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Star BUSINESS

India seeks to continue anti-dumping duties on Bangladesh's jute products

SOHEL PARVEZ

Indian authorities are expected to recommend the continuation of anti-dumping duties on Bangladesh's jute products despite a decline in overall shipments in recent years, raising concerns among local millers.

The development comes as India's Directorate General of Trade Remedies (DGTR) released the findings of its mid-term review of anti-dumping duties on jute goods exported from Bangladesh and Nepal.

The Indian authority released its findings on Wednesday, suggesting that Bangladeshi exporters continued to dump jute products, causing injury to the domestic industry.

The neighbouring country imposed anti-dumping duties, ranging from $19 to $352 per tonne, on jute yarn/twine, hessian fabric and jute sacking bags from Bangladesh and Nepal. It later expanded the scope of the duties to include jute sacking cloth from Bangladesh, leading to a slump in overall shipments of jute goods to India.

India was one of the largest export markets for Bangladesh's jute and jute goods, and the punitive measure affected shipments from the country.

The DGTR initiated a mid-term review in June 2025 following an appeal by the Indian Jute Mills Association and the AP Mesta Twine Mills Association to examine the need to enhance anti-dumping duties on jute products exported from Bangladesh and Nepal.

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Ambitious targets could push budget deficit to Tk 4 lakh crore

Says RAPID as govt projects FY27 budget deficit at Tk 2.43 lakh crore

STAR BUSINESS REPORT

The actual fiscal deficit in the proposed national budget for fiscal year 2026-27 could be close to Tk 4 lakh crore, according to Research and Policy Integration for Development (RAPID).

The think tank said that the government is unlikely to meet its ambitious revenue and foreign financing targets.

RAPID made the projection at a seminar in Dhaka yesterday on the proposed budget for FY27, based on past trends in revenue collection by the National Board of Revenue (NBR) and foreign aid inflows.

In the budget, the finance minister has projected a deficit of Tk 2.43 lakh crore for the next fiscal year, equivalent to 3.6 percent of GDP.

RAPID Chairman Mohammad Abdur Razzaque said this projection may be "misleading".

He said even under an optimistic scenario, NBR revenue may remain below Tk 5 lakh crore, leaving a shortfall of around Tk 1 lakh crore.

The government has set a net foreign borrowing target of Tk 1.09 lakh crore for FY27. But Razzaque said shrinking global concessional funding could leave foreign inflows about Tk 50,000 crore below the target.

Taken together, the economist estimated the actual deficit could reach Tk 3.93 lakh crore, or 5.8 percent of GDP.

Razzaque said that rising reliance on bank borrowing could weaken private sector recovery. However, he added that the deficit could appear smaller if spending targets are not fully met.

"Under a more plausible scenario, only 80-85 percent of the spending target might be met, which would reduce the deficit. But that would also mean that many allocation promises will not be fulfilled."

PRIORITISE STABILISATION, GROWTH WILL FOLLOW

The RAPID chairman said the budget must support recovery without weakening macroeconomic stability.

He said the government is pushing growth to reach its goal of a $1 trillion economy by 2034, but this rush could undermine stability.

"A budget that expands spending without strong revenue mobilisation and prudent borrowing could prolong inflation, crowd out private investment, weaken reserves and delay recovery," he said.

"If economic stabilisation can be ensured, growth will come on its own," he said, adding that recovery must be built on stabilisation.

He, however, praised several measures proposed by the government to improve the ease of doing business.

FIVE GOVT STEPS TO ATTRACT INVESTMENT

At the seminar, Prime Minister's Adviser on Finance and Planning Affairs Rashed Al Mahmud Titumir said the government is moving towards a $1 trillion economy and has prioritised five areas to support investment.

He listed them as policy continuity, including a five-year tax framework already announced in the budget, reducing red tape and corruption, ensuring energy security, coordinating monetary and fiscal policy while maintaining central bank autonomy to control inflation, and improving communication infrastructure.

He said revenue collection would improve next year due to two factors -- economic recovery and reduced errors or evasion in tax collection.

