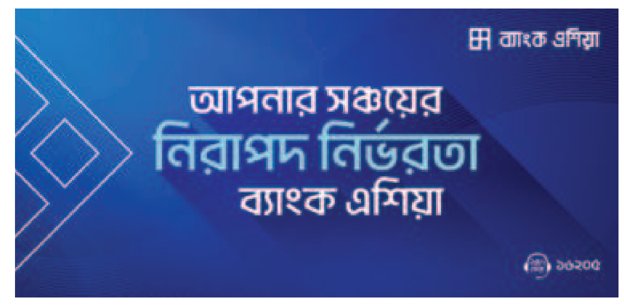
Star BUSINESS



Energy decisions critical for macroeconomic management

Says Debapriya Bhattacharya as next budget must address fuel, debt, and fiscal pressures

STAR BUSINESS REPORT

Energy-related decisions will be critical for the country's macroeconomic management, according to economist Debapriya Bhattacharya, who called for careful assessment of policy options and coordination with the finance ministry.

Without such coordination, any decision taken solely by the energy ministry could put the economy at risk, he said.

Speaking at a media briefing spending foreign currency, and how much you can borrow to import high-priced fuel, needs to be analysed."

Without this assessment, any unilateral decision by the energy ministry could jeopardise the economy. "So, coordination is necessary, but I don't see any such coordination at this moment."

Bhattacharya said the government needs to evaluate fuel taxes and excise duties carefully, and where the rates could be reduced.

"How much am I concerned

CITIZEN PLATFORM'S RECOMMENDATION

- Set realistic target in revenue and spending
- Phase out tax exemptions and incentives
- Include new tax sources, including property tax
- Offload shares of state-run firms
- Focus on recovering stolen assets
- Rationalise subsidies
- Reduce loans

organised by the Centre for Policy Dialogue (CPD) in Dhaka yesterday, Bhattacharya, convener of the Citizen's Platform for SDGs, Bangladesh, talked about the challenges facing the first budget of the new government.

"If the government wants to take any decision regarding fuel and energy, it should not take it without analysing the impact on the macroeconomy," he said.

"You will have to first understand the fiscal space of the country within the existing macroeconomic situation," said the economist.

The government must also consider the balance of payments. "How much you can import by about the diesel price hike? I have no such concern regarding the price hike of octane," he said, adding that fuel price adjustments should vary across types and that the government must focus on sourcing fuel at lower costs.

He also noted that international diplomacy could affect fuel supply, but said, "An elected government will make a proper trade relation in the global arena, and it is normal. We cannot run the country's trade relations by taking heed of other countries."

However, the fuel issue remains closely linked to geopolitical tensions. "It will depend on how long the war continues."

READ MORE ON B2

LDC graduation could cost Bangladesh $17.5b in exports: UNCTAD

EXPORT LOSS OF COUNTRIES FOR EROSION OF TRADE PREFERENCE AFTER LDC GRADUATOIN

	EXPORT LOSS (MILLION $)	TOTAL EXPORTS (MILLION $)	IMPACT (%)
Bangladesh	17,667	54,800	32.24
Myanmar	4,184.4	24,070	17.38
Cambodia	5,939.5	36,330	16.35
Tanzania	1,392.4	9,830	14.16
Lao PDR	1,167	9,120	12.80
Uganda	713	5,600	12.73
Senegal	419.3	5,570	7.53
Nepal	46.6	1,220	3.82
Rwanda	25.9	1,370	1.89
Solomon Islands	1.1	547.8	0.21

SOURCE: UNCTAD TRADE PREFERENCES OUTLOOK 2025

MAHMUDUL HASAN

Bangladesh could lose more than $17.5 billion in exports following its graduation from the least developed country (LDC) category, the steepest projected loss among all graduating nations globally, according to a new United Nations report.

The figure represents nearly a third of the country's $54.8 billion in total exports recorded in 2023, according to the Trade Preferences Outlook 2025, published by the UN Conference on Trade and Development (UNCTAD).

"The trade effects of losing LDC preferences could be substantial in certain cases," it said, projecting that Bangladesh can face a 32.24 percent decline in its total exports after it transitions to a developing country.

The warning comes just over six months before Bangladesh's scheduled graduation on November 24, 2026. Nepal and Lao PDR are also scheduled to graduate this year, with the third and final review process by the UN currently underway ahead of the final transition.

The new BNP-led government, which took office in February, has sought a three-year deferral, pushing the graduation date to November 2029, citing disruptions in preparedness caused by prolonged global crises and domestic economic pressures.

The request came amid repeated calls from exporters who say the country is not yet prepared to compete without preferential trade access.

GARMENTS, FOOTWEAR TO BEAR THE BRUNT

The UNCTAD report, released in late February, found that around 97 percent of the projected export losses would stem from the apparel and footwear sectors – the twin pillars of Bangladesh's export economy, which together account for nearly 90 percent of the country's goods exports.

The European Union (EU) looms largest in the risk picture. Some 77 percent of the total projected loss is linked to preference erosion in the EU market, which currently grants duty-free access to Bangladeshi apparel and footwear under its Everything but Arms initiative for LDCs.

The EU is Bangladesh's biggest export destination, accounting for nearly 47 percent of total exports in 2024. The United States follows at 16.15 percent of total exports, with other developed markets at 15 percent. Canada and Japan together account for around 5.82 percent.

Post-graduation, Canada is projected to contribute 8.6 percent of the total export decline, while the United Kingdom would account for 6.9 percent.

The loss of preferential market access conditions can result in a substantial decrease in exports of preference-receiving countries as evident in projection for fellow graduating nations.

