



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

"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 —

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

TAKEAWAYS FROM INTERVIEW

Trade framework

EPA shifts Bangladesh-Japan trade to a rules-based partnership

Deal brings predictability and legal certainty to bilateral trade

Market access

More than 7,300 Bangladeshi products gain duty-free access or reduced tariffs

EPA shields exporters from 8-15% tariffs after LDC graduation

Trade diversification

New export scope for agro-processing, plastics and light engineering

Leather and footwear may face limited initial duty benefits

Imports and industry

Japan gains preferential access for over 1,000 products in Bangladesh

Japanese machinery imports could boost industrial productivity

Outlook EPA expected to attract Japanese investment

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.

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

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.

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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.