

Cut reliance on customs duty for revenue: ICAB

STAR BUSINESS REPORT

Bangladesh needs to reduce its dependence on customs duty for revenue as lowering the cost of doing business would help local products and services become more competitive on a global scale, according to the Institute of Chartered Accountants of Bangladesh (ICAB).

Customs duties currently make up about 29 per cent of the government's total revenue.

"We believe our proposal will contribute to the country's economic development and accelerate the journey towards achieving its development targets," said ICAB President Md Shahadat Hossain.

Besides, this will facilitate Bangladesh's transition into a middle-income country, he added.

ICAB made this proposal to the National

"The main purpose of our proposals is to increase the government's revenue. We also aim to assist the NBR in tax management," said ICAB President Md Shahadat Hossain

Board of Revenue (NBR) during a discussion on the upcoming national budget at the latter's conference room yesterday.

ICAB's national budget proposals are divided into four parts: proposals regarding an increase in revenue and income tax ordinance, reduction of contradictions in the law and ensuring transparency in its implementation, giving more impetus to investment activities, and preventing capital smuggling.

"The main purpose of our proposals is to increase the government's revenue. We also aim to assist the NBR in tax management, preventing tax evasion, increasing tax coverage, and addressing inconsistencies in existing laws," Hossain said.

He went on to say that Bangladesh's economy is involved in global price changes and political developments.

In addition, challenges await after its graduation from a least developed country in 2026, Hossain said.

The e-TIN must be linked to the Bangladesh

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Sales of immature plants as cattle feed could hurt production of wheat, the third-largest crop in Bangladesh, further increasing the reliance on imports, agronomists warned. The photo was taken from a market of Phulbari upazila in Dinajpur recently.

PHOTO: KONGKON KARMAKER

Farmers sell wheat spikes to make higher profit

Trend may hurt overall production

KONGKON KARMAKER

In a worrying trend, a group of farmers in northern districts are selling wheat spikes as cattle feed in order to make a higher profit since they don't get fair prices for the final produce.

The sales of the immature plants as cattle feed could hurt the production of the cereal grain, the third-largest in Bangladesh, further increasing the reliance on imports, agronomists warned.

The issue has prompted the Bangladesh Wheat and Maize Research Institute (BWMRI) in Dinajpur to write to the Department of Agricultural Extension (DAE) to nip the tendency in the bud before it poses any serious threat.

It comes at a time when wheat production in Bangladesh is failing to keep pace with rising consumption.

The average annual wheat production is around 1.25 million tonnes, against the demand of about 7.5 million tonnes, according to the BWMRI in Dinajpur. So, the demand, which is growing 10 per cent per annum, has to be largely met through imports.

During a visit to various places in Dinajpur and other districts, it was found that growers are selling their wheat plants with the full-grown spikes at various markets as cattle feed about a month before its harvesting period. This will allow

farmers to use the land for Boro cultivation or any other crop.

A number of farmers say they are doing so since they are deprived of fair prices from the production of wheat.

Rubel Hossain, a farmer in Phulbari upazila in Dinajpur, cultivated the crop on three acres of land this year. He has sold the plants with spikes as it is much more profitable. He suffered losses last year from wheat cultivation.

He spent Tk 16,000 to cultivate wheat on one acre of land. But, it was pretty impossible to recoup the investment for various causes, including rat infestations and lower price, he said.

Rubel is not alone.

Ismail Hossain, Kamal Hossain, Saminur Rahman and a dozen other farmers in the same upazila have sold the immature wheat plants in advance to ensure profit.

A similar inclination was found in Biral, Kaharol, Birganj, Chirirbandar, Parbatipur, Birampur and Nawabganj upazilas of Dinajpur.

The situation is similar in Rangpur.

Saidur Rahman, a wheat grower at Habu village in Rangpur's Gangachara upazila, grew the crop on 50 decimal of lands this year. As the plants matured, he decided to sell the crop.

He sold wheat spikes to a wholesale trader at Tk 16,000. He has been doing it for the last two years.

"We are doing it as we don't get better

prices from the wheat crop," he said.

With this, he has been able to free up the land and he has got enough time to prepare it for another crop.

SM Saiful Islam, a food control officer in Dinajpur, says such a trend would affect the estimated wheat production.

He emphasises controlling the trend since enough high-quality grasses are already produced in the country to meet the demand for cattle feed.

Md Manjurul Haque, deputy director of

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the DAE in Dinajpur, says they have also noticed the trend among the farmers.

"This is a matter of concern. The wheat cultivation area in Dinajpur is shrinking, and farmers are not interested in cultivating wheat for various reasons."

The DAE had targeted to grow wheat on 5,300 hectares of land in Dinajpur this season. But around 3,500 hectares have been brought under the cultivation, Haque said, adding that the DAE has already taken steps to this effect.

Md Abdul Hakim, chief scientific officer of the BWMRI in Dinajpur, says his department urged the DAE to take immediate steps to put an end to such a trend.

