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Economic
Intelligence
Bangladesh

A Research Initiative Of
TBS & **dataSense**

WHAT LIES AHEAD



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TBS & **dataSense**

EIB Editorial Team

- Inam Ahmed
- Ananya Raihan
- Sharier Khan
- Titu Datta Gupta
- Shakhawat Liton

Head of Research

- Mohsin Bhuiyan

Research & Analysis Team

- M. Samin Sajid Nahr
- Isra Tasneem
- Munzeleen Sarwar
- Sadiq Mahmood

Web Publication

- Yashab Osama Rahman

Graphics

- Duniya Jahan

Cover Illustration

- Mahtab



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WHAT LIES AHEAD FOR BUSINESSES IN 2025?

Mohsin Bhuiyan &
M. Samin Sajid Nahr



As the year is closing and new year is coming, Economic Intelligence Bangladesh, The Business Standard, in collaboration with DataSense, conducted an insightful survey of business leaders to explore the business outlook for 2025. This survey serves as a foundation for understanding the business landscape of Bangladesh in 2025, offering valuable guidance for navigating the evolving economic environment.

Business leaders shared their expectations for revenue growth and production cost projections in 2025, identified key risks or downsides they foresee, and highlighted opportunities to boost business growth and performance. These insights provide a comprehensive view of the challenges and opportunities that lie ahead,

helping businesses prepare for the year to come. On a positive note, **60% of business leaders are optimistic about revenue growth** in 2025, where 45% of them are expecting moderate growth and 15% projecting high growth. However, 20% foresee stable revenues, while another 20% anticipate a moderate decline, signaling lingering uncertainties in the economy. The outlook for **production costs presents a significant challenge, with 80% of business leaders predicting an increase**. Among them, 50% expect a moderate rise, while 30% brace for a steep hike, underscoring concerns about profitability in the year ahead. The survey findings also revealed that **political uncertainty (75%) and law-and-order instability (70%)** dominate business concerns for 2025,

with **high loan interest burdens (60%)** adding to the pressure.

Despite these challenges, business leaders have identified promising opportunities for progress. **Controlling inflation and implementing banking sector reforms (45% each), fostering strong collaboration between the private sector and the government (40%), increasing foreign exchange reserves (35%),** and the return of Donald Trump as president (35%) are viewed as key drivers of a more favourable business climate.

In essence, the survey reveals cautious optimism among business leaders – balanced by significant risks and opportunities. This dual outlook highlights both the resilience and adaptability required to navigate the complex business environment of 2025.



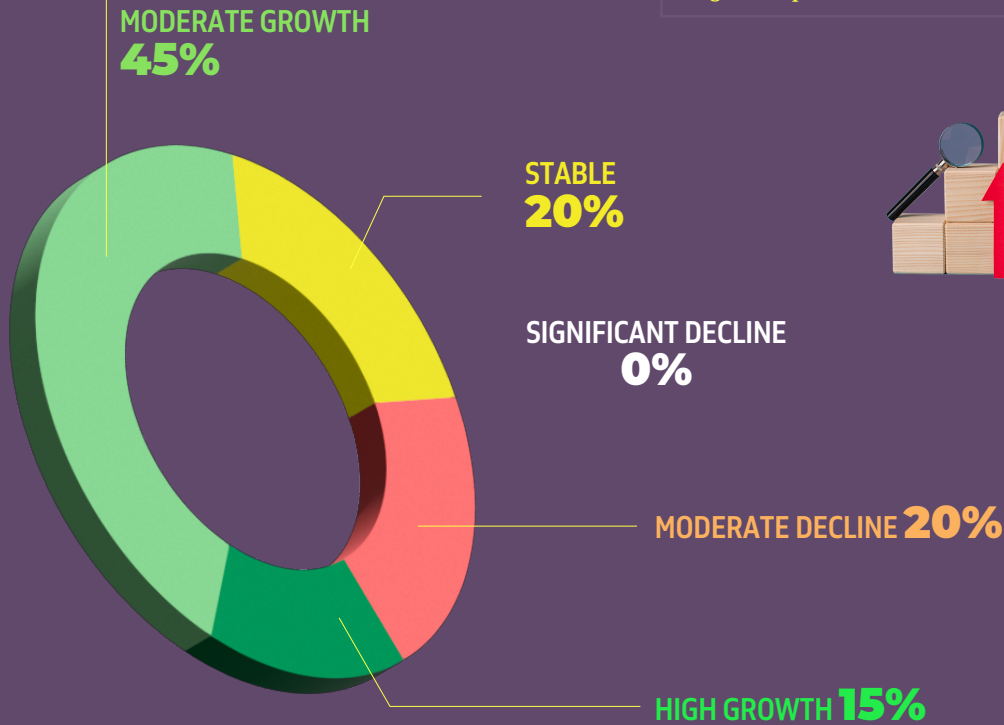
Conducted in December 2024, the survey was carried out before Chief Adviser Prof Muhammad Yunus stated that it may be possible to hold the next national elections at the end of 2025 or the first half of 2026.

