

Bangladesh sees sharp decline in quality rawhides: CPD study

STAR BUSINESS REPORT

The availability of good quality rawhides has fallen sharply in Bangladesh over the years, although overall supply has increased, according to a research report.

Some 60 percent to 70 percent of rawhides were of good quality seven to eight years ago, but now less than 20 percent meet the standard, it said.

The Centre for Policy Dialogue (CPD) conducted the research under an initiative jointly undertaken by the Bangladesh Tanners Association (BTA) and the Leather Sector Business Promotion Council under the Ministry of Commerce.

Khondaker Golam Moazzem, research director at the CPD, led a three-member team in conducting the study. The other two are Tamim Ahmed, a senior research associate, and Atikuzzaman Shazeed, a programme associate.

Ahmed presented the research paper titled "Bangladesh's Leather Supply Chain: Ensuring Quality and Price of Raw Hides" at a workshop in Dhaka Club yesterday.

Ahmed said ensuring the quality of rawhides was important because high-quality hides not only guarantee better prices but also reduce waste and help produce high-value exportable leather products.

He said if animals are not slaughtered and skinned properly, cuts, tears, or structural damage may occur on the hides. As a result, high-quality hides often end up becoming low-grade or unusable, he mentioned.

In Bangladesh, there is a shortage of skilled butchers during the Eid-ul-Azha period for slaughtering and skinning cattle, he said.

While it is estimated that over 20 lakh animals are sacrificed in Dhaka alone during this time, the city has only about 11,600 trained butchers, he added.

The report also revealed that during Eid-ul-Azha in 2025, only 4.8 percent of cattle were slaughtered by professional butchers.

In 13.3 percent of cases, the animal

QUALITY AND PRESERVATION ISSUES

Only **20%** of rawhides are of good quality now

Seven years ago, **60-70%** of rawhides were high grade

21% of rawhides were damaged by flay cuts

46% of hides were left in open spaces after slaughter

Dust, germs, and bad weather spoiled many rawhides

CPD's recommendations

The government should remove policy barriers for investors in Savar tannery estate

SOURCE: CPD RESEARCH PAPER

There should be different pricing for salted and unsalted hides to ensure better quality



SLAUGHTERING PRACTICES

There is a lack of skilled butchers during Eid-ul-Azha

Only **4.8%** of cattle were slaughtered by professionals this Eid

Over **80%** of animals were slaughtered by untrained people

owners themselves carried out the slaughter, while in most cases (81.9 percent), the task was performed by representatives from madrasas or mosques, many of whom are not trained butchers, it said.

Due to inexperience and a lack of skills in skinning, a significant portion of rawhides was damaged, especially through flay cuts, it added.

Flay cuts refer to incisions or marks on the hide caused by excessive pressure or improper use of sharp tools while removing the skin.

According to the report, 21 percent of

rawhides were affected by flay cuts during this year's Eid-ul-Azha.

The survey also found that 46 percent of sacrificial animal owners left the hides in open spaces after the slaughter, while in 36 percent of cases, madrasa authorities and seasonal traders kept the hides in the open.

In 14 percent of cases, wholesalers kept the hides in open areas, it said.

This unhygienic and unplanned storage method likely exposed the rawhides to adverse weather conditions, dust, and germs, causing deterioration in their quality, it added.

Tamim Ahmed also said the government needs to remove policy barriers related to land purchase and plot allocation for both foreign and local investors within the Savar Tannery Industrial Estate (STIE).

The leather associations, the government, and plot owners should sit together to decide how the vacant spaces can be utilised by other potential investors, he said.

Associations should also offer foreign investors the benefits that their members get, he added. Khondaker Golam

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No shortcut in audit standards

MASUD KHAN

Bangladesh is witnessing a growing debate over who should be legally authorised to conduct audits. As someone qualified as both a chartered accountant (CA) and a cost and management accountant (CMA) from India, I value both professions. CMAs play vital roles in cost control, cost audits, decision support, internal audit, and performance reporting. However, audits require legal authority, structured audit training, and supervised audit experience that can only be provided by CAs in practice. Both professions offer complementary roles that do not overlap.

In Bangladesh, statutory audits are mandated by various laws such as the Companies (Amendment) Act 2020, the Income Tax Act 2023, NGO regulations, the Societies Registration Act, by-laws of trusts, clubs, and societies, as well as practices of banks and the RJSC. The right to conduct statutory audits rests exclusively with members of the Institute of Chartered Accountants of Bangladesh (ICAB) under these statutes and the Chartered Accountants Order 1973. By-laws and practices generally stipulate audit by a chartered accountant.

This reflects global practice, where one regulated body is entrusted with public audit responsibility to ensure consistency and quality. In India, only CAs can perform statutory audits. In the UK, members of CIMA cannot sign audit reports. In the US and Canada, where CAs and CMAs are now unified as certified professional accountants (CPA), only CPAs may audit.

