ICC Bangladesh

# NEWS BULLETIN

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## Bangladesh's LDC Graduation: Challenges ahead

# About ICC Bangladesh

International Chamber of Commerce (ICC), The world business organization, founded in 1919 in the aftermath of the First World War when no world system of rules governed trade, investment, finance or commercial relations. ICC has its physical presence in more than 170 countries representing 45 million companies and more than 1 billion workers worldwide. Globally, one in every three worker depends on ICC Members for their livelihood. ICC's founders, referred to as "The Merchants of Peace", acted on their conviction that building stronger trade relations between nations would reduce the risk of war and armed conflict.

ICC works in close cooperation with national governments and multi-national institutions such as G-8/G-20, World Bank, WTO, Asian Development Bank, UNCTAD, OECD and several UN agencies for promotion, protection and development of world economy. ICC, is the only private sector non-sovereign organization, which was granted Status of a Permanent Observer at the General Assembly of the United Nations in December 2016.

Bangladesh National Committee of ICC, founded in 1994, is comprised of trade organizations, national and trans-national corporations, who represent almost 80% Bangladesh economy. The activities of ICC Bangladesh include promotion of foreign trade and investment, trade policy reviews, dialogues, seminars & workshops both at home and abroad on related policy issues, harmonization of trade law & rules, legal reforms, updating ICC rules & standards for cross border business transactions. ICC Bangladesh has so far organized following regional, international conferences & dialogue:

- 10-11 November 2000: ICC Asia Conference on "Investment in Developing Countries: Increasing Opportunities" organized in Dhaka was inaugurated by the Prime Minister of Bangladesh and attended by a number of high profile dignitaries including the Thai Deputy Prime Minister & WTO Director General, ADB President, UN-ESCAP Executive Secretary and Ministers. More than 250 participants from 24 countries participated in this event.
- 17-18 January 2004: International Conference on "Global Economic Governance and Challenges of Multilateralism" was held in Dhaka, coinciding with 10th Anniversary of ICC Bangladesh. The Conference was inaugurated by the Prime Minister of Bangladesh and Thai Prime Minister was the Keynote Speaker. WTO Director General, EU Commissioner for Trade, UNESCAP Executive Secretary, Governor of Japan Bank for International Cooperation, Ministers from three continents, ICC Chairman, Vice Chairman & Secretary General and more than 500 participants from 38 countries attended this event.
- 27-28 September 2005: Regional Seminar on "Capital Market Development: Asian Experience". The Seminar held in Dhaka was inaugurated by the President of the People's Republic of Bangladesh and attended by Chairmen/CEOs of securities & exchange commissions, stock exchanges, capital market operators, financial institutions and investors from 15 Asian countries.
- 13 April 2010: Conference on "Energy for Growth" was held in Dhaka coinciding with the 15 years of ICC's presence in Bangladesh. The Conference was inaugurated by the Finance Minister of Bangladesh and attended by ICC Global Chairman, Minister for Commerce of Bangladesh and Minister for Development Cooperation of Denmark. Some 800 delegates from home and abroad including energy experts and international financiers from Australia, China, Denmark, India, Germany, Japan, Singapore, Switzerland, UK and USA attended the event.
- 25-26 October 2014: International Conference on "Global Economic Recovery: Asian Perspective", was held in Dhaka coinciding with the 20 years of ICC's presence in Bangladesh. The Conference was inaugurated by the President of the People's Republic of Bangladesh. Finance and Commerce Ministers of Bangladesh, UNCTAD Secretary General, Ministers from Myanmar and Nepal; ICC Vice Chairman and Secretary General and ICC Research Foundation Chairman and more than 500 participants attended the event.
- 8-9 February 2017: The first ever "UNESCAP Asia Pacific Business Forum: Regional Integration to Achieve Sustainable Development" was organized by ICC Bangladesh jointly with UNESCAP under the patronage of the Ministry of Commerce of Bangladesh. The Forum was inaugurated by the President of the People's Republic of Bangladesh. Ministers from Bangladesh, Sri Lanka, Nepal, UNESCAP Secretary General, business leaders and some 600 delegates from home and abroad attended the Forum.
- 10-12 December 2019: "The Asia Pacific Conference on Financing inclusive and Sustainable Development" was organized by ICC Bangladesh jointly with UNESCAP, ADB and LIBF (The London Institute of Banking & Finance) under the patronage of the Financial Institutions Division Ministry of Finance of Bangladesh to celebrate 100 years of ICC and 25 years of ICC Bangladesh. The President of the People's Republic of Bangladesh inaugurated the Conference. UN Secretary General Mr. António Guterres and 8th UN Secretary General Mr. Ban-Ki moon also addressed through video during the inauguration. Ministers from Bangladesh, Cambodia, Maldives and Sri Lanka and UN ESCAP Executive Secretary, Central Bank Governors, Business Leaders, Experts and some 800 delegates from home and 30 foreign countries attended the Conference.
- 12 September 2024: "The First National Business Dialogue" in the Interim Government's regime was organized by ICC Bangladesh in association with 15 Major National Trade Organizations in Dhaka. Chief Advisor of the Interim Government Nobel Laureate Prof. Dr. Muhammad Yunus addressed the Dialogue as Chief Guest. Dr. Salehuddin Ahmed, Adviser In-Charge of the Ministries of Finance, Commerce, Science & Technology and Prof. Dr. Wahiduddin Mahmud, Adviser In-Charge of the Ministries of Planning and Education were Special Guests. Around 700 delegates, including top business leaders, bankers, representatives of international organizations and private- sector representatives attended the event.

As part of its activities, ICC Bangladesh has been organizing Workshops/ Seminars on International Trade Finance, mainly for bankers, within Bangladesh and in various countries. Since 2014, ICC Bangladesh, jointly with National Committees and Chambers, has organized workshops in Kuala Lumpur (April 2014); in Colombo (February 2015); in Kunming (August 2015); in Yangon (November 2015); in Hanoi (April 2016); in Bangkok (December 2017) and in Phnom Penh (April 2018).

The National Committee also arranged participation of Bankers from Bangladesh at ICC Annual Banking Commission Meetings in Singapore (April 2015), in Jakarta (April 2017) and in Beijing (April 2019); ICC Austria Global Trade Conference in Vienna ( May 2017, June 2018 and May 2019); FCI Annual Meeting in Vietnam (June 2019); ICC Academy 8th Supply Chain Summit in Singapore (February 2019); International Financial Crime Forum in Kuala Lumpur (July 2019); LIBF World Conference on Banking Institutions (WCBI) in London (September 2019); ICC Global Trade Facilitation Summits in Dubai (March 2022 and April 2024) and ICC Court Centenary held virtually in March 2023.

For professional development of bankers, ICC Bangladesh also organizes Certified Documentary Credit Specialist (CDCS) and Certificate for Specialists in Demand Guarantees (CSDG) Examinations in Dhaka, conducted worldwide every year by LIBF (London Institute of Banking and Finance) and endorsed by ICC Paris.

ICC Bangladesh participates at World Chambers Congress, World Chambers Federation (WCF), ICC World Council, WTO Ministerial Meetings, Meetings of ICC Permanent Heads, ICC Banking Commission and ICC Asia Pacific Regional Consultative Group Meetings. The National Committee also organizes visits for Bangladeshi business delegations to various countries to promote trade and investment.

International Chamber of Commerce

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# Editor's Note

## LDC Graduation: Challenges Ahead

Bangladesh stands at a historic crossroads. Having met all three United Nations criteria—Gross National Income (GNI) per capita, Human Assets Index and Economic Vulnerability Index—the country is poised to graduate from the Least Developed Country (LDC) category in November 2026. This milestone is a source of national pride, reflecting five decades of resilience, industrial dynamism, and social progress. Yet graduation marks not an end, but the beginning of a more demanding chapter requiring stronger institutions, deeper reforms and far greater competitiveness in an increasingly uncertain global economy.

Since the July 2024 uprising, Bangladesh has been navigating a period of high external debt, rising inflation, and economic uncertainty. The deterioration of law and order disrupted supply chains, manufacturing and exports, eroding business confidence both at home and abroad. Enterprises across the textile, logistics, and services sectors suffered production losses, liquidity constraints, and delayed shipments, leading to declining export receipts and reduced investment inflows. The instability has weighed heavily on business confidence. The debt crisis, inherited from the previous government, has become more expensive to manage.

Upon graduation, Bangladesh will gradually lose the duty-free and quota-free market access it currently enjoys in major destinations such as the European Union, Canada, and Australia. For the ready-made garment (RMG) industry—which accounts for over 80 percent of export earnings—tariffs of 10–12 percent could sharply reduce competitiveness. Unless productivity improves and the country diversifies into new markets and higher-value apparel categories, its edge may weaken.

Global trade trends compound this challenge. Rising protectionism, complex supply-chain standards and non-tariff barriers such as carbon border taxes and due-diligence laws threaten traditional export models. As the global apparel market increasingly prioritises sustainability, traceability, and labour compliance, Bangladesh must reposition itself as a responsible and innovative manufacturing hub.

Graduation will end concessional loans and grants, forcing Bangladesh to rely on costly commercial borrowing. With over $100 billion in external debt, rising global interest rates could strain repayment capacity. Stronger debt management, higher reserves, and export diversification are crucial to maintain fiscal discipline and ensure long-term macroeconomic stability.

Sustained progress demands bold structural and institutional reforms, simplifying taxation and customs procedures, improving contract enforcement and expanding digital governance will be essential to attract quality investment. Regulatory transparency and efficient service delivery must enhance the ease of doing business.

At the same time, weaknesses in education, healthcare, and social protection must be addressed to ensure inclusive growth. A post-LDC Bangladesh cannot afford to leave its human capital behind. Skill development, vocational training, and greater female participation in the workforce will determine how equitably prosperity is shared.

Graduation also presents an opportunity to diversify beyond garments into IT, pharmaceuticals, leather agro-processing, service sector and shipbuilding—sectors critical for long-term competitiveness.

To sustain export growth, pharmaceutical firms must invest in R&D, upgrade manufacturing to WHO-GMP standards, and pursue partnerships with global companies. Government support through incentives, export facilitation, and innovation funding will be vital in this transition from volume-driven to value-driven exports.

Bangladesh's upcoming graduation is indeed a milestone to celebrate—but also a call to act. The privileges of the past will fade and the discipline of the future will demand more reform, more innovation, and greater resilience.

Recognizing these realities, ICC Bangladesh—along with 15 major trade bodies—at a press briefing held on 24 August, jointly proposed a 3–5-year deferment of Bangladesh's LDC graduation. They urged policymakers to allow industries adequate time to rebuild capacity, regain competitiveness, and implement essential structural reforms. The proposed extension, they argued, would help stabilize the economy and restore investor confidence amid global uncertainty and domestic recovery challenges.

With coordinated policy reforms, stronger institutions and dynamic private-sector leadership, Bangladesh can transform this transition into a powerful springboard for inclusive, resilient, and sustainable growth—reaffirming that its journey from vulnerability to vibrancy is not just remarkable, but truly unstoppable.

# ICC Bangladesh News

## ICC Bangladesh-BAPI-BGMEA Seminar on LDC Gradation : Some Options for Bangladesh

### *Businesses for deferment of LDC Graduation for 3 to 5 years*

The Chamber Leaders sought extension of the time for LDC graduation of the country for three to five years to take preparation as they faced difficulties from the volatile economic conditions over the last few years.They made observation during a Seminar on LDC Graduation: Some options for Bangladesh held in Dhaka on 14 August. It was stated this is not the time for the smooth graduation and the graduation should be deferred three to five years. ICC Bangladesh organized the Seminar in collaboration with Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Association of Pharmaceuticals Industries (BAPI).

The businesses said that they were struggling from the severe fallouts of Covid-19, Russia –Ukraine war, higher global inflation, higher bank interest rate, July-August political turmoil of the last year, higher cost of production and latest the higher tariff imposed by the Trump administration.

Private sector entrepreneurs, traders, economists, exporters, importers, trade body leaders, business chamber leaders and researchers participated the seminar.

The businesses also demanded for making draft of application to be signed by different trade bodies and business chambers to submit to Chief Adviser Professor Muhammad Yunus for deferring the LDC graduation of the country.

The Speakers suggested that government take immediate steps for signing Free Trade Agreements (FTAs) and other trade deals with major trading partners soon to retain the preferential trade benefit even after the LDC graduation.

While moderating the seminar ICC-B President Mahbubur Rahman said graduation will mean loss of duty-free market access in the EU, UK, and other destinations, with tariffs potentially rising to 12 percent — reducing exports by 6-14 percent unless GSP+ or similar arrangements are secured. Businesses are calling for a three to five-years extension, the ICC-B president also said.

ICC Bangladesh President also said the LDC graduation means the end of WTO special




*ICC Bangladesh President Mr. Mahbubur Rahman (7th from left) moderated the **ICC Bangladesh-BGMEA-BAPI Seminar on LDC Graduation : Some Options for Bangladesh** held at a local hotel in Dhaka on 14 August while Ms. Sanya Reid Smith (7th from right), Legal Advisor & Senior Researcher, The Third World Network (TWN) was the keynote Speaker. Also seen in the picture as panel Speakers among others are (R-L) : Prof. Dr. Selim Raihan, Executive Director, SANEM; Dr. M. Masrur Reaz, Chairman, Policy ExChange Bangladesh; Syed Nasim Manzur, President, LFMEAB; Mr. Abdul Hai Sarker, Chairman, BAB; Mr. Naser Ezaz Bijoy; Vice President, ICCB; Mr. Mahmud Hasan Khan, President, BGMEA; Mr. Abdul Muktadir, President, BAPI; Mr. A. K. Azad, Vice President, ICCB; Dr. Fahmida Khatun, Executive Director, CPD; Mr. Taskeen Ahmed, President, DCCI; Dr. Zaidi Sattar, Chairman and Chief Executive, PRI and Mr. Ataur Rahman, Secretary General, ICCB.*

benefits - from export subsidies to relaxed intellectual property rules for generics, stricter rules of origin, raising production costs in apparel and other sectors and reduced concessional finance, replaced by costlier loans with tighter terms.

"Today's question is not whether we graduate — that is settled. The challenge is how we graduate successfully," he said. The ICC-B President said that means defending market access, building competitiveness and acting with urgency, not just planning.

In her keynote presentation, Sanya Reid Smith, legal advisor and senior researcher of The Third World Network (TWN), said about the possible impacts of Bangladesh's LDC graduation. Smith said once Bangladesh graduates, it must comply with the WTO's intellectual property (IP) rules (TRIPS) including 20 year patents on new medicines delaying market entry of generics.

If it were a new medicine after Bangladesh graduates, insulin prices in Bangladesh could be 11 times more expensive so 'the poverty rate among households needing insulin could increase by between 15 and 200 percent' the patented version of medicines to treat AIDS cost US$15,000 per patient per year, but the generic version only costs US$61 per patient per year. The patented medicines can be 1,044 percent more expensive than their generic equivalents in Malaysia, Smith also said. She also mentioned that Angola should have graduated in 2018, but it delayed it then in 2024 no longer met the graduation criteria so no date is currently set for its graduation.

Similarly, Timor Leste should have graduated in 2021 but no date has been set for its graduation and Myanmar should have graduated in 2024, but no date has been set for its graduation, Smith said.

Because of the graduation Bangladesh will also face reduction in preferential export market access such as the EU is Bangladesh's largest export market (48 percent of Bangladesh's exports go to the EU) and for about 93 percent of Bangladesh's exports to the EU which currently enter the EU with 0 tariffs while Bangladesh is an LDC, she also said.

ICC-B Vice-President AK Azad said the reserve of gas is depleting soon and Bangladesh will have to spend $4-$5 billion for importing gas in next few years to ensure energy security. He called the businesses to be united soon and send a letter to Chief Adviser of interim government Professor Muhammad Yunus for deferment of the LDC graduation.

BAPI President Abdul Muktadir said over the last six years the business was affected by many things such as Covid-19, currency flights, high bank interest rate. So Bangladesh needs another six years of deferment of the LDC graduation. "Let us have consensus and work together," he said.

"We are in mindset that we are graduated, but we need more time," said BGMEA President Mahmud Hasan Khan. Because, Bangladesh will have to compete with some other countries such as Vietnam, Cambodia and India.

Syed Nasim Manzur, President of Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB), said the LDC graduation at this time will be a suicidal decision as the domestic economy witnessed an unprecedented shock. It would be throwing away the advantage to other countries, Manzur also said.

Mr. Naser Ezaz Bijoy, Vice President, ICC Bangladesh & Chief Executive Officer, Standard Chartered Bank; Mr. Taskeen Ahmed, President, Dhaka Chamber of Commerce & Industry (DCCI); Abdul Hai Sarker, president of Bangladesh Association of Banks; Fahmida Khatun, Executive Director of Centre for Policy Dialogue, M. Masrur Reaz, Chairman of Policy Exchange, Bangladesh; Selim Raihan, Executive Director of South Asian Network on Economic Modeling, Zaidi Sattar, Chairman and Chief Executive Policy Research Institute of Bangladesh and Naser Ezaz Bijoy, ICC-B Vice-President also spoke.

ICCB Executive Board Members Ms. Simeen Rahman, CEO, Transcom Group & Director, Transcom Limited; Mr. Md. Fazlul Hoque, Managing Director, Plummy Fashions Limited; Syed Ershad Ahmed, President, American Chamber of Commerce in Bangladesh (AmCham); ICCB Secretary General Ataur Rahman; Mr. Kaiser Kabir, CEO & Managing Director, RENETA PLC; Mr. Md. Rezwan Selim, Vice-President, BGMEA; Mr. Asif A. Chowdhury, Managing Director, Bay Consolidation Ltd.; Mr. Rasheed Mymunul Islam, Managing Director, Monno Ceramic Ind. Ltd.; Mr. Minhaj Ahmed, Ahmed Food Products (Pvt.) Ltd.; Mr.Tanvir Ahmed, Managing Director, Sheltech Ceramics Limited; Mr. Mohd. Arshad Ali, Managing Director, The Merchants Limited; Mr. Rafidul Haq, Managing Director & CEO, General Pharmaceuticals Ltd; Mr. Mojibul Islam, Managing Director, Amic Pharma; Mr. M Mohibuz Zaman, Managing Director & CEO, ACI Healthcare Ltd.; Sheikh Mohammad Maroof, Managing Director, Dhaka Bank PLC were also present among others.

ICC Bangladesh
The world business organization

# Press Statement on LDC Graduation: Challenges Ahead

**Dhaka : Sunday, 24 August 2025**

In association with

The Federation of Bangladesh Chambers of Commerce & Industry (FBCCI)
Dhaka Chamber of Commerce & Industry (DCCI)
Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI)
The Chittagong Chamber of Commerce & Industry (CCCI)
Foreign Investors' Chamber of Commerce & Industry (FICCI)
Bangladesh Chamber of Industries (BCI)
Bangladesh Association of Banks (BAB)
Bangladesh Insurance Association (BIA)
The Bangladesh Garment Manufacturers and Exporters Association (BGMEA)
Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA)
Bangladesh Textile Mills Association (BTMA)
Bangladesh Association of Pharmaceutical Industries (BAPI)
Bangladesh Association of Publicly Listed Companies (BAPLC)
Bangladesh Semiconductor Industry Association
Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)

Bangladesh has already fulfilled all three UN criteria—GNI, Human Assets Index, and Economic Vulnerability Index—through two consecutive reviews, setting us on track to officially graduate from the Least Developed Country (LDC) category in November 2026.

This achievement is a matter of national pride, showing Bangladesh's 50 years of resilience, growth, and industrial progress. At a recent seminaron**"LDC Graduation : Some Options for Bangladesh"** organized by ICC Bangladesh in association with Bangladesh Garment Manufacturers & Exporters Association (BGMEA) and Bangladesh Association of Pharmaceutical Industries (BAPI) on 14 August, the business community welcomed Bangladesh's LDC graduation but stressed that careful preparation is needed to ensure the transition leads to lasting success.The seminar focused on how Bangladesh can build competitiveness, strengthen industries, and ensure that graduation leads to sustainable development rather than new challenges.

## Graduation will bring new responsibilities and risks

- **Loss of Duty-Free Access:** EU, UK, and key export destinations may impose tariffs up to 12%, risking a 6–14% drop in exports unless Bangladesh secures GSP+ or FTAs.
- **End of WTO Special Benefits:** The special LDC benefits, such as export subsidies and relaxed TRIPS rules, will end. This will make patent rules stricter for the pharmaceutical sector and increase compliance costs.
- **Stricter Rules of Origin:** Particularly impactful for the apparel sector, which accounts for over 81% of our export value.
- **Costlier Finance:** Shift from concessional loans to market-based borrowing, raising debt-servicing pressure. As a result Bangladesh is going to losing IDA soft loan facilities under World Bank.

## Pharmaceutical Industry :

Bangladesh's pharma industry supplies 98% of local demand and exports to 150+ countries, but it needs a TRIPS waiver extension. Without at least six more years to prepare, blockbuster medicines—such as those for cancer and viral infections—could skyrocket in cost, undermining public health and export competitiveness; currently, Bangladesh benefits from a TRIPS waiver valid until January 1, 2033 (or until LDC graduation, whichever is earlier), but once the country graduates (expected in November 2026), this protection will lapse, exposing the pharmaceutical industry to full patent enforcement.

For example, osimertinib (for lung cancer) is now available from Bangladeshi generic manufacturers at around US $3–5 per tablet, whereas the branded version in high-income markets typically costs US $200–600 per tablet, or roughly US $6,000–18,000 per month for a full course of treatment. Likewise, HIV antiretroviral therapies that patients in Bangladesh can obtain for about US $100–150 per year may cost US $10,000–12,000 per year in high-income countries. Similarly, biologic drugs such as trastuzumab (for breast cancer) are available locally for around US $200–400 per vial, while their international market prices often range between US $3,000 and 4,000 per dose.

## Bangladesh vs. India pharma sector comparison :

India's pharmaceutical industry grew globally competitive with steady power, gas, special zones, and strong logistics. Bangladesh still faces shortages, high costs, and weak cold-chain facilities. Without urgent upgrades in infrastructure and R&D support, local pharma risks losing its strength after LDC graduation, unlike India's successful generics export model.

### RMG Sector

Bangladesh's RMG sector, which contributes over 81% of the country's total export earnings, will face tougher competition after graduation. Duty-free access will end, production costs will rise, and compliance rules will tighten. Export diversification is crucial for Bangladesh to reduce over-dependence on RMG and build resilience against global market shocks. By diversifying exports beyond garments, Bangladesh can create new growth engines, protect jobs, and ensure sustainable economic progress after graduation.

### Global Comparisons: Lessons from Other LDCs

- **Maldives (Graduated 2011):** Faced tourism dependence shocks during COVID-19; diversification was limited, making them highly vulnerable.
- **Botswana (Graduated 1994):** Strong governance and diamond-based revenue management cushioned graduation impact; a success story in institutional readiness.
- **Vanuatu (Graduated 2020):** Natural disasters exposed vulnerabilities; climate resilience is key lesson.
- **Bhutan (Graduated 2023):** Focused heavily on hydropower and regional trade deals with India and Bangladesh to ensure smooth transition.
- **Nepal (Graduating 2026 alongside Bangladesh):** Actively pursuing FTAs with India and China, while seeking GSP+ in EU.
- **Key Lesson for Bangladesh:** Unlike Maldives' overdependence on tourism or Vanuatu's climate fragility, Bangladesh must avoid over-reliance on garments and strengthen climate resilience, institutional governance and infrastructure development.

### Countries delayed their Graduation:

Several countries have delayed their UN-designated LDC (Least Developed Country) graduation despite meeting the eligibility criteria, usually due to economic or political challenges:

- Maldives postponed its graduation by eight years, citing vulnerabilities related to its small size and limited development capacity.
- Vanuatu delayed its transition by a remarkable 20 years, largely due to the socio-economic impacts of tropical cyclones and other external shocks.
- Samoa and Equatorial Guineaboth extended their preparation period by five years.
- Nepal secured a five-year extension, reflecting both natural disaster recovery efforts and the need for economic readiness.
- The Solomon Islands were granted a six-year delay.
- Myanmar met the UN graduation criteria in years such as 2018, 2021, and 2024. However, due to political instability following a military coup, the UN Committee for Development Policy (CDP) deferred its graduation until 2027.
- Timor-Lestealso fulfilled the criteria in 2015, 2018, and 2021. Yet, the CDP postponed its graduation decision until 2024.

These examples show it's not uncommon for countries to seek more time to prepare for post-LDC challenges—especially when facing political and external shocks or lacking essential reforms and infrastructure to support a sustainable transition.

### Business Community's Position

Our entrepreneurs and business chambers strongly support graduation. However, we stress the need for a 3–5 year extension to:

- Secure trade deals (EU, UK, ASEAN, Gulf) to offset US tariff shocks.
- Drive export diversification into pharma, IT, leather, agro-processing, and light engineering.
- Build human capital for Industry 4.0 — automation, AI, advanced manufacturing.
- Attract quality FDI— investors who bring technology and sustainability, not just cheap capital.
- Strengthen governance and climate resilience, ensuring competitiveness in a turbulent global economy.

### Current Economic Realities

- External Debt Stress: Rising repayment costs due to global interest rates.
- Financial Strain : Distressed loans in Bangladesh have surged to Tk 7.56 lakh crore, reflecting deep financial sector stress due to rising non-performing assets and weak governance. This intensity of banking-sector fragility could severely restrict credit flow, stifle business growth, and undermine investor confidence. To strengthen financial resilience, the government should establish a dedicated asset management company to handle toxic loans and enforce strict accountability for willful defaulters.

Simultaneously, enhancing regulatory oversight and bolstering bank capital buffers are vital to restore financial stability and support a sustainable transition.

- Decline in FDI: Net FDI fell to $1.27 billion in 2024, a 13% drop from 2023 as against Vietnam's FDI in 2024 is $38.23 billion.
- Global Trade Tensions: US tariff hikes on textiles are already squeezing exporters.
- Climate Pressure: Floods and heatwaves underscore Bangladesh's high climate vulnerability — an area where donor support is essential for post-graduation.
- Electricity and Gas Constraints : Electricity and gas constraints pose a major challenge for Bangladesh in its post-LDC graduation journey. Frequent power cuts, gas shortages, and rising energy costs disrupt industrial production, raise export prices, and reduce competitiveness. Without reliable energy supply, industries like RMG, textiles, and pharmaceuticals cannot scale up to meet global demand, making graduation risks more severe.

To recover from energy shortages, Bangladesh must diversify its energy mix by investing in oil and gas exploration, renewable energy, and regional power trade, while upgrading transmission and distribution systems to reduce losses and lower costly LNG imports.Promoting energy efficiency in industries, attracting private and foreign investment, and adopting transparent, long-term policy reforms are also crucial to ensure reliable supply, industrial growth, and sustainable energy security.

- Logistics Bottlenecks : Bangladesh's logistics system remains a significant bottleneck. High logistics costs—about 16% of GDP—far exceed the global average and erode trade competitiveness. Infrastructure gaps—like congested roads, inefficient customs, and frequent port delays at Chattogram—continue to raise costs and slow industrial operations. Furthermore, India's withdrawal of a key transshipment facility and new restrictions on RMG land routes have inflated transit times and expenses. To overcome these hurdles, businesses recommend investing in modern ports, faster customs clearance, integrated transport networks, and stronger regional connectivity to cut costs and improve competitiveness.
- Devaluation of Tk. : Over the last couple of years taka's value dropped by approximately 45%, based on a change from about Tk 85 per US$ in early 2021 to Tk 122 in 2025. Although the taka's devaluation has brought some benefits, it has also harmed the economy. Over the years, the taka has fallen significantly. This has raised import costs, pushed up inflation, made foreign loans more expensive, and reduced people's buying power. All of these effects have had a serious impact on our economy.
- Economic Pressures after July 2024 uprising : Since July 2024, Bangladesh has struggled with heavy external debt, rising inflation, and instability. The debt burden US$ 103 billion (approximately Tk. 12.6 trillion), inherited from the past government, is now harder to manage. Businesses argue that delaying LDC graduation is essential to stabilize the economy, solve these issues, and ensure a smooth transition.

## The Way Forward

The debate is not "if" we graduate, but "how we graduate".

**Successful graduation requires:**

- Defending market access with smart trade diplomacy.
- Building competitiveness through technology, skills, and infrastructure.
- Acting with urgency— moving from planning to execution.
- Branding Bangladesh.
- Financial Sector Reform.
- Ease of Doing Business.
- Diversified and Reliable Energy – invest in exploration, renewables, efficiency, and regional power trade to ensure sustainable energy security.
- Modern Logistics & Connectivity– upgrade ports, customs, and transport networks to cut costs and boost competitiveness.
- Exchange Rate Stability– control inflation, manage imports, and strengthen reserves to reduce economic shocks.
- Debt Management & Stability– restructure external debt, curb inflation, and align graduation with economic readiness.

We believe if managed properly, Bangladesh can transform LDC graduation from a challenge into an opportunity, positioning itself as a strong and competitive middle-income economy by 2031.

**Let this be clear:**

- Graduation is certain.
- Success is not guaranteed.
- It depends on how urgently and collectively we act.

