DHAKA TUESDAY APRIL 7, 2026, CHAITRA 24, 1432 BS ● starbusiness@thedailystar.net

Star BUSINESS

Ecnec scraps one project, sends back another

Forms a panel to assess all projects under ADP

STAR BUSINESS REPORT

The new Executive Committee of the National Economic Council (Ecnec), chaired by Prime Minister Tarique Rahman, yesterday scrapped one development project and sent back another, which is located in the PM's home district of Bogura, for cost review.

According to meeting sources, of a total 19 projects placed before the body, only seven were taken up for detailed discussion, with the remaining deemed too questionable for a cursory review. Five revised projects were approved.

At the meeting, a Tk 1,122 crore proposal to develop the Karatoya river system was sent back. The project had reportedly been placed at the top of the agenda partly because it falls within the prime minister's home district, said sources.

Rahman questioned why land acquisition alone accounted for more than Tk 500 crore of the budget for a river excavation project, and made clear that geographic or political proximity to his office would carry no weight in approval decisions.

"No project will be approved simply because it is linked to a particular region," he said, according to sources familiar with the meeting. The project was sent back for a full cost review.

A second project -- the Participatory Rural Development Project Phase-4 -- was scrapped outright, the committee having found no adequate justification for its implementation.

In addition to the two rejections, the meeting

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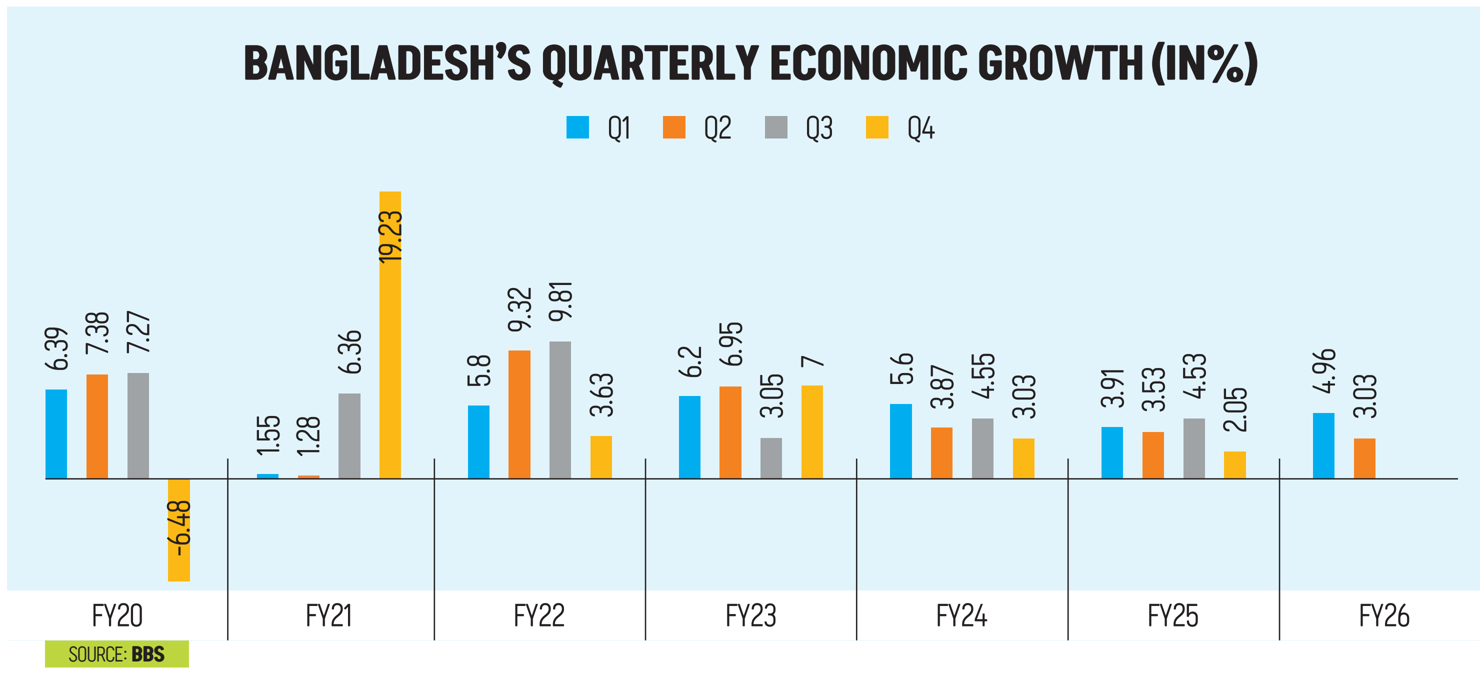
GDP growth slows to 3% as industrial output shrinks

Weakest second-quarter performance since Covid as manufacturing slows, services inch up and farming recovers



STAR BUSINESS REPORT

The country's economic growth slowed in the second quarter of fiscal year 2025-26 as a sharp fall in industrial activity dragged down overall output, according to provisional data from the Bangladesh Bureau of Statistics (BBS).

The economy expanded 3.03 percent in the October-December quarter, down from 3.53 percent a year earlier, with industrial growth slipping to just 1.27 percent from 5.78 percent in the same period last year.

It was the slowest second-quarter expansion since FY21, when growth fell to 1.28 percent during the Covid-19 disruption.

Earlier in the fiscal year, the revised growth figure for the first quarter stood at 4.96 percent, compared with 3.91 percent in the corresponding quarter of FY25, showing that the slowdown has gathered pace as the year progressed.

