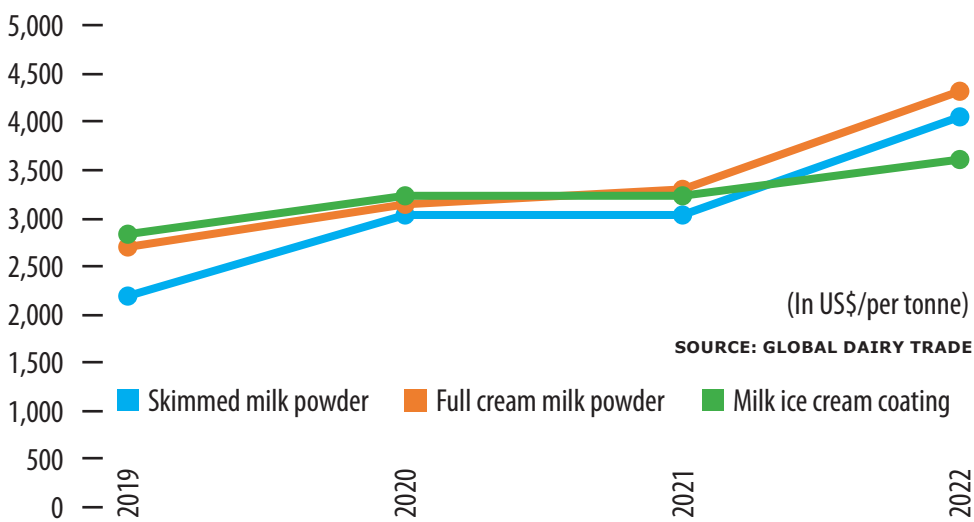


Prices of Ice cream raw materials



MAJOR ICE CREAM PRODUCERS



Domestic demand
6cr litres per year

Market size
Tk 1,410cr in 2021

DUTY ON RAW MATERIALS

37pc on skimmed
milk powder

37pc on full
cream milk powder

127pc on milk ice
cream coating

Ice cream makers pass tough times despite higher sales

AHSAN HABIB

Local ice cream producers are going through tough times in spite of logging higher sales in 2021 as they are having to bear higher prices of raw materials amidst the coronavirus pandemic.

The higher prices of raw materials and a lower profit margin have prompted them to decide upon seeking tax benefits from the government.

It is not an isolated incident. Just a week ago, dairy prices jumped at a global auction, touching a fresh eight-year high, giving further rise to apprehensions for the ice cream makers.

The Global Dairy Trade price index rose 4.1 per cent to 1,455, its highest level since February 2014.

Raw material prices of ice cream climbed in the last three years, especially during the global supply chain disruption during the pandemic, said Shamim Ahmed, chief operating officer of Igloo, the country's top-selling ice cream brand.

"For the surge in raw material prices, our costs soared by around 36 per cent compared to that of 2019," he said.

"We have decided to transfer some burden on to the consumers by raising ice cream price and we would bear some.

To mitigate the burden, government support is needed."

Bangladesh is going to turn into a developed nation, so the cold chain industry should become more sustainable but it is a challenging business, he said, adding that the government needs to provide incentives to the sector.

"Moreover, we are urging the government to remove a 5 per cent supplementary duty imposed on ice cream sales," Ahmed added.

The main raw materials of ice cream are skimmed and full cream milk powder, ice cream coating and sugar.

The price of skimmed milk powder soared 84 per cent to \$4,051 per tonne in 2022 compared to that in 2019, according to Global Dairy Trade.

During the same period, the price of full cream milk powder surged 60 per cent to \$4,324 per tonne.

Ice cream coating price also rose 27 per cent to \$3,600 per tonne, according to Taufika Foods and Lovello Ice-cream Company.

The price of sugar rose 37 per cent to Tk 74 per kg, according to the Trading Corporation of Bangladesh.

Dato' Md Ekramul Haque, managing director of Taufika Foods and Lovello

Ice-cream Company, acknowledged the scenario.

The industry faced a serious impact when the pandemic hit due to the rumours that eating ice cream raises the risks of catching the virus, he said.

"Last year, our sales boomed. However, the profit margin fell due to the higher raw material prices," he said.

The sales of ice cream came down to Tk 730 crore in 2020, which was around Tk 1,240 crore in 2019. This was driven by apprehensions of the delicious food turning people more susceptible to being infected with Covid-19.

On the back of awareness campaigns clarifying that consuming sweetened frozen foods does not increase the risk of contracting the virus, sales rose last year to around Tk 1,410 crore in 2021, according to market insiders.

"We can raise the prices of ice cream to adjust the higher prices of raw materials but it might impact our business," Haque said.

"If the government provides a rebate on the import duty of raw materials, we will be able to continue our business. Then, it will be better for consumers and us," he said, adding that the duty was very high.

The government imposed a 5 per

cent supplementary duty on sales which producers see as a big amount.

"We will inform the government soon on these. If we can do good business, the government will be able to get higher revenue through VAT and other taxes," Haque added.

