among shoppers.

Stating that the flow of customers usually increases significantly after the 15th of Ramadan, he said this year, customers might be feeling indecisive due to the fuel uncertainty and global developments. "The fashion retail market is largely psychology-driven."

He expects a recovery in the final week of Ramadan and anticipates overall sales will surpass last year's sales.

Retailers also noted that impulse buying and gift purchases remain a key component of Eid shopping. Handcrafted ornaments, leather bags, wall hangings and other decorative items are popular gift choices during the festive season.

Smaller boutique stores are also seeing positive demand, although sales vary by location.

Lanthon, a boutique at Aziz Super Market in the capital's Shahbagh, said sales have been below expectations, with its founder Ujjal Akash citing the area's association with political gatherings as a drag on footfall.

"Shahbagh has gained notoriety as a hub for political movements and processions, which is affecting our business," he said.

He, however, noted strong demand for panjabis and the market's draw for shoppers seeking distinctive designs. "In Aziz Super Market, every shop offers unique designs. That attracts a lot of buyers looking for something different."

Women's three-piece outfits and men's T-shirts have also recorded strong sales, he added.

Jewellery is one segment that has not shared in the broader uptick. Aminul Islam Sahin, owner of Shiraj Jewellers at New Market, said gold purchases, typically buoyant before Eid, have remained weak this season due to elevated prices.

"Earlier, we usually saw a rise in gold purchases before Eid, but that is not the case now. People are only buying if there is an urgent need," he said.

Banks and mobile financial service providers have sought to stimulate spending through promotional campaigns. bKash is offering discounts and cashback of up to Tk 10,000 across clothing, footwear, electronics and groceries through March 21, while Nagad is running a similar campaign covering February 19 to March 20.

Internet subscriber base shrinks

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The figure slipped slightly to 11.50 crore in December, before falling further to 11.42 crore in January.

SIM OWNERSHIP CAP THE MAJOR FACTOR

In June 2025, the government formally capped personal SIM ownership to 10 from 15 as part of a broader push to improve transparency in telecom services, curb criminal misuse of mobile connections and strengthen national security oversight.

Subscribers were initially given until October 30, 2025, to voluntarily deregister or transfer SIMs exceeding the new limit. The deadline was later extended to December 29, 2025.

Industry insiders say this process played a major role in the overall decline.

Shahed Alam, chief corporate and regulatory affairs officer at Robi Axiata, said during the last quarter of 2025, the total number of active internet subscribers declined slightly.

Attributing the change to a reduction in the number of active SIM cards in the market, he said, "As SIM ownership is directly related to mobile internet usage, a decrease in active SIMs naturally impacts the size of the internet subscriber base."

He listed several other factors contributing to this trend.

"The current economic environment has prompted many consumers to reassess and optimise their spending," he said, causing a decline in the overall number of active SIM cards compared with the previous quarter.

Meanwhile, the number of fixed broadband users remained relatively stable throughout the period.

Broadband subscribers stood at 1.46 crore between September and December, before increasing to 1.48 crore in January, reflecting a gradual expansion of fixed internet services.

Tareq Rafi Bhuiyan

EPA set to redefine Bangladesh-Japan trade landscape

Says Tareq Rafi Bhuiyan, president of bilateral business chamber

JAGARAN CHAKMA

The Economic Partnership Agreement (EPA) signed between Bangladesh and Japan on February 6, in Tokyo is poised to transform the trajectory of bilateral trade between the two countries, said Tareq Rafi Bhuiyan (Jun), president of the Japan-Bangladesh Chamber of Commerce and Industry (JBCCI).

In an interview with The Daily Star, Bhuiyan described the agreement as Bangladesh's first comprehensive EPA and a landmark shift from a unilateral preference-based arrangement to a structured, rules-based bilateral trade framework.

"This is not just about tariff cuts," he said. "It institutionalises our trade relationship with Japan. It provides predictability, transparency and legal certainty — all of which are essential for sustainable trade growth."

