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Star BUSINESS

FDI growth masks slowdown in fresh capital inflow

JAGARAN CHAKMA

Bangladesh's net foreign direct investment witnessed a sharp 39 percent increase in 2025, reaching $1.77 billion, according to central bank data.

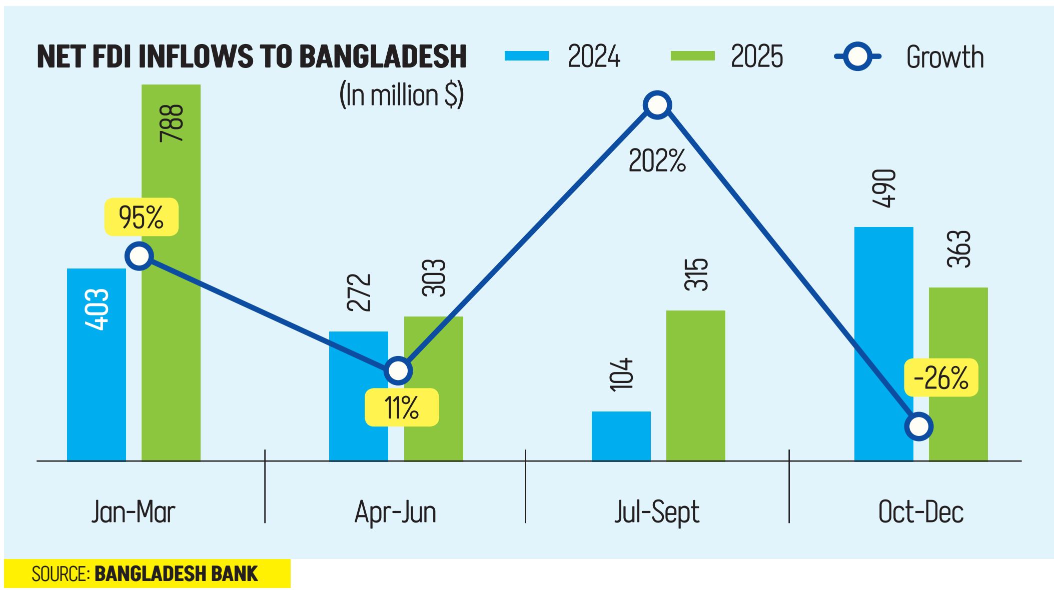
The growth, however, was driven almost entirely by existing foreign firms, not new investors entering the market.

Bangladesh Bank (BB) data shows that net FDI stood at $1.27 billion in 2024.

Meanwhile, net equity inflows, the most direct measure of new investment, stood at $554.63 million last year, barely changing from $544.63 million a year earlier.

The increase in overall FDI instead came from reinvested earnings, which rose to $781.67 million from $621.96 million, and from intra-company loans, which surged more than fourfold to $434.11 million. Both reflect existing companies financing their local operations rather than fresh capital coming in.

Economists say despite the growth in 2025, the net FDI inflow remains insignificant relative to the size of the economy, particularly in terms of fresh investment. Data indicates that the country is struggling to attract new investors or major expansion projects. In a healthy FDI environment, rising net inflows are typically accompanied by strong equity growth, signalling new projects, job creation, and technology transfer.



SOURCE: BANGLADESH BANK

Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, said equity inflows have been persistently low for some time.

"Equity investment is very low, which suggests that new investors are not coming. What we are seeing is largely expansion by existing investors," he said, attributing the weak equity inflows to broader macroeconomic vulnerabilities and an unfavourable investment climate.

The economist also questioned the gap between official claims and actual outcomes, saying that while the Bangladesh Investment Development Authority (Bida) continues to highlight investment prospects, the ground reality does not reflect strong or meaningful inflows.

Rupali Chowdhury, president of the Foreign Investors' Chamber of Commerce & Industry, pointed to several factors behind the weak inflows.

According to her, the shift to an interim administration, from mid-2024 till February this year, has created uncertainty around long-term investment decisions. In addition, delays in government-backed projects have raised concerns about policy continuity and contract enforcement.

Furthermore, she said episodes of social unrest and "mob culture" have damaged Bangladesh's

READ MORE ON B3

Dollar nears Tk 123 as war keeps markets on edge

STAR BUSINESS REPORT

The taka edged lower against the dollar yesterday, with the weighted average interbank rate marginally rising to Tk 122.85 from Tk 122.75, at which the dollar had held steady since late March, Bangladesh Bank data showed.

The dollar rate stood at Tk 122.55 on March 9.

Trading in the interbank foreign exchange market was also thin at the start of the week, suggesting importers are not rushing to buy dollars in large quantities. Just three transactions were recorded on Sunday, totalling $4.03 million, down from $62.50 million on April 2.

The devaluation of the taka comes against a volatile global backdrop. The US-Israeli war on Iran has kept oil prices elevated above $110 a barrel, stoking inflation concerns across import-dependent economies, according to a Reuters report.

The dollar softened slightly yesterday, down 0.2 percent on the DXY index, as investors watched for any signs of progress toward a ceasefire.

Even so, the dollar remains broadly strong, underpinned by expectations that the US Federal Reserve will hold rates high through the year, according to the CME FedWatch tool cited by Reuters.

Bankers say the main concern is behaviour driven by panic.

Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, said the immediate risk is panic-driven demand amid the uncertainty caused by the US-Israel war on Iran rather than any fundamental deterioration in Bangladesh's external position.

"Fuel prices and food prices are increasing," he noted, pointing to the potential for cost-push inflation to ripple through the economy.

READ MORE ON B2

Industry loses share as services race ahead in economy

Manufacturing share slips under 10% while services account for over 90%

MD ASADUZ ZAMAN

Small businesses and service providers, from retail shops to transport and personal services, are expanding more rapidly than formal manufacturing units, prompting economists to question the sustainability of the country's long-term growth.

Industrial enterprises now account for just under 10 percent of all businesses, down from more than 12 percent two decades ago, according to the 2024 economic census conducted by the Bangladesh Bureau of Statistics (BBS).

In contrast, service businesses dominate the economy, making up more than 90 percent of economic units.

In absolute terms, industrial units grew by 159 percent between 2001 and 2024, reaching around 11.7 lakh. Service businesses, however, surged by more than 223 percent over the same period, bringing the total number of economic units to 1.17 crore.

Employment followed a similar trend. Jobs in industry rose to nearly 94 lakh in 2024, while the service sector absorbed far more workers, with employment reaching over 2.12 crore.

Economists say if this pattern continues, it could dent productivity growth.

