The Daily Star

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Rising exports lower US goods trade deficit

REUTERS, *Washington*

The US trade deficit in goods contracted more than expected in April as a surge in exports blunted rising imports, but economists cautioned the trend was unlikely to be sustainable, with businesses ramping up investment in artificial intelligence.

The advance report from the Commerce Department on Friday suggested the three-month US-backed war with Iran, which has disrupted shipping in the Strait of Hormuz, had yet to have a significant impact on the nation's trade flows. The artificial intelligence spending boom is largely dependent on imports, including computer chips.

"Seemingly relentless AI investment and growth outside the tech sector should propel imports," said Oren Klachkin, financial market economist at Nationwide. "Export growth is likely to be relatively more subdued as the Iran stalemate weighs on overseas demand, though solid energy shipments will provide some offset."

The goods trade gap narrowed 3.4 percent, or $2.9 billion, to $82.4 billion last month, the Commerce Department's Census Bureau said. Economists polled by Reuters had forecast the goods trade deficit would be $86.5 billion.

Goods exports increased 4.0 percent to $219.7 billion. There was a 7.5 percent jump in exports of capital goods. Consumer goods exports shot up 7.8 percent, while exports of industrial supplies, which include petroleum, increased 2.1 percent.

"The oil export windfall must have been offset by higher prices for other critical materials imported from Persian Gulf nations, such as fertiliser and aluminum," said Carl Weinberg, chief economist at High Frequency Economics. "So as expected, the net outcome was a bit less than the energy price spike suggests."

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Leather sector loses billions to compliance failures

Say industry leaders, experts

JAGARAN CHAKMA

Bangladesh generates a significant share of the world's raw leather each year, yet earns only a fraction of what the material is worth due to compliance failures and decades of neglected infrastructure, according to industry leaders.

They point to shortcomings at the Savar Tannery Industrial Estate that have kept the country locked into low-value exports and shut out of premium global markets.

Bangladesh accounts for around four percent of the world's rawhide and skin resources and produces an estimated 350-400 million square feet of hides and skins annually, according to Md Mizanur Rahman, professor and director of the Institute of Leather Engineering and Technology at the University of Dhaka.

"The country could generate up to $10-$12 billion in export earnings from its existing raw materials alone if the sector were fully utilised," he said.

"We are sitting on a huge resource, but we are not using it properly," Rahman added.

He estimates that nearly 30 percent of the country's leather is wasted due to poor preservation, inadequate processing capacity and the lack of proper utilisation of tannery by-products.

The country could generate $10-12 billion in export earnings from its existing raw materials alone if the sector were fully utilised, said an expert

According to the professor, the leather sector offers one of the highest value-addition opportunities in Bangladesh's manufacturing industry, with up to 90 percent value addition possible as most raw materials are sourced locally.

He noted that foreign buyers, particularly Chinese firms, often purchase Bangladeshi leather for as little as 40-50 cents per square foot and later sell processed leather in international markets for around $2 per square foot.

Much of the profit from Bangladesh's leather ends up overseas, while local traders and producers receive low prices for rawhides, he added.

According to Rahman, much of the potential lies in by-products that currently go unused.

He noted that tannery waste can be processed into collagen, gelatin, fertiliser and animal feed – industries that, if formalised, would create new demand for hides and push up their market value. "Nothing from leather should go to waste. Every part has economic value."

The timing of supply adds another layer of difficulty. Some 40-45 percent of the country's annual rawhide comes to market within three days of Eid-ul-Azha, placing

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enormous strain on processing capacity and making efficient handling critical to securing better prices.

The DU professor said the lack of internationally compliant environmental infrastructure at the Savar Tannery Industrial Estate has further limited the sector's ability to move up the value chain.

Md Tipu Sultan, chairman of the Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association (BFLLFEA), said the country's leather sector continues to receive lower prices in international markets mainly because many factories have yet to meet globally recognised compliance standards.

"If we can move quickly on these issues, it will make a significant difference," he said.

The compliance gap is the central obstacle for the sector's growth, he noted, stating that only a handful of factories currently hold the internationally recognised certifications required by buyers in the United States and European markets.

"One or two compliant factories are not enough. If at least 50 out of around 150 factories can achieve those standards, more compliance-focused buyers will source products from Bangladesh," Sultan said.

"If we can move quickly on these issues, it will make a significant difference," he added.

If progress continues, he said, many of the recurring problems facing the leather sector could be resolved before the next Eid-ul-Azha season.

