

Star BUSINESS



BGMEA offers to help US define cotton use rules

REFAYET ULLAH MIRDHA

Bangladesh's top garment exporters association has offered to help the United States define the rules governing a zero-tariff benefit tied to the use of US cotton and man-made fibre (MMF).

The offer was made as US officials are yet to clarify how the facilities – stated in the bilateral trade deal signed in February amid reciprocal tariff pressure – will work in practice.

Members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) made the proposal at a meeting in Dhaka yesterday with a delegation from the United States Trade Representative's (USTR) office, led by Assistant USTR for South and Central Asia Brendan Lynch.

The delegation arrived on May 5 and is holding meetings through May 7.

Under Article 5.3 of the Agreement on Reciprocal Trade (ART), the US committed to a mechanism allowing certain Bangladeshi textile and apparel goods to enter the American market at a zero reciprocal tariff rate, provided they are made from imported US cotton or MMF.

"We sought clarity on the whole issue of using American cotton and its benefits from the USTR officials at the meeting," said Faisal Samad, a BGMEA director who attended the meeting.

According to industry insiders, two interpretations are currently circulating among exporters.

One holds that the zero tariff would apply only to the portion of a garment's value attributable to US-sourced inputs. Since fabric and fibre typically account for 70 to 80 percent of a finished garment's cost, that would mean the remaining tariff – either the 10 percent universal rate or the 19 percent reciprocal rate set for Bangladesh – would apply only to the rest.

The other reading is that duty-free access would cover the entire garment if US cotton or MMF were used in production.

Exporters also raised questions about traceability – how authorities would verify that a garment was made using US inputs – and about whether tariff treatment would differ depending on whether raw cotton or processed fibre and fabric were sourced from the US.

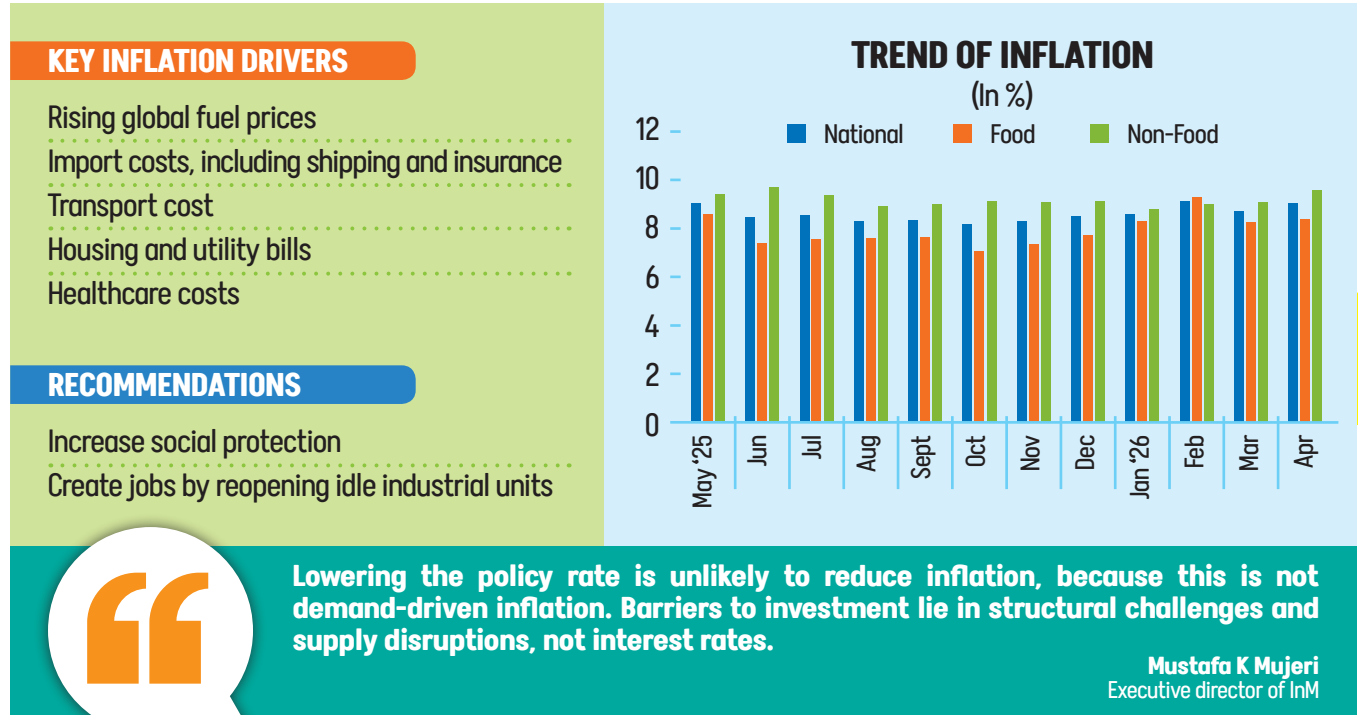
The USTR delegation said they are working on the modalities and will share updates, Samad said. BGMEA offered to cooperate in developing those rules.

Around 40 percent of Bangladeshi garment exporters currently use US upland cotton, primarily for high value-added products.

READ MORE ON B3

Inflation climbs above 9% in April

Food and non-food prices rise, with transport and energy adding upward pressure as Middle East crisis raises import-related costs further



MD ASADUZ ZAMAN

Inflation climbed back above 9 percent in April, reversing the easing seen in March and signalling renewed pressure from fuel price hikes and higher import costs amid the Middle East war.

Point-to-point inflation stood at 9.04 percent last month, up from 8.71 percent in March, according to data released by the Bangladesh Bureau of Statistics (BBS) yesterday.

The increase was driven by both food and non-food items. But non-food inflation rose more sharply to 9.57 percent in April from 9.09 percent a month earlier, indicating sustained increases in the costs of fuel, transport, and other services.

Last month, food inflation edged up to 8.39 percent from 8.24 percent in March. Economists say higher fuel prices, along with rising import costs, are behind the renewed price pressure.

"The rise in inflation is largely driven by higher international prices; it is essentially supply-driven, import-cost-driven inflation," said Zahid Hussain, former lead economist of the World Bank's Dhaka office.

"It is not just fuel prices; others like shipping costs and insurance premiums have also risen. So, the cost of imports has increased, which feeds into services

and other sectors," he added.

Within the non-food category, transport and energy recorded notable increases. The transport index rose 1.83 percent month on month.

"The transport figure is particularly striking, showing a month-on-month increase of 1.83 percent, nearly 200 basis points," said the economist.

He said the rise reflected market prices that had not yet been fully captured in official fuel data.

Hussain said that before petroleum prices were formally adjusted in mid-April, diesel was already selling at Tk 130 to Tk 135 in the open market, compared with the official rate of Tk 100, with long queues and widespread hoarding.

