

What are the implications of revised export figures?



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Bangladesh Bank (BB) recently released revised export figures for July-May 2024 that are much lower than the figures reported by the Export Promotion Bureau (EPB). According to BB, actual export earnings for the period was \$40.7 billion, compared to \$51.5 billion reported by EPB.

Exporters in general have been complaining about rising costs and falling demand for RMG. Moving forward, the recent correction of the exchange rate policy should help. Reduction of inflation would also be helpful. But a much more aggressive export diversification strategy is needed.

This nearly \$11 billion discrepancy has raised considerable speculation about the true export performance and reliability of macroeconomic data in Bangladesh. It has also led to speculations about the implications of this adjustment for the macroeconomy.

The reliability of the export data, published by EPB, has been under scrutiny

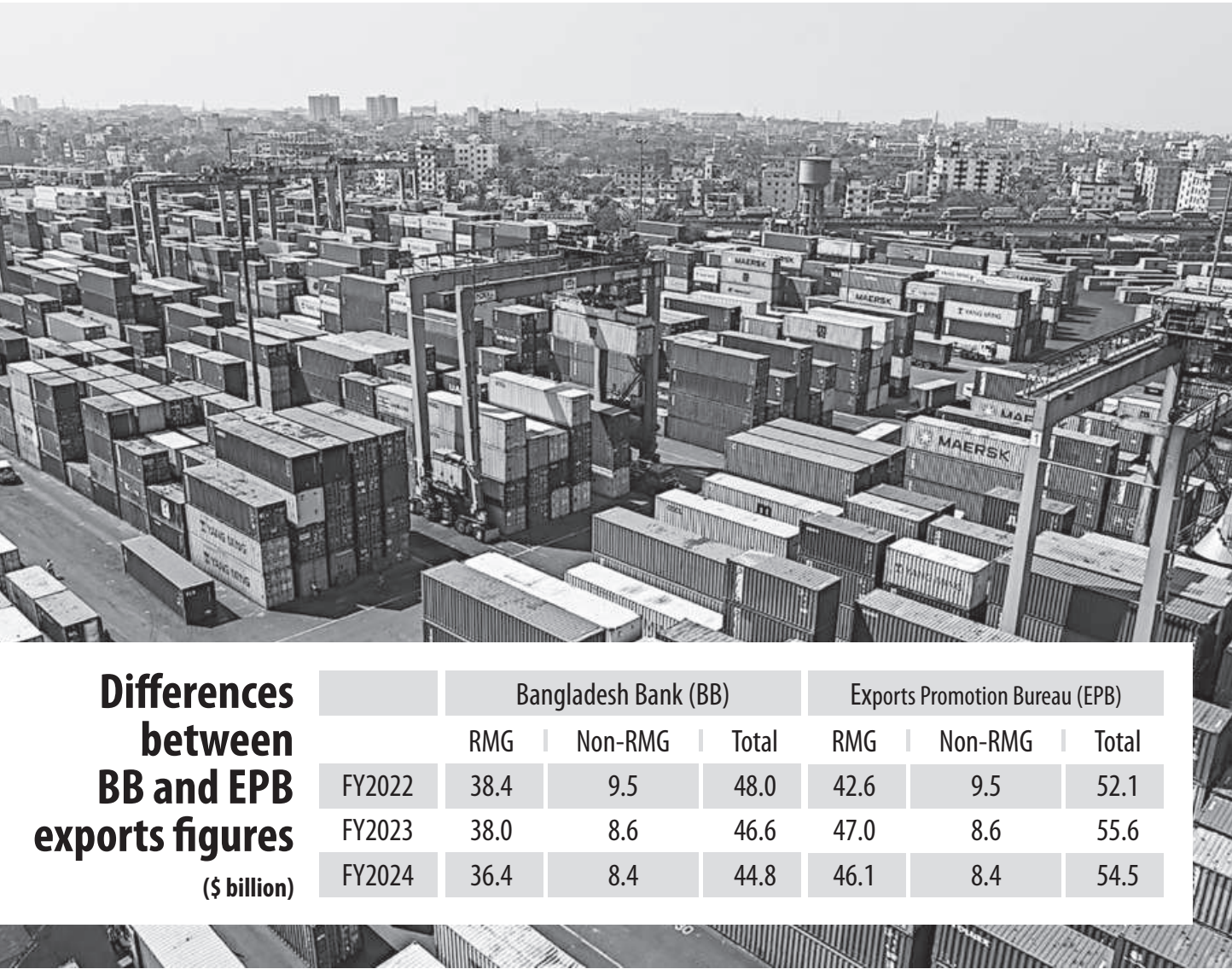
loses from stock-lot sales, discounts, and commission not being adjusted.

