Star BUSINESS

Amir Khosru seeks expanded ADB support as energy bill jumps by $3b

Finance minister makes the plea at ADB annual meeting

SOHEL PARVEZ, *from Samarkand*

Bangladesh has sought expanded support from the Asian Development Bank (ADB) as geopolitical tensions, inflation, and supply chain disruptions have increased the country's energy-related expenditures by an estimated $3 billion.

Finance Minister Amir Khosru Mahmud Chowdhury made the plea at a session of the Board of Governors at the 59th annual meeting of ADB in Samarkand, Uzbekistan.

Some 47 countries, including Bangladesh, made their presentations at the session.

The finance minister reminded participants that they are meeting at a time of heightened global uncertainty.

"Geopolitical tensions, inflation, tighter financial conditions, and supply chain disruptions are reshaping development trajectories," he said.

For Bangladesh, a highly energy-deficient country that relies on imports, the conflict in the Middle East has further intensified energy and trade pressures.

Chowdhury said this has resulted in an estimated additional $3 billion in energy-related expenditures, raising external financing needs for the South Asian country.

"We appreciate ADB's timely budget support for macroeconomic stability and request that countercyclical financing instruments remain available should global risks escalate," he said.

He noted Bangladesh's high vulnerability to climate change and urged the ADB to expand concessional climate financing as floods, cyclones, salinity intrusion, and sea-level rise continue to threaten livelihoods and infrastructure.

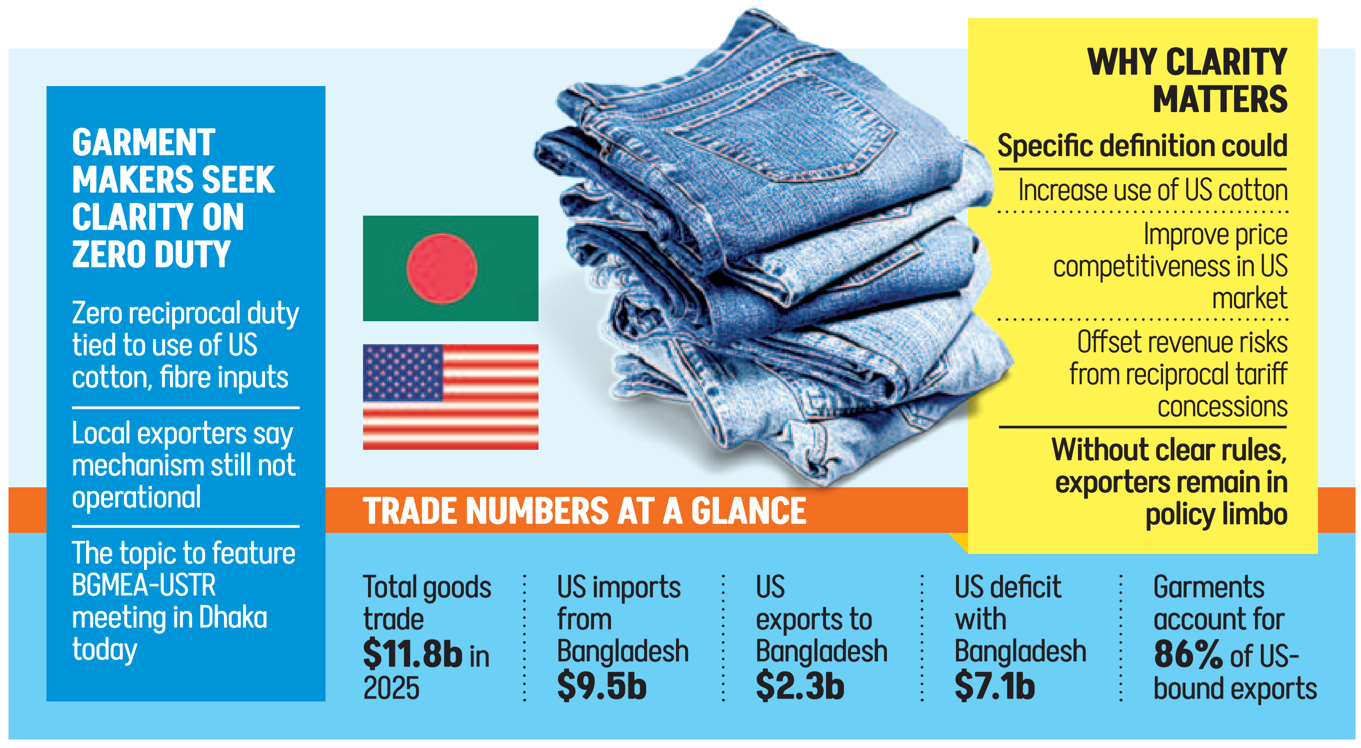
"We seek expanded concessional climate finance for adaptation and mitigation, including resilient infrastructure, climate-smart agriculture, disaster risk reduction, and nature-based solutions."

As Bangladesh aims to generate 20 percent of its energy from renewable sources by 2030, he also requested ADB's leadership in the Bangladesh Climate Development Partnership to advance renewable energy, ecosystem restoration, and river and canal rehabilitation.

READ MORE ON B3

Apparel makers to seek clarity on US cotton tariff deal

USTR officials arrive for talks on reciprocal tariff deal implementation and ongoing investigations into overcapacity and forced labour issues



REFAYET ULLAH MIRDHA

Bangladeshi garment exporters will today ask visiting US trade officials in Dhaka to clarify how a promised zero reciprocal tariff will apply to apparel made with American cotton and other US textile inputs.

