Fresh fruit imports decline in first half of current fiscal year

BTTC recommends reducing duties and taxes

STAR BUSINESS REPORT

Bangladesh's import of fresh fruits declined in the first six months of the current fiscal year, reflecting a slowdown in demand after import costs increased due to the devaluation of the taka against the US dollar and high import duties.

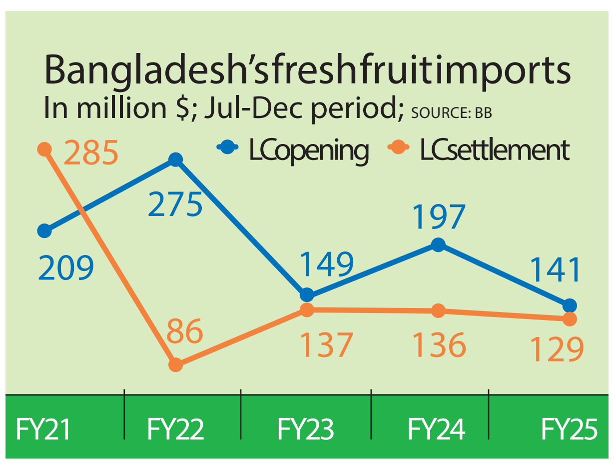
Amid this situation, the Bangladesh Trade and Tariff Commission (BTTC) has recommended reducing the duties and taxes imposed on fresh fruits such as apples, oranges, grapes, pomegranates and pears to reduce prices and make them more affordable.

As the country was facing a shortage of foreign currencies, the authorities were prompted to discourage the import of non-essentials to curb import bills and overcome the challenges.

As such, the country imported fresh fruits worth $128.51 million in the first half of the fiscal year, the lowest in three years.

Additionally, Bangladesh Bank data showed that opening of letters of credit (LC) for fruit imports declined 3.29 percent year-on-year to $140.5 million in the July-December period of FY25.

The BTTC believes that the increase in the dollar exchange rate and higher duties and taxes have significantly raised the prices of imported fresh fruits, placing an unbearable burden on consumers.



The commission said an importer must pay Tk 120 in taxes to import fruits worth Tk 86.

It stated that high tariffs would reduce legal imports while increasing smuggling through illegal channels and warned that traders may resort to excessive use of preservatives.

It added that a decline in imports would not only harm consumers but also reduce government revenue.

On February 17, the BTTC sent a letter regarding this matter to NBR Chairman Abdur Rahman Khan, mentioning that once imported, fresh fruits undergo minimal processing or value addition.

Therefore, imposing an advance tax, including a 5 percent advance VAT at the local level, is inappropriate.

It added that this measure was forcing traders to apply for refunds, leading to delays in approvals and financial strain. As a food product, fresh fruit could be exempted from such taxes.

Recently, the National Board of Revenue (NBR) increased the supplementary duty on fresh fruit imports from 20 percent to 30 percent, according to a BTTC document. The commission has now proposed reverting it to the previous rate.

Additionally, the BTTC has recommended reducing the advance tax on fresh fruit imports from 10 percent to 2 percent and rationalising the 20 percent regulatory duty.

In FY24, apple imports dropped 51 percent, orange imports 70 percent, and grape imports 29 percent year-on-year.

Moreover, due to the increase in supplementary duty in January, imports of mandarins fell 51 percent, grapes 21 percent, apples 3.5 percent, pears 45 percent, and pomegranates and dragon fruit 32 percent year-on-year.

According to the NBR's data, Bangladesh spent $300 million on foreign fruit imports in FY24. Considering the exchange rate of Tk 117 per US dollar, this amounts to approximately Tk 3,500 crore. Including shipping, insurance, and other costs, the total expenditure rises to Tk 4,664 crore. On this import, the government collected Tk 5,139 crore in revenue.

A shop selling dates at Karwan Bazar in Dhaka yesterday. According to market prices data compiled by the Trading Corporation of Bangladesh, regular quality dates were selling at Tk 280 to Tk 550 per kilogramme in the capital, which is around 18.5 percent higher than that a year ago. PHOTO: PALASH KHAN

Dates cheaper in Ctg this year as imports surge nearly threefold

MOHAMMAD SUMAN

Import of dates, a non-negotiable iftar item, surged nearly threefold compared to that recorded ahead of Ramadan last year due to duty reductions provided by the government.

This has resulted in ample supply and a price drop of anywhere from Tk 40 to Tk 300 per kilogramme (kg), particularly in the port city of Chattogram.

Date prices have remained relatively stable this year compared to previous years, thanks to the government's duty waiver and a decline in international market prices, according to market insiders.

Additionally, a rise in the number of importers has prevented a handful of traders from monopolising the market, they said.

There were only 58 importers last year, but this year more than 158 importers joined the market, as per National Board of Revenue (NBR) data.

Around 80 percent of Bangladesh's annual date imports are made in the three months leading up to Ramadan.

Over the past three months of the current fiscal year, importers brought in 46,123 tonnes of dates, worth Tk 833 crore. Around 17,826 tonnes were imported in the same period a year ago.