ICAB's three-year articleship training, followed by two years' post-qualification experience to obtain a certificate of practice, aligns fully with the International Federation of Accountants (IFAC) International Education Standard 8. This standard specifically mandates audit training under an audit supervisor. The extensive accounting or costing experience of CMAs cannot substitute for the audit-specific practical training required to conduct audits.

The rigour of ICAB's framework stands alongside that of other regulated professions. Doctors must complete one year of supervised clinical internship, and lawyers must practise for two years before becoming eligible to appear before the High Court.

Proposals to allow bodies other than CAs to audit entities beyond companies cannot be justified, as they lack the legal mandate. Audits must be conducted in accordance with the International Standards on Auditing of the International Auditing and Assurance Standards Board and IFAC standards, standards that only practising CAs meet.

Some argue that poor audit quality in Bangladesh deters foreign direct investment (FDI) and enables money laundering. No major FDI assessment has flagged audit quality as a top concern. Incidents of audit failure, both locally and globally, are exceptions rather than the norm. Moreover, the primary responsibility for preventing money laundering lies with boards, internal controls, and regulators.

The occasional occurrence of poor audit quality does not justify expanding audit rights to professionals other than CAs, who typically lack the depth of training, practical exposure, and legal framework required to conduct audits. Simply increasing the number of audit providers without ensuring equivalent professional standards will not guarantee better audit quality; it may further compromise it.

That said, recent controversies involving the audits of high-profile companies during the previous regime highlight the urgent need to enhance both the quality and independence of the audit function under strong oversight.

What Bangladesh needs now is not a turf war but the strengthening of the Financial Reporting Council (FRC), in line with bodies like India's NFRA or the US PCAOB. ICAB and ICMAB can collaborate on improving audit quality, ESG reporting, digital finance, and public sector reform. In line with global best practice, ICAB already offers a pathway for qualified CMAs to become CAs, with exemptions and mandatory audit training.

Audit is not about professional parity; it is about the legal framework, professional competence, and protecting the public trust. Reforms must be grounded in law, international auditing standards, and global best practice, not lobbying or rhetoric.

The writer is the chairman of Unilever Consumer Care Limited.

US urges China to keep Iran from shutting key trade route

AFP, Washington

US Secretary of State Marco Rubio urged China Sunday to help deter Iran from shutting down the Strait of Hormuz, a crucial trade route, following American strikes on Iranian nuclear sites.

"I encourage the Chinese government in Beijing to call them about that because they heavily depend on the Strait of Hormuz for their oil," Rubio said on Fox News.

Analysts have said Iran may opt to retaliate to Washington's early Sunday attack by shutting the Strait, a waterway through which one-fifth of global oil output passes.

"If they do that, it will be another terrible mistake. It's economic suicide for them if they do it, and we retain options to deal with that," Rubio added.

"But other countries should be looking at that as well, it would hurt other countries' economies a lot worse than ours. It would be, I think, a massive escalation that would merit a response. Not just by us but from others," he said.

Meanwhile, Iran has threatened bases used by the US military, with an advisor to Iran's supreme leader Ayatollah Ali Khamenei saying they will be considered a "legitimate target for our armed forces."

Oil prices seesaw

AFP, London

Oil prices wobbled and stock markets wavered Monday as traders awaited Tehran's response to US strikes on Iranian nuclear facilities over the weekend.

European stocks mostly retreated while Asian equities were mixed, with markets keeping a close eye on whether Iran will block the crucial Strait of Hormuz, which carries one-fifth of global oil output.

When trading opened on Monday, international benchmark crude contract Brent and US equivalent WTI both jumped more than four percent to hit their highest price since January.

They later dipped briefly into the red before recovering to trade slightly higher in midday trading.

"Will Iran choose to choke off the Strait of Hormuz or not? That is the big question," said Bjarne Schieldrop, chief commodities analyst at SEB bank.

But, "looking at the oil price this morning it is clear that the oil market doesn't assign a very high probability of it happening," he added.

Iran is the world's ninth-biggest oil-producing country, exporting just

under half of the 3.3 million barrels it produces per day.

Tensions remained elevated as Iran and Israel intensified attacks on each other on the war's 11th day.

"The markets are not yet reacting with any degree of panic to the US airstrike on Iran's nuclear facilities as they await to see how Tehran responds," said AJ Bell investment director Russ Mould.

In Europe, Paris and Frankfurt stock markets both fell.

A closely watched survey showed Monday that eurozone business activity was almost stagnant again in June.

London's stock exchange was flat, with the rise in crude prices boosting shares in British energy majors BP and Shell.

But airlines, including EasyJet and British Airways-owner IAG, suffered losses on fears of rising energy costs and disruptions in travel to the Middle East. In Asia, Tokyo was lower while Hong Kong and Shanghai gained.

"So far, satellite images reportedly suggest that oil continues to flow through the Strait, which may explain the muted market reaction to the news," said Ipek Ozkardeska, senior analyst at Swissquote Bank.