The provision is included in the US-Bangladesh Agreement on Reciprocal Trade signed in February this year, but exporters say they have yet to benefit from it.

"We will raise this issue with the USTR high-ups in the meeting tomorrow [Tuesday]," said Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

A delegation from the Office of the United States Trade Representative (USTR), led by Assistant US Trade Representative for South and Central Asia Brendan Lynch, will visit Dhaka from May 5 to May 7.

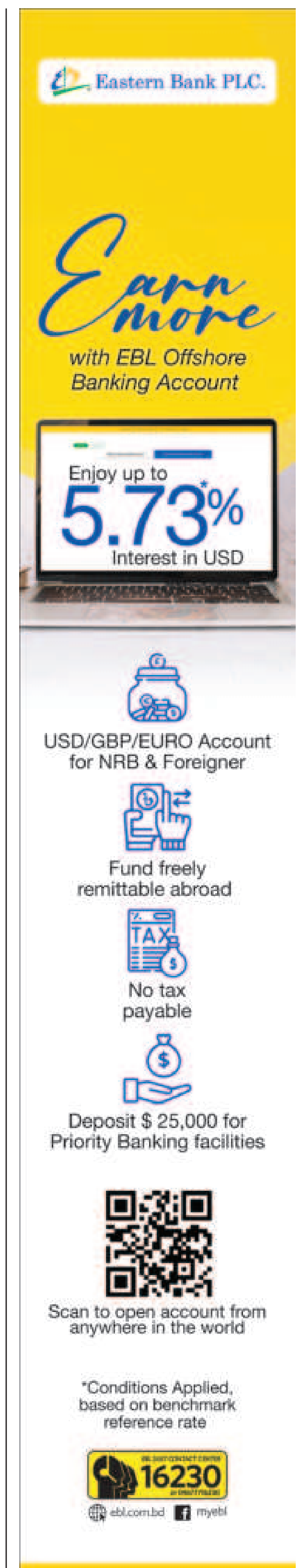
In a statement issued ahead of the visit, the US Embassy in Dhaka said the United States looks forward to partnering on the implementation of the reciprocal trade agreement. The delegation is expected to discuss ways to strengthen trade and investment ties.

Under Article 5.3 of the reciprocal trade agreement, the United States commits to establishing a mechanism allowing certain textile and apparel goods from Bangladesh to enter the American market at a zero reciprocal tariff rate.

The deal says that a to be specified volume of apparel and textile imports from Bangladesh may qualify for the reduced rate. That volume will be determined in relation to the quantity of US-produced cotton and man-made fibre textile inputs exported to Bangladesh.

However, BGMEA President Khan said Bangladesh is not currently enjoying the benefits in the US market.

READ MORE ON B3



Telcos seek VAT removal on spectrum fees

MAHMUDUL HASAN

Mobile operators have called on the National Board of Revenue (NBR) to withdraw value-added tax (VAT) on spectrum and spectrum-related fees, arguing the levy contradicts global norms and undermines investment in the sector.

In a recent letter sent to the NBR chairman, the Association of Mobile Telecom Operators of Bangladesh (AMTOB) described the proposed withdrawal as a vital step to rectify a fundamental misalignment in Bangladesh's VAT regime.

The association said radio spectrum, the finite range of frequencies over which all wireless communication travels, is an intangible national resource administered by the Bangladesh Telecommunication Regulatory Commission (BTRC).

"Its [radio spectrum] assignment, renewal, and usage confer a sovereign regulatory right -- not a commercial supply of goods or services under any legal interpretation," wrote Mohammad Zulfikar, the association's secretary general.

Hence, imposing VAT on spectrum and spectrum fees, AMTOB argued, effectively turns a regulatory charge into a taxable transaction.

"Imposing VAT here transforms a non-commercial regulatory grant into an artificial taxable event," it added.

According to the letter, telecom companies are

READ MORE ON B2

Govt's debt burden crosses Tk 22 lakh crore

Tk 3 lakh crore borrowed during the interim government

REJAUL KARIM BYRON *and* AHSAN HABIB

Bangladesh's total public debt burden has crossed Tk 22 lakh crore by December 2025 with a growing reliance on domestic sources as the government looks to "insulate the economy from foreign currency risks".

Of the total debt, Tk 3 lakh crore was borrowed during the interim government period, according to the finance ministry's latest quarterly bulletin.

The bulletin states the public debt stood at Tk 18.9 lakh crore at the end of June 2024, just a month before the interim administration assumed power. The figure was Tk 13.44 lakh crore at the end of June 2022.

During the interim period, domestic debt rose by Tk 1.70 lakh crore, reaching Tk 12.5 lakh crore by December. Foreign loans increased by Tk 1.47 lakh crore to Tk 9.59 lakh crore in the same period.

