Business

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More than RMG needed to tap Japan market

Industry insiders say

REFAYET ULLAH MIRDHA

Bangladesh is missing opportunities to boost export earnings from Japan by relying heavily on garment shipments while struggling to tap demand for products such as footwear, leather goods and food items, industry insiders say.

Garments account for more than 80 percent of Bangladesh's exports to Japan, leaving considerable scope to diversify into higher-value products. However, exporters need to address energy shortages and meet Japan's stringent quality and compliance requirements to turn that potential into higher export earnings.

Bangladesh already exports jute and jute goods, leather products, fish and shrimp, plastic goods, and information technology and IT-enabled services to Japan, according to the Export Promotion Bureau (EPB). Sector leaders say exports could be expanded by shipping more agricultural products, higher-value garments and man-made fibre apparel.

Food and vegetable products offer another potential avenue for growth, particularly given demand among Japanese consumers and expatriate Bangladeshis. However, Bangladesh has struggled to capitalise on this opportunity because exporters have difficulty meeting Japanese quality and compliance standards.

Mostafa Abid Khan, chief executive officer of the Bangladesh Foreign Trade Institute (BFTI), said Bangladesh needed to diversify its exports to Japan, including within the garment sector.

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The country should increase shipments of man-made fibre garments, while footwear and leather goods also hold significant potential in the Japanese market, he said.

Bangladesh could substantially increase earnings from these sectors over the next few years if exporters diversified their products and improved quality and compliance with Japanese standards, Mostafa said.

However, energy shortages in the domestic industrial sector could constrain production and limit the country's ability to tap the market, he added.

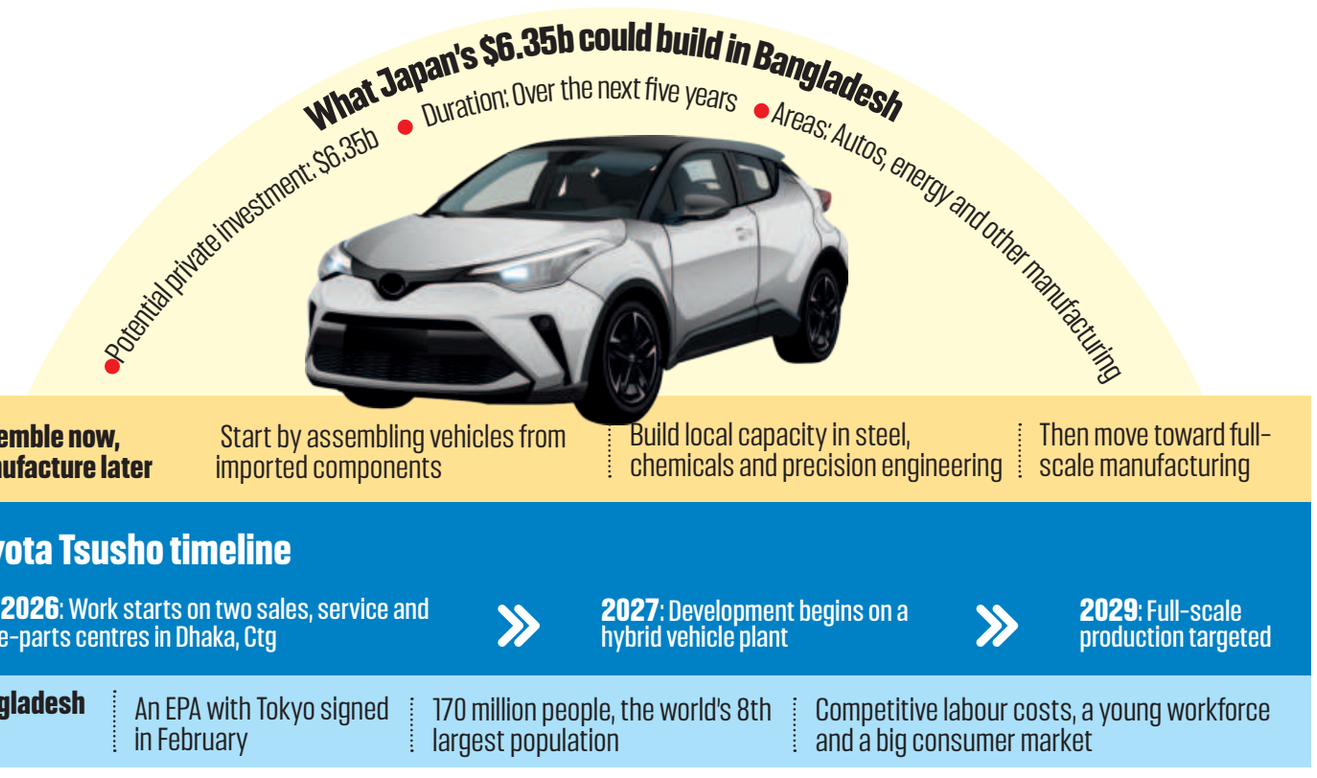
Attracting more Japanese investment could also create opportunities for export diversification. More than 350 Japanese companies currently operate in Bangladesh across various sectors, including trading, manufacturing and infrastructure development, according to business leaders.

