



Farmers harvest maize at a char by the Brahmaputra river in Gaibandha's Fulchhari upazila, happy with the doubling of both yields and market prices compared to that last year. Favourable weather has brought about 48 maunds per bigha while every maund (around 37 kilogrammes) is selling for Tk 1,200. According to the Bangladesh Bureau of Statistics, Bangladesh produced 40.15 lakh tonnes of maize in fiscal year 2019-20, up 12 per cent year-on-year. The photo was taken on Wednesday. PHOTO: MOSTAFA SHABUI

Hike cigarette price at lower-tier to reduce health risks

Experts say at ERF-Ahsania Mission seminar

STAR BUSINESS REPORT

The price of cigarettes at the lower tier should be raised to boost revenue generation for the government as well as minimise health risks, speakers said at a seminar yesterday.

The Dhaka Ahsania Mission and Economic Reporters' Forum (ERF) organised the seminar titled "Tobacco Price and Tax" at the ERF auditorium in Dhaka. Speakers said that although the share of lower-tier cigarettes is almost 75 per cent of the whole industry, its price remained unchanged over the last two years.

As a result, the number of smokers at this level is not declining.

They also said the price of cigarettes should be increased considering the rise in per capita income and inflation.

There is no alternative to raise the price of tobacco products to turn Bangladesh into a tobacco-free country by 2041 as announced earlier by Prime Minister Sheikh Hasina, they added.

While presenting the keynote paper, Abdullah Nady, director (research) of Unnayan Shamannay, said the current duty structure for cigarettes is complex and it should be more simplified.

He proposed increasing the price of every cigarette packet of 10 sticks at the low-tier to Tk 50 from the existing Tk 39 while the price of the mid-tier cigarette packet should be Tk 75 from Tk 63. Besides, Nady suggested raising the price of cigarettes at the high tier specifically.

"If this proposal is implemented, the government's revenue will be boosted while the number of smokers will be reduced by 13 lakh. Also, some 9 lakh youths will be discouraged to continue smoking," he added.

Mokhlesur Rahman, deputy director of the Dhaka Ahsania Mission, said the government has already announced its plans to turn Bangladesh into a smoking free country by 2041 and to materialise this, there is no alternative to raising the duty on cigarettes and

tobacco products.

CTFK Grants Manager Abdus Salama Mia said that it is very much necessary to control the use of tobacco in turning Bangladesh into a developed country.

"This will not only help alleviate poverty but also reduce the cost of the government in addressing the tobacco-related diseases," he added.

ERF General Secretary SM Rashidul Islam said the government is in dilemma over tobacco as it wants to control tobacco on one hand while the government also depends on tobacco products for boosting revenue on the other.

"But in order to reduce the number of smokers, the price of cigarettes at the low-tier should be increased as around 75 per cent of smokers consume low-tier cigarettes," he added.

ERF President Sharmeen Rinvy presided over the programme.

Bangladesh is one of the largest tobacco consumers in the world, and nearly 8,400 crore cigarettes are sold annually. Some 35.3 per cent of adults

in the country use tobacco products, according to the Global Adult Tobacco Survey (GATS) 2017.

Cigarettes are the biggest source of value added tax and supplementary duty for the government. It made up 30 per cent, or Tk 25,362 crore, of the total revenue in fiscal year 2019-20, down 8 per cent from Tk 27,618 crore the previous year, according to the NBR's annual report.

The average monthly expenditure for cigarettes was Tk 1077.7 and for bidis it was Tk 342, according to GATS.

A 2019 study by the Bangladesh Cancer Society showed that tobacco consumption caused 126,000 deaths in the country. The figure was 13.5 per cent of deaths from all causes in Bangladesh in 2018.

However, tobacco-induced deaths and diseases alone cost the economy around Tk 30,560 crore a year, which was equivalent to 1.4 per cent of the country's national GDP in 2017-18, the study finds.

EU praises Dhaka's commitment to ILO standards

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Bangladesh's determination to meet its commitment to abide by International Labour Organization (ILO) standards has been warmly praised by the Members of the European Parliament (MEPs) trade committee, according to the EU Reporter.

Founded in 2002, EU Reporter is a Brussels-based news website publishing content relating to the European Union.

They were impressed both by the progress to date and an openness about the challenges ahead, exemplified by a candid exchange of views with the country's ambassador to the European Union, it said.

Like parliamentarians the world over, the MEPs sometimes have to battle with evasive and unhelpful individuals to find out what they need to know.

