The Daily Star

10 JUN 2026

Tariffs, energy crisis behind export slide

BGMEA says

STAR BUSINESS REPORT

Volatile global situation, US reciprocal tariffs, high bank interest rates, poor port operations, and LDC graduation-related issues have caused the decline in garment exports over the past year, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said on Monday.

"Both domestic and international factors are responsible for the slowdown," said BGMEA President Mahmud Hasan Khan after an emergency board meeting on the export slowdown held at the BGMEA office in Dhaka.

In the July-May period of the 2025-26 fiscal year, garment exports totalled $35.31 billion, posting a 3.41 percent year-on-year decline, according to the Export Promotion Bureau.

Khan said weakening global demand had prompted Western retailers and brands to hold back orders, as unsold inventory had piled up on their shelves.

Uncertainty over US President Donald Trump's reciprocal tariffs -- which have been revised several times -- compounded buyers' hesitation.

The US-Israel war involving Iran disrupted shipment routes, raised airfreight costs, extended lead times, and reduced buyer visits to Bangladesh, Khan said.

Small and medium enterprises were hit hardest, as brands grew cautious about placing orders.

On the domestic front, high bank interest rates have eroded slim profit margins, discouraging entrepreneurs from expanding operations. An energy crisis has also forced factories to run at 60 percent to 70 percent capacity.

Bangladesh's impending graduation from least developed country (LDC) status has added further uncertainty, as buyers remain unsure whether the government's application for a three-year deferment will be granted.

Studies suggest Bangladesh could lose $17.5 billion in annual exports following the graduation. The country also lacks Generalised Scheme of Preferences (GSP) Plus access to the European Union, where 49.15 percent of its apparel is destined.

Khan said he plans to prepare a policy paper and consult stakeholders, trade analysts, and economists before engaging the government on remedial measures.

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China exports surge as Beijing withstands Middle East stress

AFP, *Beijing*

Chinese exports surged by almost a fifth last month, official data showed Tuesday, as shipments of tech components and machinery helped the world's second-largest economy weather pressure from the Middle East war.

The spike marks a bright spot for the Chinese leadership as it struggles to kickstart growth following the pandemic and amid trade frictions with the United States.

The 19.4 percent year-on-year jump in overseas shipments was driven largely by artificial intelligence and auto exports, the General Administration of Customs (GAC) said, and topped the 15.0 percent forecast in a Bloomberg survey of economists. It was also faster than April's 14.1 percent jump.

Imports soared 27.4 percent year-on-year in May, topping the 26.0 percent estimated in the Bloomberg survey. That will come as some comfort to Beijing as it looks to shift the country's drivers of growth away from manufacturing and towards domestic consumption.

Exports to the United States surged 35.4 percent on-year, as Donald Trump visited Beijing with trade high on the agenda. The surge also came from a low base of comparison after the US president sparked a trade war with Beijing in April last year.

Shipments to the world's biggest economy hit $39 billion, according to the GAC, up from $28.8 billion 12 months ago.

"The strong export growth shows the competitiveness of the Chinese firms in the international market," said Zhiwei Zhang of Pinpoint Asset Management.

The Financial Express

10 JUN 2026

BB stimulus package

Agro gets 2nd-biggest Tk 100b allocation

YASIR WARDAD

Agriculture and rural economic activities have received the second-largest allocation, Tk 100 billion, in the Bangladesh Bank's (BB) newly announced Tk 600-billion stimulus package.

The central bank unveiled the package last month to revive economic growth.

The package also includes a separate Tk 30 billion fund to develop the northern region into an agriculture-based hub and a Tk 20 billion facility for frozen shrimp and fish exports.

Besides, Tk 50 billion has been allocated through Palli Karma-Sahayak Foundation (PKSF) to support cottage, micro, and small enterprises, says a Bangladesh Bank official.

According to the central bank, the overall stimulus package is expected to generate employment for around 2.5 million people.

Of them, nearly 0.9 million jobs are projected to be created in agriculture and rural economic activities, including crop production, agricultural labour, and food processing.

