

## Accreditation key tool to enhance exports

Experts say marking World Accreditation Day

STAR BUSINESS REPORT

Accreditation is an important tool to enhance exports and plays a key role in ensuring product quality and standards in international destinations, speakers said at a discussion yesterday.

The Dhaka Chamber of Commerce & Industry (DCCI) and the Bangladesh Accreditation Board (BAB) organised the discussion at the DCCI auditorium marking International Accreditation Day, according to a press release.

They said Bangladesh's export target will be \$100 billion in FY2025-26 and to attain this high export target accreditation, conformity assessment will play a crucial role.

Accreditation is an integral part of the global quality assurance system, Industries Minister Nurul Majid Mahmud Humayun said while addressing the event.

"In order to increase export of our locally made products in the international market, we need internationally accredited and credible national quality infrastructure."

If the quality of products and services can be ensured, then it would be easy to grab the international market, he said.

"In this era of a free economy, many countries impose various 'technical barriers to trade' to protect their respective products and most of those are related to quality certification. Therefore, accreditation is currently an important tool for creating a strong export market."

DCCI President Md Sameer Sattar said Bangladesh's total trade was \$141.42 billion in the international market.

"Bangladesh is gradually progressing to an export-oriented country from an import-dependent country. In the last fiscal year, Bangladesh's export was more than \$52.08 billion. And for this export accreditation is a very important tool."

To show the quality of specific products, there is a need for internationally accredited certificates and these certificates play a pivotal role in boosting export, he added.

"After Bangladesh's graduation from LDC in 2026, maintaining compliance with our locally produced goods will be a great challenge. And to face this challenge and meet the GSP+ and other compliance criteria, accreditation will play a vital role."



A woman collects an onion which slipped out of sacks during unloading from trucks at the Khatunganj wholesale market in Chattogram. Although low-income people like her can gather as much as five to six kilogrammes on a good day, very little can be earned from their sale as people offer substantially low rates for produce collected in this manner. Local onion was selling for Tk 70 per kilogramme in Dhaka's kitchen markets yesterday. The photo was taken last week.

PHOTO: RAJIB RAIHAN

# Tobacco businesses to face higher taxes

STAR BUSINESS REPORT

Cigarette makers are expected to face higher taxes on their gross receipts from the next fiscal year as the National Board of Revenue (NBR) seeks to collect more taxes and discourage the health-hazardous business.

The tax administration made the proposal in the Income Tax Bill 2023 placed by Finance Minister AHM Mustafa Kamal in parliament on June 8. The Bill will replace the existing Income Tax Ordinance 1984.

As per the proposed law, manufacturers of cigarettes, bid or handmade cigarettes, chewing tobacco and smokeless tobacco will need to pay a 3 per cent tax on their turnover as the minimum tax, up from 1 per cent currently.

Also, the NBR wants to slap a flat 10 per cent tax deducted at source (TDS) on the supply of tobacco leaf by traders to tobacco companies, replacing the present multiple rates of TDS.

"We have proposed a hike in tax rates to discourage tobacco use," said a senior official of the NBR.

In Bangladesh, 35 per cent of adults are currently using tobacco in either smoked and/or smokeless form, according to the

World Health Organisation.

Bangladesh is one of the largest tobacco-consuming countries in the world and has the ninth highest prevalence of smoking out of 109 countries with available data, according to Tobaccconomics, a programme of the University of Illinois in Chicago.

**The total economic cost of tobacco use was estimated at Tk 30,560 crore in 2017-18 when tobacco tax revenues stood at Tk 22,810 crore.**

In 2018, tobacco use killed almost 126,000 people, it said.

The total economic cost of tobacco use -- from lost productivity to direct healthcare expenses -- was estimated at Tk 30,560 crore in 2017-18 when tobacco tax revenues from supplementary duty and value-added tax amounted to Tk 22,810 crore.

"The adverse effects of tobacco cultivation on the environment and the livelihoods of farmers are enormous as

well," it said in a paper.

Bangladesh's farmers planted tobacco on 100,000 acres in 2021-22 to grow 92,000 tonnes of the crop, which was 3 per cent higher than the previous year, as per data from the Bangladesh Bureau of Statistics.

The NBR has also increased the prices of cigarettes in the low-end to premium segments for 2023-24 and raised the prices of bidi and jarda, otherwise known as chewing tobacco, to discourage consumption.

Nasiruddin Ahmed, a former chairman of the NBR, said increased taxes on the tobacco businesses is a good initiative.

"But it is not that significant." Atiur Rahman, chairperson of the Unnayan Shamannay, a think-tank, also welcomed the move.

"We appreciate the NBR for responding positively to the call of raising tobacco taxes by the social activists."

However, the former governor of the central bank said, there is more scope to raising taxes on tobacco products, particularly at the lower end.

"This will help raise revenue substantially which is needed so badly at this difficult time of economic stress in Bangladesh."

## Expectations unmet in budget

FROM PAGE B1

said Nihad Kabir, chairperson of Business Initiative Leading Development (BUILD).

