Bangladesh is the second largest apparel exporting country in the world and has 6.37 per cent share in global apparel trade.

PHOTO: STAR/FILE

BGMEA again seeks duty benefit for apparel made from US cotton

STAR BUSINESS REPORT

In a gap of a month, Bangladeshi garment makers have sent their second letter to the US senators and governors seeking duty-free benefit on export of locally made apparels made from imported American cotton.

Last month, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) sent their first letter to Greg Abbott, governor of Texas, Ted Cruz senator from Texas, and Peter Haas, US ambassador to Bangladesh.

On April 4, a similar letter was sent to John Boozman, senator for Arkansas, Jon Ossoff, senator for Georgia, and Kevin McCarthy, speaker of the house and congressman of California's 20th congressional district.

The second letter was also sent to Raphael Warnock, senator for Georgia, Sarah Huckabee Sanders, governor of the states of Arkansas, Tom Cotton, senator for Arkansas, and Brian P Kemp, governor of the states of Georgia.

The BGMEA mentioned in the letter that the Bangladesh government eased the rules of mandatory fumigation tests on February 19 for importing cotton from Western Hemisphere countries or regions that cover the USA.

The relaxation of the rule will certainly make trades easier, reduce time and cost of importing US cotton, the garment makers' platform said.

Bangladesh's garments face a 15.62 per cent tariff in the US market.

In 2022, Bangladesh's apparel export reached $45.71 billion, around 71.89 per cent or $32.86 billion of which was cotton garments

Bangladesh, the world's second largest apparel exporting country, has 6.37 per cent share in global apparel trade, according to the BGMEA.

In 2022, Bangladesh's apparel export reached $45.71 billion, around 71.89 per cent or $32.86 billion of which was cotton garments.

Despite the challenges, including the Covid-19 pandemic, Bangladesh's apparel shipment rose 8.73 per cent annually in the last 10 years, which reflects the country's potential in the world market, the BGMEA said in the letter to the US.

Digitalising business processes to increase tax collection

Says secretary to Financial Institutions Division

STAR BUSINESS REPORT

There is still ample scope to increase revenue collection by improving the tax administration's efficiency by digitalising the entire business process, said Sheikh Mohammad Salim Ullah, secretary to Financial Institutions Division of the Ministry of Finance.

When formulating the use of revenue through the budget, the government has to take into consideration a multitude of factors such as macro-economic, fiscal and monetary conditions, he said.

He was addressing a pre-budget discussion for 2023-24 organised by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) on its premises in Dhaka on April 4, said a press release.

Addressing the event, Sayema Haque Bidisha, professor of the Department of Economics of the University of Dhaka, said Bangladesh has been adversely affected by the worldwide economic crisis stemming from the pandemic and Russia-Ukraine war.

So, Bangladesh has to tackle the crisis prudently, combating the challenge over containing high inflation while creating employment, she said.

The ICMAB has forwarded 62 proposals to the National Board of Revenue on February 16, many of which were on increasing the tax revenue.

Abdur Rahman Khan, president of the ICMAB, informed that they had also proposed that the selection of tax returns for audit should be based on an automated system focusing risk analysis for ensuring transparency and eliminating unnecessary harassment of compliant taxpayers.

The ICMAB also emphasised eliminating "discriminatory laws and regulations".

BASIS calls for Japanese investment in IT

STAR BUSINESS REPORT

Japan's IT industry should invest in Bangladesh as the South Asian country is poised to become the next IT destination, said Russell T Ahmed, president of Bangladesh Association of Software Information Services (BASIS).

"Bangladesh's fast-moving IT or IT-enabled services sector is poised to open up new opportunities for Japanese ICT entrepreneurs and investors," he said Wednesday.

He was speaking at a seminar titled 'Digital Bangladesh: Your IT Destination' at the Japan IT Week 2023 at the Tokyo Big Site in Japan.A 27-member delegation from 15 Bangladeshi IT companies led by Ahmed is now taking part in the three-day Japan IT Week, which ends today.

The event is known as the meeting place for IT professionals in Asia. "In the field of IT sector, Bangladesh has skilled manpower and Japan has advanced information technology.

In this case, I hope that both countries will benefit if Bangladesh and Japan work together to make maximum use of the skills of both countries," Ahmed said.

"Bangladesh is the next destination for IT investors. Bangladesh IT companies are capable of providing products and services according to any international demand. Bangladesh's success in the international software and app market is also enviable."

BASIS has been working for several years to explore Japan's IT market and facilitate Japanese investment in Bangladesh in building a Smart Bangladesh and real development of the ICT sector, he said.