Signed by:



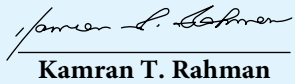
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President
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**Kamran T. Rahman**
President
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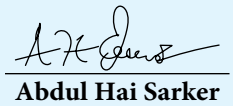
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Administrator
The Chittagong Chamber of Commerce & Industry (CCCI)



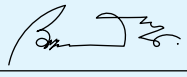
**Zaved Akhtar**
President
Foreign Investors' Chamber of Commerce & Industry (FICCI)



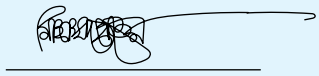
**Anwar-ul Alam Chowdhury (Parvez)**
President
Bangladesh Chamber of Industries (BCI)



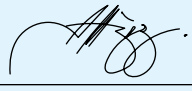
**Abdul Hai Sarker**
Chairman
Bangladesh Association of Banks (BAB)



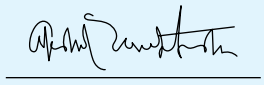
**Mahmud Hasan Khan**
President
Bangladesh Garment Manufacturers & Exporters Association (BGMEA)



**Mohammad Hatem**
President
Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA)



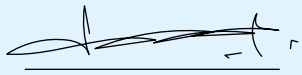
**Showkat Aziz Russell**
President
Bangladesh Textile Mills Association (BTMA)



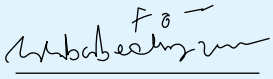
**Abdul Muktadir**
President
Bangladesh Association of Pharmaceutical Industries (BAPI)



**Rupali Chowdhury**
President
Bangladesh Association of Publicly Listed Companies (BAPLC)



**Sayeed Ahmed**
President
Bangladesh Insurance Association (BIA)



**MA Jabbar**
President
Bangladesh Semiconductor Industry Association (BSIA)



**Syed Nasim Manzur**
President
Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)

# ICC Bangladesh & 15 major Trade Bodies Called for 5–6 Year Deferral of LDC Graduation

ICC Bangladesh jointly with 15 major Trade bodies of Bangladesh held a Press Briefing in Dhaka on 24 August, requesting the Government to seek a five-to-six-year extension of the country's LDC graduation timeline, emphasizing the need for adequate preparation in export diversification, human capital development, and quality foreign investment before making the transition.




*ICC Bangladesh President Mahbubur Rahman (7th from right) addressing at the **Joint Press Briefing on LDC Graduation: Challenges ahead** organized by ICC Bangladesh in association with the National Trade Organizationsheld at a local hotel in Dhaka on 24 August. Also seen in the picture among others are (R-L) : BAPLC Member Mohammad Iqbal Chowdhury; LFMEAB SVP Mohammed Nazmul Hassan; BCI President Anwar-ul Alam Chowdhury (Parvez); BIA President Sayeed Ahmed; BKMEA President Mohammad Hatem; ICCB Vice Presidents Naser Ezaz Bijoy & A. K. Azad; MCCI President Kamran T Rahman; BAB Chairman Abdul Hai Sarker; BGMEA President Mahmud Hasan Khan; DCCI SVP Razeev H Chowdhury; FICCI Director Rubaba Dowla; BAPI President Abdul Muktadir and BSIA SVP M. E. Chowdhury Shameem.*

Speaking at the press briefing on "LDC Graduation: Challenges Ahead" ICC Bangladesh President Mahbubur Rahman said the private sector fully supports the graduation goal, but stresses that "a premature move could create economic vulnerabilities instead of opportunities."

"Our entrepreneurs and business chambers strongly support graduation," Rahman said."However, we urge for a 5–6 year deferral. This time would allow both the government and the private sector to undertake necessary reforms, build competitiveness, and ensure a smooth transition."

ICCB President also drew attention to multiple economic headwinds that heighten the need for deferral — including external debt stress, declining FDI inflows, global trade disruptions, power and gas shortages, logistics bottlenecks, taka devaluation, and post-2024 political unrest impacts.

Bangladesh has met all three UN graduation criteria — Gross National Income (GNI), Human Assets Index (HAI), and Economic Vulnerability Index (EVI) — for two consecutive reviews, positioning the country for official graduation in November 2026.

While this achievement reflects five decades of resilience and industrial progress, experts warn that without adequate safeguards, the transition could expose Bangladesh to new risks, such as loss of duty-free market access, reduced concessional finance, and stricter intellectual property obligations.

Citing international precedents, ICC Bangladesh President noted that countries like Maldives and Vanuatu had earlier deferred their UN-designated LDC graduations due to economic or environmental vulnerabilities. "These examples show it's not uncommon for countries to seek additional time," he explained."Graduation is certain — but success depends on how urgently and collectively we act."

The Press Briefing signed by the all the participating Chambers and Associations, has been sent to the Chief Adviser and other concerned Advisors for their consideration.

The Press Briefing was attended by ICC Bangladesh Vice Presidents A.K.Azad & Naser Ezaz Bijoy, BAB Chairman Abdul Hai Sarker, MCCI President Kamran T Rahman, BGMEA President Mahmud Hasan Khan, BIA President Sayeed Ahmed; BKMEA President Mohammad Hatem, BCI President Anwar-ul Alam Chowdhury (Parvez), BAPI President Abdul Muktadir, DCCI Senior Vice President Razeev H Chowdhury, LFMEAB Senior Vice President Mohammed Nazmul Hassan, FICCI Director Rubaba Dowla, BAPLC Member Mohammad Iqbal Chowdhury, and BSIA Senior Vice President M. E. Chowdhury Shameem.

# ICCB 30th Annual Council 2024 held
# Highlights key economic challenges for Bangladesh in 2025

The 30th Annual Council of the ICC Bangladesh was held on 26 July in Dhaka. The Council chaired by ICC Bangladesh President Mahbbubur Rahman was attended by Members and also a few diplomats as special guests. Mr. Rahman on behalf of the Executive Board, presented a comprehensive report on the evolving global and national economic landscape and its implications for Bangladesh.




*ICC Bangladesh President Mahbubur Rahman (5th from left on the dias) presided ICCB Annual Council (AGM) 2024 held in Dhaka on 26 July. Also seen in the picture, among others are (R-L) : ICCB Executive Board Members : Mir Nasir Hossain; Kutubuddin Ahmed; Anwar-ul-Alam Chowdhury (Parvez); Aftab Ul Islam, FCA; BKMEA President Mohammad Hatem; BTMA President Showkat Aziz Russell; DCCI Sr. Vice President Razeev H Chowdhury; FICCI President Zaved Akhtar; MCCI President Kamran T. Rahman; ICCB Vice President Naser Ezaz Bijoy; BIA President Sayeed Ahmed; BGMEA President Mahmud Hasan Khan; Secretary General Ataur Rahman; Azim Group Chairman Mohammad Fazlul Azim and Special Guests H.E. Mr. Haji Haris Bin Haji Othman, High Commissioner of Brunei Darussalam to Bangladesh; H. E. Mr. U Kyaw Soe Moe; Ambassador of the Union of Myanmar to Bangladesh & Mr. Maximiliano Romanello, Charge D' Affairs of Argentina in Bangladesh.*

As the world continues to face a volatile mix of geopolitical tensions, climate risks, and economic disruptions, the ICCB Council underscored the urgent need for Bangladesh to adapt strategically in order to navigate the complex challenges of 2025. The global backdrop remains unstable—marked by the Red Sea crisis, ongoing wars in Ukraine and the Middle East, and a resurgence of economic nationalism, especially following the return of Donald Trump to the U.S. Presidency.

The Council noted that the global economy is expected to grow by just 2.8% in 2025, with the U.S.–China trade war further aggravating uncertainties. Inflationary pressures and protectionist policies risk fragmenting global supply chains—an alarming trend for developing economies such as Bangladesh.

In this context, Bangladesh's economy faces significant headwinds. The World Bank projects GDP growth to slow to 3.3% in FY2024–25, while the IMF and ADB forecast growth at 3.8% and 3.9%, respectively. High inflation—exceeding 10% overall and 14% for food—combined with declining investment and political uncertainty, has deepened the economic slowdown.

A major concern is the fragile state of Bangladesh's financial sector. Non-performing loans (NPLs) hit a record Tk 3.45 trillion by December 2024, with state-owned banks the worst affected. Nineteen banks have reported a capital shortfall of Tk 1.71 trillion, prompting the interim government to initiate banking reforms, including board dissolutions, bank mergers, and stronger oversight.

The ICCB also addressed the implications of Bangladesh's planned graduation from Least Developed Country (LDC) status by November 2026. With the likely loss of preferential trade terms—especially in the RMG sector—the country risks facing tariffs of up to 11.5% in major markets such as the EU and the UK. The Council emphasized the importance of a transition strategy to safeguard export competitiveness and maintain foreign investment flows.

In addition to banking and trade concerns, the Council highlighted the following key challenges:

**Energy Security:** Rising costs from increased reliance on imported fossil fuels and currency depreciation require urgent domestic exploration and investment in renewable; **Fiscal Pressure:** With a tax-to-GDP ratio below 10%, revenue mobilization remains weak. The restructuring of the National Board of Revenue is expected to improve efficiency and fiscal space; **Climate and Food Security:** Ranked among the most climate-vulnerable nations, Bangladesh faces serious risks from floods, droughts, and salinity intrusion. Climate change may cut annual GDP growth by 2% if

not addressed; **FDI and Export Diversification:** FDI remains far below regional peers, at $3 billion in 2023 compared to Vietnam's $39 billion. Export reliance on garments must be reduced by promoting sectors like pharmaceuticals, agro-processing, and IT; **Cybersecurity:** As the digital economy expands, the threat of cyberattacks grows. The ICCB urged swift action to strengthen national cybersecurity infrastructure and regulation; **U.S. Tariffs:** A proposed 37% tariff on Bangladeshi exports to the U.S. could severely affect RMG exports and job creation. The ICCB suggested forming a task force under the Ministry of Commerce to negotiate fairer trade terms and ensure continuity of access.

Finally, the Council emphasized the potential of the Bangladesh-Bhutan-India-Nepal (BBIN) corridor to enhance regional connectivity and trade. With improved infrastructure and stronger cooperation, BBIN's combined GDP could reach $8.3 trillion by 2035, positioning Bangladesh as a strategic transit hub.

President Mahbubur Rahman reiterated ICC Bangladesh's commitment to supporting reform, resilience, and regional integration as key pillars for sustainable economic recovery.

The Council approved the Auditor's Report of 2024 and appointed Auditor for the year 2025.

The High Commissioner of Brunei Darussalam, H.E. Mr. Haji Haris Bin Haji Othman; the Ambassador of the Republic of the Union of Myanmar, H.E. Mr. U KyawSoe Moe; the Chargé d'Affaires of Argentina, Mr. Maximiliano Romanello and Senior Economic Officer Asian Development Bank Barun Kumar Dey attended the Council Meeting as Special Guests.

The Council Meeting was attended, among others, by the ICCB Vice President Mr. Naser Ezaz Bijoy; ICCB Executive Board Members :Mr. Kutubuddin Ahmed, Mr. Anwar-ul-Alam Chowdhury (Parvez), Mr. Aftab Ul Islam, FCA; Mir NasirHossain, Mr. Kamran T. Rahman, Mr. Saeed Ahmed, Mr. Mahmud Hasan Khan, Mr. Mohammed Hatem & Mr. Showkat Aziz Russell; ICC Bangladesh Banking Commission Chairman Mr. Muhammad A. (Rumee) Ali; ICCB Secretary General Ataur Rahman; ICCB Members : Azim Group Chairman Mr. Md. Fazlul Azim, Aamra Networks Limited Managing Director & CEO Mr. Imran Faiz Rahman, DBL ceramics Limited Managing Director Mr. Mohammad Abdul Jabbar, ETBL Securities & Exchange Ltd. Managing Director & CEO Mr. Rizwan Rahman, Meghna Group of Industries Chairman & Managing Director Mr. Mostafa Kamal, New Zealand Dairy Products Bangladesh Limited Managing Director Mr. Mohammad Samsul Alam Mallick, Summit Alliance Port Limited Managing Director Syed Ali Jowher Rizvi, Swisscontact Country Director Mr. Md. Helal Hussain, Tyser Risk Management Bangladesh Ltd. Managing Director Mr. S. M. Moinul Islam and Karnaphuly Ins. Co. CEO Mr ANM Fazlul Karim Munshi.

## ICC Bangladesh Delegation attended 14thWorld Chambers Congress in Melbourne

A 11-member delegation from ICC Bangladesh, led by President Mahbubur Rahman attended the 14th World Chamber Congress (WCC) held in Melbourne on 2-4 September. This premier global forum-organized by the ICC World Chambers Federation (WCF), in partnership with the Victorian Chamber of Commerce and Industry (VCCI)- brought together over 1,000 Business, Chamber and Political leaders from more than 100 countries. The event, held biennially, provided an unmatched platform for exchanging best practices, sharing market insights, fostering cross-border networks, and introducing innovations shaping today's business landscape.

The theme of the Congress was "Business, Chambers, Government: Partners for Prosperity", underscoring the collaborative potential among Businesses, Chambers of Commerce and Governments to drive sustained economic growth and opportunity. The Key focus areas of the Congress were addressing geopolitical shifts, clean energy transitions, digital leadership, life sciences, workforce evolution, and resilience in global trade.

Ms. Jacinta Allan MP Premier of Victoria delivered the keynote address and shared her thoughts on various global issues. She is the longest-serving female Minister in Victorian history and became Premier in 2023. Mr. Paul Guerra, the Chief Executive of the Victorian Chamber of Commerce and Industry welcomed the delegates attending the 14th WCC.

The opening session of the 14th WCC was addressed by ICC Chair Philippe Varin; ICC Secretary General John W.H. Denton AO; Mr Rifat Hisarcıklıoğlu, WCF Chairand President of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), Mr. Adrian Kloeden, President of the Victorian Chamber of Commerce and Industry, Mr. Mark Birrell AM President, a member of the Board of the Australian Chamber of Commerce & Industry, Transurban

Limited (ASX:TCL) and Ms. Nola Watson, Chair of ICC Australia and a former World Chambers Federation Vice-Chair for Oceania and South East Asia.

factories and also how this impacts relationships up and down the supply chain. . The other two speakers of the Session moderated by Melbourne based journalist and co-anchor of Nine's 6pm news Alicia Loxley

Competition which was participated by 21 WCF Chamber Members from around the World. The objective of the Competition was to highlight tthe success of local initiatives with the aim to inspire the creation of pioneering




*ICC Bangladesh President MahbuburRahman (5th from left) led a 10-Member Delegation to the 14th World Chambers Congress of ICC held in Melbourne, Australia. Also seen in the picture (from right to left) are : Matiur Rahman, Chairman & Managing Director, Uttara Group of Companies; A. K. Azad, Vice President, ICC Bangladesh; Engr. Syed Ishtiaq Ahmed, Managing Director, Saiham Cotton Mills Limited; Kutubuddin Ahmed, Chairman, Envoy Textiles; Ataur Rahman, Secretary General, ICCB; Anwar-Ul-Alam Chowdhury (Parvez), Managing Director, Evince Group; Ms. Simeen Rahman, CEO, Transcom Group; Tanvir Ahmed, Managing Director, Green Textile Limited and Mohammed Abdul Jabbar, Managing Director, DBL Group.*

Mr. Tanvir Ahmed, Managing Director of Green Textile & Executive Board Member of the Metropolitan Chamber of Commerce & Industries (MCCI), Dhaka was invited as a Speaker at the Focus Session 1: Simplifying sustainability reporting: Turning cost and confusion into

Mr. Malte Heyne, Chief Executive Officer of the Hamburg Chamber of Commerce & Board Member of ICC Germany as well as chair of the Task Force on Digitalization of the World Chambers Federation and Ms. Françoise Merit, Chief Financial Officer of Endeavour Energy and

and beneficial chamber solutions for business communities all over the world. This year's Compaction had five categories: Best green transition project; Best collaboration of chambers, business and government project; Best chamber innovation project; Best diversity and inclusion project; and Best out-of-the-box project. ICC Bangladesh Secretary General Ataur Rahman was a Judge for the selection of the Best-out-of-the-box project. A special awards ceremony was held on 4 September during the Congress Gala Dinner and the winners were presented with Award Crest.




*Mr. Tanvir Ahmed, Managing Director of Green Textile Ltd. speaking at 14WCC Focus Session on Simplifying sustainability reporting: Turning cost and confusion into opportunity held in Melbourne.*

opportunity. Mr. Ahmed presented a video and explained how Envoy Textiles Ltd. became the world's first LEED Platinum-Certified Denim Mill in the world; how the factory has earned the Platinum Award for denim

Chair of the French Foreign Trade Advisory Board.

In the framework of the Congress, the WCF arranged the World Chambers

The Ontario Chamber of Commerce will be the co-host 15th World Chamber Congress of the World Chamber Federation of ICC to be held in Toronto, Canada in 2027.

The Bangladesh Delegation included: ICC Bangladesh Vice President A. K. Azad, ICC Bangladesh Executive Board

Member Anwar-Ul-Alam Chowdhury (Parvez), Kutubuddin Ahmed and Simeen Rahman; Mr. Mohd. Arshad Ali, Managing Director, The Merchants Limited; Mr. Mohammed Abdul Jabbar, Managing Director, DBL Group; Engr. Syed Ishtiaq Ahmed, Managing Director, Saiham Cotton Mills Limited; Mr. Matiur Rahman, Chairman & Managing Director, Uttara Group of Companies; Mr. Tanvir Ahmed, Managing Director, Green Textile Limited and ICC Bangaldfesh Secretary General Ataur Rahman.



*Group picture of ICC Bangladesh delegation to 14th WCC lead by ICC Bangladesh President Mahbubur Rahman (7th from left) with ICC Chair Philippe Varin (6th from left) in Melbourne.*

## ICC Bangladesh President held meeting with ICC Secretary General in Melbourne

ICC Bangladesh President Mahbubur Rahman held meeting with ICC Secretary General John W.H. Denton AO on 3 September in Melbourne on the sideline of the 14th World Chamber Congress. Mr. Mahbubur Rahman briefed Mr. Denton about the activities of ICC Bangladesh and suggested for holding the ICC Global Banking Commission Meeting in Dhaka and also an international conference on Climate. Mr. Denton thanked ICC Bangladesh President Mahbubur Rahman for his contribution and leadership in making ICC Bangladesh, one of the most active independent National Committee of ICC. He also praised ICC Bangladesh for organizing a number of international conferences since its establishment. Mr. Denton mentioned that ICC will definitely consider the proposals made by ICC Bangladesh President for organizing some programme in Dhaka. He also thanked Mr. Mahbubur Rahman for inviting him to visit Bangladesh. The Meeting was attended by ICC Bangladesh Vice President A.K.Azad and Secretary General Ataur Rahman.



*ICC Bangladesh President Mahbubur Rahman (Extreme left) held meeting with ICC Secretary General John W.H. Denton AO (2nd from left) in Melbourne on 3 September which was also attended by ICC Bangladesh Vice President A.K. Azad (2nd from right) and Secretary General Ataur Rahman (extreme right).*

## ICC Bangladesh Delegation visited Auckland : discussed on promotion of trade and investment

ICC Bangladesh President Mahbubur Rahman visited Auckland during 5-9 September along with a 5-Member Business Delegation at the invitation of Auckland Business Chamber and ICC New Zealand. The Delegation held a meeting with Mr. Simon Bridges, ICC New Zealand Secretary General & Chief Executive Officer of Auckland Business Chamber on 8 September. They discussed on the possibilities of exporting RMG, pharmaceutical and leather products from Bangladesh to New Zealand as well as exploring investment opportunities. Mr. Bridges briefly presented about investment opportunities in various sectors in New Zealand and promoting bilateral trade.

Mr. Rahman thanked Mr. Bridges for inviting ICC Bangladesh Delegation to visit Auckland and for extending support in arranging visa and other logistics for the Group. ICC Bangladesh President Mahbubur Rahman extended invitation to Mr. Bridges to visit Bangladesh with a Business Delegation to give the opportunity to further discuss on the prospect of increasing trade and investment between the two countries as well as arrange visit for the delegation to different industrial units and export processing zones.



*ICC Bangladesh President Mahbubur Rahman (Centre) visited Auckland Business Chamber and ICC New Zealandin Auckland.*

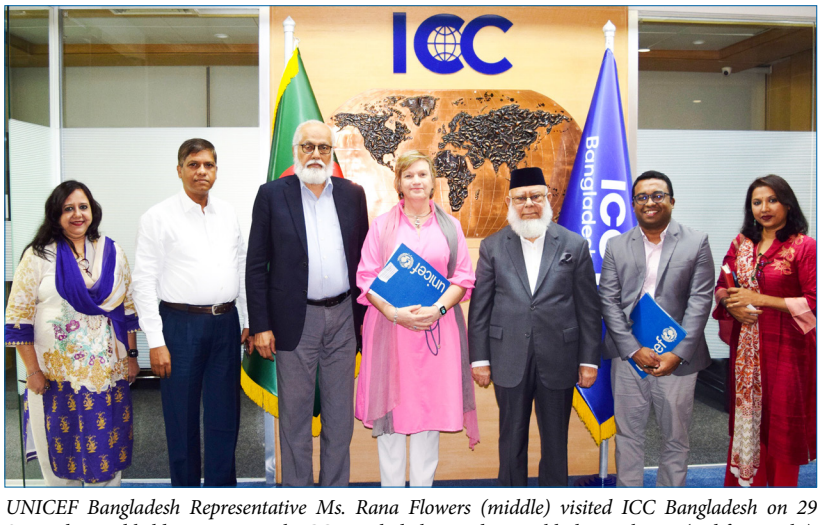
The Business Delegation included ICC Bangladesh Vice President A.K. Azad; Mr. Mohammed Abdul Jabbar, Managing Director, DBL Group; Mr. Matiur Rahman, Chairman & Managing Director, Uttara Group of Companies; Engr. Syed Ishtiaq Ahmed, Managing Director, Saiham Cotton Mills Limited and ICC Bangladesh Secretary Genial Ataur Rahman.

## UNICEF Country Director held Meeting with ICC Bangladesh President: discussed about Private Sector collaboration for Children & Youth

UNICEF Representative in Bangladesh Ms. Rana Flowers visited the ICC Bangladesh Secretariat on 29 September and held a meeting with ICC Bangladesh President Mahbubur Rahman. They discussed about strengthening collaboration with the private sector for the welfare of children and youth in Bangladesh.

Ms. Flowers thanked President Mahbubur Rahman for ICC Bangladesh's ongoing cooperation with the United Nations, including the recently signed Memorandum of Understanding (MoU) between UNICEF and ICC Bangladesh. She mentioned about the upcoming visit of Ms. Clara Haddad Mardini, UNICEF's Global Director of Private Fundraising and Partnerships (PFP), Geneva to Bangladesh. During her stay, she will be discussing about the private sector experiences and insights while identifying practical actions to improve key child rights indicators in Bangladesh.

During the meeting, the ICCB President also referred to ICC Bangladesh's contribution in support of children in Gaza through the UN. Ms. Flowers proposed that UNICEF and ICC Bangladesh work together to draw up a joint workplan to further expand this partnership, focusing on impactful initiatives for the betterment of children and youth in the country.



*UNICEF Bangladesh Representative Ms. Rana Flowers (middle) visited ICC Bangladesh on 29 September and held a meeting with ICC Bangladesh President Mahbubur Rahman (3rd from right). Also seen in the picture ICCB Secretary General Ataur Rahman (3rd from left), General Manager Ajay Bihari Saha (2nd from left), Deputy General Manager Syeda Shahnewaz Lotika (extreme left), UNICEF Social Policy Specialist Hasina Begum (extreme right) and Md. Samin Salekin Fund Raising and Partnerships Officer (2nd from right).*

The meeting was also attended by Mr. Ataur Rahman, Secretary General, ICC Bangladesh; Ms. Hasina Begum, Social Policy Specialist, UNICEF; Md. Samin Salekin, Fundraising and Partnerships Officer, UNICEF; Mr. Ajay Bihari Saha General Manager, ICC Bangladesh and Syeda Shahnewaz Lotika, Deputy General Manager, ICC Bangladesh.

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# ICC HQs News

## World Chambers Congress
## 14th World Chambers Congress key takeaways

The 14th World Chambers Congress took place from 2-4 September 2025 in Melbourne, Australia, uniting more than 1,000 business, chamber and government leaders from 100 countries. Under the theme Business, government, chambers: Partners for prosperity, the




Congress explored how fostering collaboration among businesses, chambers of commerce, and governments can drive economic growth and prosperity.

### *Day 3 highlights – Leading with purpose*

The concluding day of the 14th World Chambers Congress brought together powerful stories of leadership, creativity and collaboration, setting the course for the future of chambers worldwide.

Our leadership in a changing world plenary kicked off Day 3, underscoring the benefits of the ongoing shift from command-and-control leadership styles to leading with purpose, authenticity, empathy, generosity and a sense of service. Featuring inspiring stories from Sally Guyer (World Commerce and Contracting), Gönül Serbest (Global Victoria), Mimmie Watts (Federation University Australia) and Demetris Skourides (Republic of Cyprus), participants heard the need for leaders of tomorrow to connect across cultures, generations and perspectives, and pinpointed inclusion and collaboration as keys to unlock innovation.

"My journey taught me that our greatest asset in this interconnected world isn't just our expertise and perspective. True leadership is about creating the space for more of us to shine." Mimmie Watts, Associate Professor, Federation University Australia said.

### *Big games, big business impact*

Performance in the lead up to the Olympic and Paralympic Games is as important as the performance on the sports field. With the Games heading to Brisbane, Australia, in 2032, our final keynote session of the Congress revealed how business, government and chamber collaboration not only makes for a successful event but is also a catalyst for transformation. The keynote, by Olympic champion Kieren Perkins OAM and Brisbane 2032's François-Xavier Bonnaillie, shed light on how chambers can help businesses make the most of opportunities and offered lessons in scale, legacy and prosperity that extend far beyond the sporting arena.

"Big games are not just for big companies. The games help to bring local businesses of all sizes to another level. Chambers, therefore, are needed to support and train these small companies for the big opportunities coming." Francois-Xavier Bonnaillie, Chief Commercial Officer, Brisbane 2032 said.

### *Chamber excellence and best practices*

World Chambers Competition finals saw presentations in the Best Diversity and Inclusion category. Finalists from Georgia, UAE, Colombia and Australia showcased their initiatives championing inclusion and representation across the business landscape. The competition finals concluded with the Best Out-of-the-Box Project category, which saw Chambers from Sri Lanka, Germany, Belgium and Bolivia present their bold, unconventional approaches to expanding the boundaries of what Chambers can deliver for their members and communities.

Continuing the series of focus sessions tackled some of the most pressing issues facing business today. From innovation in life sciences and biotechnology, to SME matchmaking platforms, strategies for future-proofing the workforce through continuous learning and digital integration, the sessions offered global best practices and practical insights. These covered a wide range of topics – from operating a top-level domain to family business succession in Asia – all underscoring the ability of chambers to act as catalysts for progress.

In a thought-provoking "How-to" session, participants later learned how top-level Internet domains can unlock new opportunities for businesses, boosting digital visibility, brand protection and online security.

In the closing plenary, ICC Secretary General John W.H. Denton AO, Victorian Chamber of Commerce and Industry (VCCI)

CEO Paul Guerra and incoming VCCI CEO Sally Curtain reflected on the impact of the Congress which brought together over 1,000 delegates from over 100 countries. The leaders highlighted collective insights shared across three days of dialogue underscoring the enduring power of the global Chamber network to unite business, government and communities in shaping a more resilient and inclusive global economy.

The Congress concluded with a celebratory Gala Dinner and Awards Ceremony, revealing the winners of the 2025 World Chambers Competition. In a symbolic moment, the Congress baton was passed to the Ontario Chamber of Commerce, who will host the 15th World Chambers Congress in Toronto in 2027.

"Over the past three days, we have learned something very important: chambers worldwide are stronger when we stand together. In a time of global uncertainty, it is solidarity, collaboration and innovation that make our network thrive." Rifat Hisarcıklıoğlu, Chair, ICC World Chambers Federation and President of the Union of Chambers and Commodity Exchanges of Türkiye

As the curtains closed in Melbourne, delegates left inspired, connected and ready to carry forward the message that defined the Congress: Prosperity is a shared endeavour, and chambers are leading the way!

### *Day 2 highlights – Accelerating progress to tackle our most pressing challenges*

The second day of the World Chambers Congress featured dynamic discussions on the green transition, digital innovation and the evolving role of chambers in empowering businesses to thrive in a changing world.

Starting the day's action, Julian Kassum, ICC Deputy Secretary General – Network, launched the Chamber Benchmarking Tool, a first-of-its-kind global platform for Chambers of Commerce to measure, improve and showcase their performance, providing insights that drive chamber excellence, innovation and future readiness.

The day's opening plenary on championing the green energy transition saw ICC Chair Philippe Varin and Eurochambres President Vladimír Dlouhý stressing the urgent need for collaborative decarbonisation strategies.

