



THE LOWDOWN

Tk **80,841**cr spent in FY22 for importing major **8** food items

About **73%** land used for rice cultivation

Surging import cost raises concern for forex reserve

WHY IMPORT COST RISING?

Lack of focus on diversified products

25% depreciation of taka against dollar in the last 1 year

Higher freight costs and commodity prices

WHAT EXPERTS SUGGEST...

» Give importance to import-substitute commodities

» Focus on using technologies in agriculture

» Popularise rice bran oil

» Focus more on mustard cultivation

» Develop short-duration varieties of crops

SHARE OF IMPORT COST OF FOOD COMMODITIES

In %, Jul-Jan period, FY23
SOURCE: BB

Rice

Wheat

Spices

Edible oil

Oil seeds

Pulses

Sugar

Dairy milk products

IMPORT COST FOR MAJOR FOOD ITEMS

In crore taka; SOURCE: BB

Food import cost ballooning owing to scanty local output

Tk 50,000cr spent in seven months of FY23

MD ASADUZ ZAMAN

Although Bangladesh has almost achieved self-sufficiency in rice production, its dependence on the international market remains high for food items with import cost rising two and a half times to Tk 80,800 crore from a decade ago.

The country, which produced 3.81 crore tonnes of rice in the fiscal year of 2021-22, had to spend the money to buy rice, wheat, spices, edible oil, oil seeds, pulses, sugar and dairy and milk products, according to Bangladesh Bank data.

In the first seven months of the current fiscal year, private and public agencies coughed up Tk 50,000 crore to import food items, an increase of 10.5 per cent from a year ago.

This would be the fourth year in a row that Bangladesh has paid a higher amount to import essential foods to meet its domestic consumption amid inadequate local production.

Agricultural analysts say the country's import dependence has remained high in the absence of focus from policymakers to diversify agricultural production

through a planned use of its 88.29 lakh hectares of cultivable land in a bid to cut import dependence.

As rice is a “politically sensitive commodity”, successive governments gave priority to increasing its production and directed more resources to research to develop improved varieties of the crop and take them to farmers in order to ensure staple security.

They say the options for diversified agricultural production have either not been used or less explored. As a result, other crops and foods, namely oilseeds, pulses and dairy, did not get an adequate push from the policy level. This caused the country to remain dependent on the global market for these commodities.

The reliance has augmented although the international market itself suffered from a supply shortfall and subsequent price volatility owing to the export restrictions imposed by producing countries.

For example, in the weeks following Russia's invasion of Ukraine in late February 2022, several countries introduced

export restrictions, including licencing requirements, taxes, and some outright bans, on a variety of feed and food products.

These fueled war-related disruptions in global markets and contributed to higher prices and deepened price volatility, according to a blog post on the website of the International Food Policy Research Institute.

Mohammad Jahangir Alam, a professor at the Department of Agribusiness and Marketing at the Bangladesh Agricultural University in Mymensingh, said although Bangladesh follows the principles of an open market economy, it should concentrate on its domestic production.

“Unless we do that, how could we handle situations like the Covid-19 pandemic and the

dollar crisis?” he asked.

Bangladesh has been suffering a shortage of US dollars for the last one year due to spiralling import costs of various commodities.

“Bangladesh should adopt a long-term plan by prioritising major food commodities to reduce the import dependency,” Prof Alam said.

Wais Kabir, a former executive chairman of the Bangladesh Agricultural Research Council, said considering its political dimension, governments had to stress increasing rice production and availability.

“So, we are doing considerably well in rice.”

There are 300 agricultural scientists working full-time on rice in the country. The number

of scientists dedicated to other commodities is not that high.

Kabir said not all food commodities can be produced in Bangladesh because of its agro-climatic limitations, lesser availability of land and global competitiveness.

“This is true for other countries as well. So, we need to import to some extent and it may grow as the income of consumers grows.”

Kabir, however, thinks that the production of food commodities can be increased in certain areas, namely the southern coastal region, through proper water management.

“This will need strong collaboration among the concerned ministries.”

According to Kabir, Bangladesh can reduce the import of pulses by increasing the cultivation of the newly developed short-duration mung bean in the southern belt.