Japanese manufacturers, ranging from motorcycle producers to apparel companies, contribute to employment generation and industrial development through technological upgrading.

Japanese small and medium-sized enterprises are also exploring opportunities in Bangladesh's IT, logistics and other service sectors, industry insiders have said.

Business leaders in both countries expect more Japanese companies to enter Bangladesh following the implementation of the Economic Partnership Agreement (EPA). The two countries signed the agreement on February 6 this year, but it has yet to come into force.

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Japan eyes Bangladesh as a place to make cars

JETRO Bangladesh chief says part of the potential $6.35 billion Japanese investment could fund auto and parts production, starting with local assembly

JAGARAN CHAKMA

Japanese companies could invest in manufacturing cars and parts in Bangladesh for the local market, which currently relies entirely on imports for Japanese brands such as Toyota, Honda and Nissan.

Ahead of Prime Minister Tarique Rahman's visit to Japan on October 26, and amid reports of $6.35 billion in potential Japanese private investment, Kazuiki Kataoka, country representative of the Japan External Trade Organization (JETRO) in Bangladesh, said vehicle manufacturing could become an important area for Japanese investors.

Bangladesh would, however, need to begin by assembling vehicles using imported components before moving towards full-scale manufacturing.

"Building a competitive industry would require stronger local supply chains and access to high-quality steel," Kazuiki said.

He identified steel quality as a major constraint, adding that the automotive industry would eventually need stronger domestic capabilities in steel, chemicals and precision engineering.

"Without these, local assembly could create jobs and technical expertise, but much of the value generated by manufacturing would remain dependent on imports," he added.

Reports that Japan is preparing to facilitate ¥1 trillion, or about $6.35 billion, in private-sector investment in Bangladesh over five years come as the island nation looks to deepen industrial ties with Bangladesh under Tokyo's "China Plus One" policy.

Over the past decade, trade between the two countries has grown steadily due mainly to rising demand for competitively priced Bangladeshi garments in Japan. Bangladesh's exports to the Japanese market have more than tripled during this period.

Recently, senior executives from three major Japanese companies, Toyota, Mitsui and Marubeni, have visited Bangladesh and met top government officials. Representatives of Marubeni and Toyota have discussed investment opportunities.

In February this year, Japan and Bangladesh signed an economic partnership agreement. Bangladesh has relatively low labour costs and a favourable environment for manufacturing. With a population of about 170 million, it is the world's eighth-most populous country and offers a large consumer market with a sizable young population.

On the eve of the prime minister's visit, Kazuiki said Toyota Tsusho Corporation is planning to invest $40 million in two sales, servicing and spare-parts centres in Dhaka and Chattogram, with construction scheduled to begin in November 2026.

Separately, he said the company is planning a hybrid electric vehicle manufacturing facility in the National Special Economic Zone. Development is expected to begin in 2027, with full-scale production targeted for 2029.

The service centres in Dhaka and Chattogram would strengthen Toyota's sales and after-sales network, while the proposed plant could provide a base for local vehicle production.

However, Kazuiki said the plant's investment value, capacity, location and model line-up have not yet been finalised.

ENERGY COULD ATTRACT MORE INVESTMENT THAN CARS

Prime Minister Tarique Rahman will visit Japan from October 26 to 29. During the stay, he will hold a meeting and lunch with Japanese Prime Minister Takaichi Sanae. The visit is expected to provide an opportunity to advance economic cooperation alongside efforts to strengthen strategic ties.

Kazuiki said the potential $6.35 billion in Japanese investment reflects the interests and plans of Japanese companies, especially those already operating in Bangladesh.

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Bangladesh retains EU's top denim supplier spot

STAR BUSINESS REPORT

Bangladesh retained its position as the EU's largest denim supplier in the first eight months of 2026, supported by competitive prices and a diverse product range, even as its exports to the bloc declined.