"The green energy transition is not only about accelerating decarbonisation and managing risk. It is about shaping a more competitive, resilient and equitable global economy. The stakes are high, but the gain is even greater. If Governments, Chambers and Businesses work together, we can make the transition not only possible, but prosperous. This is the challenge before us. And it is also our opportunity of a lifetime" said Philippe Varin, ICC Chair.

### *Awarding Chamber Iinnovation*

Innovation took centre stage during the World Chambers Competition finals, beginning with the Best Green Transition Project category. Finalists from chambers in Australia, Turkey, Germany and Denmark inspired delegates with their pioneering initiatives addressing climate challenges, underscoring the leading role of Chambers worldwide. More innovation was on display during the finals of the World Chambers Competition Best Chamber Innovation Project category, featuring standout initiatives from chambers in the UK, Turkey, Serbia and Iran. Judges highlighted the value of adaptability and creativity in reimagining Chamber services.

The plenary on Chamber leadership showcased how chambers are driving global solutions by sharing resources, aligning with governments and scaling impact through networks. The session featured Gary Litman (US Chamber of Commerce), Marie-Christine Oghly (ICC WCF Vice Chair), and Sun Xiao (China Chamber of International Commerce).

"Digital and logistics infrastructure support, capacity building and flexibility in legislation are crucial for SMEs to thrive. Multinational corporations who understand the importance of supply chain stability and governments who have the resources must work hand in hand to create these favourable conditions." Marie-Christine Oghly, Vice Chair, ICC World Chambers Federation said.

Technology and transformation were recurring themes throughout the day. In a Congress plenary on AI in action, business leaders discussed how Chambers and Businesses can harness AI while mitigating risks such as bias, regulation and unequal access.

"SMEs are where innovation happens, where job creation happens. We need to move from AI as a buzzword to actual AI literacy and, at the same time, have to think about how to write the rules of the game that will create opportunities for SMEs to level up." Rhett Buttle, Founder and CEO of Public Private Strategies said.

A series of How-to sessions offered participants practical guidance. The sessions covered: the new guide "Stronger together in emergencies" to strengthen SME preparedness in emergencies; A presentation on the WCF Sustainability Playbook for climate leadership and Innovative anti-corruption approaches & Ways to integrate AI into chamber operations.

The World Chambers Competition finals continued with presentations in the Best Collaboration

of Chambers, Business and Government Project category, where finalists from Ireland, the UK, Italy and Austria shared inspiring examples of partnership in action.

Focus sessions in the afternoon gave delegates the chance to dive deeper into topics shaping the business landscape. From simplifying sustainability reporting to scaling clean energy, modernising ATA Carnet processes to unlocking SME opportunities through ICC One Click, sessions highlighted how Chambers can serve as powerful catalysts for business growth.

"It's important to see ICC One Click in conjunction with the Chambers who adopt it. It's a seamless mix of tools, resources and guides, with the customised services Chambers provide to SMEs to prepare them for the rigours of operating in the global marketplace." Ullas Marar, Head of the ICC Centre of Entrepreneurship said.

### *Chambers driving AI transformation*

From creating responsible AI policies that help employees make reasonable decisions to the ability to keep up with the pace of change, a forward-looking discussion on AI took place on Day 2 providing global perspectives on the impact of AI on businesses, workers and leadership.

Whether accelerating the green transition, driving technological adoption or championing fair and transparent business environments, our Day 2 message was loud and clear: Chambers must continue to lead through innovation, boldness and a collaborative spirit, not just to adapt to change but to shape the future of global prosperity.

Concluding on a note of optimism in our session looking at leadership for collaboration and progress, Nonkululeko Nyembezi, Co-Chair of the Business 20 (B20) South Africa, said events like the World Chambers Congress enabled participants to leave pessimism at the borders of their respective countries and realise other countries and cultures are grappling with the same issues and challenges but also the same aspirations and opportunities.

The sentiment was reflected in contributions to the Congress Guide to Prosperity, which continued to receive input on this second day of Congress action.

### *Day 1 highlights – Building partnerships for prosperity*

#### *Opening of the 14th World Chambers Congress*

The 14th World Chambers Congress opened on 2 September with a strong call to build partnerships for prosperity, as delegates from around the world gathered in Melbourne to begin shaping a Guide to Prosperity, aimed at turning the energy and insights of the event into a lasting, shareable publication.

"I look at you with so much respect. You are welcome to my country. This country is your country." Murrundindi, Ngurungaeta an Elder of the Wurundjeri tribe led a Welcome to Country for Congress participants, reminding us of the importance of heritage, inclusivity and respect as a foundation for global cooperation.

Event moderator Alicia Loxley introduced the Congress theme – "Business, chambers, and governments: Partners for prosperity" – setting the stage for an engaging, collaborative programme.

Premier Jacinta Allan MP and Victorian Chamber CEO Paul Guerra welcomed participants to Victoria, sharing how Melbourne and Victoria embody the spirit of collaboration, with unique opportunities for business, government and chambers to drive innovation and growth.

### *Global challenges and business sentiment in 2025*

Global challenges then took centre stage, with Mathias Cormann (OECD), Mohammad Ali Rashed Lootah (Dubai Chambers), and Steven Marshall (American Australian Association) examining the ripple effects of geopolitical disruption on trade, currencies and entrepreneurship. Their discussion highlighted the resilience strategies that distinguish SMEs from large corporates – and why chambers play a crucial role in bridging that gap.

"To improve the outlook for global growth, to improve opportunities and living standards, first and foremost we need to get back to a higher level of policy certainty and we need to achieve a lasting resolution to trade tensions. And that can only be achieved through genuine, positive, outcomes focused engagement, bilaterally and multilaterally between governments around the world." Mathias Cormann, Secretary-General of the Organisation for Economic Co-operation and Development (OECD) said.

The official opening ceremony formally marked the beginning of the Congress, with leaders from ICC, the ICC World Chambers Federation and host chambers inviting participants to contribute their insights toward the Guide to Prosperity – a collective roadmap for the future. Underscoring the unique role chambers play as aggregate voices and translators between the public and private sectors, ICC Chair Philippe Varin emphasised the role of chambers and businesses in achieving prosperity and tackling global issues including climate action, digital transformation and trade turbulence. "We have the opportunity to help stabilise the current environment through pragmatic, action-oriented solutions," Mr Varin said.

In his opening remarks, ICC Secretary General John Denton called on chambers to chart a course for a trade rulebook fit for the 21st century. Launching findings of the 2025 Chamber Pulse survey of 110 chambers globally, Mr Denton said: "The message is clear: business is adapting, but it needs a system it can trust. And that is our task."

### *Collaboration and tools for prosperity*

"The strength of the World Chambers Federation lies in the solidarity of its members. Chambers standing together, learning from one another and speaking with one voice in the face of global challenges… Together, we can build a Federation that not only responds to crises but also shapes a more open, fair and prosperous future." Rifat Hisarcıklıoğlu, Chair of the ICC World Chambers Federation and President of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB)

During our Global Snapshot session Mr Denton sought perspectives from ICC's chambers network across regions – from Ukraine to Nigeria, the UK to Australia – demonstrating both the diversity of challenges and the shared opportunities of collaboration.

During a pragmatic "How-to" session, ICC Chief of Staff Davide Cichero showcased practical tools that chambers and businesses can adopt to stabilise trade and leverage digitalisation and empower SMEs in an uncertain landscape.

Delivering a powerful keynote, Governor of Victoria Margaret Gardner AC underlined the crucial role of government–business partnerships in building prosperity that is fair, inclusive and sustainable.

### *Trust and investment in the face of sweeping changes*

The afternoon saw a high-level discussion on navigating geopolitics and the global economy, featuring Nonkululeko Nyembezi (B20/ Standard Charter) and Shinta Widjaja Kamdani (Sintesa Group), who urged participants to embrace both resilience and agility as businesses face new uncertainties.

"In a world of rising walls, chambers must become the architects of open gates… Imagine a future where every chamber is not just a custodian of business interest but a creator of trust, a catalyst of innovation and a champion of inclusive trade. Here I stand for this vision: Trade powered by digitalisation, sustainability and inclusion as the ultimate engine of shared prosperity…And the time to start is now." Shinta Widjaja Kamdani, CEO, Sintesa Group said.

Closing the day, leaders including Tom Robinson (Edelman), Whitney Y. Baird (USCIB) and Bernardino Moningka Vega (Indonesia Chamber of Commerce and Industry) examined how trust and transparency are vital to attract investment and create stability in a rapidly changing world.

"Without trust the cost of doing business is too high: You are not given the benefit of the doubt, your ability to partner is limited, your stakeholder relationships are zero sum and we're not able to move forward together. Trust… is vital for our institutions, our communities and for our markets to flourish." Tom Robinson, CEO, Edelman, Australia said.

Day 1 was all about setting the scene, and as the day concluded, the message was clear: Prosperity depends on partnership – between chambers, business, and government – and together, delegates are already shaping a roadmap to turn this vision into reality.

"What we learned today is that we can and should be part of the solution… There is a global opportunity for all of us. The role that we play, what we can do, that interface between business and government, is why we exist. As we further understand that and further work out how to work with each other, the better we will be." Paul Guerra, Chief Executive of the Victorian Chamber of Commerce and Industry (VCCI)

## ICC champions multilateralism at BRICS Business Forum

ICC Secretary-General John W.H. Denton AO participated in the BRICS Business Forum on 5 July, in line with commitments to support BRICS countries in developing pragmatic, business-backed action for sustainable development.

Speaking on behalf of more than 45 million companies worldwide, Mr Denton took part in a high-level panel looking at sustainable financial strategies for the BRICS Development Agenda, underscoring the urgent need for cooperative solutions to global challenges.

During his visit to Brazil, on 4 July, Mr Denton contributed to the closing sessions of the BRICS Business Council's Working Groups, including an intervention in the Trade and Investment Working Group. He also took part in the 10th Annual Meeting of the New Development Bank (NDB)'s Board of Governors.

ICC's first time participation in the BRICS Forum comes at a pivotal moment for the Group. A new ICC report conducted in partnership with Oxford Economics presents a sobering assessment of the risks posed by the erosion of the multilateral trading system – particularly for BRICS economies.

***Projected impacts include:***

Sharp export losses: Non-fuel goods exports could fall by 45% in Brazil, 41% in India, 36% in China, 34% in South Africa, 26% in Indonesia, and 21% in Egypt; Economic contraction: GDP losses ranging from 3.5% to 6% across these economies; Decline in foreign investment: FDI reductions of up to 6% in the most exposed markets.

This underscores the imperative for BRICS and other economies to take action and revitalise the multilateral trading system, something Mr Denton underscored throughout his engagements in Brazil.

***Mr Denton said:***

"ICC's engagement with the BRICS business community reinforces its role as the voice of the real economy, ensuring business drives solutions for peace, prosperity and opportunity across emerging markets."

***4 ways ICC has engaged in the BRICS process in 2025***

Participation in BRICS Business Council Working Groups

Several ICC leaders contributed to BRICS Business Council Working Groups, shaping policy recommendations in areas including trade and investment, manufacturing, energy and climate, financial services and infrastructure, transport, and logistics.




BRICS Business Council Secretariat policy support

ICC provided business insights for the 2025 BRICS Business Council Annual Report, which aligns with ICC's international policy priorities, particularly regarding the revitalisation of the multilateral trading system.

Joint BRICS-ICC Initiative on SME Trade Integration

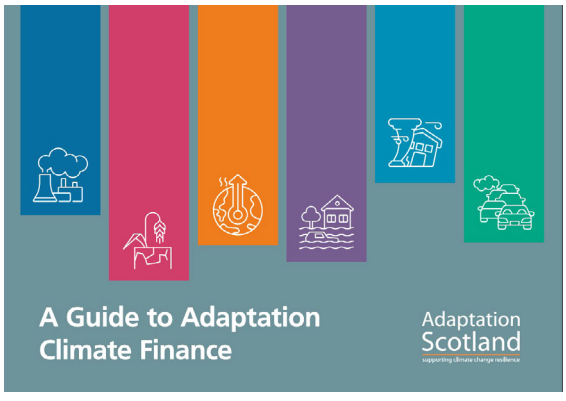
ICC and BRICS Business Council Trade and Investment Working Gorup collaboration resulted in the launch of a joint initiative aimed at enhancing the integration of BRICS SMEs in international trade, leveraging the ICC Centre of Entrepreneurship and ICC One Click gateway for trade tools, solutions and guides for SMEs to export and grow globally.

Supporting the BRICS Solutions Awards

ICC promoted the BRICS Solutions Awards through its global network of national committees and chambers of commerce. These Awards recognise innovative projects advancing climate change mitigation, environmental sustainability, and the responsible use of natural resources across BRICS countries.

## The opportunity to move beyond 8% private finance for Climate Adaptation

Private sector finance for climate adaptation remains alarmingly low, with just 8% of global adaptation funding in 2022 coming from businesses. At the upcoming COP30 in Belém, Brazil, governments and private sector leaders have a critical opportunity to bridge this gap and ensure resilience is treated not as philanthropy but as strategic risk management.




The numbers underscore the urgency. Between 2014 and 2023, extreme weather events caused US$2 trillion in economic losses globally, directly affecting 1.6 billion people. In just the past two years, climate-related damages hit US$451 billion—a 19% increase that signals what a warmer world has in store.

Despite these escalating costs, adaptation finance continues to lag behind. While the world spent US$1.3 trillion on climate mitigation in 2022, only US$76 billion went into adaptation—far below the US$203–388 billion estimated annually for developing countries alone. The private sector, which contributed more than half of mitigation finance, accounted for only a fraction of adaptation spending.

This shortfall is not because adaptation lacks relevance for business. On the contrary, disruptions have already shown how vulnerable global trade and supply chains are. In 2022, low water levels in Europe's Rhine, Danube and

Vistula rivers forced cargo ships to operate at 30–40% capacity, stalling an US$80 billion trade artery.

In 2024, drought at the Panama Canal forced authorities to cut daily ship transits, delaying billions in cargo through one of the world's most critical trade routes. Semiconductor-reliant industries now face risks as drought conditions threaten copper mining, a vital input for electronics and AI systems.

For businesses dependent on goods movement, stable inputs and resilient infrastructure, adaptation is core risk management. Yet investments remain sidelined, partly because adaptation is seen as a "public good" with diffuse benefits, harder to monetise than mitigation.

Closing the adaptation finance gap requires three key levers: better information, stronger incentives and innovative financing.

1. Improved Climate Risk Data: Governments must make high-quality risk data open and accessible, while regulators mandate disclosure of companies' exposure across operations and supply chains. Transparency will enable firms and insurers to act with foresight.

2. Embedding Private Sector Roles in National Plans: Adaptation must be mainstreamed into National Adaptation Plans (NAPs). Procurement rules should require climate resilience, regulators should foster collaboration through sandboxes, and financial regulators must recognize climate-resilient assets as risk-reducing investments.

3. Innovative Financing Instruments: Blended finance models, resilience bonds and insurance-linked mechanisms can de-risk investments. Structured adaptation bonds tied to avoided losses can turn resilience into measurable cash flows. Insurers, with their risk assessment expertise, can co-invest in resilience upgrades while safeguarding markets from retreat.

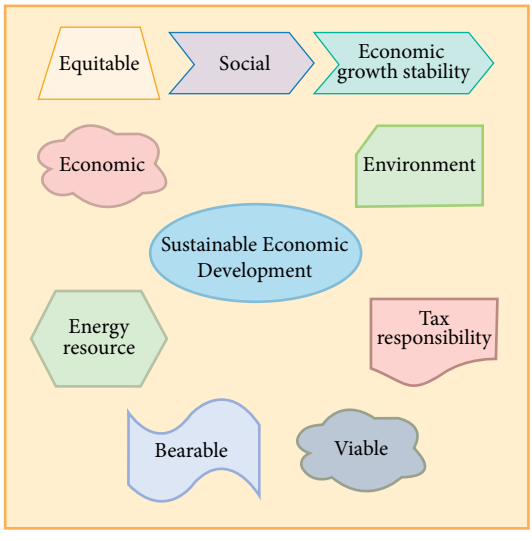
The tools exist, and the business case is compelling. But action will not happen in isolation. At COP30, the challenge will be to align public and private incentives so that adaptation becomes an investable opportunity, not an afterthought.

For businesses, early adaptation is not just about resilience—it is a competitive edge. Firms that act now will not only withstand future shocks but also shape the markets that emerge.

As the Paris Agreement marks its tenth year, 2025 is a moment to reframe adaptation: from burden to opportunity. ICC is committed to ensuring that business voices are heard at COP30 through its Opportunity of a Lifetime campaign, advancing the policies and frameworks needed for private finance to step up and help secure a resilient future.

## The compliance divide: How AI can bridge the gap between policy and producers

Understanding complex environmental and sustainability regulations can mean the difference between being locked out of markets and being part of the climate transition. In a recent guest blog, Niki Lewis, Chief Sustainability Officer at Bext360, outlined how their new AI tool is helping smallholders and cooperatives comply with global standards while providing brands and regulators with the credible data they need.




The European Union's Deforestation Regulation (EUDR) and the Corporate Sustainability Reporting Directive (CSRD) reflect Europe's leadership in climate and sustainability governance. For European companies, these policies are legal obligations. But for millions of smallholder farmers in Latin America, Africa and Asia, compliance is not just a requirement—it is a passport to the global economy.

Without proof of compliance, their products cannot be sold. Yet most smallholders lack compliance officers, GIS experts, or legal resources. What they do have are mobile phones, limited internet connectivity, and a pressing need to keep exporting the crops that sustain their livelihoods.

Bext360's AI-driven compliance platform, Ethica, is designed to turn dense regulations into simple, mobile-first tasks. Instead of asking farmers to "prove deforestation-free origin," Ethica prompts them to upload a GPS polygon of their plot. Instead of requiring exhaustive social audits, it enables cooperatives to log labour data through a mobile form.

Each entry is time-stamped, geolocated, and stored on blockchain for immutability. For the farmer, the task takes minutes. For the brand, it creates a verifiable

compliance record. For regulators, it offers credible, auditable data.

Lewis notes that compliance should not fall solely on producers, yet without supportive tools the burden inevitably does. By using AI to automate workflows, responsibility can be more equitably distributed. Brands gain confidence, regulators gain enforcement capabilities, and producers remain included in markets rather than excluded by regulatory barriers.

Bext360 has also taken steps to minimise the environmental footprint of its technology. Ethica uses lightweight AI models and the Stellar blockchain, which relies on a low-energy consensus protocol rather than energy-intensive proof-of-work systems.

As Lewis emphasises, compliance is not abstract—it is deeply human. A farmer in Honduras wants assurance that the data they submit will keep their coffee exportable. A roaster in Denver wants verifiable information on origin and sustainability practices to share with customers. Compliance is ultimately about livelihoods, trust, and fair participation in global trade.

If sustainability laws are to succeed, they must bridge the divide between policy and practice. AI-driven compliance platforms like Ethica offer a pathway to achieve this at scale—ensuring that climate action and social responsibility do not come at the cost of excluding those who grow the world's food and fibre.

As the world looks toward COP30 in Belém, Brazil, the challenge will be to align regulations with the realities of producers in the Global South. Closing the compliance divide is essential for a just and inclusive transition to sustainable trade.

## Business takeaways from the first rounds of UN Tax Framework Convention negotiations

ICC is advocating for predictable, stable global tax rules to support cross-border trade and investment at the first rounds of United Nations Tax Framework Convention talks. Taxpayer rights, rigorous economic analysis, clarity on new instruments and effective dispute prevention and resolution were championed as key priorities for business.




The negotiations for a United Nations Framework Convention on International Tax Cooperation could redefine the foundations of international taxation, which naturally carry implications for business. Predictable and economically sound tax rules are essential for cross-border trade and investment.

As the institutional representative of businesses worldwide and a Permanent Observer to the United Nations, ICC is engaging throughout this process by advocating for a system that delivers the stability businesses need to drive growth and sustainable development.

### *Who is steering the talks and what's the roadmap?*

The Intergovernmental Negotiating Committee (INC) is leading this process. The negotiations build on long-standing advocacy efforts from developing countries and the commitments in the 2015 Addis Ababa Action Agenda, which called for inclusive decision-making in international tax advocacy and to increase the mobilisation of resources towards the 2030 Agenda.

In early 2024, an ad hoc UN committee negotiated the Terms of Reference for the process, setting out its scope, objectives and timeline.

Crucially, the TOR included the decision of having two early protocols that would be developed in parallel with the Framework Convention itself. Negotiations are scheduled to run from 2025 to 2027, with the final text — including both protocols — expected to be presented to the UN General Assembly by autumn 2027.

The Framework Convention will establish broad principles and mechanisms for international tax cooperation, while the protocols will deal specifically with cross-border taxation of services (drawing on provisions from Articles 12A, 12B, and 12AA of UN model conventions) and on tax dispute prevention and resolution.

In August 2025, the first two substantive sessions of negotiations took place, following the release of issue notes on the Framework Convention, the two early protocols, as well as a public consultation to which the ICC provided the following submissions: ICC response to issue notes on the Framework Convention; ICC response to cross-border taxation of services early protocol and ICC response to tax dispute prevention and resolution early protocol.

### *Week 1 discussions*

Week one in New York focused on the initial commitments to be included in the Framework Convention: the fair allocation of

taxing rights, dispute prevention and resolution and sustainable development as well as the need for administrative cooperation. Most countries expressed a preference for high-level commitments, while some voiced a preference for first agreeing on the underlying principles.

Key design questions still remain, including whether the new system will function as a Multilateral Instrument (akin to the OECD MLI) or more like the recent Fast-Track instrument designed by the UN Tax Committee of Experts. Work continues through member-country only meetings.

***Week 2 discussions : Week two turned to the early protocols.***

Protocol on Cross-Border Taxation of Services: discussions centered around gross and net basis withholding taxes, nexus rules that do not require physical presence, data needs to verify service provision and dispute resolution. References have also been made to the recently adopted Article 12AA of the UN Model – which substantially change the way cross-border services are taxed, prescribing gross-basis taxation without any physical presence required – as well as Digital Services Taxes and similar measures adopted in some countries such as France, Nigeria and Colombia.

Protocol on Tax Dispute Prevention and Resolution: conversations focused on current gaps in mechanisms. Open issues included scope – whether the protocol is limited to Framework Convention related disputes or all cross-border tax disputes – how to resolve cases where no treaty exists and whether to include tax arbitration.

***ICC advocacy priorities***

Inclusion of taxpayers rights among the principles of the Framework Convention to ensure tax certainty alongside the right to be heard, the right to fair treatment and the right to confidentiality, among others.

Importance of economic analysis to verify that any solutions can truly be effective and not represent a barrier to trade and investment, such as gross-basis withholding taxes Tax policy should foster cross-border trade and investment that creates jobs and sustainable economic growth, not act as a barrier.

Clarity over the relationship with current tax treaties and other multilateral solutions. The importance of dispute prevention (through, for example, cooperative compliance and advance pricing agreements) and ensuring that effective and efficient mechanisms are in place when disputes do arise (e.g. binding arbitration). Continuous dialogue between governments and businesses, which can share practical experience and insights.

## ICC marks Singapore's 60th anniversary with call to revitalise global trade

ICC joined business and government leaders in Singapore, celebrating the city-state's 60th anniversary and reaffirming ICC's commitment to shaping the future of global trade from Southeast Asia.

Speaking at the IPS-SBF Global City Singapore SG60 and Beyond Conference, ICC Secretary General John W.H. Denton AO reflected on Singapore's journey and called for urgent efforts to rebuild trust in global trade.

Recognising Singapore as a nation shaped by discipline and resilience, Mr Denton paid tribute to Singapore's remarkable evolution in a time of rising geopolitical tensions and economic fragmentation.

"Trade and investment remain vital engines of growth," he said, "but companies are increasingly forced to navigate a fragmented and unpredictable landscape. We must reduce friction and complexity to unlock innovation and prosperity."

The SG60 Conference spotlighted emerging challenges and opportunities, from cross-border data flows to AI governance. ICC is working closely with standard-setting bodies to develop global frameworks that ensure innovation is inclusive and sustainable.




"AI, digital trade and climate action are deeply interconnected," said Mr Denton. "We need coherent, forward-looking international frameworks to make this future work for everyone." Based out of Singapore, the ICC Digital Standards Initiative is leading global efforts to harmonise digital trade standards and build interoperable, paperless systems that benefit businesses of all sizes.

"Singapore offers predictability, efficiency and connectivity—three essential ingredients for modern trade. That's why ICC has chosen to base our Digital Standards Initiative here. It's a hub not just for business, but for innovation and talent," said Mr Denton.

Singapore plays a key role in ICC's global dispute resolution network. In 2024, Singapore was selected

as the seat of arbitration in 28 new ICC cases, ranking the 7th most frequently chosen venue worldwide.

Asia-Pacific now accounts for 25% of ICC's annual caseload, with Singapore playing a pivotal role in construction, energy and commercial disputes.

Singapore's role as a centre for trade expertise is supported by the ICC Academy, ICC's educational arm, building capacity worldwide through globally recognised certification and professional development for individuals and organisations engaged in international trade.

Headquartered in Singapore, the ICC Academy supports ICC's mission by delivering practical, scalable education that helps trade ecosystems function more smoothly, transparently and efficiently.

## ICC and WCO release trade facilitation recommendations for enhanced integrity at borders

Integrity at borders is fundamental to sustainable trade and economic growth. A new joint International Chamber of Commerce-World Customs Organization paper highlights how trade facilitation – by digitalising processes, reducing complexities and increasing transparency – can be a powerful tool for fighting corruption.

US$1.2 to US$1.5 trillion. That's the staggering annual cost of bribery alone – equal to roughly 2% of annual global GDP. But bribery represents just one facet of corruption's devastating impact. The true cost runs far deeper, undermining the very foundations of fair trade and economic growth by eroding institutional trust, distorting competition, and creating artificial barriers that stifle opportunity for businesses worldwide. Corruption thrives precisely where trade facilitation is most needed: in complex, opaque environments where procedures span multiple government agencies and discretionary decision-making creates opportunities for abuse. Micro-, small- and medium-sized enterprises (MSMEs) and women-owned businesses are particularly vulnerable in these settings, as they often lack the resources to navigate burdensome procedures or absorb the added costs of informal payments.

However, trade facilitation – the simplification and harmonisation of international trade procedures – can be a powerful lever for combatting corruption, according to a new joint paper from the World Customs Organization (WCO) and International Chamber of Commerce (ICC).

By reducing complexity and increasing transparency, trade facilitation limits opportunities for illicit practices. When properly implemented, these measures create an environment where corruption becomes both harder to carry out and easier to detect.




Digitalising border processes to reduce human intervention and establishing clear and transparent regulatory frameworks that limit discretionary decision-making are concrete trade facilitation measures that strengthen integrity. Public-private partnerships play an essential role by promoting collective action and reinforcing the implementation of integrity-focused reforms.

These efforts must be grounded in the World Trade Organiztion (WTO) Trade Facilitation Agreement and the WCO Revised Kyoto Convention, which provide a critical foundation for strengthening integrity, promoting transparency, limiting discretion, and supporting more predictable and rules-based border procedures.

However, border practices in many countries remain in urgent need of trade facilitation reforms . Take export licensing, for example: in some cases, companies must visit multiple government offices to have paper documents stamped – a time-consuming and costly process. When officials arbitrarily demand additional documentation, it creates fertile ground for corruption, where officials can demand facilitation payments while businesses feel pressured to comply simply to expedite processes.

While trade facilitation serves as a powerful anti-corruption tool, it is not without risks and limitations. These measures can face challenges including data manipulation in digitalised systems, cybersecurity threats, internal corruption risks, and resistance to technological adoption.

To address these vulnerabilities, both Customs authorities and businesses must implement comprehensive approaches that include robust governance structures, regular audits, cybersecurity protections, and training programs. Public-private partnerships through National Trade Facilitation Committees and Chambers of Commerce are essential for building trust and creating effective enforcement strategies that address both the supply and demand sides of corruption.

Forward-thinking companies are adopting practices aligned with tra principles as anti-corruption tools. Some firms require their business units to take practical steps to reduce the risk of solicitation, including through digitalising sensitive transactions and engaging legal support when attending meetings with parties that present a higher risk of solicitation.

Other businesses mandate the use of electronic communications or e-government solutions in areas such as licensing, procurement and taxes to reduce face-to-face interactions with public officials and minimise connected risks of bribe solicitation.

Similarly, some countries that embrace digitalisation have seen remarkable outcomes. For example, in Guatemala a project supported by the Global Alliance for Trade Facilitation digitalised ship arrival and departures procedures through the National Single Window (VUMAR), reducing processing times by 85% and eliminating the need for multiple in-person visits. This reform made all these transactions traceable and verifiable, demonstrating how digital trade facilitation can reduce opportunities for corruption by replacing paper-based processes with more transparent and accountable procedures.

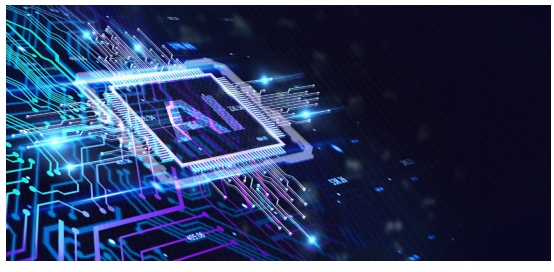
## Harmonised AI standards to reduce fragmented global rules

This ICC policy paper highlights how divergent AI regulations across countries can lead to fragmented global markets and increased business costs. ICC calls for greater coordination on the development of international, market-driven AI standards, to bridge legal differences, reduce compliance burdens, improve market access and enhance cross-border innovation.