At the factory level, the frustration runs deeper. Md Salauddin Ahmed, managing director of New Kajol Tannery Ltd and treasurer of the BFLLFEA, traces the industry's current predicament to the forced relocation of tanneries from Hazaribagh to Savar – a move the government promised would come with full infrastructure support.

"The government shifted us to Savar with the promise of providing all necessary facilities. But many factories moved before essential infrastructure was ready," he said.

Even years after the relocation, several tanneries still face shortages of gas and other utilities, while the central effluent treatment plant (CETP) has yet to operate at the expected standard, he added.

These shortcomings have prevented the sector from obtaining internationally recognised certifications, including approval from the Leather Working Group (LWG), a key requirement for supplying many global brands.

"As a result, major European buyers are not coming to Bangladesh. We are largely dependent on Chinese buyers, who currently dictate prices," Ahmed said.

That dependence shows in the margins. Processed leather is selling at $0.50–0.55 per square foot, barely enough to cover costs. With most chemicals imported and the dollar strengthening, even cheap raw hides offer little relief.

"We import most of our chemicals, and costs have risen sharply due to the stronger dollar. Even when we purchase raw hides at relatively low prices, we struggle to make a profit," he said.

According to Ahmed, the lack of buyer diversification has weakened the industry's bargaining power and contributed to the decline in hide prices.

"If we can ensure proper environmental compliance and secure LWG certification, European and other international buyers will return. Then we can sell leather at much better prices and pay higher prices for raw hides as well," he said.

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US cotton plan considers Bangladesh a key market

REFAYET ULLAH MIRDHA

Bangladesh is expected to play a significant role in a new US initiative aimed at boosting American cotton exports, as the Trump administration links potential tariff benefits for Bangladeshi apparel exports to the use of US cotton and textile inputs.

The United States Department of Agriculture (USDA) last week launched the Great American Cotton Plan to revitalise the cotton farm economy in the US.

"USDA and USTR secured commitments from Indonesia and Bangladesh that will support future US cotton purchases and textile production using American cotton," the plan states.

Under the plan, Bangladesh could receive tariff reductions on apparel produced using US cotton and textile inputs, alongside other tariff-related concessions.

A Bangladesh-US reciprocal trade agreement signed on February 9 commits Washington to establishing a mechanism allowing certain Bangladeshi textile and apparel goods to enter the US at a zero reciprocal tariff rate.

However, the volume eligible for this benefit will be tied to Bangladesh's imports of US-produced cotton and man-made fibre inputs. The US has yet to clarify the textile clause of the deal.

Showkat Aziz Russell, president of Bangladesh Textile Mills Association (BTMA), said American cotton's share of Bangladesh's nearly $4.0 billion annual cotton import bill has been growing steadily, with local spinners, millers, and traders increasingly turning to US suppliers. He has already held talks with senior US officials on the bilateral cotton trade.

Russell flagged two key obstacles to scaling up US cotton use: the Rules of Origin (RoO) requirements and the long shipping distance between the two countries.

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He noted that while American cotton offers superior quality, greater clarity is needed on the tariff benefits available to Bangladeshi exporters.

During discussions with US officials, Russell sought clarification on the RoO requirements governing the use of US cotton and man-made fibre in garments eligible for tariff concessions.

Based on discussions with US officials, he said the reduced tariff facility may apply only to a specified quota rather than all exports.

Russell also stressed the need for warehouse facilities in Bangladesh to store and market US cotton. Imports from neighbouring countries require much shorter lead times, while from the US Embassy in Dhaka next week to discuss the RoO requirements for garments made from US cotton and man-made fibre.

BGMEA leaders had previously sought clarification on the issue during meetings with visiting US Trade Representative (USTR) officials, but were told that work on the framework was still underway.

The US currently accounts for nearly 9 percent of Bangladesh's annual cotton imports, which are valued at nearly $4.0 billion.

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Faisal Samad, a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the association will meet officials from the US Embassy in Dhaka next week to discuss the RoO requirements for garments made from US cotton and man-made fibre.

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American imports from Bangladesh reached $9.5 billion -- up 13.3 percent from 2024 while US exports to Bangladesh were $2.3 billion.

The resulting trade deficit stood at $7.1 billion, a 17.9 percent increase from the previous year. Garments account for 86 percent of Bangladesh's exports to the US.