Key ingredients needed to produce ice cream come from agricultural commodities and they go through ups and downs, said a top official of Polar Ice Cream.

Some of these ingredients also see unpredictable swings in demand and supply.

"For example, milk prices are running high for quite some time now. We are taking the hit as an unavoidable part of our activities.

However, if this continues, we will not have much choice but to address it as an industry," he said.

Seven brands of ice cream, namely Igloo, Polar, Lovello, Kwaliti, Za'n Zee, Bloop and Savoy, are available in the market, catering to a domestic demand of about six crore litres per year.

Igloo is the market leader with a 38 per cent share, followed by Polar with 27 per cent, Lovello with 14 per cent and Kwaliti with 9 per cent, according to industry players.

Apparel export to India

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Bangladesh shipped garment items worth \$365.95 million in the July-December period of the current fiscal year, up 58.07 per cent from the \$231.53 million recorded in the same period a year ago, according to data from the Export Promotion Bureau.

Of the receipts, \$161.69 million came from knitwear shipments, up 66.46 per cent year-on-year. Woven garment shipments surged 52 per cent to \$204.26 million at the same time.

Exporters say the demand for Bangladeshi garment items is rising in India because of the expanding middle income groups in the world's second-most population nation. Many prefer garment items produced in Bangladesh as they cannot afford expensive Indian high-end garment items.

Many western clothing retailers and brands have outlets in India and they source apparel items from Bangladesh to sell in Indian markets.

What is more, local clothing retail outlets and brands have sprung up to serve the readymade garment market. They also buy apparel items from Bangladesh.

Some Indian garment exporters re-export Bangladeshi garment items to other countries as well.

Many Dubai-based garment

place orders with Indian manufacturers which buy products from Bangladesh as the cost of production is lower here than in India.

Classic Fashions Ltd sends nearly \$3 million worth of garment items to a Dubai-based company through Indian exporters.

Md Shahidullah Azim, managing director of the company, says a lot of Indian businessmen are placing a good number of orders in Bangladesh to re-export to other countries.

"This is one of the major reasons for the increasing garment export to India."

Ananta Group, another exporter, sells \$10 million worth of garment items, mainly denim, ladies underwear, woven shirts and knitwear items in India every year, said its Managing Director Sharif Zahir.

Md Shahidul Islam, managing director of Rupa Knitwear (Pvt) Ltd, says he sends more than one lakh pieces of sweaters every year.

"If the testing facility becomes smooth, garment exports to India will grow a lot."

India's domestic textile and apparel production is worth \$140 billion, including \$40 billion of textile and apparel export, according to the Press Information Bureau, reported the Economic Times newspaper in January.

This means the country could be a major destination for Bangladeshi garment producers, who have long been relying on the US and European markets to sell most of their products.

"Garment export to India will grow more soon," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

A good number of BGMEA members will participate at a trade show for apparel items in Bangalore in June. Bangladesh, Myanmar and Vietnam will participate in the fair.

The BGMEA will also send a business delegation to India in April to discuss business and investment in Bangladesh by Indian entrepreneurs.

However, a 12.50 per cent countervailing duty on garment items acts as a major barrier for Bangladeshi producers in Indian markets, exporters say.

Two-way trade between the two countries is heavily tilted towards India, which ships goods worth \$8 billion on average to Bangladesh.

Total merchandise exports to India from Bangladesh stood at \$1.06 billion in the July-December period of 2021-22. It was \$1.27 billion in the entire fiscal year of 2020-21 and \$1.09 billion in 2019-20.

Kamal defends spike in GDP

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the GDP growth rate and per capita gross national income in accordance with a method formulated by the International Monetary Fund, known as the 'System of National Accounts 2008', which is also followed by other countries, Kamal added.

The minister went on to say that the adoption of an expansionary monetary policy worked effectively at a time when no other government had the courage to implement such measures due to Covid-19.

"We executed the task rightly," he said.

"While the economy of other countries contracted, we were on the right track. Our economy never fell and we remained functional even amid the pandemic."

"We have been acclaimed globally for this as there was no [high] inflation

and the exchange rate remained stable despite all the economic uncertainty," he added.

In addition, Bangladesh's revenue growth was around 15 per cent, which was very difficult to achieve given the circumstances.

Exports grew 30 per cent while imports were also in good shape in 2020-21.

"During the budget presentation last year, I also projected the GDP growth rate and finally it has been achieved," the finance minister said.

As there are no negative growth numbers, he did not understand why the GDP growth figure seems unbelievable.

Bangladesh Bank has been implementing an expansionary monetary policy since 2020 in order to keep the country's economic activities afloat amid the pandemic.

Hope for startups

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Ershad Hossain, managing director of City Bank Capital, a merchant bank, said there was no methodology for listing startups, but time has come to formulate one as the sector was flourishing.

"Loss-making means no value—such premise is very wrong and it is a different ball game."

Startups should get the opportunity to raise

funds despite incurring losses, he said, adding that their valuation should be calculated not based on earnings before tax, but on customer acquisition, future potential and intellectual property.

