Saltwater left out to evaporate on plots of land in Durum area of Kutubdia upazila for the production of salt. Production mainly runs for five months from November to May in the coastal districts of Chattogram and Cox's Bazar. The photo was taken earlier this month. PHOTO: MUHAMMAD ALI JINNAT

Middlemen eating into salt farmers' profits

MUHAMMAD ALI JINNAT

While salt production has been growing steadily over the years, the farmers in the coastal districts of Chattogram and Cox's Bazar are apprehensive over whether their meagre profits would get any better.

Their primary concern is the presence of middlemen or brokers who purchase crude salt from them and then sell it to mill owners and wholesale traders.

The mills refine the salt and add iodine before selling it either as branded or non-brands items. Wholesalers also enable other uses such as for the preservation of raw hide during Eid-ul-Azha.

Demand for salt is estimated to have been 19.38 lakh tonnes in the last fiscal year of 2021-22, including 8.76 lakh tonnes of the edible variety, according to the National Salt Policy 2022, which was issued by the industries ministry.

By 2026, overall demand is projected to reach 25.30 lakh tonnes.

The production of the chemical sodium chloride, an important item for human and animal health, through the evaporation of salt water in large expanses of land mainly runs for five months from November to May.

This season, farmers are using 63,291 acres of land in Cox's Bazar district and Bashkhali upazila of Chattogram, according to the Bangladesh Small and Cottage Industries Corporation (BSCIC).

To date in the ongoing fiscal year, crude salt production stands at around 11 lakh tonnes. Farmers produced 16.5 lakh tonnes of crude salt in FY21.

"Salt production has increased by 25 per cent to 30 per cent this year. The production will go up gradually if the weather remains favourable," said Md Zafar Iqbal, deputy general manager of the BSCIC's Cox's Bazar office.

"We are getting bumper production this year due to favourable weather. Farmers are passing busy days," said Mohammad Sharif, a salt farmer in the Bharuakhali area of Cox's Bazar sadar upazila. "But we are at the mercy of the factory owners and wholesale traders."

He says they can make a profit of Tk 20 to Tk 30 per maund (about 37 kilogrammes).

"If we can get rid of brokers, we will surely be able to make more profit."

Farmers in this area have got a bumper production of salt. But prices are very low. That is why many farmers are in fear of incurring losses, said Abdul Hamid, a salt farmer in Shah Porir Dwip in Teknaf upazila.

Currently, farmers are selling each maund of salt at Tk 210 to Tk 220. But the production cost is higher than that, says another farmer Zahed Ullah.

Brokers buy salt at a low price and sell it to wholesalers and factory owners at a high price. This allows them to make a profit of around Tk 50 to Tk 70 per maund, said Mohammad Kalu, a farmer in Lemshikhali in Kutubdia upazila.

Officials of the BSCIC opined that profits of the salt farmers were indeed low.

"A huge amount of salt has been produced in Teknaf. But farmers are frustrated," said Mohammad Mizanur Rahman, an official of the BSCIC in Teknaf.

Mohammad Shahidullah, president of the Bangladesh Salt Farmers Association, alleges that there is a syndicate formed by mill owners and wholesale traders.

"We don't have any other option. That is why, farmers are compelled to sell their salt at a low price," he said.

He demanded measures such as government purchases for buffer stocks and fixing of prices by the authorities to ensure a fair share for salt producers and all those involved in the trade.

The salt policy aims to ensure a minimum of 100,000 tonnes of buffer stock of salt. The previous policies also spoke of keeping such stocks but that had been limited to paper only.

There are 37,231 salt farmers in the country, while around 5 lakh people are directly and indirectly involved in the salt industry for its management, transportation and trading, according to the policy.

Manzur Alam Dada, general secretary of the Islampur Salt Mill Owners' Association in Cox's Bazar, said mill owners in the district purchase salt from middlemen, traders and brokers, not directly from marginal farmers at the field level.

At present, salt mill owners are buying the commodity from middlemen at Tk 60 per 60kg bag for the distribution around the country. On being refined, each 75kg of iodine-infused salt is being sold at Tk 840, he said.

On why Cox's Bazar-based mill owners were buying salt from brokers or middlemen instead of purchasing directly from farmers, Dada said, adding that it was difficult to do business "outside the system".

"Here, it is customary to get salt from the middlemen. It is better to let them do their job," he said.

He denied the existence of a syndicate of brokers, middlemen and mill owners.

Govt to discourage luxury imports

Says finance minister

STAR BUSINESS REPORT

Bangladesh Bank will impose special conditions on the import of luxury items, such as high-end cosmetics, apparels and electronics, to discourage these purchases during times of global economic uncertainty, according to Finance Minister AHM Mustafa Kamal.

