Air Astra expands fleet

STAR BUSINESS DESK

Air Astra, a privately owned Bangladeshi airline based in Dhaka, has added a new ATR72-600 aircraft to its fleet as part of its domestic expansion plans.

The first of three new aircraft arrived at Hazrat Shahjalal International Airport in Dhaka yesterday from Toulouse, France, according to a press release.

The airline said two more aircraft will arrive in the country by July this year, strengthening its operational capacity and supporting future route expansion.

With the latest addition, the domestic carrier's fleet now stands at five ATR72-600 aircraft.

Powered by the latest Pratt & Whitney PW127XT engines, among the most efficient and reliable turboprop engines available, the aircraft features 72 Geven Neo Prestige seats, offering enhanced passenger comfort on Bangladesh's domestic routes.

The ATR72-600 is a widely used regional turboprop aircraft recognised globally for its operational efficiency on short-haul routes.

At the aircraft's arrival ceremony, Frédéric Inza, chargé d'affaires of the French Embassy in Bangladesh, praised the airline's expansion through the addition of the French-built aircraft.

Imran Asif, chief executive officer of Air Astra, thanked the airline's employees and government regulators for their continued support in driving the carrier's growth.

The airline plans to further expand its ATR72-600 fleet and launch international operations, targeting markets with strong demand and growth potential.

Established in 2021, Air Astra commenced commercial operations in November 2022. At present, it connects Dhaka with Chattogram, Cox's Bazar, Sylhet and Saidpur.

US manufacturing activity scales four-year high in May

REUTERS, *Washington*

US manufacturing activity increased more than expected in May, hitting the highest level in four years, likely driven by businesses front-loading orders amid rising prices and shortages because of the war with Iran.

The Institute for Supply Management said on Monday its manufacturing PMI advanced to 54.0 last month, the highest reading since May 2022, from 52.7 in April. A reading above 50 indicates expansion in manufacturing, which accounts for 9.4 percent of the economy. Economists polled by Reuters had forecast the PMI rising to 53.

Manufacturing has now grown for five straight months, anchored mostly by an artificial intelligence spending spree. The US-Israeli war with Iran has closed the Strait of Hormuz, severely disrupting the shipping of commodities and raising prices of goods like energy, aluminum and fertilisers.

The ISM survey's new orders measure increased to 56.8 last month from 54.1 in April. There were rises in backlog orders as well as exports.

Its supplier deliveries index was unchanged at a high reading of 60.6. A reading above 50 indicates slower deliveries. Supply chains were already strained by last year's sweeping tariffs on imports, which were struck down in February by the US Supreme Court. President Donald Trump's administration has imposed new duties and defended the tariffs as necessary to revive the domestic industrial base.

With the delivery performance poor, prices at the factory gate continued to rise, though the pace slowed slightly last month. The survey's prices paid for inputs measure edged down to a still-high 82.1 from 84.6 in April, which was the highest reading since April 2022, and was lower than forecasts for 85.0. The conflict is driving up prices, and inflation is spilling over beyond energy goods.

Inflation increased at its fastest pace in three years in April, the government reported last week. Soaring inflation, which is eroding household purchasing power, has left financial markets expecting that the Federal Reserve would keep its benchmark overnight interest rate in the 3.50 percent-3.75 pecent range into next year.

Despite the increase in orders, factory employment remained subdued last month. The ISM's manufacturing employment index posted its 32nd straight month of contraction after expanding in September 2023. The ISM has noted that managing head counts remains the norm in the sector as opposed to hiring, mostly through layoffs, attrition and not backfilling positions.

Manufacturing employment has declined by about 77,000 jobs since January 2025.

The production floor of General Stamping & Metalworks building at South Bend, Indiana on March 23. PHOTO: REUTERS/FILE

New trade deals vital

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Under the current regional transition timeline, Bangladesh is still expected to graduate alongside other Asian LDCs in 2026, with most major trading partners likely to offer a three-year transition buffer. This would extend EBA-level benefits until around 2029, softening the immediate impact but not fully replacing long-term preferential access.

A central concern highlighted by ESCAP is the erosion of trade preferences, which could affect billions of dollars in export earnings across Asia-Pacific LDCs. For Bangladesh, the impact is expected to be most pronounced in the garments sector, where preferential margins remain a key factor in global competitiveness.

The EU is also preparing a revised Generalised Scheme of Preferences (GSP) for 2027-2034, including a strengthened GSP+ framework. Bangladesh may be eligible to apply for GSP+ after graduation, but access will depend on strict compliance with international standards covering labour rights, environmental protection and governance, alongside legal commitments under conventions of the International Labour Organization.

Bangladesh has already ratified several key ILO conventions, though implementation remains under close scrutiny, particularly in areas such as workplace safety, inspections and freedom of association.

