

Star BUSINESS

A good number of garment work orders have shifted to competitor countries as a result of the recent spell of labour unrest

Story on B4



NBR halves import duty of sugar

STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday reduced the duty on sugar imports from 30 percent to 15 percent to bring down prices of the sweetener in the local market.

As a result of this reduction, the import cost of raw sugar will decrease by Tk 11.18 per kilogramme (kg) and the cost of refined sugar will drop by Tk 14.26 per kg, according to a statement issued by the NBR.

At retail, the prices have increased by 2 percent in Dhaka over the past month and is now ranging from Tk 125 to Tk 135 per kilogramme, according to data from state-run Trading Corporation of Bangladesh.

The NBR expects the duty cut to decrease market prices and discourage smuggling.

Industry insiders believe so too. "Definitely, this move will help reduce the existing prices as well as smuggling," said Taslim Shahriar, deputy general manager of the Meghna Group of Industries, one of the leading importers and processors of commodities.

But a decrease in the price might come about gradually once existing stocks get sold, he said.

The tax administration took the decision after the Bangladesh Trade and Tariff Commission (BTTC) proposed doing so for both the unrefined and refined varieties and to increase surveillance in border areas to stop illegal imports

As a result of this reduction, the import cost of raw sugar will decrease by Tk 11.18 per kg

This will help keep prices stable during the holy month of Ramadan, which is around five months away and when demand usually increases, the BTTC said.

Bangladesh annually requires 24 lakh tonnes of sugar and five refiners meet around 99 percent of the total requirement by importing raw sugar mainly from Brazil, according to industry insiders.

State sugar mills meet just 1 percent of the demand. Bangladesh's sugar imports fell sharply in fiscal year 2023-24 as refiners stayed away from placing orders with foreign buyers, alleging there was an illegal influx of the sweetener through the borders.

Import of raw sugar by the refiners stood at 13.86 lakh tonnes last fiscal year whereas it was 18.49 lakh tonnes in the preceding year, according to data compiled by the commerce ministry.

Exports grow 5% in Jul-Sep, EPB admits \$3b mismatch

Export performance of major sectors

Sector	Export	Growth	Change
Garment	9,288	5.3%	↑
Leather	283	11%	↑
Agri products	265	3%	↑
Jute & jute goods	178	-20%	↓
Home textile	185	-1.2%	↓
Non-leather footwear	121	31%	↑

JUL-SEP OF FY25
IN MILLION \$

OVERALL EXPORTS IN BILLION \$

Year	Exports (Billion \$)
FY24 (Provisional)	14
FY24 (Actual)	11
FY25 (Reconciled)	11.37

SOURCE: EPB

JAGARAN CHAKMA

The Export Promotion Bureau (EPB) yesterday unveiled the export data for the July-September period of fiscal year 2024-25 and officially acknowledged that there was a \$3.16 billion export data mismatch in the same quarter of the previous fiscal year.

The bureau mentioned the National Board of Revenue's (NBR) role in the data mismatch, an awkward revelation which came to light in July this year and led to a three-month suspension of regular export data publication.

At a press conference, EPB officials announced the end of the data publication pause and said there would be no data gap between the revenue board and EPB in the future.

The bureau said that Bangladesh's exports grew 5 percent year on year to \$11.37 billion in the July-September quarter of fiscal year 2024-25, driven by increased apparel shipments.

In September alone, exporters earned \$3.5 billion, a 6.78 percent increase compared to the same month of the previous year, according to the corrected export figures for September 2023.

Regarding the data mistake, the EPB said the export earnings for July to September in FY2023-24 were reported at \$13.98 billion, but it was actually \$10.82 billion.

"We collect export data from the National Board of Revenue (NBR)," said Md Anwar Hossain, vice-chairman of the EPB. "As NBR made mistakes in data input, EPB's output

was also incorrect."

He said the revenue board counts exports after duty assessment, while the Bangladesh Bank counts exports when earnings are realised.

In July, the Bangladesh Bank (BB) published data showing that actual shipments for the July-April period of the 2023-24 fiscal year were nearly \$14 billion lower than the export figures initially reported by the EPB.

The discrepancy between export figures has persisted for at least 12 years, with the gap surpassing \$12 billion in the 2022-23 fiscal year.

To estimate and correct the data mismatch in the July-September period of FY24, Hossain said the EPB held a series of meetings with the NBR and the central bank. They decided to consider export earnings only after shipment.

He added that they were planning to release live data connected to the NBR database but needed more time to do so.