According to the UNCTAD report, Lao PDR is projected to see a 12.8 percent decline in exports, and Nepal a 3.82 percent drop.

FTAs AND TRANSITION DEALS

The report noted that several graduating LDCs have moved to negotiate free trade agreements (FTAs) with key partners to lock in tariff preferences beyond their LDC status.

For instance, Bangladesh has initiated FTA talks with both Japan and the EU, among others.

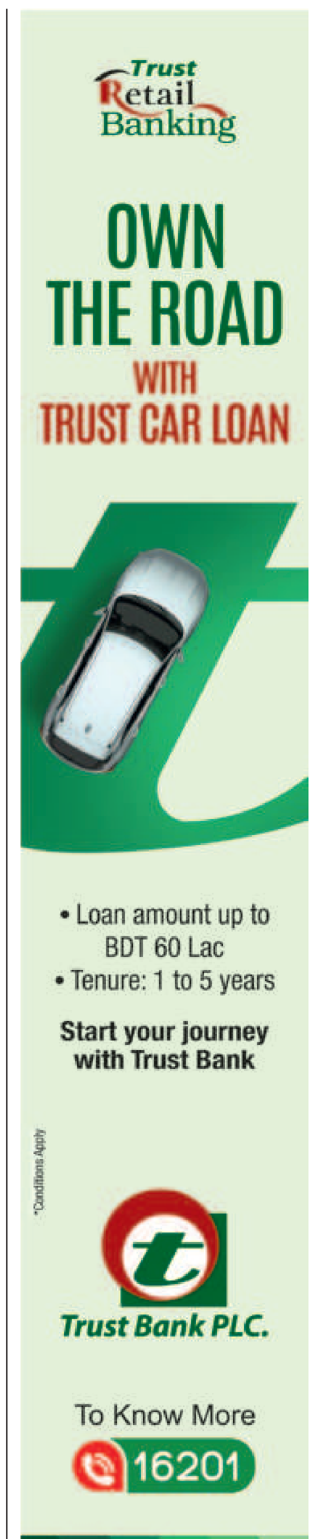
However, the report cautioned that reciprocal trade agreements come with their own costs, requiring countries to open their own markets, potentially raising competition, triggering adjustment pressures and reducing customs revenues.

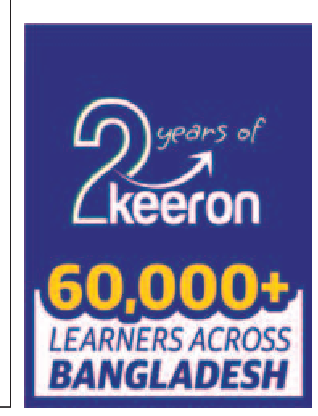
Countries with limited market power, it added, often face challenges in effectively negotiating and achieving their economic interests in trade negotiations with partners that enjoy significantly greater markets.

UNCTAD noted that with 14 LDCs nearing graduation, smooth transitional arrangements are gaining traction.

The report noted that the EU, the United Kingdom and Canada have introduced mechanisms allowing graduating LDCs continued access to preferential treatment for three years after graduation, offering some cushion against abrupt trade shocks.

READ MORE ON B3





Govt approves import of 2.6 lakh tonnes of fuel oil

STAR BUSINESS REPORT

The Cabinet Committee on Government Purchase (CCGP) yesterday approved the import of another 2.6 lakh tonnes of fuel oil, as the government moves to safeguard national energy reserves against the backdrop of the US-Israel war on Iran.

The committee authorised the direct purchase of 1 lakh tonnes of crude oil from Abeer Trade & Global Markets. The government opted for a direct procurement route, bypassing the standard competitive tender process, citing urgent domestic energy requirements amid the continuing US-Israel war on Iran.

The conflict has introduced significant uncertainty into global oil shipping corridors, particularly through the Strait of Hormuz, through which a substantial share of Asia-bound crude transits.

To mitigate supply chain risks, the government is also diversifying fuel imports as traditional shipping routes face disruption and fears of nationwide shortages grow amid escalating geopolitical tensions in the Middle East.

The CCGP yesterday approved the import of one lakh tonnes of EN590-10 PPM ultra-low sulphur diesel from ExxonMobil Kazakhstan Inc (EMKI) via direct purchase.

READ MORE ON B3

FY27: NBR mulls wealth, inheritance taxes, tighter exemptions

Moves planned amid pressure on public finances and low revenue collection

STAR BUSINESS REPORT

The National Board of Revenue (NBR) is considering a range of measures to strengthen revenue collection in the upcoming fiscal year 2026-27 (FY27), including the reintroduction of a wealth tax, a new inheritance tax, higher rates for the ultra-rich, and a rationalisation of existing tax exemptions.

NBR Chairman Md Abdur Rahman Khan outlined the proposals yesterday at a pre-budget discussion with the Economic Reporters' Forum (ERF) at the revenue authority's headquarters in Dhaka.

The moves are being eyed as the country faces mounting pressure on public finances, with the government struggling to meet revenue targets amid a widening fiscal deficit and rising debt servicing costs.

"We are exploring the possibility of reintroducing a wealth tax," Khan said at the event, noting that Bangladesh had such a levy from 1963 until it was abolished in 1999.

He acknowledged challenges around asset valuation and data availability, and said that a committee has been formed to examine the matter.

Khan added that the NBR is weighing the introduction of an inheritance tax, at least on a limited scale, with a focus on high-value property transfers.

