

# Star BUSINESS



## Banks asked to give Tk 25 lakh each for football tournament

**STAR BUSINESS REPORT**

The Bangladesh Association of Banks (BAB), a platform of the sponsors of lenders, has asked 41 commercial banks in the country to pay Tk 25 lakh each to help organise an inter-bank football tournament.

The BAB has formed a committee led by Exim Bank Sponsor Director AKM Nurul Fazal Bulbul to hold the Sheikh Hasina Inter-Bank Football Tournament "successfully and in a grandiose manner".

The association sent a letter to all member banks, asking them to deposit the fund in favour of the BAB by March 16. It will raise

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**Why BGMEA seeking extension of LDC trade benefit?**

- Fall in demand for apparel work orders
- Severe fallout from Russia-Ukraine war
- Severe impact of pandemic

**WHAT BANGLADESH IS DOING**

- Govt started lobbying for LDC trade benefit extension for six more years
- BGMEA will lobby with trading partners for the extension from next month

**OTHER RISKS IN POST-LDC ERA**

- Loss of preferential trade benefit
- Loss of market share
- Erosion of trade competitiveness in global market
- Drop in market share in global garment trade
- May lose nearly \$5b worth of garment business in EU annually
- May face 12% duty on apparel export to EU

**GARMENT EXPORT SITUATION**

- Shipment declined in volume but rose in value over the last six months
- Shipment to new markets rising

## Watermelon enters export basket

**DWAIPAYAN BARUA, Chattogram**

In a first for Bangladesh, a consignment of watermelon has been shipped to Malaysia through Chattogram port by Sattar International, a vegetable exporter based in the port city.

The consignment of more than 13 tonnes of watermelon and 5 tonnes of tomato had reached a private inland container depot last week. The goods were then packed into a 40-foot refrigerated container after customs and quarantine tests.

The container, which was loaded onto the MV Integra, left the seaport last Friday.

Abdul Kaiyum, proprietor of Sattar International, said the value of the 5 tonnes of tomato alone is worth \$3,000.

The firm has been exporting various vegetables, including potato, tomato, cabbage and cauliflower to different Malaysian buyers for the last three years. Kaiyum informed that one of his Malaysian buyers previously expressed interest in importing watermelon from Bangladesh.

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# BGMEA to go all out for post-LDC duty benefit

Will lobby for doubling duty-free transition period

**STAR BUSINESS REPORT**

Apparel exporters will begin lobbying with major trading partners and blocs from next month to win their support for Bangladesh's efforts aimed at retaining duty benefits for six more years after the graduation of the nation from the group of least developed countries.

Bangladesh is expected to lose its duty-free market access following its graduation to a developing country in 2026. But the European Union and the UK have already announced a three-year transition period to help the country graduate smoothly amid challenges posed by the coronavirus pandemic.

But the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) wants a six-year transition period since apparel exporters are expected to face tough competition in the global markets after losing the duty-free trade benefit.

The trade body has long been seeking an extension of the transition period, but its lobbying has not been that strong. The outbreak of the Russia-Ukraine war and the dragging fallout of Covid-19 have prompted the association to rethink its



strategy as consumers around the world have cut back on their consumption owing to a sharp rise in inflation.

"As part of the negotiation, we will meet the director general for trade of the European Union, senior officials of Germany and many other major trading partners so they agree to the extension of the LDC-related trade benefit to at least six more years," said Faruque Hassan, president of the BGMEA, at a press conference at his office in Dhaka.

"We want to make the best of the LDC benefit as our trade has been affected severely owing to the fallout of the war and Covid-19."

Bangladesh, along with other LDCs, has been lobbying with the developed and developing nations and the EU and the World Trade Organisation (WTO), for an

extension of the trade benefit to ensure a smooth transition for graduating LDCs.

During the 13th Ministerial Conference in Geneva in June, WTO members also recognised the importance of the extension. But they did not come up with a decision exactly when and how the benefit will be extended.

A decision on the extension may come at the 14th WTO Ministerial Conference in the UAE in 2024.

Hassan said he had already held talks with WTO Director-General Ngozi Okonjo-Iweala and sought 10 years as the transition period. But she advised them to lobby for a six-year transition period.

The government has already demanded an extension of the LDC-linked trade benefit for six years. It reiterated the call at the LDC-5 Plan of Action in Doha last

week.

On a number of occasions over the last few years, the business community of Bangladesh said that the LDC graduation would not affect the business severely, citing the US market as an example.

Local exporters are performing strongly in the US markets despite a 15.62 per cent duty, on the back of a robust shipment of apparel items to the single largest export destination for Bangladesh.