At current prices, the size of the economy reached Tk 15,17,615 crore in the October-December quarter of FY26, up from Tk 13,90,147 crore in the same period a year earlier.

Zahid Hussain, former lead economist at the World Bank's Dhaka office, said weak exports, energy constraints and political uncertainty weighed on production.

Besides, reciprocal tariffs imposed by the Trump administration affected global trade flows, hurting export-oriented manufacturing.

According to the economist, domestic disruptions like frequent street protests and demonstrations further dented output, especially in energy-intensive sectors such as ceramics.

"Manufacturing investment and production are usually slow in periods of political uncertainty," Hussain added.

In the October-December quarter, agriculture grew 3.68 percent, up from 1.90 percent in the corresponding quarter a year earlier.

Favourable weather supported Aman rice production this year, compared to last year when flooding in parts of Noakhali region disrupted output, he said.

The services sector expanded 4.45 percent, compared with 3.48 percent in the same quarter of the previous fiscal year.

Although higher year-on-year, Hussain said that growth in the service sector usually remains above 5 percent.

According to the economist, poor law and order conditions weighed on service activities.

Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development (InM) and former chief economist of the Bangladesh Bank, said growth has remained weak since the economic fallout from the Russia-Ukraine war.

READ MORE ON B3

Export development fund may rise to $5b

Business leaders say central bank governor gave the assurance

STAR BUSINESS REPORT

Bangladesh Bank Governor Md Mostaqur Rahman yesterday assured business leaders that the export development fund (EDF) may be gradually expanded to $5 billion, according to the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The assurance came during a meeting held at the central bank in Dhaka with FBCCI leaders, said Md Alamgir, secretary general of the apex business body, after the meeting.

Alamgir told journalists that the EDF, formed from foreign exchange reserves to support exporters, once stood at $7 billion but has now declined to around $2.2 billion.

Business leaders urged the central bank to raise the fund to $5 billion, and the governor responded positively, assuring that the amount would be increased in phases, he added.

On lending rates, Alamgir said business leaders stressed the need to keep interest rates stable to encourage investment and maintain industrial competitiveness.

They also recommended gradually bringing lending rates down to single digits.

The business leaders further urged the central bank to increase credit flow to the private sector, saying financing should be directed more towards productive sectors by reducing pressure from public-sector borrowing.

Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association, said the proposal to expand the EDF had received the governor's agreement.

"The fund was reduced because of IMF-related conditions. We have proposed raising it from around $2.5 billion to $5 billion first, and later to $8 billion," Hatem said.

He added that business leaders also sought relaxation in loan classification rules.

At present, borrowers are classified as defaulters if they fail to repay loans for three months.

READ MORE ON B3

Bangladesh produces 80% of world's hilsa: minister

STAR BUSINESS REPORT

Over 80 percent of the world's total hilsa production comes from the rivers, estuaries, and coastal waters of Bangladesh, said Mohammed Amin Ur Rashid, minister of fisheries, livestock and agriculture.

Bangladesh ranks first among the 11 hilsa-producing countries, he also said yesterday while speaking at a press conference at the Ministry of Fisheries and Livestock, marking Jatka Conservation Week 2026.

Hilsa accounts for approximately 9.79 percent of the country's total fish production and contributes around 1 percent to the national gross domestic product, according to the minister.

He said the government is continuing to implement timely and practical initiatives to protect hilsa resources and ensure sustainable production.

As part of these efforts, Jatka Conservation Week 2026 will be observed nationwide from April 7 to April 13.

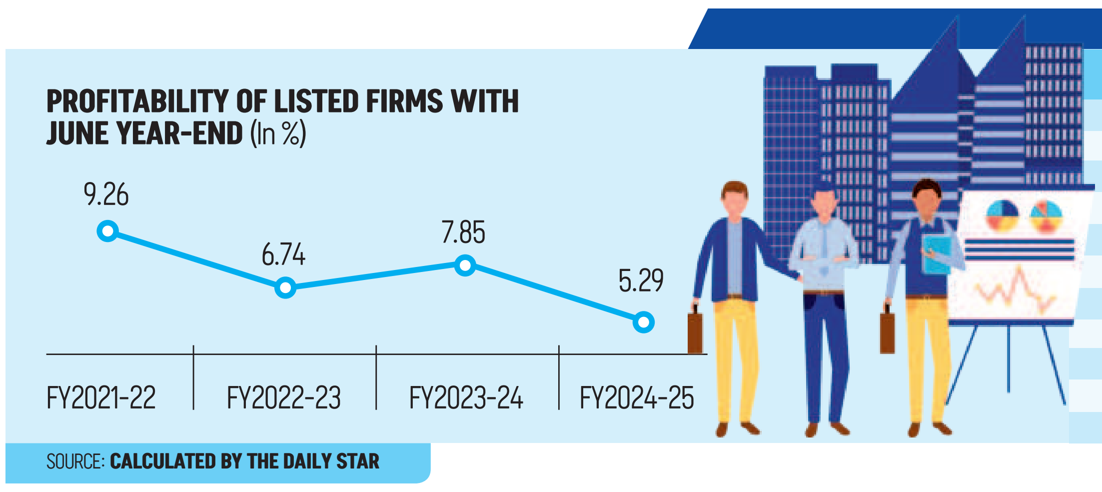
About 600,000 people in Bangladesh are directly involved in hilsa fishing, while an additional 2 million to 2.5 million people are engaged directly or indirectly in related activities such as transportation, marketing, net and boat manufacturing, ice production, fish processing, and export.

The minister added that the programme, organised by the Ministry of Fisheries and Livestock, will be observed across 20 hilsa-rich districts.