D import policy incompatible with new EU, US trade rules

JASIM UDDIN

LOCAL VALUE ADDITION TO APPAREL EXPORTS SHORT OF MARKET REQUIREMENTS

Draft import policy allows **30pc** local value addition while EU GSP+ requires double transformation that translates into **40pc**, as much US rule seeks

To overcome exigencies, negotiations already begin on FTAs, CEPAs, bilateral and multilateral trade agreements

US court decision puts reciprocal-tariff policy on hold, exporter mentions

FTAs with EU, other trading partners viable options to scale duty walls: **BKMEA president**

Bangladesh's import policy in the making appears at odds with emerging trade requirements in the European Union and the United States as it proposes allowing apparel exporters to qualify for incentives with a minimum 30-percent local value addition.

Industry leaders say the EU's proposed Generalised Scheme of Preferences Plus (GSP+) framework will require "double transformation" for garment exports, which they estimate would translate into around 40-percent local value addition.

Similarly, exporters say recent US trade rules require at least 40-percent local value addition, failing which shipments could be treated as transshipments.

To qualify for the EU's proposed GSP+ framework, Bangladeshi garment exporters will need to comply with the double-transformation requirement, which industry leaders estimate would require around 40-percent local value addition - a level already achieved by many knitwear manufacturers, though.

However, woven-garment manufacturers, which typically have lower domestic value addition, may find it more difficult to retain duty-free access to the EU market following Bangladesh's graduation from least-developed-country (LDC) status in November 2026, according to trade economists and industry insiders.

The government, however, has also sought a deferral of the country's graduation process to leave the world's poor-country club.

"We proposed lowering the threshold to 20 per cent," says BKMEA President Mohammad Hatem, in reference to the draft Import Policy Order 2026-2029.

He argues that high-value products, particularly those made from man-made fibres (MMF), would struggle to meet the proposed 30-percent threshold, as raw material costs for such products are significantly higher than those of cotton-based items.

"If the government does not revise the provision, it will discourage local industrialisation and efforts to increase domestic value addition in export-oriented apparel production," he predicts.

Hatem also raises concern over a proposed restriction on knit fabrics import in the draft policy. Referring to Commerce Ministry Additional Secretary Abdur Rahim Khan, he says the ministry had indicated that the issue would be addressed in the final version of the policy.

A recent Ministry of Commerce document states that following Bangladesh's graduation from the LDC status, exports to key destinations such as the EU, the United Kingdom, the United States, Japan and other markets will no longer enjoy duty-free access.

To maintain export competitiveness and safeguard market share, the ministry, in collaboration with stakeholders, has already initiated negotiations on free-trade agreements (FTAs), comprehensive economic partnership agreements (CEPAs), bilateral and multilateral trade agreements, and other preferential trade arrangements with major trading partners.

According to the document, maintaining duty-free market access after graduation will require major export-oriented sectors to raise local value addition to above 40-50 per cent.

In some cases, compliance with product-specific rules (PSRs), including double-transformation requirements, will be necessary.

The policy on the anvil further notes eligibility for GSP+ preferences may require a minimum value addition of 40 per cent. Exports to inputs used in production.

"Accordingly, if Bangladesh's garment industry, particularly knitwear manufacturers, becomes increasingly dependent on imported yarn, securing duty-free market access in the future may become significantly more challenging," the document forewarns.

Seeking anonymity, an apparel-sector leader says the government may consider cash support only for new product categories with 20-percent value addition, which could help diversify export offerings.

"The new items could include sportswear, wedding wear and tech wear, which may require imported fabrics and accessories. Once we start producing such products, the local industry will gradually develop around them," the exporter says.

BKMEA Executive President Fazlee Shamim Ehsan mentions that a recent US court decision put the implementation of the reciprocal-tariff policy on hold, meaning it is currently not applicable to Bangladesh or other countries.

According to the draft Import Policy Order, RMG exporters will be required to maintain a 30-percent value-addition threshold for children's garments, up from the current 15 per cent.

Knitwear and woven garment exports will also be required to attain 30-percent value addition, compared to the existing requirement of 20 per cent.

Exporters of underwear and other specialised garments made from synthetic fibres may face a minimum 40-percent value-addition

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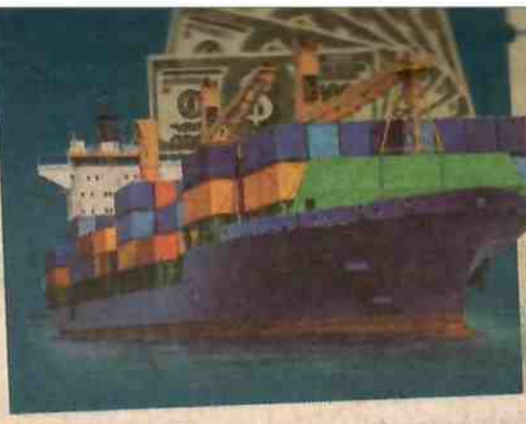

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In some cases, compliance with product-specific rules (PSRs), including double-transformation requirements, will be necessary.