So members of the trade committee were quick to acknowledge that their discussion with Bangladesh Ambassador Mahbub Hassan Saleh was like a breath of fresh air.

From across the political spectrum, they spoke of a strong and transparent relationship. "Other countries are much harder," observed Svenja Hahn one of the MEPs.

"I welcome the fact that Bangladesh is open enough to share its problems with us," added Maximilian Krah from the Identity and Democracy group, said EU Reporter.

He also described Bangladesh as a success story. In March it completed full ratification of the ILO convention on labour standards, setting a minimum working age of 14 years.

The committee's socialist chair, Bernd Lange, said there was a lot still to do "but we are on track".

Need customs services? Call 16134

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The National Board of Revenue (NBR) has launched a hotline, 16134, providing services related to an Automated System for Customs Data (Asycuda) and customs.

The Asycuda of the United Nations Conference on Trade and Development (UNCTAD) is an integrated customs management system for international trade and transport operations in a modern automated environment.

Through this hotline, any stakeholder can get information, suggestions and regulatory orders from the NBR.

The hotline will be available from May 15 this year on every working day from 9:00am to 5:00pm and it will cost the regular call charge, said the NBR in an order.

To ease the export and import process, Asycuda world system is used in six customs houses, 26 customs station, 20 off-docks and export processing zones.

Customs offices, port authorities, Bangladesh Bank, Sonali Bank, Bangladesh Biman, shipping agents, clearing and forwarding agents and commercial banks are regular users of the Asycuda, said the NBR.

Time to build on the progress

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He says the sector has learnt its lesson albeit at the expense of many lives, has taken measures and regained its lost glory. As a result, orders are flowing in huge numbers.

Today marks the ninth anniversary of the building collapse, which killed 1,138 workers and left 2,500 workers injured, mostly women workers, who were forced to enter their workplaces in absence of trade unions despite discovering large structural cracks in the building just a day earlier.

"We don't want any more Rana Plaza collapse," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

"We have improved workplace safety with the recommendations from the Accord and the Alliance. As a result, our image has been restored and buyers' confidence in us has returned."

Hassan says garment factories have invested in machine and innovation, improved workplace safety and enhanced workers' rights over the last nine years.

So, the garment export has been not affected. Rather, Bangladesh has turned into one of the best global garment sourcing countries in the world.

In line with the recommendations from two international platforms, the Accord on

Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety, Bangladesh has invested more than \$3 billion to improve workplace safety.

Now, Bangladesh is the global champion in green garment factories having 157 Leadership in Energy and Environmental Design (LEED) certified garment factories.

More than 500 garment factories are waiting to be certified by the United States Green Building Council. All of these efforts have helped brighten the image of the sector and boosted the country's exports.

Bangladesh is performing strongly in the US despite one of the highest tariff rates of 15.62 per cent, thanks to competitive prices and higher demand.

For instance, AK Azad, one of the leading garment entrepreneurs, shipped \$580 million worth of apparel items in 2021. Of the shipment, 95 per cent were supplied to major American retailers and brands such as GAP, VF Asia, Kontoor and Kohl's.

In 2013-14, Bangladesh exported goods worth more than \$5.58 billion to the US, of which 95 per cent were garments. It was \$6.13 billion in FY19 and \$5.94 billion in FY21.

Between July and March, garment export to the US grew 53 per cent

year-on-year to \$6.58 billion. The shipment is expected to accelerate as orders are shifting from China and thanks to massive capacity building by local exporters.

"We expect the garment export to the US to grow even higher at the end of this fiscal year as we are overbooked with orders. Buyers' confidence in Bangladesh has received a boost from our efforts aimed at improving workplace safety," Hassan said.

M.A. Razzaque, research director of the Policy Research Institute of Bangladesh, said in the US markets, all the exporters have to face equal duty, as the American government does not allow preferential trade facilities on garment shipment.

CPD's Moazzem, however, points out that it seems that the reform initiative has slowed down and there is complacency.

"But this complacency could be costly. By taking measures after the Rana Plaza building collapse, we have just laid down the foundation. But we have lost the momentum."

He says the country's ongoing efforts are marked by a lack of coordination, transparency, accountability, weaknesses, and lack of skills.

"As a result, we see fire incidents every now and then. If this continues, we can't rule out the possibility of any major tragedy."

Bangladesh wants

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India and Bangladesh in New Delhi on March 4.

