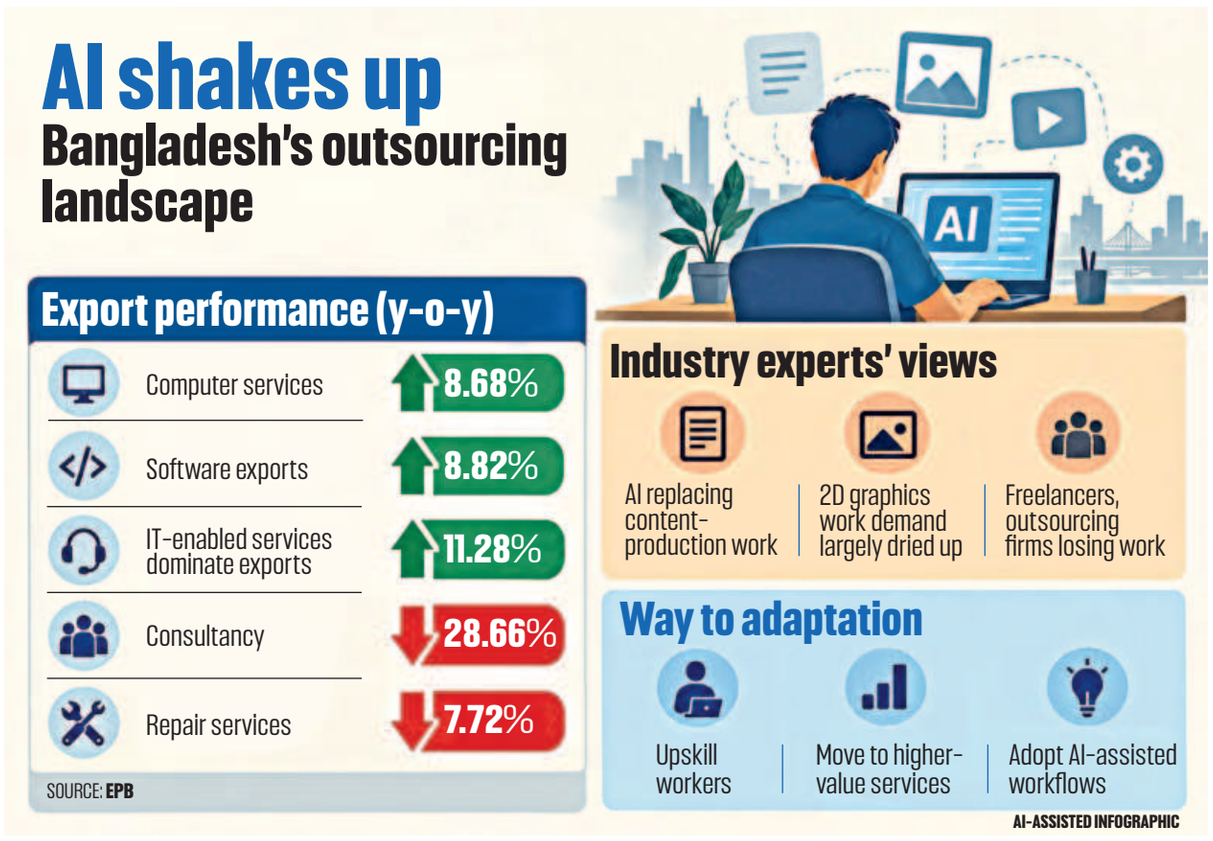
IT exports grew 9% in FY26, but AI concerns mount

Industry leaders warn the pace will be hard to sustain as AI takes over work that Bangladesh has long supplied to developed economies

MAHMUDUL HASAN



Bangladesh's IT exports grew moderately in FY2025-26, but industry leaders warn that artificial intelligence (AI) could make the gains harder to sustain as it automates work traditionally outsourced to countries such as Bangladesh.

Data from the Export Promotion Bureau (EPB) show that computer services exports rose 8.68 percent year-on-year to $684.15 million in July-June of FY2025-26, up from $629.51 million in the previous fiscal year.

Computer software exports increased 8.82 percent to $48.38 million from $44.46 million a year earlier, but fell 12.04 percent short of the $55 million target.

Rashad Kabir, chief executive officer of Dream71 Bangladesh Ltd, described the increase as a promising sign but warned that sustaining the momentum would be difficult.

"Our exports have increased in the last fiscal year, which is a very hopeful sign, and there is growth. But continuing this growth will be very difficult," he said.

AI is making software development easier, but its full impact on the industry has yet to be felt, Rashad said. He expects sustaining export growth in the current fiscal year to be considerably more challenging.

Raisul Kabir, co-founder and chief executive officer of Brain Station 23 Ltd, said software export growth reflects a shift in demand rather than a straightforward increase or decline in business.

