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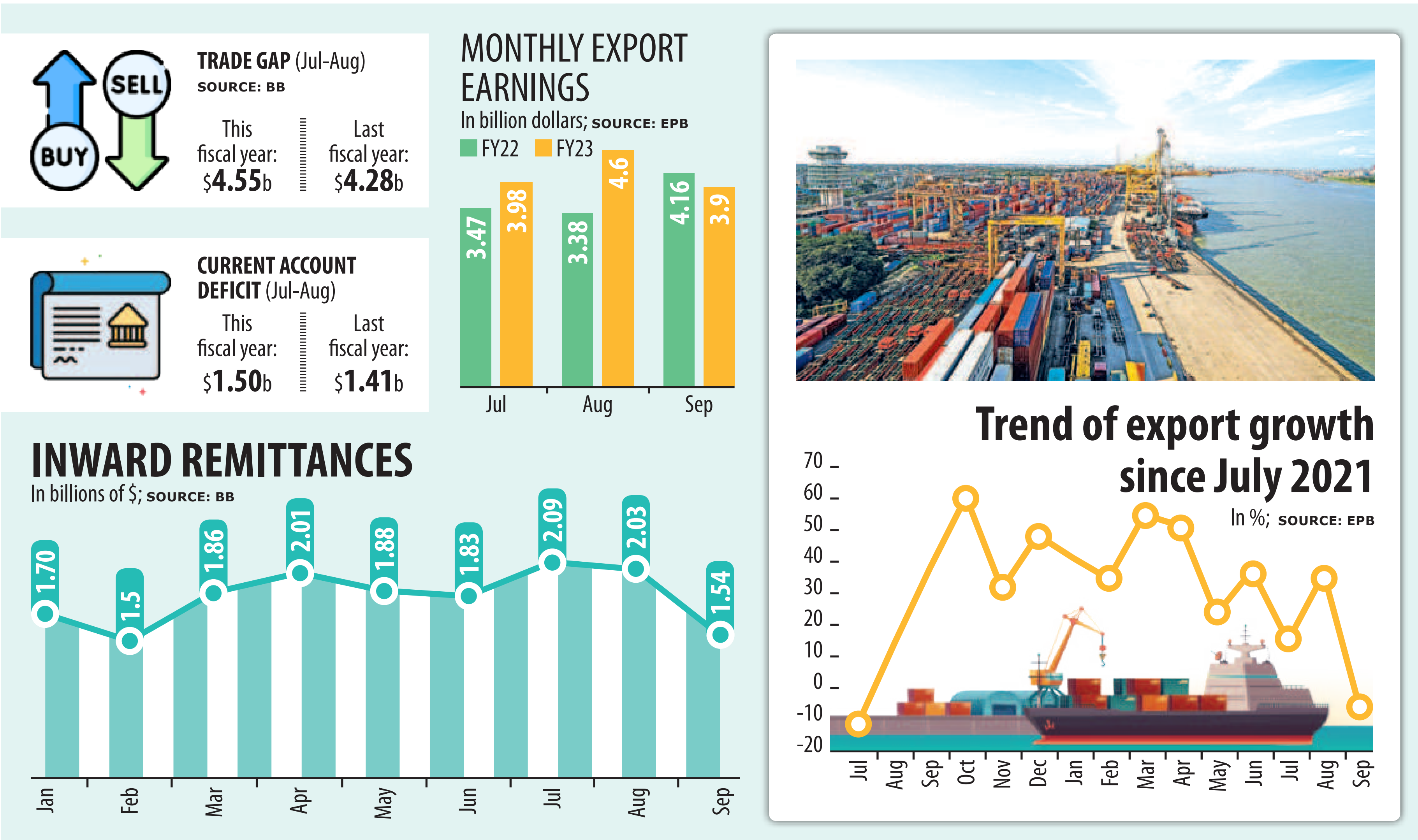

Businesses express frustration over harassment

STAR BUSINESS REPORT

Businesspeople are frustrated with a section of government officials who harass them when they try to obtain trade licences, and cause delays in releasing goods from ports and renewal of trade documents.

