

# Plastic makers criticise govt ban on 17 types of products

They recommend promoting plastic recycling initiatives

STAR BUSINESS REPORT

Plastic goods manufacturers have criticised the government's recent decision to ban the production of 17 types of plastic goods, arguing that it will severely impact the sector.

The ban will have a devastating effect on jobs and the livelihoods of small traders in the sector, which includes over 6,000 plastic industries and millions of workers, said Shamim Ahmed, president of the Bangladesh Plastic Goods Manufacturers and

Exporters Association (BPGMEA).

He made this appeal during a press conference at the association's office in Dhaka yesterday.

The food processing industry, pharmaceutical packaging, hospital items, agricultural modernisation, and export packaging would all be harmed if plastic packaging is banned as part of the government's move to eliminate single-use plastics, he added.

Ahmed emphasised the urgent need for the government to address

the sector's pressing concerns, as it plays a pivotal role in industrial growth and export activities.

The ban will disrupt supply chains and hinder industrial growth, Ahmed said. He also expressed concerns that the government did not consult key stakeholders, such as the ministries of commerce and industries and trade bodies, before implementing such a drastic measure.

In response to the ban, the BPGMEA proposed several recommendations to address the issue.

These included promoting plastic recycling initiatives to reduce environmental harm and align with global sustainability goals, as well as ensuring that policies related to plastic restrictions are implemented gradually, with proper consultation and planning.

Ahmed stressed that aligning such policies with the UN's Sustainable Development Goals (SDGs) could provide a balanced and measured approach, allowing the industry to adapt over time.



PHOTO: BRAC BANK

Md Shaheen Iqbal, deputy managing director and head of treasury and FIs at BRAC Bank, receives an award on behalf of the bank from Ahsan H Mansur, governor of the Bangladesh Bank, at a function on Saturday.

## BRAC Bank receives remittance award

STAR BUSINESS DESK

BRAC Bank PLC has been awarded the "Top Ten Remittance Award" at the "World Conference Series 2025 – Branding Bangladesh: NRB and UN Peacekeepers Leading the Way" by the non profit research organisation, the Centre for NRB.

Ahsan H Mansur, Governor of Bangladesh Bank, presented the

award to Md Shaheen Iqbal, deputy managing director and head of treasury and FIs at the bank, at a ceremony at the Pan Pacific Sonargaon Dhaka in the capital on Saturday, said a press release.

This recognition demonstrates the bank's unwavering commitment to bolstering the economy by simplifying remittance processes for wage earners worldwide.

## VAT hike raises

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Out-of-pocket healthcare costs in Bangladesh are among the highest in the world. Consumers spend up to 64 percent of these costs on medicine.

"So, this move will hit consumers and create an extra burden as the country does not have adequate health coverage," he added.

"This VAT hike will adversely impact consumers, and it will also go against the VAT law," said a top leader of the Bangladesh Association of Pharmaceutical Industries (BAPI), the apex body representing the pharmaceutical companies of the country.

"We have already discussed this issue internally. Subsequently, we will write to the NBR soon to request them to backtrack on their decision,"

he added, speaking on the condition of anonymity.

When contacted, a senior official of the NBR said the revenue authority had raised the trade VAT to 7.5 percent in general, from 5 percent.

"Considering the price impact, we have increased the trade VAT for medicine stores by 0.6 percentage points," he added.

"So, the price impact should be equal to the spike in the trade VAT rate," he said, adding that the NBR may collect an additional Tk 150 crore in VAT from the pharmaceutical sector due to the increased trade VAT.

Additionally, VAT on a number of drugs for diseases like cancer, kidney disease, malaria, tuberculosis, liver cirrhosis, and hepatitis C has been exempted.

## Introduce national

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and standard wages are necessary for a balanced society and economy, adding that the country can hardly enjoy the transition to a developing country with wage discrimination.

He confirmed that these issues would be included in the recommendations to be submitted to the chief adviser of the interim government.

Kamran T Rahman, president of the Metropolitan Chamber of Commerce and Industry (MCCI), said that child labour had been eliminated from the garment sector long ago, but there are still child labourers in some informal sectors. According to Rahman, currently, 1 crore people are employed in formal sectors and 5.5 crore in informal sectors.