As AI systems become integral to business operations worldwide, fragmented governance approaches create significant challenges for companies of all sizes. When different jurisdictions develop their own AI policies, laws and regulations, businesses face: Increased compliance costs arising from navigating complex regulatory landscapes; Market access barriers that limit where they can operate and Innovation constraints that slow cross-border collaboration.

These challenges are particularly acute for small- and medium-sized enterprises (SMEs) which lack the resources to manage complex, jurisdiction-specific requirements.

International, market-driven standards are consensus-based guidelines that define how technologies should perform, interact and remain safe. They provide practical guidance that works across multiple legal frameworks, essentially creating a common language for AI governance globally.




Achieving internationally interoperable AI governance is significantly hindered by overlapping standardisation efforts, inconsistent terminology across different frameworks and limited awareness of existing AI standards.

These issues contribute to market fragmentation and a complex regulatory landscapes, with regional or national bodies – sometimes even within the same country – issuing overlapping or even competing guidance. At the same time, the use of standards processes to advance specific policy agendas rather than technical excellence, creates standards that may not serve broader global or business needs.

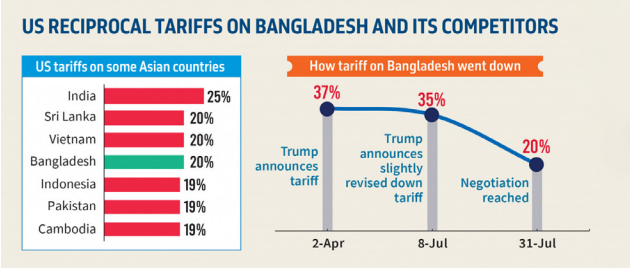
Without better coordination, these standardisation efforts risk adding complexity instead of reducing it, increasing compliance costs (which are especially burdensome for SMEs), and impeding cross-border collaboration and innovation.

Promote strategic alignment in AI standards-development to reflect market needs and avoid duplication; Ensure domestic and local expert participation in shaping market-driven standards; Prioritise global, industry-driven standards over national or regional-only approaches; Champion multistakeholder collaboration through transparent, inclusive processes; Leverage existing standards in regulation to streamline compliance and build trust. Use standards in public procurement to support adoption and open markets to SMEs; Support company participation with funding, incentives, and training & Enhance awareness and education to build capacity for implementing AI standards.

# Bangladesh Economy

## US reduced Reciprocal tariff on Bangladesh from 35% to 20%

The United States has lowered the reciprocal tariff on Bangladeshi exports to 20% from the previously declared 35%, following a month of intensive negotiations between Dhaka and Washington.




The announcement came from the White House late on 31 July (Washington time), shortly after the final round of talks concluded in the US capital. Washington had earlier notified Dhaka that Bangladeshi exports would face a 35% counter-tariff. The new rate, therefore, reflects a 15-percentage-point reduction.

The revision follows President Donald Trump's 2 April decision to impose higher tariffs on several trading partners over US trade deficit concerns, initially setting Bangladesh's rate at 37%. The US later suspended the tariffs for three months, allowing countries time to negotiate improved terms before the 9 July deadline.

A day before the suspension expired, Trump informed Chief Adviser Professor Muhammad Yunus that the tariff would be cut to 35%, and further talks continued until the 31 July deadline. With the new announcement, the updated tariffs took effect on 1 August, meaning Bangladeshi exporters will now pay an average 15% regular tariff plus an additional 20% countervailing tariff, totaling 35% to access the US market.

According to the Export Promotion Bureau (EPB) and Bangladesh Bank, the US remains Bangladesh's largest apparel market, purchasing around $8 billion in ready-made garments annually, while Bangladesh imports roughly $2 billion in American goods.

In a statement issued on 1 August, the Chief Adviser's Press Wing said the new agreements "extend beyond tariff adjustments to include domestic policy reforms" that the Trump administration views as contributing to trade imbalances and national security concerns. Negotiations also required commitments from partner nations to purchase US goods as part of efforts to reduce trade deficits.

"Given the scope of issues involved, the negotiation process was complex and time-consuming," the statement noted, adding that tariff relief depended on each country's willingness to address US concerns on non-tariff barriers, trade imbalances, and security issues.

Under the new framework, Bangladesh's 20% rate is in line with competitors such as Vietnam, Sri Lanka, Indonesia, and Pakistan, which received rates between 19% and 20%, keeping the country's export competitiveness intact. In contrast, India received a 25% tariff after failing to finalize a comprehensive deal.

Dr. Khalilur Rahman, Bangladesh's National Security Advisor and lead negotiator, said, "Protecting our apparel industry was the top priority. We also aligned our commitments to support food security by purchasing US agricultural products." "By securing a 20% tariff, Bangladesh avoided the higher 35% rate, preserved its apparel competitiveness, and maintained crucial access to the US market," Rahman added.

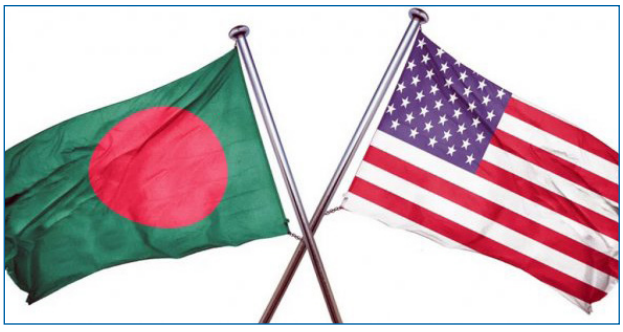
The White House also released new tariff rates for other nations: Pakistan (19%), Afghanistan (15%), India (25%), Brazil (10%), Indonesia (19%), Malaysia (19%), Myanmar (40%), the Philippines (19%), Sri Lanka (20%), and Vietnam (20%).

## US reaffirms commitment to work with Bangladesh for regional peace

The United States has reiterated its commitment to work closely with Bangladesh to promote peace and stability in South Asia while deepening bilateral trade and commercial ties. The assurance came during a meeting between Bangladesh's National Security Adviser Dr. Khalilur Rahman and US Deputy Secretary of State Christopher Landau on June 20 2025 at the State Department in Washington, DC.

Briefing the media, US Department of State Spokesperson Tammy Bruce said, Deputy Secretary Landau met Bangladesh National Security Adviser Rahman and discussed the interim government's efforts ahead of the upcoming national elections. They also reviewed the US-Bangladesh partnership, including expanding trade and commercial links.

The Deputy Secretary of State also praised the leadership of Chief Adviser Professor Muhammad Yunus during what he termed a "critical juncture" for Bangladesh, reaffirming Washington's continued support for the country, according to the Chief Adviser's press wing.



During the talks, both sides discussed a wide range of issues — including the Rohingya humanitarian crisis, ongoing tariff negotiations between Dhaka and Washington, democratic transition in Bangladesh, and the broader security environment in South Asia.

The two governments also exchanged views on strengthening cooperation in regional and trilateral frameworks, especially in light of recent pledges by Bangladesh, China, and Pakistan to deepen joint initiatives.

## Bangladesh sets up 600-acre cotton hub to boost US imports to reduce trade gap

The government has earmarked 600 acres of land at the Mirsarai Economic Zone in Chattogram to build a large cotton warehouse, in a joint venture between US and Bangladeshi entrepreneurs. The move is aimed at reducing Bangladesh's trade gap with the United States, which currently stands at around $6 billion.

According to Commerce Secretary Mahbubur Rahman, the warehouse will allow Bangladesh to store large volumes of American cotton and cut the import lead time from 45 days to just 1–2 days.

Bangladesh Textile Mills Association (BTMA) estimates that cotton imports from the US could rise to $1 billion by the end of this fiscal year—up from the current $370 million, which accounts for only 7% of the country's annual cotton imports.

Local garment makers are especially interested in US cotton because of tariff benefits. Under trade rules, if a garment contains at least 20% American cotton, the 20% US tariff on the finished product is waived. Some exporters even use up to 40% US cotton, making the imports highly attractive despite higher prices.



Showkat Aziz Russell, BTMA president, said the cotton hub will strengthen Bangladesh's RMG sector and help narrow the trade deficit. Faruque Hassan, former BGMEA president, welcomed the decision, calling the duty benefit on US-cotton-made garments a "long-time demand" of exporters.

However, industry insiders warned that the sharp rise in imports may face obstacles. Many textile mills are struggling with working capital shortages, and banks may hesitate to extend financing to underperforming businesses.

The initiative stems from a deal struck under the Trump administration, which imposed a 20% tariff on Bangladeshi goods but agreed to reduce it if Bangladesh narrowed the trade gap. As part of negotiations, Bangladesh pledged to import more cotton, wheat, soybean seeds, aircraft, and LPG, and to build facilities for stockpiling cotton.

A private sector representative present at the talks said the government is under pressure to cut the trade gap by 75% within one year, with cotton, soybean, and wheat imports expected to play a key role.

## Pathao and Shomvob: Bangladeshi startups earn global spotlight

Two Bangladeshi startups — Pathao and Shomvob — have secured their place in the prestigious Forbes Asia "100 to Watch" list for 2025, a recognition that highlights the country's growing footprint in the regional tech and innovation ecosystem.

This year's list features 100 rising companies from 16 countries and territories. India leads with 18 entries, followed by Singapore and Japan with 14 each. While Bangladesh's share may seem modest, the inclusion of Pathao and Shomvob reflects the nation's steady climb in Asia's startup landscape.

***Pathao: Expanding beyond ridesharing***

Founded in 2015, Pathao has evolved from a ride-hailing service into a multi-service platform that now covers food delivery, logistics, e-commerce, and fintech. Its app has been downloaded over 6 million times and the company has completed 70 million+ trips and orders across Bangladesh and Nepal.




Listed under Consumer Technology, Pathao raised $12 million in a pre-series B round last year, led by VentureSouq, taking its total funding to more than $50 million. The fresh funds are fueling expansion into digital finance, particularly Pathao Pay (its digital wallet) and Pay Later services.

"Pathao's inclusion in the Forbes Asia 100 to Watch is a recognition of our enduring commitment to building products that customers love and are happy to pay for," said Fahim Ahmed, CEO of Pathao.

***Shomvob: Making jobs accessible***

Founded in 2022 by Rifad Hossain, Shomvob focuses on democratising employment opportunities in Bangladesh. Its platform allows job seekers to create digital profiles, apply for roles, and join online training programs. Employers, on the other hand, can recruit candidates, outsource hiring, and manage payroll through Shomvob.

The startup, initially focused on finding work for low-income women, gained early traction with a $300,000 grant from the Gates Foundation in 2023. More recently, in May 2025, Shomvob secured $1 million in pre-seed funding led by Singapore-based Cocoon Capital.

According to Forbes, selection was based on industry impact, innovation, business model, revenue growth, and funding attractiveness. To qualify, companies had to be headquartered in the Asia-Pacific region, privately owned, and not exceed $50 million in annual revenue or $100 million in total funding as of August 15, 2025.

With Pathao and Shomvob on the list, Bangladesh now finds itself firmly on the map of Asia's startup ecosystem — showcasing both the maturity of its established players and the promise of its new innovators.

## Non-tariff barriers push Bangladesh-India trade costs by 20%

Trade between Bangladesh and India—valued at more than $15 billion annually—has come under pressure as retaliatory non-tariff measures (NTMs) imposed by both governments drive up costs for businesses.

Industry insiders report that transport expenses have climbed by as much as 20 percent, with goods now being rerouted through Chattogram port after restrictions disrupted operations at nearly a dozen land ports. While sea routes remain open, they are slower and more expensive, straining exporters and importers on both sides.

The standoff began in April when India suspended transshipment facilities for Bangladeshi exports to third countries. Dhaka retaliated by suspending yarn imports through 11 land ports. New Delhi then imposed fresh restrictions on Bangladeshi goods—garments, agro-processed foods, plastics, furniture, raw jute, and more—limiting their entry mainly to Kolkata and Mumbai ports.

Humayun Rashid, Chairman of Energypac Fashions Ltd, said rerouting $7 million worth of garments through Chattogram has pushed up costs by 20 percent. Another garment exporter said his Indian buyer shifted sourcing to local suppliers in India due to delays and added expenses, costing him $2 million in annual orders.

The India-Bangladesh Chamber of Commerce and Industry (IBCCI) noted that imports from India through some land ports have dropped by more than 50 percent since April. "Where 400 trucks crossed daily, now barely 150 arrive," said Md Abdul Wahed,



IBCCI honorary joint Secretary General.

Bangladesh's Commerce Secretary Mahbubur Rahman said he has written to his Indian counterpart three times and to the commerce minister directly, urging dialogue to ease trade barriers, but has received no response. Because of the non-

tariff barriers, the cost of business operations has risen by 20 percent.

According to official data, shipments through land ports and smaller terminals like Mongla and Pangaon fell by nearly 15 percent in value and 19 percent in volume. However, exports through Chattogram port surged 139 percent year-on-year to $338.2 million in the first eight months of this year.

Analysts warn that without urgent talks, the trade impasse could worsen, undermining one of Bangladesh's most vital bilateral economic relationships.

## Bangladesh's life expectancy surpasses global average : UNFPA

Bangladesh has outpaced global averages in life expectancy for both men and women, according to the State of World Population (SWOP) 2025 report published by the United Nations Population Fund (UNFPA).

The study shows that Bangladeshi men now live an average of 74 years, compared to the global average of 71 years, while women live to 77 years, one year longer than the global benchmark of 76 years.

At the report's launch in Dhaka, Catherine Breen Kamkong, UNFPA Representative in Bangladesh, highlighted the country's demographic shifts. Bangladesh's population is currently 175.7 million, with two-thirds in the working-age bracket (15–64 years). However, 7% — around 12 million people — are already aged 65 and above, marking the onset of population ageing. Adolescents account for 19% of the population, while nearly 28% (50 million people) fall into the youth cohort aged 10–24.

This year's global theme, "The Real Fertility Crisis – The Pursuit of Reproductive Agency in a Changing World," stresses that the key challenge is not population size but barriers to reproductive choice. "Around the world, and here in Bangladesh, women and young people are unable to realise their reproductive intentions due to systemic, economic, and social barriers," Kamkong said.

She pointed to systemic hurdles including early marriage, gender-based violence, economic instability, and inadequate maternal health services. She urged the government to increase healthcare spending from 0.7% to 5% of GDP, and from 0.7% to 15% of the national budget, to ensure maternal care, contraceptive access, and retention of skilled health workers.

The report recommends policies such as comprehensive sexuality education, affordable childcare, paid parental leave, and recognition of unpaid caregiving work. Bangladesh has already pledged to include unpaid work in GDP calculations — a move UNFPA praised as forward-looking.

Mohammed Shahidul Islam, Chief of the Demographic Data and Intelligence Unit at UNFPA, warned that as ageing accelerates, Bangladesh will face new pressures: a shrinking workforce, higher elderly care costs, and greater demand for social protection.

Despite these challenges, experts said the country has an opportunity to harness its demographic dividend by investing in health, education, and youth empowerment through the upcoming revised Population and Youth Policies.

## Toxic air slashes 5.5 years from life expectancy in Bangladesh University of Chicago Study

Air pollution has become the deadliest external health threat in Bangladesh, with citizens losing an average of 5.5 years of life expectancy due to toxic air, warns a new report by the University of Chicago's Energy Policy Institute (EPIC).

The latest Air Quality Life Index (AQLI) shows that particulate matter (PM2.5) pollution poses a greater risk to human life in Bangladesh than smoking, malnutrition, or unsafe water. By comparison, smoking reduces life expectancy by just two years, and malnutrition by 1.4 years.

"All 166.8 million people in Bangladesh are exposed to fine particulate pollution levels far above both World Health Organization (WHO) guidelines and the national standard," said Michael Greenstone, director of EPIC and creator of the AQLI. Even the country's least polluted district, Lalmonirhat, has PM2.5 levels seven times higher than the WHO limit.



The study reveals that between 1998 and 2023, PM2.5 levels surged by 66 percent, cutting an average of 2.4 years from life expectancy. In 2023, annual PM2.5 concentration reached 60.8 micrograms per cubic meter, 12 times higher than the WHO guideline.

Dhaka residents could live nearly seven years longer if the capital's air quality met WHO standards. In Chattogram, the potential gain is 6.2 years. Other hotspots like Gazipur, Narayanganj, Comilla, Tangail, Khulna, and Mymensingh show life expectancy losses ranging between five and seven years. Even in Sylhet, residents lose about 3.5 years.

To address the crisis, Bangladesh has introduced several measures: The Air Pollution Control Rules 2022, requiring a national air quality plan and emission standards for industry and vehicles. The 2019 Brick Kiln Law, barring kilns near populated or sensitive areas. Declaring Savar a "degraded airshed", with restrictions on traditional brick kilns effective from next month.

Brick kilns remain the largest contributor, accounting for 58 percent of Dhaka's air pollution. Other major sources include cross-border pollution, burning of low-quality fuels and waste, and construction dust.

Environment Adviser Syeda Rizwana Hasan confirmed that 3,491 illegal kilns are being shut down, with enforcement drives ongoing at construction sites. "The biggest challenge now is phasing out old vehicles," she said, warning that **quality fuel is also essential for lasting improvement.

Despite these efforts, experts caution that meaningful reductions will take years. Until then, Bangladeshis remain exposed to dangerously dirty air that continues to rob them of healthy years of life.

## Dhaka emerges as Global heat hotspot, World Bank warns of severe health and economic fallout

Bangladesh is facing an escalating heat crisis that is already undermining public health and the economy, according to the World Bank's first country-specific study on extreme heat. The report warns that Dhaka, the nation's capital, has become one of the world's most alarming urban heat islands, with its heat index now 65 percent higher than the national average.



The study, An Unsustainable Life: The Impact of Heat on Health and the Economy of Bangladesh, finds that rising temperatures cost the country 250 million lost workdays and as much as $1.78 billion in 2024 alone. Since 1980, Bangladesh's maximum temperature has increased by 1.1°C, while the "feels like" temperature has climbed by 4.5°C, placing the country second globally in exposure to extreme heat.

"Extreme heat is not just a seasonal inconvenience. It affects our health, our productivity, and ultimately our prosperity," said Jean Pesme, the World Bank's division director for Bangladesh and Bhutan, at the report's launch.

Dhaka's maximum temperature has risen 1.4°C since 1980, driven by rapid urbanisation, unplanned development, and the destruction of green space. Between 1989 and 2020, the city lost 47 percent of its dense greenery, shrinking from 12,745 hectares to just 5,600. Over the same period, population growth outpaced land expansion nearly fourfold, intensifying exposure to dangerous heat.

The widespread use of heat-trapping materials in construction has worsened the crisis, with indoor temperatures in tin-roofed homes at times exceeding outdoor levels by up to 4°C at night.

Syeda Rizwana Hasan, adviser to the environment ministry, warned that business resistance had stalled finalisation of Dhaka's Detailed Area Plan. "The city should not be left in the hands of business interests; it must serve its dwellers," she said, urging strict enforcement of environmental rules, preservation of remaining green areas, and investment in greener public transport.

The report documents a sharp rise in heat-related illnesses: cases of diarrhoea and persistent cough nearly double in summer compared to winter, while elderly people face the highest health risks. Women are more vulnerable to heat exhaustion and heat stroke. Mental health is also affected, with depression increasing steadily with age and anxiety peaking among those aged 50–65.

"Bangladesh faces real risks of lost human capital and productivity," said Iffat Mahmud, senior operations officer at the World Bank and co-author of the report.

The World Bank calls for immediate, coordinated interventions: A national heatwave management strategy; Stronger health systems to treat heat-related illness; Rapid expansion of urban green spaces; Improved weather and health data for policymaking & Greater international financial support to combat climate damage.

The report concludes that without swift, multisectoral action, Bangladesh risks worsening health outcomes, mounting productivity losses, and an unsustainable urban future.

## Dhaka's green and blue spaces vanish, heat intensifies : study

Dhaka has lost more than 60% of its waterbodies and nearly half of its tree cover in just 44 years, while built-up areas have surged sevenfold, according to a new study that frames the city's crisis as a violation of ecological justice and fundamental rights.

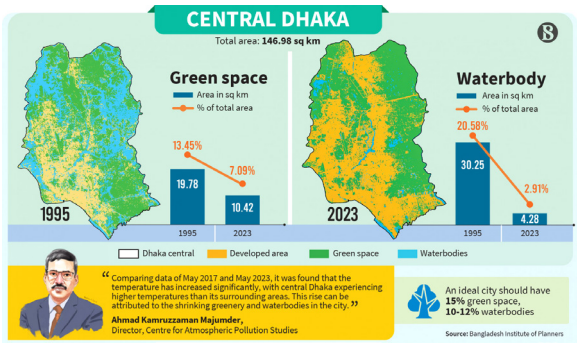
The research, titled "Dhaka Without Nature? Rethinking Natural Rights Led Urban Sustainability", conducted by The Change Initiative, draws on satellite data, heat maps, and spatial growth analysis spanning 1980–2024.

Tree cover in the capital has dropped from 21.6% to 11.6%, leaving per capita coverage at only 3.44 $m^2$—far below the global minimum of 9 $m^2$ per person. The situation is worse in Dhaka South (2.33 $m^2$ per person), while Dhaka North fares slightly better (4.23 $m^2$ per person). Entire areas such as Adabar, Rampura, Kafrul, Bangshal, and Wari have virtually no trees.

By comparison, cities like Singapore and Seoul maintain tree coverage between 30–47%. Even Delhi and Jakarta rank higher, with only Karachi trailing Dhaka.

Waterbody coverage has shrunk to just 4.8%, with only 1.43 $m^2$ per person—far below the recommended 4.5 $m^2$. Dry zones such as Sutrapur, Mirpur, Gendaria, and Kafrul are nearly waterless, while only six thanas meet the minimum waterbody standard. Meanwhile, Dhaka's built-up area has expanded from 6.8% in 1980 to 48.9% by 2024.

The loss of green and blue cover has intensified the urban heat island effect. Land surface temperatures (LST) have risen by 3–5°C, with no zone remaining under 30°C. Areas such as Shyampur, Hazaribagh, Tejgaon, Rampura, and Darussalam now exceed 32°C, far above the comfortable range of 26–30°C.




Overall, 37 out of Dhaka's 50 thanas exceed the 50% built-up density limit, with many—including Adabar, Mirpur, Rampura, Dhanmondi, and Hazaribagh—reaching 80–90%. This lack of ecological buffers, experts warn, is pushing the city toward climate collapse.

"If unplanned development continues, Dhaka could face abandonment within the next decade," said M Zakir Hossain Khan, Chief Executive of The Change Initiative and lead author of the study. "We are heading toward ecological ruin unless urgent measures are taken."

He called for a recovery plan aligned with Natural Rights Led Governance (NRLG) that includes:

Legal recognition of nature's rights; Criminalisation of wetland and forest destruction; Reforming the Detailed Area Plan (DAP)** with ecological zoning; Community guardianship of resources; Green investments in low-income areas and Planting 56.5 $km^2$ of trees in ecologically deprived zones.

Echoing his concerns, Dr. Riffat Mahmood, associate professor at Jagannath University, urged innovative solutions such as turning flyovers into vertical gardens and expanding environmental education to build resilience.

The Change Initiative stresses that only immediate and measurable government intervention can prevent Dhaka's ecological breakdown. Without it, experts warn, the capital risks becoming unlivable in the near future.

## One in four Bangladeshis still face Multidimensional poverty: GED report

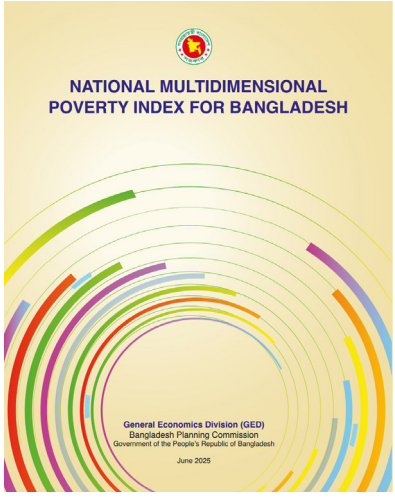
Despite major progress in poverty reduction, nearly one in every four people in Bangladesh (24.05%) still lives in multidimensional poverty, according to the country's first National Multidimensional Poverty Index (MPI) released by the General Economics Division (GED).

Unlike traditional poverty measures that only focus on income, the MPI looks at deprivations in education, health, and living standards, giving a fuller picture of people's hardships.

Bandarban has the highest poverty rate at 65.36%, while Jhenaidah records the lowest at 8.66%. Among divisions, Sylhet tops the list with 37.70%, while Khulna has the lowest at 15.22%.

Between 2013 and 2019, the proportion of multidimensionally poor people dropped sharply from 42.65% to 24%, even as the total population grew. Around 25.7 million people escaped poverty during this period, leaving an estimated 39.77 million people still poor.

Poverty is far worse in rural areas (26.96%) compared to urban settings (13.48%), reflecting the rural-urban development gap. Children are hit hardest: Around 28.87% of those under 18 live in multidimensional poverty, compared to 21.45% of adults. Education-related deprivations (school attendance, years of schooling) contribute the most to poverty, followed by issues




in nutrition, housing, sanitation, and internet access.

There have been big gains in electricity, sanitation, housing, and asset ownership, with rural areas improving faster than urban areas.

Experts at the report launch—including Dr Anisuzzaman Chowdhury (Special Assistant to the Chief Adviser), Dr Hossain Zillur Rahman, and Dr AK Enamul Haque—stressed that the MPI should guide national planning to target the most deprived areas like Bandarban, Cox's Bazar, and Sunamganj.

They called for priority investments in: Education (as the single largest contributor to poverty); Housing and sanitation; Internet and digital infrastructure and Health and nutrition. Planning Adviser Wahiduddin Mahmud noted that using MPI will help design more effective poverty eradication strategies aligned with SDG-1 (No Poverty).

## Bangladesh's economy shows resilience despite trade, political risks : S&P

Global rating agency S&P Global Ratings has reaffirmed Bangladesh's long-term sovereign credit rating at B+ and short-term rating at B, maintaining a stable outlook on the back of rising foreign-exchange reserves and recent monetary and exchange rate reforms.

S&P noted that macroeconomic adjustments over the past 18 months — including the shift to a more flexible exchange rate, taka depreciation, and tighter monetary policy — have helped rebuild liquidity. Foreign exchange reserves climbed by about $5 billion in FY25 to reach $26.7 billion, covering 4.1 months of current account payments, a recovery from last year's low of below $20 billion. "These reforms, supported by IMF programmes, are restoring external stability and improving policy credibility," the agency said.

Despite the improvements, S&P cautioned that Bangladesh faces significant challenges: High US tariffs: A 35% tariff on Bangladeshi exports to the US, set to take effect from August 1, could hit the labour market and trade performance if no agreement is reached. Political uncertainty: The agency highlighted that the 2026 elections will be a decisive moment for long-term stability, following the abrupt collapse of the Sheikh Hasina government in 2024. Low fiscal capacity: With revenues critically low relative to GDP, Bangladesh's government has limited room to provide fiscal support in times of stress.

S&P estimates Bangladesh's real per capita GDP growth at 4.3% over 10 years, stronger than peers with similar income levels. Per capita income for FY25 is projected at around $2,620. The economy is expected to accelerate if stability returns, with S&P forecasting 6.1% annual growth over the next three years as Bangladesh recovers from the 2024 political crisis.

Bangladesh continues to implement reforms under its IMF-supported ECF, EFF, and RSF programmes. Recent reviews unlocked nearly $1.34 billion in IMF disbursements. Reforms include: Reducing reliance on costly National Savings Certificates; Improving GDP data timeliness; Adjusting petroleum pricing to reduce subsidies.

The Bangladesh Bank has kept its policy rate at a multi-year high of 10% to curb inflation, which has recently begun to ease.

Bangladesh's net government debt is estimated to average 35% of GDP through FY2028, considered moderate by S&P. However, the country's interest burden is heavy, at about 26% of revenues, limiting fiscal flexibility. The fiscal deficit is expected to remain stable at around 4.6% of GDP over the next three years.

S&P's stable outlook reflects Bangladesh's resilience, but the country's political trajectory, trade risks, and revenue challenges will be decisive in shaping its long-term credit profile as it heads toward LDC graduation in 2026.

# Foreign Exchange Reserves stand at $26.39b under IMF method & by BB estimate $31.27b

Bangladesh's foreign exchange reserves stood at $26.39 billion as of 24 September, based on the International Monetary Fund's Balance of Payments and International Investment Position Manual (BPM6) calculation method. By Bangladesh Bank's own calculation, reserves amounted to $31.27 billion, highlighting the variance in reporting standards.



Strong remittance inflows have been a key driver behind the recent improvement. Between September 1 and 23, Bangladesh received $2.2 billion, up 17.6 percent year-on-year. From July 1 to September 23, remittances totalled $7.06 billion, marking an 18.2 percent increase compared to the same period last year.

