NEWSLETTER

BUILD Connect

dialogue • research • advocacy

May–June 2025
Volume XIV
Issue III

buildbd.org/newsletter

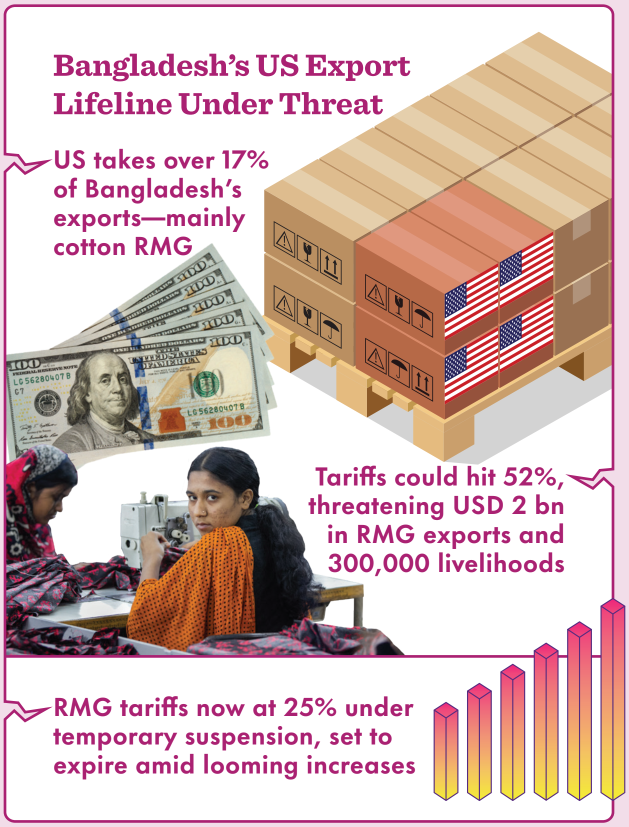
EDITORIAL

US reciprocal tariffs and Bangladesh's export competitiveness

On 2 April 2025, the United States (US) President imposed reciprocal tariffs on 108 countries, including Bangladesh, marking a dramatic shift in global trade relations. The World Trade Organisation (WTO) warns that such measures could shrink global merchandise trade by 1% in 2025, disproportionately harming developing economies. The WTO Director-General cautions that retaliatory cycles could unravel decades of globalisation gains. The Asian Development Bank (ADB) warns that Bangladesh's growth forecast for FY2026 (5.1%) may be downgraded due to these tariff shocks.

According to industry estimates and government analyses, if the complete 37% reciprocal tariff is imposed, the additional duty will disproportionately affect over 70% of exports that rely on cotton-based ready-made garments (RMG). The projected impacts are as follows: garment exports to the US could decline by 20–30%, or approximately USD 2 billion in FY26. Foreign direct investment (FDI) in export-linked sectors may stall due to market uncertainty, as investors reassess the country's reliability as a sourcing and production hub. Higher duties on US scrap, cotton, and machinery will raise input costs, compressing margins for exporters and local producers alike. Rising fuel costs and key industrial raw materials from the US could trigger domestic inflation. Job losses in Bangladesh may exceed 300,000, particularly among women workers in small and medium-sized enterprises (SME) factories, which will struggle to survive under the new tariff regime.

Bangladesh's exports to the US fell from USD 10.42 billion in 2021–22 to USD 7.6 billion in 2023–24, while imports from the US rose to USD 2.54 billion, widening the trade gap to 33.42%, according to the Export Promotion Bureau (EPB). After accounting for imported input, the real export value stands closer to USD 5.6 billion. Even a 10–15% decline in order volume at that scale could wipe out nearly USD 800 million in earnings. Export earnings in leather, footwear, and headgear could fall by 40–50%, further widening the trade imbalance.



Several countries have been negotiating bilaterally with the US. India has faced a USD 45.7 billion trade surplus with its largest trading partner, the US, totalling USD 129 billion in 2024. It has offered to lower tariffs on 60% of tariff lines. Its average tariff differential is being trimmed from 13% to below 4%, a strategic gesture of reciprocity. For an attractive deal with Washington, India has officially offered to ease export regulations, including aircraft and parts, luxury cars and electric vehicles, medical devices, certain chemicals, and animal feed.

Despite facing a high 46% reciprocal tariff, Vietnam benefits from product diversification, higher-value apparel, and deep trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP). These arrangements make its position more defensible.

Although smaller in export volume, Sri Lanka has leveraged its reputation for labour rights and sustainability, positioning itself as a niche supplier of ethically sourced garments. Its efforts to secure Generalised Scheme of Preferences Plus (GSP+) status with Western economies offer it a marginal advantage. Malaysia, backed by strong bilateral investment frameworks and digital economy agreements with the US, is strategically pivoting to tech-based exports and services. Its tariff exposure on textiles is low due to the product mix. Despite facing a 49% US tariff, Cambodia benefits from lower labour costs and political alignment with Western sourcing standards. It targets footwear, bicycle parts, and electronics assembly to reduce dependency on RMG.

Bangladesh's cotton-based RMG exports, low-to-mid value garments, and lack of preferential trade agreements (PTAs) with the US place it at a structural disadvantage in absorbing shocks such as reciprocal tariffs.

Bangladesh should accelerate efforts to explore emerging markets in Asia, the Middle East, Africa, Latin America, Eurasia, and South America. Strategic engagement with regional blocs could help mitigate risk. These include the South Asian Association for Regional Cooperation (SAARC), South Asian Free Trade Area (SAFTA), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the Developing-8 (D-8) Organisation for Economic Cooperation, the Association of Southeast Asian Nations (ASEAN), and RCEP. Institutions such as BIMSTEC, the Bangladesh-Bhutan-India-Nepal (BBIN) initiative, and ASEAN are facilitating greater connectivity, enhanced trade, and collective resilience.

Although around 75% of the country's imports come from Asia, only 16% of its exports go to Asian countries. Regional integration offers the potential to diversify beyond the current RMG-deepened export basket and tap into ASEAN+3 markets—comprising ASEAN plus China, Japan, and South Korea—collectively holding a gross domestic product (GDP) exceeding USD 28 trillion.

Bangladesh must leverage international frameworks for swift action and can urgently use the US-Bangladesh Trade and Investment Cooperation Forum Agreement (TICFA) as a platform for moving towards a bilateral free trade agreement (FTA). In the footwear category alone, Bangladesh exports only USD 192 million to the US, compared to Vietnam's USD 9.13 billion. Even modest gains here could offset losses in RMG.

Bangladesh continues its policy of allowing duty-free imports for most favoured nations (MFN), including essential food items, agricultural inputs, and life-saving drugs under the current budget. Budget 2025–26 announced tariff relief on 626 products, particularly for trade talks with the US, and is considering adding another 100 US products to its duty-free list to reduce the trade gap.

A set of laws and policies governs intellectual property rights (IPR)—some have already been updated, and others are in process. The Business Initiative Leading Development (BUILD) is working closely with the Ministry of Industries in this regard. Equally significant is the issue of MFN treatment. To remain compliant, Bangladesh must ensure reciprocal access for all WTO members, pursue a structured trade arrangement such as a PTA, or secure a legally grounded exception under the WTO's 1979 Enabling Clause.

A Trade Negotiating Committee has been formed to facilitate discussion on the bilateral agreement. A draft tariff agreement is currently being negotiated, and several meetings have been held. There is hope that an agreement will be signed soon. Improved public–private understanding will help create a win-win path.