The policy on the anvil further notes eligibility for GSP+ preferences may require a minimum value addition of 40 per cent. Exports to countries such as Australia and Canada, which currently enjoy duty-free access, are already required to meet a value-addition threshold of at least 50 per cent.

"In nearly all recent trade negotiations, the requirement for double transformation as a condition for granting duty-free access to Bangladeshi exports has been strongly emphasised," the document reads.

It also highlights that Bangladesh has offered commitments in ongoing negotiations under which garments produced using yarn and fabrics originating from importing countries would be eligible for preferential tariff treatment in proportion to the share of such inputs used in production.

"Accordingly, if Bangladesh's garment industry, particularly knitwear manufacturers, becomes increasingly dependent on imported yarn, securing duty-free market access in the future may become significantly more challenging," the document forewarns.

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Knitwear and woven garment exports will also be required to attain 30-percent value addition, compared to the existing requirement of 20 per cent.

Exporters of underwear and other specialised garments made from synthetic fibres may face a minimum 40-percent value-addition requirement. Footwear exports, including both leather and non-leather products, may be subject to 30-percent threshold, while ship exports could face 40 per cent, and wooden furniture exporters 50 per cent.

Under the proposed policy, exporters who fail to meet the prescribed value-addition requirements will not be eligible for cash incentives or duty benefits on imported raw materials.

The Ministry of Commerce held a stakeholder consultation on the draft policy on May 22, bringing together industry representatives ahead of its finalisation.

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India scraps cotton import duty for five months to aid textile exporters

NEW DELHI, May 31 (Reuters): India has scrapped customs duties on cotton imports for five months, the government said on Saturday, as it seeks to boost supplies of contamination-free natural fibre for textile exporters amid strong overseas demand for yarn.

The easing of import restrictions by the world's second-largest cotton producer is likely to lend support to global prices but is unlikely to trigger a surge in purchases as the rupee's depreciation has made imported cotton slightly more expensive than domestic supplies.

The current 11% import duty will be suspended until October 30, the government said in a statement.

India's textile sector, like others, is under pressure from rising input costs as supply chains are disrupted by the Iran war.

The measure is expected to support domestic producers, particularly small and medium-sized firms, by improving cotton availability, the government said.

However, industry officials said Indian cotton is currently the cheapest in the world and that ample supplies from this year's crop are available domestically, which is likely to limit imports.

"At current price levels, imports are not economically attractive," Vinay Kotak, president of the Cotton Association of India, told Reuters.

"Export-oriented mills need contamination-free cotton and, to meet that requirement, around 600,000 bales could be imported during the duty-free import window."

The cotton is likely to be sourced from Australia, Brazil, the United States and Africa, which have surpluses, industry officials said.

India last year allowed duty-free cotton imports from mid-August through the end of December, helping drive imports to a record 4.7 million bales in the current marketing year, which began last October 1.

Cotton is largely grown in rain-fed areas in India, and any disruption to monsoon rains from an El Nino weather pattern could reduce output from the new crop being planted from June and boost import demand, said a New-Delhi-based dealer with a global trade house.

"In that scenario, the government could extend the duty-free import window beyond October, as it did last year," he said.

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Govt aims to make leather industry stronger, export-oriented: Muktadir

A comprehensive and long-term plan for the development, preservation, processing, and enhancement of export capacity of the leather sector would be unveiled before the nation by July

The government is planning how to transform the leather industry from a one-billion-dollar sector into a 10-12 billion-dollar industry

Commerce, Industries, and Textiles and Jute Minister Khandakar Abdul Muktadir said the government aims to transform the country's leather sector into a stronger and more export-oriented industry through maximum utilization of sacrificial animal hides.

He said a comprehensive and long-term plan for the development, preservation, processing, and enhancement of export capacity of the leather sector would be unveiled before the nation by July, reports BSS.

The minister made the remarks while talking to reporters after visiting rawhide trading activities at Posta in the capital's Lalbagh area on Friday.

Muktadir said the government remains hopeful that most sacrificial hides this year would be collected in usable condition due to coordinated initiatives by the government, active participation of traders and warehouse operators, and preservation efforts undertaken through mosques and madrasas, said a ministry press release.

