Hili land port misses revenue target in Jul-Dec

KONGKON KARMAKER

The Hili Land Port in Dinajpur has reported a revenue shortfall of Tk 43.93 crore for the July-December period of the fiscal year 2024-25, raising concerns over declining trade activity and policy challenges.

According to sources at Hili Customs, the port collected Tk 318.76 crore against a target of Tk 362.69 crore in the first half of the current fiscal year.

Notably, the port experienced revenue surpluses in July and October, collecting Tk 45.74 crore and Tk 74.55 crore, respectively, surpassing targets of Tk 45.09 crore and Tk 62.65 crore.

However, deficits in other months contributed to the overall shortfall.

The National Board of Revenue (NBR) set an annual revenue target of Tk 740 crore for Hili port for the ongoing fiscal year.

The port collected Tk 318.76 crore against a target of Tk 362.69 crore in the first half of the current fiscal year

Importers attribute the revenue shortfall to inconsistent tariff policies and bureaucratic hurdles.

Mostafizur Rahman, an importer, stated that the government's removal of tariffs on essential goods like rice, lentils, maize, and onions has led to lower revenue collection.

Additionally, fruit imports have declined due to customs regulations requiring truck-based tariff assessments instead of weight-based duties, discouraging traders and affecting the port's revenue.

Another importer, Jewel Hossain, highlighted challenges such as unpredictable US dollar exchange rates and customs inspections of 100 percent of imported goods, leading to delays and financial losses.

He noted that many traders prefer Benapole port over Hili port due to these issues.

Shahinur Islam, general secretary of the C&F Agents Association, warned that Hili port is gradually losing its importance to importers, leading to declining revenue.

He cited poor road conditions, restrictions on letter of credit (LC) openings, and harassment by customs officials as deterrents for high-duty imports through Hili port.

Experts say local furniture industry has built up its capacity over the years and is now making world-class products. The photo was taken from Kazir Dewri area of Chattogram city on Sunday. PHOTO: RAJIB RAIHAN

Furniture exports rising. Can govt recognition spur the growth further?

JAGARAN CHAKMA

The government has declared furniture as the "Product of the Year" following a rebound in exports during the first seven months of the current fiscal year.

Local furniture-makers view the announcement as recognition for the sector and are calling for policy support, such as duty-free raw material imports and bonded warehouse facilities, to unlock its export potential.

The local furniture industry fetched $26.67 million in merchandise shipments during the July-January period of FY 2024-25, a 13.65 percent increase compared to the same period last year, according to the Export Promotion Bureau (EPB).

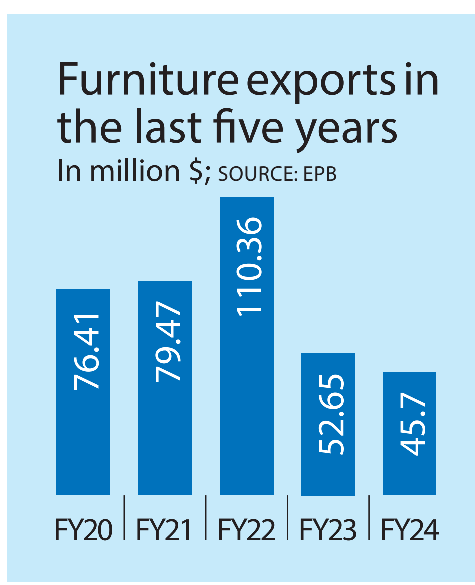
Defying global economic headwinds, furniture exports saw a surge in FY 2021-22, reaching $110.36 million in export earnings. However, the sector saw exports decline in FY 2022-23 and FY 2023-24, with earnings dropping to $52.65 million and $45.7 million, respectively.

But EPB officials said that the sector has shown resilience and potential over the past five years, indicating its capacity for sustained growth in the global market.

Besides, industry insiders believe that with strategic government support, such as duty-free raw material imports and competitive pricing structures, Bangladesh can further strengthen its position in the global furniture market.

The country's skilled workforce, combined with innovative design and cost-effective production, makes it a formidable competitor against leading exporters like Vietnam, they added.

Anwar Hossain, vice-chairman of EPB, said the sector could generate around $3 billion in export earnings by 2030 if the government provides adequate policy support, including a bonded warehouse facility.



"Before declaring the 'Product of the Year', we conducted a study on the local and international market potential," Hossain said.

"The sector holds significant potential for future export growth. We have identified significant opportunities for export growth from Bangladesh," he noted.

