

Star BUSINESS



Rancon Auto, Mitsubishi form JV to make vehicles in Bangladesh

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Rancon Auto Industries Ltd has entered a strategic partnership with Japan's Mitsubishi Corporation to manufacture vehicles in Bangladesh for sale in domestic and regional markets.

Under the agreement, Mitsubishi will take a 25 percent equity stake in Rancon Auto, which began local production of the Mitsubishi Xpander in June last year.

Announcing the joint venture at an event at Sheraton Dhaka yesterday, Rancon Holdings Group Managing Director Romo Rouf Chowdhury said the partnership would mark a major step forward for the country's automotive sector.

"This partnership between Mitsubishi Corporation and Rancon will play a pivotal role in advancing Bangladesh's automotive industry by integrating global expertise with deep local market insights. This landmark strategic alliance -- the first of its kind in the country's automotive sector -- underscores the strength of Bangladesh-Japan trade relations," he said.

He added that the strategic investment is expected to enhance access to affordable and convenient vehicle financing, expand after-sales services, ensure spare parts availability, and strengthen distribution networks across the country.

"It will also facilitate the transfer of technology and knowledge to develop a highly skilled local workforce, while contributing to government revenue through VAT and taxes," said Chowdhury, adding the company's automobile arm has gradually built its manufacturing base since starting operations in 2017.

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No overcapacity, forced labour in apparel sector

BGMEA says in position paper to commerce ministry amid US probe



Bangladesh is a top producer of basic apparel items in the world. The sector accounts for some 80 percent of the country's export earnings.

PHOTO: STAR/FILE

REFAYET ULLAH MIRDHA

Bangladesh's garment industry does not have overproduction capacity that could harm the American manufacturing sector and is free from forced labour, as exporters comply with internationally recognised labour laws, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The association made the remarks in a position paper submitted to the commerce ministry as the government prepares to attend a hearing of an investigation launched by the United States Trade Representative (USTR).

The US probe covers alleged overproduction capacity and forced labour in 60 countries, including Bangladesh. Dhaka is scheduled to take part in a virtual USTR hearing on April 29. Responding to the USTR's "structural excess capacity" or "overproduction" concerns, the BGMEA said the terms do not have a universally accepted definition or measurable benchmark.

It argued that in a market-driven economy, production levels constantly adjust to shifts in demand, input

costs and supply chain conditions. The BGMEA said determining "excess capacity" without clear parameters or methodology is a major challenge.

The association said that Bangladesh's ready-made garment sector has not expanded suddenly or in a way that would indicate structural excess capacity. Instead, the industry's growth should be viewed over the long term.

Over the past decade, the sector has followed a steady growth path, it said, driven by global demand and changing sourcing strategies rather than policy-induced expansion.

After more than four decades of development, Bangladesh exported garment products worth \$39.3 billion in fiscal year 2024-25, accounting for nearly 7 percent of the global apparel market. It is now the world's second-largest garment exporter after China.

In 2025, Bangladesh accounted for 10.73 percent of US apparel imports by volume and 10.53 percent by value, according to the American Apparel and Footwear Association (AAFA).

In footwear, Bangladesh's share stood at 0.88 percent by volume and

1.54 percent by value. In the travel goods segment, the country's share was 0.96 percent by volume and 1.10 percent by value, according to AAFA data.

The BGMEA said the dominance of the readymade garment sector in national exports shows structural constraints in economic diversification and reliance on a single industry, rather than excessive industrial capacity.

It added that the concentration of resources in apparel should be seen as part of a development pathway, not as evidence of overcapacity.

From a US perspective, the association said Bangladesh primarily exports labour-intensive, low to mid-priced apparel that is not produced in the US in significant volumes. In domestic production, the United States focuses on advanced manufacturing and heavy industries rather than basic clothing items such as T-shirts and casual wear.

As a result, such imports do not adversely impact US manufacturing, but instead support consumers by providing affordable clothing, particularly for low and middle-income households, it added.