He noted that sacrificial hides do not arrive in Dhaka all at once, and the overall process normally takes two to three months to complete.

However, through coordinated efforts by different government agencies, district administrations, city corporations, the Bangladesh Small and Cottage Industries Corporation (BSCIC), and relevant traders, the government expects to achieve its desired goals this year.

Highlighting the importance of proper preservation, the minister said current weather conditions remain comparatively favourable, but hides condition may deteriorate within hours if temperatures rise to 38 to 40 degrees Celsius.

"If hides are properly cleaned and salted within four to six hours after sacrifice, they can be preserved for up to three to four months," he added.

Explaining the leather processing chain, Muktadir said traders purchase rawhides for industrial processing, beginning with wet blue leather, followed by crust leather and finally finished leather, which is later used in producing shoes, sandals, belts, and other products.

"If salt is not applied on time, the hide loses all practical value," he said.

Replying to a question regarding smuggling, the minister said allegations of hide smuggling emerge every year, but the government does not want a single hide to be smuggled out of the country.

"The relevant authorities have been instructed to maintain strict vigilance to this end," he added.

Referring to the Savar leather industrial estate and the Central Effluent Treatment Plant (CETP), he said many tanneries have yet to become fully operational following relocation from Hazaribagh, while the CETP still faces some limitations.

"These constraints will be addressed to attract further investment and bring the entire leather industry under full industrialisation," he said.

The minister said the CETP has a project capacity of processing 25,000 cubic metres daily, although actual treatment currently ranges between 14,000 and 18,000 cubic metres.

"Necessary reforms and expansion measures would be undertaken to enhance capacity," he added.

He also stressed the need to modernise slaughtering and skinning processes to improve leather quality.

"Removing hides from animals requires skill. Improper skinning damages quality. We are planning to modernise and mechanise the entire process," he said.

Muktadir said the country's leather goods market and exports are currently valued at around Tk 120.00 billion to Tk 150.00 billion, while there is also a significant domestic market for leather products.

The minister said the government has already distributed salt free of cost to madrasas and collection centres through BSCIC and district administrations to ensure proper preservation and industrial use of sacrificial hides.

On Thursday, the minister inspected the procurement and trading activities of raw hides at Aminbazar in Savar.

Talking to journalists, he said the government expects that most of the sacrificial hides would be properly preserved and transported smoothly to tanneries this year.

Muktadir said the government is planning how to transform the leather industry from a one-billion-dollar sector into a 10-12 billion-dollar industry.

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How Bangladesh squanders its leather potential – hide by hide, Eid by Eid

INDUSTRY – BANGLADESH

RAFIQUL ISLAM, JAHIR RAIHAN AND NOMAN MAHMUD

Failure to secure environmental compliance and manipulation continue to depress prices

Rawhide prices plummeted again during this year's Eid-ul-Adha, leaving traders and seasonal collectors facing heavy losses as the country's long-running leather sector crisis resurfaced with renewed intensity.

Many traders who purchased hides in anticipation of profits were unable to find buyers and were forced to dispose of unsold hides by the roadside or bury them, underscoring the persistent dysfunction in a sector that industry stakeholders say has remained trapped in crisis for nearly a decade.

The core problem remains unchanged: Bangladesh has failed to establish a fully functioning Central Effluent Treatment Plant (CETP) at the Savar Tannery Industrial Estate, preventing the sector from meeting international environmental compliance standards and limiting access to major export markets.

LEATHER SECTOR: A DECADE OF DECLINE

Govt vs market price (in taka)

Hide type	Gov-set price (Tk62-67 per sq ft)	Actual Eid price
Medium hide (18-20 sq ft)	1,200-1,350	300-500
Large hide (24-26 sq ft)	1,600-1,700	500-700

Why global buyers avoid Bangladeshi leather

- Environmental non-compliance
- Failure to establish a fully compliant CETP

Key challenges

- Limited domestic capacity to absorb Eid hide supply
- Lack of finance for traders and depots
- Weak preservation practices
- Export restrictions on raw and wet-blue leather
- Allegations of syndication and market manipulation

TBS Insights by IPDC FINANCE

Export potential remains untapped

Commerce and Industries Minister Khandaker Abdul Muktadir, during a visit to the Savar Tannery Industrial Estate on 16 May, said Bangladesh could earn as much as $12 billion annually from exports of leather and leather goods derived from domestically produced rawhides.