"Since transport operators have been buying diesel at Tk 130 to Tk 135 while the official rate was Tk 100, the increase has been reflected there. But in the fuel category itself, the full effect has not yet been reflected," he said.

A similar gap exists for liquefied petroleum gas (LPG), which trades Tk 100 to Tk 200 above official rates in the open market. Because consumer price index calculations depend on official prices, Hussain said this difference has created a statistical blind spot.

"The 9 percent inflation we are seeing actually contains a kind of 'suppressed' or 'unreflected' component," he said.

"Inflation was already there, but it did not show up in official statistics because the price adjustment had not yet been formally made."

He said inflation could rise further in May as the full impact of April fuel price adjustments feeds through to wholesale and retail markets.

"When diesel prices increase, transport costs go up, wholesale prices increase, and then retail prices go up. This transmission process is not instantaneous," he said.

Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development, also cited the US-Israel war on Iran as a factor.

"Geopolitical tensions have pushed up transport costs, insurance premiums, and overall import expenses. This is affecting both food and non-food items," he said.

He said non-food inflation was more exposed because of its heavier reliance on imports, with higher shipping costs and supply chain disruptions pushing up production costs.

Mujeri said there is little sign of near-term relief. "If the current situation continues, the chances of inflation coming down are very slim. We are operating in a highly uncertain global environment, and that is fuelling inflation rather than easing it," he said.

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Trade deficit widens 24% on rising imports

STAR BUSINESS REPORT

The country's trade deficit widened by 24 percent in the July-March period of the current fiscal year, due mainly to stronger import growth and weaker export earnings.

The gap between imports and exports stood at \$19.17 billion in the first nine months of FY 2025-26, up from \$15.44 billion in the same period a year earlier.

In the July-March period, import payments rose 4.6 percent year-on-year to \$51.55 billion, according to Bangladesh Bank (BB) data.

Within this, petroleum imports increased sharply by 54 percent to \$6.29 billion. Crude petroleum alone jumped 81 percent to \$933 million, according to the central bank.

Economists linked the rise to volatile global fuel prices in March amid the US-Israel war on Iran and wider conflict across the Middle East.

During mid-March, crude oil prices climbed to about \$102-\$109 per barrel, compared with below \$100 in the previous month, pushing up the import bill.

Export earnings fell 4.4 percent to \$32.38 billion over the same period.

Despite the wider trade gap, the country's current account deficit narrowed. This indicator tracks net flows of goods, services and income between a country and the rest of the world.

The deficit stood at \$397 million in July-March of FY26, compared with \$878 million a year earlier.

Industry insiders said higher remittance inflows helped ease pressure on the current account. Expatriates sent more than \$3 billion a month for five consecutive months up to April, according to BB data.

The financial account also strengthened during the period. It rose to a surplus of \$3.81 billion from \$570 million a year earlier, reflecting increased inflows from loans, credit and other cross-border financial transactions.

Analysts said the surplus was largely driven by borrowing and trade credit rather than stable investment. Foreign direct investment remained moderate, while portfolio investment stayed negative, reflecting weak investor confidence.

During the period, net foreign direct investment stood at \$1 billion, down from \$1.31 billion in the same months of the previous fiscal year.

READ MORE ON B3

Oil to average \$96 this year

ADB forecasts

SOHEL PARVEZ, from Samarkand

The Asian Development Bank (ADB) has projected that oil prices will average \$96 per barrel in 2026 – well above the pre-war average of \$69 – as key infrastructure has been damaged and, despite the ceasefire in the Middle East, transit through the Strait of Hormuz has not resumed.

Prices may moderate to \$80 on average in 2027, according to an updated ADB analysis on the impact of the Middle East conflict on Asia and the Pacific, released yesterday.

Fertiliser prices – especially those of urea, a key crop nutrient – have also shot up, fuelling inflationary expectations and increasing fiscal pressure on nations, particularly energy- and fertiliser-importing ones like Bangladesh.

The multilateral lender has lowered its 2026 growth projections for developing Asia and the Pacific, saying the conflict has proved far more disruptive than its early stabilisation scenarios suggested.

Regional GDP growth is now forecast at 4.7 percent, a 0.4 percentage-point drop, while the inflation estimate has been raised by 1.6 percentage points to 5.2 percent.

"Transit through the Strait of Hormuz remains severely impaired despite the April ceasefire. Physical damage to energy facilities across the Gulf will prolong supply disruptions beyond the end of the conflict – with some repairs expected to take three to five years," said ADB Chief Economist Albert Park.

"A new reference scenario incorporating persistent supply constraints points to materially slower growth and higher inflation; a severe downside scenario implies substantially larger impacts," he said at a media briefing on the sidelines of the ADB Annual Meeting in Samarkand, Uzbekistan.

The four-day event concluded yesterday with ADB President Masato Kanda terming the conference a success at the closing ceremony.

Park said impacts depend on imported energy dependency, fertiliser import exposure, and other economy-specific factors. Across subregions, the largest 2026 growth downgrades have occurred in South Asia, the Pacific, and developing Southeast Asia.

READ MORE ON B3

Bangladesh should move up the global value chain: ADB

SOHEL PARVEZ, from Samarkand and REFAYET ULLAH MIRDHA in Dhaka

Bangladesh needs to move up the global value chain (GVC), with fresh policy measures aiming to support this by promoting diversification and higher value-added activities, according to a new Asian Development Bank (ADB) study.

The study on GVCs, growth, and inequality was released yesterday.

From a trade and GVC perspective, Bangladesh has become heavily dependent on ready-made garment (RMG) exports, with apparel making up over 80 percent of total exports, while the share of textiles has declined.

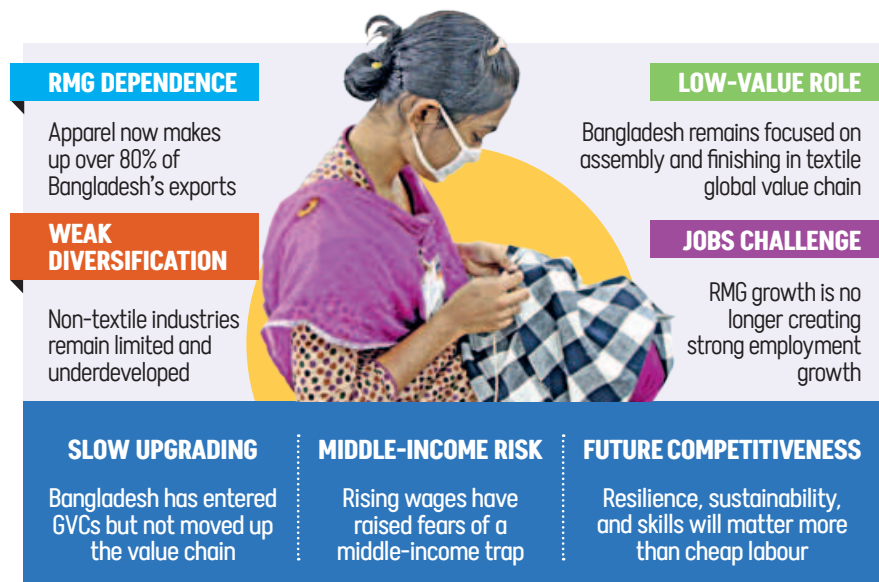
The country's participation in the textiles and textile products GVC is also concentrated in low-value downstream work, mainly assembling and finishing imported materials.

