After LDC graduation, Bangladesh will face a situation where its ceramic products will have to be exported with duty while Indian and Vietnamese goods will be exported without any duty due to their FTAs.

PHOTO: STAR/FILE

POST-LDC ERA

Ceramic exports to face tough tariffs: study

STAR BUSINESS REPORT

Exporters of locally made ceramics will have to endure tough competition after Bangladesh graduates from the least developed country (LDC) status in 2026 as such products will face 12.7 per cent tariff on average when entering international markets, according to a recent study.

Bangladesh's ceramic products currently enjoy 10 per cent incentives on export.

"But such subsidies must be paid after graduation and so, local ceramic products will face pressure in terms of export competition," said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD)

He was speaking at a seminar on the "Ceramic industry in view of Bangladesh's LDC graduation: prospects and challenges", organised by the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA) at Pan Pacific Sonargaon Dhaka yesterday.

Moazzem said Bangladesh would face competition from countries like India and Vietnam, which have already signed free trade agreements (FTA) with the EU and UK.

After graduation, Bangladesh will face a situation where its ceramic products will have to be exported with duty while Indian and Vietnamese goods will be exported without duty due to their FTAs.

Bangladesh is currently enjoying the benefits of the Employer Investment Fund (EIF) for the development of its technical capacity for export.

However, Moazzem said this benefit will no longer be available after graduation, and Bangladesh will have to find alternative sources to develop its export capacity.

For this reason, Bangladesh will have to address nine issues -- reducing the cost of production, adjusting with imported low-duty products, adjusting between high tariff of export and incentives of the products, increasing productivity, diversifying products, introducing variations to the export market, improving the labour market, and protecting the environment, the paper said.

Commerce Minister Tipu Munshi said ceramic products could play a role in diversifying Bangladesh's export basket.

He went on to say that advance initiatives are being taken to help Bangladesh face any challenges, and to obtain the generalised system of preferences plus benefit after graduation.

And although the local ceramic market is a large one, exports from the sector will also increase, Munshi said while suggesting exploring new markets and capacity building for the industry.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said they formed a high-powered committee among businessmen to monitor the market during Ramadan so that nobody can increase prices without reason. "I urge businesses not to make additional profit during this time," he said.

Md Sirajul Islam Mollah, president of the BCMEA, said the local ceramics sector has replaced imports and there are now 70 industries (tableware, tiles, and sanitary) set up in Bangladesh.

According to him, a total of Tk 13,500 crore has been invested in this sector, which brings in export receipts of around Tk 400 crore every year.

Investors are facing problems due to the continuous increase of gas prices.

"There is no scope to use alternative energy for this sector as it is quite gas dependent. The price of gas increased 100 per cent in the last decade," Mollah said. He urged the energy regulatory commission to not increase the price of gas for industrial connections.

Moderated by Irfan Uddin, general secretary of the BCMEA; Md Mamunur Rashid, president of the Institute of Cost and Management Accountants of Bangladesh; Md Afzal Hossain, chairman of the Bangladesh Trade and Tariff Commission; Dulal Krishna Saha, executive chairman of the National Skills Development Authority; AHM Ahsan, vice-chairman and chief executive officer of the Export Promotion Bureau, also addressed the seminar.

Raise allowance for differently-abled people

Advocacy group urges govt

STAR BUSINESS REPORT

The Bangladesh Society for the Change and Advocacy Nexus (B-Scan) has urged the government to increase the allowance for the differently-abled people to Tk 2,000 from Tk 750 and provide jobs to them.

The demands were made during a human chain in front of the Bangladesh National Museum in Shahbagh on Friday. Differently-abled students, teachers and professionals took part in the event.

They called for stipends and allowances for each differently-abled student in the budget for the next fiscal year.

"The government should form a guideline so that differently-abled people can get jobs as part of its promise," said the B-Scan in a press release.

The platform works to protect the rights of the people with disabilities and change the mindset of the people towards them.

If a company employs more than 10 per cent differently-abled people, they should be provided with a tax cut of 5 per cent, the press release added.

India, Australia ink interim trade deal

AFP, *New Delhi*

India and Australia signed an interim free trade deal on Saturday that cuts tariffs on billions of dollars of commerce as the two Quad partners bolster their economic ties.

Both signatories are members of the Quad alliance with the United States and Japan, which is seen as a counterweight to an increasingly assertive China.

But while they both border the Indian Ocean, Canberra says India was only Australia's seventh-largest trading partner in 2020, and accounted for just over four percent of its exports last year.

The Economic Cooperation and Trade Agreement was signed simultaneously in New Delhi and Canberra by India's commerce minister Piyush Goyal and his Australian counterpart Dan Tehan in a joint ceremony.

India and Australia are "natural partners, connected by shared values of democracy, rule of law and transparency", Goyal said.

