Star BUSINESS

Govt eyes $2b from multilateral lenders for BoP support

STAR BUSINESS REPORT

Bangladesh is eyeing an additional $2 billion from multilateral partners, including the International Monetary Fund (IMF), to manage pressure on external payments amid increased emergency energy purchases caused by the US-Israel war on Iran, said the central bank governor yesterday.

The disclosure comes as oil prices soar amid Iran's effective closure of the Strait of Hormuz, a key chokepoint handling one-fifth of global oil trade.

Brent crude futures, the benchmark for international oil trade, closed 4.2 percent higher at $112.57 a barrel on Friday (March 27), up from $72.48 a barrel just a month ago, the day before the US-Israel war on Iran began.

Bangladesh meets 95 percent of its oil and 30 percent of its gas needs through imports.

Middle Eastern countries such as Saudi Arabia and Qatar, which use the Strait of Hormuz to export energy and fertiliser, are two key sources for the country. Bangladesh spends more than $10 billion a year importing petroleum and energy products.

"We are providing the government with ideas about various potential impacts of oil price increases," said Bangladesh Bank (BB) Governor Md Mostaqur Rahman at a view-exchange meeting with senior business journalists at his office, where deputy governors and senior officials of BB were also present.

Based on different scenarios, the BB is analysing the possible impact on foreign exchange reserves. For example, if the price of oil is $210, the impact will be one type; if it is $150, it will be different; and if it is $100, the result will be different again.

"We are informing the government of these calculations," he said, adding that discussions are underway regarding obtaining about $2 billion in balance of payment (BoP) support.

Bangladesh, already under an IMF loan programme, resumed talks with an IMF delegation in Dhaka on March 24-25 regarding the stalled $5.5 billion loan approved in January 2023, which has been on hold since the fifth review in November last year.

The country could receive a $1.3 billion tranche by June if it implements key reforms. Two instalments released together in June last year brought the total received so far to $3.6 billion.

Rahman said talks are ongoing with various international partners. "The matter of obtaining additional assistance from the

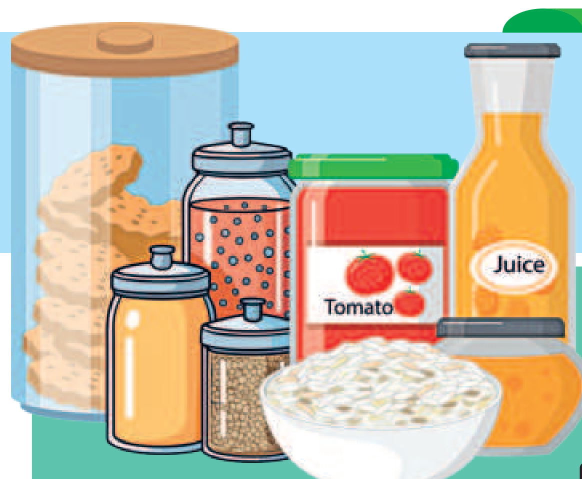
READ MORE ON B3

Food exports to the Gulf feel war shock

Orders from Middle East markets drop 40% as freight charges quadruple for Bangladeshi exporters

KEY GOODS: Biscuits, snacks, beverages, spices, lentils, rice products

MAJOR MARKETS: Saudi Arabia, UAE, Oman, Qatar, Kuwait, Bahrain



BEFORE WAR: 5-6 ports available for Middle East shipments

NOW: Only Jeddah port operational

EFFECT ON LOGISTICS

- Freight costs surge $1,500 to $8,500 per container
- Transit times rise by 10 days
- Shipping lines halt bookings; schedules unpredictable

IMPACT ON TRADE

- Orders from Middle East drop around 40%
- Overall export costs rise 15%
- Importers increasingly reluctant to accept shipments

SUKANTA HALDER *and* JAGARAN CHAKMA

The country's merchandised shipments of processed foods and agricultural products to Gulf nations are facing a serious shock from the war in the Middle East, with freight charges soaring fourfold and new orders plunging.

Before the US and Israel launched the war on Iran on February 28, sending a container of processed foods cost around $1,500. Manufacturers say rerouting has now pushed the price to roughly $6,500.

"Besides, the volume of orders from Middle Eastern markets has declined by around 40 percent compared to pre-war levels," said Ahsan Khan Chowdhury, chairman and chief executive officer of PRAN-RFL Group.

Bangladesh exports a wide range of products to the Gulf, including spices, biscuits, puffed rice, chanachur, noodles, mustard oil, beverages and other snacks. The main customers are Bangladeshi migrant workers in the region and members of the diaspora.

Official data puts the size of the market at more than $100 million. Major destinations include Saudi Arabia, the United Arab Emirates, Oman, Qatar, Kuwait and Bahrain.

Chowdhury, the CEO of PRAN-RFL Group, one of the largest food and beverage brands in Bangladesh, said shipments to Middle Eastern countries were previously routed through five to six ports.

"But after the Strait of Hormuz was closed and other ports came under retaliatory attacks, exporters were left with only Jeddah port operational," he said. "This pressure on the Saudi Arabian port on the Red Sea has largely contributed to the rise in freight charges."

Apart from these issues, he added that sending products to Middle Eastern markets now takes longer.

"Although factory production has not yet been affected, if the current situation persists, a reduction in production will likely become unavoidable in the near future," he commented.

Rezaul Hoque Khondaker, manager for international marketing at local food processor Bombay Sweets and Company Limited, said the company suspended Middle East orders and halted production in late February, anticipating further escalation after the attack on Iran.

"At that time, only one shipment had already left Chattogram via Colombo for Qatar, and recalling it was not viable," he said. "Despite shrinking margins, we proceeded with delivery to minimise losses and sought partial compensation from importers."

READ MORE ON B3

New budget must balance risks, reforms and pledges

Keep policy rate unchanged, restore investor confidence, economists say in meeting with finance minister

REJAUL KARIM BYRON *and* JAGARAN CHAKMA

Economists have urged the government to adopt a conservative approach in preparing the upcoming budget for the next fiscal year, taking into consideration the impact of the US-Israel war on Iran, implementing electoral pledges, and boosting investment.

The call came at the first pre-budget meeting with Finance Minister Amir Khosru Mahmud Chowdhury and senior officials of other relevant government agencies at the state guest house Padma on Saturday night.

Among the economists, Salehuddin Ahmed, former finance adviser to the interim government, Debapriya Bhattacharya, distinguished fellow of Centre for Policy Dialogue (CPD), Fahmida Khatun, executive director of CPD, Selim Raihan, executive director of the South Asian Network on Economic Modelling (Sanem), and Zakir Ahmed Khan, former finance secretary, were present.

