



2026-27

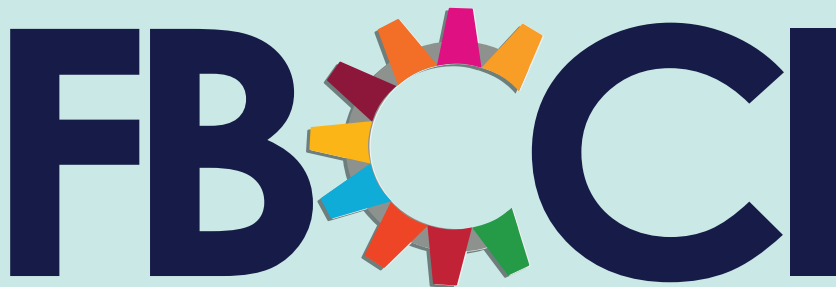


NATIONAL BUDGET

| 'A Defining Fiscal Test'

Budget: 2026-27 (FY)

A Defining Fiscal Test: Aligning National Expectations with the New Government's Budgetary Deliberations



FEDERATION OF BANGLADESH CHAMBERS OF COMMERCE & INDUSTRY

The economic landscape of Bangladesh is undergoing a historic shift, marked by major policy changes and an ambitious drive toward global integration. As the apex trade body, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) is dedicated to guiding and supporting the private sector through this transformative journey. The June edition of our monthly e-bulletin highlights the strategic dialogues, budget reviews, and structural insights shaping the future of our commerce.

This month, we carefully reviewed the proposed national budget for the fiscal year 2026–2027. FBCCI recognizes the profound importance of this new budget, as it represents a critical plan by the newly formed government to restore macroeconomic stability. While the government aims to establish a high-ambition budget framework, FBCCI views it as an implementable pathway to help Bangladesh become a trillion-dollar economy. To ensure its success, we have emphasized the need for transparent revenue administration and balanced government borrowing to keep credit flowing to private businesses. Furthermore, we advocate for vital structural reforms to back this ambition—specifically, curbing unnecessary public expenditure, reviving closed factories

to boost productivity, and significantly scaling up skill development initiatives across the workforce.

As Bangladesh prepares to graduate from the Least Developed Country (LDC) category, our focus must pivot from domestic protectionism toward global competitiveness. This issue features an essential article on the "Post-LDC Survival Kit," which highlights the urgency of rationalizing tariffs, adopting smart subsidies, and aligning our industries with international labor and environmental standards.

We extend our warmest greetings and deepest gratitude to the resilient business community of Bangladesh. Your unwavering enterprise, adaptability, and commitment to sustainable growth form the bedrock of our economic triumph. Together, we shall navigate these shifting tides, converting regulatory challenges into distinct global competitive advantages.

FBCCI's Remarks on the National Budget

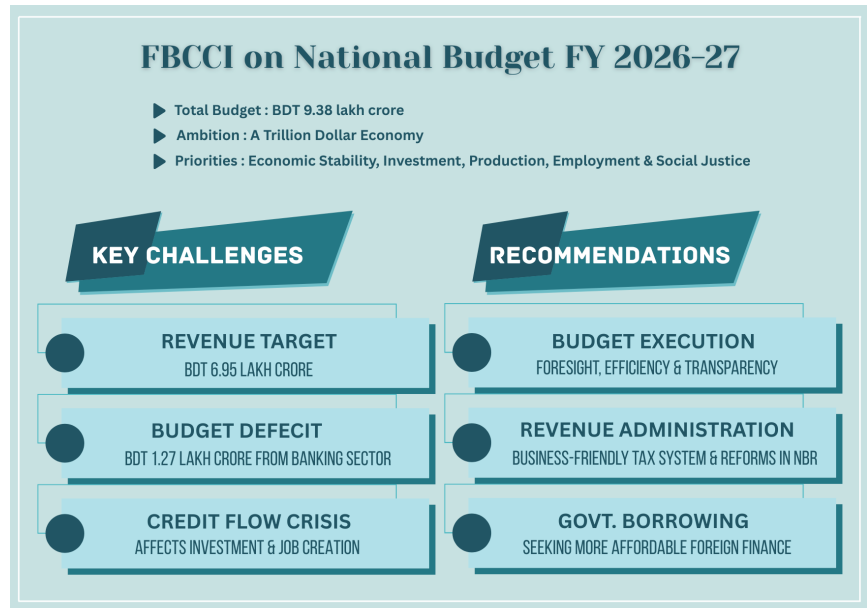
The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the country's apex trade body, has described the proposed national budget of Tk9.38 lakh crore as "large but implementable," while emphasizing the need for foresight, efficiency, and transparency to ensure its successful execution.