He said Japan has long been one of Bangladesh's key trading partners, particularly as a destination for ready-made garments (RMG) and textile products.

However, he said with Bangladesh set to graduate from least developed country (LDC) status in the near future, concerns had emerged over the possible erosion of preferential market access.

He said under the existing Generalized System of Preferences (GSP) schemes, Bangladeshi exports enjoy duty-free or preferential treatment. After graduation, those benefits would no longer automatically apply.

"Without the EPA, our exporters, especially in garments, could have faced tariffs of 8 percent to 15 percent or more in the Japanese market," Bhuiyan said. "That would have significantly affected our price competitiveness."

He noted that the EPA secures duty-free or reduced-tariff access for more than 7,300 Bangladeshi products, including RMG, textiles and a wide range of manufactured goods. This ensures continuity in market access and shields exporters from sudden tariff shocks.

"For our bilateral trade, this continuity is critical. It means buyers in Japan can continue sourcing from Bangladesh without disruption, and our exporters can plan long-term investments with confidence," he added.

While garments dominate Bangladesh's exports to Japan, Bhuiyan said the EPA opens opportunities to diversify the trade basket.

The agreement includes provisions on customs facilitation, standards, sanitary and phytosanitary measures, intellectual property and digital trade — all of which reduce non-tariff barriers and enhance transparency.

"Many exporters struggle not just with tariffs but with complex procedures and compliance requirements," he said. "Clearer rules and improved cooperation between customs authorities will lower transaction costs and reduce uncertainty."

He believes that sectors such as agro-processing, leather goods, light engineering products, plastics and specialised manufacturing can gradually expand their presence in Japan if supported by quality improvements and compliance with Japanese standards.

However, he acknowledged that some leather and footwear products may not receive full duty benefits under the initial framework, which could create competitive pressure in certain segments.

"Industry stakeholders have raised concerns, particularly in leather. While the overall agreement is positive, sectors that do not receive immediate duty-free access will need to focus more on quality, branding and niche positioning," he said.

On the import side, the EPA grants Japan preferential access to Bangladesh's expanding domestic market for more than 1,000 products, including steel, machinery, auto parts and electronics. Some tariff reductions will be phased in over periods extending up to 18 years.

Bhuiyan described the phased approach as balanced and pragmatic.

"It allows Bangladesh to liberalise gradually while giving domestic industries time to adjust," he said. "At the same time, access to high-quality Japanese machinery and intermediate goods will strengthen our industrial capacity."

He noted that improved access to advanced machinery and components can raise productivity in Bangladesh's manufacturing sector, which in turn enhances export competitiveness in third-country markets.

"In bilateral trade, imports are not necessarily a threat. Strategic imports — especially capital goods and technology — can support export expansion," he said.

Bhuiyan emphasised that the EPA has broader implications for supply chain integration between the two countries.

Japan is actively seeking to diversify and strengthen its supply chains in Asia. Bangladesh, with its competitive labour force, growing industrial zones and strategic location, can position itself as a reliable partner.

"The agreement reduces trade risks by establishing clear dispute settlement mechanisms and regulatory transparency," he said. "This gives Japanese firms greater confidence in sourcing from and investing in Bangladesh."

He added that improved customs cooperation and streamlined procedures will reduce delays and enhance reliability — a key factor in modern supply chains.

"As supply chains become more integrated, bilateral trade will not only grow in volume but also in sophistication," he said.

Bhuiyan stressed that small and medium enterprises (SMEs) must be prepared to take advantage of the EPA's opportunities.

Export-oriented SMEs in garments are already integrated into global value chains, but other sectors may require capacity building.

"Compliance with rules of origin and technical standards will be crucial," he said. "Government agencies and business associations must work together to ensure that exporters understand and utilise the agreement effectively."

He also pointed to the importance of upgrading logistics infrastructure, including ports and cold chain facilities, to support higher trade volumes.