According to the minister, the country currently utilises only 0.26% of its leather potential. He said production and exports could increase by between 12 and 14 times if longstanding constraints were addressed.

Export Promotion Bureau data show that exports of leather and leather goods stood at $1.13 billion in the fiscal 2014-15 and reached $1.14 billion in FY25, reflecting virtually no growth over a decade. During the same period, Bangladesh's garment exports increased from approximately $25 billion to $40 billion.

The leather export trajectory is not stagnant; it is in freefall. Bangladesh exported $226 million worth of leather in FY10, a figure that climbed steadily to $400 million five years later. Since then, it has collapsed. By FY18, leather exports had fallen to $183 million. They declined further to $128 million in FY25. In the first nine months of the current fiscal year, leather exports stood at just $97 million.

Md Nasir Khan, vice-president of the Footwear, Leather Goods and Accessories Exporters Association, told TBS that exporters are unable to purchase Bangladeshi leather because international buyers effectively refuse to source products made from local hides.

"Global buyers do not purchase Bangladeshi leather because of compliance concerns," he said.

The Business Standard

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In the early 1990s, Vietnam's leather exports were comparable to Bangladesh's. By 2025, Vietnam became the world's second-largest footwear exporter at $29 billion – roughly 25 times Bangladesh's leather export earnings.

"The divergence is not accidental. Vietnam built the infrastructure and attracted investment. And, Bangladesh built a tannery estate without a sewage plant," said Nasir.

"We have destroyed our national asset – rawhides," he said. "It had the potential to earn many billions."

Prices fall far below official rates

The government fixed the price of salted cowhide in Dhaka at Tk62 to Tk67 per square foot for this year, Tk2 higher than last year.

Based on estimates provided by tannery owners and traders, a medium-sized cowhide typically yields 18 to 20 square feet of leather, while larger hides produce around 24 to 26 square feet. At the highest official rate of Tk67 per square foot, a medium-sized salted hide should therefore sell for between Tk1,200 and Tk1,350, while larger hides should command between Tk1,600 and Tk1,700.

In practice, however, market prices were substantially lower.

In Dhaka, most hides sold for between Tk300 and Tk700, depending on size and quality. Traders at Posta, one of the country's principal hide trading centres, reported purchasing hides for no more than Tk600 to Tk700.

Seasonal traders, orphanages and madrasas alleged that tannery operators and depot owners largely ignored government-set prices.

Depot owners acknowledged purchasing hides below official rates but attributed the situation to rising preservation, transport and labour costs.

Syed Rubel Hossain, chief engineer at AK Leather, said processing costs had increased sharply because of higher prices for imported chemicals.

"The prices of chemicals used in leather processing have risen by 20% to 30% after the outbreak of the Iran war, but finished leather prices have not increased correspondingly," he said. "Foreign buyers are unwilling to pay more, so we cannot afford to buy hides at government-set prices."

Rubel also noted that Bangladesh's leather market has become heavily dependent on Chinese buyers because European purchasers prioritise environmental compliance and are not sourcing from Bangladesh.

Nasir Khan said a medium-sized cowhide sold for Tk2,000 to Tk2,500 two decades ago, whereas similar hides now fetch less than Tk500. Based on international market conditions, he argued that prices should have reached Tk7,000 to Tk8,000 by now.

"Only Chinese buyers are purchasing, and they are paying Tk30 to Tk40 per square foot, which is almost half the government-set price," Nasir said.

Dispute over market structure

Stakeholders remain divided over who bears responsibility for the depressed market.

Rubel argued that depot traders purchase hides cheaply and later resell them to tanneries for Tk1,200 to Tk1,300 after preservation. According to him, preservation costs amount to only Tk150 to Tk200 per hide.

Md Tipu Sultan, general secretary of the Bangladesh Hide and Skin Merchants Association, disputed that assessment, saying preservation costs can reach Tk300 to Tk400 per hide.

"A hide purchased for Tk400 effectively costs Tk800 by the time it reaches a tannery," he said.

He also pointed to quality problems, arguing that many seasonal traders enter the market without properly assessing hide quality and often attempt to sell damaged products.

Bangladesh Tanners Association Senior Vice-President Md Sakhaowat Ullah, meanwhile, accused depot operators of creating artificial distortions.

"Depot owners sell hides to us at Tk1,000 to Tk1,200 and do not complain throughout the year. Their complaints only emerge during Eid," he said.

Sakhaowat also noted that restrictions on exports of raw and wet-blue leather have limited market outlets and reduced the sector's capacity to absorb the large volume of hides generated during Eid-ul-Adha.