The survey presents the perspectives of 20 prominent business leaders from eleven diverse sectors:



What businesses are anticipating about revenue growth for 2025

Figures represent the share of respondents



60%

Of the business leaders are optimistic about their revenue growth in the year ahead 2025

45%

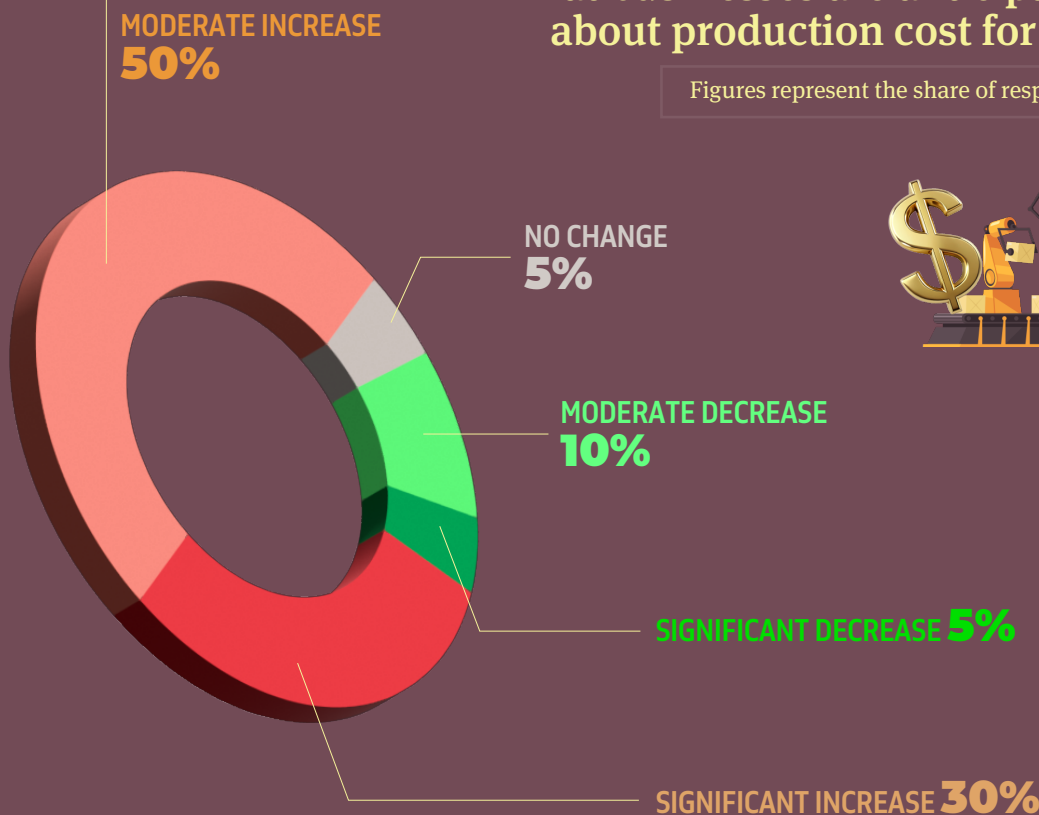
of the surveyed business leaders are hoping for moderate growth, while 15% are optimistic about achieving high revenue growth

