

## 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.

## 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.

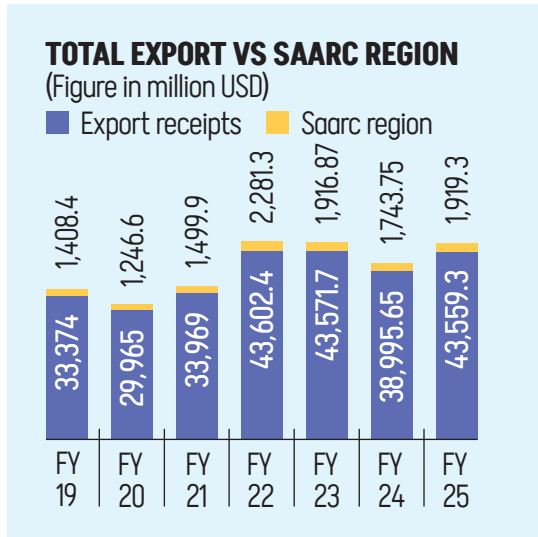
WTO members with large digital economies such as the US, the EU, Canada and Japan want the moratorium permanently extended because they say it ensures predictability for global digital trade.

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



### WHAT BANGLADESH EXPORTS TO IMMEDIATE NEIGHBOURS

Ready-made garments, Pharmaceuticals, Leather products

### TOP FIVE EXPORT DESTINATIONS (FY25)

**India** - \$1.7 billion (around 89% of Saarc exports)  
**Pakistan** - \$71.6 million (15.3% growth)  
**Sri Lanka** - modest but steady share  
**Nepal** - exports declining  
**Maldives** - niche demand, mainly RMG and consumer goods

# 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 this 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 liquefied 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.

# 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.

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.



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



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

READ MORE ON B2