On tax exemptions, Khan signalled a gradual shift away from the status quo. "While exemptions

NBR's Plans for FY2026-27

- Wealth tax may return after 26 years
- Gradual phasing out of tax exemptions across the board
- Inheritance tax planned, initially targeting high-value property transfers
- Target to collect more rev from tobacco
- Plans to incentivse cashless transactions
- SME tax exemptions to be digitised, activated

are necessary to attract investment and generate employment, they cannot continue indefinitely. We are committed to gradually phasing them out and bringing beneficiaries into the regular tax regime."

The NBR also plans to raise the top marginal income tax rate for ultra-rich individuals from 30 to 35 percent, a measure tentatively set for FY28.

"We want to maintain consistency with previously declared prospective tax measures," Khan said, adding that he would place the proposal before the finance minister.

More immediately, he said the NBR is considering raising the tax rate for individuals earning over Tk 1 crore annually by around five percentage points from FY27.

Khan pointed to international comparisons to argue for higher rates at the top end. "In developed countries, marginal tax rates range between 45 and 55 percent, whereas our rates remain relatively low. Historically, our rates were as high as 60 percent, but we have gradually reduced them."

He also flagged concerns about budget efficiency, noting that despite significant growth in the budget over the past decade, spending quality remains a challenge. "If taxpayers see that their money is being used effectively, public trust will increase."

TOBACCO, SMEs, DIGITAL REFORM

The upcoming budget may also include measures to raise tobacco product prices, Khan hinted yesterday.

READ MORE ON B3

Bank Asia named IFC's top trade finance issuing bank in South Asia

STAR BUSINESS DESK

Bank Asia PLC has been honoured with the "Best GTFP Issuing Bank in South Asia" award by the International Finance Corporation (IFC) in recognition of its excellence in facilitating international trade.

The global recognition places Bank Asia alongside leading international financial institutions such as Standard Chartered Bank and Deutsche Bank, underscoring the award's significance and competitive stature, according to a press release.

Nathalie Louat, global director of trade and supply chain finance at IFC, presented the award to Sohail RK Hussain, managing director of Bank Asia PLC, at an award ceremony held in Lisbon, Portugal on March 26.

Conferred under IFC's Global Trade Finance Program (GTFP), the award recognises partner banks that demonstrate strong collaboration with IFC, excellence in supporting cross-border trade -- particularly in challenging markets -- and a commitment to responsible and sustainable financing practices, including the promotion of environmentally responsible (green) trade initiatives.

This recognition reflects Bank Asia's industry leadership, operational excellence, and its significant contribution to regional economic growth and global trade connectivity, the release added.

Akintunde Ogunmodede, regional lead of trade and supply chain finance for Asia and the Pacific at IFC, and Md Zia Arfin, senior executive vice-president and head of the international division of Bank Asia PLC, along with other senior officials and representatives from both organisations, were also present.

Sohail RK Hussain, managing director of Bank Asia PLC, receives an award from Nathalie Louat, global director of trade and supply chain finance at the International Finance Corporation (IFC), at an award ceremony in Lisbon, Portugal recently. PHOTO: BANK ASIA

Fakhrul elected president of BPCCI

STAR BUSINESS DESK

Raquib Md Fakhrul

Raquib Md Fakhrul, managing director of Munshi HR Solutions Ltd and Munshi Group, has been elected as the president of the Bangladesh-Philippines Chamber of Commerce and Industry (BPCCI) for the 2026-2027 term.

His election took place during the chamber's 9th Annual General Meeting (AGM) held in Dhaka on Monday, according to a press release.

Carmen Z Lamagna, professor at the American International University-Bangladesh (AIUB), was elected as the vice-president of the chamber.

The other elected directors are: Kazi Shah Muzakker Ahmadul Hoque, director of Total Air Services Ltd; Sifat Ahmed Chowdhuri, director of ABM Trading & Formulation Ltd; Rabb H. Majumder, editor and publisher of The Security; Shah Shafiqul Islam, managing director of Abul Khair Steel Melting Limited.

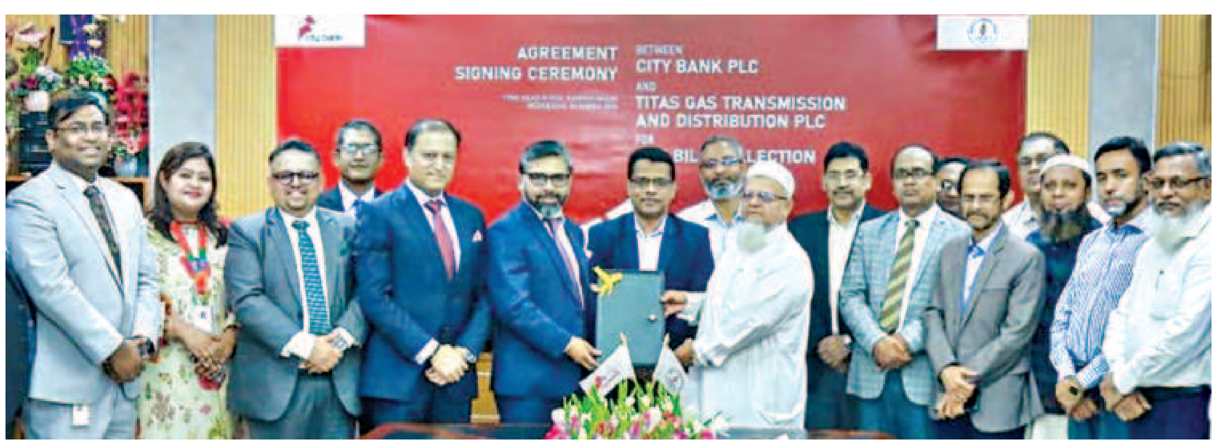
City Bank to collect Titas Gas bills through digital channels

STAR BUSINESS DESK

City Bank PLC has signed an agreement with Titas Gas Transmission and Distribution PLC, under which the bank will collect utility bills for Titas through its distribution network and internet banking channels.