The meeting between Indian Commerce Secretary BVR Subrahmanyam and Bangladesh's Senior Secretary in the Ministry of Commerce Tapan Kanti Ghosh did not set any timeline for finalising the joint study on FTA.

According to Indian officials, Munshi's remark about the timeline for firming up the joint study by May and clinching the CEPA in a year clearly indicates a political push from Bangladesh in boosting trade with India and boldness to go ahead with the FTA.

Munshi also said Bangladesh would be interested in a BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) free trade pact, which Prime Minister Narendra Modi recently spoke of.

Bangladesh is set to become a developing nation in 2026 and may not qualify for the many trade benefits it currently enjoys as a least-developed country.

"We are talking very seriously about finalising this agreement with our Indian counterparts. We have found them very positive. Obviously, there is much at stake for both sides," according to Munshi.

He pointed out that Bangladesh is the second-largest exporter of ready-made garments in the world and India is a very large market.

"We are also exporting many other products to India, including ships. With 170 million people, we, too, are a large market

with increasing consumer power."

In the last financial year, India exported goods worth \$9.7 billion to Bangladesh and imported goods worth more than \$1.4 billion from the country.

However, studies have shown that bilateral trade can be lifted to \$25 billion with a free trade deal, which will help both countries expand exports.

Munshi said Bangladesh is keen to attract investments from India.

"We are in advanced talks with Tata Group that already has plants in Bangladesh, for a large automotive investment, as also with Ashok Leyland," the minister said.

He said Domino's India has set up 25 outlets in Dhaka and plans to raise the number by more than ten-fold, besides establishing a large mother factory.

"We are looking for Indian investment, especially from West Bengal -- a state with which we have a lot in common," Munshi said.

A large number of Bangladeshi firms are also keen to invest in India.

"However, we understand that there are some restrictions on the investments from neighbouring countries. Clearances are being given on a case-to-case basis," said the commerce minister, adding that Walton Group is keen to invest in India.

Walton Group of Bangladesh manufactures consumer durables, computers and telecom equipment, among others, and has a revenue of nearly \$1 billion.

Edible oil market turns

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Abdul Alim, a wholesaler in Chattogram, said dealers and mill owners cut the supply of the product over the last one month on the news that Indonesia may stop exporting.

At the same time, unscrupulous dealers and

against demand," said Monwar Hossain, owner of Yasin General Store in the capital's Karwan Bazar kitchen market.

Abul Kashem, a wholesaler and retailer in the same market, said they got a small amount of edible oil in the last one



brokers are making an extra profit by reducing the supply against demand, he said.

"We are now selling edible oil at the price fixed by the government. However, dealers have not been supplying any oil for the last four days. Dealers say they are not getting oil from millers

week from dealers. When he inquired about the reasons, the dealers had replied that the supply was low, he told The Daily Star.

Bangladesh imported 21 lakh tonnes of palm and soybean oil in 2021, including around 13.5 lakh tonnes of palm oil.

It buys palm oil from Indonesia and Malaysia.

Around 900,000 tonnes of palm was brought in from Indonesia in 2021. In the first three months of 2022, palm oil and soybean oil imports were 10.22 lakh tonnes.

Abul Hashem, general secretary of the Bangladesh Edible Oil Wholesalers Association, says there is an acute crisis of edible oil in the market, especially for loose soybean. As a result, prices of loose edible oil increased further in the wholesale market.

Yesterday, a maund (37.32 kg) of soybean oil was selling at Tk 6,600-Tk 6,700 in Moulvibazar, a wholesale hub, up from Tk 6,500-Tk 6,600 a couple of days ago. Palm oil prices also edged up at the wholesale level, he said.

"Besides, the supply of bottled oil is low. People are not getting oil as much as they want," said Hashem.

Md Shafiqul Ather Taslim, director of TK Group's finance and operations, said his firm did not cut the supply.

"There is no shortage. We are supplying the same amount we usually provide."

Walton records drop in profits

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company's quarterly financial statements at a board meeting yesterday.

Profits fell in the third quarter as the global raw material market faced a challenging period at the time and prices rose, according to Md Rafiqul Islam, company secretary of Walton Hi-tech

Industries. "Shipping costs also increased in recent months so our costs rose whereas the price of finished goods did not increase until last January," he said.

Walton already raised the prices of finished goods so the decline of profits slowed down in the third quarter and

the impact of raising the products prices would be seen in the coming quarters, he added.

In the same board meeting, Walton decided to buy land measuring 588 decimals at a cost of Tk 44 crore excluding registration costs. The land will be used to expand the company.