The package also includes a Tk 5.0 billion startup fund - outside the Tk 100 billion allocation - for entrepreneurs seeking to enter agriculture with innovative business ideas, central bank officials say.

Md Tariqul Islam Zaheer, senior vice president of the Bangladesh Frozen Foods Exporters Association (BFFEA), says shrimp and frozen fish exports have been declining for the last 10 years.

He says the package could be a good incentive for the sector and the government should ensure genuine businesses receive the support.

Agricultural economist Prof Golam Hafeez Kennedy says Bangladesh's overall economy has been going through a tough time for half a decade.

He says the new stimulus package could help inject the desired capital into the economy and encourage investments.

"New entrepreneurs entering agriculture and those planning large-scale investments in agriculture and livestock would be particularly encouraged," he says.

Tk 600b
BB stimulus package size

Tk 100b
Allocation for agri →

2.5m jobs
may be created by full package
↓
0.9m in agri

Tk 30b
to develop the north into agri hub

Tk 20b
for frozen shrimp, fish exports

Tk 50b
to support cottage, micro, small enterprises

"We expect that proper implementation of the package would boost food production alongside investment, while creating jobs through both the existing and new entrepreneurs.

"Genuine farmers and farm-based entrepreneurs would get easier access to financial support," he adds.

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10 JUN 2026

Govt set to halve source tax on local cotton purchase

JASIM UDDIN

The government is set to reduce the source tax on local cotton purchases to 0.5 per cent from the current 1.0 per cent, a move aimed at easing input-cost pressures on the country's textile sector.

The proposed measure will also extend the reduced 0.5 per cent source tax rate to a wide range of agricultural and industrial raw materials procured through local letters of credit (LCs), according to finance ministry officials involved in the budget preparations.

The expanded list of commodities includes raw hides, organic fertilisers, pesticides, poultry feed, soybean meal, molasses, oilcake, and handicraft products.

Officials said the proposal had already been approved at a high-level meeting chaired by Prime Minister Tarique Rahman and subsequently vetted by the Ministry of Law.

Finance Minister Amir Khosru Mahmud Chowdhury is scheduled to place the national budget for fiscal year 2026-27 at the Jatiya Sangsad tomorrow (Thursday).

Welcoming the proposed tax cut, Bangladesh Textile Mills Association (BTMA) Director Khorshed Alam called the measure a step in the right direction, although he urged further support to strengthen domestic cotton production.

"The source tax on local cotton should be withdrawn altogether," he said, adding that the government should provide direct incentives to cotton growers to encourage expanded cultivation.

He noted that current cotton yields of around 10 to 12 maunds per bigha could more than double with the introduction of hybrid or high-yielding varieties and improved farming practices.

"If that happens, national production could rise to 400,000-500,000 bales, resulting in substantial foreign exchange savings," he said.

Snehasish Barua, partner at Snehasish Mahmud & Co., said the proposed reduction would lessen the tax burden on local businesses and improve their competitiveness.

"It is a positive move that will help reduce business costs for local enterprises," he told The Financial Express.

Bangladesh remains the world's largest importer of raw cotton. According to National Board of Revenue (NBR) data, the country imported around 7.82 million bales of cotton in the latest fiscal year.

Domestic production currently ranges between 153,000 and 200,000 bales from about 45,000 hectares of land, meeting less than 2 per cent of the country's total demand.

As a result, Bangladesh remains heavily dependent on imported cotton to supply its spinning mills, which produce yarn for the country's garment industry.

The sector earned $39.35 billion from ready-made garment (RMG) exports in FY2024-25.

The government has also proposed reducing the withholding tax to 0.5 per cent on payments made or credited against local LCs and other financing arrangements used to procure essential commodities.

The proposed facility will cover rice, wheat, potatoes, fish, meat, pulses, edible oil, sugar, jute, raw tea leaves and spices, including pepper, cardamom, cinnamon and cloves.