Additionally, **20%**

believe their revenue will remain stable. In contrast, another 20% expect a moderate decline in their businesses

What businesses are anticipating about production cost for 2025

Figures represent the share of respondents



80%

Of the business leaders are projecting increase in production cost for next year

Around half (**50%**)

of businesses are projecting a moderate increase in production costs, while 30% anticipate a significant rise

Only **15%**

believe their production costs might decrease, with 5% hoping for a significant reduction

5%

expect unchanged costs

Top risks or downsides for businesses in 2025

Figures represent the share of respondents



Political uncertainty

75%

Instability of law and order

70%

High interest burden from loans

60%

High energy and utility price

45%

Bureaucratic inefficiency

45%

Low consumer demand

40%

Prevalence of corruption and bribery

30%

Labour relations

25%

Problem with LC opening

20%

Unpredictability of raw material supplies

20%

75%

of businesses fear that political uncertainty, along with instability in law and order (70%) will pose the greatest risks in 2025.

Additionally, more than half (60%) of business leaders consider high interest burdens from loans a significant downside for the year ahead. It is followed by high energy and utility prices, and bureaucratic inefficiency at 45% each.

Top opportunities for boosting business growth and performance in 2025

Figures represent the share of respondents



Inflation coming under control

45%

Banking sector reforms

45%

Stronger collaboration between private sector and government

40%

Increased foreign exchange reserves

35%

Return of Donald Trump as US president

35%

New avenues for diversification

30%

Visible decline in corruption and bribery

25%

Enhanced government incentives for exports

20%

Expansion of tax incentives (such as tax holiday for renewables)

15%

Digital tax returns and filings

10%

45%

of businesses view inflation coming under control and banking sector reforms as the greatest opportunity for boosting their business growth and performance in 2025.

Additionally, strong collaboration between private sector and government (40%), increased foreign exchange reserves (35%), and the return of Donald Trump as president (35%) are seen as positive factors for business growth.

KEY TAKEAWAYS FROM THE SURVEY: WHAT INDUSTRIES EXPECT IN 2025

M. Samin Sajid Nahr



Tackle corruption to boost investors' confidence, cut costs

Md. Abdul Jabbar
Managing Director, DBL Group



I believe that for the betterment of Bangladesh's economy, we need to put our best efforts into minimising corruption. This would build investors' confidence in the ease of doing business and encourage them to invest. Confidence in institutions would lead to both local and foreign direct investments (FDIs) and, in turn, help minimize government expenditures. As a result, both public and private institutions would become more accountable and efficient.

The inclusion of technocrats with global exposure in government and autonomous institutions, as well as in ministries, would greatly uplift the system.

Non-performing large corporations with significant bank loans should be nationalised and governed by an autonomous board consisting of seasoned industrialists,

experienced bureaucrats, economists, renowned teachers, and subject matter specialists. This board would implement strategic measures for safeguarding national interests. A clear and realistic 5-year industrial investment plan should be implemented. Both public and private institutions should align with the plan to ensure they can foresee the future.



Genuine businesses should be prioritised, facilitated

R N Paul

Managing Director, RFL Group



Bangladesh's economy largely depends on three sectors. One is local agricultural produce, where I hope production will be good if there are no natural calamities. The other two sectors are exports and remittances from foreign workers. The export growth we are seeing this year is likely to continue in the years ahead. Companies like ours aim to grow in the export sector by 25-30% in the coming year, and we are preparing accordingly. We are venturing into new sectors beyond garments, diversifying into markets like luggage, electronics, and many other avenues. We are also optimistic that wage earners sending foreign currency, which is already easing the dollar crisis, will continue to contribute. I am hopeful this crisis won't persist, and 2025 will be a promising year for us. Regarding political stability, much will depend on how the interim government chooses to move forward. If they remain election-focused and stable, I am confident the economy will not be disrupted. Additionally, the steady recovery of local businesses after the unrest further strengthens my optimism. About the dollar crisis, significant progress has been made to address it. In my view, crises like this can teach us to be more efficient. One positive outcome has been the reduction in less essential import bills and the tight rein on non-essential development projects that were draining dollars. If the focus remains on necessary projects and local manufacturers like us are well-supported, the future looks bright.