Ferdaus Ara Begum
CEO, BUILD

BUILD presents updated business start-up licence guide to BIDA

BUILD formally handed over the sixth edition of *Business Start-Up Licenses—A Regulatory Guide* to the Executive Chairman of the Bangladesh Investment Development Authority (BIDA). This updated guide serves as a vital tool for entrepreneurs, offering clear and comprehensive information on required licences and regulatory processes for starting a business in Bangladesh. The initiative reflects BUILD's ongoing commitment to regulatory reform and improved ease of doing business. ■

BUILD attends meeting on US tariffs and non-tariff barriers at MoC

On 13 May 2025, BUILD CEO Ferdaus Ara Begum attended the meeting on the impact and consequences of US reciprocal tariffs and non-tariff barriers on Bangladesh's economy, held at the Ministry of Commerce (MoC) and chaired by Mahbubur Rahman, Secretary, MoC.

In the meeting, the MoC delivered a presentation and stressed the importance of addressing issues related to the non-tariff barriers (NTBs) raised by the US. The ministry expressed interest in exploring opportunities to import cotton and soybeans from the US.

The BUILD CEO urged an increase in cotton imports from the US, noting that cotton imports from China and Vietnam have declined. Referring to the three products identified by the Government of Bangladesh (GoB) to reduce tariffs on US imports, she highlighted that such measures would lead to a revenue loss of USD 0.52 million for Bangladesh. She also emphasised the list of 800 zero-duty products from the US, which Bangladesh could potentially benefit from. Speakers at the meeting called for immediate steps to increase imports from the US and address the tariff issue through coordinated efforts between the public sector, private sector, and academia. They advocated for enhanced government procurement from the US. ■

MoC and BUILD accelerate EPB reforms ahead of LDC graduation

On 7 May 2025, MoC held a pivotal meeting with BUILD, a leading private sector think tank, to chart a roadmap for modernising EPB and enhancing Bangladesh's export data management systems. Chaired by the Honourable Secretary of MoC, the discussion centred on urgent reforms to align EPB's operations with Bangladesh's transition from Least Developed Country (LDC) status, slated for November 2026. Attendees included BUILD's CEO, Ferdaus Ara Begum, Senior Research Associate Kanis Fatama, and Research Associate Ahmed Julker Nine.

Central to the dialogue was the need to overhaul the EPB Act 2015. Participants emphasised revising the Act to expand EPB's mandate, including authority to issue certifications for exporters and incorporate service exports, currently excluded from its remit. An official English version of the Act will also be developed to improve engagement with global stakeholders.

EPB Act 2015 requires urgent restructuring to meet contemporary export demands.

Bangladesh must fast-track WTO compliance through a clear, enforceable roadmap.

Additionally, the Act will formalise mechanisms for inter-agency collaboration, enabling seamless data-sharing between EPB and other trade-related bodies. Governance reforms were another critical focus, with proposals to reconstitute EPB's statutory committee. The MoC Secretary will serve as Co-Chair alongside the commerce minister to strengthen policy coherence, while Wing Chiefs will replace Joint Secretary-level members to infuse technical expertise into decision-making.

Operational integration emerged as a key theme, particularly the proposal to bring the Business Promotion Council (BPC) under EPB's umbrella to streamline export promotion. Human resource challenges were also addressed, with plans to reduce reliance on deputation staff—currently filling 50% of senior roles—by capping deputation positions at one-third of the total. This shift aims to build long-term institutional capacity.

With LDC graduation 18 months away, the meeting underscored the urgency of preparing for post-2026 trade challenges. A time-bound action plan will address WTO compliance, non-tariff barriers, and competitiveness, supported by a dedicated LDC Graduation Wing under MoC to coordinate cross-ministerial efforts.

EPB's modernisation is pivotal to sustaining Bangladesh's export momentum post-LDC graduation.

—BUILD CEO

Ferdaus Ara Begum, CEO of BUILD, highlighted the importance of collaborative reforms, stating, "EPB's modernisation is pivotal to sustaining Bangladesh's export momentum post-LDC graduation." The Honourable Secretary of MoC echoed this sentiment, affirming the ministry's commitment to data-driven policymaking and expediting EPB's transformation. ■

BUILD and ICT Division discuss collaboration on 4IR and AI policy

On 19 May 2025, a strategic meeting was held at the office of the Secretary, ICT Division, attended by Shish Haider Chowdhury, ndc, Secretary, ICT Division. BUILD's CEO, Ferdaus Ara Begum, and Senior Research Associates Nasib Ul Amin and Shahriar Rawshon were present.

The CEO introduced the organisation as a leading public–private dialogue platform established in 2011, highlighting its role as the secretariat of the Private Sector Development Policy Coordination Committee under the Chief Adviser's Office. She emphasised BUILD's collaboration with over 15 ministries and 33 national committees, as well as its commitment to regulatory reform and private sector development. She also shared key achievements of the Fourth

Industrial Revolution (4IR) and ICT Working Committee, co-chaired by the Bangladesh Hi-Tech Park Authority (BHTPA) and the Bangladesh Association of Software and Information Services (BASIS).

BUILD highlighted strategic recommendations made during a December 2024 meeting with BHTPA, including studies on e-waste, enhanced coordination with the ICT Division, innovation in semiconductors and electric vehicles, and regulatory reform with the National Board of Revenue (NBR).

The priority focus areas discussed included the need for a comprehensive national AI policy, revisions to the draft Personal Data Protection Act to allow broader stakeholder input, and support for the growing robotics sector.

The Secretary shared updates on national initiatives, including Bangladesh's recent success in the ICT Olympiad in Korea, and progress on key policies such as the Personal Data Protection Ordinance, Cyber Safety Ordinance, and the forthcoming AI policy.

The meeting concluded with a decision to deliver a joint presentation for planning activities to enhance ICT and 4IR progress across the country. ■

BUILD meets Ministry of Industries Secretary to strengthen SME

On 12 May 2025, BUILD held an introductory meeting with Md Obaidur Rahman, the newly appointed Secretary of the Ministry of Industries, to brief him on the activities and priorities of the SME Development Working Committee (SMEDWC). The meeting served to formally introduce the committee to the new Secretary, who also acts as the co-chair of SMEDWC alongside the President of the Chittagong Chamber of Commerce and Industry (CCCI). During the discussion, BUILD highlighted its continued commitment to supporting the committee's agenda and expressed interest in contributing to the upcoming 10th SMEDWC meeting.
BUILD proposed two areas of intervention: the status and export potential of Geographical Indication (GI) products, and the need to amend the Trademark Act 2009 in light of Bangladesh's upcoming graduation from the LDC status.

To support evidence-based policy recommendations on this matter, BUILD plans to organise a collaborative dialogue with the Ministry of Industries. The dialogue aims to identify potential challenges Bangladesh may face regarding trademark protection post-LDC graduation and to formulate strategic responses through legislative reforms. This meeting marks an important step in ensuring alignment between public and private sector efforts to enhance the competitiveness of Bangladesh's SME sector in the evolving global trade landscape. ■

Pre-budget discussion on industry taxes

In collaboration with BIDA, BUILD organised a pre-budget round table titled "Tax Implications on Industries" at the Bangladesh Economic Zones Authority (BEZA) conference room, Biniyog Bhaban. Shah Mohammad Mahboob, an executive member at BIDA, chaired the discussion. The CEO of BUILD said that industrial growth has come down to 7.1% from the earlier quarter of 8.1%, which is a concern. She raised the issue of tax deduction at source (TDS) and withholding tax, which are collected from taxpayers whenever economic transactions commence.

In the keynote presentation, Md Nooruzzaman, a senior research associate at BUILD, presented a case of taxation issues in the carbonated beverage (CB) sector. The Total Tax Incidence (TTI) on the CB sector is 52.87% (import tax: 4.87%, turnover tax: 3%, value added tax (VAT): 15%, supplementary duty (SD): 30%). Revenue collection from the beverage sector is dropping (a 20% decline) due to an incremental tax burden. Shah Mohammad Mahboob, an executive member (additional secretary) at BIDA, said that the NBR has cleared its position to slash all exemptions gradually. The revenue loss from the hike in SD can be treated as a loss for the NBR, so the case should be presented with rationale when a request is sent to revisit the SD in this sector.