He cited that the government took development projects to incentivise growers with quality seeds and intensify extension efforts to increase the production of crops such as pulses, spices and oilseeds.

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Bike sales drop 30% in two months

JAGARAN CHAKMA and TUHIN SHUBHRA ADHIKARY

Motorcycle sales declined by 30 per cent in Bangladesh in the past two months due to higher inflationary pressures and a draft policy that makes securing a driving licence mandatory before buying two-wheelers.

According to market insiders, average monthly motorcycle sales came down to 35,000 units in the last two months from 50,000 units during normal times.

Similarly, the registration of motorcycles with the Bangladesh Road Transport Authority (BRTA) declined by 27 per cent. The monthly motorcycle registration slipped to 30,501 units, down from 42,242 units in 2022.

“Sales of motorcycles declined by 30 per cent due to the dollar price increase, the economic crisis and higher inflationary pressure,” said Subrata Ranjan Das, executive director of ACI Motors, the local distributor of the Japanese brand Yamaha.

A sharp and unregulated growth of vehicles, especially motorcycles and three-wheelers, over the last few years has resulted in a spike in the number of crashes and casualties. This has led to the formulation of the draft Motorcycle Operation Guideline 2023 by the government.

As per the draft, the speed limit for bikes inside cities will be 30 kmh and bikes below 126cc would not be allowed to ply on highways. Besides, nobody will be allowed to buy a motorcycle without a driving licence.

Bike manufacturers and assemblers have formally opposed the draft.

Das said the proposed guideline has had an impact on the overall sales of motorcycles.

In Bangladesh, the purchasing power of the people has declined sharply owing to higher consumer prices for the last one year.

Inflation rose 8.78 per cent in February, breaking a five-month declining trend. It surged to a 10-year high of 9.52 per cent in August, driven

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STOCKS		WEEK-ON WEEK
DSEX	CASPI	
0.08%	0.11%	
6,215.30	18,374.47	

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,978.75	\$69.25	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.69%	▼ 0.13%	▼ 0.2%	▼ 0.64%	
57,527.10	27,385.25	3,212.64	3,265.65	

Payra port channel now deepest in Bangladesh

Will handle ships of up to 10.5 metres draft

SOHRAB HOSSAIN, Patuakhali

Larger mother vessels will now be able to load or unload their goods directly from the jetty of Payra port as capital dredging work of Ramnabad channel is now complete, according to port officials.

Ships with a draft of up to 10.5 metres, ranging 225 metres long and 30 metres wide, can now dock at the jetty instead of having to load or unload their goods through lighter vessels further out, said Rear Admiral Mohammad Sohail, chairman of Payra Port Authority.

Belgium's Jan De Nul, a maritime infrastructure construction and maintenance company based in Luxembourg, yesterday handed over the channel to port authorities after completing the dredging works.

The project, which cost Tk 6,500 crore, was initiated in January 2021 in a bid to turn Payra port into a major shipping hub for the country by facilitating the access of larger vessels.

Port officials say Ramnabad channel now has the highest depth while Chattogram port, the biggest seaport in Bangladesh, only just recorded the berthing of a vessel

with 10 metres draft in January this year.

Sohail then informed that a ship carrying 60,000 tonnes of coal from Indonesia is expected to arrive at Payra port within the next two days.

Other than that, seven more vessels will arrive later this week.

The project, which cost Tk 6,500 crore, was initiated in January 2021 in a bid to turn Payra port into a major shipping hub for the country by facilitating the access of larger vessels

These ships will initially berth at a jetty of the Payra Thermal Power Plant, which is situated next to the port. Here, users will be able to load or unload cargo for transport all over the country.

But from May, vessels will be able to berth at the port itself after the construction of its first terminal is complete, the shipping ministry said last week.

Once work on the first terminal in the Charipara area of Ramnabad channel

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A partial view of Payra port in Patuakhali district. With capital dredging works of Ramnabad channel now complete, only the construction of the first terminal remains for Payra port to become the third fully operational seaport in Bangladesh.

PHOTO: SOHRAB HOSSAIN