Alongside a three-day central programme, various awareness campaigns will also be conducted at the district and sub-district levels.

Listed firms' profitability drops to at least 4-year low

Inflation, high borrowing costs squeeze margins



SECTOR-WISE PROFITABILITY

SECTOR	IN %
IT	12.76
Leather	10.3
Pharma	8.8
Power	7.08
Hotel	7
Ceramics	5.29
Engineering	5.07
Food & allied	4.53
Textile	4.42
Cement	0.93
Paper	-21

SOURCE: CALCULATED BY THE DAILY STAR

AHSAN HABIB

The last fiscal year 2024-25 (FY25) was hard for listed companies. During the period, firms saw their profitability fall to the lowest level since post-Covid, squeezed by inflation that outpaced sales growth, rising borrowing costs, political upheaval and limited public spending.

According to an analysis by The Daily Star based on published company data, in FY25, the net profit margins across 153 listed firms fell to 5.29 percent from 7.85 percent a year ago. In FY23, profitability was 6.74 percent, down from 9.26 percent in FY22.

"The economy has been going through a high inflationary period for the past couple of years, which has multiple effects on corporate profitability," said SM Rashedul Hasan, managing director and CEO of UCB Asset Management.

High inflation squeezes people's real wages, reducing their overall purchasing power and demand. As a result, firms' sales drop. When sales fail to grow faster than the inflation rate, profitability suffers as overhead costs rise.

Explaining further, he said, "A firm cannot reduce manpower, but it has to raise salaries above the inflation rate. If sales do not increase at the same pace, overhead costs rise, which ultimately drags down profitability."

Last year, sales growth of listed firms was 5.8 percent, while inflation exceeded 8 percent.

"Another factor that heavily impacted profitability was higher interest rates. Although sales were under pressure, interest costs rose last year, directly hitting profitability," he added.

EXCLUSIONS AND SECTOR PERFORMANCE

Although 158 companies have published financial reports so far, five June-ending firms

READ MORE ON B2

FICCI calls for clear tax roadmap to boost investment, jobs

STAR BUSINESS REPORT

The Foreign Investors' Chamber of Commerce and Industry (FICCI) has called for a clear roadmap to optimise the effective tax rate, aiming to create a level playing field for all investors and support job creation.

The chamber made the demands yesterday during a pre-budget meeting with the National Board of Revenue (NBR) at its headquarters in Dhaka.

FICCI also urged reintroducing reduced corporate tax rate for unlisted companies on the condition of them going cashless.

The chamber proposed a five-year phased move to a fully cashless system to improve transparency, reduce disputes, and lower compliance costs and the effective tax rate.

It also called for a gradual reduction of withholding and minimum taxes, highlighting that these often apply regardless of profitability, and suggested eventually phasing out certain triggers to better match taxes with actual income.

For individuals, FICCI recommended raising the tax-free threshold and adjusting lower tax brackets to ease the burden on salaried and middle-income groups, supporting consumption and economic growth.

READ MORE ON B3

Sohail RK Hussain, managing director of Bank Asia PLC, inaugurates a programme at Bank Asia Tower in Karwan Bazar, Dhaka yesterday to celebrate the bank's record net deposit growth of Tk 4,000 crore in the first quarter of 2026. PHOTO: BANK ASIA

Bank Asia posts Tk 4,000cr deposit growth in Jan-Mar quarter

STAR BUSINESS DESK

Bank Asia PLC reported a net deposit growth of Tk 4,000 crore in the first quarter (January-March) of 2026, marking a significant milestone for the bank.

To celebrate the achievement, the bank organised a programme at Bank Asia Tower in Karwan Bazar, Dhaka yesterday.

Sohail RK Hussain, managing director of the bank, inaugurated the event as the chief guest, according to a press release.

The increase in deposits underscores the trust placed by individuals, businesses and institutions in the bank's financial strength and service quality.

The growth reflects strong customer confidence and the bank's continued commitment to sustainable expansion, the release added.

The performance highlights the bank's focus on customer-centric services, innovative banking solutions and prudent financial management.

The bank said it is strengthening its position in the sector through digital transformation, enhanced customer experience and diversified product offerings.

Management thanked employees for their efforts and stressed the need to maintain the growth momentum throughout the year.

Senior officials and members of the management team were also present at the event.

Standard Islami Bank launches financial inclusion campaign

STAR BUSINESS DESK

Standard Islami Bank PLC has launched a month-long "Financial Inclusion and Customer Engagement Campaign" to promote financial inclusion among unbanked and marginalised people and strengthen relationships with customers.

Md Siddiqur Rahman, acting managing director of the bank, inaugurated the campaign at an event held at the bank's head office in Dhaka recently, according to a press release.

The main objective of the campaign is to accelerate the country's economic development by expanding Shariah-based modern banking services and increasing inclusion across all economic segments.

Senior executives from the head office attended the event, while heads of all branches across the country joined virtually.

PHOTO: STANDARD ISLAMI BANK

Md Siddiqur Rahman, acting managing director of Standard Islami Bank PLC, inaugurates the month-long "Financial Inclusion and Customer Engagement Campaign" at the bank's head office in Dhaka recently.

Indonesia raises jet fuel surcharge

AFP, *Jakarta*

Indonesia announced on Monday a 28-percentage point rise in the surcharge on jet fuel, and said it will allow airlines to raise the domestic ticket price, which the government caps, by up to 13 percent.

As global oil prices soar on the back of the Middle East war, Economy Minister Airlangga Hartarto told reporters the jet fuel surcharge would rise from 10 to 38 percent, and the base ticket price between nine and 13 percent.