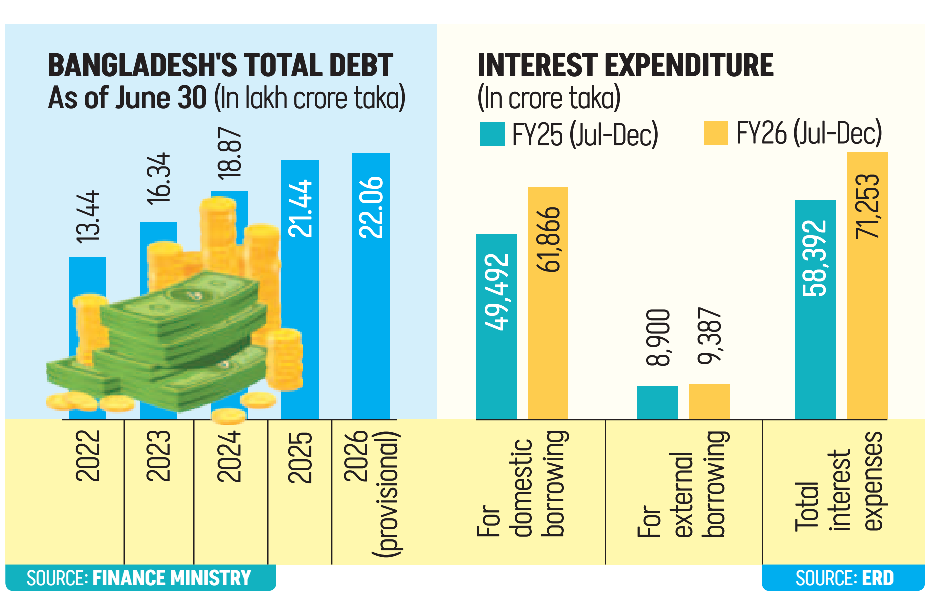
Domestic borrowing dominates the government's overall debt portfolio. As of December 31, 2025, the domestic and external liabilities constituted 57 percent and 43 percent of the total government debt stock, respectively.

"By focusing on the local market, the government is deepening domestic liquidity while reducing its exposure to exchange rate fluctuations," said the bulletin.

During the July-December period of the current fiscal year, the government's total borrowing rose by Tk 62,428 crore, or 13 percent, compared to the same period a year earlier.

During the period, loans from the foreign sector dropped by 59 percent to Tk 10,130 crore, while domestic borrowing surged 70 percent to Tk 52,298 crore.

Of the domestic borrowing, Tk 19,470 crore was borrowed from the central bank alone.



Most of the domestic loans were raised through government securities. "A key feature of the government's approach was a clear shift toward long-term debt," the finance ministry said.

Meanwhile, total interest payment during the July-December period rose by 22 percent to Tk 71,253 crore. Of these, interest payment for domestic borrowing stood at Tk 61,866 crore, a 25 percent surge from the same period a year ago.

While increased domestic borrowing often raises concerns about "crowding out," the current landscape suggests a unique window of opportunity, said the ministry.

It argued that ample liquidity in stronger banks, falling yields on government securities, and subdued private-sector credit demand create conditions for sustainable domestic financing without crowding out private borrowers.

By leveraging this internal liquidity, the state is building a more resilient and self-reliant fiscal framework that maintains stability without straining the private credit market, it added.

Asia-Pacific must act together for shared development

ADB president says

SOHEL PARVEZ, *from Samarkand*

The 59th annual meeting of the Board of Governors of the Asian Development Bank (ADB) opened yesterday, with its President Masato Kanda urging countries in Asia and the Pacific to "act together to develop together" through stronger cross-border connections to secure the next generation's future.

"The decisions we make at this new crossroads will secure the future for the next generation," he told the opening session in Samarkand, Uzbekistan.

"In this fragmented world, traditional and isolated development responses will fail. To survive and thrive in this new era, we must build deeply connected and resilient systems," he said.

More than 4,000 participants, including policymakers, private sector leaders, development partners, and innovators from over 100 countries, are attending the meeting under the theme "Crossroads of Progress: Advancing the Region's Connected Future."

From Bangladesh, Finance Minister Amir Khosru Mahmud Chowdhury, Economic Relations Division Secretary Md Shahriar Kader Siddiky, and senior officials are participating in the event.

Kanda highlighted how shocks now travel rapidly across borders -- through energy markets, supply chains, and digital networks -- hitting communities least able to absorb them. Addressing these challenges requires coordinated regional solutions that go beyond national boundaries, he said.

The ADB is responding by scaling up investments

READ MORE ON B2

City Bank partners with HSBC to expand employee banking services

Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, and Mashrur Arefin, managing director and chief executive officer of City Bank PLC, pose for a group photograph after signing the agreement at City Bank's head office in Dhaka recently. PHOTO: CITY BANK

STAR BUSINESS DESK

City Bank PLC has entered into a partnership agreement with The Hongkong and Shanghai Banking Corporation (HSBC) Limited Bangladesh to expand employee banking services.

Mashrur Arefin, managing director and chief executive officer of City Bank PLC, and Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, signed the agreement at the bank's head office in Dhaka recently, according to a press release. Hossain Khaled, chairman of City Bank PLC, attended the signing ceremony.

Under the agreement, City Bank will provide employee banking services to HSBC Bangladesh. The collaboration aims to leverage the expertise, resources, and innovation of both organisations, the release added.

Mohammad Mahbubur Rahman, additional managing director and chief financial officer of City Bank PLC; Md Ashanur Rahman, chief economist and country business manager; Md Arup Haider, deputy managing director and head of retail banking; and Hasan Uddin Ahmed, head of employee banking, attended the programme, along with other senior officials from both organisations.

Ariful Islam, treasurer of BRAC University, poses for a group photograph with participants at an event, titled "Strengthening Local Capacity for Sustainable Industry", on the university campus in Dhaka on Sunday. PHOTO: BRAC UNIVERSITY

BRAC University, Swisscontact host ESG event to boost sustainability skills

STAR BUSINESS DESK

Swisscontact Bangladesh and BRAC University jointly organised an event, titled "Strengthening Local Capacity for Sustainable Industry", at the university campus in Dhaka, focusing on building environmental, social, and governance (ESG) skills.

