

# South Asia's trade policies stifle job creation, exports

Economists warn at ninth Sanem Annual Economists' Conference

**STAR BUSINESS REPORT**

Trade policies in South Asia are shielding less productive sectors while constraining job creation and export competitiveness, economists said at a session of the ninth Sanem Annual Economists' Conference held at BRAC Centre Inn in Dhaka yesterday.

"South Asia's trade policies are protecting the least dynamic parts of its economy while holding back job creation," said Franziska Ohnsorge, chief economist for South Asia region at the World Bank, in her presentation at a session on "Development challenges and policy responses in a changing world".

Around 40 percent of workers in the region are employed in sectors – mainly agriculture – protected by tariffs exceeding 30 percent, she noted. These sectors have contributed little, or even negatively, to employment growth over the past decade.

Ohnsorge said that, in contrast, low-tariff sectors account for nearly three-quarters of new jobs, underscoring the role of more open, competitive industries in driving employment.

High tariffs also raise input costs, particularly for manufacturing, weakening export competitiveness.

"Workers in protected sectors are typically older and less skilled, suggesting that tariff protection is shielding a stagnant segment of the labour market," she said.

Ohnsorge suggested that reducing tariffs, alongside measures to ease worker mobility, could boost growth, create better jobs, and increase overall government revenue.

Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD), highlighted a key gap in trade liberalisation debates, arguing that domestic reforms cannot be assessed without considering partner-country policies.

He stressed that trade is inherently reciprocal. "It takes two to tango," he said, warning that ignoring partners' policies oversimplifies real outcomes.

Referring to Ohnsorge's keynote, Rahman acknowledged that tariff reduction can improve resource allocation and support employment in efficient sectors, reflecting the widely accepted theory of comparative advantage.

He also noted that while Bangladesh is expected to lower tariffs on US imports, its exports could face duties of nearly 35 percent, raising annual payments to around \$3 billion.

Bringing up the garments sector, he said a mix of liberalisation and



Meaningful trade reforms remain essential to drive growth, create jobs, and ensure sustainable economic stability, said an expert. PHOTO: STAR/FILE

incentives enabled strong backward linkages and over 50 percent domestic value addition.

As Bangladesh approaches LDC graduation in November 2026 – though the government has requested a deferment – he urged calibrated reforms, noting that global rules allow policy flexibility amid an uneven playing field.

Anirudh Shingal of SP Jain Institute of Management and

Research in India highlighted practical strategies for countries facing rising trade policy uncertainty, drawing on recent research.

He said informal networks such as the Commonwealth can play a stabilising role during crises, as countries tend to trade more within culturally and linguistically connected groups when uncertainty rises.

Shingal also noted that "aid for trade" remains effective. Across

multiple manufacturing sectors, such support has been found to boost exports from recipient countries to donor markets, offering a viable cushion for low-income economies.

Srimal Abeyratne, professor of Economics at the University of Colombo, said Sri Lanka's weak export performance remains puzzling despite decades of export-oriented reforms.

He noted that the country has endured multiple shocks in recent years, including the pandemic and the 2022 debt crisis.

While macroeconomic stability has improved and recovery is visible on the surface, poverty has deepened, businesses have collapsed, and structural vulnerabilities persist.

Abeyratne stressed that trade is central to sustaining recovery, reducing poverty, and meeting debt obligations from 2028. However, Sri Lanka faces ongoing challenges in external financing and reserve adequacy, which remain below IMF targets.

Despite this, rising foreign exchange earnings from these sources have reduced urgency for reforms. Abeyratne argued that meaningful trade reforms remain essential to drive growth, create jobs, and ensure sustainable economic stability.

# DSE brokers team up with Japanese peers

**STAR BUSINESS REPORT**

The DSE Brokers Association of Bangladesh (DBA) has teamed up with the Japan Securities Dealers Association (JSDA) to foster sustainable development, enhance efficiency, and strengthen international cooperation in Bangladesh's capital market.

Takashi Hibino, chairman and CEO of JSDA, and Saiful Islam, president of DBA, signed a memorandum of understanding (MoU) on April 9, said a press release issued by the DBA yesterday.

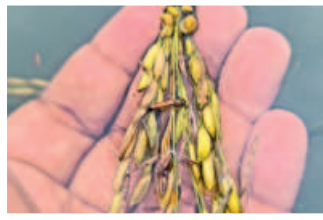
Under the agreement, the two organisations will collaborate in several key areas to support the development of the securities market, including the exchange of laws and regulations related to financial investment businesses and capital markets.

They will also work on developing governance frameworks, policy-making processes, and operational practices of self-regulatory organisations; strengthening supervision and compliance mechanisms; enhancing efficient financial transaction systems, fostering innovation in investment instruments and services, and expanding investor education programmes.

## Heavy rain, upstream water

**KEY POINTS**

- ◆ Storms, heavy rain, water from upstream caused waterlogging
- ◆ Multiple haor and low-lying areas affected
- ◆ Rehabilitation to begin after Boro harvest or next cropping cycle



- ◆ Farmers warn repeated waterlogging may threaten haor farming
- ◆ Damage assessment ongoing, affected farmers' lists being prepared
- ◆ FY26 Boro covers 50.50 lakh hectares, 2.24 crore tonnes target

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harvesting paddy. We will start a rehabilitation programme for affected farmers after the Boro season ends, or before the next season begins," he added.