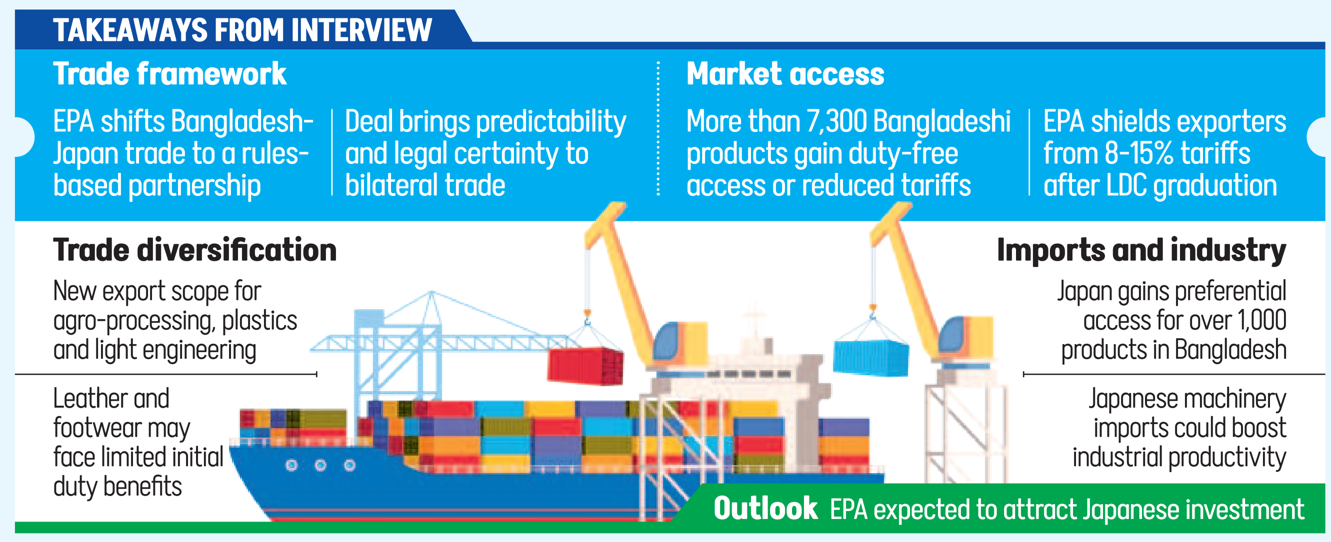
"Trade agreements create opportunities, but implementation determines the outcome," he added.

While the EPA may not result in an immediate surge in trade volumes, Bhuiyan expressed confidence that it will generate steady and sustainable growth in bilateral trade over the medium to long term.

"This agreement marks a transition from a unilateral preference system to a mutually negotiated partnership," he said. "It creates stability for our exports and enables structured expansion of trade in both directions."

He emphasised that the success of the EPA will depend on proactive implementation, regulatory strengthening and private sector engagement in both countries.

"The framework is now in place," Bhuiyan said. "If we utilise it effectively, Bangladesh-Japan bilateral trade can expand in volume, diversify in composition and deepen in value addition."



Making the most of the festival economy

MAMUN RASHID

From two Eids to Durga Puja, Pahela Baishakh, Pahela Falgun and even Christmas, the calendar in Bangladesh is filled with occasions that bring people together in celebration. Yet festivals are not merely cultural or religious events. They are also powerful economic drivers. A huge volume of consumption, trade and informal transactions takes place during these occasions. Despite this enormous activity, the country has largely failed to recognise and harness what could be called the "festival economy".

For a country seeking to build a trillion-dollar economy and generate employment for millions, this deserves far greater attention. The festival economy represents an existing engine of domestic demand that could strengthen local industries, generate tax revenue and even create jobs.