Snehasish Barua, FCA, ACA (ICAEW), said foreign investors look for certainty and simplicity in investment-related policies, such as taxation. An abrupt tax imposition on foreign investors will erode investor confidence. Shadab Ahmed Khan, general manager of Coca-Cola İçecek Bangladesh, said that with a TTI of 52%, Bangladesh has one of the highest tax rates on beverages in the world while having one of the lowest per capita consumptions. Because of the NBR's policy, the sector has been forced to increase prices by 130% in the last two years, which exceeds the inflation rate.

T. I. M. Nurul Kabir, executive director of the Foreign Investors' Chamber of Commerce and Industry (FICCI), said that a long-term financial plan or budget could be prepared for five years, which may ensure policy continuity for investors for a specific period after investment. He also emphasised comprehensive automation. Naimul Islam, chief marketing officer of Akij Food and Beverage Limited, said that consumption of CB is 5.3 litres per person, whereas the global average is 310 litres per person. This shows that the sector is yet to utilise its potential.

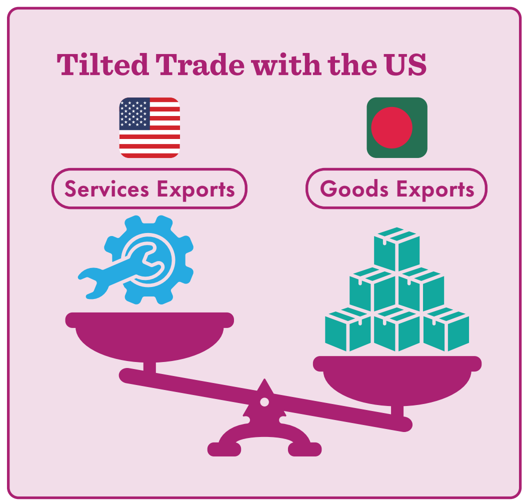
Mainul Huda, Chief Financial Officer (CFO) of Transcom Beverages Limited, said that a minimum tax, regardless of profit or loss, is not finally adjustable. It should have been in the form of an adjustable advance tax. Momshad Ali Khan, director (PSES) of Coca-Cola Bangladesh Limited, said that imposing SD on 90 products last year has not positively impacted government revenue, except for the tobacco sector. Major Rashed Arefin (Retd.), secretary of the Bangladesh Beverage Manufacturers Association (BBMA), said that the CB sector should not be the primary target for collecting more taxes. Ahmet Zahit Erdem, finance manager of Coca-Cola İçecek, said that collecting more taxes from a specific industry needs to be avoided. Industry players from the carbonated soft drinks sector, chamber representatives, and BIDA officials were also present. ■

BUILD and DCCI host seminar on US reciprocal tariffs

In association with the Dhaka Chamber of Commerce and Industry (DCCI), BUILD jointly organised a seminar titled "US Reciprocal Tariffs and Way Forward for Bangladesh" on 17 May 2025 at the DCCI Auditorium. Mahbubur Rahman, Secretary, MoC, joined the seminar as the chief guest. Mahbubur Rahman, President, ICC-B, participated as the special guest. Taskin Ahmed chaired the session.

BUILD Chairperson Abul Kashem Khan delivered the introductory remarks, and BUILD CEO Ferdaus Ara Begum also participated. Dr Debapriya Bhattacharya, Distinguished Fellow, Centre for Policy Dialogue (CPD), gave the keynote presentation.

In the keynote, Dr Debapriya outlined the geopolitical motivations behind the imposition of US tariffs, arguing that trade rationale was not the primary factor. He expressed hope that the tariffs would prove unsustainable, suggesting that the market would self-adjust over time. He urged business entities not to panic. He highlighted the services trade surplus that the US maintains with Bangladesh and recommended leveraging this imbalance as a negotiation tool. He further emphasised viewing the tariff increase as a chance to address structural weaknesses and called for greater private sector involvement in the negotiation process. He recommended exploring avenues for regional cooperation.



In his opening remarks, BUILD Chairperson Abul Kashem Khan commended Bangladesh's development trajectory and raised nine essential questions regarding the country's preparedness. These queries addressed: Bangladesh's capability to sign a FTA with the US; the timeframe for enhancing labour regulations; extending policy support to non-RMG sectors to diversify exports; developing new markets through regional connectivity (e.g. ASEAN), which would require substantial compliance related to taxation and industry; advancing industrial trade facilitation and reducing costs by improving logistics; adopting a supply chain roadmap to attract foreign investment; and positioning Bangladesh as a trade partner under the China +1 and China +3 strategies.

Regional connectivity with ASEAN must translate into new market access, not just cooperation rhetoric.

Bangladesh must proactively position itself as a viable partner in China+1 and China+3 supply chain pivots.

MFN tariff routes will not be bypassed; concessions to the US must respect multilateral commitments.

During the open-floor discussion, speakers stressed the importance of adequate preparation ahead of any negotiation and highlighted the political rationale for the US tariffs. They encouraged exploring opportunities to increase imports of cotton, soybeans, and liquefied natural gas (LNG), and proposed establishing a dedicated warehouse for US cotton imports. They also raised the possibility of importing US cotton at preferential rates, alongside securing duty-free RMG access to the US market.

The speakers identified IPR concerns as a major factor in the tariff imposition. Emphasising the role of the private sector as the lifeblood of the economy, they advocated for private sector participation in negotiations and proposed institutionalising this involvement. They also endorsed importing US-origin products directly from the US.

In his concluding remarks, Mahbubur Rahman, Secretary, MoC, stated that Bangladesh had granted duty-free access to 100 US products, and confirmed that the negotiation process was ongoing. He affirmed that Bangladesh was on the right path and that relevant stakeholders had been consulted thoroughly prior to decision-making. He characterised Bangladesh's approach to the US tariffs as non-retaliatory and bilateral. He also clarified that Bangladesh would not circumvent MFN tariff rates to offer concessions, noting that while trade policy would be grounded firmly in a multilateral framework, engagement with the US would proceed bilaterally. ■

BUILD participates in water partnership steering committee meeting

The 11th meeting of the National Steering Committee Board of the Bangladesh Water Multi-Stakeholder Partnership (BWMSP) was held on 19 May 2025 under the chairmanship of Dr Sheikh Abdur Rashid, Cabinet Secretary, at the Cabinet Division. Kanis Fatama, Senior Research Associate at BUILD, attended the meeting as BUILD is one of the committee members. The primary agenda was to share the concept of jointly developing a strategy for scaling water reuse through the Bangladesh Alliance for Water Reuse and Recycling (A4R). Water reuse and recycling are recognised as effective methods for managing pollution and improving water security. BWMSP aims to establish the A4R as a national alliance in partnership with the public sector, municipalities, industries, brands, technology providers, investors, and academia, focusing on forming public–private coalitions to accelerate water reuse initiatives.

