



Rising global protectionism may delay Bangladesh's LDC graduation

Says UN report, citing steep US tariffs, falling export orders and regional supply chain disruption across Asia-Pacific economies

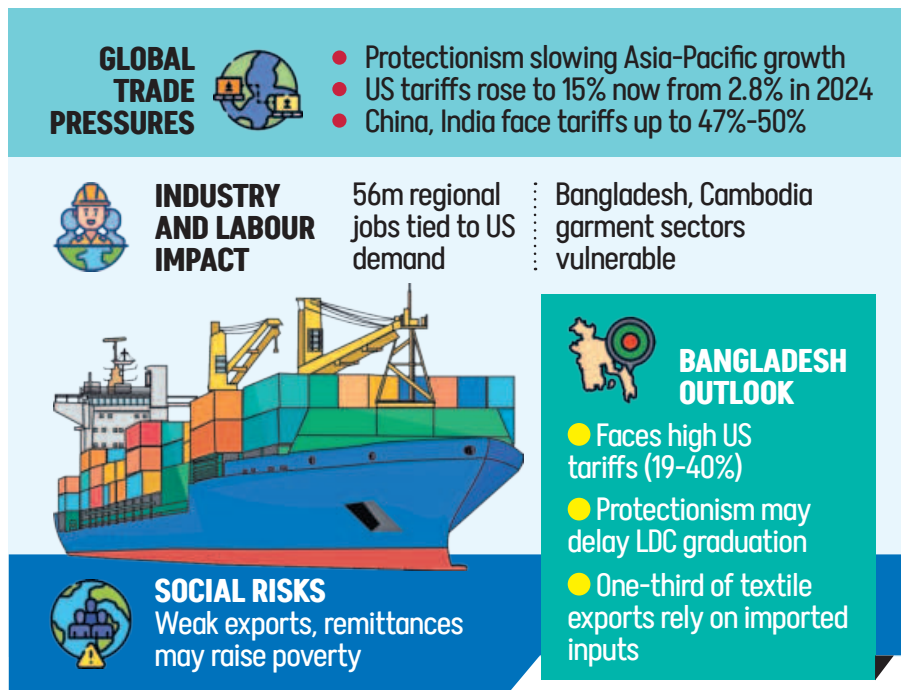
REFAYET ULLAH MIRDHA

Rising global protectionism and trade fragmentation could slow economic progress across the wider developing Asia-Pacific region, potentially delaying graduation from least developed country (LDC) status for countries, including Bangladesh, according to a new United Nations survey.

The 2026 edition of the Economic and Social Survey of Asia and the Pacific, published last week, said the average additional effective tariff rate imposed by the United States on developing economies in the region has climbed to around 15 percent from about 2.8 percent in 2024.

As a result, several smaller and least developed countries, including Bangladesh, Cambodia, the Lao People's Democratic Republic and Myanmar, now face 19-40 percent tariffs on exports to the United States.

The report said that such barriers are likely to hold back economic development and delay LDC graduation.



Oil shocks to fuel inflation, weaken taka

CPD study warns

STAR BUSINESS REPORT

Global oil price shocks are likely to affect Bangladesh's economy mainly through higher inflation, a weaker exchange rate, and limited output losses, according to a study by the Centre for Policy Dialogue (CPD).

The study says that the overall impact will depend on the scale of global oil price increases, but the main transmission channels are expected to remain the same over the medium to long term. Rising energy costs are likely to feed into domestic prices, weaken the taka, and slightly slow economic growth.

By analysing different scenarios based on a 20 percent to 60 percent rise in global oil prices and using an econometric model, the CPD said losses in Gross Domestic Product (GDP) -- a measure of the value of goods and services produced in an economy -- would remain relatively contained, ranging between 0.21 percent and 0.53 percent.



In contrast, the inflationary impact could be far more pronounced, with price pressures rising from 0.6 percent in the first quarter to as high as 13.6 percent in the fifth year. This reflects the strong pass-through of fuel costs across Bangladesh's supply chains, the CPD said in a paper presented at the fourth Bangladesh-China Renewable Energy Forum at Lakeshore Hotel in Dhaka yesterday.