"Our relationship rests on the pillars of trust and reliability aptly reflected in our deepening geo-strategic engagement through the QUAD and the supply chain resilience initiative."

Two-way trade reached around $27.5 billion last year according to New Delhi, with resource-rich Australia exporting coal and other commodities, along with sheep meat, and India largely supplying finished goods and services.

At the same time Canberra's relations with its biggest trading partner China are at their lowest point in a generation, with many Australian goods hit with punitive sanctions and ministerial relations frozen.

Keep note of war, Lanka's woes

FROM PAGE B1

Considering the current global scenario, it will be unusual forthe BoP to reach $20 billion, said Ahsan H Mansur, executive director of Policy Research Institute.

Considering current global contexts, the government should take proactive and pre-emptive decisions in the budget so that the externalities can be offset through wise decisions, he said.

For instance, the current tight monetary policy should be continued for a long time, said Mansur.

Inflation in the country was shown to be less than 6 per cent but in many nations it has already gone past 10 per cent, he said, suggesting that the facts be checked to figure out the actual figure.

The government provides over Tk 1 lakh crore in subsidies, which was more than 20 per cent of the overall budgetary allocation, Mansur said, suggesting to be rational in the allocation.

Calling for automation to be brought about in actuality in revenue collection, the top economist also suggested reviewingthe 2012 VAT law which was currently in effect.

Mansur reiterated the need for tax administrators and tax collectors to separately function for attaining greater efficiency.

Echoing Mansur, Planning Minister MA Mannan said the reforms were drastically needed in the National Board of Revenue.

Allocations to unproductive sectors cannot be justified in any way but the political government sometimes does it in an excessive mannerfor compulsions of the political economy, he said.

Praising the private sector's successes, Mannan advocated enabling more freedom for the sector.

In this regard, he also praised bureaucrats for implementing government action plans even in the face of criticisms.

Criticising bureaucrats is a counter-productive move and the civil society should also provide more constructive advice, he said.

Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, said the eighth five year plan needs to be revised for some corrections.

For instance, he said, the share of non-traditional goods in exports was targeted to be taken to 25 per cent but last fiscal year it could not be grown and garment items continued to dominate with an 82 per cent share.

Islam also said local corporates pay 8 per cent to 10 per cent more tax compared to their South Asian peers and the effective rate is more than 50 per cent since there were other taxesthat come into effect with the current corporate tax.

He also suggested reviewing the VAT law and launching a programme enabling taxrefunds for taxpayers.

Rasheda K Chowdhury, a former caretaker government adviser, suggested taking up bigger projects in the education sector to bring substantial improvements.

For instance, she suggested continuing stipends for female students even after they got married.

She sought to know the rationale behind a Tk 1,000 crore allocation for a safari park which would double as a sanctuary for elephants at Juri upazila under Moulvibazar district.

Shawkat Hossain Masum, head of online at Bangla daily Prothom Alo, suggested having a functional banking commission and government expenditure review commission.

Shomi Kaiser, president of the e-Commerce Association of Bangladesh (e-CAB), sought allocations for skills development.

AK Khan, former president of the Dhaka Chamber of Commerce and Industry, suggested for empowering state-owned Bangladesh Petroleum Exploration and Production Company to address any possible energy shortages for the Russia-Ukraine war.

Monzur Ahmed, a representative of the Federation of Bangladesh Chambers of Commerce and Industry, recommended keeping in mind possible challenges for the country's United Nations status graduation to a developing country.

Md Shahadat Hossain, president of the ICAB, was for expanding the tax net.

Md Humayun Kabir, a former ICAB president, moderated the discussion where Asif Ibrahim, chairman of Chittagong Stock Exchange, Md Eunusur Rahman, chairman of Dhaka Stock Exchange, Sharmeen Rinvy, president of the ERF, and SM Rashidul Islam, general secretary to the ERF, also spoke.

Nagad gets extension

FROM PAGE B1

deadline in order to set up the subsidiary.

"We have sent the relevant documents to the Ministry of Posts, Telecommunication & Information Technology. The documents might have been sent to the law ministry for vetting in order to amend laws," he said.

Laws would have to be amended because existing rules don't allow the BPO to set up such a company. The government has moved to amend the Post Office Act, 1898 and the Post Office (Amendment) Act 2010.

As per the BB, the BPO is supposed to establish the subsidiary to run the MFS in a model similar to a public-private partnership.

The agency is expected to hold a 51 per cent stake in the new entity while Nagad Ltd, a private company, will own the rest.

Nagad is an MFS brand of the BPO. It has been operated by Third Wave Technologies Ltd, which renamed itself Nagad Ltd in February last year.

The private firm provides service to the BPO under a revenue-sharing model. The government agency gets 51 per cent of the revenue and the private firm receives the rest.

The MFS started its operation without taking permission from the BB.