The meeting also included updates on several initiatives, such as public-private partnerships (PPP)-based industrial wastewater management in economic zones; PPP-based municipal wastewater management in city corporations; progress of the Pagla and Dasherkandi sewage treatment plants (STPs); plans for common effluent treatment plant (CETP) retrofitting in the Tannery Industrial Estate, Dhaka; and river restoration efforts under the 2030 Water Resources Group. ■

Experts discuss challenges and prospects of national competition policy

The event was jointly organised by the Bangladesh Competition Commission (BCC) and the United Nations Development Programme (UNDP) Bangladesh at Hotel Intercontinental on 20 May 2025. BCC Chairperson A. H. M. Ahsan chaired the event. The keynote speaker was Dr M. A. Razzaque, Chairman, Research and Policy Integration for Development (RAPID). Panellists included Kamran T. Rahman, President, Metropolitan Chamber of Commerce and Industry (MCCI); Dr A. K. Enamul Haque, Director General, Bangladesh Institute of Development Studies (BIDS); Dr Afroza Bilkis, Member (Law), BCC; and Issam Mosaddeq, Economic Adviser, Foreign, Commonwealth and Development Office (FCDO), Bangladesh—alongside representatives from business chambers, development partners, participants and media professionals. It was noted that, out of 102 cases filed to date, 54 judgments have been passed, and BCC has completed all 156 investigations.

Dr M. A. Razzaque introduced standard economic terms—such as price manipulation, monopolies, oligopolies, cartels, and abuse of dominant position—that frequently appear in the newspapers, offering a shared reference point before presenting the key findings of his study titled "Competition Policy in Bangladesh: Prospects, Challenges and the Way Forward". He emphasised that competition is essential for driving innovation, protecting consumer welfare, and fostering inclusive growth in a fast-growing economy like Bangladesh. However, he warned that sustained inflation, manipulation of prices, and the prevalence of monopolistic and oligopolistic practices undermine public trust and weaken the foundations of a healthy market economy.

The special guest, Secretary, MoC, called for BCC's proactive intervention to identify and advise the government on anti-competitive practices. He noted that market syndication and cartel behaviour—particularly in consumer goods and procurement—pose major obstacles to investment. Rahman urged the Commission to assume a more prominent role in levelling the playing field and strengthening investor confidence, which he described as pivotal for Bangladesh's industrial and economic transformation.

Chief guest Sheikh Bashir Uddin, Honourable Adviser, MoC, affirmed that the Competition Commission must prioritise consumer welfare and the restoration of market fairness beyond simply regulating prices. He acknowledged that concentrated market power and syndication continue to deter new entrants and hinder fair competition. He stressed that enhanced dissemination of the Commission's mandate and improved public visibility are crucial. He highlighted the importance of inter-agency collaboration, with BCC, Bangladesh Trade and Tariff Commission (BTTC), NBR, and the judiciary, to ensure coherent policy and enforcement. ■

BUILD joins launch of national water reuse alliance in Bangladesh

A day-long conference titled "Water Reuse and Recycling: Launching of National Alliance" was held on 21 May 2025. The Water Resources Planning Organisation (WARPO), the Ministry of Water Resources, and the 2030 Water Resources Group, World Bank jointly organised the event. The principal focus of the conference was the formal launch of the National Alliance for Water Reuse and Recycling.

Syeda Rizwana Hasan, Adviser, Ministry of Environment, Forest and Climate Change, attended the event as the chief guest, while Cabinet Secretary Dr Sheikh Abdur Rashid presided over the conference. Water Resources Secretary Nazmul Ahsan delivered the welcome speech.

Kanis Fatama, Senior Research Associate at BUILD, participated in the conference. BUILD is a member of the National Steering Board of the Bangladesh Water Multi-Stakeholder Partnership. The conference also brought together representatives from the World Bank, various ministries, relevant organisations, universities, private sector entities, textile and leather factories, fashion brands, and companies specialising in wastewater recycling technologies.

Prof. Mohidus Samad Khan from the Department of Chemical Engineering at Bangladesh University of Engineering and Technology (BUET) presented the keynote paper titled "Water Reuse: Scope and Potential of Bangladesh". The first plenary session included a presentation titled "Enhancing Water Security in Bangladesh" by Harsh Goyal, Senior Water Specialist at the World Bank, and a case study presented by Primark highlighting its support for water recycling initiatives in Bangladesh. The second plenary session centred on "Innovative Financing for Scaling Water Reuse" and featured a case study presented by Ion Exchange.

The chief guest referred to a draft policy by the Ministry of Water Resources to regulate groundwater extraction, under which industries would incur usage charges. A working group has been formed to promote sustainable water use in collaboration with industry bodies, and an online system is being developed to improve monitoring. ■

Meeting at Bangladesh China Chamber of Commerce and Industry

Kanis Fatama, Senior Research Associate at BUILD, delivered the keynote speech titled "Advancing Trade and Investment Partnership Between China and Bangladesh—Supportive Policy Options" at the China (Yunnan)-Bangladesh Economic and Trade Cooperation Project Promotion Event, organised by the Bangladesh China Chamber of Commerce and Industry. A 12-member delegation from Yunnan, China, visited Bangladesh to explore investment opportunities and participated in the meeting alongside local business representatives. ■

Bangladesh targets logistics FDI via infrastructure and policy reform

BIDA, in collaboration with the International Finance Corporation (IFC) and the South Asia Regional Integration Centre (SARIC), hosted a high-level meeting titled "FDI trends in the logistics sector and way forward for Bangladesh", emphasising the urgent need to enhance the country's logistics infrastructure to attract FDI. The event was chaired by BIDA Executive Chairman Chowdhury Ashik Mahmud Bin Harun and brought together key stakeholders and international experts including Clinton Pobke, Deputy High Commissioner of the Australian High Commission; Gregory Smith, Manager of IFC Country Advisory and Economics for South Asia; Ferdaus Ara Begum, CEO of BUILD; and Ahmed Julker Nine, Research Associate, BUILD.

A presentation by GlobalData revealed that greenfield logistics FDI reached USD 68.7 billion globally in 2024, representing 5.3% of total global FDI. Asia led the recovery with a 73% increase in capital expenditure (CAPEX), fuelled mainly by e-commerce expansion and supply chain diversification. South Asia attracted USD 36.1 billion in logistics FDI from 2019 to 2024; however, Bangladesh secured only 10 projects worth USD 1.95 billion, compared to India's commanding 85% regional share. While Bangladesh's ranking improved to 33rd in the 2024 Agility Emerging Markets Logistics Index, it still lags in international connectivity, port efficiency, and investor readiness.

The meeting acknowledged several ongoing challenges, including an 8.8% decline in overall FDI in 2024 due to global economic uncertainty, domestic political factors, and new US tariffs. Nonetheless, stakeholders noted that Bangladesh's strategic location and robust RMG export sector offer significant untapped potential. The World Bank's Logistics Performance Index 2023 placed Bangladesh 88th globally—up 12 places since 2018—but still behind regional peers such as India (38th) and Sri Lanka (73rd).

BUILD CEO Ferdaus Ara Begum emphasised the need to fully implement the National Logistics Policy 2024. In her remarks, Ferdaus Ara Begum shared several key observations. First, she highlighted the urgent need to develop a skilled workforce for Bangladesh's logistics sector. Second, she reflected on India's success in attracting logistics FDI. Factors include India's stronger infrastructure, greater ease of doing business, more consistent policy implementation, and early investment in digital logistics platforms. Finally, she outlined steps Bangladesh must take to improve FDI competitiveness: simplifying customs and regulatory procedures and expanding public–private partnerships for infrastructure.

Stakeholders reinforced these recommendations, calling for increased emphasis on green and smart logistics. This includes promoting sustainable infrastructure, embracing technologies like artificial intelligence and blockchain, and expanding automation to reduce costs and emissions. Priority sectors identified for FDI attraction include core logistics firms, global e-commerce platforms (e.g. Amazon, DHL), and food and textile manufacturers, particularly those using multimodal transport, which accounts for 33% of global logistics investment.