According to ADB data, compared with other major textile exporters in developing Asia and the Pacific, Bangladesh has a relatively low ratio of forward to backward GVC linkages.

This shows a strong dependence on imported fabrics, yarns, dyes and other inputs, with limited involvement in higher-value stages of production.

Strong specialisation in textiles and textile products has helped Bangladesh absorb labour and boost exports, but it has also limited structural upgrading. As a result, the country has joined GVCs but has not moved up within them.

This is reflected in weak forward linkages and limited knowledge transfer from global lead firms, which restrict



improvements in processes, products and functions.

GVC participation rates are also below the global average, showing less integration across different stages of production compared with peer exporters.

In addition, the industrial base outside textiles and textile products remains narrow, limiting value-added diversification and the development of local suppliers.

The report also said Bangladesh faces challenges in its GVC participation. Although exports and production in the RMG sector continue to grow, this expansion is not translating into stronger

employment growth.

Wages have also started to rise since Bangladesh was reclassified as a lower-middle-income country in 2015. This has raised concerns about a possible "middle-income trap," where economies struggle to move from middle- to high-income status.

Preferential market access, such as the European Union's Everything but Arms (EBA) scheme, has supported the growth and integration of the RMG sector. However, recent changes in rules of origin are limiting opportunities to upgrade in certain product areas, including knitwear.

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NBFI depositors seek urgent BB steps to get back funds

STAR BUSINESS REPORT

An alliance representing more than 12,000 depositors of six distressed non-bank financial institutions (NBFIs) has urged the Bangladesh Bank (BB) to take immediate steps to facilitate the return of their long-frozen funds.

The six NBFIs – FAS Finance, Premier Leasing, Fareast Finance, Aviva Finance, People's Leasing, and International Leasing – are now under liquidation.

Over the years, several NBFIs collapsed amid widespread mismanagement, weak governance, and heavy exposure to non-performing loans. Poor regulatory oversight and delayed action by the central bank deepened the crisis and ultimately led to liquidation.

Yesterday, in a memorandum submitted to the BB governor in Dhaka, the platform titled "Alliance of Depositors of 6 NBFIs for Recovery" said depositors have been facing acute financial hardship, mental distress, and a humanitarian crisis, as their savings have remained locked up for nearly seven years.

"Many depositors are unable to access treatment for critical illnesses such as cancer, kidney disease, and heart conditions due to a lack of funds," the memorandum said, adding that several depositors have already died without receiving necessary medical care.

As the regulator of banks and NBFIs, the central bank bears the highest responsibility to safeguard public deposits, the alliance said, calling for urgent intervention to resolve the crisis.

The alliance outlined three key demands, including an immediate announcement of a clear, realistic, and

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Bank Asia organises mental health awareness programme for employees

STAR BUSINESS DESK

Bank Asia PLC has organised a mental health awareness programme at its corporate office in Karwan Bazar, Dhaka on Tuesday, to highlight the importance of employees' mental well-being.

Moner Bondhu, a specialised mental health service provider in Bangladesh, supported the initiative, according to a press release.

Akhteruddin Mahmood, deputy managing director and chief human resource officer of the bank, supervised the programme.

Kazi Rumana Haque, lead psychological counsellor and head of the mental health programme, and Mehadi Mobarak Aman, senior psychological counsellor at Moner Bondhu, conducted the session.

Other senior officials of the bank also participated in the event.



Akhteruddin Mahmood, deputy managing director and chief human resource officer of Bank Asia PLC, poses for a group photograph after inaugurating the mental health awareness programme at the bank's corporate office in Karwan Bazar, Dhaka on Tuesday. PHOTO: BANK ASIA

BAB elects Rashed Ahmed, Sharif Zahir as vice-chairmen



Rashed Ahmed Sharif Zahir

STAR BUSINESS DESK

Rashed Ahmed Chowdhury, chairman of Mutual Trust Bank PLC, and Sharif Zahir, chairman of United Commercial Bank PLC, have been elected as vice-chairmen of the Bangladesh Association of Banks (BAB).

The decision was taken at the BAB's 230th executive committee meeting held in Dhaka on Tuesday, according to a press release.

The newly elected vice-chairmen will serve for the remainder of the current tenure, which ends on December 31, 2026.

Abdul Hai Sarker, chairman of BAB and Dhaka Bank PLC, presided over the meeting.

Earlier, Romo Rouf Chowdhury, chairman of Bank Asia PLC, and Monzurur Rahman, chairman of Pubali Bank PLC, had been elected as vice-chairmen.

Samsung Electronics market value tops \$1tn

AFP, Seoul

The market value of South Korea's Samsung Electronics smashed past \$1 trillion for the first time Wednesday as the firm rides an AI chip boom that has sent Seoul's Kospi stock index to record highs.

The company has emerged as a key player – alongside domestic rival SK hynix – in the supply of high-performing chips that are wanted by firms racing to keep up with the fast-evolving artificial intelligence industry.

Samsung logged record first-quarter profit last week, with the announcement coming as the South Korean government pushes to break into the world's top three AI powers alongside the United States and China.

The company's stocks spiked nearly 12 percent in morning trading on Wednesday, pushing its market value past the \$1 trillion milestone.

SK hynix was up around 10 percent.

That came as the country's benchmark Kospi index soared more than five percent, blowing through 7,000 points for the first time at the opening bell. Samsung's shares have risen around 300 percent over the past year as the AI boom boosts South Korean growth.

The company is only the second Asian company after Taiwan Semiconductor Manufacturing to hit a market capitalisation of \$1 trillion, financial Bloomberg News reported.

The firm said last week that operating profit surged 750 percent on-year to a record first-quarter high of 57.2 trillion won (\$39.3 billion).