Demand for traditional staff augmentation is declining. Foreign companies that previously hired five external professionals, such as software engineers, may now need only three, Raisul said.

To help local firms expand overseas, he suggested that the EPB replicate aspects of the Japan External Trade Organization's approach, which provides businesses with support to establish operations abroad, including legal and consultancy services. Bangladeshi firms often lack such support when entering foreign markets, he said.

IT-ENABLED SERVICES EARN BIG

IT-enabled services, including computer data processing, business process outsourcing (BPO) and hosting, accounted for nearly 88 percent of computer services exports.

The segment earned $604.97 million in FY2025-26, up 11.28 percent from $543.66 million a year earlier, but fell 14.19 percent short of the $705 million target.

Industry leaders say the growth masks mounting pressure on businesses as AI changes client expectations and intensifies competition.

Apel Mahmud Khan, managing director of BZM Graphics Limited, said AI was allowing companies to complete work faster while making price negotiations tougher and increasing competition in international markets.

Businesses dependent on routine tasks face growing pressure, while quality control, complex assignments, reliability and client trust are becoming more important, he said.

"Those who can change their skills and processes with time will move ahead. Those who ignore the change may find it hard to survive," Apel added.

Kowser Ahmed Nirob, co-founder and chief executive officer of The KOW Company Ltd, a Dhaka-based content post-production and BPO firm, said businesses focused solely on content production were seeing much of their work shift to AI.

Companies providing AI-enabled services, including running, maintaining and ensuring the quality of AI systems, are more likely to remain viable in the short term, he said.

His company's workforce, which once exceeded 600, has fallen to fewer than 400. The company now hires only people who can work with AI-assisted workflows.

"In my opinion and personal experience, AI has already done damage to us. The sad part is that we still do not understand how much," he said.

The company has since launched a cybersecurity firm and is preparing to introduce a virtual try-on system to diversify its business.

UNEVEN, SLUGGISH GROWTH

Not all segments of computer services exports shared in the growth.

Computer consultancy exports fell 28.66 percent to $25.19 million from $35.31 million a year earlier, missing the $50 million target by 49.62 percent.

Exports of computer installation, maintenance and repair services declined 7.72 percent to $5.62 million from $6.09 million, falling 19.71 percent short of the $7 million target.

Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services (BASIS), said the growth in computer services exports was welcome but insufficient to achieve the industry's long-standing ambition of reaching $5 billion in IT exports.

"The growth is there, but this 8 or 10 percent should have been a bit higher," he said, adding that the industry needed to accelerate growth to reach its target.

AI disruption is weighing on the sector as freelancers and outsourcing firms lose assignments that can now be completed using the technology, Syed Almas said.

Bangladesh's large volume of two-dimensional graphics work has largely dried up, he added.

Workers engaged in such activities must upgrade their skills, move to higher-value work and learn to use AI to remain competitive, he said.

The industry must also adopt emerging technologies, particularly AI and data analytics, while developing the skills needed to use them to accelerate export growth.

Bangladesh's shallow capital market

MAMUN RASHID

A stock market can rise without helping businesses raise a single additional taka. In the first half of this year, the Dhaka Stock Exchange's benchmark index rose nearly 19 percent and average daily turnover increased by more than half. By October 17, the DSEX had fallen to around 5,433 points, while turnover dropped to Tk 317 crore, its lowest level in more than nine months. The deeper question is why price movements have not translated into stronger investment financing.

At end-June, market capitalisation stood at 11.42 percent of GDP, compared with 10.82 percent a year earlier. Rising share prices can lift market value without bringing new companies to market or generating fresh capital. A deeper market should be judged by new listings, fresh equity, tradable securities and liquidity. Stock-market size is not the same as the capacity to fund growth across the economy.

That is what shallow water looks like. Bangladesh has savings, but too few channels to direct long-term capital towards productive enterprises. Businesses remain heavily dependent on bank loans. Corporate bonds could finance expansion without adding to bank-credit concentration. But a functioning bond market needs credible issuers, transparent credit assessment, diverse maturities and reliable secondary trading, not merely securities listed on an exchange.

The Bangladesh Bank publishes a daily secondary-market yield curve for government treasury bonds. Trading, price discovery and market-making must deepen. A benchmark is useful, but cannot substitute for a liquid market. Without reliable reference rates and investors able to exit positions, corporate bond pricing will remain difficult and issuance costly.

Retirement savings offer another opportunity. Industry estimates suggest provident, gratuity and pension funds may exceed $15 billion, though data are limited. Much of these savings is held in bank deposits and government securities. A stronger framework for employer-sponsored funds, with prudent investment rules, independent trustees, disclosure and professional management, could diversify investment options and support long-term finance. The objective must be to protect employees' retirement security, not direct their savings into equities simply to support share prices.



