

# Liquidity crunch puts shrimp, fish exporters in peril

## BFFEA seeks immediate release of cash-incentive arrears

### TK 1.74B ARREAR CASH INCENTIVE PENDING WITH BB

**Tk 20b**

Cash incentive released by Finance Ministry in May 2025

**Tk 10b**

Additional incentive released in September 2025



Export assistance remained suspended for one year due to audit issues

Sep 30, 2024 — Audit objections resolved, clearing way for fund release

#### FE REPORT

The country's frozen shrimp and fish exporters are facing a severe liquidity scarcity for maintaining their overseas trade due to unavailability of the arrears of cash incentive from the government. Keeping this in view, the Bangladesh Frozen Foods Exporters Association (BFFEA) has urged the

government to release Tk 1.74 billion in audited, outstanding cash assistance for the sake of their survival, they added. The BFFEA, the sectors' apex body, in a letter also highlighted that the aforesaid amount of arrears remained pending with Bangladesh Bank (BB) until September 2025. The association mentioned

that such cash incentive is urgently needed for the survival of the industry, which has been exporting to as many as 55 countries for 54 years, thus earning valuable foreign currencies and providing employment to rural populations, particularly impoverished shrimp and fish farmers. The request comes in the wake of releasing Tk 20.00 billion worth of cash incentive by the Ministry of Finance (MoF) on May 22, 2025.

In addition to that, the ministry also released another Tk 10.0 billion on September 3, 2025. However, the BFFEA noted with concern that the frozen shrimp and fish sector received only a "small amount" from the realised fund, with "some bank branches receiving not a single penny."

"Due to the prevailing liquidity crisis, the export activities are being seriously hampered, thus putting our export earnings target at stake," said a BFFEA representative.

The frozen seafood sub-sector, entire materials of which are purchased from marginal farmers, is

struggling due to the prevailing 'unfavourable' conditions in the global market.

The sector insiders claimed that disbursement of export assistance, which remained suspended for almost a year due to pending audit objections. However, such objections were reportedly resolved on September 30, 2024, paving the way for resuming the process.

They also claimed that the prevailing scarcity of raw materials has put the factory operators in a difficult situation in purchasing the same from the domestic sources.

The BFFEA maintained that the cash assistance is not a "dividend" but a crucial mechanism to facilitate export activities and help earn foreign currencies for the country. However, the sector insiders expressed their hope that availability of such financial support would not only help clear the arrear dues of factory workers and impoverished farmers, but also meet the sector's



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However, the sector insiders expressed their hope that availability of such financial support would not only help clear the arrear dues of factory workers and impoverished farmers, but also meet the sectors' export earnings target.

A finance ministry official said: "We are working on the matter. The BFFEA's plea is now under our consideration."

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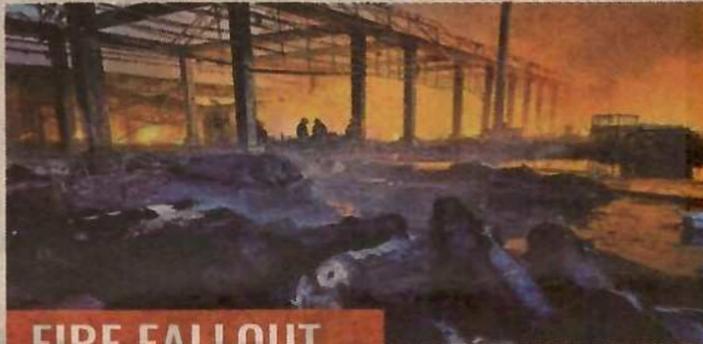
# Pharma sector stares at big loss from fire

## FE REPORT

The devastating fire at the cargo village of Hazrat Shahjalal International Airport (HSIA) has dealt a severe blow to Bangladesh's pharmaceutical industry, with an estimated economic impact of more than Tk 40 billion.

Industry leaders fear the blaze could disrupt the production of life-saving medicines, including antibiotics, cancer drugs, diabetes treatments, and vaccines.

The Bangladesh Association of Pharmaceutical Industries (BAPI) said that around 45 leading drug manufacturers have reported losses so far, with raw materials and machinery worth Tk 2.0 billion destroyed in the fire. The association warned that the damage could have far-reaching consequences for medicine production and future supply stability. The fire at HSIA's cargo village has exposed the pharmaceutical industry's heavy dependence on imported raw materials. Around 90 per cent of these ingredients come from China, India, and Europe.