Speaking to The Daily Star, they noted that the first budget of the new government is crucial, as it will set the trajectory for how the economy will be managed over the next five years.

While Bangladesh's budget preparation process typically begins in August-September, they said this budget should not be a routine exercise. Instead, it must reflect electoral commitments, prevailing global and domestic challenges, and long-term economic goals.

The economist pointed out that ongoing geopolitical tensions in the Middle East could exert multifaceted pressure on Bangladesh's economy.

Volatility in global oil markets may drive up import costs, while the risk of supply disruptions remains. This could increase the burden of fuel subsidies, posing a significant challenge to budget implementation.

At the same time, remittance inflows may face headwinds if employment opportunities shrink or incomes decline for migrant workers in the region.

Against this backdrop, several economists underscored that there is little room for overly optimistic assumptions in budget planning. Instead, expenditure frameworks must reflect realistic revenue mobilisation capacity, pressures on foreign exchange reserves and inflation risks.

According to meeting sources, the finance minister brought up long-standing concerns over lack of transparency, cost overrun, and project selection and implementation during the meeting.

READ MORE ON B3

Govt rules out tax hikes, bets on broader base

Says economic and planning adviser to PM

STAR BUSINESS REPORT

The government has ruled out any increase in tax rates, opting instead to expand the tax base and curb evasion to raise the tax-to-GDP ratio, said Rashed Al Mahmud Titumir, economic and planning adviser to the prime minister.

The focus remains on boosting investment and improving compliance to enhance collection, he said at a press briefing yesterday at the National Board of Revenue (NBR) headquarters in Dhaka.

"We are not increasing tax rates. Our focus is on expanding the overall economic base so that revenue grows naturally," Titumir said.

"The government will not increase the burden of domestic or foreign debt as in the past. Instead, we aim to raise the tax-to-GDP ratio without imposing additional pressure on taxpayers already strained by prolonged inflation."

Three task forces are working day and night to raise revenue without increasing tax rates, he said, adding that the government is aiming to achiev an all-time-high revenue in the fourth quarter of the current fiscal year.

"We have three months remaining in the current fiscal year. Within this period, we are optimistic that in the fourth quarter we will achieve higher revenue targets than at any previous time," he said.

To that end, he informed that the government is planning to "introduce performance-based incentives for officials and reduce wastage" instead of continuing to grant "group-based tax privileges."

He noted that rising poverty levels make it imperative to prioritise social protection spending.

Several new and expanded programmes have already been rolled out, including support schemes targeting women, religious service holders, and other vulnerable groups.

Against this backdrop, the government has outlined a three-pronged strategy: keeping the budget deficit under control, reducing reliance on domestic borrowing, and increasing revenue through economic expansion.

Policymakers view investment as the key driver of sustainable growth.

READ MORE ON B3

66 WTO members adopt interim e-Com pact

REFAYET ULLAH MIRDHA

Sixty-six World Trade Organization (WTO) member countries, representing 70 percent of global trade, have adopted a pathway to bring into force electronic commerce (e-Commerce) agreement through interim arrangements.

The adoption to bring the agreement into force via interim arrangements took place on March 28 at the 14th WTO Ministerial Conference (MC14) in Yaoundé, Cameroon.

Bangladesh has yet to officially clarify its stance, with Commerce Minister Khandakar Abdul Muktadir saying nations attending the summit offered varying opinions. While some favoured a four-year extension of the moratorium and others two years, very few sought a permanent moratorium.

Bangladesh has not spoken on this issue yet, he added.

Under the interim mechanism, participating members will begin applying the rules among themselves once 45 of the 66 signatories ratify the deal.

"This step marks a significant milestone. With digital transactions accounting for over 60 percent of global Gross Domestic Product (GDP), there is an urgent need to implement global digital trade rules that allow businesses and consumers to seize the benefits of digital trade," the WTO said in a joint statement.

The agreement encourages legal frameworks that recognise electronic transactions and treat electronic and paper-based information as legal equivalents.

It also seeks to establish common principles for the interoperability of

READ MORE ON B3

Bank Asia to buy Bank Alfalah's Bangladesh operations at Tk 580cr

STAR BUSINESS REPORT

Bank Asia PLC, a listed private bank, is set to acquire the Bangladesh operations of Bank Alfalah in a deal valued at Tk 580 crore, equivalent to approximately $47.5 million.

According to a disclosure published by Bank Alfalah at the Pakistan Stock Exchange, the decision was approved by 96.5 percent of its shareholders at the annual general meeting held on March 26.

The acquisition is contingent upon approval from the Bangladesh Bank, the State Bank of Pakistan, and other relevant regulatory bodies, as well as consent from Bank Asia's shareholders. To this end, Bank Asia will hold an extraordinary general meeting on April 12.

In May last year, Bank Asia signed a memorandum of understanding (MoU) with Bank Alfalah to acquire its Bangladesh

READ MORE ON B3

Half of Japanese firms in Bangladesh expect profits in 2026

Jetro survey finds improving confidence lifts outlook to highest level since 2019

JAGARAN CHAKMA

Nearly half of Japanese firms doing business in Bangladesh are expecting to post operating profits this year, thanks to rebounding business confidence after national polls, strong domestic demand and cost competitiveness, according to a survey.

The number is up by more than 8 percentage points from 2024 and stands at the highest level since 2019.

"Profit growth is expected to be driven mainly by three factors: greater political and social stability after the election, rising expansion plans among Japanese firms, and growing opportunities in non-manufacturing sectors," said Kazuiki Kataoka, country representative of Japan External Trade Organization (Jetro).

The Japanese government-backed agency promoting trade and investment conducted the survey titled "Business Conditions Survey 2025". The report will be officially released by Jetro's Dhaka office today.

Currently, around 340 to 350 Japanese companies operate in Bangladesh, and the number is gradually increasing.

Survey data shows that 21.6 percent of their businesses in Bangladesh within the next one to two years, underscoring strong investor confidence. Only a small number of firms indicated plans to scale down, while the remainder expect to maintain current operations.

The primary driver of expansion is rising local market demand, cited by 66.7 percent of

- 21.6% Japanese firms expect breaking even this year
- But 28.5% companies anticipate business losses
- 56.9% plan expansion in two years
- Investment focus shifting toward South Asia
- Local demand drives growth momentum strongly

Japanese firms foresee breaking even this year, while 28.5 percent anticipate losses.