Multiple entries the main culprit Referring to the findings of the Bangladesh Bank inquiry into the data mismatch, Hossain said multiple entries of shipments by customs officials at the NBR were the main reason for the data discrepancy.

In the case of garment orders under the cutting, making and trimming (CMT) process, the EPB calculated the prices of fabrics and all accessories, instead of only the making charge. This was another contributing factor to inflated data.

He also said that sample items shipped abroad for buyers were counted as exports,

assigning value to items with no actual export value.

Besides, sales by companies within Export Processing Zones (EPZs) were counted twice: once during delivery from the EPZs to local firms and again during shipment from the ports by foreign buyers.

Actual proceeds usually fall below the initial value mentioned in letters of credit (LC), a discrepancy that the EPB did not adjust, the Bangladesh Bank said in its probe report.

Losses stemming from stock-lot sales, discounts and commissions were also not adjusted by the EPB, according to the central bank.

The BB arrived at these findings through its inquiry into the reasons behind the increase in net trade credit, the gap between reported shipment values and actual money flow into Bangladesh.

Anwar-ul Alam Chowdhury Parvez, president of the Bangladesh Chamber of Industries (BCI), said the inflated export data from the EPB gave a negative impression to the general public, hinting that garment exporters were laundering money.

"But, this was due to incorrect data input by government entities."

The erroneous statistics and its implications not only humiliated exporters but also provided misleading information to policymakers, causing them to believe that the readymade garments sector had built up capacity for incentive phase-out.

According to Parvez, the EPB was repeatedly warned about the inflated export data by apparel exporters, but to no avail.

STOCKS

DSEX	CASPI
1.85%	1.16%
5,422.05	15,135.34

COMMODITIES

Gold	Oil
\$2,616.86	\$73.90
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.21%	0.87%	0.56%	6.62%
81,467.10	39,277.96	3,595.66	3,258.86



Abul Hashem

Govt removes BASIC Bank chairman

STAR BUSINESS REPORT

The interim government yesterday removed Abul Hashem from the post of chairman at BASIC Bank.

Hashem, also vice chancellor of Anwar Khan Modern University, was removed as per the Bank Company Act, according to a notification from the Financial Institutions Division of the finance ministry.

Hashem was appointed as chairman of BASIC Bank for the first time on September 14, 2020. He was then reappointed to the post for a second three-year term on November 15 last year.

The interim government also recently removed the managing directors and chief executive officers of five other state-run banks.

Bangladesh's rice output crosses 4cr tonnes for the first time

SOHEL PARVEZ

For the first time, Bangladesh has bagged more than 4 crore tonnes of rice in a fiscal year (FY) thanks to increasing yields of the most grown crop, according to official data.

Local farmers have been gradually switching to high-yielding and hybrid varieties of the cereal grain, bringing the country's need for rice imports down to zero.