### FIRE FALLOUT

Estimated total impact (overall sector loss)	Immediate loss in raw materials and machinery
<b>Tk 40b</b>	<b>Tk 2.0b</b>

45 out of 250 active companies affected

Pharma raw materials import share **90%**

#### IMPORT ROUTES

(From China, India, and Europe)

- Air for emergency supplies
- Sea for bulk shipments

#### POTENTIAL RISK

- Drug shortages if recovery steps are delayed

#### TEMPERATURE-SENSITIVE MATERIALS

- Significant volume
- Cold-chain disruption risk

Emergency and high-value consignments are typically flown in, while bulk shipments arrive by sea.

"Some 45 major companies have reported losses worth around Tk 2.0 billion, including vital raw materials for antibiotics, vaccines, hormones, and medicines for diabetes and cancer," said BAPI Secretary General Zakir Hossain at a press conference in Dhaka on Tuesday.

He added that the loss of these materials would hamper production, while damage to imported machinery and spare parts would require re-imports, a process that is both costly and time-consuming.

"The overall economic impact on the sector could reach Tk 40 billion once the full extent of losses is known," Mr Hossain said.

The BAPI leader also expressed concern over the storage of goods unloaded at other airports, noting that many pharmaceutical ingredients require strict temperature control.

"Any disruption in cold-chain management could cause further damage," he warned, adding that some of the burnt materials were approved by the Department of Narcotics Control, making re-import and approval more

supplies remain stable for now but cautioned that a shortage could arise in the coming months if remedial steps are delayed.

"There is no immediate fear of a shortage, but if the next steps are not taken promptly, a supply crisis may emerge," he noted.

To help affected firms recover, the association has placed a 14-point demand, including refund of import duty, tax and VAT already paid on goods destroyed in the fire.

It also sought waiver of bank charges and interest on letters of credit (LCs) for damaged consignments and permission to re-import lost goods on easier terms without requiring new margins or interest.

The trade body further called for exemption from all customs-related fees, such as duties, VAT, and advance income tax, on burnt consignments.

Among other demands were extended operating hours for Customs House at the cargo village, including weekends, to ensure timely release of temperature-sensitive goods.

BAPI urged the authorities to expedite cargo handling operations at HSIA and convene an immediate coordination meeting involving DGDA, the narcotics department, customs, revenue board, civil aviation, and other

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"Any disruption in cold-chain management could cause further damage," he warned, adding that some of the burnt materials were approved by the Department of Narcotics Control, making re-import and approval more complex.

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BAPI urged the authorities to expedite cargo handling operations at HSIA and convene an immediate coordination meeting involving DGDA, the narcotics department, customs, revenue board, civil aviation, and other relevant agencies to resolve the issues swiftly.

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# AIRPORT FIRE AFTERMATH RMG, pharma fear snag in production

REFAYET ULLAH MIRDHA and  
TUHIN SHUBHRA ADHIKARY

Many import consignments of the garment and pharmaceutical sectors are stuck at Dubai and Singapore airports because of the space crisis in Dhaka's cargo village and the lack of cold room facilities for pharmaceutical raw materials after the fire incident.

Currently, the imported goods are stored in a small space of the export cargo section at the cargo village area at the Hazrat Shahjalal International Airport (HSIA), which cannot handle 550 tonnes of cargo a day that normally arrive. So, the importers are delaying the import of goods and many consignments are stuck at Dubai and Singapore airports.

However, the government has created a facility to release the goods on the same day of import, which is very helpful for manufacturers, said Inamul Haq Khan, senior vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The Biman authority also asked the importers to take delivery of the goods that could be salvaged from the fire incident as soon as possible.

As of yesterday, 1,300 companies registered their names in the BGMEA launched a temporary web portal claiming damage of \$7.5 million. The final tally will be more as not everyone has registered yet.

The severity of the fire incident will be much higher as the import consignments of many companies were burnt out and they will face a two-month delay in production as they will have to re-import those goods, he said.

Subsequently, some of the international clothing retailers and brands are slashing down the work orders.

Mijanur Rahman, managing director of Fabrica Knit Composite, who suffered damages worth \$300,000

of garment accessories, said one of his buyers reduced his work orders to 26,000 pieces of T-shirts from the previously confirmed 80,000 pieces taking into account the reduced inventory of raw materials.