Officials attribute this growth to government incentives such as the 2.5 percent cash bonus on transfers through official channels, tougher crackdowns on hundi operators, and relatively stable exchange rates. Rising overseas earnings by Bangladeshi workers, especially in the Middle East and Southeast Asia, have also played a role as the post-pandemic labour market rebounds.

On the trade front, the readymade garments (RMG) sector has shown signs of recovery, with exports growing nearly 10 percent in July–August after last year's slowdown. Import payments, meanwhile, surged by 20 percent in July, though overall FY25 import growth remains muted at 1.75 percent due to inflationary pressure, political uncertainty, and cautious business demand.

Additional inflows from foreign loans, aid, and deferred payment facilities have further supported reserves, offering temporary relief for the economy amid ongoing external challenges.

# Remittances cross $30b mark, record increase of $6.4b in FY25

Bangladesh's remittance earnings surged to an all-time high of $30.32 billion in fiscal year 2024-25, marking a record $6.4 billion increase from the previous year, according to the latest data from the Bangladesh Bank (BB).

This represents a 26.81% year-on-year growth, the strongest remittance inflow since FY2020-21, when receipts peaked at $24.8 billion. In June 2025 alone, remittances totaled $2.81 billion, up 11% compared to the same month last year.

Drivers of Growth : Officials attribute the surge to several factors: A narrowing gap between official and informal exchange rates; Stronger action against money laundering and hundi networks; A renewed sense of patriotism among expatriates, encouraged by the political transition in August 2024.

"Many Bangladeshis abroad who once relied on informal channels are now sending money through banks," a senior central bank official said, adding that the crackdown on hundi has redirected flows into formal systems.

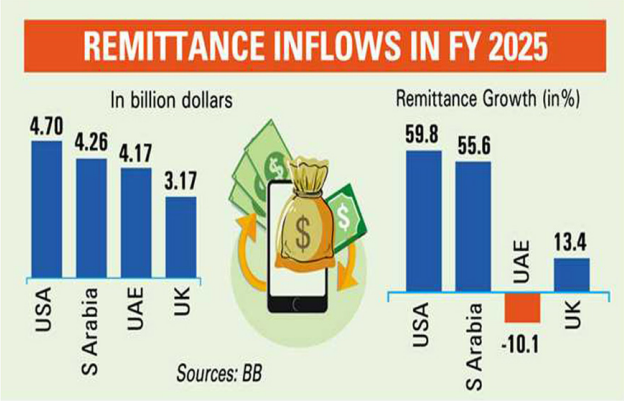


The inflow helped lift Bangladesh's foreign exchange reserves to $26.32 billion, the highest since October 2022. Reserves were further supported by the release of $1.34 billion from the IMF under its ongoing loan programme, as well as budget support from the World Bank, ADB, and other partners.

Analysts say the sharp rise in remittances, combined with multilateral support, is providing much-needed relief for Bangladesh's external balances. Sustaining the momentum, however, will require continued enforcement against informal money channels and policies that maintain exchange rate stability.

## Remittance share in GDP, import payments climbs to 7-year high

Bangladesh's remittance earnings surged to an all-time high in fiscal year 2024–25, with inflows crossing $30 billion and reaching the strongest contribution to the economy in seven years, according to a Bangladesh Bank (BB) report.




Remittances grew by 27 percent year-on-year, making up 6.57 percent of GDP and covering 47.13 percent of total import payments. The central bank highlighted the sector's critical role in maintaining macroeconomic stability, noting that remittances also strengthened their share relative to export earnings.

During the April–June quarter alone, Bangladesh received $8.54 billion, up 25 percent from a year earlier. BB attributed the growth to competitive exchange rate policies, government incentives, and seasonal peaks around Ramadan and Eid-ul-Fitr, which boosted official channel transfers.

Saudi Arabia remained the largest source, sending $1.49 billion (17.5% of total inflows), followed by the UAE ($1.04 billion) and the UK ($1.003 billion). However, the report cautioned against over-reliance on a handful of labour markets, pointing to declining migration in recent months. To sustain growth, it recommended diversifying migration destinations, investing in skill development, and expanding digital remittance systems.

BB stressed that while record inflows have provided relief to the external sector, strategic policy action is vital to ensure long-term resilience of the remittance-driven economy.

## $48b Exports in FY25 despite tariffs and disruptions

Bangladesh's merchandise exports grew by 8.58% year-on-year in fiscal year 2024-25, reaching $48.28 billion, according to data released by the Export Promotion Bureau (EPB). The performance came despite global economic headwinds, political unrest, and new tariff pressures from the United States.

EPB Vice-Chairman Md Anwar Hossain said export earnings could have been even higher if not for production losses during the long Eid-ul-Azha holidays in June, along with customs disruptions caused by protests from National Board of Revenue (NBR) officials. These issues contributed to a 7.55% drop in June exports, which fell to $3.33 billion compared with the same month last year.

Exports to India also declined amid bilateral trade tensions. The ready-made garment industry, which accounts for nearly 84% of export earnings, drove the expansion. Garment shipments rose 8.84% to $39.34 billion, with knitwear exports up 9.73% to $21.15 billion and woven garments up 7.82% to $18.18 billion.




However, the sector faced challenges from the 37% reciprocal tariffs announced by the Trump administration in April. Hossain said this policy created uncertainty for apparel exporters, while former BGMEA president Faruque Hassan warned that shipments may slow over July–September as US buyers delay orders pending clarity on tariff rates. He expects exports to rebound from October, coinciding with the US peak sales season.

Other Sectors include : Leather and leather goods: up 10.19% to $1.14 billion; Home textiles: up 2.42% to $871.57 million; Frozen foods: up 17.23% to $441.58 million; Plastics: up 16.21% to $284.05 million; Ceramics: up 6.44% to $35.22 million; Pharmaceuticals : up 3.74% to $213.16 million; Non-leather footwear: up 25.37% to $522.59 million; Headgear: up 11.26% to $364.46 million & Wigs and human hair: up 20.92% to $142.85 million.

In contrast, jute and jute goods, cotton yarn, vegetables, cement, and terry towels performed poorly. Still, optimism remains in the jute sector.

Md Abul Hossain, Chairman of the Bangladesh Jute Mills Association, noted that global demand for eco-friendly goods is rising: "The days of jute and jute goods are coming back again in Bangladesh."

Despite challenges, the FY25 export performance signals resilience in Bangladesh's key industries, supported by diversification in non-garment sectors alongside the dominant apparel trade.

## $63.5 billion export target for FY'26

The government has set an ambitious export earnings target of $63.5 billion for the current fiscal year (FY'26), aiming for a 16.5% growth compared to last year's receipts. Both officials and exporters expressed confidence that the goal is achievable despite ongoing challenges.



At a press conference on 12 August, Commerce Secretary Mahbubur Rahman said the targets were set after consultations with industry stakeholders. He assured that the ministry will continue engaging with trade bodies to identify and resolve bottlenecks in export sectors.

Commerce Adviser Sk Bashir Uddin added that market diversification and new trade deals are key to achieving the goals. Negotiations are underway for free trade agreements (FTAs) with Japan, South Korea, and Singapore. The government is also pushing to lower the US reciprocal tariff on Bangladeshi goods from 20% to 15%, while maximizing duty-free access to the UK and EU.

Although he acknowledged law and order concerns, Bashir Uddin stressed that these would not derail export growth. He also noted that India's recent restrictions on four jute products would have little impact on Bangladesh's overall export earnings.

Leaders from the garment sector—the country's top export earner—are optimistic about the target. BKMEA President Mohammad Hatem said the goal is realistic but urged the government to address key obstacles such as gas shortages, banking delays, customs inefficiencies, and security issues.

BGMEA Director Mohammad Hasib Uddin echoed this, noting that exports could even exceed the $63.5 billion target if banking and energy challenges are resolved quickly.

Bangladesh's export earnings target in FY'25 was $57.5 billion, but the country earned $54.05 billion. With stronger focus on non-traditional markets, man-made fiber garments, and new trade partnerships, policymakers believe FY'26 can mark a stronger export performance.

## Exports still rely on EU & US — Diversification remain elusive

Despite decades of discussion on diversification, Bangladesh's exports remain heavily dependent on the EU and US, where more than two-thirds of shipments still head. In the fiscal year 2024-25, Bangladesh exported a record $48 billion-plus worth of goods. Yet, the European Union absorbed 44% and the United States another 18%, keeping their combined share at 62%, only a slight drop from 65% three years earlier. The reason is clear: garments still dominate more than 82% of the export basket.

Economists say the problem lies not just in exporters' preference for Western markets but in the narrow product base. "When product variety is narrow, market variety cannot expand," explained Mohammad Abdur Razzaque, chairman of think tank RAPID. Non-RMG sectors often struggle with quality standards, testing, and certification abroad, which slows down access and raises costs.




High logistics costs, bottlenecks in transport, and lack of free trade agreements make the situation worse.

Razzaque also pointed out that the EU and US are giant consumer hubs with dense buyer networks and reliable compliance systems — attractive features for Bangladeshi firms producing fast, repeat garment orders. The government has spent Tk 35,000 crore on export incentives over the past five years, with Tk 7,830 crore allocated in FY25 alone. Incentives cover 43 products, including a 2% incentive for apparel exports to non-traditional markets.

CPD's Khondaker Golam Moazzem argued that incentives are often driven by lobbying and not by long-term strategy. Others believe incentives should be market-specific, impact-oriented, and supply-chain-focused rather than blanket cash support. Industry leaders stress that incentives alone are not enough.

Fazlul Hoque, former BKMEA president, said new markets like Japan, India, and Australia are growing — but require consistent engagement. Selim Raihan of SANEM urged Bangladesh to invest in light engineering, agro-processing, electronics, and IT services, while strengthening trade diplomacy for FTAs with Asia, Africa, and Latin America. EPB vice-president Md Anwar Hossain added that foreign investment, easier customs, and reduced import duties are essential to make non-RMG sectors competitive.

Bangladesh has long recognized the risk of over-reliance on garments and Western markets. Yet, without strategic diversification in products, markets, and supply chains, the country's export story will remain tied to the EU and US orbit.

## Bicycle exports rebound after two-year downturn

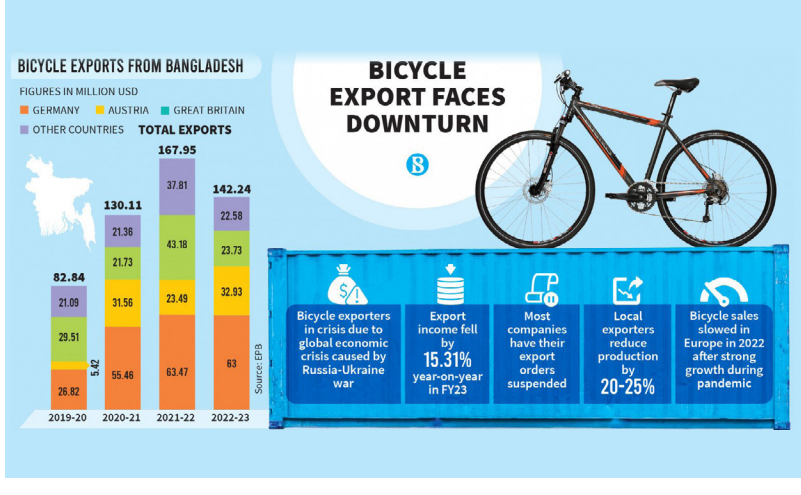
Bangladesh's bicycle exports are showing signs of recovery after two years of decline, boosted by renewed global demand, diversification into new markets, and a shift towards value-added products.

According to the Export Promotion Bureau (EPB), bicycle exports reached $117 million in FY2024-25, a sharp 41 percent increase from $83 million in FY2023-24, which had been the lowest in five years.

Exports had peaked at $168 million in FY2021-22, driven by a surge in European demand during the COVID-19 lockdowns when bicycles became a preferred, eco-friendly commuting option. "During the pandemic, bicycles became a symbol of sustainable and socially distanced transport," said Md Luthful Bari, Chief Operating Officer of Meghna Group of Companies, one of the country's leading exporters.

However, demand plummeted in 2023 as economies reopened, retailers dealt with excess inventories, and the Russia-Ukraine war disrupted European markets. Exports dropped to $142 million in FY2022-23, before bottoming out the following year.

Industry insiders said the latest growth indicates early signs of stabilisation. Exporters credit the rebound to easing freight costs, better logistics, and renewed global interest in low-cost, sustainable mobility. "Exports are gradually increasing as international buyers have started placing new orders," Bari noted, adding that some Bangladeshi manufacturers are moving into higher-value segments such as lightweight and electric bicycles.




Kamruzzaman Kamal, Marketing Director of Pran-RFL Group, reported around 20 percent growth, citing targeted diversification and product upgrades. "We've entered new markets, including the USA, and seen moderate recovery in Europe," Kamal said. "Addressing compliance issues around size and safety standards was crucial for keeping access to key markets."

Despite the rebound, bicycle exports remain 30 percent below their FY2022 peak, highlighting that a full recovery is yet to be achieved. Rising production costs and competition from low-cost producers like Cambodia and Vietnam continue to challenge Bangladesh's manufacturers.

Still, exporters remain hopeful. "With market conditions improving and buyers resuming regular procurement, we expect a gradual recovery," said Bari.

# IMF caps Bangladesh's foreign borrowing at $8.44b for FY26 under $5.5b loan programme

The International Monetary Fund (IMF) has, for the first time, imposed a ceiling on Bangladesh's foreign borrowing as part of its $5.5 billion loan programme, citing rising external debt risks. During the fourth and fifth tranche review in June, the IMF approved an additional $800 million top-up to the original $4.7 billion package and extended the programme by six months. So far, Bangladesh has received $3.6 billion.

Under the new terms, the country may borrow up to $8.44 billion in FY2025–26, with quarterly caps of *$1.91 billion in Q1 and $3.34 billion in the first half. The IMF will now monitor borrowing every quarter, a measure not included in earlier agreements.

The IMF's latest Debt Sustainability Analysis (DSA) has classified Bangladesh as a "moderate-risk" country for the second consecutive year. Debt-to-export and debt service-to-revenue ratios have exceeded thresholds, reflecting rising repayment pressures against export earnings and revenues.

Bangladesh's debt-to-export ratio jumped to 162.7% in FY24, far above the IMF's earlier projection of 116–118%. External debt has also ballooned, rising from $20.3 billion in FY10 to $80.2 billion in June 2025. Debt servicing costs followed the same trajectory—climbing from $876 million in FY2010 to $4 billion in FY24.

Economists say the move signals a shift in how the IMF views Bangladesh's debt profile. Zahid Hussain, former World Bank economist, noted: "The IMF used to present a golden picture of Bangladesh's debt outlook. That narrative is changing." Selim Raihan, SANEM executive director, called the move "cautionary and appropriate" given the rising repayment burden and political transition ahead of elections.

Both warned against overreliance on foreign loans, stressing the need to assess repayment capacity by exports and revenues, not just debt-to-GDP.

Despite the concerns, finance ministry officials say foreign borrowing under the interim government has slowed sharply. In FY25, Bangladesh took $8.32 billion in new loans, 22% less than the previous year. So far in FY26, borrowing remains minimal—$84 million in July and a $150 million ADB loan in August, well below the IMF's ceiling.

While reserves, remittances, and revenues are showing some recovery, analysts stress that fiscal discipline and diversification of financing are now critical to maintaining stability.

# ADB's $150m loan to strengthen technical and vocational education

Bangladesh and the Asian Development Bank (ADB) have signed a $150 million loan agreement aimed at improving the country's Technical and Vocational Education and Training (TVET) system to boost employability and global competitiveness.

The agreement was signed in Dhaka between Md. Shahriar Kader Siddiky, Secretary of the Economic Relations Division (ERD), and Hoe Yun Jeong, ADB Country Director for Bangladesh, at a ceremony held at the ERD office.

According to ADB, the program is aligned with Bangladesh's economic diversification goals and will prioritize five technology clusters: mechanical, electronics and electrical, information and communication technology (ICT), civil, and food and agriculture.




"This initiative supports Bangladesh's priority agenda of job creation, addresses social exclusion, and improves access to decent employment in line with the government's Integrated TVET Development Action Plan (ITDAP)," said Jeong.

The results-based "TVET Teachers for the Future" Program will expand teacher training, particularly in underserved regions outside Dhaka. It aims to enhance educators' pedagogical and technical skills in emerging technologies and establish a robust system for teacher development, management, and performance monitoring.

By the end of the program, at least 10,000 new and existing TVET teachers are expected to upgrade their skills, directly benefiting over 250,000 students nationwide. The initiative will also introduce a continuous professional development framework to ensure sustained quality and relevance in technical education.

ADB highlighted that the project builds on its long-standing commitment to promoting inclusive, resilient, and sustainable growth in Asia and the Pacific. Founded in 1966, the multilateral lender is owned by 69 member countries, including 50 from the region.

Through innovative financing and strategic partnerships, ADB continues to support Bangladesh in achieving its development ambitions, particularly in the education and employment sectors.

## ADB commits $1b to support Bangladesh's Banking reforms

The Asian Development Bank (ADB) will provide $1 billion in budget support to advance Bangladesh's banking sector reforms, with disbursements tied to 25 reform conditions including the creation of a financial stability fund to recapitalise distressed banks.

According to an ADB report, the package will be released in two phases: $500 million in the current fiscal year and the remainder in the next. This follows last month's approval of a separate $500 million allocation, after the government and Bangladesh Bank (BB) took initial reform steps.

The reforms come amid mounting pressure on Bangladesh's financial system, weakened by irregularities, scams, and governance failures in recent years.

Among the requirements, the central bank must: Complete asset quality reviews (AQRs) of stressed banks to identify impaired assets and ensure regulatory compliance; Submit amendments to the Bankruptcy Act, 2024, to strengthen the insolvency framework; Establish a financial stability fund for emergency recapitalisation of banks breaching capital adequacy rules; Support legislation to amend the Negotiable Instruments Act, 2024 and the Money Loan Court Act, 2003 to improve loan recovery and Issue orders to set up asset management companies to recover non-performing loans.

Finance ministry officials confirmed that an allocation for the stability fund has already been earmarked in the current budget, with Bangladesh Bank assessing the required corpus.

ADB noted that AQRs for six systemically important banks have been completed using international templates, with reviews for 11 more stressed banks underway. Following these reviews, the central bank has initiated the merger of five Islamic banks into a single entity.

"ADB's diagnostic work will lay the foundation for evidence-based reforms in recapitalisation, resolution planning, and financial stability, helping restore governance and market confidence," the report said.

The reforms, backed by the ADB along with the IMF and World Bank, aim to create a more resilient and transparent banking sector. By strengthening governance, the reforms are expected to expand access to finance, particularly for small and medium enterprises (SMEs), and support sustainable private-sector growth.

"A stronger and stable banking system with international standards will be able to channel funds to priority sectors of the economy, including SMEs," the ADB emphasised.

## Bangladesh ranks lowest in Asia-Pacific on Tax-to-GDP ratio at 7.3% : OECD

Bangladesh has the lowest tax-to-GDP ratio among 37 countries in the Asia-Pacific region, according to a new OECD report, reflecting long-standing challenges in tax reform and revenue collection despite steady economic growth.

The report, Revenue Statistics in Asia and the Pacific 2025, shows that Bangladesh's tax-to-GDP ratio stood at 7.3% in 2023 — far below the regional average of 19.6% and only about one-fifth of Niue's 35.3%, the highest in the region.

The OECD noted that Bangladesh, like 23 other regional economies, relies heavily on VAT and import tariffs for revenue. In 2023, 4.7%

of GDP came from goods and services taxes, while income tax collections were only 2.5% of GDP, compared to a regional average of 7.4%.

Overall, 34% of total revenues came from income taxes, with the remainder from goods and services.

The report highlighted systemic weaknesses in tax administration, citing low staff quality, uncompetitive salaries, rigid civil service systems, and reluctance to reform. It observed, "Bangladesh is a case in point, even if it is not unique in the region."

## WB commits $700m to boost services and resilience for Rohingya and host communities

The World Bank has announced two new projects worth $700 million aimed at improving living conditions for both displaced Rohingya refugees and host communities in Bangladesh. The initiatives — the Host and Rohingya Enhancement of Lives Project (HELP) and the Inclusive Services and Opportunities Project (ISO) — each carry $350 million in grant financing and will run until June 2028.

According to the World Bank, the projects build on earlier interventions that have already delivered more than $1 billion in financing since 2019. Together, they will expand access to health, education, sanitation, renewable energy, disaster preparedness, and social protection across Cox's Bazar, Bhasan Char, and surrounding areas.

"We want to see a multi-sectoral, comprehensive approach that improves the situation for both Rohingya and host communities," said Jean Pesme, World Bank country director for Bangladesh, at the launch event.

HELP will target water and sanitation, climate-resilient infrastructure, renewable energy, and livelihood support. It aims to reach 645,000 people, including 329,000 women. ISO will expand access to health, education, gender-based violence response, and social safety nets, with targets of generating 22.4 million workdays, supporting 300,000 Rohingya learners, and delivering healthcare for 560,000 people by 2028.

World Bank officials emphasized that all Rohingya assistance is provided as grants. The goal, they said, is to build long-term resilience until conditions are in place for a safe, dignified, and voluntary return of the refugees.

The projects complement existing efforts with the World Food Programme, which has already engaged nearly 20,000 host community members in short-term jobs and supported half a million Rohingya through community workfare schemes.

With these commitments, the World Bank's total support for the Rohingya response in Bangladesh rises to $1.3 billion.

## Bangladesh's Logistics costs soar to 16% of GDP : WB

Bangladesh spends 16 percent of its gross domestic product (GDP) on logistics—well above the global average of 10 percent—a burden that is eroding trade competitiveness and discouraging foreign investment, according to the World Bank.

At a roundtable on "Challenges, Opportunities and the Way Forward in the Logistics Landscape" hosted by 'The Financial Express' in Dhaka, Nusrat Nahid Babi, senior transport specialist at the World Bank, highlighted that up to 54 percent of logistics costs are linked to inefficient transport systems.

"Infrastructure remains so vulnerable that even light rain can disrupt highways and terminals," she said, adding that over 62 regulatory bottlenecks hinder smooth trade. Babi stressed that reforms require coordination and execution, not just policy dialogue. She urged Bangladesh to accelerate reforms through multimodal connectivity, digitalisation, timely project completion, and skills development, calling for the creation of a National Logistics Council to drive coordinated action.

Mohammed Yousuf, senior secretary to the Ministry of Shipping, said the government would finalise a National Logistics Policy within a month. The policy, he said, identifies 62 coordination challenges and proposes an action plan to bring ministries, regulators, and the private sector together.

He acknowledged the pressure on Chattogram Port, which handles over 90 percent of container traffic and is already operating beyond capacity. Expansion efforts, including the long-awaited Bay Terminal project, are under way, with World Bank financing secured for the breakwater and tenders expected within two months.

Global port operators PSA Singapore, DP World of Dubai, and Red Sea Gateway Terminal of Saudi Arabia have been shortlisted under a PPP model. Yousuf also announced progress in port digitalisation, rail freight reforms, and new tariff and licensing systems for shipping agents.

Industry leaders warned that unless logistics bottlenecks are addressed, Bangladesh's $100 billion export target could be at risk. Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), criticised port delays, illegal payments, and a recent 40 percent rise in service charges at Chattogram without stakeholder consultation.

Azam J Chowdhury, head of the Bangladesh Ocean Going Ship Owners' Association, said the private maritime sector, which operates "100 percent of the industry," remains ignored by policymakers. He called for reforms in customs, coastal shipping laws, and licensing costs. M Masrur Reaz, chairman of Policy Exchange Bangladesh, emphasised that "logistics is no longer just infrastructure; it is an economic imperative," urging rapid execution of 60+ national logistics action points.

Experts stressed that Bangladesh must focus on multimodal logistics planning, PPP-led port and rail development, and regulatory reforms** if it wants to attract serious FDI and remain competitive in global trade.

The roundtable featured input from leading business associations, economists, academics, and officials, all converging on a single message: "Bangladesh's logistics system needs urgent, coordinated reform to unlock its economic potential."

## Garment sector cuts groundwater use with rain harvesting & Eco-Tech innovations

Bangladesh's garment and textile sector is rapidly advancing in water conservation, reducing its dependence on groundwater through rainwater harvesting and state-of-the-art washing and dyeing technologies. The shift reflects both environmental urgency and rising demands from international retailers for a lower water footprint.



According to the International Finance Corporation's PaCT programme, more than 338 factories have already reduced annual freshwater consumption by 25 million cubic metres and cut wastewater discharge by 21 million cubic metres after adopting water-efficient practices.

A decade ago, producing one kilogram of denim fabric consumed nearly 200 litres of groundwater. Today, that figure has dropped to 50–53 litres, with advanced systems capable of lowering it further to 25–30 litres.

Fakir Apparels Ltd (Narayanganj): Reduced usage to 65–68 litres per kg, with 30% of total demand now met by rainwater, said COO Bakhtiar Uddin Ahmed. Square Textiles: Brought down consumption from 120–150 litres to about 53 litres per kg, noted Director Sayeed Ahmad Chowdhury, citing reuse, recycling, and rainwater harvesting. Plummy Fashions Ltd: Saves about 40% of total water use via harvesting. Managing Director Fazlul Hoque said with the latest technologies, consumption could fall to as low as 20 litres per kg.

Groundwater depletion remains a pressing issue, with industrial zones seeing levels fall by about three metres annually. While harvested rainwater is often used for non-critical functions like toilet flushing, purified water is still essential for textile processes.

Sustainability expert Ananta Ahmed of 360 Solution Ltd noted that Bangladesh's green factories already save 40% of their water needs. With advanced systems, groundwater use for washing and dyeing could be cut by up to 90%, he said.

Bangladesh has now positioned itself as a global leader in sustainable apparel, hosting 263 LEED-certified green factories, including 111 Platinum- and 133 Gold-rated sites. Remarkably, 68 Bangladeshi factories feature in the world's top 100 LEED-certified plants.

## Vietnam and Bangladesh emerge as key growth engines in global cotton trade

Vietnam and Bangladesh are projected to be the driving forces behind global cotton trade growth over the next decade, as their booming textile industries fuel rising import demand, according to the OECD-FAO Agricultural Outlook 2025–2034. The report forecasts that world cotton trade will grow at an

annual rate of 1.6%, reaching 12.3 million tonnes by 2034.

Vietnam's raw cotton imports are projected to expand at an annual rate of 2.8%, while Bangladesh's will grow by 2.4%. Together, the two nations will be central to sustaining robust global trade flows. China, however, will remain the single largest cotton importer, with steady volumes of about 2.9 million tonnes annually through 2034.

On the export side, Brazil and the United States are expected to dominate, each accounting for around 30% of global cotton shipments. Brazil, which overtook the US as the top exporter in 2023–24, is benefiting from major port and logistics investments. Its exports are forecast to grow at 2.6% annually, reaching 3.6 million tonnes by 2034. The United States will remain a key competitor, also projected to export 3.6 million tonnes by 2034.



Sub-Saharan Africa is projected to supply 14% of world cotton exports by 2034, with shipments growing at 1.1% annually. Over 80% of its cotton output is currently exported, largely to South and Southeast Asia.

However, domestic mill activity is rising in countries like Ethiopia and Benin, supported by FDI, government incentives, and preferential trade schemes such as the EU's Generalised Scheme of Preferences (GSP). This may gradually reposition the region from a raw cotton supplier to a more integrated textile hub in the long term.

With Vietnam and Bangladesh leading demand, and Brazil and the US competing on the supply side, the global cotton trade landscape is set for heightened competition and deeper integration by 2034.

## Apparel race heats up: Bangladesh vs Vietnam

Bangladesh has retained its position as the world's second-largest apparel exporter in 2024, though its growth momentum remains fragile amid rising competition from Vietnam.

According to the latest World Trade Organization (WTO) data, Bangladesh exported apparel worth $38.48 billion, marking a marginal 0.21% growth rate. In contrast, Vietnam surged ahead with $33.94 billion in exports, reflecting a strong 9.34% growth rate that signals its increasing global influence.




The global apparel market itself rebounded sharply post-pandemic, expanding to $557.50 billion in 2024, up 7.08% from 2023. China continued its overwhelming dominance with $165.24 billion in exports, a modest 0.30% growth, securing nearly 29.64% market share. Bangladesh followed with a 6.90% share, while Vietnam closed the gap at 6.09%, highlighting the intensifying rivalry.

Other notable apparel exporters included: Turkey: $17.91 billion; India: $16.36 billion; Cambodia: $9.89 billion; Pakistan: $9.28 billion; Indonesia: $8.73 billion & USA: $7.00 billion. Export growth rates across these countries ranged widely, from a sharp 24.19% rise to a concerning -4.42% decline, underlining the shifting dynamics in global sourcing hubs.

Industry expert Mohiuddin Rubel, former Director of BGMEA and Managing Director of Bangladesh Apparel Exchange, warned that if existing U.S. tariff barriers persist or intensify, Bangladesh's export performance could come under further pressure.