The inevitable conclusion is that export figures reported by EPB based on NBR customs data for RMG were much higher than actual RMG exports as reported in the export earnings figures emerging from

the banking sector reports. The estimated gap for the FY2022-FY2024 is shown in Table 1. For FY2024, the full fiscal year estimates are based on July-May data. The revisions are still preliminary and a team comprising of EPB, NBR and BB staff has been constituted by the finance minister to undertake a detailed review of all export numbers. The findings are expected to be

thankfully negligible. The effect on the balance of payments (BOP) is zero because the BB numbers are already built into the actual BOP numbers. In a way, the correction of the financial accounts provides some relief that the perceived huge negative outlook of trade creditors about Bangladesh reflected in the large negative trade credit balance is not true. It is also a relief that the perceived huge capital outflows from the export account is not based on facts. There may still be some element of that, but if so, it would likely be small. The correction of the overvaluation of exports could have implications for GDP estimates. But the government has clarified that the Bangladesh Bureau of Statistics (BBS) uses actual export earnings data provided by BB for calculating GDP, which is then double-checked with production data.

Third, and most importantly, the revision serves as a wake-up call for the government to really upgrade its capacity to gather correct information and share it on a timely basis with the people at large. Credit goes to BB for having the courage to report the errors in the public domain. BB also has a strong team of economists and statisticians and therefore is able to provide good data on a timely basis on its website. But this is not true of many other government entities. For the immediate future, the EPB and the NBR must make all-out efforts to upgrade their data collection, investigation and analytical capabilities with some minimum staffing of professional economists and statisticians. The NBR collects a lot of data on revenues but has very little investigative



from BB for well over a year. Since FY2022, actual export earnings emerging from the banking sector data were significantly lower than the figures reported by the EPB based on the customs data of the National Board of Revenue (NBR). The initial reasoning was a combination of the gap between export shipment and actual earnings, and the suspicion that exporters were not sending back all earnings and were instead holding them outside Bangladesh (capital flight). Accordingly, in their published data, BB continued to use EPB figures for exports but adjusted the difference below the line in the financial account under the heading of negative trade credit.

The gap between EPB figures and earnings reported by commercial banks got cumulatively larger, which ballooned the negative entry of trade credit in the financial accounts.

Prodded by the IMF, the BB established an investigative team led by the bank staff, with participation by staff from NBR and the EPB. Detailed investigations showed that the NBR reported exports figures to EPB were overstated owing to several accounting errors all pertaining to RMG exports. These included: (i) serial duplication errors in customs data; (ii) miscalculation of value of fabrics; (iii) sample items classified as products with export value; (iv) sales by EPZ-based firms being counted twice; (v) failure to adjust the gap between initial LC value and actual export proceeds; and (vi)

available in the next 3-4 months.

What are the implications of this revision?

First, while the substantial downward revision in the export figures is disappointing, it paints a much more realistic picture about the challenging global environment for exports faced by Bangladesh. Exporters in general have been complaining about rising costs and falling demand for RMG. Moving forward, the recent correction of the exchange rate policy should help. Reduction of inflation would

or data analytical capabilities. As a result, it is impossible to determine the quality of the data.

At the national level, the primary data agency, BBS, has been slowly upgrading its capabilities but there is still a long way to go. Concerns about the reliability of national accounts and inflation figures have been raised by many researchers. Since the BBS provides public goods (knowledge and information), it should be an autonomous body funded by the government, but

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also be helpful. But a much more aggressive export diversification strategy is needed. The supportive policies include reform of trade policy to eliminate the anti-export bias, sharp improvements in trade logistics, attraction of FDI in export-oriented enterprises, and upgrading of labour skills through in-house and government-financed training programmes.

Second, the immediate effects of this adjustment for the macroeconomy are

managed by professionals rather than civil servants.