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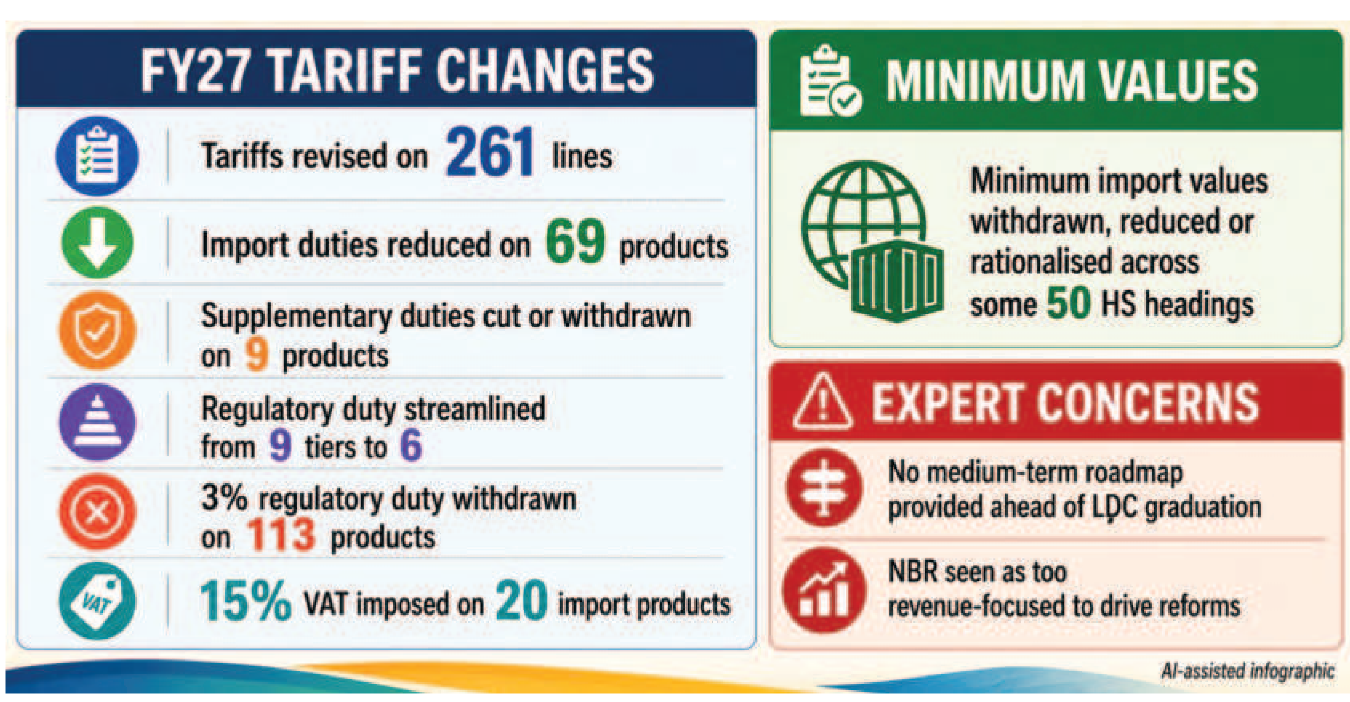
NBR revises tariffs on 261 lines ahead of LDC graduation



MOHAMMAD SUMAN *and* MD ASADUZ ZAMAN

Bangladesh has introduced another round of tariff adjustments in the proposed budget for fiscal year 2026-27, revising duties, taxes and minimum import values across 261 tariff lines as part of broader efforts to strengthen the country's competitiveness ahead of its graduation from least developed country status.

The measures include reductions in customs duties, changes to regulatory and supplementary duties on selected products, imposition of value-added tax on some imports, and revisions to the minimum value system. Finance Minister Amir Khosru Mahmud Chowdhury placed the proposals before parliament on June 11.

Bangladesh has formally requested a deferral of its LDC graduation by at least three years to allow time to implement key domestic reforms and ensure a smooth economic transition. Once graduation takes effect, the country will lose the preferential tariff treatment, duty-free and quota-free market access, and policy flexibilities it currently enjoys as an LDC.

The proposed changes are intended to strike a balance between protecting domestic industries, safeguarding revenue, and aligning Bangladesh's tariff structure with its international trade obligations.

Under the proposals, import duties will be reduced on 69 products to fulfil commitments made to the World Trade Organisation. Supplementary duties will be reduced or withdrawn on nine products. The existing nine-tier regulatory duty structure will be streamlined into a six-tier structure -- with the lowest tier rising from 3 per cent to 5 percent and the highest tiers of 30 and 35 percent reduced to 25 percent.