On Trump's victory in US election, I see this as a potential advantage for Bangladesh. Businesses in the US are already seeking alternatives to China. Countries

like Vietnam, Cambodia, and Indonesia are poised to benefit from this shift, and I believe Bangladesh can also capitalise on these opportunities.

My foremost suggestion for 2025 is that, regardless of which government is in power, we as businessmen should not let ourselves be influenced by political affiliations. We must focus on our work and collaborate with the government to ensure they facilitate our efforts effectively. A businessman's identity should not be tied to their political preferences. Attempting to leverage political power can backfire. That said, I believe most businessmen love their businesses deeply, and any political affiliations they form are solely for the survival and growth of their enterprises. Our businesses are like our children, and we wouldn't want anything to harm them. I am certain thousands of other businessmen across the country would agree with me.

Finally, I believe genuine businesses, those that repay loans responsibly and genuinely contribute to Bangladesh's economy should be prioritised and facilitated. The interim government, being free from political motivations unlike the previous regime, should remain unbiased and support businesses through a fair and transparent decision-making process.



Frame simple policies, implement those to promote export diversification, investment

Selim H Rahman

Chairman, HATIL, President of the Bangladesh Furniture Industry Owners Association



Export diversification is crucial for the development of various industrial sectors and for building a sustainable economic foundation. Currently, our exports are largely dependent on ready-made garments and a few other items, even though it has been 53 years since Independence. Both the government and private sectors acknowledge and agree that we must diversify our exports. After long efforts, the government has finally decided on and published policies with clear instructions for providing bond facilities against bank guarantees in the Export Policy 2021-24 and 2024-27, Import Policy Order 2021-24, and the National Tariff Policy 2023. However, these policies have yet to be implemented due to the lack of consideration and cooperation from the NBR, which is unfortunate and unexpected for the greater national interest.

Such important government policies should be implemented immediately after they are approved and published.

Otherwise, they will have negative and detrimental impacts, which will severely affect investments, the progress of industrialization, and Foreign Direct Investment (FDI). It will also undermine the spirit of business, hindering our ability to achieve anticipated economic growth.

The specialized bond facilities have helped the ready-made garments sector develop, and we are currently the 3rd largest exporter of garments. According to the National Tariff Policy 2023, the bond facility against a bank guarantee for export diversification is much safer and more secure compared to the current specialized bond facilities, such as the 100% (80% export and 20% local market) model. In this sense, there

are no opportunities for abuse. The government must provide opportunities for partially export-oriented industries in all sectors to diversify. In the near future, these partially export-oriented industries will become fully export-oriented.

To build a sustainable economy, the government must formulate simple and effective policies to encourage export diversification and investment. Immediate steps should be taken to implement the policies that promote diversification, industrialization, and investment in multiple industrial sectors. Otherwise, it will be difficult to achieve sustainable economic growth and strong industrial development.

Vietnam, which became independent after Bangladesh, achieved exports of \$354 billion in 2023, with a target set far higher than this figure, while our target is \$47. This is shameful for us. Immediate action must be taken to create more effective policies and ensure prompt implementation for the sake of diversification and investment. If the government implements the National Tariff Policy 2023 and provides opportunities for diversification and investment in partially export-oriented industries across various sectors, there is great potential to achieve annual export volumes of \$200 billion or more within the next 5 to 10 years.



Tea needs to get proper price to see a turnaround

Kamran Tanvirur Rahman
Chairman, Bangladesh Tea Association



Bangladesh's tea industry market is approximately Tk2000 crore. Nearly 1 lakh 5 thousand people are employed in the tea industry, with 1 lakh 2 thousand workers currently working in 158 tea gardens and 3 thousand employed as clerks. Annual tea production exceeds 10 crore kgs. However, since 2019, the industry has been consistently incurring losses. Covid-19 pandemic, global business crisis, decline in people's purchasing power and increasing price of consumer goods have all been barriers to the tea industry's revival. While product prices in other sectors are increasing, this is not the case in the tea industry. Pricing remains the main and most important issue for tea. Tea is being sold at a lower rate than the production cost per kg. All the tea garden owners are facing losses, and there are significant concerns about

whether the tea industry will be able to revive itself in 2025. The government needs to intervene with proper policies to minimize the losses of garden owners. Tea production is highly reliant on weather. Production increases if there is sufficient rainfall. In 2023, tea production was 10 crore 29 lakh kgs. In the current year, up to October, 7 crore 66 lakh 73 thousand kgs of tea have been produced. The production in 2025 will depend entirely on the weather.