According to provisional DAE data, Boro paddy cultivation reached 50.50 lakh hectares in the fiscal year 2025-2026 (FY26), a 3.29 percent increase from the previous year.

Production has also risen in recent years, increasing from 2.01 crore tonnes in FY22 to 2.13 crore tonnes in FY25, with a target of 2.24 crore tonnes set for the current season.

Obaidur Rahman Mondol, director of the Field Service Wing at the DAE, said incentive distribution for jute

farmers – who sow seeds from March to May – in affected areas has already been completed after identifying eligible beneficiaries.

He added that while government policy focuses on supporting the next cropping cycle, areas such as Kishoreganj are facing difficulties due to the absence of a follow-up crop.

Mondol also said the worst damage was reported in Itna, Nikli, and Mithamain upazilas of Kishoreganj, adding that a report has been submitted and any further action will follow ministry approval.

A recent US Department of Agriculture (USDA) report on Bangladesh forecasts that for marketing year 2026-27 (MY27), the

total rice harvested area will be 11.8 million hectares, with production estimated at 37.4 million tonnes.

It said the harvested area is expected to rise by 0.4 percent compared to MY26, but production may fall by 0.7 percent due to lower yields from the ongoing Boro season.

The USDA report added that lower Boro rice yields are due to disrupted irrigation and fertiliser use, caused by fuel and fertiliser shortages linked to the Middle East conflict.

As of the third week of March 2026, limited rainfall has helped crop growth to some extent, but farmers remain concerned about shortages of diesel needed to operate shallow and low-lift irrigation pumps.

**TRANSFORMATION NEEDS POLICY PUSH**

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD), said it is good news that the companies that pioneered and invested in solar energy are getting their dividend back.

He said this would encourage others to pursue green transformation. He also urged the government to provide immediate fiscal support so that factories are encouraged to invest more in solar.

According to Moazzem, policy backing should focus on improving merchant power plants. The government could explore regional markets for renewable energy, which would protect industry from disruptions in diesel, furnace oil and other fossil fuels.

Muzaffar Ahmed, chairman of the Sustainable and Renewable Energy Development Authority (Sreda), said many production units are struggling with fossil fuel-based energy, creating an opportunity to expand renewables.

He said Sreda would make its best efforts, although issues such as import duties fall under the National Board of Revenue (NBR).

Mahmud Hasan Khan, president of the BGMEA, said he has avoided the worst of the current energy crisis by using solar power.

Khan welcomed the government's plan to expand solar generation but said it must be matched by genuine policy commitment.

Although a policy allows renewable energy generation through merchant power plants, the wheeling charges levied by the BPDB are too high, he said.

The BGMEA president said renewable energy must be commercially viable for producers. Without that, the transition will fail to gather pace.

## \$2b out of pocket

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The mounting costs are "bleeding the exchequer of the government," the minister said, as revenue collection is weak due to stress in the private sector.

"On top of that, the tax-to-GDP is not increasing because of business stress, the businesses are in bad shape," he said.

Khosru noted that stabilising the economy will require immediate financial support and structural intervention, including recapitalising banks and private firms. "Without this, no reform agenda will be effective."

He said the tax-to-GDP ratio has dropped from around 11 percent to below 7 percent. Conditions of the International Monetary Fund (IMF) often miss a basic point: if businesses

do not recover, tax receipts will not improve.

"The major problem we face right now is that until the economy turns around, we need a cushion for two years. That's budget support and everything else that has to come," he said. Capital shortages, he added, remain the most urgent obstacle.

"We have inherited an economy where the financial sector is practically in the doldrums. The capital market is also in the doldrums, and more than \$200 billion has been siphoned out of Bangladesh," he said.

"The financial sector, particularly the banks, is in a fragile state. Many are practically bankrupt and need immediate recapitalisation."

He said the economy had operated in an oligarchic fashion, limiting fair

competition.

"Then came a 40 percent depreciation of the currency, followed by around 10 percent erosion due to inflation. Effectively, about 50 percent of capital and working capital has been wiped out."

Rebuilding capital buffers is the first order of business, he said. Without fresh capital in banks and companies, growth will stall.

The government is in talks with international financial institutions to help restore confidence, particularly in the banking system.

"We have been talking to IFC [International Finance Corporation], and we had a good discussion. They are looking into how this banking sector revival plan can be worked out," he said.

## AL kept people 'hostage'

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programmes through "family cards" and is planning to re-excavate canals across the country.

"Many more reforms will be undertaken, but these will be realistic and based on domestic realities," he added.

In future, he said, the government will increase the reserves of strategic commodities such as fuel oil, edible oil, rice, and wheat. "We will also increase investment expenditure at a higher rate than the government's operational expenditure."

Meanwhile, responding to a question, the premier's adviser informed that equal opportunity would be ensured for all individuals accused of looting struggling banks to regain their ownership of the institutions.