Analysts note that while the global apparel industry is bouncing back from COVID-19 disruptions, geopolitical trade policies, sustainability requirements, and aggressive competitors like Vietnam are reshaping the market.

For Bangladesh to secure its hard-earned standing, the focus must shift toward policy reform, market diversification, product innovation, and stronger trade diplomacy.

## Bangladesh-China sign landmark deal to boost Semiconductor Industry

Bangladesh and China have stepped into a new chapter of technological collaboration with the signing of




a memorandum of understanding (MoU) aimed at strengthening the semiconductor sector.

The agreement was inked in Dhaka on 24 August between the Bangladesh Semiconductor Industry Association (BSIA) and the Hubei Semiconductor Industry Association (HSIA). It lays the groundwork for technology exchange, joint research, workforce development, and investment opportunities to reinforce Bangladesh's position in the global semiconductor value chain.

Under the MoU, both sides will roll out initiatives such as joint R&D projects, engineer training programs, certification courses, trade delegations, and academic partnerships. These efforts are expected to not only foster innovation but also prepare Bangladesh's young talent for future demands in advanced electronics.

Highlighting Wuhan's strengths, HSIA Vice President Professor Wei Liu noted: "Wuhan is home to hundreds of semiconductor companies and over 60 universities with 1.3 million students. Bangladesh also has a vast talent pool, creating opportunities for collaboration in technology transfer and academic exchange."

Liu further revealed that HSIA, representing 500 semiconductor firms, plans to encourage its member companies to explore joint ventures and technology transfer projects in Bangladesh.

Calling the agreement a "milestone", BSIA President MA Jabbar said: "This partnership opens doors for business growth, academic cooperation, and technological progress. It will accelerate Bangladesh's integration into the global semiconductor ecosystem."

The signing ceremony drew attendance from leading academics of BUET and NSU as well as top executives from the local tech industry—marking a strong endorsement from both academia and business communities.

## Sirajganj Industrial Park opens to investors after 14 year majority of plots reserved for China

After more than a decade of delays, cost escalations, and policy revisions, the Sirajganj Industrial Park is finally ready to receive investors. Bangladesh Small and Cottage Industries Corporation (BSCIC) began handing over allotment letters, with 72 entrepreneurs securing industrial plots. Authorities hope the 400-acre park will attract $300–500 million in foreign direct investment (FDI), primarily from China—potentially the largest FDI inflow into any BSCIC estate to date.

Out of the 829 industrial plots, 550 have been earmarked for Chinese investors, pending government approval. This move follows the 2023 amendment that allowed foreign investment in BSCIC estates for the first time. "A draft policy is in place. Once it is approved, we'll begin formal negotiations with China," said GM Rabban, Deputy General Manager of BSCIC in Dhaka. If realised, the proposed Chinese investment could create up to 100,000 jobs, with 80 percent reserved for local workers.

The estate is strategically located along the Jamuna River, with access to river, road, and rail networks. Each industrial plot measures at least 10,000 sq. ft., with larger plots of 20,000 sq. ft. available. The park also includes a 17-acre reservoir, a dumping yard, wide internal roads, and designated space for effluent treatment plants (ETPs). "All investors have agreed to set up ETPs to ensure an environmentally friendly estate," said Sajid Ul Islam, Project Director of the park.




Despite the official handovers, entrepreneurs have raised concerns about incomplete land development. Several plots remain unlevelled, making immediate construction impossible.

"The location and facilities are good, but the land is not ready yet," said Md Abdul Kader, an entrepreneur

planning to set up a flour mill. Investors have scheduled a meeting with park authorities to demand completion of levelling work before they can begin construction.

BSCIC acknowledged that Tk 12 crore worth of land preparation remains unfinished. "The contractor left the job incomplete after the government transition in 2024. If they fail to resume work, we will hire another company," said the project director.

Energy supply is also pending. While gas pipelines have been laid, transmission is still incomplete. According to Paschimanchal Gas Company Ltd (PGCL), one transmission section is operational, while two others are under tender, with full readiness expected by mid-2026. Officials estimate that once all plots are commercially active, the park could generate 200,000 jobs, transforming the local economy of Sirajganj. If foreign investment approvals and infrastructure works are completed within this year, factories are expected to begin operations by early 2026.

## Bangladesh to double rice imports as prices hit record high

Bangladesh is preparing to sharply increase its rice imports as domestic prices surge to unprecedented levels,



according to the latest assessment from the Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture. Imports for the 2025-26 season are forecast at 1.2 million tonnes — double the initial estimate and higher than the 1.1 million tonnes imported in 2024-25.

In July 2025, the average retail price of coarse rice rose to $0.47 per kilogram, up 12% year-on-year. Fine, non-aromatic rice reached $0.65 per kilogram, marking a 13% increase. The FAS report attributed the spike to higher paddy production and milling costs, general inflation, and inefficiencies in the supply chain. With numerous intermediaries involved in the rice trade, costs are passed down to consumers, keeping prices elevated.

In response, authorities have eased restrictions to encourage imports. The National Board of Revenue (NBR) reduced tariffs, allowing private importers to bring in rice at just a 2% advance income tax (AIT) compared to the previous 62.5% duty.

For 2025-26, Bangladesh's rice cultivation area is estimated at 11.7 million hectares, slightly up from 11.4 million hectares in the prior year. Production is expected to reach 37.5 million tonnes, compared with 36.6 million tonnes last season.

Wheat, the country's second most consumed staple, covers only about 10% of domestic demand through local production. The cultivated area has slipped to 290,000 hectares, down from 300,000 hectares a year ago, with output expected to fall slightly to 1.05 million tonnes.

FAS noted that the decline stems from a lack of improved varieties, the spread of wheat blast disease, and farmers opting for more profitable fruits and vegetables during the robi season. To offset the shortfall, Bangladesh is projected to import 6.7 million tonnes of wheat in 2025-26, up from 6.24 million tonnes last year.

"As rice prices remain high, demand for wheat flour is expected to rise further, since wheat is used as a partial substitute," the FAS report highlighted.

## Mongla EPZ secures $8m South Korean investment in camping gear factory

The Mongla Export Processing Zone (EPZ) has attracted a fresh wave of foreign investment, with South Korean company OCF Co. Ltd. set to establish a manufacturing plant worth US$8.06 million.

An agreement was signed on 6 August 2025 at the BEPZA Complex in Dhaka between Md. Ashraful Kabir, Member (Investment Promotion) of BEPZA, and Hyun Gil Kim, Chairman of OCF Co. Ltd. The signing was witnessed by Major General Abul Kalam Mohammad Ziaur Rahman, BSP, ndc, psc, Executive Chairman of BEPZA.

The new facility will produce a wide range of outdoor and lifestyle products, including tents, camping furniture, accessories, trekking poles, ski poles, walking sticks, bed cots, pet furniture, arrows, and various types of bags. Once operational, the factory is expected to create 820 jobs for Bangladeshi nationals.

Welcoming the investment, Major General Ziaur Rahman noted that this marks the company's second project under BEPZA, and

encouraged OCF Co. Ltd. to act as an ambassador in bringing more South Korean investments into Bangladesh's EPZs. He reaffirmed BEPZA's commitment to ensuring a secure and investor-friendly environment.

In his remarks, Hyun Gil Kim thanked BEPZA for its support and expressed confidence that production would begin by next year.

The ceremony was also attended by Md Imtiaz Hossain (Member, Engineering), A N M Foyzul Haque (Member, Finance), Md Tanvir Hossain (Executive Director, Investment Promotion), ASM Anwar Parvez (Executive Director, Public Relations), and senior officials of OCF Co. Ltd.

## Handa Industries boosts investment in Bangladesh textile sector

Hong Kong-based Handa Industries Co has unveiled a major investment plan of USD 250 million in Bangladesh, aiming to strengthen the country's textile and apparel sector while creating 25,000 new jobs.

The announcement was made by Han Chun, Chairman of Handa Industries, during his meeting with Chief Adviser Professor Muhammad Yunus at the State Guest House Jamuna on 29 July. Handa initially pledged USD 150 million at the Bangladesh Investment Summit in April 2025, where it signed an MoU with the authorities. But after further assessments and discussions with government bodies, the company raised its planned investment to USD 250 million.

The revised plan includes establishing three factories — two for garment processing and one knitting and dyeing unit — to be set up in the Mirsarai Economic Zone. "We decided to increase our investment as we got confidence after talks with the officials of government agencies, including BIDA, BEZA and BEPZA," said Han Chun.

He added that Handa would bring state-of-the-art technologies to Bangladesh's garment and textile industries through its projects. Officials confirmed this is among the largest single Chinese investments in Bangladesh's textile sector.

Chief Adviser Professor Muhammad Yunus hailed the initiative, encouraging Handa to lead the way in attracting further Chinese investment. He also emphasized the importance of training local designers to align with global buyers' preferences.

Han Chun presented Yunus with a design of the planned factory at Mirsarai, which the Chief Adviser described as "looking like a beautiful painting." The land lease agreement for the first garment factory, valued at US$ 80 million.

The meeting was attended by top officials, including BIDA executive chairman Chowdhury Ashik Mahmud bin Harun, Principal Secretary Md Siraj Uddin Miah, SDG principal coordinator Lamiya Morshed, BEPZA Executive Chairman Abul Kalam Mohammad Ziaur Rahman, and Handa Industries president Heng Zeli.

## China's Kaixi Group expands in Bangladesh with $40m investment at Bepza EZ

China's Kaixi Group is making another major investment in Bangladesh, committing $40 million to set up a new factory in the Bepza Economic Zone (Bepza EZ), Mirsharai, Chattogram. The facility will produce 18 million pairs of lingerie and undergarments and 20 million pairs of bra foam and bra cups annually, while creating 3,003 new jobs for Bangladeshi workers, according to a Bepza press release.

The agreement was signed at the Bepza Complex in Dhaka between Xiao Hongxi, Chairman of Kaixi Garments Bangladesh Ltd. (a subsidiary of Kaixi Group), and Md Ashraful Kabir, Member for Investment Promotion of Bepza.

Maj Gen Abul Kalam Mohammad Ziaur Rahman, Executive Chairman of Bepza, attended the ceremony and welcomed Kaixi's decision to expand so soon after starting operations. He said the investment reflects growing foreign investor confidence in both Bepza and the Bepza EZ.

While praising Bangladesh as an investment destination, Xiao Hongxi pointed out challenges, particularly the lack of nearby worker housing, which forces the company to transport employees from distant locations and delays work shifts. Still, he reaffirmed Kaixi's long-term commitment to Bangladesh and the EZ.

Kaixi's first Bepza EZ project approved in November 2022 with an investment of $60.85 million, went into commercial production in June 2024, now employing about 3,700 workers. Kaixi also has a factory in Dhaka EPZ, and together its two factories in Bangladesh employ around 6,000 people.

So far, 45 companies have signed agreements to invest over $1 billion in the Bepza EZ, of which four factories are already operational. As the largest project ever undertaken by Bepza, the EZ is seen as a cornerstone for industrial expansion, employment generation, and export growth in Bangladesh.

## Chinese firm to invest $10m in Bepza EZ footwear plant, nearly 2,000 jobs coming

Bangladesh's footwear sector is set for a boost as Chinese shoemaker Dunion Taiyang Sheng Shoes (BD) Co Ltd announced an investment of $10.20 million in the Bepza Economic Zone (Bepza EZ) in Chattogram.

According to Bepza, the company will establish a modern footwear factory capable of producing 2.1 million pairs of shoes annually. The product line will include sandals, flats, high heels, pumps, booties, boots, and sports shoes. The venture is expected to create 1,939 new jobs, offering significant employment opportunities for locals.

The investment agreement was signed on 24 August at the Bepza Complex in Dhaka, by Md Ashraful Kabir, Member (Investment Promotion) of Bepza, and Ye Yary, Chairman of Dunion Taiyang Sheng Shoes (BD) Co Ltd.

Major General Abul Kalam Mohammad Ziaur Rahman, Executive Chairman of Bepza, was present at the signing. He thanked the Chinese company for choosing Bepza EZ as its production hub, reaffirming Bepza's commitment to ensuring a secure, efficient, and investor-friendly environment.

Rahman urged the company to design its factory with future vertical expansion in mind, while also adopting eco-friendly features such as rooftop solar panels and rainwater harvesting systems.

This new investment highlights Bangladesh's growing appeal as a reliable manufacturing destination in the global footwear supply chain, while further strengthening the role of Bepza EZ in attracting international investors.

## Unifa accessories to invest $48.66m in Bepza Economic Zone, create 2,830 jobs

Unifa Accessories (BD) Co Ltd, a China–British Virgin Islands-owned firm, is set to invest $48.66 million in the Bepza Economic Zone (Bepza EZ) at Mirsharai, Chattogram, to establish a large-scale bag and fashion accessories manufacturing plant.

According to a press release, the company aims to produce 28 million pieces of fashion items annually, including bags, belts, caps, hats, scarves, mufflers, eyewear, and eyeglass frames. The project will generate employment for 2,830 Bangladeshi nationals.

The investment agreement was signed at the Bepza Complex in Dhaka between the Bangladesh Export Processing Zones Authority (Bepza) and Unifa Accessories. The signing took place in the presence of Major General Abul Kalam Mohammad Ziaur Rahman, Executive Chairman of Bepza.

The deal was formalized by Md Ashraful Kabir, Member (Investment Promotion) of Bepza, and Qian Danchu, Chairman of Unifa Accessories (BD).

Welcoming the investment, Major General Ziaur Rahman assured the investor of Bepza's full cooperation for smooth business operations. He emphasized that the new project will play a significant role in Bangladesh's socio-economic development, enhancing export earnings and creating skilled jobs.

So far, 42 companies have committed a combined $942.15 million in investment at Bepza EZ, with four projects already in commercial operation.

The signing ceremony was attended by senior Bepza officials, including Md Imtiaz Hossain (Member, Engineering), ANM Foyzul Haque (Member, Finance), Md Tanvir Hossain (Executive Director, Investment Promotion), Md Khorshid Alam (Executive Director, Enterprise Services), and ASM Anwar Parvez (Executive Director, Public Relations), alongside Unifa representatives.

## Chinese firm to set up first Airplane Amenity Bag factory in Bepza Economic Zone with $18.6m investment

The Bangladesh Export Processing Zones Authority (Bepza) has signed a new investment deal with Chinese company KMK Industrial Ltd, which will establish the country's first airplane amenity bag and kit

manufacturing facility inside the Bepza Economic Zone.



According to a Bepza press release issued on 16 September, the project involves an investment of $18.6 million and is expected to generate employment for 1,231 Bangladeshi workers. Bepza officials hailed the agreement as a milestone in expanding the diversity of industries within the authority's industrial enclaves. "This project introduces a unique and diversified product line to our portfolio of industries," the statement noted.

Under the agreement, signed on September 14, KMK Industrial will initially produce airplane amenity bags before expanding into related in-house products such as socks, garments, accessories, cosmetics, and selected electronic items including headphones and USB cables.

At the signing ceremony, Bepza Executive Chairman Major General Abul Kalam Mohammad Ziaur Rahman welcomed the investment, stressing the importance of building local linkages. "We strongly encourage investors to develop in-house production capacity and source materials from domestic enterprises, thereby strengthening both the industrial base and the national economy," he said.

Officials added that the entry of KMK Industrial marks not only a step towards industrial diversification but also a boost to Bangladesh's export-oriented manufacturing capabilities.

## Increased import of electricity from India

Bangladesh is increasingly relying on electricity imports from India and higher output from fuel oil–fired plants as demand for power surges, while gas shortages and coal plant maintenance limit domestic supply, according to industry officials and analysts.

Government data show that power imports, led by supply from Adani Power's coal-based plant in eastern India, rose by 70% in the seven months through July. These imports helped offset reduced output from local gas- and coal-fired facilities.

Natural gas, once the backbone of the country's power mix—supplying nearly two-thirds of demand through 2020—has steadily lost share. Technical bottlenecks in gas-fired plants and outages at coal stations forced the Bangladesh Power Development Board (BPDB) to lean more heavily on imports and fuel oil.

Adeeba Aziz Khan, director of Summit Power, which operates multiple gas and fuel oil plants, said at the APPEC conference that gas shortages and evacuation problems mean a revival of gas-based generation is unlikely anytime soon. "Gas is needed for the fertilizer sector, while cheaper electricity can be sourced elsewhere, including from fuel oil," she explained.



Data show that imports accounted for 15.4% of generation in the January–July period, up from 9.5% a year earlier, while fuel oil's share rose to 12.6% from 11.9%. At the same time, natural gas fell to 43.9% of generation from 46.8%, and coal dropped to 26.2% from 30.1%.

Bangladesh also raised its liquefied natural gas (LNG) imports by 24% in the first seven months of the year, according to Kpler, but gas-fired power generation still slipped by 1.2%.

## Bangladesh's Chip Industry seeks Bida's support to build $1b export hub by 2030

Bangladesh's fledgling semiconductor sector has unveiled an ambitious plan to transform itself into a $1 billion export hub for chips and embedded systems by 2030, calling on the Bangladesh Investment Development Authority (Bida) to take the lead in policy reform, global branding, and incentive facilitation.

The proposals were submitted by the Bangladesh Semiconductor Industry Association (BSIA), which represents 13 companies and nearly 1,000 engineers. Current exports stand at just $8–10 million annually, but industry leaders believe the sector could create up to 10,000 skilled jobs

and diversify the country's export base beyond garments and agriculture.

At the heart of the BSIA's recommendations is a public–private partnership model combining Bida's regulatory reach with the industry's technical expertise. The proposals include: International branding through roadshows in Japan, South Korea, Taiwan, Malaysia, and the US to position Bangladesh as a semiconductor destination; Diaspora engagement, with a dedicated NRB desk at Bida to fast-track knowledge transfer and investment from Bangladeshi engineers working in Silicon Valley, Singapore, and Taipei. Fiscal incentives, including a 25% export bonus, long tax holidays, duty-free imports of equipment, and customs clarity on leased machinery; Dedicated infrastructure, such as high-tech park space for chip design clusters and a semiconductor fund to boost startups.

Perhaps the most significant proposal is the creation of a National Semiconductor Act, which would give investors legal certainty through guaranteed tax breaks, financing schemes, streamlined customs processes, and stronger intellectual property protection.




The BSIA also wants to be recognised as the government's official partner in the sector, with a role in overseeing incentive distribution and policy execution.

The push comes at a time when the global semiconductor market, worth $618 billion in 2023, is projected to exceed $1 trillion by 2030. Regional rivals are already moving fast: Vietnam has landed billion-dollar chip assembly investments, India has announced a $10 billion incentive package, and Malaysia continues to expand design and testing contracts. Industry leaders warn that without swift action, Bangladesh risks missing out on a historic opportunity.

A BSIA delegation led by President MA Jabbar submitted the proposals to Bida Executive Chairman Chowdhury Ashik Mahmud Bin Harun, who pledged to coordinate with relevant ministries to accelerate implementation. He also confirmed that a full-time officer has already been appointed to oversee semiconductor sector initiatives.

"These recommendations will be given serious consideration," Chowdhury assured, urging BSIA leaders to maintain close engagement with Bida as Bangladesh seeks to establish its place in the global chip supply chain.

## Vast majority of coastal families left without support

Although nearly 99% of families in Bangladesh's coastal regions have endured climate-related disasters over the past five years, just 18% have received any form of aid from government or private sources, according to a new study.

The findings come from a survey of 3,200 respondents in Koyra upazila of Khulna, conducted under the project "Rights-Based Model for Sustainable Adaptation and Resilience of Climate Migrants."

The report, launched on 24 July at an event in Dhaka hosted by the Ovibashi Karmi Unnayan Program (OKUP), paints a grim picture of life in disaster-prone areas: 79% of families still live in mud houses; 70% depend on makeshift toilets and 42% remain trapped in long-term debt, often borrowing further to repay older loans

"These recurring disasters are not just destroying homes but pushing people into cycles of poverty and debt," said Urmi Jahan Tonni, Research Manager at OKUP, who presented the study.

The report points to several weaknesses in Bangladesh's social safety net programs, including: Poor identification of eligible families; Complicated application procedures; Corruption and lack of transparency and Weak digital infrastructure, with frequent server outages and technical failures. Such flaws, it notes, prevent timely and fair distribution of assistance to the most vulnerable.

To address the crisis, the study calls for the creation of a demand-driven, adaptive social protection system that can quickly and accurately identify beneficiaries using disaster impact data and household profiling. Speakers at the event also stressed the need for stronger governance, community involvement, and technology-enabled solutions to ensure disaster-hit families are not left behind.

The report underlines that without immediate reforms, millions of coastal families risk deeper impoverishment as the frequency and intensity of climate disasters continue to rise.

# Global/Regional News

## BRICS leaders slam US tariffs, warn against 'Economic Blackmail' and rising protectionism

Leaders of the BRICS group of emerging economies have denounced protectionism and what they described as "tariff blackmail" by the United States, as trade tensions with Washington continue to escalate under President Donald Trump.

The virtual summit was convened at the initiative of Brazilian President Luiz Inacio Lula da Silva, who said the meeting was necessary to confront the "intensification of unilateral measures" harming global trade. The bloc—comprising Brazil, Russia, India, China, and South Africa—represents nearly 40 percent of the world's GDP and almost half of its population.

Lula accused Washington of normalizing tariffs as a tool to interfere in domestic affairs, after the US imposed duties of up to 50 percent on Brazilian goods. Trump has openly linked the penalties to what he called a "witch hunt" against his ally, former Brazilian president Jair Bolsonaro, who is currently on trial for allegedly plotting a coup after his 2022 election defeat.

Chinese President Xi Jinping urged BRICS to defend the multilateral trading system under the World Trade Organization, calling for rejection of "all forms of protectionism." He warned that unilateral tariffs threaten the stability of global supply chains.

India too has been targeted, with Washington imposing up to 50 percent tariffs on Indian imports, accusing New Delhi of indirectly fueling Russia's war in Ukraine by buying its oil. Indian Foreign Minister Subrahmanyam Jaishankar stressed the need for sustainable trade, warning that barriers and restrictions would only hurt the global economy.



Russian President Vladimir Putin, fresh from talks with Xi, Indian Prime Minister Narendra Modi, and North Korea's Kim Jong Un in China, also joined the meeting, criticizing what regional leaders described as America's "bullying behavior."

South Africa, hit with a 30 percent tariff—the steepest in sub-Saharan Africa—echoed the concerns. President Cyril Ramaphosa said unilateral US measures were worsening global protectionism and creating severe hardship for developing economies.

Tensions have escalated since July, when Trump threatened additional export duties on BRICS members after they warned that his trade war was destabilizing the global economy.

In addition to trade, Lula used the summit to criticize a US military build-up in the Caribbean, where Washington has deployed warships and aircraft under the banner of anti-narcotics operations. The move has fueled regional anxiety after US forces blew up a suspected drug-running vessel, killing 11 people and sparking fears in Venezuela of a possible invasion.

"We must remain firm in promoting an open global economy and achieving win-win results through cooperation," Xi told the summit, underscoring the group's call for collective resistance against unilateral US measures.

## US presses ASEAN for 'Fair Trade' as tariffs slow growth

The United States has urged Southeast Asian nations to commit to "fair and balanced trade" as Washington's sweeping tariffs weigh on regional growth and raise concerns over market access.

Speaking in Kuala Lumpur on 24 September, US Trade Representative Jamieson Greer told ASEAN economic ministers that Washington welcomed deeper trade with the 10-member bloc but emphasized that it must be "reciprocal and balanced." His remarks came during a closed-door meeting at the 57th ASEAN Economic Ministers' Meeting, hosted by Malaysia.

The appeal follows US President Donald Trump's decision to impose tariffs of between 10% and 40% on ASEAN exports, aimed at cutting America's trade deficit. The measures are already impacting the region, with S&P Global Ratings forecasting ASEAN's growth to slow to 4.5% in 2025, down 0.4 percentage points from earlier projections.

Despite the tariffs, ASEAN's exports to the US reached US$312 billion in 2024, a 16% increase year-on-year,

underlining the importance of the American market.

Malaysia, this year's ASEAN chair, sought to use the meeting to leverage the US-ASEAN Trade and Investment Framework Agreement (TIFA), signed in 2006, to negotiate better terms. Malaysian Trade Minister Tengku Zafrul Abdul Aziz described the talks as "constructive and productive," noting discussions on cooperation in the digital economy, SMEs, trade facilitation, and intellectual property.

Regional analysts say ASEAN is seeking assurances that Washington remains committed to free trade and regional stability, even as the US pushes the bloc to curb transshipment of Chinese goods — a key plank of Trump's tariff strategy. In return, ASEAN could seek faster customs clearance for exports to the US and stronger investment support in critical sectors such as semiconductors, EV batteries, medical technology, and critical minerals.




According to S&P, regional growth will likely remain below trend in 2026 as tariffs take full effect, though robust electronics demand and accommodative monetary policies may provide some cushion.

Greer's visit is seen as groundwork for Trump's upcoming trip to Kuala Lumpur for the ASEAN summit in October 26-28, 2025, where trade will dominate the agenda. Meanwhile, ASEAN continues to deepen ties through the Regional Comprehensive Economic Partnership (RCEP) — the world's largest trade pact covering about 30% of global GDP — and is exploring new agreements with India, Russia, and other partners to hedge against uncertainty in US trade policy.

## US tariffs hit ASEAN hard: Cambodia, Vietnam, and Thailand bear the brunt

A new report from the United Nations Development Programme (UNDP) warns that recent shifts in US tariff policy are dealing a severe blow to ASEAN economies, with total exports to the United States projected to shrink by nearly 10 percent. Export-driven countries such as Cambodia, Vietnam, and Thailand are expected to suffer the heaviest losses.

Cambodia is identified as the most vulnerable, with exports to the US forecast to fall by almost 24 percent. The country relies on the American market for more than half of its exports, now facing average tariffs close to 19 percent. The UNDP cautions that Cambodia may also face scrutiny as a potential transshipment hub for goods attempting to bypass US duties.

Vietnam is also heavily affected, with exports to the US expected to contract by over 19 percent. Key industries—garments, footwear, and electronics—are being hit with tariffs averaging 20 percent. According to UNDP chief economist Philip Schellekens, Vietnam could lose as much as $25 billion in export revenue in a single year, dragging GDP growth down by about 5 percent. Customs data already reflect the slowdown, with August exports to the US slipping 2 percent.




Thailand faces an estimated 12.7 percent drop in exports to the US, with automobiles, electronics, and food products most affected. While roughly a quarter of Thai exports to the US remain exempt—particularly high-tech electronics crucial to US supply chains—the wider impact is significant. Exports to other markets also shrank by 1.9 percent in August, highlighting the difficulty of offsetting losses.

The UNDP report emphasizes that ASEAN's response should focus on resilience rather than retreat from global trade. Diversification of markets, stronger regional supply chains, and greater use of trade agreements such as RCEP are seen as key strategies. ASEAN economies must also move toward higher-value industries, adopt advanced technologies, and expand digital trade and e-commerce.

Unlocking domestic markets and supporting micro, small, and medium-sized enterprises (MSMEs) will be crucial for stimulating local demand, while investment in workforce upskilling will prepare the region for more technology-driven industries.

The report notes that ASEAN is increasingly building its own integrated supply chain. More than half of intra-ASEAN trade in 2023 consisted of raw materials and components re-exported for final manufacturing, particularly in Malaysia, Thailand, and Brunei. This trend of "forward integration" signals ASEAN's growing shift toward regional interdependence as it braces for global trade turbulence.

## Trump imposes 100% tariff on imported Pharmaceuticals : markets react sharply

US President Donald Trump announced on 25 September that his administration will impose a 100 percent import tariff on all branded and patented pharmaceutical products, in one of his most sweeping trade measures to date.




The tariff, set to take effect on October 1, will effectively double the cost of imported medicines for US buyers and consumers. Trump said exemptions will apply to companies currently constructing or operating pharmaceutical manufacturing plants in the United States, framing the policy as a push to "reshore" production.

The United States imported $158 billion worth of pharmaceutical products in 2023, according to the Observatory of Economic Complexity. Major suppliers included Ireland ($12.3bn), Switzerland ($12.1bn), Germany ($11.6bn), and India ($9.2bn). Vaccines and other biologics were also largely sourced from Europe, with Ireland and Germany accounting for more than 40 percent of imports.

Markets responded swiftly. Shares of major pharmaceutical firms in Europe, Japan, and India fell, with Germany's Bayer down 1.5 percent, Switzerland's Novartis off 1.2 percent, and Japan's Sumitomo Pharma dropping 3.5 percent. India's pharmaceuticals index slid 2 percent, despite most Indian exports being low-cost generics not yet targeted by the tariff.

Industry analysts noted that many Indian firms already operate manufacturing or repackaging units in the US, shielding them from immediate impact. Still, uncertainty looms over whether tariffs could later extend to generic drugs. "Such unpredictability discourages large-scale, long-term investment," said Adam Butlin of the London School of Economics.

The Pharmaceutical Research and Manufacturers of America (PhRMA) warned the tariffs could undermine billions in planned domestic investment. "Every dollar spent on tariffs is a dollar not invested in American manufacturing or new cures," said Alex Schriver, PhRMA's senior vice president.