Prime Bank clients to enjoy lifestyle benefits at ELYZE Aesthetic Clinic



Mahbubur Rahman, managing director of ELYZE Aesthetic Clinic, and Shaila Abedin, senior executive vice-president and head of liability and wealth management at Prime Bank PLC, pose for a photograph after signing the agreement at Prime Aspire on Gulshan Avenue in Dhaka recently. PHOTO: PRIME BANK

STAR BUSINESS DESK

Prime Bank PLC has entered into a strategic partnership agreement with ELYZE Aesthetic Clinic, a Dhaka-based skincare provider, to offer benefits to its customers and employees.

Shaila Abedin, senior executive vice-president and head of liability and wealth management of the bank, and Mahbubur Rahman, managing director of the skincare clinic, signed the agreement at Prime Aspire on Gulshan Avenue in Dhaka recently, according to a press release.

Under the partnership, Prime Bank's Neera customers and employees will enjoy attractive discounts on a wide range of aesthetic and wellness services offered by the clinic.

The collaboration reflects the bank's commitment to enhancing customer experience through lifestyle privileges and value-added services via strategic partnerships, the release said.

Fatema Akter, business development manager of Neera at the bank, and Rumana Naznin, aesthetic consultant at the clinic, were also present at the signing ceremony, along with other senior officials from both organisations.

Pubali Bank holds 1st quarter business review meeting

STAR BUSINESS DESK

Pubali Bank PLC recently held its "1st Quarter Business Review Meeting 2026" at its head office in Dhaka.

Mohammad Ali, managing director and CEO of the bank, attended the meeting as the chief guest, according to a press release. Md Shahnewaz Khan, deputy managing director, was also present as a special guest.

The session featured in-depth

discussions on business growth strategies, first quarter performance analysis, and future action plans to enhance ADC business, the release said.

Md Rabiul Alam, deputy general manager and division head of the ADC division, presided over the meeting.

Regional managers from Dhaka North, Dhaka South, Dhaka Central, Narayanganj, and Gazipur zones participated in the session, along with ADC officials from the respective areas.



Mohammad Ali, managing director and CEO of Pubali Bank PLC, attends the bank's "1st Quarter Business Review Meeting 2026" at its head office in Dhaka recently. PHOTO: PUBALI BANK

Bengal Commercial Bank holds 52nd board meeting

STAR BUSINESS DESK

Bengal Commercial Bank PLC has held its 52nd board meeting at its head office in Gulshan, Dhaka recently.

Md Jashim Uddin, chairman of Bengal Commercial Bank PLC, presided over the meeting, according to a press release.

The bank approved the financial statements for the year 2025 and made several important investment decisions.

Ghulam Mohammed Alomgir, vice-chairman of the bank, and Tarik Morshed, managing director, along with other directors, additional managing directors, the deputy managing director, and the company secretary, were also present at the meeting.



Md Jashim Uddin, chairman of Bengal Commercial Bank PLC, presides over the bank's 52nd board meeting at its head office in Gulshan, Dhaka recently. PHOTO: BENGAL COMMERCIAL BANK

IFIC Bank opens ATM booth in Nikunja

STAR BUSINESS DESK

IFIC Bank PLC has launched a new ATM booth in the Nikunja area of Dhaka recently, aiming to provide customers with easier, faster and uninterrupted banking services.

Md Ebtadul Islam, independent director and chairman of the risk management committee of the bank, inaugurated the booth as the chief guest, according to a press release.

With the new ATM booth, customers in Nikunja and surrounding areas will be able to access various services, including cash withdrawal, fund transfer to IFIC Bank or other bank accounts, balance inquiry, mini statement, card activation, PIN change and other ATM-related services.

IFIC Bank said it is continuously expanding its banking services across the country to make daily financial transactions more convenient, secure and time-saving.

The bank also plans to install more than 150 ATM booths nationwide this year.

Currently, with more than 1,400 branches and sub-branches, IFIC Bank has further strengthened its position as one of the largest banking networks in the country.



Md Ebtadul Islam, independent director and chairman of the risk management committee of IFIC Bank PLC, inaugurates the bank's new ATM booth in Nikunja, Dhaka recently. PHOTO: IFIC BANK

Dollar tumbles against yen

REUTERS, London

The dollar fell against most major currencies on Wednesday after the US signalled it may be nearing a deal with Iran, while the Japanese yen suddenly jumped to a more than two-month high as markets braced for another round of official buying from Tokyo.

The yen rose by as much as 1.8 percent earlier in a swift move that left the dollar at a session low of 155, around its weakest since February 24. The dollar had earlier broadly strengthened against a range of currencies before a sudden move lower against the yen, which triggered speculation of another round of intervention.

Japanese Finance Minister Satsuki Katayama earlier in the week warned against speculative moves in foreign exchange, after a brief jolt higher in the yen sparked speculation Tokyo had again intervened to support the currency.

"As I have said repeatedly, we will take

decisive measures against speculative moves, in accordance with the statement signed between Japan and the United States last year," Katayama told reporters after the Asian Development Bank's annual meeting in Uzbekistan. The Ministry of Finance of Japan could not be reached immediately for comment during a local holiday.

Part of the problem for Japanese authorities in staving off persistent weakness in the yen lies in markets that are beyond their immediate control, such as higher US Treasury yields, which favour the dollar, and oil, CIBC Capital Markets head of GIO FX strategy Jeremy Stretch said.

"It's very tough to get the yen down if oil is going to remain elevated and/or US Treasury yields are, in terms of 10-years, you're nearer 4.4 percent than you are 4.2 percent. So that was always going to be the difficulty the Japanese were going to have."

Stocks fall for second day

STAR BUSINESS DESK

Bangladesh's stock market extended its decline for the second consecutive session amid cautious investor sentiment, stock volatility, and post-dividend adjustments in banking shares.

The DSEX, the benchmark index of the Dhaka Stock Exchange, fell 18.86 points, or 0.36 percent, to close at 5,248. The other two indices – the DSES and DS30 – also ended lower.

The shariah-based DSES index declined 1.9 points, or 0.18 percent, to 1,058, while the blue-chip DS30 index dropped 8.07 points, or 0.40 percent, to 2,009.

According to a market update by BRAC EPL Stock Brokerage Limited, all large-cap sectors posted negative performance.

Non-bank financial institutions (NBFIs) recorded the highest loss of 1.44 percent, followed by fuel & power (0.70 percent), banking (0.52 percent), pharmaceuticals (0.29 percent), food & allied (0.20 percent), engineering (0.18 percent), and telecommunications

(0.10 percent).

Turnover stood at Tk 767.7 crore, a 7.8 percent decrease from the previous day's trading.

Block trades accounted for 4.1 percent of total turnover.

Monno Ceramic Industries Ltd, which gained 9.7 percent, was the most traded stock with a turnover of Tk 39.0 crore.

Yeakin Polymer Limited and Mozaffar Hossain Spinning Mills Limited followed, gaining 9.66 percent and 9.63 percent respectively.

