

Of the 40 coconut oil mills that once operated in Bagerhat town, only 13 remain. A recent visit found only Roni Coconut Oil Mill operating, and even it runs just one or two days a month due to a shortage of mature coconuts. PHOTO: PARTHA CHAKRABORTTY

Coconut shortage threatens Bagerhat's oil mills

Farmers' preference for green coconuts has driven up raw material costs, pushing traditional oil mills towards collapse

PARTHA CHAKRABORTTY, *Bagerhat*

A shortage of mature coconuts has brought Bagerhat's traditional coconut oil industry to the brink of collapse, leaving most mills idle and many workers without regular income.

Mill owners say the shortage has made regular production virtually impossible, leaving machinery idle and capital tied up in struggling businesses.

As farmers increasingly harvest green coconuts for quicker returns, the scarcity of mature nuts has driven up raw material costs. Higher production costs have pushed up retail prices, driving customers away and further squeezing traditional producers.

Of the 40 coconut oil mills that once operated in Bagerhat town, only 13 remain, according to official records and mill owners. Eleven stay shut for most of the year, while two have closed permanently over the past five years. A recent visit found only Roni Coconut Oil Mill in operation.

"We are forced to keep the factory gates padlocked month after month," said Kamal Shaha, owner of a shuttered mill at the Bagerhat BSCIC Industrial Estate. "With mature coconuts unavailable and overhead costs mounting, turning the machines on only deepens our financial losses."

At Roni Coconut Oil Mill, owner Masud Rana is among the few still trying to keep production going. Mills typically do not buy coconuts directly from farmers. Instead, traders bring mature coconuts for processing and receive payment based on the quantity of oil extracted.

The shortage has reduced operations to one or two days a month, and sometimes just two or three days over three months, Rana said.

The crisis persists despite an increase in local coconut cultivation. Bagerhat now has around 11 lakh fruit-bearing coconut trees, up from approximately 9.5 lakh in 2021-22, according to Motahar Hossain, deputy director of the Department of Agricultural Extension (DAE) in the district.

Farmers' growing preference for selling green coconuts has reduced the supply of mature ones in Bagerhat, driving up production costs, pushing traditional oil mills towards closure and threatening workers' livelihoods

The problem, millers and officials say, is that farmers increasingly harvest coconuts while they are still green to secure quicker returns rather than waiting for them to mature.

Babu Ghosh, a coconut trader based in Kachua, said a pair of mature coconuts now costs Tk 250, compared with Tk 80 to Tk 100 five years ago.

"Green coconuts are more profitable and have stronger demand, so there are hardly enough mature coconuts in the wholesale markets," he said.

Motahar said farmers prefer selling green coconuts because they can earn cash every three to four months, reducing the risks associated with waiting for mature fruit.

Md Sharif Sardar, an industrial official at the Bangladesh Small and Cottage Industries Corporation (BSCIC), said local mature coconut production had declined significantly compared with the past, making it difficult for mill owners to manage production costs amid soaring raw material prices.

The rising cost of coconuts has also pushed up coconut oil prices. A kilogramme of oil that sold for Tk 400 to Tk 500 in 2019 now costs Tk 800 to Tk 900, with prices reaching Tk 1,100 in winter, Rana said.

"Even when we manage to secure coconuts and produce oil, the high retail price drives buyers away," he said. "We are running at a fraction of our capacity just to survive, but if this crisis persists, we will have no choice but to close down for good."

Traditional mills are also losing customers as households increasingly turn to bottled edible oil sold by large corporate brands.

"People now mostly buy bottled oil from different corporate companies. As a result, coconut oil has become a slow-moving item in the market," said consumer Makon Debnath.

The combined effects of raw material shortages, rising prices and changing consumer preferences have left traditional millers struggling to stay afloat.

The downturn has hit around 1,700 factory workers, many of whom now go months without regular work. Sudeb Das, a mill worker, said his factory operates only when traders can supply enough coconuts.

"The mills run for just two or four days every three months and stay closed the rest of the time," he said.

The prolonged shutdowns have pushed workers into severe financial hardship.

"What are we supposed to do? We're forced to starve. I've already had to sell off my homestead land just to survive," Sudeb said.

Is a strong taka helping us?

MAMUN RASHID

Should Bangladesh deliberately weaken the taka to make exports more competitive? No. Policymakers should not defend an exchange rate that no longer reflects economic realities. The objective should be a market-responsive taka that supports stability without aggravating inflation or undermining confidence.

