



Haor farmers in Sylhet are currently toiling away to plant boro paddy with an aim to harvest their crop ahead of the coming rains as much of the paddy grown last year was washed away by early flooding. The photo was taken from Gowainghat upazila recently.

PHOTO: SHEIKH NASIR

## USDA revises up Bangladesh's rice production forecast

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The US Department of Agriculture (USDA) has revised upward its forecast regarding Bangladesh's rice production in the marketing year (MY) 2022-23 beginning from last May.

Production of the staple grain is forecasted to be 3.58 crore tonnes in MY23, up from the USDA's official estimate of 3.56 crore tonnes, the agency said in its Grain and Feed Update on Bangladesh released by the end of last week.

The USDA said it increased Bangladesh's rice harvested area and production forecast because of good Aman season rice harvest during the marketing year that begins with Boro and ends with Aman rice.

The USDA said it hiked MY 2022-23 Aman season rice harvested area and production forecasts to 58.5 lakh hectares and 1.41 million tonnes respectively, which is higher than its estimates for MY 2021-22.

The Bangladesh Bureau of Statistics has yet to release its estimate for rice production in the three-crop season --

Boro, Aus and Aman -- for 2022.

"Aman rice production exceed the target in many areas of the country," said the US agency, citing proper sunlight, irrigation and balanced fertiliser application for boosted yields.

"Moreover, there was no flooding during this season, which also helped to have good production. But despite the good yields, farmers incurred higher production costs due to fuel and fertiliser price hikes during planting," the USDA said in its report.

The agency estimates 1.97 crore tonnes of rice was produced during the last Boro season in MY23, which is 2 per cent higher than the 1.93 crore tonnes produced previously.

However, cultivation of Aus season rice, which took place in March and April 2022 and was harvested in July and August, dropped 24 per cent from the previous year as severe floods affected the north and north-eastern parts of the country during planting.

Yet, overall production was equal to the 3.58 crore tonnes estimated by the USDA

for MY22 thanks to higher yields of Boro and Aman.

And despite no change in overall production, prices of all types of rice prices remained high through the third and fourth quarters of 2022.

"Usually, rice prices decline at harvest; however, higher production costs, high milling and transportation costs, appreciation of the US dollar, and high inflation were the major factors contributing to the high rice prices this year," the USDA report said.

In December 2022, the average retail price of coarse rice reached Tk 50.55 per kilogramme, which was approximately 7 per cent higher than what it was during the same period the year before.

This season, farmers harvested Aman rice in November and December 2022. The average retail price of high-quality nonaromatic (fine) rice hit Tk 75 per kilogramme last December, up by approximately 3 per cent compared to the same period the year prior, it added.

While prices of wheat flour hit a record high in January 2023, the average retail

price of unpacked coarse wheat flour, also called aata, hit a record of Tk 61.6 per kilogram, up approximately 70 per cent year-on-year, the USDA said.

At the same time, the average retail price of fine quality unpacked wheat flour, called maida in Bangladesh, reached Tk 72 per kilogramme, which was also a record high.

The USDA report said since the Russian invasion of Ukraine began in February 2022, all types of wheat flour prices have been rising due to supply chain disruptions and higher international prices.

India's wheat export ban on May 13, 2022, and the appreciation of the US dollar against Bangladesh's taka aggravated the situation further as most wheat is imported.

"Due to the high price of all types of wheat flour, demand has fallen significantly at the consumer level," the USDA said, citing industry contacts that high wheat flour prices would likely continue until the wheat harvest begins in Bangladesh in April 2023 and India allows exports again.

## Gas price hike to fuel costs

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Rashid went on to say that factory owners are willing to pay more for gas if they are ensured an uninterrupted supply as global prices for the fuel have risen.

He also alleged that ceramics makers are being unable to open letters of credit to import raw materials as they fall under the non-essential products category.

With this backdrop, the executive committee of the BCMEA will soon organise a meeting to decide on price adjustments in line with the higher cost of production.

However, they will have to keep the economy's present condition in mind, so there is no scope to increase prices illogically, Rashid added.

There are more than 70 active ceramic manufacturers in Bangladesh, as per BCMEA data.

Total investment in the industry, both local and international, amount to about \$1.70 billion, of which 62 per cent was spent for making tiles, 23

per cent for tableware and 15 per cent for sanitaryware.

The sector has lured foreign investment mainly from China and the Middle East. The joint venture partners include RAK Ceramics, Fu-Wang and China-Bangla with the largest being RAK of the UAE.

BCMEA data shows that the sector is capable of manufacturing 308 million pieces of tableware, 210 million square meters of tiles, and 19 million pieces of sanitaryware each year.

Local companies have been expanding their operations with plans to fully cater to the \$905 million ceramics market in Bangladesh.

The total annual consumption of tiles in the country is worth \$650 million while it is \$75 million for tableware and \$180 million for sanitaryware.

Local producers currently cater to about 74.38 per cent of the domestic market with 25.62 per cent being imported.

## Sugar prices edge up

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said they would not sell sugar to me if I ask for any receipts."

After a gap of about a month, he received 40 kg of sugar from the dealer yesterday, he said.

Mohammad Bablu, another retailer in the same market, said he bought branded sugar at Tk 115 per kg and loose sugar at Tk 110 per kg yesterday.

During visits to 15 shops in Karwan Bazar, sugar was found in six of them. Three were selling branded sugar.

The last time sugar prices were hiked at the retail level was on November 17 last year when the rate for loose sugar was hiked from Tk 95 per kg to Tk 107 and the branded ones to Tk 102.

Retailers in Khulna and Sylhet say they are selling sugar at higher prices since they are buying at higher rates.