In a press release on June 13, the FBCCI conveyed its response to the budget.

In its immediate reaction to the budget, the country's apex business body said that the size of the budget is not unrealistic given Bangladesh's ambition to become a trillion-dollar economy amid a challenging global geopolitical environment.

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The FBCCI congratulated Honorable Prime Minister Tarique Rahman and Finance Minister Amir Khasru Mahmud Chowdhury for prioritizing economic stability, investment, production, and employment in the proposed budget.



FBCCI identified the revenue collection target of Tk6.95 lakh crore as one of the government's biggest challenges. It stressed that achieving this goal would require greater transparency in revenue administration and reforms within the National Board of Revenue (NBR).

The business body also expressed concern over the government's plan to raise Tk1.27 lakh crore from domestic sources to finance the budget deficit. It warned that excessive government borrowing from the banking sector could restrict credit flow to private businesses, potentially affecting investment and job creation. FBCCI suggested that the government seek more affordable financing from foreign sources whenever possible.

On taxation, FBCCI welcomed the increase in tax-free income limits but suggested reducing higher tax rates and lowering corporate and turnover taxes. It appreciated measures to reduce production and living costs, including lower taxes on raw materials and essential goods, and incentives for local industries.

However, it expressed concern over increased VAT on some MS rod products, saying it could affect the construction sector. The organization also supported tax benefits for startups, freelancers and technology-based businesses, as well as incentives for electric vehicles and green energy.

FBCCI's Budget Expert Committee Reviews FY2026-27 National Budget

The Budget Expert Committee of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) convened at its headquarter in Motijheel on June 12, 2026, to review the National Budget for the fiscal year 2026–2027. During the session, committee members meticulously analyzed the core aspects, economic implications, and strategic directions of the newly proposed fiscal plan.



The meeting was attended by Budget Expert Committee members Mr. Abdul Wahed, Mr. Giasuddin Chowdhury (Khokon), and Mr. Zakir Hossain (Nayan) alongside FBCCI Secretary General Mr. Md. Alamgir, Senior Additional Secretary General

Mr. Shah Md. Abdul Khaleque, Additional Secretary General Mr. Md. Mamunur Rahman, and FBCCI General Body member Mr. Jakir Hossain. Another key member of the committee, Mr. Snehashish Barua, contributed to the discussions by joining the session virtually.

Halal Industry: The New Frontier for Bangladesh-Indonesia Trade



A high-level meeting was held between the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and a visiting Indonesian business delegation on June 8, 2026, at the FBCCI office in Motijheel, Dhaka.

H.E. Ms. Listyowati, Ambassador Extraordinary and Plenipotentiary Indonesia to Bangladesh, led the delegation. During the session, the immense bilateral trade potential in the halal sector between Bangladesh and Indonesia, expanding significantly beyond conventional commerce, was highlighted.

It was emphasized by the Ambassador that the scope of halal products encompasses not only meat or food items but also extends globally to processed food, modest fashion items,

pharmaceuticals, medical equipment, healthcare services, digital technology, and Islamic finance.

To harness this growing ecosystem, Bangladeshi business leaders were cordially invited by the Indonesian envoy to participate in the upcoming "D-8 Halal Expo 2026," scheduled to take place from July 8 to 12 in Jakarta, Indonesia.

Full administrative and diplomatic support was assured by the Indonesian Embassy in Dhaka to facilitate a high-level Bangladeshi trade delegation for the expo.

A comprehensive keynote presentation on the D-8 Halal Expo was delivered by Mr. Putu Rahwidhiyasa, Director General of the National Committee for Islamic Economy and Finance (KNEKS), Indonesia. It was reported by him that Indonesia currently ranks 6th globally in the Halal Economy Trade & Investment Index, securing the 4th position in halal food and the 6th in modest fashion.

He noted that Indonesia is actively developing a robust 'Halal Value Chain' that could be mutually leveraged to bolster bilateral trade between Bangladesh and Indonesia.

Global market data presented during the meeting indicated that halal food remains the largest economic contributor, with expenditures in OIC countries reaching USD 1.23 trillion in 2023, followed by the halal apparel sector at USD 277.9 billion.