However, the recent export trend of apparel shows that the preferential trade benefit is needed for the smooth continuation of shipments.

At the press conference, Hassan said the BGMEA was going to demand a duty-free market access for the apparel items made with US cotton and shipped to the US markets.

The BGMEA leader also said it has started working with the US government to address the issue of counterfeit goods through the introduction of a QR code for more traceability of the origin of goods.

It came after the US government lodged complaints with the government about the shipment of counterfeit products from Bangladesh.

## Reforms need political will, not IMF

**Economists say**

**STAR BUSINESS REPORT**

Reforming economic policies in Bangladesh to avoid corruption and disparity and ensure good governance requires strong political will, not the conditions of the International Monetary Fund (IMF), said economists yesterday.

Their comments came at a webinar titled "IMF's loan: who consume, who repay" organised by the Forum for Bangladesh Studies, a platform of academics, analysts and researchers.

On January 30, the IMF approved a \$4.7 billion loan programme which would run for 42 months and has as many as 30 conditions falling under three categories: quantitative performance criteria, structural performance criteria and general commitment.

"The state of governance corruption cannot be changed by the IMF's conditions because these cannot be bought by money. Rather the political intent is necessary," said Ahsan H Mansur, executive director of Policy Research Institute of Bangladesh

executive director of Policy Research Institute of Bangladesh.

The amount of the loan is not that big compared to the size of the economy but its conditions may contribute in taking some necessary steps, he said.

The government did not focus on reforming policies to stop capital flight and improve the tax to GDP ratio. "So, the government's fiscal space is being squeezed," he said.

In fiscal year 2021-22, the tax-GDP ratio was only about 7.5 per cent which was over 12 per cent a few years back, he added.

Meanwhile, the exchange rate was fixed for so many years that the dollar became overvalued by around 40 per cent and it has been adjusted by only 25 per cent, he said.

Now the exchange rate has become almost fixed again, he said.

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STOCKS		WEEK-ON-WEEK
DSEX	0.64%	6,220.24
CASPI	0.52%	18,352.71

  

COMMODITIES		AS OF FRIDAY
Gold	\$1,988.11	(per ounce)
Oil	\$66.29	(per barrel)

  

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.62%	▲ 1.20%	▲ 0.88%	▲ 0.73%	
57,989.90	27,333.79	3,183.28	3,250.55	

## EVs to dominate future car market

But progress slow for lack of policy, industry people say

**JAGARAN CHAKMA**

Electric vehicles (EVs), including plug-in hybrids, will one day dominate the automobile market in Bangladesh as the demand for cars run on alternative fuel is slowly gaining ground, according to importers and distributors.

Around 20 EVs of global automotive brands such as Tesla and Porsche have been registered with the Bangladesh Road Transport Authority (BRTA) since September 2022, when EV registration was first introduced.

Market insiders say around 50 to 60 per cent of all passenger car imports are now either plug-in hybrid or hybrid cars.

"I imported Tata EVs to display them at the auto show in Dhaka," said Abdul Matlub Ahmad, chairman of Nitol-Niloy Group, local distributor of Tata Motors.

Ahmad plans to eventually start manufacturing EVs at his proposed plant in Ishwardi upazila of Pabna.

He blamed the government for delaying the formulation of the EV policy while stating that an imported unit priced at Tk 29 lakh would cost around Tk 12.5 lakh if locally made.

"Huge foreign direct investment would come for manufacturing EVs if the policy provides favourable incentives such as tax holidays," Ahmad said, adding that it would help develop vendors for EV components as well.

Md Habib Ullah Dawn, president of the Bangladesh Reconditioned Vehicles Importers and Dealers Association (BARVIDA), said EV imports have not sped up for three reasons, namely complex registration process, lack of charging stations and higher price compared to fossil fuel cars.

Still, EVs will dominate the passenger car market as they are environment friendly and fuel efficient.

The National Board of Revenue currently exacts 20 per cent supplementary duty on EV imports while the customs duty is 72 per cent.

Against this backdrop, the BARVIDA president demanded the withdrawal of these taxes to reduce the price of EVs and thereby increase demand.

He also said EVs are at least 30 per cent costlier than traditional cars for their sophisticated technology.

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Electric vehicles designed by India's Tata Motors are seen on display at the 16th Dhaka Motor Show last week. Huge foreign direct investment would come for manufacturing EVs if the policy provides favourable incentives such as tax holidays, businesses think.



## 'EV industry to draw millions of dollars'

**JAGARAN CHAKMA**

Bangladesh has the potential to become a hub for manufacturing electric vehicles (EV) as industries for the production of components such as batteries and tyres have already been established while the growing population assures market viability.

"EV needs less components than fossil

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