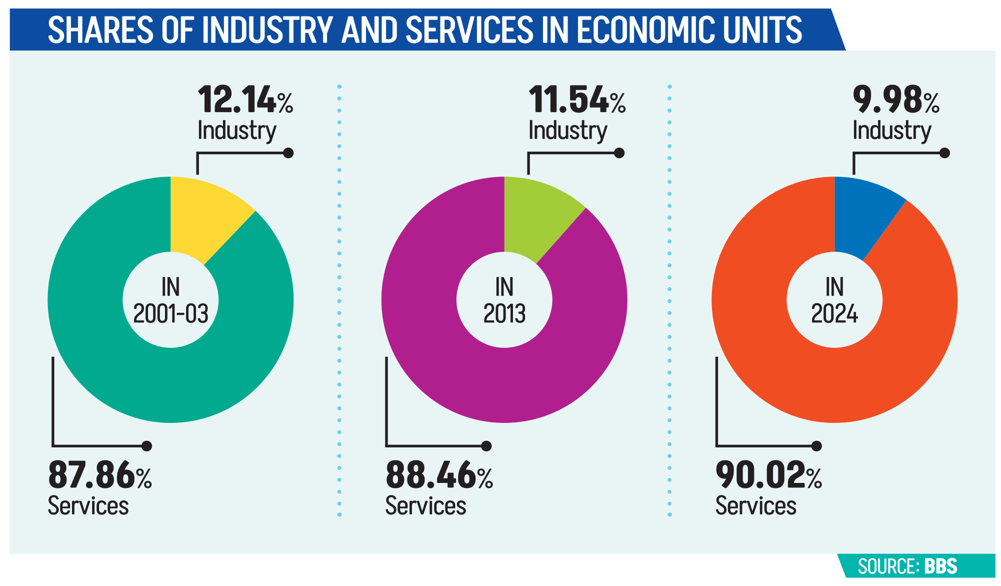
"This is what economists call premature deindustrialisation, a pattern seen in many developing countries," said Kazi Iqbal, research director at the Bangladesh Institute of Development Studies (BIDS).

"Manufacturing usually drives productivity gains and absorbs labour from agriculture. When services expand faster than industry, the economy grows, but not as efficiently or sustainably," he said.

The economist explained why the distinction between industry and services matters.

According to him, moving workers from agriculture to manufacturing increases productivity and incomes more than a direct shift to services.

SHARES OF INDUSTRY AND SERVICES IN ECONOMIC UNITS



SOURCE: BBS

"Services create jobs, yes, but the overall growth impact is smaller," said Iqbal.

Anwar-ul Alam Chowdhury, president of the Bangladesh Chamber of Industries, said that some local sectors have reached saturation. To sustain both economic growth and employment, the country must become a diversified manufacturing hub with a stronger focus on labour-intensive industries.

The business leader said that while Bangladesh's development has heavily relied on the industrial and RMG sectors, employment growth continues to come mainly from labour-intensive industries such as RMG and light engineering.

He said high-investment sectors, including steel, cement, machinery, and chemicals, generate fewer jobs because of automation, which is increasingly present in garment production as well.

The RMG sector alone contributes about 25 percent to manufacturing output, rising to 40 percent if textiles are included. Other industries account for the remaining 60 percent, but automation limits their potential for employment creation.

Chowdhury said that even a $50 million investment in textiles may generate only 500 to 1,000 jobs, whereas the same investment in RMG could employ between 5,000 and 8,000 workers.

"Labour-intensive sectors like leather and light engineering are crucial for job creation. Without expanding into these industries, employment growth will remain constrained," he said.

The 2024 census also shows a slowdown in business expansion.

Between 2013 and 2024, the total number of economic units rose by 50 percent, lower than the 111 percent growth recorded in the previous decade. Micro and cottage enterprises continue to dominate, comprising 96 percent of all units, and nearly two-thirds of these are located in rural areas.

The data point to a deeper structural shift in the economy. Growth in small and informal service businesses is outpacing manufacturing, which limits the country's

READ MORE ON B3

Oil prices rally as Hormuz stays shut

REUTERS, *Singapore*

Oil prices extended gains on Tuesday as a US-imposed deadline loomed for Iran to open the Strait of Hormuz or be "taken out", with US President Donald Trump threatening to order attacks on Iranian bridges and power plants.

Brent crude futures rose $1.44, or 1.3 percent, to $111.21 a barrel by 0700 GMT, while US West Texas Intermediate crude futures were up $2.32, or 2.1 percent, at $114.73.

Trump has threatened to rain "hell" on Tehran if it fails to comply with his deadline of 8 p.m. EDT on Tuesday (0000 GMT Wednesday) to reopen the strait, through which about a fifth of global oil supply is normally shipped, if a deal is not reached.

Responding to a US proposal through mediator Pakistan, Tehran rejected a ceasefire and said a permanent end to the war was necessary, and pushed back against pressure to reopen the strait.

Iran's rejection of the US ceasefire proposal has kept tensions elevated and left diplomacy hanging by a thread, said Priyanka Sachdeva, senior market analyst at Phillip Nova.

"Oil is holding its gains because the battlefield risk is no longer theoretical. Attacks on energy and shipping assets continue, and traders fear that even if the war ends, damage to infrastructure could sideline barrels for months, not days," she said.

Exports from several Gulf producers have already collapsed due to restricted flows through the Strait of Hormuz.

Iranian forces effectively shut the strait after US and Israeli attacks began on February 28.

"Clock-watching is now playing almost as big a role in oil markets as the fundamentals themselves

READ MORE ON B2

City Bank gets nod for Tk 1,200cr bond

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has approved City Bank's subordinated bond worth Tk 1,200 crore.

In a press release yesterday, the regulator said the unsecured, non-convertible, fully paid-up, fully redeemable, and coupon-bearing bond had received the green light.

Subordinated debt is an unsecured loan or bond that ranks below senior loans or securities for claims on assets or earnings, according to Investopedia.

The bond's coupon rate will be the reference rate plus a 3 percent margin. The reference rate is the average of the upper limit of six-month fixed deposits at private conventional banks, excluding shariah banks, foreign banks, and banks licensed after 2012.

City Bank will raise funds by issuing bonds to mutual funds, individual investors, corporates, banks, and other institutional investors through private placement. Each bond has a face value of Tk 10 lakh. The proceeds will be used to provide SME, corporate, and retail loans.

EBL Investments will act as the bond's trustee, while City Bank Capital Resources and IDLC Investments will serve as arrangers.

The BSEC said the bond will be listed on the alternative trading board of the stock exchange.

Bangladesh, UK sign MoU to boost aviation investment

DIPLOMATIC CORRESPONDENT

Bangladesh and the UK have signed a memorandum of understanding (MoU) to enhance cooperation in public-private partnerships (PPP), reinforcing their shared commitment to boosting investment and sustainable infrastructure development in the aviation sector.

