

Oil prices rise further

AFP, Hong Kong

Oil prices rose Wednesday as talks to end the Iran war appeared to be at a standstill and the crucial Strait of Hormuz no nearer being reopened.

While the White House has said Donald Trump and his team were considering Tehran's latest proposal to restore traffic through the waterway, CNN and the Wall Street Journal said the president was sceptical.

The Islamic republic this week submitted a plan that would reportedly see it ease the chokehold and Washington lift its retaliatory blockade on the country's ports as talks continued, including over its nuclear programme.

While US Secretary of State Marco Rubio said Iran's proposal was "better than what we thought they were going to submit", he insisted any eventual deal had to be "one that definitively prevents them from sprinting towards a nuclear weapon".



Farmers wash freshly harvested potatoes beside a pond in Gobindaganj upazila of Gaibandha, as growers struggle to sell amid a supply glut that has outpaced demand this year.

PHOTO: MOSTAFA SHABUJ

Higher exports bring no relief to potato farmers

Retail price in Dhaka remains the same as last year, as per TCB

MOSTAFA SHABUJ, Bogura

Potato exports this year so far surpass last year's figures by 10.7 percent, yet that is not enough to cover a surplus in production and bring relief to farmers.

As per provisional data from the Department of Agricultural Extension (DAE), so far, approximately 1.17 crore tonnes of potatoes have been produced this year, compared to about 1.15 crore tonnes last year. This indicates a possible increase of over 200,000 tonnes year-on-year.

The official Bangladesh Bureau of Statistics (BBS) data on potato production is yet to be published, however.

On the other hand, according to the DAE, the Bangladesh Cold Storage Association (BCSA), and the Bangladesh Potato Exporters Association, the annual demand for potatoes in Bangladesh is 85 to 90 lakh tonnes.

BCSA said 36 lakh tonnes of potatoes are currently stored in cold storage, which is 1 lakh tonnes more than last year.

Meanwhile, the Plant Quarantine Wing of the DAE shared that potato exports in

FY26 so far (as of April 29) were 52,293 tonnes. Exports in FY25 till April 30 stood at 47,225 tonnes. The increase stands at a little over 5,000 tonnes, not nearly enough to cover the excess production this year.

Experts in this sector have blamed several factors for the meagre exports, namely, low cultivation of export-quality potatoes and higher production costs than neighbouring nations.

GAP BETWEEN PRODUCTION AND EXPORT

AKM Mafidul Islam, deputy director (export) of the Plant Quarantine Wing, said the export momentum is better this year compared to previous years.

"Furthermore, the Vietnamese market has recently opened up for Bangladeshi potato exporters."

He remained hopeful that potato exports would rise this year.

Ferdousi Begum, chairman of the Bangladesh Potato Exporters Association, said, "The demand for potatoes in Bangladesh is only 85 lakh tonnes, but we have had a surplus since 2007."

"There is not much demand for Bangladeshi potatoes anywhere except Malaysia."

Some go to Nepal, but the potatoes get damp from rain in July during the loading and unloading process, and it lowers the quality, she said.

Mostafa Chowdhury Babu, president of the BCSA, said, "The main problem with exporting potatoes from Bangladesh is that

KEY POINTS

- ➔ Potato output to exceed last year's 1.15cr tonnes
- ➔ Exports up 10.7% y-o-y so far this fiscal year
- ➔ Bangladesh has had a surplus since 2007
- ➔ Annual demand for potato is 85 lakh tonnes

the production cost is higher than in neighbouring countries."

"This year, the cost of producing one kilogramme of potatoes in the Northern districts was Tk 15 and Tk 19 in Munshiganj. In contrast, the production cost in India is around Tk 10. Due to this, Nepal is buying from India instead of Bangladesh this year, Babu said.

"Furthermore, the cultivation of export-quality potatoes in Bangladesh is still significantly low."

GROWING FRUSTRATION FOR POTATO GROWERS

Farmers have complained of low prices despite a record harvest.

Rafiqul Islam, a farmer from Chhatianpara village in Bogura's Shibganj upazila, said his potato crop on 9 bighas of land was damaged by rain. Despite the government's assurances, he has yet to receive any assistance.

Abdul Motin, a farmer at Shibganj's Kichak bazar, a major hub for potato wholesalers, said that the price of local variety 'Pakri' potatoes has dropped by half compared to the start of the season. The surplus supplies have kept prices low, he told this correspondent, while farmers are struggling to sell off the excess.