Alongside improving profit expectations, 56.9 percent of Japanese firms plan to expand respondents. Firms also pointed to improved competitiveness and growing acceptance of their products and services.

READ MORE ON B3

NCC Bank launches green savings account 'NCC NeoX'

STAR BUSINESS DESK

NCC Bank PLC yesterday launched a fully digital, eco-friendly savings account, titled "NCC NeoX", under its retail banking portfolio.

With the slogan "Go Digital, Go Green", the initiative aims to promote sustainable banking practices while offering customers modern, convenient digital services.

Through the NCC NeoX account, customers can open accounts entirely online, complete e-KYC verification, and receive a recyclable debit card.

Funds deposited in the account will be channelled into green initiatives such as renewable energy, waste management, and sustainable agriculture, according to a press release.

Md Nurun Newaz Salim, chairman of NCC Bank PLC, inaugurated the service as chief guest at the bank's annual conference in Dhaka and said the bank remains committed to advancing eco-friendly banking practices and contributing to global sustainable development goals.

"The NCC NeoX Savings Account offers customers an opportunity to engage in green financing while enjoying modern digital banking benefits and contributing to environmental protection," he said.

M Shamsul Arefin, managing director of the bank, said the NCC NeoX account reflects the institution's focus on digital transformation and sustainability.

"This innovative service will not only provide customers with a seamless digital banking experience but also make them partners in long-term economic and environmental well-being," he said.

Customers will enjoy digital banking facilities, competitive interest rates, free internet banking and SMS alerts, along with recognition as green banking partners.

Abdus Salam, vice-chairman of the bank; Amjadul Ferdous Chowdhury, director and former chairman; Tanzina Ali, director and former vice-chairman; Khairul Alam Chaklader, director and chairman of the executive committee; Syed Asif Nizamuddin, Md Moinuddin, Mohammed Sazzad Un Newaz, Shamima Newaz, Morshedul Alam Chaklader and Nahid Banu, directors, attended the event.

Meer Sajed-Ul-Basher, independent director; Md Amirul Islam, independent director and chairman of the audit committee; M Khurshed Alam, additional managing director; Md Habibur Rahman, deputy managing director; and SM Tanvir Hasan, head of the retail banking unit, were also present.

Md Nurun Newaz Salim, chairman of NCC Bank PLC, inaugurates the digital, eco-friendly savings account, titled "NCC NeoX", at the bank's annual conference in Dhaka yesterday. PHOTO: NCC BANK

China launches two probes into US trade practices

REUTERS, *Beijing*

China's commerce ministry has initiated two counter-probes into US practices that hamper the flow of Chinese products into the United States, it said on Friday, refraining from immediate retaliation to US measures announced earlier this month.

A trade truce between China and the US has held since US President Donald Trump met Chinese President Xi Jinping in October last year. Trump said earlier this week that he will visit Beijing in mid-May, as part of Washington's broader effort to reset relations in the Asia-Pacific region.

The two Chinese investigations - scheduled to conclude within six months, though they could be extended - are in response to two US Section 301 investigations against China, the ministry said in a statement, describing them as reciprocal.

CHINA TO INVESTIGATE SUPPLY CHAIN DISRUPTION

The investigations will look into US trade practices and measures that "disrupt global supply and industrial chains" and "hinder trade in green products", the ministry said in separate statements.

These practices and measures restrict or prohibit both the entry of Chinese products to the US and US exports of high-tech products to China, it said.

The US also implemented measures that limit the exports of green products from the US and slow down the deployment of new energy projects, which might harm Chinese companies' interests, the ministry said.

Based on the findings of the investigations, China will take corresponding measures to defend its rights and interests, it said.

BRAC Bank, Crowne Plaza partner to offer dining, lifestyle privileges

STAR BUSINESS DESK

BRAC Bank PLC has entered into a partnership agreement with Crowne Plaza Dhaka Airport hotel to offer its customers a range of premium lifestyle and dining privileges throughout the year.

Md Mahiul Islam, deputy managing director and head of retail banking at BRAC Bank PLC, and Nazmul Huda, cluster director of human resources at Crowne Plaza Dhaka Airport and InterContinental Dhaka, signed the agreement in the capital recently, according to a press release.

As part of the collaboration, BRAC Bank cardholders can enjoy buy-one-get-one-free offers on buffet meals, including breakfast, lunch or brunch, dinner at Mosaic restaurant.

In addition, BRAC Bank customers will receive a 10 percent discount on à la carte dining at Mosaic, Connexions and House of Han, as well as 10 percent off services at the hotel's health club, swimming pool and venue bookings.

Sujan Saha, cluster finance director of Crowne Plaza Dhaka Airport, and Md Nazrul Islam, cluster director of sales and marketing; Md Ashraful Alam, head of alliances at the bank; AKM Shahadul Islam, head of employee banking; and Dipak Chandra Das, senior manager of merchant acquiring, were also present at the event, along with senior representatives from both organisations.

Nazmul Huda, cluster director of human resources at Crowne Plaza Dhaka Airport and InterContinental Dhaka, and Md Mahiul Islam, deputy managing director and head of retail banking at BRAC Bank PLC, pose for a photograph after signing the agreement in the capital recently. PHOTO: BRAC BANK

Gold demand improves in India as prices ease

REUTERS

Gold demand in India saw a slight uptick this week as softer bullion prices attracted some buyers, though many remained cautious and held off for further price drop, while premiums in China narrowed as physical demand slowed.

Bullion dealers in India offered discounts of up to $61 per ounce over official domestic gold prices this week, down from as much as $75 last week. These prices include 6 percent import duty and 3 percent sales tax.

Meanwhile, spot gold experienced volatile trading, flitting between $4,100 and $4,600 per ounce. Prices briefly touched a four-month low of $4,097.99 on Monday, pressured by a stronger dollar and growing expectations of hawkish US monetary policy.

"Falling prices are helping revive interest in gold. However, prices remain well above levels seen last year, and many buyers are postponing purchases in hopes of a bigger fall," a Kolkata-based jeweller said.

Gold prices in India were trading around 141,000 rupees per 10 grams on Friday, after rising to 169,880 rupees earlier this month. Volatility in the rupee and global prices left jewellers sidelined, with many waiting until the financial year-end to make fresh purchases, said a Mumbai-based dealer with a private bank.

PHOTO: ALLIANCE FINANCE

Jowher Rizvi, chairman of Alliance Finance PLC, inaugurates the celebratory programme organised by the company to mark its 8th anniversary in Dhaka recently. Kanti Kumar Saha, chief executive officer of the company, was also present.