Mesbaul Asif Siddiqui, deputy managing director and head of wholesale banking at City Bank PLC, and Md Lutful Hyder Masum, general manager and company secretary of Titas Gas Transmission and Distribution PLC, signed the agreement at Titas Gas Bhaban in Karwan Bazar, Dhaka recently, according to a press release.

Shahnewaz Parvez, managing director of the gas transmission and distribution company, and Tahsin Haq, head of corporate and institutional liability at the bank, along with other senior officials from both organisations, were also present at the signing ceremony.



Md Lutful Hyder Masum, general manager and company secretary of Titas Gas Transmission and Distribution PLC, and Mesbaul Asif Siddiqui, deputy managing director and head of wholesale banking at City Bank PLC, pose for a photograph after signing the agreement at Titas Gas Bhahan in Karwan Bazar, Dhaka recently. PHOTO: CITY BANK

Dollar posts monthly surge

REUTERS, *Singapore/London*

The dollar headed for its biggest monthly gain since July on Tuesday and stands out as the strongest so-called safe asset, as war in the Middle East has set oil prices surging, nearly everything else sinking and raised the risk of global recession.

Developed market currencies were broadly steady on the day, with the Japanese yen unchanged at 159.62 per dollar, the euro flat at $1.1472 and the pound 0.14 percent higher at $1.3202 .

But still all three were set for March falls of more than 2 percent. For the euro and pound, that is the largest drop since July, and since October for the yen.

Ahsan Zaman Chowdhury, managing director and chief executive officer of Trust Bank PLC, inaugurates the bank's new branch in Naogaon recently. PHOTO: TRUST BANK

Trust Bank opens new branch in Naogaon

STAR BUSINESS DESK

Trust Bank PLC has expanded its footprint with the launch of its Naogaon branch at Gour Plaza on Sadar Road in Naogaon recently.

The new branch aims to provide a comprehensive range of modern banking services to residents and the business community in Naogaon, reinforcing the bank's commitment to delivering excellence in financial services across the country.

Ahsan Zaman Chowdhury, managing director and chief executive officer of Trust Bank PLC, inaugurated the branch as the chief guest, according to a press release.

Md Mahboob Hossain, senior executive vice-president and head of the business division at the bank, and Brig Gen (retd) Md Mamun-or-Rashid, senior executive vice-president and head of the general services and security division, along with the bank's top management, local dignitaries, as well as business leaders, and senior officials, were also present.

Energy decisions critical

FROM PAGE B1

Bhattacharya said that the government faces a major challenge in the next national budget due to limited fiscal space, which could shrink further amid rising global fuel prices and the ongoing US-Israel war on Iran.

"Already, the fiscal space of the country is very limited and the debt burden is also high. The higher fuel price may add to the debt burden and squeeze fiscal space further."

He said that mitigating the energy problem will require greater import dependence, including purchasing liquefied natural gas (LNG) from the spot market at higher prices.

"If the government cannot bring fuel through the Strait of Hormuz, it will have to bring it from anywhere else. So, the costs for fuel import will rise in the coming days, which will raise pressure on the balance of payment and fiscal space of the country."

This may force the government to take tough decisions, such as reducing taxes and duties on fuel imports, which would again strain fiscal space. "If you don't have enough fiscal space, how will you manage the spending demands? The government will have to keep more focus on this issue."

Bhattacharya also linked energy challenges to broader economic concerns.

"The country's investment and job creation remain weak," he said. "If the availability of fuel becomes more challenging, if the banking sector remains inefficient, investment and job creation may remain challenging. Food security is also vulnerable to disruptions in fuel and fertiliser supply. If food prices rise, it will directly affect food security."

On budgeting, he advocated against setting unrealistic targets.

"Whether the next budget will be surreal will be apparent from some of its measures, such as the revenue target. If the government sets an unachievable target, it will make the budget surreal."

He said that it is one type of "cheating system" of making a budget, realising that it will not be implemented.

"At least 20 percent of the budget is not implemented. So, the target of the NBR's tax collection and real collection is widening year after year. This is surreal budgeting," he explained.

He added that unrealistic budgeting also affects public spending and development plans. "We will see whether this government will make a non-achievable revenue target, and make the budget surreal like the previous government."

Bhattacharya stressed the importance of a prudent budget under hard constraints. "A short-term roadmap is necessary for the ongoing fiscal year, considering the global concern and inheritance of a weak macroeconomic situation."

He recommended phasing out tax exemptions, broadening the tax net, increasing revenue from state-owned firms, and recovering stolen funds. On spending, he suggested adjusting subsidies, phasing out cash subsidies, limiting loans, offloading state-owned shares, and privatising inactive firms.

"The government should increase tax compliance but reduce the tax rate so that the tax net expands and fiscal space improves. By imposing tax only on income, the situation will not improve in reducing disparity. Wealth and inheritance taxes also need to be imposed."

He also said that offloading government shares could face bureaucratic resistance. "It is a litmus test for the government."

On debt, Bhattacharya underscored rising liabilities and the limits of foreign borrowing. "We could have borrowed from the foreign sector to mitigate the fuel situation; however, now the scope is limited as the debt burden has already mounted."

He advised against printing money. "Even if the upcoming budget is not surreal, loans will remain constrained. If you print money, the market will realise it, forcing inflation to rise."

Bhattacharya also talked about reviewing the recommended pay scale for public employees. The previous interim government finalised a new pay scale at the last moment but left many liabilities unresolved.