One in every three pairs of denim trousers worn in the EU is made in Bangladesh, highlighting the country's strong position in the market. Eurostat data show that Bangladesh continued to lead other major denim-producing countries, including China.

Bangladesh exported €869.13 million worth of denim products to the EU in January-August, accounting for 29.40 percent of the bloc's total denim imports. Pakistan ranked second with €525.49 million, followed by Turkey with €438.25 million.

However, Bangladesh's denim exports to the EU fell 5.85 percent year-on-year during the period, slightly more than the overall market decline. Its share of the market also slipped from 29.85 percent a year earlier.

The picture improved in August, when EU imports of denim products from Bangladesh rose 12.71 percent year-on-year to €134.08 million.

Overall, the EU imported €2,956.21 million worth of denim products in January-August, down 4.40 percent from €3,092.27 million a year earlier. In August, however, imports rose 11.23 percent year-on-year to €430.16 million, signalling a pickup in demand.

Turkey recorded the steepest decline among major suppliers, with its denim exports to the EU falling by €117 million, or 21.08 percent, during the eight months. This accounted for most of the overall decline in EU denim imports.

Imports from Morocco

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SPOTLIGHT

IDRA wants to move HQ to Agargaon despite cheaper Motijheel option

SUKANTA HALDER

The Insurance Development and Regulatory Authority (IDRA) is seeking approval to relocate its headquarters to IDB Bhaban in Agargaon, Dhaka, despite an increase of nearly Tk 2 crore in annual office costs and the greater concentration of insurance companies around its current location in Motijheel.

In a letter to the secretary of the Financial Institutions Division (FID) on September 20, the insurance regulator cited inadequate natural light and ventilation, security constraints and an unsuitable working environment at its existing office in SBC Tower in Motijheel as reasons for the proposed relocation.

IDRA said it had operated from SBC Tower, at 37/A Dilkusha Commercial Area, since 2014, but necessary renovation work had yet to be completed.

The authority said its existing office space, working environment and future requirements, alongside its expanding responsibilities, had created a need for more suitable premises with adequate security, natural light and ventilation to ensure smooth and uninterrupted operations.

An IDRA official, speaking on condition of anonymity, said the regulator had inspected six buildings as part of its search for new headquarters.

Following the inspections, it shortlisted two buildings -- Sunmoon Star Tower in Motijheel's Dilkusha area and IDB Bhaban in Agargaon.

IDRA currently spends Tk 5.95 crore a year on its current office at SBC Tower, excluding VAT. The cost would rise to Tk 7.76 crore if it moves to IDB Bhaban

However, IDRA has sought no-objection approval from the division only for renting space at IDB Bhaban, where the annual cost would be substantially higher than at either its current office or the alternative in Motijheel.

According to the proposal, IDRA currently spends Tk 5.95 crore a year on its office at SBC Tower, excluding value-added tax. The annual cost would fall to Tk 5.71 crore if it moved to Sunmoon

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BSEC reopens direct listing route to private companies

Eligible firms can list existing shares without an IPO

STAR BUSINESS REPORT

Large companies can now list their existing shares directly on the main boards of the country's stock exchanges without going through the traditional initial public offering (IPO) process, following the introduction of new rules by the Bangladesh Securities and Exchange Commission (BSEC).

The regulator gazetted the Bangladesh Securities and Exchange Commission (Direct Listing of Securities on the Stock Exchange) Rules, 2026, last week, replacing the previous provisions under the Dhaka and Chittagong stock exchanges' 2015 listing regulations.

The move reopens a route to the stock market that was introduced in 2006 but subsequently restricted following concerns over pricing and trading practices.

Under direct listing, a company makes its existing shares available for public trading on a stock exchange without issuing new shares.

An IPO, by contrast, involves offering shares to the public as part of a company's entry into the stock market, typically to raise fresh capital.

Direct listing therefore offers companies that do not need additional funds a way to bring their shares to the market, while giving investors access to businesses that might otherwise remain privately held.

The new rules allow specified categories of companies to apply, including government enterprises, entities in which the government holds at least 51 percent of the shares, companies with government ownership of at least 10 percent, and enterprises wholly or majority-owned by foreign shareholders.

Large financial institutions, scheduled banks and insurance companies with a net worth of at least Tk 500 crore are also eligible, as are companies with annual turnover of at least Tk 1,000 crore.

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