While US manufacturers may benefit from reduced foreign competition, experts caution the policy could drive up healthcare costs and risk shortages of medicines lacking domestic substitutes.

Trump also announced new tariffs on other goods: 50 percent on kitchen cabinets and vanities, 30 percent on upholstered furniture, and 25 percent on heavy trucks, citing what he described as a "flood" of foreign imports.

The pharmaceutical tariffs, however, stand out as the most consequential—potentially reshaping the world's largest drug market and escalating tensions with key trading partners.

## Trump's tariff war makes 'transshipment' the new flashpoint in global trade

In trade, transshipment simply means moving goods from one vehicle to another en route to their destination. But in Trump's tariff regime, the term is shorthand for fraud or tariff evasion. For instance, products originating in Vietnam now face a 20% duty, but goods re-routed through Vietnam from another country could be hit with 40% charges. This comes after years of Chinese exporters re-routing goods via Mexico, Vietnam, and other hubs to escape tariffs first imposed in 2018.

Determining a product's "true" origin is complex. Simple re-labelling: A Chinese shirt sent to Hanoi, tagged "Made in Vietnam," and exported to the US is fraud. Component-heavy goods: Clothing brands producing in Vietnam but sourcing zippers, cotton, or dyes from China enter a legal grey zone. Examples from US Commerce: Mixed frozen vegetables must retain the origin of each ingredient, but cookies made from imported sugar, dairy, and

nuts count as originating where they are baked.

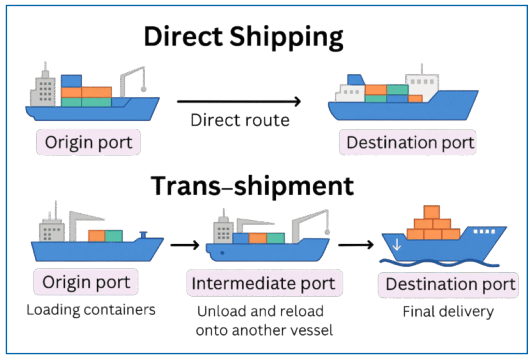
For autos under the USMCA trade deal, at least 70% of steel and aluminum must come from North America to qualify. In some cases, American content thresholds exempt portions of US-origin value from reciprocal tariffs.

The crackdown relies heavily on rules of origin and cooperation with trading partners. Countries like Malaysia, Thailand, and South Korea are tightening oversight to prevent fraudulent re-labelling, partly to protect their own industries from being swamped with cheap Chinese goods.

But enforcement has limits. China remains deeply embedded in Asian supply chains: about 29% of value added in US imports from Cambodia and 19% from Vietnam originates in China, research shows.

Meanwhile, other global players are moving in the opposite direction from Washington: The EU and Indonesia are advancing a free trade deal. China has extended zero-tariff treatment to 53 African countries. The EU and India are set to resume trade pact talks in September.

Trump's approach could see tariffs vary by as much as 40 percentage points depending on origin, with additional levies planned for semiconductors and pharmaceuticals. Though he has floated the idea of eventually setting simpler flat rates of 10%–15% for over 150 countries, dozens of others may still face diverging tariff lines.




For now, as global supply chains adjust and customs officials brace for tougher enforcement, one thing is certain: transshipment is no longer a neutral trade term—it's a frontline issue in the new tariff wars.

## India's garment sector braces for sharp slowdown after US tariff shock

India's readymade garment industry, a major employer and export driver, is expected to see revenue growth fall by nearly half in FY26 following Washington's imposition of a 50% tariff on Indian garment imports, effective August 27, 2025, according to a new report by Crisil Ratings.




The United States is India's largest garment export market, accounting for around one-third of the USD 16 billion exports in FY24. With the steep tariff hike, Crisil projects the US share in India's garment exports could shrink to 20–25% this year, down from 33% last year. "If these tariffs persist, shipments to the US will decline substantially," said Manish Gupta, Deputy Chief Rating Officer at Crisil Ratings.

The analysis, which covers more than 120 rated manufacturers with combined revenues of around ₹45,000 crore, warns of weaker profitability and rising leverage. Revenue growth: To slow to 3–5% in FY26, compared with nearly double that in FY25; Interest coverage: Likely to decline from 3.9 times in FY24 to 3.5–3.7 times; Leverage ratios: Expected to edge up from 2.78 to 3.0–3.1 times.

Companies deriving more than 40% of revenues from the US market will face the steepest pressures, Crisil noted.

Despite export headwinds, domestic demand is projected to remain strong, growing 8–10% in FY26, supported by a stable economy, lower interest rates, and tax concessions. "This resilience will soften the blow from tariffs, though overall growth will be slower than last year," said Gautam Shahi, Director at Crisil Ratings.

While India's garment makers look to tap rising local demand, the US tariff escalation has exposed the industry's export vulnerability, potentially forcing firms to diversify markets and restructure supply chains in the coming years.

## India extends cotton duty waiver amid US tariffs to protect Textile Industry

Just a day after 50% US tariffs on Indian exports came into force, India's Finance Ministry announced an extension of the cotton import duty waiver until December 31, 2025, in a bid to support its struggling textile industry.

The earlier exemption was set to expire on September 30 but was criticized by manufacturers as too short to secure new orders. The extension is aimed at ensuring greater availability of raw cotton and providing relief to exporters under pressure from rising costs and shrinking US market access.

"To augment the availability of cotton for the Indian textile sector, the Central Government had temporarily exempted the import

duty on cotton from 19 August 2025 till 30 September 2025. This has now been extended till December 31, 2025," the Finance Ministry confirmed.

India normally maintains an 11% duty on cotton imports to protect smallholder farmers. Cotton was also among the crops to see one of the steepest MSP (Minimum Support Price) hikes this May, even as production has been declining. Experts caution that the extended waiver could hit farmers during the October–March harvest season when cotton is sold in bulk.

At the same time, industry leaders argue the waiver is essential for exporters already struggling with soaring cotton prices and the US tariff shock.

Sudhir Sekhri, Chairman of the Apparel Export Promotion Council (AEPC), warned Prime Minister Narendra Modi in a letter that the tariffs are causing "huge challenges for merchandise exporters," leading to losses and order cancellations. He stressed the need for alternate markets and urgent government support.

The Global Trade Research Initiative (GTRI) noted that almost all of India's $1.2 billion cotton imports in FY2025 were of staple length 28mm or higher. Under the India–Australia ECTA, 51,000 MT of such cotton already enters duty-free, but "the biggest winner from India's new duty-free window will be the US," GTRI observed.



Meanwhile, India is losing ground in the US textile market. Imports from Vietnam and Bangladesh surged 26.2% and 44.6% respectively in June 2025, while India's own exports grew only 3.3% year-on-year. China's share fell sharply by 41%, showing Washington's ongoing pivot away from Chinese suppliers.

India's cotton-based textile industry remains the backbone of its apparel exports, employing nearly 35 million people and contributing 80% of the country's textile exports. The government has set an ambitious target to more than double textile and apparel exports to $100 billion by 2030.

For now, the cotton duty waiver signals New Delhi's balancing act — protecting its exporters from tariff shocks while trying to cushion domestic farmers from international price competition.

## US doubles tariffs on Indian exports to 50% over Russian oil trade

The United States has imposed steep new trade measures on India, doubling tariffs on a wide range of Indian exports to 50 percent. The move, announced by President Donald Trump, comes in retaliation against New Delhi's continued imports of discounted Russian crude oil, which Washington argues indirectly finances the war in Ukraine.




The new tariffs, which took effect on 27 August, represent a significant escalation and pose a serious challenge for India's economy. The United States is India's largest export destination, accounting for more than $87 billion in exports in 2024. According to Indian government estimates, the new tariff regime will affect more than $48 billion worth of exports, threatening competitiveness, jobs, and growth prospects in the world's fifth-largest economy.

This latest action follows an earlier round of 25 percent tariffs on Indian goods imposed earlier in August as part of the Trump administration's broader trade strategy targeting multiple partners. With the rate now doubled, Indian exporters face some of the highest US duties globally, on par with recent measures against Brazil.

Washington has strongly criticised India's reliance on Russian energy, with more than one-third of India's crude imports sourced from Russia last year. Senior US officials, including Trump's trade adviser Peter Navarro, have argued that India is failing to acknowledge its role in sustaining Moscow's wartime revenues.

In response, New Delhi has denounced the tariff hike as unfair, unjustified, and unreasonable, warning that the new duties could make exports to the US commercially unviable.

The development highlights growing tensions in US-India trade relations and adds new uncertainties to the regional economic outlook.

## Fossil fuels damage human health 'From Womb to Old Age' : Report warns

The dangers of fossil fuels extend far beyond the climate crisis, causing health damage "from cradle to grave," according to a new report by the Global Climate and Health Alliance.

The study, released on 16 September, says the extraction, transport, and burning of coal, oil, and gas are linked to a wide spectrum of illnesses—from miscarriages and premature births to asthma, cancers, strokes, and heart disease. "Fossil fuels are a direct assault on health, harming us at every stage of life, from the womb to old age," said Shweta Narayan, the report's lead author.

Drawing on peer-reviewed research, the report highlights that pregnant women living near coal mines or fracking sites face higher risks of miscarriage and birth complications. Children exposed to fossil fuel pollution suffer from higher rates of asthma and leukemia, while older adults face elevated risks of cardiovascular disease, dementia, and premature death.

The impacts are not confined to air pollution. Transporting fossil fuels brings additional dangers, such as pipeline leaks contaminating water or devastating oil spills. Even after burning, toxic byproducts like mercury, lead, and PFAS "forever chemicals" linger in soil, water, and food systems.



Extreme weather events, intensified by climate change, further compound health risks. Hurricanes can destroy medical infrastructure, while wildfire smoke worsens respiratory conditions. Vulnerable communities in poorer nations often bear the heaviest burden. In India's Korba district, for instance, residents near coal mines battle asthma, bronchitis, tuberculosis, birth defects, and contaminated drinking water, according to local health workers.

"Coal doesn't just generate electricity—it generates suffering," one frontline health worker said.

Former UN Climate Chief Christiana Figueres described the fossil fuel era as one that has "poisoned our air, broken health, and fractured dignity," urging an urgent transition to renewable energy.

The Alliance, representing over 200 organizations and 46 million health professionals worldwide, called on governments to ban fossil fuel lobbying, end subsidies—estimated at $7 trillion in 2022—and halt new coal, oil, and gas projects. Executive Director Jeni Miller likened fossil fuel regulation to tobacco control, insisting governments must act decisively at COP30 in Brazil this November.

## NATO members finally agree for 2% defence spending as alliance eyes ambitious 5% goal

NATO confirmed on 28 August that all 32 member states are on track this year to finally meet the long-standing defence spending target of 2% of GDP, a benchmark first set in 2014. The milestone comes just as the alliance prepares to implement a far more demanding goal under U.S. pressure.



At the June 2024 summit in The Hague, allies agreed to a historic commitment: raising overall security-related spending to 5% of GDP over the next decade. This target was pushed through by U.S. President Donald Trump as a condition for maintaining Washington's backing for NATO. The new figure breaks down into 3.5% for core defence budgets and 1.5% for broader categories like infrastructure and cybersecurity.

NATO's statement said the collective defence budget for 2025 would exceed $1.5 trillion, marking a sharp increase after years of struggle by some members — notably Spain, Belgium, and Italy — to even reach the previous 2% goal. These countries announced rapid budget increases ahead of last year's summit to catch up.

Analysts warn that if meeting the 2% target was already politically and economically tough, reaching 5% will be an even greater challenge for many European states. Still, officials argue that the investment is essential to build capabilities strong enough to deter Russia, amid warnings from Western intelligence that Moscow could test NATO's resolve within three to five years after the war in Ukraine.

The shift also reflects a strategic recalibration by Washington. The

Pentagon is reviewing its global deployments and has signaled it may scale back U.S. forces in Europe to concentrate more on countering China, putting further responsibility on European allies.

Some NATO countries bordering Russia are already moving faster. Poland is projected to lead the alliance in 2025 with defence spending at 4.48% of GDP, and the Baltic states are set to cross 5% within the next few years. By comparison, the United States currently spends 3.22%, though it still accounts for the majority of NATO's budget in absolute terms.

## WHO–UNICEF report: 1 in 4 people globally still lack access to safe drinking water

Despite progress over the past decade, billions of people continue to live without safe drinking water, sanitation, and hygiene (WASH) services, leaving them at risk of disease and deepening inequality, according to a new report launched during World Water Week 2025.

The report, Progress on Household Drinking Water and Sanitation 2000–2024: Special Focus on Inequalities, was published by the WHO/UNICEF Joint Monitoring Programme. It warns that vulnerable groups — including people in low-income countries, fragile contexts, rural areas, children, and minority or indigenous communities — face the greatest disparities.

**Key findings :**

2.1 billion people (1 in 4 globally) still lack safely managed drinking water, with 106 million relying on untreated surface water. 3.4 billion people remain without safely managed sanitation, including 354 million practicing open defecation. 1.7 billion people lack basic hygiene facilities, with 611 million having none at all.

People in least developed countries are twice as likely to lack drinking water and sanitation as those in other nations, and three times as likely to lack hygiene. In fragile states, safely managed drinking water coverage is 38% lower than in stable countries. Rural areas made gains (drinking water coverage rose from 50% to 60% since 2015), but still lag far behind urban areas, where progress has stagnated.



Data from 70 countries shows many women and girls still lack sufficient menstrual hygiene resources. Adolescent girls (15–19) are particularly affected, often missing school or social activities. In most countries, women and girls bear the burden of water collection, with many in sub-Saharan Africa and South Asia spending 30+ minutes daily to fetch water.

Experts stressed that without faster progress, Sustainable Development Goal (SDG) targets for 2030 — ending open defecation and ensuring universal access to basic WASH services — are at risk. "Water, sanitation and hygiene are not privileges, they are basic human rights," said Dr. Ruediger Krech, Director a.i., Environment, Climate Change and Health at WHO. "We must accelerate action, especially for the most marginalized communities."

"When children lack access to safe water, sanitation and hygiene, their health, education and futures are put at risk," added Cecilia Scharp, UNICEF Director of WASH. "Inequalities are especially stark for girls, who face barriers during menstruation and the burden of water collection. At the current pace, safe water and sanitation for every child is slipping further away."

The report underscores that while some progress has been made, universal access to safely managed services remains out of reach. With only five years left before 2030, stakeholders at World Water Week 2025 are being urged to act "faster and more boldly" to close the gaps and protect vulnerable populations worldwide.

## EU presses China for fairer trade at high-stakes Summit

European Commission President Ursula von der Leyen has urged China to take urgent steps to rebalance trade ties with the European Union, warning that the relationship has reached an "inflection point."

Speaking at the 25th EU-China Summit in Beijing on 24 July, von der Leyen said that while Europe welcomes competition, it must be "fair" and not distorted by state subsidies or export restrictions. She pointed to the EU's growing trade deficit with China, which reached nearly $143 billion in the first half of 2025, a 21% increase compared to last year.

"For trade to remain mutually beneficial, it must become more

balanced," von der Leyen stressed, warning that without progress, the EU may be forced to reconsider its current level of market openness.

She identified three key areas of concern : Overcapacity in Chinese industries, where subsidized production exceeds domestic demand and spills over into the EU market; Restricted market access for European businesses operating in China and Export controls on critical raw materials such as rare earths and permanent magnets.

While von der Leyen described the talks as "constructive and pragmatic," tensions remain evident.

Chinese President Xi Jinping, for his part, framed the relationship as "mutually beneficial," stressing that as global geopolitical tensions rise, it is vital for the EU and China to "strengthen communication, enhance mutual trust, and deepen cooperation." Chinese state media reported Xi's call for differences to be "managed properly."

Still, friction is mounting. The EU imposed tariffs on Chinese electric vehicles last year to protect European industry, prompting Beijing to launch anti-dumping probes into European brandy, dairy, and pork. Meanwhile, Brussels accuses China of "enabling Russia's war economy," further complicating relations.




The standoff has spilled into the strategic sector as well. China recently restricted procurement of European-made medical devices and curbed rare-earth exports, actions that forced temporary production halts at European carmakers. Although Beijing has since eased some restrictions, the EU says the episode has left "a deep mark," reinforcing its determination to accelerate "de-risking" from Chinese supply chains.

This year's summit — initially planned for Brussels but shifted to Beijing and shortened to one day — underscored the fragile state of EU-China ties. Analysts note that both sides largely reiterated their positions, with the EU pushing for balanced trade and stronger Chinese efforts to pressure Russia, while Beijing sought relief from EU tariffs and restrictions on Chinese firms.

Despite diplomatic gestures, the underlying gap in expectations remains wide. As von der Leyen made clear, Europe is prepared to keep its markets open — but only if China takes tangible steps toward a fairer, more sustainable trade relationship.

## Shenzhen-Hong Kong-Guangzhou Surpasses Tokyo as World's Top Innovation Hub: UN Report

The Chinese innovation cluster of Shenzhen-Hong Kong-Guangzhou has overtaken Tokyo-Yokohama to claim the top spot in the United Nations' Global Innovation Index 2025, according to the World Intellectual Property Organization (WIPO).




For the first time, WIPO expanded its ranking criteria beyond patents and scientific publications, incorporating venture capital investment activity. The move reshuffled the standings, recognizing how research and technology translate into start-ups, products, and services.

Both Shenzhen-Hong Kong-Guangzhou and Tokyo-Yokohama remain powerhouses, together generating nearly one-fifth of the world's patent applications. But WIPO noted that venture capital has become crucial to identifying clusters that turn science into economic growth.

The updated ranking also saw San Jose-San Francisco climb into third place, overtaking Beijing, Seoul, and Shanghai-Suzhou. Meanwhile, London leapt from 21st to eighth place, and India's Bengaluru surged from 56th to 21st, reflecting a surge in venture funding.

"Innovation clusters form the backbone of strong national innovation ecosystems, helping to anchor and strengthen the journey from ideas to market," said WIPO Director General Daren Tang.

The recalibrated methodology has generally boosted US and Indian clusters, while some East Asian and European clusters slipped back due to weaker venture capital activity compared to the United States.

China, however, maintained its dominance, leading the world for the third straight year with 24 clusters in the top 100, followed by the United States with 22. Clusters with the highest innovation intensity per capita were led by San Jose-San Francisco, followed by Britain's Cambridge.

Top 15 Innovation Clusters, 2025 are : 1. Shenzhen-Hong Kong-Guangzhou (China); 2. Tokyo-Yokohama (Japan); 3. San Jose-San Francisco (United States); 4. Beijing (China); 5. Seoul (South Korea); 6. Shanghai-Suzhou (China); 7. New York City (United States); 8. London (United Kingdom); 9. Boston-Cambridge (United States); 10. Los Angeles (United States); 11. Osaka-Kobe-Kyoto (Japan); 12. Paris (France); 13. Hangzhou (China); 14. San Diego (United States) & 15. Nanjing (China).

## OpenAI and NVIDIA forge $100 billion partnership to deploy 10 GW of AI Infrastructure

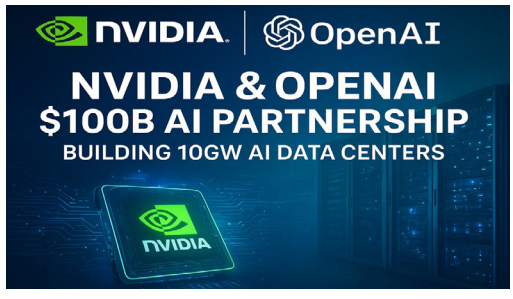
OpenAI and NVIDIA have announced a landmark strategic partnership to build and deploy at least 10 gigawatts of NVIDIA-powered data centers, representing millions of GPUs to support OpenAI's next generation of artificial intelligence infrastructure.

As part of the agreement, NVIDIA plans to invest up to $100 billion in OpenAI, disbursed progressively as each gigawatt of capacity comes online. The first deployment—one gigawatt of systems on NVIDIA's new Vera Rubin platform—is scheduled for the second half of 2026.

The deal underscores a decade-long collaboration between the two companies. "NVIDIA and OpenAI have pushed each other from the first DGX supercomputer to the breakthrough of ChatGPT," said Jensen Huang, NVIDIA's founder and CEO. "This next leap—10 gigawatts of compute—will power the next era of intelligence."

OpenAI executives echoed the sentiment, highlighting compute as the backbone of future economies. "Everything starts with compute," said Sam Altman, OpenAI's cofounder and CEO. "With NVIDIA, we will scale breakthroughs and deliver them to people and businesses worldwide." Greg Brockman, OpenAI's president, added that NVIDIA's systems have been integral since the company's early days, enabling AI used by hundreds of millions of people daily.

Under the partnership, NVIDIA will serve as OpenAI's preferred compute and networking provider. Both companies will align their technology roadmaps—integrating OpenAI's model and infrastructure software with NVIDIA's hardware and system innovations.




This initiative complements OpenAI's existing collaborations with Microsoft, Oracle, SoftBank, and Stargate partners, as part of broader plans to create the world's most advanced AI infrastructure. OpenAI, which now reports over 700 million weekly active users, sees the deal as pivotal in advancing its mission to build artificial general intelligence that benefits humanity.

## OpenAI employees planning to sell $6 billion share

OpenAI's current and former employees are in talks to sell nearly $6 billion worth of shares to investors including SoftBank Group, Thrive Capital, and Dragoneer Investment Group.




The potential secondary share sale would value the ChatGPT maker at around $500 billion, a sharp jump from its previous $300 billion valuation. The development underscores OpenAI's rapid revenue growth and its increasingly pivotal role in the global artificial intelligence race.

Bloomberg News first reported the negotiations, noting they are still at an early stage and the final deal size may change. All three investment firms mentioned are already OpenAI backers. This comes alongside SoftBank's prominent role in OpenAI's recent $40 billion primary funding round.

OpenAI's flagship product ChatGPT continues to drive momentum. Reuters reported earlier this month that OpenAI doubled its revenue in the first seven months of 2025, hitting an annualized run rate of $12 billion and projecting $20 billion by year-end.

The Microsoft-backed company has also seen explosive user growth, with 700 million weekly active users in August—up from 400 million in February 2025. Neither OpenAI nor its major investors immediately commented on the potential stock sale.

## Japan to invest $68 billion in India to strengthening economic and security ties

Japan has pledged a massive $68 billion investment in India, marking a new milestone in bilateral relations as Prime Minister Narendra Modi visited Tokyo on 29 August. The announcement came after high-level talks between Modi and Japanese Prime Minister Shigeru Ishiba, who highlighted India's potential as a key driver of Japan's economic future.

"India's vast market is so full of potential that incorporating its vibrancy will help drive the growth of Japan's economy," Ishiba told reporters.

Under the agreement, Tokyo will channel 10 trillion yen ($68 billion) into Indian projects, focusing on semiconductors, artificial intelligence, and advanced manufacturing. Alongside economic collaboration, both sides committed to enhanced defense cooperation, including expanding joint military drills between Japan's Self-Defense Forces and the Indian Armed Forces.

In a joint statement, the two countries expressed "serious concern" over tensions in the East and South China Seas, underscoring their shared commitment to a "free, open, peaceful and rules-based Indo-Pacific."




Prime Minister Modi echoed this sentiment, calling India and Japan "fully committed to shaping the Asian Century," and presenting India as "the springboard for Japanese businesses to the Global South."

The visit also spotlighted infrastructure cooperation. Modi and Ishiba are set to tour a chip-making facility and a shinkansen bullet train factory, with Japan pledging continued support for India's ambitious plan to build a 7,000-kilometre high-speed rail network by 2047. However, their flagship Mumbai–Ahmedabad high-speed rail project has long been mired in delays and cost overruns.

The talks come at a sensitive moment as both Japan and India face economic strains from new U.S. tariffs imposed by President Donald Trump, while also navigating a shifting regional balance influenced by China's rise.

Following his Tokyo stop, Modi will head to China for the Shanghai Cooperation Organisation (SCO) summit, where he is expected to meet President Xi Jinping and Russian President Vladimir Putin. The meeting will mark Modi's first visit to China since 2018 and comes amid a cautious thaw in Sino-Indian ties after years of rivalry and a deadly border clash in 2020.

## Nvidia hits $4 trillion valuation, first company ever to reach landmark

US chipmaker Nvidia has become the world's first company valued at \$4 trillion, cementing its position at the heart of the global artificial intelligence (AI) boom.




The company's stock rose 2.4% to $164 on 9 July driving it past the milestone and reinforcing investor confidence in the growing demand for AI technologies. Nvidia first crossed the $1 trillion mark in June 2023 and has quadrupled in value in just two years.

Tech analyst Dan Ives of Wedbush Securities called the achievement historic: "They are the only game in town, with their chips the new gold and oil. Nvidia is the foundation of the AI revolution."

Just eight years ago, Nvidia's stock traded at less than 1% of its current value, largely driven by competition with AMD in the graphics card market. Since then, its fortunes have skyrocketed thanks to generative AI models like ChatGPT, which depend on its advanced chips.

The company's shares briefly dipped in April during global market turmoil triggered by President Donald Trump's escalating tariff war, but Nvidia rebounded strongly in the following months to reach this new record.

The company's meteoric rise has elevated the global status of its co-founder and CEO, Jensen Huang. Meta chief Mark Zuckerberg once dubbed him the "Taylor Swift of tech", noting his celebrity-like appeal, especially in Taiwan, where fans greet him as a superstar.

Wall Street's enthusiasm reflects confidence in AI's long-term potential. Nvidia's financial performance underscores this momentum, with the firm reporting $44.1 billion in revenue in Q1, a 69% increase year-on-year, alongside 81 cents per share in profit.

## Plastic pollution costs the world $1.5 trillion annually: Medical Journal study

Plastic pollution causes more than $1.5 trillion in health-related economic damage each year and contributes to disease and death at every stage of life, according to a new review published on 3 August in the medical journal The Lancet. "The world is in a plastic crisis," the authors wrote. "But it is not inevitable." They urge science-based, cost-effective policy interventions, including regulations, enforcement, and financial incentives, similar to those used to combat air pollution and lead exposure.




The findings come just as UN-led negotiations to finalise a global plastics treaty resume in Geneva. Calling plastics a "grave and growing" threat to both human and planetary health, the review warns that plastic production is accelerating.

According to the study, plastic production has skyrocketed from just 2 million metric tonnes in 1950 to 475 million tonnes in 2022 and is projected to reach 1.2 billion tonnes by 2060. Meanwhile, 8 billion tonnes of plastic waste have accumulated in the environment, most of it still lingering in ecosystems due to its resistance to biodegradation. Less than 10 percent of plastic is ever recycled.

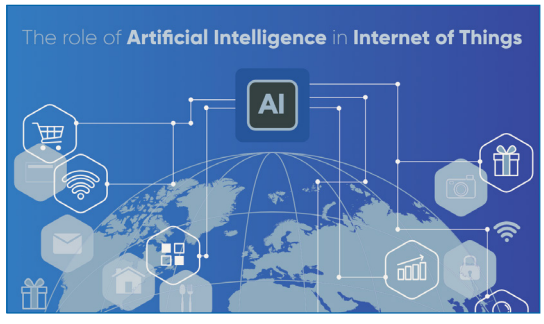
The publication comes as global negotiations resume in Geneva for the second part of the fifth session of the Intergovernmental Negotiating Committee (INC-5.2).

## Malaysia charts ambitious course to become AI Powerhouse

Malaysia has unveiled an ambitious five-year roadmap to position itself as a regional leader in artificial intelligence (AI). The plan, part of the 13th Malaysia Plan, emphasizes strong public-private collaboration and early talent development, while aiming to integrate AI across key sectors including agriculture, finance, healthcare, and manufacturing.

Khalil Nooh, CEO of local language model developer Mesolitica, welcomed the government's commitment but cautioned that access to venture funding remains a bottleneck for domestic innovators. Many AI projects, he noted, still struggle to translate research into large-scale commercial success.

Dr. Azree Nazri, President of the Malaysian Artificial Intelligence Society, stressed the importance of inclusivity—ensuring AI adoption is not limited to urban tech hubs but reaches rural communities, SMEs, and the agricultural sector. He highlighted the need to expand access to cloud computing, AI hardware, and data infrastructure to enable meaningful nationwide participation.




Entrepreneurs such as Tan Han Wei, founder of Sustainable Hrvest, see the strategy as recognition of Malaysia's capacity to drive "Made by Malaysia" solutions. His company develops smart farming technologies, including AI-based pest detection for durian farmers. Tan called for ecosystem support to scale domestic innovations, including policy incentives, pilot programmes, export readiness initiatives, and farmer training.

The roadmap outlines nurturing AI and STEM talent from the primary school level, strengthening intellectual property systems, and supporting industry-specific adoption. By aligning policies, investment facilitation, and regulatory frameworks, Malaysia aims to raise preparedness for an AI-driven economy while reducing dependence on imported systems.

Industry experts agree that the plan's success will hinge on overcoming funding gaps, ensuring workforce readiness, and building confidence in local innovation. If implemented effectively, Malaysia could enhance its global competitiveness and create new avenues for economic resilience in the digital era.

## World's highest bridge opens to traffic in China

The world's highest bridge opened to traffic in China on 28 September, capping an engineering feat three years in the making and snatching the record from another bridge in the same province.