A majority of the fruit is imported from Saudi Arabia and the United Arab Emirates while a small portion is imported from 10 other countries, including Egypt, Jordan, Iraq, Iran and Afghanistan.

"In recent years, around 40 to 50 importers controlled the date market," said Abdul Wadud, proprietor of Chattogram-based importer Walid Enterprise.

"However, this year, the duty waiver has encouraged more traders to enter the business, leading to higher imports," he said.

He noted that in previous years, the tariff-assessed value of dates was higher than the actual import price, while duty rates were also steep, for which many traders used to opt for importing small quantities.

"Banks did not provide any margin facility for opening letters of credit (LCs) in previous years due to a US dollar crisis," he said.

"But this year, importers were able to open LCs with a 30 percent to 40 percent margin. The LC margin also boosted imports and kept rates within a reasonable range," Wadud added.

Most varieties of dates are being sold at prices lower than those last year at wholesale and retail markets in Chattogram due to the increase in supply.

Mabroom dates, a premium variety of Saudi Arabia with a long slender body of dark maroon or brown colour, are available at Tk 1,000 to Tk 1,200 per kg, said Abul Bashar, a wholesale trader at the Khatunganj market.

Last year, they were going for Tk 1,300 to Tk 1,400, he said.

Similarly, Ajwa dates, which are oval-shaped and medium-sized with black skin, are selling for Tk 650 to Tk 850 per kg while Medjool dates from Egypt are fetching Tk 900 to Tk 970 per kg.

Other varieties are available at Tk 250 to Tk 750 per kg, depending on the quality.

However, according to market prices data compiled by the Trading Corporation of Bangladesh, prices in Dhaka are higher this year.

Regular quality dates were selling at Tk 280 to Tk 550 per kg yesterday, which is nearly 11 percent higher than that a month ago and 18.5 percent higher than that a year ago.

"Compared to last year, date prices are more affordable this time," said Mansur Nabi, a college teacher who lives at Chattogram's Bayezid area.

"However, the prices of other essential Ramadan commodities, such as edible oil, flour, and sugar, remain relatively high," he said.

Revenue receipts from date imports rise despite duty cut

Despite tax exemptions, the government has collected Tk 321 crore in revenue from date imports this year, compared to Tk 212 crore during the same period last year.

That means the increase in imports generated an additional revenue of Tk 109 crore.

At the beginning of this year, the customs duty was reduced from 25 percent to 15 percent while the customs valuation was also lowered anywhere from 8 percent to 25 percent, depending on the quality of the dates.

As a result, import costs dropped by 20 percent to 25 percent, according to industry insiders.

For taxation purposes, the NBR has set five valuation tiers for imported dates.

Those of the lowest grade are taxed at $0.75 per kg, while premium-quality ones at $3.75 per kg -- a slight reduction from last year's range of $1 to $4 per kg.

However, last year, the NBR calculated customs duties based on an exchange rate of Tk 110 per US dollar, whereas this year it is Tk 120 per US dollar -- meaning the greenback has turned 9 percent costlier.

Business owners argue that this has partially offset the tax reductions, preventing a proportional decrease in overall duty costs.

On February 2, Walid Enterprise paid Tk 170 in customs duty on each kg for a 25-tonne shipment of Ajwa dates.

Last year, a shipment of the same variety required Tk 208 per kg in duty -- indicating a cost reduction of Tk 38 per kg due to the tax adjustments.

Navigating post-LDC challenges

MAMUN RASHID

While Bangladesh's move toward graduating from the Least Developed Country (LDC) status is a testament to decades of perseverance and growth, it will be time to take on the weight that comes with it once the celebration dies down.

Two approaches can be taken: one is to postpone the official graduation, and the other is to face the game head on. However, there are two sides of the coin for both scenarios.

If we look at postponement, then ideally there is a chance to fix the existing issues in our economy and give ourselves a better shot for a successful transition. Note the use of the term "ideally", because it's often not the reality. Two things might happen here: first is that there might be an indefinite postponement, and second is the factor of unpredictability. To address the first issue, an indefinite postponement will create a bubble of comfort from the continued misuse of privileges that come with being an LDC, keeping Bangladesh stagnated with no concrete steps towards improvement. The second issue could be another Ukraine-Russia war, another Covid-19, or another global meltdown, pushing the graduation back further. Therefore, a hard deadline is required, after which, no matter the status of the economy we need to face the transition head-on.

The second approach would be to go ahead with the graduation and fix our issues as they come up. Because unless we drop ourselves into the ocean of Developing Countries (DC), we will not learn to swim and navigate the market.

Losing preferential market access is like starting at the halfway mark. For decades, Bangladesh's garment sector has thrived under duty-free and quota-free access to the European Union and other key markets. Over 83% of Bangladesh's exports are ready-made garments, with the EU alone absorbing over half of these. When the graduation hits, tariffs could rise from zero to as high as 12%, making Bangladeshi goods pricier and, consequently, less competitive because countries like Vietnam, are already formidable with its free trade agreements and superior infrastructure and Cambodia and India have more favourable tariffs. The potential fallout looks grim because millions of workers (mostly women) could lose their jobs, which will compound social inequalities.