The argument for depreciation appears straightforward. A weaker taka raises the local-currency value of dollars earned by exporters and can make Bangladeshi goods cheaper for overseas buyers. Export competitiveness depends on production costs, productivity, quality and delivery reliability, not simply on the number of taka received for a dollar.

Consider a garment exporter earning $100. At Tk 85 per dollar, the receipt is Tk 8,500; at Tk 120, it becomes Tk 12,000. But profit does not rise by the same proportion. Imported cotton, yarn, chemicals, fuel and machinery also cost more in taka. Overseas buyers may negotiate lower dollar prices, capturing part of the exchange-rate benefit. The net gain depends on local value addition, imported input costs, wages and bargaining power.

Bangladesh's experience since 2022 underlines the point. The taka depreciated amid pressure on foreign exchange reserves. Yet depreciation alone could not guarantee export growth. Global demand, freight and energy prices, access to imported inputs and buyers' pricing decisions influenced performance. A cheaper currency can provide breathing space, but it cannot replace productivity or reliable logistics.

Nor does the dollar rate tell the story. Bangladesh trades with China, India, the European Union, Japan and the United Kingdom. The nominal effective exchange rate (NEER) measures the taka against a weighted basket of trading-partner currencies. The real effective exchange rate (REER) adjusts this measure for relative prices and inflation, offering a better indication of price competitiveness.



Bangladesh needs neither a deliberately weak taka nor an artificially strong one. It needs a responsive currency, supported by sound macroeconomic management and structural reform.

If Bangladesh's prices and production costs rise faster than those of competitors, depreciation's advantage can erode. Conversely, nominal appreciation need not damage competitiveness as much if domestic costs rise more slowly. Maintaining an artificially strong currency carries risks. When the exchange rate is held below a sustainable level despite market pressure, foreign currency can become scarce, import payments may be disrupted and reserves come under strain.

But allowing the taka to weaken without restraint would be costly. Bangladesh relies on imported fuel, food commodities, raw materials and capital goods. Depreciation can raise domestic prices, erode household purchasing power and increase manufacturers' costs. It can also make repayments more expensive for businesses with foreign-currency liabilities. With inflation elevated, policymakers cannot treat depreciation as a painless export subsidy.

The Bangladesh Bank's move to a crawling-peg arrangement in May 2024, followed by greater freedom for banks to negotiate foreign-exchange rates, marked a shift towards a more market-responsive system. The priority should be consistent implementation, transparent price discovery and adequate liquidity, not defending an arbitrary rate.

Exchange-rate policy must work alongside credible monetary and fiscal policies. A weaker taka cannot correct poor export diversification, high logistics costs, energy disruptions or low productivity. Better ports, predictable access to imported inputs, stronger skills and reliable infrastructure can improve competitiveness without imposing the full burden on consumers. The question is not whether the taka should lose value against the dollar. It is whether the exchange rate can adjust to changing conditions without disorderly volatility. Authorities should address market dysfunction while allowing prices to reflect underlying conditions, rather than resisting every depreciation or appreciation.

Bangladesh needs neither a deliberately weak taka nor an artificially strong one. It needs a responsive currency, supported by sound macroeconomic management and structural reform. Export strength will depend less on how many taka buy a dollar than on how efficiently Bangladesh produces, delivers and competes.

The writer is an economic analyst

Oil hits $110 for first time since May amid supply fears

REUTERS, *Houston*

Brent touched $110 a barrel for the first time since May on Friday on worries that escalating tensions in the Middle East could further tighten supplies, while investors assessed how much diesel Russia could supply to the global market.

Brent crude futures settled $3.94, or 3.7 percent, higher at $109.86, the highest since May 19, while US West Texas Intermediate crude futures closed $3.44, or 3.5 percent, higher at $101.41, the highest since September 17.

So far this week, Brent has risen 4.9 percent and WTI 10.4 percent. "WTI and Brent reversed earlier losses as escalation fears resurfaced amid rumours of attacks on Saudi energy infrastructure," research and consultancy Energy Aspects said in a note.

Israeli reports suggest Iran may be preparing a pre-emptive strike following unusual military movements detected by Western intelligence.

Although unverified, these developments reinforce our view that persistent escalation risks will keep flat prices supported," Energy Aspects added. A Saudi-led coalition said it intercepted and destroyed a ballistic missile launched towards the Red Sea city of Yanbu.

The port is critical for Saudi Arabia's efforts to bypass the Strait of Hormuz and keep oil flowing to international markets.

Rights groups decry IMF austerity demand

AFP, *Bangkok*

Coconut farmer Sombat Chuekrod travelled more than 200 kilometres to join hundreds on the streets of Bangkok on Friday demanding that the International Monetary Fund and World Bank change how they deal with the developing world.