Premier Leasing & Finance Limited, Fareast Finance & Investment Limited, and International Leasing & Financial Services Limited were the worst performers, each losing 8.69 percent.

Textiles, ceramics, and miscellaneous sectors closed in the positive, according to a daily market observation by UCB Stock Brokerage. The textile sector led turnover, accounting for 14.8 percent of total trade.

At the Chittagong Stock Exchange, the CSE All Share Price Index (CASPI) edged down 14 points, or 0.09 percent, to close at 14,801.

Gold jumps over 2%

REUTERS

Gold prices climbed more than 2 percent on Wednesday after US President Donald Trump indicated a possible peace deal may be reached with Iran, sending the dollar and crude lower as inflation concerns ebbed somewhat.

Spot gold jumped 2.7 percent to \$4,680.91 per ounce, as of 0811 GMT, having hit its highest since April 28. US gold futures for June delivery rose 2.7 percent to \$4,693.20.

US President Donald Trump said on Tuesday he would briefly pause an operation to help escort ships through the Strait of Hormuz, citing progress toward a comprehensive agreement with Iran.

Iran will only accept "a fair and comprehensive agreement" in its negotiations with the US on ending the war in the Middle East, its foreign minister said on Wednesday.

Gold gained as "oil prices retreated on reduction in geopolitical risk premium, after the US confirmed that the ongoing fragile ceasefire between Iran is still intact, despite the skirmish that was seen at the start of this week," Kelvin Wong, a senior market analyst at OANDA, said.

"Any signs of re-escalation of tension between the two of them, you will see gold prices seeing some form of profit-

taking, or for short-term speculators to unwind their near-term net long position in gold," Wong added.

A weaker US currency makes dollar-priced metals cheaper for holders of other currencies.



Elevated crude oil prices can stoke inflation, increasing the likelihood of higher interest rates. While gold is considered an inflation hedge, high interest rates make yield-bearing assets more attractive, weighing on its appeal.

Investors await US non-farm payrolls later this week which will test whether the economy remains resilient enough to keep the Federal Reserve's monetary policy on hold.

"Factors such as economic growth risks, worsening geopolitical relations, currency volatility and downside risks to equity markets will continue to support gold's role as a portfolio diversifier," ANZ said in a note.

India offers \$27b to businesses to cushion war impact

AFP, New Delhi

The Indian government approved a \$27.3 billion credit guarantee scheme on Tuesday to help businesses survive short-term cash problems caused by the Middle East war, including airlines hit by surging fuel prices.

The scheme is intended to help businesses get access to loans until March next year so they can ride out the crisis, prevent layoffs and avoid an economic slowdown.

"The proposed credit guarantee scheme is a major step to help businesses... and the airline sector, to ensure their additional working capital needs," a government statement said.

"It will also promote uninterrupted domestic production and maintain the resilience of the ecosystem," it said.

The proposal was approved by a meeting of Prime Minister Narendra Modi's cabinet on Tuesday. The credit line will operate for five years for most businesses and seven years for airlines, the statement said.

The war has piled pressure on the Indian economy, which is heavily dependent on oil and liquefied petroleum gas from the Middle East, and has clouded India's economic growth outlook.

Most of the credit guarantee, \$26.79 billion, is intended for a wide range of businesses.

Another \$525 million is also set aside for airlines, many of which have cut domestic and international flights in recent weeks because of rising aviation fuel prices.

Oil to average \$96

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The Manila-based agency now projects a 5.7 percent growth in South Asia in 2026, down from an earlier forecast of 6.3 percent. Inflation in the subregion is projected to rise to 7.6 percent, up 2.6 percentage points from the previous estimate.

"Markets price in persistently tighter conditions, not a quick reversal."

The ADB said supply disruptions have exerted upward pressure on the prices of non-oil commodities, particularly fertilisers.

"Prices are surging," Park said, adding that urea marked the largest non-energy price shock and that it has a direct impact on food costs.

South Asia sources 35 percent of its fertiliser from the Middle East.

Bangladesh is a major importer of fertiliser from the Gulf nations.

"Food prices typically follow within one quarter," he added.

Responding to a question on Bangladesh's economic growth, he said the country-specific numbers for Bangladesh based on the reduced growth forecast will be released by the end of this month.

"So, the regional one is an indicator; I think Bangladesh's growth will probably be a bit lower. They would have more headwinds, in effect, than the rest of the South Asia average," he said.

"But I think you should wait; our next Asian Development Outlook will have a much more thorough assessment of Bangladesh, and that report will be coming out in July or early August," he said.

August," he said.

To tackle the challenges, the ADB suggested avoiding blanket fuel subsidies and excise tax cuts.

High-income households consume more energy, and subsidies are fiscally very costly if prices stay elevated, he said.

"Policymakers should target support to vulnerable households, maintain monetary credibility, and accelerate investment in energy resilience," he said.

Park suggested targeted cash transfers to protect vulnerable households and ensure fiscal space. A data dependent monetary policy is needed.

"This is a supply shock, not a demand shock. Monitor inflation expectations and second-round effects before tightening; avoid choking growth unnecessarily," he added.

Inflation

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On policy, he said conventional monetary tools have a limited effect when inflation is driven by external factors.

"Lowering the policy rate is unlikely to reduce inflation, because this is not demand driven inflation," he said, adding that barriers to investment lie in structural challenges and supply disruptions, not interest rates.

In October 2024, the Bangladesh Bank, in its fight against price pressures, raised the policy rate to 10 percent and has kept it unchanged since.

Mujeri called for targeted support for vulnerable groups and steps to revive domestic production.

"Reopening idle industrial units could be effective – they can be brought back into operation relatively quickly and at lower cost, while also creating employment," he said.



Depositors of six distressed non-bank financial institutions (NBFIs) gather in front of the Bangladesh Bank, urging action to facilitate the return of their funds. The photo was taken yesterday.

PHOTO: MD MEHEDI HASAN

NBFI depositors

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actionable roadmap in line with the previously declared July 2026 deadline for returning depositors' money.

The other two demands are the introduction of an effective mechanism to prioritise repayments for individual depositors

and the arrangement of a meeting between the governor and three to four representatives of the depositors to formally present their demands.

The depositors expressed hope that the central bank would take swift, effective, and humane measures to address the crisis and ensure the protection of public savings.

ensure the protection of public savings.

They also called upon the government, the central bank, and all relevant authorities to take urgent and effective steps to restore confidence in the financial sector and ensure justice for affected depositors.

In January this year, BB decided to liquidate six of the country's 35 non-bank financial institutions due to poor financial health.

The current BB governor, Md Mostaqur Rahman, appointed by the BNP-led government, has said reforms will continue, including those liquidations.