Ashik Chowdhury, chief executive officer of the PPP Authority of Bangladesh, and Sarah Cooke, British high commissioner to Bangladesh, signed the MoU in the presence of the UK trade envoy Baroness Rosie Winterton of Doncaster, according to a statement from the UK High Commission issued yesterday.

Baroness Winterton is visiting Dhaka this week to reinforce and expand the longstanding and mutually beneficial UK-Bangladesh trade and economic partnership.

The agreement marks a significant step in strengthening bilateral collaboration, with a focus on investment facilitation, knowledge exchange, capacity building, and increased private sector participation in the aviation sector.

Terming the MoU an important step forward, Ashik Chowdhury said the UK is one of Bangladesh's largest investors, but no major new UK investors have entered the market in recent years.

"This [MoU] sends a clear signal that Bangladesh is open for business and ready for a new generation of investments. It also creates opportunities for our young workforce and supports its growing global mobility. We are excited about the potential ahead," he said.

Speaking at the event, Baroness Winterton said this MoU demonstrates the shared ambition to develop an aviation sector that underpins trade, tourism, and economic growth.

"The MoU provides a platform for investment and job creation that will benefit both our countries. I look forward to seeing today's agreement translate into real progress on the ground."

Humayun Kobir, adviser to the Ministry of Civil Aviation and Tourism, said Bangladesh is open for business to the world and is committed to further strengthening its relationship with the UK.

A worker stands next to sacks of fertilisers unloaded from a cargo ship at a port in Lianyungang, Jiangsu province. China is largely self-sufficient in urea and less exposed to natural gas price volatility.
PHOTO: REUTERS/FILE

China's coal-based urea shields farmers from global fertiliser turmoil

REUTERS, *Beijing/Singapore*

Farmers around the world may be switching to less nutrient-hungry crops as the Iran war hits the supply of fertilisers, but in China, they're sitting pretty with plenty of stock thanks to the country's rather unique reliance on coal to produce urea.

However, some analysts say China may not allow exports of urea - the most widely used fertiliser globally - after spring planting as it normally does, as that could drive up local prices. Beijing typically waits to see if there is a surplus in May before assessing how much can be shipped abroad.

Whereas other big exporters of urea - a nitrogen-based plant nutrient - like Russia, Qatar and Saudi Arabia use gas to produce it, some 78 percent of China's urea output is produced with coal - a relatively cheap resource it has in abundance.

"China is largely self-sufficient in urea and it is less exposed to natural gas price volatility than many other producing regions," said Willis Thomas, head of fertilisers analysis at CRU.

China's vast deployment of coal - which it also uses to create oil, gas and other products - has been particularly prescient even if it is more polluting than natural gas, as it reduces the need for energy imports that can be cut off in a conflict.

PRICE SURGES OUTSIDE CHINA

Benchmark prices for urea have surged some 70 percent since the end of February as the war prevents ships from passing through the Strait of Hormuz, a vital route for about 30 percent of the fertiliser's global trade.

Urea prices last week were trading at around $700-780 per metric ton on a free-on-board basis in Indonesia. In contrast, in northern China, prices were around 1,760-1,840 yuan ($255-$267) a ton last week, CRU's Thomas said.

US farmers plan to plant less corn - a nitrogen-intensive crop this year than last year, and will plant more soybeans, the US Department of Agriculture said last week. Australian growers are also expected to favour barley over nitrogen-intensive wheat and canola in the upcoming season.

But in China, which has also put curbs on exports of other types of fertiliser and directed the early release of commercial fertiliser reserves, little switching is expected.

F"I'm sticking with corn this year because it's still more profitable than soybeans," said a corn farmer with the surname Guo in northeastern Heilongjiang province.

AMPLE UREA SUPPLIES

China is set to produce a record 76.5 million tons of urea this year, up 6.3 percent from last year, with domestic demand estimated at 66 million tons, including 43 million tons for agriculture, according to the China Nitrogen Fertilizer Industry Association.

Nine new plants are expected to commence production this year, adding 4.9 million tons per year, mostly coal-based, Thomas said.

Last year, China exported 4.9 million tons, somewhat below historical norms of 5 to 5.5 million tons which would typically account for around 10 percent of global exports, according to StoneX.

India, which imported more than 40 percent of its urea and DAP, a blend, from the Middle East last year, has asked China to allow the sale of some urea cargoes.

However, China may keep curbs on exports in place over the coming months, some analysts said.

"If China starts exporting, local urea prices will quickly jump in line with the global market. The government doesn't want that situation," said StoneX analyst Josh Linville.

China's General Administration of Customs and its state planning agency, the National Development and Reform Commission, did not immediately respond to Reuters requests for comment.

India is one of the few countries that has also explored coal gasification as a strategic alternative feedstock for urea, but those projects are limited to a handful of early-stage initiatives.

Prime Bank promotes Ziaur Rahman to AMD post

STAR BUSINESS DESK

Md Ziaur Rahman

Md Ziaur Rahman has recently been promoted to the post of additional managing director (AMD) of Prime Bank PLC.

Prior to this promotion, Rahman had been serving as deputy managing director (DMD) of the bank since 2021, according to a press release.

He is currently also serving as the chief anti-money laundering compliance officer (CAMLCO) and chief risk officer (CRO) of the bank.

With more than 30 years of diverse experience in the banking sector, Rahman has developed strong expertise.

He has served as a branch manager, head of credit risk management, head of syndicate and structured financing, and head of corporate business, along with having extensive experience in compliance.

Before joining Prime Bank as deputy managing director, he served in various leading roles at Dhaka Bank PLC, NRB Bank PLC, and Eastern Bank PLC.

Rahman obtained his master's degree from the University of Dhaka.

War to kickstart renewables boom: IEA chief

AFP, *Paris*

The world's worst energy crisis, caused by the Middle East war, will accelerate the development of renewables, nuclear energy and electric vehicles, the head of the International Energy Agency has predicted.

In an interview published on Tuesday with the French conservative Le Figaro newspaper, IEA executive director Fatih Birol argued that the current energy crunch "is more serious than those of 1973, 1979 and 2022 combined".

But despite the fuel price spike caused by Iran's de facto blockade of the vital Strait of Hormuz chokepoint, there were "reasons to be optimistic" from how "the architecture of the worldwide energy system will change".

"It will take years. It will not be a solution to the current crisis, but the geopolitics of energy will be profoundly transformed," said Birol.

That said, some technologies would develop faster than others, he insisted.

"That is the case with renewables, such as solar and wind power, which can be installed very quickly. We will be turning to renewables very soon, probably within a few months," Birol predicted.