Hossain pointed out that while the sector has promising prospects, it has not received the same level of government policy support as the readymade garment (RMG) industry.

"We have already discussed with the National Board of Revenue (NBR) ways to implement the bonded warehouse facility," he said. "Within the next three weeks, we expect positive news from the NBR, as they are actively working on it," he added.

According to the EPB vice-chairman, Bangladesh's domestic furniture market is valued at around Tk 30,000 crore annually, while its exports stand at around $50 million.

In contrast, Vietnam's domestic furniture market is around $2.5 billion, with furniture exports amounting to $17 billion.

Hossain said increasing furniture exports has two key benefits.

He said the sector, being labour-intensive, would create many employment opportunities, and it would contribute to the country's overall export earnings.

Selim H Rahman, chairman and managing director of Hatil Furniture, a leading local manufacturer and exporter, said the declaration of "Product of the Year" is a recognition of the sector's potential in the export market.

"We have already proved that the furniture sector has a bright future for exports, as some manufacturers export furniture to the Middle East, India and Nepal," he said.

Rahman said that they have to import all furniture-making raw materials as those are not locally available.

"So, we need a bonded warehouse facility to import raw materials for the export market, similar to the RMG sector," he added.

According to him, the local furniture industry has built up its capacity and is producing world-class products.

"There is good scope for value addition and for generating more jobs," he said.

Kamruzzaman Kamal, marketing director of Pran-RFL Group which exports furniture under the brand name Regal Furniture, said that they need government support similar to those provided to China and Vietnam for importing raw materials.

If the government cooperates, the furniture sector will perform well in exports, Kamal commented.

Boosting FDI and export growth via ports

M MASRUR REAZ

FDI is an important avenue for technology transfer, capital mobilisation, market access, and job creation. It has played a pivotal role in advancing the ready-made garments (RMG) sector, establishing Bangladesh as a global leader in the industry. Despite the RMG success, Bangladesh continues to trail its regional counterparts in attracting foreign investment. In 2023, Bangladesh secured only $3 billion in FDI which is significantly lower than Vietnam's $18.5 billion and India's $28.16 billion. At the same time, Bangladesh is in critical need to enhance its participation in the global value chain and diversify its export products and markets.

In this context, developing ports-led logistics infrastructure could be transformative in addressing these challenges by enhancing connectivity, reducing overall logistics costs and lead time, and creating an investor-friendly environment to attract higher levels of FDI. However, Bangladesh's current logistics infrastructure is under-developed and this will limit the industries and economy from reaching their full potential.

Chattogram Port, which handles over 90% of the nation's trade and about 98% of container trade, has been steadily increasing its capacity to handle cargo. The port is ranked 337th out of 405 in the World Bank's Container Port Performance Index 2023. According to the same report, ships face average turnaround times of 3.23 days at Chattogram, compared to Colombo's 0.86 days. Lastly, import clearance takes an average of 11 days, while export border compliance requires 36 hours.

Any efficiency gains in the ports will be negated if bottlenecks in the broader logistics ecosystem are not removed. Road, rail, and inland waterway connectivity between ports and the cargo hinterlands remain inadequate, adding to transportation costs and delays. The recent launch of a National Single Window (NSW) system is a step in the right direction that will streamline the regulatory process and improve efficiency, but it will take time for the full implementation to proceed and the benefits to take effect. These challenges, coupled with limited port capacity, prevent Bangladesh from capitalising on its geographic advantage and robust manufacturing base.

According to the World Bank, the logistics costs in Bangladesh range from 4.5% to 48%, varying by sector, which is significantly higher compared to other trade partners and neighbouring countries. The report suggests that national export earnings could increase by 19% with targeted short-term and medium-term reforms in the logistics sector. A 1% reduction in transportation and logistics costs could boost the demand for Bangladeshi exports by up to 7.4%.

Some critical projects under planning, such as the Matarbari Deep Sea Port and the Bay Terminal in Chattogram, offer glimpses of hope. These initiatives promise to increase port capacity, reduce export lead times, and cut shipping costs by up to 15%. However, the success of these projects depends on swift completion of project preparations and roll out of the project implementation, as well as supporting infrastructure such as a breakwater and adequate dredging of the navigational channel, and complementary investments in hinterland connectivity, warehousing, and digitalisation.

Global examples like Vietnam and Singapore underscore the importance of embracing technology, encouraging private sector participation, and ensuring a policy framework that attracts long-term investments.