Abdur Rahim, a retailer in Sylhet city, said he is not getting an adequate supply of sugar.

In Bangladesh, the sugar market

has been facing a supply crunch for five to six months.

The retail price of sugar has increased by 50.33 per cent in the last one year and 2.22 per cent in the past one week, data from the Trading Corporation of Bangladesh showed yesterday.

Taslim Shahriar, senior assistant general manager at Meghna Group of Industries, one of the biggest commodity importers and processors in Bangladesh, hopes that sugar will be sold at the new rates.

Sugar imports have fallen owing to the dollar shortage caused by the fast depletion of foreign currency reserves, hurting supply. The production cost has also increased due to the spike in gas and electricity tariffs, said a commodity importer.

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.

## Holiday trips within China surge after lifting of Covid curbs

REUTERS, Beijing

Lunar New Year holiday trips inside China surged 74 per cent from last year after authorities scrapped Covid-19 curbs that had stifled travel for three years, media reported on Saturday.

The Lunar New Year is the most important holiday of the year in China, when huge numbers of people working in prosperous coastal cities head to their hometowns and villages for family reunions.

But for three years people were told not to travel during the holiday, with those who insisted facing the risk of snap lockdowns, multiple Covid tests, quarantine and even admonishment by their work units.

An estimated 226 million domestic trips were made by all

means including plane during the holiday week that ended on Friday, state broadcaster CCTV reported, citing government figures.

That compares with about 130 million domestic trips during the holiday week last year, according to the transport ministry.

In the last Lunar New Year holiday before the novel coronavirus emerged in late 2019 in the central city of Wuhan, some 420 million trips were made internally.

As for travel abroad, inbound and outbound cross-border trips jumped 120.5 per cent from last year to 2.88 million, the National Immigration Administration said on Saturday.

During the Lunar New Year holiday in 2019, 12.53 million cross-border trips were made, the Xinhua news agency reported.

China abandoned its strict "zero Covid" policy in early December after protests against the restrictions, allowing people to travel and the virus to spread rapidly throughout the country.

Now that majority of the population had been infected, China has achieved herd immunity, Jiankang Shibao, a state-backed newspaper with a focus on health reported, citing Shanghai-based medical professor Fang Bangqiang.

On the economic outlook, analysts at Japanese brokerage Nomura said in a research note that holiday consumption of in-person services had recovered notably, as seen in the rebound in travel, but households were likely to be moderate in releasing pent-up demand, given their worsening balance sheets.

## Japan eyes easing South Korea export controls

REUTERS, Tokyo

Japan is considering relaxing controls on exports to South Korea as its president, Yoon Suk-yeol, seeks to improve ties amid a strained East Asian security environment, the Sankei newspaper reported on Saturday.

Japan will decide whether to ease the curbs on shipping high-tech materials, which it imposed in 2019 over a dispute about Japan's wartime forced labour of Korean workers, as the neighbours hold a series of talks aimed at solving the dispute, Sankei said, citing unidentified government sources.

Japan's foreign ministry and trade ministry officials were not immediately available for comment on the report when Reuters contacted them outside regular business hours.

The issue of the export curbs would likely be resolved during consultations between South Korea and Japan on various issues including forced labour, South Korea's foreign ministry said in a statement.

"Given the growing need to promote cooperation among countries sharing universal values at a time when the importance of economic security is increasing, we hope that Japan will judge wisely," the South Korean ministry said.

Foreign ministers of the two countries met for talks in Tokyo this month. Their diplomatic officials are due to meet on Monday in the South Korean capital, Seoul, as they near a conclusion of a plan for the resolving their dispute, Jiji news reported on Friday.

The East Asian neighbours, both important US allies, share a bitter history dating to Japan's colonisation of the Korean peninsula from 1910 to 1945.

Yoon, who became South Korea's leader in May last year, has also made increasing cooperation with Japan a core goal despite the lingering disputes.

## Higher input, dollar costs

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Md Jahidul Hasan Khan, manager for purchase and logistics at Nippon Paint (Bangladesh) Private Limited, blamed the significant depreciation of the taka for the higher price of raw materials and thus, a sharp drop in sales.

The industry depends on imported raw materials.

"The hike in the cost of production has increased, thus eating into margins," he said.

He said the industry is in trouble since manufacturers can't open LCs to import raw materials.

"We need to open LCs worth \$1.2 million per month but it came down to \$0.2 million in December. So, we can't import necessary raw materials and produce products as per market demand," Khan noted.

Even when LCs were opened at Tk 86 per dollar, manufacturers had to settle the LCs at Tk 108 three to four months later, which raised the cost of production, he said.

Nippon was able to grab a 5 per cent market share in just seven years after establishing the factory in 2014. The company had a turnover of Tk 300 crore before the pandemic.

"But the ongoing situation is not favourable for the paint industry due to the economic uncertainty," Khan said.

A higher price of crude petroleum oil has been a blow for the local manufacturers as well, since crude and crude derivatives account for 40 per cent of the key ingredients they use.

The price of oil hit an all-time low of \$30 a barrel in 2020 as demand plummeted owing to the pandemic.

It surged to more than \$120 amid concerns about a shortfall in global supplies following Russia's invasion of Ukraine. It is now hovering around \$86 a barrel.

In 2017, the size of Bangladesh's decorative paint market was about Tk 3,500 crore.

Berger is the market leader with a 55 per cent market share. The other major companies are Asian Paints, Roxy Paints, Elite Paint, RAK, Pailac Paints, Moonstar Paints, and Ujala Paints.

Berger's Sadique believes that the situation in the paint market may improve slightly in the next two quarters as sales usually remain strong before the rainy season arrives.

"But the industry will not witness faster growth until the economy returns to normalcy entirely."