Even so, the IEA head insisted that countries should be "as prudent as possible" in saving energy in the short term, warning of the prospect of a "black April".

Pubali Bank, Square Hospitals launch co-branded credit card

STAR BUSINESS DESK

Pubali Bank PLC, in collaboration with Square Hospitals Limited, yesterday launched a co-branded credit card, aimed at expanding inclusive, customer-focused banking and financial services.

Md Esam Ebne Yousuf Siddique, chief operating officer of the hospital, and Md Shahnewaz Khan, deputy managing director of the bank, jointly inaugurated the card at the hospital's auditorium in Dhaka, according to a press release.

Under the partnership, doctors and employees of the hospital will receive co-branded credit cards featuring the logos of Square Hospitals Limited and Pubali Bank PLC.

Sultan Minhaj Uddin, executive vice-president (accounts and finance) of the hospital, and Prof Wahiuddin Mahmood, director (medical services), attended the event.

The initiative reflects a shared commitment to delivering tailored financial solutions, strengthening professional communities, and expanding inclusive, customer-focused banking services, the release added.

Md Shahnewaz Khan, deputy managing director of Pubali Bank PLC, and Md Esam Ebne Yousuf Siddique, chief operating officer of Square Hospitals Limited, inaugurate the co-branded credit card at the hospital's auditorium in Dhaka yesterday.
PHOTO: PUBALI BANK

Md Shahin Shahria, general manager and head of Mohakhali Corporate Branch of the bank; NM Firoz Kamal, deputy general manager and head of the card business division; and Md Azizur Rahaman, deputy general manager and head of Sonargaon Branch, along with other senior officials from both organisations, were also present at the inauguration ceremony.

Dollar nears Tk 123

FROM PAGE B1

"A rise in fuel prices will eventually lead to an increase in food prices."

But he stressed that Bangladesh's underlying trade fundamentals remain sound. While the country has recorded a dip in exports to the United States recently, the broader trajectory of remittances and export growth over the last fiscal year offered a degree of cushion.

Remittance inflows for fiscal year 2024-25 (FY25) reached $30.32 billion, up 26.81 percent year-on-year, and exports grew by 8.58 percent, reaching $48.28 billion.

Ahmed flagged a particular concern around import behaviour during periods of uncertainty. Past episodes have shown that importers tend to accelerate letter of credit (LC) payments, booking early to lock in rates, which amplifies pressure on the dollar at precisely the wrong moment.

On the structural dynamics of the exchange rate, Ahmed also said the forex reserves are under slight pressure, driven in large part by the need to import oil at elevated prices.

"The volatility is mainly stemming from the war. We have to be patient to avoid panicking. This will not last long," he added.

Bangladesh Bank has so far maintained a buffer. Gross foreign exchange reserves stood at $34.43 billion in the latest available figures, while usable reserves under the IMF's BPM6 methodology were $29.81 billion.

Since the start of FY26, the central bank has purchased over $5 billion from the interbank market to rebuild reserves, reversing a years-long trend of dollar sales.

Hormuz closure divides

FROM PAGE B4

Among the Gulf producers, Iraq's revenue fell the most - plunging by 76 percent to $1.73 billion. Kuwait was next with a 73 percent fall to $864 million.

Iraq's state oil marketer SOMO said on April 2 that March oil revenues were about $2 billion, close to Reuters' estimate.

Both countries are likely to suffer steeper declines in April as their March revenues were improved by cargoes that managed to sail in the early days of the conflict. A tanker laden with Iraqi crude sailed through the Strait last week after Iran said Iraq would be exempt from restrictions.

Adriana Alvarado, VP of sovereign ratings at Morningstar DBRS, said Gulf governments had options to shore up their finances and could either draw on fiscal savings or go to the financial markets to issue debt.

"Apart from Bahrain, the Gulf states have enough fiscal room to deal with the shock, with government debt at moderate levels below 45 percent of GDP," she added.

For the longer term, however, the impact is unclear.

Some oil companies and politicians in the West have lobbied for increased investment in fossil fuels to try to protect against supply shocks, but some analysts say renewable energy provides the best protection.

In an early indicator of how the crisis could accelerate a shift from reliance on oil, last week France's TotalEnergies and UAE state-backed renewable energy firm Masdar announced a $2.2 billion joint venture to rapidly deploy renewable energy across nine Asian countries.

Pests threaten soybean harvest

FROM PAGE B4

claimed that the situation is under control.

"We are advising farmers to use pesticides. The infestation is being managed and will gradually be eliminated," he said.

However, farmers say they see no results despite applying pesticides.

"Officials from the DAE sometimes drive past the fields and leave. They don't offer any advice or support, and don't even tell us which pesticides to use to save our crops," Siraj Mia alleged.

Other farmers in the Char Amanullah union shared similar complaints.

In response, Harunur Rashid cited a severe manpower shortage. Each of the 24 agricultural blocks in the eight unions should have one sub-assistant agriculture officer, but only 10 officers are currently working.

Ashish Kumar Kar of DAE added that soil salinity and a lack of rain also worsened the pest attack.

"The pest attack should ease after the recent rainfall," he stated.

He confirmed the manpower shortage and said a recruitment process is underway to address it.

US now

FROM PAGE B4

"Soybean meal is one of the key ingredients in the poultry and aqua feed industry in Bangladesh," the report said, adding that crushing is set to rise as feed production continues to expand.

"Recently, commercial poultry farms have expanded their operations, and some large private feed companies have begun contract farming for poultry production. Additionally, the use of formulated feed in aquaculture has increased," it added.

The USDA forecasts soybean crushing will rise by 2.2 percent to 23.5 lakh tonnes in MY27, driven by stronger demand for both soybean oil and meal.

It also projects soybean imports will climb 4.3 percent to 24 lakh tonnes in the next marketing year starting in July. Total imports in MY26 are estimated at 23 lakh tonnes, according to the USDA.

Oil prices rally

FROM PAGE B1

in the run-up to Trump's ultimatum deadline," said Tim Waterer, chief market analyst at KCM Trade.

"The potential for a ceasefire deal offers some counterweight and could spark a relief move lower if it gains traction, but persistent supply worries from the Hormuz chokepoint and damaged energy facilities are keeping the floor under prices."

The U.N. Security Council is expected to vote on Tuesday on a resolution to protect commercial shipping in the Strait of Hormuz, but in significantly watered-down form after veto-wielding China opposed authorizing force, diplomats said.

Attacks in the region continued with explosions heard in the Syrian capital, Damascus, and surrounding countryside on Tuesday that were caused by the Israeli interception of Iranian missiles, Syrian state TV reported.

Digital invoice launched to ease customs clearance

STAR BUSINESS REPORT

The National Board of Revenue (NBR) and Bangladesh Bank yesterday began piloting an electronic system for commercial invoices issued by exporters for importing industrial ingredients.