Industry insiders stressed that hides must be salted within seven to eight hours of slaughter; otherwise, their quality deteriorates irreversibly. The commerce minister echoed the same message after visiting the Savar Tannery Industrial Estate the day after Eid.

"Businesses buy preserved hides, not rotting ones. I urge everyone to salt and preserve hides within the required timeframe. Salted hides have value. Unsalted hides have no life, no longevity – who will take them?"

Crisis linked to Savar relocation

Industry leaders trace the origins of the current crisis to the relocation of tanneries from Hazaribagh to the Savar Tannery Industrial Estate.

The government compelled tannery owners to move after cutting gas and electricity supplies to Hazaribagh facilities in April 2017. However, industry representatives argue that the relocation took place before the Savar estate was fully prepared for operation.

The CETP, intended to ensure compliance with international environmental standards, has yet to function effectively, preventing Bangladesh from regaining access to major global markets.

As a result, many tannery operators reportedly faced financial distress and loan defaults, while environmental concerns shifted from the Buriganga River to the Dhaleshwari River.

Calls for market liberalisation

Khondaker Golam Moazzem, research Director at the Centre for Policy Dialogue, said the domestic market lacks the capacity to absorb the volume of hides generated annually during Eid-ul-Adha.

He urged the government to permit year-round exports of salted and wet-blue leather, arguing that broader market access would attract investment, increase competition and improve hide collection practices.

"If the market remains open throughout the year, new entrepreneurs will invest, competition will increase and quality management will improve," he told TBS.

Moazzem added that major leather-importing countries including China, Brazil, South Korea and India could become significant markets for Bangladeshi salted and wet-blue leather.

He also criticised the government's handling of the sector, saying current collection and preservation systems have repeatedly failed to address structural weaknesses.

Evidence of market disorder at Savar

A field visit to the Savar Tannery Industrial Estate revealed widespread irregularities in hide collection and transportation.

Despite government restrictions prohibiting the movement of hides from outside Dhaka into the capital for seven days after Eid, officials and traders acknowledged that large quantities entered Savar almost immediately.

Data from the Bangladesh Small and Cottage Industries Corporation show that 4,91,949 sacrificial animal hides entered the industrial estate between noon on Eid day and 11am the following day, compared with 3,54,752 during the same period last year.

By 6pm on 30 May, total arrivals had reached 5,27,875 hides, compared with 3,79,877 during the first three days of last year's Eid period.

Industry observers said the sharp increase suggests that a substantial volume of hides entered the estate without proper preservation.

Several traders also complained that they were compelled to accept low prices after unloading hides because they lacked the labour and transport capacity to remove them from trading depots.

Depot owners attributed market difficulties to cash shortages, a lack of government-backed financing and delayed payments within the supply chain.

The Business Standard

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India scraps cotton import duty for 5 months to aid textile exporters

INDUSTRY - INDIA

REUTERS

India has scrapped customs duties on cotton imports for five months, the government said, as it seeks to boost supplies of contamination-free natural fibre for textile exporters amid strong overseas demand for yarn.

The easing of import restrictions by the world's second-largest cotton producer is likely to lend support to global prices but is unlikely to trigger a surge in purchases as the rupee's depreciation has made imported cotton slightly more expensive than domestic supplies.

The current 11% import duty will be suspended until 30 October, the government said in a statement.

India's textile sector, like others, is under pressure from rising input costs as supply chains are disrupted by the Iran war.

The measure is expected to support domestic producers, particularly small and medium-sized firms, by improving cotton availability, the government said.

However, industry officials said Indian cotton is currently the cheapest in the world and that ample supplies from this year's crop are available domestically, which is likely to limit imports.

"At current price levels, imports are not economically attractive," Vinay Kotak, president of the Cotton Association of India, told Reuters.

"Export-oriented mills need contamination-free cotton and, to meet that requirement, around 600,000 bales could be imported during the duty-free import window."