Bangladesh should move

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Participation in GVCs, especially in the apparel sector, has been central to Bangladesh's export-led growth. It has also supported inclusive development by creating jobs – particularly for women – and reducing poverty.

The sector now accounts for most export earnings and employs around 4.5 million people, more than half of them women. Despite this progress, concerns remain about continued reliance on low wages and poor working conditions.

Efforts have been made to improve safety and sustainability in the

industry, including the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety.

These were introduced after the Rana Plaza collapse in 2013, which killed more than 1,100 people in a building housing five garment factories. However, the report said these efforts are still not complete.

"Bangladesh has done very well in garments, but that is a very labour-intensive activity with little upgrading to higher value-added work," said ADB Chief Economist Albert Park, speaking at a media briefing on the sidelines of the 59th

Annual Meeting of the Board of Governors of ADB in Samarkand, Uzbekistan, which concluded yesterday.

He added that Bangladesh should look for opportunities to move up within GVCs.

"And also, for Bangladesh, there is such a concentration in this one export sector that it is very risky for the economy if something unexpected occurs that really affects that sector, as we have seen in the past," Park said.

He added that Bangladesh should diversify into other sectors and allow easier import of inputs without tariffs.

"The same kind of

treatment that readymade garments get should be extended to other sectors to expand opportunities," he said. "And meanwhile, really think about opportunities to upgrade."

Neil Foster-McGregor, principal economist at ADB, presenting the main findings of the report, said production processes are becoming increasingly capital-intensive.

He added that geopolitics and rising sustainability demands will reshape GVCs.

He said future competitiveness will depend on resilience, sustainability and firm capabilities, not just low labour costs.

BGMEA offers to help

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After a separate meeting with the USTR team yesterday, Rashed Al Mahmud Titumir, the prime minister's finance and planning adviser, said Bangladesh's priority is expanding its market share in the US and developing new export categories beyond garments.

He noted Bangladesh wants further consultation meetings with the US on the agreement.

Stating that currently, Bangladeshi garment items are dominating in the US market, he said, "Commercial, health, education and humanitarian issues may also be discussed with the US when the bilateral discussions take place between the two countries."

Bangladesh also wants expansion of strategic assistance from the US in agricultural cooperation

and scientific research, he added.

Earlier on Tuesday, speaking after a meeting with the USTR team, Commerce Minister Khandaker Abdul Muktedir said the government intends to make full use of the agreement.

"It is a reality, and we want to make the best use of it to expand the country's trade and investment," he said.

US goods trade with Bangladesh totalled an estimated \$11.8 billion in 2025.

American imports from Bangladesh reached \$9.5 billion – up 13.3 percent from 2024 – while US exports to Bangladesh were \$2.3 billion.

The resulting trade deficit stood at \$7.1 billion, a 17.9 percent increase from the previous year. Garments account for 86 percent of Bangladesh's exports to the US.

Government of the People's Republic of Bangladesh
Office of the Civil Surgeon cum Superintendent
Pirojpur District Hospital, Pirojpur

Ref No. PDH/MANPOWER/TENDER/2025-2026/360 Date: 05/05/2026

e-Tender Notice

This is an online tender, where only e-Tenders will be accepted in e-GP Portal and no offline/hard copies will be accepted. To submit an e-Tender, please register on e-GP System Portal (<https://www.eprocure.gov.bd>). For more details, please contract support desk contract numbers.

e-Tender are invited in the e-GP System Portal (<https://www.eprocure.gov.bd>) by Dr. Md. Matiur Rahaman, Civil Surgeon cum Superintendent, Pirojpur District Hospital, Pirojpur for the procurement of following physical services:

Tender Id	Name of goods	Tender/proposal last selling date & time	Tender/proposal closing/opening date & time
1270254	Supply various type of outsourcing manpower (non consultant physical service) as per Outsourcing service receive rule 2025 at Pirojpur District Hospital, Pirojpur.	24/05/2026 16:00	25/05/2026 12:00

(Signature)
Dr. Md. Matiur Rahaman
Civil Surgeon cum Superintendent
Pirojpur District Hospital, Pirojpur

GD-1037

Government of the People's Republic of Bangladesh
Bangladesh Police
Rapid Action Battalion-7
Patenga, Chattogram
www.rab.gov.bd

Memo No. 7453/Q/RAB/680 Dt: 05 May 2026

Invitation for e-Tender

For financial year 2026-2027, e-Tender is invited in the National e-GP System Portal (www.eprocure.gov.bd) for the procurement of:

Sl	Tender ID No. & Reference No.	Description of goods	Last selling date & time	Closing/opening date & time
1	1270540, 7453/Q/RAB/Part-1/699/1	Fresh Ration	21 May 2026 09:00	21 May 2026 12:00
2	1270555, 7453/Q/RAB/Part-1/699/2	Supply of Fire Wood	21 May 2026 09:00	21 May 2026 12:00
3	1270557, 7453/Q/RAB/Part-1/699/3	Wheat Crushing	21 May 2026 09:00	21 May 2026 12:00
4	1270561, 7453/Q/RAB/Part-1/699/4	Dry Ration Load/Unload	21 May 2026 09:00	21 May 2026 12:00

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.

To submit e-Tender, registration in the National e-GP System Portal (www.eprocure.gov.bd) is required. The fees for downloading the e-Tender documents from the National e-GP System Portal have to be deposited online through any registered bank branches.

Further information and guidelines are available in the National e-GP System Portal and from e-GP helpdesk (helpdesk@eprocure.gov.bd).

Tenderer having clarity requirements are requested to contact at 01777-710705 (Assistant Director, Quartermaster).

(Signature)
Md. Hafizur Rahman, PSC
Lt Col
Commanding Officer
Rapid Action Battalion-7
Tel: 023-33300400

GD-1040

The political economy of an IMF programme



Sadiq Ahmed
writes for **Star Business**

The new BNP government, led by Prime Minister Tarique Rahman, took office on February 17, 2026. It inherited a fragile and unstable economy. The inflation rate is high, GDP growth plunged to 3.5 percent in FY2025, public and private investment declined, and exports fell by 2 percent in the first nine months of FY2026. The non-performing loans of the banking sector climbed to Tk 6.5 trillion in September 2025, capital adequacy turned negative at -2.9 percent, and the loan provisioning gap soared to Tk 3.5 trillion, all pointing to a deeply distressed banking system. The tax-to-GDP ratio fell to 6.8 percent in FY2025, compared with an average of 19 percent for lower-middle-income countries, while the subsidy bill rose to Tk 1.3 trillion in the same year, amounting to 20 percent of total tax revenues. On top of these macroeconomic imbalances, slowing growth and high inflation are pushing up poverty, and unemployment among educated youth now exceeds 10 percent and continues to rise.