Under this new system, the central bank's Foreign Exchange Transaction Management System (FxTMS) has been linked with ASYCUDA World, an integrated customs management system for international trade used by customs to transfer commercial invoices in real time.

The move is expected to reduce the use of paper invoices and make customs clearance simpler, faster, and hassle-free. While the pilot is ongoing, businesses still need to submit physical, bank-certified hard copies of commercial invoices to customs offices.

Once fully operational, all necessary data will automatically appear in the ASYCUDA World system, and businesses will no longer need to visit customs offices, as verification will happen online.

Reliance on physical paperwork will be significantly reduced, said the NBR after the launch of the interconnection, inaugurated by NBR Chairman Md Abdur Rahman Khan at NBR headquarters.

The system will help prevent revenue evasion and lower financial risks. It will also create a digital trail to help curb trade-based money laundering, said the NBR in a statement.

After the pilot phase is successfully completed, the revenue authority plans to make the digital submission of commercial invoices mandatory for all Bills of Entry, gradually in stages.

Governor asks banks' shariah board members to work independently

STAR BUSINESS REPORT

Bangladesh Bank Governor Md Mostaqur Rahman has promised full protection to the members of the country's shariah boards and urged them to work independently.

Recently, the BB governor met members of the newly formed Bangladesh Bank Shariah Advisory Board, representatives from almost all Islamic banks, prominent scholars, and academics to discuss the current state, challenges, and future reforms of Islamic banking in Bangladesh.

"You, the members of shariah boards, shall work independently; the central bank will provide you with full protection," he said, referring to members of the shariah boards of Islamic banks of the country.

Rahman chaired the meeting at the central bank's headquarters, which was also attended by the deputy governor responsible for Islamic banking regulation, executive directors, directors, and senior officials.

At the event, the governor acknowledged past money laundering incidents in Islamic banking, attributing them to weak oversight. He emphasised that Islamic banking, being asset-backed, should prevent such losses if shariah principles are properly applied.

He underscored that Islamic banks must operate free from political influence and focus solely on service.

Scholars at the meeting proposed several measures to strengthen shariah governance

Scholars at the meeting proposed several measures to strengthen shariah governance, including empowering shariah supervisory committees and secretariats to operate independently of banks' boards.

Major investments would require approval from at least a three-member shariah subcommittee. They also recommended enacting a dedicated Islamic Banking Act, appointing a deputy governor and executive director for Islamic banking supervision, and setting mandatory shariah knowledge standards for bank executives.

To enhance transparency, proposals included annual external shariah audits, separate Core Banking Systems (CBS) for shariah-compliant operations, and a shariah governance framework with a compliance rating system modelled on Malaysia.

Scholars also suggested establishing a research centre and library on Islamic economics to position Bangladesh as a regional hub for Islamic finance studies.

Additional measures included providing liquidity support, introducing shariah-compliant money market instruments, and treating major money laundering and corruption cases as acts of treason with strict penalties.

Notable attendees included Prof Abu Bakr Rafique, Mufti Shahed Rahmani, Mohammad Manjure Elahi, and shariah representatives from Islami Bank Bangladesh, Al-Arafah Islami Bank, Standard Islami Bank, UCB, ICB Islamic Bank, Jamuna Bank, and ONE Bank.

India moves closer to nuclear fuel self-reliance

AFP, *New Delhi*

India has moved closer to producing its own nuclear fuel after a domestic-designed reactor began a controlled nuclear reaction, an important step before it can start generating power.

Energy-hungry India, the world's most populous country and third-largest emitter of greenhouse gases, has ambitious plans to expand nuclear power capacity from its current eight to 100 gigawatts by 2047.

Prime Minister Narendra Modi said the Prototype Fast Breeder Reactor (PFBR) at Kalpakkam attained "criticality", the stage at which a self-sustaining nuclear chain reaction starts.

"Today, India takes a defining step in its civil nuclear journey, advancing the second stage of its nuclear programme," Modi said in a statement late Monday.

"This advanced reactor, capable of producing more fuel than it consumes, reflects the depth of our scientific capability and the strength of our engineering enterprise."

Modi called it a "decisive step towards harnessing our vast thorium reserves", a potential fuel for nuclear reactors.

The reactor does not yet generate electricity for the grid. That comes in the next stages, once the reactor moves to full power operation.

The development also comes at a time of global energy uncertainty, including war in the Middle East, which has heightened concerns about fuel supply disruptions.

India remains heavily dependent on coal, but has pledged to reach net-zero emissions by 2070.

AI dreams crash into stark $7tn reality

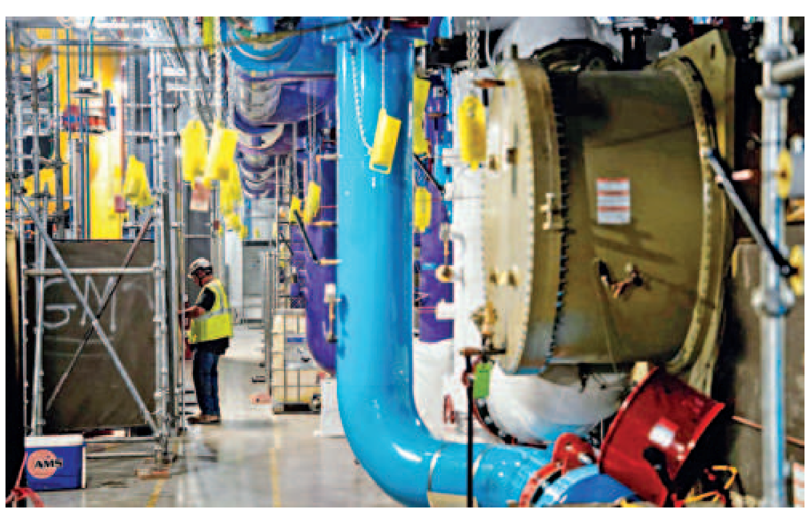
REUTERS, *New York*

Artificial intelligence is squeezing the planet's resources. Serious questions have yet to be answered about whether there's enough labor, copper, water and other basics to build and operate all the data centers now under consideration. Even if AI titans manage to solve these problems, there's an even bigger and stickier supply matter to work out: money.

Large-language hoopla ushered in the new year, picking up where it left off in 2025. Standing in an 800,000-square-foot warehouse, Mississippi Governor Tate Reeves on January 8 unveiled what he called the single-biggest investment in state history, a $20 billion project by Elon Musk's xAI for a sprawling complex with nearly 2 gigawatts of computing power. All told, more than 50 GW of such US projects have been announced, according to a running tally being kept by Barclays analysts, with a similar figure touted across Europe.