The Huajiang Grand Canyon Bridge towers 625 metres (2,051 feet) above a river and vast gorge in the

country's rugged southern province of Guizhou, also home to the 565-metre Beipanjiang Bridge that is now the world's second highest.



Crowds of onlookers including project engineers and local officials gathered on the bridge for a ceremony to mark the occasion, several expressing their pride and excitement in live interviews to state media.

"The opening of the Huajiang Grand Canyon Bridge reduces travel time between the two sides from two hours to two minutes," Zhang Yin, head of the provincial transport department, said at a press conference on 24 September.

Its opening makes "enormous improvements to regional transportation conditions and (injects) new impetus into regional economic and social development", she said. China has invested heavily in major infrastructure projects in recent decades, a period of rapid economic growth and urbanisation in the country.

The hilly province of Guizhou in particular is crisscrossed by thousands of bridges -- which now include the world's two highest. Nearly half of the world's 100 highest bridges are located in the province.

## Japan will begin importing Ford's F-150 trucks under new US trade deal

US President Donald Trump announced that Japan will start importing Ford's iconic F-150 pickup trucks, even as questions loom over the finer points of a new US–Japan trade accord.

Under the deal unveiled in July, Japanese imports to the United States will face a 15 percent "reciprocal" tariff* reduced from the previously threatened 25 percent, with implementation set to begin 7 August. In exchange, Washington says Tokyo has agreed to ease restrictions on American auto exports, including the acceptance of US vehicle safety standards.

"They're taking our cars. They're taking the very beautiful Ford F-150, which does very well," Trump told CNBC in a phone interview on 5 August. "I'm sure we'll do very well there, and other things that do very well here will also do well there."

While Japanese automakers sell millions of cars annually in the US, American vehicles remain rare in Japan. Ford withdrew from the market nearly a decade ago, with large US models like the F-150, measuring 2.4 metres wide, often seen as too bulky for Japan's narrow roads and incompatible with right-hand driving norms.

Despite Trump's optimism, Tokyo and Washington appear divided over how and when the US will lower tariffs on Japanese cars, which currently stand at 27.5 percent—a long-standing 2.5 percent levy plus the 25 percent tariff Trump imposed earlier. The White House has said these will fall to 15 percent, but it remains unclear if this will be capped at 15 percent overall or added on top of existing rates.




A recent US executive order suggested that the 15 percent ceiling applies only to the European Union, leaving ambiguity over Japan's position. Japan's tariffs envoy Ryosei Akazawa departed on 5 August for Washington on his ninth visit, urging clarity before the new duties come into effect. "I have confirmed with the United States that there are no discrepancies regarding the reciprocal tariff rates, but I want to ensure a thorough response beforehand," he told reporters.

Confusion has also arisen from Trump's assertion that Japan will invest $550 billion in the United States, with America keeping 90 percent of the profits. He compared the arrangement to a baseball player's signing bonus.

Tokyo, however, has clarified that the figure largely involves loans and loan guarantees, not direct investment with profit-sharing terms. As both sides continue negotiations, analysts warn that the agreement remains riddled with uncertainties, even as Trump celebrates the symbolic opening of the Japanese market to Ford's "beautiful" pickup trucks.

## Nagasaki marks 80 years since atomic bombing

For the first time since the atomic bombing, twin cathedral bells rang together in Nagasaki on 9 August,



marking 80 years since the city's devastation in 1945. The solemn sound commemorated one of the darkest moments in human history.

On August 9, 1945, at 11:02 am, just three days after Hiroshima was bombed, the United States dropped an atomic bomb on Nagasaki, killing around 74,000 people instantly and in the aftermath. Combined with Hiroshima's death toll of 140,000, the bombings brought Japan to surrender six days later on August 15, 1945, ending World War II.

At the ceremony, Nagasaki Mayor Shiro Suzuki urged the world to end ongoing wars and prevent nuclear conflict. "Eighty years have passed, and who could have imagined that the world would become like this? A crisis that could threaten humanity's survival, such as nuclear war, looms over us all," he said.

The event included testimonies from survivors, or hibakusha, who still carry the scars of that day. 93-year-old Hiroshi Nishioka, who was only a teenager and just three kilometers from the blast site, shared his harrowing memories of destruction, death, and lifelong trauma.

Historians continue to debate whether the bombings shortened the war and saved lives by avoiding a ground invasion. But for survivors, those arguments mean little compared to the suffering, stigma, and health struggles they endured for decades.

On August 9 bell ringing, following a moment of silence, symbolized both remembrance and a renewed call for peace—reminding the world that the human cost of nuclear war must never be repeated.

## Toyota & Honda face $13 billion tariff blow amid US trade uncertainty

Japanese automakers Toyota and Honda are bracing for a combined tariff hit of more than $12.5 billion this year as the United States imposes new duties on imported vehicles and parts. But shifting rules, unclear timelines, and uncertain trade negotiations are making it difficult for companies to plan their next moves.

Honda reported operating profit of 244 billion yen ($1.65 billion) for April–June 2025, down 50% year-on-year. For the full year ending March 2026, Honda now expects profit of 700 billion yen ($4.76 billion)—still 42% lower than last year—after cutting its estimated tariff impact from 650 billion yen to 450 billion yen.

Toyota reported April–June operating profit of 1.2 trillion yen ($6.8 billion), down 11% from a year earlier, even though sales rose 4% to 11.8 trillion yen. The company revised down its full-year operating profit forecast by 600 billion yen to 3.2 trillion yen, reflecting a new 1.4 trillion yen tariff burden. That's about a 33% drop compared to last year's profit.

The revised forecasts are based on assumptions rather than firm agreements. The US–Japan trade deal—which tentatively lowers auto import tariffs from a threatened 27.5% to 15%—has not yet been finalized in writing. Honda assumes the new rates will apply from September, while Toyota expects them from August.

Both companies are also factoring in a 25% levy on cars imported from Canada and Mexico, where they manufacture many US-bound vehicles. However, these terms could shift again, as US officials have suggested renegotiating the United States–Mexico–Canada Agreement (USMCA).

Honda is weighing options such as expanding production at US plants or outsourcing to Nissan's facilities in America. But this could raise manufacturing costs and add pressure to source more parts locally. Toyota, meanwhile, has avoided announcing price hikes linked to




tariffs. Analysts say automakers are reluctant to move first—raising prices risks losing customers, and could even draw political backlash from Washington.

While the tariffs clearly weigh on profits, investors seem unsurprised—Toyota and Honda shares barely reacted to the announcements, suggesting the market had already priced in the impact. Still, the lack of clarity leaves both companies navigating with "blind spots," as analysts warn forecasts may keep changing as trade negotiations unfold.

## Japan to launch Electric Air Taxis by 2027: ANA and Joby's futuristic leap

Japan is preparing to take a futuristic leap in transportation as All Nippon Airways (ANA) announced plans to roll out electric "air taxis" by 2027 in partnership with US-based Joby Aviation.




The two companies will form a joint venture, aiming to introduce more than 100 five-seater aircraft across Japan. Designed to carry a pilot and four passengers, the aircraft can fly at speeds of up to 320 km/h (200 mph).

ANA officials revealed that initial routes will likely focus on Narita and Haneda airports to central Tokyo, journeys that normally take more than an hour by car or train. With Joby's aircraft, that trip could shrink to just 15 minutes.

Koji Shibata, President and CEO of ANA, called the project a "revolution in air mobility", while Joby founder JoeBen Bevirt described Japan as the "perfect launchpad" for redefining urban transport. The partners plan to make their first public flight demonstration during the Osaka Expo in October 2025. While ticket pricing has not yet been disclosed, ANA said it intends to make the service as affordable as possible.

Joby's aircraft, which can take off like a helicopter and then transition to airplane-style flight, promise minimal noise pollution and zero operating emissions, positioning them as a green alternative to traditional transport.

This development comes amid turbulence in the sector: German company Volocopter recently filed for insolvency, and another rival, Lilium, narrowly avoided collapse. Despite these setbacks, ANA and Joby remain confident that their partnership can place Japan at the forefront of the global flying taxi industry.

## SoftBank to invest $2b in Intel, strengthening U.S. semiconductor push

SoftBank Group Corp. and Intel Corporation on 18 August announced a definitive securities purchase agreement under which SoftBank will invest $2 billion in Intel common stock. The move underscores both companies' growing commitment to advancing semiconductor innovation and expanding manufacturing leadership in the United States.

Masayoshi Son, Chairman & CEO of SoftBank Group, emphasized the strategic value, he said "Semiconductors are the foundation of every industry. For over 50 years, Intel has been a trusted leader in innovation. This investment reflects our confidence that U.S. semiconductor manufacturing will continue to expand, with Intel playing a pivotal role."

Intel CEO Lip-Bu Tan welcomed the deepening ties, he said "We are very pleased to strengthen our relationship with SoftBank, a company at the forefront of emerging technologies. Masa and I have worked closely together for decades, and I appreciate the confidence he has placed in Intel with this investment."

Under the agreement, SoftBank will purchase Intel shares at $23 per share, subject to customary closing conditions, including regulatory approvals. The investment aligns with SoftBank's broader vision of enabling the AI revolution through advanced technologies supporting digital transformation, cloud computing, and next-generation infrastructure. For Intel, the partnership reinforces its mission to drive U.S. leadership in semiconductor design and manufacturing.

SoftBank invests in breakthrough technologies across AI, robotics,




IoT, telecommunications, and clean energy. Its portfolio includes majority ownership in Arm and investments through the SoftBank Vision Funds.

Intel (Nasdaq: INTC) designs and manufactures world-changing technology that powers data, AI, and computing across the cloud, network, and edge.

## Norway launches world's first commercial offshore $CO_2$ storage project in the North Sea

The world's first commercial carbon storage service has begun operations off Norway's coast, marking a milestone in global climate technology. The Northern Lights consortium, led by Equinor, Shell, and TotalEnergies, announced its first successful injection of $CO_2$ into a geological reservoir beneath the North Sea seabed.

"This marks a historic step — we have safely injected and stored the very first $CO_2$ in the reservoir. Our ships, facilities, and wells



are fully operational," said Tim Heijn, Managing Director of Northern Lights.

Captured industrial $CO_2$ from smokestacks across Europe is liquefied, shipped to the Øygarden terminal near Bergen, and stored in massive tanks. From there, it travels through a 68-mile pipeline before being injected 1.6 miles beneath the seabed for permanent storage.

The project's first stored $CO_2$ shipment originated from Heidelberg Materials cement plant in Brevik, Norway — a significant source of industrial emissions.

Carbon capture and storage (CCS) has been endorsed by the UN Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) as a tool for hard-to-decarbonize industries like steel and cement. Northern Lights currently has agreements with Yara (Netherlands), Ørsted (Denmark), and Stockholm Exergi (Sweden).

Initially financed by the Norwegian government, the facility can store 1.7 million tons of $CO_2$ annually, with expansion plans to 5.5 million tons by 2030. While supporters view CCS as essential for reducing emissions, critics highlight its high cost and complexity. Some argue it enables fossil fuel companies to continue polluting while claiming carbon neutrality.

Stanford professor Mark Jacobson criticized direct air capture — another emerging method — as ineffective, calling it a "boondoggle" that distracts from the urgent need to shift entirely to renewable energy. "Fossil-fuel companies push these technologies because they profit from them," Jacobson said. "Instead of betting on expensive fixes, we need to accelerate the transition to clean energy."

## China's record-breaking dam in Tibet : Sparks fears of water conflict with India

Tensions between India and China are escalating over Beijing's construction of the world's largest hydropower dam in Tibet, a project New Delhi fears could slash dry-season water flows into India by as much as 85%, according to a government analysis reviewed by Reuters.

The river in question, originating from Tibet's Angsi Glacier, flows into India as the Siang and Brahmaputra, sustaining over 100 million people across China, India, and Bangladesh. India worries that Beijing's control over this crucial artery could one day be wielded as a strategic weapon.

In response, India is accelerating plans for its own Upper Siang Multipurpose Storage Dam, which would be the country's largest. With a storage capacity of 14 billion cubic meters, the project is designed to stabilize water supplies during the dry season and protect against any sudden, large-scale water release from China's upstream dam. Prime Minister Narendra Modi's office has been holding high-level meetings to fast-track the project.

But the plan faces stiff resistance in Arunachal Pradesh, where the dam would submerge at least 16 villages and directly impact some 10,000 people. Locals from the Adi community, who rely on paddy, citrus, and spice farming, have staged protests, destroyed survey equipment, and vowed to "fight the dam to death."



China began construction of its $170 billion mega-dam in July, situated just before the Yarlung Zangbo river crosses into India. Delhi estimates the project could divert up to 40 billion cubic meters of water annually, a third of normal flows at a key border point.

Beijing insists the project will not harm downstream countries. "Hydropower projects undergo rigorous scientific research on safety and environmental protection," a Chinese foreign ministry spokesperson said, adding that China maintains "long-term communication" with India and Bangladesh on water resources.

India's foreign ministry has already raised the issue with Chinese officials. Meanwhile, the NHPC India's state hydropower firm, is under orders to prepare compensation packages worth more than $3 million in education and infrastructure support for affected villagers. Some communities have begun allowing survey work, but widespread opposition remains.

Experts warn both countries' mega-dams lie in seismically active zones prone to extreme weather, landslides, and glacial lake outburst floods — adding another layer of risk to an already fraught situation.

Even if India's dam goes forward, it will likely take a decade to complete, meaning Beijing's project could be operational years before. That imbalance leaves India exposed to potential upstream maneuvers during construction.

"The Chinese dam is being built in a zone of high seismicity and extreme weather," said Sayanangshu Modak, a scholar of India-China water relations at the University of Arizona. "These conditions heighten concerns about dam safety — and India has every reason to engage Beijing seriously on this issue."

## China's Coal Power commissioning surges to 9-year high in 2025

China commissioned 21 gigawatts (GW) of new coal-fired power capacity in the first half of 2025, the highest level since 2016, according to a report by the Centre for Research on Energy and Clean Air (CREA).



The surge, analysts said, reflects a delayed response to a wave of permits issued during 2022–2023, when authorities greenlit projects amid fears of power shortages and rising coal prices following the pandemic recovery.

If the momentum continues, projections by the China Electricity Council indicate that up to 80GW of coal capacity could be commissioned by the end of the year—making 2025 the largest year for new coal additions in a decade. While approvals for new coal plants dropped slightly to 25GW in the first half of 2025, CREA researchers highlighted a stark contradiction: "Coal's share in power generation has fallen to record lows, yet coal capacity additions are on track for decade highs."

They added that entrenched capacity payments, rigid dispatch practices, long-term contracts, and the absence of a clear retirement pathway continue to lock coal into the grid, even when demand no longer requires it.

China has pledged to phase down coal during 2026–2030, framing it as a backup for renewables. However, the CREA report argues that policy incentives to scale back coal use remain weak, preventing meaningful progress.

Despite the coal build-up, China's renewable energy boom has helped offset emissions. CREA noted that China's $CO_2$ emissions fell by 1% in the first half of 2025**, marking a rare decline for the world's top emitter. The National Energy Administration declined to comment on the report.

## China and India discuss reviving border trade after five-year hiatus

India and China are in discussions to resume cross-border trade of locally produced goods, more than five years after it was suspended. The talks mark another step in a slow but steady effort by the Asian neighbors to ease long-standing tensions.

Both governments have proposed reopening designated trading points along the 3,488-kilometer disputed Himalayan border. Beijing's Foreign Ministry confirmed on 14 August that China is "willing to step up communication and coordination with India," adding that border trade has historically "played an important role in improving the lives of border residents." India's Ministry of External Affairs has yet to comment.

For decades, local trade flourished across three routes, with goods such as spices, carpets, wooden furniture, cattle fodder, pottery, medicinal plants, electric items, and wool exchanged. Though modest in value — just $3.16 million in 2017-18, the last available data — the trade carried symbolic weight as a form of grassroots diplomacy.



The trading points were shut during the COVID-19 pandemic, a period that also saw bilateral relations sour after violent clashes in 2020 left 20 Indian soldiers and at least four Chinese troops dead.

The talks on resuming border commerce come alongside other moves to restore ties: Direct flights between the two countries are expected to restart as early as next month.; China has eased fertilizer export curbs to India.

The rapprochement between Beijing and New Delhi comes as India's trade relations with the United States face strain. U.S. President Donald Trump has imposed a 50% tariff on Indian exports, far higher than duties levied on regional peers, adding pressure on New Delhi to diversify trade ties.

The potential reopening of border trade signals a cautious reset in India-China relations, balancing historic rivalries with practical economic cooperation.

# WTO News

## New WTO-World Bank reports hail progress in advancing Africa's digital trade

The WTO Secretariat and World Bank have successfully completed the pilot phase of their joint project "Digital Trade for Africa" with the publication of digital trade assessments for six African countries — Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria and Rwanda. At an information session on 25 September, the two organizations briefed WTO members on key findings of the assessments and practical tools for broader application of these assessments. Started in 2023, the project aims to help African countries fully harness the benefits of digital trade and strengthen their development prospects.




Ambassador Richard Brown of Jamaica, the facilitator of the WTO Work Programme on E-commerce, moderated the discussion.

In her opening remarks, Deputy Director-General Johanna Hill noted that the "Digital Trade for Africa" (DTA) project has come a long way since the joint World Bank–WTO policy note presented to African officials in July 2023. This note called for creating an enabling regulatory environment for digital trade. She recalled that the project's official launch at the 13th Ministerial Conference in February 2024 initiated full-fledged pilot Digital Trade Reviews in six countries to identify possible policy actions. She emphasized the project's value in fitting into broader WTO discussions on e-commerce: "Delegations have encouraged partnerships with relevant institutions to address the digital divide, including through gap analyses and digital trade readiness assessments. This project demonstrates a concrete example of such partnership."

She further noted that the six assessment reports and a stocktake note presenting key findings and next steps were released during the WTO Public Forum on 17–18 September, helping to build strong momentum for further work. "There has been interest in extending the project to additional countries and other regions. In fact, last week we launched a similar initiative for the Latin America and Caribbean region, in partnership with the World Bank and the Inter-American Development Bank," she added.

Experts from the WTO and World Bank secretariats presented the key findings of the reports.

Antonia Carzaniga of the WTO highlighted digital connectivity foundations, participation in digital trade, and the trade policy framework in the pilot countries. She noted that, despite some remaining gaps, the six African countries' connectivity foundations — notably electricity access, internet coverage, affordability and usage — have improved significantly over the past decade. She also noted that trade in digitally delivered services has also generally been on an upward trajectory.

She underscored the important role of the WTO rulebook, particularly the General Agreement on Trade in Services (GATS), the Information Technology Agreement (ITA), and the Trade Facilitation Agreement (TFA). These agreements, she explained, help guarantee market openness and predictable trading conditions for digital trade–enabling services (e.g. telecommunications, finance, transport), eliminate tariffs on information and communications technology (ICT) goods (e.g. computers, smartphones) and expedite customs procedures, to the particular benefit of digital trade activities that rely on quick delivery. She added that bilateral and regional trade arrangements also play a complementary role in promoting digital trade.

The World Bank's Martin Molinuevo presented the Bank's work on Digital Trade Gap Analysis, which examines the current state of African countries' regulatory practices and identifies gaps relative to good international policy practices. He acknowledged the substantial progress made in areas such as electronic invoicing, e-signatures and e-contracts, while noting weaker frameworks for cross-border data flows and consumer protection.

Both speakers stressed that these analyses are valuable beyond information-sharing: they help members benchmark their trade and regulatory frameworks and connectivity infrastructure against international best practices, while also catalysing broader engagement with government agencies across services sectors.

They drew members' attention to the template developed during the pilot phase, which could be applied in other countries to conduct digital trade assessments.

Participants also heard the World Bank's presentation on its ongoing regional and national activities and projects in support of digital trade in Africa. This includes its support to the African Union Single Digital Market Vision 2030, which supports the development of an integrated digital market in Africa by strengthening cross-border broadband connectivity, data flows, and e-payments. The Bank emphasized that all its projects in Africa prioritize improving digital infrastructure.

Concluding the event, Deputy Director-General Xiangchen Zhang emphasized the WTO's ongoing efforts to provide much-needed technical assistance to African countries in addressing digital gaps. Looking ahead, he said: "We intend to help these pilot countries leverage best practices globally and mobilize donor support for drafting and enforcing relevant laws and regulations. In the next phase of the DTA project, we will work with each pilot country individually to provide a tailor-made technical assistance programme for them." He also emphasized the importance of expanding partnerships with a diverse range of donors and welcomed the prospect of leveraging the experience gained to extend technical assistance to other developing countries.

## AI to boost trade by nearly 40% by 2040 if gaps are bridged: World Trade Report 2025

The 2025 edition of the World Trade Report reveals that, with the right enabling policies, artificial intelligence (AI) could boost the value of cross-border flows of goods and services by nearly 40% by 2040 thanks to productivity gains and lower trade costs. However, the flagship publication by the WTO Secretariat notes that for AI and trade to contribute to inclusive growth — with benefits shared widely — policies need to be in place to bridge the digital divide, invest in workforce skills, and maintain an open and predictable trading environment.

According to the report, AI could lead to significant increases in trade and GDP by 2040, with global trade projected to rise by 34-37% across different scenarios based on different degrees of policy and technological catch-up between low-, middle- and high-income economies. Global GDP could meanwhile see a 12-13% increase across different scenarios. Trade, in turn, can be a powerful enabler of inclusive AI -supported growth by helping economies access AI-enabling goods, such as raw materials, semiconductors and intermediate inputs. The WTO report estimates that global trade in these goods totalled USD 2.3 trillion in 2023.

"AI has vast potential to lower trade costs and boost productivity. However, access to AI technologies and the capacity to participate in digital trade remains highly uneven," WTO Director-General Ngozi Okonjo-Iweala says in her foreword to the report.

"With the right mix of trade, investment and complementary policies, AI can create new growth opportunities in all economies. With the right frameworks, trade can play a central role in making AI work for all. The WTO is committed to supporting this effort," DG Okonjo-Iweala said.

In a scenario in which low- and middle-income economies narrow their digital infrastructure gap with high-income economies by 50% and adopt AI more widely, these economies are projected to see incomes rising by 15% and 14% respectively .

The report also points to the need for open and predictable trade policies, noting that the number of quantitative restrictions applied to AI-related goods has climbed sharply over time, from 130 in 2012 to nearly 500 in 2024, driven by high- and upper middle-income economies. Access to AI-enabling goods remains uneven, with bound tariffs reaching up to 45% in some low-income economies.




Investing in education and training and deploying appropriate labour market policies can help avoid a widening of inequality within economies, the report adds.

The report emphasizes the role of the WTO in helping to deliver inclusive access to AI and its benefits. The organization provides a forum for WTO members to discuss AI-related trade measures, the report notes, highlighting that 80 specific trade concerns raised at the WTO have focused on AI. Dedicated discussions on AI and inclusive trade have also taken place in the context of the Work Programme on E-Commerce.

Additional commitments from members, such as through broader participation in the

WTO's Information Technology Agreement and updated commitments under the General Agreement on Trade in Services, could make AI more inclusive and affordable, the report adds.

The report was launched at the first day of the Public Forum on 17 September. DG Okonjo-Iweala, opening the event, said: "The new report comes amid the worst disruptions the global trading system has experienced in 80 years. Yet amid the risks to trade, growth and development prospects, there are bright spots – and one of them is the potential of artificial intelligence."

DG Okonjo-Iweala added: "The ongoing political backlash against trade has much to do with underinvestment in education, skills, retraining and social safety nets during these past three or four decades of globalization. We cannot afford to repeat this mistake with AI."

Deputy Director-General Johanna Hill and Marc Bacchetta, chief of the quantitative economic research unit, presented key findings of the report.

## First beneficiaries selected under the WEIDE Fund for Women Entrepreneurs

The Women Exporters in the Digital Economy (WEIDE) Fund, launched by the WTO Secretariat and the International Trade Centre (ITC) in 2024, announced on 14 August the first cohort of women-led micro, small and medium enterprises (MSMEs) in Nigeria to benefit from the Fund. They will receive targeted support to boost their digital capabilities, financial readiness and export potential.




The call for applications in Nigeria generated robust interest, with 146 beneficiaries selected from over 67,000 applications received. Selected beneficiaries in the Dominican Republic and Mongolia will be announced shortly, while Jordan is preparing to launch its call for applications.

WTO Director-General Ngozi Okonjo-Iweala said at the announcement event in Abuja: "The goal of the fund is simple, but ambitious: to give women the tools, the knowledge, the networks, and the resources they need to access global value chains, so their businesses are not just surviving, but thriving, on the world stage."

"At the WTO, we found that women who trade internationally earn, on average, 2.8 times more than women who only sell locally," the Director-General added. "That's a game-changer. And if you add the power of digital trade, the opportunities multiply even further."

ITC Executive Director Pamela Coke-Hamilton said in a video message: "We know that running a business is never easy, and that women face even greater barriers than men in everything from access to finance to access to skills training. We know that when it comes to exporting, the road for women-led businesses is even harder — and the digital economy can help as much as it can hurt. We hear you, and we will continue walking alongside you, fighting for a trading system and business environment that finally reflects and empowers all of society."

In each beneficiary country, the selected women-led MSMEs will participate in a two-day programme combining a high-level launch ceremony with in-person technical training and capacity-building. These events will officially kick off their 12-month WEIDE programme.

The WEIDE Fund, made possible through the support of United Arab Emirates, the FIFA World Cup Qatar 2022 Legacy Fund, and Bahrain, is a US$ 50-million fund supporting women-led MSMEs to overcome barriers to trade by improving access to finance, digital skills, international markets and support networks.

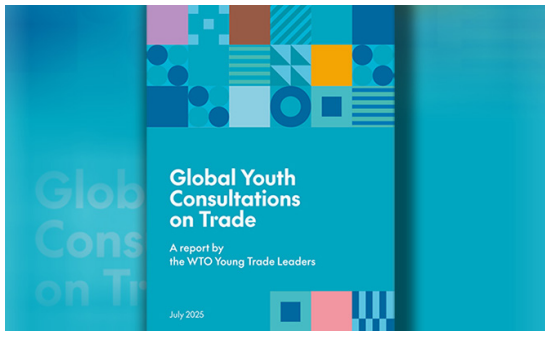
The following four business support organizations will be supporting implementation in the beneficiary countries: ProDominicana, the Jordan Enterprise Development Corporation (JEDCO), the Mongolian National Chamber of Commerce and Industry (MNCCI), and the Nigerian Export Promotion Council (NEPC).

## DG thanks 2024 Young Trade Leaders, group issues report on youth attitudes to trade

Director-General Ngozi Okonjo-Iweala thanked the 2024 cohort of WTO Young Trade Leaders for their outstanding contributions over the past year and said farewell to the group during an online meeting on 14 July. Following the meeting, the group issued a new report based on regional consultations with young people about their attitudes towards trade policy.

The Young Trade Leaders Programme was launched in 2024 to bring young people closer to the work of the WTO. Over the past year, the group have developed their trade expertise, organized a range of activities in their home countries on key trade issues, and highlighted emerging trade priorities for young people.

Recognizing their input, the Director-General urged the outgoing cohort to continue their important engagement at all levels as they further their careers. She also encouraged the group to share their expertise with the new cohort and help build a global network of enthusiastic young trade leaders.




The Global Youth Consultations Report on Trade issued by the group presents the outcomes of a series of regional consultations led by the 2024 WTO Young Trade Leaders, with over 100 young people across six continents articulating their priorities, insights and recommendations for international trade policy.

Despite the varied geographical and socio-economic background of the participants in the consultations, a common narrative emerged in the report: trade can be a tool to address the world's evolving challenges.

## WTO announces new cohort of Young Trade Leaders for 2025

The WTO has announced the candidates selected for the 2025 Young Trade Leaders Programme, an initiative launched last year to foster a better understanding of the WTO's work and international trade among young people. Seven individuals from five continents have been selected to form the second cohort, who will begin immediately for a period of one year.



The Young Trade Leaders Programme was launched in 2024 to bring young people closer to the work of the WTO. By creating a global network of enthusiastic young trade leaders, it aims at promoting a better understanding of the WTO's role in supporting international trade.

The Young Trade Leaders are invited to bring fresh ideas about the role of trade and the WTO, while also having the opportunity to learn about the organization's work and advance its mission.

Following a rigorous selection process, seven candidates were selected from more than 1,200 applications from around the world to form the second cohort of WTO Young Trade Leaders. The selected participants were chosen on the basis of their background and experience, and the strength of their application.

The selected candidates are: Atyia Al-Hammud, Ukraine, bachelor's student in international relations; Paola Flores Carvajal, Bolivia, industrial engineer specializing in supply chain management; Serena Indij da Costa, Brazil, master's student in development and economics; Karo Harutyunyan, Armenia, bachelor's student in economics and political science; Olexa Heshima, Rwanda, consultant and business analyst; Alexandra Kaiss, United States, a senior international trade specialist and Aarushi Shrivastav, India, graduate in trade law.

Participants will have the opportunity to take advantage of training courses organized by the WTO, to benefit from WTO Secretariat advice and mentoring, and to receive support when organizing WTO-related activities in their home countries.



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