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Global and energy shocks to weigh on Bangladesh economy

StanChart officials say

MD MEHEDI HASAN

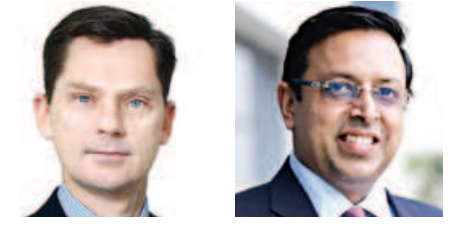
Bangladesh's economy is facing renewed pressure from global geopolitical tensions and commodity market disruptions, with risks of elevated inflation, slower growth and mounting fiscal strain, according to Eric Robertsen, global head of research and chief strategist at Standard Chartered.

In an interview with The Daily Star, Robertsen said financial markets appear "overly optimistic" about a swift resolution of the ongoing Gulf tensions and the reopening of the Strait of Hormuz, a critical artery for global energy supplies.

He added that even if shipping resumes soon, it could take weeks or months for oil, gas and petrochemical supply chains to normalise, prolonging price pressures worldwide.

"Even when the Strait reopens, it will take time for exports to normalise and for supply chains to stabilise," he said, adding that such shocks typically leave behind persistent economic damage across vulnerable economies.

If shipping resumes soon, it could take weeks or months for oil, gas and petrochemical supply chains to normalise, prolonging price pressures worldwide, Eric Robertsen said



Eric Robertsen

Naser Ezaz Bijoy

He explained that governments tend to follow a predictable policy response during commodity crises, starting with subsidies to cushion consumers and businesses, followed by price caps, rationing and, in some cases, more aggressive interventions.

"What we have seen in this crisis is that many economies, particularly in Asia, have moved through all these steps very quickly," he said, adding that such measures come at a high fiscal cost.

"There will be a negative impact on fiscal balances as governments step in to support their economies," he added.

Robertsen also flagged rising risks of stagflation -- a combination of high inflation and weak growth, particularly for emerging economies like Bangladesh.

"The inflation impact is immediate in a commodity shock, but the hit to growth comes with a lag," he said.

Bangladesh has been witnessing persistently high inflation for the last three years.

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Inflation to stay at 8.6% in FY27, above BB target

Says BMI report

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Inflation is likely to remain high and reach 8.6 percent in the fiscal year 2026-27 (FY27) due to higher energy prices driven by the war in the Middle East, according to BMI, a provider of insights, data and analytics.

The firm, owned by Fitch Solutions, said inflation may remain above the Bangladesh Bank's (BB) 6.5 percent target set in its latest monetary policy.

It added in its report on Bangladesh published on Tuesday that this is partly due to base effects from low food price inflation during FY26.

Inflation averaged 10 percent in FY25, up from 9.7 percent in the previous year. It is expected to stay high at 9 percent in FY26, according to the Asian Development Bank in its April issue of the Asian Development Outlook.

The ADB projects inflation at 8.5 percent in FY27 as external shocks ease and domestic supply conditions improve.

BMI said that as inflation is expected to remain high, the BB may keep the policy rate unchanged at 10 percent in FY27 instead of cutting it, as it had previously projected. "Our revised forecast reflects high projected inflation, a recent decline in long-term borrowing costs, and a renewed need for International Monetary Fund (IMF) financing," said the report.

It added that the Iran conflict would add 0.13 percentage points to headline inflation in the coming fiscal year through higher energy prices.

"Elevated inflation threatens the BB's price stability mission, making a rate cut in FY27 difficult to justify," it said, adding that rising energy prices have made rate cuts untenable for many central banks worldwide.

The report said surging inflation in recent years has eroded real wages in Bangladesh, particularly for industry workers, who make up 21 percent of the economy's labour force. Although salary declines have slowed in 2025, this follows five consecutive years of falling real wages, it added.

"An uncontrolled supply-side shock to inflation will worsen this problem. This will make the BB even more cautious about cutting rates, which could cause inflation to run unchecked."

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RMG order flow hit by energy worries

BCI chief says

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Foreign buyers are increasingly diverting garment work orders away from Bangladesh over concerns about energy reliability and an uncertain business climate, said Anwar-Ul-Alam Chowdhury (Parvez), president of the Bangladesh Chamber of Industries (BCI), yesterday.

"Buyers are telling us that within the next two to three months, Bangladesh may face electricity shortages. Because of that, their top management is discouraging them from placing new orders here," he said, citing recent communications from international sourcing teams.