It's a staggering amount of computing power, and one that's especially hard to comprehend given the similarly imposing financial commitments. The sheer size reflects exuberance over how AI models such as OpenAI's ChatGPT and Google's Gemini will upend productivity and economic output worldwide. A closer look, however, suggests it will be exceedingly difficult, maybe impossible, to fund all the envisioned expansion.

Data centers are measured by the amount of peak electricity it takes to operate and cool the servers. Roughly 110 GW of such projects are already in the planning stages, at least based on tallies from public statements. Nvidia boss Jensen Huang, whose company supplies most of the processing power for training and running AI, reckons it costs $60 billion to $80 billion to construct a 1 GW compound housing thousands of server racks. His numbers are higher than most. Using a $36 billion per GW figure from Bernstein analysts would translate into some $4 trillion to pay for all the currently slated data centers. At the bottom of Huang's range, however, the implied outlay is $6.6 trillion.

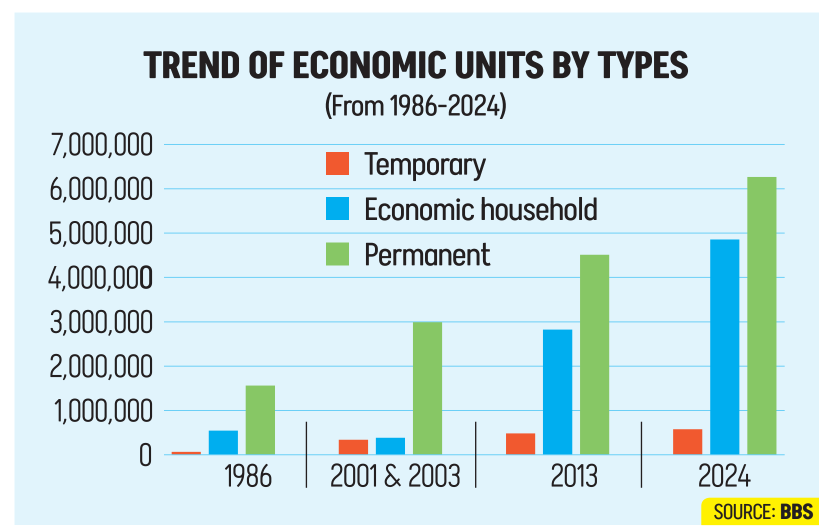


A person works inside the Microsoft data centre campus' graphical processing unit in Mount Pleasant, Wisconsin. PHOTO: REUTERS/FILE

The ambition eclipses one of the largest public works projects in history. Authorized by President Dwight Eisenhower in 1956, the US Interstate Highway System cost about $500 billion in today's dollars. It ran considerably overbudget and took more than three decades to complete. AI proponents aim to spend 13 times as much over, roughly speaking, just five years.

Without taxpayers to foot the new technology bill, it will fall to private investors instead. Although AI hype is rampant and 13-digit sums are casually thrown around these days in reference to everything from corporate valuations to government interest payments, it's an implausible sum to raise in such a short period of time.

Big technology companies pinning their futures on AI are tapping deep pools of money. Alphabet, Amazon.com, Meta Platforms, Microsoft and Oracle have already committed significant amounts and, theoretically at least, have even more at their disposal. Combined, the fivesome is expected to generate $5.5 trillion of operating cash flow from selling software subscriptions, advertising, cloud storage and other goods and services over the next five years, according to estimates gathered by Visible Alpha.



Industry loses share as services race ahead

FROM PAGE B1

capacity to diversify exports and create higher-quality, well-paid jobs.

"Ideally, manufacturing should be the engine that absorbs labour from agriculture and drives productivity," said Iqbal. "But what we are seeing is that services are expanding faster, without industry growing at the pace it should."

The census also identifies financing challenges for businesses.

According to it, nearly 86 percent of economic units face capital shortages, making access to finance the most pressing constraint.

About a third of businesses reported difficulties obtaining loans. Other common concerns include infrastructure gaps, rising production costs, and shortages of skilled labour.

Around 8 percent of businesses struggle with consistent electricity and fuel supply, while smaller shares reported issues with marketing and access to raw materials.

FDI growth masks slowdown

FROM PAGE B1

A broader global slowdown has also made investors more cautious, with capital flowing to more stable and predictable destinations.

To attract fresh FDI, she stressed the need for consistent policies, respect for contracts, improved infrastructure, and above all, political and social stability.

Khondker Golam Moazzem, research director at the Centre for Policy Dialogue, meanwhile, pointed out that Bangladesh's FDI inflows remain subdued, with limited signs of strong growth compared with regional peers such as India.

He said a major concern is the composition of inflows. "Intra-company loans have risen sharply, but these largely reflect financing by parent companies to existing operations, not fresh investment."

He added, "Greenfield investors continue to face hurdles, including complex licensing requirements, delays in opening bank accounts, land acquisition difficulties, and slow approvals."

FDI also remains concentrated in traditional sectors, he said, while weak intellectual property enforcement and regulatory gaps have kept investment out of non-traditional, export-oriented industries.

In a similar tone, M Masrur Reaz, chairman and CEO of the Policy Exchange of Bangladesh, noted that equity accounts for only around a third of total FDI. "This composition is not encouraging for job creation or economic diversification, even though net FDI recorded strong growth in 2025."

Pests threaten soybean harvest in Subarnachar

ANWARUL HAIDER

Siraj Mia, 70, a farmer from Katabunia village in Char Amanullah Union of Subarnachar upazila, Noakhali, had spent Tk 10,000 this year cultivating soybeans on 40 decimals of land. He had hoped to harvest 12 to 15 maunds (1 maund = 40 kg) and, with prices ranging from Tk 1,500 to Tk 1,600 per maund, expected a profit of Tk 10,000 to Tk 14,000.

However, pests have attacked his entire field, putting his expected yield at risk.

Like Siraj Mia, most farmers in Subarnachar -- known as the granary of Greater Noakhali, which includes Noakhali, Lakshmipur, and Feni -- are reporting widespread pest infestations.

This season, Subarnachar's soybean fields cover 10,120 hectares, while the total area planted in Noakhali district is 17,059 hectares. The district's production target is 31,559 tonnes, with an expected average yield of 1.85 tonnes per hectare, Ashish Kumar Kar, deputy director of the Department of Agricultural Extension (DAE) in Noakhali, told The Daily Star.

According to the US Department of Agriculture (USDA) Foreign Agricultural Service, Bangladesh is expected to plant soybeans on 105,000 hectares in the marketing year (MY) 2026-27, producing 180,000 tonnes -- a 5 percent increase in area and a 2.8 percent increase in production compared with MY 2025-26.