Shahabuddin Ahmed, ambassador of Bangladesh to Japan; AKM Ahmedul Islam, a director of BASIS, and Ariful Haque, minister (commerce) at the embassy of Bangladesh in Tokyo, also spoke.

Oil heads for 3rd weekly gain

REUTERS, *London*

Oil remained on track for weekly gains on Thursday, with further production cuts targeted by Opec+ and a drop in US oil inventories overshadowing fears over global economic growth.

Brent and US crude have both gained more than 6 per cent this week, heading for a third weekly gain after the Organization of the Petroleum Exporting Countries (Opec) and allies including Russia -- a group known as Opec+ -- pledged surprise production cuts.

Crude dipped on Thursday, however, as weak US economic data raised concern over economic growth. The US services sector slowed more than expected in March and US job openings in February dropped to their lowest in nearly two years.

"The oil market's bullish momentum may have paused, but upside potential remains given the tightening supply backdrop," said Stephen Brennock of oil broker PVM.

Private wheat imports slump

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market, which is highly dependent on imported grain for the dearth of local production.

"The main reason is the delay in the opening of LCs for the dollar shortage. Even when we can open LCs, we are facing delays in getting confirmation from foreign banks," said Md Aminul Islam, managing director of Nabil Group, an importer of wheat.

"These factors have kept the import of wheat lower. Otherwise, everything is okay. The grain is available in the international market and prices have declined as well."

Wheat prices, which shot up to $492 per tonne in the April-June period of 2022, declined to $369 a tonne in March this year, showed World Bank's commodities price data.

At home, the price of the grain started to rise after April in 2022 impacted by the spike in the prices in the global market amid supply concerns in the wake of Russia's invasion of Ukraine and export restrictions imposed by a number of countries, namely India.

As such, wheat flour prices hit Tk 62.26 per kilogramme, the highest on record, in Dhaka in December 2022, data from the Food and Agriculture Organisation showed.

Prices moderated marginally in the first quarter of 2023, thanks to a grain deal brokered by the United Nations and Turkey. The deal allowed resumption of the movement of the cereal from Ukraine through the Black Sea. Last month, Russia agreed to extend the deal for 60 days.

"Local companies were able to import wheat from Ukraine and Russia after the deal," said Taslim Shahriar, deputy general manager of the Meghna Group of Industries.

He said wheat import suffered a lot in the July-November period because of the supply disruptions in the global market caused by the war and the export restrictions. The problems in LC opening also affected imports.

Amid the US dollar shortage, the central bank has tightened rules to curb imports, particularly those related to non-essential and luxury items, with a view to stopping fast-depletion of the foreign currency reserves, which have been fallen by 30 per cent in the past one year.

"However, wheat imports have increased in the first quarter of 2023," Shahriar added.

The prices of flour edged down marginally in the last one month and the loose flour was selling at Tk 55-58 a kg in the retail markets in Dhaka yesterday, down 4 per cent from a month ago, according to data from the Trading Corporation of Bangladesh.

The prices of flour, the second-most consumed cereal in Bangladesh, however, were up 55 per cent from a year earlier.

"There is a supply crunch in the domestic market because of lower imports," said Islam of Nabil Group.

"Prices will decline by 10-15 per cent if all companies can import properly."

Bangladesh produces around 11 lakh tonnes of wheat against an annual requirement of 75 lakh tonnes.

Two panels formed

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wanted to further examine a joint study, he said.

Now the new date will be finalised in consultation with both countries for launching the negotiation, as Bangladesh is ready, he said.

In September last year, both Prime Minister Sheikh Hasina of Bangladesh and Prime Minister Narendra Modi of India in a joint statement welcomed the recent finalisation of the joint feasibility study which recommended that a Cepa would be beneficial for both countries.

They directed trade officials on both sides to start negotiations within 2022 and to complete these at the earliest, in time for Bangladesh's final graduation from the least developed country (LDC) status, the joint statement also said.

The signing of the Cepa with India is also a part of the country's preparation to face the challenges of the LDC graduation in 2026, said Ghosh.

Because the status graduation to a developing country will also erode Bangladesh's preferential trade benefits, he said.

Currently, India is the second largest source of imports for Bangladesh after China.

Annually, Bangladesh imports nearly $15 billion worth of goods like textiles and fabrics, industrial raw materials and intermediate goods, food items, cotton and chemicals for industrial use.

On the other hand, as an LDC, Bangladesh has been enjoying duty-free benefits on export to India under South Asian Free Trade Area (Safta), a free trade arrangement of the South Asian Association for Regional Cooperation (Saarc).

Bangladesh's exports to India amount to nearly $2 billion annually.

In August last year, the joint study said Bangladesh might not make a large gain from a Cepa. This was due to the fact that Bangladesh would lose duty-free market access provided for it being an LDC.