The significance of the expo was echoed by Mr. Mohammad Riyadh Ali, President of the Indonesia-Bangladesh Chamber of Commerce and Industry (IBCCI), who stated that the event offers Bangladesh an excellent opportunity to learn from international practices and enhance its domestic halal certification frameworks.

Earlier, the delegation was warmly welcomed by the Secretary General of FBCCI, Mr. Md. Alamgir. While acknowledging the current trade imbalance where Bangladesh remains behind, international platform would diversify the commercial partnership between the two nations. A firm commitment was expressed by the FBCCI Secretary General to proactively coordinate and ensure a robust participation of Bangladeshi businesses at the D-8 Halal Expo 2026.

The meeting was attended by former FBCCI directors, leaders from different chambers and associations, FBCCI general body members, and representatives from government agencies.

The Post-LDC Survival Kit: Modernizing Tariffs and Streamlining Compliances in Domestic Industries

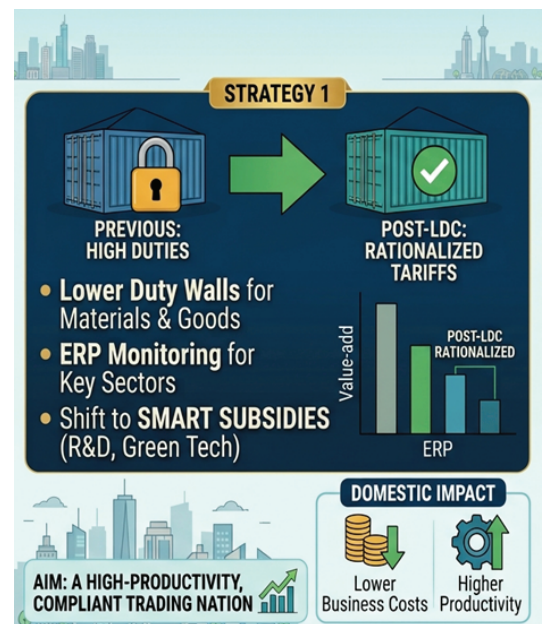
As Bangladesh navigates its critical transition toward graduating from the Least Developed Country (LDC) category, our economic landscape demands a profound structural realignment. For decades, our industrial growth has been anchored by a protective tariff regime designed to foster infant industries and generate state revenue. However, the rapidly approaching post-LDC era leaves no room for policy inertia. We face a multi-faceted challenge: we must reduce traditional trade barriers to comply with global standards while concurrently implementing robust defense mechanisms and upgrading our domestic regulatory aligned with international practices, environmental, and labor systems for complying ILO convention.

As the apex trade body, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) believes that the business community must transition from passive beneficiaries of protectionism to active architects of a modern, agile, and globally compliant trade framework to grab the 7 billion consumer market globally.

The current tariff structure of Bangladesh leans heavily on high import tariffs, supplementary duties, and regulatory duties. Though this strategy successfully protected local manufacturers, but it involuntarily created an anti-export bias by making the domestic market highly lucrative. This landscape unintentionally discouraged local industries from both product and market diversifying, tying our macroeconomic stability almost entirely with selected sectors like Ready-Made Garments (RMG). To correct this distortion, Bangladesh must pursue a deliberate strategy of trade liberalization through tariff rationalization, flattening tariff peaks, and systematically lowering duty walls on basic raw materials and capital goods. A balanced structure will lower the cost of doing business, eliminate export bias, and ensure local manufacturers can compete effectively both at home and abroad.

However, lowering traditional border tariffs does not mean abandoning domestic enterprise; it means trading blunt instruments for precise, internationally recognized

legal safeguards. To maintain a fair playing field, Bangladesh should monitor the Effective Rate of Protection (ERP), measuring the actual protection given to the value-added component of a local industry by looking at tariffs on both the finished product and its imported inputs. As nominal tariffs drop, policies must ensure that the ERP remains favorable to high-potential local sectors through a comprehensive domestic support system



backed by tailored fiscal policies and infrastructure development. Under World Trade Organization (WTO) rules, traditional direct cash subsidies tied to export performance will face strict limitations. Therefore, our domestic support system must pivot toward smart subsidies, such as investments in research and development, green technology adoption, and technical skill upgrades. When facing unfair trade practices like foreign dumping or heavily

subsidized imports, our defense mechanisms should be legally airtight and analytically rigorous. Bangladesh must institutionalize a world-class

our industries with global compliances, particularly International Labour Organization (ILO) conventions, is no longer a matter of ethical choice but a core prerequisite for market survival. Securing trade preferences in major jurisdictions like the European Union through frameworks such as the GSP Plus requires full adherence to labor right protection, including safe working conditions, fair wages, freedom of association, and the elimination of workplace discrimination. Elevating our factories to meet these international labor standards shields our domestic industries from punitive trade actions and enhances our reputation as a trusted trading partner.