This means that if businesses cannot pay their taxes, the tax agents can strip the enterprise to collect the dues, added Kabir, also former president of the Metropolitan Chamber of Commerce and Industry (MCCI).

She then urged for the withdrawal of the proposed measure to collect a minimum of Tk 2,000 as tax from each individual with a Taxpayer Identification Number (TIN) regardless of whether they have taxable income.

Kabir also suggested that "leakages" in the spending of government revenue should be stopped.

She was speaking at a discussion on the proposed budget and expectations of businesses, organised by Md Siddiqui Rahman, industries and commerce secretary to the Awami League, at Lakeshore Hotel Gulshan in Dhaka yesterday.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said availability of energy is now a major concern for businesses.

This is because even though energy prices have been doubled, the pressure of gas in the supply lines for industrial units is still very low.

Similarly, the duty on the import of sugar is still 62 per cent and as a result, consumers have been buying the sweetener at a high cost. "Here, the NBR wants to show its performance in tax collection," he added.

Uddin then reiterated his complaint that a taskforce formed by the FBCCI and NBR have yet to hold any consultations for fixing these problems.

The chief of the country's apex trade body also said allocation for energy should have been increased in the proposed budget even if it meant deducting funds from the Tk 87,000 crore allocated for developing roads, highways and public transport.

He went on to say that implementing a market-oriented

bank interest rate will not help reduce the inflationary pressure.

Mohammad Fazlul Haque, acting president of Bangladesh Textile Mills Association (BTMA), said not a single demand of theirs was incorporated in the proposed budget.

Almost all the spinning mills have stockpiles of unsold yarn but the government still allowed imports, he added.

The government could have saved a lot of US dollars amid the ongoing shortage had local garment exports been made to buy yarn from the domestic market, he said.

Additionally, many mills have already stopped production because of low gas pressure even though the gas price was hiked by 86 per cent, he added.

The demand of textile millers for withdrawing the duty on import of recycled fibre has not been addressed in the proposed budget either, Haque said.

Md Fazlul Hoque, former president of the Bangladesh Knitwear Manufacturers and Exporters Association, said simply providing allocations for a sector does not guarantee that it will perform better as the funds need to be used efficiently.

"The government did not hold consultations before formulating the income tax law," he added.

Fazle Fahim, former president of the FBCCI, said the depletion of US dollars started with the purchase of Covid-19 vaccines and payments for foodstuff from different international suppliers and the freight charge of logistics companies.

Global logistics companies made a net profit of \$350 billion by hiking freight rates abnormally during the Covid-19 period and Bangladesh was one of the major payers of such exorbitant charges as the country is import reliant, he said.

Moreover, the US Fed printed \$8 trillion to meet the demand, which also exported inflation worldwide, he added.

While chairing the discussion, Md Siddiqui Rahman said everybody agrees that reforms are needed.

Also, the confidence of businesspeople in the NBR needs to be restored, he said.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue, said the proposed budget did not address the crisis in the economy at all. But at the same time, the budget proposals indicate that the government is acknowledging the crisis, he said.

For instance, achieving the 7.5 per cent GDP growth target and attracting Tk 4 lakh crore investment is almost impossible, he said, asking why the government is bypassing the crisis.

Shyamol Dutta, general secretary to Jatiya Press Club, said it is impossible to build a non-communal country with an allocation of only Tk 600 crore for the cultural sector.

Syed Mahbubur Rahman, managing director and chief executive officer of Mutual Trust Bank Limited, said the recent sovereign rating downgrade by Moody's Investors Service will lower the country's foreign direct investment and increase the cost of doing business.

He suggested quick reforms in the banking sector for brightening the country's image and strongly addressing the issue of non-performing loans.

Ahsan H Mansur, executive director of Policy Research Institute (PRI), said excessive borrowing by the government from the banking system will affect the money flow to the private sector.

He also raised questions on how the government will address the high inflationary pressure.

Planning Minister MA Mannan said International Monetary Fund did not put pressure on the country to take a \$4.7 billion loan a couple of months ago. However, the global lending agency did consult with the government on reforms in the financial sector, he added.

Regarding recruiting agents for collecting revenue, Mannan said a good number of unemployed youths will get jobs for the government move.

## Why aren't prices of essentials falling

FROM PAGE B1

Taslim, director for finance and operation at TK Group, a commodity processor, blamed a surge in the cost of dollars as a key factor.

In January 2022, the dollar traded at Tk 84. It has now rocketed to Tk 110-Tk 111 amid a shortage of the American greenback.

"The cost of the US dollar has risen by 32 per cent," he said.

Electricity tariffs and transport costs have increased while gas bills have more than tripled in the last one year. "So, how will the price fall in the international market affect the local market?" he questioned.

Businesses also blame the difficulty in opening letters of credit amid a shortage of US dollars.

Anup Kumar Saha, a former top official of a commodity importing firm, says if the price in the global market falls, the price in the local market should come down theoretically.

"But the reality is that after importing a product and bringing it to the country, the price is determined based on its demand-supply."

"What happens in the local market

is that when there is a gap in the supply demand and the control of a product is in the hands of one or two traders, they monopolise."