The analysis shows that consumer prices, as measured by the Consumer Price Index (CPI), would rise across all scenarios -- mild, moderate, and severe -- with the impact becoming stronger over time.

In the short term, inflation is projected to increase by 0.60 percent, 1.11 percent, and 1.55 percent within the first quarter under the three respective scenarios. The pressure would continue to build, reaching 1.12 percent, 2.06 percent, and 2.87 percent after one year.

Over the longer term, the impact becomes much sharper. By the fifth year, inflation is expected to rise to 5.27 percent under mild shocks, 9.72 percent under moderate shocks, and as high as 13.57 percent under severe shocks.

At the same time, the Bangladeshi taka is projected to depreciate by between 0.56 percent and 4.5 percent under different scenarios, driven by higher fuel import bills and related balance-of-payments pressures.

The CPD warned that Bangladesh will continue to bear the burden of the ongoing energy shock for years, as structural vulnerabilities and accumulated costs will not disappear immediately even if global tensions ease.

Given the limited fiscal space, the think tank suggested that the government may need to scale down its budget estimates for the fiscal year 2026-2027 to accommodate rising energy-related expenditures.

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Bangladesh, Nepal and Lao PDR are scheduled to graduate to developing country status on November 24 this year. However, Bangladesh and Nepal have applied to the UN for a three-year deferral until 2029.

The report noted that further tariff adjustments were announced after a United States Supreme Court ruling in February 2026. Policy changes remain

highly unpredictable.

As of February this year, tariff rates faced by developing economies in Asia and the Pacific were still higher than in 2024.

The report by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) also said weaker export orders are likely to hit employment, wages and business

investment in affected sectors, with knock-on effects for growth and government revenue.

The impact will extend beyond direct exports to the United States. Economies supplying raw materials, parts and components to regional value chains may also see demand fall, according to the report.

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Bangladesh trails regional peers in attracting FDI

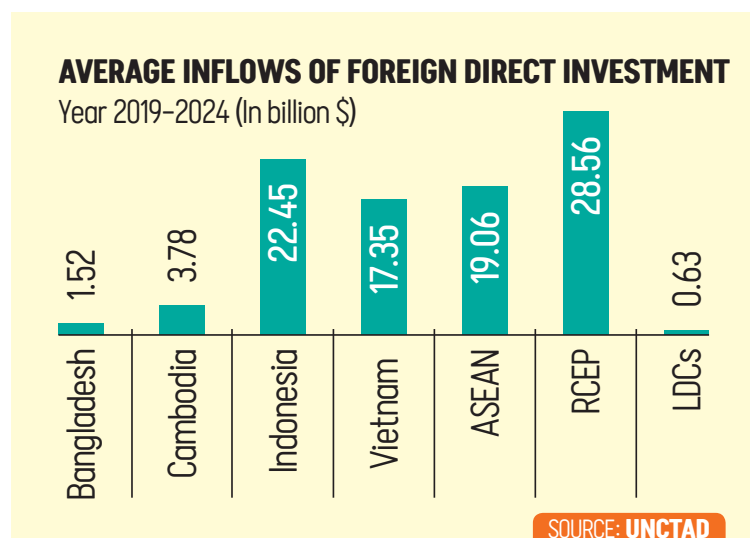
Says UNCTAD report

STAR BUSINESS REPORT

Bangladesh continues to trail its regional competitors in attracting foreign direct investment (FDI), according to a report by the United Nations Conference on Trade and Development (UNCTAD).

The report said that while Bangladesh performs better than the average least developed country (LDC) in absolute FDI inflows, it falls behind when investment is measured against the size of its population, economy and gross fixed capital formation.

On those indicators, it underperforms not only individual comparator countries but also the average for LDCs and for the Association of Southeast Asian Nations (Asean) and the Regional Comprehensive Economic Partnership (RCEP), two blocs it aims to join.



FDI accounts for just 1 percent of the country's gross fixed capital formation and 0.4 percent of gross domestic product, the report said.