STRATEGY 2

- Identify **FOREIGN STATE SUBSIDIES**
- Calculate precise **CVD MARGINS**
- Use **SAFEGUARD MEASURES** for Import Surges
- Strengthen Bangladesh Trade and Tariff Commission

KEY COMPLIANCES & BUSINESS ROLE

- Master **COMPLIANCES & NTMs** (Testing & ILO seals)
- BUSINESS COMMUNITY:**
 - Active Architects
 - Automate, Upskill, Collect Data

LEGAL ACTION

- Anti-Dumping Action
- International Arbitration

BUILDING A MODERN, AGILE, AND COMPETITIVE TRADE FRAMEWORK

AIM: A COMPLIANT & RESILIENT TRADING NATION

subsidy investigation process managed by a highly capable Bangladesh Trade and Tariff Commission.

Beyond duties and taxes, the future of industrial protection lies in the masterful execution of Non-Tariff Measures (NTMs), specifically Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) agreements. Bangladesh should upgrade its national standards, laboratory testing facilities, and certification bodies to match international benchmarks. By enforcing strict quality, safety, and environmental standards on imports, we naturally protect our consumers from substandard foreign goods while simultaneously elevating the quality of our local manufacturing base. Furthermore, our regulatory bodies must aggressively pursue regulatory cooperation and Mutual Recognition Agreements with major trading blocs to reduce border friction and integrate our industries smoothly into global value chains.

Crucially, the post-LDC marketplace judges a nation not just by the cost of its products, but by the integrity of its production processes. Aligning

Simultaneously, the global push toward industrial decarbonization presents a looming challenge that our domestic manufacturers have to confront actively. With mechanisms like the European Union's Carbon Border Adjustment Mechanism (CBAM) taking effect, high-carbon manufacturing will face steep financial penalties at international borders. To prepare for this reality, our domestic industries must accelerate the adoption of clean energy, implement energy-efficient technologies, and establish transparent carbon accounting frameworks. Decarbonizing our supply chains transforms environmental compliance into a distinct competitive advantage, ensuring that Bangladeshi products remain attractive to eco-conscious global buyers and resilient against foreign carbon taxes.

The true linchpin of this entire transition remains the business community itself. Protection can no longer be viewed as a permanent safety net. Instead, it should be treated as a temporary platform for capacity building. The private sector must proactively embrace automated supply chains, invest heavily in workforce upskilling, and institutionalize compliant, sustainable, and socially responsible manufacturing practices.

Industries can no longer rely solely on the state to diagnose market distortions or implement compliance benchmarks. The business community have to develop its own internal analytical capabilities to detect unfair trade practices early, collect granular market data, track environmental footprints, and present legally sound, evidence-based briefs to the government to initiate anti-dumping or safeguard investigations.

In this transformative journey, FBCCI stands ready to act as the primary facilitator, institutional bridge, and strategic advocate for the private sector. To prepare our industries for a rationalized tariff regime and rigorous

compliance landscapes, FBCCI may establish a specialized Trade Policy and Remedy Desk to advocacy with the relevant authority on behalf of private sector. This unit will be dedicated to training sector leaders, trade associations, and chamber members on the complex mechanics of WTO agreements, ILO conventions, decarbonization strategies, and trade remedy operations. FBCCI can actively collaborate with government bodies, including the Ministry of Commerce and the National Board of Revenue, to ensure that the private sector's voice directly shapes national policies. By organizing public-private dialogues, conducting sectoral impact assessments, and fostering international regulatory cooperation, FBCCI can lead the charge in transitioning Bangladesh from a tariff-dependent economy to a highly compliant, resilient, and high-productivity trading nation.

Written by -Ms. Jakia Tasnim Purba
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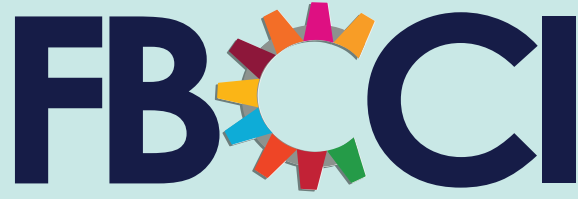
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