Mature companies can be allowed into the main board and others in the SME board, he said.

"General investors should be smart to understand the potential of a company."

Railways asks ERD

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The Ecneec approved the project in 2019, setting the cost at Tk 16,104 crore.

Accordingly, the ERD sent a proposal to the Chinese government seeking funds in November of the same year. Beijing also assured Dhaka of financing 66.16 per cent of the project.

Earlier, in September 2015, the rail authorities signed a memorandum of understanding with a Chinese company for the project. Now, the government decided not to use Chinese funds in the project due to higher costs.

Later, the ministry revised the estimate of the project and the preliminary development project plan (PDPP). The planning commission has given its consent to the PDPP.

According to the latest revised estimate, the cost of the project is Tk 12,750 crore, and it will be implemented between June 2019 and June 2025.

Under the project, Bangladesh Railway will construct a 239.14km rail track, 49 major and 237 minor bridges, install signal systems at 22 stations, and acquire 200 acres of land, among others.

Currently, the average speed of a train on the track is around 50 kilometres per hour (kmph). Once the project is implemented, the average speed on the broad gauge track will be 120 kmph and 100 kmph on the metre gauge track, project documents showed.

The project will enable the track to provide national, regional and international freight and containers services.

BATBC posts 37pc higher profit

STAR BUSINESS REPORT

The British American Tobacco Bangladesh Company (BATBC), a listed cigarette maker, logged 37 per cent higher profit in 2021.

BATBC's earnings per share were Tk 27.72 for the financial year, up from Tk 20.12 the previous year, the company said in a filing on the Dhaka Stock Exchange (DSE) yesterday.

BATBC declared a 150 per cent final cash dividend for 2021, raising its total dividend to 275 per cent for the entire financial year. It has already distributed a 125 per cent interim cash dividend.

In 2020, the multinational company provided 600 per cent cash dividend and 200 per cent stock dividend.

Because of the stock dividend, its paid-up capital and the number of shares rose. As the stock split, the cash dividend dropped, according to a market analyst.

BATBC shares closed 2.64 per cent lower at Tk 627.50 on the DSE yesterday.

China revises draft rules on data security for business sectors

REUTERS, Shanghai

China's industry ministry published revisions to draft rules on Thursday dictating how companies and localities should manage data, bringing more specificity to the country's evolving data governance regime.

The updated rules, which China's Ministry of Industry (MIIT) and Information Technology first published in September, removes a previous statement that "core data," defined as data that poses a "serious threat" to China's national and economic interests, must not leave the country.

In addition, the rules add electromagnetics to the wide range of categories that contain data that could be considered "core data" or "important data."

Dubai plans to attract 50 multinational companies as part of global hub push

REUTERS

Dubai plans to attract 50 multinational companies within three years, the emirate's government media office said on Wednesday citing a statement from the Dubai International Chamber.

The plan is part of a three-year strategy adopted by the chamber to boost the emirate's status as a global trade hub, it said, adding that it will also support 100 Dubai-based companies with international expansion.

Dubai is facing increased competition from Saudi Arabia in attracting international business. The kingdom has given foreign firms until the end of 2023 to set up headquarters or risk losing out on government contracts.

US inflation hits four-decade high

AFP, Washington

Inflation in the United States was as hot as ever last month, with consumer prices seeing their largest annual jump in nearly four decades as costs rose for a wide range of items.

The Labor Department said its consumer price index (CPI) climbed 7.5 per cent over the 12 months to January, its largest increase since February 1982, while it rose by 0.6 per cent compared to December, more than analysts expected.

The data defied hopes by President Joe Biden's administration that the wave of price increases sapping his public approval would show signs of decelerating in the first month of 2022, and further bolstered expectations that the Federal Reserve will soon increase interest rates. "The political pressure on the Fed from the highest headline inflation rate... since February 1982 will only increase," Ian Shepherdson of Pantheon Macroeconomics said.

An array of factors is seen as driving the price increases, from the Fed's easy money policies meant to support the economy during the pandemic to supply chain snarls, shortages of components and labour and robust demand from American consumers.

Extend bonded

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entitlement should be formulated for all export-oriented sectors, she said, adding the current policy was introduced in 2008.

The bonded warehouse privilege provides entrepreneurs with the opportunity to import raw materials duty-free on the condition that the items manufactured by them would not be sold in the domestic market.

The BUILD also proposed incorporating a provision in the tax law for refunds or adjustments to the tax deducted at source with total payable taxes.

At the event, the Bangladesh Investment Development Authority

(Bida), Bangladesh Economic Zones Authority (Beza), Bangladesh Export Processing Zones Authority (Bepza) and Bangladesh Hi-Tech Park Authority (BHTPA) proposed a further cut in corporate tax rates.

On the issue, Abu Hena Md Rahmatul Muneem, chairman of the NBR, said he did not expect a proposal for corporate tax cuts from agencies such as the Bida, the Beza, the Bepza and the BHTPA.

He said the NBR will, however, consider some other proposals of the investment promotion agencies.

"We have reduced the corporate tax rate a lot already," he said.