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The Financial Express

10 JUN 2026

Exports jump 19.4pc in May: China

BEIJING, June 9 (AFP): Chinese exports surged almost a fifth last month, official data showed Tuesday, as the world's second-largest economy weathered pressure from the Middle East war.

Overseas shipments from the manufacturing powerhouse jumped 19.4 percent from the same period last year, the General Administration of Customs (GAC) said.

That figure beat the 15.0 per cent forecast in a Bloomberg survey of economists, and picked up pace from April's 14.1 percent increase.

Imports soared 27.4 percent year-on-year in May, topping the 26.0 percent estimated in the Bloomberg survey.

Exports to the United States surged 35.4 percent on-year, as President Donald Trump visited Beijing with trade high on the agenda.

Shipments to the world's biggest economy hit $39 billion, according to the GAC, up from $28.8 billion in the same month last year, when they plunged during Trump's turbulent trade war.

The trade gains are a bright spot for the Chinese economy, which has struggled to shift drivers of growth away from manufacturing to domestic consumption.

But weaker demand and rising energy costs caused by the Middle East war have started to weigh on growth.

China's factory activity was flat last month after two months of expansion, official data showed.

The Financial Express

10 JUN 2026

BD to join China-South Asia Expo as 'Theme Country'

FE REPORT

Bangladesh will participate as the 'Theme Country' in the 10th China-South Asia Expo and the 30th China Kunming Import and Export Fair 2026 beginning in Kunming, Yunnan Province, China, today (Wednesday). The expo will continue until June 16, according to a press statement issued by the commerce ministry.

In a record participation, 175 representatives from 101 Bangladeshi enterprises will attend the event under the coordination of the Export Promotion Bureau (EPB) and the Consulate General of Bangladesh in Kunming.

The expo is expected to bring together around 2,300 exhibitors from 68 countries, providing a major platform for trade promotion and business networking.

The Bangladesh Pavilion will be inaugurated on the opening day of the expo, while the second day has been designated as "Bangladesh Day".

Commerce Minister Khondoker Abdul Muktadir will attend the programme as the chief guest, while EPB Vice-Chairman and Chief Executive Officer Mohammad Hasan Arif will deliver the keynote address.

Bangladesh will showcase a wide range of export-oriented products, including ready-made garments (RMG), textiles, pharmaceuticals, ceramics, jute products, leather goods and handicrafts.

Officials said the event will facilitate B2B meetings with international buyers and help expand Bangladesh's presence in the Chinese market.

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The Financial Express

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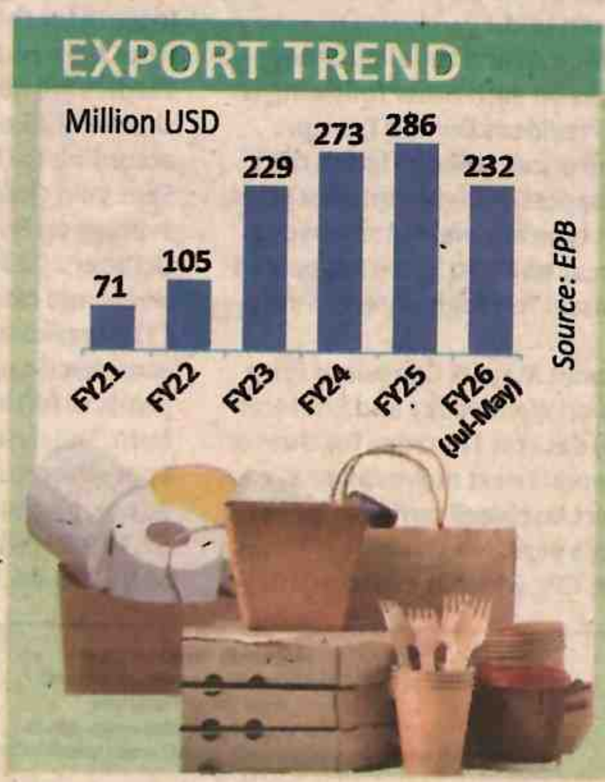
Export of paper, paper products dips after years of growth