The programme brought together around 80 stakeholders, including representatives from industry associations, international brands, academic institutions, and development organisations.

The event, held under Swisscontact's PROGRESS initiative, shared findings from an ESG needs assessment and certified the first cohort of participants from a professional certificate course on ESG.

With support from the embassies of Sweden and Switzerland, the programme marked a step forward in strengthening ESG capacity in Bangladesh's export-oriented industries.

Ariful Islam, treasurer of BRAC University, appreciated the collaboration and reaffirmed the university's commitment to advancing ESG education and strengthening partnerships between academia and industry.

Based on a survey of 106 professionals, the assessment -- conducted by the Department of Economics and Social Sciences at BRAC University -- found rising ESG awareness but gaps in technical skills such as reporting, carbon accounting, and risk management. Strong demand for ESG training was also evident.

In response, BRAC University launched a 60-hour certificate course combining theoretical and practical learning for professionals across key sectors.

The course was facilitated by both academic and industry practitioners.

During the presentation, Kazy Mohammad Iqbal Hossain, global sustainability manager at Lindex and an instructor and curriculum designer of the course, said, "The purpose of the course is to build professional capacity to understand, apply, and lead ESG integration."

Ikramul H Sohel, senior programme officer for inclusive economic development at the Embassy of Sweden in Dhaka, said sustainability is no longer optional but essential.

Farzana Amin, team leader of the PROGRESS project at Swisscontact Bangladesh, said the initiative aims to meet the growing demand for sustainability professionals and encourage graduates to apply ESG practices in their respective fields.

Prime Bank organises seminar on empowering youth at BUTEX

STAR BUSINESS DESK

Prime Bank PLC, in collaboration with the Bangladesh University of Textiles (BUTEX) and its Career Club, yesterday organised a seminar, titled "Financial Inclusion: Engaging & Inspiring Youth in Banking", under its flagship initiative, PrimeAcademia.

Prof Md Zulhash Uddin, vice-chancellor of BUTEX, inaugurated the programme as the chief guest and underscored the importance of strengthening industry-academia collaboration, according to a press release.

Syed Sazzad Haider Chowdhury, deputy managing director and chief information officer of the bank, delivered the keynote address, sharing insights on career development, critical decision-making, and the importance of industry-aligned skillsets.

Shaila Abedin, senior executive vice-president and head of liability and women banking, highlighted ethical leadership, informed decision-making, and the evolving role of women in shaping a future-ready workforce.

Prof Md Zulhash Uddin, vice-chancellor of the Bangladesh University of Textiles, poses for a group photograph with participants of the seminar, titled "Financial Inclusion: Engaging & Inspiring Youth in Banking", organised by Prime Bank PLC and the university, on the BUTEX campus in Dhaka yesterday. PHOTO: PRIME BANK

Pioneer Insurance declares 30% dividend

STAR BUSINESS DESK

Pioneer Insurance PLC has declared a 30 percent dividend, including 25 percent in cash, for the year that ended on December 31, 2025.

The declaration came at the insurer's 30th annual general meeting (AGM), held virtually yesterday, according to a press release.

Zakir Ahmed Khan, chairman of the non-life insurance company, presided over the meeting. He thanked shareholders for their continued support and praised employees for their strong performance, urging them to maintain their efforts in the future.

M Anis Ud Dowla, Munize Manzur, Sanchia Chowdhury, Sylvana Sikder, Munsura Rahmatullah, Parven Akhter, Rozina Afroz, Shahana Rahmatullah, Shafiqul Islam Khan, MA Majed, and Sheikh Mohammad Salim Ullah, directors of the non-life insurer, joined the meeting.

A number of shareholders also participated virtually and expressed satisfaction with the company's performance.

Zakir Ahmed Khan, chairman of Pioneer Insurance PLC, presides over the insurer's 30th annual general meeting (AGM) yesterday. The meeting announced a 30 percent dividend, including 25 percent in cash, for 2025. PHOTO: PIONEER INSURANCE

Telcos seek VAT removal on spectrum fees

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required to pay VAT on spectrum fees without being able to claim input tax credits, increasing operational costs.

It said the BTRC's lack of VAT registration prevents it from issuing standard invoices. "This renders the VAT non-creditable and traps it as a pure cost to the operators."

AMTOB warned that the arrangement stifles network investment, 5G rollout, and rural coverage expansion.

It cited frameworks in the European Union, India, the United Kingdom, and Australia, where spectrum charges are treated as sovereign regulatory fees outside the VAT net.

"Bangladesh's current approach deviates from this consensus, creating indefensible inefficiencies," the letter said.

The association noted that the sector already carries a heavy tax burden -- corporate income tax, BTRC revenue sharing, spectrum and licence fees, and VAT on services.

"In 2024, we contributed approximately Tk 22,000 crore," the letter noted, warning that additional non-creditable taxes could affect affordability and innovation in the sector.

In the letter, AMTOB placed two demands before the tax authority: the immediate withdrawal of VAT on spectrum-related payments, and formal clarification categorising these charges as sovereign regulatory fees outside the VAT net.

Shahed Alam, chief corporate and regulatory officer at Robi Axiata, said, "Treating spectrum fees as VAT-exempt regulatory charges, in alignment with global best practices, would restore tax neutrality, reduce financial pressure, and improve cost efficiency."

Asia-Pacific must act together

FROM PAGE B1

and accelerating reforms to help countries integrate infrastructure, markets, and institutions across the region, he added.

