Export proceeds of $7.6m stuck in Russia: BKMEA

Russian importers facing US dollar shortage

STAR BUSINESS REPORT

Export proceeds amounting to around $7.6 million owed to 14 Bangladeshi exporters have been stuck in Russia for at least one year as Russian importers are facing a US dollar shortage, according to Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

"If the government could pay the exporters by utilising the debt repayments owed to Russia for the Rooppur Nuclear Power Plant, it would provide relief to the exporters," he said at the unveiling of his electoral manifesto yesterday.

The dues have been stuck due to severe US sanctions, which have severely restricted Russia's ability to use US dollars for global transactions, he added.

Hatem also alleged that the existing tax regime in Bangladesh remains complex and unfriendly for businesses and investors.

Speaking at the Pan Pacific Sonargaon hotel in Dhaka, Hatem said exporters, particularly in the knitwear sector, face significant challenges as the advance income tax (AIT) system lacks proper adjustment mechanisms.

"Although the official corporate tax rate for our sector is 12 percent, in reality, the burden is much higher due to various complications," he added.

Despite the hurdles, Hatem expressed optimism about reform, stating that the newly appointed chairman of the National Board of Revenue (NBR) has shown a positive attitude towards easing regulatory obstacles.

"He is willing to listen to the problems faced by businesses. We are hopeful that changes will follow."

Hatem criticised the current state of the banking sector, calling it a key impediment to the country's export operations.

"The issues in the banking sector are severely hampering our ability to export. There needs to be a major overhaul," he said.

Hatem also alleged that the existing tax regime in Bangladesh remains complex and unfriendly for businesses and investors

Hatem, who will be contesting the upcoming BKMEA elections as the presidential candidate from the Progressive Knit Alliance, pledged continued support for legitimate demands from workers.

"We stand beside the workers and will continue to support rational demands," he said.

Hatem emphasised the need for a competitive election environment, stating that his panel would have preferred a contested race over a mutual consensus. Yet, due to widespread support from members, only three candidates are running against his 35-member panel.

"The members have always appreciated our support during crises, which is why no one showed much interest in running against us," he added.

The BKMEA election for the 2025-27 term is scheduled for Saturday. A total of 582 voters are eligible to cast their ballots, including 272 from Dhaka, 224 from Narayanganj, and 76 from Chattogram.

Unveiling a 15-point manifesto, Hatem and the Progressive Knit Alliance laid out a reform-focused roadmap aimed at improving the country's knitwear business climate.

Chief among their pledges is working closely with the NBR to simplify tax laws, eliminate customs bottlenecks, and introduce transparent, accountable policies that encourage investment.

The manifesto calls for the simplification of HS codes, streamlining import-export procedures -- including free-of-cost shipments -- and resolving complications in the bonded and non-bonded supply chains.

The panel also pledged to push for licensing support to help non-bonded factories begin exports.

Addressing VAT issues, the alliance criticised the harassment of export-oriented businesses despite statutory exemptions and called for eliminating barriers that hinder transportation and raise costs.

In response to current liquidity challenges, the manifesto promises coordinated discussions with the Bangladesh Bank and relevant ministries to fix structural flaws in the banking sector, which exporters say is severely limiting trade.

Furthermore, the panel committed to restoring yarn imports via land ports to reduce lead times, ensuring uninterrupted gas supply to industries, and promoting high-value apparel production to strengthen Bangladesh's position in global markets.

They also proposed stricter measures -- including blacklisting -- against unethical buyers who cancel orders or delay payments after goods are shipped.

Additional pledges include extending support for ensuring access to finance for small and medium enterprises, contributing to policy formulation on labour and sustainability, and constructing a permanent BKMEA office in Dhaka.

Passengers wait at Jinnah International Airport after all domestic and international flights were cancelled in Karachi yesterday.

PHOTO: AFP

Airlines re-route, cancel flights due to India-Pakistan fighting

REUTERS, Taipei/New Delhi

Several Asian airlines including Taiwan's China Airlines and Korean Air said yesterday they were re-routing or cancelling flights to and from Europe, and about a dozen Indian airports were shut after fighting erupted between India and Pakistan.

India attacked Pakistan and Pakistani Kashmir and Pakistan said it had shot down five Indian fighter jets amid tensions over an attack by Islamist militants that killed 26 people in Indian Kashmir last month.