Bangladesh needs deeper markets that convert savings into productive investment, give businesses alternatives to bank loans and offer investors a market they can trust

The gap is between recognising problems and implementing trusted changes. The Direct Listing of Securities Rules, 2026, gazetted on October 18, creates additional routes for companies to enter the market. Yet direct listing may broaden public ownership without raising fresh capital for the company. To reduce dependence on bank borrowing, policy must also support new equity issuance, rights offerings and corporate bond financing.

Faster approvals cannot restore confidence. Financial statements must be reliable; related-party transactions and ownership structures transparent; disclosures timely; and manipulation met with consequences. Admitting more securities without enforcing standards could increase investor risk rather than productive finance.

Responsibility extends beyond the securities regulator. The National Board of Revenue should ensure tax treatment makes listing worthwhile relative to compliance costs. The Bangladesh Bank and the Ministry of Finance should improve government-securities liquidity and market access. The Finance Division should establish a sound framework for retirement funds, while insurers and mutual funds need well-governed products to attract long-term investors.

The most useful step is accountability. A public scoreboard should identify each accepted reform, the responsible institution, its deadline, progress and measurable outcome. Updated quarterly, it would show whether equity raising, bond trading and investor protection had improved.

Shallow water does not always sink a boat; it leaves it stranded, often without warning. Bangladesh needs more than another rally. It needs deeper markets that convert savings into productive investment, give businesses alternatives to bank loans and offer investors a market they can trust. The test of reform is not what is announced, but what changes.

The writer is an economic analyst

Trump lifts some Canada tariffs ahead of midterms

AFP, *Washington*

President Donald Trump's administration lifted some tariffs on Canadian imports Friday, two weeks ahead of midterm elections, after a vulnerable Republican candidate said she'd lobbied for the change.

The easing of tariffs will apply to products including "plywood sheets, some paper products, certain machinery and refrigeration equipment," the White House said in a statement.

The change could help Senator Susan Collins, who faces a strong challenge from a Democrat in the US-Canada border state of Maine, which has been hit hard by Trump's trade war.

She posted on social media that she had "secured" the exemptions for "products crucial to Maine's agricultural industries, including blueberry, potato, apple, and seaweed producers."

Democrats are targeting Collins's seat in their attempt to win control of Congress from the Republicans in the November 3 midterms.

- US-Canada trade -

The economies of the United States and Canada are heavily inter-connected, with roughly 70 percent of all Canadian exports heading to the United States.

Tensions between the North American neighbors have been high since trade talks broke down in August, with Trump imposing a slew of new tariffs in response.

Friday's action lifts tariffs on certain goods, but imposes levies on new ones, including carpets, certain valves and waste products, the White House said. The new measures will take effect on October 30.

Trump's diesel price relief efforts grow costlier as election nears

REUTERS

With the November midterm elections fast approaching, President Donald Trump is throwing an array of costly and politically fraught solutions at one stubborn problem: the price of diesel.

His administration has offered billions of dollars to farmers, relaxed rules for truckers, eased sanctions on Russian fuel and pressured European allies to release emergency stocks. Yet diesel prices rose again last week, leaving Trump spending political and financial capital without delivering the relief his party wants as voters go to the polls.

Republicans are defending narrow majorities in Congress, and high costs are a major concern for voters. Nearly 80 percent of Americans blame Trump for higher costs, according to an October Reuters/Ipsos poll.

US diesel prices rose nearly 10 cents a gallon in the latest week to an average of $6.28, reversing two weeks of declines and remaining near record highs, according to the Energy Information Administration.

Diesel in the last two months has become a central issue not only in the midterms but as a catalyst driving up already-elevated US inflation. The fuel is critical for farmers, construction companies, freight operators and more, and government data last week showed its rise was partly behind hefty increases in delivery costs, early-stage food production costs and even toy prices.

The political pressure is particularly acute in traditionally Republican Farm Belt states like Iowa and Kansas, where rising fuel and fertiliser costs, trade disruptions and weak farm economics have fueled discontent among some of Trump's core supporters.

Trump has promoted his diesel measures at campaign rallies across the region. He signed an executive order onstage in Nebraska allowing red-dyed diesel to be used in highway vehicles and announced $8 billion in new farm aid during a rally in Kansas on Monday.

The measures illustrate the trade-offs Trump is accepting in pursuit of near-term relief. The new aid adds fresh strain on federal spending, while the Russian fuel move risks helping Moscow finance its war in Ukraine. Pressure on European allies to release emergency stocks, backed by a threat to restrict US diesel exports, has created diplomatic friction.