Farmers say pesticides are having no effect

Yet the country produces only about seven percent of its annual soybean requirement. Soybeans are mainly grown in the southern belt, including Noakhali and Lakshmipur in Chattogram division, and Pirojpur, Patuakhali, Borguna, and Bhola in Barishal division.

Soybeans are increasingly popular due to lower production costs and minimal irrigation needs. Farmers plant them after harvesting Aman rice, relying on residual soil moisture, and harvest in 100-110 days.

Usually, farming starts between mid-December and January, but last year's heavy rains and prolonged waterlogging delayed planting. Harvest is now expected in late April or early May.

CROP DAMAGE VISIBLE IN FIELDS

A visit to several fields in eight unions of Subarnachar on Monday afternoon revealed serious crop damage.

Although the fields appear green from a distance, closer inspection showed hairy caterpillar infestations on the leaves and shoots.

Over the past two weeks, pests have fed on the undersides of leaves, causing holes, browning, and leaf death. In some areas, black spots have appeared on leaves, and plants are failing to flower.

Farmers now fear they will be unable to meet production targets. Many worry about financial losses, as some have leased land, taken high-interest loans from moneylenders or non-governmental organisations, and even sold livestock such as cows and goats, in the hope of a profitable harvest.

Subarnachar Upazila Agriculture Officer Md Harunur Rashid acknowledged the pest attack but

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PHOTO: ANWARUL HAIDER

Soybean fields in Subarnachar, Noakhali, face widespread pest infestations, threatening yields and farmers' incomes despite pesticide use. Inset: Leaves damaged by hairy caterpillars show holes, browning, and black spots as plants struggle to flower.

US now Bangladesh's top soybean supplier

SOHEL PARVEZ

The United States has become Bangladesh's top soybean supplier, as private importers increased purchases under a reciprocal trade deal and US prices eased earlier in the year when Chinese demand briefly slowed.

In the first eight months of marketing year (MY) 2025-26, the US supplied 84 percent of Bangladesh's soybean imports, up from 48 percent a year earlier, according to the US Department of Agriculture (USDA).

Bangladesh produces only about 7 percent of its annual soybean requirement, mainly in coastal districts. The rest comes from abroad.

In the July-February period of MY26, the country imported 13.5 tonnes of soybeans, USDA said in a report on Bangladesh oilseeds and products published last month. Of that, 11.3 tonnes came from the US, while Brazil supplied the remaining 16 percent.

The surge in imports followed Dhaka's decision to buy more American farm goods under a reciprocal trade agreement. The package covers wheat, soybeans and soy products, as well as cotton, with an estimated total value of $3.5 billion.

As per the deal, Bangladesh agreed to purchase at least 700,000 tonnes of wheat a year for five years and at least $1.25 billion, or 26 lakh tonnes, of soybeans over one year.

The agreement drew criticism at home and stirred concern among businesses.

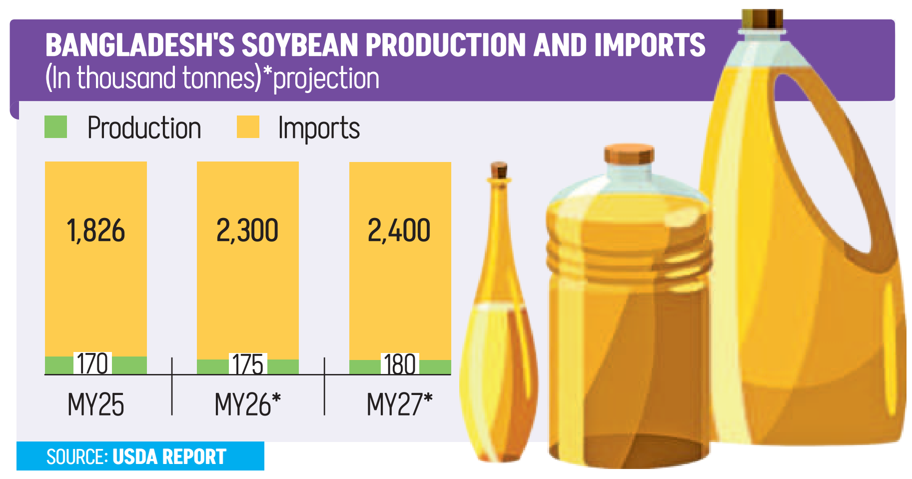
It came after the Trump administration cut the reciprocal tariff on Bangladeshi exports to the American market to 19 percent from an initial 37 percent imposed in April last year, citing efforts to narrow the US trade deficit. Bangladesh runs a trade surplus with the US.

In August last year, Washington set the rate at 20 percent on shipments from Bangladesh after the interim government agreed to buy 25 Boeing aircraft, 35 lakh tonnes of American wheat over the next five years, and increase imports of US cotton, liquefied natural gas (LNG), soybeans and other agricultural products.

Annual demand for edible oil in Bangladesh stands at about 48 lakh tonnes, with palm oil and soybean oil dominating the market because of their availability and relatively low prices.

In November, three major local soy crushing firms, Meghna Group of Industries, City Group and Delta Agro, committed to purchase $1 billion worth of American soybeans over the next one year, boosting prospects for US exports.

Bangladesh depends heavily on imports to meet edible oil demand because domestic output is limited. Local production meets only about 10 percent of the country's total requirement, according to USDA estimates.



The USDA said four oilseed crushing mills are now operating in Bangladesh. Domestic crushers supply about one-fourth of the country's soybean oil demand of 17 lakh tonnes, with the remaining 75 percent imported as crude soybean oil and refined at home.

The agency said local crushers earn most of their profits from soybean meal rather than oil.

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Middle East war challenges and opportunities for Bangladesh

AF NESARUDDIN

There is no denying that any war between two or more nations carries a huge financial cost, apart from human casualties, including deaths, partial and permanent disabilities, loss of property and damage to infrastructure and strategic installations. It becomes particularly tragic when civilians are targeted, whether deliberately or accidentally. Over the past few decades, the Iran-Iraq war, the Kuwait war, the Russia-Ukraine war and the relentless bombing in Gaza have demonstrated the devastating consequences of conflict, with the global economy suffering significantly. The recent US-Israel attack on Iran is a serious development that is reshaping the geopolitical landscape of the Middle East and gradually affecting the wider world. Many Middle Eastern and Gulf countries are exposed to the risks of escalation because of the presence of US military bases. Unfortunately, there is no visible sign of a ceasefire. In recent years, increasing migration of Israeli citizens, mostly to Europe, has created economic and social pressures there. At this stage, it is unclear where the global political and economic order is heading.