Kanda noted that the ADB has moved decisively to provide crisis-response support to its members during the ongoing Middle East conflict, becoming the first development partner to offer financial assistance to affected countries, which are expected to face heightened economic pressures.

Last year, the ADB provided $29.3 billion in financial support to the region while implementing reforms to deliver assistance more quickly and at scale.

The ADB president cited the launch of a $70 billion initiative to build regional systems, including $50 billion for a pan-Asian power grid to integrate renewable energy across borders, enhance energy security, and lower emissions.

Another $20 billion initiative aims to expand cross-border digital connectivity and narrow the region's digital divide.

Kanda described the ADB as "an anchor of stability," uniquely positioned to help steer the region through geopolitical fragmentation, conflict, economic disruptions, and escalating environmental stress.

"ADB is the main bank for the region. We have an unmatched regional mandate," he said.

However, the ADB's work is far from finished, Kanda added, noting that the bank will leverage its operational capabilities as a financier, advisor, and mobiliser to address challenges such as mobilising private sector funds for development and reversing environmental degradation.

"The work ahead is immense, but our purpose is clear. We have the strategy. We have the resources. We have the collective will to execute," he said.

The ADB president cited the launch of a $70 billion initiative to build regional systems, including $50 billion for a pan-Asian power grid to integrate renewable energy across borders, enhance energy security, and lower emissions

Founded in 1966, the ADB is a multilateral development bank supporting inclusive, resilient, and sustainable growth across Asia and the Pacific. It is owned by 69 members, including 50 from the region.

Bangladesh joined the ADB in 1973. As of December 31, 2025, the ADB had committed 758 public sector loans, grants, and technical assistance totalling $35.6 billion to Bangladesh. Its current public sector portfolio in the country includes 57 loans and 4 grants worth $9.5 billion, according to the ADB.

New venture eyes major share of garment hanger market

JAGARAN CHAKMA

Bangladesh's fast-growing garment exports are attracting fresh investment into support industries, with a new hanger manufacturing venture targeting a significant share of the $400 million apparel-related market.

The Bangladesh unit of Tam Hangers was launched yesterday in partnership with Meghna Group of Industries, aiming to bring in global standards and reduce import dependence.

The joint venture plans to invest up to $40 million and create thousands of jobs. However, it also highlights a long-standing concern among foreign investors: bureaucratic hurdles that continue to restrict higher-value activities such as recycling and circular manufacturing.

Mohammad Mizanur Rahman Bhuiyan, chairman of Meghna Group, said Bangladesh's expanding apparel exports require stronger backward linkages, even for basic items like hangers.

"Every exported garment, especially high-end products for the EU and US, needs a hanger," he said. "Right now, many of these are imported or made by small local firms."

PHOTO: JAGARAN CHAKMA

To address this gap, Meghna has partnered with Tam Hangers, a global supplier to brands such as H&M and Marks & Spencer.

"Through this partnership, we are bringing world-class technology and standards to Bangladesh," he added.

The project is in its initial phase, with a facility set up at Meghna's industrial park in Mirzapur, Tangail. Investment currently stands at around $10 million, with plans to increase it to $40 million.

"We are targeting more than 100 injection moulding machines," Rahman said, adding that the project could employ 3,000 to 4,000 people at full capacity.

"This is not just about manufacturing. It is about building technical skills in injection moulding and promoting sustainable packaging solutions."

He said the venture aims to achieve an annual turnover of $200 million within five to seven years and capture at least half of the domestic hanger market.

Gokhan Tezsezer, chairman of Tam Hangers, said Bangladesh remains attractive due to its large export volumes and competitive labour costs, and the company plans to raise investment to $40 million over the next five years.

However, he said bureaucracy remains a major challenge, particularly in recycling operations. "Despite efforts over four years, the company could not get approval to set up a hanger reuse facility and eventually moved the project to Sri Lanka," he said.

He added this was a missed opportunity for jobs and cost savings, noting such a facility could have employed thousands.

Tam Hangers aims to capture up to half of the hanger market within the next decade, but warned regulatory barriers may push investors to countries with smoother operations.

Apparel makers

FROM PAGE B1

He said the zero-duty facility would be the main agenda at the scheduled meeting between the visiting officials and BGMEA leaders in Dhaka.

A senior commerce ministry official said the USTR delegation will also meet Commerce Minister Khandakar Abdul Muktadir at the secretariat today. Discussions are expected to cover the reciprocal trade deal, broader bilateral trade matters, labour rights and intellectual property.

The USTR is currently conducting two investigations covering 60 countries, including Bangladesh. One is about forced labour in industrial units, while the other relates to industrial overcapacity that could harm the US manufacturers.

In a position paper submitted to the commerce ministry recently, BGMEA said the Bangladesh 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.

The association said that in a market-driven economy, production levels constantly adjust to shifts in demand, input costs and supply chain conditions. Determining "excess capacity" without clear parameters or methodology is a major challenge.

According to USTR data, US goods trade with Bangladesh totalled an estimated $11.8 billion in 2025. US imports from Bangladesh stood at $9.5 billion, up 13.3 percent from 2024, while US exports to Bangladesh were $2.3 billion, up 1.4 percent.

The US goods trade deficit with Bangladesh was $7.1 billion in 2025, a 17.9 percent increase from the previous year.

Garments account for 86 percent of Bangladesh's exports to the United States.