Southeast Asia's largest low-cost carrier AirAsia X said Monday it, too, was raising ticket prices and cutting routes to cushion the impact of the war on Iran.

In Jakarta, Airlangga said the government would bear the 11-percent value added tax on domestic flight tickets to offset the impact of the price rise on travellers.

"The amount of subsidy given by the government is around 1.3 trillion rupiah (about $76 million) per month," the minister said.

The measures would be reevaluated after two months, he added, depending on whether "the war in the Middle East continues".

Listed firms' profitability

FROM PAGE B1

-- DESCO, Titas Gas, Jamuna Oil, Padma Oil, and Meghna Petroleum -- were excluded from the overall accounts because their profits or losses were due to extraordinary reasons, which could bias the results.

The fuel oil trio -- Padma Oil, Jamuna Oil, and Meghna Petroleum -- recorded the highest profitability of 229 percent in FY25, mainly because profits were several times higher than turnover. Massive income from bank deposits also boosted their profitability, which is why the sector was not included in the overall calculation.

Among other sectors, IT posted 12.76 percent, leather 10.3 percent, pharmaceuticals 8.8 percent, power 7.08 percent and luxury hotels 7 percent. Ceramic showed 5.29 percent, engineering 5 percent, food and allied 4.53 percent, textiles 4.4 percent, and cement the lowest at 0.93 percent.

"Stubborn inflation has reduced people's spending, especially in the construction sector," said Rashedul, adding that this contributed to low profitability in construction-related industries.

The paper sector posted a negative 21 percent, mainly due to heavy losses at Bashundhara Paper Mills.

The company said its losses were due to several macroeconomic factors, including fluctuations in foreign exchange rates, sharp rises in raw material prices, import restrictions, reluctance of financial institutions to issue Letters of Credit (LCs), a rise in bank interest rates from 9 percent to 14.5 percent, and limited availability of US dollars.

These unavoidable political and economic challenges, the company said, prevented it from opening LCs for essential raw materials, leading to significant operational disruptions and financial losses.

Difficulties in opening LCs caused periodic interruptions in manufacturing and construction supply chains. Volatility in the foreign exchange market added to the problem, as the average rate of around Tk 118 per USD significantly increased the local-currency cost of imported clinker, gypsum, slag, fly ash, and other essential raw materials.

Most companies faced similar challenges. The broader industrial sector also struggled with energy shortages and intermittent power supply, which affected both large and small manufacturers and raised operating costs due to greater reliance on alternative energy sources.

POLITICAL UNCERTAINTY AND MACROECONOMIC RISKS

"Usually, in years around elections, corporates struggle to achieve higher profitability because some uncertainty remains amid political chaos," said Rizwan Rahman, former president of Dhaka Chamber of Commerce & Industry.

He added that government development projects slowed last year, impacting many sectors retrospectively.

"Although a political transition has taken place, there is still huge tension over fuel supply and prices due to the US-Israel war on Iran. Mismanagement and panic buying have worsened the situation," Rahman said, warning that profit growth may remain low in the current fiscal year.

Regarding the outlook, Rashedul said, "A major risk of further depreciation of the local currency is looming amid the US-Israel war on Iran."

He added, "Higher fuel prices and limited foreign earnings could put pressure on the country's foreign exchange reserves, leading to a weaker local currency against the US dollar.

"If this happens, companies with large foreign loans will be affected, and the country could face prolonged high inflation. Except for export-oriented firms, most companies would feel the impact."

BTRC to unlock more low-band spectrum to boost coverage

MAHMUDUL HASAN

The telecom regulator has decided to allocate spectrum from the 850 MHz and Extended GSM (EGSM) bands for a month-long trial to examine potential interference between the two frequencies.

The move is part of a broader effort to eventually assign this spectrum through auction or other regulatory mechanisms, with the goal of ensuring better services and improved network reliability across the country. The decision was made at a recent commission meeting.

"It's just a trial and any band can participate," said Md Emdad ul Bari, Chairman of the Bangladesh Telecommunication Regulatory Commission (BTRC).

"After assessing the trial results and interference implications, we will allocate spectrum from these bands through auction or other appropriate regulatory mechanisms," he added.

The EGSM band is an extension of the standard GSM 900 MHz range, offering additional radio frequencies for mobile operators. It allows networks to handle more users at once, improve coverage, and deliver better call and data quality, particularly in areas where connectivity is otherwise weak.

Its low-frequency nature also ensures strong indoor penetration and wide-area connectivity, making it crucial for urban and rural network reliability.

However, the 850 MHz and EGSM bands sit adjacent to each other, meaning signals from one can leak into the other. This can cause interference, receiver overload, and degraded service quality if not carefully managed. Both bands are nonetheless highly valued for enabling wide coverage with fewer towers.

According to BTRC documents, 8.4 MHz of EGSM spectrum (880-888.4 MHz paired with 925-933.4 MHz) will be assigned to operators for four weeks at no financial cost.

The commission's technical committee and operators will jointly collect and analyse data, then submit a consolidated report.

This is not BTRC's first attempt to utilise this band. In 2024, a plan to assign EGSM spectrum to Grameenphone was shelved after objections from Robi Axiata and Banglalink, which cited high filter costs, potential coverage degradation, and concerns over market imbalance.

A proof-of-concept test also flagged interference risks.

After BTRC awarded 700 MHz spectrum earlier this year, Robi sought allocation in lower frequency bands, prompting the regulator to commit to addressing that demand. A technical committee was then formed to manage the spectrum shortage and ensure coexistence between the two bands.