Take steps to cut fuel prices to help aviation industry recover

Mofizur Rahmann
Managing Director, Novoair, Secretary General at AOAB



The Covid pandemic impacted every business, but the aviation sector was hit hardest. While the aviation sectors of most countries were strongly supported by their respective governments, there was a lack of support for this sector in any form in our country. Even then, the aviation sector here started to recover, but a fresh blow came from the Ukraine war. It had a far-reaching impact, causing a huge spike in

fuel prices and the devaluation of the taka against the dollar. Although fuel prices have returned to pre-war levels, they are still very high in Bangladesh. The 5 August regime change through a mass uprising has given us new hope in all sectors, including aviation. We hope the interim government will be able to rein in past corruption in the energy sector, effectively bringing down fuel prices,

which are a key driver of growth in the aviation sector. A form of economic and social stability is expected to return, with expanding business activities, which in turn will drive growth in both domestic and international air travel.



Bank financing crisis, emerging compliance issues remain concerns for 2025

Fazlee Shamim Ehsan

Chief Executive Officer, Fatullah Apparels



The biggest problem we foresee for 2025 is that corruption in our bureaucratic system is still not eradicated. In fact, due to these existing corrupt practices, new problems are arising that previously didn't exist. For example, labour unrest with no specific cause. Moreover, due to the interim government being new and inexperienced, they are dealing with certain international pressures with more emphasis than required, which we typically handle as regular problems. If, in the name of reforms, certain rules and regulations based on international standards are applied to our country, it wouldn't be helpful given

the current economic situation. Another concern is the banking crisis. While gas and electricity problems are easing, banks are largely deficient in funds, which is causing many issues for businesses. These are my main concerns for 2025.



No much worries if supply chain disruptions can be minimised

Shams Mahmud

Managing Director, Shasha Denims Ltd



We are hopeful for the upcoming year, even though we were initially concerned that buyer confidence in Bangladesh would erode. There are still some technical issues. Brands are likely to observe the situation throughout the year before deciding on the future of their relationship with Bangladesh. We feared that the three months of uncertainty would trigger a negative reaction, which did come true initially, but it was mostly due to supply chain disruptions. Once investors saw that it was specific to a certain area, they began placing their orders elsewhere (away from Ashulia) as a precaution. As a result, we no longer need to worry about not receiving orders. As I mentioned earlier, we are hopeful for next year, but Bangladesh Bank has a major role to play in this. The IMF is forecasting inflation to be in single digits by next year. Ahsan H. Mansur, the governor of Bangladesh Bank, has assured us that when the inflation rate settles, interest rates will be adjusted accordingly. He is urging us to be patient, as he is confident things will sort out in 6 months.

One thing we requested was to postpone the loan classification rules as per IMF conditions. The current business landscape still depends on if we can keep everything stable for the first four months. If we are able to do that, the RMG and textiles industries, which help maintain macroeconomic stability, should also stabilize and become positive. With two Eids approaching, we are already in a financial crisis, with many of us barely getting by. If the festival salaries can be disbursed on time, and if no further problems arise in financial

working capital or long-term social or political disruptions (such as violence or blockades) force us to close our industry zones, I don't see any more problems affecting us. However, if these disruptions persist, our biggest challenge will be to comply with the loan classification rule by Bangladesh Bank as per IMF conditions. So, the next 6 months will be crucial for Bangladesh, as the future of the country's business landscape will rely heavily on how we tackle these challenges. But, even amid all this, the positive news is that buyers have not lost confidence in us till now.

Exporting from India require 10% duty which is why many Chinese companies are already preparing in advance to relocate in Bangladesh since Trump being back as US president could impose high tariffs on Chinese goods. It is a huge opportunity for Bangladesh but energy security might come as a concern there.