But all is not bleak. If Bangladesh recalibrates its export sector, it has a chance to emerge stronger. But strategies as robust as the challenges are needed. The first frontier is diversification of both market and product. It's time to champion other sectors like pharmaceuticals, ICT, and agro-processed goods. Pharmaceutical exports, for instance, could flourish to meet rising global demand, if we can harness our existing capacity and pivot toward patented medicines post-LDC graduation.

Secondly, technology holds the key to future competitiveness as automation in manufacturing, data-driven supply chain management, and AI in design and forecasting can increase efficiency. Thirdly, Bangladesh's infrastructure inefficiencies in ports, roads, and customs have long been an Achilles' heel. According to a World Bank study, logistics add around 20% to the cost of exports compared to a global average of 10-15%. So, we need better logistical processes and facilities to restore competitiveness.

The road ahead isn't smooth and internal challenges like bureaucratic red tape, lack of innovation culture, and political instability could derail our progress. While the private sector is dynamic, it often struggles with fragmented coordination which requires a bold and cohesive national strategy in the form of public-private partnerships, industry-specific task forces, and a unified export strategy.

With all that said, Bangladesh has weathered storms before. Preparing for post-LDC life will require determination. The global stage is daunting without crutches, but Bangladesh has what it takes to run.

The author is the chairman at Financial Excellence Ltd

Tech, auto, medicines: who will pay Donald Trump's tariffs?

AFP, *Paris*

After steel and aluminium, US President Donald Trump has set his sights on slapping 25 percent tariffs on semiconductors, cars and pharmaceuticals.

Trump has already slapped additional 10 percent tariffs on goods from China and has also threatened tariffs on Canada and Mexico, plus ordered a study into putting into place reciprocal tariffs.

Here's a look who would be hit the hardest if US import tariffs on semiconductors, cars and pharmaceuticals go into force. Semiconductors: Asia in the crosshairs

Semiconductors, or microchips, are the brains in our electronic devices and demand has soared with the development of AI, which relies on thousands of them to crank through reams of information. Asia is a major centre of manufacturing of semiconductors.

The United States exported $70 billion of electronic components last year, but imported double that amount, according to the US Commerce Department. Imports from Taiwan alone represented nearly $37 billion.

The island is home to chip manufacturing giant TSMC and a big portion of its factories. Tariffs could encourage it to diversify its production sites further. It already has plans to build three new factories in the United States.

Taiwanese President Lai Ching-te said last week that Taiwan would "expand investment and procurement in the United States to promote bilateral trade balance".

South Korea, home to Samsung, saw its exports of electronic components double last year to more than $8 billion, according the country's customs data. Its components are the country's second-largest export item to the United States behind cars.

Trump tariffs leave WTO adrift in eye of the storm

AFP, *Geneva*

The World Trade Organization's entire mission is overseeing global trade, but US President Donald Trump's tariff offensive has left it adrift.

Cedric Dupont of the Geneva Graduate Institute, an international relations professor and an expert in trade policies, law and the WTO, told AFP that Trump's moves had put the global trade body centre-stage but powerless to act.

Why is the WTO being undermined?

Dupont: "The basic idea of the WTO, to guarantee predictability in world trade, is totally ruined by Donald Trump's attitude. Everyone is starting to wonder what is the point of having invested so much time in trade negotiations. "It finds itself somewhat in the eye of the storm. The people working at the WTO must feel quite helpless and a little dejected."

Trump increased tariffs before; is the WTO more ready now?

Dupont: "The WTO has been weakened for several years. This worsened during the first Trump administration, as the legal settlement of disputes was paralysed because there are not enough judges on the appellate body" -- their appointment being blocked by Washington.

"With no avenues of appeal any more, procedures cannot be followed through, whereas at the start of the first Trump administration, this possibility was always available. "The WTO is now even more helpless and can no longer resolve trade disputes involving the United States.

"What was strong about the WTO was that it allowed trade retaliation to bring its members back on track. This framework seems to have disappeared completely."

Does the US tariff offensive sink the multilateral trading system?

Dupont: "The future of multilateralism in trade is clearly in question. Essentially it will depend not on the United States, but on other countries: to what extent are other countries going to continue working together within the WTO?

"There might be danger for the WTO with an inflationary spiral of customs duties, but maybe it's also an opportunity for other countries to show this is not how problems should be resolved.

"However, if member states do not provide the impetus, the WTO will not move. The organisation itself has very little room for manoeuvre, unlike many UN agencies, such as the World Health Organization (WHO); or the World Bank and the International Monetary Fund."

Are tariff wars new for the WTO?

Dupont: "There have always been customs threats. The WTO's goal is to make sure protectionist moves are only temporary. The idea is to push countries to follow the rules -- to maintain the organisation's legitimacy. But it is unclear whether this will actually happen under the second Trump administration."

Could Trump withdraw from the WTO?

Dupont: "I would sooner bet on him not doing so because the WTO is not expensive for the United States. The WTO's overall budget is ridiculously low ($227 million in 2024) compared to the WHO ($3.4 billion in 2024).

Cars for export are seen at a port in Yantai, China's eastern province of Shandong on February 20. PHOTO: AFP