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Govt eyes \$2b from multilateral lenders for BoP support

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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.

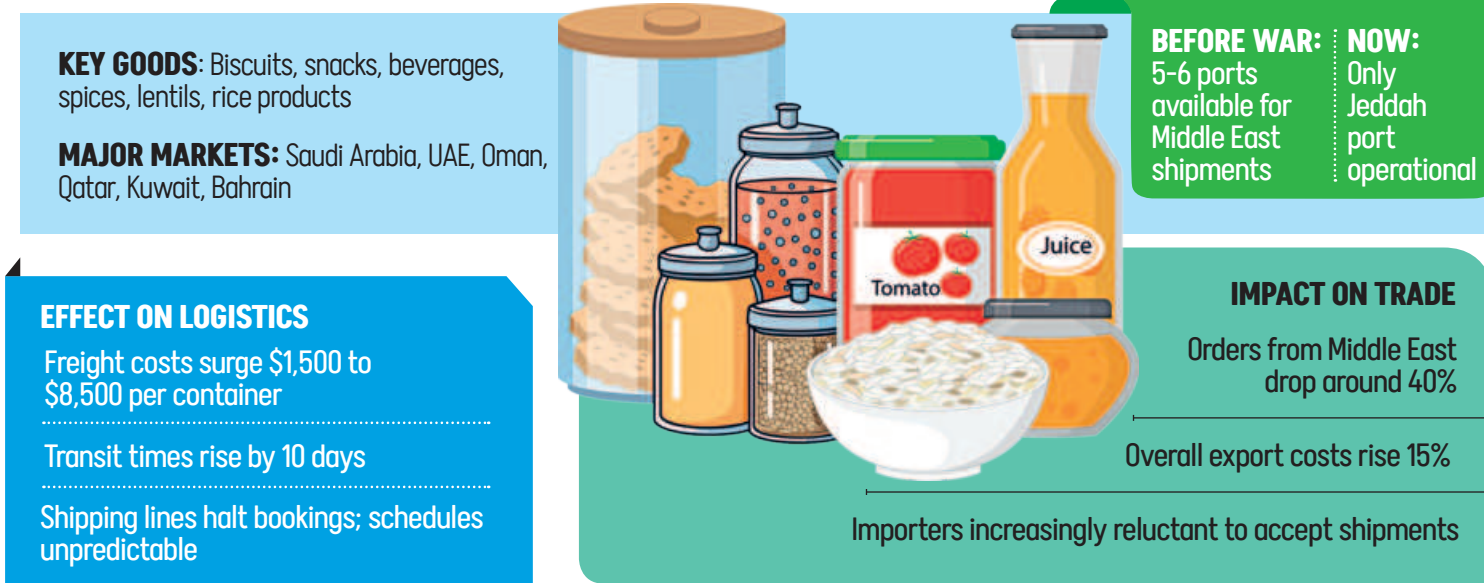
The country could receive a \$1.3 billion tranche by June if it implements key reforms. Two instalments released together in June last year brought the total received so far to \$3.6 billion.

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

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Food exports to the Gulf feel war shock

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



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."

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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.

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Govt rules out tax hikes, bets on broader base

Says economic and planning adviser to PM

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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 achieve 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.

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

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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

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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.

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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

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