To sum up, financial stability, law and order, and energy security will be essential factors to maintain in order to ensure our industry runs properly. At present, with the current energy prices and interest rates, it will be difficult to sustain the industry. If these three factors are kept in order, supply chain disruptions should be minimized, eventually bringing down inflation as well.



WHAT BUSINESS LEADERS SAY ABOUT FUTURE AS CA ANNOUNCES ELECTION TIMELINE

According to interviews published in The Business Standard on 16 December 2024

“ Democratically-elected govt can foster good business environment

Mohammad Zaved Akhtar

CEO and managing director of Unilever Bangladesh Limited, President of the FICCI



A democratically-elected government can foster a good business and investment environment in Bangladesh by implementing some of the reforms suggested by the interim government. The FICCI is hoping for noticeable improvements in the policies, processes and systems of the Bangladesh Investment Development Authority, National Board of Revenue and Bangladesh Bank. These changes, we believe, can yield long-term benefits and have a significant impact on creating a positive investment climate in Bangladesh. It will also help businesses gain confidence in long-term investment and trade policies.

“ Will bring much-needed clarity

Abdullah Hil Rakib

Vice-President, Bangladesh Garments Manufacturers and Exporters Association(BGMEA)



This is particularly important for those operating in international markets, as buyers often inquire about political stability. This announcement demonstrates our commitment to a democratic process, which will help build confidence among international partners. Businesses faced numerous questions regarding human rights and governance during past regimes.

“ Will undoubtedly boost business confidence

Mohammed Amirul Haque

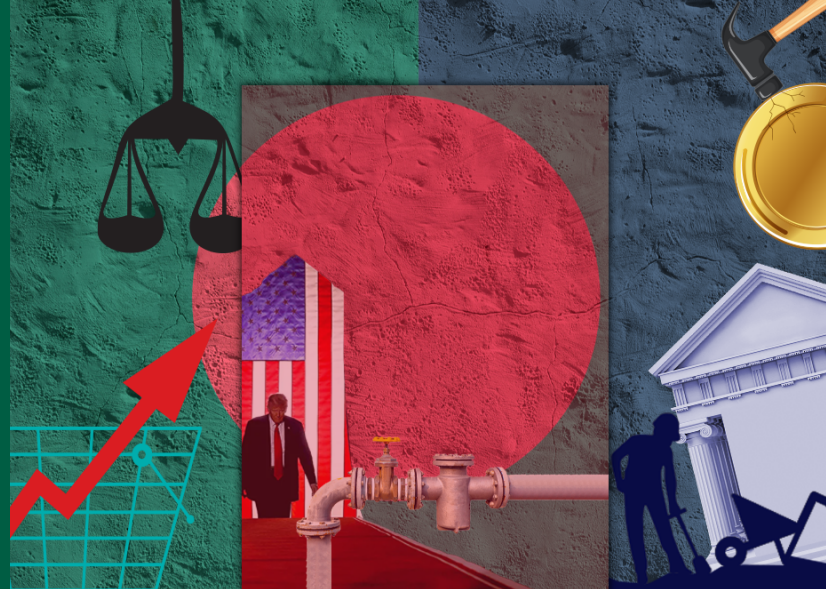
Managing director of Seacom Group and Premier Cement



However, this new development signals a shift toward stability, encouraging global buyers to strengthen their partnerships with Bangladesh. The CA made a prudent announcement which will energise people who are waiting for both reforms and a transition to the rule of elected government. So many business decisions have been halted amid a lack of clear political direction. The clarity will now help accelerate business decisions. The Interim government took charge in an emergent situation, but a political government with people's mandate can do a lot more in boosting business confidence

WHAT TO WATCH IN 2025 FOR BANGLADESH

Titu Datta Gupta & Mohsin Bhuiyan



1



High Inflation

- Inflation surged to 13.8% in November 2024, with prices spiraling by 13.8%, making queues of low-income people longer behind TCB trucks.
- IMF forecast average inflation to stay at 11% level this fiscal.
- The interim government wants it to reduce to 7% by June 2025. But current commodity price trend does not offer much hope.
- Commodity shockwaves in kitchen market, for edible oil, egg, potato, green chili, onion seem to persist.