In March 2020, the BB asked banks not to provide any service to unauthorised payment or MFS providers and operators in the interest of depositors, forcing the BPO to take the interim approval after all banks suspended transactions with Nagad.

While availing of the permission for the first time, the postal department had promised to complete the official procedures to get the full-fledged licence. But it has not been able to do so in the last two years.

Posts and Telecom Minister Mustafa Jabbar said, "The ministry has taken initiatives to complete procedures within the new deadline in order to meet the central bank requirements."

Muhammad Zahidul Islam, a spokesperson of Nagad Ltd, says Nagad is eagerly waiting to obtain a permanent licence from the central bank and hopes to receive it within the latest time frame.

In Bangladesh, the authorities have followed a bank-led MFS model and all MFS providers are running businesses after securing approval from the BB. But Nagad has been an exception, said the BB official. Any other entity has hardly enjoyed such a favour from the central bank, he said, adding that everything has been done to give a legal cover to the operator.

In February, the BB amended the MFS guidelines, paving the way for the non-bank financial institutions and government entities to run MFS alongside banks. This will allow the BPO to obtain the licence.

The mobile phone-based service began its journey in Bangladesh in March 2011. Currently, 13 MFS operators led by banks are operational.

The number of registered MFS accounts stood at 11.4 crore in January, while active accounts numbered 4.4 crore.

Consumers opting for palm oil

FROM PAGE B1

imports will grow 4.3 per cent to 14.5 lakh tonnes in MY 2021-22 from the initial forecast of 13.9 lakh tonnes for the year. Palm oil imports stood at 12.85 lakh tonnes in MY21, according to the report. It said overall consumption would rise 1.7 per cent to 14.6 lakh tonnes in MY22 from the previous estimate of 14.3 due to the substitution of soybean oil with palm oil imported mainly from Indonesia and Malaysia.

The US agency said soybean oil and palm oil are substitute products in Bangladesh. Most middle and high-income households prefer soybean oil while low-income consumers prefer palm oil due to its lower price.

"Palm oil also has industrial uses, particularly in the food processing industry," it said.

The USDA said soybean oil consumption would decline 6.2 per cent to 12.1 lakh tonnes in MY22 from the previous estimate. Imports are likely to be 7 lakh tonnes in the current MY, down 6.7 per cent from the USDA's official estimate, the report said.

"Due to the high retail price of soybean oil, consumers have increased consumption of palm oil and mustard oil," it added.

Bangladesh mostly imports crude soybean oil from Latin America and prices of the edible oil shot up as high as Tk 840 for each five-litre container early last month.

To enable consumers to get edible oil at reduced prices, the government slashed value added tax (VAT) in the import, production and trading stages. Now only 5 per cent VAT is applicable for edible oil.

Apart from imports, the US agency also lowered its forecast on domestic production of soybean from the previous estimate. It said soybean's planting area would be 79,000 hectares in MY22, down from the previous forecast of 82,000 hectares. Production may also be lower than the initial estimate of 1.51 lakh tonnes for the ongoing year.

Farmers planted soybean crops in January and February of this calendar year and will start harvesting in April and May.

The agency said local soybean production contributes approximately 5 per cent of the total annual soybean demand in Bangladesh. Domestically produced soybeans are used predominantly in the feed industry, the report said.

Food prices to remain stable

FROM PAGE B1

The price of a five-litre bottle of edible oil which shot up to as high as Tk 840 at retail early last month declined over the last 10 days after the government slashed VAT at import, production and trading stages.

While consumers are only paying 5 per cent VAT on the cooking item, the price of loose palm oil increased marginally over the past one week.

Another major respite for consumers is a decrease of the price of onion, a popular vegetable used as a key spice here.

Representatives of the wholesalers, retailers, processors and importers at a meeting organised by the FBCCI yesterday confirmed that there was an adequate supply and that they do not see any possibility of a rise in prices. "...rather we will reduce it to some extent during this month," said Shafi Mahmud, president of Bangladesh Pulse Traders Association.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), demanded that the government adjust taxes and duties to lower prices.

The FBCCI formed a 46-member committee to monitor market prices of 46 products, he said.

The FBCCI has written a letter to Bangladesh Bank to increase the existing working capital loan limit by at least 40 per cent, informed Uddin.

Biswajit Saha, director for corporate and regulatory affairs of City Group and president of Bangladesh Oil Mills Association, said rules stipulate that products have to be delivered within 15 days of the issuance of sales orders.

He claimed that this gave no scope to stockpile edible oil.

Md Shafiul Ather Taslim, director of TK Group's finance and operations, said the whole business community was having to bear the blame of price manipulation by a few unscrupulous businesspeople.

Mostofa Sohrab Chowdhury Titu, president of the Rangpur Chamber of Commerce and Industry, called for an end to extortion.