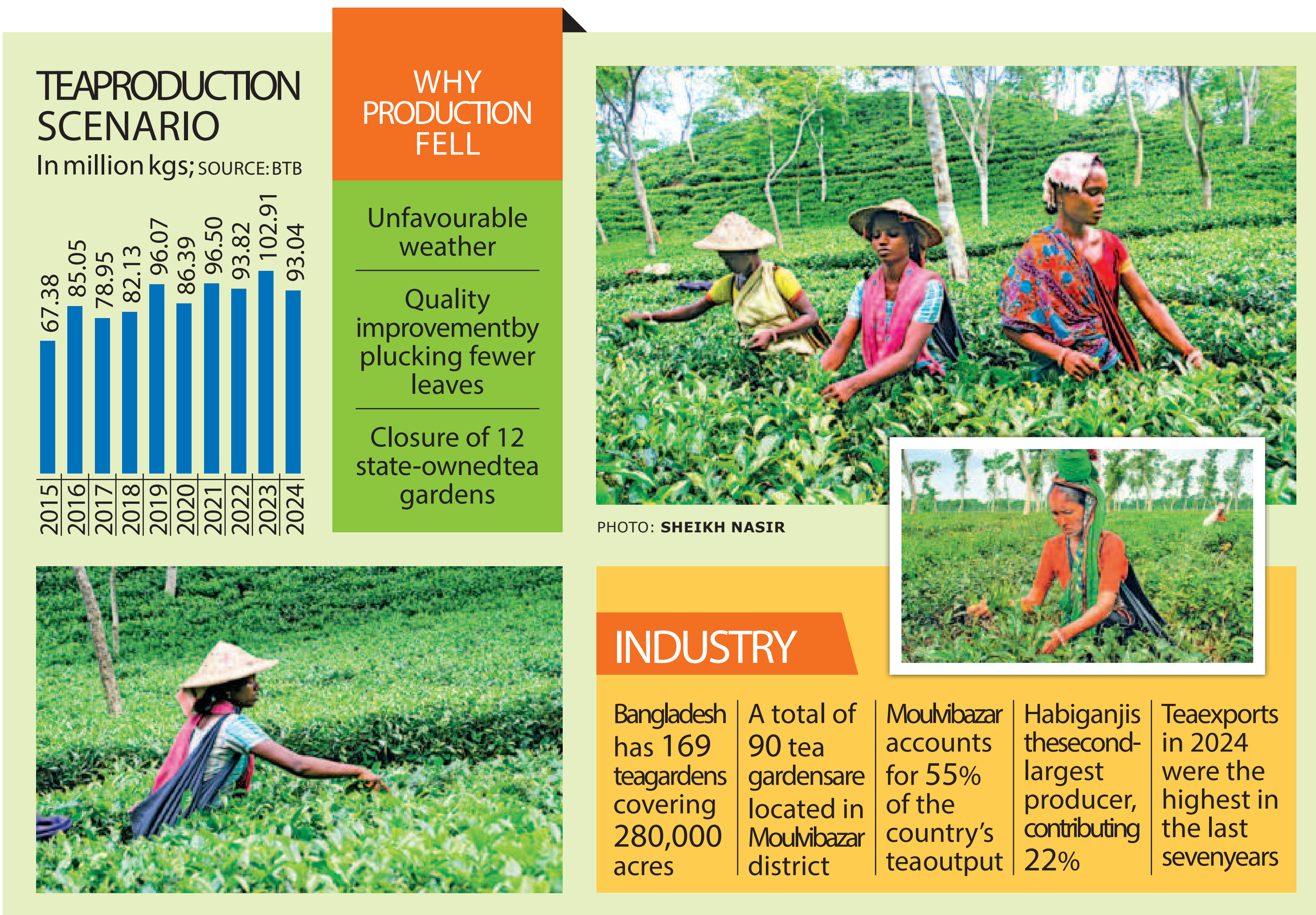
Tea production falls amid bad weather, quality push



SUKANTA HALDER

After a record high output in 2023, the country's tea production declined last year because of unfavourable weather conditions and tea estates opting for quality improvement to secure better rates.

Tea production stood at 9.30 crore kilogrammes in 2024, down from 10.2 crore kilogrammes the previous year, according to the Bangladesh Tea Board (BTB).

Pijush Dutta, a member of research and development at the BTB, said the decline was mainly due to erratic rainfall last year, which made weather conditions unsuitable for tea cultivation.

The tea industry in Bangladesh dates back 184 years. Most tea gardens are located in the north-eastern swathe of Bangladesh, while many northern districts have also started growing tea in recent years.

However, the quality of tea produced in the northern region is lower than that of its north-eastern counterparts.

According to Dutta, tea estates, including those in the north, focused on quality improvement last year, which could have contributed to the lower production.

Another factor behind the decline was the prolonged closure of 12 state-owned tea gardens under the National Tea Company for more than 10 weeks in 2024 after the August political changeover, he told The Daily Star.

Dutta said the board was working to ensure that both quality and quantity improve simultaneously.