Dollar advances

REUTERS, Singapore/London

The US dollar firmed on Monday with the yen at a more than six-week low as investors anticipated a response from Iran to US attacks on its nuclear sites, though some analysts said the FX reaction had been relatively muted.

Iran said on Monday the US attack on its nuclear sites had expanded the range of legitimate targets for its armed forces and called US President Donald Trump a "gambler" for joining Israel's military campaign against the Islamic Republic.

ING FX strategist Francesco Pesole said the muted response in FX markets is due in part to a structural lack of appetite for long dollar positions.

"Markets need more than what would normally be required to enter long dollar positions," he said.

Asian countries most vulnerable to Strait of Hormuz blockade

AFP, Tokyo

Around 84 percent of oil passing through the Strait of Hormuz is destined for Asia, leaving the economies of China, India, South Korea and others vulnerable should Iran blockade the crucial trading route over US strikes on its nuclear sites.

Around 14.2 million barrels of crude oil and 5.9 million barrels of other petroleum products pass through the strait per day – representing around 20 percent of global production in the first quarter, according to the US Energy Information Administration (EIA).

And crude oil from Saudi Arabia, the UAE, Iraq, Kuwait, Qatar and Iran almost exclusively passes through the corridor. Here are the main Asian countries where oil exported via the strait is destined:

CHINA
More than half of the oil imported by East Asia passes through the Strait of Hormuz, experts estimate.

China is one of the largest buyers, importing 5.4 million barrels of crude oil a day through Hormuz in the first quarter this year, according to the EIA. Saudi Arabia is China's second

largest supplier of crude oil, accounting for 15 percent of its total oil imports – 1.6 million barrels a day.

China also buys more than 90 percent of Iran's oil exports, according to the analysis firm Kpler.

It imported 1.3 million barrels of Iranian crude oil a day in April, down from a five-month high in March.

INDIA
India is highly dependent on the Strait of Hormuz, importing 2.1 million barrels of crude a day through the corridor in the first quarter, EIA data shows.

Around 53 percent of India's imported oil in early 2025 came from Middle Eastern suppliers, particularly Iraq and Saudi Arabia, local media reported. Wary of an escalating conflict in the Middle East, New Delhi has increased its imports of Russian oil over the past three years.

"We have been closely monitoring the evolving geopolitical situation in the Middle East since the past two weeks," India's Minister of Petroleum and Natural Gas Hardeep Singh Puri said on Sunday.

"We have diversified our supplies in the past few years and a large volume of our supplies do not come

through the Strait of Hormuz now," he wrote on X, adding "We will take all necessary steps to ensure stability of supplies of fuel to our citizens."

SOUTH KOREA
Around 68 percent of South Korea's crude oil imports pass

through the Strait of Hormuz – 1.7 million barrels a day this year, according to the EIA.

South Korea is particularly dependent on its main supplier Saudi Arabia, which last year accounted for a third of its oil imports.



Oil and gas tanks are seen at an oil warehouse at a port in Zhuhai. China is one of the largest buyers of energy, importing 5.4 million barrels of crude oil a day through the Strait of Hormuz in the first quarter this year. PHOTO: REUTERS/FILE

Southeast Asia's trade and energy ministry said there have been "no disruptions so far in South Korea's crude oil and LNG imports" but "given the possibility of a supply crisis", officials were "planning for potential disruptions in the Strait of Hormuz".

"The government and industry stakeholders have prepared for emergencies by maintaining a strategic petroleum reserve equivalent to about 200 days of supply," the ministry said in a statement.

JAPAN
Japan imports 1.6 million barrels of crude oil a day through the Strait of Hormuz, the EIA says.

Japanese customs data showed 95 percent of crude oil imports last year came from the Middle East.

The country's energy freight companies are readying for a potential blockade of the strait.

"We're currently taking measures to shorten as much as possible the time spent by our vessels in the Gulf," shipping giant Mitsui OSK told AFP.

OTHERS
Around 2 million barrels of crude oil passing through the Strait of Hormuz each day in the first quarter were destined for other parts of Asia

– particularly Thailand and the Philippines – as well as Europe (0.5 million barrels) and the United States (0.4 million barrels).

LIMITED ALTERNATIVES
Asian countries could diversify their oil suppliers, but it is difficult to replace the large volumes coming from the Middle East.

In the short term, "elevated global oil inventories, Opec+'s available spare capacity, and US shale production all could provide some buffer", experts at MUFJ Bank said.

"However, a full closure of the Hormuz Strait would still impact on the accessibility of a major part of this spare production capacity concentrated in the Persian Gulf," they said.

Saudi Arabia and the UAE have infrastructure to bypass the strait, potentially mitigating disruptions, but their transit capacity remains very limited – around 2.6 million barrels a day.

And the Gohr-Jask pipeline built by Iran to export via the Gulf of Oman, which has been inactive since last year, has a maximum capacity of only 300,000 barrels per day, according to the EIA.