Alliance Finance celebrates 8th anniversary

STAR BUSINESS DESK

Alliance Finance PLC, a joint venture finance company between Bangladesh and Sri Lanka, recently celebrated its 8th anniversary, bringing together its clients, shareholders, directors, banking partners and other stakeholders.

The day marked a milestone in the company's journey in the country, reflecting its steady growth, commitment to excellence and strong partnerships over the years, according to a press release.

Jowher Rizvi, chairman of Alliance Finance PLC, inaugurated the celebratory programme organised by the company to mark its founding anniversary.

In his address, Rizvi expressed sincere appreciation to all stakeholders for their continued trust and support, while highlighting the company's achievements and long-term vision.

Kanti Kumar Saha, chief executive officer of the non-bank financial institution, in his speech emphasised the company's strategic focus, progress and resilience in a dynamic financial landscape, as well as its commitment to delivering innovative, customer-focused solutions to build a sound portfolio.

He also outlined the company's future roadmap, focusing on sustainable growth, digital transformation and strengthening shareholder value.

Over the past eight years, Alliance Finance PLC has established itself as a reliable financial institution through its customer-centric approach, strong governance and strategic collaborations, helping it uphold its commitment to depositors as well as lenders.

Other senior officials of the company, among others, were also present.

Ship insurers juggle war risks

FROM PAGE B4

The cargo on board -- from petrochemicals to containers -- also requires insurance.

In addition, ships need war risk insurance -- typically an annual premium -- but that does not cover ships entering the most active conflict zones, known as "listed" areas.

To do that, they must renegotiate another war risk premium.

"The annual (war risk) premium is not designed for a crisis," said Neil Roberts, head of marine and aviation at the LMA.

DANGER ZONES LIST

In early March, London's marine insurance market widened the "listed" areas in the Gulf region.

The system "enables underwriters to respond quickly and proportionately to areas of increased risk", said Roberts, who sits on the committee that updates the list.

To price war risk premiums, underwriters are considering numerous factors such as the type, flag and owner of the vessel, as well as its size, speed and cargo.

"We have seen some quotes where the underwriter has actually warranted that the vessel goes through at... full throttle," said Smith.

"That is deemed to be an improvement in the risk factor."

What is the WTO

FROM PAGE B4

Sofia Scasserra of the Transnational Institute think tank said the moratorium has failed to bolster digital economies in developing countries, and instead entrenches dominance by US and other advanced Big Tech giants.

A United Nations Conference on Trade and Development (UNCTAD) research paper in 2019 estimated that developing countries faced a potential tariff revenue loss of $10 billion in 2017 from the moratorium.

However, an OECD study found the potential revenue loss could largely be offset by value added tax or goods and services tax applied to imported digital services.

Four formal proposals have been submitted for the e-commerce moratorium at the Cameroon ministerial conference. The African, Caribbean and Pacific Group proposes extending the moratorium until the next ministerial conference. The US wants a permanent extension.

A group including Switzerland proposes a permanent extension and establishing a committee on digital trade, and a Brazil plan proposes extending until the next conference and creating a digital trade committee.

Pharma sector faces supply risks amid Iran war fallout

Industry leaders raise concerns at Asia Pharma Expo

STAR BUSINESS REPORT

Bangladesh's pharmaceutical industry is facing mounting pressure as the ongoing US-Israel war on Iran disrupts global supply chains, threatening the availability of raw materials, pushing up freight costs and raising concerns over production stability.

The issue was highlighted at the inaugural session of the 17th Asia Pharma Expo 2026 and Asia Lab Expo 2026, held at the Bangladesh-China Friendship Exhibition Center in Dhaka's Purbachal yesterday.

Health Minister Sardar Md Sakhawat Hossain, who inaugurated the three-day exposition as the chief guest, said the government is closely monitoring the evolving situation and stressed that ensuring access to quality medicines remains a top priority.

He also reiterated a zero-tolerance stance on corruption and irregularities in the sector.

Industry leaders said the Gulf region unrest has already started to affect the import of active pharmaceutical ingredients (APIs) and other essential inputs, many of which rely on complex shipping routes through the Middle East.

PHOTO: BAPI

Visitors gather at the 17th Asia Pharma Expo 2026 and Asia Lab Expo 2026, an international showcase of complete pharmaceutical manufacturing solutions, at the Bangladesh-China Friendship Exhibition Center in Dhaka's Purbachal yesterday.

"The war has disrupted logistics, increased freight costs and caused shipment delays," said Abdul Muktadir, president of the Bangladesh Association of Pharmaceutical Industries (BAPI).

"Rerouting of sea and air cargo is making imports more expensive and unpredictable."

The disruption is particularly significant for Bangladesh, which remains heavily dependent on imported raw materials despite its strong domestic manufacturing base. Prolonged instability could drive up production costs and put pressure on medicine prices in the coming months, industry insiders said.

According to BAPI, the industry now meets nearly 98 percent of domestic demand and exports medicines to more than 120 countries, reflecting steady expansion over the past decade.

Bangladesh currently exports around $300 million worth of medicines annually and is emerging as a growing player in the global pharmaceutical market.

However, sustaining this momentum will depend on the sector's ability to navigate external shocks and ensure an uninterrupted supply of inputs.

Muktadir stressed the urgency of accelerating the development of a domestic API industry to reduce reliance on imports.

"The current situation highlights our vulnerability. Policy support is essential to strengthen local capacity," he said.

He warned that if the conflict persists, rising freight costs and supply uncertainties could erode profit margins and disrupt production cycles, with smaller manufacturers likely to face greater pressure.

Cold storage owners want govt aid for disaster-hit potato growers

STAR BUSINESS REPORT

The Bangladesh Cold Storage Association (BCSA) has urged the government to include potato farmers affected by recent storms and rainfall in an agricultural rehabilitation programme.

In a letter sent to the Ministry of Agriculture on March 25, it said early storms and heavy rainfall in the first half of March severely impacted major potato-producing districts, including Rangpur, Rajshahi, Bogura, Joypurhat, Naogaon, Thakurgaon, Gaibandha, Nilphamari, Kurigram, Lalmonirhat, Dinajpur and Panchagarh.

Waterlogging during the harvesting period caused extensive damage to potatoes left in the fields, as well as to crops that had not yet been harvested.

As a result, the affected potatoes have become unsuitable for storage in cold storage facilities.

The association estimates that around 45,000 hectares of potato farmland have been damaged across these districts, with total losses amounting to approximately Tk 675 crore.