At a February 3 meeting, operators were asked to specify their requirements. Robi and Banglalink each requested 3.4 MHz from the EGSM band, totalling 6.8 MHz, along with a four-week interference trial.

Grameenphone, which recently acquired 10 MHz in the 700 MHz band, said it has no immediate plans for either band but raised concerns about cross-border interference and regional harmonisation. Teletalk has not yet submitted any plans to the regulator.

Oil prices little changed

REUTERS, *Singapore*

Oil prices were little changed in choppy trade on Monday, as investors awaited clarity on the status of talks between the US and Iran even as they remained wary about sustained supply losses due to shipping disruptions.

Brent crude futures rose 76 cents, or 0.7 percent, to $109.79 a barrel at 0656 GMT. US West Texas Intermediate crude futures were trading 53 cents, or 0.5 percent lower, at $111.01 per barrel.

The pricing moves in Asia trading on Monday were dwarfed by an 11 percent surge for WTI and an 8 percent rise for Brent during the previous trading session on Thursday, the biggest absolute price increase since 2020.

On Sunday, Trump ratcheted up pressure on Tehran, threatening in an expletive-laden Easter Sunday social media post to target Iran's power plants and bridges on Tuesday if the strategic Strait of Hormuz is not reopened. Still, prices were largely unchanged on Monday.

Iran and the United States have received a plan to end hostilities that could come into effect on Monday and reopen the Strait of Hormuz, a source aware of the proposals said on Monday.

AB Bank signs MoU with iRONman to support SME dealers

STAR BUSINESS DESK

AB Bank PLC has signed a memorandum of understanding (MoU) with iRONman Company Ltd, a metal industry supplier based in Rupganj, to establish a strategic partnership aimed at supporting the financial requirements of the company's listed dealers and distributors.

Under the agreement, financing support will be provided through the bank's SME product, named "Uttaran".

Md Arijul Islam Mollick, head of SME banking at the bank, and Muin Rahman, managing director of iRONman Company Ltd, signed the MoU at the bank's head office in Dhaka recently, according to a press release.

Reazul Islam, acting managing director and chief executive officer of the bank, attended the signing ceremony as the chief guest.

ZM Babar Khan, additional managing director of the bank; Iftekhar Enam Awal, chief business officer; and Md Nazmul Alam, chief executive officer of the metal supplier, along with other senior officials from both organisations, were also present at the event.

Muin Rahman, managing director of iRONman Company Ltd, and Md Arijul Islam Mollick, head of SME banking at AB Bank PLC, pose for a photograph during the signing of a memorandum of understanding at the bank's head office in Dhaka recently. PHOTO: AB BANK

Ecnec scraps one project

FROM PAGE B1

established a review committee, to be led by Rashed Al Mahmud Titumir, the prime minister's finance and planning adviser, to assess all projects under the Annual Development Programme. The committee will examine the feasibility and economic rationale of each project, with authority to recommend cancellation, revision, or continuation.

Finance Minister Amir Khosru Mahmud Chowdhury, speaking at a post-meeting briefing, framed the session as the beginning of a systematic effort to clear a backlog of poorly justified public spending.

"We are currently going through what is effectively a backlog clearance process -- filtering out weaker proposals while advancing those deemed sound," he said. "Once this clean-up phase is complete, the remaining legacy projects will be resolved in a phased manner."

Meanwhile, Titumir, speaking about the review committee, said many projects had been approved without proper economic studies, with costs repeatedly inflated and returns consistently limited.

He called for a more accountable Annual Development Programme (ADP), noting that public capital expenditure had not kept pace with operating expenditure, with consequences for growth. "Projects will be evaluated on necessity, quality of surveys, cost control and long-term sustainability."

The five approved projects saw a combined cost increase of Tk 483.43 crore in their revised estimates, of which Tk 390.84 crore will be financed from state funds and Tk 92.59 crore from project loans.

Among the schemes, the General Social Infrastructure Development Project-2 (GSIDP-2), being implemented by the Local Government Engineering Department, has been revised with its cost rising to Tk 1,450 crore and a new completion deadline set for June 2027.

The meeting also decided to increase the cost of the IT Training and Incubation Centre project to Tk 533.55 crore, with the timeline extended to June 2026. Besides, it revised a project to modernise diagnostic imaging facilities at eight divisional medical college hospitals, approving Tk 1,213.71 crore as cost and June 2028 as new deadline.

The meeting also approved the second revision of the Gopalganj Dental College and Hospital project, raising its cost to Tk 139.31 crore, with a target completion date of June 2026.

In contrast, the cost of the Char Development and Settlement Project-4 (CDSP-4) has been reduced to Tk 30.72 crore.

FICCI calls for clear tax roadmap

FROM PAGE B1

The chamber also urged simplifying the Authorized Economic Operator (AEO) programme and introducing clear, tangible benefits to encourage participation.

FICCI stressed that tax expenditure policies should align with national priorities and that all exemptions should have a sunset clause.

It also recommended setting clear performance evaluation criteria, with annual reviews to assess effectiveness.

"We are facing a period of global disruptions and domestic pressures, forcing businesses to constantly adapt," said Rupali Haque Chowdhury, president of FICCI, highlighting the growing strain on both local and foreign investors.

She stressed that Bangladesh's next stage of growth depends on the government's ability to implement clear, consistent, and forward-looking reforms, especially in taxation and regulations.

"A competitive and predictable business environment is essential to attract and sustain long-term investment," she said, adding that policy stability remains a major concern for investors in the country.