Meanwhile, tea garden owners see no potential shortage in the domestic market despite the decline, as the surplus from the record production in 2023 can cover the shortfall.

According to them, the country also does not need to import tea, as local demand has decreased.

Similar to the tea board, the Bangladesh Tea Association, a platform for garden owners in the greater Sylhet and Chattogram districts, blamed inconsistent rainfall and climate change for the production decline.

Kamran Tanvirur Rahman, chairman of the association, said that tea cultivation requires moderate rainfall, but higher-than-usual rainfall during the monsoon season last year adversely affected the yield.

Bangladesh has 169 tea gardens spanning more than 280,000 acres.

Of these, 90 are in Moulvibazar district in Sylhet, which accounts for 55 percent of the country's total production. The second-largest producer, Habiganj, contributes 22 percent.

The peak tea production season in Bangladesh is from June to November, and the country's annual tea demand is currently 8.5–9 crore kg, according to industry sources.

EXPORTS HIT 7-YEAR HIGH

In 2024, Bangladesh's tea exports reached their highest level in seven years, as competitive pricing gave the country an edge over major exporters like India and Sri Lanka.

Exporters said a key driver of the increase was the preference of Bangladeshi diasporas for tea sourced from their homeland.

As of December 2024, Bangladesh exported 24.5 lakh kilograms of tea — the highest annual volume since 2017, when exports stood at 25.6 lakh kg — according to the BTB.

Last year's exports fetched the country Tk 382.52 million. However, tea exports have fluctuated widely in recent years.

BTB data shows that exports stood at 6.5 lakh kg in 2018 before falling to 6 lakh kg in 2019. While exports rebounded to 21.7 lakh kg in 2020, they plummeted to 6.8 lakh kg in 2021.

The volume has been rising since, reaching 7.8 lakh kg in 2022 and 10.4 lakh kg in 2023.

Industry insiders attributed the recent growth to competitive pricing, as Bangladesh offers tea at lower prices while Indian and Sri Lankan brands cater to premium segments.

Bangladesh is currently the world's ninth-largest tea producer, accounting for around 2 percent of global production, according to the BTA.

China is the largest producer, followed by India, while Sri Lanka, Kenya, South Korea, and Japan are also among the top tea-producing nations.

After independence in 1971, Bangladesh had been exporting tea to several countries, including the UK, until 1990.

Despite recent export fluctuations, the BTB has set an ambitious export target of more than 1.5 crore kg for 2025 — far higher than trends in the past two decades.

The highest amount of tea exported in a single year was 1.5 crore kg in 2002, according to the BTB.

SoftBank, OpenAI announce JV to offer AI for companies

AFP, *Tokyo*

Japan's SoftBank Group will form a joint venture with US tech giant OpenAI to offer advanced artificial intelligence to businesses, the two companies announced on Monday.

"A memorandum of understanding has just been formally signed between Softbank and OpenAI to establish a 50-50 joint venture," SoftBank chief executive Masayoshi Son said as he outlined the services of a new AI product called Cristal.

A joint statement by the firms said Japanese tech investor SoftBank would "spend $3 billion US annually to deploy OpenAI's solutions across its group companies".

At a meeting of around 500 Japanese businesses, the flamboyant Son -- holding a purple crystal ball -- said Cristal would use AI to provide customised support to companies by crunching system data, reports, emails and meetings in real-time.

The joint venture "will serve as a springboard for introducing AI agents tailored to the unique needs of Japanese enterprises while setting a model for global adoption", the statement said.

Padma Oil's profit surges 76% in Q2

STAR BUSINESS REPORT

Padma Oil Company's profit grew significantly in the second quarter of the fiscal year 2024-25 as its income rose.

The state-owned company's profit rose by 76 percent year-on-year to Tk 125.03 crore in the second quarter of the fiscal year, according to its financial statements.

Its earnings per share (EPS) rose to Tk 12.73 for October-December 2024 from Tk 7.29 a year ago. For July-December, EPS stood at Tk 25.40, up from Tk 16.53 in the same period of the previous year.

The company attributed the growth to higher non-operating income.

Meanwhile, the company's net operating cash flow per share was Tk 20.36 in the negative for July-December, improving from Tk 73.84 in the negative in the same period a year earlier.

Shares of Padma Oil declined by 0.05 percent to Tk 187.5 in midday trading yesterday at the Dhaka Stock Exchange.

Containerised cargo transport through Ctg port jumped in January

DWAIPAYAN BARUA, *Ctg*

The import and export of container cargo through Chattogram port increased significantly in January, driven by rising imports ahead of Ramadan and a gradual increase in export orders for readymade garments.

According to foreign shipping lines, export-laden container shipments rose by 18.23 percent year-on-year to 75,234 TEUs (twenty-foot equivalent units) in January through the port, which handles around 98 percent of the containerised goods transported to and from Bangladesh.

The January figure was slightly higher than that of December last year, which stood at 74,495 TEUs.

Meanwhile, the number of import-laden containers unloaded at the port in January reached a seven-month high of 124,039 TEUs, marking a 10.66 percent year-on-year increase and a 3.74 percent rise compared to December 2024.