Images from flight tracking websites after the attack showed a long line of airlines passing over Oman, UAE and Kuwait, raising the possibility of airspace congestion.

Pakistan authorities said there were 57 international flights operating in Pakistan's airspace when India struck, and Prime Minister Shehbaz Sharif's office said in a statement India's action "caused grave danger to commercial airlines" belonging to Gulf countries and "endangered lives".

India's civil aviation ministry did not immediately respond to a request for comment on Pakistan's remarks.

In the last few days, India and Pakistan had shut their airspaces to each other's airlines. Global airlines like Lufthansa have also been avoiding Pakistan airspace.

Domestic flights in both countries were also disrupted. India's top airline IndiGo said it was cancelling 165 flights till Saturday morning. Its shares were down 1.1 percent.

Flights belonging to Air India, SpiceJet and Akasa Air were also cancelled as India shut several airports.

Images from Flightradar24 showed that the northwestern part of India and Pakistan's airspace was nearly free of civilian aircraft, barring a few flights.

CHANGING SCHEDULES

The changing airline schedules are set to further complicate operations in the Middle East and South Asia regions for carriers, who are already grappling with a fallout from conflicts in the two regions.

A spokesperson for Dutch airline KLM said it was not flying over Pakistan until further notice. Singapore Airlines said it had stopped flying over Pakistani airspace since May 6.

Korean Air said it had begun rerouting its Seoul Incheon-Dubai flights yesterday, opting for a southern route that passes over Myanmar, Bangladesh, and India, instead of the previous path through Pakistani airspace.

Thai Airways said flights to destinations in Europe and South Asia would be rerouted starting early on Wednesday morning, while China Airlines said flights to and from destinations including London, Frankfurt and Rome had been disrupted.

Flights from India to Europe were also seen taking longer routes. Lufthansa flight LH761 from Delhi to Frankfurt took about half an hour more to reach its destination compared to Tuesday, according to FlightRadar24.

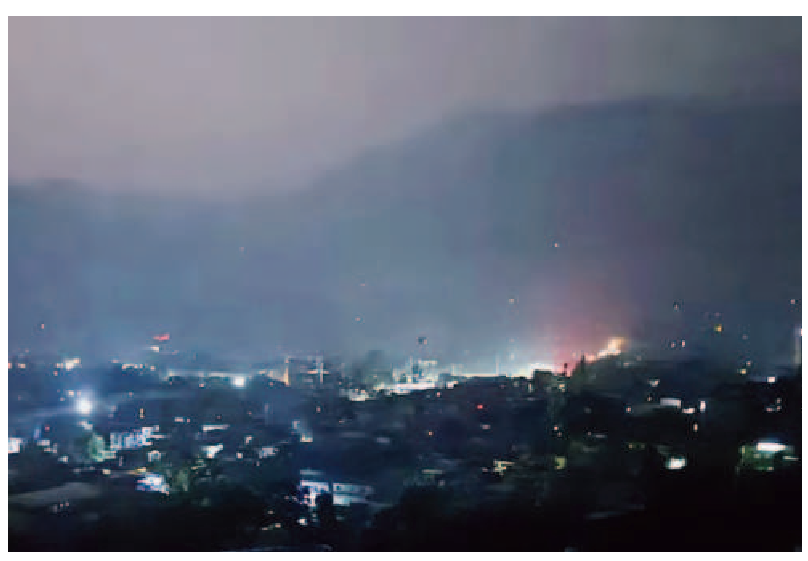

PHOTO: REUTERS

A view of Muzaffarabad in Pakistan-administrated Kashmir yesterday.

The Association of Asia Pacific Airlines voiced concern over the impact of conflicts on airline operations.

"Apart from cost and operational disruption, there are safety concerns as GPS spoofing interfering with flight operations over conflict zones is one of highest risks the industry faces," it said in a statement.

GPS spoofing is a malicious technique that manipulates Global Positioning System (GPS) data, which can send commercial airliners off course.

Ctg port's GCB terminal dispute resolved after Tk 175 rate hike

STAFF CORRESPONDENT, Chattogram

The row over onboard container handling charges at the General Cargo Berth (GCB) terminal of Chattogram Port has finally ended with a unanimous decision to raise the charge by Tk 175 per container.

A meeting at the shipping ministry on Tuesday, chaired by Shipping Adviser Brigadier General (Retd) M Sakhawat Hossain, took the decision, according to Mohammed Yousuf, senior secretary of the ministry.