Other major markets are also undergoing policy shifts. The United Kingdom's Developing Countries Trading Scheme (DCTS) and Japan's Generalised System of Preferences remain important for Bangladesh's exports, but both are increasingly linking market access to sustainability and governance conditions.

China has introduced a zero-tariff regime for all LDCs, supporting exports from the poorest economies. However, Bangladesh is expected to lose this benefit after graduation, as China does not offer a comparable preferential framework for higher-income developing countries.

At the same time, the United States' Generalized System of Preferences remains expired, meaning Bangladesh continues to face standard Most Favoured Nation tariffs in the US market, further limiting preferential access options.

ESCAP notes that Bangladesh's long-term trade strategy will need to shift away from reliance on unilateral preferences towards deeper regional integration and reciprocal trade agreements. Frameworks such as the Asia-Pacific Trade Agreement and broader regional integration efforts are seen as key pathways to sustaining market access after graduation.

PM urges faster registration of patented drugs

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sector expand and supply quality medicines both at home and abroad.

He said the prime minister has pledged continued policy support, describing the sector as a highly promising export industry not only for medicines but also for vaccines, active pharmaceutical ingredients and biological products.

"We are expecting good days ahead for the medicine sector," Muktadir added.

He said the government would also help remove barriers to medicine exports. "The prime minister assured that the government will extend full support to struggling production units so they can perform well and contribute to quality medicine for both local markets and exports, as Bangladesh now supplies drugs to 140 countries after meeting domestic demand."

Square Pharmaceuticals Ltd Managing Director Tapan Chowdhury said patented medicines could become more expensive in the domestic market once manufacturers are required to pay royalties after the TRIPS waiver expires.

He added that the premier advised drugmakers to complete the registration of new medicines more quickly, as the process usually takes a long time.

Simeen Rahman, CEO of Transcom Group, M Mosaddek Hossain, senior vice-president of BAPI, and Muhammad Halimuzzaman, secretary general of the organisation, were also present at the meeting.

Ambitious revenue target

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"By trying to make the numbers add up through taxation, you cannot bring about any real change," he said.

That is precisely why policymakers are now speaking of the need for a qualitative transformation, one that moves beyond bureaucratic entanglements, arbitrary target-setting and reactive tax measures.

If pursued properly, the ongoing reform efforts could provide Bangladesh with an opportunity to rebuild a more rational, efficient and credible tax system.

Unless the country can break free from this pattern of "big budgets and bigger revenue deficits", the ritual will continue unchanged. Targets will rise, collections will fall short, deficits will deepen, and next year, someone will once again sit down, sharpen a pencil, and write an even bolder number than before.

Oil price rises more than 3%

REUTERS, *London*

Oil prices rose more than 3 percent on Monday after Iran and the US traded strikes and Israel ordered troops to move further into Lebanon in its battle with Tehran-backed Hezbollah.

Brent futures rose $2.93 or 3.2 percent to $94.05 a barrel at 0906 GMT. US crude futures rose $3.36 or 3.9 percent to $90.72 a barrel. Over May, Brent and WTI lost around 19 percent and 17 percent, respectively.

The fighting in the Middle East, after Washington hosted Israel-Lebanon peace talks on Friday, dimmed hopes that the US and Iran could soon announce an extension to their ceasefire.

The US said on Sunday it conducted "self-defence strikes" while Iran's Islamic Revolutionary Guard Corps said on Monday its aerospace force targeted an air base used for US attacks.

US President Donald Trump said on Friday he would soon decide on a proposed deal to extend a ceasefire announced in early April.

Israel would be key to any such deal, and Iran has said repeatedly that Hezbollah must be included. The US has proposed a "gradual de-escalation" plan, a US official said on Sunday.

Concerns are rising about mines in the Strait of Hormuz, a key oil and gas shipping lane, IG analyst Tony Sycamore said in a note. "Even if an agreement is reached, it won't deliver a flood of supply," Sycamore said.

An Axios reporter said on X on Friday that Iran had dropped more mines in the strait earlier in the week.

Iran's Foreign Ministry spokesperson Esmaeil Baghaei said on Monday the delay in the diplomatic process to end the war can be explained by a lack of trust, Washington's contradictory positions and Israel's attacks on Lebanon.

Russia bans aviation fuel exports until Nov 30

REUTERS, *Moscow*

The Russian government has banned aviation fuel exports until November 30, it said on Monday, as Ukrainian strikes on Russia's refineries and other energy infrastructure continue.

Russia exports jet fuel mainly by rail to Central Asia, including Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

"The aim of this decision is to ensure stability in the domestic fuel market," the government's statement said.

Russia has already restricted gasoline exports but has yet to action on diesel, though the Interfax news agency reported last week that measures were being considered.