Farmers who managed to harvest their potatoes are facing further losses, as poor quality has made the produce unsuitable for storage, forcing them to sell at significantly reduced prices of Tk 5-6 per kilogramme (kg), well below prevailing market rates.

Govt eyes $2b

FROM PAGE B1

IMF is also under consideration, although no formal discussions have taken place yet," he added.

The possibility of extra financing from the Asian Development Bank and other sources is also being explored.

Appointed last month after the new government took office, Rahman said Bangladesh needs to ensure energy security and cut costs, and that the government is trying.

"The situation is changing rapidly -- sometimes there is talk of a ceasefire, and then again, fears of new conflict arise. Therefore, efforts are being made to take necessary decisions by constantly monitoring the situation and coordinating with all relevant parties.

"Our goal is only one: to keep the economy relatively stable even in this uncertain situation," he said.

He added that in the current situation, the central bank's policy stance is extremely important. "Especially on the exchange rate issue, we have to remain cautious. The BB is also not going to reduce the policy rate."

"In the current situation, it is not realistic to reduce interest rates quickly, as controlling inflation is essential. It will also take time for confidence in new investments to return," the BB chief said.

He added that over the last five to eight years, crises have become a new normal. "New problems appear every one or two years -- including Covid, war, and other challenges. It seems we have to move forward accepting this reality."

STRENGTHENING FINANCIAL SECTOR AND INDUSTRY

The governor also spoke about keeping the financial sector free from political influence. Work is ongoing to recover defaulted loans and assets siphoned abroad. Most of the non-disclosure agreements have been signed by banks with international asset recovery firms.

Last week, the governor met with large industrial groups and employment-generating firms to address their concerns.

"Our main priorities are three -- agriculture, the SME sector, and restarting closed factories. Efforts are being made to bring closed factories back into production, even partially, because these are national assets," he said.

Initiatives have been taken to increase cashless transactions. By June 30, the Bangla QR code will be mandatory at all payment points, with strict enforcement from July. This will increase transactions and boost revenue.

Responding to questions about troubled non-bank financial institutions (NBFIs), he said efforts are being made for a quick solution. The BB had earlier decided to liquidate six NBFIs due to poor financial health and sought funds from the finance ministry to repay depositors.

"It is our responsibility to protect depositors, as they have kept money in licensed institutions," he added, noting that the BB will also move forward with making Sammilito Islami Bank operational.

The bank was created as a state-owned entity in December last year through the merger of five troubled Shariah-based lenders. The appointment of a managing director is underway, and the board of the bank will be reconstituted.

Food exports to the Gulf

FROM PAGE B1

Sayedul Azhar Sarwar, head of business at Danish Foods Ltd, a concern of Partex Star Group, said rising freight rates have introduced a new "war cost" that is significantly increasing overall expenses.

"Importers are increasingly reluctant to accept deliveries as higher costs erode competitiveness, particularly for goods already in transit," he said. He estimated that overall costs have risen by at least 15 percent, prompting many buyers to delay orders in the hope of more stable conditions.

He also said that job uncertainty among migrant workers is beginning to affect consumption, which could dampen demand for non-essential food items.

Luthful Kabir Shaheen, director for business development at City Group, said shipment schedules had become increasingly unpredictable, causing delays not only in the Middle East but also in Europe and the US, with transit times extending by around 10 days.

He, however, said production remains broadly stable, with companies adapting by routing goods through alternative Gulf hubs such as Dubai. "Despite steady demand for essential food items, the export process has become more complex, requiring greater operational flexibility."

Similar to City Group, Sameera Rahman, head of export at Meghna Group of Industries, said their output for Middle Eastern markets remains steady.

"Our manufacturing operations are fully functional, supported by coordinated supply chains and careful resource planning," she said. "But logistics remain under strain."

She added that many shipping lines have paused new bookings and cancelled existing ones, disrupting dispatch schedules, while rising risk premiums were further driving up costs.

"War risk surcharges have nearly doubled freight costs on some routes, including shipments to Oman," added Rahman.

According to the Export Promotion Bureau (EPB), processed food exports to the Middle East stand at $40-$45 million annually, while the broader agricultural sector earned $65.24 million in the fiscal year 2024-25.

66 WTO members

FROM PAGE B1

e-invoicing and the legal recognition of electronic transferable records, such as bills of lading and promissory notes.

The agreement is not applicable to Bangladesh as the country remains in favour of continuing the long-standing moratorium on imposing customs duties on electronic transmissions, said Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue (CPD), who is attending the conference.

He said Bangladesh should cautiously observe the development before making a decision, adding that with the massive digitalisation of global trade, a significant volume of transactions now occurs digitally.

As a major importer and exporter of commodities and services, the withdrawal of the e-commerce moratorium could increase business costs for Bangladesh, he said.

Govt rules out

FROM PAGE B1

"Increased investment will lead to higher production, which will create jobs. Higher employment will, in turn, raise incomes and government revenue," Titumir noted.

Stating that the government inherited a "destroyed economy," he said revenue figures in the past were often manipulated. With the updated iBAS system, real-time data will now be available.

He also described the decision to split the NBR into two entities as logical, adding that discussions would be held to move forward on the matter.

New budget must balance

FROM PAGE B1

He sought suggestions regarding these concerns from the economists.

Economists, in response, suggested including a low number of projects in the budget to ensure smooth implementation.

They also stressed the need to strengthen, streamline and ensure accountability in the formulation of the Annual Development Programme (ADP).

Without addressing these weaknesses, they cautioned, the effectiveness of public investment will remain limited.

No move should be taken to reduce the policy rate at this stage, most economists suggested, as inflation remains high and could intensify further with rising energy and import costs.

Sharing his experience as adviser of the previous interim government, Salehuddin Ahmed stressed that balancing political commitments with economic realities remains a key challenge. He suggested continuing the reform initiatives.

Referring to family cards and expanded safety net schemes, economists suggested streamlining the existing social safety net programmes alongside those electoral promises.

They also called for prioritising restoring confidence in the private sector, stressing the need for improving the investment climate, ensuring policy continuity and reducing administrative bottlenecks.

In the current uncertain environment, investors remain cautious, making it crucial for the government to provide clear and credible policy signals, they noted.

Tax reform featured prominently in the discussion. Structural weaknesses in the National Board of Revenue (NBR), limited tax collection capacity and persistent tax evasion were identified as major concerns.

Economists stressed that expanding the tax base and undertaking administrative reforms are essential for improving revenue mobilisation. They also called for modernisation, greater automation and enhanced accountability within the NBR.