Calling for stronger public-private cooperation, Chowdhury said reforms must be inclusive. "The government and private sector cannot do this alone -- we must move forward together," she said.

At the event, NBR Chairman Md Abdur Rahman Khan told the chamber that the focus would be on improving the business environment through better efficiency, rather than cutting tax rates immediately.

"It is very difficult for us to reduce taxes as we face significant pressure," he said. "We know the burden feels high, but it is not just about responsibility -- it mostly comes from our operational inefficiencies."

"The key question is how to make the system more efficient, especially by using technology. We welcome your ideas so we can progress together," he added.

Khan also said the corporate tax system will go fully online next year, aiming to solve many issues businesses now face, especially in dealing with tax offices.

GDP growth slows to 3%

FROM PAGE B1

He said the slowdown deepened in the latest quarter as both public and private spending tightened ahead of national elections in February.

Usually, the government scales back annual development programme (ADP) spending before elections, while private investors adopt a wait-and-see approach, he said.

Remittance earnings rose about 20 percent year-on-year to $8.67 billion in the second quarter, according to Bangladesh Bank data.

However, economists said the inflows have yet to translate into stronger overall growth.

Mujeri said the current quarter shows little sign of a strong rebound, citing the ongoing war in the Middle East and the risk of higher fuel prices disrupting production across sectors.

Multilateral lenders, however, expect some recovery over the full fiscal year.

The World Bank has projected the economy will expand by 4.6 percent in this fiscal year ending June 2026, despite persistent inflation, falling exports and sluggish investment.

The International Monetary Fund (IMF) expects growth to reach 4.9 percent in FY2025-26.

Export

FROM PAGE B1

Business leaders proposed extending that period to six months. They also urged the central bank to stop the practice under which one defaulting business affects the classification status of its affiliated entities.

In addition, business leaders proposed extending the repayment period after loan rescheduling from the current four to five years to 10 years.

FBCCI also recommended introducing low-cost green financing facilities to encourage investment in renewable energy, including solar power, to reduce energy costs.

South Korean firm to invest $24m at Bepza EZ

STAR BUSINESS DESK

PH Creative (BD) Limited, a South Korean company, will set up a manufacturing facility at the Bepza Economic Zone (Bepza EZ) in Mirsharai, Chattogram.

The company will produce a wide range of items, including steel, aluminium and iron frames; fibreglass poles; tents; sleeping bags; camping chairs; and various tent accessories such as PVC wear covers, caps, chair patches, hangers and hammers.

It will also manufacture trolley bags, handbags and garment accessories, including toggles and beads.

The investment will create employment opportunities for around 2,000 Bangladeshi nationals, according to a press release.

Md Tanvir Hossain, executive director for investment promotion at the Bangladesh Export Processing Zones Authority (Bepza), and Jin Ho Bae, chairman of PH Creative (BD) Limited, signed the agreement at the Bepza Complex in Dhaka yesterday.

Mohammad Moazzem Hossain, executive chairman of Bepza, attended the signing ceremony and thanked the South Korean company for choosing Bangladesh, particularly the Bepza Economic Zone, as its investment destination.

He also encouraged the firm and other South Korean investors to explore further opportunities in high-tech sectors, especially semiconductors and electronic products.

Sri Lanka hikes cooking gas prices by 23%

AFP, *Colombo*

Sri Lanka on Monday raised prices of liquefied petroleum gas (LPG) by nearly a quarter, blaming higher global prices triggered by the Iran war.

As well as gas, Sri Lanka also imports all of its oil and buys coal for electricity generation.

Colombo has warned that a prolonged war in the Middle East could seriously undermine efforts to emerge from its economic meltdown of 2022. The increase in cooking gas prices on Monday is on top of an eight percent hike last month.

A private company, which accounts for about a quarter of the domestic LPG market, raised its retail price by 23 percent to 5,700 rupees ($18.08), up from 4,630 rupees ($14.69).

Farmers and wholesalers trading onions at the Pushpopara wholesale market in Pabna Sadar upazila. Supply exceeding demand has brought onion prices down. The photo was taken on Thursday. PHOTO: AHMED HUMAYUN KABIR TOPU

Rain damage, oversupply cause sharp drop in onion prices

Farmers in key regions say lack of storage facilities means the perishable produce has to be sold off quickly

SUZIT KUMAR DAS *and* AHMED HUMAYUN KABIR TOPU

Onion farmers are facing mounting losses this season as a sharp fall in prices, coupled with rain-induced damage, offsets a significant rise in production.

Farmers in key onion-producing districts -- Pabna, Faridpur and Rajbari -- said output has increased by around 30 percent compared to last year.

However, prices have dropped by at least Tk 300-500 per maund (one maund is equivalent to around 40 kg), leaving many unable to recover production costs.

According to the Department of Agricultural Extension (DAE), onion (seedling) cultivation covered 226,000 hectares (one hectare is equivalent to about 3.95 bigha) of land in the 2025-26 fiscal year, up from 201,000 hectares the previous year.

In Pabna, one of the largest onion-producing regions, farmers say prices have hit a low not seen in the last three to four years.

Md Kamruzzaman, a farmer from Durgapur village in Sujanagar upazila, said onions that sold for Tk 1,500 to Tk 1,700 per maund last year are now fetching only Tk 700 to Tk 800.

"At this rate, it is nearly impossible to recover production costs," he said.

Kamruzzaman cultivated over 50 bighas this year, including 15 bighas of leased land. While production costs on his own land ranged between Tk 45,000 and Tk 50,000 per bigha, costs on leased land exceeded Tk 80,000 due to high fees.