Saha, who regularly follows the trends in the global commodity markets, says it is difficult to say when consumers in Bangladesh will start benefiting from the price reduction in the global market.

In a press release yesterday, Tapan Kanti Ghosh, senior commerce secretary, said wheat shortage stood at 24 lakh tonnes when it comes to requirement. In the case of sugar, the shortage was 72,000 tonnes.

The commerce ministry paper also mentioned an absence of proper competition in the market, a lack of records on the purchase and sales prices at the trader level, and weaknesses in policies in commodity market management.

In order to benefit consumers, it suggested the imposition of specific duties on essential commodities, expansion of market intervention by the Trading Corporation of Bangladesh, and giving priority to opening LCs by importers.

## Tax rebate scope

FROM PAGE B1

The total number of mutual funds in Bangladesh is 119. Of them, 83 are open-ended and the rest 36 are closed-end or listed.

Mutual funds pool money from investors to channel them into securities such as stocks and bonds. Depending on the profits earned, investors are paid their shares as dividends.

An NBR official said that the tax administration has found that large investors are investing in mutual fund units.

"We don't want to offer tax rebates to rich investors. But the rebate has remained in place for smaller investors because they need it."

## Commonwealth Trade and Investment Forum in Dhaka in September

STAR BUSINESS REPORT

The first-ever Commonwealth Trade and Investment Forum will be held in Dhaka on September 13-14 aiming to foster partnerships, promote innovation and explore avenues for sustainable and inclusive economic development for Bangladesh.

The event is being organised by the Commonwealth Enterprise and Investment Council (CWEIC) in partnership with Bangladesh Investment Development Authority (Bida), Ministry of Foreign Affairs and Zi Foundation.

The council briefed the media in this regard at InterContinental Dhaka yesterday.

"When Bangladesh joined the Commonwealth, the country was in its infant stage struggling with a war-torn economy and a ravaged infrastructure due to the aftermath of the Liberation War," said Salman F Rahman, the prime minister's private industry and investment adviser.

"Over time, Bangladesh attained tremendous development on its economic fronts," he said.

"Bangladesh is graduating into a middle-income country in 2026. This achievement became possible with immense hard work by the nation, along with support from its development partners like the Commonwealth members," he said.

"Some of the largest trade partners of Bangladesh are Commonwealth members," he added.

"The Commonwealth is an amazing opportunity for Bangladeshi companies to explore - 56 countries of untapped potential and limitless possibilities," said Lord Swire, deputy chairman of the CWEIC.

"The Commonwealth must address the vulnerabilities of least developed countries (LDC), landlocked developing countries, sudden infant death syndrome and countries with special needs," said State Minister for Foreign Affairs Md Shahrar Alam.

It must focus on areas such as the continuation of their trade-related generalised system of preferences beyond LDC graduation, private capital flows and flexible financing for green technology transfer, he said.

"Bida is delighted to be an official partner of CTIF - happening for the first time in Bangladesh. For us, it is a deeply significant and exciting opportunity," said Lokman Hossain Miah, executive chairman of Bida.

"As the country's apex investment promotion agency, Bida will take full advantage of the opportunities that this forum will create. We will also seamlessly deliver investment services to businesses that are interested to explore opportunities in Bangladesh," he said.

Heads of the states and political and business leaders of the Commonwealth members will be attending the forum this year, said Zillur Hussain, strategic advisor for Bangladesh of the CWEIC.

The Commonwealth is a voluntary association of 56 countries, home to one-third of the world's population. Bangladesh joined the Commonwealth as its 34th member in 1972.

## Saudi Arabia seeks cooperation with China

REUTERS, Riyadh

Saudi Arabia wants to collaborate, not compete, with China, the kingdom's energy minister declared on Sunday, saying he "ignored" Western suspicions over their growing ties.

As the world's top oil exporter, Saudi Arabia's bilateral relationship with the world's biggest energy consumer is anchored by hydrocarbon ties. But cooperation between Riyadh and Beijing has also deepened in security and sensitive tech amid a warming of political ties - to the concern of the US.

Asked about criticism of the bilateral relationship during an Arab-China business conference, Prince Abdulaziz bin Salman said: "I actually ignore it because ... as a business person .. now you will go where opportunity comes your way."

"We don't have to be facing any choice which has to do with (saying) either with us or with the others."

Chinese entrepreneurs and investors have flocked to Riyadh for the conference, which came days after a visit by US Secretary of State Antony Blinken.

In March, state oil giant Saudi Aramco announced two major deals to raise its multi-billion dollar investment in China and bolster its rank as China's top provider of crude.

They were the biggest announced since Chinese President Xi Jinping's visit to Saudi Arabia in December where he called for oil trade in yuan, a move that would weaken the dollar's dominance. "Oil demand in China is still growing so of course we have to capture some of that demand," Prince Abdulaziz said.

"Instead of competing with China, collaborate with China."

The two nations' momentum has also raised prospects for a successful conclusion to negotiations for a free trade deal between China and the Saudi Arabia-dominated Gulf Cooperation Council (GCC), ongoing since 2004.