Rashed Al Mahmud Titumir, economic adviser to the prime minister, Md Mostaqur Rahman, governor of Bangladesh Bank, and Md Khairuzzaman Mozumder, secretary of the Finance Division, Monzur Ahmed, member of the General Economic Division of the Planning Commission, Nazma Mobarek, secretary of the Financial Institutions Division, and AK Enamul Haque, director general of Bangladesh Institute of Development Studies (BIDS), were also present at the meeting.

Bank Asia to buy

FROM PAGE B1

operations, subject to regulatory approval and completion of legal formalities.

The sale process began in April last year. Legal formalities for the transfer of assets and liabilities are still pending, while core banking system migration must also be aligned.

The audit and valuation of Bank Alfalah's Bangladesh operations were conducted by PricewaterhouseCoopers (PwC) Bangladesh, a UK-based multinational tax, audit, and consulting firm.

Bank Asia, which began its journey in 1999, is a pioneer in agent banking services in Bangladesh. If the acquisition is completed, it will be the third such takeover by Bank Asia in its 26 years of operation.

In 2001, the bank acquired the operations of the Canada-based Bank of Nova Scotia in Dhaka -- the first of its kind in Bangladesh's banking history, according to Bank Asia's website. It later took over the Bangladesh operations of Muslim Commercial Bank Ltd, a renowned Pakistani bank.

Bank Alfalah is incorporated in Pakistan, with its main capital base coming from Abu Dhabi Investment Funds.

Over 51 percent of its equity is held by the Abu Dhabi Royal Family. The bank began operations in Bangladesh in 2005 and currently has seven branches in the country.

Half of Japanese

FROM PAGE B1

Expansion plans vary across sectors. While 62.2 percent of firms in non-manufacturing sectors intend to expand, compared with 47.6 percent in manufacturing, Bangladesh continues to attract interest as a production base.

Kataoka said that Japanese firms are gradually redirecting investment focus from Southeast Asia to South Asia, with Bangladesh emerging as a key destination alongside India and Pakistan.

"Bangladesh is among the countries where Japanese firms show strong expansion interest compared to several Southeast Asian markets," he added.

The rising interest reflects growing opportunities in urban consumption, particularly in Dhaka, where purchasing power is rising alongside demand for higher-quality goods.

On Japanese investment, Kataoka said it is difficult to determine an accurate figure, as many companies channel funds through third countries, meaning such investments are not reflected in official Japanese data.

However, direct investment from Japanese sources alone is estimated at no less than $400 million.

Despite the improving outlook, structural challenges continue to weigh on businesses.

Companies report that time-consuming tax procedures, regulatory uncertainty, bureaucratic inefficiencies, and inconsistent policy implementation remain major hurdles, often slowing operations and complicating long-term planning.

"These issues will take time to resolve, but improvements in government procedures could attract more Japanese investment," Kataoka said.

He also pointed to broader concerns, including social instability and an underdeveloped legal system, which continue to affect operational efficiency and investor confidence.

Kataoka added that firms are likely to prioritise developing a skilled workforce for employment in Japan, as the country's ageing population continues to grow. Bangladesh could play a key role in supplying workers, particularly in engineering, agriculture, and construction.

Nepal keen to upgrade Saidpur Airport

STAR BUSINESS REPORT

Nepal has expressed a strong interest in upgrading Bangladesh's Saidpur Airport to an international airport, seeking cooperation to boost regional connectivity, trade, and tourism across the sub-region.

Nepal's Ambassador to Bangladesh, Ghanshyam Bhandari, conveyed Kathmandu's interest during a courtesy call on Civil Aviation and Tourism Minister Afroza Khanam Rita and State Minister M Rashiduzzaman Millat at the ministry yesterday, the ministry said in a press release.

During the meeting, both sides underscored the need to further strengthen existing bilateral relations.

The Nepalese envoy sought Bangladesh's support in developing Nepal's aviation and tourism sectors, particularly emphasising the importance of upgrading Saidpur Airport to international status.

Detailed discussions were held on setting airfare on the Dhaka-Kathmandu route at a reasonable level to facilitate passenger movement and boost tourism growth.

The two sides also expressed optimism about working jointly to expand tourism and deepen sectoral cooperation.

IMF agrees to unlock $1.2b for Pakistan

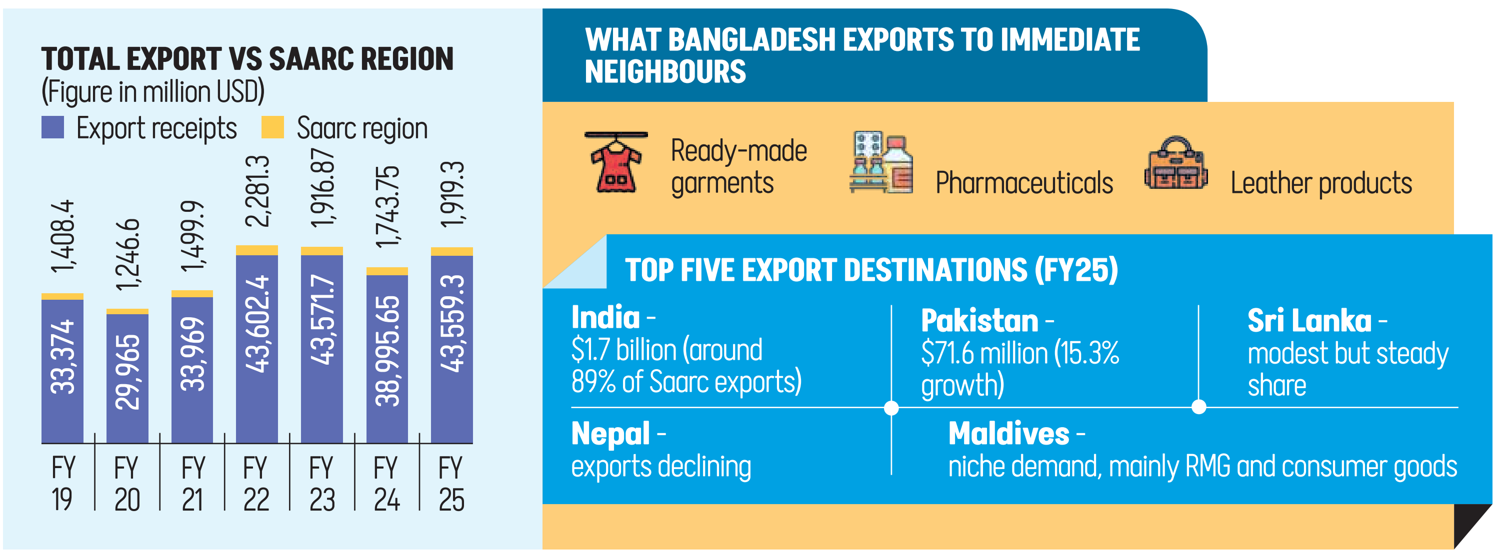
AFP, *Washington*

The International Monetary Fund (IMF) announced on Friday that it has reached a staff-level agreement with Pakistan to unlock a new $1.2 billion package as part of its support programmes for the country.