Take Eid-ul-Fitr. The market surrounding this single festival can reach nearly Tk 2 lakh crore. Almost half of this is driven by clothing sales alone. For the retail apparel sector, about 60 percent of annual sales occur during the two Eids. A study by BRAC Business School in 2011 estimated that roughly 40 percent of annual consumer spending on food and household goods also takes place during this period. For many SMEs, Eid accounts for nearly 40 percent of annual income.

Yet the question remains how much of this demand is met by domestic production. A significant share of cosmetics, toys, gift items, fashion accessories and electronics sold during Eid is imported. As a result, while the market expands, the industrial base of Bangladesh does not necessarily strengthen. Eid-ul-Azha is another major economic event. Activity during this period, including livestock trade, transport, slaughtering services, refrigeration and household consumption, approaches Tk 1 lakh crore. The festival also injects significant liquidity into rural areas. Official estimates suggest around 11 million animals are sacrificed each year.

Yet the leather sector reflects a missed opportunity. Millions of hides are collected during Eid-ul-Azha. Bangladesh once earned more than $1 billion annually from leather and leather goods exports, but this has declined to around $800-$900 million. Poor preservation, weak supply chain management and the absence of internationally compliant waste treatment in the tannery industry have discouraged global buyers.

Another important dimension of the festival economy is Zakat. During Ramadan and Eid, charitable giving reaches its peak. Estimates suggest potential Zakat in Bangladesh could reach nearly Tk 0.88 lakh crore, almost 4 percent of GDP. Yet most of this wealth is distributed informally, without institutional coordination or long-term poverty reduction strategies. As a result, recipients often remain dependent on charity instead of moving towards productive livelihoods.

Other festivals also generate substantial economic activity. Durga Puja creates a market worth roughly Tk 20,000 crore through spending on mandaps, decorations, clothing, bangles, sweets and handicrafts. Pahela Baishakh, Pahela Falgun and Valentine's Day together drive a market worth more than Tk 15,000 crore through fashion, gifts, dining and cultural events.

Despite this vibrant activity, the festival economy remains largely informal. Nearly 70 percent of transactions take place outside formal channels. With a tax to GDP ratio of around 7 to 8 percent, one of the lowest in South Asia, the government captures only a small fraction of the value created during festivals. Informal employment, estimated at about 80 percent of the labour force, further limits integration with banking and digital financial systems.

Tourism also presents an opportunity. Festivals such as Pahela Baishakh or Durga Puja could become international cultural attractions with the right branding, packaging and infrastructure.

The festival economy already exists in Bangladesh. The demand is there, the cash flow is there, and the cultural synergy is undeniable. What is missing is a strategic framework that links this economic activity with domestic production, formal finance and long-term industrial development.

The writer is an economic analyst

US says it can provide 'reliable' energy supply to Asia-Pacific

AFP, *Tokyo*

The United States can provide "reliable" energy supplies to Asia-Pacific, US Interior Secretary Doug Burgum said Saturday, as the Middle East war cripples the region's oil and gas flow.

Oil and gas prices have surged since US-Israeli strikes on Iran killed its supreme leader and plunged the Middle East into war.

The conflict has virtually halted traffic in the Strait of Hormuz, a key transit point for oil and gas -- the vast majority of which is destined for Asia.

US President Donald Trump's "energy dominance" policy aims to ensure that "we have energy to allow for prosperity at home, and we have the ability to sell energy to our friends and allies," Burgum told an event in Tokyo bringing together 17 countries from the region.

That ensures the region has a "reliable, affordable and secure" energy supply that "can't be interrupted by a terrorist regime," he said.

Burgum also addressed the need for a secure supply of critical minerals, as countries push to cut their dependence on top exporter China.

Critical minerals such as lithium and cobalt are used in everything from electric vehicles, solar panels and smartphones to jet engines and guided missiles.

The forum, which was organised before the Middle East war erupted on February 28, brings together political leaders and US energy companies aiming to seal commercial agreements.

