Workers are seen offloading coal from a vessel at Amin Bazar in Dhaka's Gabtoli yesterday. Prices of the fuel have defied all logic to increase in recent months even though its import cost has fallen at the same time, forcing many brick kilns to switch to using firewood against regulations.
PHOTO: PRABIR DAS

No logical reason for spike in coal prices

Tariff Commission says in report

SOHEL PARVEZ

Coal prices have shot up in the domestic market since September this year even though there is no rationale behind the hike, according to a report by the commerce ministry.

The prices of coal, which is used mainly to burn bricks, rose 21 per cent to between Tk 28,000 and Tk 30,000 per tonne at the beginning of December from Tk 22,000 to Tk 24,000 per tonne in September.

It appears there is no reason for the prices to increase in the domestic market considering the import cost and exchange rate of the US dollar, the Bangladesh Trade and Tariff Commission (BTTC) said in a report obtained from the commerce ministry.

The observation comes amid brick kiln owners' complaints regarding soaring production costs. The hike in coal prices comes at a time when brick makers are having to spend more on transport and labour.

Considering the increased cost of coal, many brick makers have switched to firewood, the use of which is prohibited, according to a report by this newspaper published earlier this month.

Bangladesh mainly imports coal from Indonesia, Australia and South Africa to meet its requirement for the fuel, which is also used in garments and power plants, as per the BTTC report and an association of coal importers.

Coal prices shot up in the global market midway through this year due to the Russia-Ukraine war coupled with post-pandemic recovery.

In July, the average price of coal was \$206 per tonne in the global market, the BTTC report said, adding that prices continued declining to touch \$134 per tonne in October. But in November, prices rose to \$150.45 per tonne.

As such, prices declined 26 per cent in November from July in terms of import cost.

The report cited the average prices per tonne of coal taking into consideration the opening of letters of credit (LCs) and said the rate has been falling since September.

"So, it seems that prices of coal will decline by the end of this month," said the BTTC, suggesting the government monitor domestic and international prices every three months.

Syed Md Atiqul Hassan, president of the Bangladesh Coal and Coke Importers Association, said prices of the fuel have dropped in the last few weeks as its demand fell after many brick kilns closed down amid high prices.

Prices are now at Tk 22,000 to Tk 23,000 per tonne, he said.

Hassan then said the local market registered increased prices owing to the higher cost of the US dollar to pay import bills and banks' unwillingness to open LCs.

"As a result, we cannot take advantage of the price fall in the international market," he added.

Private importers brought 50 lakh tonnes of coal in 2021. This year, total imports may be around 40 lakh tonnes, Hassan said.

Market research key to guiding marketers: expert

STAR BUSINESS REPORT

The world is becoming predictably unpredictable with the media ecosystem exploding, said Deepender Rana, executive managing director of Kantar's Insights Division for South Asia.

Now market research has a critical role in guiding marketers to make decisions that maximise their return on investment, he said.

Rana was speaking at a business conference with the top corporate houses in Bangladesh to help brands unlock profitable growth in challenging times.

Kantar, the world's leading data, insights and consulting company, organised the conference titled "Unlocking profitable growth in challenging times" at the Westin Dhaka on Sunday.

Rana said the consumer journey continues to evolve and the rules of engagement for brands are changing. Businesses seek precise and evidence-based insights to help decide both, their marketing strategy and implementation, he said.

Ziaul Islam, managing director of Kantar's Insights Division in Bangladesh, said the role of brands is more critical in challenging time and established brands always give an assurance of quality and make purchase decision easy.

To successfully build and manage brands the marketers need to focus on their strategy covering four aspects – continuous investment, short-term sales, long-term brand building and focusing on corporate reputation and trust, he said.

Fahim re-elected vice-president of CACCI

STAR BUSINESS DESK

Sheikh Fazle Fahim, former president of the Federation of Bangladesh Chambers of Commerce and Industry, has been re-elected vice-president of the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI) at the 92nd council meeting.

He was first elected to the post for 2018-2020 at a 32nd CACCI Conference in Turkey, said a press release.

The regional non-governmental association is principally composed of national chambers or associations of commerce and industry in Asia and the Western Pacific. It aims to link Asian businesspeople to promote economic growth throughout the Asia-Pacific region.