He made the remarks at a discussion with senior officials of the National Board of Revenue (NBR) at its headquarters in Dhaka. The NBR organised the meeting as part of its consultation with businesses and other stakeholders ahead of formulating tax proposals for the next fiscal year, 2026-27.

The BCI president said some orders had already been redirected to India and other competing

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Banglalink, SpaceX seek nod for satellite-to-mobile trial

MAHMUDUL HASAN

Banglalink and Elon Musk's SpaceX have jointly applied to the telecom regulator in Bangladesh to launch trials of telecom services through satellite, allowing users' smartphones to connect directly to satellites through a mobile operator's network.

In a recent letter seen by The Daily Star, the companies sought approval from the Bangladesh Telecommunication Regulatory Commission (BTRC) for an initial 60-day test and trial period to integrate satellite connectivity into Banglalink's network.

"This system will provide supplemental mobile connectivity using over 650 Starlink Low-Earth-Orbit (LEO) satellites, which initially will deliver SMS and, at a later stage, light-data capabilities to Banglalink subscribers, particularly during periods when terrestrial networks are damaged or unavailable," the letter said.

It said the commercial arrangement will integrate Starlink Direct-to-Cell satellite connectivity into Banglalink's mobile network in Bangladesh.

The letter describes the initiative as a first-of-its-kind partnership in Bangladesh aimed at expanding connectivity, particularly in disaster-prone and remote areas where conventional terrestrial networks are unavailable.

The companies said the proposed service would help address long-standing coverage gaps.

This development comes after Kaan Terzioglu, chief executive officer of Veon, told The Daily Star last month that the company aims to replicate the technology it is already using in Ukraine and Kazakhstan.

To prepare for a commercial rollout, Banglalink and SpaceX requested regulatory support.

The testing will use mobile frequencies authorised for Banglalink's operations, specifically the 2110-2115 MHz downlink range and 1920-1925 MHz uplink range, where Banglalink is the sole authorised

APPROVAL & REGULATIONS	TECHNOLOGY
Firms seek BTRC approval for trial	Satellite-to-mobile connectivity planned
Regulatory changes requested for rollout	SMS first, light data later
	Uses Starlink LEO satellites
MARKET IMPACT	TRIAL & ROLLOUT
Targets remote and disaster-prone areas	60-day trial proposed
Aims to eliminate network black spots	No commercial service during testing

spectrum user.

The companies said the service would initially be offered as a supplementary service under Banglalink's existing licence and would comply with regulatory obligations, including Know Your Customer (KYC) requirements.

"Subject to regulatory approval, the testing is expected to commence in April 2026 and will focus on integrating Banglalink's terrestrial mobile service with Starlink's Direct-to-Cell satellites in Bangladesh. No commercial service will be offered to Banglalink's customers during the testing phase."

Alongside the trial, the companies also urged the regulator to support necessary regulatory changes to enable satellite-based mobile services.

The trial demonstrations will take place at mutually agreed locations within Banglalink's licensed service areas in Bangladesh and will operate within Banglalink's authorised frequency ranges.

The companies highlighted the potential of satellite-to-mobile services to bridge the digital divide and ensure connectivity during emergencies.

They added that the system would allow users to connect via widely available LTE devices. LTE (Long-Term Evolution) is a 4G mobile network technology that provides

high-speed data for smartphones.

Citing global use cases, the companies said the system had already been deployed in emergency situations.

They also requested the commission to grant approval for the commercial launch immediately after the test and trial.

Md Emdad Ul Bari, chairman of the BTRC, said they are assessing the letter and that a decision will be taken after obtaining the government's opinion on the matter.

Unlike traditional mobile networks that rely on ground-based towers, Starlink's direct-to-cell technology uses satellites as cell towers in space. This allows ordinary mobile phones to connect directly, expanding coverage to areas with little or no ground infrastructure.

In a statement yesterday, Banglalink announced a collaboration with Starlink Mobile to introduce the satellite-to-mobile service.

Johan Buse, chief executive officer of Banglalink, said, "Connectivity is about care -- it matters most when it reaches people wherever they are. Some communities remain beyond the reach of traditional networks because of our unique geography."

"By providing satellite-enabled coverage with Starlink, we aim to bridge those gaps and ensure people can stay connected, even in the most remote parts of the country."