"I may earn a small profit from my own land, but I am incurring significant losses on leased plots," he added.

Md Montu Miah of Ulat village said favourable weather initially led to a bumper yield of around 80 maunds per bigha, but early rains damaged crops and reduced quality.

"Farmers could have managed if prices were at least Tk 1,000 per maund. But due to rain, onions are being harvested early and cannot be stored for long, forcing us to sell at low prices," he said.

At Pushpopara wholesale market in Pabna Sadar upazila, supply has far exceeded demand.

Farmers said large volumes of onions are arriving daily, but buyers remain scarce.

Md Samsul Alam, a farmer who brought 200 maunds to the market, said traders were unwilling to offer more than Tk 600 per maund.

"There aren't enough buyers to create competition," he said.

According to the DAE, onion seedling cultivation covered 226,000 hectares of land in the 2025-26 fiscal year, up from 201,000 hectares the previous year

Wholesaler Md Rabiul Islam said more than 100 tonnes of onions arrived at the market on Thursday, against a demand of only around 30 tonnes.

"Most of the supply is of lower quality due to rain damage. Since these onions cannot be stored, the oversupply is pushing prices down further," he said.

In Rajbari and Faridpur, farmers described a similar situation.

Rahad, 24, from Baliakandi upazila, said he cultivated onions on 1.5 bighas of land this year, spending around Tk 75,000. "Production has been good, but with current prices, I cannot make any profit," he said.

Rahmat Ali, another farmer from the same area, said he expects to harvest over 500 maunds from two acres this year, compared to 185 maunds last year when he made a profit of Tk 30,000.

"But due to rainfall, many onions are rotting before harvest. At current prices, I won't even recover my costs," he said.

Sanjit Kumar Das from Rajbari Sadar said he spent about Tk 2.5 lakh cultivating onions on 2.68 bighas.

"If there had been no rain, I could have sold onions worth at least Tk 7 lakh. Now most of the crop has been damaged. Labour costs are also high, and I don't have storage facilities. Traders are not offering more than Tk 500 per maund," he said.

Mafikul Islam from Faridpur's Saltha upazila said yields have increased by 35-40 maunds per bigha, but low prices remain a major concern.

Officials say the price fall is largely due to oversupply. Shahadat Hossain, senior market officer of the Department of Agricultural Marketing (DAM) in Faridpur, said onions are currently selling for Tk 800 to Tk 1,000 per maund, down from Tk 1,400 to Tk 1,600 during the same period last year.

"Farmers should market their produce as quickly as possible," he said, expressing hope that prices may rise soon.

Shahidul Islam, deputy director of DAE in Rajbari, said 50-60 hectares out of 138 hectares of onion fields have been partially damaged due to waterlogging.

"We have advised farmers to harvest and market their produce quickly," he said.

Shahaduzzaman, deputy director of DAE in Faridpur, said onion cultivation exceeded the target this year.

"Although production is good, prices usually remain low during the peak season. If farmers can store their onions, prices may rise within a month," he added.

As per the Bangladesh Bureau of Statistics, post-harvest losses account for around 25-30 percent of the onions harvested each year, which make imports necessary. Bangladesh produced 30 lakh tonnes of onions in the fiscal year 2024-25 (FY25). That same fiscal year, the country imported 7.71 lakh tonnes of onions.

Safeguarding our chemical-dependent industries

SAZZADUL HASSAN

The chemical industry, built on a foundation of oil, gas and petrochemical feedstocks, underpins modern manufacturing. It supplies essential materials for plastics, textiles, pharmaceuticals, fertilisers and many other sectors. Today, the industry faces severe strain due to the ongoing war in the Middle East. The chemicals sector is particularly exposed because it depends on gas both to power plants and as feedstock, the raw material for many products. Each price spike therefore affects it twice. The Middle East is a key source of petrochemicals such as polyethylene, polypropylene, methanol and ammonia, which are essential raw materials for industries including plastics, coatings, textiles and fertilisers. In addition, products such as urea and sulphur rely heavily on feedstocks from the region. Instability there is disrupting the global chemical supply chain.

For Bangladesh, the implications are immediate and serious. The fertiliser segment has been particularly hard hit. Prices have risen by as much as 40 percent within weeks. The Bangladesh Chemical Industries Corporation (BCIC) has cancelled international tenders for 200,000 tonnes of urea amid supplier uncertainty. Four of five state-owned fertiliser plants are offline because of domestic gas shortages. This carries far-reaching consequences for agriculture and the country's food security. The pharmaceutical industry, which imports nearly 90 percent of its active pharmaceutical ingredients (APIs) at an annual cost of more than $1.3 billion, is also facing rising production costs. Key pharmaceutical inputs such as paracetamol and metformin have jumped by between 50 and 90 percent. Moreover, any prolonged disruption would jeopardise the supply of essential, life-saving medicines and place additional strain on public health systems.

The country's economy is highly reliant on imported chemicals and petrochemical derivatives, particularly for its dominant ready-made garments sector. Synthetic fibres, dyes and finishing chemicals are becoming more expensive and less predictable in supply. The crisis is compounded by energy pressures. Qatar, a key LNG supplier to Bangladesh, has faced production disruptions, while shipments through the Strait of Hormuz are becoming increasingly risky. Without a reliable and continuous gas supply, domestic industries cannot operate at full capacity.