The South Asian nation is one of the largest debtors to the IMF after Argentina and Ukraine.

The IMF in a statement praised the Pakistani authorities' commitment to "pursuing sound and prudent macroeconomic policies to preserve the recent gains in macro-financial stabilisation, while deepening structural reforms to accelerate growth and strengthening social protection to mitigate the impact of volatile energy prices on the most vulnerable."

The disbursement is subject to approval by the IMF Executive Board, according to the fund's statement.



Flat Saarc exports reveal Bangladesh's vulnerability to global shocks

JAGARAN CHAKMA

Bangladesh's exports have become a powerhouse for its economy, increasing by some $10 billion over the last six years. But when it comes to its immediate South Asian neighbours, the outward trade has remained trapped in a narrow range, failing to grow by even a billion dollars throughout.

Total global export earnings reached $43.6 billion in fiscal year 2024-25 (FY25), up from $33 billion six years ago, Bangladesh Bank (BB) data shows.

Meanwhile, exports to seven member countries of the South Asian Association for Regional Cooperation (Saarc) stood at just $1.9 billion in FY25, a mere 4.4 percent of the total. The figure was $1.4 billion in FY19.

A recent report by the central bank on the country's economic engagement points out that while Bangladesh's relationships with major partners in the European Union, the United States and the Middle East are well documented, "its economic linkages within Saarc remain surprisingly underexplored yet vitally important."

Experts identify persistent non-tariff barriers, limited connectivity, logistical bottlenecks and weak regional cooperation frameworks as major constraints to expansion.

ONE MARKET, ONE BASKET

Even within Saarc, the trade is heavily concentrated, with India alone absorbing nearly 89 percent of Bangladesh's regional exports, making the bloc effectively a one-market story.

Pakistan, Sri Lanka, Nepal and Bhutan remain peripheral, their combined share too thin to move the needle. While exports to Pakistan and Sri Lanka have shown some improvement, their scale remains too small to shift the overall trajectory. Nepal, meanwhile, has seen declining exports.

The concentration poses a huge risk – any policy shift or demand shock in New Delhi ripples immediately through Bangladesh's entire regional trade position.

The export basket is equally narrow, dominated by ready-made garments, pharmaceuticals and leather goods.

The central bank notes that the lack of diversification limits growth prospects, especially in markets where production structures are similar and competition is high. Unlike Bangladesh's global trade, which has gradually moved into higher-value segments, regional exports have seen little structural transformation.

The limitations of regional exports are also evident in the widening trade imbalance. Bangladesh bought $10.5 billion worth of goods from Saarc nations last fiscal year, more than five times what it sold, yielding a trade deficit of $8.6 billion.

> **Bangladesh bought $10.5 billion worth of goods from Saarc nations last fiscal year, more than five times what it sold, yielding a trade deficit of $8.6 billion**

India supplied over 90 percent of those imports, covering essential commodities and industrial inputs. Bangladesh is far more integrated with its neighbourhood as a buyer than as a seller.

THE ROADS NOT TAKEN

Policy experts point to infrastructure as the primary constraint. Except for India, Bangladesh has no direct land links with its South Asian neighbours, pointed out Khandker Golam Moazzem of the Centre for Policy Dialogue (CPD). This makes trade with the neighbours less lucrative.

For instance, he said, "Exporting to Hong Kong can sometimes cost less than trading with India, a reflection of poor logistics, inadequate land ports and inefficient customs systems."

Outdated Safta (South Asian Free Trade Area) negative lists and persistent non-tariff barriers add further friction, he added.

Moazzem stressed the need for improved port facilities, modernised land ports and digitalised one-stop border services. He also highlighted the importance of sub-regional initiatives like BBIN and BIMSTEC to enhance connectivity through India.

Ahsan Khan Chowdhury, chairman of Pran-RFL Group, which exports nearly $100 million annually to India, identified demand mapping in each market as a prerequisite for expansion. "Saarc countries hold significant trade potential, but identifying demand in each market remains crucial for expansion."

He flagged the "northeastern Indian states as a particular opportunity" for Bangladesh, while noting that trade became harder to sustain during the interim government period due to strained bilateral ties.

Chowdhury also called for upgrading Bangladesh's standards testing infrastructure to meet Indian requirements and proposed an ASEAN-style duty-free framework for the bloc.

At the same time, he emphasised the need to negotiate with India to reduce trade barriers and improve port efficiency.

The contrast with ASEAN (Association of Southeast Asian Nations) -- which has built integrated regional value chains sustaining high intra-regional volumes – illustrates the scale of South Asia's failure to deepen economic ties.

Sub-regional frameworks such as Bangladesh-Bhutan-India-Nepal (BBIN) initiative and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec) offer a partial path forward, but analysts say physical connectivity remains the essential precondition for any meaningful expansion.

Thai PM says reached deal with Iran for vessels to transit Hormuz Strait

AFP, *Bangkok*

Thailand has reached an agreement with Iran to allow Thai oil vessels safe passage through the Strait of Hormuz, the Southeast Asian nation's Prime Minister said on Saturday.

Iranian forces have effectively slowed shipping through the strait to a trickle during the Middle East war, which began late last month.

"An agreement has been reached to allow Thai oil tankers to transit safely through the Strait of Hormuz," Thai Prime Minister Anutin Charnvirakul said at a press conference, adding the development would alleviate concerns over fuel imports.

"With this agreement in place, there is greater confidence that disruptions like those seen in early March will not recur," he added.

More than 80 percent of the crude oil and liquified natural gas (LNG) that passes through the Strait of Hormuz heads to Asia, according to the US Energy Information Administration.

Much of Southeast Asia is bearing the brunt of fuel supply difficulties and long lines at petrol stations in Thailand have become increasingly frequent."

"The government will continue to adapt to evolving situations and adjust measures to minimise the impact on the public," Anutin added.