While large business groups have been surviving largely due to their financial capacities, smaller companies are failing to perform, business representatives said.

Syed Nasim Manzur, president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh, said when he went to the Chattogram port back in the 1990s for the release of machineries, the officials concerned demanded a non-existent "No-objection certificate".

Over the years, Bangladesh has progressed a bit in developing a conducive business environment, but a lot needs to be improved, he said.

Manzur was addressing a group of businessmen at "Launching Web Portal on setting up factories, licensing, certification and registration" programme, jointly organised by Centre for Policy Dialogue and GIZ at The Westin Dhaka.

BGMEA President Faruque Hassan said apparel suppliers are facing difficulties in delivering orders to international retailers on time due to load shedding of up to 10 hours

"In many instances, government officials demand a lot of unnecessary and redundant documents, such as memorandum of articles of association of the company."

He added that obtaining customs and bond licences by a new investor is the biggest headache.

Manzur further mentioned that his Taiwanese investor in Vietnam needs to fulfil eight requirements in five weeks and spend $2,940 to start a new venture.

He also demanded that trade licences stay valid three or five years instead of one so that hassles and cost of renewal are reduced. The frequent renewal of licences has created an opportunity for rent-seeking, he said.

Bangladesh will be able to export $3.0 billion worth of leather and leather goods in the next three years and $5.0 billion in the next five. Last year, the amount was $1.50 billion, said Manzur, also the managing director of Apex Footwear Ltd.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, moderated the discussion, while Ferdous Ara Begum, chief executive officer of the Business Initiative Leading Development, presented the keynote paper.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the apparel suppliers are facing difficulties to deliver the work

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September brings no cheer for economy

AKM ZAMIR UDDIN *and* SOHEL PARVEZ

The economy of Bangladesh has continued to suffer from foreign exchange-related stress as both exports and remittances declined in September whereas import payments were almost unchanged.

This means that the strain on the foreign currency reserves and the volatility of the exchange rate of the taka is unlikely to be over anytime soon.

Exports fell 6.25 per cent year-on-year to $3.9 billion in September while remittances dropped 11 per cent to $1.54 billion, data from the Export Promotion Bureau and the Bangladesh Bank showed.

Despite the fall, overall exports, however, rose 13.38 per cent in the July-September quarter. Remittance was up 5 per cent.

September actually turned out to be a difficult month for Bangladesh as export slipped for the first time in 14 months while remittance flow fell to a seven-month low.

But in a major relief, imports did not increase substantially. Rather, it was slightly down at $6 billion in September from $6.1 billion in the same month last year.

Overall import payments, however, swelled 26.5 per cent to $20.69 billion in the first three months of the fiscal

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Exports slip after 13 months

REFAYET ULLAH MIRDHA

Export earnings dropped 6.25 per cent year-on-year to $3.9 billion in September, the first fall in 14 months, as the cost-of-living crisis in the western countries took its toll on Bangladesh's main foreign currency earning sector.

The decline came as the garment shipment, which accounts for about 85 per cent of national exports, went down by 7.52 per cent to $3.16 billion in the month, according to data from the Export Promotion Bureau (EPB).

In September, woven exports slipped 5.66 per cent to $1.43 billion while knitwear shipments dipped 9 per cent to $1.73 billion.

The contraction in export earnings came as European and American buyers continue to struggle amid higher consumer prices.

Inflation in the 19-member eurozone surged to 10 per cent in September, the highest on records, owing to the soaring electricity and natural gas prices. In the US, the Consumer-Price Index rose 8.3 per cent in August from the same month a year ago.

And exporters warned that the negative growth may continue for another one or two months because of the double-digit inflation in Europe and higher consumer prices in the US and the growing threat of the world falling into recession.

The shipment of woven garment items has been displaying a strong rebound because of the improvement in the coronavirus pandemic situation as the people have returned to offices and are going out and attending social events.