The economist recommended that the new government form its own commission to reassess pay scales, considering previous reports only as input.

NBR to introduce quarterly tax filing

BSS, *Dhaka*

The National Board of Revenue (NBR) is going to introduce a year-round, quarterly tax return submission system starting from the upcoming fiscal year 2026-27 as part of a comprehensive reform suite designed to drive Bangladesh's transition into a welfare state, said its Chairman Md Abdur Rahman Khan yesterday.

He announced the initiative during a pre-budget meeting, noting that the new system aims to revolutionise tax compliance while bolstering national revenue through structural changes, including the reintroduction of wealth tax and the potential launch of an inheritance tax.

The Newspaper Owners' Association of Bangladesh (NOAB) and the Association of Television Channel Owners (ATCO) placed their proposals at the pre-budget meeting for the fiscal year 2026-27 at the NBR headquarters.

Khan outlined the mechanism for the year-round submission system, which will be categorised into four distinct periods where taxpayers receive incentives in the first quarter, pay regular rates in the second quarter, and face progressively higher costs or surcharges for filings made during the third and fourth quarters.

Highlighting the strategic vision behind these reforms, the NBR chief stated that the current revenue-to-GDP ratio is insufficient to meet the massive demand for social safety nets, operational budgets, and employment-generating infrastructure.

He emphasised that the reintroduction of wealth tax is specifically intended to ensure those with a greater ability to pay contribute more to the national exchequer.

"While the government is committed to transforming Bangladesh into a welfare state, the current revenue generation is insufficient to meet the massive demand for social safety nets, operational budgets, and employment-generating infrastructure," he said.

To support these goals, he said, the NBR is leveraging advanced technological integration and Artificial Intelligence (AI) to curb evasion.

BSEC approves country's first Orange bond worth Tk 158.5cr

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission has approved the issuance of an Orange bond, the first of its kind in the country, by SAJIDA Foundation to raise Tk 158.5 crore to finance women's economic empowerment and accelerate progress towards gender equality.

The zero-coupon bond, a debt instrument that pays no interest but is sold at a deep discount, marks a major milestone in Bangladesh's capital market evolution, said a press release from BRAC EPL Investments Ltd.

SAJIDA Foundation partnered with BRAC EPL Investments Ltd and Impact Investment Exchange (IIX), the Singapore-based global impact investing platform, to issue the Orange bond, a specialised investment tool designed to raise money specifically for empowering women, girls, and gender minorities while tackling climate change.

Some 48 percent of the proceeds will be allocated to food security and agriculture, 32 percent to women-led SMEs, and 20 percent will be used for climate-resilient housing across 36 districts

"The pioneering bond supports the transition toward more inclusive, resilient, and capital market-driven development finance solutions, and contributes to broader efforts to develop the impact investment ecosystem in Bangladesh," said the press release.

BRAC EPL Investments Ltd said Bangladesh's bond market has long been dominated by government securities and bank subordinated debt.

This transaction breaks that mould by introducing thematic, impact-linked fixed income as a new asset class.

The bond offers investors tax-exempt financial returns while enabling measurable social impact, particularly in supporting women and women-led businesses.

Some 48 percent of the proceeds will be allocated to food security and agriculture, 32 percent to women-led SMEs, and 20 percent will be used for climate-resilient housing across 36 districts.

"Impact will be tracked through independently verified annual reports aligned with international standards, ensuring transparency and tangible benefits for women's economic empowerment."

Gold heads for biggest monthly drop in more than 17 years

REUTERS

Gold rose on Tuesday but stayed on track for its biggest monthly drop in more than 17 years as investors flocked to the dollar as the favoured safe haven amid the Middle East war that has raised inflation fears and bets for hawkish monetary policy response.

Spot gold climbed 0.9 percent to $4,550.68 per ounce by 0727 GMT. US gold futures for April delivery gained 0.5 percent to $4,580.70.

Bullion has declined more than 13 percent this month, putting it on track for its steepest decline since October 2008. Prices are, however, up about 5 percent for the quarter, having scaled a record high of $5,594.82 on January 29. Prices are down 18.70 percent from record highs.

"Traders are still seeing gold through the lens of a value investment at these levels, given where the precious metal was trading just a few months ago. So, it's a combination of falling oil, a dip in the dollar and attractive buying levels, which has propelled gold higher today," said Tim Waterer, chief market analyst, KCM Trade.

Gold is typically seen as a hedge against inflation and geopolitical risks, but the war-driven surge in energy costs is also raising expectations for higher interest rates and boosting the dollar's appeal as the preferred safe haven.

The dollar was headed for its biggest monthly gain since July, making it as the strongest safe asset, supported by the US status as an energy exporter and investors' flight to cash over the past month of conflict.

LDC graduation

FROM PAGE B1

The EU has also moved to reform its GSP+ scheme to improve accessibility for vulnerable economies, including future LDC graduates. Some of the recent reforms aim to better accommodate populous graduating LDCs such as Bangladesh.

Meanwhile, the UK and Canada have introduced analogous preference programmes of their own, titled "Enhanced Preferences" and General Preferential Tariff Plus (GPTP), respectively.

'STRUCTURAL WEAKNESSES EXPOSED'

An economist says the findings should serve as a wake-up call.

Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh (PRI), said the UNCTAD projections highlight how deeply the country's trade competitiveness depends on preferential access.

"While this estimate does, on the surface, look very high, with more than 90 percent of exports benefiting from such preferences, the transition to a post-LDC regime will expose structural weaknesses, particularly our heavy reliance on a narrow set of products and markets," he said.