Additional recommendations included developing cross-border transport corridors through the BBIN and BIMSTEC, expanding ports and logistics parks, and improving structured coordination among ministries and regulatory bodies. If effectively implemented, these steps could transform Bangladesh into a competitive logistics hub within South Asia. ■

BUILD at workshop on post-LDC branding

On 25 May 2025, a senior official from BUILD participated in a workshop on the mid-term study report titled "Branding Strategy of Bangladesh". The Support to Sustainable Graduation Project (SSGP) organised the workshop under the Economic Relations Division (ERD), in collaboration with Spellbound. Spellbound, in partnership with Policy Exchange, has been developing a comprehensive nation branding strategy to address post-LDC graduation challenges and reposition Bangladesh as a dynamic, resilient, and globally competitive nation.

During the discussion, Kanis Fatama, Senior Research Associate at BUILD, noted that the branding strategy would benefit from a significantly stronger emphasis on effectively promoting investment, trade, and exports, as these remain core and defining objectives of the initiative. She stated that the action plan and the branding tagline should be closely aligned with these strategic priorities to ensure coherence. In addition, she underscored the critical need to proactively address persistent regulatory and compliance challenges to support the strategy's effective implementation and long-term sustainability. ■

Stakeholders discuss budget-linked reforms to boost private investment

On 19 May 2025, a multi-stakeholder meeting titled "Bangladesh Economy 2025–26: Policy Reforms and the National Budget" was held at a hotel in the capital. Members of the White Paper were in attendance. Dr Debapriya Bhattacharya, Chair of the White Paper Committee, moderated the session. All committee members were in attendance and addressed issues pertinent to the 2025–26 Budget.

In her presentation, the BUILD CEO highlighted the factors contributing to the slowdown in private sector investment, particularly following the post-July developments. She noted that policy inconsistency, a complex tax structure, and institutional bottlenecks remain the principal constraints on private sector growth. She called for more substantial political commitment and infrastructure, utilities, and financing improvements to support investment. She also emphasised the need for private sector leadership to enact foundational reforms within the business ecosystem to help restore investor confidence. ■

BUILD CEO discusses simplified licensing framework with BIDA consultant

The CEO of BUILD recently met with Shanila Azhar, Consultant at BIDA. The meeting highlighted key improvements to the licensing process, including simplification measures aimed at enhancing the

ease of doing business. The BIDA consultant noted that the scope of the OSS will be expanded to include clearances from the Ministry of Home Affairs, National Security Intelligence (NSI), and the Special Security Branch (SB). She also highlighted ongoing challenges foreign investors face, particularly with capital repatriation and the transfer of dividends and profits.

Both parties emphasised the importance of ongoing collaboration to foster a more transparent, efficient, and investor-friendly environment for entrepreneurs in Bangladesh. ■

Trademarks Act reform must prioritise SME readiness and international alignment

In collaboration with MoI and the Department of Patents, Designs and Trademarks (DPDT), BUILD organised a high-level policy dialogue on the Trademarks (Amendment) Act 2025 at BUILD's conference room on 1 June 2025. The objectives of the dialogue were to scrutinise the amendments in favour of business entrepreneurs facing post-graduation challenges.

Amending the Trademarks Act 2009 aims to align with international frameworks such as the TRIPS Agreement, Madrid Protocol, NICE, and Vienna Classification systems. Participants, especially intellectual property (IP) lawyers, emphasised that while alignment with global IP standards is important, local administrative capacity, micro, small and medium enterprise (MSME) readiness, and access to legal remedies must be equally prioritised.

In the presentation delivered by BUILD's CEO, Ferdaus Ara Begum, it was noted that the trademark certification success rate for foreign applicants is substantially higher (70%) than for domestic applications. Legal knowledge gaps, a lack of support services, and limited access to information were key factors contributing to this disparity. Experts highlighted that such challenges create barriers for local entrepreneurs—particularly women and SMEs—seeking to protect their brands and enter export markets.

A primary concern was the policy sequence and accession timing: whether Bangladesh should formulate and implement a policy framework or amend the Trademarks Act before acceding to the Madrid Protocol. Alternatively, whether the country might proceed with accession first was questioned, assuming that implementation would follow immediately after enactment. In this context, lawyers emphasised the importance of defining a clear preparation period before formally entering the protocol, as it would introduce expanded obligations. It was acknowledged that Bangladesh currently falls below the standards required by the World Intellectual Property Organisation (WIPO). As such, a substantive adjustment and readiness phase will be necessary to meet international benchmarks and ensure effective implementation.

Foreign trademark applications receive markedly higher approval, while domestic filings lag at 30%.

Strategic groundwork is essential before accession to the Madrid Protocol and Agreement.

Modernisation of trademark classifications and visual representation, particularly following the Vienna Agreement, demands a significant upgrade in DPDT's capacity, institutional strength, and technical expertise for horizontal alignment.

The inclusion of non-traditional trademarks—such as 3D images, colour, and scent—recognised under the new provisions was also discussed. Questions were raised about whether the current technical and administrative infrastructure of DPDT is sufficient to accommodate such complex registrations.

Given ongoing negotiations concerning the Economic Partnership Agreement (EPA), FTA, and PTA, it was highlighted that multiple aspects of IP must be aligned with international trade commitments. Concerns about Bangladesh's preparedness to undertake expanded responsibilities under these agreements were expressed.

Although the new policy allows for parallel imports, stakeholders noted the significant risk of illegal importation. Discussions centred on whether DPDT currently possesses adequate enforcement mechanisms and capacity to monitor and deter such practices effectively.

Under the new law, the authority to file lawsuits remains vested in the District Judge Court, consistent with the previous legal structure. Participants questioned whether this would address historical procedural issues or replicate existing inefficiencies.

Stakeholders agreed on several key recommendations, including reducing trademark registration fees for SMEs and start-ups, improving IP enforcement, and establishing a one-stop service platform to simplify and streamline trademark registration and protection processes. The meeting underscored the need for a comprehensive preparatory phase, incorporating policy alignment, institutional strengthening, and stakeholder capacity building to ensure Bangladesh's successful integration into international conventions and treaties.

The event convened government officials, senior legal professionals, lawyers, business leaders, women entrepreneurs, trade body representatives, and IP practitioners to critically examine the implications of the proposed reforms and build consensus around key implementation challenges. DPDT's Director, Md Jellur Rahman, and Assistant Director, Md Belal Hossen, among others, were present and actively contributed to the discussions. ■

Budget 2025–26 raises sustainability concerns for private investment: Initial reaction from BUILD

The fiscal year 2025–26 budget, estimated at BDT 7.9 trillion, is a contractionary one targeting realistic GDP growth and reduced inflation at 8%. A floating exchange rate has been announced, based on high foreign exchange reserves of USD 27.4 billion. Long-term projections, sometimes extending to 2030, reflect optimism for future economic growth. However, the country is currently transitioning towards LDC graduation, with declining agricultural growth (from 3.30% to 1.79%), a lower investment-to-GDP ratio (29.38%), and increasing uncertainty arising from reciprocal tariffs imposed by the US and non-tariff barriers from neighbouring countries.

The budget outlined the introduction of the Bangladesh Single Window (BSW) and services provided by the One-Stop Service (OSS) of BIDA. However, Investment Promotion Agencies (IPAs) have yet to instil confidence among investors. Supportive and uninterrupted utility services are still lacking, preventing investors from operating their industries at full capacity. While the budget stated that utility prices would not increase, it failed to guarantee a consistent gas and electricity supply. High interest rates, restricted access to bank loans, and a deteriorating law and order situation have further discouraged investors. Business entrepreneurs had anticipated a strong commitment in this regard.

The advance tax for commercial importers has been raised from 5% to 7.5%, which poses a constraint for small and medium enterprise (SME) entrepreneurs, most of whom procure raw materials from commercial importers. This change will impact production costs. Nevertheless, the announcement of a central bonded warehouse for homogenous SME entrepreneurs could be beneficial if implemented promptly. For SMEs, auditing accounting through International Financial Reporting Standards (IFRS) would be challenging and may require reconsideration.