Normalcy in the pharmaceutical sector's import activities will not return before Thursday at the earliest, said Md Zakir Hossain, secretary general of the Bangladesh Association of Pharmaceutical Industries (BAPI).

Most of the sector's imports such as vaccine, insulin and sensitive medicine items need to be stored under minus temperature or a certain degree of temperature range. But the cold storage facilities at the cargo village were burned down in the fire.

So, many companies are delaying the import of pharmaceutical raw materials because of the space crisis in the cargo village following the fire incident.

Since there is a crisis of space, the importers,

pharmaceutical sector may face an economic impact of about Tk 4,000 crore due to the destruction of raw materials in the fire at the cargo village of Hazrat Shahjalal International Airport on Saturday.

Although the incident is not expected to immediately affect the supply chain or medicine prices, pharma sector leaders warned that disruptions may occur if the damaged import system for raw materials is not restored promptly.

At a press conference yesterday, BAPI leaders presented a 14-point set of demands, which include reimbursement of customs duties, taxes and VAT already paid by importers for the destroyed goods; waiver of bank charges and interest related to affected letters of credit; and cancellation of any charges or penalties imposed against the Bill of Entry for the damaged items.

In his written speech, BAPI Secretary General Hossain said raw materials worth approximately Tk 200 crore belonging to the country's top 45

used in the production of antibiotics, vaccines, hormones, diabetes medications and cancer drugs.

Additionally, several spare parts and machinery have been damaged, and re-importing them for pharmaceutical manufacturing will be time-consuming.

As a result, the production processes are also expected to be affected.

A significant portion of the burnt goods consisted of items approved by the Narcotics Division and re-importing these products would be both complex and time-consuming as they require multiple layers of approval.

"All these materials are essential for producing each finished product. Therefore, the loss of a single raw material can jeopardise the entire production of a finished item. Naturally, we estimate that the economic impact could exceed Tk 4,000 crore."

The medicine supply chain is not expected to be affected.

agents will be unable to transport specific raw materials that require strict temperature control, he added.

Pharmaceutical companies typically maintain raw material stock for four to six months, while those imported by air generally cover two to three months of supply, said M Mosaddek Hossain, senior vice president of BAPI.

Syed S Kaiser Kabir, vice-president of BAPI, described the fire at the cargo village as "a major governance failure", attributing the issue not only to the current government but also to previous administrations.

"The absence of a firefighting system at the cargo village is totally unacceptable," he said, calling for the establishment of an international-standard warehouse at the airport.

Approximately 90 percent of the raw materials used in the pharmaceutical industry are imported from China, India, and various European countries, BAPI said.

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So, many companies are delaying the import of pharmaceutical raw materials because of the space crisis in the cargo village following the fire incident.

Since there is a crisis of space, the importers, including those who bring in pharmaceutical raw material, are requested to take delivery of goods on the same day of import, said Md. Firoz Salahuddin, manager import operations of the HSIA Cargo Village.

B a n g l a d e s h ' s

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In his written speech, BAPI Secretary General Hossain said raw materials worth approximately Tk 200 crore belonging to the country's top 45 pharmaceutical firms have been damaged in the fire.

"We believe the total economic impact will be even greater once other companies report their losses," he said, adding that the burnt materials included essential raw ingredients

used in the production of antibiotics, vaccines, hormones, diabetes medications and cancer drugs.

Additionally, several spare parts and machinery have been damaged, and re-importing them for pharmaceutical manufacturing will be time-consuming.

As a result, the production processes are also expected to be affected.

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"All these materials are essential for producing each finished product. Therefore, the loss of a single raw material can jeopardise the entire production of a finished item. Naturally, we estimate that the economic impact could exceed Tk 4,000 crore."

The medicine supply chain is not expected to be affected for now, and there will be no increase in medicine prices, he added.

Problems may arise after a month if the system is not restored, said Muhammad Halimuzzaman, treasurer of BAPI.

Without a functioning cold chain, forwarding

agents will be unable to transport specific raw materials that require strict temperature control, he added.

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Approximately 90 percent of the raw materials used in the pharmaceutical industry are imported from China, India, and various European countries, BAPI said.

In addition to raw materials, the sector also relies on imported packaging materials, capital machinery and spare parts.

Urgent and high-value raw materials are typically transported by air, while bulk volumes are mostly brought in via sea routes.