An average Bangladeshi migrant worker earns 2.5 percent less than the average Indian worker and 4.0 percent less than Sri Lankan workers, as local workers are sent abroad without skill development and training, he said.

Rahman emphasised that nobody wants factory closures, which is why workers' responsibilities must be considered alongside their rights.

Moazzem noted that not all

entrepreneurs are currently ready to implement the national minimum wage, which is why it should be introduced in phases. Currently, 42 sectors have a minimum wage structure, and the government plans to include four more soon. More than 140 sectors could also be considered for inclusion in the minimum wage structure, he said.

He added that the reform commission's responsibilities should not be limited to submitting the report but should also include follow-up actions on its implementation.

Tamim Ahmed suggested reforms in wage payment, rates, implementation of the wage structure, collective bargaining, social insurance, safety, and proper industrial dispute resolution.

Faroq Ahmed, secretary general of the Bangladesh Employers' Federation, said that although enforced labour exists in some informal sectors, bonded labour does not occur in Bangladesh.

Nuzhat Jabin, programme manager of Christian Aid Bangladesh, and Taslima Akhter Lima, a member of the Labour Reform Commission, also spoke at the programme.

## Imports of most

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Similarly, imports of raw sugar and onions also fell, according to the report.

The BTTC analysed the imports of commodities during the November-December periods of 2023 and 2024 and noted a decrease in the imports of lentils, palm oil, raw sugar, coarse sugar, and wheat during this time.

The BTTC stated that the government's decision, particularly the reduction of import duty and value added tax (VAT), along with various initiatives to keep essential commodity prices affordable in the local market, positively impacted imports and supply.

Conversely, imports of crude soybean oil, refined sugar, onions, chickpeas, rice, dates, and eggs increased during the same period, according to BTTC data.

The report also mentions that among locally produced commodities, the price

of onions has decreased due to the arrival of early varieties in the market.

The BTTC indicated that edible oil prices may fall during Ramadan due to the downward trend in international prices and reductions in import duties and taxes.

The report further stated that consumers would be able to buy dates at lower prices than last year, as the total import duty for the fruit has been reduced to 41 percent from 63.6 percent.

However, due to the increase in international prices of lentils and chickpeas, it is necessary to monitor the stock and supply of these two commodities in the local market, the report added.

It also emphasised the need to keep the exchange rate stable to prevent import costs from rising. The BTTC suggested that the government ensure proper alignment of fiscal and monetary policies.

## China has ample fiscal space to bolster growth Says vice finance minister

REUTERS, Beijing

China has ample fiscal policy space and tools to support economic growth this year and it will step up spending to spur investment, Vice Finance Minister Liao Min said on Friday.

More proactive fiscal policy can be expected in 2025, in terms of its strength, efficiency and timing, Liao said at a press conference.

"Facing new situations and problems in both internal and external environments, we have sufficient policy space and tools," Liao said.

The authorities will closely monitor the international and domestic situation and adjust policies to provide strong support for economic and social development. In December, China's top leaders pledged to increase the budget deficit, issue more debt and loosen monetary policy to maintain a stable economic growth rate, according to a summary of the Central Economic Work Conference.

Reuters has reported that Beijing would target a budget deficit of 4 percent of gross domestic product this year, while maintaining an economic growth target of around 5 percent.

In 2024, local governments issued a total of 4 trillion yuan (\$545.5 billion) in special bonds, including 3.9 trillion yuan under the annual quota and 100 billion yuan carried over from 2023, Liao said.

## Rising interest rates

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"Businesses are already facing difficulties in stimulating demand, so this increase in costs will further discourage them from investing," she said.

Many of the large local companies were already struggling with sluggish sales as inflation remained above the 9 percent mark for around two years.

Recently, the revenue administration raised value-added tax and supplementary duties on a basket of more than 100 products and services, further compounding their difficulties.

Chowdhury said that if expansion and new investment do not take place, job creation will be seriously impacted.

Echoing similar sentiments, ACI's chief financial officer Chowdhury said that the current business climate is not conducive to expansion and that foreign investors are deferring their investment plans.

He hopes that foreign investment will return once the political situation stabilises.

### WHO OWES HOW MUCH

At least 40 listed conglomerates with large bank borrowings face a challenging year ahead. Of them, five companies have bank loans exceeding Tk 5,000 crore as of FY24, according to their financial reports.