In contrast, VAT for e-commerce entrepreneurs has increased from 5% to 15% on commission earnings—a significant blow, particularly for emerging women-led SME ventures. This should be reconsidered and reduced to 5%. It is also worth noting that, under the VAT and Supplementary Duty Ordinance 2025, the VAT exemption threshold has been lowered from BDT 5 million to BDT 3 million, while the turnover tax slab has been reduced from BDT 30 million to BDT 5 million. Start-ups and e-commerce entrepreneurs represent the country's future, and although the budget has introduced a BDT 1 billion start-up fund, this should be raised to at least BDT 3 billion initially.

While efforts are underway to attract new investment, the budget directives appear inconsistent. For instance, paragraph 113 outlines that VAT on plastic product manufacturing industries has risen from 7.5% to 15% to increase the tax-to-GDP ratio. Additionally, VAT on primary raw materials for the RMG and textile sectors—such as cotton thread and artificial fibre (MMF)—has also increased, likely to hurt the industrial sector.

One positive initiative involves the future adjustment of minimum tax for the mobile phone, tobacco, and beverage industries (under subsection six of section 163 of the Income Tax Act 2023). However, the provision covering 38 categories under clause 163(2) remains non-refundable, posing a burden to the private sector. At the import stage, SD has been reduced for 442 items—mainly agricultural and livestock products such as bovine, goat, and sheep. Yet, SD for certain local products has not been reduced; for example, the 5% SD on bottled drinking water continues to act as a barrier.

TDS on export cash subsidies and freight forwarders has been made adjustable, which is commendable. It was recommended that the scope of adjustability be expanded gradually to promote exports.

The perquisite expense limit has increased from BDT 1 million to BDT 2 million, making tax liability calculations easier for entrepreneurs. However, the limit for royalty and technical know-how (under clause 49 of the Finance Ordinance) has been capped at 6% of annual turnover or 15% of net profit, whichever is lower, as per BIDA guidelines. This restrictive policy may deter foreign investors and should be revised in line with actual net profits. TDS on IP-based services has been lowered to 10% from 12%—a move that should be aligned with LDC graduation requirements.

Customs duty on 110 items has been proposed for withdrawal, while duty on 65 items has been reduced. However, the complete list has neither been published nor discussed with relevant stakeholders. This should be addressed promptly through public release and stakeholder consultation.

SD at the import stage has been withdrawn for 662 products, and 100 items have been made duty-free as part of the government's commitment. According to BUILD's research, out of 7,537 Harmonised System (HS) codes, 3,447 items fall under the highest customs duty band of 25%, maintained by Bangladesh Customs. This 25% band covers 45.74% of all HS lines, with 1,579 falling under agriculture, livestock, and poultry sectors (HS chapters 01 to 25).

The withdrawal of SD on such a large number of items remains unclear, as does its impact on the local industry. There is scope to reduce high duties on products not locally consumed or imported, such as swine items, live horses, and breeding swine.

The de minimis value has been increased from BDT 2,000 to BDT 4,000, which will help exporters bring in sample imports. Removing minimum or tariff value on 84 items is a positive step towards LDC graduation and Trade Facilitation Agreement (TFA) implementation. Those affected by the removal of tariff value may require transitional support, and an action plan should be initiated immediately.

The budget has increased the tax-free income threshold for individual taxpayers; however, withdrawing the 5% tax slab may ultimately increase the tax burden. Fixed-income earners may not be able to benefit from the raised exemption limit fully. Nonetheless, credit must be given to the Finance Adviser for delivering a concise and well-structured budget for the people of Bangladesh. ■

UN-private sector dialogue calls for strategic collaboration ahead of LDC graduation

Development partners and experts recognised the transformative role of the private sector in advancing the Sustainable Development Goals (SDGs) and enhancing the country's economic resilience and prosperity during a dialogue session between the United Nations (UN) and private sector leaders. The session offered a platform to jointly assess the macroeconomic and business environment, focusing on revitalising effective collaboration through strategic preparation, policy advocacy, regulatory reform, and capacity building to address post-graduation challenges. Aimed at scaling good practices and identifying areas for deeper partnerships to accelerate inclusive growth—as Bangladesh prepares to graduate from LDC status in 2026—the session was held at the UN House on 27 May 2025.

UN Resident Coordinator Gwyn Lewis moderated the session, opening with remarks that reaffirmed the UN's commitment to meaningful engagement and framing the dialogue around current urgencies and emerging opportunities. Representatives from UNDP, International Labour Organisation (ILO), and UN Resident Coordinator's Office (RCO) discussed the country's macroeconomic landscape, graduation pressures, and the business-enabling environment, alongside sectoral collaboration for growth, sustainability, and social impact.

Targeted support and alternative policies are vital to offset exemption losses post-graduation.

Strategic collaboration must enable transformation and institutional capacity.

CEO of BUILD, Ferdaus Ara Begum, shared insights from the discussion and emphasised the need for alternative policies and support mechanisms following the withdrawal of exemptions during the LDC graduation process. She underscored the differing conditions of existing and emerging industries, advocating tailored treatment plans for each. In her remarks, she also stressed that women and small entrepreneurs require distinct forms of support. Additionally, she highlighted the importance of administrative investment to enable full automation and called for a robust public–private partnership platform to facilitate close collaboration. ■

FGD on export data processing of EPB

On 22 May 2025, a high-level focus group discussion (FGD), co-organised by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), BUILD, and EPB, exposed critical gaps in Bangladesh's export data processing systems and called for immediate modernisation to boost competitiveness. Supported by the GIZ-funded project titled "Enhancing Export Data Transparency for EPB," the event, titled "Comparative analysis of export data processing systems: Bangladesh, Malaysia, Vietnam, and South Korea", was chaired by EPB Vice-Chair-

man Md Anwar Hossain. It brought together key stakeholders, including NBR, Bangladesh Bank (BB), Bangladesh Bureau of Statistics (BBS), Bangladesh Foreign Trade Institute (BFTI), BTTC, and the Customs Bond Commissionerate.

The discussion underscored Bangladesh's fragmented inter-agency coordination, continued reliance on manual workflows (e.g. Excel-based systems), and limited public access to trade data, starkly contrasting the advanced, automated platforms used by comparator countries. Malaysia's uCustoms, South Korea's AI-driven UNI-PASS, and Vietnam's centralised VNACCS/VCIS systems exemplify digital integration and operational efficiency. Key challenges identified included persistent data mismatches across EPB, NBR, BB, and BBS; limited public access to BBS statistics; lack of comprehensive cross-border e-commerce tracking; outdated International Trade Centre (ITC) Trade Map information (last updated in 2015); and inconsistent application of classification standards such as the Central Product Classification (CPC) and HS codes.

Export data in Bangladesh remains fragmented, hampered by manual workflows.

Limited public access to trade information constrains market insight and investor confidence.

South Korea's K-STAT portal offers a scalable, centralised, transparent data integration model.