Rahman said the message is clear: graduation cannot be treated as a symbolic achievement alone.

"It must be accompanied by urgent and credible reforms: securing trade agreements, especially with the EU, improving logistics and energy reliability, and enabling firms to move up the value chain. Without this, preference erosion could translate into real economic stress.

"With the right reforms, however, graduation can become a turning point towards a more resilient and competitive export economy," he added.

Govt approves

FROM PAGE B1

A further 60,000 tonnes of 0.5 percent sulphur gasoil (diesel) will be imported from Indonesia's state-linked PT Bumi Siak Pusako Zapin (BSP Zapin) under a government-to-government (G2G) framework.

Earlier on March 26, the government authorised the emergency purchase of 3 lakh tonnes of diesel following two proposals from the Energy and Mineral Resources Division.

Before that, on March 22, the government wrote to the United States, requesting permission to import up to 6 lakh tonnes of refined fuel from Russia or, alternatively, to obtain a waiver for at least two months, according to the Ministry of Power, Energy and Mineral Resources.

Since the war started, Bangladesh has also received some 17,000 tonnes of diesel from India under an existing arrangement. Two additional shipments, each estimated at around 6,000 tonnes, are expected from Indonesia.

For the agriculture sector, the CCGP yesterday approved the import of 35,000 tonnes of MOP fertiliser from Russia's JSC Foreign Economic Corporation (Prodintorg).

The procurement, to be implemented by the Bangladesh Agricultural Development Corporation (BADC), is valued at Tk 154.89 crore, with each tonne priced at $360.53.

While 10 proposals were placed before the committee, several, including the procurement of pulses and telecom equipment for the Rooppur Nuclear Power Plant, were withdrawn.

FY27: NBR mulls

FROM PAGE B1

The NBR also plans to deploy modern technology, including measures to counter counterfeit tax stamps, to curb evasion by illegal tobacco manufacturers.

On small business relief, Khan pledged to operationalise long-standing but largely unused tax exemptions for SMEs -- covering turnover of up to Tk 50 lakh, and Tk 70 lakh for women entrepreneurs.

"Despite being in the law for years, not a single instance exists where anyone has benefited," he said on the matter, adding that the NBR intends to digitise the process and require certification from bodies such as the SME Foundation for proper implementation.

Separately, in response to a question, Khan said the NBR's broader reform agenda, particularly the proposed separation of tax policy and revenue administration, is awaiting a government decision.

He said, "We had reached an advanced stage but faced setbacks. With the new government, further deliberation is needed to make the reform practical."

At the discussion, ERF President Doulot Akter Mala presented a 37-point proposal for the next fiscal year, including a recommendation to process individual tax refunds through mobile financial services and to raise the tax-free income threshold to Tk 5 lakh to ease pressure on low-income earners.

Inland cargo transport at risk as lighters starved of fuel

FUEL SHORTAGE DISRUPTING INLAND CARGO FLOW

LIGHTER VESSEL OPERATIONS

1,400 vessels transport imports nationwide

They need 3.5 lakh litres of diesel daily

But current supply is around just 10%

CURRENT SITUATION

80 mother vessels waiting at Ctg port outer anchorage, Kutubdia

They are carrying wheat, food grains, fertiliser, raw materials

IMPACT

Long delays in unloading and inland transport

Loaded lighter vessels stranded 6-8 days

Supply chain disruptions threaten to hike prices

DWAIPAYAN BARUA, *Ctg*

Lighter vessels are facing fuel shortages that are slowing and disrupting their regular operations to unload cargo from mother ships at Chattogram port's outer anchorage.

Besides, smaller vessels that have managed to unload cargo from mother vessels cannot head to around 50 inland destinations across the country, as fuel supplies remain insufficient.

If the situation does not improve, unloading from Chattogram-bound mother vessels could grind to a halt, according to the Bangladesh Water Transport Coordination Cell (BWTCC).

BWTCC, the central organisation responsible for coordinating bulk cargo across inland waterways, sent a letter to the finance minister on Monday.

The cell said it earlier wrote to the secretary of the power, energy and mineral resources ministry, urging uninterrupted fuel supplies. But day-to-day operations continue to face severe shortages.

"State-owned fuel suppliers Padma, Meghna and Jamuna have repeatedly failed to provide enough diesel to marine dealers," the cell's Convener Shafiq Ahmad wrote in the letter to the finance minister.

"Due to the shortage of fuel, lighter vessels are unable to regularly load cargo from mother vessels or even transport loaded cargo," he mentioned.

Ahmad added that lighter vessels are waiting for long periods to reach the outer anchorage for unloading import cargo, while many with loaded cargo are unable to depart for their destinations.

Around 1,400 lighter vessels move import cargo from the outer anchorage to more than 50 destinations across Bangladesh's inland waterways. BWTCC supervises around 1,050 of the vessels, while industrial groups own the remaining 350.

BWTCC is responsible for allocating lighter vessels to unload cargo from at least 55 of these ships. Ahmad said the cell usually assigns 70 to 80 lighters per day for cargo operations. These vessels collectively require over 3.50 lakh litres of diesel, but only 10 percent of the demand is being met.

"The fuel shortage is so severe that BWTCC cannot even hold its regular berthing meetings," he added.

Currently, about 80 mother vessels remain at the port's outer anchorage and Kutubdia anchorage in the Bay of Bengal. Most are carrying imported wheat, other food grains, fertiliser and industrial raw materials.

Among the mother ships, MV Pan Sapphire arrived at Kutubdia anchorage on March 23 carrying 60,000 tonnes of wheat.