Sector insiders attribute such downtrend to macroeconomic headwinds

SAIF UDDIN



Sector at a glance

Exports to 50 countries

Market size: **Tk 55b**

Investment: **Tk 700b**

Annual capacity: **1.6m** tonnes

Operating mills: **70 of 105**

Factors affecting exports

- Weak global demand
- Higher production costs
- Rising energy prices
- Increased shipping expenses
- Dependence on imported pulp
- Gas supply uncertainty

After several years of hefty growth, the country's export earnings from paper and paper products declined in recent months due to factors like weaker global demand and supply chain disruptions, insiders have said.

According to data available with the Export Promotion Bureau (EPB), the export earnings from the sector stood $232.25 million during July-May period of the fiscal year 2025-26, 14.44 per cent down from that of $271.46 million in the corresponding period (July-May 2024-25).

Besides, the export earnings slumped by around 23.8 per cent in May this year to reach $18.36 million from $23.9 million in the same month of last year.

The EPB data revealed that the sector experienced a steady year-on-year expansion between the fiscal years 2020-2021 and 2024-2025.

The export value from the sector surged to $105.1 million in FY 2021-2022 from $71.44 million in FY 2020-2021, before more than doubling to $229.41 million in FY 2022-2023.

Such a robust growth continued with the figure reaching $273.06 million in FY 2023-2024 and it jumped to $285.83 million in FY 2024-2025.

Industry insiders attribute the recent downturn in the export receipts to a combination of macroeconomic headwinds.

An executive at a leading paper and paper products manufacturing company said rising production costs, elevated energy costs, and a significant increase in shipment expenses have hampered operations and exports in recent months.

"Bangladesh is largely dependent on pulp import for the sector," he mentioned.

Furthermore, large paper mills predominantly operate captive power plants that rely on gas, leaving the manufacturing industry highly vulnerable to potential gas price hikes and supply inconsistencies, he added.

Despite having various challenges, the sector has immense potential, he observed.

The EPB has also acknowledged such potential by declaring paper and packaging 'the 'Product of the Year' during the opening of Dhaka International Trade Fair 2026 in January.

Currently, Bashundhara leads the sector as the top exporter, followed by other leading local manufacturers namely Meghna, Amber, Sonali, and Magura.

The country's export basket predominantly consists of tissue papers, toilet tissues, paper cups, paper bags, and cartons. These products are shipped to over 50 nations, including the United States, the United Kingdom, Malaysia, and South Korea.

According to insiders, around 70 out of 105 registered private paper mills are currently in operation in Bangladesh.

The size of Bangladesh's paper market is estimated to be Tk 55 billion, with an average annual growth rate of more than 5.0 per cent in recent years.

The sector has attracted cumulative investment worth around Tk 700 billion, enabling an annual production capacity of 1.6 million tonnes, although domestic demand for paper products is estimated at about 0.6 million tonnes.

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The Business Standard

10 JUN 2026

Bangladesh takes centre stage as 'Theme Country' at China's major trade expo

DIPLOMACY - ASIA

UNB

Bangladesh is participating as the Theme Country in the "10th China-South Asia Expo and the 30th China Kunming Import and Export Fair-2026," one of southwestern China's largest trade exhibitions, which kicked off yesterday in Kunming, the capital of Yunnan Province.

Organised under the management of the Export Promotion Bureau (EPB) and in cooperation with the Consulate General in Kunming, a record 175 representatives from 101 Bangladeshi companies are taking part in this year's edition, the highest participation figure in the country's history at the fair, which will conclude on 16 June.

The six-day expo is being held at the Dianchi International Convention and Exhibition Centre, attracting around 2,300 exhibitors from 68 countries.

As the Theme Country, Bangladesh had its pavilion inaugurated on the opening day alongside the formal launch of the main expo.

The second day has been designated "Bangladesh Day". Commerce Minister Khandakar Abdul Muktadir will attend the event as the chief guest, joined by the governor of Yunnan province and other senior dignitaries from participating nations.