Discouraged by the lack of profit, Sakiul Islam, a farmer from Rajahar village in Gaibandha's Gobindaganj upazila, said he plans to only grow enough potatoes for personal consumption in the future.

Nayeem Islam, a farmer from Biala

village in Joypurhat's Kalai upazila, said he plans to drop potato cultivation entirely from next year.

Meanwhile, retail prices for potatoes in Dhaka have remained between Tk 20 and Tk 25 per kilogramme, as per the Trading Corporation of Bangladesh (TCB). The prices were the same this time last year.

LIKELY MEASURES TO CONTAIN THE CRISIS

Farmers are currently producing more potatoes than needed, said Abdur Rahim, director general of the DAE.

"For this reason, the government is working to increase potato usage by processing them alongside exports."

He said the government plans to create a database in the future using farmer cards.

"We will then be able to determine exactly how much land should be used for potato cultivation based on national demand," the DG added.

Talking to The Daily Star, prominent agricultural economist Jahangir Alam Khan listed several measures the government could take to mitigate this crisis.

"This year, the government could set a minimum procurement price for potatoes."

He suggested the government buy and store at least 10 percent of the total production at this fixed price to stabilise the market, releasing the potatoes later when prices rise.

Bangladesh's withheld IMF tranche and the limits of stabilisation

FAHIM CHOWDHURY

When the IMF's Asia-Pacific director signalled to Bangladesh's delegation in Washington last week that the expected \$1.3 billion tranche would not be released in June, the key message was not financial but what Bangladesh can credibly offer in return, and what it cannot.

The Spring Meetings' macro position was the strongest in three years. Gross reserves are roughly \$35 billion, the BPM6 measure is above \$30 billion for the first time since mid-2023, and March remittances reached a record \$3.75 billion. At this level, the IMF pause signals reform credibility rather than liquidity.

The four unmet conditions remain unchanged: revenue mobilisation, banking governance, removal of electricity and gas subsidies, and a market-determined exchange rate. All were agreed under the \$4.7 billion programme approved in January 2023 and expanded to \$5.5 billion in June 2025. All have been monitored. None has moved materially in eighteen months. The interim administration stabilised the currency and rebuilt reserves, but did not deliver structural reform.

Pakistan in 2014 is a relevant comparison. It entered a three-year IMF programme in September 2013 with reserves near \$6 billion, an 8 percent fiscal deficit, and similar reform conditions. By mid-2014, reviews had stalled on comparable structural issues.

The difference was what Pakistan could offer. I worked on the privatisation of state oil and gas firms during that programme. The value was not only revenue but a pipeline of sellable state assets. When the Oil and Gas Development Company's follow-on was delayed in November 2014 due to falling oil prices, the IMF accepted it because the broader privatisation programme remained intact. A credible

monetisation pipeline strengthens negotiating position. That lever is absent in Bangladesh. It has never issued a Eurobond. Commercial borrowing is around 11 percent of external debt, with the rest largely concessional. This worked when multilateral flows were predictable, but becomes a vulnerability as LDC graduation on November 24, 2026 (or delayed) shifts financing terms, and IMF support is uncertain.

There is also no asset pipeline. The BSEC has identified fifteen profitable state-owned enterprises and multinational subsidiaries for listing over three years, but none have progressed. Banks are under restructuring, with the ADB's \$500 million banking-sector support focused on stabilisation, not privatisation. The Sammito Islami Bank merger, formalised in December, remains far from saleable.

The core constraint is fiscal, not external. Tax-to-GDP fell to 6.56 percent in FY25, below the programme assumption of 7.9 percent for FY24, with projections reaching 10.5 percent only by FY35. The Centre for Policy Dialogue has repeatedly highlighted this, and Fahmida Khatun has stressed rising debt service pressure as LDC graduation approaches. Without revenue mobilisation, remittance-led stabilisation will fade, and monetary policy will carry an unsustainable burden.

A programme lapse would not cause immediate stress, given strong reserves, but the structural cost would be significant. ADB and World Bank operations are cross-conditioned on IMF continuity and would be reoriented if it fails. The policy anchor would weaken just as graduation removes concessional financing advantages.

Between now and the October Annual Meetings, a credible alternative is needed. A B2/negative Eurobond would be costly. More viable options include a remittance-backed Sukuk, a diaspora instrument, or partial listing of a profitable state entity. The Finance Ministry could task the central bank and Privatisation Commission with a monetisation pipeline before the June ECOSOC meetings.