For Bangladesh, the path forward is clear. The government must prioritise private participation in port operations, engaging highly reputed global operators through public-private partnerships. This will also help mobilise foreign private capital at a time when the government needs to minimise its public spending until fiscal discipline is restored. Simplifying customs procedures, reducing regulatory barriers, and integrating digital tools like AI and blockchain can significantly enhance operational efficiency. Moreover, developing multimodal logistics systems that connect ports with industrial zones and economic hubs is crucial for unlocking the country's trade potential.

The author is the chairman and CEO of Policy Exchange Bangladesh

Musk-led group offers $97.4b for OpenAI control

AFP, *San Francisco*

Elon Musk is leading an investment group offering $97.4 billion for the nonprofit that controls OpenAI, marking a new front in his war with the ChatGPT-maker, the Wall Street Journal reported Monday.

Musk attorney Marc Toberoff said he submitted the bid to OpenAI's board of directors, according to the Journal.

"No thank you, but we will buy twitter for $9.74 billion if you want," OpenAI chief Sam Altman wrote in a post on X, formerly Twitter, apparently responding to the offer.

Musk, who bought X under its former moniker for $44 billion in 2022, replied to the post by simply writing: "Swindler." Musk's attorney did not immediately respond to a request for comment.

The Tesla boss and close ally of US President Donald Trump has been mired in an ongoing feud with Altman, with Musk filing repeated lawsuits against the San Francisco-based OpenAI.

Musk co-founded OpenAI in 2015, with the company becoming the world's leading AI startup since he left in 2018. He launched his own generative AI startup, xAI, in 2023.

"We created a bespoke structure: a for-profit, controlled by the non-profit, with a capped profit share for investors and employees," OpenAI said in a December blog post that outlined a plan to become a Delaware Public Benefit Corporation.

The shift would require the company to balance the interests of shareholders, stakeholders, and the public in a tilt away from non-profit, according to the post.

Trump's tariff tactics may reshape global trade: analysts

AFP, *Washington*

US President Donald Trump's use of tariffs as a blunt weapon to extract concessions on everything from commerce to immigration and drug trafficking could redraw global trading norms, analysts say.

Since his inauguration on January 20, Trump has unveiled and paused blanket tariffs on Canadian and Mexican goods over migration and illegal fentanyl, and hiked duties on Chinese imports in the same breath, triggering retaliation.

And on Monday he imposed sweeping steel and aluminum levies, drawing comparisons to his first term when he imposed duties across both sectors before allowing exemptions.

Trump sees tariffs as a way to raise revenue, remedy trade imbalances and pressure countries to act on US concerns.

But "the degree of uncertainty about trade policy has basically exploded," said Maurice Obstfeld, senior fellow at the Peterson Institute for International Economics.

Analysts can try to predict where tariffs might be imposed based on economic variables, he told AFP, but basing trade policy on non-economic objectives could throw things into a tailspin. Trump's tactics could lead to a "retraction of global supply chains," he warned, or countries seeking to decouple from the US market if risk levels are deemed too high.

Already, the scale of Trump's tariff threat is larger than before.

While he imposed sweeping duties on steel and aluminum imports previously, alongside levies on hundreds of billions of dollars in Chinese products, he has now threatened all US partners.

Trump has vowed "reciprocal tariffs" to match levies that other governments charge on US goods, and ordered a review of US trade deficits by April 1.

Cargo shipping containers sit on the Evergreen Ever Fame container ship docked at a container terminal at the Port of Los Angeles in California on February 3. PHOTO: AFP

US officials are to recommend measures such as a global supplemental tariff to remedy deficits.

Across-the-board duties, if imposed, could affect more than $3 trillion in imported goods. But Trump's reasons for levies on Canada and Mexico -- as well as a lower additional rate on China -- go beyond trade.

"It's not a tariff per se, it is an action of domestic policy," Trump's commerce secretary nominee Howard Lutnick told lawmakers at his confirmation hearing last month.

"I don't think anyone should be surprised about these tariffs or tariff threats," said Christine McDaniel, a senior research fellow at the Mercatus Center.

Trump "has been very clear that he sees them as an important tool in his toolkit," added McDaniel, a former official in George W. Bush's administration. "He views this as as much of a negotiating tool, as he does in trying to balance trade."

Stephen Moore, a longtime external Trump advisor, sees tariffs as a way to "incentivize" countries to act in US interests, saying that partners like Canada, Mexico and China risk bigger losses economically than the United States.