With this, the several months long dispute between the associations of shipping agents and berth operators regarding onboard container handling charges at six jetties of the GCB has been resolved.

After a two-hour meeting, the leaders and representatives of the two conflicting associations agreed to the increased rate fixed at the meeting, said a senior CPA official who attended.

In early January this year, the dispute worsened when berth operators proposed to raise the onboard handling charge by $5 per container, citing rising operational costs, wages, and other expenses, which shipping agents opposed.

In early January this year, the dispute worsened when berth operators proposed to raise the onboard handling charge by $5 per container

Currently, shipping agents pay berth operators Tk 559.53 per container for onboard handling.

As their demands were unmet, the berth operators began slowing down the unloading procedures, leading to prolonged stays of vessels at the GCB.

To address the issue, the CPA, in a tripartite meeting on March 9, unilaterally fixed the incremental rate at Tk 205 per container.

However, the shipping agents rejected that rate and instead offered to increase the charge by Tk 50 per container.

The shipping ministry arranged Tuesday's meeting after the CPA sought its intervention last month to resolve the issue.

CPA Chairman Rear Admiral M Moniruzzaman, Berth Operators Association President Fazle Ekram Chowdhury, Bangladesh Shipping Agents Association Senior Vice President Syed Iqbal Ali Shimul, Director Muntasir Rubayat, Bangladesh Container Shipping Association Chairman Faiyaz Karim, and senior officials of various foreign shipping lines, including Maersk Line and CMA CGM, were also present.

Reckitt Benckiser's Q1 profit remains almost unchanged

STAR BUSINESS REPORT

Reckitt Benckiser (Bangladesh) PLC, one of the leading multinational companies operating in the country, reported higher profits and revenue in the first quarter of the financial year 2025.

The company posted a marginal one percent year-on-year rise in profit to Tk 15.33 crore in the first quarter of this financial year, according to its financial statements published today.

Its revenue grew 11 percent to Tk 147.33 crore during the January-March period compared with the same quarter a year ago.

The company reported earnings per share of Tk 32.45 in the first quarter of this year, slightly up from Tk 32.10 in the same period last year.

Its net operating cash flow per share rose to Tk 79.64 from Tk 69.23 a year ago.

As of March 31 this year, sponsors and directors held 82.96 percent of the company's shares. Institutional investors held 5.78 percent of shares, followed by general investors, the government, and foreign investors, according to Dhaka Stock Exchange data.

Renowned for household names like Dettol, Harpic, and Lizol, Reckitt Benckiser (Bangladesh) has been operating here since its incorporation in 1961.

Vietnam's shipments from China, to US hit record high

REUTERS, Hanoi

Vietnam's imports from China and exports to the United States both reached a post-pandemic record in April, amid talks with Washington to reduce Hanoi's trade surplus and a crackdown on Chinese goods being shipped to the US via its territory.

The Southeast Asian nation faces the risk of 46 percent duties on its exports to the US if the White House confirms this rate at the end of a global tariff pause in July. This could undermine Vietnam's growth model and hit multinationals exporting from the country, including Samsung and Nike.

Hanoi has made multiple offers to the Trump administration to avoid high levies, including clamping down on illegal transshipment of Chinese goods to the US via Vietnam. Goods benefit from lower tariffs if labelled as 'Made in Vietnam'.

However, trade trends that have attracted US criticism are accelerating, potentially complicating Vietnam's efforts to extract US concessions in ongoing trade talks.

Vietnam faces the risk of 46 percent duties on its exports to the US if the White House confirms this rate at the end of a global tariff pause in July

The Trump administration wants to reduce trade imbalances, but Vietnam's surplus with the United States -- already one of the highest globally -- expanded by nearly 25 percent in the four months to April year on year, according to Vietnam's statistics agency. In March alone, it exceeded $13.5 billion, the highest monthly figure ever, US data showed.

Manufacturers in Vietnam are ramping up exports to the United States before a possible tariffs hike, multiple industry executives said.

In April, shipments to the US exceeded $12 billion, 34 percent higher than a year earlier, and the largest value recorded after the COVID-19 pandemic, Vietnam's customs data showed.

Vietnam's Cai Mep deep-sea port, which handles most of the country's sea-borne exports to the United States, is experiencing a surge in shipments to the US, said Soren Pedersen, vice president at SSA Marine, which operates a port in Cai Mep and is one of the world's largest port operators.