Labour Issues

Last few months of 2024 were marked by labour protests in industrial zones near Dhaka for wage arrears and higher allowances, and layoffs in some factories mainly in apparel sector.

With wage growth lagging behind inflation for past 34 months, wage and job issues seem to stay in focus.



2

Banking Sector

3



- As the central bank with new governor Ahsan H Mansur at the helm launched stringent monitoring, hidden defaults of the
 - Hasina era started coming to light. Boards of some banks have been restructured.
 - Non-performing loans so far hit Tk2.85 lakh crore and may go up further with new classification rules being effective in April 2025
 - White Paper Committee finds
 - Banking as the most corruption-ravaged sector
 - Ten banks are technically bankrupt and illiquid
 - A taskforce is working on banking sector reforms and IMF is also keeping an eye.
- It is to see what will be the fate of weak banks and how the banking sector will reshape.

Gas Crisis

- The acute gas shortage continues to wreak havoc on industries, which are receiving 30% less gas than their demand
- Gas deficit is about 1 billion cubic feet per day now.
- Tender for offshore gas exploration floated in March this year did not get any bidder though extended deadline ended in early December. Petrobangla had announced its plan in April to float tender for onshore hydrocarbon exploration.
- Developments on those initiatives remain to be seen.



4

5



Election

- As confusion over national election has been cleared largely with Chief Adviser Prof Muhammad Yunus hinting at polls timeline between end of 2025 and mid-2026, political parties are expected to gear up for pre-election activities.
- Businesses welcomed the announcement, hoping it will boost investment confidence.
- Now it is mostly up to political parties and other actors on how they set the stage in 2025 for a stable future for the country's people and economy.

Law and Order

- With the police force still reeling from trust erosion, maintaining law and order remains a key challenge for the interim government
- As police force is yet to become fully functional, instilling a sense of security in public and economic life remains crucial
- Public concerns seem to persist over street crime and potential political unrest



6

7



Reform Commissions

- As various reform commissions are working to submit their reports in the given timeframe, policymakers will be left with the tough task of carrying the recommendations forward.
- With the election clock ticking, pressure will be mounting to set aright the key institutions, mostly destroyed over the 15 years of authoritarian rule.
- Expectations seem to run high on how the interim government delivers on its pledges to reform institutions and how much it leaves for its successors to bring much-needed structural changes for lasting national progress

Job Scopes and Learning Loss

- In every 100 graduates, 13 are without jobs and the future also looks bleak with business activities shrinking
- Learning loss, starting from the pandemic and aggravated further as July-August movement disrupted academic calendars, still persists.
- An education reform commission, though announced, is yet to be formed for improving education in all tiers.



8

9



Treatment Facilities for Critical Diseases

- Amid Indian visa restrictions, the interim government is set to roll out strategic measures to build a sound treatment facilities at home for non-communicable diseases like cancer, heart disease, infertility, and kidney ailments to save on foreign currency spending for treatment abroad.
- What developments take place in this area in the New Year remain to be seen.

Return of Donald Trump

- Speculations are there over impacts on global politics and businesses of the new US administration under Trump as he already spoke about his plans on high tariffs on Mexico, Canada and China.
- His strict stance on immigration, his vows to end Russia-Ukraine war--- all signaling both hopes and despairs in 2025 for Bangladesh as for the world as a whole.