Reviving the private sector

SALEKEEN IBRAHIM

In recent years, Bangladesh has faced political uncertainty, macroeconomic stress and structural weaknesses in the financial sector, compounded by the ongoing crisis in the Middle East. These challenges have slowed the engine that drives our national economy, the private sector. Private investment has fallen to nearly 22.03 percent of GDP in FY2025, one of the lowest levels in the past decade. At the same time, credit flow to businesses has dried up. Private sector credit growth fell to a record low of 6.10 percent in December 2025 and is still hovering around 6 percent in early 2026, well below the central bank's target.

This slowdown is not just a statistic. It reflects deteriorating business confidence, weakening investment appetite and troubling signals for employment and growth. If Bangladesh is to regain its momentum, reviving private sector dynamism must become a national priority.

The lethargy in private sector credit growth is caused by both demand and supply constraints. Political uncertainty and weak law and order have discouraged investment. Businesses tend to delay expansion during periods of instability.

At the same time, persistently high inflation and rising lending rates have increased the cost of borrowing. Many entrepreneurs find it difficult to justify new investments when financing costs are elevated, and consumer demand remains uncertain. Research by the Planning Commission suggests high interest rates and macroeconomic uncertainty are major reasons for weak credit demand. The banking sector is also under strain. Non-performing loans have climbed to around Tk 3.45 lakh crore, weakening banks' capital positions and limiting their capacity to lend.

Government borrowing from banks has increased as well. When the state absorbs a large share of liquidity to finance fiscal deficits, fewer funds remain available for private enterprise. Bangladesh remains overly dependent on banks for financing, while alternative sources such as corporate bonds, venture capital and equity markets are underdeveloped. This structural weakness restricts access to capital, particularly for start-ups and small and medium-sized enterprises (SMEs).

To secure quick relief from this suffocating situation, the government must focus on restoring confidence and liquidity. Controlling inflation should be the first priority of the newly appointed governor. Stable prices would help ease interest rates and restore purchasing power, encouraging consumption and investment.

Business confidence depends on predictability. Investors need assurance that factories will operate smoothly, supply chains will remain secure, and contracts will be honoured. In the context of the Middle East crisis, a consistent energy supply will play a crucial role in strengthening investor confidence.

Small and medium-sized enterprises, which generate around 80 percent of employment, require special attention in access to finance. Targeted stimulus funds, lower-rate refinancing and credit guarantee schemes could provide support. Infrastructure investment can create immediate economic activity and crowd in private investment in logistics, manufacturing and services. Export diversification must also remain central to our strategy.

Over the longer term, governance and reform in the banking sector must continue. Reducing non-performing loans would restore lending capacity and rebuild client confidence. Frequent policy shifts discourage investors. Clear long-term policies on taxation, energy pricing and industrial incentives are essential to attract both domestic and foreign investment. In addition, a vibrant corporate bond market and venture capital ecosystem could reduce dependence on banks. Businesses need multiple financing channels to grow.

The next phase of Bangladesh's growth must be driven by productivity. Investment in technical education, automation and digital infrastructure will strengthen competitiveness. A new generation of innovators can create jobs if supported by incubators, innovation funds and simplified regulation. Private investment does not grow because of speeches or slogans. It grows when investors trust that the rules of the game will remain stable.

The writer is a senior banker

What is the WTO e-commerce moratorium?

REUTERS, *Yaounde*

The e-commerce moratorium is a global agreement among World Trade Organization members which bans customs duties being applied to electronic transmissions such as digital downloads and streaming.

The policy was first adopted in 1998 at the WTO's Second Ministerial Conference in Geneva as part of a declaration to encourage early digital trade growth.

It covers cross-border transmissions such as software downloads, e-books, music and movie streaming and video games. Originally intended to be temporary, the tariff moratorium has been renewed roughly every two years at each WTO ministerial conference, and was most recently extended for two years at the 13th conference in 2024.

It is set to expire this month at the 14th WTO ministerial conference in Yaounde, Cameroon.

WTO members with large digital economies such as the US, the EU, Canada and Japan want the moratorium permanently extended because they say it ensures predictability for global digital trade.

More than 200 global business organisations signed a joint statement calling for an extension of the moratorium.

Its lapse would raise costs, fragment the internet and hinder the ability of businesses to participate in cross-border digital trade, the International Chamber of Commerce says.

Some developing nations, including India which has long opposed the moratorium, contend its extension would deprive them of tariff revenue to fund infrastructure and close the digital divide.

READ MORE ON B2

Ship insurers juggle war risks for perilous Gulf route

AFP, *London*

Iranian forces' threat to ships in the crucial Strait of Hormuz has driven up payments for the insurance that underpins the world freight industry.

Here are facts and figures about how maritime insurance works -- and the impact from the war sparked by US-Israeli strikes on Iran, which has virtually cut off shipping in the strait.

INSURANCE AVAILABLE

After the fighting broke out on February 28, some insurers served so-called cancellation notices for war risk policies to "reassess... and then reinstate that cover at adjusted terms", the International Union of Marine Insurance said in a statement.

Despite the name, "a 'Notice of Cancellation' does not, necessarily, end the cover. War cover remains available for owners and operators wishing to take it."

Executives in London -- the world's top shipping insurance market -- insisted captains were avoiding the route to protect their crews, not because they could not get insured.

"Safety concerns, not insurance availability, (are) driving reduced vessel traffic," headlined the Lloyd's Market Association (LMA), a trade body for the London ship insurance industry, in a report.

The price of such policies to cross the strait has shot up, however, according to industry players.

SURGING PREMIUMS

Before the current Middle East conflict, a war risk premium would typically have cost less than one percent of the vessel's so-called hull value.

Now, war risk insurance could run into tens of millions of dollars for a single trip through the Hormuz Strait.

Containers are seen on the Maersk's Triple-E giant container ship Majestic Maersk, one of the world's largest container ships, next to cranes at the APM Terminals in the port of Algeciras, Spain. PHOTO: REUTERS/FILE

Premiums have surged for ships seeking special cover to cross the strait, according to Robert Peters of UK maritime consultancy Ambrey, which has an insurance arm.

"I'm not sure the market has settled on an agreed range," he added, noting figures typically range "from five percent down to one percent".

David Smith, head of the marine arm at specialist insurance broker McGill, meanwhile estimated it at "anywhere between three and-a-half and 10 percent".

"It is going up and down almost on an hourly basis," he told AFP.

Cargo insurance rates have followed the same trajectory.

"A brand new LNG (liquefied natural gas) ship could be worth $200 million to $250 million alone, and then a cargo could be worth the same again," Smith noted.

FIVE-FOLD COVER

Commercial ships typically need several separate insurance policies.

Hull cover insures against loss or damage to the vessel, while protection and indemnity (P&I) acts like third-party liability coverage.

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