Like many other countries, Bangladesh is feeling the strain, even as it seeks to steer a damaged economy towards stability and prosperity. A large number of non-resident Bangladeshis work in the Middle East, which is the second largest source of foreign exchange earnings. If businesses in the region close or suffer financial hardship, many workers may lose their jobs in the short term. Economic priorities in Middle Eastern countries could shift sharply. Unless the conflict takes a different turn, several Gulf states may face heavy financial burdens linked to US war spending.

At the same time, uncertainty over fuel supplies from the Middle East has made the global economy more vulnerable. The cost of goods and transport has already begun to rise, with little sign of easing. Countries with fragile economies and modest growth are being hit hard, and Bangladesh is among them. These are the direct impacts.

Bangladesh's main export earnings come from the readymade garments sector, with North America and Europe as key markets. There is growing concern that the world economy is moving towards recession. If that happens, demand for Bangladeshi exports is likely to fall, reducing export volumes and earnings.

Pressure from foreign debt repayments will be another crucial challenge. The release of committed funds is becoming more difficult if debt covenants are not fully met. Existing foreign loans are already high relative to repayment capacity. Even new loans on concessional terms would add to future repayment obligations and increase financial strain.

Yet within this difficult situation lies opportunity. Middle Eastern and Gulf countries may need large-scale rehabilitation and reconstruction projects. Bangladeshi workers in the Middle East, Malaysia and Singapore have proved themselves hard working, loyal and skilled, particularly in construction.

Alongside skilled workers, there will also be demand for semi-skilled and unskilled labour. Bangladeshi construction firms could also find scope to expand their operations. Some oil-rich Middle Eastern countries may be reluctant to favour allies of Israel in awarding contracts, potentially diverting jobs and business to others. Bangladesh's prospects will depend on how efficiently and strategically the government acts, and how effectively it manages diplomatic relations.

The world appears to be passing through a dark and uncertain period. It is difficult to say when clarity will emerge. Bangladesh must remain cautious and pragmatic, managing its limited resources wisely. Any misguided decision could prove costly, and economic growth could suffer further setbacks.

The writer is a senior partner of Hoda Vasi Chowdhury & Co and a past president of ICAB

Hormuz closure divides the fortunes of Middle Eastern oil states

REUTERS, *London*

The Strait of Hormuz's closure and the resulting surge in global oil prices have handed financial windfalls to Iran, Oman and Saudi Arabia, while other states that lack alternative shipment routes have lost billions of dollars, a Reuters analysis found.

Iran effectively shut the Strait - a route for about a fifth of global oil and LNG flows - after US and Israeli airstrikes on Iran at the end of February led to a widening conflict.

It later said it would allow transits by vessels that had no US or Israeli links. As a result, some tankers have managed to cross the narrow waterway, but energy markets have still experienced unprecedented disruption. International Brent crude rose by 60 percent in March, a record monthly increase.

US President Donald Trump has threatened to rain "hell" on Tehran unless it makes a deal by the end of Tuesday that would allow traffic to start moving through the Strait of Hormuz.

GEOGRAPHY DETERMINES OIL FORTUNES

While much of the world faces a surge in inflation and economic damage from the energy price rise, for the Middle Eastern oil producers, the impact has depended on their geography. Although Iran has control over the Strait, Oman, Saudi Arabia and the United Arab Emirates can bypass it via pipelines and ports.

By contrast, oil from Iraq, Kuwait and Qatar has been trapped as the countries lack alternative routes to international markets.

Following Trump's latest threat, an Iranian official told Reuters Iran would not open the Strait as part of a temporary ceasefire. It has rejected Trump's previous ultimatums, saying it will not be humiliated.

Some analysts say the US-Israeli war on Iran in some ways has strengthened Tehran. "Now that Hormuz has been closed, it can be closed again and again, and that poses a major threat to the global economy," said Neil Quilliam, associate fellow at think tank Chatham House. "The genie is out of the bottle."

The International Energy Agency described the conflict as the world's biggest energy supply shock yet, citing more than 12 million barrels per day of regional shut-ins and damage to about 40 energy facilities.

The Reuters analysis of March export data found Iraq and Kuwait's estimated notional oil export revenues both plunged by about three-quarters year-on-year. Conversely, Iran's revenues rose by 37 percent and Oman's by 26 percent. Saudi Arabia's oil revenues increased by 4.3 percent, while the UAE's dipped by 2.6 percent as the price surge offset lower volumes.

The estimates use export volumes from ship-tracking firm Kpler and JODI data, where available, multiplied by average Brent prices, and compared against a year earlier. Brent was used for simplicity, even though many of these crudes are priced against other benchmarks currently trading at significant premiums to it.

PHOTO: AFP

Commuters make their way past a billboard with a sentence reading 'The Strait of Hormuz remains closed' at the Enqelab Square in Tehran on April 5.

SAUDI ARABIA GETS HIGHER ROYALTIES AND TAXES

For Saudi Arabia, higher prices mean increased royalties and taxes from state oil giant Aramco, which is overwhelmingly owned by the government and its sovereign wealth fund.

The uplift is particularly positive for the kingdom following heavy spending on projects designed to diversify its income away from oil that had contributed to a budget deficit.

Aramco declined to comment when asked about Reuters' calculations. Representatives for the other countries or their oil companies did not immediately respond to requests for comment.

SAUDI PIPELINE WAS BUILT DURING IRAN-IRAQ WAR

The kingdom's biggest pipeline is the 1,200-kilometre (746-mile) East-West link, built in the 1980s during the Iran-Iraq war to bypass Hormuz.

It connects eastern oilfields to the Red Sea port of Yanbu and is operating at its expanded 7 million barrels per day capacity.

Aramco uses about 2 million bpd domestically, leaving roughly 5 million bpd for export. Yanbu loadings averaged a near-capacity 4.6 million bpd in the week starting March 23, shipping data shows, despite attacks targeting the hub on March 19.

Overall Saudi crude exports fell 26 percent year-on-year in March to 4.39 million bpd, Kpler and JODI data showed. Still, higher prices increased the value of those exports by roughly $558 million from a year earlier. Riyadh had pre-emptively boosted exports in February to their highest since April 2023, in case of a US attack on Iran.

Despite the advantage of the East-West link, Quilliam said Saudi Arabia remained vulnerable to further strikes by Iran or its allies in Yemen, the Houthis, against its energy infrastructure in the west and vessels passing through the Bab el-Mandeb Strait to the Red Sea.

IRAQ HAS SUFFERED THE BIGGEST DROP

The UAE has been shielded to an extent by its 1.5-1.8 million bpd Habshan-Fujairah pipeline, which bypasses the Strait. Its estimated oil export value still fell by more than $174 million year-on-year in March. Fujairah has come under a series of attacks that led to loading halts.

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