"The president tends to discount long-term losses over short-term gain, and I am skeptical if there is any short gain to be had here," said Chris Borick, a pollster and political scientist at Muhlenberg College in Pennsylvania.

NEWS ANALYSIS

The White House attributed high diesel prices to "pre-existing issues," including years of refinery closures and damage from Russia's war in Ukraine, while defending Trump's efforts to ease costs.

"The President wants diesel prices to fall, which is why he has taken historic actions to save American farmers, truckers, and workers every hard-earned penny," White House spokeswoman Taylor Rogers said.

One of Trump's most direct attempts to lower diesel costs has struggled to gain traction.

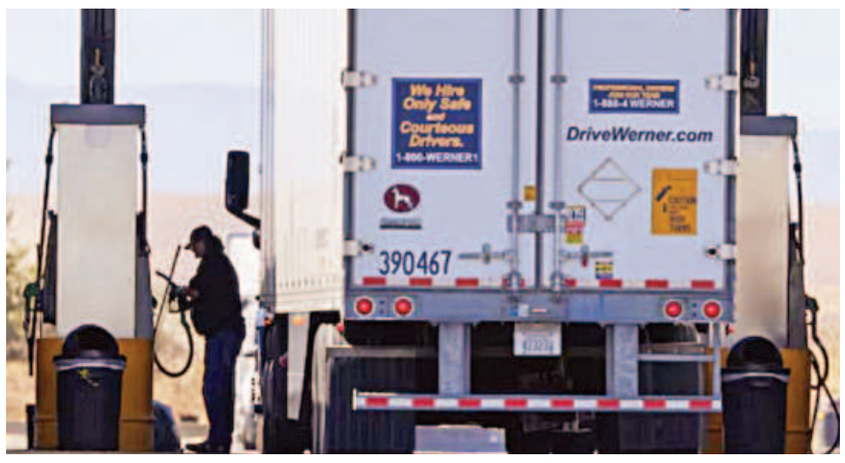
Trump signed an executive order this month allowing truckers to use red-dyed diesel, typically intended for off-road use such as farm equipment, for highway driving while temporarily avoiding certain federal tax reporting and record-keeping requirements.

But the IRS has not eliminated the federal diesel tax, instead temporarily waiving related reporting, opens new tab requirements and penalties through year-end, leaving uncertainty for truck stops and fuel sellers.

David Fialkov, top lobbyist at NATSO, a trade group representing the largest US truck stop operators, said members appreciate Trump's effort to tackle diesel costs but that the guidance remains "murky" and carries too much risk.

"I really don't see any of these dyed diesel announcements making a meaningful dent in diesel prices," Fialkov said.

Trump is also turning to federal payments to cushion some of the constituencies feeling the pain.



A driver operates the diesel pump at a truck stop in Dunnigan, California. Diesel in the last two months has become a central issue not only in the midterms but as a catalyst driving up already-elevated US inflation. PHOTO: REUTERS/FILE

Indonesia cuts gas exports to Singapore

AFP, *Jakarta*

Indonesia cut exports of natural gas to Singapore on Saturday to prioritise domestic demand, an official said, with the two countries at loggerheads over regional air pollution emanating from wildfires on the vast archipelago.

The head of SKK Migas, a state agency supervising the oil and gas sector, told AFP Indonesia would cut a total of 31 million standard cubic feet per day from its supply to Singapore.

Fifteen million standard cubic feet per day was being cut from Natuna in Indonesia's Riau island, and 16 million from Sumatra, SKK Migas chief Djoko Siswanto said in a statement. He said the move was "to maintain the reliability of domestic gas supply for electricity".

"We will continue to monitor developments on a daily basis," he added.

Only Singapore is affected for now.

Indonesia is one of Singapore's main sources of natural gas, providing it with 145.3 billion cubic feet in 2024, according to data from the US Energy Information Administration.

The cut represents about eight percent of that total. The Singapore government has not commented on the development.

The move comes amid a diplomatic spat between Indonesia and countries in the region over haze from wildfires on Borneo and Sumatra islands choking cities in neighbouring states.

On Thursday, Indonesian energy minister Bahlil Lahadalia said he was mulling curbing gas exports to prioritise domestic consumption, while warning Jakarta would act against countries that "do not respect" Indonesia.

Indonesian President Prabowo Subianto on Wednesday berated "countries that like to insult" his nation over the haze crisis. He did not name specific countries.

The Southeast Asian giant has for months struggled to contain fires that deforestation monitor Nusantara Atlas said have consumed more than 1.9 million hectares in the nine months to September.

The haze has sent air pollution levels surging to dangerous levels not only in Indonesia, but also in Malaysia, Singapore and East Timor, prompting the ASEAN regional bloc to call a meeting over the crisis.