Overall, a strengthening of BBS with professional staff and some minimum investment in upgrading data mobilisation and analytical capabilities of core government institutions dealing with the macroeconomy, and sharing them widely online will go a long way in calming the prevailing skepticism about the true state of the macroeconomy.



In the long drawn out days since the lines of communication were shattered, I have thought of what the long term impact will be of such a violent reaction to a justified demand.

PHOTO: AMRAN HOSSAIN

Protests, deaths and a collective breakdown

Aliza Rahman is a member of the editorial team at The Daily Star.

ALIZA RAHMAN

It is a special kind of horror to see the semi-abstract theories you studied for your semi-abstract major come to life, and begin to apply to events 20 minutes away from you. I came across the term necropolitics as a student in the last year of my bachelor's. A play on biopolitics, this specific rendition spoke to a new form of sovereignty, one where the state pushes to death certain lives deemed unworthy of keeping alive. It's the word that has been ringing in my mind since the start of the whole affair that cracked open the consciousness of the whole nation. It has been the only word that I can use to make sense of the violence that has ruptured across the lives of the young protesting for a fair chance at a decent future.

It is a fact well known that wordless horror brings with it a gnawing kind of pain that doesn't subside. But what of the pain that has a name but we are forbidden from saying it? What of the people who have questions, and even corresponding answers, but are not allowed to voice them? At the apex of the conflict, before the internet shutdown, things that must not be said were being stated on countless social media accounts. My Facebook app showing the same 20 posts that had loaded before the blackout all consisted of people fearlessly sharing information to assist the students, or revealing in fear and desperation the violence unleashed upon them.

In a near surreal turn of events, the BGB and were deployed along with the police to reign in a largely defenseless body of students demanding what is wholly allowed by our constitution. In the empty roads outside my house, bombs and guns were heard because of the fighting on the main road. For the past few days, a helicopter has been flying over our house and flocks of birds have intermittently flown off at the sudden sporadic loud sounds emanating from a place out of our view. The quiet and the unquiet moments have caused an equal amount of trepidation, all exacerbated by the sudden cutoff of information.

A dome has been placed upon us, and we have been feeling its presence since the day it descended. The atmosphere outside Bangladesh and the atmosphere inside it have been separated cleanly as if by surgical cut, severing us not just from the rest of the world, but even each other.

I try to imagine and then try to forget how frightened the kids must have been as they ran from the pellets fired from trained and armed personnel, how they rushed themselves and their friends to hospitals to tend to wounds they should have never gotten in the first place. All this systemic violence for a demand they had every right to make.

When the classes will begin, I will be forced to ensure normalcy, even when I know that of the over 100 students I am teaching, at least one may have lost a friend, or seen a kind of brutalisation that I personally can only justify if it were carried out in self-defence. We know from one of the most enduring images of the resurgent movement that not all the

shootings were carried out for that reason.

In the days since the shutdown, I have felt the full slowness of each day. Throughout, it feels as if the time is not passing. Perhaps, however, it shouldn't pass, and the knot we feel in our chests should remain until a semblance of justice is achieved. Perhaps it is only right that I find myself sweating at the thought that a student may have died in the educational institution I have begun to teach in, because when I asked myself how to comfort the students, I came to the thought that perhaps comfort should be kept at bay for the time being. I have felt time and again since July 15 that we not only be allowed to keep grieving, but that we need to keep grieving. Perhaps the refusal to return to the previous state of normalcy will be the beginning

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of a quieter resistance, one tempered by the bone-chilling fear of weapons on the land and sky far surpassing the collective will of people who want and believe in similar things, but still present even if in a dimmed capacity. Maybe we will find answers in the everyday acts of assistance toward a community that has been, and in many ways will continue to be segregated, not just by class, but by prejudice and unbacked assumptions.

In the long drawn out days since the lines of communication were shattered, I have thought of what the long term impact will be of such a violent reaction to a justified demand, from a segment of the population who know their rights precisely because they are intelligent and educated. What will be the effect of this crackdown on civil society? Will we slowly fold in and become smaller to accommodate powers we feel we should never question? What will happen to the many qualified people unable to find suitable employment that allows them to assist their families? Where will their frustrations go if they feel that their demands will be shut down with violence over and over again? What will it say about us if we stay silent? For the time being, the least we can do is make sure we remember, both the demands made, and the lives lost, because there is no discussion, acquiescence or reform that will bring them back.