Countries taking part in the forum, including Japan, South Korea and Thailand, are expected to announce at least $30 billion in energy and minerals deals with the United States, Bloomberg reported.

Japan, the world's fourth-biggest economy which gets 95 percent of its oil imports from the Middle East, unveiled a memorandum of understanding with Washington to jointly finance "strategic infrastructure" projects in emerging markets.

Why is the dollar profiting from Middle East war?

AFP, *London*

The surge in energy prices triggered by the conflict in the Middle East has significantly strengthened the dollar, paradoxically undermining US President Donald Trump's economic objectives.

AFP looks at the reasons behind the greenback's rise against rivals.

KING OF OIL

At the start of the conflict almost two weeks ago, investors began massively selling assets, turning to energy investments in anticipation of a supply crisis -- and to the dollar -- the currency used to price oil and gas.

Attacks on Gulf infrastructure and the blockade of the strategic Strait of Hormuz has propelled the price of Brent North Sea crude, the global benchmark, by more than one third to around $100 per barrel.

With more dollars needed to purchase oil, the greenback has appreciated by around 2.5 percent since the start of hostilities, according to the Dollar Index, which compares the US unit to a basket of major currencies.

The dollar, seen as a highly liquid asset owing to it being readily available and exchangeable, is seen also as a leading safe haven investment.

It is favoured for international trades as well as foreign exchange reserves held by central banks.

THE US SPARED

The United States has so far been spared from the oil supply crisis thanks to the country being the world's leading producer of crude.

Although it still imports the commodity, the US purchases only eight percent of its requirement from the Gulf, compared with nearly two-thirds from Canada, according to the most recent official data from the US Energy Information Administration.

Rising oil prices tend to support the dollar also thanks to the US being a net exporter of refined petroleum products and gas, in turn boosting the nation's trade balance.

By comparison, European and Asian economies which are more reliant on Gulf imports are being hit harder, making their currencies and bonds less attractive.

RISKS TO INFLATION

The dollar is additionally profiting from the possibility of a fresh inflation hike caused by soaring energy costs.

This is because it increases the likelihood of the US Federal Reserve slowing the pace of its planned cuts to interest rates, while even forcing it to possibly raise borrowing costs in the short term.

The prospect of higher interest rates for longer strengthens the appeal of the dollar, to the detriment of dollar-denominated gold and another traditional safe haven.

Despite recent strengthening, the dollar has not yet recovered to the levels it reached ahead of Trump's return to the White House.

Offsetting the currency's recent gains are concerns about the impact of Trump's tariffs on the world's biggest economy.

Fears surrounding high US debt levels and the president's pressure over the independence of American institutions, notably the Fed, have also weighed upon its value.

READ MORE ON B2

Signs offering to change money are pictured at the entrance to a currency exchange shop in central Tokyo. With more dollars needed to purchase oil, the greenback has appreciated by around 2.5 percent since the start of the war.

PHOTO: AFP/FILE

US allows Venezuela fertiliser imports

AFP, *Washington*

The US government on Friday authorized imports of fertilizer from Venezuela, whose leader it deposed in January, as the US-Israel war against Iran drives up prices of the key agricultural commodity.

Washington has issued new licenses as part of the ongoing easing of its sanctions on Venezuela's energy sector after it ousted president Nicolas Maduro in a January 3 raid on Caracas.

In addition to oil and gas, the licenses now include trade in fertilizers, including urea and phosphates.

With production in the Gulf countries at a standstill and gas prices rising, the war is disrupting the supply of fertilizers and posing risks to global food security.

A third of all fertilizer shipped by sea comes from the Gulf region and cannot make it to the global market as Iran has effectively closed the Strait of Hormuz.

That has sent global prices soaring, with the UN expressing concern in particular about the impact on developing countries.

"These authorizations expand permitted investment and activities in Venezuela's energy industry and allow for the export of fertilizer directly to the US to support our great American farmers," said a Treasury official, on condition of anonymity.