The CACCI's members are from 25 countries and independent economies with a total population of 2.96 billion people and a combined GDP of \$18.79 trillion, which is growing at 4.9 per cent.

In 2021, \$5.48 trillion worth of goods and services was exported by the CACCI countries while that worth \$5.29 trillion was imported.

Sugar prices show no signs of easing

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Deshbandhu Group, said the gas crisis has improved by 80 per cent.

In the last week of October, the government instructed Petrobangla to supply adequate gas to refiners.

Since then, Titas Gas Transmission and Distribution Company Limited has been supplying adequate gas to factories, said Md Salim Miah, director for operations of the state-run utility service provider.

Titas supplies gas to most of the refiners in Bangladesh.

But the higher sugar price persists.

Wholesalers and retailers in Dhaka and Chattogram say the sugar supply is still inadequate. The item is available in some markets, but the situation is not the same in other places.

"We are getting about 50 per cent of the sugar we are seeking. That's why the crisis is not over yet," said Abul Hashem, a wholesaler at Moulvibazar in Old Dhaka.

Jakir Hossain, manager of Ramganj General Store in Karwan Bazar, one of the largest kitchen markets in the capital, said: "The loose sugar supply that I have received can meet 30 per cent of the demand for the sweetener."

"Dealers say the supply is low owing to the reduced production because of the gas crisis. So, the price is not falling."

He said his store has not received the supply of branded sugar for about two months.

Several shop owners in Kazir Dewri, Chawkbazar and Hamzarbag area in Chattogram say the dealers did not provide the item as per demand.

At least 13 shops in the areas say there has been no supply of sugar for the last two days.

Retailers and wholesalers alleged that refiners have cut the supply of the sweetener, creating a crisis in the market.

In Khatunganj, a wholesale market in the port city, the prices of sugar shot up by Tk 20-50 per maund (37.32 kgs) to Tk 3,850- 3,880 a maund in the last two days in the face of falling supply, said Abdur Razzak, a wholesaler.

Deshbandhu Group's Golam Rahman said some of the people in the supply chain are not properly supplying the item as per the demand of wholesalers and retailers. "Rather, they are stocking up."

"That's why the fixed price is not working. If the problem facing the supply chain is sorted out, this issue will be resolved," he said.

A commerce ministry official alleged that refineries are using various mechanisms to keep the sugar market unstable.

The price hikes in international markets and higher transport costs are also keeping the price of sugar at a higher level, said a number of businesspeople.

Hashem, a former vice-president of the Bangladesh Sugar Merchants Association, said there are no signs that the prices would go down in the coming days.

Three out of a total of six refiners told The Daily Star that they are supplying all of the sugar they are producing to the market. They said the people in the middle of the supply chain are actually creating the sugar crisis.

"We are supplying products to the market now," said Meghna Group's Rahman. The processor meets 30 per cent of the demand for sugar in Bangladesh.

Tapan Kanti Ghosh, senior commerce secretary, said: "The gas supply situation has improved to a large extent."

He would sit with sugar and edible oil producers today.

"The improvement in gas supply as well as the problem in opening the letters of credit would be discussed in the meeting," Ghosh told The Daily Star.

He, however, could not say immediately whether the prices of sugar would be cut.

An official of the commerce ministry said it is possible to bring down the prices of sugar below Tk 100 per kg considering the import and international prices.

AHM Shafiquzzaman, director-general of the Directorate of National Consumers Right Protection (DNCRP), said keeping a normal supply of sugar is the biggest challenge now.

"The DNCRP is working towards that goal. But how much is that possible for me alone?"

Ghulam Rahman, president of the Consumers Association of Bangladesh, said the government will have to play a big role to improve the supply situation.

"Otherwise, the crisis will continue. As a result, people's suffering will compound."

The country's annual demand for sugar is 25 lakh tonnes but domestic production can supply only 1 lakh tonnes while the rest comes from abroad.

About 95 per cent of imported sugar is unrefined, according to data from the National Board of Revenue.

The unrefined sugar comes from Brazil, India, Australia, the UK, and Malaysia.

FBCCI wants easy LCs

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Normally when an LC is opened, the respective bank settles it from its own funds, BB Spokesperson Md Mezbaul Haque told journalists.

"We have been noticing for the last few days that remittances are slowly increasing. We are expecting remittances will increase ahead of Eid and dollar supply and the dollar market will increase. It will be possible to gradually pay the due export payments," he said.