Any disputes, he said, would be resolved in the Supreme Court.

Prof Mustafizur Rahman, a distinguished fellow of Centre for Policy Dialogue, said over the past three years, the largest portion of the government's budget has been spent on debt servicing.

He explained that since revenue has not increased sufficiently, the government has had to take on more loans to service existing debt.

"To escape this type of debt trap, the current government must formulate a roadmap," he said while addressing the event as guest of honour.

The policy expert added, "The development narrative we have heard for years is essentially debt-driven growth, and the country must move away from it. Financing

could be sourced from the equity market, alongside a stronger focus on increasing revenue."

The current government faced a tough test in its initial days. On one hand, it inherited macroeconomic instability; on the other, it must address the challenge of graduating from least developed country status, even if it manages to defer the graduation once.

"People's expectations are also very high, so inclusive development and reform must continue despite these challenges," he said.

Meanwhile, apparel sector leaders called for ensuring policy stability and energy security if the government wants to use the sector for employment growth and private sector investment.

## Solar-powered factories

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Exporters say production capacity in major industrial hubs has already fallen by 25 percent to 30 percent as energy shortages continue to bite.

The country's largest industrial rooftop solar system was installed at the Korean Export Processing Zone (KEPZ) in Chattogram in 2020.

This plant, operated by Youngone Corporation, currently generates 44 megawatts of solar power. It meets peak demand for factories inside the zone and sells surplus electricity to the Bangladesh Power Development Board (BPDB) through net metering.

"We are not facing problems due to diesel shortages caused by war or due to load-shedding," said Md Shahjahan, managing director of KEPZ.

He said many factories in the zone operate little at night, leaving excess power to sell. "In that sense, renewable energy is giving us a good dividend."

He added that greater reliance on renewable energy would shield industrial units from power cuts and diesel shortages. It could also help secure more export orders in markets such as the United States and Europe, where buyers increasingly favour greener supply chains.

Amid the energy shortage, however, not all factories enjoy full coverage of solar power.

Syed M Tanvir, managing director of Pacific Jeans Ltd, which has production units in Chattogram, said solar panels meet about 20 percent of his factory's daytime demand.

During load-shedding, he still depends on diesel generators to run operations. Even so, solar power keeps fuel use lower than at factories without any renewable options, giving him a relative edge.

Tanvir estimates there are around 2,000 megawatts of standby generator capacity across factories in

various sectors, all running on diesel. If those generators operate for four to five hours a day, fuel consumption soars.

Typically, factories require one to two megawatts for backup. Rooftop solar systems could meet much of that demand, he said. "Besides, it would reduce reliance on diesel and ease pressure on foreign currency reserves."

**HIGH COSTS HOLD BACK EXPANSION**

Bangladesh remains well behind its neighbours in clean energy adoption. Non-fossil fuel sources accounted for 51 percent of India's electricity generation in the 2025-26 financial year.

Cambodia derives 62 percent of its power from renewable sources, largely hydropower, giving its textile sector a comparatively low carbon footprint. Pakistan's clean energy share stands at around 46 percent as of September 2025.

By contrast, renewables account for only about 3 percent of Bangladesh's total energy mix.

Entrepreneurs say the main obstacle is cost. Renewable energy requires heavy initial investment, and import duties on equipment are steep.

In Bangladesh, industry grade lithium batteries face a 58 percent duty. Manufacturers say that a temporary reduction, even for two to three years during the ongoing energy crisis, would encourage factories to replace diesel generators.

Their argument is that such a move would support industry and help the government save foreign currency by cutting fuel imports.

KEPZ Managing Director Shahjahan said the government could play a decisive role. With policy support, solar adoption would accelerate, lowering energy import dependence and strengthening

**Government of The Peoples Republic of Bangladesh**  
**Bangladesh Police**  
**Office of the Superintendent of Police, Bhola**  
**www.bhola.gov.bd**

Memo No. Police Office Bhola/1340 Dated : 18/04/2026

**Re-Tender Notice**  
**Tendering Method : NCT-OTM**

e-Tender is invited in the National e-GP Web Portal (<http://www.eprocure.gov.bd>) for the procurement of the following works:

SL No	Re-Tender ID	Procurement Nature, Title	Last date & time of tender document purchasing	Last date & time of tender Submission opening
1	1260470	Goods, Procurement of Rice grader for ration of Bhola district police (4th quarter), FY-2025-2026 ( April/2026 to 30 June/2026)	26-Apr-2026 14:00	26-Apr-2026 17:00
2	1260447	Goods, Procurement of Vitamin A-rich Edible Oil for ration of Bhola district police (4th quarter), FY-2025-2026 (01 April/2026 to 30 June/2026)	22-Apr-2026 14:00	22-Apr-2026 17:00

**This is an online Tender, where only e-Tender will be accepted in the National e-GP portal and no offline/hard copies will be accepted.**

**Special Note: The Contractor must send the sample of Edible oil(soyabean) by 12.00 PM 22-04-2026 and Polau Rice to Police Super Office by 12. PM 26-04-2026.**

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