NBR moves to activate Bangladesh Single Window system

Manual issuance of certificates by seven agencies will not be allowed from Feb

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has announced that certificates, licences and permits (CLP) issued manually by seven state agencies will no longer be accepted for duty assessment and customs clearance from February 1.

These documents must instead be submitted through the Bangladesh Single Window (BSW) system.

The announcement comes after the NBR earlier this month integrated seven of the 19 state agencies that issue CLP for exporters and importers into the BSW, an electronic gateway enabling businesses to submit documents for imports and exports and clear goods more efficiently.

Since there will be no human interaction, overall transparency and accountability in government activities will be ensured, the NBR said

The NBR said that businesses will be able to obtain CLP electronically by applying online. Firms must first register with the BSW using their Business Identification Numbers before accessing the CLP services.

"All CLP-related work will now be done online. Since there will be no human interaction, overall transparency and accountability in government activities will be ensured," the NBR said in a statement.

"Time and costs for imports and exports will be reduced. Trade and investment will grow due to improved confidence among local and foreign investors," it added.

The seven agencies now issuing CLP through the BSW are the Directorate General of Drug Administration, the Export Promotion Bureau, the Department of Explosives, the Bangladesh National Authority for Chemical Weapons Convention, the Bangladesh Economic Zones Authority, the Bangladesh Export Processing Zones Authority, and the Department of Environment.

The government launched the BSW project in 2017 to provide an electronic, online solution for facilitating faster and more transparent international trade procedures. The initiative aims to expedite the clearance of international cargo and reduce the cost and time of doing business.

The approximately Tk 600 crore project has undergone several revisions since its inception.

The NBR has previously said that the electronic platform will benefit 319,000 Bangladeshi traders by cutting time and costs associated with trade processes.

The average processing time for imports is expected to decrease to 122 hours, while the average processing time for exports is projected to fall to 88 hours.

Due to the new move, time and costs for imports and exports will come down, while trade and investment will grow because of improved confidence among local and foreign investors, the National Board of Revenue said. PHOTO: STAR/FILE

Donald Trump

Trump's policies won't push up inflation

Economic adviser says

AFP, *Washington*

Donald Trump's policies are not likely to cause inflation to reignite as many analysts fear, one of the president-elect's longtime economic advisers told AFP Tuesday, less than a week before Trump returns to the White House.

Many economists have warned that Trump's campaign proposals, which included imposing sweeping import tariffs and overseeing the largest deportation in US history, could cause a spike in inflation, forcing the Federal Reserve to keep interest rates higher for longer.

In an interview, Stephen Moore, a longtime economic advisor to Trump, said that the full suite of policies the president-elect wants to push through, including deregulation and the extension of expiring tax cuts, should help keep price increases in check.

"You could point to some specific policies like tariffs that could be inflationary," said Moore, who is a senior visiting fellow at the conservative Heritage Foundation. "But you have to remember that we're also going to be reducing other taxes."

"Things that are made in the United States will have a lower tax, and things that are made in China will have a higher tax," he added. "So when you balance those out, you have, you may have relative price shifts, but not overall price increases."

Renewed US trade war threatens China's 'lifeline'

AFP, *Beijing*

China might not be able to rely on trade to steer it out of trouble as blistering tariffs being considered by US President-elect Donald Trump threaten an already struggling economy.

Exports have historically represented a key engine in the world's number two economy, where authorities will release 2024 growth data on Friday that is expected to be among the lowest in decades.

Worse still, Trump's return to the White House three days later could mean that Beijing won't be able to rely on trade to drive activity in 2025.

Exports "are likely to stay resilient in the near-term", wrote Zichun Huang of Capital Economics, noting that a recent surge was due in part to US importers stockpiling Chinese goods ahead of expected tariff hikes.

"But outbound shipments will weaken later this year if Trump follows through on his threat to impose 60 percent tariffs on all Chinese goods," she said.

China's economy likely grew 4.9 percent last year, according to an AFP survey of experts, fractionally short of the government's five percent target and down from 5.2 percent in 2023.

The increase -- already the lowest in decades, apart from the Covid-19 pandemic -- was helped by a record-setting year for Chinese exports.

Overseas shipments reached a historic high of nearly $3.5 trillion in 2024, up 7.1 percent year-on-year, according to official statistics published on Monday.

The photo shows electric cars for export stacked at the international container terminal of Taicang Port in Suzhou, in China's eastern Jiangsu Province. PHOTO: AFP/FILE

Adjusted for inflation, China's trade surplus last year "outstripped any global surplus seen in the past century, overshadowing even the historical export powerhouses like Germany, Japan or the United States post-World War II", wrote Stephen Innes of SPI Asset Management in a note.

The increase in China's trade surplus has contributed five to six points to the growth of the country's gross domestic product over the past three years, Francois Chimits of the Mercator Institute for China Studies told AFP.