In its position paper, BGMEA said the Bangladesh apparel sector has not expanded suddenly or in a way that would indicate structural excess capacity. The industry 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 shifting 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).

This week, a separate USTR report said Bangladesh has stayed off the latest US intellectual property rights watch lists. However, Washington urged Dhaka to strengthen enforcement to prevent unfair trade practices.

In its annual Special 301 Report, the USTR identified 26 trading partners with concerns over intellectual property protection and enforcement.

Amir Khosru seeks

FROM PAGE B1

He said Bangladesh remains firmly committed to reform-driven development. "Our priorities include energy and food security, financial resilience, revenue modernisation, connectivity, export diversification, digital transformation, skills, jobs, social protection, and balanced regional development."

"We also welcome support for regional connectivity through Sasec (South Asia Subregional Economic Cooperation) and wider links among Saarc and with Asean countries to strengthen supply chains and expand trade and investment opportunities," he said.

He stressed the mobilisation of private capital and blended finance, renewable energy, urban development, and digital development for stronger regional crisis response capacity and deeper energy cooperation.

Bangladesh also emphasised enhanced support for AI readiness and future skills, and greater focus on job creation in emerging sectors.

Chowdhury also cited Bangladesh's challenges in hosting a significant population of forcibly displaced Myanmar nationals on humanitarian grounds and sought ADB's enhanced support for both displaced populations and host communities.

The finance minister sought ADB's continued support for timely project delivery and capacity building.

He said Bangladesh encourages ADB to support transformative investments that deepen the country's regional connectivity, modernise infrastructure, ensure energy security, and strengthen digital and logistics capacity.

"This can boost productivity, unlock the potential of our north-south corridors, create jobs in emerging industries, and reduce poverty and regional disparities."

Fuel price hikes to stoke inflation, but ministers see limited impact

Economists say Bangladesh's already high inflation makes it harder for households to absorb fresh increases in fuel-linked costs

MD ASADUZ ZAMAN

After the onset of the US-Israel war on Iran, some policymakers initially took a firm stance, publicly claiming credit for not adjusting fuel prices to shield consumers from global shocks. They argued that they did not want to pass the burden onto the people.

However, the government could not maintain its stance as it quickly unravelled under fiscal and market realities.

Within weeks, the government reversed course. It raised the price of a 12 kg liquefied petroleum gas (LPG) cylinder by 45 percent after two successive hikes in April.

On April 18, it also pushed fuel prices to record highs: diesel rose by Tk 15 per litre to Tk 115, octane by Tk 20 to Tk 140, petrol by Tk 19 to Tk 135, and kerosene by Tk 18 to Tk 130.

The scale and timing of these adjustments suggest that fiscal constraints, subsidy pressures, and external account vulnerabilities outweighed earlier political commitments.

From a macroeconomic perspective, such hikes drive costs and thus prices of commodities in the supply chain, as higher energy costs spread through transport, production, and supply chains, often creating second-round effects in import-dependent economies like Bangladesh.

A recent report on inflation dynamics of Bangladesh by the central bank showed gas price hikes have pushed up energy inflation to 14.9 percent during the January-March quarter of the current fiscal year 2025-26 from 14.4 percent in the previous quarter.

ANALYSIS

Economists say the effect of hiking petroleum prices is going to be felt soon, and consumers have already begun to feel the pinch. Transport costs for both passengers and freight have gone up. Farmers complained about the higher cost of harvesting rice and threshing the grains. Consumer goods companies are reducing pack sizes and squeezing margins to cope.

Yet, two ministers -- finance and commerce -- downplayed the inflationary risks.

According to a report published in this newspaper on April 20, Finance Minister Amir Khosru Mahmud Chowdhury said, "It may increase or it may not. If the supply side remains stable, then prices may not rise."

Fuel oil and LPG price hikes are set to push commodity prices higher, as consumers have already begun to feel the pinch. The photo was taken at a grocery shop in Barishal city last night.
PHOTO: TITU DAS

In reply to a question in the parliament, Commerce Minister Khandakar Abdul Muktadir said it was unlikely that the recent fuel price hike would exacerbate inflation, terming the adjustment "moderate."

He said the 15 percent increase in diesel prices may raise commodity prices by around Tk 0.30 per kg. However, he said this would not have any major impact on overall inflation, which has remained around 9 percent for more than three years, deepening consumers' woes.

The wage rate index for unskilled workers illustrates this trend. Inflation has outpaced wage growth for 50 consecutive months, steadily eroding the purchasing power of consumers, particularly those in middle- and lower-income groups. It means that real wages have been in the negative for more than four years.

Consumers are set to face further pressure as the commerce ministry has allowed refiners to raise soybean oil prices by Tk 4 per litre, or 2 percent.

The situation worsened by earlier supply disruptions triggered by the Iran War, which had already pushed up global energy and transport costs. Diesel-dependent sectors such as agriculture, manufacturing, and transport are now under additional pressure, raising concerns that the increased costs will eventually be passed on to consumers in an already high-inflation economy.

Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD), said the recent fuel price hike is likely to ripple across the economy through a "multiplier effect."

He noted that fuel acts as a "barometer of commodity prices," meaning its increase will inevitably influence a wide range of goods, though not uniformly.

He explained that the current situation reflects "cost-push inflation," driven by rising input costs rather than demand.

However, he cautioned against overstating the scale of the impact, emphasising that the extent of price increases will depend on how significant fuel costs are within each product's overall cost structure.

"If fuel accounts for a portion of total costs, a 15 percent increase in fuel prices does not translate into a 15 percent rise in final prices," he said, illustrating that the actual effect would be proportionally smaller.