Comparatively, India will make a larger gain from the trade deal primarily through the removal of high tariff rates it currently faces in Bangladesh, said the study.

Bangladesh Foreign Trade Institute (BFTI) and the Centre for Regional Trade (CRT) of India jointly conducted the study last week based on trade data between 2015 and 2020.

If signed, the CEPA will be the first free trade agreement of its kind as Bangladesh has till date signed only a preferential trade agreement with Bhutan in December 2020.

Moreover, Bangladesh has the potential to benefit from the trade of services in tourism, transport and educational cooperation and also creation of jobs locally from Indian investment.

The proposed deal, which calls for a withdrawal of duties, is expected to boost Bangladesh's exports by 190.15 per cent and more if transaction costs are also reduced through improved connectivity, according to the study.

India's exports to Bangladesh are expected to increase by 188 per cent. The Cepa will increase Bangladesh's GDP by 1.72 per cent and India's by 0.03 per cent, the study found.

Bangladesh has also been negotiating with Japan for signing either an economic partnership agreement or free trade agreement to continue the trade benefit in the post-LDC period, Ghosh also said.

Labaid to invest Tk 1,000cr

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include a rehabilitation centre and a pain management centre.

"The clinical research centre will be modern and technologically upgraded, with a focus on cancer research," said Shamim.

"Bangladesh has lagged behind when it comes to research and it was even more evident during the coronavirus pandemic. So, we have included the research centre in our hospital."

The hospital will have 250 beds in the first phase and the number of beds would be increased in the second phase considering the occupancy rate.

The company has already bought a piece of land for the hospital and received a no-objection certificate from the city corporation to use the land. It has secured approval from the Bangladesh Investment Development Authority and the health ministry for establishing the hospital as well.

The feasibility study has been carried out and the operational and business plans have been formulated.

Now, EK Architects, one of the leading architectural firms in Bangladesh, is preparing the design in association with architects from the US, Singapore and India.

Labaid plans to submit a plan to Rajdhani Unnayan Kartripakkha within a few months for approval.

The hospital spanning 7 lakh square feet of space would be built on 1.5 acres of land. It will be a 23-storey building with five basement floors.

The new hospital is scheduled to go into operation in 2025.

Labaid Cancer Hospital and Super Speciality Centre on Green Road has a hybrid module operation theatre so its infection rate has been zero so far and the recovery rate is faster, Shamim said, adding that patients are not needed to stay at the intensive care units and high dependency units after surgery.

"At 30 per cent, our survival rate is quite good."

The chief executive said the cost of cancer treatment at the hospital would be similar to hospitals in India in some cases. In other cases, the costs would be higher.

"But if transportation and accommodation expenditures are taken into account, the treatment cost would be higher abroad than in Bangladesh."

Advance bookings

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Royal Tulip has 493 rooms, including deluxe suites, with rent ranging between Tk 6,500 and Tk 50,000 per night.

"We also provide different offers and discounts to attract tourists. So, there will be full occupancy during the Eid holiday," Awal added.

Similarly, Md Emran Hossain, manager of the Long Beach Hotel in Cox's Bazar, said 40 per cent of their rooms have been booked so far.

Usually, advance bookings are complete by the third week of Ramadan, he added.

Md Saidul Islam Bhuiyan Romel, head of marketing and sales at the Grand Sultan Tea Resort & Golf in Sreemangal upazila of Moulvibazar, said they expect full occupancy during the Eid holiday even though pre-bookings have yet to pick up.

"Basically, bookings start in full swing after the 20th day of Ramadan," he added.

Romel agreed though that overall bookings are slower than previous years for the inflationary pressure as everyone, sans the financially sound, are adopting various austerity measures.

"We have 135 rooms and the average rent is Tk 30,000 per night, so only high-income people stay here," he said.

Subrata Chakma, manager of the Khasrang Hill Resort in Sajek Valley of Rangamati, said pre-bookings for Eid have already started as there is limited accommodation in the area.

"But the percentage of advance booking is still insignificant," Chakma added. According to him, all local resorts and cottages will see full occupancy during Eid as people are drawn to Sajek for its natural environment.

Govt cuts sugar prices

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prices by Tk 5 per kg. On March 27, refiners had urged the government to readjust the rates citing the higher US dollar price, and problems in opening and settling letters of credit, among other factors.

So, the prices were set considering the impact of the import duty cut and the upward global rates of sugar, an official of the commerce ministry said.

The government had fixed the rates of loose and packaged sugar at Tk 107 and Tk 112 respectively on February 1.

Traders in Dhaka's markets yesterday sold sugar at Tk 112 to Tk 115 per kg, which was marginally higher from a week ago, according to the Trading Corporation of Bangladesh.