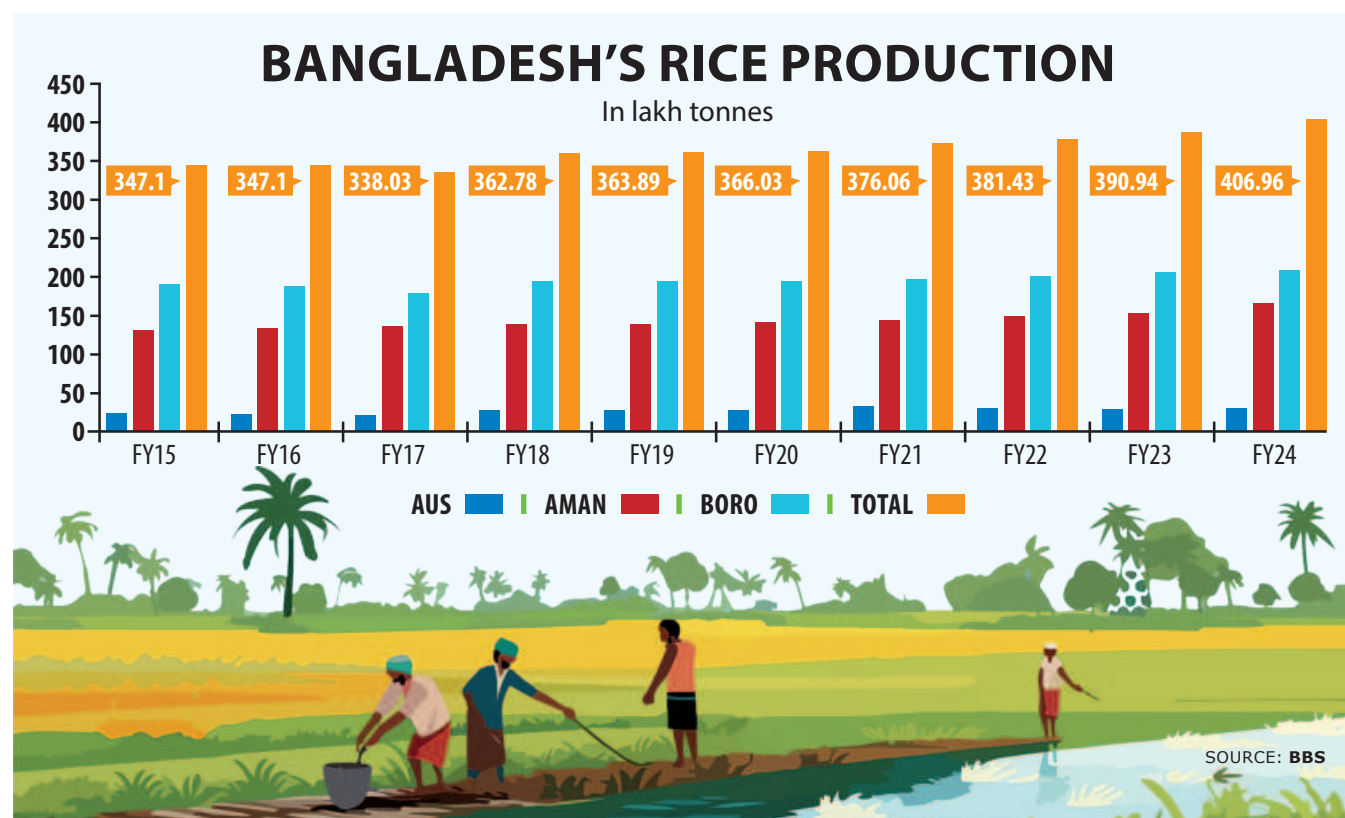
Estimates by the Bangladesh Bureau of Statistics (BBS) show that farmers bagged 4.10 crore tonnes of rice in FY 2023-24, up by 4.1 percent year on year in what was the highest growth in six years.

The largest growth in yields came from Aman paddy, which was harvested in the previous winter ahead of Boro paddy in the dry season. Boro is the principal rice crop in Bangladesh.

Farmers got about 2.10 crore tonnes of rice through the Boro harvest in the May-June period early this calendar year.

FY24 marked the fifth year of a consistent rise in rice production with Wais Kabir, a former executive chairman of the Bangladesh Agricultural Research Council, linking the spike to yield enhancement.

"One of the main factors is that farmers have shifted to cultivating modern varieties of rice. They are growing more high-yielding and hybrid varieties. The acreage has also risen over time," he said. Jahangir Alam, an agricultural economist, said increased rice production



cut import of the cereal grain. "We did not have to import any rice [in FY24]. Besides, this did not have much of an impact on prices as it seems public and private stocks were adequate," Kabir added. Data of the food ministry shows that

Bangladesh imported 10.56 lakh tonnes of rice in FY23 compared to zero public and private imports as of October 7 this year. Kabir also said one of the reasons behind the zero rice imports was a surge in wheat imports.

The use of wheat by bakery and food processing industries as well as animal feed has increased. This contributed to the reduced requirement for rice, he added.

READ MORE ON B3

Summit urges govt not to cancel its FSRU deal

STAR BUSINESS REPORT

Summit Group yesterday urged the interim government to withdraw its recent decision to terminate an agreement over the establishment of the group's second floating regasification plant for liquefied natural gas (LNG) imported by Bangladesh.

Summit LNG Terminal II Co (SLNG II), a unit of Summit Group, did not breach any conditions precedent of agreements signed with Petrobangla to build the "Floating Storage and Regasification Unit (FSRU)," said a Summit press release.

A condition precedent is an event that must come to pass before a specific contract is considered to be in effect, according to investopedia.com.

SLNG II said they received a notice from Petrobangla on October 7 notifying of the termination of the project situated at Moheshkhali in Cox's Bazar.

They said the notice mentioned that SLNG II did not submit a "performance bond" by June 28 or within the stipulated 90 days as per prior agreements.

READ MORE ON B2

Correction

In a report headlined "Faulty NIDs deprive garment workers of welfare fund benefits" published on October 7, the designation of Masing Newar was mentioned mistakenly as assistant field officer of the World Food Programme (WFP). Actually, Masing Newar is senior programme and policy officer, social protection at the WFP. We regret the error.