Finance ministers, central bank governors and other top policymakers gathered this week in the Thai capital for the IMF-World Bank Annual Meetings, as decision-makers tackle an inflation crisis fuelled by the US war on Iran and other economic shocks.

The message from the IMF has been clear: after years of economic crises starting with the pandemic and continuing through the wars in Ukraine and the Middle East, worldwide debt is too high and governments need to cut spending.

For the hundreds at the protest in Bangkok, as well as for rights groups and analysts interviewed by AFP, that message is the wrong one.

"We want the IMF and World Bank to rethink their role," said 51-year-old Sombat, as he walked alongside banners demanding reform of the institutions.

"Thai people are already poor. Please don't make them any poorer."

Protest organisers called on institutions like the IMF to focus on climate financing and tax reforms that aid poorer citizens rather than demand governments cut subsidies and social spending.

"Governments across the Global South are being forced to squeeze vital spending on public health, education, and social protection just to service illegitimate debts to wealthy nations and private creditors," Lidy Nacpil, one of the protest organisers, said in a statement.

Speaking to AFP on the sidelines of the meetings, Oxfam Executive Director Amitabh Behar said the world was facing an "inequality emergency", and that the IMF's calls for fiscal consolidation were code for cutting spending on essential social support during the war-fuelled inflation crisis.

"It will lead to (more) price rises. It might lead to hunger," he said. "You will see cuts further happening in terms of health, in terms of education, in terms of basic social security.

"So all that is going to suffer in a time when you actually need it more."

The IMF this week upgraded its world economic outlook, citing unexpected "resilience" in economic growth. But it warned that prosperity was fragmented, with vulnerable countries falling even further behind.



Demonstrators dance during a protest against the International Monetary Fund and World Bank Group in Bangkok on Friday, as the IMF annual meetings take place in the Thai capital. PHOTO: AFP

It highlighted oil-importing low-income countries not exposed to the boom in artificial intelligence investment as being the most vulnerable.

Yet the Fund's advice to all countries at a time of rising global debt levels has been to cut spending and rebuild fiscal buffers after years of spending on crises.

Asked what vulnerable countries should do, IMF deputy chief of research Petya Koeva Brooks told AFP that while their situation was indeed "more difficult", they had "no other choice" but to address their fiscal balances by either cutting spending or increasing revenues.

The IMF has proposed making energy and food subsidies offered in the wake of the Iran war more targeted, even as the UN Development Programme warned this week that if such subsidies were cut entirely, it could plunge 130 million people into poverty.

Protest organiser Nacpil questioned in an interview how one could draw a line between who deserves a subsidy and who does not.

"How poor do you have to be for them to think that you will need some support?" she asked.

World faces 800m job shortfall in 15 years: WB

MD MEHEDI HASAN

World Bank Group President Ajay Banga warned on Friday that the world faces a shortfall of about 800 million jobs over the next 10 to 15 years.

He urged a shift in development finance that brings together public money, private investment, philanthropy and technology.

Addressing finance ministers and world leaders at the IMF-World Bank Annual Meetings in Bangkok, Banga said 1.2 billion young people will enter the job market in that period. Projections show only about 400 million jobs will be available.

"A job is not a statistic. A job is dignity," he said, adding that unrealised potential would have consequences across borders, as would opportunity.

Banga said the challenges the Bank faced when he took office have not eased. Conflicts persist, governments have less room to spend, debt burdens have risen, and the cost of essentials, from energy to fertiliser, remains high.

He said the Bank has been working on two challenges together: making scarce resources go further and helping countries create jobs on a large scale.

He said the future model should evolve as countries grow. Public and concessional finance, or funding on softer-than-market terms, will remain essential where needs and risks are greatest, while private investment and market access should play a larger role as economies strengthen.

"Success arrives when we are no longer needed," he added.

On private capital, Banga said the Bank mobilised $112 billion last year, up from roughly $35 billion in FY22, the year before his workplan began.

Total financing, including the Bank's own lending, exceeded $230 billion. Mobilisation nearly tripled in lower-middle-income countries, quadrupled in upper-middle-income countries and more than doubled across Africa, he said. Banga also announced that six multilateral development banks are creating common ways to assess, document, package and transfer investments. A project the Bank helps finance today could then be held by another investor, freeing its capital for new projects.

He said this could create an emerging-market development asset class, or investment category, so that "the size of our balance sheet no longer defines the scale of our ambition."

"The jobs gap is a projection. It does not have to be our future," he said.