Ten companies owe between Tk 2,000 crore and Tk 5,000 crore, while 19 firms have borrowed at least Tk 1,000 crore.

These companies are expected to face a significant rise in financing costs in the coming years due to increasing interest rates.

The company with the highest loan exposure is Power Grid Bangladesh, whose total loans stood at Tk 40,600 crore as of FY24. Most of its loans came from several multinational banks, including the Asian Development Bank. Due to the large loan portfolio, the company incurred a loss in the last fiscal year as the local currency devalued against the US dollar.

The second-highest loan-taking company among the listed firms is Beximco Ltd, which borrowed Tk 6,449 crore. Other companies with

large loan burdens include BSRM Ltd Tk 5,945 crore, GPH Ispat Tk 5,731 crore, BSRM Ltd Tk 4,525 crore, and Summit Power Tk 3,281 crore.

These companies are also at risk of skyrocketing financing costs in the current fiscal year.

Analysts said that the recent decision to impose more VAT and supplementary duties on nearly 100 goods and services will add to their financing burden. This will either force them to evade VAT or raise prices.

### RATE HIKES NOT A BANE FOR ALL

Interestingly, several companies have no bank loans and instead hold fixed deposits with various banks. These firms will benefit this year from higher interest income.

Companies such as LafargeHolcim, Linde BD, Reckitt Benckiser, Unilever Consumer Care, Bata Shoe, and British American Tobacco Bangladesh are among those without bank loans, according to their financial reports.

Meanwhile, banks and non-bank financial institutions are in a comparatively better position to profit under the current high-interest rate regime.

Asif Khan, chairman of asset management company EDGE AMC Limited and also president of CFA Society Bangladesh, said that it is ideal to conduct capital structure planning with stress tests before interest rates rise. Once rates have already increased, flexibility has declined.

However, there are a few things that highly indebted companies can consider, he said.

"Firstly, companies can look for alternative funding sources such as zero-coupon bonds and convertible debt to replace existing debt. These newer options could bring borrowing costs down."

According to Khan, a second option is to raise some equity. For private companies, he said this could mean promoters injecting capital. For listed companies, this could involve a rights issue. Both types can also bring in strategic investors for the same purpose.

## Government of the People's Republic of Bangladesh

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Memo No. 37.00.0650.000.001.07.0077.2540

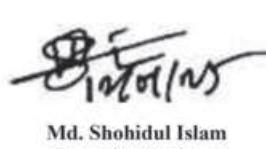
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### e-Tender Notice: 24/2024-25

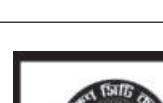
e-Tender is invited through the National e-GP Portal for the following procurement of works/Goods.

S. L	Name of the tender	Tender ID	Type method	Last selling date & time	Closing/opening date & time
01	Manufacturing and Supplying of Furniture for Academic Building to Charsomodi Baligram Secondary School, Bakerganj Upazila, Barisal District.	1051830	NCT, OTM	29-Jan-2025 16:00	30-Jan-2025 12:00
02	Manufacturing and Supplying of Furniture for Academic Building to Charsomodi Baligram Secondary School, Bakerganj Upazila, Barisal District.	1051829	NCT, OTM	29-Jan-2025 16:00	30-Jan-2025 12:00
03	Manufacturing and Supplying of Furniture for Academic Building to Rupatali Jagua Secondary School, Sadar Upazila, Barisal District	1051828	NCT, OTM	29-Jan-2025 16:00	30-Jan-2025 12:00
04	Manufacturing and Supplying of Furniture for Academic Building to Azhar Uddin Secondary School, Muladi Upazila, Barisal District.	1051827	NCT, OTM	29-Jan-2025 16:00	30-Jan-2025 12:00
05	Manufacturing and Supplying of Furniture for Academic Building to Ratnapur Secondary School, Agailjhara Upazila, Barisal District.	1051826	NCT, OTM	29-Jan-2025 16:00	30-Jan-2025 12:00

This is an online tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender document of following packages from the National e-GP System Portal have to be deposited online through any registered banks branches. Further information and guideline are available in the National e-GP System Portal and from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

  
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Memo No. 46.207.000.12.05.5172.2025

Date: 09.01.2025

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