BUILD Research Associate Ahmed Julker Nine remarked, "Malaysia, South Korea, and Vietnam demonstrate how automation and centralisation drive efficiency. Bangladesh must urgently bridge this gap." Despite these hurdles, the discussion acknowledged promising progress: EPB, NBR, and BB have agreed on 13 unified CPC codes; the National Single Window (NSW) project aims to facilitate real-time data sharing through a generic application programming interface (API); and BB is establishing an International Trade Statistics Department under International Monetary Fund (IMF) guidance to publish detailed HS code-based trade data. Participants unanimously recommended the creation of a centralised, open-access trade portal, modelled on South Korea's K-STAT; formalising a memorandum of understanding (MoU) between EPB, NBR, BB, and BBS for harmonised data sharing; and strengthening institutional capacity for artificial intelligence and big data analytics. EPB Vice-Chairman Md Anwar Hossain emphasised, "Holistic trade analysis requires import data alongside exports. Public access is non-negotiable." BBS Deputy Director Mohammad Shafiqul Islam reiterated BBS's role as the national statistics office and called for institutional strengthening. BUILD CEO Ferdaus Ara Begum concluded with a strong call to action: "Bangladesh's export vision demands integrated systems. We stand ready to support this transformation." ■

Final draft of trademarks reform receives stakeholder input

MoI hosted a high-level inter-ministerial stakeholder consultation to finalise the Trademarks (Amendment) Act 2025 draft. The meeting was held in the ministry's conference room and was chaired by the Secretary of the Ministry of Industries.

The BUILD CEO provided valuable insights from the private sector, emphasising the need for a trademark regime that is transparent, efficient, and aligned with global best practices. She highlighted the critical role trademarks play in supporting private sector innovation, SME growth, and the competitiveness of Bangladeshi products in global markets.

One of the key areas for global alignment is Bangladesh's accession to the Madrid Protocol, which facilitates international trademark registration through a single application process. Approximately 21 amendments have been proposed in the forthcoming Trademarks (Amendment) Act 2025. These include the introduction of parallel imports, alignment with the Vienna Convention, adoption of the NICE Classification system, empowerment of the DPDT, and harmonisation of trademark registration duration with international obligations under WIPO. ■

REFORMS

BUILD urges structural separation in revenue management

BUILD proposed separating the revenue policy and revenue administration wings of NBR in its budget proposal for the financial year 2025–26. Previously, NBR was responsible for formulating tax policy and collecting revenue, which impeded the development of a well-structured tax system and hindered the expansion of the tax network. Although various wings had been formed within NBR with separate mandates for policy formulation, this approach led to further complications in tax coordination and the emergence of overlapping policies.

On 12 May 2025, an ordinance (ref. no. 24, 2025) was issued to establish two distinct entities—the Revenue Policy Division and Revenue Administration Division. The ordinance delineated the scope of work and composition of each division and established an advisory committee for revenue policy formulation.

Adjustment of Minimum Tax
Most TDS categories, with rates ranging from 10 to 20 per cent, are non-refundable and fall under minimum tax provisions. BUILD submitted a proposal to NBR advocating for refunding and adjusting such minimum tax payments. In the National Budget 2025–26, a positive measure was introduced to allow future adjustment of the minimum tax applicable to the mobile phone, tobacco, and beverage sectors, outlined under subsection (6) of section 163 of the Income Tax Act (ITA) 2023. ■

SCOPES

BUILD assesses budget alignment with industrial policy

BUILD has undertaken a policy study focused on analysing the National Budget 2025–26 in relation to Bangladesh's industrial growth and development. As Bangladesh is a manufacturing-based, export-led economy, the study aims to assess how effectively the newly announced budget supports and aligns with the country's existing industrial policy. The analysis will evaluate whether current fiscal measures and allocations promote industrial expansion, competitiveness, and private sector engagement. ■

ARTICLES

নতুন অর্থায়ন নীতি : উৎপাদন খাত সহায়ক হওয়া দরকার • *The Daily Ittefaq* cutt.ly/buildconnect253-01

Tariff war ceasefire: Bangladesh must rethink its trade strategy • *The Business Standard* cutt.ly/buildconnect253-02

Tariff war: What can Bangladesh's survival strategy be? • *The Business Standard* cutt.ly/buildconnect253-03

উদ্যোক্তাদের জন্য হতাশা নাকি স্বস্তির সুবাতাস নিয়ে আসবে আসন্ন বাজেট • *Bonik Barta* cutt.ly/buildconnect253-04

Deadlock over key reforms: Is there any solution in sight? • *The Business Standard* cutt.ly/buildconnect253-05

Madrid Protocol and the Trademark (Amendment) Act 2025: Is Bangladesh ready? • *The Business Standard* cutt.ly/buildconnect253-06

বাজেটে করনীতি বিনিয়োগ আকর্ষণে সহায়ক হয়নি • *Bonik Barta* cutt.ly/buildconnect253-07

BUILD pushes for "logistics decade" and structural reforms at NLDCC's inaugural meeting

The inaugural meeting of the National Logistics Development and Coordination Committee (NLDCC), chaired by M. Siraj Uddin Miah, Principal Secretary to the Chief Adviser, convened on 25 June 2025 to review progress on the National Logistics Policy 2024.

The Chairperson of BUILD urged the declaration of 2026–2035 as the "logistics decade" to prioritise sectoral modernisation, emphasising that focused investment during this period would position Bangladesh as a global investment destination following LDC graduation. Highlighting systemic fragmentation, the Chairperson called for a permanent logistics governance structure to streamline decision-making across ministries, noting: "Coordination challenges among multiple agencies hinder implementation. A dedicated body is essential to monitor progress, resolve bottlenecks, and align reforms."

Additional proposals included shifting domestic freight from roads to railways and waterways, and developing a logistics execution masterplan to translate policy into actionable projects.

Echoing this urgency, BUILD CEO Ferdaus Ara Begum underscored the economic imperative of logistics reform: "Bangladesh can reduce national logistics costs by 25% and boost export earnings by 20% through targeted competitiveness measures." With LDC graduation approaching, she stressed that cost efficiency is critical to retaining export markets and urged the government to accelerate PPPs and regulatory harmonisation. "Businesses cannot absorb high logistics costs post-graduation. We must act now to keep logistics affordable and resilient," she added.

The committee endorsed participants' call for structural action, forming a three-member body—led by Secretaries from the Office of the Chief Adviser, Road Transport and Highways Division, and the MoC—to re-evaluate the National Logistics Policy 2024 and integrate reform proposals outlined in Annexe 3. Other developments included progress on rail-based inland container depots (ICDs), inland river port upgrades, and air cargo expansions at Osmani and Shah Amanat airports.

BUILD reaffirmed its unwavering commitment to actively support the implementation of logistics reforms, urging swift adoption of its strategic recommendations to catalyse trade growth, investment attraction, and long-term economic resilience. ■

UNIDO and Ministry of Industries launch eco-industrial parks framework

The United Nations Industrial Development Organization (UNIDO), in collaboration with the Ministry of Industries, the Bangladesh Export Processing Zones Authority (BEPZA), the Bangladesh Small and Cottage Industries Corporation (BSCIC), and the Embassy of Switzerland, launched the Eco-Industrial Parks (EIP) "Light Touch" initiative in Bangladesh, aimed at fostering resource-efficient, environmentally responsible, and socially inclusive industrial growth. The event took place on 25 June 2025 at the Hotel Sheraton in Banani. Obaidur Rahman, Secretary at the Ministry of Industries;

Corinne Henchoz Pignani, Deputy Head of Mission and Head of Cooperation at the Embassy of Switzerland in Bangladesh; Md Saiful Islam, Chairman of BSCIC; and Md Ashraful Kabir, Member for Investment Promotion at BEPZA, were present as guests of honour and special guests at the event. The programme seeks to advance circular economy principles in industrial development by prioritising resource efficiency, waste minimisation, and improved environmental and social performance.

From BUILD, CEO Ferdaus Ara Begum and Additional Research Director Pallab Bhattacherja participated in the event and contributed to the discussion on Bangladesh's eco-industrial park initiative. ■

MCCI–PRI dialogue weighs budget risks and business prospects

MCCI and the Policy Research Institute (PRI) jointly organised a discussion titled "Budget Insights: Challenges and Opportunities Ahead" on 23 June 2025 at the MCCI office in Gulshan. Kamran T. Rahman, President of MCCI, chaired the seminar, and Zaidi Sattar, Chairman of PRI, delivered the keynote. He cautioned that budget deficits and deficit financing—via bank borrowing and central bank money printing—have expanded over the past five to six years, recommending bank financing be capped at 1% of GDP, with the remainder sourced externally.