Even before the new government could settle and gain some breathing space, the United States and Israel attacked Iran on February 28, triggering a conflict that persists with damaging consequences for the global economy. Energy prices have surged, international trade has been disrupted, and shipping costs have increased sharply. Bangladesh, as a major energy-importing country, has been especially affected. Higher global energy prices have worsened the balance of payments and fiscal pressures, further aggravating existing imbalances. Economic activity, including exports, has suffered additional setbacks because of energy constraints.

The cumulative effects of a fragile domestic economy and the external shock caused by the Iran war threaten to destabilise the economy unless urgent corrective measures are taken. Bangladesh will also require a substantial inflow of external financing to manage pressures on the balance of payments and the budget. An IMF programme, first negotiated in 2023, is currently in

On top of the macroeconomic imbalances, slowing growth and high inflation are pushing up poverty, and unemployment among educated youth now exceeds 10 percent and continues to rise

place. The government is weighing the merits of continuing with the existing arrangement or negotiating a new programme better aligned with current needs. There is also a backlash, with some arguing that Bangladesh would be better off without an IMF programme because of disagreement over the conditionalities attached to such arrangements.

The debate over whether Bangladesh needs an IMF programme is largely futile. The more pertinent question is what reforms are required to stabilise the macroeconomy and restore growth momentum within a reasonable time frame of 12 to 24 months. If such a programme is developed using relevant macroeconomic data and anchored

in a credible and internally consistent macroeconomic framework, it can serve as the basis for negotiating financial support from the Bretton Woods institutions, including the IMF, the World Bank and the IFC, as well as from the ADB and bilateral development partners. If the reform programme is substantive and credible, there is no compelling reason why the financial assistance required to implement it would not be forthcoming.

Controversy over conditionality tends to arise when a government has not undertaken the necessary preparatory work to design a credible reform programme supported by a coherent macroeconomic framework. In such circumstances, the IMF provides its own framework and identifies the reforms it considers necessary to achieve macroeconomic targets. These IMF-identified reforms may not be fully attuned to domestic political economy realities or implementation capacity constraints and can therefore become embroiled in controversy.

I make this assertion on the basis of 30 years of experience as a former senior staff member of the World Bank,

backed by sweeping structural reforms including industrial deregulation, trade liberalisation and currency devaluation. The reform programme was formulated by the Indian government under the leadership of Finance Minister Manmohan Singh. The economy responded positively to the deregulation of trade and investment. Exports surged, and GDP growth accelerated. India has not required a subsequent IMF programme, and the 1991 crisis is widely regarded as a turning point that transformed the country from a closed, state-led system into one of the world's fastest-growing open economies.

Case 2: In March 1998, Pakistan conducted nuclear tests that prompted sanctions from the United States and the G7. The macroeconomy was already fragile, and sanctions curtailed new international lending, including suspension of the ongoing three-year IMF ESAF/EFF programme for 1997-2000. By December, foreign reserves had fallen below \$200 million, and the risk of default loomed. At that time, I was serving in Islamabad as the World Bank country director. Pakistan's Finance Minister

non-performing loans. GDP growth was around 5 percent, and poverty affected nearly half the population. Under the leadership of Finance Minister Saifur Rahman, and with technical support from the IMF and the World Bank, the government developed a comprehensive reform programme covering exchange rate management, trade and investment liberalisation, banking reform, fiscal and monetary policy, and the energy sector. At the time, I was sector director for economic management at the World Bank. Working closely with the government and the IMF, my team prepared a series of single-tranche budget support operations, known as development support credits, amounting to about \$1.0 billion. The IMF designed a three-year financial assistance programme of \$0.5 billion. The reforms were implemented over FY2003 to FY2005, yielding strong improvements in export performance, GDP growth, reduction in non-performing loans and fiscal outcomes. Accelerated growth and export expansion contributed to a significant decline in poverty.

Several common threads underpin the success of these programmes. First,



A partial view of the International Monetary Fund (IMF) headquarters during the first day of the 2026 Spring Meetings of the IMF and the World Bank Group in Washington, DC on April 13.

PHOTO: AFP

with strong involvement in developing credible macroeconomic frameworks and associated reforms for a large number of client countries, working closely with IMF teams. In many instances, the IMF and the World Bank provided flexible financing through separate programmes while sharing a common macroeconomic framework and closely coordinated policy reforms in their respective areas of competence.

I summarise below three successful IMF-World Bank programmes from South Asia in which reform agendas were developed by the governments themselves, and political backlash over conditionality was limited. The first is the 1991 IMF programme for India; the second is the 1998 IMF programme for Pakistan; and the third is the 2002-2005 IMF programme with Bangladesh. I was not involved in the India programme but played a major role in both the Pakistan and Bangladesh programmes referred to here.

Case 1: In 1991, India faced a severe balance of payments crisis, with foreign reserves falling below \$1 billion, barely sufficient to cover three weeks of imports. To avert default, India secured emergency loans of roughly \$2.2 billion from the IMF,

Ishaq Dar, now foreign minister, and Punjab Chief Minister Shahbaz Sharif, now prime minister, sought assistance in mobilising balance of payments support. Given the geopolitical constraints, I advised that a credible reform programme with upfront policy actions was essential before financing could be secured. Working with IMF and World Bank teams, the government developed a coherent macroeconomic framework and implemented difficult reforms in exchange rate policy, fiscal management, the financial sector and the social sectors before loan approval. In January 1999, a financing package of about \$1.5 billion was approved by the IMF, the World Bank and the ADB. The strength of the reform programme and its early implementation persuaded G7 members, except the United States, to support the package. The United States abstained but did not oppose.

Case 3: In 2001, the BNP, led by Begum Khaleda Zia, replaced the Awami League government and inherited a fragile economy. Foreign reserves and export growth were weak, creating balance of payments pressures. The banking system was burdened by a high level of

each reform agenda was homegrown and nationally owned. Second, there was a genuine partnership between the country's economic team and the Bretton Woods institutions. Third, there was strong political backing at the highest level. Prime Minister Narasimha Rao of India, Nawaz Sharif of Pakistan and Prime Minister Khaleda Zia of Bangladesh were all directly engaged in supporting their respective reform programmes. Fourth, the economic teams were competent and cohesive, operating under empowered finance ministers who had the authority to act decisively and direct access to their prime ministers for consultation when necessary.

The present BNP government can draw lessons from the successful reforms undertaken during 2003 to 2005 under Prime Minister Khaleda Zia. With a strong and credible reform programme implemented swiftly, Bangladesh should be able to secure the external financing required and navigate the economy through the current period of turbulence.