Sarwar Alam Sagar, director of ship's handling firm Aryan Stevedor, said the vessel was scheduled to reach the port's outer anchorage within three days after unloading 15,000 tonnes at Kutubdia.

"But in the past eight days, it has only managed to unload 12,000 tonnes because there are not enough lighter vessels to service it due to fuel shortages," Sagar said.

Parvez Ahmed, a BWTCC leader and proprietor of Mutual Shipping, said at least seven of their loaded lighter vessels had to wait six to eight days before departing for their destinations because diesel supplies are inadequate.

Meanwhile, BWTCC Convener Ahmad said a Dhaka-bound lighter vessel needs 3,500-4,000 litres of diesel for a round trip from Chattogram.

"Unlike the highway, there are no refuelling pumps on the waterways. That is why a vessel needs the full volume of fuel before starting the trip. But suppliers are only providing 500-600 litres," he said.

He further said that delays in cargo transport could disrupt supply chains and ultimately push up product prices.

Indian rupee hits fresh record low

AFP, *Mumbai*

India's rupee fell to a record low of more than 95 to the dollar on Monday, before recovering, despite recent efforts by the central bank to stem its fall.

The rupee was among Asia's worst forex performers in 2025, and its underperformance has continued well into this year, hitting new lows on a regular basis.

Experts say the Middle East war has piled more pressure on the currency, as overseas investors offload Indian shares, and as concerns grow over India's rising energy import bill and the possibility of a wider current account deficit.

On Monday afternoon, the rupee hit 95.21, down 0.3 percent from Friday's close, before recovering later to 94.83.

The world's most populous nation is one of the "most vulnerable economies within Asia to an energy price shock", analysts at Nomura wrote in a note on Monday.

This has partly caused overseas investors to sell around $12 billion in Indian equities in March so far.

"Foreign outflows from Indian equities could intensify, if the Middle East conflict tightens global financial conditions significantly," Nomura analysts added.

More significantly, the rupee's drop comes despite recent interventions by the Reserve Bank of India (RBI) to stem the fall, including via aggressive dollar sales.

On Friday, the RBI clamped down on speculation in the foreign exchange market by limiting to $100 million the daily currency positions that lenders can have.

"By capping onshore exposure, the RBI forces unwind ... long-dollar positions, draining speculative fuel from the market," Raj Gaikar of SAMCO Securities told AFP.

Friend-shoring reshapes supply chains

SAZZADUL HASSAN

Globalisation once promised an economy in which efficiency, cost and comparative advantage determined where goods were produced. For decades, companies stretched supply chains across continents in search of lower costs. That model delivered growth, but it also created long, complex networks vulnerable to disruption. Recent geopolitical shocks have exposed the weaknesses of this hyper-globalised system. In response, a new concept called "friend-shoring" has emerged.

Friend-shoring refers to relocating supply chains to countries that share political values, strategic interests or geopolitical alliances. Rather than sourcing from the cheapest producer anywhere in the world, companies increasingly prefer to manufacture or procure goods from nations seen as reliable partners. By relying on trusted allies, firms hope to secure stable access to critical materials and components during crises. The term "friend-shoring" was popularised in 2022 by US Treasury Secretary Janet Yellen, who argued that trusted partners should work together to make supply chains more resilient to geopolitical disruption.

The idea gained traction during the supply-chain upheavals caused by Covid-19. Lockdowns at major manufacturing hubs delayed shipments of vital goods, from medical equipment to semiconductors. Shortages spread quickly across industries. The war in Ukraine and rising tensions between the United States and China further highlighted how deep economic interdependence could become a geopolitical risk. In this volatile environment, resilience now carries as much weight as efficiency. Governments and businesses want supply chains that are less exposed to political tensions, sanctions, trade disputes or sudden disruption. Across strategic sectors, they are reconfiguring sourcing and production towards trusted partners.

In semiconductors, legislation such as the US CHIPS Act and major investments by companies including Intel and TSMC are redirecting advanced chip production towards allied countries. In batteries and electric vehicles, new factories are being built in the United States, Europe and East Asia to reduce reliance on China. Covid-era shortages prompted efforts to reshore pharmaceutical and active pharmaceutical ingredient production. Partnerships on critical minerals and rare earth processing, notably among Australia, Japan, South Korea, the United States and Canada, aim to secure raw material supplies. Defence and dual-use manufacturing have become more concentrated within NATO and allied networks, while large technology firms have diversified assembly operations to countries such as Vietnam, India and Mexico.

Friend-shoring offers clear advantages. It can strengthen resilience by spreading production among politically reliable partners and reducing dependence on any single supplier for strategic goods such as chips, minerals and medicines. It may also deepen economic ties among like-minded nations. However, the shift is not without cost. Moving production away from the lowest-cost locations may raise manufacturing expenses and, ultimately, consumer prices. There is also a risk that global trade fragments into competing geopolitical blocs, eroding efficiency gains built over decades and potentially slowing global growth. For businesses, the implications are significant. Geopolitical risk must now be integrated into supply-chain strategy. Companies are diversifying suppliers, building regional production hubs and strengthening partnerships in politically stable countries. Flexibility, once viewed as inefficiency, is increasingly seen as protection.

Bangladesh faces both opportunity and risk as this trend unfolds. The country could attract new investment if multinational firms seek alternative production bases outside geopolitically sensitive locations. With its strong garment sector and competitive labour force, Bangladesh can position itself as a reliable manufacturing partner for Western markets. Yet challenges remain. If global trade increasingly operates within strategic blocs, countries outside major alliances may struggle to secure long-term commitments. To respond, Bangladesh must strengthen economic diplomacy, diversify export markets and upgrade manufacturing capabilities. Improving logistics, enhancing regulatory transparency and investing in infrastructure will be essential to remain competitive in a rapidly evolving supply-chain landscape.