Overall earnings in the July-September quarter were, however, up 13.38 per cent at $12.49 billion.

Similarly, garment shipment rose 13.41 per cent to $10.27 billion during the three-month period. Of the amount, $5.64 billion came from the knitwear sector and $4.62 billion from the woven segment, up 9.40 per cent and 18.73 per cent respectively from the identical quarter a year earlier.

"We expect that the earnings from the garment sector will rebound strongly from December as international retailers and brands are confirming previously stalled orders," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

International retailers and brands have put on hold the orders because of the price escalation of the raw materials and higher inflation caused by higher prices of essentials and energy costs for the Russia-Ukraine war.

"However, the situation is improving thanks to a fall in the prices of petroleum products and cotton in international markets," Hassan said.

Cotton prices fell to 80 to 84 US cents per pound last week from $1-$1.05. This led retailers and brands to begin confirming the orders. Moreover, a lot of orders are shifting from China to Bangladesh due to the dragging tension between China and the US.

Hassan, however, said factories need simplified business processes and there has to be adequate supply of gas to cater for the work orders.

In the quarter, the earnings from the jute and jute goods export increased by 15.71 per cent to $245.65 million, EPB data showed. Leather and leather goods export grew 20.87 per cent to $327.97 million.

"The earnings from jute and jute goods have been rising because of the growing export of diversified and value-added goods," said Md Abul Hossain,

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STOCKS

DSEX ▲	CASPI ▲
0.28%	0.36%
6,531.58	19,260.19

COMMODITIES (AS OF FRIDAY)

Gold ▼	Oil ▼
$1,660.6 (per ounce)	$79.71 (per barrel)

ASIAN MARKETS (FRIDAY CLOSINGS)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.80%	▼ 1.83%	▲ 0.49%	▼ 0.55%
57,426.92	25,937.21	3,130.24	3,024.39

An X banner of local fashion houses conveys greetings to customers marking Durga Puja, the biggest religious festival for Hindus being celebrated throughout this week. The myriad of colours in clothing in the backdrop express their creators' attempts at showcasing how each colour was deemed synonymous with characteristics embodying the festival. The photo was taken at the Bashundhara City shopping complex yesterday.

PHOTO: SK ENAMUL HAQ

NBR may extend VAT cut on edible oil

SUKANTA HALDER

The National Board of Revenue (NBR) is likely to extend a value added tax reduction on edible oil imports and refining for three months to retain current prices for consumers battered by rising costs of essential commodities.

The revenue administration is working on it and may issue a notification within a couple of days, said a senior NBR official.

On March 16 this year, the NBR slashed the VAT on edible oil imports to 5 per cent from 15 per cent till June 30 to give some relief to consumers amid a public outcry against surging prices, slow delivery by mills, and stockpiling by a section of traders.

Prices of soybean oil shot up over Tk 200 per litre in the local market at one point.

The NBR then extended the timeframe until September 30, which was last Friday.

Retailers in Dhaka city markets sold each litre of loose soybean oil at Tk 160 to Tk 175 and the bottled ones at Tk 185 to Tk 192 yesterday, according to the Trading Corporation of Bangladesh.

Soybean oil is selling at the previous rate, confirmed Monwar Hossain, owner of Yasin General Store in Karwan Bazar.

The government on August 23 hiked the price of soybean oil for the fourth time this year even though the price of the product in the international market held steady last month.

Bangladesh requires about 20 lakh tonnes of edible oil in a year, according to data from the commerce ministry. Only 2.03 lakh tonnes can be sourced from local producers, with the rest met through imports.

According to Bangladesh Bank, about 5,15,000 tonnes of crude soybean oil was imported in fiscal year 2021-22, about 75,000 tonnes less than that of the preceding year.

On September 20, the commerce ministry sent a letter to the NBR chairman recommending that VAT rate of 5 per cent on import of crude soybean, refined or crude palm oil should be continued and the VAT exemption facility at the production and business level should be extended till June 30, 2023.

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