Garment workers cut fabric to make shirts at a textile factory of Texport Industries, Andhra Pradesh, India, 9 February 2022. PHOTO: REUTERS

বণিক বার্তা
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আগামীতে চামড়া শিল্পকে পরিপক্ক রফতানিমুখী খাতে রূপান্তরের লক্ষ্যে পানিসম্পদ মন্ত্রণালয়ের সঙ্গে সমন্বয়ের মাধ্যমে দেশের বিভাগীয় শহরগুলোয় আধুনিক স্লটার হাউজ (পশু জবাইখানা) নির্মাণ করা হবে। এর মাধ্যমে পেশাদারত্ব ও কম খরচে পশু জবাই, চামড়া ছাড়ানো এবং মাংস কেটে গ্রাহকদের হাতে তুলে দেয়া হবে

সিলেটে বাণিজ্যমন্ত্রী

কোরবানির পশুর চামড়া সংরক্ষণ করা হয়েছে ৫৬ লাখ ৫০ হাজারের বেশি

বণিক বার্তা প্রতিনিধি ■ সিলেট

ঈদুল আজহায় কোরবানীকৃত ৫৬ লাখ ৫০ হাজারেরও বেশি পশুর চামড়া সংরক্ষণ করা হয়েছে বলে জানিয়েছেন বাণিজ্য, শিল্প এবং বস্ত্র ও পাট মন্ত্রণালয়ের মন্ত্রী খন্দকার আব্দুল মুক্তাদির। তবে তিনি হুঁশিয়ার করে বলেছেন, 'যারা পরবর্তী ধাপে চামড়া কিনবেন, তাদের প্রক্রিয়া কোনো ধরনের শ্লথগতি বা ধীরভাব দেখা গেলে সরকার ওয়েট ব্লু (আংশিক প্রক্রিয়াজাত) চামড়া রফতানির অনুমতি দেবে।' সাবেক রাষ্ট্রপতি জিয়াউর রহমানের ৪৫তম শাহাদতবার্ষিকী উপলক্ষে গতকাল সিলেট নগরীর শহীদ সুলেমান হলে এক আলোচনা সভা শেষে সাংবাদিকদের প্রশ্নের জবাবে তিনি এ কথা বলেন।

চামড়া খাতের দীর্ঘমেয়াদি উন্নয়নের কথা উল্লেখ করে বাণিজ্যমন্ত্রী বলেন, 'আগামীতে চামড়া শিল্পকে পরিপক্ক রফতানিমুখী খাতে রূপান্তরের লক্ষ্যে পানিসম্পদ মন্ত্রণালয়ের সঙ্গে সমন্বয়ের মাধ্যমে দেশের বিভাগীয় শহরগুলোয় আধুনিক স্লটার হাউজ (পশু জবাইখানা) নির্মাণ করা হবে। এর মাধ্যমে পেশাদারত্ব ও কম খরচে পশু জবাই, চামড়া ছাড়ানো এবং মাংস কেটে গ্রাহকদের হাতে তুলে দেয়া হবে। এটি বাস্তবায়িত হলে স্লটার হাউজে জবাইকৃত পশুর চামড়ার শতভাগ সংরক্ষণ করা সম্ভব হবে। পাশাপাশি শহরগুলোয় পশু জবাইয়ের কারণে সৃষ্ট বর্জ্য ও আবর্জনা জমার কোনো সুযোগ থাকবে না।'

সাভারের চামড়া শিল্পনগরী প্রসঙ্গে তিনি বলেন, 'রাজধানীর হাজারীবাগ থেকে সাভারে স্থানান্তরের প্রক্রিয়ায় যেসব ট্যানারি ঝরে পড়েছে বা ব্যবসা শুরু করতে পারেনি; তাদের মধ্যে যাদের এখনো উৎসাহ আছে, সক্ষমতা আছে, তাদের আমরা ফ্যাসিলিটেট করব। তারা যাতে নিজেরাই ইনডিপেনডেন্ট হতে পারে, সে জন্য সরকারের পক্ষ থেকে কারিগরি এবং আর্থিক সহায়তা দেয়া হবে।'

খন্দকার আব্দুল মুক্তাদির আরো বলেন, 'চামড়া শিল্পনগরীর সক্ষমতা বাড়াতে সম্ভাব্যতা যাচাই চলছে। এটা সম্পন্ন করার পর দ্রুত কাজ করব, যাতে শোধন ক্ষমতা ২৫ হাজার কিউবিক মিটারে পৌঁছানো যায়।

তিনি বলেন, 'সাভারে যে কয়টি ট্যানারি ব্যবসা পরিচালনা করবে তাদের প্রত্যেকটিকে এলডব্লিউজি গোল্ড ক্যাটাগরিতে নিয়ে যাওয়া হবে। এটিই হবে সরকারের আগামী দিনের লক্ষ্যমাত্রা, যাতে দেশের বাইরে পণ্য রফতানি করে ব্যবসায়ীরা সর্বোচ্চ মূল্য ও সুবিধা পান।'