Stabilisation without reform is a rolling arrangement. The challenge is what can credibly be placed on the table in return.

The writer is managing director at RetailBook, a London Stock Exchange platform backed by Rothschild & Co and Jefferies, and has worked on over 500 transactions raising more than \$200 billion across more than 30 markets.

UAE exit from Opec to boost supply, lower oil prices

Russia says

REUTERS, Moscow

Russian Finance Minister Anton Siluanov said on Wednesday that the decision by the United Arab Emirates to leave Opec will mean the oil-producing countries will boost production, bringing down global prices in the future.

Russia is a member of the Opec+ group of countries and has been coordinating its policies with Opec members. Russia is seen as the main beneficiary of the spike in global oil prices due to the war in the Middle East.

"Today we hear that one of the countries, the United Arab Emirates, is leaving Opec. What does this mean? It means that the country can produce as much oil as its production capacities allow and release it onto the market," Siluanov said.

Siluanov's comments marked Russia's first reaction to the surprise UAE exit. Russia has strong ties with both the UAE and Opec leader Saudi Arabia.

"If Opec countries conduct their policies in an uncoordinated manner (after UAE exit) and produce as much oil as their production capacities allow and as much as they want, prices will go down accordingly," he added.

He stressed that for now the oil prices were supported by the blockade of the Strait of Hormuz, and that his predictions of oversupply referred to the situation when the passage would open at some point in the future.

Lending rates to be brought down to tolerable level: commerce minister

STAR BUSINESS REPORT

Double-digit bank lending rates will be brought down to a tolerable level to make them more investment-friendly, Commerce Minister Khandakar Abdul Muktadir said yesterday.

Industries such as textiles cannot survive with high-cost financing under the current double-digit interest rate regime, the minister said.

Muktadir was speaking at the inaugural ceremony of the four-day Bangladesh International Textile, Knitting and Garment Industry Exhibition (BTKG Expo 2026), held at the International Convention City Bashundhara in Dhaka.

Energy shortages and high interest rates, ranging between 13 and 14 percent, remain major challenges for the garment and textile sectors, he added.

Bangladesh requires around 4,300 million cubic feet per day (MMCFD) of gas, while domestic production stands between 1,700 and 2,300 MMCFD, with an additional 900 MMCFD supplied through imported liquefied natural gas (LNG).

This leaves a deficit of around 1,400 to 1,700 MMCFD. To address this gap, the government is willing to increase LNG imports.

Infrastructure limitations also remain a challenge. Currently, the country has two floating storage and regasification

units (FSRUs) with a combined capacity of around 1,100 MMCFD, operating at about 90 percent efficiency.

The government plans to invite tenders for additional FSRUs to expand gas supply and support gas-based industries, he said.

Emphasising the importance of energy security, he said any disruption in fuel

supply would severely affect industrial production and overall economic activity.

In the longer term, the government is prioritising renewable energy and plans to fast-track the generation of 10,000 MW of solar power.

The minister said the government is taking steps to simplify licensing



Commerce Minister Khandakar Abdul Muktadir speaks at the inaugural ceremony of the four-day international textile, knitting and garment industry exhibition, titled "BTKG Expo 2026", at the International Convention City Bashundhara (ICCB) in Dhaka yesterday.

PHOTO: BKMEA

procedures to facilitate business. He noted that obtaining multiple licences -- around 25 to 26 at present -- can take months or even years, discouraging foreign investment.

He added that efforts are underway to streamline bond and tax-related procedures to make them more business-friendly and reduce harassment, according to a statement from the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

Organised jointly by the BKMEA and Inforchain Digital Technology Co Ltd, the expo will continue until May 2, showcasing machinery and technology related to the textile, knitwear, and garment sectors.

BKMEA President Mohammad Hatem presided over the inaugural ceremony, while Exhibition Convener Fazlee Shamim Ehsan and Inforchain Executive Director Spencer Lin also spoke.

Around 900 exhibitors from nearly 28 countries, including Bangladesh, are taking part in this year's exhibition.

The event features about 1,200 booths spread across roughly 20,000 square metres. Companies from countries such as Canada, China, Taiwan, Belgium, France, Hong Kong, India, Indonesia, Japan, Vietnam, Malaysia, Turkey, and the United Arab Emirates are showcasing their latest products and technologies.