Separately, the existing 3 percent regulatory duty on 113 products will be fully withdrawn.

A 15 percent VAT has also been proposed at the import stage on 20 products that currently bear no VAT.

The budget also introduces changes to the minimum value system -- a mechanism that sets floor prices for imports to prevent undervaluation and duty evasion -- which has long been viewed by trade experts as inconsistent with international practice.

Under the proposed changes, minimum values will be withdrawn for products under 14 HS headings, reduced for products under three HS headings, and rationalised for products under 27 HS headings. Besides, new minimum values will be introduced for products under four HS headings, bringing the total number of affected HS headings to around 50.

HS headings refer to internationally standardised product categories used in customs classification -- each heading covers a specific group of goods, such as a particular type of textile, chemical, or machinery.

Bangladesh currently maintains tariffs across 7,611 tariff lines. Its binding commitments at the WTO cover 955 tariff lines, including 763 agricultural and 192 non-agricultural products. Tariffs on 60 of these lines were higher than the bound rates set when Bangladesh joined the WTO in 1995.

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FICCI warns on revenue collection goals

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The Foreign Investors' Chamber of Commerce and Industry (FICCI) has welcomed the proposed national budget for offering greater policy predictability and positive signals for investment, while raising concerns over the government's ambitious revenue target.

The chamber said efforts to control inflation, attract foreign direct investment (FDI) and ensure fiscal stability are encouraging. However, it questioned the feasibility of the projected revenue growth amid a slowdown in economic growth.

"The projected 40 percent growth in revenue collection compared to actual collection appears highly ambitious, especially when the economy is growing at around 4 percent while the GDP growth target is 6.5 percent," said FICCI President Rupali Haque Chowdhury at a post-budget briefing at FICCI's office in Dhaka yesterday.

"This remains a concern for us," she added.

She warned that when revenue targets are not met, governments often introduce supplementary duties and additional taxes, increasing the burden on compliant taxpayers while many potential taxpayers remain outside the tax net.

"We believe the revenue gap should be addressed by expanding the tax base and identifying new sources of revenue, rather than imposing additional taxes on compliant businesses," she said.

FICCI highlighted competitiveness gaps with regional peers, including higher corporate tax rates and energy constraints, and urged improvements in ease of doing business and stronger infrastructure to attract and retain investment

Chowdhury also praised the government's efforts to improve policy predictability, saying investors need a stable fiscal environment for long-term investment decisions.

"For years, businesses have sought consistency in fiscal policies. This budget signals that corporate and personal tax policies will remain stable in the coming years, which is a positive development," she said.

However, she noted that Bangladesh still lags behind regional competitors in key areas. She pointed out that Vietnam's corporate tax rate is about 20 percent, compared to 27.5 percent in Bangladesh, while several Indian states offer extensive investment incentives.

Chowdhury said Bangladesh must benchmark itself against competing investment destinations, as global investors have multiple options when choosing where to invest.

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Bangladesh remains key sourcing market: H&M

REFAYET ULLAH MIRDHA

Swedish retail giant H&M has said Bangladesh remains "a very important sourcing market", amid media reports suggesting it may reduce purchases from the country.

H&M is currently the largest garment buyer in Bangladesh, sourcing apparel from nearly 300 local factories worth about $5 billion a year.

When The Daily Star asked H&M's media relations department whether the retailer has reduced, or plans to reduce, sourcing from Bangladesh, the company did not respond directly.

Instead, H&M said, "We cannot share production volumes or the share of orders per market, as this is commercially sensitive information.

"What we can share is that we have been sourcing from Bangladesh since the early 1980s, establishing relationships with strong manufacturing partners and building long-term partnerships through our local presence and on-the-ground teams. Bangladesh continues to be a very important sourcing market for us."

On its website, H&M said it works with over 554 commercial product suppliers who manufacture products for its brands in more than 969 tier 1 factories across Europe, Asia, and North America. China and Bangladesh are its largest clothing production markets.

H&M has not made any official statement about reducing its sourcing from Bangladesh, said Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"However, decisions to increase or reduce work orders are part of a company's sourcing strategy and planning," he added.

Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said he held an informal meeting with H&M officials in Dhaka, where they said that work orders in Bangladesh were lower this year compared to last year.

However, he said the officials did not specify the extent of the decline.

"This is also true that, due to the volatile global situation, overall demand in the apparel supply chain has fallen,

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