"Import of luxury items much be controlled," he said in response to a query over whether the government is taking any steps to address the current account deficit.

Bangladesh's current account deficit reached $12.83 billion in the first eight months of the current fiscal year while it was a surplus of $825 million during the same period the year before.

The deficit is a result of rising imports with receipts for between July and February in the ongoing fiscal year valued at $58.77 billion while it was $40 billion during the same period in FY 2020-21.

The finance minister went on to elaborate that the government will not control the import of capital items and essential commodities.

"But the import of luxury goods must be controlled," he told the media after a meeting of the cabinet committee on purchase yesterday.

While explaining further, Kamal said the import of luxury items would be allowed freely in times when there are no external vulnerabilities or risky situations in the international market.

The Finance Division and the central bank earlier recommended that the government discourage the import of luxury goods to help cope with the macroeconomic pressures arising from the Russia-Ukraine war.

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European car sales plunge for war

AFP, *Paris*

European car sales sank in March as Russia's invasion of Ukraine added more problems to a sector already struggling with shortages of semiconductors, industry data showed Wednesday.

Passenger car registrations fell 20.5 per cent compared to the same period last year, with 844,187 units sold, according to the European Automobile Manufacturers' Association (ACEA).

Excluding 2020 when the coronavirus pandemic paralysed the global economy, it was the worst performance for a month of March since statistics began in 1990.

Car production has been hampered worldwide since last year by a severe shortage of semiconductors, a key component for modern cars as they power everything from anti-lock braking systems to airbags to parking assistance technology.

The war has led to shortages of other parts, such as the cables used in car wiring harnesses and of which Ukraine is a manufacturer.

Several factories in Europe have had to go idle due to the lack of cables, with Volkswagen temporarily suspending production at a number of German sites.

Europe's top automaker saw sales fall by nearly a quarter in March, according to ACEA figures.

"The ongoing supply chain disruptions, further exacerbated by Russia's invasion of Ukraine, negatively affected car production," the ACEA said.

Most countries in Europe had double-digit drops in car sales in March, the association said, with a fall of 17.5 per cent in Germany, the biggest market. There were even larger falls of around almost 20 per cent in France, around 30 per cent in Italy and Spain, and nearly 40 per cent in Spain.

IMF cuts eurozone growth forecast

AFP, *Paris*

The war in Ukraine will weigh heavily upon economic growth in the eurozone, the IMF said Tuesday, as the conflict wreaks havoc on energy prices and the manufacturing sector.

The International Monetary Fund revised down its eurozone growth forecast for 2022 to 2.8 per cent from 3.9 per cent in its January estimate, with the region's biggest economy, Germany, taking a heavy hit.

"The main channel through which the war in Ukraine and sanctions on Russia affect the euro area economy is rising global energy prices and energy security," the IMF said in its World Economic Outlook report.

The war has hurt some countries like Italy and Germany more than other European nations because they had "relatively large manufacturing sectors and greater dependence on energy imports from Russia", the IMF said.

Germany's economy is now expected to grow by 2.1 per cent this year, down from the previous forecast of 3.8 per cent. Italy will also drop, with growth of 2.3 per cent compared to an earlier forecast of 3.8 per cent.

After Moscow's invasion in February, the West, including eurozone countries, imposed sanctions on Russia's financial system, aviation sector and other major parts of the economy.

Nearly two months later, prices are rising. Oil remains above $100 a barrel after reaching historic highs in March, while the price of gas, wheat, aluminium, nickel and other raw materials have soared.

As a result, consumer price inflation in the eurozone has surged to 7.5 per cent, an all-time high. Pierre-Olivier Gourinchas, the IMF's chief economist, said the forecast calls for a slowdown but no recession in the eurozone.

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Motorists queue to fill their tanks up at a Ceylon Petroleum Corporation fuel station in Colombo on April 12. Crisis-stricken Sri Lanka defaulted on its $51 billion external debt on April 12 after running out of dollars to import desperately needed goods, sparking widespread protests demanding the president's resignation. PHOTO: AFP

Restructure debt before bailout

IMF asks Sri Lanka

AFP, *Colombo*

The International Monetary Fund said on Wednesday that it has asked cash-strapped Sri Lanka to "restructure" its huge foreign debt before a bailout programme could be finalised as anti-government protests escalated across the island.

Sri Lanka opened talks with the IMF in Washington this week after announcing its first ever default on external borrowings.

The South Asia country is in the grip of its worst economic crisis since independence in 1948 and has been rocked by a wave of protests over food and fuel shortages.

"When the IMF determines that a country's debt is not sustainable, the country needs to take steps to restore debt sustainability prior to IMF lending," the

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