The writer is the chairman and managing director of BASF Bangladesh Limited

China's factory activity expands at quickest pace in a year

AFP, *Beijing*

China's factory activity expanded in March at its quickest pace in a year, official data showed on Tuesday, ending a two-month slump as production picked up after the annual Spring Festival holiday.

The world's second-largest economy has been struggling with a slowdown in domestic demand and investment in recent years that has weighed on its vast manufacturing sector.

Despite this, the manufacturing purchasing managers' index -- a key measure of industrial health -- rose to 50.4 in March, according to the National Bureau of Statistics (NBS).

That figure was up from 49.0 in February and 49.3 in January, and beat a forecast of 50.1 in a Bloomberg survey of economists.

It is the highest since March 2025 when the PMI was 50.5.

NBS statistician Huo Lihui attributed March's expansion to the "resumption of work and production after the Spring Festival", which led to increased market activity.

There was an acceleration in the production activities of manufacturing enterprises and a marked improvement in market demand, Huo said.

China's non-manufacturing PMI -- a gauge of activity across services and construction -- was 50.1 in March, an improvement from February's slump of 49.5.

The data has underscored some resilience in China's economy despite the uncertainty that the raging Middle East war has brought about, after US-Israeli strikes on Iran triggered Tehran's retaliation that sharply restricted access to the Strait of Hormuz.

The outlook for the second quarter is unclear, and the market is "increasingly worried" about the risk of global growth slowdown and supply chain disruption, Zhiwei Zhang, president and chief economist at Pinpoint Asset Management, wrote in a note.

"While China has ample energy reserves to mitigate the term of trade shock, a global growth slowdown would dampen China's exports," Zhang said.

Top US trade official slams WTO after failed talks

AFP, *Washington*

US Trade Representative Jamieson Greer on Monday lambasted the World Trade Organization after high-level talks ended with a failure to extend a years-long ban on customs duties for e-commerce.

"I have always been skeptical of the value of the WTO, and this week's conference confirmed that this organization will play only a limited role in future global trade policy efforts," Greer said in a statement.

The WTO's top-level ministerial conference that opened in Cameroon on March 26 ended Monday with no significant agreements and deep divisions on display.

As a result of the failure to agree on e-commerce duties, a WTO moratorium that since 1998 has exempted cross-border digital transmissions from duties expired Monday.

It does not mean tariffs will automatically be imposed, but it deals a heavy blow to developed countries and the United States in particular.

The talks had taken place against a backdrop of global economic turmoil linked to the Middle East war, and a trade environment upended by US President Donald Trump's wide-ranging tariffs.

For nearly three decades, every WTO ministerial -- its biennial decision-making body -- has negotiated extending the moratorium exempting electronic transmissions from customs duties. The United States identified Brazil and Turkey as the countries that blocked the extension at the meeting in Cameroon.

Greer said Washington would now "work outside of the WTO with all interested partners to get it done."

Asia barters for scarce energy as Iran crisis throttles supplies

REUTERS, *Tokyo/Colombo/Wellington*

Indonesia's leader visited Tokyo this week in Asia's latest flurry of fuel bartering efforts to offset crippling shortages caused by conflict in the Middle East, a key source of regional energy supplies.

The race for alternatives has hotted up as China, the world's second largest economy, imposed fuel export bans, while nations such as South Korea and Thailand try to exploit the lifting of US sanctions on Russian energy as a stopgap move.

Matters are getting desperate for poorer nations as the Philippines became the first to declare a national energy emergency, Sri Lanka cut its work week to four days and rationed fuel, and Myanmar limited car drivers to alternate days.

Southeast Asia's biggest economy and the world's fourth most populous country, Indonesia is also expected to announce curbs in coming days.

"To maintain rational economic relationships is of vital importance," President Prabowo Subianto told Japanese business leaders in Tokyo after pacts signed on Monday covering long-term oil and gas and geothermal power projects.

"The geopolitical situation in the Middle East gives strategic uncertainty for the security of our energy."

More immediately, Jakarta could strike a deal to beef up supplies of liquefied natural gas to Tokyo in exchange for liquefied petroleum gas, an essential cooking fuel, Djoko Siswanto, the head of oil and gas regulator SKK Migas, told Reuters on Monday.

While Prabowo and Japan's Sanae Takaichi agreed to boost ties on energy security at a meeting on Tuesday, neither leader confirmed such a swap agreement.

Japan's government-backed oil and gas producer Inpex is discussing a similar barter deal with India to swap LPG for naphtha and crude oil, according to an internal Japanese government document seen by Reuters.

Vietnam has also sought Japan's help for energy supplies, it showed, while the Philippines said on Monday it had received diesel from Tokyo.

Japan's trade minister stressed the importance of keeping up fuel supplies to Southeast Asian nations where it has supply chains, but declined to comment on specific deals.

Resource-poor Japan relies on the Middle East for about 95 percent of its oil and 11 of its imports of liquefied natural gas, though its energy stockpiles are among the world's largest.

Australia's position as a major energy producer and exporter should give it clout in talks with Asian partners for supplies of jet fuels that could soon run short, energy analysts said.

The government was engaging with major suppliers such as China, Singapore and South Korea, Foreign Minister Penny Wong said this month.

However, China has banned exports of refined fuel, including jet fuel, to safeguard its economy from energy disruption.

An oil tanker is guided to a berth at a port in Qingdao, in China's eastern Shandong province. The race for alternatives has hotted up as China, the world's second largest economy, imposed fuel export bans. PHOTO: AFP/FILE