Bazlul Haque Khondker, PRI's Research Director, noted that despite declining poverty rates, a large share of the population remains vulnerable, where a 10% income drop could push another 10% below the poverty line. He underscored the inadequate allocation for social sectors and safety nets, and called for sub-sectoral industrial prioritisation. Adeeb H. Khan, FCA and MCCI Board Member, warned that the advance tax hike—intended to recover VAT evasion losses—may fuel consumer price increases and inflationary pressure. Anisuzzaman Chowdhury, Special Assistant to the Chief Adviser, acknowledged the budget's imperfections but deemed it business-friendly. Kamran Hasnain, Senior Research Associate at BUILD, also joined the discussion. ■

Experts call for tax reform and development focus at BIGD budget dialogue

The BRAC Institute of Governance and Development (BIGD) held an in-person discussion titled "Reflection on the national budget FY 2025–26" at BRAC Tower on 28 June 2025. Dr Towfiqul Islam Khan, Senior Research Fellow at CPD, delivered the keynote presentation.

Ferdaus Ara Begum, CEO of BUILD, noted that policymakers face implementation challenges due to resource constraints and weak mobilisation. She clarified that expenditure under the Annual Development Programme (ADP) is not solely reliant on fiscal revenue, making it inaccurate to blame delays entirely on domestic resource mobilisation gaps or a low tax-to-GDP ratio. Approximately 16% of non-ADP expenditure is funded by fiscal revenue, largely for pay and allowances. On education, she flagged poor quality at the foundational stage and observed that the Fourth Primary Education Development Programme (PEDP4), the flagship initiative, is nearing completion—prompting reduced budget allocation. She stressed the importance of political dialogue to advance meaningful reform.

> **The lack of adjustability and refund mechanisms means corporate tax incidence can reach as high as 45% in some sectors.**
>
> —BUILD CEO

Additionally, Ferdaus Ara Begum raised concerns over the short consultation window, especially in light of the non-adjustable minimum tax burdening the private sector. With corporate tax rates among the region's highest and 85% of revenue collected via TDS, the reliance on indirect taxation has disproportionate impacts. The lack of adjustability and a refund mechanism pushes sectoral tax incidence as high as 40–45%. She also flagged challenges faced by SMEs, which represent 98% of industries, and highlighted pressures on emerging sectors like e-commerce following the VAT hike from 7.5% to 15%. The advance tax on commercial importers rose from 5% to 7.5%, tied to a 50% value addition criterion she deemed unrealistic. She called for decisively resolving these policy inconsistencies to ensure a fairer, more effective and accountable tax regime.

Other distinguished speakers included Dr Kazi Iqbal, Research Director at BIDS; Dr Ashikur Rahman, Principal Economist at PRI; Dr Atonu Rabbani, Professor in the Department of Economics at the University of Dhaka; and Dr Md Deen Islam, Research Director at RAPID. ■

BUILD leads export data reform dialogue with GIZ and EPB

At a full-day workshop organised by GIZ at Pan Pacific Sonargaon on 30 June 2025, BUILD led strategic discussions on upgrading Bangladesh's export data infrastructure to align with global best practices and bolster post–LDC competitiveness. Under the GIZ-funded project "Enhancing Export Data Transparency for EPB", BUILD's Research Associate Ahmed Julker Nine presented the study "Transforming Export Data Management: Lessons from Global EPAs".

The session highlighted comparative insights from MATRADE (Malaysia), KOTRA (South Korea), and VIETRADE (Vietnam), focusing on automation, real-time analytics, and institutional coordination for EPB. Stakeholders from EPB, GIZ, Oracle, BKMEA, and the private sector collaborated to address gaps in transparency, software integration, and market readiness.

> **Automation and unified systems are urgent for EPB's global competitiveness.**

Ahmed Julker Nine highlighted how advanced ecosystems such as Malaysia's ASEAN-integrated uCustoms, South Korea's AI-powered UNI-PASS, and Vietnam's centralised VNACCS/VCIS resolve workflow fragmentation and enable data-driven trade growth, urging EPB to explore similar models.

The workshop also included two additional key presentations: Rayan Sharif, ICT Adviser at GIZ, mapped EPB's current software landscape, while Ernst and Young assessed Bangladesh's readiness for European Union environmental, social and governance (ESG) reporting and digital product passports (DPP). In group sessions, four teams proposed actionable solutions: DPP for EU market compliance; integrating EPB's siloed software (e.g. ASYCUDA) with NBR, BB, and BBS via unified APIs; prioritising exporter development in non-traditional markets beyond EU and US hubs; and launching a public data portal for real-time trade statistics. Participants unanimously stressed that software and institutional integration are critical to reducing delays and errors. ■

BUILD meets banks on CMSME Master Circular ahead of FSDWC

The BUILD team is conducting a study on the Cottage, Micro, Small and Medium Enterprises (CMSME) Master Circular 2025 to gather banks' perspectives in preparation for the 13th Financial Sector Development Working Committee (FSDWC). Asif Haider and Zannatul Romana Hashi, both Research Associates at BUILD, have carried out interviews with private commercial banks, state-owned commercial banks, Islamic banks, and non-bank financial institutions (NBFIs). Sessions were insightful, with participating institutions sharing extensive feedback on the CMSME Master Circular. ■

On 16 June 2025, the BUILD CEO took part in a Desh TV panel discussion addressing the current Middle East situation and its economic implications for Bangladesh. The session drew attention to the recent attack on Iran's nuclear facilities, its broader regional repercussions, and potential geopolitical ramifications. Discussion also covered the issue of reciprocal US tariffs, with speakers outlining strategies to mitigate these challenges and safeguard global trade flows and regional security interests. ■

On 5 June 2025, the CEO of BUILD attended a budget discussion on SATV, offering insights into sector-specific fiscal implications. The post-budget session saw BUILD's CEO highlight regulatory challenges driving up business costs. Concerns were also raised over prolonged Eid holidays, which were noted to have disrupted private sector activity. The budget was viewed as having the potential to reinvigorate industry and attract investment amid the ongoing political transition. ■

As an independent director, the BUILD CEO joined Startup Bangladesh Limited's 44th boardroom meeting at the ICT Division to discuss startup financing initiatives on 29 June 2025. ■

Appearing on BTV's roundtable on 14 June 2025, BUILD's CEO shared strategic perspectives on how the 2025–26 national budget could influence Bangladesh's private sector trajectory. The session highlighted budgetary tax measures specifically aimed at supporting industries currently experiencing disruption following the July uprising. Attention was also drawn to the expanded scope of TDS, which was noted to be contributing to increased operational costs for businesses. ■

On 29 June 2025, the CEO, BUILD, handed over the sixth edition of the *Business Start-Up Licenses—A Regulatory Guide* to Md Salim Ullah, Chairman of BIWTC, in the presence of BUILD officials. The BIWTC Chairman commended BUILD's extensively researched publication, noting that it would serve as a practical reference guide across industries. He requested a soft copy of the book to encourage broader adoption among both local and international investors. ■

Founding Organisations

DCCI · MCCI · CCCI

Affiliations

www.buildbd.org
facebook.com/buildbdorg
cutt.ly/buildbdyoutube

Scan this to get *Connect* in your inbox

9th Floor, DCCI Building, 65-66 Motijheel C/A, Dhaka 1000, Bangladesh
info@buildbd.org +880 222 33 81388, +880 222 33 89961