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Trump-Xi summit augurs more risk than relief

REUTERS, Hong Kong

Donald Trump's message to China is clear: he will not be denied. Specifically, the US president will not be denied a photo op with his Chinese counterpart Xi Jinping during an expected state visit to Beijing next week. But the outcome of Trump's last such sojourn bodes ill for any big breakthroughs this time round, while more recent events suggest downside risks, however slim, far exceed anything either side might get out of the negotiations.



US President Donald Trump (right) and China's President Xi Jinping (left) hold talks at the Gimhae Air Base, located next to the Gimhae International Airport in Busan on October 30, 2025.

PHOTO: AFP/FILE

A full rundown of what the two leaders will discuss on May 14-15 is not available, but America's \$200 billion-plus trade deficit in goods with China will likely top the list even after falling by nearly a third last year, and US Treasury Secretary Scott Bessent on Monday said Iran would also feature. But Beijing is wise to play the welcoming host after last year's disastrous tit-for-tat squabble briefly pushed tariffs into the triple digits and threatened to torch virtually all bilateral trade. The two camps now stand in uneasy détente after China realised it needs American semiconductors and the US discovered it can't live without Chinese rare earths.

That might once have provided building blocks for a deal that locks in tentative treaties on all the above as the firm foundation of a less hostile, even functional relationship. But both sides know better because, mere months after telling Xi that "we're going to do tremendous things for both China and for the United States" at their joint presser in 2017, Trump opened fire in a trade war that has continued in fits and starts to this day and redefined the Sino-American relationship.

So the chief upsets of the coming confab may be limited to Trump getting his photo op, for which America's leader apparently feels compelled to fly to China first, instead of the other way round as during his first term. But Beijing should be wary of underestimating the threat of renewed tariffs simply because the US Supreme Court struck down broad levies on Chinese goods in February. Since then, the White House has launched a flurry of national security investigations that should allow it to cobble together new levies as needed to replace a temporary 10% global duty expiring in July and further press the People's Republic.

But China's top cadres have also been busy, as evidenced by new leverage-enhancing regulations to punish foreign firms for shifting their supply chains elsewhere. And on Saturday, the commerce ministry announced its first injunction under rules from 2021 to block recent US sanctions on Chinese refiners accused of buying Iranian oil.

A commentary published online by People's Daily, the Communist Party's official newspaper, described the injunction as a "pivotal step in the real deployment of our country's foreign-facing legal arsenal". This unprecedented disregard dropped days after the US Treasury added to its sanctions list Hengli Petrochemical, one of China's biggest private refiners, quite possibly to gin up another bargaining chip ahead of negotiations.

Iran war jolts China's well-oiled manufacturing hub

AFP, Foshan

Vacuum cleaners and vapes could get more expensive if the Iran war drags on for much longer, Chinese factory owners and traders warn, as the world's manufacturing hub reels from "crazy" costs.

Weeks of US-Israeli strikes on Iran and the effective closure of the Strait of Hormuz have choked Asia's oil supply, stymieing the production of plastic — derived from oil — across the region.

Manufacturing giant China has been comparatively sheltered from fuel shortages thanks to oil reserves and renewable energy, but local factories are picking up a ballooning raw materials bill.

"Basically, we've been losing money on all our orders," said Bryant Chen, a manager at vacuum cleaner factory RIMOO in southern Guangdong province's Foshan.

The price of plastic has risen roughly 50 percent since before the Iran war, Chen told AFP as workers behind him fastened suction tubes to metal tanks.

"The costs of the products that we are making are being very greatly affected," the 42-year-old said, listing

plastic, copper for the vacuum's motor and raw materials in its power cords.

"Typically at this time we'd be entering peak season, but compared to the same period previously, shipment and production data aren't very optimistic."

Two hours away, plastic traders in storage hub Zhangmutou said price fluctuations were the worst they've seen in decades.

"It has never been this crazy," said Li Dong, 46, who entered the industry two decades ago.

The plastic, rice-sized pellets he buys for local phone case and EV battery factories jumped wildly in March, triggering days of panic that jammed the small town's roads as factories rushed to stock up.

'MUTUAL STATE OF DECLINE'
Exporters in Zhangmutou showed AFP a vast range of products their pellets would become, including drones and badminton birdies.

One trader sifted through pink, green and purple beads that she said would be moulded into e-cigarette casings sold in the Middle East.

The Iran war has hit plastic production even harder than bottlenecks caused by the Covid



This picture taken on April 28 shows employees working on the vacuum cleaner production line at the Rimoo Electrical Appliance Tech Company in Foshan, in southern China's Guangdong province.

PHOTO: AFP

pandemic, when ships could not come and go from China, Li said.

Some sellers cashed in on the plastic panic, he added, fighting to take advantage of surging costs.

Li said the price of plastic had dropped around 10 to 20 percent from its height, but he cautioned

against further oil hold-ups.

"The factories we supply to will suffer the most because their direct costs will rise," he said.

For exporters, the Middle East crisis has added to the hangover still lingering from Donald Trump's sweeping global tariffs last year.

The US Supreme Court struck down those levies as illegal, but tolls on Chinese goods entering the US still sit at around 20 percent.

On the outskirts of Guangzhou, one garment factory owner lamented the chaos triggered by the US President's trade war.

Overseas clients are afraid to place orders, while Chinese manufacturers cannot pin down changing costs.

"As a result, everyone is in a mutual state of decline," garment boss Zhou, 55, said.

While 80 percent of his clients have returned, the fabrics scattered on his factory floor made into sweatpants headed for Europe and North America have risen 10 to 20 percent in cost due to the Middle East war.

As overseas orders dropped, seamstresses went months without a job. **'TENSIONS RISE, ORDERS DISAPPEAR'**

Migrant worker Jingjing returned to her hometown in Hubei province for two months, where she made half the 400 yuan (\$60) she now earns in Guangzhou's garment factories.

"When tensions rise... orders suddenly disappear," the 42-year-old said.

But this year she said she always

has something to do.

In a damp back alley, Jingjing joined job seekers milling about leisurely, haggling for higher wages while garment bosses perched on scooters brandished hiring signs, desperate for day labourers.

Chen, the vacuum factory manager, said he was "still worried" about surging shipping costs should the Iran war drag on.

"If shipping costs rise, it will cause the final costs for our customers to increase sharply," he said.

"They will have no way to sell normally, because the costs are just too high."

Chen said RIMOO plans to expand to other markets beyond the Middle East where around 60 percent of its customers are based.

"We are still optimistic," he said. "The market demand still exists."

But analysts warn the war's impact on costs will be felt for months.

"The problem is all of these costs will filter through the supply chains for the rest of the year," said supply chain consultant Cameron Johnson.

"The longer it goes on, that kind of cascades into much bigger problems, particularly if there's not enough oil in general to run stuff."