Around 75 percent of the total containerised imports through the port comprised raw materials for the export-oriented readymade garment sector.

The import volume increased in January due to a seasonal surge in garment raw material imports for upcoming orders, along with a rise in Ramadan-related cargo, particularly chickpeas and essential commodities, said Muntasir Rubayat, head of operations at feeder vessel operating firm GBX Logistics.

PHOTO: STAR/FILE

Shipment of export container rose by 18.23 percent year-on-year to 75,234 TEUs in January.

"Our imports were relatively slow in the earlier months of last year since some banks had halted the issuance of letters of credit, leaving importers unable to carry out transactions," said Rubayat, who is also a leader of the Bangladesh Shipping Agents' Association.

Despite challenging conditions at home and abroad, Bangladesh's garment exports grew by 7.23 percent year-on-year to $38.48 billion in 2024, according to the Export Promotion Bureau.

Apparel shipments from the country began rebounding in September, and the trend continued until January, industry experts said.

The garment sector has been receiving better export orders over the past few months, said Syed M Tanvir, managing director of Pacific Jeans, one of the leading denim exporters of Bangladesh.

Tanvir expressed optimism that the garment sector would continue to recover this year, aided by a potential shift in orders from China due to the US tariff hike.

Bangladesh's proven capacity in the RMG sector would position it as a preferred choice if there is any shift in export orders, he added.

EU vows firm response if Trump unleashes tariffs

AFP, *Brussels*

The European Union insisted Sunday it would retaliate "firmly" if US President Donald Trump hit it with tariffs, as Brussels decried his sweeping measures against Canada, Mexico and China.

Brussels until now has said it hopes to avoid a trade conflict with Trump through negotiation.

But on Friday the US leader doubled down by saying he "absolutely" planned to target the EU in future, after first slapping levies on his North American neighbours and China. "The European Union regrets the US decision to impose tariffs on Canada, Mexico and China," said a spokesman for the European Commission.

"Tariffs create unnecessary economic disruption and drive inflation. They are hurtful to all sides."

The spokesman said "the EU would respond firmly to any trading partner that unfairly or arbitrarily imposes tariffs on EU goods". "At this time, we are not aware of any additional tariffs being imposed on EU products," he added.

He said the 27-nation EU remained committed to low tariffs to "drive growth and economic stability within a strong, rules-based trading system".

And he reiterated the EU's commitment to its trade and investment relationship with the United States -- "the biggest in the world".

"There is a lot at stake," said the spokesman. "We should both be looking at strengthening this relationship."

Trump has not hidden his enmity for the EU, accusing it of treating the United States "very, very unfairly" on trade.

READ MORE ON B2

US tariffs: A blow to the world economy

AFP, *Washington*

The tariffs imposed Saturday by President Donald Trump on products from the US's three leading trading partners are without recent precedent, sparking a trade war with powerful repercussions for all involved.

Here are some key points about how the tariffs will work and what impact they will have.

How much trade is involved?

The United States is an essential trading partner for the three targeted countries: Canada, China and Mexico. But the impact will fall disproportionately on the US's immediate neighbors than on China, the world's second-largest economic power.

US imports from Canada, Mexico and China represented a combined total of over $1.2 trillion for the first 11 months of 2024 -- just over 40 percent of all US imports, according to the Commerce Department.

For Mexico and Canada, the United States is by far the largest customer -- accounting for 77 percent of Mexican goods exports and 84 percent of Canada's, according to the two countries' statistical agencies.

China's reliance on the US market is proportionately far smaller, representing just 15 percent of 2024 exports, according to Chinese customs data.

The United States had sizable commercial deficits with all three countries in the first 11 months of 2024: more than $270 billion with China, $157 billion with Mexico and $55 billion with Canada.

How will the targeted countries be affected?

Given its greater exposure to US trade, Mexico is expected to be the hardest hit. According to Oxford Economics, the tariffs imposed Saturday could raise the inflation rate there to 6 percent annually, up from 4.2 percent in December, while the nation's currency, the peso, could see a 7 percent weakening -- with attendant risks of recession.

For Canada -- and excluding the effects of newly announced counter-tariffs -- the US tariffs could cause a 2.7 percent drop in the GDP this year and 4.3 percent drop next year, compared to the expected levels absent tariffs, according to chief EY economist Gregory Daco, adding to inflationary pressures.

For the US economy, the clearest impact should concern prices. The gamut of affected products is enormous -- ranging from automobiles and avocados from Mexico, to fowl and petroleum from Canada and iPhones from China, just for starters.

Facing the additional taxes of 10 to 25 percent on these products, businesses are bound to pass at least part of their added costs on to consumers.

The Tax Foundation, a think tank generally favorable to lower taxes, estimated Friday that the new tariffs could trim US GDP by 0.4 percent over the long term and add $830 in annual costs to each American household this year.

EY predicts a 0.7 rise in inflation in the first quarter before the effects begin to ease.

An aerial view shows a container ship docked at the Kwai Chung container terminal in Hong Kong. China's reliance on the US market is proportionately far smaller, representing just 15 percent of 2024 exports.

PHOTO: AFP

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