Rahman stressed that while some level of price increase is unavoidable, the degree to which it affects consumers will depend heavily on market behaviour and oversight.

"The pass-through to retail prices depends significantly on market management," he said, warning that unchecked responses, such as transport operators raising fares disproportionately, could worsen inflationary pressures.

He also underscored the growing importance of regulatory monitoring, particularly in sectors with administered pricing, and highlighted the need for stronger safeguards for vulnerable groups.

"For low-income people, even a small increase in prices creates significant hardship," he said, adding that effective implementation of social safety measures will be critical to easing the burden.

Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, echoed similar concerns, warning that higher energy prices would inevitably feed into overall price levels.

"If energy and oil prices increase, our price levels will increase. This is almost inevitable," he said. "There is a 'one-to-one' correspondence, as the transmission channel is very deep."

He explained that a fuel price increase typically triggers broader inflationary pressures across the economy.

"When oil prices increase, we've seen a 15-20 percent increase across different varieties. It exerts pressure on other supply chain elements, which overall impacts our prices. They might be saying it for political reasons, but the economic reality is that this will fuel inflationary pressure further," he added.

Razzaque also noted that the impact is more severe in Bangladesh compared to other countries due to already elevated inflation.

"It's not just happening in Bangladesh; many countries have already increased their fuel prices. The problem for Bangladesh is that our baseline inflation rate was already high, hovering around 9 to 10 percent. When this impact is added, it creates even more pressure. In countries like Cambodia, where inflation was lower, it was easier to absorb. But for us, it's almost inevitable that prices will go up," he said.

He also raised concerns over inflation measurement, especially LPG pricing. He said the Bangladesh Bureau of Statistics (BBS) relies on government-set rates, which may not reflect market reality.

Razzaque added that official figures could be misleading if based on listed prices rather than what consumers actually pay, urging surveys of real market prices for more accurate inflation data.

How the govt can fix the tax system

SUVOJIT CHATTOPADHYAY

The tax-to-GDP ratio in Bangladesh remains chronically low. Revenue is insufficient and unevenly imposed, limiting public investment in services that support long-term growth. A larger economy requires a government able to raise and spend revenue effectively. Reform of the National Board of Revenue (NBR) sits at the centre of that challenge. A year after an ordinance meant to fix the NBR, reform has stalled. Bangladesh now has an elected government with a two-thirds majority, yet the economy is fragile. Prime Minister Tarique Rahman and Finance Minister Amir Khosru Mahmud Chowdhury are preparing the next budget. In the run-up to the budget, several economic policy reforms have been announced.

On May 12, 2025, the interim government split the NBR into two divisions -- Revenue Policy and Revenue Management. Officials responded with a six-week strike. A revised ordinance in September allowed revenue cadres to apply for senior posts, easing tensions. But the momentum has already faded. The NBR chairman acknowledged that the reforms had run into difficulties and that the new government would need to make them "practical". The episode sent signals to markets and international financial institutions monitoring Bangladesh's economy. Yet the NBR split is only one element of a deeper structural weakness.

The BNP manifesto pledged to raise the tax-to-GDP ratio to 15 percent by 2035 without introducing new taxes. It proposed widening the income tax and VAT base, taxing carbon and improving efficiency through technology. The business community is unlikely to welcome higher taxes or stricter enforcement with fewer exemptions. Bangladesh depends heavily on export-oriented sectors such as garments and pharmaceuticals, where exemptions and negotiated compliance have long been embedded. An elected government faces constraints that did not apply to the previous interim government.

But the July Charter, approved by more than 60 percent in a referendum, offers a mandate for difficult reform. The IMF programme adds pressure, as do economic stress and the approaching graduation from least developed country status. Reform should begin with a clear diagnosis, validated by key stakeholders, including revenue cadres. Sequencing will matter. Early visible wins could build trust, for example, by pursuing high-profile evasion cases before demanding more paperwork from small traders. Technology can help, but simple steps such as digital notices and taxpayer reminders may deliver quick gains.

The FY2026-27 budget will be instructive. Will the government revisit the NBR split in a cleaner form? A fresh law passed by parliament, rather than another ordinance, would carry greater legitimacy. Drafted in consultation with revenue and administration cadres, it could clarify reporting lines and reduce conflict, signalling commitment to durable reform. Will ministers advance proposals for wealth and inheritance taxes raised in pre-budget discussions? The NBR has indicated it is considering reintroducing a wealth tax and creating an inheritance tax, alongside higher taxation of top earners and tighter exemptions. Such measures would test the government's willingness to tax accumulated domestic wealth and would require stronger administration.

At the other end, will the government bring parts of the urban informal economy into the tax net without stilling activity? Burdensome compliance for small traders would yield limited revenue and risk political capital. The broader challenge is to build an economy that generates enough revenue to fund reliable urban services, functioning public hospitals and basic infrastructure. Bangladesh, like neighbouring India, shows signs of a K-shaped economy, with widening inequality in wealth and consumption. The state lacks resources to meet demands that surfaced during the 2024 monsoon protests. The BNP inherits stalled NBR reform and a narrow fiscal base. The coming budget will not resolve every structural weakness, but it can signal intent. Failure to act risks continued revenue stagnation as IMF conditions tighten and LDC graduation adds pressure on export sectors. The government should not let this moment pass.