"In special cases, we will provide our support when it is necessary," he said.

Rein in rumours

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So far, there have not been any incidents where money was actually taken away from the EDF, which was launched in 1988 with \$300 million to provide soft loan support to exporters.

As of today, the fund is worth \$7 billion.

So, both exporters and the central bank are in a state of confusion as there is a rumour of looting money from the EDF as the banking sector has been passing through a volatile situation amid the US dollar crisis and scam incidents, he said.

In some cases, the banks are confused and are showing reluctance to deal with the EDF loan because of the rumour, which may also affect productivity in export-oriented industrial sectors.

Replying to the queries of journalists, Khokon said the inflow of work orders from international clothing retailers and brands has been recovering.

It would have been possible to export \$60 billion worth of garment items even in the last six months of the current fiscal year had the dollar and gas crisis not occurred.

With this backdrop, he demanded the government fix the challenges in the textile and garment sectors to facilitate more exports, and remove the dollar crisis.

For instance, if the government spends just \$1 lakh on energy imports, the local textile and garment exporters can export \$24 lakh worth of products in turn.

So, at the end of year, the export of an additional \$10 billion to \$12 billion worth of garment items is possible if the energy situation is improved.

Besides, the retention value would be between \$3.5 billion and \$4 billion, which is much more than the conditional loan from the International Monetary Fund (IMF), Khokon said.

Given the currently volatile local and global economic situation, Khokon demanded the government extend the loan repayment period till June next year so that textile millers need not face any probable loan classification oddity in this critical time.

He also demanded the government introduce measures for paying back EDF loans in US dollars instead of the local currency as the funds are disbursed in the greenback.

Currently, borrowers are required to spend Tk 107 per US dollar to buy the currency from the local market while it costs Tk 99 when they receive it from the central bank.

As a result, a businessman who ships goods worth Tk 1,000 crore is losing Tk 70 crore because of the discriminatory exchange rate between the US dollar and local currency. So, the exchange rate needs to be minimised soon, Khokon added.

Currently, the EDF's borrowing limit for a single exporter in the textile sector is \$25 million while it is \$14 million for importing the required raw materials with an interest rate of 4 per cent, which is much less than the 9 per cent rate in the conventional banking system.

He said the gas crisis has improved to an extent at textile mills in Gazipur but the situation of gas supply in other industrial areas still remains the same.

Because of the recent slowdown in work orders for garment items from international retailers and brands, the stockpiling of unsold yarn in industrial units has been growing and currently, yarn worth \$3 billion remains unsold at the rate of \$3.2 per kilogramme.

Recently, the inflow of work orders for knitwear items fell sharply while work orders for woven items increased significantly with the opening up of the global economy from the severe fallouts of Covid-19 and Russia-Ukraine war, Khokon also said.

Feasibility study

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billion, said the commerce ministry data.

The relationship between Bangladesh and Japan has become wider and deeper, said the minister.

Citing a historic relation between Bangladesh and Japan, he said Japan was going to turn into one of the major trading partners if the trade deal was signed.

A Japanese special economic zone was inaugurated at Araihazar in Narayangnaj on December 6 where some \$1.5 billion will be invested and more than one lakh jobs can be created.

The EPA is a concept wider that an FTA as it includes investment, customs procedures, intellectual property rights, services and small and medium enterprises, not only tariff issues, said ITO Naoki.

The economic partnership of Bangladesh and Japan has been going forward despite the pandemic's effects. Bangladesh was really bouncing back from the pandemic, he said, lauding the country's economic growth over the years.

If an FTA or EPA is signed, it will add a new framework to bilateral relations, he added. Japan will coordinate with Bangladesh to hold the first meeting of the joint study group, he said.

In recent years trade between Bangladesh and Japan has grown significantly.

By 2030, there is a possibility that export of locally made garment items to Japan may cross the \$10 billion mark and the amount of bilateral trade may also cross \$20 billion, he said.

Some 85 per cent of companies which engage in trade with both Bangladesh and Japan want a deal to be signed, he said.

He said the local garment exporters may face duty of 8 per cent to 11 per cent on export to Japan after 2026.

The Japanese side also demanded that the Bangladesh government lower and waive tariff on import of Japanese goods to Bangladesh.

Senior Commerce Secretary Tapan Kanti Ghosh also spoke.