Most farmers sold their wheat at Tk 20 to 22 a kg last year.



No one immune from the impact of Russia-Ukraine conflict

ZAHID HUSSAIN

The economic damage from supply disruptions triggered by the confluence of events around the Russian invasion of Ukraine would be severe in some countries and industries and less so in others depending on the depth and breadth of economic ties, mainly with Russia because of its size, and the degree of integration with global commodity and financial markets. It is hard to imagine circumstances under which any country can escape the near-term economic impact of the Ukraine crisis in this globalised world.

The impact is not just because of disruptions caused by the war but also the multifarious economic sanctions against Russia imposed by the US, the EU, the UK, Japan, and several others. Even neutral Switzerland has adopted EU sanctions.

Global banks are bracing for the effects of sanctions designed to restrict Russia's access to foreign capital and limit

Russia's ability to process payments in dollars, euros, pounds, and yens which are crucial for trade. Large parts of the Russian economy will be a no-go zone for banks and financial firms after the decision to cut off some of its banks from SWIFT.

The situation has prompted a fast-growing list of large multinational corporations to shun Russia because of concerns about their financial and reputational risks. Among others, western oil and high-tech companies have severed or restricted ties with the Russian economy. US payment card firms Visa and Mastercard have blocked multiple Russian financial institutions from their network. Shipping giant Maersk has halted all container shipping deliveries to and from Russia.

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The crisis is weighing heavily on the markets because of Russia's central role as a global energy producer. Russia is the third-largest producer of oil, providing roughly one of every 10 barrels the global economy consumes. Surging energy costs will ripple quickly through the global economy, fueling inflation further. Since December, oil prices have risen more than 40 per cent. Releases from the global oil reserve may only temporarily alleviate the shortage.

The sanctions could disrupt Russia's ability to export other commodities, including natural gas and wheat. Natural gas reserves are running low. Russia is the world's largest supplier of wheat and, together with Ukraine, accounts for nearly a quarter of total global exports. Other commodities tied to Russia and Ukraine, such as gold, aluminium, corn, and nickel, have been trading at multiyear highs since the eruption of the conflict.

Russia has banned air carriers from 36 countries, including European nations and Canada, from its highly trafficked airspace after the EU took similar action against Russian airlines. By forcing major airlines to take longer, more circuitous routes to Asia and the Middle East, this will increase ticket prices for travellers. There can be other retaliation by Russia in the

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Oil markets hit multiple milestones

REUTERS, Singapore

Oil benchmarks are hitting multiple price and spread milestones across several key markets as the fallout from severe sanctions on key exporter Russia sows confusion and panic among global crude oil traders, shipping firms and importers.

The oil industry has been gripped by acute risk aversion in the finance and shipping sectors after several nations including the United States sanctioned multiple Russian entities following Russia's invasion of Ukraine, though Washington has explicitly exempted energy products from the Russian measures.

Brent crude topped \$112 a barrel on Wednesday, the highest since 2014, shrugging off news that several developed countries plan to release a record 60 million barrels of strategic petroleum reserves to cool prices.

The price spread for Brent crude delivered between now and in 12 months is at \$21.54 a barrel, the steepest on record, while Brent's premium to Dubai - the price spread between sweet and sour grades - hit an all-time high of \$12.93 a barrel on Wednesday, a trader said.

That has driven demand for Middle East crude, with benchmark prices jumping to all-time highs at the start of March, up more than 50 per cent from last month.

The wide spread between the benchmarks along with surging freight rates for oil tankers globally has also made it more expensive for Asian buyers to purchase oil from Europe, Africa and the United States, narrowing their options.

Refiners in Asia and Europe are expected to seek more supplies from the Middle East and the United States to replace crude from Russia and Central Asia, the sources said, even as official selling prices for Saudi crude are set to hit record highs in April. "Freight rates for Middle East to Asia are higher too, so it depends which one is more painful," a Singapore-based trader said.



Oil barrels are pictured at the site of Canadian group Vermilion Energy in Parentis-en-Born, France.

PHOTO: REUTERS/FILE

Saudi oil giant Aramco shares soar

AFP, Riyadh

Saudi energy giant Aramco's shares rose to a record high on Wednesday amid a surge in global oil prices following Russia's invasion of Ukraine.

Aramco's stock was trading at 42.9 Saudi riyals (\$11.4) in Riyadh, according to the Saudi Tadawul market website.

The Gulf kingdom - the world's top crude exporter - has remained the firm's majority shareholder since a December 11, 2019 listing.

Aramco had priced its landmark initial public offering at 32 riyals (\$8.53) per share and it soared the maximum limit to 35.2 riyals on its market debut.

Crude surged past \$113 a barrel Wednesday with investors growing increasingly fearful about the Ukraine war's impact on global energy supplies.

Traders will keep a close eye on a meeting of OPEC and other producers, including Russia, later in the day.