The economic fallout is already visible. Global chemical prices have spiked, feeding into higher production costs across multiple industries. Inflation in Bangladesh faces renewed pressure. Export competitiveness erodes when lead times lengthen and input costs surge. Remittances from the Middle East, a crucial pillar of foreign exchange earnings, are also at risk of uncertainty as the conflict intensifies and economic conditions in host countries become more volatile. Given the gravity of the situation, Bangladesh needs to respond quickly and decisively. First, diversifying supply is now imperative. Government and industry must proactively secure alternative sources beyond the Middle East, targeting suppliers in East Asia, Europe and emerging petrochemical hubs. At the same time, establishing strategic stockpiles of critical inputs, especially fertilisers and key chemicals, would create a vital buffer against short-term shocks and buy time to implement longer-term structural solutions.

Second, targeted investment in domestic chemical capacity should be accelerated, with a focus on basic chemicals, recycling initiatives and stronger textile supply chain linkages. Gradually building local capability would reduce dependence on imports and enhance resilience against external disruptions. Third, a comprehensive energy strategy is essential. Expanding LNG supply contracts, accelerating investment in renewable energy, building strategic reserves and boosting industrial energy efficiency would help ease cost pressures and strengthen long-term resilience. Concurrently, businesses must overhaul risk management models, favouring longer-term contracts, broader supplier diversification and more flexible inventory management to survive and adapt in a more volatile global landscape.

In an interconnected world, distant conflicts can have immediate domestic consequences. For Bangladesh, the challenge is not merely to weather the storm, but to use this period of turbulence as a catalyst for building a more resilient, diversified and self-reliant industrial future.

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

How one factory in China learned to live with Trump, tariffs and turmoil

REUTERS, *Dongguan*

US President Donald Trump's tariffs sought to hurt Chinese manufacturing, but for one electronics maker, a turbulent 2025 ended with a belief that China is a location that is difficult to replicate - as long as things don't change too drastically.

Agilian Technology, which makes products mostly for Western brands, saw its US orders - accounting for more than half its revenue - frozen for months and clients demanded it set up production outside China.

Tariffs brought chaos to many Chinese companies; the country's official purchasing managers' index contracted for much of last year, with April 2025 being its weakest reading since December 2023.

But Beijing's retaliation - export controls on minerals and metals that US firms need and are difficult to source - reduced the levies. In March, China's official PMI grew at its fastest pace in a year.

This allowed Agilian, a $30-million-a-year business, to recover and appreciate its foothold, which it sees as crucial for growth - though it has pursued offshoring.

A recovery in China's manufacturing sector might surprise Trump following the anniversary of his "Liberation Day" tariff rollout, given that he campaigned on using levies to reindustrialise the American economy and project US power.

"The data confirms that Trump's tariffs indeed haven't derailed the momentum that we've seen in China's manufacturing sector," said Nick Marro, principal economist for Asia and lead for global trade at the Economist Intelligence Unit. He added that levies "resulted in a restructuring of trade linkages and supply chains."

China's trade surplus for the first two months of 2026 rose to $213.6 billion, official data showed, from $169.21 billion a year earlier. And in 2025, China grew its trade surplus by a fifth to a record $1.2 trillion - equivalent to the GDP of the Netherlands.

But exports to the US slumped 20 percent in 2025, hurting manufacturers that rely on the market, said Agilian CEO Fabien Gaussorgues.

Gaussorgues, speaking at his factory in the southern city of Dongguan, wondered whether Trump would make a breakthrough when he visits China in May.

"The best we can hope for is probably a pledge for both sides to keep talking and maybe some type of framework to keep trade tensions from boiling over like they did last year," Marro said.

Employees work on a production line manufacturing electronics products at a factory of Agilian Technology in Dongguan, China. PHOTO: REUTERS/FILE

Economists and industry executives expect Trump's visit to extend a detente between the two rivals.

He Yadong, a spokesperson for China's Ministry of Commerce, said the two countries should implement what they agreed to in previous meetings and subsequent rounds of talks.

"China has shown the rare earths (are) a leverage of mass destruction," said Denis Depoux, the general manager of consultancy Roland Berger. "It's a nuclear weapon of trade."

Today, Agilian executives view Trump's tariff policies as guideposts for how to deal with future flare-ups.

In 2024, as Trump was rising in election polls, Agilian's clients wanted to get ahead of tariffs and asked the firm to ship products to North American warehouses. Other US importers had similar ideas and storage prices went "crazy," said Renaud Anjoran, the firm's vice-president.

Shortly after Trump was re-elected, post-midnight calls from "panicked" clients became frequent.

One customer with family in Penang, Malaysia, urged Agilian to set up a production base there.

Agilian had set up an entity in India, but most clients pushed back on operating there, worried about slow production and customs delays.

"India takes time," Gaussorgues said. "It took us one year to have the official company."

After Trump was inaugurated, two tariff hikes on China totalling 20 percent concerned clients, but they stuck around. Then on April 2, tariffs on Chinese exports rose another 34 percentage points.

For Agilian customers, "this was a disaster" and many cancelled orders. Soon after, pallets of goods piled up inside the 12,000-square-metre (130,000-square-foot) Dongguan factory.

China retaliated. Escalations pushed the levies above 100 percent on both sides before the end of the month. "Things were frozen," said Anjoran.

The company decided to go with Penang and found a factory to partner with. It was preferred because it was removed from the South China Sea, where military conflicts can't be ruled out.

Agilian also scouted industrial rental space in Dharwad, India, and even looked at moving production to the US But it found supply chains there were incomplete, leaving it reliant on tariffed Chinese components and higher labour costs.

By mid-2025, Agilian's India team found a 4,000-square-metre industrial building and was discussing which products could be made there. Embargo-like conditions with China made India more palatable for clients as well.