Despite steady economic growth in recent years, Bangladesh has yet to convert its potential into sustained foreign investment inflows, according to the "Investment Policy Review Implementation Report", launched at the Bangladesh Investment Development Authority (Bida) office yesterday.

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Solar power shields farmers from energy crisis



PHOT: MOSTAFA SHABUJ

Bangladesh's farmers face rising diesel costs and shortages, threatening irrigation and crops. Solar-powered pumps offer a reliable, cost-saving alternative, boosting yields and resilience, but expansion remains slow despite strong potential benefits.

S DILIP ROY and MOSTAFA SHABUJ

Times are bad for Bangladesh's farmers. Right when they needed a steady diesel supply to irrigate vast swathes of cropland -- Boro paddies, seasonal vegetables, and maize -- the world entered what the head of the International Energy Agency called "the biggest energy security threat in history."

The fuel is in short supply. The government has just hiked its price by 15 percent. Many farmers are now fearing losses of both crops and investment. But not Afzal Hossain from Fulpukuria village in Gobindaganj of Gaibandha, who cultivated Boro paddy on six bighas this season and gets his water from a solar-powered pump.

"I am not really worried about irrigation," he said. "My neighbours

who rely on diesel or electric pumps are suffering due to the fuel crisis and load-shedding."

Bangladesh requires over 40 lakh tonnes of diesel a year, with a large chunk of it going towards the running of more than 12 lakh irrigation pumps, according to data from the Asian Development Bank (ADB) and government agencies. Besides, there are more than 430,000 electric pumps that provide minor irrigation.

According to the Department of Agricultural Extension (DAE), the country currently has 754 diesel-powered deep tube wells, 10,39,337 shallow tube wells, and 1,84,384 low-lift pumps in operation.

While this reliance could be a devastating blow for many farmers, those using solar-powered pumps are enjoying immunity from the whole crisis.

In Rangpur Division, across five

districts, 5,09,095 hectares of Boro paddy have been planted this year. Around 35 to 40 percent of cultivable land in the region depends entirely on diesel-powered shallow machines. The recent price hike has pushed service providers to raise charges for irrigation, harvesting, and maize threshing.

According to Hussain Mohammad Altaf, executive engineer at Rangpur office of the Bangladesh Agricultural Development Corporation (BADC), 596 solar-powered irrigation machines were active during the last irrigation season in the division.

"If each generates an average of 10 kilowatts, total output comes to 5.9 megawatts, enough to run 80,000 to 85,000 fans daily," he said. Over a four-month irrigation season, those machines save approximately 75 lakh litres of diesel.

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Envoy Textiles to invest Tk 187cr for expansion

STAR BUSINESS REPORT

Envoy Textiles Limited, one of the leading denim manufacturers and yarn producers in Bangladesh, will invest Tk 187 crore to expand its production capacity and acquire land for its factory premises.

The decision, which includes a Tk 179 crore expansion of the company's open-end rotor spinning capacity and the purchase of adjacent factory land for Tk 8 crore, was disclosed on the Dhaka Stock Exchange (DSE) website yesterday.

Its board on April 26 approved doubling open-end rotor spinning output from 25 tonnes per day to 50 tonnes at the existing factory premises in Bhaluka, Mymensingh.

The project will use recovered materials from current production processes and tap underutilised capacity, with yarn output prioritised for in-house denim manufacturing.

The expansion will be financed through a debt-to-equity ratio of 70:30.

The board also approved the purchase of 50.37 decimals of land adjacent to the Jamirda factory for future expansion.

The company also reported a significant decline in its earnings per share to Tk 1.54 for January-March 2026, down from Tk 2.44 in the same period a year earlier.

Shares of the company declined 4.50 percent to Tk 48.80 as of 12:50pm on the DSE.

Its net operating cash flow per share surged to Tk 16.85 for July 2025-March 2026, compared with Tk 3.27 for the corresponding period of the previous year.

Sponsors or directors of Envoy Textiles Limited own some 65.41 percent stakes. Institutional investors held a significant 22.76 percent.