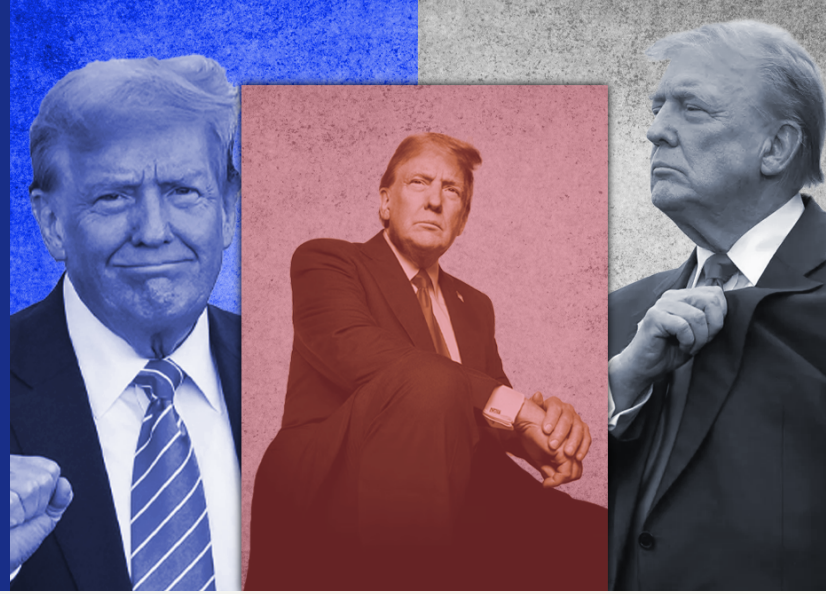


10



A glimpse of HOW TRUMP 2.0 MAY SHAKE-UP THE WORLD ECONOMY

Mohsin Bhuiyan & Isra Tasneem



IMMIGRATION

- Mass deportations of undocumented immigrants
- To use the military for immigration enforcement
- To expand workplace raids as a method of identifying and apprehending undocumented immigrants
- To reinstate the “remain in Mexico” policy and to hire 10,000 new Border Patrol agents
- Ending birthright citizenship and to bring back the travel ban from Muslim-majority countries



TARIFFS AND TRADE

- Trump plans tariffs on Mexico, Canada and China that could cripple trade
- To levy a 25% tariff on all imports from Canada and Mexico until drugs and migrants stopped coming over the border
- To impose a levy of 60% or more on Chinese goods
- To levy tariffs of 10-20% on all goods imported from other countries



VOWS TO END WAR

- He would talk to Putin and Zelensky about bringing the war in Ukraine to an end
- Zelensky should prepare to make deal
- Trump downplays value of territory seized by Russian invasion
- It would take a century to rebuild Ukrainian cities
- He's open to pulling the United States out of NATO



THREATS TO BRICS SINGLE CURRENCY

- Trump warns that if BRICS countries — Brazil, Russia, India, China and South Africa — tried to create their own currency to rival the dollar, he would punish them with 100% tariffs and shut them out of US markets



SET TO SCRAMBLE TRADE ALLIANCES

- The European Union finalized its biggest trade deal to date, signing an agreement with members of Mercosur, a South American trade bloc that includes Argentina, Bolivia, Brazil, Paraguay and Uruguay
- If ratified, the deal will establish one of the largest trade zones in the world, lowering tariffs on cars, machinery and pharmaceuticals that move between the continents.
- This deal could be a sign of how countries will diversify trade relationships as Trump threatens tariffs



CLIMATE AND ENERGY

- Withdraw from the Paris climate agreement
- Open up more areas for oil and gas drilling
- Weaken power plant rules
- Claw back clean energy subsidies
- End climate disclosure rules for corporations
- Lift restrictions on auto emissions

Sources

The Washington Post, The New York Times, Bloomberg, Time, The Economist

WHAT TO WATCH IN 2025 FOR ASIA



South Asia

FTAs: will 2025 set the tone for the future path of India's economic opening?

Progress on debt for South Asian nations

How **India** deals with its increasingly unstable neighbourhood

China (mainland)

Will **policy momentum** towards more stimulus continue?

What comes **after Made in China** 2025?

Looking ahead to the 15th five-year plan

North-east Asia

How will new governments in the US and Japan approach the **issue of Taiwan**?

A more **complicated investment** environment for North Asian firms

Local currencies' reaction to the changing interest-rate environment

Oceania

Diverging prospects? The outlook for the housing markets in Australia and New Zealand

Looming over everything: the relationship between regional **geopolitics and climate change**

Immigration policy & migration trends—crucial to small Pacific island states

South-east Asia

How **trade and environmental** regulations will shape regional supply chains

ASEAN's wider diplomatic outreach and push for new trade agreements

A **new generation of leaders** growing into the role

Sources

The Economist Intelligence Unit