The writer is with Adam Smith International and is a governance and public policy professional with over two decades of experience across South Asia and East Africa

India resumes wheat exports after 4 years

REUTERS, *Mumbai/New Delhi*

Indian traders have begun exporting wheat for the first time in four years, as ample stocks, higher global prices and firmer freight rates have opened a window for them to make small shipments to buyers in Asia and the Middle East, trade sources said.

Consumer goods conglomerate ITC has started loading 22,000 metric tons of wheat at the western port of Kandla for shipment to the United Arab Emirates, sources said, declining to be identified as they were not authorised to speak to the media.

ITC did not immediately respond to a Reuters request for comment.

India, the world's largest wheat producer after China, has allowed exports of the grain this year, lifting a ban on overseas sales imposed in 2022.

New Delhi extended curbs in 2023 and 2024 after extreme heat shrivelled crops and depleted stocks, pushing domestic prices to record highs and fuelling speculation it might need to import wheat for the first time since 2017.

Last year's favourable weather led to a robust harvest, quashing speculation about imports, helping the government rebuild depleted reserves and giving it the confidence to allow exports.

Earlier this year, Prime Minister Narendra Modi's government allowed traders to export 2.5 million tons of wheat, before permitting another 2.5 million tons late last month for shipments.

US restaurant sales drop as Iran war pushes gasoline prices higher

REUTERS

Several US restaurant chains including Wingstop and Domino's reported weaker-than-expected sales growth in the latest quarter, saying that soaring gasoline prices caused by the US-Israeli war on Iran have forced their customers to cut back on other spending.

Many don't expect consumers to feel relief anytime soon. Analysts expect other restaurant chains also will show declining sales growth in upcoming earnings including Shake Shack and Jack in the Box, according to LSEG averages.

The US-Israeli war on Iran, which began in February, has brought the worst-ever disruption to global oil supplies, driving up average US gasoline prices to $4.43, a nearly 40 percent increase since this time last year, according to GasBuddy.com.

Gasoline prices have broken $6 in California, which regularly ranks as the largest state for restaurants.

Wingstop, a chicken-wing chain that pitches itself on affordability, said higher pump prices contributed to an 8.7 percent plunge in quarterly same-store sales. While CEO Michael Skipworth said it was "extremely difficult for anyone to predict this macro environment", he told investors Wednesday to expect shrinking sales over the year in part because of expectations that pump prices will remain high.

Even chains that did well in the latest quarter are staying cautious. Chipotle, which posted better-than-expected same-store sales growth of 0.5 percent, maintained an outlook of flat growth over the year, which Chief Financial Officer Adam Rymer attributed in part to uncertainty over the war and gasoline prices.

Wall Street forecasts reflect the darker mood. In April, nearly twice as many restaurant analysts cut profit forecasts for next quarter as raised them, according to LSEG data.

Flagging investor confidence in the sector is also evident in the 5 percent drop in the LSEG US restaurant index since the start of the war, erasing more than $40 billion in market value, according to LSEG data.

The $4 mark at the pump is a tipping point, according to Sebastien Fernandez, chief analyst at US-based restaurant consulting firm Revenue Management Solutions. Shortly after the war began, the firm analyzed 14.6 billion restaurant transactions over the last four years and found that as pump prices rise, restaurant visits gradually tick down -- until the $4 mark, at which point the impact doubles.

The firm estimated that $4.20 average gasoline prices mean approximately 1.5 percent fewer visits, and if pump prices reach $5.10 or more, fast-food restaurants could see a 3 percent drop in traffic.

The firm estimated that for a restaurant drive-through with 300 daily transactions, a $1 spike in gasoline prices loses the restaurant about six customers a day, piling up to $22,000 in lost annual sales.

Even before the latest spike in fuel costs, customers had been cutting back on restaurant spending, prompting costly discounts to win customers back. On Wednesday, Yum Brands' Taco Bell, which launched a value meal starting at $3 in January, reported 8 quarterly same-store sales growth in its US restaurants.

"We're seeing a record level of value menus right now," said Mark Wasilefsky, head of restaurant finance at TD Bank.

Domino's CEO Russell Weiner told investors on Tuesday that his chain's competitors ran promotions "out of our playbook", partly contributing to the chain's weaker-than-expected 0.9 percent US same-store sales growth. Although Weiner said his chain was better positioned to sustain these discounts, the company still cut sales forecasts for the year.

PHOTO: AFP/FILE
Workers at a Chinese restaurant enjoy lunch in the Manhattan borough of New York City.

Dubai airport passenger traffic falls 66% amid war

AFP, *Dubai*

Dubai airport's passenger traffic plunged by two-thirds in March following Iran's attacks on the United Arab Emirates during the Middle East war, the emirate's media office said in a statement on Monday.

Traveller numbers at Dubai International, usually the world's busiest for international passenger traffic, sank to 2.5 million, down 66 percent year on year, Dubai Media Office said.

The airport endured "a period of regional disruption that significantly constrained airspace capacity and flight schedules", it said.

"With airspace within the UAE now fully restored, Dubai Airports is moving decisively to scale up operations, increasing flight movements in line with available regional routing capacity."

Dubai International was targeted several times by drones as the oil-rich UAE bore the brunt of Iran's retaliation for US-Israeli strikes.

Quarterly traffic was down 21 percent to 18.6 million in the first quarter of 2026. Dubai International handled a record 95.2 million passengers last year, and had been expecting to receive 99.5 million this year.

"The extraordinary events of the past few weeks are unprecedented for any major airport hub," Dubai Airports CEO Paul Griffiths was quoted as saying in the statement.