"The vitality of foreign trade has been one of the lifelines of the Chinese economy," he said.

That pillar of growth could come under attack in 2025, as the United States and European countries retaliate against what they call unfair competition resulting from China's generous subsidies to its manufacturers. The European Union imposed additional customs duties in October on electric vehicles imported from China, citing distortionary trade practices by Beijing.

And Trump promised during his recent US presidential campaign to slap even heftier tariffs on Chinese goods than those implemented in his first term. The specific trade imposts Trump intends to levy against China are not yet clear but the country's export surge last year "will ignite further fury among US trade hawks", Innes said.

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Industries strained by tax hike, energy crisis

ASIF IBRAHIM

More than a hundred distinct goods and services are subjected to the newly announced value-added tax (VAT) and supplemental duty (SD) rates, further complicating matters for businesses in Bangladesh. Services, industrial manufacturing, apparel and food processing all fall under this category.

The country's private sector already faces numerous challenges. Industries in Bangladesh are grappling with higher costs when importing capital machinery and raw materials due to the devaluation of the Taka. Since the central bank raised interest rates, the cost of borrowing for term loans from banks has increased to 14–15 percent.

Many enterprises are operating at reduced capacities due to the gas supply constraint and high demand for captive energy generation. For months, business owners have been waiting for gas supplies after importing and setting up machinery. The burden of repaying project loans has become a serious concern for them.

The usual functioning of the global supply chain continues to be disrupted by geopolitical turmoil. Businesses in Bangladesh engaged in international trade are also finding this to be a difficult situation to navigate.

Although inflation dropped from 11.38 percent in November to 10.89 percent in December due to some measures taken by the central bank, the persistently high rate continues to reduce consumer demand for goods and services.

The business sector is already struggling to stay afloat, so the announcement of a price hike for energy along with additional VAT and SD charges, has made matters worse.

Many fear that these recent decisions could lead to a sharp decline in industrial production and private sector credit expansion. This, in turn, might have a chilling effect on job creation and GDP growth, in addition to reducing export competitiveness.

According to reliable sources, the purpose of implementing these increases in VAT and SD is to meet the International Monetary Fund's requirement to raise the tax-to-GDP ratio by half a percent annually until 2026.

The private sector is deeply dissatisfied with the timing and approach of such measures, especially given the current state of purchasing power parity, the closure of several manufacturing units in the ready-made garment sector and difficulties faced by small and medium enterprises due to declining consumer demand.

The government and businesses have long been at odds over VAT, with discussions ongoing about establishing uniform rates. It remains uncertain whether raising the rate will result in higher collection. Unfortunately, over 65 percent of the country's total revenue comes from indirect taxes, which are inherently regressive. A more effective approach could have involved expanding the tax net to collect more direct income taxes.

An improvement in the collection rate could also be achieved by addressing corruption and leakages in the current process. For nearly a decade, parties have been attempting to resolve disputes over approximately $2 billion in unrealised revenue. Faster progress on the tax-to-GDP ratio might be possible through alternative dispute resolution mechanisms.

A recent decision to reorganise the National Board of Revenue into a separate entity from tax policy and collection has been widely praised. We eagerly await the implementation of this much-needed reform. But for now, it is essential to recognise that the private sector cannot shoulder such an enormous burden at this critical time.

The author is a former president of the Dhaka Chamber of Commerce and Industry

UK inflation dips, easing some pressure on government

AFP, *London*

Britain's annual inflation rate unexpectedly fell to 2.5 percent last month, official data showed Wednesday, easing some pressure on the Labour government faced with economic unrest.

Analysts had forecast no change in the Consumer Prices Index (CPI) from the 2.6 percent figure in November.

The latest reading from the Office for National Statistics (ONS) comes one day after finance minister Rachel Reeves was forced to defend the government's handling of the economy following a recent sharp runup in state borrowing costs and a hefty drop in the pound.

Reacting to the data, Reeves said "there is still work to be done to help families across the country with the cost of living".

"I will fight every day to deliver that growth and improve living standards in every part of the UK," she added.

Britons remain hampered by high interest rates and elevated energy bills despite the annual inflation rate retreating from a four-decade peak of above 11 percent in October 2022.

People shop at a stall in Camden Market in London. PHOTO: AFP/FILE

Last month, "inflation eased very slightly as hotel prices dipped" after rising in December 2023, noted chief ONS economist Grant Fitzner.

"The cost of tobacco was another downward driver, as prices increased" less than a year earlier, he added.

"This was partly offset by the cost of fuel and also second-hand cars, which saw their first annual growth since July 2023," Fitzner said.

Wednesday's data showed also that on a monthly basis, CPI rose 0.3 percent in December, down from 0.4 percent a year earlier.